Türkiye Cumhuriyeti Ziraat Bankası
Anonim Şirketi

Consolidated Financial Statements
As of and For the Year Ended 31 December 2018
With Independent Auditors’ Report Thereon
(Convenience Translation of consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)

27 February 2019

This report contains “Independent Auditors’ Report” comprising 6 pages and; “Consolidated Financial Statements and Related Disclosures and Footnotes” comprising 176 pages.
INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

A) Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") and its consolidated financial affiliates (together will be referred as “the Group”) which comprise the consolidated balance sheet as at 31 December 2018 and the 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 for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the “Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Legislation” which includes the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

Basis for Qualified Opinion

As disclosed in section five footnote II.9.3.1, the accompanying consolidated balance sheet as at 31 December 2018 include a general reserve of total of TL 982,000 thousands, of which TL 1,475,000 thousand was recognised in prior years, TL 30,000 thousand have been recognised in current year and 523,000 thousands have been reversed in the current period and, which is provided by the Group management for the possible effects of the negative circumstances which may arise in the economy or market conditions.
We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No. 29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA’s Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of Consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA’s Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

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

Impairment of loans measured at amortised cost

Refer to Section Three, No: VIII to the consolidated financial statements relating to the details of accounting policies and significant judgments of for impairment in loans measured at amortised cost

<table>
<thead>
<tr>
<th>Key audit matter</th>
<th>How the matter is addressed in our audit</th>
</tr>
</thead>
</table>
| As of 31 December 2018, loans measured at amortised cost comprise 70% of the Group’s total assets. The Group recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the “Regulation”) published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard (“Standard”). As of 1 January 2018, due to the adoption of the Regulation and Standard, in determining the impairment of loans it is started to apply “expected credit loss model” rather than the “incurred loss model”. The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Group’s management are as follows: - significant increase in credit risk; - incorporating the forward looking macroeconomic information in calculation of credit risk; and - design and implementation of expected credit loss model. | Our procedures for testing the impairment of loans included below:  
• We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.  
• We evaluated the adequacy of the subjective and objective criteria that is defined in the Group’s impairment accounting policy compared with the Regulation and Standard.  
• We evaluated the Group’s business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist. |
The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.

The Group calculates expected credit losses on a collective basis. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations are reflected by macroeconomic models.

Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.

- We performed loan reviews for selected loan samples which include a detailed examination and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables.
- We tested the accuracy and completeness of the data in the expected loss calculation models. Also the expected credit loss calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated.
- We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.
- We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk.
- Additionally, we also evaluated the adequacy of the consolidated financial statement disclosures related to impairment provisions.
Pension plan

Refer to Section III Note: XVI to the consolidated financial statements relating to the details of accounting policies and significant judgments for pension plan.

<table>
<thead>
<tr>
<th>Key audit matter</th>
<th>How the matter was addressed in our audit</th>
</tr>
</thead>
</table>
| The Bank’s defined benefit pension plan (the "Plan") is managed by “T.C. Ziraat Bankası ve T. Halk Bankası Mensupları Emekli ve Yardım Sandığı (TZHEMSAN) Vakfı” (the “Fund”) established as per the provisional article 20 of the Social Security Law No. 506 and the Bank’s employees are the members of this Fund (TZHEMSAN). As disclosed in the footnote 3.16 to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the non-transferable social rights and pension benefits provided under the Plan will be covered by the funds and the institutions that employ the funds’ members. As of 31 December 2018, the Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. As of December 31, 2018, the liabilities of the Bank which are not related to the current period are calculated by an independent actuary according to TAS 19 Employee Benefits. The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in Pension Plan. Management uses independent actuaries to assist in assessing the uncertainty around these assumptions. The key judgments and assumptions used in calculation of transferrable liabilities disclosed at the footnote II.9.4.3 of section five, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the law, we considered this to be a key audit matter. | Our procedures for testing the defined benefit pension plan in accordance with the key assumptions made by management include below:  
- We have involved our own actuarial specialist to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary.  
- We have assessed whether there have been any significant changes in actuarial assumptions, methods and underlying regulations used in calculations. Significant changes during the period in pension plan benefits, plan assets or membership profiles which affect liabilities have been evaluated.  
- Additionally, the adequacy of consolidated financial statement disclosures, including disclosures of key assumptions and judgments have been evaluated.  
- We have evaluated whether the TZHEMSAN plan assets are adequate to cover the Pension Plan liabilities, under the methods and assumptions used. |
Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2018 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

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

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

Erdal Tikmak, SMMM
Partner

27 February 2019
İstanbul, Turkey
The consolidated year end financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced” as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS’ REPORT

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

**DOMESTIC SUBSIDIARIES**
- Ziraat Hayat ve Emeklilik A.Ş.
- Ziraat Sigorta A.Ş.
- Ziraat Finansal Kiralama A.Ş.
- Ziraat Yatırım Menkul Değerler A.Ş.
- Ziraat Portföy Yönetimi A.Ş.
- Ziraat Katılım Bankası A.Ş.
- Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.
- Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.

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

**ASSOCIATES**
- Arap Türk Bankası A.Ş.

**JOINT VENTURES**
- Turkmen Turkish Joint Stock Commercial Bank

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

Dr. Ahmet GENÇ
Chairman of the Board

Hüseyin AYDIN
Member of the Board, CEO

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

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

Bilgehan KURU
Executive Vice President of Treasury and International Banking

Neslihan ARAS
Senior Vice President of Financial Management

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

Name/Title : Serkan ÖZKAN / Financial Statements Manager
Telephone Number : 0312 584 59 32
Fax Number : 0312 584 59 38
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GENERAL INFORMATION ABOUT THE GROUP

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

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

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

The total share capital of the Parent Bank is TL 6,100,000. This capital is divided into 6,100,000,000 registered share with a nominal value of TL 1 each and is fully paid. The Parent Bank’s sole shareholder is the Turkish Wealth Fund.

The decision of increasing the capital of the Parent Bank by TL 6,100,000 was approved by the Parent Bank's Ordinary General Assembly on 13 August 2018 and the capital increase and the related amendment to the articles of association were registered on 22 October 2018. It was announced on 24 October 2018 in the Trade Registry Gazette No. 9688. The accounting for the capital increase was made on 9 November 2018 with the permission of Banking Regulation and Supervision Agency.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Administrative Function</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Members of the Board of Directors</strong></td>
<td></td>
</tr>
<tr>
<td>Dr. Ahmet GENÇ</td>
<td>Chairman</td>
</tr>
<tr>
<td>Hüseyin AYDIN</td>
<td>CEO and Member</td>
</tr>
<tr>
<td>Yusuf DAGÇAN</td>
<td>Vice Chairman and Member</td>
</tr>
<tr>
<td>Cemalettin BAŞLI</td>
<td>Member</td>
</tr>
<tr>
<td>Feyzi ÇUTUR</td>
<td>Member</td>
</tr>
<tr>
<td>Metin OZDEMİR</td>
<td>Member</td>
</tr>
<tr>
<td>Mahmut KAÇAR</td>
<td>Member</td>
</tr>
<tr>
<td>Salim ALKAN</td>
<td>Member</td>
</tr>
<tr>
<td>Yusuf BİLMEZ</td>
<td>Member</td>
</tr>
<tr>
<td><strong>Audit Committee Members</strong></td>
<td></td>
</tr>
<tr>
<td>Yusuf BİLMEZ</td>
<td>Member</td>
</tr>
<tr>
<td>Feyzi ÇUTUR</td>
<td>Member</td>
</tr>
<tr>
<td><strong>Executive Vice Presidents</strong></td>
<td></td>
</tr>
<tr>
<td>Ali KIRBAŞ</td>
<td>Banking Operations and Communication</td>
</tr>
<tr>
<td>Alpaslan ÇAKAR</td>
<td>Retail Branch Banking-2</td>
</tr>
<tr>
<td>Bilgehan KURU</td>
<td>Treasury and International Banking</td>
</tr>
<tr>
<td>Mehmet Cengiz GÖGEBAKAN</td>
<td>Loan Policies</td>
</tr>
<tr>
<td>Musa ARDA</td>
<td>Loan Allocation and Management</td>
</tr>
<tr>
<td>Peyami Omer OZDILEK</td>
<td>Internal Operations</td>
</tr>
<tr>
<td>Süleyman TURET肯EN</td>
<td>Retail Branch Banking-1</td>
</tr>
<tr>
<td>Yüksel CESUR</td>
<td>Internal Systems</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name/Trade Name</th>
<th>Amount of Share</th>
<th>Percentage of Share (%)</th>
<th>Paid-in Shares</th>
<th>Unpaid Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkish Wealth Fund</td>
<td>6,100,000</td>
<td>100</td>
<td>6,100,000</td>
<td>-</td>
</tr>
</tbody>
</table>

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

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

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

As of 31 December 2018, Parent Bank carries its activities with a grand total of 1,773 branches; 1,750 domestic branches including 20 corporate branches, 87 entrepreneurial branches, 1,638 branches and 5 mobile branches (31 December 2017: 1,759 domestic branches including 1,639 branches, 20 corporate branches, 95 entrepreneurial branches, 5 mobile branches) and 23 branches abroad London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhalii and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren and Peja branch in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran.

The Parent Bank signed a contract with T. İş Bankası A.Ş. on 22 January 2007 to provide longer installment plan and bonus points to their credit card users and benefit from all the advantages within Maximum credit card at merchants that are a part of Maximum plan. The agreement which has been signed with T. İş Bankası A.Ş. has ended on 31 December 2018. Moreover, Ziraat Bank’s card branding and loyalty program which was launched in 2017, has reached the final stage for the establishment and put into practice in February 2018. Within the scope of the program, the credit card product will be presented together to the users with the bank card product by one plastic. In addition, new features of saving and budget friendly qualities will be brought into action for both credit card and bank card products which the Bank is the leader.

Bankkart Başak is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. The Parent Bank can associate Bankkart Başak with enterprise loans below TL 100 and agricultural loan limits in line with the demands of the customers. All limits of loan accounts assigned to the Başakkart can be used via POS machines of the Parent Bank in Başakkart Member Business points for the purchase of agricultural inputs (feed, grain, fuel, etc.). According to preferences of customers, maximum 90% of cash limits of loan accounts can be used through the branches/ATMs of the Parent Bank. Repayments regarding the transactions with Başakkart can be made through the branches of the Bank. Agricultural products/services obtained by using Başakkart are repaid without any interest charge within the time periods defined by the Bank.

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

As of 31 December 2018, the Group has 27,276 employees (31 December 2017: 26,918).
SECTION ONE (Continued)
GENERAL INFORMATION ABOUT THE GROUP (Continued)

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

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

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

All other subsidiaries are fully consolidated.

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

None.
SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS
Current Period Consolidated Financial Statements
I. Balance Sheet- Assets
II. Balance Sheet- Liability
III. Off-balance sheet commitments
IV. Statement of profit or loss
V. Statement of profit or loss and other comprehensive income
VI. Statement of changes in shareholders’equity
VII. Statement of cash flows
VIII. Statement of profit distribution

Prior Period Consolidated Financial Statements
I. Balance Sheet- Assets
II. Balance Sheet- Liability
III. Off-balance sheet commitments
IV. Income statement
V. Statement of income and expense items accounted under shareholders’ equity
VI. Statement of changes in shareholders’equity
VII. Statement of cash flows
VIII. Statement of profit distribution
The accompanying explanations and notes form an integral part of these financial statements.
The accompanying explanations and notes form an integral part of these financial statements.
### III. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS

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<td>42,052,714</td>
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<td>1.2 Letters Guaranteed for Foreign Trade Operations</td>
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<td>4,809,280</td>
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<td>2. Bank Acceptances</td>
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<td>2.1 Import Letter of Acceptance</td>
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<td>9. Other Collaterals</td>
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<td><strong>D. COMMITMENTS</strong></td>
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<td>(1+3)</td>
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<td>2.1 Irrevocable Commitments</td>
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<td>2.1.2 Deposit Purchase and Sales Commitments</td>
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<td>2.1.3 Share Capital Commitments to Associates and Subsidiaries</td>
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<td>2.1.4 Loan Granting Commitments</td>
<td>8,547,764</td>
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<td>2.1.5 Securities Issue Brokerage Commitments</td>
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<td>-</td>
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<td>2.1.13 Other Irrevocable Commitments</td>
<td>9,162,687</td>
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<tr>
<td>2.2.1 Revocable Loan Granting Commitments</td>
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<td>2.2.2 Other Revocable Commitments</td>
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<td><strong>E. DERIVATIVE FINANCIAL INSTRUMENTS</strong></td>
<td>21,503,876</td>
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<td>113,855,669</td>
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<td>21,503,876</td>
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<td>3.2.1 Forward Foreign Currency Buy/Sell Transactions</td>
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<td>3.2.1.1 Forward Foreign Currency Transactions-Buy</td>
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<td>3.2.1.2 Forward Foreign Currency Transactions-Sell</td>
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<td>3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates</td>
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<td>3.2.2.1 Foreign Currency Swap-Buy</td>
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<td>3.2.2.2 Foreign Currency Swap-Sell</td>
<td>18,715,465</td>
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<tr>
<td>3.2.3 Interest Rate Swap-Buy</td>
<td>14,272,830</td>
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<td>3.2.4 Interest Rate Swap-Sell</td>
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<td>3.2.5 Foreign Currency Interest, Interest rate and Securities Options</td>
<td>21,600</td>
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<td>3.2.5.1 Foreign Currency Options-Buy</td>
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<td>3.2.5.2 Foreign Currency Options-Sell</td>
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<td>3.2.6 Swap Options-Buy</td>
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<td>3.2.9 Foreign Currency Futures-Sell</td>
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<td>3.2.10 Other Interest Futures</td>
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<td>3.2.11 Endorsements to the Central Bank of the Republic of Turkey</td>
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<td>5.2.2 Other Endorsements</td>
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<td>5.2.3 Other Letters of Guarantee</td>
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<td>5.2.4 Other Guarantees</td>
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<tr>
<td>5.2.5 Other Collaterals</td>
<td>5,762</td>
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<tr>
<td><strong>F. CUSTOMY AND PLEDGES RECEIVED</strong></td>
<td>1,351,947,272</td>
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<td>(IV+V+VI)</td>
<td>1,602,621,940</td>
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<td><strong>IV. ITEMS HELD IN CUSTOMY</strong></td>
<td>484,862,074</td>
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<tr>
<td>4.1 Customer Fund and Portfolio Balances</td>
<td>29,404,143</td>
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<tr>
<td>4.2 Investment Securities Held in Custody</td>
<td>9,249,945</td>
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<tr>
<td>4.3 Checks Received for Collection</td>
<td>10,913,777</td>
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<tr>
<td>4.4 Commercial Notes Received for Collection</td>
<td>899,959</td>
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<td>4.5 Other Assets Received for Collection</td>
<td>8,816</td>
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<td>4.6 Assets Received for Public Offering</td>
<td>421,808,744</td>
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<td>4.7 Other Items Under Custody</td>
<td>17,067,264</td>
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<td>4.8 Custodians</td>
<td>2,191</td>
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<tr>
<td>4.9 Other</td>
<td>397,702</td>
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<tr>
<td><strong>V. PLEDGES RECEIVED</strong></td>
<td>865,830,685</td>
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<tr>
<td>5.1 Marketable Securities</td>
<td>4,359,047</td>
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<tr>
<td>5.2 Guarantor Notes</td>
<td>1,784,389</td>
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<tr>
<td>5.3 Commodity</td>
<td>452,978</td>
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<tr>
<td>5.4 Warranty</td>
<td>2,824,832</td>
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<td>5.5 Immovable</td>
<td>153,479,590</td>
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<td>5.6 Other Pledged Items</td>
<td>58,269,304</td>
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<td>5.7 Pledged Items-Depository</td>
<td>19,377</td>
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<tr>
<td><strong>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</strong></td>
<td>1,254,213</td>
</tr>
</tbody>
</table>

As mentioned in Note I of Section Three, the current period financial statements have been prepared using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report. The accompanying explanations and notes form an integral part of these financial statements.
<table>
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<th>INCOME AND EXPENSE ITEMS</th>
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<td>I. INTEREST INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Interest on Loans</td>
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<td>56,134,708</td>
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<td>1.2 Interest on Reserve Requirements</td>
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<td>43,353,615</td>
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<td>1.3 Interest on Banks</td>
<td></td>
<td>734,653</td>
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<td>1.4 Interest on Money Market Transactions</td>
<td></td>
<td>493,737</td>
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<td>1.5 Interest on Marketable Securities Portfolio</td>
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<tr>
<td>1.5.1 Fair Value Through Profit or Loss</td>
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<td>1.5.2 Fair Value Through Other Comprehensive Income</td>
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<td>1.5.3 Measured at Amortised Cost</td>
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<td>1.6 Financial Lease Income</td>
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<td>1.7 Other Interest Income</td>
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<td>271,810</td>
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<td>1.8 Other Interest Expense</td>
<td></td>
<td>125,647</td>
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<td>II. INTEREST EXPENSE (-)</td>
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<td>2.2 Interest on Funds Borrowed</td>
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<td>2.4 Interest on Securities Issued</td>
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<td>2.5 Other Interest Expenses</td>
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<td>4.2 Fees and Commissions Paid</td>
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<td>17.2 Deferred Tax Income Effect (+)</td>
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<td>22.2 Deferred Tax Expense Effect (+)</td>
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<td>24.2 Profit/(Loss) from Minority Interest</td>
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<td>24.3 Earning/(Loss) per share (in TL full)</td>
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</tbody>
</table>

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**CONSOLIATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<table>
<thead>
<tr>
<th>V.</th>
<th>CURRENT PERIOD PROFIT/LOSS</th>
<th>OTHER COMPREHENSIVE INCOME</th>
<th>Current Period 1 January-31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>CURRENT PERIOD PROFIT/LOSS</td>
<td>9,344,120</td>
<td>9,344,120</td>
</tr>
<tr>
<td>II.</td>
<td>OTHER COMPREHENSIVE INCOME</td>
<td>(3,401,517)</td>
<td>(3,401,517)</td>
</tr>
<tr>
<td>2.1</td>
<td>Not Reclassified to Profit or Loss</td>
<td>521,447</td>
<td>521,447</td>
</tr>
<tr>
<td>2.1.1</td>
<td>Property and Equipment Revaluation Increase/Decrease</td>
<td>(107,965)</td>
<td>(107,965)</td>
</tr>
<tr>
<td>2.1.2</td>
<td>Intangible Assets Revaluation Increase/Decrease</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.1.3</td>
<td>Defined Benefit Pension Plan Remeasurement Gain/Loss</td>
<td>75,582</td>
<td>75,582</td>
</tr>
<tr>
<td>2.1.4</td>
<td>Other Comprehensive Income Items Not Reclassified Through Profit or Loss</td>
<td>679,067</td>
<td>679,067</td>
</tr>
<tr>
<td>2.1.5</td>
<td>Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss</td>
<td>(125,237)</td>
<td>(125,237)</td>
</tr>
<tr>
<td>2.2</td>
<td>Reclassified to Profit or Loss</td>
<td>(3,922,964)</td>
<td>(3,922,964)</td>
</tr>
<tr>
<td>2.2.1</td>
<td>Foreign Currency Translation Differences</td>
<td>523,104</td>
<td>523,104</td>
</tr>
<tr>
<td>2.2.2</td>
<td>Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income</td>
<td>(5,425,064)</td>
<td>(5,425,064)</td>
</tr>
<tr>
<td>2.2.3</td>
<td>Cash Flow Hedge Income/Loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.2.4</td>
<td>Foreign Net Investment Hedge Income/Loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.2.5</td>
<td>Other Comprehensive Income Items Reclassified Through Profit or Losses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.2.6</td>
<td>Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss</td>
<td>978,996</td>
<td>978,996</td>
</tr>
<tr>
<td>III.</td>
<td>TOTAL COMPREHENSIVE INCOME (I+II)</td>
<td>5,942,603</td>
<td>5,942,603</td>
</tr>
</tbody>
</table>

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### VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
<th>Prior period/(loss)</th>
<th>Gain/ (Loss)</th>
<th>Current period/(loss)</th>
<th>Gain/(Loss)</th>
<th>Minority Share</th>
<th>Total Shareholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Paid-in Capital</strong></td>
<td>5,600,000</td>
<td>5,600,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share premium</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other capital reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share certificate cancelation and redemption reserve</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other accumulated comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other accumulated comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total accumulated comprehensive income that will not be reclassified to profit or loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other accumulated comprehensive income that will be reclassified to profit or loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New balance (I+II)</strong></td>
<td>6,100,000</td>
<td>6,100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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The accompanying explanations and notes form an integral part of these financial statements.
**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018**

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

**VII. CONSOLIDATED STATEMENT OF CASH FLOWS**

<table>
<thead>
<tr>
<th>Note</th>
<th>Current Period 1 January-31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Operating Profit Before Changes in Operating Assets and Liabilities 1,892,753</td>
</tr>
<tr>
<td>1.1.1</td>
<td>Interest Received 50,363,075</td>
</tr>
<tr>
<td>1.1.2</td>
<td>Interest Paid (30,573,694)</td>
</tr>
<tr>
<td>1.1.3</td>
<td>Dividend Received 4,808</td>
</tr>
<tr>
<td>1.1.4</td>
<td>Fees and Commissions Received 3,863,598</td>
</tr>
<tr>
<td>1.1.5</td>
<td>Other Income 3,450,126</td>
</tr>
<tr>
<td>1.1.6</td>
<td>Collections from Previously Written-off Loans 1,183,842</td>
</tr>
<tr>
<td>1.1.7</td>
<td>Payments to Personnel and Service Suppliers (3,800,553)</td>
</tr>
<tr>
<td>1.1.8</td>
<td>Taxes Paid (3,096,364)</td>
</tr>
<tr>
<td>1.1.9</td>
<td>Other (19,502,085)</td>
</tr>
<tr>
<td>1.2</td>
<td>Changes in Operating Assets and Liabilities 21,173,587</td>
</tr>
<tr>
<td>1.2.1</td>
<td>Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss (6,724,201)</td>
</tr>
<tr>
<td>1.2.2</td>
<td>Net (increase) / decrease in due from banks and other financial institutions 9,211,129</td>
</tr>
<tr>
<td>1.2.3</td>
<td>Net (increase) / decrease in loans (70,080,799)</td>
</tr>
<tr>
<td>1.2.4</td>
<td>Net (increase) / decrease in other assets (7,432,023)</td>
</tr>
<tr>
<td>1.2.5</td>
<td>Net increase / (decrease) in bank deposits 22,343,023</td>
</tr>
<tr>
<td>1.2.6</td>
<td>Net increase / (decrease) in other deposits 61,520,023</td>
</tr>
<tr>
<td>1.2.7</td>
<td>Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss 1,119,259</td>
</tr>
<tr>
<td>1.2.8</td>
<td>Net increase / (decrease) in funds borrowed 3,573,693</td>
</tr>
<tr>
<td>1.2.9</td>
<td>Net increase / (decrease) in payables 7,643,483</td>
</tr>
<tr>
<td>1.2.10</td>
<td>Net increase / (decrease) in other liabilities</td>
</tr>
<tr>
<td>I.</td>
<td>Net Cash Provided from Banking Operations 23,066,340</td>
</tr>
<tr>
<td>B.</td>
<td>CASH FLOWS FROM INVESTMENT ACTIVITIES</td>
</tr>
<tr>
<td>II.</td>
<td>Net Cash Provided from Investing Activities (15,687,718)</td>
</tr>
<tr>
<td>2.1</td>
<td>Cash paid for acquisition of investments, associates and subsidiaries (49,535)</td>
</tr>
<tr>
<td>2.2</td>
<td>Cash obtained from disposal of investments, associates and subsidiaries</td>
</tr>
<tr>
<td>2.3</td>
<td>Purchases of property and equipment (421,891)</td>
</tr>
<tr>
<td>2.4</td>
<td>Disposals of property and equipment 304,933</td>
</tr>
<tr>
<td>2.5</td>
<td>Purchase of Financial Assets at Fair Value Through Other Comprehensive Income (26,780,508)</td>
</tr>
<tr>
<td>2.6</td>
<td>Sale of Financial Assets at Fair Value Through Other Comprehensive Income 11,929,917</td>
</tr>
<tr>
<td>2.7</td>
<td>Purchase of Financial Assets Measured at Amortised Cost (3,515,803)</td>
</tr>
<tr>
<td>2.8</td>
<td>Sale of Financial Assets Measured at Amortised Cost 2,631,165</td>
</tr>
<tr>
<td>2.9</td>
<td>Other 214,004</td>
</tr>
<tr>
<td>C.</td>
<td>CASH FLOWS FROM FINANCING ACTIVITIES</td>
</tr>
<tr>
<td>III.</td>
<td>Net Cash Provided from Financing Activities 2,061,980</td>
</tr>
<tr>
<td>3.1</td>
<td>Cash Obtained from Funds Borrowed and Securities Issued 9,555,088</td>
</tr>
<tr>
<td>3.2</td>
<td>Cash Used for Repayment of Funds Borrowed and Securities Issued (7,993,108)</td>
</tr>
<tr>
<td>3.3</td>
<td>Issued Equity Instruments 500,000</td>
</tr>
<tr>
<td>3.4</td>
<td>Dividends Paid</td>
</tr>
<tr>
<td>3.5</td>
<td>Payments for Finance Leases</td>
</tr>
<tr>
<td>3.6</td>
<td>Other</td>
</tr>
<tr>
<td>IV.</td>
<td>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (1) 5,015,333</td>
</tr>
<tr>
<td>V.</td>
<td>Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV) 14,455,935</td>
</tr>
<tr>
<td>VI.</td>
<td>Cash and Cash Equivalents at the Beginning of the Period (1) 13,839,511</td>
</tr>
<tr>
<td>VII.</td>
<td>Cash and Cash Equivalents at the End of the Period (1) 28,295,446</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>VIII. PROFIT DISTRIBUTION STATEMENT(*)</th>
<th>Current Period 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. DISTRIBUTION OF CURRENT YEAR INCOME</td>
<td></td>
</tr>
<tr>
<td>1.1 Current Year Income</td>
<td>10,033,684</td>
</tr>
<tr>
<td>1.2 Taxes And Duties Payable (-)§</td>
<td>2,242,602</td>
</tr>
<tr>
<td>1.2.1 Corporate Tax (Income tax)</td>
<td>2,242,602</td>
</tr>
<tr>
<td>1.2.2 Income withholding tax</td>
<td>-</td>
</tr>
<tr>
<td>1.2.3 Other taxes and duties</td>
<td>-</td>
</tr>
<tr>
<td>A. NET INCOME FOR THE YEAR (1.1-1.2)</td>
<td>7,791,082</td>
</tr>
<tr>
<td>1.3 Prior Year Losses (-)</td>
<td>-</td>
</tr>
<tr>
<td>1.4 First Legal Reserves (-)</td>
<td>-</td>
</tr>
<tr>
<td>1.5 Other Statutory Reserves (-)</td>
<td>-</td>
</tr>
<tr>
<td>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</td>
<td>7,791,082</td>
</tr>
<tr>
<td>1.6 First Dividend To Shareholders (-)</td>
<td>-</td>
</tr>
<tr>
<td>1.6.1 To Owners Of Ordinary Shares</td>
<td>-</td>
</tr>
<tr>
<td>1.6.2 To Owners Of Privileged Shares</td>
<td>-</td>
</tr>
<tr>
<td>1.6.3 To Owners Of Preferred Shares</td>
<td>-</td>
</tr>
<tr>
<td>1.6.4 To Profit Sharing Bonds</td>
<td>-</td>
</tr>
<tr>
<td>1.6.5 To Holders Of Profit And Loss Sharing Certificates</td>
<td>-</td>
</tr>
<tr>
<td>1.7 Dividends To Personnel (-)</td>
<td>-</td>
</tr>
<tr>
<td>1.8 Dividends To Board Of Directors (-)</td>
<td>-</td>
</tr>
<tr>
<td>1.9 Second Dividend To Shareholders (-)</td>
<td>-</td>
</tr>
<tr>
<td>1.9.1 To Owners Of Ordinary Shares</td>
<td>-</td>
</tr>
<tr>
<td>1.9.2 To Owners Of Privileged Shares</td>
<td>-</td>
</tr>
<tr>
<td>1.9.3 To Owners Of Preferred Shares</td>
<td>-</td>
</tr>
<tr>
<td>1.9.4 To Profit Sharing Bonds</td>
<td>-</td>
</tr>
<tr>
<td>1.9.5 To Holders Of Profit And Loss Sharing Certificates</td>
<td>-</td>
</tr>
<tr>
<td>1.10 Second Legal Reserves (-)</td>
<td>-</td>
</tr>
<tr>
<td>1.11 Statutory Reserves (-)</td>
<td>-</td>
</tr>
<tr>
<td>1.12 Extraordinary Reserves</td>
<td>-</td>
</tr>
<tr>
<td>1.13 Other Reserves</td>
<td>-</td>
</tr>
<tr>
<td>1.14 Special Funds</td>
<td>-</td>
</tr>
<tr>
<td>II. DISTRIBUTION OF RESERVES</td>
<td></td>
</tr>
<tr>
<td>2.1 Appropriated Reserves</td>
<td>-</td>
</tr>
<tr>
<td>2.2 Dividends To Shareholders (-)</td>
<td>-</td>
</tr>
<tr>
<td>2.2.1 To Owners Of Ordinary Shares</td>
<td>-</td>
</tr>
<tr>
<td>2.2.2 To Owners Of Privileged Shares</td>
<td>-</td>
</tr>
<tr>
<td>2.2.3 To Owners Of Preferred Shares</td>
<td>-</td>
</tr>
<tr>
<td>2.2.4 To Profit Sharing Bonds</td>
<td>-</td>
</tr>
<tr>
<td>2.2.5 To Holders Of Profit And Loss Sharing Certificates</td>
<td>-</td>
</tr>
<tr>
<td>2.3 Dividends To Personnel (-)</td>
<td>-</td>
</tr>
<tr>
<td>2.4 Dividends To Board Of Directors (-)</td>
<td>-</td>
</tr>
<tr>
<td>III. EARNINGS PER SHARE</td>
<td></td>
</tr>
<tr>
<td>3.1 To Owners Of Ordinary Shares</td>
<td>1,3735</td>
</tr>
<tr>
<td>3.2 To Owners Of Ordinary Shares ( % )</td>
<td>137.35</td>
</tr>
<tr>
<td>3.3 To Owners Of Privileged Shares</td>
<td>-</td>
</tr>
<tr>
<td>3.4 To Owners Of Preferred Shares</td>
<td>-</td>
</tr>
<tr>
<td>IV. DIVIDEND PER SHARE</td>
<td></td>
</tr>
<tr>
<td>4.1 To Owners Of Ordinary Shares</td>
<td>-</td>
</tr>
<tr>
<td>4.2 To Owners Of Ordinary Shares ( % )</td>
<td>-</td>
</tr>
<tr>
<td>4.3 To Owners Of Preferred Shares</td>
<td>-</td>
</tr>
<tr>
<td>4.4 To Owners Of Preferred Shares</td>
<td>-</td>
</tr>
</tbody>
</table>

(*) Profit distribution is approved by the Parent Bank's Ordinary General Assembly. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly has not been held.

(**) The deferred tax benefit amounted TL 169,856 is not taken into account in profit distribution.
### I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

<table>
<thead>
<tr>
<th>Note (Section I)</th>
<th>Prior Period 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
</tbody>
</table>

#### I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY

| (23) | 5,277,535 | 49,942,902 | 46,220,337 |

#### II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)

| (24) | 904,588 | 563,275 | 1,467,863 |

2. Financial Assets Held for Trading

2.1.1 Public Sector Debt Securities

2.1.2 Securities Representing a Share in Capital

2.1.3. Derivative Financial Assets Held for Trading

2.1.4 Other Marketable Securities

2.2 Financial Assets at Fair Value Through Profit or Loss

2.2.1 Public Sector Debt Securities

2.2.2 Securities Representing a Share in Capital

2.2.3 Loans

2.2.4 Other Marketable Securities

#### III. BANKS

| (26) | 2,373,229 | 3,258,911 | 5,632,140 |

#### IV. MONEY MARKET PLACEMENTS

4.1 Interbank Money Market Placements

4.2 Istanbul Stock Exchange Money Market Placements

4.3 Receivables from Reverse Repurchase Agreements

#### V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)

| (27)/(28) | 45,961,580 | 17,676,651 | 63,638,231 |

5.1 Securities Representing a Share in Capital

5.2 Public Sector Debt Securities

5.3 Other Marketable Securities

#### VI. LOANS AND RECEIVABLES

| (29) | 231,413,967 | 85,606,521 | 317,020,488 |

6.1 Loans and Receivables

6.1.1 Loans Granted to Risk Group of The Bank

6.1.2 Public Sector Debt Securities

6.1.3 Other

6.2 Loans under Follow-up

6.3 Specific Provisions (-)

#### VII. FACTORING RECEIVABLES

| (30) | 2,863,604 | 4,762,159 | 7,625,763 |

8.1 Public Sector Debt Securities

8.2 Other Marketable Securities

8.3 Specific Provisions (-)

#### VIII. INVESTMENTS HELD TO MATURITY (Net)

| (31) | 127,251 | 1,168 | 128,419 |

9.1 Accounted with Equity Method

9.2 Unconsolidated Associates

9.2.1 Financial Associates

9.2.2 Non-financial Associates

#### IX. INVESTMENTS IN SUBSIDIARIES (Net)

| (32) | 7,583 | 7,583 |

10.1 Unconsolidated Financial Subsidiaries

10.2 Unconsolidated Non-Financial Subsidiaries

#### XI. ENTITIES UNDER COMMON CONTROL (Net)

| (33) | 52,036 | 52,036 |

11.1 Accounted with Equity Method

11.2 Unconsolidated Entities Under Common Control

11.2.1 Financial Entities Under Common Control

11.2.2 Non-Financial Entities Under Common Control

#### XII. RECEIVABLES FROM LEASING TRANSACTIONS

| (34) | 852,715 | 2,028,804 | 2,881,519 |

12.1 Finance Lease Receivables

12.2 Operating Lease Receivables

12.3 Other

12.4 Unearned Income (-)

#### XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES

| (35) | 220,337 | 249,356 | 469,693 |

13.1 Fair Value Hedges

13.2 Cash Flow Hedges

13.3 Hedges for Investments Made in Foreign Countries

#### XIV. TANGIBLE ASSETS (Net)

| (36) | 6,535,523 | 144,109 | 6,679,632 |

14.1 Goodwill

14.2 Other

#### XV. INTANGIBLE ASSETS (Net)

| (37) | 494,932 | 37,156 | 532,088 |

15.1

15.2 Other

#### XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)

| (38) | 32,197 | 8,885 | 41,082 |

17.1 Current Tax Asset

17.2 Deferred Tax Asset

#### XVII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)

| (39) | 674,731 | 85 | 674,816 |

18.1 Held for Sale

18.2 Held from Discontinued Operations

#### XIX. OTHER ASSETS

| (40) | 2,858,008 | 1,332,149 | 4,190,157 |

#### TOTAL ASSETS

| (41) | 300,417,565 | 156,508,564 | 456,926,129 |

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### IV. CONSOLIDATED STATEMENT OF INCOME

<table>
<thead>
<tr>
<th>INCOME AND EXPENSE ITEMS</th>
<th>Note</th>
<th>Prior Period 1 January-31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. INTEREST INCOME</td>
<td>(13)</td>
<td>37,104,621</td>
</tr>
<tr>
<td>1.1 Interest Income from Loans</td>
<td></td>
<td>29,559,462</td>
</tr>
<tr>
<td>1.2 Interest Income from Reserve Deposits</td>
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<td>1.3 Interest Income from Banks</td>
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<td>1.4 Interest Income from Money Market Placements</td>
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<td>1.5 Interest Income from Marketable Securities</td>
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<td>1.5.2 Financial Assets at Fair Value through Profit and Loss</td>
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<td>1.6 Finance Lease Income</td>
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<td>II. INTEREST EXPENSES</td>
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<td>2.1 Interest Expense on Deposits</td>
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<td>2.2 Interest on Borrowings</td>
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<td>2.5 Other Interest Expense</td>
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<td>III. NET INTEREST INCOME/EXPENSES (I-II)</td>
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<td>V. DIVIDEND INCOME</td>
<td>(15)</td>
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<td>VI. TRADING PROFIT/LOSS (Net)</td>
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<td>(845,653)</td>
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<td>6.1 Profit/Loss from Capital Market Operations</td>
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<td>44,164</td>
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<td>6.2 Profit/losses on Derivative Financial Transactions</td>
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<td>(865,123)</td>
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<td>6.3 Profit/Loss from Foreign Exchanges</td>
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<td>(24,694)</td>
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<td>VII. OTHER OPERATING INCOME</td>
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<td>VIII. TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)</td>
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<td>IX. PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)</td>
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<td>X. OTHER OPERATING EXPENSES(-)</td>
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<td>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</td>
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<td>XII. GAINS RECORDED AFTER MERGER</td>
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<td>XIII. PROFIT/LOSS ON EQUITY METHOD APPLIED SUBSIDIARIES</td>
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<td>XIV. GAIN/LOSS ON NET MONETARY POSITION</td>
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<td>XV. INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...XIV)</td>
<td>(19)</td>
<td>11,515,871</td>
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<td>XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (e)</td>
<td>(20)</td>
<td>(2,631,539)</td>
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<td>16.1 Current Tax Provision</td>
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<td>(30,525)</td>
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<td>XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV+XVI)</td>
<td>(21)</td>
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<td>XVIII. INCOME FROM DISCONTINUED OPERATIONS</td>
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<td>18.1 Income from Non-current Assets Held for Sale</td>
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<tr>
<td>18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)</td>
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<td>18.3 Other Income from Discontinued Operations</td>
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<tr>
<td>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</td>
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</tr>
<tr>
<td>19.1 Expenses for Non-current Assets Held for Sale</td>
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<tr>
<td>19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)</td>
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<tr>
<td>19.3 Other Expenses from Discontinued Operations</td>
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<tr>
<td>XX. PROFIT / LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</td>
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<tr>
<td>XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (e)</td>
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<tr>
<td>21.1 Current tax provision</td>
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<tr>
<td>21.2 Deferred tax provision</td>
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<tr>
<td>XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XXI+XXII)</td>
<td>(22)</td>
<td>8,884,332</td>
</tr>
<tr>
<td>23.1 Group’s Profit/Loss</td>
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<td>8,884,139</td>
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<tr>
<td>23.2 Minority Shares Profit/Loss</td>
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<td>213</td>
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<tr>
<td>Earnings per Share (Full TL)</td>
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<td>1,675</td>
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</table>

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

The accompanying explanations and notes form an integral part of these financial statements.
V. CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th>PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS’ EQUITY</th>
<th>Prior Period</th>
<th>1 January-31 December 2017</th>
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<tbody>
<tr>
<td>I. ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS</td>
<td></td>
<td>564,179</td>
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<tr>
<td>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</td>
<td></td>
<td>93,433</td>
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<tr>
<td>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</td>
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<tr>
<td>IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</td>
<td></td>
<td>424,682</td>
</tr>
<tr>
<td>V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>VI. CHANGES</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS’ EQUITY ACCORDING TO TAS</td>
<td></td>
<td>(51,321)</td>
</tr>
<tr>
<td>IX. DEFERRED TAXES RELATED TO VALUATION DIFFERENCES</td>
<td></td>
<td>(330,677)</td>
</tr>
<tr>
<td>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS’ EQUITY (I+II+...+IX)</td>
<td></td>
<td>700,296</td>
</tr>
<tr>
<td>XI. CURRENT YEAR PROFIT/LOSS</td>
<td></td>
<td>8,884,332</td>
</tr>
<tr>
<td>11.1 Net change in fair value of marketable securities (transfer to profit-loss)</td>
<td></td>
<td>44,164</td>
</tr>
<tr>
<td>11.2 Reclassification of cash flow hedge transactions and presentation of the related under income statement</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>11.4 Other</td>
<td></td>
<td>8,840,168</td>
</tr>
<tr>
<td>XII. TOTAL PROFIT/LOSS RELATED TO THE PERIOD (X±XI)</td>
<td></td>
<td>9,584,628</td>
</tr>
</tbody>
</table>

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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### VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

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</thead>
<tbody>
<tr>
<td>I. the Beginning of the Period</td>
<td>5,100,000</td>
<td>3,393,778</td>
<td>18,052,605</td>
<td>1,345,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,207,200</td>
<td>(1,394,015)</td>
<td>4,107,740</td>
<td>17,380</td>
<td></td>
<td>1,451</td>
<td>38,914,797</td>
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<td>II. Changes During the Period</td>
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<tr>
<td>III. Transfers to Legal Reserves</td>
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<td>IV. Dividend Distributed</td>
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<tr>
<td>V. Profit Distribution</td>
<td></td>
<td></td>
<td>431,090</td>
<td>6,783,805</td>
<td>1,511,744</td>
<td>7,566,852</td>
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<tr>
<td>VI. Dividend from Operations</td>
<td></td>
<td></td>
<td>431,090</td>
<td>6,783,805</td>
<td>1,511,744</td>
<td>7,566,852</td>
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<td>VIII. Foreign Exchange Differences</td>
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<td>IX. Changes Resulted from Disposal of Assets</td>
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<tr>
<td>X. Effects of Changes in Shareholders’ Equity of Associates</td>
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<tr>
<td>XI. Effect of Changes in Shareholders’ Equity of Associates to the Bank’s Shareholders’ Equity</td>
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<td>12.2 From Internal Resources</td>
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<td>XIII. Issuance of Share Certificates</td>
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<td>XIV. Share Cancellation Profits</td>
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<td>XV. Adjustment to Paid-in Capital</td>
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<td>XVI. Other</td>
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<tr>
<td>XVII. Net Profit or Losses</td>
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<tr>
<td>18.1 Dividend Distributed</td>
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<td>18.2 Transfers to Legal Reserves</td>
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<tr>
<td>Balance at the end of the period</td>
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<td>24,836,410</td>
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<td>8,884,119</td>
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</table>

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## VII. CONSOLIDATED STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>A. CASH FLOWS FROM BANKING OPERATIONS</th>
<th>Note (Section Five VI)</th>
<th>Prior Period 1 January-31 December 2017</th>
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<tbody>
<tr>
<td>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</td>
<td>7,704,826</td>
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<td>1.1.1 Interest Received</td>
<td>35,748,972</td>
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<td>1.1.2 Interest Paid</td>
<td>(18,665,259)</td>
<td></td>
</tr>
<tr>
<td>1.1.3 Dividend Received</td>
<td>7,031</td>
<td></td>
</tr>
<tr>
<td>1.1.4 Fees and Commissions Received</td>
<td>2,406,518</td>
<td></td>
</tr>
<tr>
<td>1.1.5 Other Income</td>
<td>1,185,821</td>
<td></td>
</tr>
<tr>
<td>1.1.6 Collections from Previously Written-off Loans</td>
<td>1,520,060</td>
<td></td>
</tr>
<tr>
<td>1.1.7 Payments to Personnel and Service Suppliers</td>
<td>(2,867,747)</td>
<td></td>
</tr>
<tr>
<td>1.1.8 Taxes Paid</td>
<td>(2,978,291)</td>
<td></td>
</tr>
<tr>
<td>1.1.9 Other</td>
<td>(8,652,279)</td>
<td></td>
</tr>
<tr>
<td>1.2 Changes in Operating Assets and Liabilities</td>
<td>(12,513,361)</td>
<td></td>
</tr>
<tr>
<td>1.2.1 Net (Increase)/Decrease in Trading Securities</td>
<td>(247,731)</td>
<td></td>
</tr>
<tr>
<td>1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>1.2.3 Net (Increase)/Decrease in Banks</td>
<td>(8,129,980)</td>
<td></td>
</tr>
<tr>
<td>1.2.4 Net (Increase)/Decrease in Loans</td>
<td>(70,981,593)</td>
<td></td>
</tr>
<tr>
<td>1.2.5 Net (Increase)/Decrease in Other Assets</td>
<td>(1,168,350)</td>
<td></td>
</tr>
<tr>
<td>1.2.6 Net Increase/(Decrease) in Bank Deposits</td>
<td>12,445,351</td>
<td></td>
</tr>
<tr>
<td>1.2.7 Net Increase/(Decrease) in Other Deposits</td>
<td>44,255,334</td>
<td></td>
</tr>
<tr>
<td>1.2.8 Net Increase/(Decrease) in Funds Borrowed</td>
<td>7,240,990</td>
<td></td>
</tr>
<tr>
<td>1.2.9 Net Increase/(Decrease) in Payables</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>1.2.10 Net Increase/(Decrease) in Other Liabilities</td>
<td>4,072,628</td>
<td></td>
</tr>
<tr>
<td>I. Net Cash Provided from Banking Operations</td>
<td>(4,808,535)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>II. Net Cash Provided from Investing Activities</td>
</tr>
<tr>
<td>2.1 Cash Paid for Purchase of Associates. Subsidiaries and Entities under Common Control</td>
</tr>
<tr>
<td>2.2 Cash Obtained from Sale of Associates. Subsidiaries and Entities under Common Control</td>
</tr>
<tr>
<td>2.3 Fixed Assets Purchases</td>
</tr>
<tr>
<td>2.4 Fixed Assets Sales</td>
</tr>
<tr>
<td>2.5 Cash Paid for Purchase of Financial Assets Available for Sale</td>
</tr>
<tr>
<td>2.6 Cash Obtained from Sale of Financial Assets Available for Sale</td>
</tr>
<tr>
<td>2.7 Cash Paid for Purchase of Investment Securities</td>
</tr>
<tr>
<td>2.8 Cash Obtained from Sale of Investment Securities</td>
</tr>
<tr>
<td>2.9 Other</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C. CASH FLOWS FROM FINANCING ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>III. Net Cash Provided from Financing Activities</td>
</tr>
<tr>
<td>3.1 Cash Obtained from Funds Borrowed and Securities Issued</td>
</tr>
<tr>
<td>3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued</td>
</tr>
<tr>
<td>3.3 Issued Equity Instruments</td>
</tr>
<tr>
<td>3.4 Dividends Paid</td>
</tr>
<tr>
<td>3.5 Payments for Finance Leases</td>
</tr>
<tr>
<td>3.6 Other</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</th>
<th>(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>V. Net (Decrease)/ Increase in Cash and Cash Equivalents (I+II+III+IV)</td>
<td>(2,060,402)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VI. Cash and Cash Equivalents at the Beginning of the Period</th>
<th>(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VII. Cash and Cash Equivalents at the End of the Period</td>
<td>(1)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

The accompanying explanations and notes form an integral part of these financial statements.
## Profit Distribution Statement (*)

### VIII. DISTRIBUTION OF CURRENT YEAR INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. DISTRIBUTION OF CURRENT YEAR INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Current Year Income</td>
<td>10,286,699</td>
</tr>
<tr>
<td>1.2 Taxes And Duties Payable (-)</td>
<td>2,346,578</td>
</tr>
<tr>
<td>1.2.1 Corporate Tax (Income tax)</td>
<td>2,300,432</td>
</tr>
<tr>
<td>1.2.2 Income withholding tax</td>
<td></td>
</tr>
<tr>
<td>1.2.3 Other taxes and duties</td>
<td>46,146</td>
</tr>
<tr>
<td><strong>A. NET INCOME FOR THE YEAR (1.1-1.2)</strong></td>
<td>7,940,121</td>
</tr>
<tr>
<td>1.3 Prior Year Losses (-)</td>
<td></td>
</tr>
<tr>
<td>1.4 First Legal Reserves (-)</td>
<td>397,006</td>
</tr>
<tr>
<td>1.5 Other Statutory Reserves (-)</td>
<td></td>
</tr>
<tr>
<td><strong>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-1.3+1.4+1.5)]</strong></td>
<td>7,543,115</td>
</tr>
<tr>
<td>1.6 First Dividend To Shareholders (-)</td>
<td>280,000</td>
</tr>
<tr>
<td>1.6.1 To Owners Of Ordinary Shares</td>
<td></td>
</tr>
<tr>
<td>1.6.2 To Owners Of Privileged Shares</td>
<td></td>
</tr>
<tr>
<td>1.6.3 To Owners Of Preferred Shares</td>
<td></td>
</tr>
<tr>
<td>1.6.4 To Profit Sharing Bonds</td>
<td></td>
</tr>
<tr>
<td>1.6.5 To Holders Of Profit And Loss Sharing Certificates</td>
<td></td>
</tr>
<tr>
<td>1.7 Dividends To Personnel (-)</td>
<td></td>
</tr>
<tr>
<td>1.8 Dividends To Board Of Directors (-)</td>
<td></td>
</tr>
<tr>
<td>1.9 Second Dividend To Shareholders (-)</td>
<td></td>
</tr>
<tr>
<td>1.9.1 To Owners Of Ordinary Shares</td>
<td></td>
</tr>
<tr>
<td>1.9.2 To Owners Of Privileged Shares</td>
<td></td>
</tr>
<tr>
<td>1.9.3 To Owners Of Preferred Shares</td>
<td></td>
</tr>
<tr>
<td>1.9.4 To Profit Sharing Bonds</td>
<td></td>
</tr>
<tr>
<td>1.9.5 To Holders Of Profit And Loss Sharing Certificates</td>
<td></td>
</tr>
<tr>
<td>1.10 Second Legal Reserves (-)</td>
<td>25,000</td>
</tr>
<tr>
<td>1.11 Statutory Reserves (-)</td>
<td></td>
</tr>
<tr>
<td>1.12 Extraordinary Reserves</td>
<td>7,160,393</td>
</tr>
<tr>
<td>1.13 Other Reserves</td>
<td></td>
</tr>
<tr>
<td>1.14 Special Funds</td>
<td>77,722</td>
</tr>
</tbody>
</table>

### II. DISTRIBUTION OF RESERVES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Appropriated Reserves</td>
<td></td>
</tr>
<tr>
<td>2.2 Second Legal Reserves (-)</td>
<td></td>
</tr>
<tr>
<td>2.3 Dividends To Shareholders (-)</td>
<td></td>
</tr>
<tr>
<td>2.3.1 To Owners Of Ordinary Shares</td>
<td></td>
</tr>
<tr>
<td>2.3.2 To Owners Of Privileged Shares</td>
<td></td>
</tr>
<tr>
<td>2.3.3 To Owners Of Preferred Shares</td>
<td></td>
</tr>
<tr>
<td>2.3.4 To Profit Sharing Bonds</td>
<td></td>
</tr>
<tr>
<td>2.3.5 To Holders Of Profit And Loss Sharing Certificates</td>
<td></td>
</tr>
<tr>
<td>2.4 Dividends To Board Of Directors (-)</td>
<td></td>
</tr>
</tbody>
</table>

### III. EARNINGS PER SHARE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 To Owners Of Ordinary Shares</td>
<td>1,4966</td>
</tr>
<tr>
<td>3.2 To Owners Of Ordinary Shares ( % )</td>
<td>149,66</td>
</tr>
<tr>
<td>3.3 To Owners Of Privileged Shares</td>
<td></td>
</tr>
<tr>
<td>3.4 To Owners Of Preferred Shares</td>
<td></td>
</tr>
</tbody>
</table>

### IV. DIVIDEND PER SHARE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 To Owners Of Ordinary Shares</td>
<td>0,050</td>
</tr>
<tr>
<td>4.2 To Owners Of Ordinary Shares ( % )</td>
<td>5,00</td>
</tr>
<tr>
<td>4.3 To Owners Of Privileged Shares</td>
<td></td>
</tr>
<tr>
<td>4.4 To Owners Of Preferred Shares</td>
<td></td>
</tr>
</tbody>
</table>

*The profit distribution table for the previous period has been finalized with the decision of the Ordinary General Assembly after the publication of the audited financial statements as of 31 December 2017 and restated accordingly.*
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

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

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

Additional paragraph for convenience translation into English

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Changes in Accounting Policies

As of 1 January 2018 the Group has applied TFRS 9 Financial Instruments (TFRS 9) published by POA according to “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750 for the first time in attached consolidated financial statements. Prior period financial statements and notes were not restated in accordance with the transition provisions of TFRS 9. Therefore, the impact of the first application of standard has been reflected to Prior years' profit or loss and attached financial statements are presented separately rather than comparatively. TFRS 9 has been in effect as of 1 January 2018, the impact on opening balances are presented in Note XXV of Section Three.

The TAS 39 measurement categories of financial assets at fair value through profit or loss, available for sale and held-to-maturity have been replaced by; financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost, respectively as a consequence of TFRS 9.

TFRS 15 Revenue from Contracts with Customers and other TAS/TFRS changes have not significant impact on Group's accounting policies, financial position and performance.

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting stays almost the same. The standard is effective from annual periods beginning on and after 1 January 2019 and the adoption process regarding the mentioned amendments continues as of the reporting date.
SECTION THREE (Continued)

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

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

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

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

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

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

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

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

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

1.1. Consolidation Principles for Subsidiaries

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1.1. Consolidation Principles for Subsidiaries (Continued)

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

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

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effect are included in the consolidated financial statements beginning from the date control on their activities are transferred to the Group. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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

<table>
<thead>
<tr>
<th>Title</th>
<th>Address (City/Country)</th>
<th>Main Activities</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Parent Bank's Share Percentage (%)</td>
<td>Parent Bank's Risk Group Share Percentage (%)</td>
<td>Parent Bank's Share Percentage (%)</td>
</tr>
<tr>
<td>Ziraat Hayat ve Emeklilik A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>Insurance</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Sigorta A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>Insurance</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Finansal Kiralama A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>Leasing</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Yatırım Menkul Değerler A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>Brokerage Houses</td>
<td>99.60</td>
<td>99.60</td>
</tr>
<tr>
<td>Ziraat Portföy Yönetimi A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>Portfolio Management</td>
<td>99.70</td>
<td>99.80</td>
</tr>
<tr>
<td>Ziraat Katılım Bankası A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>Banking</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>Real Estate</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Girişim Sermayesi Ortaklığı A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>Venture Capital</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank International AG</td>
<td>Frankfurt/Germany</td>
<td>Banking</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank BH d.d.</td>
<td>Sarajevo/Bosnia and HerzegovinBank</td>
<td>Banking</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank (Moscow) JSC</td>
<td>Moscow/Russia</td>
<td>Banking</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank Azerbaycan ASC</td>
<td>Baku/Azerbaijan</td>
<td>Banking</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank Montenegro AD</td>
<td>Podgorica/Montenegro</td>
<td>Banking</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>ISC Ziraat Bank Georgia</td>
<td>Tbilisi/Georgia</td>
<td>Banking</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank Uzbekistan JSC</td>
<td>Tashkent/ Uzbekistan</td>
<td>Insurance</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

1.2. Consolidation Principles of Associates and Joint Ventures

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1.2. Consolidation Principles of Associates and Joint Ventures

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:

<table>
<thead>
<tr>
<th>Title</th>
<th>Address</th>
<th>Main Activities</th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkmens Turkish Joint Stock Commercial Bank</td>
<td>Ashkhabad/Turkmenistan</td>
<td>Banking</td>
<td>50,00</td>
<td>50,00</td>
</tr>
<tr>
<td>Arap Türk Bankası A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>Banking</td>
<td>15,43</td>
<td>15,43</td>
</tr>
</tbody>
</table>

1.3. Principles Applied During Share Transfer, Merger and Acquisition

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

1.4. Transactions with Minority Shareholders

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

As TFRS 9 has been put into effect on 1 January 2018, the Group’s accounting policy for financial instruments is summarized as follows.

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Classification and Measurement within the Scope of TFRS 9

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

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

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

Financial assets at fair value through profit or loss

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

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

Regarding the banking operations of the Group, there exist ineffective shares of Kredi Garanti Fonu, Türk Ticaret Bankası in liquidation, Borsa İstanbul, Borica Bank Services AD, Central Bank of the Republic of Turkey and Milli Reasürans T.A.Ş. The related investments are classified under financial assets at fair value through other comprehensive income and are carried out at book value.

Financial Assets Measured at Amortized Cost

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

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

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

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

Loans

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

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

The Parent Bank’s loans are recognized under the "Measured at Amortized Cost” account.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

Impairment

As of 1 January 2018, the Group recognize provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

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

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

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

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

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

Credit-Impaired Losses (Stage 3 / Specific Provision)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT FINANCIAL ASSETS (Continued)

Impairment (Continued)

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

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

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

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

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

Probability of Default

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

Default Amount

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

Loss Given Default

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

Future Expectations

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

The Methodology of Behavioral Maturity Calculation

For the loans in Stage 1, which have less than one year to due date and for the loans in Stage 2, which have more than one year are to due date are calculated until the maturity day and the lifetime (until maturity date). In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analyzing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the income statement. The Group does not have any discontinued operations.
SECTION THREE (Continued)
EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, the Group has no goodwill within the financial statements.

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Parent Bank’s inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates of the Group, TL 3,966.201 net is followed under shareholders’ equity as of 31 December 2018. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950.

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

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

<table>
<thead>
<tr>
<th></th>
<th>Estimated Useful Lives (Year)</th>
<th>Amortization Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>50</td>
<td>2%</td>
</tr>
<tr>
<td>Safe-deposit boxes</td>
<td>50</td>
<td>2%</td>
</tr>
<tr>
<td>Other movable properties</td>
<td>3-25</td>
<td>4-33.33%</td>
</tr>
<tr>
<td>Assets held under financial leases</td>
<td>4-5</td>
<td>20-25%</td>
</tr>
</tbody>
</table>

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

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

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

1. Accounting of Leasing Transactions for the Lessee

Financial Lease

The Group, as the lessee, recognizes its leasing operations in accordance with the requirements of TAS 17 “Leases”. Fixed assets that are acquired under financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the tangible fixed assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible fixed assets that are acquired under financial leasing are charged to liability account “Finance Lease Payable”, whereas interests are recognized in “Deferred Financial Leasing Expenses” account. At installment payments, principal and interest amount of installment amount are debited to “Financial Lease Payable” account, whereas interest is credited in “Deferred Financial Leasing Expenses” account and recorded to the “Other Interest Expenses”.

Operational Lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operating lease. Payments that are made as operating leases are accounted in income statements with linear method during the lease period.

2. Accounting of Leasing Transactions for Lessor

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

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

The Parent Bank is not employing its personnel by means of limited-period contracts.
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

Some of the Parent Bank’s and Ziraat Katılım Bankası A.Ş. personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees’ Pension Fund (“Fund”) which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Parent Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution (“SSI”) is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33. As of 31 December 2018 the number of personnel who benefit from the Fund, excluding dependents, is 23,308 (31 December 2017: 22,531). 19,458 of these members are active while 3,850 are passive members. (31 December 2017: 18,723 active members, 3,808 passive members).

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

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9.80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

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

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

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

Based on the Council of Ministers’ decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.
The corporate tax rate of 20% implementation on the Corporate Tax Law No. 5520 was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205, will be applied as 22% for corporation earnings for three years from 1 January 2018 with the regulation dated 28 November 2017 numbered 7061. Furthermore, Cabinet is made authorized to decrease this ratio to 20% from 22%. The Parent Bank applies new regulations to its current and deferred tax responsibilities. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

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

The parent bank applies new regulations to its current and deferred tax responsibilities. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

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 expented 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).
XVII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

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

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

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

Tax rates used in tax calculation considering the related countries’ tax legislation as of 31 December 2017 are presented below:

<table>
<thead>
<tr>
<th>Country</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>20%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>20%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>20%</td>
</tr>
<tr>
<td>Germany</td>
<td>15%</td>
</tr>
<tr>
<td>Georgia</td>
<td>15%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>15%</td>
</tr>
<tr>
<td>Bosnia Herzegovina</td>
<td>10%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>9%</td>
</tr>
</tbody>
</table>

Deferred Tax

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

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

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

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

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

The deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circular of BRSA.
SECTION THREE (Continued)
EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES

1. Technical Reserves

Reserve for Unearned Premiums

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

Unexpired Risk Provision

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

Reserve for Outstanding Claims

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

Mathematical Provisions

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

XIX. EXPLANATIONS ON BORROWINGS

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

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

The decision to increase the capital of Parent Bank to TL 6,100,000 was approved by the Parent Bank's Ordinary General Assembly held on 13 August 2018, and the capital increase and the related amendment to the articles of association of the Articles of Association were registered on 22 October 2018. It was announced in the Trade Registry Gazette No. 9688. The accounting for this capital increase was made on 9 November 2018 with the permission of BRSA.
SECTION THREE (Continued)
EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES
Commitments regarding bill guarantees and acceptances of the Group are presented in the “Off-Balance Sheet” commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS
There are no government incentives utilized by the Group as of the balance sheet date.

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

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

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

Explanations on Profit Distribution

In accordance with the decision taken in the General Assembly of the year 2017, which was carried out on 13 August 2018, from TL 7,940,121 net profit, TL 397,006 is transferred to first legal reserve and TL 25,000 was transferred to second legal reserve. TL 280,000 was paid to shareholder as a first dividend and TL 250,000 was paid to employees as an additional payment. 50% of the sales revenue of the real estates sold in 2017 is TL 77,722 thousand and transferred to Other Reserves for monitoring in a special fund account. Within this framework, it has been decided to keep TL 7,160,393 of the profit within the Parent Bank.

Developments related to TFRS 9 Transition Process

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent solely payments of principal and interest.

Explanations on the impact of TFRS 9 implementation of the Group are below.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>31 December 2017</th>
<th>TFRS-9 Reclassification impact</th>
<th>TFRS-9 Remeasurement impact</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL ASSETS (Net)</td>
<td>124,716,719</td>
<td>(118,686)</td>
<td>100,148</td>
<td>124,698,181</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>51,984,862</td>
<td>-</td>
<td>-</td>
<td>51,984,862</td>
</tr>
<tr>
<td>Cash and balances at Central Bank</td>
<td>46,220,337</td>
<td>-</td>
<td>-</td>
<td>46,220,337</td>
</tr>
<tr>
<td>Banks</td>
<td>5,632,140</td>
<td>-</td>
<td>-</td>
<td>5,632,140</td>
</tr>
<tr>
<td>Receivables from Money Markets</td>
<td>132,385</td>
<td>-</td>
<td>-</td>
<td>132,385</td>
</tr>
<tr>
<td>Financial assets measured at fair value to profit or loss</td>
<td>71,096</td>
<td>-</td>
<td>-</td>
<td>71,096</td>
</tr>
<tr>
<td>Financial assets measured at fair value to other comprehensive income</td>
<td>63,638,231</td>
<td>-</td>
<td>-</td>
<td>63,638,231</td>
</tr>
<tr>
<td>Financial assets measured at amortised cost</td>
<td>7,625,763</td>
<td>-</td>
<td>-</td>
<td>7,625,763</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>1,396,767</td>
<td>-</td>
<td>-</td>
<td>1,396,767</td>
</tr>
<tr>
<td>Non-performing financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allowance for expected credit losses (-)</td>
<td>-</td>
<td>118,686</td>
<td>(100,148)</td>
<td>18,538</td>
</tr>
<tr>
<td>LOANS (Net)</td>
<td>319,903,621</td>
<td>(4,917,056)</td>
<td>4,900,932</td>
<td>319,887,497</td>
</tr>
<tr>
<td>Loans</td>
<td>316,795,002</td>
<td>-</td>
<td>-</td>
<td>316,795,002</td>
</tr>
<tr>
<td>Loans measured at amortised cost</td>
<td>316,795,002</td>
<td>-</td>
<td>-</td>
<td>316,795,002</td>
</tr>
<tr>
<td>Receivables from leasing transactions</td>
<td>3,075,898</td>
<td>-</td>
<td>-</td>
<td>3,075,898</td>
</tr>
<tr>
<td>Factoring Receivables</td>
<td>1,614</td>
<td>-</td>
<td>-</td>
<td>1,614</td>
</tr>
<tr>
<td>Non-performing loans</td>
<td>5,028,967</td>
<td>-</td>
<td>-</td>
<td>5,028,967</td>
</tr>
<tr>
<td>Allowance for expected credit losses (-)</td>
<td>4,997,860</td>
<td>4,917,056</td>
<td>(4,900,932)</td>
<td>5,013,984</td>
</tr>
<tr>
<td>12-Month expected credit losses (Stage 1)</td>
<td>-</td>
<td>4,680,739</td>
<td>(4,092,769)</td>
<td>587,970</td>
</tr>
<tr>
<td>Significant increase in credit risk (Stage 2)</td>
<td>-</td>
<td>236,317</td>
<td>(90,124)</td>
<td>146,193</td>
</tr>
<tr>
<td>Credit-Impaired (Stage 3)</td>
<td>4,997,860</td>
<td>-</td>
<td>(718,039)</td>
<td>4,279,821</td>
</tr>
<tr>
<td>NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)</td>
<td>674,819</td>
<td>-</td>
<td>-</td>
<td>674,819</td>
</tr>
<tr>
<td>JOINT VENTURES</td>
<td>188,038</td>
<td>-</td>
<td>-</td>
<td>188,038</td>
</tr>
<tr>
<td>Investments in associates (Net)</td>
<td>128,419</td>
<td>-</td>
<td>-</td>
<td>128,419</td>
</tr>
<tr>
<td>Investments in subsidiaries (Net)</td>
<td>7,583</td>
<td>-</td>
<td>-</td>
<td>7,583</td>
</tr>
<tr>
<td>Jointly Controlled Partnerships (Joint Ventures) (Net)</td>
<td>52,036</td>
<td>-</td>
<td>-</td>
<td>52,036</td>
</tr>
<tr>
<td>TANGIBLE ASSETS (Net)</td>
<td>6,679,632</td>
<td>-</td>
<td>-</td>
<td>6,679,632</td>
</tr>
<tr>
<td>INTANGIBLE ASSETS AND GOODWILL (Net)</td>
<td>532,088</td>
<td>-</td>
<td>-</td>
<td>532,088</td>
</tr>
<tr>
<td>INVESTMENT PROPERTIES (Net)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CURRENT TAX ASSET</td>
<td>11,261</td>
<td>-</td>
<td>-</td>
<td>11,261</td>
</tr>
<tr>
<td>DEFERRED TAX ASSETS</td>
<td>29,794</td>
<td>-</td>
<td>-</td>
<td>29,794</td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td>4,190,157</td>
<td>-</td>
<td>-</td>
<td>4,190,157</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>456,926,129</td>
<td>(5,035,742)</td>
<td>5,001,080</td>
<td>456,891,467</td>
</tr>
</tbody>
</table>
### Reconciliation of statement of financial position balances to TFRS 9 (Continued)

<table>
<thead>
<tr>
<th>Liabilities and Equity</th>
<th>31 December 2017</th>
<th>TFRS-9 Reclassification Impact</th>
<th>TFRS-9 Remeasurement Impact</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>282,569,613</td>
<td>-</td>
<td>-</td>
<td>282,569,613</td>
</tr>
<tr>
<td>Funds Borrowed</td>
<td>31,118,253</td>
<td>-</td>
<td>-</td>
<td>31,118,253</td>
</tr>
<tr>
<td>Securities Issued (Net)</td>
<td>56,309,523</td>
<td>-</td>
<td>-</td>
<td>56,309,523</td>
</tr>
<tr>
<td>Funds</td>
<td>13,474,280</td>
<td>-</td>
<td>-</td>
<td>13,474,280</td>
</tr>
<tr>
<td>Financial Liabilities at Fair Value through Profit or Loss</td>
<td>6,030,575</td>
<td>-</td>
<td>-</td>
<td>6,030,575</td>
</tr>
<tr>
<td>Derivative Financial Liabilities</td>
<td>548,910</td>
<td>-</td>
<td>-</td>
<td>548,910</td>
</tr>
<tr>
<td>Factoring Liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provisions</td>
<td>10,362,037</td>
<td>(5,038,318)</td>
<td>(428,230)</td>
<td>4,895,489</td>
</tr>
<tr>
<td>General Provision</td>
<td>5,635,198</td>
<td>(5,635,198)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserve for Employee Benefits</td>
<td>1,328,920</td>
<td>-</td>
<td>-</td>
<td>1,328,920</td>
</tr>
<tr>
<td>Insurance Technical Reserves (Net)</td>
<td>1,514,046</td>
<td>-</td>
<td>-</td>
<td>1,514,046</td>
</tr>
<tr>
<td>Other provision</td>
<td>1,883,873</td>
<td>596,880</td>
<td>(428,230)</td>
<td>2,052,523</td>
</tr>
<tr>
<td>Current Tax Liability</td>
<td>1,003,338</td>
<td>-</td>
<td>209,250</td>
<td>1,212,588</td>
</tr>
<tr>
<td>Deferred Tax Liability</td>
<td>307,100</td>
<td>-</td>
<td>(180,901)</td>
<td>126,199</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>6,719,344</td>
<td>-</td>
<td>-</td>
<td>6,719,344</td>
</tr>
<tr>
<td>Shareholder's Equity</td>
<td>48,483,156</td>
<td>2,576</td>
<td>5,400,961</td>
<td>53,886,693</td>
</tr>
<tr>
<td>Paid in capital</td>
<td>5,600,000</td>
<td>-</td>
<td>-</td>
<td>5,600,000</td>
</tr>
<tr>
<td>Capital reserves</td>
<td>(95,773)</td>
<td>95,521</td>
<td>-</td>
<td>(252)</td>
</tr>
<tr>
<td>Other capital reserves</td>
<td>(95,773)</td>
<td>95,521</td>
<td>-</td>
<td>(252)</td>
</tr>
<tr>
<td>Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss</td>
<td>-</td>
<td>3,968,830</td>
<td>-</td>
<td>3,968,830</td>
</tr>
<tr>
<td>Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss</td>
<td>-</td>
<td>(933,992)</td>
<td>(175)</td>
<td>(934,167)</td>
</tr>
<tr>
<td>Marketable Securities Valuation Differences</td>
<td>(953,956)</td>
<td>953,956</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tangible Assets Revaluation Reserves</td>
<td>4,064,351</td>
<td>(4,064,351)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bonus Shares of Subsidiaries, Associates and Entities Under Common Control</td>
<td>17,388</td>
<td>(17,388)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit Reserves</td>
<td>30,317,558</td>
<td>-</td>
<td>-</td>
<td>30,317,558</td>
</tr>
<tr>
<td>Legal Reserves</td>
<td>3,824,868</td>
<td>-</td>
<td>-</td>
<td>3,824,868</td>
</tr>
<tr>
<td>Status Reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Extraordinary Reserves</td>
<td>24,836,410</td>
<td>-</td>
<td>-</td>
<td>24,836,410</td>
</tr>
<tr>
<td>Other Profit Reserves</td>
<td>1,656,280</td>
<td>-</td>
<td>-</td>
<td>1,656,280</td>
</tr>
<tr>
<td>Profit or (Loss)</td>
<td>9,531,923</td>
<td>-</td>
<td>5,401,136</td>
<td>14,933,059</td>
</tr>
<tr>
<td>Prior Periods Profit or (Loss)</td>
<td>647,804</td>
<td>-</td>
<td>5,401,136</td>
<td>6,048,940</td>
</tr>
<tr>
<td>Current Period Profit or (Loss)</td>
<td>8,884,119</td>
<td>-</td>
<td>-</td>
<td>8,884,119</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>1,665</td>
<td>-</td>
<td>-</td>
<td>1,665</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>456,926,129</td>
<td>(5,035,742)</td>
<td>5,001,080</td>
<td>456,891,467</td>
</tr>
</tbody>
</table>
Reconciliation of the opening balances of the provision to TFRS 9

<table>
<thead>
<tr>
<th></th>
<th>Book value before TFRS 9</th>
<th>Remeasurements</th>
<th>Book value after TFRS 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Provision</td>
<td>9,914,916</td>
<td>(4,900,932)</td>
<td>5,013,984</td>
</tr>
<tr>
<td>Stage 1</td>
<td>4,680,739</td>
<td>(4,092,769)</td>
<td>587,970</td>
</tr>
<tr>
<td>Stage 2</td>
<td>236,317</td>
<td>(90,124)</td>
<td>146,193</td>
</tr>
<tr>
<td>Stage 3</td>
<td>4,997,860</td>
<td>(718,039)</td>
<td>4,279,821</td>
</tr>
<tr>
<td>Financial Assets</td>
<td>121,262</td>
<td>(100,323)</td>
<td>20,939</td>
</tr>
<tr>
<td>Non-Cash Loans</td>
<td>735,115</td>
<td>(428,230)</td>
<td>306,885</td>
</tr>
<tr>
<td>Stage 1 and 2</td>
<td>596,880</td>
<td>(460,448)</td>
<td>136,432</td>
</tr>
<tr>
<td>Stage 3</td>
<td>138,235</td>
<td>32,218</td>
<td>170,453</td>
</tr>
<tr>
<td>Total</td>
<td>10,771,293</td>
<td>(5,429,485)</td>
<td>5,341,808</td>
</tr>
</tbody>
</table>

(1) Represents general provisions for stage 1 and 2 loans before TFRS 9.
(2) Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Fair Value through Other Comprehensive Income, Receivables from Banks and Receivables from Money Markets.
(3) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified "12. General Provision" and expected credit loss for stage 3 non-cash loans is classified "12.5. Other Provisions" under liabilities. In accordance with TFRS 9, the expected loss provisions for the Stage 1, Stage 2 and Stage 3 non-cash loans are in the "10.4 Other Provisions" column in the liabilities.

The Impact of TFRS 9 Transition to Equity

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not restated, it is stated that the difference between the book value of 1 January 2018 at the date of application should be reflected in the retained earning of equity. The explanations about the transition effects to TFRS 9 presented in the equity items under the scope of this article are given below.

The difference between the provision for impairment of the prior period and allowance for expected credit losses that is measured in accordance with TFRS 9 impairment model as of 1 January 2018 amounting to TL 5,429,485 as income is recorded to "Prior years' profits or losses" in shareholders’ equity.

As stated in the Communiqué on “Uniform Chart of Accounts and Prospectus” issued on 20 September 2017, for general provisions (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 180,901 have been reflected to the opening financials of 1 January 2018 and the related amount has been recorded to “Prior years' profits or losses” in shareholders' equity.

For the specific provisions (TFRS 9 allowance for expected credit losses for third stage loans) which have been cancelled due to TFRS 9 transition, income tax loss amounting to TL 209,250 is recorded to “Prior years’ profits or losses” in equity as of 1 January 2018.

The general provision amounting to TL 2,402 relating to equity investments in available-for-sale financial assets, which were presented under general provision in before TFRS 9, has been started to be recognized in “Other accumulated comprehensive income that will be reclassified in profit or loss” under equity.
"TFRS 9 Financial Instruments" standard came into effect instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of 1 January 2018. Accounting policies lost their validity with the transition of TFRS 9 are given below:

**Financial assets at fair value through profit or loss**

Financial assets, which are classified as “financial assets at fair value through profit or loss”, are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer’s margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading securities are initially recognized at cost. The cost of the securities is recognized as fair value. Subsequently, trading securities are carried at fair value in the financial statements.

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in BİST are carried at weighted average exchange prices of BİST as of the balance sheet date and those securities that are not traded in BİST are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. The positive difference between the cost and fair value of held for trading securities is accounted under “Other Interest and Income Accrual” and the negative difference is accounted under “Impairment Loss for Marketable Securities” account. The positive difference between the cost and amortized cost is accounted as impairment loss. The positive difference between the fair value and amortized cost is accounted under “Profit from Capital Market Operations” account and the negative difference is accounted under “Loss from Capital Market Operations” account.

**Held-to-maturity financial assets**

Investments held to maturity include financial assets other than Group loans and receivables and those where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and where there are fixed or determinable payments with fixed maturity. Marketable securities classified as Financial Assets Held to Maturity may subject to exchange-repurchase bids or refundment transactions within the scope of early redemption.

Investments held to maturity are subsequently measured at amortized cost with internal rate of return, and they are accounted by setting forth provision for impairment loss (impairment loss expense) or by posting interest income accrual.

There are not any financial assets that are previously classified as investments held-to-maturity but prohibited to be classified in this portfolio for two years because of incompliance with the principles of financial assets classification.

Interests received from investments held to maturity are recognized as an interest income.

Held to maturity assets are initially recognized at cost value.
SECTION THREE (Continued)
EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT AVAILABLE FOR THE CURRENT PERIOD (Continued)

Loans and receivables

Group loans and receivables represent financial assets other than those held for trading or held for sale in a short period generated through providing cash, assets or rendering services to the debtor.

Group loans and receivables are initially carried at cost value. Bank loans are measured at amortized cost with internal rate of return. Short-term and long-term loans are grouped as open or guaranteed; FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Parent Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Parent Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

The Group sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 26333 and dated 1 November 2006 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, there is no judgement in the related Regulation and the BRSA’s related disclosures that would prevent further provision of the minimum amounts required. Allocated provisions are deducted from the income for the period. The Group reserves specific provisions for non-performing loans over the minimum ratios specified in the Regulation without considering the collaterals. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under “Other Operating Income” account. Releases of current period provisions are made by the reversal of the amount from the “Provision for Impairment of Loans and Other Receivables” account. The Group allocates general provisions for the first and second group loans and other receivables above the minimum rates specified in the Regulation.

Available-for-sale financial assets

Available-for-sale financial assets are defined as financial assets other than the ones classified as “Loans and Receivables”, “Held-to-Maturity Assets” or “Financial Asset at Fair Value Through Profit or Loss”.

Available for sale assets are initially recognized at cost value. The cost of the securities is recognized as fair value.

Available-for-sale financial assets are subsequently re-measured at fair value in financial statements.

The difference between fair value and cost of available for sale financial assets is booked as interest income accruals or impairment provision. Furthermore, amortized cost using the effective interest method and cost value is compared and the difference is booked as interest income or impairment expense. Fair value and amortised cost of these securities are compared and the difference is recognized in shareholders’ equity as “Marketable Securities Value Increase Fund”. When these financial assets are disposed of or impaired the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

When there is no price quotation in an active market for price formations to constitute the basis of the fair value or in such a situation when the reasonable value is not measured confidentially; the fair value of the available-for-sale financial assets are carried at amortised cost using the effective interest method or appropriate valuation methods.

Regarding the banking operations of The Group, there exist ineffective shares of Kredi Garanti Fonu, Türk Ticaret Bankası in liquidation, Borsa İstanbul, Borica Bank Services AD, Central Bank of the Republic of Turkey and Milli Reasürans T.A.Ş. The related investments are classified under available-for-sale financial assets and are carried out at book value. The reason to explain the necessary action is the inability to reliably measure the subject asset type at fair value.
SECTION FOUR
EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY

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

As of 31 December 2018 Group’s total capital has been calculated as TL 63.884.017 (31 December 2017: TL 51.743.724), capital adequacy ratio is 14, 23% (31 December 2017: 14,60%). This Group’s ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders’ Equity

<table>
<thead>
<tr>
<th>COMMON EQUITY TIER 1 CAPITAL</th>
<th>Current Period</th>
<th>Amount as per the regulation before 1/1/2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-in capital following all debts in terms of claim in liquidation of the Bank</td>
<td>6,100,000</td>
<td>-</td>
</tr>
<tr>
<td>Share issue premiums</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserves</td>
<td>35,756,735</td>
<td>-</td>
</tr>
<tr>
<td>Gains recognized in equity as per TAS</td>
<td>8,398,062</td>
<td>-</td>
</tr>
<tr>
<td>Profit</td>
<td>16,092,374</td>
<td>-</td>
</tr>
<tr>
<td>Current Period Profit</td>
<td>9,343,637</td>
<td>-</td>
</tr>
<tr>
<td>Prior Period Profit</td>
<td>6,748,737</td>
<td>-</td>
</tr>
<tr>
<td>Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period</td>
<td>17,388</td>
<td>-</td>
</tr>
<tr>
<td>Minority Shares</td>
<td>289</td>
<td>-</td>
</tr>
<tr>
<td>Common Equity Tier 1 Capital Before Deductions</td>
<td>66,366,858</td>
<td>-</td>
</tr>
<tr>
<td>Deductions from Common Equity Tier 1 Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS</td>
<td>6,240,052</td>
<td>-</td>
</tr>
<tr>
<td>Improvement costs for operating leasing</td>
<td>62,118</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill (net of related tax liability)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other intangibles other than mortgage-serving rights (net of related tax liability)</td>
<td>731,706</td>
<td>731,706</td>
</tr>
<tr>
<td>Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Communique Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gains arising from securitization transactions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized gains and losses due to changes in own credit risk on fair valued liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Defined-benefit pension fund net assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Direct and indirect investments of the Bank in its own Common Equity</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shares obtained contrary to the 4th clause of the 56th Article of the Law</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>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</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>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</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Portion of mortgage servicing rights exceeding 10% of the Common Equity</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>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</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess amount arising from mortgage servicing rights</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
**SECTION FOUR (Continued)**

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
<th>Amount as per the regulation before 1/1/2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess amount arising from deferred tax assets based on temporary differences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items to be Defined by the BRSA (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Deductions from Common Equity Tier I Capital</strong></td>
<td>7,033,876</td>
<td></td>
</tr>
<tr>
<td><strong>Total Common Equity Tier I Capital</strong></td>
<td>59,832,982</td>
<td></td>
</tr>
<tr>
<td><strong>ADDITIONAL TIER I CAPITAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred Stock not included in Common Equity Tier I Capital and the Related Share Premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt instruments and premiums approved by BRSA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt instruments and premiums approved by BRSA (Temporary Article 4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third parties’ share in the Additional Tier I Capital (Covered by Temporary Article 2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Additional Tier I Capital before Deductions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deductions from Additional Tier I Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items to be defined by the BRSA (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transition from the Core Capital to Continue to deduct Components</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>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 (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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 (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Deductions from Additional Tier I Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Additional Tier I Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Tier I Capital</strong> (Tier I Capital = Common Equity Tier I Capital + Additional Tier I Capital)</td>
<td>59,332,982</td>
<td></td>
</tr>
<tr>
<td><strong>TIER II CAPITAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt instruments and share issue premiums deemed suitable by the BRSA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions (Article 8 of the Regulation on the Equity of Banks)</td>
<td>4,552,906</td>
<td></td>
</tr>
<tr>
<td><strong>Tier II Capital Before Deductions</strong></td>
<td>4,552,906</td>
<td></td>
</tr>
<tr>
<td><strong>Deductions from Tier II Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct and Indirect Investments of the Bank on its own Tier II Capital (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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 (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items to be defined by the BRSA (−)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Deductions from Tier II Capital</strong></td>
<td>4,552,906</td>
<td></td>
</tr>
<tr>
<td><strong>Total Tier II Capital</strong></td>
<td>4,552,906</td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital (The sum of Tier I Capital and Tier II Capital)</strong></td>
<td>63,885,888</td>
<td></td>
</tr>
</tbody>
</table>
## EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
<th>Amount as per the regulation before 1/1/2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Tier I Capital and Tier II Capital / Total Equity</strong></td>
<td>63,985,800</td>
<td></td>
</tr>
<tr>
<td>Loans Granted against the Articles 30 and 31 of the Banking Law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Book Values of Movable and Immovable 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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items to be defined by the BRSA (**)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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 (**)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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 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 (**)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CAPITAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Capital (Total of Tier I Capital and Tier II Capital)</td>
<td>63,984,017</td>
<td></td>
</tr>
<tr>
<td>Total Risk Weighted Assets</td>
<td>448,874,719</td>
<td></td>
</tr>
<tr>
<td><strong>CAPITAL ADEQUACY RATIOS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CET1 Capital Ratio (%)</td>
<td>13,22</td>
<td></td>
</tr>
<tr>
<td>Tier I Capital Ratio (%)</td>
<td>13,22</td>
<td></td>
</tr>
<tr>
<td>Capital Adequacy Ratio (%)</td>
<td>14,23</td>
<td></td>
</tr>
<tr>
<td><strong>BUFFERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total additional core capital requirement ratio (a+b+c)</td>
<td>3,41</td>
<td></td>
</tr>
<tr>
<td>a) Capital conservation buffer requirement (%)</td>
<td>1,88</td>
<td></td>
</tr>
<tr>
<td>b) Bank specific countercyclical buffer requirement (%)</td>
<td>0,032</td>
<td></td>
</tr>
<tr>
<td>c) Higher bank buffer requirement ratio (%)</td>
<td>1,53</td>
<td></td>
</tr>
<tr>
<td>Additional CET1 Capital Over Total Risk Weighted Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio Calculated According to the Article 4 of Capital</td>
<td>5,22</td>
<td></td>
</tr>
<tr>
<td>Conservation and Counter-Cyclical Capital Buffers Regulation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Allowers Lower than Excesses as per Deduction Rules</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital</td>
<td>174,201</td>
<td></td>
</tr>
<tr>
<td>Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% or less of the Issued Share Capital</td>
<td>65,943</td>
<td></td>
</tr>
<tr>
<td>Remaining Mortgage Servicing Rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Deferred Tax Assets arising from Temporary Differences</td>
<td>1,639,558</td>
<td></td>
</tr>
<tr>
<td><strong>Limits for Provisions Used in Tier II Capital Calculation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Loan Provisions for Exposures in Standard Approach before limit of one hundred and twenty five per the thousand</td>
<td>4,552,906</td>
<td></td>
</tr>
<tr>
<td>General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets</td>
<td>4,552,906</td>
<td></td>
</tr>
<tr>
<td>Total Loan Provision that Exceeds Total Expected Loss Calculated According to Commissaire on Calculation of Credit Risk by Internal Ratings Based Approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2023)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Upper Limit for Additional Tier I Capital Items Subject to Temporary Article 4</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Upper Limit for Additional Tier II Capital Items Subject to Temporary Article 4</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) Amounts considered within transition provisions.
### Section Four (Continued)

**Explanations Related to the Financial Position and Risk Management** (Continued)

#### I. Information Related to the Components of Consolidated Shareholders' Equity (Continued)

<table>
<thead>
<tr>
<th>Prior Period 31 December 2017</th>
<th>Amount as per the regulation before 1/1/2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-in-capital following all debts in terms of claim in liquidation of the Bank</td>
<td>5,600,000</td>
</tr>
<tr>
<td>Share issue premiums</td>
<td>-</td>
</tr>
<tr>
<td>Reserves</td>
<td>30,317,356</td>
</tr>
<tr>
<td>Gains recognized in equity as per TAS</td>
<td>4,911,781</td>
</tr>
<tr>
<td>Profit</td>
<td>9,531,923</td>
</tr>
<tr>
<td>Prior Period Profit</td>
<td>8,884,119</td>
</tr>
<tr>
<td>Prior Period Dividends</td>
<td>647,804</td>
</tr>
</tbody>
</table>

#### Deductions from Common Equity Tier I Capital

- Paid-in-capital following all debts in terms of claim in liquidation of the Bank: 5,600,000
- Share issue premiums: -
- Reserves: 30,317,356
- Gains recognized in equity as per TAS: 4,911,781
- Profit: 9,531,923
- Prior Period Profit: 8,884,119
- Prior Period Dividends: 647,804

#### Common Equity Tier I Capital Before Deductions

<table>
<thead>
<tr>
<th>Prior Period 31 December 2017</th>
<th>Amount as per the regulation before 1/1/2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Equity Tier I Capital Before Deductions</td>
<td>50,378,828</td>
</tr>
</tbody>
</table>

#### Additional Tier I Capital

- Preferred Stock not included in Common Equity Tier I Capital and the Related Share Premiums: -
- Debt instruments and premiums approved by BRSA: -
- Debt instruments and premiums approved by BRSA(Temporary Article 4): -
- Third parties' share in the Additional Tier I Capital (Covered by Temporary Article 3): -

#### Notes

- Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk.
- Common Equities related to the principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision.
- Gains arising from securitization transactions.
- Defined-benefit pension fund net assets.
- Direct and indirect investments of the Bank in its own Common Equity.
- Shares obtained contrary to the 4th clause of the 56th Article of the Law.
- Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank.
- Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank.
- Portion of mortgage servicing rights exceeding 10% of the Common Equity.
- Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity.
- Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks.
- Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital.
- Excess amount arising from mortgage servicing rights.
- Excess amount arising from deferred tax assets based on temporary differences.
- Other items to be Defined by the BRSA(-)
- Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital:
- Total Deductions from Common Equity Tier I Capital: 2,406,269
- Total Common Equity Tier I Capital: 47,972,559
SECTION FOUR (Continued)

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

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period 31 December 2017</th>
<th>Amount as per the regulation before 1/1/2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Tier I Capital and Tier II Capital (Total Equity)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Direct and Indirect Investments of the Bank on its own Additional Tier I Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>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</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>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</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The Total of Net Long Positions 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</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other items to be defined by the BRSA (1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transition from the Core Capital to Continue to deduct Components</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (1)</td>
<td>106,418</td>
<td>-</td>
</tr>
<tr>
<td>Portion of the total of net long positions of investments made in Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Deductions from Additional Tier I Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Additional Tier I Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Tier I Capital (Tier I Capital + Common Equity Tier I Capital + Additional Tier I Capital)</td>
<td>47,866,141</td>
<td>-</td>
</tr>
<tr>
<td>TIERR II CAPITAL</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt instruments and share issue premiums deemed suitable by the BRSA</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt instruments and share issue premiums deemed suitable by the BRSA (Temporary Article 4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provisions (Article 3 of the Regulation on the Equity of Banks)</td>
<td>3,879,292</td>
<td>-</td>
</tr>
<tr>
<td>Tier II Capital Before Deductions</td>
<td>3,879,292</td>
<td>-</td>
</tr>
<tr>
<td>Deductions from Tier II Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Tier II Capital</td>
<td>3,879,292</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital (The sum of Tier I Capital and Tier II Capital)</td>
<td>51,745,433</td>
<td>-</td>
</tr>
<tr>
<td>Deductions from Total Capital</td>
<td>51,745,433</td>
<td>-</td>
</tr>
<tr>
<td>Loans Granted against the Articles 50 and 51 of the Banking Law</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>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 Safe but Retained more than Five Years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other items to be defined by the BRSA (1)</td>
<td>1,709</td>
<td>-</td>
</tr>
<tr>
<td>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The sum of net long positions of investments in 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 (1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>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 (1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>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 (1)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
SECTION FOUR (Continued)

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
<th>Amount as per the regulation before 1/1/2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Capital (Total of Tier I Capital and Tier II Capital)</td>
<td>51,743,724</td>
<td></td>
</tr>
<tr>
<td>Total Risk Weighted Assets</td>
<td>354,454,906</td>
<td></td>
</tr>
<tr>
<td><strong>CAPITAL ADEQUACY RATIO</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CET 1 Capital Ratio (%)</td>
<td>13.53</td>
<td></td>
</tr>
<tr>
<td>Tier I Capital Ratio (%)</td>
<td>13.50</td>
<td></td>
</tr>
<tr>
<td>Capital Adequacy Ratio (%)</td>
<td>14.60</td>
<td></td>
</tr>
<tr>
<td><strong>BUFFERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total additional core capital requirement ratio (a+b+c)</td>
<td>2.28</td>
<td></td>
</tr>
<tr>
<td>a) Capital conservation buffer requirement (%)</td>
<td>1.25</td>
<td></td>
</tr>
<tr>
<td>b) Bank specific countercyclical buffer requirement (%)</td>
<td>0.026</td>
<td></td>
</tr>
<tr>
<td>c) Higher bank buffer requirement ratio (%)</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>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</td>
<td>5.53</td>
<td></td>
</tr>
<tr>
<td><strong>Amounts lower than Excesses as per Deduction Rules</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital</td>
<td>156,212</td>
<td></td>
</tr>
<tr>
<td>Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital</td>
<td>68,380</td>
<td></td>
</tr>
<tr>
<td>Remaining Mortgage Servicing Rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Limits for Provisions Used in Tier II Capital Calculation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)</td>
<td>5,635,198</td>
<td></td>
</tr>
<tr>
<td>General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets</td>
<td>3,879,292</td>
<td></td>
</tr>
<tr>
<td>Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

(*) Amounts considered within transition provisions

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

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

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

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Balance sheet value</th>
<th>Amount of adjustment</th>
<th>Value at capital report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-in capital</td>
<td>6.100.000</td>
<td>-</td>
<td>6.100.000</td>
</tr>
<tr>
<td>Other Capital Reserves</td>
<td>(483)</td>
<td>483</td>
<td>-</td>
</tr>
<tr>
<td>Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit</td>
<td>-</td>
<td>17.388</td>
<td>17.388</td>
</tr>
<tr>
<td>Portion of the current and prior periods' losses which cannot be covered through reserves and profit reflected in equity in accordance with TAS (-)</td>
<td>-</td>
<td>8.398.062</td>
<td>8.398.062</td>
</tr>
<tr>
<td>Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss</td>
<td>4.176.552</td>
<td>(4.176.552)</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss</td>
<td>(3.562.306)</td>
<td>3.562.306</td>
<td>-</td>
</tr>
<tr>
<td>Profit Reserves</td>
<td>37.320.380</td>
<td>(1.561.635)</td>
<td>35.758.745</td>
</tr>
<tr>
<td>Profit or Loss</td>
<td>16.092.374</td>
<td>-</td>
<td>16.092.374</td>
</tr>
<tr>
<td>Prior Periods' Profit/Loss</td>
<td>6.748.737</td>
<td>-</td>
<td>6.748.737</td>
</tr>
<tr>
<td>Deductions from Common Equity Tier I Capital</td>
<td>-</td>
<td>7.033.876</td>
<td>7.033.876</td>
</tr>
<tr>
<td>Minority Shares</td>
<td>-</td>
<td>-</td>
<td>289</td>
</tr>
<tr>
<td>Common Equity Tier 1 capital</td>
<td>60.128.975</td>
<td>-</td>
<td>59.332.982</td>
</tr>
<tr>
<td>Tier 1 capital</td>
<td>-</td>
<td>-</td>
<td>56.752.366</td>
</tr>
<tr>
<td>Provisions</td>
<td>-</td>
<td>-</td>
<td>4.552.906</td>
</tr>
<tr>
<td>Tier 2 capital</td>
<td>-</td>
<td>4.552.906</td>
<td>4.552.906</td>
</tr>
<tr>
<td>Shareholders’ Equity Adjustments</td>
<td>-</td>
<td>1.871</td>
<td>1.871</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>60.128.975</td>
<td>3.755.042</td>
<td>63.884.017</td>
</tr>
</tbody>
</table>

(1) The regulations cover Common Equity Tier 1 capital adjustments within the framework of paragraphs 9-1-b and c.
(2) The regulations cover general loan provisions included in Tier 2 capital within the framework of paragraphs 8-1-a.
(3) The regulations cover Shareholders’ Equity adjustments within the framework of paragraphs 9-8-c.

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK

1. Information on Credit Risk

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

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

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

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

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

1. Information on Credit Risk (Continued)

After the opening of the lines of the commercial loans, the firms are continued to be monitored and the changes at the financial structures and market relations of the credit firms are followed. The credit limits are identified and approved for one year and renewed in case of no negative change in the situation of the customer (financial structure, market, collateral, etc.).

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

On January 2011 the Parent Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for Corporate/Commercial/Entrepreneurial consumer loans.

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

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

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

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

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

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

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

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 27% and 33% respectively (31 December 2017: 23% and 28%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 49% and 60% respectively (31 December 2017: 57% and 67%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 28% and 35% respectively (31 December 2017: 27% and 34%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 3.500.696 (31 December 2017: TL 5.635.198)
### EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

2. The Profile of Important Risks of Important Regions

<table>
<thead>
<tr>
<th>Region/Category</th>
<th>Conditional and unconditional receivables from central governments or central banks</th>
<th>Conditional and unconditional receivables from regional or local governments</th>
<th>Conditional and unconditional receivables from administrative units and non-commercial enterprises</th>
<th>Conditional and unconditional receivables from multinational development banks</th>
<th>Conditional and unconditional receivables from international organisations</th>
<th>Conditional and unconditional receivables secured by mortgages</th>
<th>Past due receivables</th>
<th>Receivables defined in high-risk category by BBSA</th>
<th>Securities collateralised by mortgages</th>
<th>Securitisation positions</th>
<th>Short-term receivables from banks, brokerage houses and corporates</th>
<th>Investments similar to collective investment funds</th>
<th>Investments in Equity Instruments (3)</th>
<th>Other receivables</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>105,971,128</td>
<td>682,786</td>
<td>542,144</td>
<td>21,394,107</td>
<td>256,336,366</td>
<td>136,363,796</td>
<td>54,822,566</td>
<td>2,325,682</td>
<td>226,182</td>
<td>603,125,964</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Union Countries</td>
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<td>26,636,834</td>
<td>2,065,237</td>
<td>132,114</td>
<td>1,727</td>
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<td>76,286,498</td>
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<td>OECD Countries (1)</td>
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<td>Off-shore Banking Regions</td>
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<td>9,219,773</td>
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<td></td>
<td>4,019,791</td>
<td>1,980,168</td>
<td>842</td>
<td>1,727</td>
<td>803</td>
<td>9</td>
<td>5,110,801</td>
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<td>Other Countries</td>
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<td>Subsidiaries, Associates and Joint Ventures</td>
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<td></td>
<td></td>
<td>196,602</td>
<td>756,309</td>
<td>6,097</td>
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<td></td>
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<td>958,978</td>
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<tr>
<td>Unallocated Assets/Liabilities (2)</td>
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<td></td>
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</tr>
</tbody>
</table>

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

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

(2) Assets and liabilities that could not be distributed on a consistent basis.
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

SECTION FOUR (Continued)

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

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

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

| Region                          | Conditional and unconditional receivables from central governments or central banks | Conditional and unconditional receivables from regional or local governments | Conditional and unconditional receivables from administrative units and non-commercial enterprises | Conditional and unconditional receivables from multilateral development banks | Conditional and unconditional receivables from international organisations | Conditional and unconditional receivables from banks and brokerage houses | Conditional and unconditional corporate receivables | Conditional and unconditional retail receivables secured by mortgages | Receivables defined in high risk category by BRSA | Securities collateralised by mortgages | Securitisation positions | Short-term receivables from banks, brokerage houses and corporates | Investments similar to collective investment funds | Investments in Equity Instruments | Other Receivables (3) | Total |
|--------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Prior Period                   |                                                                                |                                                                         |                                                                                                 |                                                                                |                                                                         |                                                                                 |                                                                                 |                                                                                |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |
| Domestic                       | 75,265,929                                                                    | 644,283                                                                  | 652,406                                                                                           | 7,401,426                                                                    | 181,255,187                                                             | 0                                                                               | 47,607,741                                                                  | 0                                                                               | 552,922                                                                 | 119,275                                                                  | 1,582                                                                 | 116,361                                                               | 20,567,359                                                       | 456,788,920                                                        |
| European Union Countries       | 27,917                                                                         |                                                                          |                                                                                                 | 24,055,991                                                                    | 1,952,422                                                             | 119,532                                                             |                                                                                 |                                                                                 |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |
| OECD Countries (1)             |                                                                                |                                                                          |                                                                                                 | 679,480                                                                     | 51,003                                                               |                                                                                 |                                                                                 |                                                                                 |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |
| Off-shore Banking Regions      |                                                                                |                                                                          |                                                                                                 | 221,401                                                                     | 283,110                                                               |                                                                                 |                                                                                 |                                                                                 |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |
| USA, Canada                    |                                                                                |                                                                          |                                                                                                 | 2,108,440                                                                    | 1,473,286                                                             | 491                                                                               |                                                                                 |                                                                                 |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |
| Other Countries                | 553,705                                                                       | 7,995                                                                    | 23                                                                                | 810,351                                                                     | 3,850,086                                                             | 149,524                                                             | 14,155                                                                         | 900,844                                                                         |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |
| Subsidiaries, Associates and Joint Ventures |                                                                                 |                                                                          |                                                                                                 | 1,018,461                                                                    | 6,522                                                               | 6,066                                                                               |                                                                                 |                                                                                 |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |
| Unallocated Assets/Liabilities (2) |                                                                                 |                                                                          |                                                                                                 |                                                                                 |                                                                                 |                                                                                 |                                                                                 |                                                                                 |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |
| Total                          | 75,847,551                                                                    | 652,278                                                                  | 652,429                                                                                           | 36,295,556                                                                  | 188,871,616                                                             | 121,801,643                                                             | 47,621,896                                                                  | 1,453,766                                                                  |                                                                           |                                                                                         |                                                                                          |                                                                                 |                                                                            |                                                                                 |                                                                                         |

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

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

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

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 1 OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.S.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

SECTION FOUR (Continued)

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

3. Risk Profile by Sectors or Counterparties

| Current Period | Conditional and unconditional receivables from central governments or central banks | Conditional and unconditional receivables from regional or local governments | Conditional and unconditional receivables from administrative units or non-commercial enterprises | Conditional and unconditional receivables from multinational development organizations | Conditional and unconditional receivables from banks and brokerage houses | Conditional and unconditional receivables secured by mortgages | Receivables defined in high risk category by BRSA | Securities collateralised by mortgages | Securitisation positions | Short-term from banks, brokerage houses and corporate | Investments similar to collective investment funds | Investments in Equity | Other receivables | TL | FC | Total |
|----------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|-------|
| Agriculture     | 315                                                                             | 475                                                                      | 11.578                                                                                     | 3.148.982                                                      | 5.123.168                                                         | 975.337                                                         | 87.723                                                         | 16.503                                                        |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Fishing         |                                                                                |                                                                          | 213.186                                                                                   | 235.365                                                        | 19.286                                                            | 1.961                                                          | 159                                                           |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Mining and      | 94.882                                                                          | 3.982                                                                    | 5.174                                                                                     | 4.786                                                          | 119                                                               | 18                                                            | 82                                                            |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Forestry        |                                                                                           |                                                                          | 5.261.839                                                                                 | 24.311                                                         | 4.315                                                             | 45                                                            |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Manufacturing   | 108.235.889                                                                     | 63.573.210                                                               | 44.587.748                                                                                | 1.303.288                                                      | 2.733.653                                                         | 25.224                                                         | 62                                                            |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Real Estate and | 116.135.706                                                                      | 115.705                                                                  | 306.953                                                                                   | 2.935.788                                                      | 1.690.740                                                         | 1.735.009                                                      | 20                                                            |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Beverage Services |                                                                                       |                                                                          | 5.211.990                                                                                 | 1.966.533                                                      | 572.183                                                           | 20.173                                                        | 243                                                           |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Retail Trade    | 261                                                                             | 6.357                                                                    | 6.718                                                                                     | 2.983.337                                                      | 796.019                                                           | 41.884                                                         | 64.060                                                        |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Hotel and Food Services |                                                                                       |                                                                          | 4.823.337                                                                                 | 1.602.019                                                      | 796.019                                                           | 41.884                                                         | 64.060                                                        |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Financial Institutions | 64.342.749                                                                       | 936                                                                      | 18.132                                                                                   | 49.270.612                                                    | 14.988.333                                                      | 540.089                                                        | 2.432                                                         | 41                                                            |                                                                                           |                                                                                           |                                                                                           |                                                                |       |
| Real Estate and | 158.688                                                                          | 246                                                                      | 292                                                                                       | 5.451.044                                                      | 23.35.891                                                        | 2.455.183                                                      | 849.168                                                       | 131.275                                                      | 63.276                                                        |                                                                                           |                                                                                           |                                                                |       |
| Trade Services  | 320                                                                             | 475                                                                      | 475.044                                                                                   | 23.35.891                                                      | 2.455.183                                                      | 849.168                                                        | 131.275                                                      | 63.276                                                        |                                                                                           |                                                                                           |                                                                |       |
| Education       | 300.048                                                                          | 314.199                                                                  | 314.199                                                                                   | 247.250                                                        | 85.643                                                           | 80.586                                                        | 5.882                                                         | 379                                                          | 32.717                                                        |                                                                                           |                                                                                           |                                                                |       |
| Health and Social Services | 170.840                                                                          | 846.075                                                                  | 846.075                                                                                   | 846.075                                                        | 846.075                                                          | 846.075                                                        | 314.199                                                      | 32.717                                                        |                                                                                           |                                                                                           |                                                                |       |
### CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 1 OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL".).) 

#### SECTION FOUR (Continued)

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

### II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

#### 3. Risk Profile by Sectors or Counterparties (Continued)

| Risk Class | Conditional and unconditional receivables from central or regional governments or central banks | Conditional and unconditional receivables from administrative units and non-commercial enterprises | Conditional and unconditional receivables from multilateral development banks | Conditional and unconditional receivables from international organisations | Conditional and unconditional receivables from banks and branches | Part due receivables | Receivables defined in high risk category by BRSA | Securitised receivables | Recategorisation positions | Interim advances from banks, branches or corporate | Investments similar to collective investment funds | Investments in financial Instruments | Other receivables | TL | FC | Total |
|------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------|-----------------|---------------------------------|-----------------|-----------------|-----------------------------|--------------------------------|-----------------------------|-----------------|----------------|---------------|
| **Agriculture** | 955 | 917 | 12.46 | 2.531.565 | 4.897.362 | 923.014 | 13.941 | 354.038 | 8.237.944 | 397.857 | 6.743.051 |
| **Food and Horticulture** | 760 | 615 | 10.07 | 292.976 | 101.122 | 34.657 | 203 | 1.045 | 231.196 | 237.094 | 468.290 |
| **Hotel and Real Estate and Construction** | 59,645 | 917 | 1,03 | 5,429.522 | 7,634.743 | 521.348 | 541.747 | 1,140,966 | 26,992.866 | 68,634.708 | 75,922.874 |
| **Electricity, Gas and Water** | 7,465 | 4,067 | 4.06 | 19,060.062 | 97.387 | 34.547 | 28 | 349 | 2,502.172 | 23,024.446 | 25,526.618 |
| **Construction** | 32 | 12.98 | 1,52 | 32,414.485 | 4,064.129 | 225.546 | 267.310 | 52.385 | 36.242 | 13,529.685 | 23,604.446 | 27,234.131 |
| **Telecommunications and Information Technology** | 143,936,884 | 5,380 | 54.67 | 26,524,917 | 26,824,825 | 3,009,841 | 3,385,332 | 58,303,276 | 63,248,086 | 63,482,481 | 127,049,362 |
| **Wholesale and Retail Trade** | 113 | 3,515 | 4.06 | 19,729,434 | 16,449,172 | 2,189,105 | 182,666 | 58,802 | 11,423,049 | 7,189,948 | 18,612,995 |
| **Hotels and Real Estate** | 671 | 95 | 3,87 | 3,818,691 | 1,441,284 | 422,841 | 115,343 | 5,033 | 2,243,004 | 3,538,742 | 5,781,746 |
| **Banking Services** | 1,213 | 436 | 262,668 | 764,240 | 2,558,014 | 431,149 | 1,521 | 19,566 | 4,233,912 | 7,196,513 | 11,420,445 |
| **Financial Institutions** | 2,570,391 | 970 | 1,522 | 15,740,576 | 29,690,360 | 2,061,033 | 2,760,485 | 308,969 | 147,914 | 1,097,970 | 23,999,929 | 25,097,917 |
| **Leasing Services** | 113,624 | 934 | 1,02 | 12,280,702 | 18,305,691 | 2,187,189 | 743,226 | 687,322 | 4,578 | 10,638,060 | 12,970,005 | 23,608,965 |
| **Transport Services** | 80.998 | 8 | 38.19 | 2,340,900 | 2,402,020 | 20,006 | 348 | 345 | 697,960 | 1,593,648 | 2,241,607 |
| **Health and Social Services** | 2,536 | 1,010 | 16.02 | 506,170 | 401,877 | 91,647 | 379 | 428 | 347 | 956,349 | 118,492 | 1,074,841 |
| **Other** | 911,686,642 | 843,213 | 116.29 | 2,961,717 | 12,311,528 | 81,491,368 | 40,663,851 | 1,040,692 | 19,864,375 | 27,232,238 | 68,836,668 | 230,021,576 |
| **Total** | 75,847,551 | 652,278 | 652,429 | | 36,295,556 | 188,871,616 | 121,981,648 | 47,621,896 | 1,453,764 | | 1,199,276 | 144,299 | 26,723,366 | 291,299,927 | 263,965,559 | 495,363,486 |

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.
SECTION FOUR (Continued)

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

<table>
<thead>
<tr>
<th>Exposure Classifications:</th>
<th>Term to Maturity</th>
<th>1 Month</th>
<th>1-3 Months</th>
<th>3-6 Months</th>
<th>6-12 Months</th>
<th>Over 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditional and unconditional exposures to central governments or central banks</td>
<td>3,190,166</td>
<td>146,176</td>
<td>2,228,434</td>
<td>3,748,741</td>
<td>98,922,372</td>
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<tr>
<td>Conditional and unconditional exposures to regional governments or local authorities</td>
<td>5,070</td>
<td>18</td>
<td>2,617</td>
<td>25,851</td>
<td>651,279</td>
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<tr>
<td>Conditional and unconditional receivables from administrative units and non-commercial enterprises</td>
<td>16,028</td>
<td>2,095</td>
<td>5,806</td>
<td>28,982</td>
<td>489,296</td>
<td></td>
</tr>
<tr>
<td>Conditional and unconditional exposures to multilateral development banks</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Conditional and unconditional exposures to international organisations</td>
<td>29,848,921</td>
<td>8,870,171</td>
<td>2,649,512</td>
<td>3,196,716</td>
<td>10,158,314</td>
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</tr>
<tr>
<td>Conditional and unconditional exposures to banks and brokerage houses</td>
<td>14,162,717</td>
<td>6,828,394</td>
<td>2,807,300</td>
<td>42,057,080</td>
<td>198,326,834</td>
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<tr>
<td>Conditional and unconditional retail exposures</td>
<td>3,094,293</td>
<td>465,243</td>
<td>945,403</td>
<td>27,325,243</td>
<td>106,616,144</td>
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</tr>
<tr>
<td>Conditional and unconditional exposures secured by real estate property</td>
<td>9,178</td>
<td>27,356</td>
<td>22,577</td>
<td>3,344,313</td>
<td>51,451,284</td>
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<tr>
<td>Past due receivables</td>
<td>1,701,750</td>
<td>376</td>
<td>34</td>
<td>190</td>
<td>625,346</td>
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<tr>
<td>Receivables defined in high risk category by BRSA</td>
<td>144,115</td>
<td>397,463</td>
<td>1,234</td>
<td>30,164</td>
<td>1,867,327</td>
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<td>Exposures in the form of bonds secured by mortgages</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Securitization Positions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Short term exposures to banks, brokerage houses and corporates</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Exposures in the form of collective investment undertakings</td>
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<td>-</td>
<td>-</td>
<td>331,624</td>
<td>814,925</td>
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<tr>
<td>Investments in Equity Instruments</td>
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<td>-</td>
<td>-</td>
<td>148,434</td>
<td>-</td>
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<tr>
<td>Grand Total</td>
<td>52,172,238</td>
<td>16,737,292</td>
<td>8,662,917</td>
<td>80,088,904</td>
<td>470,071,555</td>
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Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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SECTION FOUR (Continued)

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

<table>
<thead>
<tr>
<th>Exposure Classifications:</th>
<th>Term to Maturity</th>
<th>1 Month</th>
<th>1-3 Months</th>
<th>3-6 Months</th>
<th>6-12 Months</th>
<th>Over 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditional and unconditional exposures to central governments or central banks</td>
<td>1,387,023</td>
<td>317,877</td>
<td>361,058</td>
<td>3,649,803</td>
<td>70,131,790</td>
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</tr>
<tr>
<td>Conditional and unconditional exposures to regional governments or local authorities</td>
<td>18,243</td>
<td>21</td>
<td>-</td>
<td>77,433</td>
<td>556,581</td>
<td></td>
</tr>
<tr>
<td>Conditional and unconditional receivables from administrative units and non-commercial enterprises</td>
<td>13,280</td>
<td>2,694</td>
<td>8,350</td>
<td>131,817</td>
<td>496,288</td>
<td></td>
</tr>
<tr>
<td>Conditional and unconditional exposures to multilateral development banks</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Conditional and unconditional exposures to international organisations</td>
<td>17,779,569</td>
<td>7,053,447</td>
<td>2,657,175</td>
<td>3,126,047</td>
<td>5,679,322</td>
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</tr>
<tr>
<td>Conditional and unconditional exposures to banks and brokerage houses</td>
<td>1,836,284</td>
<td>4,482,760</td>
<td>3,499,798</td>
<td>46,853,190</td>
<td>132,199,584</td>
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</tr>
<tr>
<td>Conditional and unconditional retail exposures</td>
<td>1,080,347</td>
<td>318,001</td>
<td>796,283</td>
<td>30,696,020</td>
<td>88,910,992</td>
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</tr>
<tr>
<td>Conditional and unconditional exposures secured by real estate property</td>
<td>1,481,700</td>
<td>30,696,020</td>
<td>17,770</td>
<td>6,269,599</td>
<td>41,319,773</td>
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<tr>
<td>Past due receivables</td>
<td>1,080,347</td>
<td>318,001</td>
<td>796,283</td>
<td>30,696,020</td>
<td>88,910,992</td>
<td></td>
</tr>
<tr>
<td>Receivables defined in high risk category by BRSA</td>
<td>300,539</td>
<td>9,066</td>
<td>108,711</td>
<td>246,153</td>
<td>769,297</td>
<td></td>
</tr>
<tr>
<td>Exposures in the form of bonds secured by mortgages</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Securitization Positions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Short term exposures to banks, brokerage houses and corporates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Exposures in the form of collective investment undertakings</td>
<td>91,131</td>
<td>51,268</td>
<td>1,076,877</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Investments in Equity Instruments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>22,528,074</td>
<td>12,196,958</td>
<td>7,449,145</td>
<td>91,081,330</td>
<td>341,284,713</td>
<td></td>
</tr>
</tbody>
</table>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.
**II EXPLANATIONS ON CONSOLIDATED CREDIT RISK** (Continued)

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

In determining the risk weights for the risk classes used in the risk ratings from the risk classes specified in Article 6 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks, the notes of the Fitch Ratings International Rating Agency for foreign banks and the Islamic International Rating Agency (IIRA) for countries are used. Domestic counterparties are considered as “Gradeless” and take the risk weight in accordance with the category of “Gradeless” in the relevant risk class.

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

5. Exposures by risk weights:

### Current Period

<table>
<thead>
<tr>
<th>Risk Weights</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>35%</th>
<th>50%</th>
<th>75%</th>
<th>100%</th>
<th>150%</th>
<th>200%</th>
<th>250%</th>
<th>1250%</th>
<th>Deductions from Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposures before Credit Risk Mitigation</td>
<td>99,567,310</td>
<td>29,418,621</td>
<td>48,806,263</td>
<td>190,809,897</td>
<td>280,089,185</td>
<td>2,440,303</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>795,695</td>
</tr>
<tr>
<td>Exposures after Credit Risk Mitigation</td>
<td>144,615,328</td>
<td>14,046,093</td>
<td>47,341,458</td>
<td>67,804,137</td>
<td>121,074,727</td>
<td>253,882,231</td>
<td>2,367,605</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>795,695</td>
</tr>
</tbody>
</table>

*Prepared with the numbers after conversion rate to credit.*

### Prior Period

<table>
<thead>
<tr>
<th>Risk Weights</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>35%</th>
<th>50%</th>
<th>75%</th>
<th>100%</th>
<th>150%</th>
<th>200%</th>
<th>250%</th>
<th>1250%</th>
<th>Deductions from Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposures before Credit Risk Mitigation</td>
<td>69,031,962</td>
<td>16,210,820</td>
<td>40,924,004</td>
<td>167,535,150</td>
<td>200,107,784</td>
<td>1,453,766</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>617,237</td>
</tr>
<tr>
<td>Exposures after Credit Risk Mitigation</td>
<td>98,399,031</td>
<td>10,790,410</td>
<td>40,264,374</td>
<td>50,833,939</td>
<td>108,105,150</td>
<td>185,417,955</td>
<td>1,452,627</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>617,237</td>
</tr>
</tbody>
</table>

*Prepared with the numbers after conversion rate to credit.*
SECTION FOUR (Continued)

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

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

**Impaired Credits**

Impaired credits are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits “TFRS 9 expected loss provisions (Stage 3)” calculation is made within the scope of Regulation on Provisions.

**Past Due Credits**

Past due credits are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment. For these credits “TFRS 9 expected loss provisions (Stage 2)” calculation is made within the scope of Regulation for Provisions.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Impaired (TFRS 9)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Significant Increase in Credit Risk (Stage 2)</td>
<td>Non-performing loans (Stage 3)</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2,285,479</td>
<td>1,235,943</td>
</tr>
<tr>
<td>Farming and Stockbreeding</td>
<td>2,267,296</td>
<td>1,221,040</td>
</tr>
<tr>
<td>Forestry</td>
<td>8,272</td>
<td>7,921</td>
</tr>
<tr>
<td>Fishery</td>
<td>9,911</td>
<td>6,982</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,745,324</td>
<td>1,610,824</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>193,054</td>
<td>22,100</td>
</tr>
<tr>
<td>Production</td>
<td>1,382,925</td>
<td>1,568,239</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>269,345</td>
<td>20,485</td>
</tr>
<tr>
<td>Construction</td>
<td>2,610,197</td>
<td>641,562</td>
</tr>
<tr>
<td>Services</td>
<td>10,989,288</td>
<td>3,113,760</td>
</tr>
<tr>
<td>Wholesale and Retail Trade</td>
<td>1,893,371</td>
<td>1,905,735</td>
</tr>
<tr>
<td>Accommodation and Dining</td>
<td>520,936</td>
<td>128,932</td>
</tr>
<tr>
<td>Transportation and Telecom.</td>
<td>7,466,416</td>
<td>118,762</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>5,012</td>
<td>4,367</td>
</tr>
<tr>
<td>Real Estate and Rental Services</td>
<td>833,884</td>
<td>908,346</td>
</tr>
<tr>
<td>Professional Services</td>
<td>1,610</td>
<td></td>
</tr>
<tr>
<td>Educational Services</td>
<td>34,470</td>
<td>26,412</td>
</tr>
<tr>
<td>Health and Social Services</td>
<td>233,589</td>
<td>21,206</td>
</tr>
<tr>
<td>Other</td>
<td>1,848,121</td>
<td>2,153,908</td>
</tr>
<tr>
<td>Total</td>
<td>19,478,409</td>
<td>8,755,997</td>
</tr>
</tbody>
</table>
## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

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

### Past Due Credits (Continued)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Impaired Credits</th>
<th>Past Due Credits</th>
<th>Value Adjustments (1)</th>
<th>Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>685.172</td>
<td>1.192.641</td>
<td>44.518</td>
<td>466.542</td>
</tr>
<tr>
<td>Farming and Stockbreeding</td>
<td>678.882</td>
<td>1.186.381</td>
<td>44.284</td>
<td>460.252</td>
</tr>
<tr>
<td>Forestry</td>
<td>3.140</td>
<td>4.301</td>
<td>161</td>
<td>3.140</td>
</tr>
<tr>
<td>Fishery</td>
<td>3.150</td>
<td>1.959</td>
<td>73</td>
<td>3.150</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>961.019</td>
<td>806.177</td>
<td>29.740</td>
<td>961.019</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>15.292</td>
<td>8.511</td>
<td>295</td>
<td>15.292</td>
</tr>
<tr>
<td>Production</td>
<td>930.922</td>
<td>604.988</td>
<td>22.253</td>
<td>930.922</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>14.805</td>
<td>192.678</td>
<td>7.192</td>
<td>14.805</td>
</tr>
<tr>
<td>Construction</td>
<td>997.569</td>
<td>461.872</td>
<td>17.061</td>
<td>990.908</td>
</tr>
<tr>
<td>Services</td>
<td>1,195.192</td>
<td>2,046.428</td>
<td>70.890</td>
<td>1,195.192</td>
</tr>
<tr>
<td>Wholesale and Retail Trade</td>
<td>977.823</td>
<td>1,222.626</td>
<td>42.310</td>
<td>977.823</td>
</tr>
<tr>
<td>Accommodation and Dining</td>
<td>50.878</td>
<td>325.123</td>
<td>10.247</td>
<td>50.878</td>
</tr>
<tr>
<td>Transportation and Telecom.</td>
<td>58.676</td>
<td>86.017</td>
<td>3.211</td>
<td>58.676</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>5.348</td>
<td>8.468</td>
<td>105</td>
<td>5.348</td>
</tr>
<tr>
<td>Real Estate and Rental Services</td>
<td>70.307</td>
<td>203.605</td>
<td>7.560</td>
<td>70.307</td>
</tr>
<tr>
<td>Professional Services</td>
<td>235</td>
<td>8.909</td>
<td>10</td>
<td>235</td>
</tr>
<tr>
<td>Educational Services</td>
<td>14.938</td>
<td>24.339</td>
<td>908</td>
<td>14.938</td>
</tr>
<tr>
<td>Health and Social Services</td>
<td>16.987</td>
<td>175.441</td>
<td>6.549</td>
<td>16.987</td>
</tr>
<tr>
<td>Other</td>
<td>1,190.015</td>
<td>994.037</td>
<td>74.108</td>
<td>1,189.820</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,028.967</td>
<td>5,501.155</td>
<td>236.317</td>
<td>4,803.481</td>
</tr>
</tbody>
</table>

(1) Valuation adjustments represent general provisions reserved for overdue loans.
SECTION FOUR (Continued)

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

7. Information about Value Adjustment and Change in Provisions

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Opening Balance</th>
<th>Provision for Period</th>
<th>Provision Reversals</th>
<th>Other Adjustments</th>
<th>Closing Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific Provisions (Stage III)</td>
<td>4,279,821</td>
<td>2,270,633</td>
<td>(359,524)</td>
<td>-</td>
<td>6,190,930</td>
</tr>
<tr>
<td>General Provisions (Stage I and Stage II)</td>
<td>734,163</td>
<td>2,737,054</td>
<td>(210,268)</td>
<td>-</td>
<td>3,260,949</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Opening Balance</th>
<th>Provision for Period</th>
<th>Provision Reversals</th>
<th>Other Adjustments</th>
<th>Closing Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific Provisions</td>
<td>4,129,041</td>
<td>1,226,192</td>
<td>(551,752)</td>
<td>-</td>
<td>4,803,481</td>
</tr>
<tr>
<td>General Provisions</td>
<td>4,042,425</td>
<td>1,605,626</td>
<td>(12,853)</td>
<td>-</td>
<td>5,635,198</td>
</tr>
</tbody>
</table>

The table below shows the maximum credit sensitivity of financial statement items.

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets at Fair Value Through Profit/Loss</td>
<td>6,782,778</td>
<td>1,467,863</td>
</tr>
<tr>
<td>Banks</td>
<td>9,097,120</td>
<td>5,632,140</td>
</tr>
<tr>
<td>Interbank Money Market Placements</td>
<td>250,087</td>
<td>132,385</td>
</tr>
<tr>
<td>Financial Assets Measured at Fair Value Through Other Comprehensive Income</td>
<td>79,833,047</td>
<td>63,638,231</td>
</tr>
<tr>
<td>Financial Assets Measured at Amortised Cost</td>
<td>10,282,545</td>
<td>7,625,763</td>
</tr>
<tr>
<td>Loans</td>
<td>399,057,879</td>
<td>317,020,488</td>
</tr>
<tr>
<td>Other Assets</td>
<td>5,352,242</td>
<td>2,186,895</td>
</tr>
<tr>
<td>Total credit risk exposure of balance sheet items</td>
<td>510,655,878</td>
<td>397,703,765</td>
</tr>
<tr>
<td>Financial Guarantees</td>
<td>131,647,708</td>
<td>102,326,622</td>
</tr>
<tr>
<td>Commitments</td>
<td>50,902,263</td>
<td>35,009,539</td>
</tr>
<tr>
<td>Total credit risk exposure of off-balance sheet items</td>
<td>182,549,971</td>
<td>137,336,161</td>
</tr>
<tr>
<td>Total credit risk exposure</td>
<td>693,205,849</td>
<td>535,039,926</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neither past due nor impaired</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past due but not impaired</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td>9,097,120</td>
<td>5,632,140</td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Profit or Loss</td>
<td>6,782,778</td>
<td>1,467,863</td>
</tr>
<tr>
<td>Loans:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate/Entrepreneurial Loans</td>
<td>376,294,525</td>
<td>311,293,848</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>222,366,233</td>
<td>172,508,184</td>
</tr>
<tr>
<td>Specialized Loans</td>
<td>92,252,466</td>
<td>85,552,624</td>
</tr>
<tr>
<td>Financial Assets Measured at Fair Value Through Other Comprehensive Income</td>
<td>79,833,047</td>
<td>63,638,231</td>
</tr>
<tr>
<td>Financial Assets Measured at Amortised Cost</td>
<td>10,282,545</td>
<td>7,625,763</td>
</tr>
</tbody>
</table>
II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued)

7. Information about Value Adjustment and Change in Provisions (Continued)

Carrying amount of financial assets which maturity or agreement terms have been renegotiated by managements of the Parent Bank and other subsidiaries are below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate/Entrepreneurial Loans</td>
<td>5,901,981</td>
<td>4,385,015</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>1,091,982</td>
<td>1,560,437</td>
</tr>
<tr>
<td>Specialized Loans</td>
<td>3,558,849</td>
<td>5,496,083</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Profit or Loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>10,552,812</td>
<td>11,442,115</td>
</tr>
</tbody>
</table>

(1) Accruals are not included.

8. Risks Including the Capital Capacity Buffer Calculations

<table>
<thead>
<tr>
<th>Country</th>
<th>Banking Accounts RWA</th>
<th>Trading Accounts RWA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>3,356,346</td>
<td>-</td>
<td>3,356,346</td>
</tr>
<tr>
<td>Germany</td>
<td>1,471,948</td>
<td>-</td>
<td>1,471,948</td>
</tr>
<tr>
<td>USA</td>
<td>1,111,759</td>
<td>226,040</td>
<td>1,337,799</td>
</tr>
<tr>
<td>Turkish Republic of Northern Cyprus</td>
<td>736,951</td>
<td>-</td>
<td>736,951</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>675,488</td>
<td>12,621</td>
<td>688,109</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>570,651</td>
<td>-</td>
<td>570,651</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>459,405</td>
<td>3,121</td>
<td>462,526</td>
</tr>
<tr>
<td>Switzerland</td>
<td>333,304</td>
<td>-</td>
<td>333,304</td>
</tr>
<tr>
<td>Netherlands</td>
<td>332,034</td>
<td>-</td>
<td>332,034</td>
</tr>
<tr>
<td>Russia</td>
<td>326,055</td>
<td>-</td>
<td>326,055</td>
</tr>
<tr>
<td>Other</td>
<td>2,439,973</td>
<td>130,400</td>
<td>2,570,373</td>
</tr>
<tr>
<td>Prior Period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>3,590,608</td>
<td>-</td>
<td>3,590,608</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,301,306</td>
<td>3,502</td>
<td>2,305,008</td>
</tr>
<tr>
<td>Germany</td>
<td>2,221,782</td>
<td>2,949</td>
<td>2,224,731</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>948,706</td>
<td>872,493</td>
<td>1,821,199</td>
</tr>
<tr>
<td>Iraq</td>
<td>591,988</td>
<td>-</td>
<td>591,988</td>
</tr>
<tr>
<td>France</td>
<td>586,744</td>
<td>-</td>
<td>586,744</td>
</tr>
<tr>
<td>Turkish Republic of Northern Cyprus</td>
<td>367,879</td>
<td>205,576</td>
<td>573,455</td>
</tr>
<tr>
<td>Singapore</td>
<td>470,348</td>
<td>-</td>
<td>470,348</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>392,178</td>
<td>54,228</td>
<td>446,406</td>
</tr>
<tr>
<td>Netherlands</td>
<td>417,619</td>
<td>1,327</td>
<td>418,946</td>
</tr>
<tr>
<td>Other</td>
<td>3,146,990</td>
<td>66,587</td>
<td>3,213,577</td>
</tr>
</tbody>
</table>

61
SECTION FOUR (Continued)

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

III  EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

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

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

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

None.

3. Management policy for foreign currency risk

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

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

<table>
<thead>
<tr>
<th>Date</th>
<th>USD</th>
<th>EUR</th>
<th>AUD</th>
<th>DKK</th>
<th>SEK</th>
<th>CHF</th>
<th>CAD</th>
<th>NOK</th>
<th>GBP</th>
<th>SAR</th>
<th>100 JPY</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.12.2018</td>
<td>5.2411</td>
<td>5.9906</td>
<td>3.6981</td>
<td>0.8026</td>
<td>0.5805</td>
<td>5.3128</td>
<td>3.8563</td>
<td>0.6005</td>
<td>6.6719</td>
<td>1.3970</td>
<td>4.7525</td>
</tr>
<tr>
<td>25.12.2018</td>
<td>5.2524</td>
<td>5.9673</td>
<td>3.7030</td>
<td>0.8021</td>
<td>0.5781</td>
<td>5.3400</td>
<td>3.8700</td>
<td>0.5989</td>
<td>6.6743</td>
<td>1.4001</td>
<td>4.7641</td>
</tr>
<tr>
<td>26.12.2018</td>
<td>5.2292</td>
<td>5.9534</td>
<td>3.6902</td>
<td>0.7974</td>
<td>0.5744</td>
<td>5.2708</td>
<td>3.8447</td>
<td>0.5953</td>
<td>6.6300</td>
<td>1.3939</td>
<td>4.7297</td>
</tr>
<tr>
<td>27.12.2018</td>
<td>5.2418</td>
<td>5.9799</td>
<td>3.6855</td>
<td>0.8013</td>
<td>0.5810</td>
<td>5.3195</td>
<td>3.8416</td>
<td>0.5960</td>
<td>6.6273</td>
<td>1.3973</td>
<td>4.7330</td>
</tr>
<tr>
<td>28.12.2018</td>
<td>5.2415</td>
<td>5.9726</td>
<td>3.6772</td>
<td>0.8003</td>
<td>0.5828</td>
<td>3.3225</td>
<td>3.8249</td>
<td>0.6005</td>
<td>6.6166</td>
<td>1.3901</td>
<td>4.7258</td>
</tr>
<tr>
<td>29.12.2018</td>
<td>5.2425</td>
<td>5.9934</td>
<td>3.6947</td>
<td>0.8028</td>
<td>0.5859</td>
<td>5.3134</td>
<td>3.8415</td>
<td>0.6027</td>
<td>6.7089</td>
<td>1.3975</td>
<td>4.7656</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Date</th>
<th>USD</th>
<th>EUR</th>
<th>AUD</th>
<th>DKK</th>
<th>SEK</th>
<th>CHF</th>
<th>CAD</th>
<th>NOK</th>
<th>GBP</th>
<th>SAR</th>
<th>100 JPY</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018</td>
<td>5.2604</td>
<td>5.9865</td>
<td>3.7711</td>
<td>0.8022</td>
<td>0.5825</td>
<td>5.3075</td>
<td>3.9166</td>
<td>0.6097</td>
<td>6.6682</td>
<td>1.4023</td>
<td>4.6921</td>
</tr>
</tbody>
</table>
### III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

#### 6. Information on the foreign currency risk of the Group

<table>
<thead>
<tr>
<th>Current Period</th>
<th>EUR</th>
<th>USD</th>
<th>Other FC(1)</th>
<th>Total</th>
</tr>
</thead>
</table>

**Assets**

- Cash (Cash in vault, effective, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey: 16,096,284 EUR 12,501,196 USD 9,125,409 TL 37,722,979
- Loans: 1,514,757 EUR 2,380,625 USD 2,593,756 TL 6,489,138
- Financial Assets at Fair Value Through Profit and Loss: 2,086,278 EUR 4,156,795 USD 3,121 TL 6,246,194
- Money Market Placements: 188,665 EUR 188,665
- Loans: 27,583,938 EUR 76,914,874 USD 3,028,946 TL 157,449,758
- Derivative Financial Assets for Hedging Purposes: 7,100,744 EUR 9,377,866 USD 1,959,819 TL 28,440,429
- Tangible Fixed Assets: 21,505 EUR 43 EUR 185,512 TL 202,960
- Intangible Assets: 6,822,636 EUR 7,649,573 USD 26,921 TL 14,509,129
- Other Assets(3): 1,999,088 EUR 1,045,875 USD 145,963 TL 3,190,926
- Total Assets(3)(N): 85,603,723 EUR 118,676,944 USD 15,448,382 TL 219,729,049

**Liabilities**

- Interbank Deposits: 9,118,048 EUR 7,726,018 USD 387,329 TL 17,233,395
- Foreign Currency Deposits: 88,966,189 EUR 51,194,251 USD 12,779,654 TL 152,440,094
- Money Market Borrowings: 12,390,480 EUR 3,396,480 USD 33,652,423
- Funds Provided from Other Financial Institutions: 11,412,440 EUR 22,736,586 USD 5,396 TL 37,782,422
- Issued Marketable Securities: 60,344 EUR 12,463,334 USD 93,410 TL 126,178,088
- Miscellaneous payables: 2,134,376 EUR 39,531 USD 9,362 TL 2,183,269
- Derivative Financial Liabilities for Hedging Purposes: 2,637,838 EUR 4,458,711 USD 188,665 TL 8,388,114
- Other Liabilities: 13,929,235 EUR 110,510,911 USD 14,945,513 TL 239,385,459
- Total Liabilities: 113,929,235 EUR 110,510,911 USD 14,945,513 TL 239,385,459

**Net Balance Sheet Position**

- (28,325,512) EUR 8,166,033 USD 503,069 TL (19,656,410)

**Net Off-Balance Sheet Position**

- 27,761,346 EUR (11,215,345) USD 1,959,819 TL 15,485,820

**Financial Derivative Assets**

- 32,585,452 EUR 31,666,487 USD 3,666,863 TL 67,918,802

**Financial Derivative Liabilities**

- 4,824,106 EUR 42,881,832 USD 1,707,044 TL 49,412,982

**Non-Cash Loans**

- 36,646,823 EUR 45,965,469 USD 6,676,566 TL 89,288,857

**Prior Period**

- Total Assets: 55,633,927 EUR 91,531,303 USD 12,988,685 TL 160,154,115
- Total Liabilities: 77,180,954 EUR 84,737,365 USD 7,781,885 TL 169,700,204

**Net Balance Sheet Position**

- (21,547,027) EUR 6,794,138 USD 5,206,800 TL (9,546,809)

**Net Off-Balance Sheet Position**

- 22,012,420 EUR (9,288,810) USD (3,168,835) TL 9,554,775

**Financial Derivative Assets**

- 26,541,757 EUR 17,055,238 USD 2,548,157 TL 46,145,142

**Financial Derivative Liabilities**

- 4,529,317 EUR 26,344,098 USD 5,716,992 TL 36,590,407

**Non-Cash Loans**

- 26,178,914 EUR 35,515,822 USD 4,564,048 TL 66,258,784

---

1) TL 768.374 equivalent of USD, TL 1,088.966 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2017: TL 2,021,754 equivalent of USD, TL 2,165,005 equivalent of EUR and TL 2,040 equivalent of GBP)

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

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

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

5) Prepaid expenses on other assets amounting to TL 36,685 are not included in the table.

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

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

IV. 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)

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Up to 1 Month</th>
<th>1-3 Months</th>
<th>3-12 Months</th>
<th>1-5 Years</th>
<th>5 Years and Over</th>
<th>Non-Interest Bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey</td>
<td>23,637,930</td>
<td>-</td>
<td>748,570</td>
<td>52,552</td>
<td>-</td>
<td>19,244,100</td>
<td>42,882,030</td>
</tr>
<tr>
<td>Banks</td>
<td>3,910,863</td>
<td>429,440</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,941,683</td>
<td>9,083,108</td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Profit and Loss</td>
<td>21,145</td>
<td>10,522</td>
<td>10,663</td>
<td>42,018</td>
<td>5,966</td>
<td>6,692,464</td>
<td>6,782,778</td>
</tr>
<tr>
<td>Money Market Placements</td>
<td>249,987</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>249,987</td>
<td></td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Other Comprehensive Income</td>
<td>8,920,898</td>
<td>8,347,762</td>
<td>18,869,647</td>
<td>21,942,052</td>
<td>670,323</td>
<td>79,833,047</td>
<td></td>
</tr>
<tr>
<td>Loans Given (1)</td>
<td>127,815,015</td>
<td>35,816,349</td>
<td>73,662,425</td>
<td>26,349,811</td>
<td>2,485,893</td>
<td>399,057,879</td>
<td></td>
</tr>
<tr>
<td>Financial Assets Measured at Amortised Cost</td>
<td>2,388,245</td>
<td>1,304,545</td>
<td>504,152</td>
<td>95,773</td>
<td>20,037</td>
<td>17,742,509</td>
<td>20,217,157</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>167,494,224</td>
<td>46,791,854</td>
<td>95,741,145</td>
<td>155,827,170</td>
<td>51,747,792</td>
<td>568,386,996</td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interbank Deposits</td>
<td>15,448,356</td>
<td>5,224,199</td>
<td>494,669</td>
<td>113,039</td>
<td>-</td>
<td>4,151,647</td>
<td>25,431,910</td>
</tr>
<tr>
<td>Other Deposits</td>
<td>148,819,779</td>
<td>47,427,841</td>
<td>41,617,561</td>
<td>4,254,360</td>
<td>282,375</td>
<td>86,541,423</td>
<td>328,943,338</td>
</tr>
<tr>
<td>Money Market Borrowings</td>
<td>64,330,322</td>
<td>2,671,990</td>
<td>1,118,379</td>
<td>482,947</td>
<td>-</td>
<td>68,603,638</td>
<td></td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td>21,402</td>
<td>124,850</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,404,163</td>
<td>5,550,415</td>
</tr>
<tr>
<td>Issued Marketable Securities</td>
<td>1,425,962</td>
<td>1,964,931</td>
<td>4,137,675</td>
<td>9,415,236</td>
<td>-</td>
<td>16,943,846</td>
<td></td>
</tr>
<tr>
<td>Funds Provided from Other Financial Institutions</td>
<td>5,817,048</td>
<td>9,738,616</td>
<td>12,419,697</td>
<td>5,809,914</td>
<td>1,063,494</td>
<td>34,848,769</td>
<td></td>
</tr>
<tr>
<td>Other Liabilities (2)</td>
<td>3,508,399</td>
<td>908,612</td>
<td>1,465,331</td>
<td>903,168</td>
<td>4,859,282</td>
<td>76,420,270</td>
<td>88,065,062</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>239,371,268</td>
<td>67,936,249</td>
<td>61,378,161</td>
<td>60,265,151</td>
<td>217,517,503</td>
<td>568,386,996</td>
<td></td>
</tr>
</tbody>
</table>


**Balance Sheet Short Position** | (71,877,048) | (21,144,395) | - | - | (121,732,692) | (214,754,131) |

**Off-Balance Sheet Long Position** | 509,574 | 2,062,209 | - | - | 75,511 | 2,647,294 |

**Off-Balance Sheet Short Position** | 469,564 | 965,130 | (74,986) | (193,925) | - | 1,165,773 |

**Total Position** | (70,897,906) | (18,117,066) | 34,267,998 | 134,654,581 | 45,542,641 | (121,657,181) | 3,813,067 |

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

(2) 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.
### IV. 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)*

<table>
<thead>
<tr>
<th>Prior Period 31 December 2017</th>
<th>Up to 1 Month</th>
<th>1-3 Months</th>
<th>3-12 Months</th>
<th>1-5 Years</th>
<th>5 Years and Over</th>
<th>Non-Interest Bearing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Cash in Vault, Effective, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey</td>
<td>34,986,464</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,233,873</td>
</tr>
<tr>
<td>Banks</td>
<td>2,587,026</td>
<td>1,110,786</td>
<td>53,308</td>
<td></td>
<td></td>
<td></td>
<td>1,881,020</td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Profit and Loss</td>
<td>650,931</td>
<td>466,520</td>
<td>282,567</td>
<td>62,631</td>
<td>5,010</td>
<td>204</td>
<td>1,467,863</td>
</tr>
<tr>
<td>Money Market Placements</td>
<td>132,385</td>
<td>6,406,801</td>
<td>14,676,889</td>
<td>16,496,888</td>
<td>20,572,603</td>
<td>1,009,976</td>
<td>63,638,231</td>
</tr>
<tr>
<td>Financial Assets Available for Sale</td>
<td>4,755,073</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans Given (a)</td>
<td>80,254,771</td>
<td>22,495,445</td>
<td>77,822,618</td>
<td>109,794,406</td>
<td>26,427,762</td>
<td>225,486</td>
<td>317,020,488</td>
</tr>
<tr>
<td>Investments Held-to-Maturity</td>
<td>2,841,118</td>
<td>38,661</td>
<td>1,314,541</td>
<td>1,628,610</td>
<td>1,802,833</td>
<td>-</td>
<td>7,625,763</td>
</tr>
<tr>
<td>Other Assets (b) (c)</td>
<td>202,210</td>
<td>222,845</td>
<td>637,881</td>
<td>1,478,947</td>
<td>12,333,392</td>
<td>-</td>
<td>15,188,922</td>
</tr>
<tr>
<td><strong>Total Assets</strong> (1)</td>
<td>126,129,979</td>
<td>30,741,058</td>
<td>94,787,804</td>
<td>129,461,482</td>
<td>49,121,855</td>
<td>26,683,951</td>
<td>456,926,129</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interbank Deposits</td>
<td>8,208,140</td>
<td>2,058,662</td>
<td>2,903,605</td>
<td>75,510</td>
<td>2,104,256</td>
<td>15,350,173</td>
<td></td>
</tr>
<tr>
<td>Other Deposits</td>
<td>137,118,504</td>
<td>26,369,070</td>
<td>31,962,941</td>
<td>128,701</td>
<td>69,505,256</td>
<td>267,219,440</td>
<td></td>
</tr>
<tr>
<td>Money Market Borrowings</td>
<td>52,098,847</td>
<td>1,842,847</td>
<td>1,524,704</td>
<td>843,125</td>
<td>-</td>
<td>56,309,523</td>
<td></td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td>20,832</td>
<td>1,712,937</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,111,219</td>
<td></td>
</tr>
<tr>
<td>Issued Marketable Securities</td>
<td>1,057,916</td>
<td>2,031,130</td>
<td>1,369,741</td>
<td>7,147,958</td>
<td>1,887,401</td>
<td>135</td>
<td>13,474,280</td>
</tr>
<tr>
<td>Funds Provided from Other Financial Institutions</td>
<td>4,475,074</td>
<td>6,406,801</td>
<td>14,676,889</td>
<td>16,496,888</td>
<td>20,572,603</td>
<td>1,009,976</td>
<td>63,638,231</td>
</tr>
<tr>
<td>Other Liabilities (2)(3)</td>
<td>1,377,415</td>
<td>297,811</td>
<td>430,455</td>
<td>6,571,837</td>
<td>19,889</td>
<td>60,613,663</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong> (4)</td>
<td>204,233,168</td>
<td>39,708,179</td>
<td>53,705,384</td>
<td>19,899,958</td>
<td>3,044,911</td>
<td>316,334,529</td>
<td></td>
</tr>
<tr>
<td><strong>Balance Sheet Long Position</strong></td>
<td></td>
<td>41,082,420</td>
<td>109,561,524</td>
<td>46,076,944</td>
<td>-</td>
<td>196,720,888</td>
<td></td>
</tr>
<tr>
<td><strong>Balance Sheet Short Position</strong></td>
<td>(78,103,189)</td>
<td>(8,967,121)</td>
<td>-</td>
<td>-</td>
<td>(109,650,578)</td>
<td>(196,720,888)</td>
<td></td>
</tr>
<tr>
<td><strong>Off-Balance Sheet Long Position</strong></td>
<td>793,471</td>
<td>1,712,937</td>
<td>-</td>
<td>-</td>
<td>2,506,408</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Off-Balance Sheet Short Position</strong></td>
<td>319,906</td>
<td>314,728</td>
<td>(9,626)</td>
<td>(1,113,533)</td>
<td>-</td>
<td>(488,525)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Position</strong></td>
<td>(76,989,812)</td>
<td>(6,939,456)</td>
<td>41,072,794</td>
<td>108,447,991</td>
<td>46,076,944</td>
<td>(109,650,578)</td>
<td>2,017,883</td>
</tr>
</tbody>
</table>

(a) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
(b) TL 5,972,568 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the “1 - 5 Years” column. TL 58,007 of fund balance is not granted as loan and is shown under the “Non-Interest Bearing” column.
(c) Deferred tax asset is shown under the “Non-Interest Bearing” column.
(d) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.
(e) Total shareholders’ equity is shown under the “Non-Interest Bearing” column.
### EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (Continued)

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th>EUR</th>
<th>USD</th>
<th>JPY</th>
<th>TL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey(^{(1)})</td>
<td>-</td>
<td>2.00</td>
<td>-</td>
<td>13.00</td>
</tr>
<tr>
<td>Banks</td>
<td>0.71</td>
<td>4.33</td>
<td>-</td>
<td>23.35</td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Profit and Loss</td>
<td>2.34</td>
<td>3.18</td>
<td>-</td>
<td>8.78</td>
</tr>
<tr>
<td><strong>Money Market Placements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets Available-for-Sale</td>
<td>4.68</td>
<td>5.70</td>
<td>-</td>
<td>12.59</td>
</tr>
<tr>
<td>Loans Given</td>
<td>4.95</td>
<td>5.28</td>
<td>4.85</td>
<td>15.54</td>
</tr>
<tr>
<td>Investments Held-to-Maturity</td>
<td>6.63</td>
<td>7.32</td>
<td>-</td>
<td>17.06</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interbank Deposits(^{(2)})</td>
<td>0.52</td>
<td>2.32</td>
<td>-</td>
<td>23.33</td>
</tr>
<tr>
<td>Other Deposits(^{(2)})</td>
<td>1.32</td>
<td>2.26</td>
<td>-</td>
<td>14.19</td>
</tr>
<tr>
<td>Money Market Borrowings</td>
<td>-</td>
<td>3.76</td>
<td>-</td>
<td>24.33</td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued Marketable Securities</td>
<td>0.60</td>
<td>4.77</td>
<td>1.50</td>
<td>21.40</td>
</tr>
<tr>
<td>Funds Provided from Other Financial Institutions</td>
<td>1.22</td>
<td>3.94</td>
<td>-</td>
<td>21.13</td>
</tr>
</tbody>
</table>

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

\(^{(2)}\) Credit card loan balances are not included.

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

\(^{(4)}\) Rates include also demand deposit data.

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>EUR</th>
<th>USD</th>
<th>JPY</th>
<th>TL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey(^{(1)})</td>
<td>-</td>
<td>1.50</td>
<td>-</td>
<td>4.00</td>
</tr>
<tr>
<td>Banks</td>
<td>0.42</td>
<td>2.28</td>
<td>-</td>
<td>12.28</td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Profit and Loss</td>
<td>-</td>
<td>5.36</td>
<td>-</td>
<td>10.72</td>
</tr>
<tr>
<td><strong>Money Market Placements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets Available-for-Sale</td>
<td>4.74</td>
<td>5.61</td>
<td>-</td>
<td>9.90</td>
</tr>
<tr>
<td>Loans Given(^{(3)})</td>
<td>4.51</td>
<td>6.02</td>
<td>-</td>
<td>13.44</td>
</tr>
<tr>
<td>Investments Held-to-Maturity</td>
<td>6.63</td>
<td>7.20</td>
<td>-</td>
<td>11.05</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interbank Deposits(^{(3)})</td>
<td>0.48</td>
<td>1.57</td>
<td>-</td>
<td>12.47</td>
</tr>
<tr>
<td>Other Deposits(^{(3)})</td>
<td>1.05</td>
<td>1.73</td>
<td>-</td>
<td>7.67</td>
</tr>
<tr>
<td>Money Market Borrowings</td>
<td>0.92</td>
<td>2.44</td>
<td>-</td>
<td>12.74</td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued Marketable Securities</td>
<td>1.00</td>
<td>4.74</td>
<td>1.50</td>
<td>13.72</td>
</tr>
<tr>
<td>Funds Provided from Other Financial Institutions</td>
<td>1.21</td>
<td>3.02</td>
<td>-</td>
<td>10.51</td>
</tr>
</tbody>
</table>

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

\(^{(2)}\) Credit card loans balances are not included.

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

\(^{(4)}\) Rates include also demand deposit data.
SECTION FOUR (Continued)

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

V. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY SECURITIES

1. Equity Securities Position Risk Derived from Banking Books

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

<table>
<thead>
<tr>
<th>Investments in Equity Instruments - Current Period</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance Sheet Value</td>
</tr>
<tr>
<td>1. Investment in Equity Instruments Group A</td>
<td>-</td>
</tr>
<tr>
<td>Traded on Stock Exchange</td>
<td>-</td>
</tr>
<tr>
<td>2. Investment in Equity Instruments Group B</td>
<td>-</td>
</tr>
<tr>
<td>Traded on Stock Exchange</td>
<td>-</td>
</tr>
<tr>
<td>3. Investment in Equity Instruments Group C</td>
<td>-</td>
</tr>
<tr>
<td>Traded on Stock Exchange</td>
<td>-</td>
</tr>
<tr>
<td>4. Investment in Equity Instruments Group Other</td>
<td>-</td>
</tr>
<tr>
<td>Other (*)</td>
<td>148,434</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Investments in Equity Instruments - Prior Period</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance Sheet Value</td>
</tr>
<tr>
<td>1. Investment in Equity Instruments Group A</td>
<td>-</td>
</tr>
<tr>
<td>Traded on Stock Exchange</td>
<td>-</td>
</tr>
<tr>
<td>2. Investment in Equity Instruments Group B</td>
<td>-</td>
</tr>
<tr>
<td>Traded on Stock Exchange</td>
<td>-</td>
</tr>
<tr>
<td>3. Investment in Equity Instruments Group C</td>
<td>-</td>
</tr>
<tr>
<td>Traded on Stock Exchange</td>
<td>-</td>
</tr>
<tr>
<td>4. Investment in Equity Instruments Group Other</td>
<td>-</td>
</tr>
<tr>
<td>Other (*)</td>
<td>144,209</td>
</tr>
</tbody>
</table>

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

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 148,434 and 100% of them are risk weighted (31 December 2017: are amounted TL 144,209 and 100% of them are risk weighted).

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

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

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

1. Liquidity Risk

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

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

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

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

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

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

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

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

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

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

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

Explanation regarding the usage of the stress test

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

General information on liquidity urgent and unexpected situation plan

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

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

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

1. Liquidity Coverage Ratio (Continued)

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the Liquidity Cover Rate and transmits consolidated on weekly and consolidated on monthly basis to the BRSA. In the last three months (October-November-December), the consolidated rates are as follows: October FC, 108.75%, TL+FC 75.16%; November FC, 123.26%, TL + FC 80.91%; The December FC was 131.90%, and the TL+FC was 86.71% (31 December 2017: Consolidated rates in the last three months were October FC, 181.79%, TL+FC 96.49%, November FC 199.41%, TL+FC 92.73%, December FC 207.67%, TL+FC 86.31% respectively)

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total Unweighted Value (Average) (*)</td>
<td>Total Weighted Value (Average) (*)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TL+FC</td>
<td>FC</td>
<td>TL+FC</td>
</tr>
<tr>
<td>HIGH QUALITY LIQUID ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Quality Liquid Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH OUTFLOWS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail and Small Business Customers, of which;</td>
<td>237,477,599 111,531,864</td>
<td>20,221,723 11,153,180</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable deposits</td>
<td>70,520,740 133</td>
<td>3,526,037 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less stable deposits</td>
<td>166,956,859 111,531,731</td>
<td>16,695,686 11,153,173</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured wholesale funding, of which:</td>
<td>109,306,463 49,758,643</td>
<td>61,872,016 30,339,716</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational deposit</td>
<td>5,919,940 692,801</td>
<td>1,475,920 169,135</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-operational deposits</td>
<td>86,845,916 41,314,525</td>
<td>45,505,184 22,564,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other unsecured funding</td>
<td>16,540,607 7,751,317</td>
<td>14,890,912 7,606,362</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other cash outflows, of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions</td>
<td>9,084,643 8,718,617</td>
<td>9,084,643 8,718,617</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obligations related to structured financial products</td>
<td>45,337,426 7,649,804</td>
<td>4,691,796 2,329,842</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments related to debts to financial markets and other off-balance sheet obligations</td>
<td>9,716 5,279</td>
<td>486 264</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revocable off-balance sheet commitments and contractual obligations</td>
<td>103,619,895 40,186,025</td>
<td>5,246,376 2,009,549</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CASH OUTFLOWS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>101,117,040 75,159,577</td>
<td>25,957,463 20,105,293</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH INFLOWS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured lending</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured lending</td>
<td>37,311,748 17,355,983</td>
<td>24,488,020 12,869,927</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other cash inflows</td>
<td>1,495,591 2,616,514</td>
<td>1,469,443 7,235,366</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cash Inflows</td>
<td>38,807,339 24,617,497</td>
<td>25,957,463 20,105,293</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL HQLA STOCK</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL NET CASH OUTFLOWS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIQUIDITY COVERAGE RATIO (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) The average of last three months’ liquidity coverage ratio calculated by monthly simple averages.
VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

2. Liquidity Coverage Ratio (Continued)

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Total Unweighted Value (Average)</th>
<th>Total Weighted Value (Average)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL+FC</td>
<td>FC</td>
</tr>
<tr>
<td>High Quality Liquid Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Quality Liquid Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Outflows</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail and Small Business Customers, of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable deposits</td>
<td>183,599,877</td>
<td>73,938,183</td>
</tr>
<tr>
<td>Less stable deposits</td>
<td>63,508,627</td>
<td>3,175,431</td>
</tr>
<tr>
<td>Unsecured wholesale funding , of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational deposit</td>
<td>87,300,313</td>
<td>35,897,745</td>
</tr>
<tr>
<td>Non-operational deposits</td>
<td>5,207,052</td>
<td>651,604</td>
</tr>
<tr>
<td>Other unsecured funding</td>
<td>66,176,640</td>
<td>26,149,586</td>
</tr>
<tr>
<td>Secured funding</td>
<td>15,916,621</td>
<td>9,096,555</td>
</tr>
<tr>
<td>Other cash outflows, of which:</td>
<td>40,073,487</td>
<td>10,183,005</td>
</tr>
<tr>
<td>Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions</td>
<td>2,470,900</td>
<td>2,833,447</td>
</tr>
<tr>
<td>Obligations related to structured financial products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments related to debts to financial markets and other off-balance sheet obligations</td>
<td>37,602,587</td>
<td>7,349,558</td>
</tr>
<tr>
<td>Other revocable off-balance sheet commitments and contractual obligations</td>
<td>244,960</td>
<td>217,867</td>
</tr>
<tr>
<td>Other irrevocable or conditionally revocable off-balance sheet obligations</td>
<td>39,616,655</td>
<td>27,946,305</td>
</tr>
<tr>
<td>Total Cash Outflows</td>
<td>75,072,336</td>
<td>36,832,334</td>
</tr>
<tr>
<td>Total HQLA Stock</td>
<td>51,969,108</td>
<td>42,724,037</td>
</tr>
<tr>
<td>Liquidity Coverage Ratio (%)</td>
<td>91.86</td>
<td>196.02</td>
</tr>
</tbody>
</table>

(*) The average of last three months’ liquidity coverage ratio calculated by monthly simple averages.
SECTION FOUR (Continued)

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

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

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks

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

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

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

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

*High quality liquid assets are comprised to which items*

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

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

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

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

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

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

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

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

The needed and surplus of liquidity of the branches in foreign countries of the Parent Bank and partnerships consolidated are followed and managed regularly. There is no constraint of operational and legal factors preventing liquidity transfer. In the analysis made, it is observed that the impact of the foreign branches and subsidiaries on the Parent Bank’s liquidity structure remain limited comparing to the size of the balance sheet. The need and surplus of the liquidity is encountered properly between partnerships, as well as the branches abroad.
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Demand</th>
<th>Up to 1 Month</th>
<th>1-3 Months</th>
<th>3-12 Months</th>
<th>1-5 Years</th>
<th>5 Years and Over</th>
<th>Undistributed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Cash (Cash in Vault,</td>
<td>1,341,038</td>
<td>1,341,038</td>
<td>1,341,038</td>
<td>1,341,038</td>
<td>1,341,038</td>
<td>1,341,038</td>
<td>1,341,038</td>
<td>1,341,038</td>
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<tr>
<td>Effective, Money in Transit,</td>
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<tr>
<td>Securities Purchased and</td>
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<tr>
<td>Balances with the Central</td>
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<tr>
<td>Bank of the Republic of Turkey</td>
<td>42,611</td>
<td>42,611</td>
<td>42,611</td>
<td>42,611</td>
<td>42,611</td>
<td>42,611</td>
<td>42,611</td>
<td>42,611</td>
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<tr>
<td>Financial Assets at Fair Value</td>
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<tr>
<td>Under Profit and Loss</td>
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<tr>
<td>Other Liabilities</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>65,043</td>
<td>65,043</td>
<td>65,043</td>
<td>65,043</td>
<td>65,043</td>
<td>65,043</td>
<td>65,043</td>
<td>65,043</td>
</tr>
<tr>
<td>Interbank Deposits</td>
<td></td>
<td></td>
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<tr>
<td>Term Deposits</td>
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<tr>
<td>Putable Funds from Other</td>
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<td>Financial Institutions</td>
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<tr>
<td>Money Market Borrowings</td>
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<td></td>
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<tr>
<td>Issued Marketable Securities</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Other Liabilities</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>127,541</td>
<td>127,541</td>
<td>127,541</td>
<td>127,541</td>
<td>127,541</td>
<td>127,541</td>
<td>127,541</td>
<td>127,541</td>
</tr>
<tr>
<td><strong>Liquidity Gap</strong></td>
<td>82,397</td>
<td>82,397</td>
<td>82,397</td>
<td>82,397</td>
<td>82,397</td>
<td>82,397</td>
<td>82,397</td>
<td>82,397</td>
</tr>
</tbody>
</table>

(1) Assets which are required for banking operations and could not be converted into cash in short-term, such as: tangible assets, associates, subsidiaries and entities under common control, office supplies inventory, prepaid expenses and non-performing loans as well as securities representing a share in capital, and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

(2) Deferred tax asset is included under the “Undistributed” column.

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

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

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

5 Presentation of Liabilities According to Their Remaining Maturities

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Up to 1 Month</th>
<th>1-3 Months</th>
<th>3-12 Months</th>
<th>1-5 Years</th>
<th>Over 5 Years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposits</td>
<td>20,217,961</td>
<td>5,250,549</td>
<td>503,618</td>
<td>109,102</td>
<td>-</td>
<td>26,081,230</td>
</tr>
<tr>
<td>Other deposits</td>
<td>231,814,869</td>
<td>48,124,210</td>
<td>43,088,228</td>
<td>4,429,641</td>
<td>402,565</td>
<td>327,859,513</td>
</tr>
<tr>
<td>Funds borrowed from other financial institutions</td>
<td>3,110,764</td>
<td>4,095,296</td>
<td>13,353,528</td>
<td>13,126,717</td>
<td>4,872,440</td>
<td>38,558,745</td>
</tr>
<tr>
<td>Funds borrowed from Interbank money market</td>
<td>64,540,404</td>
<td>2,690,943</td>
<td>1,120,332</td>
<td>485,048</td>
<td>-</td>
<td>68,836,727</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>319,683,998</strong></td>
<td><strong>60,160,998</strong></td>
<td><strong>58,065,706</strong></td>
<td><strong>18,150,508</strong></td>
<td><strong>5,275,005</strong></td>
<td><strong>461,336,215</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Up to 1 Month</th>
<th>1-3 Months</th>
<th>3-12 Months</th>
<th>1-5 Years</th>
<th>Over 5 Years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposits</td>
<td>10,323,344</td>
<td>2,062,576</td>
<td>2,914,582</td>
<td>78,044</td>
<td>-</td>
<td>15,378,546</td>
</tr>
<tr>
<td>Other deposits</td>
<td>206,995,434</td>
<td>26,630,764</td>
<td>32,466,021</td>
<td>2,229,065</td>
<td>199,114</td>
<td>268,520,398</td>
</tr>
<tr>
<td>Funds borrowed from other financial institutions</td>
<td>1,443,218</td>
<td>4,345,334</td>
<td>17,052,210</td>
<td>6,862,001</td>
<td>3,928,073</td>
<td>33,630,836</td>
</tr>
<tr>
<td>Funds borrowed from Interbank money market</td>
<td>52,168,911</td>
<td>1,849,922</td>
<td>1,542,807</td>
<td>846,503</td>
<td>-</td>
<td>56,408,143</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>270,930,907</strong></td>
<td><strong>34,888,596</strong></td>
<td><strong>53,975,620</strong></td>
<td><strong>10,015,613</strong></td>
<td><strong>4,127,187</strong></td>
<td><strong>373,937,923</strong></td>
</tr>
</tbody>
</table>

(*) Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

VII EXPLANATIONS ON CONSOLIDATED LEVERAGE

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

The Parent Bank’s consolidated leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 7.66% (31 December 2017: 7.98%). The decrease on leverage results occur from the increase on total risk amount. The regulation sentenced the minimum leverage as 3%.

<table>
<thead>
<tr>
<th>Balance sheet assets</th>
<th>Current Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)</td>
<td>570,386,642</td>
<td>452,721,717</td>
</tr>
<tr>
<td>(Assets deducted in determining Tier 1 capital)</td>
<td>(7,798,391)</td>
<td>(12,586,076)</td>
</tr>
<tr>
<td>Total on-balance sheet risks (sum of lines 1 and 2)</td>
<td>562,588,251</td>
<td>430,135,641</td>
</tr>
</tbody>
</table>

Derivative financial instruments and credit derivatives

Replacement cost associated with all derivative financial instruments and credit Derivatives | 2,253,807 | 1,590,316 |
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives | 631,144 | 500,985 |
Total risks of derivative financial instruments and credit derivatives | 2,884,951 | 2,091,301 |

Securities or commodity financing transactions (SCFT)

Risks from SCFT assets | 5,082,975 | 5,102,788 |
Risks from brokerage activities related exposures | - | - |
Total risks related with securities or commodity financing transactions | 5,082,975 | 5,102,788 |

Other off-balance sheet transactions

Gross notional amounts of off-balance sheet transactions | 183,788,436 | 136,027,916 |
(Adjustments for conversion to credit equivalent amounts) | (3,650,093) | (1,937,432) |
Total risks of off-balance sheet items | 180,138,343 | 134,090,484 |

Capital and total risks

Tier 1 capital | 57,496,516 | 47,185,249 |
Total risks | 750,694,520 | 591,420,214 |

Leverage ratio

Leverage ratio % | 7.66 | 7.98 |

(*) Three month average of the amounts in the table are taken.
SECTION FOUR (Continued)

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

VII EXPLANATIONS ON CONSOLIDATED LEVERAGE

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards</td>
<td>568,436,479</td>
<td>456,979,890</td>
</tr>
<tr>
<td>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”</td>
<td>49,483</td>
<td>53,761</td>
</tr>
<tr>
<td>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</td>
<td>142,583,287</td>
<td>97,270,270</td>
</tr>
<tr>
<td>The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments</td>
<td>21,524,007</td>
<td>14,574,814</td>
</tr>
<tr>
<td>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</td>
<td>3,650,093</td>
<td>1,937,432</td>
</tr>
<tr>
<td>Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items</td>
<td>(28,788,983)</td>
<td>(18,087,286)</td>
</tr>
<tr>
<td>Total Risk Amount</td>
<td>750,661,186</td>
<td>591,420,214</td>
</tr>
</tbody>
</table>

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

(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 December 2018 of the nonfinancial subsidiaries.

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT

This section contains notes and explanations regarding the "Communiqué on Disclosures about Risk Management to be announced to Public by Banks" released by the Banking Regulation and Supervision Agency (BRSA), published in the Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016.

1. Explanations on Risk Management and Risk Weighted Amount

1.1 Parent Bank's Risk Management Approach

_It has to do with how the business model determines the Parent Bank’s risk profile; how it interacts with it (e.g. key risks related to the business model and how each of these risks is reflected on explanations); and how the Parent Bank’s risk profile interacts with the risk appetite approved by the board of directors_

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

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

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

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

Signal and limit values based on risk weighted assets are monitored by the Parent Bank's Risk Management Group Presidency regularly and actual values are reported periodically to the Parent Bank's Top Management.
SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

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

1.1 Parent Bank's Risk Management Approach (Continued)

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

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

Structure of the Parent Bank's risk management is consistent with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board Presidency, Internal Control and Compliance Group Presidency and Risk Management Group Presidency report to the Audit Committee and Board of Directors through the Vice President who is responsible for internal systems and operates separate from executive units.

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

Organizational structure of the Parent Bank's Risk Management Group Presidency consists of credit risk management, market risk management, operational risk management and statement risks management units. Duties of risk management:

- Ensuring identification, measurement, reporting, monitoring and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Parent Bank's cash flows in the future, quality and level of its associated activities
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks exposed or possible risks and assessment of capital adequacy/requirement level in line with the strategic goals
- Preparing ICAAP reports periodically.

ICAAP analyses and activities are validated by a team that reports to the Audit Committee independently from the team that develops and implements the methodology of such activities. The same team issues a Validation Report as well. Analyses and activities conducted within the process, including validation activities are reviewed by the Inspection Board Presidency and a Review Report is issued for the results.

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

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

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

It is ensured that risk signal and limit structure is forwarded to relevant units in the Parent Bank and the structure is understood by the staff. Usage levels for signal and risk parameters are subject to reports submitted to the Parent Bank Top Management.
SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

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

1.1 Parent Bank's Risk Management Approach (Continued)

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

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

Principal elements and scope of risk measurement systems

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

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

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

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

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

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

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

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

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

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

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

1.1 Parent Bank's Risk Management Approach (Continued)

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

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

Explanations provided to the board of directors and top management on risk reporting processes, particularly scope and main contents of reporting

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

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

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

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

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

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

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

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

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

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

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

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

1.1 Parent Bank’s Risk Management Approach (Continued)

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

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

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

The Parent Bank performs risk mitigation with a simple financial method. Credibilities of guarantors are monitored and assessed in the scope of credit revision maturity.

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

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

Diversification of resources is deemed important for managing the liquidity risk that may occur. While the Parent Bank’s fundamental funding resources are deposits, the strategy of preserving the common base structure of deposits is sustained. Besides, liabilities other than deposits such as bond/bill issuance, repo and credits are deemed important for increasing the fund range and decreasing the maturity gap between assets and liabilities. As for the asset side of the Parent Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.
## VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

### 1. Explanations on Risk Management and Risk Weighted Amounts

#### 1.1 Parent Bank’s Risk Management Approach (Continued)

**Overview of Risk Weighted Amounts**

<table>
<thead>
<tr>
<th>Risk Weighted Amount</th>
<th>Current Period</th>
<th>Prior Period</th>
<th>Minimum capital requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Risk (excluding counterparty credit risk)</td>
<td>396,750,839</td>
<td>305,800,542</td>
<td>31,740,067</td>
</tr>
<tr>
<td>Standardised approach</td>
<td>396,750,839</td>
<td>305,800,542</td>
<td>31,740,067</td>
</tr>
<tr>
<td>Internal rating-based approach</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Counterparty credit risk</td>
<td>3,747,369</td>
<td>3,434,653</td>
<td>299,790</td>
</tr>
<tr>
<td>Standardised approach for counterparty credit risk</td>
<td>3,747,369</td>
<td>3,434,653</td>
<td>299,790</td>
</tr>
<tr>
<td>Internal model method</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Basic risk weight approach to internal models equity position in the banking account</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments made in collective investment companies-look through approach</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments made in collective investment companies-mandate-based approach</td>
<td>1,022,273</td>
<td>1,108,145</td>
<td>81,782</td>
</tr>
<tr>
<td>Investments made in collective investment companies-1250% weighted risk approach</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Settlement risk</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Securitization positions in banking accounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IRB ratings-based approach</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SA/simplified supervisory formula approach</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Market risk</td>
<td>15,630,514</td>
<td>18,965,749</td>
<td>1,250,441</td>
</tr>
<tr>
<td>Standardised approach</td>
<td>15,630,514</td>
<td>18,965,749</td>
<td>1,250,441</td>
</tr>
<tr>
<td>Internal model approaches</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operational risk</td>
<td>31,723,734</td>
<td>25,145,817</td>
<td>2,537,899</td>
</tr>
<tr>
<td>Basic Indicator approach</td>
<td>31,723,734</td>
<td>25,145,817</td>
<td>2,537,899</td>
</tr>
<tr>
<td>Standard approach</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advanced measurement approach</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The amount of the discount threshold under the equity(subject to a 250% risk weight)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Floor adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total (1+4+7+8+9+11+12+16+19+23+24)</td>
<td>448,874,719</td>
<td>354,454,906</td>
<td>35,909,978</td>
</tr>
</tbody>
</table>
### VIII EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

#### 2 Connections Between Financial Statements and the Risk Amounts

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Carrying values as reported in published financial statements (*)</th>
<th>Valued amount according to TAS within legal consolidation (*)</th>
<th>Subject to credit risk framework</th>
<th>Subject to counterparty credit risk framework</th>
<th>Subject to the securitization framework</th>
<th>Subject to the market risk framework</th>
<th>Not subject to capital requirements or subject to deduction from capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances at central bank</td>
<td>42,882,493</td>
<td>42,882,030</td>
<td>42,882,493</td>
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<tr>
<td>Banks</td>
<td>9,083,108</td>
<td>9,083,108</td>
<td>9,086,430</td>
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<tr>
<td>Receivables from Money Markets</td>
<td>249,987</td>
<td>249,987</td>
<td>317,114</td>
<td>65,500</td>
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<tr>
<td>Financial assets measured at fair value to profit or loss</td>
<td>6,782,778</td>
<td>6,782,779</td>
<td>8</td>
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<tr>
<td>Financial assets measured at fair value to other comprehensive income</td>
<td>79,833,047</td>
<td>79,833,047</td>
<td>51,509,173</td>
<td>28,169,653</td>
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<tr>
<td>Financial assets measured at amortised cost</td>
<td>10,281,010</td>
<td>10,281,010</td>
<td>10,282,545</td>
<td>1,996,979</td>
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<tr>
<td>Derivative financial assets</td>
<td>2,058,778</td>
<td>2,058,778</td>
<td>2,058,778</td>
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<td></td>
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<tr>
<td>Loans (Net)</td>
<td>395,077,052</td>
<td>395,077,052</td>
<td>398,336,137</td>
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<td>Investments in associates (Net)</td>
<td>163,826</td>
<td>142,148</td>
<td>142,148</td>
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<tr>
<td>Investments in subsidiaries (Net)</td>
<td>1,738</td>
<td>7,975</td>
<td>7,975</td>
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<tr>
<td>Jointly Controlled Partnerships (Joint Ventures) (Net)</td>
<td>87,450</td>
<td>87,450</td>
<td>87,450</td>
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<tr>
<td>Lease receivables</td>
<td>3,978,680</td>
<td>3,978,680</td>
<td>3,978,680</td>
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<tr>
<td>Factoring receivables</td>
<td>2,147</td>
<td>2,147</td>
<td>2,147</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Assets (net)</td>
<td>6,805,720</td>
<td>6,803,755</td>
<td>6,741,637</td>
<td>62,118</td>
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<tr>
<td>Intangible Assets (net)</td>
<td>734,541</td>
<td>731,706</td>
<td>731,706</td>
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<tr>
<td>Investment Properties (Net)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Tax Asset</td>
<td>1,700,181</td>
<td>1,700,181</td>
<td>1,700,181</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Currents Assets Or Disposal Groups &quot;Held For Sale&quot; And &quot;From Discontinued Operations (Net)</td>
<td>1,230,679</td>
<td>1,230,679</td>
<td>1,230,679</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Assets</td>
<td>7,483,264</td>
<td>7,454,485</td>
<td>7,508,585</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>568,436,479</td>
<td>568,386,996</td>
<td>533,813,570</td>
<td>32,290,910</td>
<td>35,106,644</td>
<td>795,695</td>
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</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>354,351,571</td>
<td>354,375,248</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds Borrowed</td>
<td>34,848,769</td>
<td>34,848,769</td>
<td>2,860,112</td>
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</tr>
<tr>
<td>Money Markets</td>
<td>68,603,638</td>
<td>68,603,638</td>
<td>25,950,344</td>
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<tr>
<td>Securities Issued (Net)</td>
<td>16,943,864</td>
<td>16,943,864</td>
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<tr>
<td>Funds</td>
<td>6,075,748</td>
<td>6,075,748</td>
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<tr>
<td>Derivative Financial Liabilities</td>
<td>1,568,169</td>
<td>1,668,169</td>
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<td></td>
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<tr>
<td>Factoring payables</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td>19,381,901</td>
<td>19,357,893</td>
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<tr>
<td>Provisions</td>
<td>4,769,265</td>
<td>4,751,072</td>
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<tr>
<td>Tax Liability</td>
<td>1,635,620</td>
<td>1,635,620</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Currents Liabilities or Disposal Groups &quot;Held For Sale&quot; And &quot;From Discontinued Operations (Net)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subordinated Debt Instruments</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders' Equity</td>
<td>60,159,934</td>
<td>60,128,975</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>568,436,479</td>
<td>568,386,996</td>
<td>28,810,456</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) It shows the Bank’s consolidated financial statements.
### Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Carrying values as reported in published financial statements</th>
<th>Valued amount according to TAS within legal consolidation</th>
<th>Subject to counterparty credit risk framework</th>
<th>Subject to credit risk framework</th>
<th>Subject to the securitization framework</th>
<th>Subject to the market risk framework</th>
<th>Not subject to capital requirements or subject to deduction from capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances at central bank</td>
<td>46,220,337</td>
<td>46,220,337</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets held for trading</td>
<td>1,467,863</td>
<td>1,467,863</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>71,096</td>
</tr>
<tr>
<td>Financial assets designated at fair value through profit or loss</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Banks</td>
<td>5,652,140</td>
<td>5,652,140</td>
<td>-</td>
<td>70,171</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Receivables from money markets</td>
<td>132,385</td>
<td>258,385</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Available for sale financial assets (net)</td>
<td>63,068,551</td>
<td>63,068,551</td>
<td>10,633,984</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td>317,020,488</td>
<td>317,020,488</td>
<td>337,008,797</td>
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<tr>
<td>Factoring receivables</td>
<td>1,414</td>
<td>1,414</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Held to maturity investments (net)</td>
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<td>7,625,763</td>
<td>5,315,124</td>
<td>2,310,639</td>
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<td>-</td>
</tr>
<tr>
<td>Investments in associates (net)</td>
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<td>126,419</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Investments in subsidiaries (net)</td>
<td>1,346</td>
<td>1,346</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments in joint ventures (net)</td>
<td>52,036</td>
<td>52,036</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leasing receivables</td>
<td>2,881,519</td>
<td>2,881,519</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Derivative financial assets held for hedges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Intangible assets (net)</td>
<td>6,442,392</td>
<td>6,499,659</td>
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<td>-</td>
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<tr>
<td>Investment properties (net)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Tax assets</td>
<td>41,085</td>
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<td>-</td>
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<tr>
<td>Non-current assets and disposal groups classified as held for sale (net)</td>
<td>674,819</td>
<td>674,819</td>
<td>-</td>
<td>-</td>
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<td>Other assets</td>
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<td>4,190,157</td>
<td>4,190,157</td>
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<td>-</td>
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</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>456,979,880</strong></td>
<td><strong>456,926,129</strong></td>
<td><strong>597,435,852</strong></td>
<td><strong>5,956,768</strong></td>
<td><strong>42,916,272</strong></td>
<td><strong>617,237</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

* (*) It shows the Bank’s consolidated financial statements.
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

2. Connections Between Financial Statements and the Risk Amounts

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Total</th>
<th>Subject to credit risk framework</th>
<th>Subject to counterparty credit risk framework</th>
<th>Subject to the market risk framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset carrying value amount under scope of regulatory consolidation</td>
<td>568,386,996</td>
<td>533,757,038</td>
<td>32,290,910</td>
<td>35,106,644</td>
</tr>
<tr>
<td>Liabilities carrying value amount under regulatory scope of consolidation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total net amount under regulatory scope of consolidation</td>
<td>568,386,996</td>
<td>533,757,038</td>
<td>3,480,454</td>
<td>35,106,644</td>
</tr>
<tr>
<td>Differences in valuations</td>
<td>244,474,188</td>
<td>79,032,680</td>
<td>69,186,526</td>
<td>-</td>
</tr>
<tr>
<td>Valuation Differences</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Differences due to different netting rules, other than those already included in row 2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Differences due to consideration of provisions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Differences due to prudential filters</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount of Risk</td>
<td>812,861,184</td>
<td>612,789,718</td>
<td>72,666,980</td>
<td>35,106,644</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Total</th>
<th>Subject to credit risk framework</th>
<th>Subject to counterparty credit risk framework</th>
<th>Subject to the market risk framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset carrying value amount under scope of regulatory consolidation</td>
<td>456,926,129</td>
<td>407,435,852</td>
<td>5,956,768</td>
<td>42,916,272</td>
</tr>
<tr>
<td>Liabilities carrying value amount under regulatory scope of consolidation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total net amount under regulatory scope of consolidation</td>
<td>456,926,129</td>
<td>407,435,852</td>
<td>(11,210,317)</td>
<td>42,916,272</td>
</tr>
<tr>
<td>Differences in valuations</td>
<td>180,798,732</td>
<td>58,391,280</td>
<td>48,292,227</td>
<td>-</td>
</tr>
<tr>
<td>Valuation Differences</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Differences due to different netting rules, other than those already included in row 2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Differences due to consideration of provisions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Differences due to prudential filters</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount of Risk</td>
<td>637,724,861</td>
<td>466,027,112</td>
<td>37,081,910</td>
<td>42,916,272</td>
</tr>
</tbody>
</table>

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

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

3. Credit Risk Explanations

3.1. Transformation of Parent Bank’s business model into components in credit risk profile

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

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

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

As part of the variation in customer segmentation due to changing organizational structure of the Parent Bank, credit risk signal and limit parameters were determined on the basis of corporate, entrepreneur and personal segment in line with the customer segment structure and they are updated according to the changes in the segmentation structure.

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SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.1. Transformation of bank's business model into components in credit risk profile (Continued)

Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Bank's Top Management periodically through relevant units.

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

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

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

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

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within the Parent Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Parent Bank's Top Management.

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

The Parent Bank's internal system units consist of the Inspection Board Presidency, Internal Control and Compliance Presidency and Risk Management Group Presidency. Credit risk management is one of the four services under the Risk Management Group Presidency.

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

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

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

Furthermore, inspection and control units involve in the process also for the ICAAP activities that constitute a significant part of risk management activities. Accordingly, ICAAP analyses and activities are validated by Internal Control and Compliance Group Presidency that reports to the Audit Commission independent from the team that develops and implements the methodology of the ICAAP analyses. The same team issues a Validation Report as well. The entire ICAAP process is subject to an inspection by the Inspection Board Presidency and reported through Examination Report issued.
VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

1.3. Relationship between credit risk management, risk control, legal compliance and internal audit functions (Continued)

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

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

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

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

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

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

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

3.6. Credit Quality of Assets

<table>
<thead>
<tr>
<th></th>
<th>Defaulted</th>
<th>Non-defaulted</th>
<th>Allowances/Amortisation and impairments</th>
<th>Net values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>8,755,997</td>
<td>399,753,761</td>
<td>9,451,879</td>
<td>399,057,879</td>
</tr>
<tr>
<td>Debt Securities</td>
<td></td>
<td>105,216,973</td>
<td>6,259,825</td>
<td>98,957,148</td>
</tr>
<tr>
<td>Off-balance sheet exposures</td>
<td>279,906</td>
<td>177,707,537</td>
<td>466,897</td>
<td>177,520,546</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,035,903</td>
<td>682,678,271</td>
<td>16,178,601</td>
<td>675,535,573</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Defaulted</th>
<th>Non-defaulted</th>
<th>Allowances/Amortisation and impairments</th>
<th>Net values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior Period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>5,028,967</td>
<td>316,795,002</td>
<td>4,803,481</td>
<td>317,020,488</td>
</tr>
<tr>
<td>Debt Securities</td>
<td></td>
<td>74,426,980</td>
<td>1,731,123</td>
<td>72,731,857</td>
</tr>
<tr>
<td>Off-balance sheet exposures</td>
<td>138,057</td>
<td>134,994,316</td>
<td>734,957</td>
<td>134,397,436</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,167,024</td>
<td>526,252,298</td>
<td>7,269,541</td>
<td>524,149,781</td>
</tr>
</tbody>
</table>
Changes in the Defaulted Receivables and Debt Instruments

Current Period

1. Defaulted loans and debt securities at end of the previous reporting period .......................... 5,028,967
2. Loans and debt securities that have defaulted since the last reporting period .................. 4,989,088
3. Returned to non-defaulted status .................................................................................. 85,686
4. Amounts written off ..................................................................................................
5. Other changes ......................................................................................................... (1,176,372)
6. Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5) Definitions 8,755,997

Prior Period

1. Defaulted loans and debt securities at end of the previous reporting period .................. 4,380,490
2. Loans and debt securities that have defaulted since the last reporting period ............. 2,168,537
3. Returned to non-defaulted status .................................................................................. 37,244
4. Amounts written off ..................................................................................................
5. Other changes ......................................................................................................... (1,482,816)
6. Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5) Definitions 5,028,967

Additional Explanations on Credit Quality of Assets

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

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

The portion that is not considered within the scope of “allocation of provision” among deferred receivables (over 90 days) and reasons for this practice

The Parent Bank transfers credits whose maturity is deferred for more than 90 days automatically to monitoring accounts pursuant to the classification provisions of Regulation on Provisions, and allocates provision of respective class; whereas it does not allocate expected loss provisions for fund-based credits classified as “Non-Performing Loans” pursuant to Article 13 “Exceptions” of the Regulation on Provisions as the relevant risk is not assumed by the Parent Bank.

Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, there is no judgement in the related Regulation and the BRSA’s related disclosures that would prevent further provision of the minimum amounts required.

Definitions of restructured receivables

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

3. Additional Explanations on Credit Quality of Assets (Continued)

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Loans and Receivables</th>
<th>Non Preforming Loans</th>
<th>Expected Loss Provisions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>374,792,054</td>
<td>8,051,768</td>
<td>7,038,353</td>
<td>375,805,469</td>
</tr>
<tr>
<td>European Union Countries</td>
<td>355,730</td>
<td>27,358</td>
<td>25,921</td>
<td>357,167</td>
</tr>
<tr>
<td>USA, Canada</td>
<td>5,485</td>
<td>4,239</td>
<td>4,522</td>
<td>5,202</td>
</tr>
<tr>
<td>OECD Countries</td>
<td>7,646,502</td>
<td>144</td>
<td>53,162</td>
<td>7,593,484</td>
</tr>
<tr>
<td>Off-Shore Banking Regions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>12,973,163</td>
<td>672,488</td>
<td>2,329,921</td>
<td>11,315,730</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>395,772,934</td>
<td>8,755,997</td>
<td>9,451,879</td>
<td>395,077,052</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Loans and Receivables</th>
<th>Non Preforming Loans</th>
<th>Expected Loss Provisions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>71,375,479</td>
<td>1,235,943</td>
<td>902,725</td>
<td>71,708,697</td>
</tr>
<tr>
<td>Farming and Stockbreeding</td>
<td>70,414,156</td>
<td>1,221,040</td>
<td>886,526</td>
<td>70,748,670</td>
</tr>
<tr>
<td>Forestry</td>
<td>680,808</td>
<td>7,921</td>
<td>7,738</td>
<td>680,991</td>
</tr>
<tr>
<td>Fishing</td>
<td>280,515</td>
<td>6,982</td>
<td>8,461</td>
<td>279,036</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>90,625,737</td>
<td>1,610,824</td>
<td>1,304,393</td>
<td>90,732,168</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>5,069,288</td>
<td>22,100</td>
<td>35,311</td>
<td>5,056,077</td>
</tr>
<tr>
<td>Production</td>
<td>61,889,635</td>
<td>1,568,239</td>
<td>1,314,078</td>
<td>62,143,796</td>
</tr>
<tr>
<td>Electric, Gas and Water</td>
<td>23,666,814</td>
<td>20,485</td>
<td>155,004</td>
<td>23,332,395</td>
</tr>
<tr>
<td>Construction</td>
<td>40,932,134</td>
<td>641,562</td>
<td>352,381</td>
<td>41,021,315</td>
</tr>
<tr>
<td>Services</td>
<td>92,822,388</td>
<td>3,113,760</td>
<td>4,704,539</td>
<td>91,231,609</td>
</tr>
<tr>
<td>Wholesale and Retail Trade</td>
<td>35,636,639</td>
<td>1,908,735</td>
<td>1,622,172</td>
<td>35,920,202</td>
</tr>
<tr>
<td>Hotel Food and Beverage Services</td>
<td>6,519,034</td>
<td>128,932</td>
<td>130,182</td>
<td>6,517,784</td>
</tr>
<tr>
<td>Transportation and Telecommunication</td>
<td>14,876,288</td>
<td>128,932</td>
<td>130,182</td>
<td>14,995,552</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>8,710,638</td>
<td>4,367</td>
<td>49,739</td>
<td>8,665,266</td>
</tr>
<tr>
<td>Real Estate and Leasing Services</td>
<td>25,419,286</td>
<td>908,346</td>
<td>867,581</td>
<td>25,460,051</td>
</tr>
<tr>
<td>Self-Employment Services</td>
<td>2,179</td>
<td></td>
<td>41</td>
<td>2,138</td>
</tr>
<tr>
<td>Education Services</td>
<td>765,177</td>
<td>26,412</td>
<td>19,265</td>
<td>772,324</td>
</tr>
<tr>
<td>Health and Social Services</td>
<td>893,147</td>
<td>21,206</td>
<td>19,864</td>
<td>894,291</td>
</tr>
<tr>
<td>Other</td>
<td>100,017,196</td>
<td>2,153,909</td>
<td>1,897,947</td>
<td>100,353,263</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>395,772,934</td>
<td>8,755,997</td>
<td>9,451,879</td>
<td>395,077,052</td>
</tr>
</tbody>
</table>

Current Period

<table>
<thead>
<tr>
<th>Demand</th>
<th>Up to 1 Month</th>
<th>1 – 3 Months</th>
<th>3 – 12 Months</th>
<th>1 – 5 Years</th>
<th>5 Years and Over</th>
<th>Undistributed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Receivables</td>
<td>357,845</td>
<td>19,827,384</td>
<td>24,975,821</td>
<td>156,625,275</td>
<td>161,667,637</td>
<td>33,493,989</td>
<td>2,111,930</td>
</tr>
</tbody>
</table>

Prior Period

<table>
<thead>
<tr>
<th>Demand</th>
<th>Up to 1 Month</th>
<th>1 – 3 Months</th>
<th>3 – 12 Months</th>
<th>1 – 5 Years</th>
<th>5 Years and Over</th>
<th>Undistributed</th>
<th>Total</th>
</tr>
</thead>
</table>


**SECTION FOUR (Continued)**

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

(VIII)

**EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT**

(Continued)

3. Credit Risk Explanations (Continued)

3.9. Additional Explanations on Credit Quality of Assets (Continued)

**Aging Analysis for Deferred Receivables**

The Aging Analysis regarding the loans which are overdue but yet have not lost its value has been presented below:

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Up to 1 Month</th>
<th>1-2 months</th>
<th>2-3 months</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Receivables</td>
<td>499,701</td>
<td>201,575</td>
<td>1,767,995</td>
<td>2,469,271</td>
</tr>
<tr>
<td>Corporate/Entrepreneur Loans</td>
<td>63,928</td>
<td>12,439</td>
<td>5,405</td>
<td>81,772</td>
</tr>
<tr>
<td>Specialized Loans</td>
<td>604,810</td>
<td>183,072</td>
<td>95,164</td>
<td>883,046</td>
</tr>
<tr>
<td>Total</td>
<td>1,168,439</td>
<td>397,086</td>
<td>1,868,564</td>
<td>3,434,089</td>
</tr>
</tbody>
</table>

Explanations on the amounts: For the loans with instalments, the overdue installment amounts, for other type of credits, the overdue principal amount and the remaining principal amounts of installment results with a grand total of TL 16,044,320.

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Up to 1 Month</th>
<th>1-2 months</th>
<th>2-3 months</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate/Entrepreneur Loans</td>
<td>183,818</td>
<td>40,551</td>
<td>94,113</td>
<td>318,482</td>
</tr>
<tr>
<td>Retail Loans</td>
<td>46,378</td>
<td>9,079</td>
<td>3,665</td>
<td>59,122</td>
</tr>
<tr>
<td>Specialized Loans</td>
<td>650,860</td>
<td>113,326</td>
<td>46,076</td>
<td>810,262</td>
</tr>
<tr>
<td>Total</td>
<td>881,056</td>
<td>162,956</td>
<td>143,854</td>
<td>1,187,866</td>
</tr>
</tbody>
</table>

Explanations on the amounts: For the loans with instalments, the overdue installment amounts, for other type of credits, the overdue principal amount and the remaining principal amounts of installment results with a grand total of TL 4,313,289.

**Breakdown of restructured receivables by allocation of provision**

Out of the Group's total restructured loans amounting to TL 3,860,586, a portion of TL 3,576,692 consists of performing loans and remaining portion of TL 283,894 consists of non-performing loans. While the specific provision allocated for non-performing loans amounts to TL 171,941, no expected loss provision (Stage 3) was allocated for non-performing loans of TL 360, whose risk is not assumed by the Parent Bank.

3.9. Credit risk mitigation

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

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

The practice of on-balance sheet and off-balance sheet netting is used while mitigating credit risk within the Group.

3.10. Credit risk mitigation techniques – Overview

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Unsecured receivables</th>
<th>Amount assessed pursuant to TAS</th>
<th>Collateralized receivables</th>
<th>Collateralized portions of receivables protected by financial guarantees</th>
<th>Collateralized portions of receivables protected by credit derivatives</th>
<th>Collateralized portions of receivables protected by credit derivatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>338,343,123</td>
<td>12,205,965</td>
<td>1,587,257</td>
<td>47,788,901</td>
<td>19,917,358</td>
<td>-</td>
</tr>
<tr>
<td>Debt Securities</td>
<td>96,838,370</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>435,241,505</td>
<td>12,205,965</td>
<td>1,587,257</td>
<td>47,788,901</td>
<td>19,917,358</td>
<td>-</td>
</tr>
<tr>
<td>Of which defaulted</td>
<td>8,084,352</td>
<td>274</td>
<td>134</td>
<td>670,371</td>
<td>330,907</td>
<td>-</td>
</tr>
</tbody>
</table>
3.10. Credit risk if standard approach is used (Continued)

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Unsecured receivables</th>
<th>Collateralized receivables</th>
<th>Collateralized receivables</th>
<th>Collateralized receivables</th>
<th>Collateralized receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount assessed pursuant to TAS</td>
<td>Receivables secured by guarantee</td>
<td>Portions of collateralized receivables</td>
<td>Receivables protected by financial guarantees</td>
<td>Portions of receivables protected by financial guarantees</td>
</tr>
<tr>
<td>Loans</td>
<td>279,574,611</td>
<td>9,363,583</td>
<td>1,229,502</td>
<td>28,082,294</td>
<td>22,033,132</td>
</tr>
<tr>
<td>Debt Securities</td>
<td>72,731,857</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>352,306,468</td>
<td>9,363,583</td>
<td>1,229,502</td>
<td>28,082,294</td>
<td>22,033,132</td>
</tr>
</tbody>
</table>

Of which defaulted 5,028,967

3.11. Credit risk if standard approach is used

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

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

The Parent Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach.

**Risk classes using CRA and ERA ratings**

Grades of Fitch Ratings International Rating Agency are used for Receivables from Banks and Brokerage Houses. Resident counter parties are accepted as “gradeless” and take risk weight appropriate for “gradeless” category in relevant risk class.

Rating grades are used in risk classes of Receivables from Central Governments or Central Banks and Receivables from Banks and Brokerage Houses.

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

While the rating assigned by Fitch Ratings International Rating Agency corresponds to credit quality level 3 in the risk class “Receivables from Central Governments or Central Banks”, ratings used for the risk class “Receivables from Banks and Brokerage Houses” match with different credit quality levels.

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

Rating grade assigned by a credit rating agency that is not listed in the BRSA's matching table is not used in calculations.
### VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)


<table>
<thead>
<tr>
<th>Current Period</th>
<th>Exposures before CCF and CRM</th>
<th>Exposures post-CCF and CRM</th>
<th>RWA and RWA density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposures to sovereigns and their central banks</td>
<td>107,894,178</td>
<td>758,747</td>
<td>144,868,014</td>
</tr>
<tr>
<td>Exposures to regional and local governments</td>
<td>653,608</td>
<td>60,730</td>
<td>673,614</td>
</tr>
<tr>
<td>Exposures to administrative bodies and non-commercial entities</td>
<td>259,479</td>
<td>726,398</td>
<td>882,834</td>
</tr>
<tr>
<td>Exposures to multilateral development banks</td>
<td>47,446,731</td>
<td>15,377,723</td>
<td>47,442,723</td>
</tr>
<tr>
<td>Exposures to international organizations</td>
<td>198,718,093</td>
<td>120,286,115</td>
<td>176,984,914</td>
</tr>
<tr>
<td>Retail exposures</td>
<td>133,616,322</td>
<td>36,461,303</td>
<td>118,485,575</td>
</tr>
<tr>
<td>Exposures secured by residential property</td>
<td>6,879,814</td>
<td>59,210</td>
<td>6,727,011</td>
</tr>
<tr>
<td>Exposures secured by commercial property</td>
<td>2,327,696</td>
<td>368,990</td>
<td>2,214,980</td>
</tr>
<tr>
<td>Exposures in the form of bonds secured by mortgages</td>
<td>1,080,488</td>
<td>133,558</td>
<td>1,080,488</td>
</tr>
<tr>
<td>Other exposures</td>
<td>23,398,673</td>
<td>23,398,673</td>
<td>13,474,579</td>
</tr>
<tr>
<td>Equity share investments</td>
<td>148,434</td>
<td>148,434</td>
<td>148,434</td>
</tr>
<tr>
<td>Total</td>
<td>572,098,899</td>
<td>175,064,232</td>
<td>79,032,680</td>
</tr>
</tbody>
</table>
## VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

### 3. Standard Risk Explanations (Continued)


<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Exposures before CCF and CRM</th>
<th>Exposures post-CCF and CRM</th>
<th>RWA and RWA density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposures to sovereigns and their central banks</td>
<td>75,394,429</td>
<td>1,038,524</td>
<td>98,885,484</td>
</tr>
<tr>
<td>Exposures to regional and local governments</td>
<td>587,481</td>
<td>280,973</td>
<td>552,719</td>
</tr>
<tr>
<td>Exposures to administrative bodies and non-commercial entities</td>
<td>265,860</td>
<td>839,262</td>
<td>672,079</td>
</tr>
<tr>
<td>Exposures to multilateral development banks</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to international organizations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to banks and brokerage houses</td>
<td>30,986,562</td>
<td>11,528,627</td>
<td>31,329,544</td>
</tr>
<tr>
<td>Exposures to corporates</td>
<td>140,836,527</td>
<td>92,127,308</td>
<td>129,254,159</td>
</tr>
<tr>
<td>Retail exposures</td>
<td>117,848,737</td>
<td>25,803,736</td>
<td>105,559,266</td>
</tr>
<tr>
<td>Exposures secured by residential property</td>
<td>40,322,262</td>
<td>71,565</td>
<td>40,254,872</td>
</tr>
<tr>
<td>Exposures secured by commercial property</td>
<td>7,047,490</td>
<td>416,229</td>
<td>6,781,281</td>
</tr>
<tr>
<td>Past-due items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures in high-risk categories</td>
<td>1,338,433</td>
<td>246,328</td>
<td>1,338,377</td>
</tr>
<tr>
<td>Exposures in the form of bonds secured by mortgages</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short term exposures to banks, brokerage houses and corporates</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures in the form of collective investment undertakings</td>
<td>1,176,969</td>
<td>45,897</td>
<td>1,176,969</td>
</tr>
<tr>
<td>Other exposures</td>
<td>20,723,266</td>
<td>144,209</td>
<td>20,723,267</td>
</tr>
<tr>
<td>Equity share investments</td>
<td>144,209</td>
<td>-</td>
<td>144,209</td>
</tr>
<tr>
<td>Total</td>
<td>436,672,225</td>
<td>132,368,449</td>
<td>436,672,226</td>
</tr>
</tbody>
</table>
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)


<table>
<thead>
<tr>
<th>Current Period Risk Classes/ Risk Weight</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>35% secured by property mortgage</th>
<th>50% secured by property mortgage</th>
<th>50% (%)</th>
<th>75%</th>
<th>100%</th>
<th>150%</th>
<th>200%</th>
<th>Other</th>
<th>Total risk amount (post-CCF and CRM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposures to sovereigns and their central banks</td>
<td>106,942,573</td>
<td>9,399</td>
<td>39,935,440</td>
<td>490,358</td>
<td>-</td>
<td>-</td>
<td>147,377,970</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures to regional and local government</td>
<td>31,656</td>
<td>35</td>
<td>689,868</td>
<td>2,013</td>
<td>-</td>
<td>-</td>
<td>723,572</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures to administrative bodies and non-commercial entities</td>
<td>74,516</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,108,277</td>
<td>-</td>
<td>1,182,893</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures to multilateral development banks</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures to international organizations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures to banks and brokerage houses</td>
<td>26,299,347</td>
<td>13,204,035</td>
<td>14,985,279</td>
<td>860,997</td>
<td>-</td>
<td>-</td>
<td>55,349,658</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures to corporates</td>
<td>497,556</td>
<td>405,916</td>
<td>4,002,552</td>
<td>235,858,904</td>
<td>-</td>
<td>-</td>
<td>240,764,928</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail exposures</td>
<td>710,828</td>
<td>414,870</td>
<td>121,074,727</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>122,201,325</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures secured by residential property</td>
<td>8,215</td>
<td>5,108</td>
<td>47,341,458</td>
<td>18,747</td>
<td>-</td>
<td>-</td>
<td>47,373,528</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures secured by commercial property</td>
<td>2,609</td>
<td>3,087</td>
<td>6,910,422</td>
<td>138,758</td>
<td>-</td>
<td>-</td>
<td>7,054,876</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past due items</td>
<td>134</td>
<td>2,387</td>
<td>716,994</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,906,804</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures in high-risk categories</td>
<td>449</td>
<td>2,387</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,412,369</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures in the form of bonds secured by mortgages</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term exposures to banks, brokerage houses and corporates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures in the form of collective investment undertakings</td>
<td>124,276</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,146,549</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity share investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>148,434</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other exposures</td>
<td>9,923,169</td>
<td>1,156</td>
<td>13,474,348</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,398,673</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>144,615,328</td>
<td>14,046,093</td>
<td>47,341,458</td>
<td>60,893,715</td>
<td>121,074,727</td>
<td>253,882,231</td>
<td>2,367,605</td>
<td>651,131,579</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property".
### VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

#### 4. Credit Risk Explanations (Continued)


<table>
<thead>
<tr>
<th>Prior Period Risk Classes/ Risk Weight</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>35% secured by property mortgage</th>
<th>50% secured by property mortgage</th>
<th>50% (*)</th>
<th>75%</th>
<th>100%</th>
<th>150%</th>
<th>200%</th>
<th>Other</th>
<th>Total risk amount (post-CCF and CRM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposures to sovereigns and their central banks</td>
<td>73,768,405</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to regional and local government</td>
<td>43,442</td>
<td>1,050</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>588,288</td>
<td>7,960</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to administrative bodies and non-commercial entities</td>
<td>90,553</td>
<td>-</td>
<td>64</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>760,006</td>
<td>215,650</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,066,273</td>
</tr>
<tr>
<td>Exposures to multilateral development banks</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to international organizations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to banks and brokerage houses</td>
<td>13,546,044</td>
<td>-</td>
<td>10,177,499</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,732,946</td>
<td>597,754</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>37,054,243</td>
</tr>
<tr>
<td>Exposures to corporates</td>
<td>295,791</td>
<td>-</td>
<td>343,733</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,898,470</td>
<td>171,952,649</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>176,490,643</td>
</tr>
<tr>
<td>Retail exposures</td>
<td>607,878</td>
<td>-</td>
<td>264,383</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>108,105,150</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>108,977,411</td>
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<tr>
<td>Exposures secured by residential property</td>
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<td>-</td>
<td>1,751</td>
<td>40,264,374</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,040</td>
<td>-</td>
<td>-</td>
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<td>40,289,026</td>
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<tr>
<td>Exposures secured by commercial property</td>
<td>4,238</td>
<td>-</td>
<td>1,562</td>
<td>-</td>
<td>6,834,865</td>
<td>-</td>
<td>-</td>
<td>150,551</td>
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<td>-</td>
<td>-</td>
<td>6,991,216</td>
</tr>
<tr>
<td>Past-due items</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Exposures in high-risk categories</td>
<td>752</td>
<td>-</td>
<td>329</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,452,627</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,453,710</td>
</tr>
<tr>
<td>Exposures in the form of bonds secured by mortgages</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures in the form of collective investment undertakings</td>
<td>91,131</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,108,145</td>
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</tr>
<tr>
<td>Equity share investments</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>144,209</td>
<td>-</td>
</tr>
<tr>
<td>Other exposures</td>
<td>9,942,936</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,780,326</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,723,267</td>
</tr>
<tr>
<td>Total</td>
<td>98,399,031</td>
<td>-</td>
<td>10,790,410</td>
<td>40,264,374</td>
<td>6,834,865</td>
<td>43,999,074</td>
<td>108,105,150</td>
<td>185,417,955</td>
<td>1,452,627</td>
<td>-</td>
<td>-</td>
<td>495,263,486</td>
</tr>
</tbody>
</table>

(*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line "Exposures secured by commercial property."
SECTION FOUR (Continued)
EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

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

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

3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

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

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

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

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

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

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

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

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

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

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

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

Amount subject to counter party credit risk is calculated with appraisal method based on its fair value in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and provisions in Appendix-2, and reported on a monthly basis. Accordingly, replacement cost and potential counter party credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.
SECTION FOUR (Continued)
EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.15. Counter Party Credit Risk Explanations (Continued)

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

Amount of additional collateral that the Parent Bank must submit in case of a decline in credit rating
As the Parent Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Replacement cost</th>
<th>Potential future exposure</th>
<th>EEPE (Effective Expected Positive Exposure) (*)</th>
<th>Alpha used for computing regulatory EAD</th>
<th>Exposure at default post CRM</th>
<th>RWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation Method according to fair value - CCR (for derivatives)</td>
<td>1,843,786</td>
<td>585,789</td>
<td>2,431,575</td>
<td>1,134,522</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standardised approach - CCR (for derivatives)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)</td>
<td></td>
<td></td>
<td>1,4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)</td>
<td></td>
<td>16,337,647</td>
<td>1,739,740</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>3,691,324</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) Effective Expected Positive Exposure

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Replacement cost</th>
<th>Potential future exposure</th>
<th>EEPE (Effective Expected Positive Exposure) (*)</th>
<th>Alpha used for computing regulatory EAD</th>
<th>Exposure at default post CRM</th>
<th>RWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation Method according to fair value - CCR (for derivatives)</td>
<td>1,222,532</td>
<td>472,091</td>
<td>1,694,623</td>
<td>689,801</td>
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<td></td>
</tr>
<tr>
<td>Standardised approach - CCR (for derivatives)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)</td>
<td></td>
<td>9,347,972</td>
<td>1,661,979</td>
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<td></td>
</tr>
<tr>
<td>Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit</td>
<td></td>
<td>3,292,474</td>
<td>1,049,737</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
<td>3,401,517</td>
<td></td>
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</table>

(*) Effective Expected Positive Exposure
### Capital Requirement for Loan Valuation Adjustments

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exposure at default post-CRM</td>
<td>RWA</td>
</tr>
<tr>
<td>Total portfolios subject to the Advanced CVA capital charge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(i) Value at Risk (VaR) component (including the 3x multiplier)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>(ii) Stressed VaR component (including the 3x multiplier)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>All portfolios subject to the Standardised CVA capital charge</td>
<td>2,431,575</td>
</tr>
<tr>
<td>4</td>
<td>Total subject to the CVA capital charge</td>
<td>2,431,575</td>
</tr>
<tr>
<td>Total portfolios subject to the Advanced CVA capital charge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(i) Value at Risk (VaR) component (including the 3x multiplier)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>(ii) Stressed VaR component (including the 3x multiplier)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>All portfolios subject to the Standardised CVA capital charge</td>
<td>1,694,623</td>
</tr>
<tr>
<td>4</td>
<td>Total subject to the CVA capital charge</td>
<td>1,694,623</td>
</tr>
</tbody>
</table>
### VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

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

3.18. Standardised approach - CCR exposures by risk class and risk weights

<table>
<thead>
<tr>
<th>Current Period Risk Weight/Regulatory portfolio</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>50%</th>
<th>75%</th>
<th>100%</th>
<th>Other</th>
<th>Total credit exposure (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposures to sovereigns and their central banks</td>
<td>880,014</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,232</td>
<td>-</td>
<td>946,750</td>
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<tr>
<td>Exposures to regional and focal governments</td>
<td>2,071</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,071</td>
</tr>
<tr>
<td>Exposures to administrative bodies and non-commercial entities</td>
<td>1,812</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,812</td>
</tr>
<tr>
<td>Exposures to multilateral development banks</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to international organizations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to banks and brokerage houses</td>
<td>26,243,471</td>
<td>6,442,448</td>
<td>4,122,603</td>
<td>-</td>
<td>18,501</td>
<td>-</td>
<td>36,827,023</td>
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</tr>
<tr>
<td>Exposures to corporates</td>
<td>59,801</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>305,088</td>
<td>-</td>
<td>364,889</td>
</tr>
<tr>
<td>Retail exposures</td>
<td>4,395</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>5,149</td>
<td>-</td>
<td>9,544</td>
</tr>
<tr>
<td>Exposures secured by residential property</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Past due items</td>
<td>-</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures in high-risk categories</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mortgage securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Securitization positions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short term exposures to banks, brokerage houses and corporates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures in the form of collective investment undertakings</td>
<td>124,277</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,012</td>
<td>-</td>
<td>130,289</td>
</tr>
<tr>
<td>Equity share investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other exposures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>27,318,787</td>
<td>-</td>
<td>6,442,448</td>
<td>4,127,845</td>
<td>5,149</td>
<td>391,095</td>
<td>-</td>
<td>38,285,324</td>
</tr>
</tbody>
</table>

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

(**) Other assets: Includes amount that are not within the counterparty credit risk reported in the table of risks to the central counterparty.
### SECTION FOUR (Continued)

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

#### EXPLANATIONS ON RISK MANAGEMENT (Continued)

#### 4. Credit Risk Explanations (Continued)

#### 3.18 Standardised approach - CCR exposures by risk class and risk weights

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Prior Period</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>50%</th>
<th>75%</th>
<th>100%</th>
<th>150%</th>
<th>Other</th>
<th>Total credit exposure (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Weight/Regulatory portfolio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures to sovereigns and their central banks</td>
<td>1.202.647</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>68.092</td>
<td>-</td>
<td>-</td>
<td>1.270.739</td>
</tr>
<tr>
<td>Exposures to regional and local governments</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18.243</td>
</tr>
<tr>
<td>Exposures to administrative bodies and non-commercial entities</td>
<td>10.861</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10.861</td>
</tr>
<tr>
<td>Exposures to multilateral development banks</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Exposures to international organizations</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures to banks and brokerage houses</td>
<td>13.220.606</td>
<td>5.417.223</td>
<td>4.288.280</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.412</td>
<td>-</td>
<td>-</td>
<td>23.227.522</td>
</tr>
<tr>
<td>Exposures to corporates</td>
<td>8.396</td>
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<td>-</td>
<td>-</td>
<td>135.429</td>
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<td>-</td>
<td>143.825</td>
</tr>
<tr>
<td>Retail exposures</td>
<td>7.618</td>
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<td>-</td>
<td>-</td>
<td>2.846</td>
<td>-</td>
<td>-</td>
<td>10.464</td>
</tr>
<tr>
<td>Exposures secured by residential property</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Post-due items</td>
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<td>-</td>
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<td>Exposures in high-risk categories</td>
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<tr>
<td>Mortgage securities</td>
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<tr>
<td>Securitization positions</td>
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</tr>
<tr>
<td>Short term exposures to banks, brokerage houses and corporates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exposures in the form of collective investment undertakings</td>
<td>91.131</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>91.131</td>
</tr>
<tr>
<td>Equity share investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other exposures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets (**)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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

(**) Other assets: Includes amount that are not within the counterparty credit risk reported in the table of risks to the central counterparty.
## VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

### 3. Credit Risk Explanations (Continued)

#### 3.19. Risk classes and counterparty credit risk explanations

None.

### Collaterals for CCR

#### Current Period

<table>
<thead>
<tr>
<th>Collateral for derivative transactions</th>
<th>Collateral for other transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segregated</td>
<td>Unsegregated</td>
</tr>
<tr>
<td>Cash-dominestic currency</td>
<td></td>
</tr>
<tr>
<td>Cash-foreign currency</td>
<td></td>
</tr>
<tr>
<td>Domestic sovereign debts</td>
<td></td>
</tr>
<tr>
<td>Other sovereign debts</td>
<td></td>
</tr>
<tr>
<td>Government agency debts</td>
<td></td>
</tr>
<tr>
<td>Corporate debts</td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td></td>
</tr>
<tr>
<td>Other collateral</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### Prior Period

<table>
<thead>
<tr>
<th>Collateral for derivative transactions</th>
<th>Collateral for other transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segregated</td>
<td>Unsegregated</td>
</tr>
<tr>
<td>Cash-dominestic currency</td>
<td></td>
</tr>
<tr>
<td>Cash-foreign currency</td>
<td></td>
</tr>
<tr>
<td>Domestic sovereign debts</td>
<td></td>
</tr>
<tr>
<td>Other sovereign debts</td>
<td></td>
</tr>
<tr>
<td>Government agency debts</td>
<td></td>
</tr>
<tr>
<td>Corporate debts</td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td></td>
</tr>
<tr>
<td>Other collateral</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Credit Derivatives

None.

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

None.

### Risks Related with Other Parts of the Center

<table>
<thead>
<tr>
<th>Exposure at default (post-CRM)</th>
<th>RWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Exposure to Qualified Central Counterparties (QCCPs) (total)</td>
<td>709,305</td>
</tr>
<tr>
<td>2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which</td>
<td></td>
</tr>
<tr>
<td>3 (i) OTC Derivatives</td>
<td></td>
</tr>
<tr>
<td>4 (ii) Exchange-traded Derivatives</td>
<td></td>
</tr>
<tr>
<td>5 (iii) Securities financing transactions</td>
<td>402,693</td>
</tr>
<tr>
<td>6 (iv) Netting sets where cross-product netting has been approved</td>
<td></td>
</tr>
<tr>
<td>7 Segregated initial margin</td>
<td></td>
</tr>
<tr>
<td>8 Non-segregated initial margin</td>
<td></td>
</tr>
<tr>
<td>9 Pre-funded default fund contributions</td>
<td>246,612</td>
</tr>
<tr>
<td>10 Unfunded default fund contributions</td>
<td></td>
</tr>
<tr>
<td>11 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which</td>
<td></td>
</tr>
<tr>
<td>12 (i) OTC Derivatives</td>
<td></td>
</tr>
<tr>
<td>13 (ii) Exchange-traded Derivatives</td>
<td></td>
</tr>
<tr>
<td>14 (iii) Securities financing transactions</td>
<td></td>
</tr>
<tr>
<td>15 (iv) Netting sets where cross-product netting has been approved</td>
<td></td>
</tr>
<tr>
<td>16 Segregated initial margin</td>
<td></td>
</tr>
<tr>
<td>17 Non-segregated initial margin</td>
<td></td>
</tr>
<tr>
<td>18 Pre-funded default fund contributions</td>
<td></td>
</tr>
<tr>
<td>19 Unfunded default fund contributions</td>
<td></td>
</tr>
<tr>
<td>20 Total</td>
<td></td>
</tr>
</tbody>
</table>
SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

3 Credit Risk Explanations (Continued)

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

Explanations on Securitization Disclosures

None.

4. Explanations on Market Risk (Continued)

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

For the purposes of market risk aversion in line with financial risk management, the Parent Bank has identified market risk management activities in accordance with the Communique on Measurement and Assessment of Capital Adequacy of Banks and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks and has taken required precautions.

The Parent Bank's market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

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

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

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

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

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

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

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

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

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

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

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

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

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

<table>
<thead>
<tr>
<th>Standard approach - Current Period</th>
<th>RWA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outright products</strong></td>
<td></td>
</tr>
<tr>
<td>1. Interest rate risk (general and specific)</td>
<td>11,757,115</td>
</tr>
<tr>
<td>2. Equity risk (general and specific)</td>
<td>454,090</td>
</tr>
<tr>
<td>3. Foreign exchange risk</td>
<td>3,419,309</td>
</tr>
<tr>
<td>4. Commodity risk</td>
<td></td>
</tr>
<tr>
<td><strong>Options</strong></td>
<td></td>
</tr>
<tr>
<td>5. Simplified approach</td>
<td></td>
</tr>
<tr>
<td>6. Delta-plus method</td>
<td></td>
</tr>
<tr>
<td>7. Scenario approach</td>
<td></td>
</tr>
<tr>
<td>8. Securitisation</td>
<td></td>
</tr>
<tr>
<td>9. Total</td>
<td>15,630,514</td>
</tr>
</tbody>
</table>

Standard method is being used by the Parent Bank to calculate the risk of the sector.
VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

4. Explanations on Market Risk (Continued)

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

<table>
<thead>
<tr>
<th>Standard approach-Period</th>
<th>Period</th>
<th>RWA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outright products</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Interest rate risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(general and specific)</td>
<td></td>
<td>16.149.450</td>
</tr>
<tr>
<td>2. Equity risk</td>
<td></td>
<td>1.639.080</td>
</tr>
<tr>
<td>(general and specific)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Foreign exchange risk</td>
<td></td>
<td>1.777.219</td>
</tr>
<tr>
<td>4. Commodity risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Options</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Simplified approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Delta-plus method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Scenario approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Securitisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>18.965.749</td>
</tr>
</tbody>
</table>

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

5. Explanations on the Operational Risk

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount Subject to Operational Risk (Total * 12,5)</td>
<td>31.723,724</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Explanations on the Interest Rate Risk for Banking Book

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

Parent Bank performs scenario analysis with measurements that are suitable for structure and complexity of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. Bank’s perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.
EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)

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

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

<table>
<thead>
<tr>
<th>Type of Currency - Current Period</th>
<th>Shock Applied (+/- x basis point)</th>
<th>Gains/ (Losses)</th>
<th>Gains/Equity- (Losses)/Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TL</td>
<td>500</td>
<td>(7,858,209)</td>
<td>13,08%</td>
</tr>
<tr>
<td>2. TL</td>
<td>(400)</td>
<td>7,553,954</td>
<td>12,58%</td>
</tr>
<tr>
<td>3. EUR</td>
<td>200</td>
<td>335,294</td>
<td>0,56%</td>
</tr>
<tr>
<td>4. EUR</td>
<td>(200)</td>
<td>(305,553)</td>
<td>(0,51%)</td>
</tr>
<tr>
<td>5. USD</td>
<td>200</td>
<td>(1,960,562)</td>
<td>(3,26%)</td>
</tr>
<tr>
<td>6. USD</td>
<td>(200)</td>
<td>2,589,906</td>
<td>4,31%</td>
</tr>
<tr>
<td>Total (of negative shocks)</td>
<td></td>
<td>9,838,307</td>
<td>16,38%</td>
</tr>
<tr>
<td>Total (of positive shocks)</td>
<td></td>
<td>(9,483,477)</td>
<td>(15,79%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Currency - Prior Period</th>
<th>Shock Applied (+/- x basis point)</th>
<th>Gains/ (Losses)</th>
<th>Gains/Equity- (Losses)/Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TL</td>
<td>500</td>
<td>(8,225,752)</td>
<td>16,42%</td>
</tr>
<tr>
<td>2. TL</td>
<td>(400)</td>
<td>8,041,194</td>
<td>16,05%</td>
</tr>
<tr>
<td>3. EUR</td>
<td>200</td>
<td>79,838</td>
<td>0,16%</td>
</tr>
<tr>
<td>4. EUR</td>
<td>(200)</td>
<td>214,983</td>
<td>0,43%</td>
</tr>
<tr>
<td>5. USD</td>
<td>200</td>
<td>(661,922)</td>
<td>(1,32%)</td>
</tr>
<tr>
<td>6. USD</td>
<td>(200)</td>
<td>926,963</td>
<td>1,85%</td>
</tr>
<tr>
<td>Total (of negative shocks)</td>
<td></td>
<td>9,183,140</td>
<td>18,33%</td>
</tr>
<tr>
<td>Total (of positive shocks)</td>
<td></td>
<td>(8,807,836)</td>
<td>(17,58%)</td>
</tr>
</tbody>
</table>

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. As of 31 December 2018, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

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

RWA (Risk Weighted Amounts) flow statements of credit risk exposures under IRB
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 SME banking, specialized banking, investment banking and international banking areas.

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

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

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

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

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

As of 31 December 2018 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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## IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

### Table for Segment Reporting

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Retail Banking</th>
<th>Corporate/Entrepreneurial Banking</th>
<th>Specialized Banking</th>
<th>Treasury/Investment Banking</th>
<th>Consolidation Corrections</th>
<th>Other/Undistributed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING INCOME/EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>11,590,132</td>
<td>20,457,267</td>
<td>6,931,535</td>
<td>16,756,337</td>
<td>297,457</td>
<td>26,334,705</td>
<td></td>
</tr>
<tr>
<td>Interest Income from Loans</td>
<td>11,590,132</td>
<td>20,457,267</td>
<td>6,931,535</td>
<td>4,372,704</td>
<td></td>
<td>23,535,415</td>
<td></td>
</tr>
<tr>
<td>Interest Income from Banks</td>
<td></td>
<td></td>
<td>403,732</td>
<td></td>
<td></td>
<td>403,732</td>
<td></td>
</tr>
<tr>
<td>Interest Income from Securities</td>
<td></td>
<td></td>
<td>11,121,497</td>
<td></td>
<td></td>
<td>11,121,497</td>
<td></td>
</tr>
<tr>
<td>Other Interest Income</td>
<td>797,402</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>797,402</td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>13,295,477</td>
<td>5,300,165</td>
<td>13,410,101</td>
<td></td>
<td>153,503</td>
<td>32,626,251</td>
<td></td>
</tr>
<tr>
<td>Interest Expense on Deposits</td>
<td>12,205,477</td>
<td>5,300,165</td>
<td>1,829,946</td>
<td></td>
<td></td>
<td>20,335,591</td>
<td></td>
</tr>
<tr>
<td>Interest Expense on Funds Borrowed</td>
<td></td>
<td></td>
<td>1,501,841</td>
<td></td>
<td></td>
<td>1,501,841</td>
<td></td>
</tr>
<tr>
<td>Interest Expense on Money Market Transactions</td>
<td></td>
<td>8,816,678</td>
<td></td>
<td></td>
<td></td>
<td>8,816,678</td>
<td></td>
</tr>
<tr>
<td>Interest Expense on Securities Issued</td>
<td></td>
<td></td>
<td>1,261,636</td>
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<td></td>
<td>1,261,636</td>
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<tr>
<td>Other Interest Expense</td>
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<td></td>
<td>153,503</td>
<td></td>
<td></td>
<td>153,503</td>
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</tr>
<tr>
<td><strong>Net Interest Income/(Expense)</strong></td>
<td>1,635,340</td>
<td>1,487,078</td>
<td>6,931,535</td>
<td>3,346,338</td>
<td></td>
<td>241,502</td>
<td>25,367,472</td>
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<tr>
<td><strong>Net Fees and Commission Income/(Expense)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Income/Expense</td>
<td>1,818,791</td>
<td>1,540,403</td>
<td>99,403</td>
<td>(795,106)</td>
<td></td>
<td>30,815</td>
<td>2,694,701</td>
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<tr>
<td>Fees and Commissions Received</td>
<td>1,818,791</td>
<td>1,540,403</td>
<td>99,403</td>
<td>273,029</td>
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<td>359,402</td>
<td>10,859,593</td>
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<td>Fees and Commissions Paid</td>
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<td>342,214</td>
<td></td>
<td></td>
<td>342,214</td>
<td>1,368,887</td>
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<td><strong>Personnel Expenses</strong></td>
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<td>3,175,668</td>
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<td><strong>Dividend Income</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>292,310 ( (287,592) )</td>
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<tr>
<td><strong>Trading Income/Loss (Net)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,808</td>
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<tr>
<td><strong>Other Operating Income</strong></td>
<td>56,047</td>
<td>191,381</td>
<td>30,872</td>
<td>4,260</td>
<td></td>
<td>3,187,797</td>
<td>3,489,124</td>
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<td><strong>Provision for Expected Loss (s)</strong></td>
<td>1,178,972</td>
<td>3,152,377</td>
<td>805,633</td>
<td>1,098</td>
<td></td>
<td>95,611</td>
<td>5,225,489</td>
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<td><strong>Other Operating Expense</strong></td>
<td>1,723,729</td>
<td>85,283</td>
<td>53,863</td>
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<td></td>
<td>412,723</td>
<td>5,983,668</td>
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<td><strong>Income Before Tax</strong></td>
<td>2,665,218</td>
<td>13,451,593</td>
<td>6,204,093</td>
<td>(914,626) ( (287,592) )</td>
<td>(3,968,764)</td>
<td>11,829,576</td>
<td></td>
</tr>
<tr>
<td><strong>Profit/Loss on Equity Method</strong></td>
<td></td>
<td></td>
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<td><strong>Applied Subsidiaries</strong></td>
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<td>46,756</td>
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<td><strong>Tax Provision</strong></td>
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<td></td>
<td></td>
<td></td>
<td>(2,532,212) ( (2,532,212) )</td>
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<tr>
<td><strong>Net Profit/Loss</strong></td>
<td>2,665,218</td>
<td>13,451,593</td>
<td>6,204,093</td>
<td>(914,626) ( (287,592) )</td>
<td>(3,968,764) ( (287,592) )</td>
<td>11,829,576</td>
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</tr>
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<td><strong>SEGMENT ASSETS</strong></td>
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<td>Financial Assets at FV through P/L</td>
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<td>Banks and Other Financial Institutions</td>
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<td>397,502</td>
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<tr>
<td>Financial Asset Measured at Fair Value Through Other Comprehensive Income (Net)</td>
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<td></td>
<td></td>
<td>79,833,047</td>
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<td>Loans</td>
<td>94,701,160</td>
<td>219,444,422</td>
<td>64,138,069</td>
<td>17,346,766</td>
<td>343,890,469</td>
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<td></td>
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<tr>
<td>Derivative Financial Assets</td>
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<td></td>
<td>321,013</td>
<td>1,268,093</td>
<td></td>
<td>1,589,106</td>
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<td>Financial Assets Measured at Amortized Cost (Net)</td>
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<td>2,085,778</td>
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<td>Associated Subsidiaries and Joint Ventures</td>
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<td>7,655,171 ( (7,417,597) )</td>
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<td></td>
<td>237,573</td>
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<td><strong>Other Assets</strong></td>
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<td></td>
<td></td>
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<td>80,801,005</td>
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<td><strong>TOTAL SEGMENT ASSETS</strong></td>
<td>94,701,160</td>
<td>219,444,422</td>
<td>64,138,069</td>
<td>130,028,837 ( (7,413,533) )</td>
<td>84,067,820</td>
<td>588,359,995</td>
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<td><strong>SEGMENT LIABILITIES</strong></td>
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<td></td>
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<td>Deposits</td>
<td>257,256,430</td>
<td>62,710,117</td>
<td>26,578,728</td>
<td>7,829,975</td>
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<td>354,373,248</td>
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<td>Derivative Financial Liabilities Held for Trading</td>
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<td>1,668,169</td>
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<td><strong>Funds Borrowed</strong></td>
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<td>24,848,769</td>
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<td><strong>Money Market Funds</strong></td>
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<td>48,603,638</td>
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<td>48,603,638</td>
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<td><strong>Securities Issued (Net)</strong></td>
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<td>16,941,864</td>
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<td><strong>Provisions</strong></td>
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<td>458,124</td>
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<td><strong>Other Liabilities</strong></td>
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<td>67,514,777</td>
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<td><strong>Shareholders' Equity</strong></td>
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<td>60,128,975</td>
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<td><strong>TOTAL SEGMENT LIABILITIES</strong></td>
<td>257,256,430</td>
<td>62,710,117</td>
<td>148,643,166 ( (7,413,533) )</td>
<td>106,732,564</td>
<td>588,359,995</td>
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<td><strong>OTHER SEGMENT ITEMS</strong></td>
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<td>Capital Investment</td>
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<td>Authorization Expense</td>
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<td></td>
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<td>861,204</td>
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<tr>
<td>Restructuring Costs</td>
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<td>861,204</td>
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SECTION FOUR (Continued)

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Retail Banking</th>
<th>Corporate/Entrepreneurial banking</th>
<th>Specialized Banking</th>
<th>Treasury/Investment Banking</th>
<th>Consolidation Corrections</th>
<th>Other/Undistributed</th>
<th>Total</th>
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<td>OPERATING INCOME/EXPENSE</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Interest Income</td>
<td>2,239,085</td>
<td>10,966,900</td>
<td>5,546,738</td>
<td>7,761,246</td>
<td></td>
<td>440,532</td>
<td>17,384,623</td>
</tr>
<tr>
<td>Interest Income from Loans</td>
<td>2,239,085</td>
<td>13,996,880</td>
<td>5,546,738</td>
<td>8,179,011</td>
<td></td>
<td>18,858</td>
<td>29,950,482</td>
</tr>
<tr>
<td>Interest Income from Loans</td>
<td>2,239,085</td>
<td>13,996,880</td>
<td>5,546,738</td>
<td>8,179,011</td>
<td></td>
<td>18,858</td>
<td>29,950,482</td>
</tr>
<tr>
<td>Interest Income from Banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>141,430</td>
<td>109,557</td>
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<tr>
<td>Interest Income from Loans/Banks</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>141,430</td>
<td>109,557</td>
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<td>Interest Income from Securities</td>
<td>1,366,267</td>
<td>3,926,207</td>
<td>6,263,346</td>
<td>3,026,536</td>
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<td>3,026</td>
<td>8,202,403</td>
</tr>
<tr>
<td>Interest Income from Securities</td>
<td>1,366,267</td>
<td>3,926,207</td>
<td>6,263,346</td>
<td>3,026,536</td>
<td></td>
<td>3,026</td>
<td>8,202,403</td>
</tr>
<tr>
<td>Other Interest Income</td>
<td>1,366,267</td>
<td>3,926,207</td>
<td>6,263,346</td>
<td>3,026,536</td>
<td></td>
<td>3,026</td>
<td>8,202,403</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>3,600,377</td>
<td>3,019,351</td>
<td>7,083,520</td>
<td>131,338</td>
<td></td>
<td>18,999,284</td>
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<tr>
<td>Interest Expense on Deposits</td>
<td>3,600,377</td>
<td>3,019,351</td>
<td>7,083,520</td>
<td>131,338</td>
<td></td>
<td>18,999,284</td>
<td></td>
</tr>
<tr>
<td>Interest Expense on Loans/Banks</td>
<td>3,600,377</td>
<td>3,019,351</td>
<td>7,083,520</td>
<td>131,338</td>
<td></td>
<td>18,999,284</td>
<td></td>
</tr>
<tr>
<td>Interest Expense on Funds Borrowed</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>205,000</td>
<td>19,015,754</td>
</tr>
<tr>
<td>Trading Derivative Financial Liabilities Held for Trading Associates, Subsidiaries and Joint Ventures</td>
<td>205,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>205,000</td>
<td>19,015,754</td>
</tr>
<tr>
<td>Financial Assets at FV Through P/L</td>
<td>7,867,279</td>
<td>3,910,137</td>
<td></td>
<td>422,819</td>
<td></td>
<td>5,730</td>
<td>12,605,983</td>
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<td>Interest Expense on Securities Issued</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>15,000</td>
<td>21,937</td>
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<td>Interest Expense on Securities Issued</td>
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<td></td>
<td></td>
<td>15,000</td>
<td>21,937</td>
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<tr>
<td>Interest Expense on Equity Method Applied Subsidiaries</td>
<td>53,325</td>
<td>49,235</td>
<td>50</td>
<td></td>
<td></td>
<td>102,680</td>
<td>463,014</td>
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<td>Trading Income/Loss (Net)</td>
<td>(774,694)</td>
<td>(52,863)</td>
<td></td>
<td>(18,096)</td>
<td></td>
<td>(945,653)</td>
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<tr>
<td>Other Operating Income</td>
<td>39,539</td>
<td>347,453</td>
<td>22,113</td>
<td>1,067</td>
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<td>(158,008)</td>
<td>3,484,917</td>
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<td>Provision for Loan or Other Receivables Losses</td>
<td>769,220</td>
<td>1,479,692</td>
<td>491,575</td>
<td>254</td>
<td></td>
<td>2,466</td>
<td>750,137</td>
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<tr>
<td>Other Operating Income</td>
<td>117,315</td>
<td>806,918</td>
<td>51,861</td>
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<td></td>
<td>(101)</td>
<td>6,991,010</td>
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<td>Income Before Tax</td>
<td>1,948,398</td>
<td>8,733,604</td>
<td>5,255,899</td>
<td>(154,380)</td>
<td></td>
<td>(405,437)</td>
<td>(37,997,572)</td>
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<tr>
<td>Profit/Loss on Equity Method Applied Subsidiaries</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>20,359</td>
<td>20,359</td>
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<tr>
<td>Tax Provision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(6,631,539)</td>
<td>(6,631,539)</td>
</tr>
<tr>
<td>Net Profit/Loss</td>
<td>1,948,398</td>
<td>8,733,604</td>
<td>5,255,899</td>
<td>(154,380)</td>
<td></td>
<td>(475,078)</td>
<td>(6,422,111)</td>
</tr>
</tbody>
</table>

SEGMENT ASSETS

| | | | | | | | |
| Financial Assets at JV Through P/L | | | | | | 1,349,036 | 1,467,863 |
| Banks and Other Financial Institutions | | | | | | 1,460,465 | 1,576,523 |
| Financial Assets Available for Sale (Net) | | | | | | 1,460,465 | 1,576,523 |
| Loans | 86,409,546 | 164,623,961 | 24,642,948 | | | 11,336,455 | 317,020,488 |
| Held to Maturity Investments (Net) | | | | | | 29,876 | 7,680,761 |
| Associates, Subsidiaries and Joint Ventures | 5,313,062 | (5,161,313) | | | | 168,038 |
| Total Segment ASSETS | 86,409,546 | 164,623,961 | 24,642,948 | 93,384,358 | | (5,204,109) | 63,129,423 |

SEGMENT LIABILITIES

| | | | | | | | |
| Deposits | 199,692,047 | 61,906,370 | | | | 80,588,082 | 362,569,499 |
| Derivative Financial Liabilities Held for Trading | | | | | | 1,141 | 548,910 |
| Funds Borrowed | 30,458,041 | | | | | 660,212 | 31,118,253 |
| Money Market Funds | 56,309,521 | | | | | 56,309,521 |
| Securities Issued (Net) | 13,296,528 | | | | | 13,296,528 |
| Provisions | | | | | | 25,004 | 10,362,037 |
| Other Liabilities | | | | | | 104,524 | 14,099,681 |
| Total Segment LIABILITIES | 199,692,047 | 61,906,370 | 117,454,463 | (5,264,110) | | 83,377,353 | 456,926,129 |

OTHER SEGMENT ITEMS

| | | | | | | | |
| Capital Investment | | | | | | 341,202 | 341,202 |
| Authorizations Expense | | | | | | 341,202 |
| Restructuring Costs | | | | | | 341,202 |
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in Turkish Lira ("TL").)

SECTION FOUR (Continued)

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

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

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

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<th>Current Period</th>
<th>Book Value</th>
<th>Fair Value</th>
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<td>498,548,800</td>
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<td>Banks</td>
<td>9,097,120</td>
<td>9,097,120</td>
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<tr>
<td>Due from Interbank Money Market</td>
<td>250,087</td>
<td>250,087</td>
</tr>
<tr>
<td>Financial Assets Measured at Fair Value Through Other Comprehensive Income</td>
<td>79,833,047</td>
<td>79,833,047</td>
</tr>
<tr>
<td>Financial Assets Measured at Amortised Cost</td>
<td>10,282,545</td>
<td>10,310,667</td>
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<tr>
<td>Loans</td>
<td>399,057,879</td>
<td>399,057,879</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td>411,718,296</td>
<td>411,718,296</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>25,431,910</td>
<td>25,431,910</td>
</tr>
<tr>
<td>Other Deposits</td>
<td>328,943,338</td>
<td>328,943,338</td>
</tr>
<tr>
<td>Funds Borrowed from Other Financial Institutions</td>
<td>34,848,769</td>
<td>34,848,769</td>
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<tr>
<td>Issued Marketable Securities</td>
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<td>16,943,864</td>
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<tr>
<td>Miscellaneous Payables</td>
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</table>

<table>
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<th>Fair Value</th>
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<td>394,457,489</td>
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<tr>
<td>Due from Interbank Money Market</td>
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<td>132,385</td>
</tr>
<tr>
<td>Banks</td>
<td>5,632,140</td>
<td>5,632,140</td>
</tr>
<tr>
<td>Available-for-sale Financial Assets</td>
<td>63,638,231</td>
<td>63,638,231</td>
</tr>
<tr>
<td>Held-to-maturity Investments</td>
<td>7,625,763</td>
<td>8,034,245</td>
</tr>
<tr>
<td>Loans</td>
<td>317,020,488</td>
<td>317,020,488</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td>331,305,536</td>
<td>331,305,536</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>15,350,173</td>
<td>15,350,173</td>
</tr>
<tr>
<td>Other Deposits</td>
<td>267,219,440</td>
<td>267,219,440</td>
</tr>
<tr>
<td>Funds Borrowed from Other Financial Institutions</td>
<td>31,118,253</td>
<td>31,118,253</td>
</tr>
<tr>
<td>Issued Marketable Securities</td>
<td>13,474,280</td>
<td>13,474,280</td>
</tr>
<tr>
<td>Miscellaneous Payables</td>
<td>4,143,390</td>
<td>4,143,390</td>
</tr>
</tbody>
</table>

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

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

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

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

2. Information on Fair Value Measurements Recognized in the Financial Statements

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

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

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

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets at Fair Value Through Profit or (Loss)</td>
<td>6,782,778</td>
<td>-</td>
<td>-</td>
<td>6,782,778</td>
</tr>
<tr>
<td>Government Debt Securities</td>
<td>6,400,882</td>
<td>-</td>
<td>-</td>
<td>6,400,882</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Other Marketable Securities</td>
<td>381,888</td>
<td>-</td>
<td>-</td>
<td>381,888</td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Other Comprehensive Income</td>
<td>79,377,439</td>
<td>310,530</td>
<td>117,650</td>
<td>79,805,619</td>
</tr>
<tr>
<td>Government Debt Securities</td>
<td>77,888,939</td>
<td>-</td>
<td>-</td>
<td>77,888,939</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>227,647</td>
<td>4,993</td>
<td>117,650</td>
<td>350,290</td>
</tr>
<tr>
<td>Other Marketable Securities</td>
<td>1,260,853</td>
<td>305,537</td>
<td>-</td>
<td>1,566,390</td>
</tr>
<tr>
<td>Derivative Financial Assets</td>
<td>28,910</td>
<td>2,029,868</td>
<td>-</td>
<td>2,058,778</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets at Fair Value Through Profit or (Loss)</td>
<td>71,096</td>
<td>1,396,767</td>
<td>-</td>
<td>1,467,863</td>
</tr>
<tr>
<td>Government Debt Securities</td>
<td>61,837</td>
<td>-</td>
<td>-</td>
<td>61,837</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Trading Derivative Financial Assets</td>
<td>-</td>
<td>1,396,767</td>
<td>-</td>
<td>1,396,767</td>
</tr>
<tr>
<td>Hedging Derivative Financial Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Marketable Securities</td>
<td>9,254</td>
<td>-</td>
<td>-</td>
<td>9,254</td>
</tr>
<tr>
<td>Available-for-Sale Financial Assets</td>
<td>62,890,403</td>
<td>610,423</td>
<td>114,219</td>
<td>63,615,045</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>820,208</td>
<td>6,299</td>
<td>114,219</td>
<td>940,726</td>
</tr>
<tr>
<td>Government Debt Securities</td>
<td>62,022,375</td>
<td>-</td>
<td>-</td>
<td>62,022,375</td>
</tr>
<tr>
<td>Other Marketable Securities</td>
<td>47,820</td>
<td>604,124</td>
<td>-</td>
<td>651,944</td>
</tr>
<tr>
<td>Subsidiaries and Joint Ventures</td>
<td>-</td>
<td>-</td>
<td>52,036</td>
<td>52,036</td>
</tr>
<tr>
<td>Total Assets</td>
<td>62,961,499</td>
<td>2,007,190</td>
<td>166,255</td>
<td>65,134,944</td>
</tr>
<tr>
<td>Trading Derivative Financial Liabilities</td>
<td>-</td>
<td>548,910</td>
<td>-</td>
<td>548,910</td>
</tr>
<tr>
<td>Hedging Derivative Financial Liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>-</td>
<td>548,910</td>
<td>-</td>
<td>548,910</td>
</tr>
</tbody>
</table>

XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

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

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

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

The Parent Bank has no fiduciary transactions.
SECTION FIVE
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

In accordance with the transition provisions of TFRS 9, the prior period financial statements and footnotes are not restated. Footnotes prepared on different bases are presented in separate tables.

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

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Cash in TL/Foreign Currency</td>
<td>2,099,128</td>
</tr>
<tr>
<td>Central Bank of the Republic</td>
<td>3,059,195</td>
</tr>
<tr>
<td>of Turkey</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1,150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,159,473</strong></td>
</tr>
</tbody>
</table>

Information on Required Reserves

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

As of the balance sheet date, according to CBRT’s Communiqué about Required Reserves No. 2016/4, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 8%; for deposits up to 6-months maturity 5%; for deposits up to 1-year maturity 3%; for deposits 1-year and longer maturity 1.5%; for TL liabilities other than deposits up to 1-year maturity 8%; for TL liabilities other than deposits between 1- and 3-years maturity 4.5%; for TL liabilities other than deposits more than 3-years maturity 1.5%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 12%; for FC deposit accounts with 1-year and longer maturity 8%, for FC liabilities other than deposits more than 1-year maturity 20%; for FC liabilities other than deposits up to 2-years maturity 15%; for FC liabilities other than deposits up to 3-years maturity 10%; for FC liabilities other than deposits up to 5-years maturity 6%; and for FC liabilities other than deposits more than 5-years maturity 4%.

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

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

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Unrestricted Demand Deposit</td>
<td>2,723,598</td>
</tr>
<tr>
<td>Unrestricted Time Deposit</td>
<td>3,059,195</td>
</tr>
<tr>
<td>Restricted Time Deposit</td>
<td>763</td>
</tr>
<tr>
<td>Other (1)</td>
<td>335,597</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,059,195</strong></td>
</tr>
</tbody>
</table>

(1) Includes required reserves and CBRT Restricted Electronic Money Funds amounting to TL 7,537. Required reserve of branches abroad amounting to TL 163,388 is presented in this line. TL 11,677,219 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

None.

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

<table>
<thead>
<tr>
<th>Derivative financial assets held-for-trading</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Forward Transactions</td>
<td>243,173</td>
</tr>
<tr>
<td>Swap Transactions</td>
<td>1,305,367</td>
</tr>
<tr>
<td>Futures Transactions</td>
<td></td>
</tr>
<tr>
<td>Options</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,548,540</td>
</tr>
</tbody>
</table>

4. Information on Banks and Other Financial Institutions

4.1. Information on Bank Balances

<table>
<thead>
<tr>
<th>Banks</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Domestic Banks</td>
<td>2,415,689</td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>176,841</td>
</tr>
<tr>
<td>Foreign Head Office and Branches</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,594,530</td>
</tr>
</tbody>
</table>

4.2. Information on Foreign Bank Accounts

<table>
<thead>
<tr>
<th>Unrestricted Amount</th>
<th>Current Period</th>
<th>Restricted Amount</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union Countries</td>
<td>1,421,520</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA, Canada</td>
<td>1,761,747</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OECD countries (1)</td>
<td>290,057</td>
<td>899</td>
<td>899</td>
</tr>
<tr>
<td>Off-shore Banking Regions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>3,109,680</td>
<td>899</td>
<td>899</td>
</tr>
<tr>
<td>Total</td>
<td>6,583,004</td>
<td>899</td>
<td>899</td>
</tr>
</tbody>
</table>

(1) OECD countries except EU countries, USA and Canada.

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

<table>
<thead>
<tr>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets Subject to Repurchase Agreements</td>
</tr>
<tr>
<td>Assets Blocked/Given as Collateral</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities</td>
</tr>
<tr>
<td>Quoted in Stock Exchange</td>
</tr>
<tr>
<td>Not Quoted in Stock Exchange</td>
</tr>
<tr>
<td>Share Certificates</td>
</tr>
<tr>
<td>Quoted in Stock Exchange</td>
</tr>
<tr>
<td>Not Quoted in Stock Exchange</td>
</tr>
<tr>
<td>Provision for Impairment (-)</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans

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

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash</td>
<td>Non-Cash</td>
</tr>
<tr>
<td>Direct Loans Granted to Group Shareholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Entities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Loans Granted to Group Shareholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans Granted to Group Employees (1)(2)</td>
<td>403,046</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>403,046</td>
<td></td>
</tr>
</tbody>
</table>

(1) Interest rediscount and interest accrual amounting TL 4,261, are not included in the table above.
(2) Since the balance of overdraft accounts related to employees amounting TL 22,076, is showed under Table 7.4, as overdraft accounts (real person), it is not included to the table above.

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Loans under Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash Loans</td>
</tr>
<tr>
<td>Non-Specialized Loans</td>
<td>309,583,530</td>
</tr>
<tr>
<td>Commercial Loans</td>
<td>198,443,229</td>
</tr>
<tr>
<td>Export Loans</td>
<td>6,629,524</td>
</tr>
<tr>
<td>Import Loans</td>
<td>508,257</td>
</tr>
<tr>
<td>Loans Given to Financial Sector</td>
<td>2,933,264</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>86,986,557</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>5,831,331</td>
</tr>
<tr>
<td>Other</td>
<td>8,251,368</td>
</tr>
<tr>
<td>Specialized Lending (1)(2)</td>
<td>58,636,554</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income Accruals (2)</td>
<td>8,074,441</td>
</tr>
<tr>
<td>Total</td>
<td>376,294,525</td>
</tr>
</tbody>
</table>

(1) Agricultural loans of funds originated are shown in specialized lendings.
(2) Farmer support agricultural loans are shown in specialized lendings.

<table>
<thead>
<tr>
<th>Performing Loans</th>
<th>Loans under Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Provision Loss for 12 months</td>
<td>996,215</td>
</tr>
<tr>
<td>Significant Increase in Credit Risk</td>
<td>2,264,734</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

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

<table>
<thead>
<tr>
<th>No. of extensions</th>
<th>Performing Loans</th>
<th>Loans under Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 or 2 Times Extended</td>
<td>5,751,339</td>
<td>4,023,315</td>
</tr>
<tr>
<td>3 - 4 or 5 Times Extended</td>
<td>398,011</td>
<td>357,312</td>
</tr>
<tr>
<td>Over 5 Times Extended</td>
<td>10,447</td>
<td>12,388</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Extension Periods</th>
<th>Performing Loans</th>
<th>Loans under Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 6 Months</td>
<td>3,166,569</td>
<td>2,203,595</td>
</tr>
<tr>
<td>6 - 12 Months</td>
<td>1,005,320</td>
<td>463,096</td>
</tr>
<tr>
<td>1 - 2 Years</td>
<td>335,644</td>
<td>314,268</td>
</tr>
<tr>
<td>2 - 5 Years</td>
<td>1,500,893</td>
<td>1,294,090</td>
</tr>
<tr>
<td>5 Years and Over</td>
<td>151,371</td>
<td>117,966</td>
</tr>
<tr>
<td>Total</td>
<td>6,159,797</td>
<td>4,393,015</td>
</tr>
</tbody>
</table>

7.3. Loans According to Maturity Structure

<table>
<thead>
<tr>
<th></th>
<th>Performing Loans</th>
<th>Loans under Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-restructured</td>
<td>Restructured</td>
</tr>
<tr>
<td>Short-term Loans</td>
<td>78,927,486</td>
<td>1,694,221</td>
</tr>
<tr>
<td>Medium and Long-term Loans</td>
<td>289,292,598</td>
<td>13,099,849</td>
</tr>
</tbody>
</table>

(1) Rediscounts are not included.
## I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

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

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

<table>
<thead>
<tr>
<th></th>
<th>Short-Term</th>
<th>Medium and Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Loans-TL</strong></td>
<td>785.136</td>
<td>84,977.991</td>
<td>85,763.127</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td></td>
<td></td>
<td>53,180.598</td>
</tr>
<tr>
<td></td>
<td>13.436</td>
<td></td>
<td>53,194.034</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>5.719</td>
<td></td>
<td>266.645</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>272.364</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>765.981</td>
<td>31,530.748</td>
<td>32,296.729</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>82,967.729</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Consumer Loans- Indexed to FC</strong></td>
<td>1.231</td>
<td>554,870</td>
<td>556,101</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>-</td>
<td></td>
<td>52,703</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td></td>
<td>52,703</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>523</td>
<td>523</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>954</td>
<td>270,718</td>
<td>271,672</td>
</tr>
<tr>
<td>Other</td>
<td>277</td>
<td>230,926</td>
<td>231,203</td>
</tr>
<tr>
<td><strong>Consumer Loans-FC</strong></td>
<td>7,083</td>
<td>189,717</td>
<td>196,800</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>214</td>
<td>37,041</td>
<td>37,255</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>277</td>
<td>277</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>2,006</td>
<td>94,040</td>
<td>96,046</td>
</tr>
<tr>
<td>Other</td>
<td>4,863</td>
<td>58,636</td>
<td>63,499</td>
</tr>
<tr>
<td><strong>Individual Credit Cards-TL</strong></td>
<td>4,541,131</td>
<td>118,449</td>
<td>4,659,580</td>
</tr>
<tr>
<td>With Installment</td>
<td>1,300,562</td>
<td>114,937</td>
<td>1,415,499</td>
</tr>
<tr>
<td>Without Installment</td>
<td>3,240,569</td>
<td>3,512</td>
<td>3,244,081</td>
</tr>
<tr>
<td><strong>Individual Credit Cards-FC</strong></td>
<td>504</td>
<td>-</td>
<td>504</td>
</tr>
<tr>
<td>With Installment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Without Installment</td>
<td>504</td>
<td>-</td>
<td>504</td>
</tr>
<tr>
<td><strong>Personnel Loans-TL</strong></td>
<td>11,102</td>
<td>234,224</td>
<td>245,326</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>-</td>
<td>2,265</td>
<td>2,265</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>102</td>
<td>102</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>11,102</td>
<td>231,857</td>
<td>242,959</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Personnel Loans- Indexed to FC</strong></td>
<td>7,316</td>
<td>23,916</td>
<td>31,232</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>7,276</td>
<td>3,557</td>
<td>10,833</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>133</td>
<td>133</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>31</td>
<td>7,977</td>
<td>8,008</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>12,249</td>
<td>12,258</td>
</tr>
<tr>
<td><strong>Personnel Loans-FC</strong></td>
<td>6</td>
<td>2,779</td>
<td>2,785</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>-</td>
<td>1,001</td>
<td>1,001</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>863</td>
<td>863</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>915</td>
<td>921</td>
</tr>
<tr>
<td><strong>Personnel Credit Cards-TL</strong></td>
<td>120,677</td>
<td>2,141</td>
<td>122,818</td>
</tr>
<tr>
<td>With Installment</td>
<td>39,914</td>
<td>2,048</td>
<td>41,962</td>
</tr>
<tr>
<td>Without Installment</td>
<td>80,763</td>
<td>93</td>
<td>80,856</td>
</tr>
<tr>
<td><strong>Personnel Credit Cards-FC</strong></td>
<td>885</td>
<td>-</td>
<td>885</td>
</tr>
<tr>
<td>With Installment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Without Installment</td>
<td>885</td>
<td>-</td>
<td>885</td>
</tr>
<tr>
<td><strong>Overdraft Accounts-TL (Real Person)</strong></td>
<td>1,550,710</td>
<td>-</td>
<td>1,550,710</td>
</tr>
<tr>
<td><strong>Overdraft Accounts-FC (Real Person)</strong></td>
<td>17,254</td>
<td>18</td>
<td>17,272</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,043,035</td>
<td>86,104.105</td>
<td>93,147,140</td>
</tr>
</tbody>
</table>

(1) TL 678,267 of interest income accrual is not included in the table above.

(2) Consumer loans originated from funds amounting to TL 3,839,218 of are included in the table above.
### SECTION FIVE (Continued)

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Short-Term</th>
<th>Medium and Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Installment Loans-TL</td>
<td>1,662,607</td>
<td>32,448,158</td>
<td>34,110,765</td>
</tr>
<tr>
<td>Business Loans</td>
<td>17,073</td>
<td>460,549</td>
<td>477,622</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>93,421</td>
<td>944,940</td>
<td>1,038,361</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>1,552,113</td>
<td>30,852,721</td>
<td>32,404,834</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>189,948</td>
<td>189,948</td>
</tr>
<tr>
<td>Total</td>
<td>219,289</td>
<td>938,792</td>
<td>1,158,081</td>
</tr>
</tbody>
</table>

#### 7.6. Loans According to Types Of Borrowers

#### 7.7. Breakdown of Domestic and International Loans

#### 7.8. Loans Granted to Subsidiaries and Associates

None

#### 7.9. Provisions provided against loans

<table>
<thead>
<tr>
<th>Provision Type</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and other receivables with limited collectability</td>
<td>726,013</td>
</tr>
<tr>
<td>Loans and other receivables with doubtful collectability</td>
<td>760,225</td>
</tr>
<tr>
<td>Uncollectible loans and other receivables</td>
<td>4,704,692</td>
</tr>
<tr>
<td>Total</td>
<td>6,190,930</td>
</tr>
</tbody>
</table>

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information related to loans (Continued)

7.10. Information On Non-Performing Receivables (Net)

7.10.1. Information on Non-Performing Receivables which are Restructured

<table>
<thead>
<tr>
<th></th>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans and receivables with limited collectability</td>
<td>Loans and receivables with doubtful collectability</td>
<td>Uncollectible loans and receivables</td>
</tr>
<tr>
<td>Current Period</td>
<td>53,834</td>
<td>77,194</td>
<td>152,866</td>
</tr>
<tr>
<td>(Gross amounts before the specific provisions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rescheduled loans</td>
<td>53,834</td>
<td>77,194</td>
<td>152,866</td>
</tr>
</tbody>
</table>

7.10.2. Information on the Movement of Non-Performing Receivables

<table>
<thead>
<tr>
<th></th>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans and receivables with limited collectability</td>
<td>Loans and receivables with doubtful collectability</td>
<td>Uncollectible loans and receivables</td>
</tr>
<tr>
<td>Prior Period Ending Balance</td>
<td>395,153</td>
<td>559,151</td>
<td>4,074,663</td>
</tr>
<tr>
<td>Additions (+)</td>
<td>4,159,063</td>
<td>252,363</td>
<td>577,662</td>
</tr>
<tr>
<td>Transfers from Other Categories of Loans under Follow-Up (+)</td>
<td>-</td>
<td>2,286,112</td>
<td>1,423,026</td>
</tr>
<tr>
<td>Transfers to Other Categories of Loans under Follow-Up (-)</td>
<td>2,286,112</td>
<td>1,423,026</td>
<td>-</td>
</tr>
<tr>
<td>Collections (-)</td>
<td>347,600</td>
<td>253,869</td>
<td>582,373</td>
</tr>
<tr>
<td>Deducted from the record (-)</td>
<td>31,399</td>
<td>2,485</td>
<td>44,332</td>
</tr>
<tr>
<td>Debt Sale (-)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate and Commercial Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current Period End Balance</td>
<td>1,889,105</td>
<td>1,418,246</td>
<td>5,448,646</td>
</tr>
<tr>
<td>Specific Provision (-)</td>
<td>726,013</td>
<td>760,225</td>
<td>4,704,692</td>
</tr>
<tr>
<td>Net Balance on Balance Sheet</td>
<td>1,163,092</td>
<td>658,021</td>
<td>743,954</td>
</tr>
</tbody>
</table>

(1) Consist of amount transferred to the Stage I and Stage II loans.
7.10.3. Information on Foreign Currency Non-Performing Loans

<table>
<thead>
<tr>
<th></th>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans with limited collectability</td>
<td>Loans with doubtful collectability</td>
<td>Uncollectible loans</td>
</tr>
<tr>
<td>Current Period:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period Ending Balance</td>
<td>583.308</td>
<td>63.507</td>
<td>358.508</td>
</tr>
<tr>
<td>Provision (-)</td>
<td>267.579</td>
<td>46.440</td>
<td>351.392</td>
</tr>
<tr>
<td>Net Balance on Balance Sheet</td>
<td>315.729</td>
<td>17.067</td>
<td>7.116</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans with limited collectability</td>
<td>Loans with doubtful collectability</td>
<td>Uncollectible loans</td>
</tr>
<tr>
<td>Current Period (Net)</td>
<td>1.163.092</td>
<td>658.021</td>
<td>743.954</td>
</tr>
<tr>
<td>Loans to Real Persons and Legal Entities (Gross)</td>
<td>1.889.105</td>
<td>1.418.246</td>
<td>5.313.440</td>
</tr>
<tr>
<td>Provision (-)</td>
<td>726.013</td>
<td>760.225</td>
<td>4.569.486</td>
</tr>
<tr>
<td>Loans to Real Persons and Legal Entities (Net)</td>
<td>1.163.092</td>
<td>658.021</td>
<td>743.954</td>
</tr>
<tr>
<td>Banks (Gross)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision (-)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks (Net)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Loans and Receivables (Gross)</td>
<td>-</td>
<td>-</td>
<td>135.206</td>
</tr>
<tr>
<td>Provision (-)</td>
<td></td>
<td></td>
<td>135.206</td>
</tr>
<tr>
<td>Other Loans and Receivables (Net)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans with limited collectability</td>
<td>Loans with doubtful collectability</td>
<td>Uncollectible loans</td>
</tr>
<tr>
<td>Current Period (Net)</td>
<td>67.001</td>
<td>29.159</td>
<td>9.399</td>
</tr>
<tr>
<td>Interest Accruals and Valuation Differences</td>
<td>116.066</td>
<td>65.264</td>
<td>28.958</td>
</tr>
<tr>
<td>Provision (-)</td>
<td>49.065</td>
<td>36.105</td>
<td>19.559</td>
</tr>
</tbody>
</table>

7.10.6. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank’s. During this process, tangible guarantees constituting guarantees of receivables of the ParentBank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

7.10.7. Explanations on Write-Off Policy

The Group writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7.10.8. Other Explanations and Disclosures

<table>
<thead>
<tr>
<th></th>
<th>Corporate/SME</th>
<th>Consumer</th>
<th>Specialized</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neither Past Due nor Impaired Loans (1)</td>
<td>222,366,233</td>
<td>92,252,466</td>
<td>61,675,826</td>
<td>376,294,525</td>
</tr>
<tr>
<td>Past Due but not Impaired Loans</td>
<td>15,717,369</td>
<td>1,544,535</td>
<td>2,216,103</td>
<td>19,478,007</td>
</tr>
<tr>
<td>Impaired Loans</td>
<td>6,638,847</td>
<td>1,010,085</td>
<td>1,107,085</td>
<td>8,755,997</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>244,722,849</td>
<td>94,807,066</td>
<td>64,999,016</td>
<td>404,528,931</td>
</tr>
<tr>
<td>Specific Provisions of Impaired Loans (-)</td>
<td>4,887,148</td>
<td>739,444</td>
<td>564,338</td>
<td>6,180,929</td>
</tr>
<tr>
<td><strong>Net Loan Amount</strong></td>
<td>239,835,701</td>
<td>94,067,622</td>
<td>64,434,678</td>
<td>398,338,001</td>
</tr>
</tbody>
</table>

(1) TL 3,839,218 consumer, TL 1,950,642 agricultural, and TL 18 corporate and entrepreneurial loans originated from funds whose risk does not belong to the Parent Bank, are shown under Neither Past Due nor Impaired Loans.

8. Information on Held-To-Maturity Investments

8.1. Information on Comparative Net Values of Held-to-Maturity Investments Subject to Repo Transactions and Given as a Collateral/Blocked

*Investments measured at amortised cost subject to repo transactions*

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Government Bonds</td>
<td>177,923</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td></td>
</tr>
<tr>
<td>Other Public Sector Debt Securities</td>
<td></td>
</tr>
<tr>
<td>Bank Bonds and Bank Guaranteed Bonds</td>
<td></td>
</tr>
<tr>
<td>Asset Backed Securities</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>177,923</td>
</tr>
</tbody>
</table>
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on Held-To-Maturity Investments (Continued)

8.1. Information on Comparative Net Values of Held-to-Maturity Investments Subject to Repo Transactions and Given as a Collateral/Blocked

<table>
<thead>
<tr>
<th>Investments measured at amortised cost given as collateral or blocked</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Bills</td>
<td></td>
</tr>
<tr>
<td>Bonds and Similar Investment Securities</td>
<td>3,790,424</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3,790,424</td>
</tr>
</tbody>
</table>

8.2. Information on Government Securities Measured at Amortised Cost

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Bonds</td>
<td>10,076,568</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td></td>
</tr>
<tr>
<td>Other Public Sector Debt Securities</td>
<td>7,882</td>
</tr>
<tr>
<td>Total</td>
<td>10,084,450</td>
</tr>
</tbody>
</table>

8.3 Information on Investments Measured at Amortised Cost

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities</td>
<td>10,282,653</td>
</tr>
<tr>
<td>Quoted in a Stock Exchange</td>
<td>10,076,676</td>
</tr>
<tr>
<td>Not Quoted in a Stock Exchange</td>
<td>205,977</td>
</tr>
<tr>
<td>Provision for Impairment (-)</td>
<td>108</td>
</tr>
<tr>
<td>Total</td>
<td>10,282,545</td>
</tr>
</tbody>
</table>

8.4 Movements of Investments Measured at Amortised Cost

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>7,625,763</td>
</tr>
<tr>
<td>Foreign Currency Differences on Monetary Assets</td>
<td>1,772,252</td>
</tr>
<tr>
<td>Purchases During the Year (*)</td>
<td>3,515,803</td>
</tr>
<tr>
<td>Disposals through Sales and Redemptions</td>
<td>(2,631,165)</td>
</tr>
<tr>
<td>Provision for Impairment (-)</td>
<td>108</td>
</tr>
<tr>
<td>Period End Balance</td>
<td>10,282,545</td>
</tr>
</tbody>
</table>

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Information about Associates Accounts (Net)

9.1. Information about Unconsolidated Associates

<table>
<thead>
<tr>
<th>Description</th>
<th>Address (City/ Country)</th>
<th>The Bank’s Share Percentage, if Different, Voting Percentage (%)</th>
<th>The Bank’s Risk Group Share Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bankalararası Kart Merkezi A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>12.50</td>
</tr>
<tr>
<td>2</td>
<td>Kredi Kayıt Bürosu A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>10.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Assets(2)</th>
<th>Shareholders’ Equity(2)</th>
<th>Total Non-Current Assets(2)(4)</th>
<th>Interest Income (5)</th>
<th>Income from Marketable Securities(2)</th>
<th>Current Period Profit / Loss (2)</th>
<th>Prior Period Profit / Loss (2)</th>
<th>Fair Value (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>124,867</td>
<td>68,647</td>
<td>56,073</td>
<td>4,658</td>
<td></td>
<td>19,635</td>
<td>9,198</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>310,575</td>
<td>176,864</td>
<td>165,369</td>
<td>9,559</td>
<td></td>
<td>30,615</td>
<td>44,798</td>
<td></td>
</tr>
</tbody>
</table>

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

(2) Current period information of associates has been provided from limited reviewed financial statements as of 31 December 2018. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2017.

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

9.2. Explanation Regarding Consolidated Associates

<table>
<thead>
<tr>
<th>Description</th>
<th>Address (City/ Country)</th>
<th>The Parent Bank’s Share Percentage, if Different, Voting Percentage (%)</th>
<th>The Parent Bank’s Risk Group Share Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Arap Türk Bankası A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>25.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Assets(2)</th>
<th>Shareholders’ Equity(2)</th>
<th>Total Non-Current Assets(2)</th>
<th>Interest Income (3)</th>
<th>Income from Marketable Securities(2)</th>
<th>Current Period Profit / Loss (2)</th>
<th>Prior Period Profit / Loss (2)</th>
<th>Fair Value (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5,995,076</td>
<td>866,788</td>
<td>117,413</td>
<td>271,724</td>
<td>38,065</td>
<td>100,978</td>
<td>80,268</td>
<td></td>
</tr>
</tbody>
</table>

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

(2) Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 December 2018. Prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2017.

9.3. Information about Consolidated Associates (Net)

| Balance at the Beginning of the Period | Current Period | 121,185 |
| Movement During the Period | | 12,560 |
| Additions | | |
| Bonus Share Certificates | | |
| Shares of Current Year Profits | | 15,581 |
| Transfer | | |
| Sales | | |
| Revaluation Increase | | 374 |
| Impairment Provision | | 3,395 |
| Balance at the End of the Period | | 133,745 |
| Capital Commitments | | |
| Period Ending Share of Capital Participation (%) | | 15.43 |
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information about Associates Accounts (Net)

9.4. Sectoral Information and Related Amounts of Associates

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>133,745</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>-</td>
</tr>
<tr>
<td>Factoring Companies</td>
<td>-</td>
</tr>
<tr>
<td>Leasing Companies</td>
<td>-</td>
</tr>
<tr>
<td>Finance Companies</td>
<td>-</td>
</tr>
<tr>
<td>Other Financial Associates</td>
<td>-</td>
</tr>
</tbody>
</table>

9.5. Associates Quoted to a Stock Exchange

None (31 December 2017: None).
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on Subsidiaries (Net)

10.1. Information on Unconsolidated Subsidiaries

<table>
<thead>
<tr>
<th>Description</th>
<th>Address (City/ Country)</th>
<th>The Parent Bank’s Share Percentage-if different Voting Percentage (%)</th>
<th>The Parent Bank’s Group Share Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ziraat Teknoloji A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Current period information of subsidiaries has been provided from unaudited financial statements as of 31 December 2018. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2017.

10.2. Information on Consolidated Subsidiaries

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Address (City/ Country)</th>
<th>The Bank’s Share Percentage-if different Voting Percentage (%)</th>
<th>The Bank’s Risk Group Share Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ziraat Hayat ve Emeklilik A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2. Ziraat Sigortu A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>3. Ziraat Finansal Kiralama A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>4. Ziraat Yatırım Menkul Değerler A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>5. Ziraat Portföy Yönetimi A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>99.80</td>
</tr>
<tr>
<td>6. Ziraat Katılım Bankası A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>7. Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>8. Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. (*)</td>
<td>Istanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>9. Ziraat Bank International A.G.</td>
<td>Frankfurt/Germany</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>10. Ziraat Bank BH d.d.</td>
<td>Sarajevo/Bosnia and Herzegovina</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>11. Ziraat Bank (Moscow) JSC</td>
<td>Moscow/Russia</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>12. Kazakhstan Ziraat Int. Bank</td>
<td>Almaty/Kazakhstan</td>
<td>100.00</td>
<td>99.58</td>
</tr>
<tr>
<td>13. Ziraat Bank Azerbaycan ASC</td>
<td>Baku/Azerbaijan</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>14. Ziraat Bank Montenegro AD</td>
<td>Podgorica/Montenegro</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>15. JSC Ziraat Bank Georgia</td>
<td>Tbilisi/Georgia</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>16. Ziraat Bank Uzbekistan JSC</td>
<td>Tashkent/Uzbekistan</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

(*) Establishment procedures of Ziraat Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi, as a subsidiary of the Parent Bank, are completed by a registration in the Turkish Trade Registry Gazette on 14 November 2018.
### SECTION FIVE (Continued)

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

#### 10. Information on Subsidiaries (Net) (Continued)

##### 10.2. Information on Consolidated Subsidiaries (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Total Assets(1)</th>
<th>Shareholders’ Equity(2)</th>
<th>Total Non-CURRENT Assets(3)</th>
<th>Interest Income(4)</th>
<th>Income from Marketable Securities(5)</th>
<th>Current Period Profit / Loss(6)</th>
<th>Prior Period Profit /Loss(7)</th>
<th>Fair Value (8)</th>
<th>Shareholders equity amount needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7,934,269</td>
<td>1,035,806</td>
<td>2,318</td>
<td>323,057</td>
<td>-</td>
<td>549,108</td>
<td>-</td>
<td>447,839</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>1,588,415</td>
<td>644,324</td>
<td>5,438</td>
<td>155,264</td>
<td>-</td>
<td>294,914</td>
<td>221,883</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>3,340,955</td>
<td>375,887</td>
<td>1,320</td>
<td>7,041</td>
<td>-</td>
<td>40,930</td>
<td>-</td>
<td>68,279</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>2,614,424</td>
<td>182,010</td>
<td>984</td>
<td>-</td>
<td>-</td>
<td>40,740</td>
<td>40,740</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>64,084</td>
<td>60,171</td>
<td>364</td>
<td>9,670</td>
<td>-</td>
<td>31,796</td>
<td>20,902</td>
<td>-</td>
<td>15,843</td>
</tr>
<tr>
<td>6</td>
<td>23,188,803</td>
<td>2,218,584</td>
<td>132,512</td>
<td>1,953,615</td>
<td>-</td>
<td>136,942</td>
<td>138,902</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>1,915,039</td>
<td>1,684,115</td>
<td>1,511,320</td>
<td>133,176</td>
<td>-</td>
<td>236,712</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>751,498</td>
<td>751,420</td>
<td>1,901</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>9,077,947</td>
<td>1,407,742</td>
<td>22,518</td>
<td>310,944</td>
<td>3,097</td>
<td>108,242</td>
<td>77,864</td>
<td>1,555,100</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>3,123,497</td>
<td>528,750</td>
<td>105,018</td>
<td>123,012</td>
<td>32,7                  (106,929)</td>
<td>6,050</td>
<td>610,350</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>527,474</td>
<td>205,466</td>
<td>10,127</td>
<td>47,824</td>
<td>-</td>
<td>19,931</td>
<td>11,415</td>
<td>599,329</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>973,678</td>
<td>372,112</td>
<td>18,547</td>
<td>62,531</td>
<td>-</td>
<td>34,663</td>
<td>24,381</td>
<td>382,795</td>
<td>-</td>
</tr>
<tr>
<td>13</td>
<td>699,343</td>
<td>200,830</td>
<td>53,697</td>
<td>42,922</td>
<td>622</td>
<td>4,257</td>
<td>9,058</td>
<td>202,831</td>
<td>-</td>
</tr>
<tr>
<td>14</td>
<td>387,914</td>
<td>83,430</td>
<td>4,320</td>
<td>11,805</td>
<td>891</td>
<td>(3,885)</td>
<td>(3,915)</td>
<td>77,207</td>
<td>-</td>
</tr>
<tr>
<td>15</td>
<td>226,931</td>
<td>102,525</td>
<td>8,533</td>
<td>5,705</td>
<td>3,418</td>
<td>4,455</td>
<td>1,252</td>
<td>110,598</td>
<td>-</td>
</tr>
<tr>
<td>16</td>
<td>322,099</td>
<td>135,444</td>
<td>4,494</td>
<td>28,631</td>
<td>-</td>
<td>3,025</td>
<td>12,967</td>
<td>166,462</td>
<td>-</td>
</tr>
</tbody>
</table>

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

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

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

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

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

<table>
<thead>
<tr>
<th>Information on Consolidated Subsidiaries</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the Beginning of the Period</td>
<td>5,138,250</td>
</tr>
<tr>
<td>Movements During the Period</td>
<td>2,256,158</td>
</tr>
<tr>
<td>Additions to Scope of Consolidation</td>
<td>-</td>
</tr>
<tr>
<td>Purchases (1)</td>
<td>1,521,015</td>
</tr>
<tr>
<td>Bonus Shares Obtained</td>
<td>-</td>
</tr>
<tr>
<td>Dividends from current year income</td>
<td>-</td>
</tr>
<tr>
<td>Sales</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation Increase</td>
<td>-</td>
</tr>
<tr>
<td>Impairment Provision (-)</td>
<td>807,408</td>
</tr>
<tr>
<td>Balance at the End of the Period</td>
<td>7,394,408</td>
</tr>
<tr>
<td>Capital Commitments</td>
<td>72,265</td>
</tr>
<tr>
<td>Share percentage at the end of the period (%)</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Paid Capital Increases made during the period are classified under “Purchases” account.
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in Turkish Lira ("TL").)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10.3. Sectoral Information and Related Amounts of Subsidiaries

(Represents Values Belonging To The Parent Bank)

<table>
<thead>
<tr>
<th>Sectoral Information</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>4,865,172</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>129,972</td>
</tr>
<tr>
<td>Factoring Companies</td>
<td>-</td>
</tr>
<tr>
<td>Leasing Companies</td>
<td>282,839</td>
</tr>
<tr>
<td>Financing Companies</td>
<td>-</td>
</tr>
<tr>
<td>Other Financial Subsidiaries</td>
<td>2,116,425</td>
</tr>
</tbody>
</table>

10.4. Subsidiaries which are Quoted an a Stock Exchange

None (31 December 2017: None).

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

<table>
<thead>
<tr>
<th>Entities under Common Control (Joint Ventures)</th>
<th>Parent Bank’s Share (**)</th>
<th>Group’s Share</th>
<th>Current Assets</th>
<th>Non-Current Assets</th>
<th>Long Term Liabilities</th>
<th>Income</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkmen Turkish Joint Stock Commercial Bank</td>
<td>174,905</td>
<td>174,905</td>
<td>3,798,310</td>
<td>14,917</td>
<td>19,868</td>
<td>86,875</td>
<td>55,699</td>
</tr>
<tr>
<td>Total</td>
<td>174,905</td>
<td>174,905</td>
<td>3,798,310</td>
<td>14,917</td>
<td>19,868</td>
<td>86,875</td>
<td>55,699</td>
</tr>
</tbody>
</table>

(**) Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2018.

12. Information on Finance Lease Receivables (Net)

Information on finance lease receivables are as below:

<table>
<thead>
<tr>
<th>Information on Finance Lease Receivables (Net)</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross</td>
<td>Gross</td>
</tr>
<tr>
<td>Less than 1 Year</td>
<td>1,709,543</td>
</tr>
<tr>
<td>1-5 Years</td>
<td>2,778,781</td>
</tr>
<tr>
<td>More than 5 Years</td>
<td>538,541</td>
</tr>
<tr>
<td>Total</td>
<td>5,026,865</td>
</tr>
</tbody>
</table>

13. Information on Derivative Financial Assets for Hedging Purposes

None.

14. Information on Investment Property

None.

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

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

The Group’s immovables acquired amount to TL 1,227,120 consisting of TL 17,591 due to consumer loans, TL 1,109,214 on its commercial loans and TL 100,315 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3,559.
### SECTION FIVE (Continued)

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

#### 16. Explanations on Property And Equipment

<table>
<thead>
<tr>
<th>Prior Period End</th>
<th>Tangibles - Financial Leasing</th>
<th>Vehicles</th>
<th>Operational Leasing Development Costs</th>
<th>Other Tangibles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>7,030,213</td>
<td>14,184</td>
<td>47,287</td>
<td>279,218</td>
<td>1,163,308</td>
</tr>
<tr>
<td>Accumulated Depreciation (-)</td>
<td>962,491</td>
<td>4,826</td>
<td>31,352</td>
<td>195,778</td>
<td>656,711</td>
</tr>
<tr>
<td>Impairment (-)</td>
<td>2,768</td>
<td></td>
<td></td>
<td></td>
<td>146</td>
</tr>
</tbody>
</table>

*Net Book Value: 8,534,220*

<table>
<thead>
<tr>
<th>Current Period End</th>
<th>Immovables</th>
<th>Tangibles - Financial Leasing</th>
<th>Vehicles</th>
<th>Operational Leasing Development Costs</th>
<th>Other Tangibles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Book Value at the Beginning of the Period</td>
<td>6,064,954</td>
<td>9,358</td>
<td>15,745</td>
<td>83,440</td>
<td>506,135</td>
<td>6,679,632</td>
</tr>
<tr>
<td>Change During the Period (Net)</td>
<td>152,432</td>
<td>(648)</td>
<td>(6,315)</td>
<td>(21,851)</td>
<td>(41,758)</td>
<td>191,205</td>
</tr>
<tr>
<td>Depreciation - net (-)</td>
<td>17,412</td>
<td>1,488</td>
<td>3,945</td>
<td>36,909</td>
<td>129,451</td>
<td>172,395</td>
</tr>
<tr>
<td>Impairment (-)</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
<td>1,996</td>
<td>2,266</td>
</tr>
<tr>
<td>Net Currency Translation from Foreign Subsidiaries</td>
<td>35,585</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42,261</td>
</tr>
<tr>
<td>Cost at Period End</td>
<td>7,235,679</td>
<td>15,023</td>
<td>47,134</td>
<td>294,805</td>
<td>1,256,132</td>
<td>8,850,764</td>
</tr>
<tr>
<td>Accumulated Depreciation at Period End (-)</td>
<td>970,903</td>
<td>6,314</td>
<td>37,497</td>
<td>232,687</td>
<td>786,162</td>
<td>2,042,563</td>
</tr>
<tr>
<td>Impairment (-)</td>
<td>2,805</td>
<td></td>
<td></td>
<td></td>
<td>1,661</td>
<td>4,466</td>
</tr>
<tr>
<td>Closing Net Book Value</td>
<td>6,252,971</td>
<td>8,710</td>
<td>9,647</td>
<td>62,118</td>
<td>470,309</td>
<td>6,803,755</td>
</tr>
</tbody>
</table>

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

None.

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

None.

**19.** Explanations on Intangible Assets

<table>
<thead>
<tr>
<th>Intangible Assets</th>
<th>Book Value</th>
<th>Accumulated Depreciation</th>
<th>Net Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment Costs</td>
<td>5,326</td>
<td>4,800</td>
<td>526</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,067,395</td>
<td>336,813</td>
<td>731,180</td>
</tr>
<tr>
<td>Intangible Rights</td>
<td>341,615</td>
<td>731,706</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,873,321</strong></td>
<td><strong>1,073,621</strong></td>
<td><strong>803,700</strong></td>
</tr>
</tbody>
</table>

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

None.

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

None.

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

None.

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

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

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

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the consolidated financial statements

Information on Goodwill:

None.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

20. Information on Deferred Tax Asset

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) “Income Taxes”. In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below:

<table>
<thead>
<tr>
<th>Current Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Tax Assets</td>
<td>3,043,972</td>
</tr>
<tr>
<td>Deferred Tax Liabilities</td>
<td>(1,413,083)</td>
</tr>
<tr>
<td>Net Deferred Tax Assets/(Liabilities)</td>
<td>1,630,889</td>
</tr>
<tr>
<td>Net Deferred Tax Income / Expense</td>
<td>189,772</td>
</tr>
</tbody>
</table>

As of 31 December 2018, deferred tax income amounting to TL 189,772 was classified on profit or loss table and deferred tax income amounting TL 853,759 was classified under shareholders’ equity.

21. Information on expected credit loss for financial investments

<table>
<thead>
<tr>
<th>Current Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash values and central bank</td>
<td>463</td>
</tr>
<tr>
<td>Receivables from banks and money markets</td>
<td>14,112</td>
</tr>
<tr>
<td>Financial assets appraised over their amortised cost</td>
<td>1535</td>
</tr>
<tr>
<td>Other asset</td>
<td>54,100</td>
</tr>
<tr>
<td>Total:</td>
<td>70,210</td>
</tr>
</tbody>
</table>

22. Information on Other Assets

As of 31 December 2018, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

23. Information on Cash and Balances with Central Bank of the Republic of Turkey as of 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in TL/Foreign Currency</td>
<td>2,312,736</td>
<td>1,475,543</td>
</tr>
<tr>
<td>Central Bank of the Republic of Turkey</td>
<td>2,964,799</td>
<td>39,313,476</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>153,983</td>
</tr>
<tr>
<td>Total</td>
<td>5,277,535</td>
<td>40,942,802</td>
</tr>
</tbody>
</table>

Information on Required Reserves

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

As of the balance sheet date, according to CBRT’s Communiqué about Required Reserves No. 2016/4, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 10.5%; for deposits up to 6-months maturity 7.5%; for deposits up to 1-year maturity 5.5%; for deposits 1-year and longer maturity 4%; for TL liabilities other than deposits up to 1-year maturity 10.5%; for TL liabilities other than deposits between 1- and 3-years maturity 7%; for TL liabilities other than deposits more than 3-years maturity 4%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 12%; for FC deposit accounts with 1-year and longer maturity 8%, for FC liabilities other than deposits up to 1-year maturity 24%; for FC liabilities other than deposits up to 2-years maturity 19%; for FC liabilities other than deposits up to 3-years maturity 14%; for FC liabilities other than deposits up to 5-years maturity 6%; and for FC liabilities other than deposits more than 5-years maturity 4%.

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

Information on Required Reserves

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Demand Deposit</td>
<td>2,779,169</td>
<td>4,497,785</td>
</tr>
<tr>
<td>Unrestricted Time Deposit</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted Time Deposit</td>
<td>-</td>
<td>6,316</td>
</tr>
<tr>
<td>Other (1)</td>
<td>185,630</td>
<td>34,809,375</td>
</tr>
<tr>
<td>Total</td>
<td>2,964,799</td>
<td>39,313,476</td>
</tr>
</tbody>
</table>

(1) Includes required reserves and CBRT Restricted Electronic Money Funds amounting to TL 8,541. Required reserve of branches abroad amounting to TL 108,320 is presented in this line. TL 18,737.782 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC.

24. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements as of 31 December 2017

None
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

25. Positive Differences Related to the Derivative Financial Assets Held-for-Trading as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Forward Transactions</td>
<td>75,527</td>
</tr>
<tr>
<td>Swap Transactions</td>
<td>803,137</td>
</tr>
<tr>
<td>Futures Transactions</td>
<td>-</td>
</tr>
<tr>
<td>Options</td>
<td>1,385</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>880,049</td>
</tr>
</tbody>
</table>

26. Information on Banks and Other Financial Institutions as of 31 December 2017

26.1 Information on Bank Balances as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Banks</td>
<td></td>
</tr>
<tr>
<td>Domestic Banks</td>
<td>2,246,529</td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>126,700</td>
</tr>
<tr>
<td>Foreign Head Office and Branches</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>2,373,229</td>
</tr>
</tbody>
</table>

26.2. Information on Foreign Bank Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted Amount</th>
<th>Restricted Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior Period</td>
<td>Prior Period</td>
</tr>
<tr>
<td>European Union Countries</td>
<td>1,261,645</td>
<td>-</td>
</tr>
<tr>
<td>USA, Canada</td>
<td>109,259</td>
<td>-</td>
</tr>
<tr>
<td>OECD Countries (1)</td>
<td>71,977</td>
<td>-</td>
</tr>
<tr>
<td>Off-shore Banking Regions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>608,923</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>2,051,804</td>
<td>-</td>
</tr>
</tbody>
</table>

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

27. Explanation Regarding to the Comparison of Net Values of Financial Assets Available-For-Sale Given or Blocked as Collateral and Subject to Repurchase Agreements as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets Subject to Repurchase Agreements</td>
<td>15,399,490</td>
</tr>
<tr>
<td>Assets Blocked/Given as Collateral</td>
<td>45,702,660</td>
</tr>
<tr>
<td>Total</td>
<td>61,102,150</td>
</tr>
</tbody>
</table>

28. Information on Financial Assets Available For Sale as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities</td>
<td>64,386,278</td>
</tr>
<tr>
<td>Quoted in Stock Exchange</td>
<td>64,275,184</td>
</tr>
<tr>
<td>Not Quoted in Stock Exchange</td>
<td>111,094</td>
</tr>
<tr>
<td>Share Certificates</td>
<td>982,967</td>
</tr>
<tr>
<td>Quoted in Stock Exchange</td>
<td>824,280</td>
</tr>
<tr>
<td>Not Quoted in Stock Exchange</td>
<td>158,687</td>
</tr>
<tr>
<td>Provision for Impairment (-)</td>
<td>1,731,014</td>
</tr>
<tr>
<td>Total</td>
<td>63,688,231</td>
</tr>
</tbody>
</table>
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

29. Information Related to Loans as of 31 December 2017

29.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of The Group as of 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Cash</th>
<th>Non-Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Loans Granted to Group Shareholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Entities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Loans Granted to Group Shareholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans Granted to Group Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>343,693</td>
<td>213</td>
</tr>
</tbody>
</table>

(1) Interest rediscount and interest accrual amounting TL 2,911, are not included in the table above.
(2) Since the balance of overdraft accounts related to employees amounting TL 16,543, is showed under Table 27.3. as overdraft accounts (real person), it is not included to the table above.

29.2 Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans as of 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Loans and Other Receivables</th>
<th>Standard Loans and Other Receivables</th>
<th>Loans under Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Loans</td>
<td>Restructured or Rescheduled</td>
<td>Loans and other receivables with revised contract terms</td>
<td>Other</td>
</tr>
<tr>
<td>Non-Specialized Loans</td>
<td>250,756,625</td>
<td>3,640,314</td>
<td>-</td>
</tr>
<tr>
<td>Commercial Loans</td>
<td>147,284,029</td>
<td>2,306,103</td>
<td>-</td>
</tr>
<tr>
<td>Export Loans</td>
<td>4,536,246</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Import Loans</td>
<td>433,206</td>
<td>607</td>
<td>-</td>
</tr>
<tr>
<td>Loans Given to Financial Sector</td>
<td>8,018,950</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>80,214,729</td>
<td>1,332,499</td>
<td>-</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>4,124,899</td>
<td>74</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>6,144,566</td>
<td>1,031</td>
<td>-</td>
</tr>
<tr>
<td>Specialized Lending (1)(2)</td>
<td>45,829,370</td>
<td>4,943,655</td>
<td>-</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income Accruals (2)</td>
<td>5,854,409</td>
<td>269,474</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>302,440,404</td>
<td>8,853,443</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Agricultural loans of funds originated are shown in specialized lendings.
(2) Farmer support agricultural loans are shown in specialized lendings.

<table>
<thead>
<tr>
<th>No. of extensions</th>
<th>Standard Loans and Other Receivables</th>
<th>Loans and Other Receivables Under Close Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 or 2 Times Extended</td>
<td>8,300,250</td>
<td>2,881,483</td>
</tr>
<tr>
<td>3 - 4 or 5 Times Extended</td>
<td>550,318</td>
<td>213,720</td>
</tr>
<tr>
<td>Over 5 Times Extended</td>
<td>2,875</td>
<td>2,994</td>
</tr>
</tbody>
</table>
I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period)(Continued)

29. Information Related to Loans as of 31 December 2017 (Continued)

29.2 Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans as of 31 December 2017 (Continued)

<table>
<thead>
<tr>
<th>Extension Periods</th>
<th>Standard Loans and Other Receivables&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Loans and Other Receivables Under Close Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 6 Months</td>
<td>7.554.937</td>
<td>1.954.951</td>
</tr>
<tr>
<td>6 - 12 Months</td>
<td>271.974</td>
<td>294.062</td>
</tr>
<tr>
<td>1 - 2 Years</td>
<td>265.174</td>
<td>348.512</td>
</tr>
<tr>
<td>2 - 5 Years</td>
<td>716.167</td>
<td>436.757</td>
</tr>
<tr>
<td>5 Years and Over</td>
<td>45.191</td>
<td>63.915</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8.853.443</td>
<td>3.098.197</td>
</tr>
</tbody>
</table>

29.3 Loans According to Maturity Structure

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Standard Loans and Other Receivables&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Loans under Follow-up&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Loans and Other Receivables Restructured or Rescheduled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Loans</td>
<td>55.143.463</td>
<td>464.131</td>
<td>341.183</td>
</tr>
<tr>
<td>Non-specialized Loans</td>
<td>47.356.647</td>
<td>366.276</td>
<td>108.861</td>
</tr>
<tr>
<td>Specialized Loans&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>7.786.816</td>
<td>97.855</td>
<td>232.322</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>241.442.532</td>
<td>1.823.526</td>
<td>2.516.963</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Rediscounts are not included.
<sup>(2)</sup> Agricultural loans originated from funds are shown under Specialized Lending.
### 29. Information Related to Loans as of 31 December 2017 (Continued)

#### 29.4 Information on Consumer Loans, Individual Credit Cards and Personnel Loans and Personnel Credit Cards as of 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Short-Term</th>
<th>Medium and Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Loans-TL</strong></td>
<td>571,124</td>
<td>80,018,469</td>
<td>80,589,593</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>11,764</td>
<td>48,557,484</td>
<td>48,669,248</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>4,453</td>
<td>239,864</td>
<td>244,317</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>550,269</td>
<td>30,657,460</td>
<td>31,207,729</td>
</tr>
<tr>
<td>Abroad</td>
<td>3,936</td>
<td>376,587</td>
<td>380,523</td>
</tr>
<tr>
<td>Other</td>
<td>702</td>
<td>187,074</td>
<td>187,776</td>
</tr>
<tr>
<td><strong>Consumer Loans- Indexed to FC</strong></td>
<td>296</td>
<td>210,364</td>
<td>210,660</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>-</td>
<td>23,594</td>
<td>23,594</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>132</td>
<td>132</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>296</td>
<td>186,638</td>
<td>186,934</td>
</tr>
<tr>
<td><strong>Consumer Loans-FC</strong></td>
<td>2,272</td>
<td>114,682</td>
<td>116,954</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>147</td>
<td>28,298</td>
<td>28,445</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>770</td>
<td>55,041</td>
<td>55,811</td>
</tr>
<tr>
<td>Abroad</td>
<td>869</td>
<td>30,082</td>
<td>30,951</td>
</tr>
<tr>
<td>Other</td>
<td>486</td>
<td>1,261</td>
<td>1,747</td>
</tr>
<tr>
<td><strong>Individual Credit Cards-TL</strong></td>
<td>3,336,692</td>
<td>65,152</td>
<td>3,401,844</td>
</tr>
<tr>
<td>With Installment</td>
<td>1,153,521</td>
<td>62,805</td>
<td>1,216,326</td>
</tr>
<tr>
<td>Without Installment</td>
<td>2,183,171</td>
<td>30,357</td>
<td>2,213,528</td>
</tr>
<tr>
<td><strong>Individual Credit Cards-FC</strong></td>
<td>430</td>
<td>-</td>
<td>430</td>
</tr>
<tr>
<td>With Installment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Without Installment</td>
<td>430</td>
<td>-</td>
<td>430</td>
</tr>
<tr>
<td><strong>Personnel Loans-TL</strong></td>
<td>9,482</td>
<td>219,295</td>
<td>228,777</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>-</td>
<td>2,573</td>
<td>2,573</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>9,359</td>
<td>208,805</td>
<td>218,164</td>
</tr>
<tr>
<td>Abroad</td>
<td>105</td>
<td>2,038</td>
<td>2,143</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>5,860</td>
<td>5,878</td>
</tr>
<tr>
<td><strong>Personnel Loans- Indexed to FC</strong></td>
<td>30</td>
<td>12,652</td>
<td>12,682</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>-</td>
<td>3,235</td>
<td>3,235</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>30</td>
<td>9,417</td>
<td>9,447</td>
</tr>
<tr>
<td><strong>Personnel Loans-FC</strong></td>
<td>144</td>
<td>2,516</td>
<td>2,660</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>-</td>
<td>1,134</td>
<td>1,134</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>130</td>
<td>1,092</td>
<td>1,222</td>
</tr>
<tr>
<td>Other</td>
<td>290</td>
<td>-</td>
<td>290</td>
</tr>
<tr>
<td><strong>Personnel Credit Cards-TL</strong></td>
<td>98,438</td>
<td>1,118</td>
<td>99,556</td>
</tr>
<tr>
<td>With Installment</td>
<td>39,313</td>
<td>1,038</td>
<td>40,351</td>
</tr>
<tr>
<td>Without Installment</td>
<td>59,125</td>
<td>80</td>
<td>59,205</td>
</tr>
<tr>
<td><strong>Personnel Credit Cards-FC</strong></td>
<td>18</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>With Installment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Without Installment</td>
<td>18</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td><strong>Overdraft Accounts-TL (Real Person)</strong></td>
<td>1,186,402</td>
<td>-</td>
<td>1,186,402</td>
</tr>
<tr>
<td><strong>Overdraft Accounts-FC (Real Person)</strong></td>
<td>57</td>
<td>-</td>
<td>57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,205,385</td>
<td>80,644,248</td>
<td>85,849,633</td>
</tr>
</tbody>
</table>

(1) TL 520,675 of interest income accrual is not included in the table above.

(2) Consumer loans originated from funds amounting to TL 3,730,985 of are included in the table above.
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Information Related to Loans as of 31 December 2017 (Continued)

### 29.5 Information on Commercial Installment Loans and Corporate Credit Cards as of 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Short-Term</th>
<th>Medium and Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Installment Loans-TL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Loans</td>
<td>434</td>
<td>487.934</td>
<td>531.868</td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>76.929</td>
<td>991.295</td>
<td>1.068.224</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>1,363.581</td>
<td>28,719.604</td>
<td>30,083.185</td>
</tr>
<tr>
<td>Other</td>
<td>174.397</td>
<td>343.733</td>
<td>518.130</td>
</tr>
<tr>
<td><strong>Commercial Installment Loans- Indexed to FC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>150,856</td>
<td>536,930</td>
<td>687,786</td>
</tr>
<tr>
<td><strong>Commercial Installment Loans - FC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Loans</td>
<td>7,847</td>
<td>43,694</td>
<td>51,541</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>114,233</td>
<td>453,219</td>
<td>567,452</td>
</tr>
<tr>
<td><strong>Corporate Credit Cards-TL</strong></td>
<td>658,188</td>
<td>10,522</td>
<td>668,710</td>
</tr>
<tr>
<td>With Installment</td>
<td>235,346</td>
<td>10,474</td>
<td>245,820</td>
</tr>
<tr>
<td>Without Installment</td>
<td>422,842</td>
<td>48</td>
<td>422,890</td>
</tr>
<tr>
<td><strong>Corporate Credit Cards-FC</strong></td>
<td>138</td>
<td></td>
<td>138</td>
</tr>
<tr>
<td>With Installment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without Installment</td>
<td>138</td>
<td></td>
<td>138</td>
</tr>
<tr>
<td><strong>Overdraft Account-TL (Legal Entity)</strong></td>
<td>182,646</td>
<td></td>
<td>182,646</td>
</tr>
<tr>
<td><strong>Overdraft Account-FC (Legal Entity)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,838,416</td>
<td>50,148,579</td>
<td>52,986,995</td>
</tr>
</tbody>
</table>

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

### 29.6 Loans According to Types Of Borrowers

<table>
<thead>
<tr>
<th></th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>4,084,344</td>
</tr>
<tr>
<td>Private</td>
<td>306,231,423</td>
</tr>
<tr>
<td>Interest Income Accruals of Loans</td>
<td>6,479,235</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>316,795,002</td>
</tr>
</tbody>
</table>

### 29.7 Breakdown of Domestic and International Loans as of 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Loans</td>
<td>299,929,540</td>
</tr>
<tr>
<td>Foreign Loans</td>
<td>10,386,227</td>
</tr>
<tr>
<td>Interest Income Accruals of Loans</td>
<td>6,479,235</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>316,795,002</td>
</tr>
</tbody>
</table>

### 29.8 Loans Granted to Subsidiaries and Associates as of 31 December 2017

None.
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

29. Specific provisions provided against loans as of 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Loans and other receivables with limited collectability</th>
<th>Loans and other receivables with doubtful collectability</th>
<th>Uncollectible loans and other receivables</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and other receivables with limited collectability</td>
<td>394,823</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and other receivables with doubtful collectability</td>
<td></td>
<td>556,534</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncollectible loans and other receivables</td>
<td></td>
<td></td>
<td>3,852,124</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,803,481</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

29.10 Information On Non-Performing Receivables as of 31 December 2017 (Net)

29.10.1 Information on Loans and Other Receivables Included In Non-Performing Receivables which are Restructured or Rescheduled as of 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans and receivables with limited collectability</td>
<td>Loans and receivables with doubtful collectability</td>
<td>Uncollectible loans and receivables</td>
</tr>
<tr>
<td>Prior Period</td>
<td>8,215</td>
<td>29,876</td>
<td>151,817</td>
</tr>
<tr>
<td>Gross amounts before the provisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructured loans</td>
<td>8,215</td>
<td>29,876</td>
<td>151,817</td>
</tr>
</tbody>
</table>

29.10.2 Information on the Movement of Non-Performing Receivables as of 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans and receivables with limited collectability</td>
<td>Loans and receivables with doubtful collectability</td>
<td>Uncollectible loans and receivables</td>
</tr>
<tr>
<td></td>
<td>Prior Period Ending Balance</td>
<td>379,416</td>
<td>993,140</td>
</tr>
<tr>
<td></td>
<td>Additions (+)</td>
<td>1,697,196</td>
<td>170,168</td>
</tr>
<tr>
<td></td>
<td>Transfers from Other Categories of Loans under Follow-Up (+)</td>
<td>-</td>
<td>1,505,768</td>
</tr>
<tr>
<td></td>
<td>Transfers to Other Categories of Loans under Follow-Up (-)</td>
<td>1,505,768</td>
<td>1,915,754</td>
</tr>
<tr>
<td></td>
<td>Collections (-) (1)</td>
<td>175,691</td>
<td>194,171</td>
</tr>
<tr>
<td></td>
<td>Write-offs (-)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporate and Commercial Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consumer Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credit Cards</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Current Period End Balance</strong></td>
<td><strong>395,153</strong></td>
<td><strong>559,151</strong></td>
</tr>
<tr>
<td></td>
<td>Specific Provision (-)</td>
<td>394,823</td>
<td>556,534</td>
</tr>
<tr>
<td></td>
<td><strong>Net Balance on Balance Sheet</strong></td>
<td>330</td>
<td>2,617</td>
</tr>
</tbody>
</table>

29.10.3 Information on the Movement of Non-Performing Receivables as of 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loans and other receivables with limited collectability</td>
<td>Loans and other receivables with doubtful collectability</td>
<td>Uncollectible loans and other receivables</td>
</tr>
<tr>
<td>Current Period:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period Ending Balance</td>
<td>32,700</td>
<td>60,049</td>
<td>146,151</td>
</tr>
<tr>
<td>Specific Provision (-)</td>
<td>32,700</td>
<td>60,049</td>
<td>146,151</td>
</tr>
<tr>
<td><strong>Net Balance on Balance Sheet</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29.10.4 Gross and Net Amounts of Non-Performing Receivables According to User Groups as of 31 December 2017

<table>
<thead>
<tr>
<th>Group III</th>
<th>Group IV</th>
<th>Group V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and other receivables with limited collectability</td>
<td>Loans and other receivables with doubtful collectability</td>
<td>Uncollectible loans and other receivables</td>
</tr>
<tr>
<td><strong>Current Period (Net)</strong></td>
<td><strong>Net</strong></td>
<td><strong>Net</strong></td>
</tr>
<tr>
<td>Loans to Real Persons and Legal Entities (Gross)</td>
<td>330</td>
<td>2,617</td>
</tr>
<tr>
<td>Specific Provisions (-)</td>
<td>394,823</td>
<td>471,293</td>
</tr>
<tr>
<td>Loans to Real Persons and Legal Entities (Net)</td>
<td>330</td>
<td>2,617</td>
</tr>
<tr>
<td>Banks (Gross)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Specific Provisions (-)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Banks (Net)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Loans and Receivables (Gross)</td>
<td>-</td>
<td>85,241</td>
</tr>
<tr>
<td>Specific Provisions (-)</td>
<td>-</td>
<td>85,241</td>
</tr>
<tr>
<td>Other Loans and Receivables (Net)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

29.10.5 Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank’s. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels, and authorizations transferred to the Branch/Regional Management. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

29.10.6 Explanations on Write-Off Policy

The Parent Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

29.10.7 Other Explanations and Disclosures

### Prior Period

<table>
<thead>
<tr>
<th>Corporate and Entrepreneurial</th>
<th>Consumer</th>
<th>Specialized</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neither Past Due nor Impaired Loans (1)</td>
<td>172,508,183</td>
<td>85,552,624</td>
<td>311,293,847</td>
</tr>
<tr>
<td>Past Due but not Impaired Loans</td>
<td>3,451,288</td>
<td>858,408</td>
<td>5,309,696</td>
</tr>
<tr>
<td>Impaired Loans</td>
<td>3,429,404</td>
<td>917,804</td>
<td>4,347,208</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>179,388,875</td>
<td>87,328,836</td>
<td>321,823,969</td>
</tr>
<tr>
<td>Specific Provisions of Impaired Loans(1)</td>
<td>3,426,124</td>
<td>914,046</td>
<td>4,340,170</td>
</tr>
<tr>
<td><strong>Net Loan Amount</strong></td>
<td>175,962,751</td>
<td>86,414,790</td>
<td>317,020,488</td>
</tr>
</tbody>
</table>

(1) This line also shows the individual loan amount of TL 3,730,985, agricultural value amounting to TL 2,016,203 and corporate / entrepreneurial loan amounting to TL 18 of which is not related to the Bank.

30 Information on Held-To-Maturity Investments as of 31 December 2017

30.1 Information on Comparative Net Values of Held-to-Maturity Investments Subject to Repo Transactions and Given as a Collateral/Blocked as of 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Bonds</td>
<td>174,799</td>
<td>2,103,464</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Public Sector Debt Securities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank Bonds and Bank Guaranteed Bonds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Asset Backed Securities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>174,799</td>
<td>2,103,464</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

30 Information on Held-To-Maturity Investments as of 31 December 2017 (Continued)

30.1 Information on Comparative Net Values of Held-To-Maturity Investments Subject to Repo Transactions and Given as a Collateral/Blocked as of 31 December 2017 (Continued)

*Held-to-maturity investments given as collateral or blocked*

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td></td>
<td>FC</td>
</tr>
<tr>
<td>Bills</td>
<td>2,369,824</td>
</tr>
<tr>
<td>Bonds and Similar Investment Securities</td>
<td>2,651,289</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,369,824</td>
</tr>
<tr>
<td></td>
<td>2,651,289</td>
</tr>
</tbody>
</table>

30.2 Information on Held-to-Maturity Government Bonds and Treasury Bills as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td></td>
<td>FC</td>
</tr>
<tr>
<td>Government Bonds</td>
<td>7,518,530</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>7,518,530</td>
</tr>
<tr>
<td>Other Public Sector Debt Securities</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,518,530</td>
</tr>
</tbody>
</table>

30.3 Information on Held-to-Maturity Investments as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td></td>
<td>FC</td>
</tr>
<tr>
<td>Debt securities</td>
<td>7,625,763</td>
</tr>
<tr>
<td>Quoted in a Stock Exchange</td>
<td>7,518,530</td>
</tr>
<tr>
<td>Not Quoted in a Stock Exchange</td>
<td>107,233</td>
</tr>
<tr>
<td>Provision for Impairment (-)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,625,763</td>
</tr>
</tbody>
</table>

30.4 Movements of Held-to-Maturity Investments as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td></td>
<td>FC</td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>8,794,915</td>
</tr>
<tr>
<td>Foreign Currency Differences on Monetary Assets</td>
<td>326,988</td>
</tr>
<tr>
<td>Purchases During the Year (*)</td>
<td>434,046</td>
</tr>
<tr>
<td>Disposals through Sales and Redemptions</td>
<td>(1,930,186)</td>
</tr>
<tr>
<td>Provision for Impairment (-)</td>
<td></td>
</tr>
<tr>
<td>Period End Balance</td>
<td>7,625,763</td>
</tr>
</tbody>
</table>

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

31 Information about Associates Accounts as of 31 December 2017 (Net)

31.1 Information about Unconsolidated Associates as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Address (City/ Country)</th>
<th>The Bank’s Share Percentage, if Different, Voting Percentage (%)</th>
<th>The Bank’s Risk Group Share Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bankalararası Kart Merkezi A.Ş.</td>
<td>Istanbul/Turkey</td>
<td>12,50</td>
<td>17,98</td>
</tr>
<tr>
<td>2 Kredi Kayıt Bürosu A.Ş.</td>
<td>Istanbul/ Turkey</td>
<td>10.00</td>
<td>9.09</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

31. Information on Held-To-Maturity Investments as of 31 December 2017 (Continued)

31.1 Information about Associates as of 31 December 2017 (Continued)

<table>
<thead>
<tr>
<th>Description</th>
<th>Address</th>
<th>The Parent Bank’s Share Percentage, if Different, Voting Percentage (%)</th>
<th>Current Period Profit / Loss</th>
<th>Prior Period Profit / Loss</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arap Türk Bankası A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>22,22</td>
<td>58.528</td>
<td>80.268</td>
<td>61.597</td>
</tr>
</tbody>
</table>

(1) Since the associates are not traded on the stock exchange, they do not have fair value.

(2) Current period information of associates has been provided from limited reviewed financial statements as of 31 December 2017. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2016.

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

31.2. Explanation Regarding Consolidated Associates as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Address (City/ Country)</th>
<th>The Parent Bank’s Share Percentage, if Different, Voting Percentage (%)</th>
<th>Current Period Profit / Loss</th>
<th>Prior Period Profit / Loss</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arap Türk Bankası A.Ş.</td>
<td>Turkey</td>
<td>22,22</td>
<td>58.528</td>
<td>80.268</td>
<td>61.597</td>
</tr>
</tbody>
</table>

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

(2) Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 December 2017. Prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2016.

31.3. Information about Consolidated Associates as of 31 December 2017 (Net)

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the Beginning of the Period</td>
<td>98,869</td>
</tr>
<tr>
<td>Movement During the Period</td>
<td>22,316</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
</tr>
<tr>
<td>Bonus Share Certificates</td>
<td>-</td>
</tr>
<tr>
<td>Shares of Current Year Profits</td>
<td>12,385</td>
</tr>
<tr>
<td>Transfer</td>
<td>-</td>
</tr>
<tr>
<td>Sales</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation Increase</td>
<td>13,326</td>
</tr>
<tr>
<td>Impairment Provision (*)</td>
<td>3,395</td>
</tr>
<tr>
<td>Balance at the End of the Period</td>
<td>121,185</td>
</tr>
<tr>
<td>Capital Commitments</td>
<td>-</td>
</tr>
<tr>
<td>Period Ending Share of Capital Participation (%)</td>
<td>15,43</td>
</tr>
</tbody>
</table>

(*) Dividend amount received from Arap Türk Bankası A.Ş.

31.4. Sectoral Information and Related Amounts of Associates as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>121,185</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>-</td>
</tr>
<tr>
<td>Factoring Companies</td>
<td>-</td>
</tr>
<tr>
<td>Leasing Companies</td>
<td>-</td>
</tr>
<tr>
<td>Finance Companies</td>
<td>-</td>
</tr>
<tr>
<td>Other Financial Associates</td>
<td>-</td>
</tr>
</tbody>
</table>

31.5. Associates Quoted to a Stock Exchange as of 31 December 2017

None.
### I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 32 Information on Subsidiaries as of 31 December 2017 (Net)

#### 32.1. Information about Unconsolidated Subsidiaries as of 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Address (City/ Country)</th>
<th>The Parent Bank’s Share Percentage-if different Voting Percentage (%)</th>
<th>The Parent Bank’s Group Share Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ziraat Teknoloji A.Ş.</td>
<td>İstanbul / Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

#### 32.2. Information on Consolidated Subsidiaries as of 31 December 2017

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Address (City/ Country)</th>
<th>The Bank’s Share Percentage-if different Voting Percentage (%)</th>
<th>The Bank’s Risk Group Share Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ziraat Hayat ve Emeklilik A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Sigorta A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Finansal Kiralama A.Ş.</td>
<td>İstanbul / Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Yatırım Menkul Değerler A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>100.00</td>
<td>99.60</td>
</tr>
<tr>
<td>Ziraat Katılım Bankası A.Ş.</td>
<td>İstanbul / Turkey</td>
<td>100.00</td>
<td>99.70</td>
</tr>
<tr>
<td>Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.</td>
<td>İstanbul/Turkey</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank International A.G.</td>
<td>Frankfurt/Germany</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank BH d.d.</td>
<td>Sarajevo/Bosnia and Herzegovina</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank (Moscow) JSC</td>
<td>Moscow/Russia</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank (Almaty) JSC</td>
<td>Almaty/Kazakhstan</td>
<td>100.00</td>
<td>99.58</td>
</tr>
<tr>
<td>Ziraat Bank Azerbaijan ASC</td>
<td>Baku/Azerbaijan</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank Montenegro AD</td>
<td>Podgorica/Montenegro</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>JSC Ziraat Bank Georgia*(*)</td>
<td>Tbilisi/Georgia</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Ziraat Bank Uzbekistan JSC**(**)</td>
<td>Tashkent/Uzbekistan</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

(*) Tbilisi, Batum and Marnelli branches of the Parent Bank which were operating in Georgia have been gathered under the Parent Bank’s roof as of 2 May 2017 and continues to operate as a subsidiary with JSC Ziraat Bank Georgia title and all of the capital belonging to the Bank.

(**) The share of partnership has increased to 100% and its status become subsidiary from entity under common control and continues it operations as Ziraat Bank Uzbekistan JSC.
**SECTION FIVE (Continued)**

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

**1. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period)(Continued)**

### 32 Information on Subsidiaries as of 31 December 2017 (Net)

#### 32.2. Information on Consolidated Subsidiaries as of 31 December 2017

<table>
<thead>
<tr>
<th>Shareholders’ Equity</th>
<th>Total Non-Current Assets</th>
<th>Interest Income</th>
<th>Income from Marketable Securities</th>
<th>Current Period Profit / Loss</th>
<th>Prior Period Profit / Loss</th>
<th>Fair Value</th>
<th>Shareholders’ equity amount needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5,785,955</td>
<td>663,224</td>
<td>2,457</td>
<td>200,552</td>
<td>449,105</td>
<td>231,541</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1,152,752</td>
<td>439,579</td>
<td>1,450</td>
<td>94,377</td>
<td>226,794</td>
<td>128,912</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2,637,891</td>
<td>391,959</td>
<td>1,498</td>
<td>1,720</td>
<td>65,207</td>
<td>30,005</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>185,304</td>
<td>127,203</td>
<td>494</td>
<td>70,960</td>
<td>856,821</td>
<td>51,083</td>
<td>249,355</td>
</tr>
<tr>
<td>5</td>
<td>44,966</td>
<td>39,205</td>
<td>618</td>
<td>3,600</td>
<td>28,198</td>
<td>15,820</td>
<td>8,582</td>
</tr>
<tr>
<td>6</td>
<td>12,043,556</td>
<td>1,352,853</td>
<td>74,261</td>
<td>625,722</td>
<td>32,865</td>
<td>98,392</td>
<td>12,437</td>
</tr>
<tr>
<td>7</td>
<td>1,551,822</td>
<td>1,550,783</td>
<td>1,255</td>
<td>1,180</td>
<td>126,712</td>
<td>35,585</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>7,894,189</td>
<td>979,381</td>
<td>18,750</td>
<td>231,983</td>
<td>2,440</td>
<td>74,888</td>
<td>48,173</td>
</tr>
<tr>
<td>9</td>
<td>2,409,237</td>
<td>371,514</td>
<td>81,996</td>
<td>89,695</td>
<td>253</td>
<td>10,973</td>
<td>319</td>
</tr>
<tr>
<td>10</td>
<td>412,101</td>
<td>164,371</td>
<td>11,809</td>
<td>35,441</td>
<td>252</td>
<td>11,162</td>
<td>7,271</td>
</tr>
<tr>
<td>11</td>
<td>648,822</td>
<td>289,377</td>
<td>15,193</td>
<td>38,218</td>
<td>8,078</td>
<td>23,486</td>
<td>21,508</td>
</tr>
<tr>
<td>12</td>
<td>410,543</td>
<td>140,611</td>
<td>26,999</td>
<td>24,712</td>
<td>433</td>
<td>8,876</td>
<td>10,149</td>
</tr>
<tr>
<td>13</td>
<td>238,128</td>
<td>32,067</td>
<td>4,074</td>
<td>7,535</td>
<td>258</td>
<td>(3,759)</td>
<td>(3,736)</td>
</tr>
<tr>
<td>14</td>
<td>136,031</td>
<td>44,390</td>
<td>5,477</td>
<td>2,466</td>
<td>910</td>
<td>1,204</td>
<td>53,605</td>
</tr>
<tr>
<td>15</td>
<td>198,326</td>
<td>98,046</td>
<td>1,544</td>
<td>10,981</td>
<td>-</td>
<td>53,719</td>
<td>11,186</td>
</tr>
</tbody>
</table>

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

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

(3) Information on Ziraat Katılım Bankası A.Ş. has been provided from limited reviewed financial statements as of 31 December 2016. Information on other subsidiaries shown in the table above has been provided from unaudited financial statements as of 31 December 2017, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 31 December 2016. Information on other subsidiaries shown in the table above has been provided from audited financial statements as of 31 December 2017, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2016.

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

**Represent Values Belonging To The Parent Bank**

<table>
<thead>
<tr>
<th>Balance at the Beginning of the Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,101,352</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Movements During the Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.036,898</td>
<td></td>
</tr>
<tr>
<td>Additions to Scope of Consolidation</td>
<td></td>
</tr>
<tr>
<td>Purchases (*)</td>
<td>668,492</td>
</tr>
<tr>
<td>Bonus Shares Obtained</td>
<td>3,000</td>
</tr>
<tr>
<td>Dividends from current year income</td>
<td></td>
</tr>
<tr>
<td>Transfers to available for sale assets</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>Revaluation Increase</td>
<td>376,366</td>
</tr>
<tr>
<td>Impairment Provision (-)</td>
<td>10,960</td>
</tr>
<tr>
<td>Balance at the End of the Period</td>
<td>5,138,250</td>
</tr>
</tbody>
</table>

**Capital Commitments**

<table>
<thead>
<tr>
<th>Share percentage at the end of the period (%)</th>
<th></th>
</tr>
</thead>
</table>

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

(**) The share of partnership has increased to 100% and its status become subsidiary from entity under common control and continues it operations as Ziraat Bank Uzbekistan JSC.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Information on Subsidiaries as of 31 December 2017 (Net)(Continued)

32.3. Sectoral Information and Related Amounts of Subsidiaries as of 31 December 2017

(Represents Values Belonging To the Parent Bank)

<table>
<thead>
<tr>
<th></th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>3,359,014</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>129,972</td>
</tr>
<tr>
<td>Factoring Companies</td>
<td>282,839</td>
</tr>
<tr>
<td>Leasing Companies</td>
<td></td>
</tr>
<tr>
<td>Financing Companies</td>
<td></td>
</tr>
<tr>
<td>Other Financial Subsidiaries</td>
<td>1,366,425</td>
</tr>
</tbody>
</table>

32.4. Subsidiaries which are Quoted on a Stock Exchange as of 31 December 2017

None

33. Information on Entities Under Common Control (Joint Ventures) as of 31 December 2017

<table>
<thead>
<tr>
<th>Entities under Common Control (Joint Ventures)</th>
<th>Parent Bank’s Share</th>
<th>Group’s Share</th>
<th>Current Assets</th>
<th>Non-Current Assets</th>
<th>Long Term Liabilities</th>
<th>Income</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkmen Turkish Joint Stock Commercial Bank</td>
<td>51,730</td>
<td>51,730</td>
<td>2,303,598</td>
<td>12,166</td>
<td>12,266</td>
<td>46,932</td>
<td>31,595</td>
</tr>
<tr>
<td>Total</td>
<td>51,730</td>
<td>51,730</td>
<td>2,303,598</td>
<td>12,166</td>
<td>12,266</td>
<td>46,932</td>
<td>31,595</td>
</tr>
</tbody>
</table>

(*) Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2017

(**) Represents the Parent Bank’s share in the shareholders’ equity of this entity under common control based on the shareholding rate of the Bank.

Entities under common control domiciled and operating abroad are followed by their fair values. For these entities under common control, fair value is determined by independent valuation firm’s report and revaluation differences are accounted as the value of entities under common control and in “Marketable Securities Value Increase Fund” under shareholders’ equity.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

34. Information on Finance Lease Receivables as of 31 December 2017 (Net)

Information on finance lease receivables are as below:

<table>
<thead>
<tr>
<th></th>
<th>Gross</th>
<th>Gross</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 Year</td>
<td>1,131,066</td>
<td>997,962</td>
</tr>
<tr>
<td>1-5 Years</td>
<td>1,710,321</td>
<td>1,479,545</td>
</tr>
<tr>
<td>More than 5 Years</td>
<td>509,823</td>
<td>404,012</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,351,212</strong></td>
<td><strong>2,881,519</strong></td>
</tr>
</tbody>
</table>

35. Information on Derivative Financial Assets for Hedging Purposes as of 31 December 2017

None.

36. Information on Derivative Financial Assets for Hedging Purposes as of 31 December 2017

None.

37. Information on Deferred Tax Asset as of 31 December 2017

The Group has deferred tax assets amounting to TL 29,794.

38. Information on Derivative Financial Assets for Hedging Purposes as of 31 December 2017

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

The Group’s immovables acquired amount to TL 591,901 consisting of TL 14,819 due to consumer loans, TL 672,899 on its commercial loans and TL 61,663 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1,920.

39. Explanations on Property And Equipment as of 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period End</th>
<th>Immovables</th>
<th>Tangibles- Financial Leasing</th>
<th>Vehicles</th>
<th>Operational Leasing Development Costs</th>
<th>Other Tangibles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>6,244,530</td>
<td>12,459</td>
<td>45,850</td>
<td>252,001</td>
<td>761,440</td>
<td>9,516,280</td>
</tr>
<tr>
<td>Accumulated Depreciation (-)</td>
<td>937,584</td>
<td>3,419</td>
<td>26,331</td>
<td>151,695</td>
<td>522,696</td>
<td>1,814,290</td>
</tr>
<tr>
<td>Impairment (-)</td>
<td>2,312</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,312</td>
</tr>
<tr>
<td><strong>Net Book Value</strong></td>
<td><strong>5,304,634</strong></td>
<td><strong>9,040</strong></td>
<td><strong>19,519</strong></td>
<td><strong>100,306</strong></td>
<td><strong>438,510</strong></td>
<td><strong>5,872,009</strong></td>
</tr>
<tr>
<td>Current Period End</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Book Value at the Beginning of the Period</td>
<td>5,304,634</td>
<td>9,040</td>
<td>19,519</td>
<td>100,306</td>
<td>438,510</td>
<td>5,872,009</td>
</tr>
<tr>
<td>Change During the Period (Net)</td>
<td>743,106</td>
<td>332</td>
<td>(4,008)</td>
<td>(17,020)</td>
<td>63,910</td>
<td>786,320</td>
</tr>
<tr>
<td>Cost</td>
<td>768,409</td>
<td>1,739</td>
<td>1,213</td>
<td>27,063</td>
<td>198,153</td>
<td>996,637</td>
</tr>
<tr>
<td>Depreciation – net (-)</td>
<td>24,907</td>
<td>1,407</td>
<td>5,221</td>
<td>44,083</td>
<td>134,243</td>
<td>209,861</td>
</tr>
<tr>
<td>Impairment (-)</td>
<td>456</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>456</td>
</tr>
<tr>
<td>Net Currency Translation from Foreign Subsidiaries</td>
<td>17,214</td>
<td>(14)</td>
<td>224</td>
<td>136</td>
<td>4,271</td>
<td>21,303</td>
</tr>
<tr>
<td>Cost at Period End</td>
<td>7,030,213</td>
<td>14,184</td>
<td>47,297</td>
<td>279,218</td>
<td>1,163,308</td>
<td>8,534,220</td>
</tr>
<tr>
<td>Accumulated Depreciation at Period End (-)</td>
<td>962,491</td>
<td>4,826</td>
<td>31,552</td>
<td>195,778</td>
<td>656,711</td>
<td>1,851,358</td>
</tr>
<tr>
<td>Impairment (-)</td>
<td>2,768</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,768</td>
</tr>
<tr>
<td><strong>Closing Net Book Value</strong></td>
<td><strong>6,064,954</strong></td>
<td><strong>9,358</strong></td>
<td><strong>15,745</strong></td>
<td><strong>83,440</strong></td>
<td><strong>506,135</strong></td>
<td><strong>6,679,632</strong></td>
</tr>
</tbody>
</table>

40. 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 as of 31 December 2017

None

41. Pledges, mortages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets as of 31 December 2017

None
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS Continued)

II. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period)(Continued)

42. Explanations on Intangible Assets as of 31 December 2017

<table>
<thead>
<tr>
<th>Intangible Asset</th>
<th>Prior Period Book Value</th>
<th>Accumulated Depreciation</th>
<th>Net Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment Costs</td>
<td>8,447</td>
<td>7,723</td>
<td>724</td>
</tr>
<tr>
<td>Goodwill</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intangible Rights</td>
<td>769,346</td>
<td>237,982</td>
<td>531,364</td>
</tr>
<tr>
<td>Total</td>
<td>777,793</td>
<td>245,705</td>
<td>532,088</td>
</tr>
</tbody>
</table>

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

None

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

None

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

None

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

None

Amount of purchase commitments for intangible fixed assets:

None

Information on revalued intangible assets according to their types:

None.

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

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the consolidated financial statements

Information on Goodwill:

None.

43 Explanations on Other Assets

As of 31 December 2017, other assets does not exceed 10% of the total assets excluding off-balance sheet commitments.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Information on Deposits/Funds Collected

1. Information on Maturity Structure of Deposits

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Demand</th>
<th>7 Day Call Accounts</th>
<th>Up to 1 Month</th>
<th>1-3 Months</th>
<th>3-6 Months</th>
<th>6 Months-1 Year</th>
<th>1 Year and Over</th>
<th>Cumulative Deposits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving Deposits</td>
<td>26,085,178</td>
<td>2,970,274</td>
<td>75,339,363</td>
<td>8,225,640</td>
<td>3,109,733</td>
<td>3,552,919</td>
<td>163,671</td>
<td>19,446,778</td>
<td></td>
</tr>
<tr>
<td>Foreign Currency Deposits</td>
<td>35,462,060</td>
<td>12,077,492</td>
<td>48,125,965</td>
<td>9,418,307</td>
<td>9,012,470</td>
<td>27,868,733</td>
<td>5,576,041,970,603</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents in Turkey</td>
<td>28,739,734</td>
<td>10,822,850</td>
<td>37,227,261</td>
<td>5,531,411</td>
<td>3,528,918</td>
<td>7,765,042</td>
<td>4,076,939</td>
<td>93,619,286</td>
<td></td>
</tr>
<tr>
<td>Residents Abroad</td>
<td>6,722,326</td>
<td>1,254,642</td>
<td>10,898,704</td>
<td>3,879,866</td>
<td>4,183,552</td>
<td>20,103,691</td>
<td>1,506,234</td>
<td>48,351,317</td>
<td></td>
</tr>
<tr>
<td>Public Sector Deposits</td>
<td>7,082,239</td>
<td>3,192,485</td>
<td>3,244,373</td>
<td>2,018,212</td>
<td>3,470,269</td>
<td>101,658</td>
<td>21,109,236</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Inst. Deposits</td>
<td>9,223,407</td>
<td>5,176,246</td>
<td>8,157,297</td>
<td>829,440</td>
<td>3,681,582</td>
<td>242,536</td>
<td>27,310,508</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Inst. Deposits</td>
<td>1,978,024</td>
<td>1,806,775</td>
<td>4,543,593</td>
<td>1,179,194</td>
<td>864,518</td>
<td>538,096</td>
<td>10,910,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious Metals</td>
<td>6,710,515</td>
<td>67,100</td>
<td>1,194,009</td>
<td>101,328</td>
<td>51,184</td>
<td>71,877</td>
<td>8,196,013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interbank Deposits</td>
<td>4,151,647</td>
<td>12,150,631</td>
<td>4,143,899</td>
<td>2,900,136</td>
<td>1,258,825</td>
<td>826,772</td>
<td>25,431,910</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBRT</td>
<td>1,038</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,038</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Banks</td>
<td>288,147</td>
<td>9,295,725</td>
<td>97,998</td>
<td>11,406</td>
<td>2,088</td>
<td>2,085</td>
<td>9,697,449</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>2,970,112</td>
<td>2,854,906</td>
<td>3,774,861</td>
<td>2,888,739</td>
<td>1,256,737</td>
<td>553,647</td>
<td>14,298,993</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation Banks</td>
<td>892,358</td>
<td>271,040</td>
<td>-</td>
<td>-</td>
<td>271,040</td>
<td>-</td>
<td>1,434,430</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>90,693,078</td>
<td>37,441,083</td>
<td>146,748,499</td>
<td>24,672,257</td>
<td>21,448,581</td>
<td>33,202,591</td>
<td>169,475,354,375,248</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Under the Guarantee of Deposit Insurance</th>
<th>Exceeding Deposit Insurance Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving Deposits</td>
<td>77,125,284</td>
<td>41,715,586</td>
</tr>
<tr>
<td>Foreign Currency Saving Deposits</td>
<td>36,632,643</td>
<td>74,991,093</td>
</tr>
<tr>
<td>Other Deposits in the form of Saving Deposits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance</td>
<td>1,106,656</td>
<td>161,259</td>
</tr>
<tr>
<td>Deposits at Off-Shore Banking Regions and under Foreign Authorities’ Insurance</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(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 140,007 and TL 24,266 respectively, cannot be decomposed by type and are therefore included in the table above.

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 649 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 1,570,390 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

The Parent Bank’s head office is located in Turkey.
### II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

#### 1. Information on Deposits/Funds Collected (Continued)

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits and other Accounts in Branches Abroad</td>
<td>59,444</td>
</tr>
<tr>
<td>Deposits of Ultimate Shareholders and Their Close Family Members</td>
<td>-</td>
</tr>
<tr>
<td>Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members</td>
<td>9,247</td>
</tr>
<tr>
<td>Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004</td>
<td>-</td>
</tr>
<tr>
<td>Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Forward Transactions</td>
<td>272,091</td>
</tr>
<tr>
<td>Swap Transactions</td>
<td>882,868</td>
</tr>
<tr>
<td>Futures Transactions</td>
<td>-</td>
</tr>
<tr>
<td>Options</td>
<td>1,363</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,156,322</td>
</tr>
</tbody>
</table>

#### 3. Information on Banks and Other Financial Institutions

##### 3.1. General Information on Banks and Other Financial Institutions

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Borrowings from CBRT</td>
<td>-</td>
</tr>
<tr>
<td>Domestic Banks and Institutions</td>
<td>615,820</td>
</tr>
<tr>
<td>Foreign Banks, Institutions and Funds</td>
<td>580,527</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,196,347</td>
</tr>
</tbody>
</table>

##### 3.2. Maturity Structure of Funds Borrowed

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Short-Term</td>
<td>615,434</td>
</tr>
<tr>
<td>Medium and Long-Term</td>
<td>580,913</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,196,347</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

3. Information on Banks and Other Financial Institutions (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

62.35% of the Group’s total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Group’s liabilities are not subject to a significant concentration risk.

4. Information on Funds Supplied from Repurchase Agreements

<table>
<thead>
<tr>
<th>Current Period</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Domestic Transactions</td>
<td>56,213,158</td>
<td>-</td>
</tr>
<tr>
<td>Financial Institutions and Organizations</td>
<td>56,007,340</td>
<td>-</td>
</tr>
<tr>
<td>Other Institutions and Organizations</td>
<td>203,162</td>
<td>-</td>
</tr>
<tr>
<td>Real Person</td>
<td>2,656</td>
<td>-</td>
</tr>
<tr>
<td>From Overseas Operations</td>
<td>-</td>
<td>12,390,480</td>
</tr>
<tr>
<td>Financial Institutions and Organizations</td>
<td>-</td>
<td>12,390,480</td>
</tr>
<tr>
<td>Other Institutions and Organizations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Real Person</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>56,213,158</td>
<td>12,390,480</td>
</tr>
</tbody>
</table>

5. Information on Securities Issued

<table>
<thead>
<tr>
<th>Current Period</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Bonds</td>
<td>1,761,094</td>
<td>106,896</td>
</tr>
<tr>
<td>Asset-Backed Securities</td>
<td>1,375,097</td>
<td>-</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>1,190,585</td>
<td>12,510,192</td>
</tr>
<tr>
<td>Total</td>
<td>4,326,776</td>
<td>12,617,088</td>
</tr>
</tbody>
</table>

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

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

7. Information on Finance Lease Payables (Net)

In the finance lease agreements, lease payments are determined according to the price of leasehold, the Group’s interest rate of commercial loan and maturity of the agreement. The amounts in the lease agreements are paid in equal installments. There are not any restrictions in these agreements that create significant obligations to the Group.

The Group has no financial leasing transactions. (31 December 2017: None.)

8. Information on Derivative Financial Liabilities for Hedging Purposes

There are no derivative financial liabilities for hedging purposes of Group.
II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)


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

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount of Group is TL 228.

9.2. Specific Provisions for Unindemnified Non-Cash Loans

The expected loss provision for unindemnified non-cash loans of Group (stage three) is TL 227.151.

9.3. Information on Other Provisions

9.3.1. Information on Free Provisions For Possible Risks

These financial statements include a free provision which is not in accordance with BRSA Principles amounting to TL 982.000, of which TL 1.475.000 thousand was recognised in prior years, TL 30.000 thousand have been recognised in current year and 523.000 thousands have been reversed in the current period, provided by the Group management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials.

<table>
<thead>
<tr>
<th>Free provisions for possible risks</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,012,717</td>
</tr>
</tbody>
</table>

(1) Includes TL 30,000 free provision, which is set aside by the Ziraat Katılım Bankası A.Ş.

9.3.2. The Names and Amounts of Sub-Accounts of Other Provisions Exceeding 10% of the Total Provision Amount

Based on the information provided by the legal department, TL 54,287 provision has been provided in financial statements for the lawsuits against the Bank which are not finalized yet amounting to TL 120.850.

The Group also provided provisions amounting to TL 227,150 for unindemnified non-cash loans, and TL 239,747 (Stage 1 and Stage 2) and TL 130,795 for other provisions. As a result of the provisions mentioned above, the other provision balance on the Bank’s balance sheet amounts to TL 1,664,696.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

9. Explanations on Provisions (Continued)

9.4. Liabilities on Reserve for Employee Termination Benefits

9.4.1. Employment Termination Benefits and Unused Vacation Rights

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

9.4.2. Additional Bonus Provision Paid to Personnel

The Group provided provisions amounting to TL 303.000 of additional bonus provision with the decision of General Assembly.

9.4.3. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2018 and 31 December 2017.

The liability related to Parent Bank’s benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act’s, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9.80% real discount rate, etc.).

According to related Actuary Report, the Fund’s surplus is TL 4.256.114 as of 31 December 2018 (31 December 2017: TL 3.442.106).

<table>
<thead>
<tr>
<th>Non Medical Assets</th>
<th>2,558,724</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual and Technical Overrun</td>
<td>4,256,114</td>
</tr>
</tbody>
</table>

The principal actuarial assumptions used are as follows:

<table>
<thead>
<tr>
<th>Discount rate</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension benefits transferable to SSI</td>
<td>9.80%</td>
</tr>
<tr>
<td>Post employment medical benefits transferable to SSI</td>
<td>9.80%</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

9. Explanations on Provisions (Continued)

9.4. Liabilities on Reserve for Employee Termination Benefits (Continued)

9.4.3. Pension Rights (Continued)

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Placements</td>
<td>1,834,427</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>379,187</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>308,779</td>
</tr>
<tr>
<td>Other</td>
<td>36,331</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,558,724</strong></td>
</tr>
</tbody>
</table>

10. Information on Tax Liability

10.1. Information on Current Tax Liability

10.1.1. Information on Tax Provisions

As of 31 December 2018, the remaining corporate tax liability after deducting temporary taxes paid for the period of the Group is TL 1,001,148.

10.1.2. Information on Current Taxes Payable

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Tax Payable</td>
<td>1,001,148</td>
</tr>
<tr>
<td>Taxation on Income From Securities</td>
<td>208,090</td>
</tr>
<tr>
<td>Property Tax</td>
<td>2,890</td>
</tr>
<tr>
<td>Banking Insurance Transactions Tax (BITT)</td>
<td>246,205</td>
</tr>
<tr>
<td>Foreign Exchange Transactions Tax</td>
<td>58</td>
</tr>
<tr>
<td>Value Added Tax Payable</td>
<td>16,288</td>
</tr>
<tr>
<td>Other</td>
<td>117,251</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,591,930</strong></td>
</tr>
</tbody>
</table>

10.1.3. Information on Premiums

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security Premiums - Employee</td>
<td>260</td>
</tr>
<tr>
<td>Social Security Premiums - Employer</td>
<td>376</td>
</tr>
<tr>
<td>Bank Social Aid Pension Fund Premium - Employee</td>
<td>11,988</td>
</tr>
<tr>
<td>Bank Social Aid Pension Fund Premium - Employer</td>
<td>16,712</td>
</tr>
<tr>
<td>Pension Fund Membership Fees and Provisions - Employee</td>
<td>1</td>
</tr>
<tr>
<td>Pension Fund Membership Fees and Provisions - Employer</td>
<td>1</td>
</tr>
<tr>
<td>Unemployment Insurance - Employee</td>
<td>1,894</td>
</tr>
<tr>
<td>Unemployment Insurance - Employer</td>
<td>3,790</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35,021</strong></td>
</tr>
</tbody>
</table>
II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

11. Information on Deferred Tax Liabilities, if any

The Group’s deferred tax liability, for the current term, amounts to TL 8,669.

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

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

13. Explanations on Subordinated Debts

The Group does not have any subordinated debts.

14. Information on Shareholders' Equity

14.1. Presentation on Paid-In Capital

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>6,100,000</td>
</tr>
<tr>
<td>Preferred stock</td>
<td>-</td>
</tr>
</tbody>
</table>

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

The Parent Bank does not have a registered capital system.

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

The decision of increasing the capital of Parent Bank by TL 6,100,000 is approved in General Assembly in 13 August 2018. Increase of capital and amendments according to the relevant materials of the Articles of Association was registered on 22 October 2018. It has been announced in the Trade Registry Gazette numbered 9367 dated 22 October 2018. The offsetting transactions of the mentioned capital increase was accounted on 9 November 2019 accordance with the permission from the Banking Regulation and Supervision Agency.

<table>
<thead>
<tr>
<th>Date of Capital Increase</th>
<th>Amount of increase</th>
<th>Cash</th>
<th>Profit reserves subject to capital increase</th>
<th>Capital reserves subject to capital increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.10.2018</td>
<td>500,000</td>
<td>500,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

14. Information on Shareholders’ Equity (Continued)

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

There is no share capital amount included in capital.

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

The Bank has no capital commitments.

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

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

14.7. Information on Preferred Shares Representing The Capital

The Bank has no preferred shares.

14.8. Information on Marketable Securities Value Increase Fund

<table>
<thead>
<tr>
<th>Current Period</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Subsidiaries, Associates and Entities under Common Control</td>
<td>89,269</td>
<td>28,222</td>
</tr>
<tr>
<td>Revaluation Difference</td>
<td>(4,133)</td>
<td>28,222</td>
</tr>
<tr>
<td>Foreign Exchange Difference</td>
<td>93,402</td>
<td>-</td>
</tr>
<tr>
<td>From Available for Sale Marketable Securities</td>
<td>(3,425,980)</td>
<td>(2,783,053)</td>
</tr>
<tr>
<td>Revaluation Difference</td>
<td>(5,174,693)</td>
<td>(2,783,095)</td>
</tr>
<tr>
<td>Deferred Tax Effect</td>
<td>1,750,713</td>
<td>(12)</td>
</tr>
<tr>
<td>Foreign Exchange Difference</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>(3,334,711)</td>
<td>(2,754,831)</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period)

15. Information on Deposits/Funds Collected

15.1. Information on Maturity Structure of Deposits Collected

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Demand</th>
<th>7 Day Call Accounts</th>
<th>Up to 1 Month</th>
<th>1-3 Months</th>
<th>3-6 Months</th>
<th>6 Months-1 Year</th>
<th>1 Year and Over</th>
<th>Cumulative Deposits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving Deposits</td>
<td>26,091,092</td>
<td>3,414,824</td>
<td>67,470,823</td>
<td>5,082,603</td>
<td>1,158,237</td>
<td>1,034,048</td>
<td>96,557</td>
<td>104,348,184</td>
<td></td>
</tr>
<tr>
<td>Foreign Currency Deposits</td>
<td>24,196,973</td>
<td>6,995,900</td>
<td>32,461,783</td>
<td>6,838,514</td>
<td>7,907,224</td>
<td>20,646,249</td>
<td>463</td>
<td>99,047,106</td>
<td></td>
</tr>
<tr>
<td>Residents in Turkey</td>
<td>19,470,588</td>
<td>6,127,263</td>
<td>25,418,213</td>
<td>5,898,520</td>
<td>3,032,340</td>
<td>5,592,478</td>
<td>290</td>
<td>63,539,692</td>
<td></td>
</tr>
<tr>
<td>Residents Abroad</td>
<td>4,726,385</td>
<td>868,657</td>
<td>7,043,570</td>
<td>2,939,994</td>
<td>4,874,884</td>
<td>15,053,771</td>
<td>173</td>
<td>35,507,414</td>
<td></td>
</tr>
<tr>
<td>Public Sector Deposits</td>
<td>6,128,722</td>
<td>7,166,830</td>
<td>7,427,947</td>
<td>992,332</td>
<td>5,516,199</td>
<td>56,872</td>
<td>27,288,902</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Inst. Deposits</td>
<td>7,337,456</td>
<td>4,281,408</td>
<td>8,284,147</td>
<td>574,282</td>
<td>1,501,131</td>
<td>97,707</td>
<td>22,076,131</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Inst. Deposits</td>
<td>2,170,712</td>
<td>2,098,970</td>
<td>3,580,174</td>
<td>385,560</td>
<td>829,811</td>
<td>1,159,978</td>
<td>10,225,205</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious Metals</td>
<td>3,580,301</td>
<td>45,192</td>
<td>503,299</td>
<td>46,355</td>
<td>25,265</td>
<td>33,500</td>
<td>4,233,912</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interbank Deposits</td>
<td>2,104,256</td>
<td>6,801,769</td>
<td>2,168,481</td>
<td>1,098,715</td>
<td>2,338,050</td>
<td>838,902</td>
<td>4,350,173</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBRT</td>
<td>3,291</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,291</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Banks</td>
<td>89,586</td>
<td>6,738,902</td>
<td>1,367,831</td>
<td>193,193</td>
<td>2,047</td>
<td>2,046</td>
<td>7,162,557</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>924,653</td>
<td>62,867</td>
<td>2,041,698</td>
<td>905,522</td>
<td>2,336,003</td>
<td>836,856</td>
<td>7,097,599</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation Banks</td>
<td>1,086,726</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,086,726</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>71,699,512</td>
<td>30,804,893</td>
<td>121,896,654</td>
<td>15,018,361</td>
<td>19,275,917</td>
<td>23,867,256</td>
<td>97,020</td>
<td>282,569,613</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>Under the Guarantee of Deposit Insurance Limit</th>
<th>Exceeding Deposit Insurance Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving Deposits</td>
<td>68,870,573</td>
<td>34,813,148</td>
</tr>
<tr>
<td>Foreign Currency Saving Deposits</td>
<td>28,077,369</td>
<td>41,270,577</td>
</tr>
<tr>
<td>Other Deposits in the form of Saving Deposits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits at Foreign Branches and under the Guarantee of Foreign Authority Insurance</td>
<td>858,357</td>
<td>101,979</td>
</tr>
<tr>
<td>Deposits at Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

- Related deposit balances do not include foreign branches.
- 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 92,323 and TL 20,507 respectively, cannot be decomposed by type and are therefore included in the table above.

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 917 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.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 718.659 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

The Parent Bank’s head office is located in Turkey.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

15. Information on Deposits/Funds Collected (Continued)

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits and other Accounts in Branches Abroad</td>
<td>65,522</td>
</tr>
<tr>
<td>Deposits of Ultimate Shareholders and Their Close Family Members</td>
<td>-</td>
</tr>
<tr>
<td>Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members</td>
<td>7,476</td>
</tr>
<tr>
<td>Deposits Obtained through Illegal Acts Defined in the 282° Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004</td>
<td>-</td>
</tr>
<tr>
<td>Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Period TL FC</td>
<td></td>
</tr>
<tr>
<td>Forward Transactions</td>
<td>71,896</td>
</tr>
<tr>
<td>Swap Transactions</td>
<td>161,436</td>
</tr>
<tr>
<td>Futures Transactions</td>
<td></td>
</tr>
<tr>
<td>Options</td>
<td>2,174</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>235,506</td>
</tr>
</tbody>
</table>

17. Information on Banks and Other Financial Institutions

17.1. General Information on Banks and Other Financial Institutions

<table>
<thead>
<tr>
<th>Notes</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Period TL FC</td>
<td></td>
</tr>
<tr>
<td>Borrowings from CBRT</td>
<td>410,436</td>
</tr>
<tr>
<td>Domestic Banks and Institutions</td>
<td>426,996</td>
</tr>
<tr>
<td>Foreign Banks, Institutions and Funds</td>
<td>925,624</td>
</tr>
<tr>
<td>Total</td>
<td>1,763,056</td>
</tr>
</tbody>
</table>

17.2. Maturity Structure of Funds Borrowed

<table>
<thead>
<tr>
<th>Notes</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Period TL FC</td>
<td></td>
</tr>
<tr>
<td>Short-Term</td>
<td>826,393</td>
</tr>
<tr>
<td>Medium and Long-Term</td>
<td>936,663</td>
</tr>
<tr>
<td>Total</td>
<td>1,763,056</td>
</tr>
</tbody>
</table>

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

61.84% of the Group’s total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Group’s liabilities are not subject to a significant concentration risk.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

18. Information on Funds Supplied from Repurchase Agreements

<table>
<thead>
<tr>
<th>From Domestic Transactions</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institutions and Organizations</td>
<td>1,339,819</td>
<td>-</td>
</tr>
<tr>
<td>Other Institutions and Organizations</td>
<td>1,243,480</td>
<td>-</td>
</tr>
<tr>
<td>Real Person</td>
<td>90,588</td>
<td>-</td>
</tr>
<tr>
<td>Real Person</td>
<td>5,751</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From Overseas Operations</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institutions and Organizations</td>
<td>-</td>
<td>13,100,369</td>
</tr>
<tr>
<td>Other Institutions and Organizations</td>
<td>-</td>
<td>13,100,369</td>
</tr>
<tr>
<td>Real Person</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total: 1,339,819 13,100,369

19. Information on Securities Issued

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Bonds</td>
<td>3,562,491</td>
<td>-</td>
</tr>
<tr>
<td>Asset-Backed Securities</td>
<td>557,804</td>
<td>-</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>177,752</td>
<td>9,176,233</td>
</tr>
</tbody>
</table>

Total: 4,298,047 9,176,233

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

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

21. Information on Finance Lease Payables (Net)

In the finance lease agreements, lease payments are determined according to the price of leasehold, the Group’s interest rate of commercial loan and maturity of the agreement. The amounts in the lease agreements are paid in equal installments. There are not any restrictions in these agreements that create significant obligations to the Group.

The Group has no financial leasing transactions.
II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

22. Information on Derivative Financial Liabilities for Hedging Purposes

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


23.1. Information on General Provisions

<table>
<thead>
<tr>
<th>General Provisions</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated for Group-I Loans and Receivables</td>
<td>5,635,198</td>
</tr>
<tr>
<td>Additional Provision for Loans and Receivables with Extended Maturities</td>
<td>4,680,739</td>
</tr>
<tr>
<td>Allocated for Group-II Loans and Receivables</td>
<td>311,350</td>
</tr>
<tr>
<td>Additional Provision for Loans and Receivables with Extended Maturities</td>
<td>236,317</td>
</tr>
<tr>
<td>Allocated for Non-cash Loans</td>
<td>79,190</td>
</tr>
<tr>
<td>Other</td>
<td>596,880</td>
</tr>
<tr>
<td></td>
<td>121,262</td>
</tr>
</tbody>
</table>

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

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount to TL 12,990.

23.3. Specific Provisions for Unindemnified Non-Cash Loans

Specific provisions for unindemnified non-cash loans amount to TL 138,235.

23.4. Information on Other Provisions

23.4.1. Information on Free Provisions For Possible Risks

These financial statements include a free provision which is not in accordance with BRSA Principles amounting to TL 1,475,000 which has a part of TL 530,000 from the current period, provided by the Group Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 25,150 and other provision of TL 217 exist for cash transfers made by Bank officials.

<table>
<thead>
<tr>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free provisions for possible risks</td>
</tr>
</tbody>
</table>

23.4.2. The Names and Amounts of Sub-Accounts of Other Provisions Exceeding 10% of the Total Provision Amount

Based on the information provided by the legal department, lawsuits against the Parent Bank over TL 100 amounts to TL 94,838. Full provision has been provided in these financial statements for law suits ended against the Bank but not finalized yet, amounting to TL 63,600. Together with the provision of consolidated with other associates amounting to TL 340, total provision for lawsuits of the Group amounts to TL 63,940.

Based on the decision of the Parent Bank management, provision amounting to TL 38,850 is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non-performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the conservatism principle without taking into consideration the guarantees of these loans.

The Group also provided provisions amounting to TL 138,235 for unindemnified non-cash loans, and TL 142,464 (for other provisions. As a result of the provisions mentioned above, the other provision balance on the Group’s balance sheet amounts to TL 1,883,873.

23.5. Liabilities on Reserve for Employee Termination Benefits

23.5.1. Employment Termination Benefits and Unused Vacation Rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2017, unpaid vacation liability amounted to TL 258,763, and employment termination amounted to TL 820,157 are presented under the “Employee Benefits Provision” in the financial statements.
II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

23.5.2. Additional Bonus Provision Paid to Personel (Continued)

The Group provided provisions amounting to TL 250,000 of additional bonus provision with the decision of General Assembly.

23.5.3. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2017.

The liability related to Parent Bank’s benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act’s, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9.80% real discount rate, etc.).

According to related Actuary Report, the Fund’s surplus is TL 3,442,106 as of 31 December 2017.

<table>
<thead>
<tr>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Assets</td>
</tr>
<tr>
<td>Actual and Technique Deficit/Surplus Amount</td>
</tr>
</tbody>
</table>

The principal actuarial assumptions used are as follows:

<table>
<thead>
<tr>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
</tr>
<tr>
<td>- Pension benefits transferable to SSI</td>
</tr>
<tr>
<td>- Post employment medical benefits transferable to SSI</td>
</tr>
</tbody>
</table>

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

<table>
<thead>
<tr>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Placements</td>
</tr>
<tr>
<td>Property and Equipment</td>
</tr>
<tr>
<td>Marketable Securities</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

24. Information on Tax Liability

24.1. Information on Current Tax Liability

24.1.1. Information on Tax Provisions

As of 31 December 2017, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 474,434.

24.1.2. Information on Current Taxes Payable

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Tax Payable</td>
<td>474,434</td>
</tr>
<tr>
<td>Taxation on Income From Securities</td>
<td>193,987</td>
</tr>
<tr>
<td>Property Tax</td>
<td>2,570</td>
</tr>
<tr>
<td>Banking Insurance Transactions Tax (BITT)</td>
<td>164,067</td>
</tr>
<tr>
<td>Foreign Exchange Transactions Tax</td>
<td>106</td>
</tr>
<tr>
<td>Value Added Tax Payable</td>
<td>7,289</td>
</tr>
<tr>
<td>Other</td>
<td>132,581</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>975,034</td>
</tr>
</tbody>
</table>

24.1.3 Information on Premiums

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security Premiums - Employee</td>
<td>37</td>
</tr>
<tr>
<td>Social Security Premiums - Employer</td>
<td>52</td>
</tr>
<tr>
<td>Bank Social Aid Pension Fund Premium - Employee</td>
<td>9,779</td>
</tr>
<tr>
<td>Bank Social Aid Pension Fund Premium - Employer</td>
<td>13,629</td>
</tr>
<tr>
<td>Pension Fund Membership Fees and Provisions - Employee</td>
<td>2</td>
</tr>
<tr>
<td>Pension Fund Membership Fees and Provisions - Employer</td>
<td>6</td>
</tr>
<tr>
<td>Unemployment Insurance - Employee</td>
<td>1,599</td>
</tr>
<tr>
<td>Unemployment Insurance - Employer</td>
<td>3,200</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28,304</td>
</tr>
</tbody>
</table>

24.2 Information on Deferred Tax Liabilities, if any

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) “Income Taxes”. In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

The Bank’s deferred tax liability tax amounts to TL 277,306. Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Tax Assets</td>
<td>29,794</td>
</tr>
<tr>
<td>Deferred Tax Liabilities</td>
<td>307,100</td>
</tr>
<tr>
<td>Net Deferred Tax (Assets)/Liabilities</td>
<td>277,306</td>
</tr>
<tr>
<td>Net Deferred Tax Income / Expense</td>
<td>(30,525)</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

24. Information on Tax Liability (Continued)

24.2 Information on Deferred Tax Liabilities, if any (Continued)

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for Employment Termination Benefits</td>
<td>163,176</td>
</tr>
<tr>
<td>Short Term Employee Benefits</td>
<td>50,538</td>
</tr>
<tr>
<td>Financial Assets Valuation</td>
<td>(182,639)</td>
</tr>
<tr>
<td>Other</td>
<td>(308,381)</td>
</tr>
<tr>
<td>Net Deferred Tax Assets/Liabilities</td>
<td>(277,306)</td>
</tr>
</tbody>
</table>

As of 31 December 2017, deferred tax expense amounting to TL 30,525 was classified on profit or loss table and deferred tax expense amounting TL 330,677 was classified under shareholders’ equity.

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

The Group does not have a registered capital system.

26. Explanations on Subordinated Debts

The Group does not have any subordinated debts.

27. Information on Shareholders’ Equity

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>5,600,000</td>
</tr>
<tr>
<td>Preferred stock</td>
<td></td>
</tr>
</tbody>
</table>

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

The Group does not have a registered capital system.

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

There are no capital increases in the current period in Parent Bank.

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

There is no share capital amount included in capital.

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

The Bank has no capital commitments.

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

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

27.7. Information on Preferred Shares Representing The Capital

The Bank has no preferred shares.
SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

27. Information on Shareholders’ Equity (Continued)

27.8. Information on Marketable Securities Value Increase Fund

<table>
<thead>
<tr>
<th>Prior Period</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Subsidiaries, Associates and Entities under Common Control</td>
<td>3,375</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation Difference</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign Exchange Difference</td>
<td>3,375</td>
<td>-</td>
</tr>
<tr>
<td>From Available for Sale Marketable Securities</td>
<td>(1,801,386)</td>
<td>844,055</td>
</tr>
<tr>
<td>Revaluation Difference</td>
<td>(2,091,729)</td>
<td>844,213</td>
</tr>
<tr>
<td>Deferred Tax Effect</td>
<td>290,343</td>
<td>(158)</td>
</tr>
<tr>
<td>Foreign Exchange Difference</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>(1,798,011)</td>
<td>844,055</td>
</tr>
</tbody>
</table>

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

1. Information on Off-Balance Sheet Liabilities (Current Period)

1.1. Nature and Amount of Irrevocable Loan Commitments

<table>
<thead>
<tr>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments for Credit Card Expenditure Limits</td>
</tr>
<tr>
<td>Other Irrevocable Commitments</td>
</tr>
<tr>
<td>Loan Granting Commitments</td>
</tr>
<tr>
<td>Payment Commitments for Cheques</td>
</tr>
<tr>
<td>Asset Purchase Commitments</td>
</tr>
<tr>
<td>Promotion Campaigns Commitments Relating to Credit Card and Bank Services</td>
</tr>
<tr>
<td>Tax and Fund Obligations Resulting from Export Commitments</td>
</tr>
<tr>
<td>Subsidiaries and Associates Capital Contribution Commitments</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

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

The Group has provided provision amounting to TL 466,897 for possible losses arising from the off-balance sheet items in the current year.

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantee Letters</td>
<td>103,715,207</td>
</tr>
<tr>
<td>Letter of Credits</td>
<td>18,388,533</td>
</tr>
<tr>
<td>Bank Acceptances</td>
<td>8,317,026</td>
</tr>
<tr>
<td>Endorsement</td>
<td>202,092</td>
</tr>
<tr>
<td>Factoring Guarantees</td>
<td>2,172</td>
</tr>
<tr>
<td>Other Guarantees</td>
<td>1,010,273</td>
</tr>
<tr>
<td>Other Warranties</td>
<td>12,405</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>131,647,708</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Current Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of Certain Guarantees</td>
<td>69,436,954</td>
</tr>
<tr>
<td>Letters of Advance Guarantees</td>
<td>21,139,028</td>
</tr>
<tr>
<td>Letters of Temporary Guarantees</td>
<td>3,572,721</td>
</tr>
<tr>
<td>Letters of Guarantees Given to Customs Offices</td>
<td>1,519,782</td>
</tr>
<tr>
<td>Other Letters of Guarantees</td>
<td>8,046,722</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>103,715,207</strong></td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. EXPLANATIONS AND NOTES TO OFF-BALANCE SHEET ACCOUNTS (Current Period)

1. Information on Off-Balance Sheet Liabilities (Continued)

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans

<table>
<thead>
<tr>
<th>Non-Cash Loans for Providing Cash Loans</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Original Maturity of One Year or Less</td>
<td>4,173,468</td>
</tr>
<tr>
<td>With Original Maturity of More than One Year</td>
<td>1,752,900</td>
</tr>
<tr>
<td>Other Non-Cash Loans</td>
<td>2,420,568</td>
</tr>
<tr>
<td>Total</td>
<td>127,474,240</td>
</tr>
<tr>
<td></td>
<td>131,647,708</td>
</tr>
</tbody>
</table>

1.3.2. Information on Sectoral Risk Concentrations Of Non-Cash Loans

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL (%)</td>
</tr>
<tr>
<td>Agricultural</td>
<td>495,417</td>
</tr>
<tr>
<td>Farming and Raising Livestock</td>
<td>375,354</td>
</tr>
<tr>
<td>Forestry</td>
<td>109,984</td>
</tr>
<tr>
<td>Fishing</td>
<td>10,079</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9,379,558</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>319,854</td>
</tr>
<tr>
<td>Production</td>
<td>6,300,370</td>
</tr>
<tr>
<td>Electric, Gas and Water</td>
<td>3,259,334</td>
</tr>
<tr>
<td>Construction</td>
<td>13,119,115</td>
</tr>
<tr>
<td>Services</td>
<td>18,203,823</td>
</tr>
<tr>
<td>Wholesale and Retail Trade</td>
<td>8,116,952</td>
</tr>
<tr>
<td>Hotel, Food and Beverage Services</td>
<td>230,019</td>
</tr>
<tr>
<td>Transportation and Telecommunication</td>
<td>1,734,910</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>6,135,365</td>
</tr>
<tr>
<td>Real Estate and Leasing Services</td>
<td>1,700,920</td>
</tr>
<tr>
<td>Self-employment Services</td>
<td>-</td>
</tr>
<tr>
<td>Education Services</td>
<td>165,214</td>
</tr>
<tr>
<td>Health and Social Services</td>
<td>120,443</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>42,358,851</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Group I: TL</th>
<th>FC</th>
<th>Group II: TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Cash Loans</td>
<td>41,695,054</td>
<td>87,592,050</td>
<td>490,688</td>
<td>1,590,010</td>
</tr>
<tr>
<td>Letters of Guarantee</td>
<td>41,388,917</td>
<td>59,993,150</td>
<td>400,688</td>
<td>1,567,282</td>
</tr>
<tr>
<td>Bank Acceptances</td>
<td>26,238</td>
<td>8,272,663</td>
<td>1,791</td>
<td>1,608</td>
</tr>
<tr>
<td>Letters of Credit</td>
<td>274,137</td>
<td>18,108,265</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Endorsements</td>
<td>-</td>
<td>202,092</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Underwriting Commitments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Factoring Guarantees</td>
<td>-</td>
<td>2,172</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Commitments and Contingencies</td>
<td>5,762</td>
<td>101,370</td>
<td>-</td>
<td>3,207</td>
</tr>
</tbody>
</table>
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in Turkish Lira ("TL").)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Explanations on Derivative Transactions

<table>
<thead>
<tr>
<th>Types of Trading Transactions</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Currency Related Derivative Transactions: (I)</td>
<td></td>
</tr>
<tr>
<td>Forward Transactions</td>
<td>110,290,000</td>
</tr>
<tr>
<td>Swap Transactions</td>
<td>5,747,547</td>
</tr>
<tr>
<td>Futures Transactions</td>
<td>104,496,879</td>
</tr>
<tr>
<td>Option Transactions</td>
<td>45,574</td>
</tr>
<tr>
<td>Interest Related Derivative Transactions (II)</td>
<td></td>
</tr>
<tr>
<td>Forward Interest Rate Agreements</td>
<td>28,545,660</td>
</tr>
<tr>
<td>Interest Rate Swaps</td>
<td>28,545,660</td>
</tr>
<tr>
<td>Interest Rate Options</td>
<td></td>
</tr>
<tr>
<td>Interest Rate Futures</td>
<td></td>
</tr>
<tr>
<td>Other Trading Derivative Transactions: (III)</td>
<td></td>
</tr>
<tr>
<td>A. Total Trading Derivative Transactions (I+II+III)</td>
<td>138,835,660</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Types of Hedging Derivative Transactions</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Value Hedges</td>
<td></td>
</tr>
<tr>
<td>Cash Flow Hedges</td>
<td></td>
</tr>
<tr>
<td>Foreign Currency Investment Hedges</td>
<td></td>
</tr>
<tr>
<td>B. Total Hedging Derivative Transactions</td>
<td></td>
</tr>
<tr>
<td>Total Derivative Transactions (A+B)</td>
<td>138,835,660</td>
</tr>
</tbody>
</table>

The Group has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

<table>
<thead>
<tr>
<th>Current Period</th>
<th>Up to 1 Month</th>
<th>1-3 Months</th>
<th>3-12 Months</th>
<th>1-5 Years</th>
<th>Over 5 Years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivatives held for trading</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange derivatives</td>
<td>(281,125)</td>
<td>(976,998)</td>
<td>122,549</td>
<td>672,966</td>
<td>-</td>
<td>(462,608)</td>
</tr>
<tr>
<td>- Inflow</td>
<td>35,380,662</td>
<td>14,731,389</td>
<td>3,008,371</td>
<td>1,793,274</td>
<td>-</td>
<td>54,913,696</td>
</tr>
<tr>
<td>- Outflow</td>
<td>(35,661,787)</td>
<td>(15,708,387)</td>
<td>(2,885,822)</td>
<td>(1,120,308)</td>
<td>-</td>
<td>(55,576,304)</td>
</tr>
<tr>
<td>Interest rate derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Inflow</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Outflow</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(612,937)</td>
<td>(13,659,893)</td>
<td>14,272,830</td>
</tr>
<tr>
<td>Derivatives held for hedging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Inflow</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Outflow</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest rate derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Inflow</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Outflow</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Inflow</td>
<td>35,380,662</td>
<td>14,731,389</td>
<td>3,008,371</td>
<td>2,406,211</td>
<td>13,659,893</td>
<td>69,186,526</td>
</tr>
<tr>
<td>Total Outflow</td>
<td>(35,661,787)</td>
<td>(15,708,387)</td>
<td>(2,885,822)</td>
<td>(1,733,245)</td>
<td>(13,659,893)</td>
<td>(69,649,134)</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Group’s liability resulting from the cheques given to its customers amounts TL 2.876.102 TL.

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

4. Explanations on Services in the Name of Others

The Group acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Group does not provide consultancy and management services.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on Off-Balance Sheet Liabilities

5.1. Nature and Amount Of Irrevocable Loan Commitments

<table>
<thead>
<tr>
<th>Commitments for Credit Card Expenditure Limits</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,065,648</td>
</tr>
<tr>
<td>Other Irrevocable Commitments</td>
<td>10,318,492</td>
</tr>
<tr>
<td>Loan Granting Commitments</td>
<td>5,063,861</td>
</tr>
<tr>
<td>Payment Commitments for Cheques</td>
<td>3,761,934</td>
</tr>
<tr>
<td>Asset Purchase Commitments</td>
<td>4,829,656</td>
</tr>
<tr>
<td>Promotion Campaigns Commitments Relating to Credit Card and Bank Services</td>
<td>26,137</td>
</tr>
<tr>
<td>Tax and Fund Obligations Resulting from Export Commitments</td>
<td>1,966</td>
</tr>
<tr>
<td>Subsidiaries and Associates Capital Contribution Commitments</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,667,694</strong></td>
</tr>
</tbody>
</table>

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

In the current period, the Group has recorded a provision amounting to TL 138,235 for possible losses arising from off-balance sheet items.

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

<table>
<thead>
<tr>
<th>Guarantee Letters</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>81,154,998</td>
</tr>
<tr>
<td>Letter of Credits</td>
<td></td>
</tr>
<tr>
<td>Bank Acceptances</td>
<td>14,525,459</td>
</tr>
<tr>
<td>Factoring Guarantees</td>
<td></td>
</tr>
<tr>
<td>Other Guarantees</td>
<td>6,307,098</td>
</tr>
<tr>
<td>Other Warrantees</td>
<td>1,966</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102,326,622</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Letters of Certain Guarantees</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52,790,337</td>
</tr>
<tr>
<td>Letters of Advance Guarantees</td>
<td>18,527,924</td>
</tr>
<tr>
<td>Letters of Temporary Guarantees</td>
<td>3,653,864</td>
</tr>
<tr>
<td>Letters of Guarantees Given to Customs Offices</td>
<td>1,332,481</td>
</tr>
<tr>
<td>Other Letters of Guarantees</td>
<td>4,830,392</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81,154,998</strong></td>
</tr>
</tbody>
</table>

5.3. Explanations on Non-Cash Loans

5.3.1. Total Non-Cash Loans

<table>
<thead>
<tr>
<th>Non-Cash Loans for Providing Cash Loans</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Original Maturity of One Year or Less</td>
<td>2,422,713</td>
</tr>
<tr>
<td>With Original Maturity of More than One Year</td>
<td>806,113</td>
</tr>
<tr>
<td>Other Non-Cash Loans</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102,326,622</strong></td>
</tr>
</tbody>
</table>
III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Prior Period)

5. Information on Off-Balance Sheet Liabilities (Continued)

### 5.3.2. Information on Sectoral Risk Concentrations Of Non-Cash Loans

<table>
<thead>
<tr>
<th>Sector</th>
<th>TL</th>
<th>(%)</th>
<th>FC</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural</td>
<td>91,690</td>
<td>0,25</td>
<td>25,014</td>
<td>0,04</td>
</tr>
<tr>
<td>Farming and Raising Livestock</td>
<td>28,382</td>
<td>0,08</td>
<td>25,014</td>
<td>0,04</td>
</tr>
<tr>
<td>Forestry</td>
<td>63,242</td>
<td>0,18</td>
<td>25,014</td>
<td>0,04</td>
</tr>
<tr>
<td>Fishing</td>
<td>65</td>
<td>0,00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9,409,111</td>
<td>26,09</td>
<td>35,555,808</td>
<td>53,66</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>282,631</td>
<td>0,78</td>
<td>344,901</td>
<td>0,52</td>
</tr>
<tr>
<td>Production</td>
<td>3,453,249</td>
<td>15,12</td>
<td>32,920,814</td>
<td>49,69</td>
</tr>
<tr>
<td>Electric, Gas and Water</td>
<td>3,673,211</td>
<td>10,18</td>
<td>2,290,093</td>
<td>3,46</td>
</tr>
<tr>
<td>Construction</td>
<td>11,008,069</td>
<td>30,80</td>
<td>17,002,602</td>
<td>25,60</td>
</tr>
<tr>
<td>Services</td>
<td>14,371,943</td>
<td>39,85</td>
<td>12,612,077</td>
<td>19,03</td>
</tr>
<tr>
<td>Wholesale and Retail Trade</td>
<td>6,973,636</td>
<td>19,33</td>
<td>3,049,343</td>
<td>7,62</td>
</tr>
<tr>
<td>Hotel, Food and Beverage Services</td>
<td>200,820</td>
<td>0,56</td>
<td>403,658</td>
<td>0,61</td>
</tr>
<tr>
<td>Transportation and Telecommunication</td>
<td>1,492,421</td>
<td>4,14</td>
<td>2,425,130</td>
<td>3,66</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>4,122,232</td>
<td>11,43</td>
<td>3,542,223</td>
<td>5,35</td>
</tr>
<tr>
<td>Real Estate and Leasing Services</td>
<td>1,408,682</td>
<td>3,91</td>
<td>1,072,110</td>
<td>1,62</td>
</tr>
<tr>
<td>Self-employment Services</td>
<td></td>
<td></td>
<td>6,163</td>
<td>0,01</td>
</tr>
<tr>
<td>Education Services</td>
<td>99,825</td>
<td>0,28</td>
<td>39,866</td>
<td>0,06</td>
</tr>
<tr>
<td>Health and Social Services</td>
<td>74,327</td>
<td>0,21</td>
<td>75,564</td>
<td>0,11</td>
</tr>
<tr>
<td>Other</td>
<td>1,086,485</td>
<td>3,01</td>
<td>1,063,283</td>
<td>1,60</td>
</tr>
<tr>
<td>Total</td>
<td>36,067,838</td>
<td>100,00</td>
<td>66,258,784</td>
<td>100,00</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>TL</th>
<th>FC</th>
<th>Group I:</th>
<th>Group II:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Cash Loans</td>
<td>35,813,607</td>
<td>65,849,943</td>
<td>254,231</td>
<td>408,841</td>
</tr>
<tr>
<td>Letters of Guarantee</td>
<td>35,546,408</td>
<td>44,951,554</td>
<td>254,231</td>
<td>402,805</td>
</tr>
<tr>
<td>Bank Acceptances</td>
<td>30,004</td>
<td>6,277,094</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Letters of Credit</td>
<td>233,745</td>
<td>14,285,679</td>
<td>-</td>
<td>6,036</td>
</tr>
<tr>
<td>Endorsements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underwriting Commitments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factoring Guarantees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Commitments and Contingencies</td>
<td>3,450</td>
<td>333,981</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
6. Explanations on Derivative Transactions

<table>
<thead>
<tr>
<th>Types of Trading Transactions</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Currency Related Derivative Transactions: (I)</td>
<td>85,346,631</td>
</tr>
<tr>
<td>Forward Transactions</td>
<td>9,280,272</td>
</tr>
<tr>
<td>Swap Transactions</td>
<td>75,342,881</td>
</tr>
<tr>
<td>Futures Transactions</td>
<td>-</td>
</tr>
<tr>
<td>Option Transactions</td>
<td>723,478</td>
</tr>
<tr>
<td>Interest Related Derivative Transactions (II)</td>
<td>10,496,622</td>
</tr>
<tr>
<td>Forward Interest Rate Agreements</td>
<td>-</td>
</tr>
<tr>
<td>Interest Rate Swaps</td>
<td>10,496,622</td>
</tr>
<tr>
<td>Interest Rate Options</td>
<td>-</td>
</tr>
<tr>
<td>Interest Rate Futures</td>
<td>-</td>
</tr>
<tr>
<td>Other Trading Derivative Transactions: (III)</td>
<td>-</td>
</tr>
<tr>
<td>A. Total Trading Derivative Transactions (I+II+III)</td>
<td>95,843,253</td>
</tr>
</tbody>
</table>

| Types of Hedging Derivative Transactions | - |
| Fair Value Hedges | - |
| Cash Flow Hedges | - |
| Foreign Currency Investment Hedges | - |
| B. Total Hedging Derivative Transactions | - |
| Total Derivative Transactions (A+B) | 95,843,253 |

The Group has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

7. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Group’s liability resulting from the cheques given to its customers amounts TL 3,761,934. As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

8. Explanations on Services in the Name of Others

The Group acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Group does not provide consultancy and management services.
### IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Current Period)

1. Within The Scope of Interest Income

1.1. Information on Interest Income from Loans

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td><strong>Interest on Loans</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>35,961,179</td>
</tr>
<tr>
<td>Short Term Loans</td>
<td>10,622,841</td>
</tr>
<tr>
<td>Medium and Long Term Loans</td>
<td>24,925,013</td>
</tr>
<tr>
<td>Interest on Non-Performing Loans</td>
<td>413,325</td>
</tr>
<tr>
<td>Premiums from Resource Utilization Support Fund</td>
<td>-</td>
</tr>
</tbody>
</table>

<sup>1</sup> Includes fees and commissions income on cash loans.

1.2. Information on Interest Received from the Banks

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Central Bank of the Republic of Turkey</td>
<td>64,265</td>
</tr>
<tr>
<td>Domestic Banks</td>
<td>365,912</td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>19,515</td>
</tr>
<tr>
<td>Foreign Head Office and Branches</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>449,692</td>
</tr>
</tbody>
</table>

1.3. Information on Interest Income on Marketable Securities

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Financial Assets Held for Trading</td>
<td>5,041</td>
</tr>
<tr>
<td>Financial Assets at Fair Value through Profit or Loss</td>
<td>8,686,303</td>
</tr>
<tr>
<td>Investments Held-to-Maturity</td>
<td>739,208</td>
</tr>
<tr>
<td>Total</td>
<td>9,430,552</td>
</tr>
</tbody>
</table>

1.4. Information on Interest Income from Subsidiaries and Associates

The Group has no interest income from its subsidiaries and affiliates.

2. Within the Scope of Interest Expense

2.1. Information on Interest Expense on Borrowings

<table>
<thead>
<tr>
<th></th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>Banks&lt;sup&gt;1&lt;/sup&gt;</td>
<td>236,002</td>
</tr>
<tr>
<td>Central Bank of the Republic of Turkey</td>
<td>6,498</td>
</tr>
<tr>
<td>Domestic Banks</td>
<td>140,054</td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>89,460</td>
</tr>
<tr>
<td>Foreign Head Office and Branches</td>
<td>-</td>
</tr>
<tr>
<td>Other Institutions</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>236,002</td>
</tr>
</tbody>
</table>

<sup>1</sup> Includes fees and commissions expenses on cash loans.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2.2 Information on Interest Expenses Given to Subsidiaries and Associates

<table>
<thead>
<tr>
<th>Interest Expenses Given to Subsidiaries and Associates</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.184</td>
</tr>
</tbody>
</table>

2.3 Information on Interest Given on Securities Issued

<table>
<thead>
<tr>
<th>Interest Given on Securities Issued</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TL</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>----</td>
</tr>
<tr>
<td></td>
<td>686,853</td>
</tr>
</tbody>
</table>

2.4 Maturity Structure of the Interest Expense on Deposits

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Demand Deposit</th>
<th>Up to 1 Month</th>
<th>Up to 3 Months</th>
<th>Up to 6 Months</th>
<th>Up to 1 Year</th>
<th>More Than 1 Year</th>
<th>Cumulative Deposit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Deposit</td>
<td>-</td>
<td>1,626,763</td>
<td>7,434</td>
<td></td>
<td>88</td>
<td>311</td>
<td></td>
<td>1,634,596</td>
</tr>
<tr>
<td>Saving Deposit</td>
<td>16</td>
<td>376,260</td>
<td>9,703,455</td>
<td>738,891</td>
<td>183,588</td>
<td>200,648</td>
<td>5,941</td>
<td>11,208,799</td>
</tr>
<tr>
<td>Public Sector Deposit</td>
<td>501</td>
<td>618,761</td>
<td>730,264</td>
<td>170,790</td>
<td>673,676</td>
<td>8,867</td>
<td></td>
<td>2,202,859</td>
</tr>
<tr>
<td>Commercial Deposit</td>
<td>167</td>
<td>766,721</td>
<td>1,100,516</td>
<td>178,632</td>
<td>227,880</td>
<td>4,994</td>
<td></td>
<td>2,278,910</td>
</tr>
<tr>
<td>Other Deposit</td>
<td>7</td>
<td>192,301</td>
<td>504,804</td>
<td>112,567</td>
<td>135,508</td>
<td>39,804</td>
<td></td>
<td>984,991</td>
</tr>
<tr>
<td>Deposit with 7 Days Notification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>691</td>
<td>3,580,806</td>
<td>12,046,473</td>
<td>1,200,880</td>
<td>1,220,740</td>
<td>254,624</td>
<td>5,941</td>
<td>18,310,155</td>
</tr>
</tbody>
</table>

FC

| Foreign Currency Deposit         | 1,894          | 254,328       | 1,050,820      | 127,552        | 158,910      | 426,526          | 2,020,030          |
| Bank Deposit                     | 2,669          | 169,638       | 10,233         | 2,569          | 5,928        | 3,882            | 194,719            |
| Deposit with 7 Days Notification |                |               |                |                |              |                  |                    |       |
| Precious Metal Deposits          | 4,262          | 5,262         | 478            | 301            | 384          |                  | 10,687             |
| Total                            | 4,563          | 428,228       | 1,066,315      | 130,599        | 165,139      | 430,592          | 2,225,436          |
| Grand Total                      | 5,254          | 4,009,034     | 13,112,788     | 1,331,479      | 1,385,879    | 685,216          | 5,941              | 20,535,591 |

3. Explanations on Dividend Income

<table>
<thead>
<tr>
<th>Financial Assets at Fair Value Through Profit or Loss</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Other Comprehensive Income</td>
<td>3,218</td>
</tr>
<tr>
<td>Other (1)</td>
<td>1,590</td>
</tr>
<tr>
<td>Total</td>
<td>4,808</td>
</tr>
</tbody>
</table>

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

4. Information on Trading Profit/Loss (Net)

<table>
<thead>
<tr>
<th>Profit</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Exchange Gains</td>
<td>115,541,382</td>
</tr>
<tr>
<td>Profit on Derivative Financial Instruments</td>
<td>2,139,338</td>
</tr>
<tr>
<td>Profit from the Capital Market Transactions</td>
<td>20,150</td>
</tr>
<tr>
<td>Loss (-)</td>
<td>121,202,026</td>
</tr>
<tr>
<td>Foreign Exchange Loss</td>
<td>114,963,730</td>
</tr>
<tr>
<td>Loss on Derivative Financial Instruments</td>
<td>6,207,688</td>
</tr>
<tr>
<td>Loss from the Capital Market Transactions</td>
<td>9,291</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on Other Operating Income

5.1. Information on Factors Covering The Recent Developments which has Significant Effect on The Bank’s Income And the Extent Of Effect on Income

There are no significant matters covering the recent developments which have significant effect on the Group’s income. Besides, of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 1,099,238, income from sales of assets amounting to TL 40,334 and revenue from insurance transactions of amount to TL 2,123,180

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

Expected Loss Provisions According to TFRS 9

<table>
<thead>
<tr>
<th>Expected Credit Loss Provisions</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 month expected credit loss (stage 1)</td>
<td>5,154,583</td>
</tr>
<tr>
<td>Significant increase in credit risk (stage 2)</td>
<td>596,737</td>
</tr>
<tr>
<td>Non-performing loans (stage 3)</td>
<td>2,142,747</td>
</tr>
<tr>
<td>Marketable Securities Impairment Expense</td>
<td>2,415,099</td>
</tr>
<tr>
<td>Financial Assets at Fair Value through Profit or Loss</td>
<td>1,095</td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Other Comprehensive Income</td>
<td>101</td>
</tr>
<tr>
<td>Subsidiaries, Associates and Entities under Common Control Provision Expenses for Impairment</td>
<td>994</td>
</tr>
<tr>
<td>Associates</td>
<td>-</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>-</td>
</tr>
<tr>
<td>Joint Ventures</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>70,011</td>
</tr>
<tr>
<td>Total</td>
<td>5,225,689</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on Other Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Expenses</td>
<td>3,175,068</td>
</tr>
<tr>
<td>Reserve for Employee Termination Benefits</td>
<td></td>
</tr>
<tr>
<td>Bank Social Aid Provision Fund Deficit Provision</td>
<td></td>
</tr>
<tr>
<td>Tangible Fixed Assets Impairment Expense</td>
<td></td>
</tr>
<tr>
<td>Depreciation Expenses of Tangible Fixed Assets</td>
<td></td>
</tr>
<tr>
<td>Intangible Assets Impairment Expense</td>
<td></td>
</tr>
<tr>
<td>Goodwill Impairment Expense</td>
<td></td>
</tr>
<tr>
<td>Amortization Expenses of Intangible Assets</td>
<td></td>
</tr>
<tr>
<td>Impairment Expense for Equity Shares Subject to the Equity Method</td>
<td></td>
</tr>
<tr>
<td>Impairment Expense for Investment Securities that will be Disposed</td>
<td></td>
</tr>
<tr>
<td>Amortization Expenses of Investment Securities that will be Disposed</td>
<td></td>
</tr>
<tr>
<td>Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations</td>
<td>63</td>
</tr>
<tr>
<td>Operational Leasing Expenses</td>
<td></td>
</tr>
<tr>
<td>Maintenance Expenses</td>
<td></td>
</tr>
<tr>
<td>Advertisement Expenses</td>
<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td></td>
</tr>
<tr>
<td>Loss on Sales of Assets</td>
<td></td>
</tr>
<tr>
<td>Other (1)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9,158,676</td>
</tr>
</tbody>
</table>

(1) TL 693,822 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 684,282 consists of taxes, duties and charges expense

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

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

The Group does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>23,865,457</td>
</tr>
<tr>
<td>Net Fees and Commissions Income</td>
<td>2,694,706</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>3,450,126</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>4,808</td>
</tr>
<tr>
<td>Trading Income/Expense (Net)</td>
<td>(3,801,156)</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>3,175,068</td>
</tr>
<tr>
<td>Expected Loss Provisions (-)</td>
<td>5,225,689</td>
</tr>
<tr>
<td>Other Operating Expenses (-)</td>
<td>5,983,608</td>
</tr>
<tr>
<td>Income / Loss from Subsidiaries Consolidated with Equity Pick-up</td>
<td>46,756</td>
</tr>
<tr>
<td>Profit / (Loss) From Continuing Operations</td>
<td>11,876,332</td>
</tr>
</tbody>
</table>
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

The Group’s net operating income after tax amounts to TL 9,344,120

11. Information on Net Profit/Loss


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.

11.2. 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

12. If Other Items in the Income Statement Exceed 10% of the Income Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

The “Other” statement under the “Fees and Commission Income” in the Income Statement mainly consists of commissions received from credit card and fees and commissions received from banking transactions.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

13. Information on interest income received from loans for the period ended 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Loans</td>
<td>25,380,131</td>
</tr>
<tr>
<td>(1) Short Term Loans</td>
<td>6,475,997</td>
</tr>
<tr>
<td>(1) Medium and Long Term Loans</td>
<td>18,780,028</td>
</tr>
<tr>
<td>(1) Interest on Non-Performing Loans</td>
<td>124,106</td>
</tr>
<tr>
<td>(1) Premiums from Resource Utilization Support Fund</td>
<td>-</td>
</tr>
</tbody>
</table>

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

13.2. Information on Interest Income Received from Banks for the period ended 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Bank of the Republic of Turkey</td>
<td>22,831</td>
</tr>
<tr>
<td>Domestic Banks</td>
<td>226,587</td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>5,493</td>
</tr>
<tr>
<td>Foreign Head Office and Branches</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>254,911</td>
</tr>
</tbody>
</table>

13.3. Information on Interest Received from Marketable Securities for the period ended 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets Held for Trading</td>
<td>1,037</td>
</tr>
<tr>
<td>Financial Assets at Fair Value through Profit or Loss</td>
<td>-</td>
</tr>
<tr>
<td>Financial Assets Available-for-Sale</td>
<td>4,734,678</td>
</tr>
<tr>
<td>Investments Held-to-Maturity</td>
<td>347,565</td>
</tr>
<tr>
<td>Total</td>
<td>5,083,280</td>
</tr>
</tbody>
</table>

13.4. Information on interest income received from associates and subsidiaries for the period ended 31 December 2017

None

14. Interest Expense for the period ended 31 December 2017

14.1. Information Related to the Loans Given for the period ended 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks (1)</td>
<td>114,876</td>
</tr>
<tr>
<td>(1) Central Bank of the Republic of Turkey</td>
<td>2,345</td>
</tr>
<tr>
<td>(1) Domestic Banks</td>
<td>20,321</td>
</tr>
<tr>
<td>(1) Foreign Banks</td>
<td>92,210</td>
</tr>
<tr>
<td>(1) Foreign Head Office and Branches</td>
<td>-</td>
</tr>
<tr>
<td>Other Institutions</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>114,876</td>
</tr>
</tbody>
</table>

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

14.2. Information on Interest Expense Given to Associates and Subsidiaries for the period ended 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expenses Given to Subsidiaries and Associates</td>
<td>1,109</td>
</tr>
</tbody>
</table>
CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018
(Unless otherwise stated amounts are expressed in Turkish Lira ("TL").)

SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

14.3. Information on the Obligations Issued to the Securities Issued for the Period Ended 31 December 2017

<table>
<thead>
<tr>
<th>Interest Given on Securities Issued</th>
<th>TL</th>
<th>FC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>405.944</td>
<td>318.980</td>
</tr>
</tbody>
</table>

14.4. Indication of Interest Paid to the Deposits for the Period Ended 31 December 2017 by Maturity Structure

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Demand Deposit</th>
<th>Up to 1 Month</th>
<th>Up to 3 Months</th>
<th>Up to 6 Months</th>
<th>Up to 1 Year</th>
<th>More Than 1 year</th>
<th>Cumulative Deposit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Deposit</td>
<td></td>
<td>757.030</td>
<td>382</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>757.412</td>
</tr>
<tr>
<td>Saving Deposit</td>
<td>1</td>
<td>261.053</td>
<td>6,080.075</td>
<td>425.043</td>
<td>85.313</td>
<td>76.798</td>
<td>2.542</td>
<td>6,930.825</td>
</tr>
<tr>
<td>Public Sector Deposit</td>
<td>904</td>
<td>392.861</td>
<td>606.224</td>
<td>182.421</td>
<td>524.564</td>
<td>4.667</td>
<td></td>
<td>1,711.641</td>
</tr>
<tr>
<td>Commercial Deposit</td>
<td>235</td>
<td>341.644</td>
<td>908.552</td>
<td>134.950</td>
<td>152.702</td>
<td>2.428</td>
<td></td>
<td>1,540.511</td>
</tr>
<tr>
<td>Other Deposit</td>
<td>56</td>
<td>108.442</td>
<td>296.653</td>
<td>33.194</td>
<td>46.523</td>
<td>98.444</td>
<td></td>
<td>583.312</td>
</tr>
<tr>
<td>Deposit with 7 Days Notification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,196</td>
<td>1,861.030</td>
<td>7,891.886</td>
<td>775.608</td>
<td>809.102</td>
<td>182.337</td>
<td>2.542</td>
<td>11,523.701</td>
</tr>
<tr>
<td><strong>FC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Currency Deposit</td>
<td>1.118</td>
<td>123.974</td>
<td>428.491</td>
<td>67.960</td>
<td>68.637</td>
<td>270.058</td>
<td>4</td>
<td>960.242</td>
</tr>
<tr>
<td>Bank Deposit</td>
<td>12</td>
<td>67.827</td>
<td>45.209</td>
<td>3.674</td>
<td>813</td>
<td>1.121</td>
<td>4</td>
<td>118.656</td>
</tr>
<tr>
<td>Deposit with 7 Days Notification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious Metal Deposits</td>
<td>-</td>
<td>183</td>
<td>2.680</td>
<td>223</td>
<td>147</td>
<td>153</td>
<td>4</td>
<td>3.386</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,130</td>
<td>191.984</td>
<td>476.380</td>
<td>71.857</td>
<td>69.597</td>
<td>271.332</td>
<td>4</td>
<td>1,082.284</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>2,326</td>
<td>2,053.014</td>
<td>8,368.266</td>
<td>847.465</td>
<td>878.699</td>
<td>453.669</td>
<td>2.546</td>
<td>12,605.985</td>
</tr>
</tbody>
</table>

15. Explanations on Dividend Income for the Period Ended 31 December 2017

<table>
<thead>
<tr>
<th>Prior Period</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets at Fair Value Through Profit or Loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-Sale Financial Assets</td>
<td>4,760</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2,989</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,749</td>
<td></td>
</tr>
</tbody>
</table>

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

16. Explanations on Commercial Profit / Loss for the Year Ended 31 December 2017 (Net)

<table>
<thead>
<tr>
<th>Prior Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>40,052,320</td>
</tr>
<tr>
<td>Foreign Exchange Gains</td>
<td>38,704,602</td>
</tr>
<tr>
<td>Profit on Derivative Financial Instruments</td>
<td>1,302,240</td>
</tr>
<tr>
<td>Profit from the Capital Market Transactions</td>
<td>45,478</td>
</tr>
<tr>
<td>Loss (-)</td>
<td>40,897,973</td>
</tr>
<tr>
<td>Foreign Exchange Loss</td>
<td>38,729,296</td>
</tr>
<tr>
<td>Loss on Derivative Financial Instruments</td>
<td>2,167,263</td>
</tr>
<tr>
<td>Loss from the Capital Market Transactions</td>
<td>1,314</td>
</tr>
</tbody>
</table>

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

17. Explanations on Other Operating Income for the Period Ended 31 December 2017

There are no significant matters covering the recent developments which have significant effect on the Group’s income. Besides, of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 697,240 and income from sales of assets amounting to TL 211,106.

18. Provision for Impairment Losses on Loans and Other Receivables of the Banks for the Period Ended 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific Provisions for Loans and Other Receivables (1)</td>
<td>1,236,318</td>
</tr>
<tr>
<td>- Group III Loans and Receivables</td>
<td>446,771</td>
</tr>
<tr>
<td>- Group IV Loans and Receivables</td>
<td>416,732</td>
</tr>
<tr>
<td>- Group V Loans and Receivables</td>
<td>372,815</td>
</tr>
<tr>
<td>General Provision Expenses</td>
<td>1,582,806</td>
</tr>
<tr>
<td>Provision Expenses for the Possible Losses</td>
<td>549,065</td>
</tr>
<tr>
<td>Marketable Securities Impairment Expense</td>
<td>419</td>
</tr>
<tr>
<td>- Financial Assets at Fair Value through Profit and Loss</td>
<td>-</td>
</tr>
<tr>
<td>- Financial Assets Available for Sale</td>
<td>419</td>
</tr>
<tr>
<td>Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity</td>
<td>-</td>
</tr>
<tr>
<td>- Associates</td>
<td>-</td>
</tr>
<tr>
<td>- Subsidiaries</td>
<td>-</td>
</tr>
<tr>
<td>- Entities under Common Control (Business Partners)</td>
<td>-</td>
</tr>
<tr>
<td>- Investment Securities Held to Maturity</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>124,736</td>
</tr>
<tr>
<td>Total</td>
<td>3,493,344</td>
</tr>
</tbody>
</table>

(1) The related amount represents the period expense and the provision reversal amounting to TL 569,527 is included in other operating income.

19. Information on Other Operating Expenses for the Period Ended 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Expenses</td>
<td>2,744,161</td>
</tr>
<tr>
<td>Reserve for Employee Termination Benefits</td>
<td>93,119</td>
</tr>
<tr>
<td>Bank Social Aid Provision Fund Deficit Provision</td>
<td>-</td>
</tr>
<tr>
<td>Tangible Fixed Assets Impairment Expense</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation Expenses of Tangible Fixed Assets</td>
<td>266,586</td>
</tr>
<tr>
<td>Intangible Assets Impairment Expense</td>
<td>1,068</td>
</tr>
<tr>
<td>Goodwill Impairment Expense</td>
<td>-</td>
</tr>
<tr>
<td>Amortization Expenses of Intangible Assets</td>
<td>74,696</td>
</tr>
<tr>
<td>Impairment Expense for Equity Shares Subject to the Equity Method</td>
<td>-</td>
</tr>
<tr>
<td>Impairment Expense for Investment Securities that will be Disposed</td>
<td>-</td>
</tr>
<tr>
<td>Amortization Expenses of Investment Securities that will be Disposed</td>
<td>-</td>
</tr>
<tr>
<td>Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations</td>
<td>931</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>2,082,380</td>
</tr>
<tr>
<td>Operational Leasing Expenses</td>
<td>290,352</td>
</tr>
<tr>
<td>Maintenance Expenses</td>
<td>71,888</td>
</tr>
<tr>
<td>Advertisement Expenses</td>
<td>140,886</td>
</tr>
<tr>
<td>Other</td>
<td>1,579,254</td>
</tr>
<tr>
<td>Loss on Sales of Assets</td>
<td>719</td>
</tr>
<tr>
<td>Other (1)</td>
<td>2,705,343</td>
</tr>
<tr>
<td>Total</td>
<td>7,969,003</td>
</tr>
</tbody>
</table>

(1) TL 549,373 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 529,343 consists of taxes, duties and charges expense
SECTION FIVE (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

20. Information on profit / loss before taxes and losses for continuing operations and discontinued operations for the year ended 31 December 2017

The Group does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>18,114,337</td>
</tr>
<tr>
<td>Net Fees and Commissions Income</td>
<td>1,943,504</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>3,737,922</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>7,749</td>
</tr>
<tr>
<td>Trading Income/Expense (Net)</td>
<td>(845,653)</td>
</tr>
<tr>
<td>Provision for Loan or Other Receivables Losses (-)</td>
<td>3,493,344</td>
</tr>
<tr>
<td>Other Operating Expenses (-)</td>
<td>7,969,003</td>
</tr>
<tr>
<td>Earning/Loss from Subsidiaries Consolidated with Equity Pick-up</td>
<td>20,359</td>
</tr>
<tr>
<td>Profit / (Loss) From Continuing Operations</td>
<td>11,515,871</td>
</tr>
</tbody>
</table>


As of 31 December 2017, TL 2,631,539 of the Group’s total tax provision expense amounting to TL 2,601,014 consists of current tax expense while remaining balances amounting to TL 30,525 consists of deferred tax expense.

22. Statement of Net Income / Loss for the Period Ended 31 December 2017 and Discontinued Operations

The Group’s net operating income after tax amounts to TL 8,884,332

23. Explanation on net profit / loss for the period ended 31 December 2017

23.1. Explanation of Quality, Size and Repetition Rate of Income and Expense Items Due to Ordinary Banking Transactions for the Period Ended on December 31, 2017

The Group, 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.

23.2. The Effects of the Amendment to the Income Statement for the Period Ended 31 December 2017 on Profit / Loss Effects

As of December 31, 2017, there are no changes in the estimates made in relation to the financial statement items.

24. In case the other items in the income statement exceed the 10% of the income statement, the sub-accounts constituting at least 20% of these items are shown for the Period Ended 31 December 2017.

The “Others” item under the “Commissions and fees” in the income statement is composed of commissions and fees from major credit card transactions and banking transactions.
V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS’ EQUITY

1. Explanations on Changes in Shareholders’ Equity according to Turkey Accounting Standards and Inflation Adjustment Differences for Equity Items Considering the Ranking of Items in the Table

As per the BRSA’s Circular numbered 5 announced on 28 April 2005, it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 on 21 April 2005.

2. Explanations on Profit Distribution

Pursuant to the decision taken at the 2017 Ordinary General Assembly Meeting held on August 13, 2018, the first legal reserves from 7,940,121 TL period net profit, of TL 397,006, the first legal reserve of TL 397,006 and the second legal reserve of TL 25,000 The Company decided to allocate TL 280,000 as a first dividend and TL 250,000 as additional payment to the personnel. 50% of the sales revenue of the real estates sold in 2017 was transferred to Other Reserves for TL 77,722 thousand, which will be monitored in a special fund account. Within this framework, it has been decided to leave the Bank amounting to TL 7,160,393 within the Bank. Bank is planning to distribute its profit on 2016 in accordance with its articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

3. Profit Reserves

As of the balance sheet date, profit reserves amount to TL 37,320,380, legal reserves amount to TL 4,026,361 extraordinary reserves amount to TL 31,732,384 and other profit reserves amount to TL 1,561,635.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. EXPLANATIONS ON CONSOLIDATED CASH FLOW STATEMENTS

1. Explanations on the “Other” items and “The Effect of the Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement

Operating Profit before Changes in Operating Assets and Liabilities” amounting to TL 1.892.753 is composed mainly from interest received from loans and securities amounting to TL 50.363.075 and interest paid to deposit and money market operations which is amounting to TL 30.573.694 Other earnings consists primarily net fee, commission income and other operation revenue/expenses.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 5.015.333 as of 31 December 2017 (31 December 2017: TL 1.404.479).

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as “cash”; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as “cash equivalents”.

Period opening and end cash and cash equivalents balance

<table>
<thead>
<tr>
<th>Period Opening</th>
<th>Current Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in TL and in Foreign Currency</td>
<td>3,942,062</td>
<td>2,792,776</td>
</tr>
<tr>
<td>Central Bank of the Republic of Turkey and Other Banks</td>
<td>9,765,064</td>
<td>12,854,193</td>
</tr>
<tr>
<td>Money Market Operations</td>
<td>132,385</td>
<td>252,944</td>
</tr>
<tr>
<td>Total Cash and Cash Equivalents</td>
<td>13,839,511</td>
<td>15,899,913</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period End</th>
<th>Current Period</th>
<th>Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in TL and in Foreign Currency</td>
<td>5,159,473</td>
<td>3,942,062</td>
</tr>
<tr>
<td>Central Bank of the Republic of Turkey and Other Banks</td>
<td>22,885,886</td>
<td>9,765,064</td>
</tr>
<tr>
<td>Money Market Operations</td>
<td>250,087</td>
<td>132,385</td>
</tr>
<tr>
<td>Total Cash and Cash Equivalents</td>
<td>28,295,446</td>
<td>13,839,511</td>
</tr>
</tbody>
</table>

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

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

Current Period

<table>
<thead>
<tr>
<th>Risk Group of the Parent Bank</th>
<th>Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)</th>
<th>Direct or Indirect Shareholders of the Parent Bank</th>
<th>Other Real and Legal Persons in the Risk Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>Cash</td>
<td>Non-cash</td>
<td>Cash</td>
</tr>
<tr>
<td>Opening Balance</td>
<td>37,752</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>45,815</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Commissions Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Prior Period

<table>
<thead>
<tr>
<th>Risk Group of the Parent Bank</th>
<th>Subsidiaries, Associates and Entities Under Common Control (Joint Venture)</th>
<th>Direct or Indirect Shareholders of the Parent Bank</th>
<th>Other Real and Legal Persons in the Risk Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>Cash</td>
<td>Non-cash</td>
<td>Cash</td>
</tr>
<tr>
<td>Opening Balance</td>
<td>22,907</td>
<td>25,932</td>
<td>-</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>37,752</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Commissions Income (1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Represent the amount of interest and commissions income as of 31 December 2017.
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Deposits Held By The Bank’s Risk Group

Current Period

<table>
<thead>
<tr>
<th>Risk Group of the Parent Bank</th>
<th>Subsidiaries, Associates and Entities Under Common Control (Joint Venture)</th>
<th>Direct or Indirect Shareholders of the Parent Bank</th>
<th>Other Real and Legal Persons in the Risk Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>26,398</td>
<td></td>
<td>17,708</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>27,657</td>
<td></td>
<td>13,974</td>
</tr>
<tr>
<td>Interest Expense on Deposits</td>
<td>2,184</td>
<td></td>
<td>14,504</td>
</tr>
</tbody>
</table>

Prior Period

<table>
<thead>
<tr>
<th>Risk Group of the Parent Bank</th>
<th>Subsidiaries, Associates and Entities Under Common Control (Joint Venture)</th>
<th>Direct or Indirect Shareholders of the Parent Bank</th>
<th>Other Real and Legal Persons in the Risk Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>30,244</td>
<td></td>
<td>22,247</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>26,398</td>
<td></td>
<td>17,708</td>
</tr>
<tr>
<td>Interest Expense on Deposits</td>
<td>1,109</td>
<td></td>
<td>3,429</td>
</tr>
</tbody>
</table>

(1) The prior period balance of the deposit interest expense represents the amount at 31 December 2017

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

None. (31 December 2017:None).

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

Fees paid to the Bank’s key management amount to TL 31.434 (31 December 2017:27.357TL).
SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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

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

<table>
<thead>
<tr>
<th>Number</th>
<th>Number of Employees</th>
<th>Country of Incorporation</th>
<th>Total Assets</th>
<th>Statutory Share Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Branch</td>
<td>1,750</td>
<td>24,559</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Representative Office</td>
<td>1</td>
<td></td>
<td>1- Iran</td>
<td></td>
</tr>
<tr>
<td>Foreign Branch</td>
<td>27</td>
<td></td>
<td>4- England</td>
<td>8,127,929</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
<td>2- Bulgaria</td>
<td>433,668</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
<td>3- Iraq</td>
<td>1,063,775</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
<td>4- Greece</td>
<td>561,578</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>5- Saudi Arabia</td>
<td>1,827,563</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
<td>6- Kosovo</td>
<td>273,508</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
<td>7- T.R. of Northern Cyprus</td>
<td>2,089,848</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>8- Bahrain</td>
<td>16,047,579</td>
</tr>
</tbody>
</table>

(1) The number of Head Office and Regional Directorates employees are included in the number of employees in the Domestic Branches.

(2) Excluding the local employees of the foreign branches.

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

In 2018, 2 new branches were opened, 11 branches were closed in Turkey. Prizren and Peja branches in Kosovo are opened abroad.
SECTION SIX
OTHER EXPLANATIONS

I. INFORMATION ON THE BANK’S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody’s Investors Service, Fitch Ratings and JCR Eurasia are as follows:

**Moody’s Investors Service: September 2018**

<table>
<thead>
<tr>
<th>Outlook</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term Foreign Currency Deposit</td>
<td>B2</td>
</tr>
<tr>
<td>Short term Foreign Currency Deposit</td>
<td>Not-Prime</td>
</tr>
<tr>
<td>Long term Turkish Liras Deposit</td>
<td>B1</td>
</tr>
<tr>
<td>Short term Turkish Liras Deposit</td>
<td>Not-Prime</td>
</tr>
<tr>
<td>Long term Foreign Currency Bond</td>
<td>B1</td>
</tr>
<tr>
<td>Long term Turkish Lira Bond</td>
<td>B1</td>
</tr>
<tr>
<td>Basic Credit Note</td>
<td>b2</td>
</tr>
<tr>
<td>Adjusted Basic Credit Note</td>
<td>b2</td>
</tr>
</tbody>
</table>

**Fitch Ratings: October 2018**

<table>
<thead>
<tr>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>FC Long Term B+/Negative</td>
</tr>
<tr>
<td>FC Short Term B</td>
</tr>
<tr>
<td>TL Long Term BB/Negative</td>
</tr>
<tr>
<td>TL Short Term B</td>
</tr>
<tr>
<td>National Long Term AA (tur)/Stable</td>
</tr>
<tr>
<td>Support 4</td>
</tr>
<tr>
<td>Support Rating Base B+</td>
</tr>
<tr>
<td>Financial Capability Grade b+</td>
</tr>
</tbody>
</table>

**JCR Eurasia: October 2018**

<table>
<thead>
<tr>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term International FC BBB -</td>
</tr>
<tr>
<td>Outlook Negative</td>
</tr>
<tr>
<td>Long Term International TL GradeBBB -</td>
</tr>
<tr>
<td>Outlook Negative</td>
</tr>
<tr>
<td>Long Term National Grade AAA (Trk)</td>
</tr>
<tr>
<td>Outlook Stable</td>
</tr>
<tr>
<td>Short Term International FC A - 3</td>
</tr>
<tr>
<td>Outlook Negative</td>
</tr>
<tr>
<td>Short Term International TL GradeA - 3</td>
</tr>
<tr>
<td>Outlook Negative</td>
</tr>
<tr>
<td>Short Term National Grade A-1+ (Trk)</td>
</tr>
<tr>
<td>Supporting Grade 1</td>
</tr>
<tr>
<td>Independence from Affiliates Grade A</td>
</tr>
</tbody>
</table>

II. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.
SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITORS’ REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS’ REPORT

As of 31 December 2018, consolidated financial statements and explanatory notes of the Bank disclosed herein were audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Independent Auditors’ Report date 27 February 2019 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.