

(Convenience Translation of Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)

Ziraat Katılım Bankası Anonim Şirketi

**Unconsolidated Interim Financial Statements
As at and for the Three-Month Period Ended
31 March 2019**

With Auditors' Review Report Thereon

*(Convenience Translation of Unconsolidated Interim Financial Statements
and Related Disclosures and Footnotes Originally Issued in Turkish)*



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

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Ziraat Katılım Bankası Anonim Şirketi;

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi (the "Bank") as at 31 March 2019 and the unconsolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows and; a summary of significant accounting policies and other explanatory notes to the financial information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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



Basis for the Qualified Conclusion

As mentioned in Section Five Note II.8.c.1 of Explanations and Notes to the unconsolidated Financial Statements, the accompanying unconsolidated interim financial information as of 31 March 2019 include general provision of total TL 30.000 thousands, that had been fully recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

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

Report on other regulatory requirements arising from legislation

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

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



Erdal Trnak, SMMM
Partner

15 May 2019
Istanbul, Turkey

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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated 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 unconsolidated financial statements and IFRS.

**ZİRAAT KATILIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS AT AND THE THREE
MONTH PERIOD ENDED 31 MARCH 2019**

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi
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The unconsolidated financial report for three months includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency:

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

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

Hüseyin AYDIN
Chairman of the Board

Metin OZDEMİR
Member of the Board,
General Manager

Cemalettin BAŞLI
Member of the Board,
Member of the Audit
Committee

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

Osman KARAKÜTÜK
Vice President of Treasury
and Internal Operating

Gürkan ÇAKIR
Head of Financial
Coordination Department

Contact information of the personnel in charge of the addressing of questions about this financial report:

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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

SECTION ONE GENERAL INFORMATION ABOUT THE BANK

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

Ziraat KatılımBank is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 November 2014 which was published in the Official Gazette numbered as 29146 at 15 November 2014 with a capital of TL 675.000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 14 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by TL 72.000 from TL 675.000 to 747.000. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 13 June 2017, the paid-in capital of the Bank has been increased by the amount of cash by TL 500.000 and by increasing the amount of internal resources by TL 3.000 to TL 1.250.000. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised from TL 1.250.000 to TL 1.750.000 by increasing the amount of cash by TL 500.000.

Main operation field of the Bank is gathering funds by the accounts named as "Private Current Accounts" and "Participation Accounts to Profit and Loss" from domestic and abroad additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

The Bank can carry out every kind of banking, economic, trade and financial operation within the limits of permissions given by the Banking Regulation and Supervision Agency within the scope of Participation Banking fundamentals.

According to decision of the Banking Regulation and Supervision Agency dated 18 January 2019 and numbered 8210 of, with the framework Ziraat Katılım Bankası A.Ş board of directors decisions no 6/1 dated 21 February 2019, The Parent Bank (Transferee) and Ziraat Finansal Kiralama A.Ş. (Acquired) are merged in accordance with relevant articles of the Turkish Commercial Code No. 6102. The merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

All of the shares of the of the Bank, T.C Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

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

As of 31 March 2019 and 31 December 2018, main shareholders and capital amounts as follows:

Name of Shareholders	31 March 2019		31 December 2018	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. (*)	1.750.000	99,9999996	1.750.000	99,9999996
Ziraat Sigorta A.Ş.	-	0,0000001	-	0,0000001
Ziraat Hayat ve Emeklilik A.Ş.	-	0,0000001	-	0,0000001
Ziraat Teknoloji A.Ş.	-	0,0000001	-	0,0000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	0,0000001
Total	1.750.000	100,00	1.750.000	100,00

(*) All of the shares of the of the Bank, T.C Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE AND SHAREHOLDERS WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS THROUGHOUT THE YEAR (IF ANY) AND THE GROUP OF THE BANK

Name	Title
Board of Directors	
Hüseyin AYDIN	Chairman
Metin ÖZDEMİR	General Manager and Member of the BOD, Member of Pricing Committee, President of Credit Committee, Member of Corporate Management Committee
Yusuf DAĞCAN	Executive Vice President and Member of the BOD
Cemalettin BAŞLI	Member of the BOD, Member of Credit Committee, Member of Audit Committee
Feyzi ÇUTUR	Member of the BOD, Member of Credit Committee, Member of Audit Committee
Salim ALKAN	Member of the BOD, President of Corporate Management Committee, Member of Pricing Committee, Substitute Member of Credit Committee
Assistant General Manager	
Mehmet Said GÜL	Information Technologies and Operating
Osman KARAKÜTÜK	Treasury and Internal Operations
Tahir DEMİRKİRAN	Loan Allocation and Management
Temel Tayyar YEŞİL	Marketing

Chairman and members of the Board of Directors does not have any shares in the Bank's capital.

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

Name / Trade Name	Share Amount (Nominal)	Shareholding Percentage	Paid Shares	Unpaid Shares
T.C. Ziraat Bankası A.Ş. (*)	1.750.000	99,9999996	1.750.000	-
Ziraat Sigorta A.Ş.	-	0,0000001	-	-
Ziraat Hayat ve Emeklilik A.Ş.	-	0,0000001	-	-
Ziraat Teknoloji A.Ş.	-	0,0000001	-	-
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	-
Total	1.750.000	100,00	1.750.000	-

(*) All of the shares of the of the Bank, T.C Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

V. EXPLANATIONS OF THE BANK'S SERVICES AND FIELD OF OPERATIONS

Operation field of the Bank was declared in the prime contract within the scope of Banking Law and other legislation codes. The bank collects funds with the scope of Banking Principles and provide all type of cash, non-cash funds within the scope of Islamic banking principles in any case. Moreover, the Bank operates its participation banking operations to the extent permitted by the Legal Code, for the benefit of the society within the principles of the participation banking such as for the purpose of society.

The Bank sorts out participation accounts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to nine months (nine months included), maturity to one year (one year included) and maturity to one year or more (with dividend payment of one month, 3 months, six months and annually).

The Bank can determine the rates of participating in profit and loss by operating participation accounts discretely as of currency type, amount and maturity groups but participation rate to loss cannot be less than 50% of participation rate to profit.

The Bank branches provides Islamic insurance within the principles of participation banking (takaful insurance) as an agent of Ziraat Hayat ve Emeklilik A.Ş. and Ziraat Sigorta A.Ş. to their client.

As of 31 March 2019, Bank operates with its 81 branches (31 December 2018: 63 domestic branches) and 1090 (31 December 2018: 1042) workers domestically.

Bank has no branches abroad.

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

There is no difference between consolidated financial statements prepared in accordance with BRSA regulation on the preparation of consolidated financial statements and consolidated financial statements prepared in accordance with Turkish Accounting Standards for the Bank. The Bank's subsidiary Ziraat Katılım Varlık Kiralama A.Ş which is established on 22 January 2016 and ZKB Varlık Kiralama A.Ş. which is established in 8 September 2017 are consolidated within the scope of full consolidation.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I.** Balance sheet (statement of financial position)
- II.** Statement of off-balance sheet commitments
- III.** Statement of profit or loss
- IV.** Statement of profit or loss and other comprehensive income
- V.** Statements of changes in shareholders' equity
- VI.** Statement of cash flows

ZİRAAT KATILIM BANKASI A.Ş.

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

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (FINANCIAL POSITION)							
THOUSANDS OF TURKISH LİRA (TL)							
ASSETS	Note (V)	Current Period (31/03/2019)			Prior period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		1.648.570	2.674.931	4.323.501	1.520.928	2.577.299	4.098.227
1.1 Cash and cash equivalents		220.733	2.391.118	2.611.851	337.570	2.456.239	2.793.809
1.1.1 Cash and Balances with Central Bank	(1)	204.764	1.889.942	2.094.706	333.810	1.673.503	2.007.313
1.1.2 Banks	(2)	16.355	501.176	517.531	4.935	782.736	787.671
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Credit Losses (-)	(4)	386	-	386	1.175	-	1.175
1.2 Financial assets measured at fair value through profit/loss		-	-	-	-	-	-
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other financial assets		-	-	-	-	-	-
1.3 Financial assets measured at fair value through other comprehensive income	(3)	1.427.664	256.968	1.684.632	1.183.345	121.017	1.304.362
1.3.1 Government Securities		-	-	-	-	-	-
1.3.2 Equity Securities		7.672	-	7.672	4.897	-	4.897
1.3.3 Other Financial Assets		1.419.992	256.968	1.676.960	1.178.448	121.017	1.299.465
1.4 Derivative financial assets	(5)	173	26.845	27.018	13	43	56
1.4.1 Derivative Financial Assets Measured at FVTPL		173	26.845	27.018	13	43	56
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		13.017.305	7.194.283	20.211.588	12.565.543	5.173.882	17.739.425
2.1 Loans	(6)	11.929.618	4.991.611	16.921.229	12.274.161	4.969.829	17.243.990
2.2 Lease receivables		1.403.202	2.202.672	3.605.874	499.781	204.053	703.834
2.3 Measured at amortized cost	(7)	-	-	-	-	-	-
2.3.1 Government Securities		-	-	-	-	-	-
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected credit losses (-)		315.515	-	315.515	208.399	-	208.399
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	40.252	-	40.252	4.259	-	4.259
3.1 Asset Held for sale		40.252	-	40.252	4.259	-	4.259
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	(9)	46.878	-	46.878	100	-	100
4.1 Associates (Net)		46.778	-	46.778	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		46.778	-	46.778	-	-	-
4.2 Subsidiaries (Net)		100	-	100	100	-	100
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)	(10)	139.131	-	139.131	52.116	-	52.116
VI. INTANGIBLE ASSETS (Net)	(11)	86.991	-	86.991	80.396	-	80.396
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		86.991	-	86.991	80.396	-	80.396
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(13)	-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(14)	47.572	-	47.572	49.870	-	49.870
X. OTHER ASSETS	(15)	57.706	4.061	61.767	161.719	2.691	164.410
TOTAL ASSETS		15.084.405	9.873.275	24.957.680	14.434.931	7.753.872	22.188.803

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

ZİRAAT KATILIM BANKASI A.Ş.

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

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (FINANCIAL POSITION)							
LIABILITIES AND SHAREHOLDERS' EQUITY	Note (V)	Thousands of Turkish Lira					
		Current period (31/03/2019)			Prior period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	8.405.989	7.640.722	16.046.711	8.248.548	6.902.550	15.151.098
II. FUNDS BORROWED	(2)	2.425.079	2.921.268	5.346.347	1.391.745	1.970.129	3.361.874
III. MONEY MARKET DEBTS	(3)	50.173	-	50.173	864.414	-	864.414
IV. SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(6)	1.863	-	1.863	-	6.145	6.145
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.863	-	1.863	-	6.145	6.145
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(7)	84.163	5.704	89.867	-	415	415
VIII. PROVISIONS	(8)	112.299	26.717	139.016	117.948	14.016	131.964
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		28.838	-	28.838	21.640	-	21.640
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		83.461	26.717	110.178	96.308	14.016	110.324
IX. CURRENT TAX LIABILITY	(9)	60.938	-	60.938	53.974	-	53.974
X. DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(12)	300.390	-	300.390	-	-	-
12.1 Loans		300.390	-	300.390	-	-	-
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	181.879	73.089	254.968	368.202	32.133	400.335
XIV. SHAREHOLDERS' EQUITY	(14)	2.663.913	3.494	2.667.407	2.218.279	305	2.218.584
14.1 Paid-in capital		1.750.000	-	1.750.000	1.750.000	-	1.750.000
14.2 Capital Reserves		250.000	-	250.000	-	-	-
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserve		250.000	-	250.000	-	-	-
14.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		1.664	-	1.664	1.473	-	1.473
14.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(25.886)	3.494	(22.392)	(40.112)	305	(39.807)
14.5 Profit Reserves		235.549	-	235.549	158.593	-	158.593
14.5.1 Legal Reserves		20.201	-	20.201	9.961	-	9.961
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		204.972	-	204.972	138.256	-	138.256
14.5.4 Other Profit Reserves		10.376	-	10.376	10.376	-	10.376
14.6 Profit or (Loss)		452.586	-	452.586	348.325	-	348.325
14.6.1 Prior Periods' Profit / Loss		348.325	-	348.325	25.660	-	25.660
14.6.2 Current Periods' Profit / Loss		104.261	-	104.261	322.665	-	322.665
TOTAL LIABILITIES AND EQUITY		14.286.686	10.670.994	24.957.680	13.263.110	8.925.693	22.188.803

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

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS AT 31 MARCH 2019

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS							
	Note (V)	Thousands of Turkish Lira					
		Current Period (31/03/2019)			Prior Period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	4.965.657	10.306.529	15.272.186	4.369.125	8.684.102	13.053.227
I.	GUARANTEES AND WARRANTIES	4.198.692	6.631.966	10.830.658	4.070.241	6.213.201	10.283.442
1.1	Letters of Guarantee	4.190.799	4.848.091	9.038.890	4.058.895	4.581.471	8.640.366
1.1.1	Guarantees Subject to State Tender Law	221.250	1.528.896	1.750.146	263.507	1.436.775	1.700.282
1.1.2	Guarantees Given for Foreign Trade Operations	3.788.928	-	3.788.928	3.622.754	-	3.622.754
1.1.3	Other Letters of Guarantee	180.621	3.319.195	3.499.816	172.634	3.144.696	3.317.330
1.2	Bank Acceptances	-	6.251	6.251	-	3.591	3.591
1.2.1	Import Letter of Acceptance	-	6.251	6.251	-	3.591	3.591
1.2.2	Other Bank Acceptances	-	-	-	-	-	-
1.3	Letters of Credit	3.763	776.638	780.401	5.584	611.224	616.808
1.3.1	Documentary Letters of Credit	3.763	776.638	780.401	5.584	611.224	616.808
1.3.2	Other Letters of Credit	-	-	-	-	-	-
1.4	Pre-financing Given as Guarantee	-	-	-	-	-	-
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other Endorsements	-	-	-	-	-	-
1.6	Other Guarantees	-	997.630	997.630	-	1.010.273	1.010.273
1.7	Other Collaterals	4.130	3.356	7.486	5.762	6.642	12.404
II.	COMMITMENTS	449.540	214.489	664.029	298.884	59.931	358.815
2.1	Irrevocable Commitments	449.540	214.489	664.029	298.884	59.931	358.815
2.1.1	Forward asset purchase commitments	155.961	214.489	370.450	28.133	59.931	88.064
2.1.2	Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-
2.1.3	Loan Granting Commitments	-	-	-	-	-	-
2.1.4	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.5	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.6	Payment commitment for checks	137.768	-	137.768	102.994	-	102.994
2.1.7	Tax and Fund Liabilities from Export Commitments	8.404	-	8.404	6.925	-	6.925
2.1.8	Commitments for Credit Card Limits	-	-	-	-	-	-
2.1.9	Commitments for Credit Cards and Banking Services Promotions	-	-	-	-	-	-
2.1.10	Receivables from Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.11	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.12	Other Irrevocable Commitments	147.407	-	147.407	160.832	-	160.832
2.2	Revocable Commitments	-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2	Other Revocable Commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	317.425	3.460.074	3.777.499	-	2.410.970	2.410.970
3.1	Hedging Derivative Financial Instruments	-	-	-	-	-	-
3.1.1	Fair value hedge	-	-	-	-	-	-
3.1.2	Cash flow hedge	-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedges	-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments	317.425	3.460.074	3.777.499	-	2.410.970	2.410.970
3.2.1	Forward Foreign Currency Buy/Sell Transactions	317.425	3.460.074	3.777.499	-	2.410.970	2.410.970
3.2.1.1	Forward Foreign Currency Transactions-Buy	317.425	1.588.894	1.906.319	-	1.204.570	1.204.570
3.2.1.2	Forward Foreign Currency Transactions-Sell	-	1.871.180	1.871.180	-	1.206.400	1.206.400
3.2.2	Other Forward Buy/Sell Transaction	-	-	-	-	-	-
3.3	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	21.769.607	3.530.024	25.299.631	19.380.896	2.390.013	21.770.909
IV.	ITEMS HELD IN CUSTODY	1.793.245	890.761	2.684.006	1.322.027	752.222	2.074.249
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	1.299.435	-	1.299.435	919.760	-	919.760
4.3	Checks Received for Collection	442.966	72.756	515.722	361.417	61.070	422.487
4.4	Commercial Notes Received for Collection	50.569	16.729	67.298	39.613	2.604	42.217
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	275	265.989	266.264	1.237	297.828	299.065
4.8	Custodians	-	535.287	535.287	-	390.720	390.720
V.	PLEDGES RECEIVED	19.976.362	2.639.263	22.615.625	18.058.869	1.637.791	19.696.660
5.1	Marketable Securities	1.260.793	480.968	1.741.761	919.767	442.154	1.361.921
5.2	Guarantee Notes	1.219.858	176.324	1.396.182	1.204.313	156.295	1.360.608
5.3	Commodity	1.257.772	420.146	1.677.918	1.286.488	367.493	1.653.981
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	13.576.740	800.076	14.376.816	12.115.418	105.561	12.220.979
5.6	Other Pledged Items	2.661.199	761.749	3.422.948	2.532.883	566.288	3.099.171
5.7	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		26.735.264	13.836.553	40.571.817	23.750.021	11.074.115	34.824.136

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2019

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS				
INCOME / EXPENSE ITEMS	Dipnot (V)	BİN TÜRK LİRASI		
		Reviewed Current Period	Reviewed Prior Period	
		01/01-31/03/2019	01/01-31/03/2018	
I. PROFIT SHARE INCOME	(1)	792.313	357.930	
1.1 Profit Share on Loans		643.732	321.927	
1.2 Profit Share on Reserve Deposits		13.480	6.562	
1.3 Profit Share on Banks		288	-	
1.4 Profit Share on Money Market Placements		-	-	
1.5 Profit Share on Marketable Securities Portfolio		41.452	18.648	
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		-	-	
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		41.452	18.648	
1.5.3 Financial Assets Measured at Amortised Cost		-	-	
1.6 Financial Lease Income		87.190	10.473	
1.7 Other Profit Share Income		6.171	320	
II. PROFIT SHARE EXPENSE	(2)	536.081	208.518	
2.1 Expense on Profit Sharing Accounts		370.617	175.709	
2.2 Profit Share Expense on Funds Borrowed		151.899	31.429	
2.3 Profit Share Expense on Money Market Borrowings		4.261	1.380	
2.4 Expense on Securities Issued		4.604	-	
2.5 Lease Profit Share Expense		4.682	-	
2.6 Other Profit Share Expenses		18	-	
III. NET PROFIT SHARE INCOME (I - II)		256.232	149.412	
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		23.751	9.027	
4.1 Fees and commissions received		31.125	13.716	
4.1.1 Non-cash loans		26.304	10.455	
4.1.2 Other		4.821	3.261	
4.2 Fees and commissions paid		7.374	4.689	
4.2.1 Non-cash loans		35	2	
4.2.2 Other		7.339	4.687	
V. DIVIDEND INCOME	(3)	2.762	-	
VI. NET TRADING INCOME	(4)	13.489	3.988	
6.1 Capital Market Transaction Gains / Losses		121	(870)	
6.2 Gains/ Losses From Derivative Financial Instruments		28.058	(15.417)	
6.3 Foreign Exchange Gains / Losses		(14.690)	20.275	
VII. OTHER OPERATING INCOME	(5)	98.291	17.162	
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		394.525	179.589	
IX. EXPECTED CREDIT LOSSES (-)	(6)	148.458	32.293	
X. OTHER PROVISIONS (-)		7.316	1.276	
XI. PERSONNEL EXPENSES (-)		44.686	28.739	
XII. OTHER OPERATING EXPENSES (-)	(7)	59.829	30.648	
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		134.236	86.633	
XIV. INCOME RESULTED FROM MERGERS		-	-	
XV. INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-	
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(8)	134.236	86.633	
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(29.975)	(17.891)	
18.1 Current Tax Provision		(26.161)	(20.986)	
18.2 Expense Effect of Deferred Tax (+)		(6.297)	(1.985)	
18.3 Income Effect of Deferred Tax (-)		2.483	5.080	
XIX. OPERATING PROFIT/LOSS AFTER TAXES(XVI±XVII)	(10)	104.261	68.742	
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	
20.1 Income from Assets Held for Sale		-	-	
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	
20.3 Income from Other Discontinued Operations		-	-	
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	
21.1 Expenses on Assets Held for Sale		-	-	
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	
21.3 Expenses from Other Discontinued Operations		-	-	
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)		-	-	
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-	
23.1 Current Tax Charge		-	-	
23.2 Expense Effect of Deferred Tax (+)		-	-	
23.3 Income Effect of Deferred Tax (-)		-	-	
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-	
XXV. NET PROFIT/LOSS (XVIII+XXIII)	(11)	104.261	68.742	
Earnings per share income/loss (Full TL)		0,0600	0,0550	

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

ZİRAAT KATILIM BANKASI A.Ş.**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019**

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
THOUSANDS OF TURKISH LIRA		
	Current Period 01/01-31/03/2019	Prior Period 01/01-31/03/2018
I. CURRENT PERIOD PROFIT/LOSS	104.261	68.742
II. OTHER COMPREHENSIVE INCOME	17.415	945
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	17.415	945
2.2.1 Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	21.246	1.637
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(3 831)	(692)
III. TOTAL COMPREHENSIVE INCOME (I+II)	121.676	69.687

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2019 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY													
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in capital	Share Premium	Share certificate cancellation profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences)	Accumulated Revaluation and/or Remeasurment Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
I. Prior Period End Balance	1,750,000	-	-	-	-	1,473	-	-	(39,807)	-	25,660	322,665	2,218,504
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1,750,000	-	-	-	-	1,473	-	-	(39,807)	-	25,660	322,665	2,218,504
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	17,415	-	-	104,261	121,676
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	250,000	-	191	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	76,956	322,665	(322,665)	327,147
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	322,665	(322,665)	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV.....+X+XI)	1,750,000	-	-	250,000	-	1,664	-	-	(22,392)	-	348,325	104,261	2,667,407

(*) Including Ziraat Finansal Kiralama A.Ş. effects from the merger with the Board of Directors' decision dated 21 February 2019 and numbered 6/1.

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY										
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Kâr veya Zararda Yeniden Sınıflandırılacak Gelirler ve Giderler			Kâr veya Zararda Yeniden Sınıflandırılacak Birlikli Diğer Kapsamlı Gelirler ve Giderler			Kâr veya Zararda Yeniden Sınıflandırılacak Birlikli Diğer Kapsamlı Gelirler ve Giderler			
	Paid-in capital	Share premium	Share certificate cancelled on profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Revaluation Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gains/Losses, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)
ÖNCEKİ DÖNEM 1 Ocak - 31.03.2018										
I. Prior Period End Balance	1.250.000	-	-	-	-	-	-	-	(14.912)	-
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections	-	-	-	-	-	-	-	-	-	-
2.2. Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
III. Adjusted beginning balance (I+II)	1.250.000	-	-	-	-	-	-	-	(14.912)	-
IV. Total comprehensive income	-	-	-	-	-	-	-	-	945	-
V. Capital increase by cash	-	-	-	-	-	-	-	-	-	-
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt instruments	-	-	-	-	-	-	-	-	-	-
X. Increase/decrease by other changes	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+...+X+XI)	1.250.000	-	-	-	-	-	-	-	(13.967)	68.742
									9.691	184.562
										68.742
										1.499.028
										1.403.681
										25.660
										25.660
										1.429.341
										69.687

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF CASH FLOWS			
	Note (VI)	THOUSAND OF TURKISH LIRA	THOUSAND OF TURKISH LIRA
		Reviewed Current Period 01/01/2019 - 31/03/2019	Reviewed Prior Period 01/01/2018 - 31/03/2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities)		(67.455)	(13.172)
1.1.1 Profit share income received		680.042	350.168
1.1.2 Profit share expense paid		(460.398)	(200.559)
1.1.3 Dividend received		2.762	-
1.1.4 Fees and commissions received		23.751	13.716
1.1.5 Other income		9.239	483
1.1.6 Collections from previously written off loans		12.108	5.153
1.1.7 Payments to personnel and service suppliers		(45.576)	(30.837)
1.1.8 Taxes paid		(6.175)	(46.760)
1.1.9 Others (*)		(283.208)	(104.536)
1.2 Changes in operating assets and liabilities		1.133.569	384.703
1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss		(20.560)	(2.213)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		(223.591)	(274.533)
1.2.3 Net (increase) / decrease in loans		736.069	(848.460)
1.2.4 Net (increase) / decrease in other assets		68.771	(29.331)
1.2.5 Net increase / (decrease) in bank funds		(9.159)	35.218
1.2.6 Net increase / (decrease) in other funds		879.858	770.964
1.2.7 Net Increase / decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		681.031	162.118
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities (*)		(978.850)	570.940
I. Net cash provided from banking operations		1.066.114	371.531
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(388.719)	(238.421)
2.1 Cash paid for purchase jointly controlled operations, associates and subsidiaries		-	-
2.2 Cash obtained from sale of jointly controlled operations, associates and subsidiaries		-	-
2.3 Purchases of tangible assets		(7.173)	(7.144)
2.4 Disposals of tangible assets		-	-
2.5 Purchase of financial assets at fair value through other comprehensive income		(380.283)	(231.277)
2.6 Sale of financial assets at fair value through other comprehensive income		-	-
2.7 Purchase of financial assets measured at amortized cost		-	-
2.8 Sale of financial assets measured at amortized cost		-	-
2.9 Other (*)		(1.263)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(1.167.373)	214.817
3.1 Cash obtained from funds borrowed and securities issued		2.800.000	679.000
3.2 Cash used for repayment of funds borrowed and securities issued		(3.959.496)	(462.929)
3.3 Issued equity instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(7.877)	(1.254)
3.6 Other (*)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		82.265	70.516
V. Net increase/ (decrease) in cash and cash equivalents (I+II+III+IV)		(407.713)	418.443
VI. Cash and cash equivalents at the beginning of the period		1.145.532	601.801
VII. Cash and cash equivalents at the end of the period		737.819	1.020.244

(*) Includes effects of merger of Ziraat Finansal Kiralama A.Ş. with the decision of the Board of Directors dated 6 February 2019 and numbered 6/1.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019**

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

**SECTION THREE
ACCOUNTING PRINCIPLES**

I. BASIS OF PRESENTATION

The Bank prepares the financial statements in accordance with "the BRSA Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

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

Unless otherwise specified, all balances in the unconsolidated financial statements and footnotes are expressed in thousand Turkish Lira ("TL") excluding financial assets and liabilities presented 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.

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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, these unconsolidated 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

TFRS 16 Leases

TFRS 16 Leases standard is published in the Official Gazette no. 29826 dated 16 April 2018 which is effective for the reporting periods after 1 January 2019. The Bank applies TFRS 16 "Leases" Standard, which replaces TAS 17 "Leases", starting from 1 January 2019 for the first time. These liabilities were measured based on the discounted current value by using the incremental borrowing rate of interest of remaining lease payments as of 1 January 2019. The difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset and under "Liabilities from Leasing" as a liability.

The Bank used the model projected by the standard in the transactions to be lessee, with the exception of low-value assets and short-term rentals (1 year or less).

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting applications are almost the same.

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

I. BASIS OF PRESENTATION (Continued)**CHANGES IN ACCOUNTING POLICIES (Continued)****TFRS 16 Leases (Continued)**

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

A lease liability and a right-of-use asset is recognised at the date of initial application for leases previously classified as an operating lease applying TAS 17. That lease liability is measured at the present value of the remaining lease payments, discounted using the Bank's alternative borrowing rate at the date of initial application. Besides, that right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The effects of application of TFRS 16

	31 December 2018	TFRS 16 Classification Effect	TFRS 16 Transition Effect	1 January 2019
Properties (Net)	-	888	81.768	82.656
Tangible assets (Net)	52.116	-	5.707	57.823
Other assets (Net)	164.410	(888)	-	163.522
Lease liabilities (Net)	-	-	87.475	87.475

II. EXPLANATIONS ON USAGE STRATEGY OF FINANCIAL ASSETS AND FOREIGN CURRENCY TRANSACTIONS

The Bank's main field of operations are; to provide all kinds of domestic and foreign currency cash, non-cash loans, make transactions in domestic and foreign capital markets, collect current and participation accounts. As of reporting date, an important part of the Bank's resources consists of funds collected, funds borrowed and shareholders equity. The Bank evaluates these resources on lease certificates and loans.

Bank's liquidity position considered as defraying all the maturing liabilities.

The procedures including foreign currency were recorded based on the buying rate of the counter ruling at the transaction date. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates announced by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments are reflected in the income statement. There are no foreign currency differences capitalized by the Bank.

The Bank carries out the balance sheet and equity management within the risk limits by the Asset and Liability Committee determined by the Board of Directors in order to keep the liquidity, exchange rate and credit risks within certain limits and to maximize the profitability in consideration of the market conditions within the possibilities.

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
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ACCOUNTING PRINCIPLES (Continued)

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Based on the TAS 27 "Turkish Accounting Standard for Separate Financial Statements", Turkish Lira denominated investments in associates and subsidiaries are accounted at cost value and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if any. As of 22 January 2016, as a wholly owned subsidiary of the Bank, Ziraat Katılım Varlık Kiralama A.Ş. was established as a subsidiary. On 19 July 2017, the ZKB Varlık Kiralama A.Ş. was established with a capital of TL 50, which was fully paid by the Bank. The Company has started to operate after the registration on 8 September 2017.

Accounting for business combinations under common control

According to Turkey Financial Reporting Standards there is no special requirements for recognition in business combinations under common control. Therefore, subject to common control business of the acquirer in the merger, No. 2018-1 issued by POA of Turkish Financial Reporting Standards for the implementation of pooling of interest method is used. According to this method:

1. The acquirer recognizes the assets and liabilities of the acquirer into the financial statements at their carrying amounts determined in accordance with TFRS at the date of merger.
2. The acquirer measures the value of the non-controlling interests, if any, at the date of the merger over the proportional share of the carrying values of the assets and liabilities to which they relate. Changes in non-controlling interests arising from the merger are accounted for as equity transactions in accordance with TFRS 10 Consolidated Financial Statements.
3. Costs arising from the merger are recognized directly in profit or loss.
4. Goodwill does not exist in business combinations under common control.
5. The principles set forth in Articles 6 and 7 are applied in order to eliminate any possible asset - liability mismatch arising from a business combination subject to common control.
6. When the merger is recognized in ways other than a share exchange (eg when the merger occurs by cash payment or without paying any price):
 - (a) If the carrying amount of the acquired net assets exceeds the transferred value, the difference is recognized as the additional capital of the shareholders and the value of the Share Premium item is increased.
 - (b) If the transferred amount exceeds the carrying amount of the acquired net assets at the date of the merger, the difference is reflected in the "a Combination of Entities or Business Under Common Control" as an item reducing the equity.

TFRS 3 is applied in the calculation of the transferred amount as of the merger date. However, in a merger subject to progressive joint control, the acquirer measures the equity shares in the acquired acquisitions over the book value at the beginning of the comparative period. However, equity shares acquired on a comparative date are measured at the purchase price. The acquirer eliminates the income or expenses that are reflected to the financial statements in relation to these shares in the period between these dates and the merger date.

7. When the merger is realized through share exchange:

- (a) The shares issued by the acquirer are included in the financial statements at their nominal values. Therefore, any share premiums related to these shares are not reflected in the financial statements.
- (b) The difference found by subtracting the nominal value of the shares issued by the acquirer from the book value of the acquired net assets of the merger on the date of merger is reflected to the "Effect of Mergers Including Joint Controlled Entity or Entities".

8. When the merger is recognized partly through the exchange of shares and partly through the payment of other payments, the percentage of the acquired business is determined on the basis of the fair values of the issued shares and other amounts transferred and the clauses of Article 6 and 7 is applied accordingly.

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ACCOUNTING PRINCIPLES (Continued)

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Accounting for business combinations under common control (Continued)

9. The financial statements of the comparative period are restated as if the merger is recognized at the beginning of the period.

10. In the event that the subsidiary acquired as a result of a business combination subject to joint control is subsequently lost, the relevant clauses of TFRS 10 Consolidated Financial Statements are applied. When there is an amount recorded in the "a Combination of Entities or Business Under Common Control", the amount is transferred to "Retained Earnings / Losses" and explained in the disclosures. The entity also discloses the gain or loss arising from the loss of control of the subsidiary in the statement of profit or loss and other comprehensive income in a separate item (Gains / Losses from the disposal of a subsidiary subject to joint control).

If the entity acquired as a result of a business combination subject to joint control expires and is included in the acquirer, or if such a situation arises or the subsidiary is subsequently dissolved, the amounts included in a Combination of Entities or Business Under Common Control or Entities shall be transferred to previous years' profits / losses in equal installments within 5 accounting periods.

Acquired assets and liabilities are recorded at the book value previously recorded in the consolidated financial statements of the Bank's shareholders. The equity items of the acquired companies are added to the same items in the Bank's equity, except for the capital, and the resulting profit or loss is recognized in the equity.

With the Board of Directors decision dated 21 February 2019 and numbered 6/1, the Bank takes over Ziraat Finansal Kiralama A.Ş. As a result of the merger, Ziraat Finansal Kiralama A.Ş.'s 24% stake in Ziraat Yatırım Menkul Değerler A.Ş. transferred to the Parent Bank.

This merger is evaluated as "Business Combinations Under Common Control" within the scope of the POA No. 2018-1 "Implementation of Resolution for the Turkish Accounting Principles" and pooling of interest method is applied. In accordance with the related resolution, the financial statements have not been restated as of the beginning of the reporting period in which the joint control occurs taking advantage of the exception presented to the entities engaged in interim financial reporting and have not been presented comparatively from the beginning of the reporting period.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The Bank's derivative financial instruments consist of forward foreign currency buy/sell agreements.

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their agreement amounts.

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ACCOUNTING PRINCIPLES (Continued)

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

Profit share incomes are recognized in accordance with internal rate of return method. The Bank calculates expense accrual in accordance with the unit value calculation method on sharing accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

Commission income from banking, agency, intermediary services is recognized as income on the date collected. Whereas, commission income from individual, corporate and entrepreneurial cash and non-cash loans are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle. Other fees and commission expenses are recorded as expense on the date they are paid.

Commissions and fees received from cash loans and relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments section three Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

The Bank 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 financial assets and related business model used for management of the financial assets at initial recognition.

a. 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 statement of profit or loss.

The Bank does not have any financial assets classified as "Financial Assets at Fair Value Through Profit or Loss".

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ACCOUNTING PRINCIPLES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. 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 profit share 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. Profit share income calculated with internal rate of return 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.

During the initial recognition, the Bank does not qualify as a contingent consideration in the financial statements of an entity acquired in a business combination where a business combination is not held for commercial purposes or where a TFRS 3 Business Combinations standard is applied; in respect of recognizing in statement profit or loss and other comprehensive income of the changes in subsequent periods in the fair value of an investment in equity instruments under TFRS 9, an irrevocable preference can be made. The Bank makes this option separately for each financial instrument.

The related fair value differences recognized in other comprehensive income are transferred to profit or loss in the following periods and transferred to previous years' profit / loss. Dividends on such investments are recognized in profit or loss unless it is explicitly required to recover part of the cost of the investment. The equity instruments, whose fair value difference is reflected in other comprehensive income, are not subject to impairment calculation.

c. Financial assets at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit share 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 internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in income statement.

Loans:

Loans are financial assets that are originated by the Bank by providing goods and services to the borrower. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Internal Rate of Return Method".

Bank loans and receivables are initially carried at cost value. 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 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 the Bank at installment date.

The Bank's loans are recognized under the "Measured at Amortized Cost" account.

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ACCOUNTING PRINCIPLES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

Impairment for expected loss

As of 1 January 2018, the Bank 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 impairment 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.

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ACCOUNTING PRINCIPLES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Explanations on Expected Loss Provisions (Continued)

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 credit loss is determined on the basis of the instrument's lifetime expected credit losses.

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

Credit-impaired losses (stage 3 / special provision)

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

The Bank assesses that debt is in default in the following two cases:

- Objective Default Definition: This means that the debt is overdue by more than 90 days.
- Subjective Default Definition: It means that the debt can not be paid. In the event that the debtor can not fulfill the debts related to the loan, the debtor is considered to be in default regardless of the number of delay days.

The collective valuation of financial instruments is based on homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section presents an overview of the risk parameter estimation methods for the damage assessment approach that is expected on a common basis for each stage.

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

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ACCOUNTING PRINCIPLES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Credit-impaired losses (stage 3 / special provision)

Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time. In Default Probability models, sectoral information for the corporate portfolio 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.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities shall be offset and the net amount presented in the balance sheet when and only when the Bank currently has a legally enforceable right to set off the recognized amounts or intends either to collect/settle on a net basis or to realize the asset and settle the liability simultaneously.

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

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds.

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ACCOUNTING PRINCIPLES (Continued)

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables and 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)".

Assets which meet the criteria to be classified as held for sale are measured by the book value or the fair value from which the cost of sales is deducted, whichever is lower and no more amortization is made for such assets; and these assets are shown separately on the balance sheet. In order to classify an asset as an held for sale, the related asset (or the group of assets to be disposed of) should be able to be sold immediately and the probability of sale for such assets (or group of assets to be disposed of), should be high under current conditions.

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

A discontinued operation is a part of a bank's business classified as sold or held-for-sale. The results of the discontinued operations are disclosed separately in the income statement. The bank has no discounted operations.

As of 31 March 2019, the Bank's held for sale assets is TL 40.252 (31 December 2018: TL 4.259).

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, the Bank 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 life. Useful life 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.

The Bank recognizes its software costs incurred under the intangible assets - intangible rights account and the qualifying expenses are added to software's initial costs and amortized over 3-15 years considering the useful life.

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ACCOUNTING PRINCIPLES (Continued)

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Property and equipment is 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.

Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives.

Applied depreciation rates are as follows;

Vehicles and Fixtures	: 2% – 25%
Operational Lease Improvement Costs (Leasehold Improvements)	: Leasing Period – 5 years

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.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period.

There is no tangible assets held for sale.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operational Leasing Transactions

Transactions as a lessee

At the beginning of a contract, the Bank evaluates whether the contract has a lease or does not include a lease. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use;

The right of use asset is recognized first by cost method and includes below:

- a) The initial measurement amount of the lease obligation,
- b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) all initial direct costs incurred by the Bank

When applying the cost method, the existence the right of use:

- a) Measures by deducting accumulated depreciation and accumulated impairment losses and
- b) the restatement of the lease obligation at the restated cost.

The Bank applies principle of amortization in TAS 16 Property, Plant and Equipment while depreciating the right of use.

(Convenience Translation of Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)

Ziraat Katılım Bankası Anonim Şirketi

**Unconsolidated Interim Financial Statements
As at and for the Three-Month Period Ended
31 March 2019**

With Auditors' Review Report Thereon

*(Convenience Translation of Unconsolidated Interim Financial Statements
and Related Disclosures and Footnotes Originally Issued in Turkish)*



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

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Ziraat Katılım Bankası Anonim Şirketi;

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi (the "Bank") as at 31 March 2019 and the unconsolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows and; a summary of significant accounting policies and other explanatory notes to the financial information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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



Basis for the Qualified Conclusion

As mentioned in Section Five Note II.8.c.1 of Explanations and Notes to the unconsolidated Financial Statements, the accompanying unconsolidated interim financial information as of 31 March 2019 include general provision of total TL 30.000 thousands, that had been fully recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

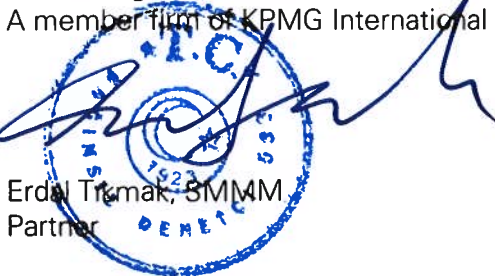
Qualified Conclusion

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

Report on other regulatory requirements arising from legislation

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

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



Erdal Trımak, SMMM
Partner

15 May 2019
Istanbul, Turkey

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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated 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 unconsolidated financial statements and IFRS.

ZİRAAT KATILIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS AT AND THE THREE
MONTH PERIOD ENDED 31 MARCH 2019

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi
Hayri Efendi Cad. Bahçekapı No:12 34112 Fatih / İSTANBUL
Phone: (212) 404 11 00
Facsimile: (212) 404 10 81
Website: www.ziraatkatilim.com.tr
E-mail: bilgi@ziraatkatilim.com.tr

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

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

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

Hüseyin AYDIN
Chairman of the Board

Metin OZDEMİR
Member of the Board,
General Manager

Cemalettin BAŞLI
Member of the Board,
Member of the Audit
Committee

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

Osman KARAKÜTÜK
Vice President of Treasury
and Internal Operating

Gürkan ÇAKIR
Head of Financial
Coordination Department

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Position : Mesut KÜÇÜK / Financial Reporting Manager
Telephone : 0 216 559 22 53
Facsimile : 0 212 404 10 81

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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

SECTION ONE GENERAL INFORMATION ABOUT THE BANK

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

Ziraat KatılımBank is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 November 2014 which was published in the Official Gazette numbered as 29146 at 15 November 2014 with a capital of TL 675.000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 14 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by TL 72.000 from TL 675.000 to 747.000. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 13 June 2017, the paid-in capital of the Bank has been increased by the amount of cash by TL 500.000 and by increasing the amount of internal resources by TL 3.000 to TL 1.250.000. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised from TL 1.250.000 to TL 1.750.000 by increasing the amount of cash by TL 500.000.

Main operation field of the Bank is gathering funds by the accounts named as "Private Current Accounts" and "Participation Accounts to Profit and Loss" from domestic and abroad additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

The Bank can carry out every kind of banking, economic, trade and financial operation within the limits of permissions given by the Banking Regulation and Supervision Agency within the scope of Participation Banking fundamentals.

According to decision of the Banking Regulation and Supervision Agency dated 18 January 2019 and numbered 8210 of, with the framework Ziraat Katılım Bankası A.Ş board of directors decisions no 6/1 dated 21 February 2019, The Parent Bank (Transferee) and Ziraat Finansal Kiralama A.Ş. (Acquired) are merged in accordance with relevant articles of the Turkish Commercial Code No. 6102. The merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

All of the shares of the of the Bank, T.C Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

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

As of 31 March 2019 and 31 December 2018, main shareholders and capital amounts as follows:

Name of Shareholders	31 March 2019		31 December 2018	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. (*)	1.750.000	99,9999996	1.750.000	99,9999996
Ziraat Sigorta A.Ş.	-	0,0000001	-	0,0000001
Ziraat Hayat ve Emeklilik A.Ş.	-	0,0000001	-	0,0000001
Ziraat Teknoloji A.Ş.	-	0,0000001	-	0,0000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	0,0000001
Total	1.750.000	100,00	1.750.000	100,00

(*) All of the shares of the of the Bank, T.C Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE AND SHAREHOLDERS WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS THROUGHOUT THE YEAR (IF ANY) AND THE GROUP OF THE BANK

Name	Title
Board of Directors	
Hüseyin AYDIN	Chairman
Metin ÖZDEMİR	General Manager and Member of the BOD, Member of Pricing Committee, President of Credit Committee, Member of Corporate Management Committee
Yusuf DAĞCAN	Executive Vice President and Member of the BOD
Cemalettin BAŞLI	Member of the BOD, Member of Credit Committee, Member of Audit Committee
Feyzi ÇUTUR	Member of the BOD, Member of Credit Committee, Member of Audit Committee
Salim ALKAN	Member of the BOD, President of Corporate Management Committee, Member of Pricing Committee, Substitute Member of Credit Committee
Assistant General Manager	
Mehmet Said GÜL	Information Technologies and Operating
Osman KARAKÜTÜK	Treasury and Internal Operations
Tahir DEMİRKIRAN	Loan Allocation and Management
Temel Tayyar YEŞİL	Marketing

Chairman and members of the Board of Directors does not have any shares in the Bank's capital.

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

Name / Trade Name	Share Amount (Nominal)	Shareholding Percentage	Paid Shares	Unpaid Shares
T.C. Ziraat Bankası A.Ş. ^(*)	1.750.000	99,9999996	1.750.000	-
Ziraat Sigorta A.Ş.	-	0,0000001	-	-
Ziraat Hayat ve Emeklilik A.Ş.	-	0,0000001	-	-
Ziraat Teknoloji A.Ş.	-	0,0000001	-	-
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	-
Total	1.750.000	100,00	1.750.000	-

(*) All of the shares of the of the Bank, T.C Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

V. EXPLANATIONS OF THE BANK'S SERVICES AND FIELD OF OPERATIONS

Operation field of the Bank was declared in the prime contract within the scope of Banking Law and other legislation codes. The bank collects funds with the scope of Banking Principles and provide all type of cash, non-cash funds within the scope of Islamic banking principles in any case. Moreover, the Bank operates its participation banking operations to the extent permitted by the Legal Code, for the benefit of the society within the principles of the participation banking such as for the purpose of society.

The Bank sorts out participation accounts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to nine months (nine months included), maturity to one year (one year included) and maturity to one year or more (with dividend payment of one month, 3 months, six months and annually).

The Bank can determine the rates of participating in profit and loss by operating participation accounts discretely as of currency type, amount and maturity groups but participation rate to loss cannot be less than 50% of participation rate to profit.

The Bank branches provides Islamic insurance within the principles of participation banking (takaful insurance) as an agent of Ziraat Hayat ve Emeklilik A.Ş. and Ziraat Sigorta A.Ş. to their client.

As of 31 March 2019, Bank operates with its 81 branches (31 December 2018: 63 domestic branches) and 1090 (31 December 2018: 1042) workers domestically.

Bank has no branches abroad.

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

There is no difference between consolidated financial statements prepared in accordance with BRSA regulation on the preparation of consolidated financial statements and consolidated financial statements prepared in accordance with Turkish Accounting Standards for the Bank. The Bank's subsidiary Ziraat Katılım Varlık Kiralama A.Ş. which is established on 22 January 2016 and ZKB Varlık Kiralama A.Ş. which is established in 8 September 2017 are consolidated within the scope of full consolidation.

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

None.

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SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I.** Balance sheet (statement of financial position)
- II.** Statement of off-balance sheet commitments
- III.** Statement of profit or loss
- IV.** Statement of profit or loss and other comprehensive income
- V.** Statements of changes in shareholders' equity
- VI.** Statement of cash flows

ZİRAAT KATILIM BANKASI A.Ş.

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

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (FINANCIAL POSITION)							
ASSETS	Note (V)	THOUSANDS OF TURKISH LİRA (TL)					
		Current Period (31/03/2019)			Prior period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		1.648.570	2.674.931	4.323.501	1.520.928	2.577.299	4.098.227
1.1 Cash and cash equivalents		220.733	2.391.118	2.611.851	337.570	2.456.239	2.793.809
1.1.1 Cash and Balances with Central Bank	(1)	204.764	1.889.942	2.094.706	333.810	1.673.503	2.007.313
1.1.2 Banks	(2)	16.355	501.176	517.531	4.935	782.736	787.671
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Credit Losses (-)	(4)	386	-	386	1.175	-	1.175
1.2 Financial assets measured at fair value through profit/loss		-	-	-	-	-	-
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other financial assets		-	-	-	-	-	-
1.3 Financial assets measured at fair value through other comprehensive income	(3)	1.427.664	256.968	1.684.632	1.183.345	121.017	1.304.362
1.3.1 Government Securities		-	-	-	-	-	-
1.3.2 Equity Securities		7.672	-	7.672	4.897	-	4.897
1.3.3 Other Financial Assets		1.419.992	256.968	1.676.960	1.178.448	121.017	1.299.465
1.4 Derivative financial assets	(5)	173	26.845	27.018	13	43	56
1.4.1 Derivative Financial Assets Measured at FVTPL		173	26.845	27.018	13	43	56
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		13.017.305	7.194.283	20.211.588	12.565.543	5.173.882	17.739.425
2.1 Loans	(6)	11.929.618	4.991.611	16.921.229	12.274.161	4.969.829	17.243.990
2.2 Lease receivables		1.403.202	2.202.672	3.605.874	499.781	204.053	703.834
2.3 Measured at amortized cost	(7)	-	-	-	-	-	-
2.3.1 Government Securities		-	-	-	-	-	-
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected credit losses (-)		315.515	-	315.515	208.399	-	208.399
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	40.252	-	40.252	4.259	-	4.259
3.1 Asset Held for sale		40.252	-	40.252	4.259	-	4.259
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	(9)	46.878	-	46.878	100	-	100
4.1 Associates (Net)		46.778	-	46.778	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		46.778	-	46.778	-	-	-
4.2 Subsidiaries (Net)		100	-	100	100	-	100
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)	(10)	139.131	-	139.131	52.116	-	52.116
VI. INTANGIBLE ASSETS (Net)	(11)	86.991	-	86.991	80.396	-	80.396
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		86.991	-	86.991	80.396	-	80.396
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(13)	-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(14)	47.572	-	47.572	49.870	-	49.870
X. OTHER ASSETS	(15)	57.706	4.061	61.767	161.719	2.691	164.410
TOTAL ASSETS		15.084.405	9.873.275	24.957.680	14.434.931	7.753.872	22.188.803

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

ZİRAAT KATILIM BANKASI A.Ş.

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

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (FINANCIAL POSITION)							
LIABILITIES AND SHAREHOLDERS' EQUITY	Note (V)	Thousands of Turkish Lira					
		Current period (31/03/2019)			Prior period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	8.405.989	7.640.722	16.046.711	8.248.548	6.902.550	15.151.098
II. FUNDS BORROWED	(2)	2.425.079	2.921.268	5.346.347	1.391.745	1.970.129	3.361.874
III. MONEY MARKET DEBTS	(3)	50.173	-	50.173	864.414	-	864.414
IV. SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(6)	1.863	-	1.863	-	6.145	6.145
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.863	-	1.863	-	6.145	6.145
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(7)	84.163	5.704	89.867	-	415	415
VIII. PROVISIONS	(8)	112.299	26.717	139.016	117.948	14.016	131.964
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		28.838	-	28.838	21.640	-	21.640
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		83.461	26.717	110.178	96.308	14.016	110.324
IX. CURRENT TAX LIABILITY	(9)	60.938	-	60.938	53.974	-	53.974
X. DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(12)	300.390	-	300.390	-	-	-
12.1 Loans		300.390	-	300.390	-	-	-
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	181.879	73.089	254.968	368.202	32.133	400.335
XIV. SHAREHOLDERS' EQUITY	(14)	2.663.913	3.494	2.667.407	2.218.279	305	2.218.584
14.1 Paid-in capital		1.750.000	-	1.750.000	1.750.000	-	1.750.000
14.2 Capital Reserves		250.000	-	250.000	-	-	-
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserve		250.000	-	250.000	-	-	-
14.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		1.664	-	1.664	1.473	-	1.473
14.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(25.886)	3.494	(22.392)	(40.112)	305	(39.807)
14.5 Profit Reserves		235.549	-	235.549	158.593	-	158.593
14.5.1 Legal Reserves		20.201	-	20.201	9.961	-	9.961
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		204.972	-	204.972	138.256	-	138.256
14.5.4 Other Profit Reserves		10.376	-	10.376	10.376	-	10.376
14.6 Profit or (Loss)		452.586	-	452.586	348.325	-	348.325
14.6.1 Prior Periods' Profit / Loss		348.325	-	348.325	25.660	-	25.660
14.6.2 Current Periods' Profit / Loss		104.261	-	104.261	322.665	-	322.665
TOTAL LIABILITIES AND EQUITY		14.286.686	10.670.994	24.957.680	13.263.110	8.925.693	22.188.803

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS AT 31 MARCH 2019

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS							
	Note (V)	Thousands of Turkish Lira					
		Current Period (31/03/2019)			Prior Period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A							
OFF-BALANCE SHEET COMMITMENTS (I+II+III)	(1)	4.965.657	10.306.529	15.272.186	4.369.125	8.684.102	13.053.227
I. GUARANTEES AND WARRANTIES		4.198.692	6.631.966	10.830.658	4.070.241	6.213.201	10.283.442
1.1 Letters of Guarantee		4.190.799	4.848.091	9.038.890	4.058.895	4.581.471	8.640.366
1.1.1 Guarantees Subject to State Tender Law		221.250	1.528.896	1.750.146	263.507	1.436.775	1.700.282
1.1.2 Guarantees Given for Foreign Trade Operations		3.788.928	-	3.788.928	3.622.754	-	3.622.754
1.1.3 Other Letters of Guarantee		180.621	3.319.195	3.499.816	172.634	3.144.696	3.317.330
1.2 Bank Acceptances		-	6.251	6.251	-	3.591	3.591
1.2.1 Import Letter of Acceptance		-	6.251	6.251	-	3.591	3.591
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		3.763	776.638	780.401	5.584	611.224	616.808
1.3.1 Documentary Letters of Credit		3.763	776.638	780.401	5.584	611.224	616.808
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Other Guarantees		-	997.630	997.630	-	1.010.273	1.010.273
1.7 Other Collaterals		4.130	3.356	7.486	5.762	6.642	12.404
II. COMMITMENTS	(1)	449.540	214.489	664.029	298.884	59.931	358.815
2.1 Irrevocable Commitments		449.540	214.489	664.029	298.884	59.931	358.815
2.1.1 Forward asset purchase commitments		155.961	214.489	370.450	28.133	59.931	88.064
2.1.2 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3 Loan Granting Commitments		-	-	-	-	-	-
2.1.4 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.5 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6 Payment commitment for checks		137.768	-	137.768	102.994	-	102.994
2.1.7 Tax and Fund Liabilities from Export Commitments		8.404	-	8.404	6.925	-	6.925
2.1.8 Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.9 Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.10 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Other Irrevocable Commitments		147.407	-	147.407	160.832	-	160.832
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	317.425	3.460.074	3.777.499	-	2.410.970	2.410.970
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		317.425	3.460.074	3.777.499	-	2.410.970	2.410.970
3.2.1 Forward Foreign Currency Buy/Sell Transactions		317.425	3.460.074	3.777.499	-	2.410.970	2.410.970
3.2.1.1 Forward Foreign Currency Transactions-Buy		317.425	1.588.894	1.906.319	-	1.204.570	1.204.570
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	1.871.180	1.871.180	-	1.206.400	1.206.400
3.2.2 Other Forward Buy/Sell Transaction		-	-	-	-	-	-
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		21.769.607	3.530.024	25.299.631	19.380.896	2.390.013	21.770.909
IV. ITEMS HELD IN CUSTODY		1.793.245	890.761	2.684.006	1.322.027	752.222	2.074.249
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		1.299.435	-	1.299.435	919.760	-	919.760
4.3 Checks Received for Collection		442.966	72.756	515.722	361.417	61.070	422.487
4.4 Commercial Notes Received for Collection		50.569	16.729	67.298	39.613	2.604	42.217
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		275	265.989	266.264	1.237	297.828	299.065
4.8 Custodians		-	535.287	535.287	-	390.720	390.720
V. PLEDGES RECEIVED		19.976.362	2.639.263	22.615.625	18.058.869	1.637.791	19.696.660
5.1 Marketable Securities		1.260.793	480.968	1.741.761	919.767	442.154	1.361.921
5.2 Guarantee Notes		1.219.858	176.324	1.396.182	1.204.313	156.295	1.360.608
5.3 Commodity		1.257.772	420.146	1.677.918	1.286.488	367.493	1.653.981
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		13.576.740	800.076	14.376.816	12.115.418	105.561	12.220.979
5.6 Other Pledged Items		2.661.199	761.749	3.422.948	2.532.883	566.288	3.099.171
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		26.735.264	13.836.553	40.571.817	23.750.021	11.074.115	34.824.136

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2019

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS				
INCOME / EXPENSE ITEMS		Dipnot (V)	BİN TÜRK LİRASI	
			Reviewed Current Period	Reviewed Prior Period
			01/01-31/03/2019	01/01-31/03/2018
I.	PROFIT SHARE INCOME	(1)	792.313	357.930
1.1	Profit Share on Loans		643.732	321.927
1.2	Profit Share on Reserve Deposits		13.480	6.562
1.3	Profit Share on Banks		288	-
1.4	Profit Share on Money Market Placements		-	-
1.5	Profit Share on Marketable Securities Portfolio		41.452	18.648
1.5.1	Financial Assets Measured at Fair Value Through Profit/Loss		-	-
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		41.452	18.648
1.5.3	Financial Assets Measured at Amortised Cost		-	-
1.6	Financial Lease Income		87.190	10.473
1.7	Other Profit Share Income		6.171	320
II.	PROFIT SHARE EXPENSE	(2)	536.081	208.518
2.1	Expense on Profit Sharing Accounts		370.617	175.709
2.2	Profit Share Expense on Funds Borrowed		151.899	31.429
2.3	Profit Share Expense on Money Market Borrowings		4.261	1.380
2.4	Expense on Securities Issued		4.604	-
2.5	Lease Profit Share Expense		4.682	-
2.6	Other Profit Share Expenses		18	-
III.	NET PROFIT SHARE INCOME (I - II)		256.232	149.412
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		23.751	9.027
4.1	Fees and commissions received		31.125	13.716
4.1.1	Non-cash loans		26.304	10.455
4.1.2	Other		4.821	3.261
4.2	Fees and commissions paid		7.374	4.689
4.2.1	Non-cash loans		35	2
4.2.2	Other		7.339	4.687
V.	DIVIDEND INCOME	(3)	2.762	-
VI.	NET TRADING INCOME	(4)	13.489	3.988
6.1	Capital Market Transaction Gains / Losses		121	(870)
6.2	Gains/ Losses From Derivative Financial Instruments		28.058	(15.417)
6.3	Foreign Exchange Gains / Losses		(14.690)	20.275
VII.	OTHER OPERATING INCOME	(5)	98.291	17.162
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		394.525	179.589
IX.	EXPECTED CREDIT LOSSES (-)	(6)	148.458	32.293
X.	OTHER PROVISIONS (-)		7.316	1.276
XI.	PERSONNEL EXPENSES (-)		44.686	28.739
XII.	OTHER OPERATING EXPENSES (-)	(7)	59.829	30.648
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		134.236	86.633
XIV.	INCOME RESULTED FROM MERGERS		-	-
XV.	INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(8)	134.236	86.633
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(29.975)	(17.891)
18.1	Current Tax Provision		(26.161)	(20.986)
18.2	Expense Effect of Deferred Tax (+)		(6.297)	(1.985)
18.3	Income Effect of Deferred Tax (-)		2.483	5.080
XIX.	OPERATING PROFIT/LOSS AFTER TAXES(XVI±XVII)	(10)	104.261	68.742
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses from Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Charge		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
XXV.	NET PROFIT/LOSS (XVIII+XXIII)	(11)	104.261	68.742
	Earnings per share income/loss (Full TL)		0.0600	0.0550

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

ZİRAAT KATILIM BANKASI A.Ş.**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019**

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
THOUSANDS OF TURKISH LIRA		
	Current Period 01/01-31/03/2019	Prior Period 01/01-31/03/2018
I. CURRENT PERIOD PROFIT/LOSS	104.261	68.742
II. OTHER COMPREHENSIVE INCOME	17.415	945
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	17.415	945
2.2.1 Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	21.246	1.637
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(3.831)	(692)
III. TOTAL COMPREHENSIVE INCOME (I+II)	121.676	69.687

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2019 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY													
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in capital	Share Premium	Share certificate cancellation profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or Loss	Current Period Profit or Loss	Total Shareholders' Equity
I. Prior Period End Balance	1.750.000	-	-	-	-	1.473	-	(39.807)	-	158.593	25.660	322.665	2.218.594
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1.750.000	-	-	-	-	1.473	-	(39.807)	-	158.593	25.660	322.665	2.218.594
IV. Total Comprehensive Income	-	-	-	-	-	-	-	17.415	-	-	-	104.261	121.676
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	250.000	-	191	-	-	-	76.956	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	322.665	(322.665)	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	322.665	(322.665)	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV.....+X+XI)	1.750.000	-	-	250.000	-	1.664	-	(22.392)	-	235.549	348.325	104.261	2.667.407

(*) Including Ziraat Finansal Kirlama A.Ş. effects from the merger with the Board of Directors' decision dated 21 February 2019 and numbered 6/1.

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE PERIOD ENDED 31 MARCH 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY										
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Kâr veya Zararda Yeniden Sınıflandırılacak Gelirler ve Giderler									
	Paid-in capital	Share Premium	Share certificate cancellations on profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Revaluation Gain/Loss of Defined Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)
ÖNCEKİ DÖNEM										
1 Ocak - 31.03.2018										
I. Prior Period End Balance	1,250,000	-	-	-	-	-	-	-	(14,912)	-
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections	-	-	-	-	-	-	-	-	-	-
III. Adjusted beginning balance (H+I)	1,250,000	-	-	-	-	-	-	-	(14,912)	-
IV. Total comprehensive income	-	-	-	-	-	-	-	-	948	-
V. Capital increase by cash	-	-	-	-	-	-	-	-	-	-
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt instruments	-	-	-	-	-	-	-	-	-	-
X. Increase/decrease by other changes	-	-	-	-	-	-	-	-	-	-
XL Profit distribution	-	-	-	-	-	-	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+...+X+XI)	1,250,000	-	-	-	-	-	-	-	(13,967)	68,742
									9,691	184,562
										68,742
										1,499,028
										1,403,681
										25,660
										25,660
										1,428,341
										69,087

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF CASH FLOWS			
	Note (VI)	THOUSAND OF TURKISH LIRA	THOUSAND OF TURKISH LIRA
		Reviewed Current Period 01/01/2019 - 31/03/2019	Reviewed Prior Period 01/01/2018 - 31/03/2018
A. CASH FLOWS FROM BANKING OPERATIONS			
I.1 Operating profit before changes in operating assets and liabilities)		(67.455)	(13.172)
1.1.1 Profit share income received		680.042	350.168
1.1.2 Profit share expense paid		(460.398)	(200.559)
1.1.3 Dividend received		2.762	-
1.1.4 Fees and commissions received		23.751	13.716
1.1.5 Other income		9.239	483
1.1.6 Collections from previously written off loans		12.108	5.153
1.1.7 Payments to personnel and service suppliers		(45.576)	(30.837)
1.1.8 Taxes paid		(6.175)	(46.760)
1.1.9 Others (*)		(283.208)	(104.536)
I.2 Changes in operating assets and liabilities		1.133.569	384.703
1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss		(20.560)	(2.213)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		(223.591)	(274.533)
1.2.3 Net (increase) / decrease in loans		736.069	(848.460)
1.2.4 Net (increase) / decrease in other assets		68.771	(29.331)
1.2.5 Net increase / (decrease) in bank funds		(9.159)	35.218
1.2.6 Net increase / (decrease) in other funds		879.858	770.964
1.2.7 Net Increase / decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		681.031	162.118
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities (*)		(978.850)	570.940
I. Net cash provided from banking operations		1.066.114	371.531
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(388.719)	(238.421)
2.1 Cash paid for purchase jointly controlled operations, associates and subsidiaries		-	-
2.2 Cash obtained from sale of jointly controlled operations, associates and subsidiaries		-	-
2.3 Purchases of tangible assets		(7.173)	(7.144)
2.4 Disposals of tangible assets		-	-
2.5 Purchase of financial assets at fair value through other comprehensive income		(380.283)	(231.277)
2.6 Sale of financial assets at fair value through other comprehensive income		-	-
2.7 Purchase of financial assets measured at amortized cost		-	-
2.8 Sale of financial assets measured at amortized cost		-	-
2.9 Other (*)		(1.263)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(1.167.373)	214.817
3.1 Cash obtained from funds borrowed and securities issued		2.800.000	679.000
3.2 Cash used for repayment of funds borrowed and securities issued		(3.959.496)	(462.929)
3.3 Issued equity instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(7.877)	(1.254)
3.6 Other (*)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		82.265	70.516
V. Net increase/ (decrease) in cash and cash equivalents (I+II+III+IV)		(407.713)	418.443
VI. Cash and cash equivalents at the beginning of the period		1.145.532	601.801
VII. Cash and cash equivalents at the end of the period		737.819	1.020.244

(*) Includes effects of merger of Ziraat Finansal Kiralama A.Ş. with the decision of the Board of Directors dated 6 February 2019 and numbered 6/1.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019**

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

**SECTION THREE
ACCOUNTING PRINCIPLES**

I. BASIS OF PRESENTATION

The Bank prepares the financial statements in accordance with "the BRSA Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards (TFRS) published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

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

Unless otherwise specified, all balances in the unconsolidated financial statements and footnotes are expressed in thousand Turkish Lira ("TL") excluding financial assets and liabilities presented 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.

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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, these unconsolidated 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

TFRS 16 Leases

TFRS 16 Leases standard is published in the Official Gazette no. 29826 dated 16 April 2018 which is effective for the reporting periods after 1 January 2019. The Bank applies TFRS 16 "Leases" Standard, which replaces TAS 17 "Leases", starting from 1 January 2019 for the first time. These liabilities were measured based on the discounted current value by using the incremental borrowing rate of interest of remaining lease payments as of 1 January 2019. The difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset and under "Liabilities from Leasing" as a liability.

The Bank used the model projected by the standard in the transactions to be lessee, with the exception of low-value assets and short-term rentals (1 year or less).

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting applications are almost the same.

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

I. BASIS OF PRESENTATION (Continued)**CHANGES IN ACCOUNTING POLICIES (Continued)****TFRS 16 Leases (Continued)**

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

A lease liability and a right-of-use asset is recognised at the date of initial application for leases previously classified as an operating lease applying TAS 17. That lease liability is measured at the present value of the remaining lease payments, discounted using the Bank's alternative borrowing rate at the date of initial application. Besides, that right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The effects of application of TFRS 16

	31 December 2018	TFRS 16 Classification Effect	TFRS 16 Transition Effect	1 January 2019
Properties (Net)	-	888	81.768	82.656
Tangible assets (Net)	52.116	-	5.707	57.823
Other assets (Net)	164.410	(888)	-	163.522
Lease liabilities (Net)	-	-	87.475	87.475

II. EXPLANATIONS ON USAGE STRATEGY OF FINANCIAL ASSETS AND FOREIGN CURRENCY TRANSACTIONS

The Bank's main field of operations are; to provide all kinds of domestic and foreign currency cash, non-cash loans, make transactions in domestic and foreign capital markets, collect current and participation accounts. As of reporting date, an important part of the Bank's resources consists of funds collected, funds borrowed and shareholders equity. The Bank evaluates these resources on lease certificates and loans.

Bank's liquidity position considered as defraying all the maturing liabilities.

The procedures including foreign currency were recorded based on the buying rate of the counter ruling at the transaction date. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates announced by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments are reflected in the income statement. There are no foreign currency differences capitalized by the Bank.

The Bank carries out the balance sheet and equity management within the risk limits by the Asset and Liability Committee determined by the Board of Directors in order to keep the liquidity, exchange rate and credit risks within certain limits and to maximize the profitability in consideration of the market conditions within the possibilities.

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
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ACCOUNTING PRINCIPLES (Continued)

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Based on the TAS 27 "Turkish Accounting Standard for Separate Financial Statements", Turkish Lira denominated investments in associates and subsidiaries are accounted at cost value and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if any. As of 22 January 2016, as a wholly owned subsidiary of the Bank, Ziraat Katılım Varlık Kiralama A.Ş. was established as a subsidiary. On 19 July 2017, the ZKB Varlık Kiralama A.Ş. was established with a capital of TL 50, which was fully paid by the Bank. The Company has started to operate after the registration on 8 September 2017.

Accounting for business combinations under common control

According to Turkey Financial Reporting Standards there is no special requirements for recognition in business combinations under common control. Therefore, subject to common control business of the acquirer in the merger, No. 2018-1 issued by POA of Turkish Financial Reporting Standards for the implementation of pooling of interest method is used. According to this method:

1. The acquirer recognizes the assets and liabilities of the acquirer into the financial statements at their carrying amounts determined in accordance with TFRS at the date of merger.
2. The acquirer measures the value of the non-controlling interests, if any, at the date of the merger over the proportional share of the carrying values of the assets and liabilities to which they relate. Changes in non-controlling interests arising from the merger are accounted for as equity transactions in accordance with TFRS 10 Consolidated Financial Statements.
3. Costs arising from the merger are recognized directly in profit or loss.
4. Goodwill does not exist in business combinations under common control.
5. The principles set forth in Articles 6 and 7 are applied in order to eliminate any possible asset - liability mismatch arising from a business combination subject to common control.
6. When the merger is recognized in ways other than a share exchange (eg when the merger occurs by cash payment or without paying any price):
 - (a) If the carrying amount of the acquired net assets exceeds the transferred value, the difference is recognized as the additional capital of the shareholders and the value of the Share Premium item is increased.
 - (b) If the transferred amount exceeds the carrying amount of the acquired net assets at the date of the merger, the difference is reflected in the "a Combination of Entities or Business Under Common Control" as an item reducing the equity.

TFRS 3 is applied in the calculation of the transferred amount as of the merger date. However, in a merger subject to progressive joint control, the acquirer measures the equity shares in the acquired acquisitions over the book value at the beginning of the comparative period. However, equity shares acquired on a comparative date are measured at the purchase price. The acquirer eliminates the income or expenses that are reflected to the financial statements in relation to these shares in the period between these dates and the merger date.

7. When the merger is realized through share exchange:

- (a) The shares issued by the acquirer are included in the financial statements at their nominal values. Therefore, any share premiums related to these shares are not reflected in the financial statements.
- (b) The difference found by subtracting the nominal value of the shares issued by the acquirer from the book value of the acquired net assets of the merger on the date of merger is reflected to the "Effect of Mergers Including Joint Controlled Entity or Entities".

8. When the merger is recognized partly through the exchange of shares and partly through the payment of other payments, the percentage of the acquired business is determined on the basis of the fair values of the issued shares and other amounts transferred and the clauses of Article 6 and 7 is applied accordingly.

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ACCOUNTING PRINCIPLES (Continued)

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Accounting for business combinations under common control (Continued)

9. The financial statements of the comparative period are restated as if the merger is recognized at the beginning of the period.

10. In the event that the subsidiary acquired as a result of a business combination subject to joint control is subsequently lost, the relevant clauses of TFRS 10 Consolidated Financial Statements are applied. When there is an amount recorded in the "a Combination of Entities or Business Under Common Control", the amount is transferred to "Retained Earnings / Losses" and explained in the disclosures. The entity also discloses the gain or loss arising from the loss of control of the subsidiary in the statement of profit or loss and other comprehensive income in a separate item (Gains / Losses from the disposal of a subsidiary subject to joint control).

If the entity acquired as a result of a business combination subject to joint control expires and is included in the acquirer, or if such a situation arises or the subsidiary is subsequently dissolved, the amounts included in a Combination of Entities or Business Under Common Control or Entities shall be transferred to previous years' profits / losses in equal installments within 5 accounting periods.

Acquired assets and liabilities are recorded at the book value previously recorded in the consolidated financial statements of the Bank's shareholders. The equity items of the acquired companies are added to the same items in the Bank's equity, except for the capital, and the resulting profit or loss is recognized in the equity.

With the Board of Directors decision dated 21 February 2019 and numbered 6/1, the Bank takes over Ziraat Finansal Kiralama A.Ş. As a result of the merger, Ziraat Finansal Kiralama A.Ş.'s 24% stake in Ziraat Yatırım Menkul Değerler A.Ş. transferred to the Parent Bank.

This merger is evaluated as "Business Combinations Under Common Control" within the scope of the POA No. 2018-1 "Implementation of Resolution for the Turkish Accounting Principles" and pooling of interest method is applied. In accordance with the related resolution, the financial statements have not been restated as of the beginning of the reporting period in which the joint control occurs taking advantage of the exception presented to the entities engaged in interim financial reporting and have not been presented comparatively from the beginning of the reporting period.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The Bank's derivative financial instruments consist of forward foreign currency buy/sell agreements.

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their agreement amounts.

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ACCOUNTING PRINCIPLES (Continued)

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

Profit share incomes are recognized in accordance with internal rate of return method. The Bank calculates expense accrual in accordance with the unit value calculation method on sharing accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

Commission income from banking, agency, intermediary services is recognized as income on the date collected. Whereas, commission income from individual, corporate and entrepreneurial cash and non-cash loans are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle. Other fees and commission expenses are recorded as expense on the date they are paid.

Commissions and fees received from cash loans and relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments section three Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

The Bank 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 financial assets and related business model used for management of the financial assets at initial recognition.

a. 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 statement of profit or loss.

The Bank does not have any financial assets classified as "Financial Assets at Fair Value Through Profit or Loss".

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ACCOUNTING PRINCIPLES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. 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 profit share 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. Profit share income calculated with internal rate of return 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.

During the initial recognition, the Bank does not qualify as a contingent consideration in the financial statements of an entity acquired in a business combination where a business combination is not held for commercial purposes or where a TFRS 3 Business Combinations standard is applied; in respect of recognizing in statement profit or loss and other comprehensive income of the changes in subsequent periods in the fair value of an investment in equity instruments under TFRS 9, an irrevocable preference can be made. The Bank makes this option separately for each financial instrument.

The related fair value differences recognized in other comprehensive income are transferred to profit or loss in the following periods and transferred to previous years' profit / loss. Dividends on such investments are recognized in profit or loss unless it is explicitly required to recover part of the cost of the investment. The equity instruments, whose fair value difference is reflected in other comprehensive income, are not subject to impairment calculation.

c. Financial assets at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit share 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 internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in income statement.

Loans:

Loans are financial assets that are originated by the Bank by providing goods and services to the borrower. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Internal Rate of Return Method".

Bank loans and receivables are initially carried at cost value. 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 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 the Bank at installment date.

The Bank's loans are recognized under the "Measured at Amortized Cost" account.

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ACCOUNTING PRINCIPLES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

Impairment for expected loss

As of 1 January 2018, the Bank 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 impairment 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.

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ACCOUNTING PRINCIPLES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Explanations on Expected Loss Provisions (Continued)

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 credit loss is determined on the basis of the instrument's lifetime expected credit losses.

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

Credit-impaired losses (stage 3 / special provision)

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

The Bank assesses that debt is in default in the following two cases:

- Objective Default Definition: This means that the debt is overdue by more than 90 days.
- Subjective Default Definition: It means that the debt can not be paid. In the event that the debtor can not fulfill the debts related to the loan, the debtor is considered to be in default regardless of the number of delay days.

The collective valuation of financial instruments is based on homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section presents an overview of the risk parameter estimation methods for the damage assessment approach that is expected on a common basis for each stage.

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

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ACCOUNTING PRINCIPLES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Credit-impaired losses (stage 3 / special provision)

Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time. In Default Probability models, sectoral information for the corporate portfolio 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.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities shall be offset and the net amount presented in the balance sheet when and only when the Bank currently has a legally enforceable right to set off the recognized amounts or intends either to collect/settle on a net basis or to realize the asset and settle the liability simultaneously.

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

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds.

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ACCOUNTING PRINCIPLES (Continued)

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables and 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)".

Assets which meet the criteria to be classified as held for sale are measured by the book value or the fair value from which the cost of sales is deducted, whichever is lower and no more amortization is made for such assets; and these assets are shown separately on the balance sheet. In order to classify an asset as an held for sale, the related asset (or the group of assets to be disposed of) should be able to be sold immediately and the probability of sale for such assets (or group of assets to be disposed of), should be high under current conditions.

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

A discontinued operation is a part of a bank's business classified as sold or held-for-sale. The results of the discontinued operations are disclosed separately in the income statement. The bank has no discounted operations.

As of 31 March 2019, the Bank's held for sale assets is TL 40.252 (31 December 2018: TL 4.259).

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, the Bank 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 life. Useful life 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.

The Bank recognizes its software costs incurred under the intangible assets - intangible rights account and the qualifying expenses are added to software's initial costs and amortized over 3-15 years considering the useful life.

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ACCOUNTING PRINCIPLES (Continued)

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Property and equipment is 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.

Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives.

Applied depreciation rates are as follows;

Vehicles and Fixtures	: 2% – 25%
Operational Lease Improvement Costs (Leasehold Improvements)	: Leasing Period – 5 years

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.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period.

There is no tangible assets held for sale.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operational Leasing Transactions

Transactions as a lessee

At the beginning of a contract, the Bank evaluates whether the contract has a lease or does not include a lease. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use;

The right of use asset is recognized first by cost method and includes below:

- a) The initial measurement amount of the lease obligation,
- b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) all initial direct costs incurred by the Bank

When applying the cost method, the existence the right of use:

- a) Measures by deducting accumulated depreciation and accumulated impairment losses and
- b) the restatement of the lease obligation at the restated cost.

The Bank applies principle of amortization in TAS 16 Property, Plant and Equipment while depreciating the right of use.

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ACCOUNTING PRINCIPLES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

Lease Liabilities

At the date of the effective leasing of the lease, the Parent Bank measures its leasing liability at the present value of the lease payments not paid at the time. Lease payments are discounted using the imputed rate of interest in the lease if they can be easily determined. If this rate cannot be easily determined, the Bank uses the Bank's alternative borrowing rate. Lease payments that are included in the measurement of the lease liability at the date the lease is commenced consist of the unpaid payments to be made for the right of use during the lease term of the underlying asset and the date on which the lease has actually begun.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increases the book value to reflect the rate of profit in the lease obligation,
- b) Reduces the book value to reflect the rent payments made and
- c) Re-assess the book value to reflect re-evaluations and reconstructions, or to reflect the lease payments that are fixed on the revised basis.

The Bank participates in leasing transactions as lessor. The Bank presents the leased assets as a receivable equal to the net leasing investment amount in the balance sheet. The total of the lease payments is gross in the financial leasing receivables account including the dividends and principal amounts. The profit share, which is the difference between the total of the lease payments and the cost of the related fixed assets, is included in the unearned finance lease income account. As the lease payments are realized, the rent amount is deducted from the financial lease receivables account; The profit share is reflected in the statement of profit or loss by deducting from the unearned profit share income account.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

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

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

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ACCOUNTING PRINCIPLES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment termination and vacation benefits

Liabilities related to severance pay and right to leave calculated according to the regulations of the TAS 19 "Accounting Standard of Employee Benefits".

According to the related regulation, the Bank is obliged to pay termination benefits depending on the arise of the legal conditions for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Employment Termination Benefit Provision ceiling). Employment Termination Benefit is calculated based on actuarial assumptions.

The Bank's liabilities related to future severance pay and right to leave calculated and reflected to the financial statements on the net present value. The Bank benefits from independent actuaries on determination of obligation and makes assumptions on discount rate, employee turnover rate, and future raise in salaries. As of 31 March 2019, the Bank's employee termination benefit is TL 5.824 (31 December 2018: TL 5.056).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 31 March 2019 unused vacation liability of the Bank is TL 5.515 (31 December 2018: TL 3.584).

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

b. T.C. Ziraat Bankası and T. Halk Bankası employee pension fund foundations (TZHEMSAN) liability

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. Provisional article 23 of the Banking Act No: 5411 requires the Bank's pension funds founded in the scope of SIA to be transferred to the Social Insurance Institution (SII) within 3 years subsequent to the publishing date of the act. The procedure and essentials for the transfer were determined by the Council of Ministers' decision dated 30 November 2006 and numbered 2006/11345 and accordingly, both pension fund foundations would have been transferred to SSI. However, with the decree of the Constitutional Court numbered E.2005/139, K.2007/13 and K.2007/33 published in the Official Gazette dated 31 March 2007 and numbered 26479, the first paragraph of the temporary first article of the provisional article 23 of the Banking Act No: 5411 is cancelled and the execution has been ceased starting from the date the decree is published.

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ACCOUNTING PRINCIPLES (Continued)

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

b. T.C. Ziraat Bankası and T. Halk Bankası employee pension fund foundations (TZHEMSAN) liability

After the justified decree related to cancellation was announced by the Constitutional Court, Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws" ("Renewed Law"), which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect.

The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three year transfer period can be prolonged for maximum 2 years by the Cabinet decision. In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the cash value of the liabilities will be calculated with the actuarial interest rate 9,8%. Moreover, after the transfer to SSI, 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.

According to the 58th And the temporary 7th Article of the Banking Law, the sentence which states that the banks cannot transfer funds in order to fulfill the deficit of the Funds from 1 January 2008, has been postponed up to five years.

However related transfer period has been prolonged for the banks, insurance and reinsurance companies, chamber of commerce, chamber of industries, stock exchanges or their Funds founded for their organization's personnel and monthly payment or income earners and their rightful owners, as a part of the temporary 20th Statute of the law numbered 506, to transfer to the Social Security Institution (SSI) for 2 years by the Cabinet decision, which was published on the Official Gazette dated 9 April 2011 and numbered 27900.

In addition, by the Law numbered 6283 "Emendating Social Security and General Health Insurance Act", which was published on the Official Gazette dated 8 March 2012 and numbered 28227, this period of 2 years has been raised to 4 years.

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

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law.

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

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ACCOUNTING PRINCIPLES (Continued)

XVII. EXPLANATIONS ON TAXATION

a. Current tax

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

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

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

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

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

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

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax.

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ACCOUNTING PRINCIPLES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

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 last day of the fourth month following the balance sheet date and the accrued tax is paid on the same date. 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.

b. Deferred tax

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

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.

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

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ACCOUNTING PRINCIPLES (Continued)

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

Borrowings, are recognized using the effective internal rate of return method in the following periods after the initial recognition. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings. There are no debt securities issued by the Bank. The Bank has issued borrowings as sukuk issuances, this through its subsidiary Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., these sukuk issuances are provided to the qualified investors without being released through an IPO and the bank takes place during this operation as a fund user.

XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

None.

XX. EXPLANATIONS ON ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXII. EXPLANATION ON 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, gold, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXIII. EXPLANATION 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 Bank, are disclosed in Note XII. of Section Fou

XXIV. EXPLANATIONS ON OTHER MATTERS

According to decision of the Banking Regulation and Supervision Agency dated 18 January 2019 and numbered 8210 of, with the framework Ziraat Katılım Bankası A.Ş board of directors decisions no 6/1 dated 21 February 2019, The Bank (Transferee) and Ziraat Finansal Kiralama A.Ş. (Acquired) are merged in accordance with relevant articles of the Turkish Commercial Code No. 6102; The merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

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SECTION FOUR

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY

As of 31 March 2019 current period capital amount of the Bank is TL 2.928.761 (31 December 2018: TL 2.164.939), and capital adequacy standard ratio is 14,53% (31 December 2018: 12.76%).

Information Related to the Components of Shareholders' Equity:

	Current Period 31.03.2019	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.750.000	
Share issue premiums	-	
Reserves	485.549	
Gains recognized in equity as per TAS	5.158	
Profit	452.586	
Current Period Profit	104.261	
Prior Period Profit	348.325	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	2.693.293	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	25.886	
Improvement costs for operating leasing	18.060	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	86.991	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
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 1 Capital	130.937	
Total Common Equity Tier 1 Capital	2.562.356	

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 31.03.2019	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.562.356	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	300.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	67.437	
Tier II Capital Before Deductions	367.437	
Deductions From Tier II Capital	-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	367.437	
Total Capital (The sum of Tier I Capital and Tier II Capital)	2.929.793	

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 31.03.2019	Amounts related to treatment before 1/1/2014(*)
Total of Original Capital and Supplementary Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	1.032	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
TOTAL CAPITAL		
Total Capital	2.928.761	
Total risk weighted amounts (****)	20.155.712	
Capital Adequacy Ratios (****)		
Core Capital Adequacy Ratio	12,71	
Tier I Capital Adequacy Ratio	12,71	
Capital Adequacy Ratio	14,53	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,50	
a) Capital conservation buffer requirement	2,50	
b) Bank specific counter-cyclical buffer requirement	0,00	
c) Systemic significant bank buffer ratio	0,00	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	8,21	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of 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	-	
Portion of the total of 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	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	67.437	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	67.437	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0.6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions

(**) Legal capital amount used in capital adequacy calculation which has been taken into consideration as not included BHFOR effect is TL 2.928.761.

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Prior Period 31.12.2018	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.750.000	
Share issue premiums	-	
Reserves	158.593	
Gains recognized in equity as per TAS	305	
Profit	348.325	
Current Period Profit	322.665	
Prior Period Profit	25.660	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	2.257.223	
Deductions from Common Equity Tier 1 Capital	-	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	38.639	
Improvement costs for operating leasing	18.408	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	80.396	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	1.728	
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	-	
Total Deductions From Common Equity Tier 1 Capital	139.171	
Total Common Equity Tier 1 Capital	2.118.052	

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Prior Period 31.12.2018	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital		
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.118.052	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	47.962	
Provisions (Article 8 of the Regulation on the Equity of Banks)		
Tier II Capital Before Deductions	47.962	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	47.962	
Total Capital (The sum of Tier I Capital and Tier II Capital)	2.166.014	

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Prior Period 31.12.2018	Amounts related to treatment before 1/1/2014(*)
Total of Original Capital and Supplementary Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables 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	-	
Other items to be defined by the BRSA (-)	1.075	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
TOTAL CAPITAL		
Total Capital	2.164.939	
Total risk weighted amounts	16.782.105	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	12,62	
Tier I Capital Adequacy Ratio (%)	12,62	
Capital Adequacy Ratio (%)	12,76	
BUFFERS		
Bank specific total common equity tier 1 capital ratio (a+b+c)	1,88	
a)Capital conservation buffer requirement	1,88	
b)Bank specific counter-cyclical buffer requirement	0,00	
c)Systemic significant bank buffer ratio	0,00	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	8,12	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of 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	-	
Portion of the total of 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	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	47.962	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	47.962	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

Information on borrowing instruments to be included in equity calculation:

Issuer	-
Unique identifier (ex CUSIP, ISIN or Bloomberg identifier for private placement)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Consolidated/Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	300 million TL
Par value of instrument	300 million TL
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	29.03.2019
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	16,25%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE
BANK (Continued)**
I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

Required explanations for the reconciliation between table of equity components and balance sheet:

The principal difference between the amount of "Shareholders" and "Shareholders" in the unconsolidated balance sheet is provided from general provisions. The portion of general provisions up to 1.25% of the amount subject to credit risk is taken into consideration as Contribution Capital in the calculation of the Equity amount in the statement of shareholders' equity. On the other hand, net book values of the assets held for more than five years from operating property development costs, intangible assets and receivables acquired under tangible fixed assets in the balance sheet, and some other accounts determined by the Board are taken into consideration in the calculation of Equities from Capital, in the calculation of Equity amount.

	Balance Sheet Value	Adjustment Effect	Value in capital calculation form
Paid-in capital	1.750.000	-	1.750.000
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	(25.886)	(25.886)
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	1.664	(1.664)	-
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(22.392)	27.550	5.158
Profit reserves	235.549	-	235.549
Legal Reserves	250.000	-	250.000
Profit or loss	452.586	-	452.586
Prior Periods' Income or (Loss)	348.325	-	348.325
Profit or loss for the current period	104.261	-	104.261
Deductions from capital	-	(105.051)	(105.051)
Common Equity Tier I Capital	-	-	2.562.356
Tier I Capital	-	-	2.562.356
General provisions	-	67.437	67.437
Debt instruments and share issue premiums deemed suitable by the BRSA	-	300.000	300.000
Tier II Capital	-	367.437	367.437
Deductions to be defined by the BRSA (-)	-	(1.032)	(1.032)
Total Capital	2.667.407	261.354	2.928.761

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**II. EXPLANATIONS ON THE CURRENCY RISK**

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

Whether the Board of Directors has set limits for the positions monitored daily:

The Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, "Value at Risk" ("VAR") is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit is also 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.

- b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:

None.

- c) Foreign currency risk policy:

"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 USD and Euro, which are mainly used by the Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

- ç) Current foreign exchange bid rates of the Bank for the last 5 business days prior to the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100Yen
25.03.2019	5,5867	6,3216	3,9478	0,8430	0,6022	5,6176	4,1189	0,6507	7,3619	1,4784	5,0250
26.03.2019	5,4100	6,1093	3,8418	0,8146	0,5838	5,4296	4,0009	0,6311	7,1452	1,4316	4,8430
27.03.2019	5,3200	5,9842	3,7461	0,7976	0,5706	5,3344	3,9246	0,6134	7,0094	1,4078	4,7710
28.03.2019	5,5557	6,2382	3,9148	0,8318	0,5940	5,5629	4,1022	0,6392	7,2583	1,4703	4,9690
29.03.2019	5,6115	6,2982	3,9564	0,8397	0,6019	5,6222	4,1586	0,6471	7,2793	1,4851	5,1100

- d) Simple arithmetic average of the Bank's current foreign exchange bid rates for the last 30 days prior to the balance sheet date:

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 Yen
5,4753	6,1833	3,8579	0,8247	0,5861	5,4632	4,0571	0,6328	7,1931	1,4489	4,8778

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

II. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	448.342	1.065.494	376.106	1.889.942
Banks	255.706	36.715	208.755	501.176
Financial assets at fair value through profit and loss (**)	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	256.968	-	-	256.968
Loans (*)	5.743.485	2.505.270	-	8.248.755
Subsidiaries, associates, entities under common control (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets (net)	-	-	-	-
Intangible assets (net)	-	-	-	-
Other assets	2.846	1.095	120	4.061
Total assets (***)	6.707.347	3.608.574	584.981	10.900.902
Liabilities				
Current account and funds collected from Banks via participation accounts	36.859	198	-	37.057
Current and profit sharing accounts FC	2.809.769	4.217.050	576.846	7.603.665
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1.900.946	1.020.322	-	2.921.268
Marketable securities issued	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (****)	56.629	48.877	4	105.510
Total liabilities (***)	4.804.203	5.286.447	576.850	10.667.500
Net balance sheet position	1.903.144	(1.677.873)	8.131	233.402
Net off-balance sheet position (**)	(1.871.180)	1.588.894	-	(282.286)
Financial derivative assets	-	1.588.894	-	1.588.894
Financial derivative liabilities	1.871.180	-	-	1.871.180
Non-cash loans	3.299.658	3.260.156	72.152	6.631.966
Prior Period				
Total assets	5.295.738	3.279.270	413.962	8.988.970
Total liabilities	4.038.391	4.474.023	406.829	8.919.243
Net balance sheet position	1.224.053	(1.200.055)	7.133	31.131
Net off-balance sheet position	(1.232.487)	1.242.597	-	10.110
Financial derivative assets	-	1.242.597	-	1.242.597
Financial derivative liabilities	(1.232.487)	-	-	(1.232.487)
Non-cash loans	3.145.078	2.996.581	71.542	6.213.201

(*) TL 283.725 equivalent of USD loans, and TL 770.747 equivalent of EUR loans are originated as foreign currency indexed loans.

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

(***) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign Currency Expense Accruals of Derivative Financial Assets TL 27.018 and Derivative Financial Liabilities TL 1.863 are not included.

(****) Of the foreign currencies presented in the other foreign currency column of assets 92% is Gold, 1% is GBP, 1% is CHF and remaining 6% is other foreign currencies. Of the foreign currencies presented in the other foreign currency column of liabilities 92% is Gold, 1% is GBP, 1% is CHF and the remaining 6% is other foreign currencies.

(*****) Provisions and liabilities from leases are included.

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

III. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value:

The breakdown of the amount of capital liabilities on the basis of the relevant share investments, depending on the method of calculating the capital obligation selected by the bank from among the approaches allowed to be used in the Communiqué on Credit Risk Standard Method or Communiqué Related to Calculation of Credit Risk Based Approach Based on Internal Grading:

According to the standard method of credit risk, equity investments in banking accounts are TL 10.629 all of which are 100% risk weighted (31 December 2018: TL 7.897).

**IV. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY
COVERAGE RATIO**

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

Generally participation accounts concentration weighted for 1 month in both banking and participation banking sectors, collecting funds are longer than maturity perceived as an element of risk, in order to reduce the risk, attention showed to the liquidity of maturity group which is due for one month.

The 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 Bank's liquidity and in the worst case scenario and the loss associated with it. Besides, in order to compare the Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

The Bank calculates and reports the liquidity adequacy ratio to BRSA on weekly unconsolidated basis in accordance with "Regulation for Regulation on Banks' Liquidity Coverage Ratio Calculation" issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation.

Also on the purpose of the liquidity risk management, risk limits and threshold determined as a part of risk appetite and daily monitored.

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

IV. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

1) LIQUIDITY RISK:

- a) Basis for the current liquidity risk of the Bank and whether the necessary measures taken, limitations imposed by the Bank's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:**

The Bank's fund resources consist of mainly participation funds. The Bank is gathering funds in the name of participation accounts that the principal and predetermined yield are not guaranteed to paid back to the holder of account, and participation rates to profit or loss that results from funds to be operated are reflected to the related accounts.

The Bank, TL and FC liquidity meets its needs mostly from the funds collected, internal and external sources that can be used in an emergencies in order to meet the liquidity requirements are monitored periodically, borrowing limits of the markets organized by the Bank and other banks, liquidity levels that can be met. The Bank manages liquidity risk within the regulations of Liquidity Risk and Liquidity and Financial Emergency Management.

- b) Payments, whether assets and liabilities are compatible with the rate of profit, whether the measurement of the probable effects of the actual inconsistency on profitability is done or not:**

Payments, assets and liabilities and profit rates are monitored regularly by the management to track whether it is compatible or not and there is no dissonance whatsoever.

- c) The banks internal and external sources to meet the short and long-term liquidity needs, unused significant liquidity sources:**

Although the Bank's assets average maturity is longer than collected funds, most of the securities, available for sale and held to maturity, make periodic coupon payment which is no longer than six months and monthly credit receivables payments provide cash flow to the Bank.

- d) Evaluation of the banks cash flow rates and its sources:**

The banks main source is the participation funds, these funds are evaluated at other participation banks and loan placements. The banks most important cash inflows are receivables from banks and financial institutions and regular cash inflows from these institutions are seen as a factor that reduce the liquidity risk. Also monthly installment payments for loans are used to meet the Bank's resource needs.

2) Liquidity Coverage Ratio:

Liquidity coverage ratio, established in order to hold and provide premium liquidity asset stock which is adequately fulfill the Bank's net cash outflow, calculated within the scope of "Calculation of The Liquidity Coverage Ratio" regulation that was published by BRSA. Liquidity coverage ratio directly affected by Bank's asset, liability and potential cash inflow and outflow which is derived from off-balance sheet transactions with the level of liquid assets that can be realizable at any time and not mentioned to any collaterals.

The Bank's premium liquidity asset stock; consists of debt securities which is not subjected to any collateral or repurchase agreement transaction and basically export from the Republic of Turkey's Treasury along with cash assets and care of Central Bank of the Republic of Turkey's accounts.

The Bank's principal funding source Consists of participation funds. Apart from participation funds, repurchase agreement transaction provided by funds and debts from financial institutions take a part within the external participation fund debt items.

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

IV. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

2) Liquidity Coverage Ratio (Continued):

Managing liquidity risk effectively can be possible with preventing the concentrated liquidity asset and liability items. Participation fund, constitutes the Bank's main fund source, is provided from numerous customers.

Derivative transactions are included in calculation of the liquidity coverage ratio over the cash flows within the 30 day basis time slots.

Current Period	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS	3.285.388	1.975.927	3.285.388	1.975.927
High quality liquid assets	-	-	3.285.388	1.975.927
CASH OUTFLOWS	22.126.030	10.388.577	5.916.379	3.226.817
Real person deposits and retail deposits	7.909.502	3.895.227	721.015	389.523
Stable deposit	1.398.714	-	69.936	-
Deposit with low stability	6.510.788	3.895.227	651.079	389.523
Unsecured debts except real person deposits and retail deposits	6.858.186	3.356.458	3.936.137	1.831.380
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	6.858.186	3.356.458	3.936.137	1.831.380
Secured debts	-	-	-	-
Other cash outflows	7.358.342	3.136.892	1.259.227	1.005.914
Derivative liabilities and margin obligations	837.136	800.488	837.136	800.488
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	375.863	354.422	114.824	106.327
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	6.145.343	1.981.982	307.267	99.099
TOTAL CASH OUTFLOW	-	-	5.916.379	3.226.817
CASH INFLOWS	4.222.757	2.200.600	3.307.646	2.003.152
Secured receivables	-	-	-	-
Unsecured claims	3.382.224	1.396.664	2.467.113	1.199.217
Other cash inflows	840.533	803.936	840.533	803.936
TOTAL CASH INFLOWS	4.222.757	2.200.600	3.307.646	2.003.153
Applied maximum rate values	-	-	-	-
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	3.285.388	1.975.927
TOTAL NET CASH OUTFLOWS	-	-	2.608.733	1.223.664
LIQUIDITY COVERAGE RATIO (%)	-	-	126	161

(*) The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average

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

IV. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

2) Liquidity Coverage Ratio (Continued):

Prior Period	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS	2.811.586	1.600.247	2.811.586	1.600.247
High quality liquid assets	-	-	2.811.586	1.600.247
CASH OUTFLOWS	22.228.336	10.520.373	5.710.025	3.129.897
Real person deposits and retail deposits	7.500.634	3.492.136	684.961	349.214
Stable deposit	1.302.045	-	65.102	-
Deposit with low stability	6.198.589	3.492.136	619.859	349.214
Unsecured debts except real person deposits and retail deposits	7.055.132	3.537.075	3.904.431	1.904.188
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	7.055.132	3.537.075	3.904.431	1.904.188
Secured debts	-	-	-	-
Other cash outflows	7.672.570	3.491.162	1.120.633	876.495
Derivative liabilities and margin obligations	682.458	653.705	682.458	653.705
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	346.475	323.667	105.993	97.100
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	6.643.637	2.513.790	332.182	125.690
TOTAL CASH OUTFLOW	-	-	5.710.025	3.129.897
CASH INFLOWS	4.356.139	2.131.504	3.535.259	2.005.171
Secured receivables	-	-	-	-
Unsecured claims	3.667.131	1.458.629	2.846.250	1.332.297
Other cash inflows	689.008	672.874	689.008	672.874
TOTAL CASH INFLOWS	4.356.139	2.131.503	3.535.258	2.005.171
Applied maximum rate values	-	-	-	-
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	2.811.587	1.600.246
TOTAL NET CASH OUTFLOWS	-	-	2.174.767	1.124.726
LIQUIDITY COVERAGE RATIO (%)	-	-	129	142

(*) The weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average

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

IV. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey(*)	220.288	1.874.252	-	-	-	-	-	2.094.540
Banks(*)	517.311	-	-	-	-	-	-	517.311
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	28.957	344.991	262.694	1.040.318	-	7.672	1.684.632
Loans Given	-	2.392.935	1.825.183	4.742.111	9.169.257	2.082.102	-	20.211.588
Financial assets measured at amortized cost	-	-	-	-	-	-	-	-
Other Assets (**)	-	-	-	-	-	-	449.609	449.609
Total Assets	737.599	4.296.144	2.170.174	5.004.805	10.209.575	2.082.102	457.281	24.957.680
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	5.568	71.933	-	-	-	-	-	77.501
Current and Participation Accounts	2.134.614	10.302.929	2.308.056	1.218.191	5.420	-	-	15.969.210
Funds Provided from Other Financial Instruments	-	964.480	2.358.061	1.143.860	775.216	104.730	-	5.346.347
Money Market Borrowings	-	50.173	-	-	-	-	-	50.173
Issued Marketable Securities	-	-	-	-	-	-	-	-
Other Liabilities (***)	-	-	-	-	-	300.390	3.214.059	3.514.449
Total Liabilities	2.140.182	11.389.515	4.666.117	2.362.051	780.636	405.120	3.214.059	24.957.680
Liquidity Gap	(1.402.583)	(7.093.371)	(2.495.943)	2.642.754	9.428.939	1.676.982	(2.756.778)	-

(*) Expected credit losses are not included

(**) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as equity instruments, tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and non-performing loans, other liabilities such as provisions which are not considered as payables and shareholders' equity are included under "undistributed".

(***) Subordinated debt instruments are shown in this column

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

IV. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Prior Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	357.861	1.649.452	-	-	-	-	-	2.007.313
Banks	787.671	-	-	-	-	-	-	787.671
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	669	5.592	144.649	1.148.555	-	4.897	1.304.362
Loans Given	-	2.511.937	1.476.992	4.840.942	7.513.712	1.395.842	-	17.739.425
Investments Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	350.032	350.032
Total Assets	1.145.532	4.162.058	1.482.584	4.985.591	8.662.267	1.395.842	354.929	22.188.803
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	5.918	20.247	20.051	-	-	-	-	46.216
Current and Participation Accounts	2.375.521	9.463.550	2.252.093	1.006.366	7.352	-	-	15.104.882
Funds Provided from Other Financial Instruments	-	1.160.235	1.485.067	574.655	141.917	-	-	3.361.874
Money Market Borrowings	-	864.414	-	-	-	-	-	864.414
Issued Marketable Securities	-	-	-	-	-	-	-	-
Other Liabilities ^(*)	-	-	-	-	-	-	2.811.417	2.811.417
Total Liabilities	2.381.439	11.508.446	3.757.211	1.581.021	149.269	-	2.811.417	22.188.803
Liquidity Gap	(1.235.907)	(7.346.388)	(2.274.627)	3.404.570	8.512.998	1.395.842	(2.456.488)	-

(*) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as equity instruments, tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and non-performing loans, other liabilities such as provisions which are not considered as payables and shareholders' equity are included under "undistributed".

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**V. EXPLANATIONS ON LEVERAGE RATIO**

As of 31 March 2019, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 6,9% (31 December 2018: 4,8%). This ratio is above the required minimum rate. The reason for the change between the current period and the previous period's leverage ratio is that the average total risk increase rate is higher than the increase in average capital.

Leverage ratio disclosure as follows:

Balance sheet assets	Current Period (*)	Prior Period
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	22.597.636	21.113.586
(Assets deducted from main capital)	(128.659)	(99.706)
Total risk amount of the balance sheet assets	22.468.977	21.013.880
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	9.276	11.550
Potential credit risk amount of derivative financial instruments and credit derivatives	13.746	13.565
Total risk amount of derivative financial instruments and credit derivative	23.022	25.115
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	20.527	36.567
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	20.527	36.567
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	10.837.029	11.021.090
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	10.837.029	11.021.090
Equity and total risk		
Main capital	2.294.321	1.970.244
Total risk amount	33.349.555	32.096.652
Leverage ratio		
Leverage ratio	6,9	6,1

(*) Amounts in the table are obtained on the basis of three-month weighted average.

VI. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

VII. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables that need to be prepared within the scope of Internal Ratings Based ("IRB") have not been presented.

Within the scope of risk management, there are many risks that affect our bank's financial performance significantly. These risks include the risk of credit risk, market risk, operational risk, liquidity risk and profit share ratio arising from banking accounts. Our risk management strategy is based on the mission and vision of our bank and is aimed to respond to our customers' financial needs in the most appropriate way and to support their financial success. In this context, our business practices and our working model support prudent risk management practices.

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

Internal bank risk appetite has been established and is periodically shared with top management in order to follow the specified risks. In addition, detailed risk management reports, including stress tests and scenario analyzes, where all risks are analyzed in detail, are reported to the Audit Committee.

Scenarios such as sudden changes in the curriculum, changes in country grades, changes in the loan portfolio are taken into account in the stress tests conducted.

The capital adequacy ratio is followed up by the simulation method on a daily basis although it is followed up within the monthly period which is the legal submission period. The liquidity coverage ratio of the bank is monitored daily by the risk management and is shared with the top management of the bank and the treasury unit.

In order to create a common risk culture in our bank, our bank employees are given risk management training and strategically important units have detailed explanations about the importance of risk management. Risk management policies and procedures, banking regulations based on significant risks, are available to all employees working in our bank.

Our bank is developing a system for risk measurement methods. In the present case, standard methods are generally used in the calculations and preparations are made for advanced methods with the growth of our bank. All risk processes are closely monitored.

1. Explanations on Risk Management and Risk-weighted Assets:

a) Overview of Risk-weighted Assets

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
	Overview of RWA			
1	Credit risk (excluding counterparty credit risk) (CCR)	18.947.294	15.955.856	1.515.784
2	Standardized approach (SA)	18.947.294	15.955.856	1.515.784
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	55.988	204.871	4.479
5	Standardized approach for counterparty credit risk (SA-CCR)	55.988	204.871	4.479
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	RB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	148.016	129.986	11.841
17	Standardized approach (SA)	148.016	129.986	11.841
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk (*)	1.004.413	491.392	80.353
20	Basic Indicator Approach	1.004.413	491.392	80.353
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	20.155.711	16.782.105	1.612.457

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VIII. EXPLANATIONS ON HEDGE TRANSACTIONS

It is essential to be bordered with limits compatible with risk profile of risk levels and risk toleration so as to prevent to considerably affect from the negativeness that can occur while Bank conducts its operations.

Risk limits are determined and approved by the Board of Directors by taking CEO, Audit Committee and Executives' offers.

Risk limits are determined compatible with risk levels, operations, size of products and services and complexity of the Bank. Limits are reviewed regularly, adapted according to changes in market conditions, Bank strategy and risk appetite and monitored cyclically.

In addition, derivative transactions are made by the Bank, TL and FC liquidity risks are limited due to the committed transactions.

Credit Risks under the IRB (based on internal ratings)

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been prepared by BRSA and published in Official Gazette numbered 29511 dated 23 October 2015 and became effective as of 31 March 2016. The following tables which have to be presented on a quarterly, semi annually and annually basis have not been presented since the Bank use the standard approach as of 31 March 2019 for the calculation of credit risks:

Qualitative information presented to the public disclosure regarding the IRBs

IRB – Credit risk amounts on the basis of Portfolio and Default Probability ("DP")

IRB – The effect of the credit derivatives used as Credit Risk Reduction ("CRR") on the Risk Weighted Amounts ("RWA")

The conversion table of the RWA under the approach of IRB

IRB – Backtesting every Default Probability ("DP") on every risk class

IRB (Directed loans and the stock investments under simple risk weighted approach)

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

IX. EXPLANATIONS ON OPERATING SEGMENTS

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

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

Table for Segment Reporting:

Current Period	Retail Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/Undistributed	Total
OPERATING INCOME/EXPENSE					
Profit Shares Income	49.859	593.873	55.220	93.361	792.313
Profit Shares from Loans	49.859	593.873	-	-	643.732
Profit Shares from Banks	-	-	288	-	288
Profit Shares from Securities	-	-	41.452	-	41.452
Other Profit Shares	-	-	13.480	93.361	106.841
Profit Shares Expense	195.138	173.265	162.978	4.700	536.081
Profit Shares Expense on Participation Funds	195.138	173.265	2.214	-	370.617
Profit Shares Expense on Funds Borrowed	-	-	151.899	-	151.899
Profit Shares Expense on Money Market Transactions	-	-	4.261	-	4.261
Profit Shares Expense on Securities Issued	-	-	4.604	-	4.604
Other Profit Shares Expense	-	-	-	4.700	4.700
Net Profit Shares Income/Expense	(145.279)	420.608	(107.758)	88.661	256.232
Net Fees and Commission Income/Expense	2.278	26.304	-	(4.831)	23.751
Fees and Commissions Received	2.278	26.304	-	2.543	31.125
Fees and Commissions Paid	-	-	-	7.374	7.374
Dividend Income	-	-	2.762	-	2.762
Trading Income/Loss (Net)	-	-	13.489	-	13.489
Other Operating Income	-	69	-	98.222	98.291
Expected credit losses	10.022	111.634	-	26.802	148.458
Other provision expenses	-	-	-	7.316	7.316
Personnel expenses	-	-	-	44.686	44.686
Other Operating Expense	-	-	-	59.829	59.829
Income Before Tax	(153.023)	335.347	(91.507)	43.419	134.236
Tax Provision	-	-	-	(29.975)	(29.975)
Net Profit/Loss	(153.023)	335.347	(91.507)	13.444	104.261
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	-	-	-
Banks and Other Financial Institutions	-	-	517.311	-	517.311
Financial assets through other comprehensive income	-	-	1.684.632	-	1.684.632
Loans	1.532.678	17.071.927	1.606.983	-	20.211.588
Financial assets at amortized cost	-	-	-	-	-
Derivative Financial Assets	-	-	27.018	-	27.018
Associates, Subsidiaries and Joint Ventures	-	-	46.878	-	46.878
Other Assets	-	-	-	2.470.253	2.470.253
Total Segment Assets	1.532.678	17.071.927	3.882.822	2.470.253	24.957.680
SEGMENT LIABILITIES					
Funds Collected	11.125.773	4.920.938	-	-	16.046.711
Derivative Financial Liabilities Held for Trading	-	-	1.863	-	1.863
Funds Borrowed	-	-	5.346.347	-	5.346.347
Money Market Funds	-	-	50.173	-	50.173
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	139.016	139.016
Other Liabilities	-	-	-	706.163	706.163
Shareholders' Equity	-	-	-	2.667.407	2.667.407
Total Segment Liabilities	11.125.773	4.920.938	5.398.383	3.512.586	24.957.680

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

IX. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting:

Prior Period 1 January - 31 March 2018	Retail Banking	Corporate/ Entrepreneur ial Banking	Treasury/ Investment Banking	Other/Undistr ibuted	Total
OPERATING INCOME/EXPENSE					
Profit Shares Income	41.322	280.605	25.210	10.793	357.930
Profit Shares from Loans	41.322	280.605	-	-	321.927
Profit Shares from Banks	-	-	-	-	-
Profit Shares from Securities	-	-	18.648	-	18.648
Other Profit Shares	-	-	6.562	10.793	17.355
Profit Shares Expense	67.337	107.487	33.694	-	208.518
Profit Shares Expense on Participation Funds	67.337	107.487	885	-	175.709
Profit Shares Expense on Funds Borrowed	-	-	31.429	-	31.429
Profit Shares Expense on Money Market Transactions	-	-	1.380	-	1.380
Profit Shares Expense on Securities Issued	-	-	-	-	-
Other Profit Shares Expense	-	-	-	-	-
Net Profit Shares Income/Expense	(26.015)	173.118	(8.484)	10.793	149.412
Net Fees and Commission Income/Expense	1.821	10.455	-	(3.249)	9.027
Fees and Commissions Received	1.821	10.455	-	1.440	13.716
Fees and Commissions Paid	-	-	-	4.689	4.689
Personnel expenses	-	-	-	28.739	28.739
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	-	3.988	3.988
Other Operating Income	-	-	-	17.162	17.162
Expected credit losses	-	-	-	32.298	32.298
Other Operating Expense	-	63	-	31.856	31.919
Income Before Tax	(27.874)	157.952	(8.484)	(34.961)	86.633
Tax Provision	-	-	-	(17.891)	(17.891)
Net Profit/Loss	(27.874)	157.952	(8.484)	(52.852)	68.742
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	-	-	-
Banks and Other Financial Institutions	-	-	738.263	-	738.263
Financial Assets at FV through other compr income	-	-	754.505	-	754.505
Loans	1.449.337	10.065.062	1.038.287	-	12.552.686
Financial assets at amortized cost	-	-	-	-	-
Derivative financial assets	-	-	-	2.254	2.254
Associates, Subsidiaries and Joint Ventures	-	-	100	-	100
Other Assets	-	-	-	2.074.721	2.074.721
Total Segment Assets	1.449.337	10.065.062	2.531.155	2.076.975	16.122.529
SEGMENT LIABILITIES					
Funds Collected	6.793.369	4.045.173	-	-	10.838.542
Derivative Financial Liabilities Held for Trading	-	-	-	-	-
Funds Borrowed	-	-	2.984.257	-	2.984.257
Money Market Funds	-	-	22.026	-	22.026
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	93.012	93.012
Other Liabilities	-	-	-	685.664	685.664
Shareholders' Equity	-	-	-	1.499.028	1.499.028
Total Segment Liabilities	6.793.369	4.045.173	3.006.283	2.277.704	16.122.529

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION FIVE**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS****I. EXPLANATIONS AND NOTES RELATED TO ASSETS****1.a) Information on cash and balances with Central Bank of the Republic of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	22.200	28.998	22.196	30.965
Central Bank of the Republic of Turkey	180.697	1.860.944	311.614	1.642.538
Other	1.867	-	-	-
Total	204.764	1.889.942	333.810	1.673.503

1.a.1) Information on required reserves:

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

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

b) Information on the account of the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	167.217	6	299.510	5.190
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves (1)	13.480	1.860.938	12.104	1.637.348
Total	180.697	1.860.944	311.614	1.642.538

(1) TL 798.980 of the current period's FC required reserve is the part of the TL required reserves that are held in FC (31 December 2018: TL 731.486).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

2. a) Information on banks and other financial institutions:

	Current Period		Current Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	16.355	271.043	4.935	620.370
Foreign Banks	-	230.133	-	162.366
Foreign Head Office and Branches	-	-	-	-
Total	16.355	501.176	4.935	782.736

3. a) Explanation regarding the comparison of net values of financial assets through other comprehensive income available-for-sale given or blocked as collateral and subject to repurchase agreements:

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	47.804	834.371
Assets Blocked/Given as Collateral	20.462	79.527
Total (*)	68.266	913.898

(*) Accruals and provisions for impairment are not included.

b) Information on on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securities	1.710.551	1.335.442
Quoted in Stock Exchange	1.455.623	1.211.803
Not Quoted in Stock Exchange	254.928	123.640
Share Certificates	7.672	4.897
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	7.672	4.897
Provision for Impairment (-)	33.591	35.977
Total	1.684.632	1.304.362

(*) Not quoted on a stock exchange includes Credit Guarantee fund amounting to TL 4 897.

4. Expected credit losses:

As of 31 March 2019, expected credit loss amounting to TL 386 (first stage) is calculated for banks.

ZİRAAT KATILIM BANKASI A.Ş.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information on derivative financial assets

a) Information on derivative assets at fair value through profit or loss:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	173	26.845	13	43
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	173	26.845	13	43

6. Information related to loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	1.609.137	-	1.973.285	-
<i>Corporate Shareholders</i>	1.609.137	-	1.973.285	-
<i>Real Person Shareholders</i>	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	2.644	-	2.513	-
Total (*)	1.611.781	-	1.975.798	-

(*) Include rediscount amounts

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (continued)

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Loans				
Export Loans	928.141	23.481	-	-
Import Loans	135.386	714	-	-
Commercial Loans	10.030.596	596.190	362.900	-
Consumer Loans	1.519.518	3.660	1.446	-
Credit Cards	-	-	-	-
Loans Given to Financial Sector	1.606.983	-	-	-
Other	776.968	29.880	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	478.761	51.215	8.980	-
Total	15.476.353	705.140	373.326	-

General Provision	Standard Loans	Loans Under close monitoring
12 Month Expected Credit Losses	48.979	-
Significant Increase in Credit Risk	-	38.666

No. of extensions	Standard Loans	Loans Under close monitoring
1 or 2 Times Extended (*)	-	373.326
3 - 4 or 5 Times Extended	-	-
Over 5 Times Extended	-	-
Total	-	373.326

Extension Periods	Standard Loans	Loans Under close monitoring
0 - 6 Months	-	89.421
6 Months - 12 Months	-	34.430
1 - 2 Years	-	149.884
2 - 5 Years	-	90.889
5 Years and Over	-	8.702
Total	-	373.326

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)****6. Information related to loans (continued)****c) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:**

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	3.881	1.518.099	1.521.980
Real Estate Loans	661	1.377.724	1.378.385
Vehicle Loans	1.856	84.629	86.485
Consumer Loans	1.364	55.746	57.110
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	215	2.429	2.644
Housing Loans	-	-	-
Vehicle Loans	-	84	84
Consumer Loans	215	2.345	2.560
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	4.096	1.520.528	1.524.624

(*) Dividend rediscount amounting to TL 8.054 not included in the table.

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (continued)

d) Information on commercial installment loans and corporate credit cards:

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	4.966	1.598.554	1.603.520
Real Estate Loans	1.203	1.453.270	1.454.473
Vehicle Loans	1.665	86.199	87.864
Consumer Loans	2.098	59.085	61.183
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	230	2.269	2.499
Housing Loans	-	-	-
Vehicle Loans	-	102	102
Consumer Loans	230	2.167	2.397
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	5.196	1.600.823	1.606.019

(*) Dividend rediscount amounting to TL 8.546 not included in the table.

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)****6. Information related to loans (continued)****e) Information on installment commercial loans and corporate credit cards:**

Current Period	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	33.458	178.529	211.987
Business Loans	1.240	23.429	24.669
Vehicle Loans	32.218	155.100	187.318
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	40.950	40.950
Business Loans	-	-	-
Vehicle Loans	-	40.950	40.950
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	268	18.814	19.082
With Installment	-	-	-
Without Installment	268	18.814	19.082
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	33.726	238.293	272.019

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (continued)

e) Information on installment commercial loans and corporate credit cards:

Prior Period	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	63.605	185.523	249.128
With Installment	16.487	25.816	42.303
Without Installment	47.118	159.707	206.825
With Installment	-	-	-
Without Installment	-	-	-
Installment Commercial Loans-Indexed to FC	-	46.410	46.410
With Installment	-	-	-
Without Installment	-	46.410	46.410
With Installment	-	-	-
Without Installment	-	-	-
Installment Commercial Loans -FC	407	19.046	19.453
With Installment	-	-	-
Without Installment	407	19.046	19.453
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	64.012	250.979	314.991

f) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	15.755.603	16.388.393
Foreign Loans	260.260	30.160
Profit Share Income Accruals of Loans	538.956	585.277
Total	16.554.819	17.003.830

g) Loans Granted to Subsidiaries and Participations:

As of 31 March 2019, the bank has no loans granted to subsidiaries and participations (31 December 2018: None).

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (continued)

h) Credit-Impaired Losses (Stage 3 / Specific Provision):

	Current Period	Prior Period
Loans and receivables with limited collectability	117.165	70.765
Loans and receivables with doubtful collectability	73.577	18.390
Uncollectible loans and receivables	37.128	34.623
Total	227.870	123.778

i) Information on lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	34.758	32.680	10.684	10.397
1-5 year	2.186.113	1.920.997	551.183	471.225
More than 5 years	2.317.136	1.652.197	282.163	222.212
Total	4.538.007	3.605.874	844.030	703.834

i) Information on non-performing receivables (net):

i.1) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled:

As of 31 March 2019 the bank' loans and other receivables which are restructured or rescheduled in non-performing receivables are TL 36.474 (31 December 2018: None).

i.2) Information on the movement of total non-performing loans:

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Ending balance of prior period	160.891	35.401	43.868
Additions in the current period (+)**	251.789	60.160	376.560
Transfers from other categories of non-performing loans (+)	-	87.971	3.783
Transfers to other categories of non- performing loans (-)	87.971	3.783	-
Collections in the current period (-)	3.863	5.492	2.753
Write offs (-)**	137.596	36.129	376.426
Corporate and commercial loans	137.596	36.129	376.426
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	183.250	138.128	45.032
Specific provisions (-)	117.165	73.577	37.128
Net balance at the balance sheet	66.085	64.551	7.904

(*)Includes the effects of merger with Ziraat Finansal Kiralama A.Ş.

(**)Ziraat Finansal Kiralama A.Ş. derecognised the balance of TL 104.508 in the follow-up accounts after merger with Ziraat Finansal Kiralama A.Ş. The Parent Bank transferred its receivables amounting to TL 297.791 to Ziraat Bankası A.Ş. for TL 290.000 after merger with Ziraat Finansal Kiralama A.Ş.

i.3) Information on foreign currency non-performing loans:

As of 31 March 2019, the bank has no receivable from foreign currency non-performing loans (31 December 2018: None).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)****6. Information related to loans (Continued):****j) Gross and net amounts of non-performing receivables according to user groups:**

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	66.085	64.551	7.904
Loans to Real Persons and Legal Entities (Gross)	183.250	138.128	45.032
Specific Provisions (-)	117.165	73.577	37.128
Loans to Real Persons and Legal Entities (Net)	66.085	64.551	7.904
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	90.126	17.011	9.245
Loans to Real Persons and Legal Entities (Gross)	160.891	35.401	43.868
Specific Provisions (-)	70.765	18.390	34.623
Loans to Real Persons and Legal Entities (Net)	90.126	17.011	9.245
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

Information on accruals, valuation differences and related provisions calculated for non performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Period End Balance			
Profit Share Accrual and Valuation Differences Provision	4.115	7.047	4.112
Provision amount	1.711	3.720	3.208

k) Information on liquidating policy of uncollectible loans and other receivables:

Execution proceedings are carried out for the collection of receivables from loan services of the Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures.

l) Explanations on write-off policy:

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

ZİRAAT KATILIM BANKASI A.Ş.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued):

m) Financial assets at amortized cost:

a. Information on government debt securities measured at amortized cost:

As of 31 March 2019, the Bank does not have government debt securities measured at amortized cost.

b. Financial assets measured at amortized cost

As of 31 March 2019, the Bank does not have any financial assets measured at amortized cost except for loans and leases.

8. Information on assets related to trading investments and discontinued operations:

As of 31 March 2019, the amount of assets due to trading is TL 40.252 (31 December 2018: TL 4.259).

	Current Period	Prior Period
Beginning Balance (Net)	4.259	3.561
Changes During the Period (Net)	35.993	698
Amount of depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net)	40.252	4.259

As of 31 March 2019, the Bank has no discontinued operations (31 December 2018: None).

9. Equity Investments

a) Information about investments in associates (Net):

	Name	Address (City/ Country)	Bank's share percentage – if different voting percentage (%)	Risk share percentage of the Bank (%)
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / TÜRKİYE	24	24

	Total Assets	Shareholders Equity	Total Fixed Assets	Dividend or profit share income	Income from marketable securities	Current Period Income/Loss	Prior period income/loss	Fair Value	Needed shareholders Equity
1	261.393	202.192	6.669	-	2.989	19.243	17.890	-	-

b) Information on subsidiaries (Net):

b1) Information on unconsolidated subsidiaries:

	Name	Address (City/ Country)	Bank's share percentage – if different voting percentage (%)	Risk share percentage of the Bank (%)
1	Ziraat Katılım Varlık Kiralama A.Ş.	İstanbul / TÜRKİYE	100	100
2	ZKB Varlık Kiralama A.Ş.	İstanbul / TÜRKİYE	100	100

	Total Assets	Shareholders Equity	Total Fixed Assets	Dividend or profit share income	Income from marketable securities	Current Period Income/Loss	Prior period income/loss	Fair Value	Needed shareholders Equity
1(*)	1.275.973	67	-	140.417	-	14	2	-	-
2(*)	100.611	41	-	356	-	4	(13)	-	-

(*) Unaudited financial statements are used.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

9. Equity Investments (Continued)

b1) Information on unconsolidated subsidiaries: (Continued)

	Current Period	Prior Period
Balance at the beginning of the year	100	50
Movements during the year	-	50
Included in the scope of consolidation	-	50
Purchases	-	-
Bonus Share	-	-
Dividends from current year income	-	-
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Balance at the end of the year	100	100
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

b2) Sectoral information on unconsolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	100	100

b3) Subsidiaries that are quoted on the stock exchange:

As of 31 March 2019, the Bank has no subsidiaries are quoted on the stock exchange (31 December 2018: None).

c) Information on entities under common control (joint ventures):

As of 31 March 2019, there are no entities under common control of the Bank (31 December 2018: None).

10. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End:						
Cost	-	-	-	33.029	59.566	92.595
Accumulated Depreciation (-)	-	-	-	14.646	25.833	40.479
Net Book Value	-	-	-	18.383	33.733	52.116
Current Period End:						
Net Book Value at the Beginning of the Period	-	-	-	18.383	33.733	52.116
Change During the Period (Net)*	-	-	-	(324)	87.339	87.015
Cost	-	-	-	1.360	96.823	98.183
Amortization (Net) (-)	-	-	-	1.684	9.484	11.168
Provision for Impairment (-)	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-
Cost at Period End	-	-	-	34.389	156.389	190.778
Accumulated Depreciation at Period End (-)	-	-	-	16.330	35.317	51.647
Closing Net Book Value	-	-	-	18.059	121.072	139.131

a) 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.

b) 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.

(*)Includes the effects of merger with Ziraat Finansal Kiralama A.Ş.

ZİRAAT KATILIM BANKASI A.Ş.

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

11. Information on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	102.203	15.212	86.991	93.038	12.642	80.396
Total	102.203	15.212	86.991	93.038	12.642	80.396

- a) In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- b) Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- c) The method in which intangible assets acquired under government incentives and recorded with fair value at initial recognition are valued after the first registration date: None.
- ç) Book value of intangible assets with restrictions on use or pledged: None.
- d) Amount of commitments given for acquisition of intangible asset: None.
- e) Intangible assets based on revalued asset type: None.
- f) Total amount of research and development expenses recorded in the period, if any: None.
- g) Positive or negative consolidation goodwill that are originated from partnerships which their financial statements are consolidated: Not applied to the financial statements with consolidation.
- h) Information on goodwill: None.

12. Information on the investment properties:

As of 31 March 2019, the Bank has no investment properties (31 December 2018: None).

13. Information on the current period assets related to tax:

As of 31 March 2019, the Bank has no assets related to tax (31 December 2018: None).

14. Information on deferred tax asset:

The Bank's deferred tax asset is calculated as TL 13.051 (31 December 2018: TL 2.627) however it's reflected on the financial statements as TL 47.572 (31 December 2018: TL 52.497) by offsetting with deferred tax liability amounting to TL 60.623 (31 December 2018: 49.870).

15. Information on other assets:

As of 31 March 2019, other assets of the Bank does not exceed total balance sheet of 10%, exclude off-balance sheet liabilities.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. a) Information on funds collected:

a.1) Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	233.368	-	-	-	-	-	-	-	233.368
II. Real persons profit sharing accounts TL	-	408.662	3.130.572	37.829	-	42.157	199.929	-	3.819.149
III. Other current accounts-TL	490.835	-	-	-	-	-	-	-	490.835
Public sector	25.356	-	-	-	-	-	-	-	25.356
Commercial sector	445.872	-	-	-	-	-	-	-	445.872
Other institutions	19.607	-	-	-	-	-	-	-	19.607
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	145.342	2.321.759	1.066.841	-	201.189	127.580	-	3.862.711
Public sector	-	42.895	139.317	43.752	-	68.638	103.610	-	398.212
Commercial sector	-	90.036	1.529.019	392.818	-	110.776	15.022	-	2.137.671
Other institutions	-	12.411	612.996	630.271	-	21.775	8.948	-	1.286.401
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	40.427	-	-	-	-	-	40.427
V. Real persons current accounts-FC	464.775	-	-	-	-	-	-	-	464.775
VI. Real persons profit sharing accounts-FC	-	368.708	2.592.956	103.093	-	46.612	356.274	-	3.467.643
VII. Other current accounts-FC	782.289	-	-	-	-	-	-	-	782.289
Commercial residents in Turkey	756.030	-	-	-	-	-	-	-	756.030
Commercial residents in Abroad	20.691	-	-	-	-	-	-	-	20.691
Banks and participation banks	5.568	-	-	-	-	-	-	-	5.568
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	2	-	-	-	-	-	-	-	2
Foreign banks	5.566	-	-	-	-	-	-	-	5.566
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts-FC	-	107.451	1.875.160	156.893	-	-	256.119	-	2.395.623
Public sector	-	464	13.108	-	-	-	-	-	13.572
Commercial sector	-	106.775	1.806.133	156.848	-	-	256.119	-	2.325.875
Other institutions	-	212	24.369	45	-	-	-	-	24.626
Commercial and other institutions	-	-	44	-	-	-	-	-	44
Banks and participation banks	-	-	31.506	-	-	-	-	-	31.506
IX. Precious metal funds	168.915	-	323.672	30.915	-	2.880	3.936	-	530.318
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I+II+.....+IX+X+XI	2.140.182	1.030.163	10.244.119	1.395.571	-	292.838	943.838	-	16.046.711

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a.1) Information on maturity structure of funds collected:

Prior Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	210.639	-	-	-	-	-	-	-	210.639
II Real persons profit sharing accounts TL	-	526.001	2.948.826	43.992	-	42.916	193.315	-	3.755.050
III Other current accounts-TL	517.046	-	-	-	-	-	-	-	517.046
Public sector	73.337	-	-	-	-	-	-	-	73.337
Commercial sector	418.768	-	-	-	-	-	-	-	418.768
Other institutions	24.611	-	-	-	-	-	-	-	24.611
Commercial and other institutions	320	-	-	-	-	-	-	-	320
Banks and participation banks	10	-	-	-	-	-	-	-	10
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	10	-	-	-	-	-	-	-	10
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	131.511	2.740.290	569.720	-	205.889	118.404	-	3.765.814
Public sector	-	2.668	495.707	421.827	-	61.901	-	-	982.103
Commercial sector	-	119.643	1.748.933	38.685	-	80.988	10.913	-	1.999.162
Other institutions	-	9.200	455.352	109.208	-	63.000	107.491	-	744.251
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	40.298	-	-	-	-	-	40.298
V. Real persons current accounts-FC	347.441	-	-	-	-	-	-	-	347.441
VI Real persons profit sharing accounts-FC	-	331.243	2.000.912	54.701	-	50.881	355.122	-	2.792.859
VII Other current accounts-FC	1.183.202	-	-	-	-	-	-	-	1.183.202
Commercial residents in Turkey	1.168.785	-	-	-	-	-	-	-	1.168.785
Commercial residents in Abroad	8.509	-	-	-	-	-	-	-	8.509
Banks and participation banks	5.908	-	-	-	-	-	-	-	5.908
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	5.908	-	-	-	-	-	-	-	5.908
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts-FC	-	110.668	1.701.594	91.086	-	174.589	110.506	-	2.188.443
Public sector	-	674	12.007	-	-	-	-	-	12.681
Commercial sector	-	109.994	1.524.756	91.044	-	174.589	110.506	-	2.010.889
Other institutions	-	-	164.789	42	-	-	-	-	164.831
Commercial and other institutions	-	-	42	-	-	-	-	-	42
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	123.111	-	257.538	4.514	-	2.333	3.108	-	390.604
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	2.381.439	1.099.423	9.649.160	764.013	-	476.608	780.455	-	15.151.098

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

a.2) Exceeding Amounts of Insurance Limit:

i. Information's on current and profit share accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund:

	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit
	Current Period	Prior Period	Current Period	Prior Period
Real persons current and profit sharing accounts that are not subject to commercial activities	3.266.857	2.956.961	5.214.228	4.505.214
TL accounts	2.179.801	2.123.545	1.873.272	1.842.492
FC accounts	1.087.056	833.416	3.340.956	2.662.722
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

ii. Amounts which are not within the scope of insurance:

Current and Profit Share Accounts of the real persons who are not within the scope of Saving Deposits Insurance Fund:

	Current Period	Prior Period
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	503	520
Profit sharing account and other accounts within the scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

2. Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	2.425.079	2.566.840	1.391.745	1.594.136
From Foreign Banks, Institutions and Funds	-	354.428	-	375.993
Total	2.425.079	2.921.268	1.391.745	1.970.129

b) Information on maturity:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	2.425.079	756.912	1.391.745	1.368.797
Medium and Long-term	-	2.164.356	-	601.332
Total	2.425.079	2.921.268	1.391.745	1.970.129

c) Explanations Related to the Concentrations of the Bank's Major Liabilities: Concentrations of the Bank's major liabilities, funder customer, segments or other criteria which are seen risk concentrations:

64% of liabilities consists of the Bank current and share profit account.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

3. Funds provided under repurchasing agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic	50.173	-	864.414	-
Financial Institutions	50.173	-	864.414	-
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	50.173	-	864.414	-

4. Information on securities issued:

None (31 December 2018: None).

5. Information on financial liabilities at fair value through profit and loss:

None (31 December 2018: None).

6. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	1.863	-	-	6.145
Swap transactions	-	-	-	-
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	1.863	-	-	6.145

7. Information on Financial Lease Obligations:

	Cari Dönem		Önceki Dönem	
	Brüt	Net	Brüt	Net
Less than 1 year	-	-	422	415
Between 1-5 years	-	-	-	-
More than 5 years	161.465	89.867	-	-
Total	161.465	89.867	422	415

8. Information on provisions:

a) Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans and Financial Lease Obligations:

Provisions related with foreign currency evaluation difference of foreign currency indexed loans and financial lease obligation are TL 33(31 December 2018: TL 202).

b) Information on special provisions related with uncompensated and non- liquidated non-cash loans:

Specific provisions for indemnified non-cash loans amount to TL 10.699 (31 December 2018: TL 5.888).

c) Information on other provisions:

c.1) Information on free provisions for possible risks:

Considering the circumstances that may arise from any changes in the economy or market conditions, the Bank management decided to make provision amounting to TL 30.000 in line with the conservatism principle. (31 December 2018: TL 30.000)

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on provisions (Continued):

c.2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount:

According to article 19 of regulation on procedures and principles for determination of qualifications of loans and other receivables and provision by banks, other provisions amounting to TL 41.419 is reserved to use for general loan loss provision, specific provisions and the Participation Accounts allocated to premium of Guarantee of Deposit Insurance Fund (31 December 2018: TL 48.204).

The Bank has provided specific provisions amounting to TL 10.157 for non-cash loans that are not indemnified, amounting TL 21.486 for the expected credit loss for stage 1 and 2 non-cash loans and amounting TL 6.679 for other provisions.

d) Information on provisions for employee benefits:

d.1) Employment termination benefits and unused vacation rights

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service, excluding resignation or misconduct, whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire. As of the date of 31 March 2019, the amount payable consists of one month's salary limited to a maximum of TL 6.018 (full TL) (31 December 2018: TL 5.434 (full TL)) for each year of service.

The Bank uses actuarial method in the calculation and recognition of severance pay with in the standard of TAS 19 – "Turkish Accounting Standard on Employee Benefits".

The Bank used its own parameters in the calculation of the total liabilities which were calculated with the actuary assumptions.

	Current Period	Prior Period
Discount Rate (%)	3,84	3,84

Movements in the reserve for employment termination benefits during period are as follows:

	Current Period	Prior Period
Balance at the 1 January	5.056	2.330
Service cost	767	1.285
Profit premium cost	-	276
Paid during the period	-	(112)
Profit/loss arising from payment/laying off	-	24
Actuarial loss/(gain)	-	1.253
Balance at the end of the period	5.823	5.056

As of 31 March 2019, the Bank has a TL 5.515 short term provision for employee benefits from vacation pay liability (31 December 2018: TL 3.584).

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019**

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)****8. Information on provisions (Continued):****d) Information on provisions for employee benefits (Continued):****d.2) Retirement Benefits**

Based on the results of the actuarial report, which is calculated with the actuarial interest rate 9,80% as determined in the Law numbered 5754, published on the Official Gazette dated 8 May 2008 and numbered 26870, as of 31 December 2017, no technical deficit has been reported.

As of the balance sheet date, the Bank's liability for the benefits to be transferred to SGK is the estimated amount of payment that will be required to be made during the transfer to SGK. The actuarial parameters and the results used in the measurement of this amount reflect the provisions of Law No. 5754 on the pension and health benefits to be transferred to the SGK (9,80% real discount rate, etc.) published in the Official Gazette dated 8 May 2008 and numbered 26870.

The basic actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rates		
- Pension benefits will be transferred to SGK	9,80%	9,80%
- Health benefits will be transferred to SGK	9,80%	9,80%

d.3) Additional Bonus Provision to be paid to Personnel

The Bank has allocated a provision amounting to TL 17.500 based on the bonus to be paid by the resolution of the General Assembly.

9. Explanations on tax liability:**a) Explanations on current tax liability:****a.1) Information on tax provisions:**

As of 31 March 2019, the Bank's corporate income tax liability is TL 25.087 (31 December 2018: TL 25.589).

b) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	25.087	25.589
Taxation on Income From Securities	17.904	10.438
Property Tax	262	177
Banking Insurance Transactions Tax (BITT)	12.113	10.467
Foreign Exchange Transactions Tax	-	-
Value Added Tax Payable	3.753	5.521
Other	1.571	1.593
Total	60.690	53.785

c) Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employee	1	1
Social Security Premiums – Employer	2	1
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	82	62
Unemployment Insurance – Employer	163	125
Other	-	-
Total	248	189

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

10) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TL 13.051 (31 December 2018: TL 2.627) and this amount is net off against the deferred tax asset and accordingly deferred tax asset amounting to TL 47.572 (31 December 2018: TL 49.870) is presented in the financial statements.

11. Information on payables for assets held for sale and discontinued operations:

The Bank does not have any payables for assets held for sale and discontinued operations (31 December 2018: None).

12. Explanations on subordinated debts:

	Current period		Prior period	
	TL	FC	TL	FC
Domestic banks	300.390	-	-	-
Other domestic institutions	-	-	-	-
Foreign banks	-	-	-	-
Other foreign institutions	-	-	-	-
Total	300.390	-	-	-

	Current period		Prior period	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation:				
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in Tier II Capital Calculation:				
Subordinated Loans (*)	300.000	-	-	-
Subordinated Debt Instruments	-	-	-	-
Total	300.000	-	-	-

(*) The Tier II capital amounting to TL 300.000 is T.C. Ziraat Bank A.Ş. has been signed on March 28, 2014. This loan has been entered into the accounts of our Bank on 29 March 2019. The maturity of the loan is 10 (ten) years and the profit share rate is 16.25%. There is no option to convert to stock.

13. If the other liabilities of the balance exceed 10% of the balance sheet total, the names and amounts of the sub-accounts constituting at least 20% of them:

The amount of other liabilities of balance sheet does not exceed 10% of total amount of balance sheet.

14. Information on shareholders' equity:

a) Presentation on paid-in capital:

	Current Period	Prior Period
Common stock	1.750.000	1.750.000
Preferred stock	-	-

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the Bank, if so the registered capital ceiling amount:

None.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

None.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

14. Information on shareholders' equity (Continued)

d) Information on additions from capital reserves to capital in the current period:

None.

e) 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:

There is no capital commitment for the last financial year and the end of the following interim period (31 December 2018: None).

f) 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 Bank's equity:

The Bank has no any uncertainty related to profitability and liquidity for the prior period (31 December 2018: None).

g) Information on preferred shares:

As of 31 March 2019, the Bank has no preferred shares (31 December 2018: None).

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	-	-	-	-
Revaluation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	(25.886)	3.494	(14.901)	(11)
Revaluation Difference	(31.322)	3.494	(18.955)	(11)
Deferred Tax Effect	5.436	-	4.054	-
Foreign Exchange Difference	-	-	-	-
Total	(25.886)	3.494	(14.901)	(11)

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	370.450	88.064
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	137.768	102.994
Loan Granting Commitments	8.404	6.925
Asset Purchase Commitments	-	-
Tax and Fund Liabilities from Export Commitments	147.407	160.832
Total	664.029	358.815

b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned:

The amount of provision for possible losses arising from the off-balance sheet items is TL 10.157 (31 December 2018: 5.888)

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letter of credits:

	Current Period	Prior Period
Guarantee Letters	9.038.890	8.640.366
Letter of Credits	6.251	3.591
Bank Acceptances	780.401	616.808
Other Contingencies	1.005.116	1.022.677
Total	10.830.658	10.283.442

b.2) Certain guarantees, temporary guarantees, surety ships and similar transactions:

	Current Period	Prior Period
Letters of Temporary Guarantees	472.971	411.354
Letters of Certain Guarantees	4.066.697	3.893.325
Letters of Advance Guarantees	999.407	1.018.357
Letters of Guarantees given to Customs Offices	83.559	73.926
Other Letters of Guarantees	3.416.256	3.243.404
Total	9.038.890	8.640.366

b.3) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	3.416.265	3.243.412
With Original Maturity of One Year or Less	1.469.143	1.727.495
With Original Maturity of More than One Year	1.947.122	1.515.917
Other Non-Cash Loans	7.414.393	7.040.030
Total	10.830.658	10.283.442

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS****1. a) Information on profit share received from loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share on loans (*)	568.963	74.769	301.519	20.408
Short term loans	259.133	25.314	93.896	4.043
Medium and long term loans	302.053	49.455	207.615	16.365
Profit share on non-performing loans	7.777	-	8	-
Premiums received from resource utilization support fund	-	-	-	-

(*) Includes fees and commissions income on cash loans

b) Information on profit share received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank	-	-	-	-
Domestic Banks	243	45	-	-
Foreign Banks	-	-	-	-
Foreign branches	-	-	-	-
Total	243	45	-	-

c) Information on profit share income from securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit and Loss	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	39.977	1.475	18.648	-
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	-	-	-	-
Total	39.977	1.475	18.648	-

d) Information on profit share income received from associates and subsidiaries:

None (31 March 2018: None).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. a) Information on profit share expense on borrowing:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	28.809	21.239	1.853	10.421
Central Bank of the Republic of Turkey	-	-	1.495	-
Domestic Banks	18.643	16.775	358	2.902
Foreign Banks	10.166	4.464	-	7.519
Head Office and Branches	-	-	-	-
Other Institutions	91.772	10.079	19.155	-
Total	120.581	31.318	21.008	10.421

b) Information on profit share expense given to associates and subsidiaries:

As of 31 March 2019, the amount of profit share expense given to associates and subsidiaries is TL 12.761 (31 March 2018: 19.155).

c) Information on profit share expense paid to securities issued:

Profit share expenses paid to securities issued are TL 4.604 (31 March 2018: None)

d) Distribution of profit share on funds based on maturity of funds:

Current Period	Participation Accounts					Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	Over 1 year	
Account Name						
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	87	2.127	-	-	-	2.214
Real Person's Non Commercial Participation Accounts	16.363	124.105	1.544	1.796	10.365	154.173
Public Sector Participation Accounts	2.215	9.020	5.748	3.104	5.680	25.767
Commercial Sector Participation Accounts	8.329	82.233	5.853	4.925	569	101.909
Other Institutions Participation Accounts	392	22.101	19.798	1.369	278	43.938
Total	27.386	239.586	32.943	11.194	16.892	328.001
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	-	64	-	-	-	64
Real Person's Non Commercial Participation Accounts	2.303	16.070	639	337	2.732	22.081
Public Sector Participation Accounts	4	112	-	-	-	116
Commercial Sector Participation Accounts	654	14.442	852	441	1.164	17.553
Other Institutions Participation Accounts	-	1.151	-	-	-	1.151
Public Sector Participation Accounts	1.651	-	-	-	-	1.651
Total	4.612	31.839	1.491	778	3.896	42.616
Grand Total	31.998	271.425	34.434	11.972	20.788	370.617

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

d) Distribution of profit share on funds based on maturity of funds (Continued):

Prior Period	Participation Accounts					
	Up to 1 month	Up to 1 month	Up to 1 month	Up to 1 month	Up to 1 month	Up to 1 month
Account Name						
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	885	-	-	-	885
Real Person's Non Commercial Participation Accounts	7.799	56.456	656	655	1.771	67.337
Public Sector Participation Accounts	840	15.925	1.867	2.680	1.411	22.723
Commercial Sector Participation Accounts	3.583	45.464	2.143	832	291	52.313
Other Institutions Participation Accounts	361	7.834	567	4.198	52	13.012
Total	12.583	126.564	5.233	8.365	3.525	156.270
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	-	-	-	-	-	-
Real Person's Non Commercial Participation Accounts	795	8.735	312	285	1.043	11.170
Public Sector Participation Accounts	8	135	-	-	-	143
Commercial Sector Participation Accounts	354	6.132	117	109	-	6.712
Other Institutions Participation Accounts	-	993	-	-	-	993
Public Sector Participation Accounts	421	-	-	-	-	421
Total	1.578	15.995	429	394	1.043	19.439
Grand Total	14.161	142.559	5.662	8.759	4.568	175.709

3. Information on dividend income:

As of 31 March 2019, the Bank's divided income is TL 2.762 (31 March 2018: None).

4. a. Information on trading income/loss (Net)

	Current Period	Prior Period
Income	2.128.217	942.817
Foreign exchange gains	2.098.164	936.502
Gain on derivative financial instruments	29.921	6.288
Gain on capital market transactions	132	27
Losses (-)	2.114.728	938.829
Foreign exchange losses	2.112.854	916.227
Losses on derivative financial instruments	1.863	21.705
Losses on capital market transactions	11	897
Net	13.489	3.988

b. Information on profit/loss on derivative financial operations:

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	(28.058)	(15.417)
Total	(28.058)	(15.417)

5. Information on other operating income:

Information on factors covering the recent developments which has significant effect on the Bank's income and the extent of effect on income:

As per the resolution of the Board of Directors dated 18 January 2019 and numbered 8210 with the decision of the Board of Directors dated February 21, 2019 and numbered 6/1 of the Banking Regulation and Supervision Agency, the Bank (Transferee) and the Ziraat Finansal Kiralama A.Ş. (Transferred) in accordance with the relevant articles of the Turkish Commercial Code No. 6102; The merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Provision expenses for impairment on loans and other receivables:

	Cari Dönem	Önceki Dönem
Expected Credit Loss	121.656	29.234
12 month expected credit loss (stage 1)	16.884	15.623
Significant increase in credit risk (stage 2)	12.296	4.793
Non-performing loans (stage 3)	92.476	8.818
Marketable Securities Impairment Expense	-	4
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets Fair Value Through Other Comprehensive Income	-	4
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	26.802	3.060
Total	148.458	32.298

(*) According to article 19 of regulation on procedures and principles for determination of qualifications of loans and other receivables and provision by banks, other amounting to TL 18.041 (31 March 2018: TL 3.060) is reserved to use for expected credit loss provision, specific provisions and the Participation Accounts allocated to premium of Guarantee of Deposit Insurance Fund.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on other operating expenses:

	Current Period
Reserve for Employee Termination Benefits	767
Bank Social Aid Provision Fund Deficit Provision	
Tangible Fixed Assets Impairment Expense	
Depreciation Expenses of Tangible Fixed Assets	11.168
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	2.570
Impairment Expense for Equity Shares subject to the Equity Method	-
Impairment Expense for Investment Securities that will be Disposed	-
Amortization Expenses of Investment Securities that will be Disposed	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-
Other Operating Expenses	20.983
Operational Leasing Expenses	149
Maintenance Expenses	1.529
Advertisement Expenses	8.606
Other Expenses	10.699
Loss on Sales of Assets	7.791
Other (*)	16.550
Total	59.829

(*) The balance which forms the other item part, TL 5.994 (31 March 2018: TL 5.740) represents Saving Deposit Insurance Fund ("SDIF") Premium amount and audit and consultancy fees and TL 7.066 (31 March 2018: TL 3.406) represents taxes, fees and funds and other services expenses.

	Prior Period
Personnel expenses	28.739
Reserve for Employee Termination Benefits	390
Bank Social Aid Provision Fund Deficit Provision	-
Tangible Fixed Assets Impairment Expense	-
Depreciation Expenses of Tangible Fixed Assets	3.607
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	1.387
Impairment Expense for Equity Shares subject to the Equity Method	-
Impairment Expense for Investment Securities that will be Disposed	-
Amortization Expenses of Investment Securities that will be Disposed	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-
Other Operating Expenses	15.171
Operational Leasing Expenses	5.604
Maintenance Expenses	720
Advertisement Expenses	2.619
Other Expenses	6.228
Loss on Sales of Assets	-
Other (*)	11.364
Total	60.658

(**) "Personnel Expenses", which is not included in "Other Operating Expenses" in the income statement, is included in this table

(*) The prior balance which forms the other item part, TL 5.740 represents SDIF Premium amount and audit and consultancy fees and TL 6.581 represents taxes, fees and funds and other services expenses.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on profit/loss from continued and discontinued operations before taxes:

As of 31 March 2019, The Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period
Net Profit Share Income	256.232
Net Fees and Commissions Income	23.751
Dividend Income	2.762
Trading Income/Expense (Net)	13.489
Other Operating Income	98.291
Expected Loss Provision (-)	148.458
Other Provision Expenses (-)	7.316
Personnel Expenses	44.686
Other Operating Expenses	59.829
Income/(Loss) from Continuing Operations	134.236

	Prior Period
Net Profit Share Income	149.412
Net Fees and Commissions Income	9.027
Personnel Expenses	28.739
Dividend Income	-
Trading Income/Expense (Net)	3.988
Other Operating Income	17.162
Expected Loss Provision	32.298
Other Operating Expenses (-)	31.919
Income/(Loss) from Continuing Operations	86.633

9. Information on tax provision for continued and discontinued operations:

As of 31 March 2019, the Bank's total tax provision expense amounting to TL 29.975 (31 March 2018: TL 17.891) consists of TL 26.161 (31 March 2018: TL 20.986) of current tax expense and TL 3.814 (31 March 2018: TL 3.095) of deferred tax expense.

10. Explanation on net income/loss for the period for continuing and discontinued operations:

The Bank's net operating income after tax amounts to TL 104.261 (31 March 2018: TL 68.742).

11. Information on net profit/loss:

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Bank in the current period:

The Bank, mainly utilizes its resources from domestic current and profit shares, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations.

b) 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:

None (31 March 2018: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

- 1) a) Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses for the period:

Current Period

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	2.180.316	-	-	-
Balance at end of period	-	-	1.609.137	-	-	-
Profit share and commission income	-	-	5.739	-	-	-

Prior Period

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	758.988	-	-	-
Balance at end of period	-	-	2.180.316	-	-	-
Profit share and commission income	-	-	5.388	-	-	-

- b) Current and profit sharing account held by the Bank's risk group:

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Current and profit sharing accounts						
Balance at the beginning of period	-	-	8.159	8.159	-	-
Balance at the end of period	-	-	38.128	42.411	-	-
Profit share expense	-	-	1.265	2.563	-	-

- c) Information on loans received from the Bank's risk group:

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Funds Borrowed						
Balance at the beginning of period	557.814	101.459	-	-	-	-
Balance at the end of period	1.851.393	557.814	-	-	-	-
Profit share paid expense	91.772	13.303	-	-	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE BANK (Continued)

2) Information on forward transactions, option agreements and similar transactions between the Bank's risk group:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss	-	-	-	-	-	-
Opening Balance	-	-	2.401.773	1.264.078	-	-
Closing Balance	-	-	2.912.823	2.401.773	-	-
Total Profit/Loss	-	-	13.231	2.179	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information on remunerations provided to top management:

The Bank has paid TL 2.013 (31 March 2018: TL 786) to top management.

VI. SIGNIFICANT EVENTS AND MATTERS ARISING SUBSEQUENT TO BALANCE SHEET DATE

Banks Turkey and Balance Old Market Stabilization Fund Assets Fund with the approval of BRSA dated 22 April 2019, has provided a subordinated loan demand and profit amounting to EUR 100,000 without allowances covered by additional base capital.

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

1) Domestic and foreign branches and representative offices of the Bank:

	Number	Number of Employee				
Domestic branches (*)	81	1.090				
Foreign representative offices	-	-	Country			
Foreign branches	-	-		Total Assets	Legal Equity	
Off shore banking branches	-	-		-	-	-

(*) The number of head office staff has been included in the number of domestic branch employees.

2) Explanations on the opening and closing of branches or representative office of the Bank in Turkey and abroad, and the significant change in its organization:

In 2019, 1 new branch (31 December 2018: 17 Branches) has been opened in Turkey.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

SECTION SIX

EXPLANATIONS ON REVIEW REPORT

I. EXPLANATIONS ON THE REVIEW REPORT

As of 31 March 2019, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Review Report dated 15 May 2019 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019**

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

SECTION SEVEN

EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT

I. Chairman's Assessment

The slowdown in economic activity in the global economy, the decisions taken by the US Federal Reserve (FED) to stop the tightening monetary policy, trade negotiations between the US and China, the process of the UK's departure from the EU (Brexit) and developments in Venezuela, 2019 It is determined as the important processes that marked the first quarter of the year.

The acceleration in the global economy since the second half of 2018 continued in the first quarter of this year mainly due to the euro area. While the expectation that trade negotiations between the United States and China might result in an agreement with the global risk appetite, the uncertainty in the Brexit process caused the positive weather to decrease from time to time.

FED stated that the economic outlook started to deteriorate in the first quarter of the year, indicating that the economic outlook was beginning to deteriorate, while the CBRT announced that it would slow down the balance sheet in May. This has led to significant declines in LIBOR and US bond yields. Arrangements of the monetary policies of other developed economies, as well as FED, are among the issues to be carefully followed in the coming period.

Emerging economies have begun to face some problems. While the Chinese economy achieved the lowest growth rate in the last ten years with 6.4% in 2018, the growth rates in other developing countries do not appear to be very attractive. Venezuela has the most serious political and economic crisis in its history. Moody çikars, on the other hand, has raised Russia's credit rating to a re-investable level. The stagnation trend in developed countries is expected to have negative effects on developing countries.

Turkey's economy in 2018, which accentuate the tendency of stabilization and grew 2.6% below its potential. Having made strong interest rate hikes to keep inflation under control in the third quarter of last year, the CBRT maintained its tight monetary policy in the first quarter of this year. The improvement in the foreign trade balance since the second half of last year continued in the first quarter of this year and the ratio of exports to imports increased to 95%. The current account deficit also experienced a significant contraction, while the current account balance of energy and non-gold surplus accounted for a significant surplus. Despite the rising food prices, the relative stabilization of the TL led to a downward trend in inflation.

Turkish banking sector in the first quarter of 2019; The strong equity structure continues to contribute to its stable growth and economic growth with high asset quality despite a slight increase in the rate of follow-up. Efficient resource management in the sector is at the forefront and efforts are made to increase operational efficiency. Both TL and foreign exchange costs decreased compared to the previous quarter. Moreover, the banking sector can easily access capital and subordinated loan facilities, especially syndications, from international markets and use these opportunities effectively. The banking sector is active in credit structuring to maintain productivity, maintain production capacity and maintain employment.

In the Participation Banking sector, we have identified the domestic and foreign markets as resources with the appropriate maturity and cost and the utilization of these resources in the most efficient manner to the national economy as a strategic priority. While the asset size of the participation banking sector increased by 11% in the first quarter of this year, the asset size of the banking sector increased by 7% in the same period. Looking at the profit figures, net profit of the participation banking sector in the first quarter of 2019 increased by 66% compared to the previous quarter, while the net profit of the banking sector decreased by 1% in the same period. While the share of participation banking in the sector was 5.4% in the last quarter of the previous year, it increased to 5.5% in the first quarter of this year.

Hüseyin AYDIN
Chairman

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019**

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

EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT (Continued)

II. Assessment of General Manager

Public participation banks in Turkey with the first title of the year again, Agriculture Contributions In the first quarter a Ziraat Bank Financial Group Agriculture brand leasing company that has added power to take over the assets and liabilities with power. Ziraat Katılımaims to increase its asset size through this merger and to increase its share in the sector by further developing its financial leasing services by benefiting from the accumulation and experience of Ziraat Leasing. In addition, this merger is expected to contribute to Ziraat Katılının reducing operational costs and increasing productivity. In addition, the Bank's capital structure was strengthened by taking subordinated loans of TL 300 million in the first quarter of the year. Ziraat KatılımBank aims to respond to the needs of its customers in the best possible way by developing new products. Furthermore, it maintains its main strategy of sürdürmek Growing participation banking by increasing its share in the financial sector Ayrıca. In this direction, it has adopted the principle of increasing its efficiency-oriented work and increasing its efficiency in the sector while continuing to branch quickly.

Hüseyin Aydın

Chairman of the Board

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

EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT (Continued)

II. Assessment of General Manager (Continued)

In the first quarter of 2019, economic activity started to slow down in global markets. In the first quarter of the year, the Federal Reserve Bank (FED) pointed out that the economic outlook started to deteriorate together with the data that was expected to be deteriorating.

The commercial negotiations and negotiations between the US and China, the uncertainties in the Brexit process between the UK and the EU, and the process in Venezuela have been included in the agenda as the major developments in the first quarter of 2019.

Looking at developing countries; While China achieved the lowest figure of the last decade in the 2018 growth data, the fact that other emerging economies remained below the expectations in terms of growth was evaluated as negative for the course of global markets.

Economy of Turkey, which fluctuated in global markets, and despite the political tension experienced by the US in 2018 has performed above expectations with a growth of 2.6%. Starting from the second quarter of 2018, the downtrend in the inflation figures has been observed along with the improvement in the foreign trade balance, the increase in the ratio of exports to imports, the contraction in the current account deficit and the stabilization process in TL.

We Continue to Stable Growth!

Ziraat Participation's total assets reached TL 25 billion with a 12% increase compared to the end of 2018, while the funds collected increased by 6% to TL 16 billion. While cash funds increased by 14% to TL 20 billion, Ziraat Participation's total cash and non-cash financing totaled TL 31 billion.

Ziraat Katılım completed the first quarter of 2019 with a profit of TL 104 million as a result of the successful execution of the structured business cycle, focusing on service understanding and efficiency focusing on customer satisfaction.

Rapidly expand its branch network in Turkey, Ziraat Participation, at the end of the 1st quarter 2019 reached 81 branches in 41 provinces domestically.

Ziraat Leasing joined Ziraat Katılım.

Ziraat Leasing, which provides financing to many sectors such as construction, health, textile, food, iron, steel, metal processing, printing, manufacturing industry under the roof of Ziraat Finance Group since 1991, started to operate under Ziraat Katılım as of 1 March 2019.

Founded with public capital Turkey's first participation bank Ziraat Katılım is advancing with sure steps to the road leading participation bank in line with the vision of the sector.

Ziraat Finance Group aims to reduce the operational costs and increase the efficiency of the companies operating in similar fields with the aim of m Growing and Growing Together and Growing Together Zira.

In order to contribute to the national economy and the deepening of the financial markets, our Bank acts on its mission to finance investments by producing accurate and effective solutions.

Ziraat Katılım will continue to grow in the sector by taking advantage of Ziraat Leasing's knowledge, experience and experience while further enhancing its financial leasing services.

Our Lease Certificate Exports reached 6.5 billion TL in total,

Ziraat Katılım Bank successfully completed 5 lease certificates in the first quarter of 2019.

Ziraat Yatırım Menkul Değerler A.Ş. While 1.7 billion TL of funding was obtained from these issuances, all of the lease certificate issuances received high demand from qualified investors over the issuance amount.

Turkey's state-owned Ziraat Participation is the first participation bank, which started its activities so far carried out from 2015 to qualified investors 35 Sukuk issuance volume reached 6.5 billion TL in total with.

ZİRAAT KATILIM BANKASI A.Ş.

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EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT (Continued)

II. Assessment of General Manager (Continued)

With the aim of providing the best solutions to its customers and maintaining the development of participation banking, our Bank continues to offer financing opportunities in favorable terms to our customers' needs.

In the coming period, Ziraat Katılım will continue to add value to the country's economy by offering its customers more ine as we share ine with the mission of developing participation banking.

Metin ÖZDEMİR
General Manager

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT (Continued)

III. Shareholding structure

Ziraat Katılım Bank's paid in capital is TL 1.750.000.000 and this capital divided into 1.750.000.000 shares that each one of all worth 1,00 Turkish Lira. Chairman and members of Board of Directors, Members of the Board of Auditors, the General Manager and Assistant General Managers are not shareholders of the Bank.

Title	Share Amount (TL)	Number of Shares
T.C. Ziraat Bankası A.Ş.	1.749.999.996	1.749.999.996
Ziraat Sigorta A.Ş.	1	1
Ziraat Hayat ve Emeklilik A.Ş.	1	1
Ziraat Teknoloji A.Ş.	1	1
Ziraat Yatırım Menkul Değerler A.Ş.	1	1

IV. Changes in the articles of association

There is no change in the articles of association during the period.

V. Main consolidated financial indicators

In the Group assets, indicators take shares as follows; loans volume is TL 20.211.588 thousand with 81%, cash and cash equivalents is TL 2.611.851 thousand with 10%, marketable security is TL 1.711.650 thousand with 7% and other assets volume is TL 422.951 thousand with 2%.

ASSETS (THOUSAND TL)	31 March 2019	31 December 2018	Change (%)
Cash and Cash Equivalents	2.611.851	2.794.983	(7)
Securities	1.711.650	1.303.242	31
Loans	20.211.588	17.739.425	14
Other Assets	422.591	351.153	20
Total Assets	24.957.680	22.188.803	12

In the Group liabilities, indicators take shares as follows; deposit volume is TL 16.046.711 thousand with 64%, resources out of deposit volume is TL 5.398.383 thousand with 22%, shareholders equity volume is TL 2.667.407 thousand with 11% and other liabilities volume is TL 544.789 thousand with 3%.

LIABILITIES (THOUSAND TL)	31 March 2019	31 December 2018	Change (%)
Deposits	16.046.711	15.151.098	6
Resources Out of Deposit	5.398.383	4.232.433	28
Other Liabilities	544.789	586.689	(7)
Shareholders' Equity	2.667.407	2.218.583	20
Total Liabilities	24.957.680	22.188.803	12

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT (Continued)

V. Main financial indicators (Continued)

Selected Profit And Loss Items (Thousand TL)	31 March 2019	31 March 2018
Profit Share Income	792.313	357.930
Profit Share Expense	536.081	208.518
Net Profit Share Income/Expense	256.232	149.412
Net Fees and Commissions Income/Expense	23.751	9.027
Other Operating Income	98.291	17.162
Other Operating Expenses	59.829	31.919
Expected Loss Provision	148.458	32.293
Other Provision Expenses	7.316	1.276
Personnel Expenses	59.829	28.739
Profit before tax provision	134.236	86.633
Tax Provision	(29.975)	(17.891)
Net Profit/Loss	104.261	68.742

RATIOS (%)	31 March 2019	31 December 2018
Capital Adequacy Ratio	14,5	12,7
Shareholders' Equity/Total Assets	10,7	10,8
Total Loans/Total Assets	81,0	79,9
Non-performing Loans (Gross) / Total Loans	1,8	1,4
Demand Deposit/Total Deposit	13,3	15,7
FC Assets/FC Liabilities	92,5	86,9
Liquid Assets/Total Assets	17,3	12,6

(*) Foreign exchange indexed loans are not included.

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EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT (Continued)

VI. 2019 I. Interim Activities

To include the mattress saving into economic system, Gold-based Lease Certificate, T.C. Treasury and the bank as a tool by the Ministry of Finance in 29 provinces all over Turkey through Ziraat Participation Bank 61 branches have been issued by the end of December 2018- February 2019 through the months.

We have improved our "Anında Hesap Aç" processes on our Corporate Web Site and we have been providing transportation to our customers via courier; contract processes are completed without the need of our customers to go to our branches.

Our mobile application have been renewed with smart menu and latest trend designs.

In order to facilitate the login process of our mobile application and to provide an alternative to the input method via SMS, a version with the Single Password can be accessed. Our customers will be able to login to our mobile application via a single password.

We are continuing our efforts to ensure that our Internet Banking is compatible with mobile devices.

Tax collections from our branches; work has been started to be made centrally, operations to be sent to the operation center, system development and the standard information on the accrual slips can be read and collected without personnel intervention.

The work for the personnel working in our operational assistant position in our branches has been started in the Operation Center. In this context, the establishment of a new business model by ensuring the standardization of operational processes with the same qualifications and continuity, this standardized work is also more centralized thanks to faster and specialized personnel. entries will be provided.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT (Continued)

VII. Expectations After the 2019 I. Interim Period

In the first quarter of 2019, while the economic data remained below the expectations, the FED made decisions regarding a more cautious monetary policy in the forthcoming period. In this context, the balance sheet announced that it would slow down the tightening in May, and announced that the interest rate hikes were interrupted. In the first quarter of this year, the US yield curve reversed, while LIBOR and US bond yields dropped sharply. Trade negotiations between the US and China on customs tariffs continue. The economic data and new customs tariffs, which will be announced in the upcoming period, are likely to have an impact on the FED's interest rate policy.

In the first quarter of 2019, the latest PMI and industrial production data in the European Union countries are below expectations. In Germany and France, while the PMIs have fallen below 50, the technical recession has begun in Italy. Brexit uncertainty continues. However, the risk of deflation is very low and inflation is expected to rise to the average level in the following period. In the last meeting of the ECB, the monetary policy did not change as expected. In the statement made by the ECB, it was stated that the policy interest rate was decided to be fixed at zero, the deposit interest was minus 0.40 percent and the marginal funding rate was 0.25 percent. It is envisaged that the monetary policy text published by ECB will not change interest rates during 2019. In this context, future economic data for the European economy are expected to be effective in the monetary policy implemented by the ECB.

In the first quarter of this year, the slowdown in the growth rates of both developed countries and developing countries started to put pressure on commodity prices. However, oil prices have increased due to the problems experienced in oil exporting countries. On the other hand, the slowdown in US and European economy has started to affect the developing countries which are exporting to these countries negatively.

Turkey markets, although it has made a good start last year compared to 2019 was adversely affected by developments in the global economy. While the bond interest rates stabilized, they remained relatively stable in TL. On the other hand, the economic management has begun to take the necessary steps to ensure sustainable growth, to curb inflation and to ensure fiscal discipline. Central Bank of the Republic of Turkey (CBRT) has given support to stand strong Turkish lira continued its tight monetary policy during this period.

Turkey has grown beyond expectations to grow by 2.6% in 2018. In the second half of last year, the CBRT increased interest rates due to the rapid depreciation of TL due to the political turbulence with the US. On the one hand, this provided TL balancing, while TL also encouraged savings. However, while investment and consumption expenditures decreased, there was also a decrease in growth rates. Despite the turbulence in the economy last year, consists of the basic building blocks of Turkey's robust economy, thanks to the knowledge and experience of economic management in the first quarter of Turkey's economy has regained stability. It is expected that economic stability will continue and a growth rate above the targets will be achieved.

Turkey commodities such as oil and natural gas needed for energy due to meet his expenses from other countries, has a large share in the import bill. Despite a slight increase in the first quarter of this year compared to previous years of low oil prices it has affected Turkey's foreign trade bills positive. In this context, the improvement in the foreign trade balance seen in the second half of last year continued in the first quarter of this year and the ratio of exports to imports increased to ninety-five percent. The current account deficit also experienced a significant contraction, while the energy and non-gold current account balance posted a significant surplus.

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EXPLANATIONS ON INTERIM PERIOD ACTIVITY REPORT (Continued)

VII. Expectations After the 2019 I. Interim Period (Continued)

The depreciation of TL and the high course of food prices led to an increase in inflation. In order to support TL, CBRT continued to implement tight monetary policy while making a rapid rise in interest rates last year. The continuation of the year is expected to continue with relatively quiet course in food prices due to seasonal effects and a decline in inflation as a result of the base effect.

In the first quarter of 2019 Turkey's economy experienced volatility in balancing, the downward trend in inflation and interest rates have been observed. Investment environment, decisions taken by management of the economy has started to improve again, increased confidence in the future of Turkey. In the following period, with the support of the acceleration of capital inflows and the support of the CBRT's tight monetary policy, TL is expected to remain strong; In other news, Turkey's developing countries is also included with the acceleration of capital inflows are expected to grow above the target.