

ZİRAAT KATILIM BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE PERIOD 16 FEBRUARY- 30 JUNE 2015**

**(Convenience Translation of Publicly Announced
Unconsolidated Financial Statements and
Review Report
Originally Issued in Turkish,
See in Note I. of Section Three)**



INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I of Section Three)

To the Board of Directors of Ziraat Katılım Bankası A.Ş.:

Introduction

We have reviewed the unconsolidated balance sheet of Ziraat Katılım Bankası A.Ş. ("the Bank") at 30 June 2015 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the period of 16 February 2015 - 30 June 2015. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation. 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 the International Standard on Review Engagements (ISRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Ziraat Katılım Bankası A.Ş. at 30 June 2015 and of the results of its operations and its cash flows for the period of 16 February 2015 - 30 June 2015 in all aspects in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three 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, the accompanying 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.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Haluk Yalın, SMMM
Partner

İstanbul, 5 August 2015

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

**THE UNCONSOLIDATED INTERIM FINANCIAL REVIEW REPORT OF
ZİRAAT KATILIM BANKASI A.Ş. AS OF 30 JUNE 2015**

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi
Hayri Efendi Cad. Bahçekapı No:12 34112 Fatih / İSTANBUL
Phone: (212) 404 11 00
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The unconsolidated financial report for six 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 OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- EXPLANATIONS ON REVIEW REPORT

The accompanying unconsolidated financial statements for six 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

Osman ARSLAN
Member of the Board,
CEO

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

Metin ÖZDEMİR
Member of the Board,
Member of the Audit Committee

Ali TOKER
Financial Coordination and
HR
Executive Vice President

Osman ÇETİNER
Senior Vice President
of Financial Reporting, Budget

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

Name-Surname/Position : Tuncay KAMIS / Financial Reporting Manager
Telephone : 0 212 404 13 35
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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY - 30 JUNE 2015**

(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 Participation Bank is founded by permission of Banking Regulation and Supervision Agency which was published in the Official Gazette dated as 15/10/2014 and numbered as 29146 with the date of 10/10/2014 and number of 6046 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 16th February 2015. The Bank has its official authorization by the permission of Banking Regulation and Supervision Agency that is published in the Official Gazette dated as 14/05/2015 and numbered as 29355 with a date of 12/05/2015 and number as 6302. That bank has begun its operations by opening its first branch in 29th May 2015. Governance body of the bank is in Istanbul.

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 added up 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.

II. SHAREHOLDING STRUCTURE, SHAREHOLDERS JOINTLY OR INDIVIDUALLY HAVING DIRECT OR INDIRECT, CONTROL OVER THE MANAGEMENT AND SUPERVISION OF THE BANK AND THE DISCLOSURES ON ANY RELATED CHANGES IN THE CURRENT PERIOD, IF ANY AND INFORMATION ABOUT THE GROUP THAT THE BANK BELONGS TO:

As of 30 June 2015, Banks’ capital of TL 675,000 is divided into 675,000,000 shares in which one share is valued as TL 1. 674,999,996 shares of total belongs to T.C. Ziraat Bankası, one share belongs to Ziraat Sigorta A.Ş., one share belongs to Ziraat Hayat ve Emeklilik A.Ş., one share belongs to Ziraat Teknoloji A.Ş. and one share belongs to Ziraat Yatırım Menkul Kıymetler A.Ş.

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

**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY - 30 JUNE 2015**

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. EXPLANATIONS ON THE TITLES OF CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGERS AND ASSISTANT GENERAL MANAGERS AND THEIR SHAREHOLDINGS IN THE BANK:

Name	Title
Board of Directors	
Hüseyin AYDIN	Chairman
Osman ARSLAN	General Manager and Member of the BOD
Yusuf DAĞCAN	Executive Vice President and Member of the BOD
Cemalettin BAŞLI	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Salim ALKAN	Member
Member of Audit Committee	
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Assistant General Manager	
Ali TOKER	Financial Coordination and HR
Hakan AYDOĞAN	Marketing
Muammer BÖLÜKBAŞI	Operational Transaction
Mustafa AKIN	Loan Allocation and Management
Raci KAYA	Treasury and International Banking

Chairman and members of the Board of Directors have no Bank’s share 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.	674,999,996	99.9999996	674,999,996	-
Ziraat Sigorta A.Ş.	1	0.0000001	1	-
Ziraat Hayat ve Emeklilik A.Ş.	1	0.0000001	1	-
Ziraat Teknoloji A.Ş.	1	0.0000001	1	-
Ziraat Yatırım Menkul Değerler A.Ş.	1	0.0000001	1	-
Total	675,000,000	100.00	675,000,000	-

As of 30 June 2015, the sole shareholder of the Bank is the Treasury.

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

**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY - 30 JUNE 2015**

(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 Bank is declared in the prime contract within the scope of Banking Law and other Codes. Bank does every operation of participation banking such as gathering funds by private current accounts and participation accounts, giving every kind of monetary and non-monetary credits, making monetary and non-monetary payments and doing fund transfer operations, making every kind of payment and collection operations included correspondent banking and using cheque accounts, doing operations of every cheque and bill of exchange, participating in every capital market operations and carrying out those operations, buying, selling, transferring, endorsing every kind of investment instruments in the name of its customers or itself, primarily shares that are treated in domestic or abroad stock exchanges or capital markets, investment funds or goods exchanges, establishing and operating investment funds, portfolio management, operating in other capital markets and stock exchanges which are allowed by the Legal Code, operating in social fields under participation banking for the good of society in the limits of the Legal Code, making other operations which are determined by Banking Regulation and Supervision Agency.

Bank sorts out private current accounts and participation accounts discretely from other accounts in its account records. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to six months (six 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). Bank can determine the rates of participating in profit and loss by operating participation accounts discretely as of currency type, amount and maturity groups and participation rate to loss can not be less than 50% of participation rate to profit.

Banks business segment is not limited to written documentary above-stated. If any transactions useful other than these for the bank, started to these, on offer to Board of Directors determined by general assembly, approved by legal authority and by way of changes main contract dependence to Ministry Customs and Trade. In this way agreement that is approved attached to main contract.

As of 30 June 2015, Bank operates with its 3 branches located in Eminönü/Istanbul, Kızılay/Ankara and Sincan/Ankara and with 113 workers. Bank has no branches abroad.

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

None.

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

**ZİRAAT KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2015**

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

SECTION TWO

THE BANK’S UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period (30/06/2015)		
		TL	FC	Total
ASSETS				
I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	4,387	1,178	5,565
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	154	-	154
2.1 Financial Assets Held for Trading		154	-	154
2.1.1 Public Sector Debt Securities		-	-	-
2.1.2 Securities Representing a Share in Capital		-	-	-
2.1.3 Derivative Financial Assets Held for Trading		154	-	154
2.1.4 Other Marketable Securities		-	-	-
2.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-
2.2.1 Public Sector Debt Securities		-	-	-
2.2.2 Securities Representing a Share in Capital		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other Marketable Securities		-	-	-
III. BANKS	(3)	115,377	13,451	128,828
IV. MONEY MARKET PLACEMENTS		-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	30,751	5,657	36,408
5.1 Securities Representing a Share in Capital		4,719	-	4,719
5.2 Public Sector Debt Securities		-	-	-
5.3 Other Marketable Securities		26,032	5,657	31,689
VI. LOANS AND RECEIVABLES	(5)	465,704	17,015	482,719
6.1 Loans and receivables		465,704	17,015	482,719
6.1.1 Loans to Risk Group of the Bank		31,066	-	31,066
6.1.2 Public sector debt securities		-	-	-
6.1.3 Other		434,638	17,015	451,653
6.2 Non-performing loans		-	-	-
6.3 Specific provisions (-)		-	-	-
VII. INVESTMENTS HELD TO MATURITY (Net)	(6)	100,754	-	100,754
VIII. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-
8.1 Accounted with Equity Method		-	-	-
8.2 Unconsolidated Associates		-	-	-
8.2.1 Financial investments		-	-	-
8.2.2 Non-financial investments		-	-	-
IX. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-
9.1 Unconsolidated financial subsidiaries		-	-	-
9.2 Unconsolidated non-financial subsidiaries		-	-	-
X. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-
10.1 Consolidated under equity method		-	-	-
10.2 Unconsolidated		-	-	-
10.2.1 Financial subsidiaries		-	-	-
10.2.2 Non-financial subsidiaries		-	-	-
XI. RECEIVABLES FROM LEASING TRANSACTIONS	(10)	-	-	-
11.1 Finance Lease Receivables		-	-	-
11.2 Operating Lease Receivables		-	-	-
11.3 Other		-	-	-
11.4 Unearned Income (-)		-	-	-
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSE	(11)	-	-	-
12.1 Fair Value Hedges		-	-	-
12.2 Cash Flow Hedges		-	-	-
12.3 Hedges for Investments Made in Foreign Countries		-	-	-
XIII. TANGIBLE ASSETS (Net)	(14)	5,190	-	5,190
XIV. INTANGIBLE ASSETS (Net)		14,113	-	14,113
14.1 Goodwill		-	-	-
14.2 Other		14,113	-	14,113
XV. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-
XVI. TAX ASSET		900	-	900
16.1 Current Tax Asset		900	-	900
16.2 Deferred Tax Asset		-	-	-
XVII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	-	-	-
17.1 Held for Sale		-	-	-
17.2 Held from Discontinued Operations		-	-	-
XVIII. OTHER ASSETS		3,607	-	3,607
TOTAL ASSETS		740,937	37,301	778,238

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

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

**ZİRAAT KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2015**

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period (30/06/2015)		
		TL	FC	Total
		LIABILITIES AND EQUITY		
I. FUND COLLECTED	(1)	65,340	14,559	79,899
1.1 Fund Collected Held By the Risk Group of the Bank		397	4,184	4,581
1.2 Other		64,943	10,375	75,318
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	144	-	144
III. FUNDS BORROWED	(3)	-	-	-
IV. MONEY MARKET BALANCES		-	-	-
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-
VI. MISCELLANEOUS PAYABLES		15,746	-	15,746
VII. OTHER LIABILITIES	(4)	2,562	-	2,562
VIII. FINANCE LEASE PAYABLES	(5)	-	-	-
8.1 Finance Lease Payables		-	-	-
8.2 Operating Lease Payables		-	-	-
8.3 Other		-	-	-
8.4 Deferred Finance Lease Expenses (-)		-	-	-
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-
9.1 Fair Value Hedges		-	-	-
9.2 Cash Flow Hedges		-	-	-
9.3 Hedges for Investments Made in Foreign Countries		-	-	-
X. PROVISIONS	(7)	2,161	170	2,331
10.1 General Provisions		2,161	170	2,331
10.2 Restructuring Provisions		-	-	-
10.3 Employee Benefits Provisions		-	-	-
10.4 Insurance Technical Reserves (Net)		-	-	-
10.5 Other Provisions		-	-	-
XI. TAX LIABILITY	(8)	1,190	-	1,190
11.1 Current Tax Liability		1,131	-	1,131
11.2 Deferred Tax Liability		59	-	59
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)	(9)	-	-	-
12.1 Held for Sale		-	-	-
12.2 Held from Discontinued Operations		-	-	-
XIII. SUBORDINATED LOANS	(10)	-	-	-
XIV. SHAREHOLDERS' EQUITY	(11)	676,381	(15)	676,366
14.1 Paid-in Capital		675,000	-	675,000
14.2 Capital Reserves		263	(15)	248
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Marketable Securities Valuation Differences		263	(15)	248
14.2.4 Tangible Assets Revaluation Reserves		-	-	-
14.2.5 Intangible Assets Revaluation Reserves		-	-	-
14.2.6 Revaluation Reserves of Real Estates for Investment Purpose		-	-	-
14.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-
14.2.8 Hedging Funds (Effective Portion)		-	-	-
14.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-
14.2.10 Other Capital Reserves		-	-	-
14.3 Profit Reserves		-	-	-
14.3.1 Legal Reserves		-	-	-
14.3.2 Statutory Reserves		-	-	-
14.3.3 Extraordinary Reserves		-	-	-
14.3.4 Other Profit Reserves		-	-	-
14.4 Profit or Loss		1,118	-	1,118
14.4.1 Prior Years Profit/Loss		-	-	-
14.4.2 Net Period Profit/Loss		1,118	-	1,118
TOTAL LIABILITIES AND EQUITY		763,524	14,714	778,238

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

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

**ZİRAAT KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AS OF 30 JUNE 2015**

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/06/2015)		
		TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		23,282	25,085	48,367
I. GUARANTEES AND WARRANTIES	(1)		2,394	2,394
1.1 Letters of Guarantee				-
1.1.1 Guarantees Subject to State Tender Law				-
1.1.2 Guarantees Given for Foreign Trade Operations				-
1.1.3 Other Letters of Guarantee				-
1.2 Bank Acceptances				-
1.2.1 Import Letter of Acceptance				-
1.2.2 Other Bank Acceptances				-
1.3 Letters of Credit			2,394	2,394
1.3.1 Documentary Letters of Credit			2,394	2,394
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				-
1.7 Other Collaterals				-
II. COMMITMENTS	(1)	12		12
2.1 Irrevocable Commitments		12		12
2.1.1 Forward asset purchase commitments				-
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		12		12
2.1.7 Tax and Fund Liabilities from Export Commitments				-
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				-
2.2 Revocable Commitments				-
2.2.1 Revocable Loan Granting Commitments				-
2.2.2 Other Revocable Commitments				-
III. DERIVATIVE FINANCIAL INSTRUMENTS		23,270	22,691	45,961
3.1 Derivative financial instruments for hedging purposes				-
3.1.1 Fair value hedge				-
3.1.2 Cash flow hedge				-
3.1.3 Hedge of net investment in foreign operations				-
3.2 Held for trading transactions		23,270	22,691	45,961
3.2.1 Forward Foreign Currency Buy/Sell Transactions		23,270	22,691	45,961
3.2.1.1 Forward Foreign Currency Transactions-Buy		23,270		23,270
3.2.1.2 Forward Foreign Currency Transactions-Sell			22,691	22,691
3.2.2 Other Forward Buy/Sell Transaction				-
3.3 Other				-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)				
IV. ITEMS HELD IN CUSTODY				
4.1 Customer Fund and Portfolio Balances				-
4.2 Investment Securities Held in Custody				-
4.3 Checks Received for Collection				-
4.4 Commercial Notes Received for Collection				-
4.5 Other Assets Received for Collection				-
4.6 Assets Received for Public Offering				-
4.7 Other Items Under Custody				-
4.8 Custodians				-
V. PLEDGES RECEIVED				
5.1 Marketable Securities				-
5.2 Guarantee Notes				-
5.3 Commodity				-
5.4 Warranty				-
5.5 Properties				-
5.6 Other Pledged Items				-
5.7 Pledged Items-Depository				-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES				
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		23,282	25,085	48,367

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

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

**ZİRAAT KATILIM BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD OF 16 FEBRUARY - 30
JUNE 2015**

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

III. INCOME STATEMENT		
INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 16/02-30/06/2015
I. PROFIT SHARE INCOME	(1)	23,781
1.1 Profit share on loans		3,637
1.2 Profit share on reserve deposits		-
1.3 Profit share on banks		6,028
1.4 Profit share on money market placements		-
1.5 Profit share on marketable securities portfolio		14,116
1.5.1 Held-for-trading financial assets		-
1.5.2 Financial assets at fair value through profit and loss		-
1.5.3 Available-for-sale financial assets		713
1.5.4 Investments held-to-maturity		13,403
1.6 Finance lease income		-
1.7 Other profit share income		-
II. PROFIT SHARE EXPENSE	(2)	142
2.1 Expense on profit sharing accounts		142
2.2 Profit share expense on funds borrowed		-
2.3 Profit share expense on money market borrowings		-
2.4 Expense on securities issued		-
2.5 Other profit share expense		-
III. NET PROFIT SHARE INCOME (I - II)		23,639
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		(205)
4.1 Fees and commissions received		4
4.1.1 Non-cash loans		2
4.1.2 Other		2
4.2 Fees and commissions paid		209
4.2.1 Non-cash loans		-
4.2.2 Other		209
V. DIVIDEND INCOME		-
VI. NET TRADING INCOME	(3)	38
6.1 Capital market transaction gains / (losses)		-
6.2 Gains/ (losses) from derivative financial instruments		10
6.3 Foreign exchange gains / (losses)		28
VII. OTHER OPERATING INCOME	(4)	-
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		23,472
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	2,331
X. OTHER OPERATING EXPENSES (-)	(6)	19,203
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1,938
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIII. GAIN / (LOSS) ON EQUITY METHOD	(7)	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION	(8)	-
XV. PROFIT/(LOSS) BEFORE TAXES FROM CONTINUED OPERATIONS (XI+...+XIV)		1,938
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (-)		820
16.1 Current Tax Provision		823
16.2 Deferred Tax Provision		(3)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(9)	1,118
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-
18.1 Income on assets held for sale		-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (joint vent.)		-
18.3 Income on other discontinued operations		-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-
19.1 Loss from assets held for sale		-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (joint vent.)		-
19.3 Loss from other discontinued operations		-
XX. PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-
XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-
21.1 Current tax provision		-
21.2 Deferred tax provision		-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(10)	1,118
Earnings per share income/loss (full TL)		0.00166

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

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

**ZİRAAT KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD OF 16 FEBRUARY - 30 JUNE 2015**

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY		Current Period 16/02 - 30/06/2015
Statement of income and expenses accounted under equity		
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FOR AVAILABLE SALE FINANCIAL ASSETS	310
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-
V.	PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-
VI.	PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-
VII.	THE EFFECT OF CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS	-
IX.	DEFERRED TAX OF VALUATION DIFFERENCES	(62)
X.	TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)	248
XI.	PROFIT/LOSS	-
11.1	Change in fair value of marketable securities (transfer to profit/loss)	-
11.2	Reclassification of derivatives accounted for cash flow hedge purposes to income statement	-
11.3	Reclassification of hedge of net investments in foreign operations to income statement	-
11.4	Other	-
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	248

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

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE PERIOD OF 16 FEBRUARY - 30 JUNE 2015

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

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY																	
Current Period 16 February - 30 June 2015																	
	Note (Section Five)	Paid-in capital	Effect of inflation accounting on paid-in capital and other capital reserves	Share Premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordi reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Hedging reserves	Asset held for sale and disc.op. valuation fund	Total equity
I.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	248	-	-	-	-	248
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		675,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675,000
12.1		675,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675,000
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	1,118	-	-	-	-	-	-	1,118
XVIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)		675,000	-	-	-	-	-	-	-	1,118	-	248	-	-	-	-	676,366

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

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

**ZİRAAT KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD
OF 16 FEBRUARY - 30 JUNE 2015**

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

VI. STATEMENT OF CASH FLOWS		Note (Section Five)	Current Period 16/02 - 30/06/2015
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities		227
1.1.1	Profit share income received		19,221
1.1.2	Profit share expense paid		(3)
1.1.3	Dividend received		-
1.1.4	Fees and commissions received		4
1.1.5	Other income		-
1.1.6	Collections from previously written off loans		-
1.1.7	Payments to personnel and service suppliers		(7,988)
1.1.8	Taxes paid		(1,723)
1.1.9	Others		(9,284)
1.2	Changes in operating assets and liabilities		289,621
1.2.1	Net (increase)/decrease in held for trading financial assets		-
1.2.2	Net (increase) decrease in fair value through profit/loss financial assets		-
1.2.3	Net (increase) decrease in due from banks and other financial institutions		(1,332)
1.2.4	Net (increase) decrease in loans		(479,944)
1.2.5	Net (increase) decrease in other assets		(4,431)
1.2.6	Net increase (decrease) in bank deposits		-
1.2.7	Net increase (decrease) in other deposits		79,760
1.2.8	Net increase (decrease) in funds borrowed		-
1.2.9	Net increase (decrease) in due payables		-
1.2.10	Net increase (decrease) in other liabilities		695,568
I.	Net cash provided from banking operations		289,848
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities		(156,787)
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	Fixed assets purchases		(5,521)
2.4	Fixed assets sales		-
2.5	Cash paid for purchase of financial assets available for sale		(35,376)
2.6	Cash obtained from sale of financial assets available for sale		-
2.7	Cash paid for purchase of investment securities		(100,754)
2.8	Cash obtained from sale of investment securities		-
2.9	Other		(15,136)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from financing activities		-
3.1	Cash obtained from funds borrowed and securities issued		-
3.2	Cash used for repayment of funds borrowed and securities issued		-
3.3	Capital increase		-
3.4	Dividends paid		-
3.5	Payments for finance leases		-
3.6	Other		-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		-
V.	Net increase (decrease) in cash and cash equivalents (I + II + III + IV)		133,061
VI.	Cash and cash equivalents at the beginning of the period		-
VII.	Cash and cash equivalents at the end of the period		133,061

The accompanying notes are an integral part of these financial statements

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

**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY- 30 JUNE 2015**

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards, within the scope of interim reporting Turkish Accounting Standards 34 and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) (“all referred as BRSA Principles”).

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.

Current period financial statements and related notes are not present comparatively due to the the bank starts operations within 2015.Related statements and notes will present comparatively continue period.

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

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.

The accounting policies and valuation principles applied in the preparation of these financial statements are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II. to XXIV. below.

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.

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

Banks’ main operation field is comprised of banking services such as monetary and non-monetary TL and FX credits, doing operations in domestic and abroad money and capital markets, gathering TL and FX current/participation accounts. As of reporting date, most of sources of the Bank is comprised of Shareholder’s Equity. Bank uses this source as buying/selling goods, rent certificates and credits which are high-yielded and short term. Bank’s liquidity structure is taken into account to be enough to meet all liabilities that are going to be matured.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY- 30 JUNE 2015**

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

ACCOUNTING PRINCIPLES (Continued)

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

Liquidity ratios and Capital Adequacy of Bank is strong as the Bank is newly formed up.

Foreign exchange gain and loss from FX transactions are shown in accounts as the transaction is made. In the end of period, balances of FX asset and liability accounts and revalued by the exchange rates that are published by The Central Bank of Turkey and converted into Turkish Lira and exchange rate differences are reflected as foreign currency gain or loss in the accounts.

Bank is monitoring risks of Liquidated Receivables, Doubtful Fees, commission and other receivables with loans have the characteristics of loss and participation accounts make loan available risk belong to bank that are monitored in other receivables accounts with equities and make loans available special current accounts that are foreign currency and balance receivables, on the date of transition exchange to TL. Foreign currency credits make loans that are participation accounts and foreign exchange loans, risk that is belong to participation accounts appreciate with current accounts to exchange differences monitoring on the foreign exchange transactions profit or loss.

Differences that are resulted from the conversion of securities that represent borrowing and monetary financial assets to Turkish Lira are included in the Income Statement. There is no foreign exchange differences that Bank has capitalized.

III. EXPLANATION ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Based on the TAS 27 “Turkish Accounting Standard for Consolidated and 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 30 June 2015, Bank has no communions, subsidiaries and associations that are controlled together.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

Derivative transactions of Bank are comprised of forward exchange contracts.

The Bank’s derivative transactions mostly include currency and precious metal swaps and foreign currency forward contracts. The Bank has no embedded derivative instruments separated from the articles of association.

Derivative instruments are recognized at fair value on contractual date and subsequently re-valued at their fair values and associated with the income statement. If the fair value of derivative financial instruments is positive, it is disclosed under the main account “Financial Assets at Fair Value Through Profit or Loss” in “trading derivative financial assets” and if the fair value difference is negative, it is disclosed under “financial liabilities at fair value through profit or loss” in “trading derivative financial liabilities”. Fair value changes are recorded under “Derivative Financial Transactions Gains/Losses” in income statement.

Liabilities and receivables come from derivative transactions are recorded in off-balance sheet accounts on their agreement amounts.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY- 30 JUNE 2015**

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

ACCOUNTING PRINCIPLES (Continued)

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

Profit share income and expenses are recognized on an accrual basis using the internal rate of return method in conformity with TAS 39 “Financial Instruments: Recognition and Measurement”. In accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions” came into force after being published in the Official Gazette numbered 26333 dated 1 November 2006, no profit share income accrual is calculated for non-performing loans. Realized profit share accruals calculated for non-performing loans and recognized as income although not collected are reversed and profit share income related to these loans is recognized as profit share income only when collected.

Bank calculates expense rediscount on participation accounts by using unit value calculation method and these amounts are shown in the account named Gathered Funds in 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 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.

Future parts of the commissions that are received from cash credits are recorded in Unearned Revenues account and showed in Other Liabilities in the Balance Sheet.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial instruments comprise financial assets and liabilities and derivative instruments. Financial assets mainly constitute the Bank’s commercial activities and operations. Financial assets are classified as investments held-to-maturity, bank loans and receivables, financial assets available for sale or held-for-trading at initial recognition.

a. Financial assets at fair value through profit or loss:

Financial assets whose fair value differences are reflected to profit or loss are gathered in two main titles names as “financial assets available for sale” and “financial assets that are classed as financial assets whose fair value differences are reflected to profit or loss”.

Financial assets available for sale are the assets that are a part of a portfolio which aims to make profit in the short term independent of its purpose of obtain or assets that are hold to make profit from fluctuations in price and so forth that are comprised in the short term.

Financial assets available for sale are recorded with the transaction prices that are predicted to show that fair value and moved with their fair values. Profits and losses that are comprised after revaluation are added to profit/loss accounts.

Bank does not have financial assets whose fair value difference are reflected to profit/loss except the ones that are kept available for sale.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY- 30 JUNE 2015**

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

ACCOUNTING PRINCIPLES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. Financial assets available for sale:

Available-for-sale financial assets are defined as financial assets other than the ones classified as “loans and receivables”, “held-to-maturity assets” or “financial assets at fair value through profit or loss”.

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

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

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

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

c. Loans and receivables:

Credits and receivables are non-derivative financial assets except the ones that are kept available for sale or to be sold in short term.

First entries of Credits and receivables are made with cost values. Personal and Corporate loans are accounted as uniform chart of accounts and registration statement of following accounts are used with internal rate of return methods over discounted cost value personal and corporate loans that are monitored in the cash loans according to contents.

Personel and Corporate loans that are indexed to foreign exchange are monitored in Turkish Lira accounts over the Turkish Lira provisions on the rate in opening date. Repayments are calculated on the rate in maturity and exchange differences that are comprised are reflected to income and expense accounts.

d. Held to maturity financial assets:

Investments held to maturity include financial assets other than Bank loans and receivables and those where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and where there are fixed or determinable payments with fixed maturity.

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

Held to maturity assets are initially recognized at cost value.

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ACCOUNTING PRINCIPLES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

A financial asset or a group of financial assets is subject to impairment loss only if there is an objective indication that the occurrence of one or more than one event (“loss event”) subsequent to the initial recognition of that asset has an effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group.

If revalued amounts of financial assets at fair value through profit/loss is less than the prior revalued amounts, initially, value of prior records regarding the value increase are adjusted according to the recent value and if the impairment loss is more than the prior value increase, difference is reflected to “Impairment Expense for Marketable Securities”. If there is an increase in value, initially recognized impairment loss is reversed.

If financial assets available for sale are subject to permanent impairment, the amount is charged to “Impairment Expense for Marketable Securities” account in accordance with the related Turkish Accounting Standard.

Loans and other receivables are classified in accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans, Other Receivables, and Allocation of Provisions” published in the Official Gazette numbered 26333 and dated 1 November 2006.

When partial collections that are made are actualized in the year that provision for receivable is made, provision transaction is partially cancelled, if the provision for receivable is made in the previous years, it is monitored in the account named as “Collections for Previous Years Expenses”.

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 balance sheet date, Bank has no securities that are subject to borrow.

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ACCOUNTING PRINCIPLES (Continued)

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

Tangible assets acquired in consideration of receivables are accounted in accordance with the requirements of the Communiqué on “Methods, Principles for Purchase and Sale of Precious Metal and Sale of Goods and Immovables obtained in Return of Receivables” published in the Official Gazette numbered 26333 and dated 1 November 2006 and these assets are subject to revaluation by no means. Bank tracks its assets that are resulted from its receivables and that have palpable selling agreement in the account of Non-current assets that are available for sale.

Assets that provide the criteria of being available for sale are measured with the lower value of book value or fair value in which costs for sale are discounted and for the related assets amortization transaction is stopped and these assets are shows discretely in the Balance Sheet. For an asset to be available for sale, related asset or group of assets must be ready to be sold in any time within the accustomed conditions and probability of sale must be high.

Any transaction that is stopped as a part of Banks’ assets that are available for sale or that are closed out. Results related to stopped transactions are shown discretely in the Income Statement.

As of 30 June 2015,the bank has no held for sale and discontinuing operations.

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 lives. Useful lives of other intangible assets are determined by the consideration of items as; useful life of asset, maintenance costs incurred to obtain expected economic benefit from assets and technical, technological or any other type of obsolescence.

The Bank recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that do qualify as development are added to software’s initial costs and amortized over 3 years considering the useful lives.

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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;

Buildings	: 2%
Vehicles and Fixtures	: 2% – 20%

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.

There is no tangible assets to be sold.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operations as a Lessee

Tangible assets that are acquired with financial lease are recorded in the Banks’ assets as an asset and Banks’ liabilities as a liability. In the process of detecting the amount that is shown in assets and liabilities sections in the Balance Sheet, lower value of assets’ fair value or present value of lease payments is taken into account. Amounts that are related to financial leasing transaction in the costs that are undergo in lease payments are capitalised by adding to the financing costs arised from leasing. Lease payments include financing costs arised from leasing and part of the amount of leased asset in the related period.

Fixed assets that are acquired by financial leasing are subject to amortization considered their useful lives and when a decrease is detected in their recoverable values, provision for losses are made. As of 30 June 2015, Bank does not have financial leasing transactions.

Bank records financial lease payments for branches as expense as equal amounts within the lease period.

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ACCOUNTING PRINCIPLES (Continued)

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.

There is no any lawsuit for and against as of the date of balance sheet.

XVI. EXPLANATIONS ON LIABILITIES RELATING TO EMPLOYEE BENEFITS

a. Defined contribution plans:

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

Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination or resignation depending on the arise of the legal conditions. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision is calculated in two ways; if the employee is a state employee, the calculation is based on retirement pension for the working period of the state employee, and if the employee is a blue-collar worker the 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).

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

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

Due to the the bank starts operations within 2015,there are no calculated or needed to calculate provisions for employee termination benefits and allowance as of 30 June 2015.

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ACCOUNTING PRINCIPLES (Continued)

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

“Corporate Tax Law” No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No.26205. Many clauses of the “New Tax Law” are effective from 1 January 2006. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. 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. No further tax is payable unless the profit is distributed.

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital in accordance with Corporate Tax Law or held in a special account under shareholders’ equity for five years.

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

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

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ACCOUNTING PRINCIPLES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

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.

The calculated 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.

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Bank accounts its debt instruments except for derivative financial liabilities held for trading in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

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

XX. EXPLANATIONS ON ACCEPTANCES

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

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ACCOUNTING PRINCIPLES (Continued)

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 VIII. of Section Four.

XXIV. EXPLANATIONS ON OTHER MATTERS

There are no necessary other issues except that accounting policy above-stated.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. EXPLANATIONS ON CAPITAL ADEQUACY STANDARD RATIO

1. The Bank’s unconsolidated capital adequacy ratio, reasons and anticipated solutions in case the ratio is lower than the amount pre-determined by the Communiqué:

Unconsolidated Capital adequacy ratio of the bank is 348.86% to calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, published in the Official Gazette No:29111 dated 6 September 2014 .

2. The risk measurement methods used for calculation of capital adequacy ratio:

Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette dated 6 September 2014 numbered 29111.

Counterparties/operations related to the credit risk were separated on the basis of risk classes mentioned in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and each of them is assigned by the weight of risk. After, they are subject to risk reduction in accordance with the principles of "Communiqué on Credit Risk Mitigation Techniques", their risk-weighted amount is calculated by multiplying risk weights.

Non-cash loans and commitments, after deduction of specific provisions from them in accordance with "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" are included to the calculation of credit risk weighted amount with loan conversion rates presented in article 5 of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks". Assets subject to depreciation and impairment are calculated over their net book values after deducting the relative depreciations and provisions.

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

Calculations regarding to the counter party credit risk, are made for repurchase agreement and derivative transactions. These transactions are added to the accounts with rates as applied that presented in the amendments of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Credit Risk Mitigation Techniques". Repurchase agreements and derivative transactions that are presented in the banking accounts are added to calculation of the basis of the value at credit risk.

Calculations regarding counter parties credit risks are made with method of basic financial collateral for banking accounts, and for purchase-sale accounts are made with method of extensive collateral. Counter party credit risk amount calculated for purchase-sale accounts is included in the calculations of the amount subject to total market risk.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

I. EXPLANATIONS ON CAPITAL ADEQUACY STANDARD RATIO (Continued)

Information for unconsolidated capital adequacy standard ratio:

	Risk Weights										
	Bank										
Current Period	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Credit Risk Based Amount – 30 June 2015	33,319	-	678,890	602	19,109	340	41,083	34	26	-	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	30,512	-	-	-	5,658	-	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	678,890	-	13,451	-	-	-	-	-	-
Conditional and unconditional corporate receivables	-	-	-	-	-	-	13,452	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	340	-	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	602	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	34	26	-	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	2,807	-	-	-	-	-	27,961	-	-	-	-

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO (Continued)

Information related to capital adequacy ratio: (Continued)

	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	14,966
Capital Requirement for Market Risk (CRMV)	190
Capital Requirement for Operational Risk (CROV)	-
Shareholders' Equity	660,915
Shareholders' Equity/((CRCR+CRMV+CROV)*12,5)*100	348.86
Tier 1 Capital/((CRCR+CRMV+CROV)*12,5)*100	347.63
Common Equity Tier 1 Capital/((CRCR+CRMV+CROV)*12,5)*100	352.10

Information related to the components of shareholders' equity:

	Current Period
COMMON EQUITY TIER 1 CAPITAL	
Paid-in Capital to be Entitled for Compensation after All Creditors	675,000
Share Premium	-
Share Cancellation Profits	-
Reserves	-
Income recognized under equity in accordance with TAS	248
Profit	1,118
Current Period's Profit	1,118
Prior Period's Profit	-
Free Provisions for Possible Risks	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Common Equity Tier 1 Capital Before Deductions	-
Deductions from Common Equity Tier 1 Capital	
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS (-)	-
Leasehold Improvements on Operational Leases (-)	3,669
Goodwill and intangible asset and the related deferred tax liability (-)	5,645
Net Deferred Tax Asset / Liability (-)	-
Excess amount expressed in the law (Article 56 4th paragraph) (-)	-
Bank's direct or indirect investments on its own Tier 1 Capital (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Amounts related to mortgage servicing rights (-)	-
Excess amount of deferred tax assets from temporary differences (-)	-
Other Items Determined by BRSA (-)	-
The amount to be deducted from common equity tier 1 capital (-)	-
Total Deductions from Common Equity Tier 1 Capital	9,314
Total Common Equity Tier 1 Capital	667,052

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO (Continued)

Information related to the components of shareholders' equity : (Continued)

	Current Period
ADDITIONAL TIER 1 CAPITAL	
Premiums that are not included in Common Equity Tier 1 Capital	-
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Additional Tier 1 Capital before Deductions	-
Deductions from Additional Tier 1 Capital	-
Bank's direct or indirect investment in Tier 1 Capital (-)	-
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 Common Equity 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 Determined by BRSA (-)	-
The amount to be deducted from Additional Tier 1 Capital (-)	-
Total Deductions from Additional Tier 1 Capital	-
Total Additional Tier 1 Capital	-
Deductions From Tier 1 Capital	8,468
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	8,468
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-
Tier 1 Capital	658,584
TIER 2 CAPITAL	
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Pledged assets of the shareholders to be used for the Bank's capital increases	-
General Provisions	2,331
Tier 2 Capital Before Deductions	2,331
Deductions From Tier 2 Capital	-
Bank's direct or indirect investment in Tier 2 capital (-)	-
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 Common Equity Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other Items Determined by BRSA (-)	-
Total Tier 2 Capital	-
TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS	2,331

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO (Continued)

Information related to the components of shareholders' equity : (Continued)

	Current Period
Shareholder's Equity	660,915
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Immovable Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-
Securitization positions that is deducted -preferably- from the shareholders' equity (Article 20 paragraph 2) (-)	-
Other items to be defined by BRSA (-)	-
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%, but exceeding 10% of Common Equity Tier 1 not deducted from Common Equity Tier 1, Tier 1 or Tier 2 (-)	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%, but exceeding 10% of the bank (-)	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%, but exceeding 10% of bank(-)	-
TOTAL CAPITAL	660,915
Amounts below deduction thresholds	-
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences (net of related tax liability) (-)	-

Information related to the components which subject to temporary implementation in the calculation of equity:

None.

Information related to the debt instruments which will be included in the calculation of equity:

None.

3. Applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:

- Bank determined the capital adequacy policy within the scope of internal capital adequacy evaluation process, fixed the minimum factors to be considered in the capital adequacy determination.
- Internal Capital Adequacy Evaluation Phase which is published in the Official Gazette No:29057 dated 11 July 2014, "Regulations about Internal Systems and Internal Capital Adequacy Evaluation Phase of the banks" present by year-ends, will transmit until march of the report years with approval of board of directors to related legal authority.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. EXPLANATIONS ON THE MARKET RISK

- a) **Whether measures are taken to hedge against market risk under the framework of the Bank’s risk management policies, measures taken for the risk management by the Board of Directors when the Bank is exposed to market risks, methods used to measure market risk and timing of market risk measurement:**

The Bank has determined market risk management operations and taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with “Regulation on the Measurement and Assessment of the Capital Adequacy of Banks” and “Regulation on the Assessment Process of Banks’ Internal Systems and Internal Capital Adequacy”.

Market risk management strategy policy and implementation procedures of the Bank are determined within the context of “Regulation for Market Risk Management” which is approved by the Board of Directors.

In order to manage the market risk, the Bank performs monitoring, limiting, stress testing and scenario analysis activities suitable to its position structure and complexity, and periodically reports the results. Operations are carried out through a trading portfolio defined by the Treasury Management of the Bank. New products and services are evaluated from the point of market risk.

The amount subject to the total market risk in the Bank is calculated by using Standard Method as per monthly periods within the context of legal reporting. This amount is included in the calculation of Bank’s Standard Capital Adequacy Ratio.

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made for the purchase – sell accounts and is reported to the related units. Historical Simulation Method is used in daily reporting and limit allocation. VAR results, calculated with Parametric and Monte Carlo Methods, are used for monitoring. Backward testing is performed in order to measure performance of used model. Besides, Bank performs daily and monthly stress tests and scenario analysis in order to observe the effect of excessive market fluctuations that are not covered by models over the Bank’s financial position.

Bank limits market risk exposure by VAR based limit (profit share and currency risk limit) within the context of “Regulation for Market Risk Management”.

Information :

	Current Peirod
(I) Capital Requirement Calculated for General Market Risk - Standard Method	184
(II) Capital Requirement Calculated for Specific Risk - Standard Method	-
Capital requirement Calculated for Specific Risks of Securitization Positions– Standard Method	-
(III) Capital Requirement Calculated for Currency Risk - Standard Method	-
(IV) Capital Requirement Calculated for Commodity Risk - Standard Method	-
(V) Capital Requirement Calculated for Exchange Risk - Standard Method	-
(VI) Capital Requirement Calculated for Market Risk Resulting From Options - Standard Method	-
(VII) Capital requirement Calculated for the Counterparty Credit Risks - Standard Method	6
(VIII) Capital Requirement Calculated for Market Risk of Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement Calculated for Market Risk (I+II+III+IV+V+VI)	190
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	2,375

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. EXPLANATIONS ON THE CURRENCY RISK

- a) **Whether the Bank is exposed to foreign currency risk or not, whether the effects of this matter are estimated or not , whether limits for the daily followed positions are determined or not by the Board of Directors:**

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

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

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

None.

- c) **Management policy for foreign currency risk:**

“Liquidity Gap Analysis”, “Repricing Gap Analysis” and “Structural Liquidity Gap Analysis” which takes into account historical repricing rates of foreign currency accounts, are prepared periodically in order to define liquidity and profit share risks at US Dollar (“USD”) and EUR, 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.

- d) **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	100JPY
23.06.2015	2.6738	2.9885	2.0658	0.4468	0.3209	2.8552	2.1685	0.3416	4.2043	0.7129	2.1584
24.06.2015	2.6512	2.9653	2.0374	0.4401	0.3216	2.8086	2.1529	0.3339	4.1271	0.7069	2.1327
25.06.2015	2.6477	2.9649	2.0499	0.4442	0.3187	2.8228	2.1455	0.3379	4.1678	0.7060	2.1429
26.06.2015	2.6540	2.9576	2.0279	0.4396	0.3177	2.8246	2.1445	0.3362	4.1772	0.7077	2.1415
29.06.2015	2.6690	2.9805	2.0447	0.4417	0.3249	2.8470	2.1567	0.3344	4.2082	0.7116	2.1773
30.06.2015	2.6526	2.9632	2.0419	0.4393	0.3204	2.8210	2.1280	0.3348	4.1778	0.7073	2.1708

- 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	100JPY
2.6838	3.0078	2.0660	0.4469	0.3233	2.8454	2.1717	0.3387	4.1571	0.7156	2.1667

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	545	633		1,178
Banks	5,830	7,529	92	13,451
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements				
Financial Assets Available-for-Sale		5,657		5,657
Loans		17,022		17,022
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	-	-	-
Investments Held-to-Maturity	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	-	-	-	-
Intangible Assets	-	-	-	-
Total Assets	6,375	30,841	92	37,308
Liabilities				
Current account and funds collected from Banks via participation accounts		-	-	-
Current and profit sharing accounts FC	7,998	6,469	92	14,559
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	-	-	-	-
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities		155		155
Total Liabilities	7,998	6,624	92	14,714
Net balance sheet position	(1,623)	24,217	-	22,594
Net off-balance sheet position	-	(579)	-	(579)
Financial derivative assets	-	22,691	-	22,691
Financial derivative liabilities	-	23,270	-	23,270
Non-cash Loans	-	2,394	-	2,394
Prior Period				
Total Assets	-	-	-	-
Total Liabilities	-	-	-	-
Net Balance Sheet Position	-	-	-	-
Net Off-Balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-cash Loans	-	-	-	-

⁽¹⁾ TL 7 provision of loans to USD, originated from foreign exchange loan.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

IV. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

	Comparison		
	Balance Sheet Value	Fair Value	Market Value
Equity Share Investments			
1. Stock Investment Group A	-	-	-
Stock Exchange Securities	-	-	-
2. Stock Investment Group B	-	-	-
Stock Exchange Securities	-	-	-
3. Stock Investment Group C	-	-	-
Stock Exchange Securities	-	-	-
4. Stock Investment Other Group	-	-	-
Other	4,719	4,719	-

V. EXPLANATIONS ON LIQUIDITY RISK

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

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. The renewal of deposits which constitutes the Bank’s most crucial funding resource is monitored on a daily basis. 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 and monthly both unconsolidated and consolidated 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.

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 Banks fund resources consist of mainly participation funds. The bank is gathering funds in the name of participation accounts that the principal is not guaranteed to paid back to the holder of account and that no yield that was agreed is paid 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 by Liquidity Risk and Liquidity and Financial Emergency Management manages within the framework Regulations.

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 see if it is compatible and there is no dissonance whatsoever.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

V. EXPLANATIONS ON LIQUIDITY RISK (Continued)

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

The average maturity of funds collected compared to the Bank's assets although longer , Marketable securities available for sale and held-to-maturity marketable securities are no longer than six months, a large part of the collection intervals overall monthly coupon payments of which will be comprised of value and loans 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 receivable originates by banks and financial institutions, the obtained is seen as a regular cash inflows from these factors reduce the risk of liquidity. Also monthly installment payments for loans disbursed are used to meet the needs of the Bank's resources.

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 years	Over 5 years	Unallocated ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	5,565	-	-	-	-	-	-	5,565
Banks	12,028	115,748	1,052	-	-	-	-	128,828
Financial Assets at Fair Value Through Profit and Loss	-	-	-	154	-	-	-	154
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	4,718	-	-	-	31,690	-	-	36,408
Loans	-	361,891	101,289	1,292	17,961	286	-	482,719
Investments Held-to-Maturity	-	-	100,754	-	-	-	-	100,754
Other Assets	-	-	-	-	-	-	23,810	23,810
Total Assets	22,311	477,639	203,095	1,446	49,651	286	23,810	778,238
Liabilities								
Current account and funds collected from banks via participation accounts	-	-	-	-	-	-	-	-
Other current and profit sharing accounts	12,705	52,887	3,350	10,947	10	-	-	79,899
Funds provided from other financial institutions	-	-	-	-	-	-	-	-
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	15,746	15,746
Other liabilities	2,562	1,131	-	144	-	-	678,756	682,593
Total Liabilities	15,267	54,018	3,350	11,091	10	-	694,502	778,238
Net liquidity gap	7,044	423,621	199,745	(9,645)	49,641	286	(670,692)	-

(1) 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 tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets. The unallocated other liabilities column consists of equity and provisions balances.

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V. EXPLANATIONS ON LIQUIDITY RISK (Continued)

e) Credit risk mitigation techniques

The Bank makes a credit risk reduction by using simple financial collateral method in accordance with the Article 38 of Communiqué on Credit Risk Reduction Methods.

There are no net-off of balance sheet and off-balance sheet items in credit risk mitigation techniques.

Financial collaterals considering as funded credit safe guards in bank are; treasury bills, government bonds, cash, mortgage on deposit and gold. Financial collaterals considering as unfunded credit safe guards in bank are; guarantees and counter guarantees.

Bank has no position about credit derivatives.

Collaterals in terms of Risk Categories (1)

Exposure Categories – 30 June 2015	Amount	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and noncommercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	-	-
Conditional and unconditional receivables from corporates	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional receivables secured by Mortgages	-	-	-	-
Past due receivables	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks,brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	-	-	-	-
Total	-	-	-	-

(1) Prepared based on KR510 AS Form / 4th line distribution of numbers after conversion rate to credit of every risk classes.

VI. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. EXPLANATIONS ON RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Strategies and Practices on Risk Management

The Bank, manages the profit share and credit risks occurred from the exposed market, liquidity and banking accounts, within the scope of BRSA regulations and by considering the best practices suitable to the volume of operations, qualification and complexity.

b) Structure and Organization of Risk Management

Risk Management Operations are conducted in accordance with the Regulation on Banks’ Assessment Process of Internal Systems and Internal Capital Adequacy, issued in the Official Gazette numbered 29057 and dated 11 July 2014 by Banking Regulation and Supervision Agency.

As of 30 June 2015, Risk Management organization consists of operation and market risk management, credit risk management and statement risks management units.

c) Risk Reporting and Scope and Qualification of the Measurement Systems

In order to put forward the potential risks which may be encountered by the Bank, it is essential to consider the results of risk measurement and monitoring activities in the process of Banks’ strategic decisions. In the buy – sell strategy context, the analyses presented below are preformed regarding the measurement and monitoring of the whole balance sheet and portfolios determined by the Bank.

Liquidity Risk

In order to put forward the liquidity risk of the Bank, measurement, monitoring, limiting, stress tests and scenario analyses suitable to positions structures and complexity are carried out and the results are periodically reported.

As for the liquidity risk measurement and monitoring liquidity gap analysis, liquidity risk analysis according to cash flow, liquidity coverage ratio analysis are executed. Because the bank only became operational on 29 May 2015, the bank has no current residue and participation accounts, plans are made in the future for residue current and participate account analysis to be done. Also for liquidity risk weekly legal reporting is done.

Market Risk

In order to put forward the possible profit share risks resulted from the banking accounts, the bank carries out measurement, monitoring, limiting, stress testing and scenario analyses in accordance with the position structure and complexity of the operations and reports the results periodically.

By the Bank, the amount subject to the market risk is calculated monthly by using Standard Method as per monthly periods within the context of legal reporting. This amount is included in Bank’s Standard Capital Adequacy Ratio.

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made as per daily period for buy - sell accounts and is reported to the related units. Backward testing is performed so as to measure performance of used model. Also, Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Bank’s financial position.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. EXPLANATIONS ON RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Operational Risk

Operational risk represents the possibility of damage from inadequate or failed internal processes, people and systems or from external events and including legal risks. The Operational Risk Management Services in the Bank in order to ensure compliance with Basel II, are carried out with the regulations issued on 28 June 2012 by the BRSA, revised in accordance with the Bank’s “Operational, Reputational and Strategic Risk Management Regulations”.

- Principal amount for operational risk is not calculated for 2014, because of the bank launching in 2015. The amount subject to operational risk is calculated by Basic Indicator Approach within the scope of “Communiqué on Measurement and Assessment of Capital Adequacy of Banks” in order for keeping adequate shareholder’s equity against losses that could arise due to operational risks in the Bank, and is reported to BRSA based on yearly.
- Operational Risk profile in the bank is monitored with several effective methods. Actualized operational risks are followed by “Operational Risk Loss Database” which is compatible with accounting system. Advanced Measurement Approach is performed within the scope of calculation of economic capital and development of approach is performed.
- So as to be determined the operational risk levels of branches, studies of “Operational Risk Map” are carried out for use in Internal Control Audit Program.
- An integrated risk mainframe is instituted within the scope of risk management arising from information technologies. In this context, a database regarding Information Technologies risks is constituted and actualised risks and actions taken are monitored via the database.
- By being revised of Bank Business Continuity Plan, possible risks that may occur in activities due to corruption and its potential effects evaluated are documented as “Business Impact Analysis”.
- Risk arising from purchase of services provided from support service organizations for continuity has been evaluated with the “Regulation on Procurement of Support Services of Banks” published by the BRSA. In this context, Risk Management Program was revised and Risk Analysis Reports regarding support services are being prepared.

Credit Risk

As of 1 July 2012, BASEL II legal reporting process based on Standard Method is started in calculation of Credit Risk legal capital need. In base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

Based on general and sub accounts, credit portfolios’ improvement tracking portfolio’s improvement and loans under close monitoring are analysed periodically. Also, it is made vintage analysis for real estate and consumer loans so as to credit monitoring and comparing past performances.

Other Risks

Other risks that will be exposure of the bank are residual risk, strategic risk, reputation risk, counterparty credit risk, sovereign risk, consistency risk and concentration risk. These risks are considered to within capital need intrinsic value process which will be excluded in regulatory capital adequacy ratio. The bank will be monitoring works to related risks.

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VII. EXPLANATIONS ON RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Procedures on Risk Management and Risk Mitigation Policies with Regular Control of Their Effectiveness

In order to prevent the negations, the Bank limits the risk limits with the related risk profile and risk toleration.

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 complexness 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, in order to obtain long term liabilities and limit the profit share risks occurred from liquidity and banking accounts.

VIII. EXPLANATIONS ON OPERATING SEGMENTS

Organizational and internal reporting structure of the Bank is determined in line with TFRS 8 “Turkish Accounting Standard about Operating Segments”.

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

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VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting:

	Retail Banking	Corporate/ Entrepreneu rial Banking	Treasury/ Investment Banking	Other/Undist ributed	Total
Current Period					
OPERATING INCOME/EXPENSE					
Profit Shares Income	13	3,624	20,144	-	23,781
Profit Shares from Loans	13	3,624	-	-	3,637
Profit Shares from Banks	-	-	6,028	-	6,028
Profit Shares from Securities	-	-	14,116	-	14,116
Other Profit Shares	-	-	-	-	-
Profit Shares Expense	142	-	-	-	142
Profit Shares Expense on Participation Funds	142	-	-	-	142
Profit Shares Expense on Funds Borrowed	-	-	-	-	-
Profit Shares Expense on Money Market Transactions	-	-	-	-	-
Profit Shares Expense on Securities Issued	-	-	-	-	-
Other Profit Shares Expense	-	-	-	-	-
Net Profit Shares Income/Expense	(129)	3,624	20,144	-	23,639
Net Fees and Commission Income/Expense	2	2	(207)	(2)	(205)
Fees and Commissions Received	2	2	-	-	4
Fees and Commissions Paid	-	-	207	2	209
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	38	-	38
Other Operating Income	-	-	-	-	-
Provision for Loans or Other Receivables Losses	7	2,324	-	-	2,331
Other Operating Expense	-	-	-	19,203	19,203
Income Before Tax	(134)	1,302	19,975	(19,205)	1,938
Tax Provision	-	-	-	820	820
Net Profit/Loss	-	-	-	1,118	1,118
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	154	-	154
Banks and Other Financial Institutions	-	-	128,828	-	128,828
Financial Assets Available for Sale (Net)	-	-	36,408	-	36,408
Loans	1,429	481,290	-	-	482,719
Held to Maturity Investments (Net)	-	-	100,754	-	100,754
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets	-	-	-	29,375	29,375
Total Segment Assets	1,429	481,290	266,144	29,375	778,238
SEGMENT LIABILITIES					
Funds Collected	27,943	51,956	-	-	79,899
Derivative Financial Liabilities Held for Trading	-	-	144	-	144
Funds Borrowed	-	-	-	-	-
Money Market Funds	-	-	-	-	-
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	2,331	2,331
Other Liabilities	-	-	-	19,498	19,498
Shareholders' Equity	-	-	-	676,366	676,366
Total Segment Liabilities	27,943	51,956	144	698,195	778,238
OTHER SEGMENT ITEMS					
Capital Investment	-	-	-	-	-
Amortization Expense	-	-	-	1,356	1,356
Restructuring Costs	-	-	-	-	-

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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	
	TL	FC
Cash in TL/Foreign Currency	803	281
Central Bank of the Republic of Turkey	3,584	897
Other	-	-
Total	4,387	1,178

1.a.1) Information on required reserves:

Banks that are established in Turkey, in accordance with the Communiqué on Required Reserves of Central Bank of the Republic of Turkey’s numbered 2005/1 ,the required reserve ratios for TL liabilities 5%-11,5% depending on maturity and for FC liabilities such as USD, EUR or standard gold currency 6%-20% depending on the maturity.

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

	Current Period	
	TL	FC
Unrestricted Demand Deposit	3,584	-
Unrestricted Time Deposit	-	-
Restricted Time Deposit	-	-
Required Reserves (1)	-	897
Total	3,584	897

⁽¹⁾ TL 897 in FC required reserves is the part of TL required reserves kept as FC.

2. a) Information on financial assets at fair value through profit and loss given or blocked as collateral or subject to repurchase agreements:

As of 30 June 2015, there are no information on financial assets at fair value through profit and loss given or blocked as collateral or subject to repurchase agreements.

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(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

b) Positive differences related to the derivative financial assets held-for-trading:

Derivative Financial Assets Held-for-Trading	Current Period	
	TL	FC
Forward Transactions	154	-
Swap Transactions	-	-
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	154	-

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

	Current Period	
	TP	YP
Banks		
Domestic Banks	115,377	13,451
Foreign Banks	-	-
Foreign Head Office and Branches	-	-
Total	115,377	13,451

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

As of 30 June 2015, there are no explanation regarding the comparison of net values of financial assets available-for-sale given or blocked as collateral and subject to repurchase agreements.

b) Information on financial assets available for sale:

	Current Period
Debt Securities	31,699
Quoted in Stock Exchange	26,032
Not Quoted in Stock Exchange	5,667
Share Certificates	4,719
Quoted in Stock Exchange	-
Not Quoted in Stock Exchange	4,719
Provision for Impairment (-)	10
Total	36,408

As of 30 June 2015, Financial Assets for sale portfolio includes rent certificates TL 30,307 nominal value and TL 31,689 book value.

5. Information related to loans:

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

As of 30 June 2015, there are no loans and advances given to shareholders and employees.

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans and other receivables with revised contract terms	Other		Loans and other receivables with revised contract terms	Other
Cash Loans						
Loans	479,943	-	-	-	-	-
Exports Loan	-	-	-	-	-	-
Imports Loans	17,007	-	-	-	-	-
Enterprise Loans	2,507	-	-	-	-	-
Consumer Loans	1,429	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Loans Given to Financial Sector	459,000	-	-	-	-	-
Other ⁽²⁾	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Profit Share Income	-	-	-	-	-	-
Accruals and Rediscount	2,776	-	-	-	-	-
Total	482,719	-	-	-	-	-

As of 30 June 2015, there are no loans and other receivables with revised contract terms.

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(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

c) Information on consumer loans, individual credit cards and personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	-	1,429	1,429
Real Estate Loans	-	1,213	1,213
Vehicle Loans	-	86	86
Consumer Loans	-	130	130
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	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
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 ⁽¹⁾		1,429	1,429

(1) Amount of dividend rediscount TL 4 not included in the table.

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

As of 30 June 2015, there are no commercial installment loans and corporate credit cards.

e) Breakdown of domestic and foreign loans:

	Current Period
Domestic Loans	479,943
Foreign Loans	-
Profir Share Income Accruals and Rediscount	2,776
Total	482,719

f) Loans granted to subsidiaries and associates:

As of 30 June 2015, there are no subsidiaries and associates.

g) Specific provisions provided against loans:

As of 30 June 2015, there are no specific provisions provided against loans.

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

As of 30 June 2015, there are no non-performing receivables.

6) Information on held-to-maturity investments:

a) Information on comparative net values of held-to-maturity investments subject to repo transactions and given as a collateral/blocked:

As of 30 June 2015, there are no comparative net values of held-to-maturity investments subject to repo transactions and given as a collateral/blocked.

b) Information on held-to-maturity government bonds and treasury bills:

	Current Period
Government Bonds	-
Treasury Bills	-
Other Public Sector Debt Securities	100,754
Total	100,754

c) Information on held-to-maturity investments:

	Current Period
Debt securities	
Quoted in a Stock Exchange	-
Not Quoted in a Stock Exchange	100,754
Provision for Impairment (-)	-
Total	100,754

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(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

d) Movements of held-to-maturity investments:

	Current Period
Beginning Balance	
Foreign Currency Differences on Monetary Assets	-
Purchases During the Year	100,754
Disposals through Sales and Redemptions	-
Provision for Impairment (-)	-
Period End Balance	100,754

7. Information on subsidiaries (Net):

As of 30 June 2015, there are no subsidiary of the bank.

8. Information on joint ventures (net):

As of 30 June 2015, there are no joint venture of the bank.

9. Information on entities under common control (joint ventures) :

As of 30 June 2015, there are no entities under common control of the bank.

10. Information on finance lease receivables:

As of 30 June 2015, the bank has no finance lease receivables.

11. Information on derivative financial assets for hedging purposes:

As of 30 June 2015, the bank has no derivative financial assets for hedging purposes.

12. Information on investment property:

As of 30 June 2015, the bank has no investment property.

13. Information on assets held for sale and tangibles corresponding discontinuing operations:

As of 30 June 2015, the bank has no assets held for sale and tangibles corresponding discontinuing operations.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Operational Leasing Development Costs (1)	Other Tangibles	Total
Prior Period End:						
Cost	-	-	-	-	-	-
Accumulated Depreciation (-)	-	-	-	-	-	-
Net Book Value	-	-	-	-	-	-
Current Period End:						
Net Book Value at the Beginning of the Period	-	-	-	-	-	-
Change During the Period (Net)	-	-	-	3,875	1,647	5,522
Amortisman Bedeli (Net) (-)	-	-	-	206	126	332
Depreciation (Net) (-)	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-
Cost at Period End	-	-	-	3,875	1,647	5,522
Accumulated Depreciation at Period End (-)	-	-	-	206	126	332
Closing Net Book Value	-	-	-	3,669	1,521	5,190

15. Information on deferred tax asset:

Explained on explanations and notes related to liabilities numbered 8.b.

16. Information on other assets:

As of 30 June 2015, other assets of banks not to exceed total balance sheet of 10%, exclude off-balance sheet liabilities.

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. a) Information on funds collected:

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	3,132	-	-	-	-	-	-	-	3,132
II Real persons profit sharing accounts TL	-	2,284	7,704	193	-	42	27	-	10,250
III Other current accounts-TL	673	-	-	-	-	-	-	-	673
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	444	-	-	-	-	-	-	-	444
Other institutions	227	-	-	-	-	-	-	-	227
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	-	30,224	11,059	10,002	-	-	-	-	51,285
Public sector	-	30,059	-	-	-	-	-	-	30,059
Commercial sector	-	100	10,058	10,002	-	-	-	-	20,160
Other institutions	-	65	1,001	-	-	-	-	-	1,066
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	695	-	-	-	-	-	-	-	695
VI. Real persons profit sharing accounts-FC	-	1,338	3,381	267	-	27	646	-	5,659
VII. Other current accounts-FC	8,205	-	-	-	-	-	-	-	8,205
Commercial residents in Turkey	8,205	-	-	-	-	-	-	-	8,205
Commercial residents in Abroad	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	-	-	-	-	-	-	-	-
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	-	-	-	-	-	-	-	-	-
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)	12,705	33,846	22,144	10,462	-	69	673	-	79,899

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

2) Exceeding Amounts of Insurance Limit:

a) 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
	Current Period	Current Period
Real persons current and profit sharing accounts that are not subject to commercial activities	10,429	9,301
TL accounts	7,262	6,132
FC accounts	3,167	3,169
Foreign branches’ deposits under foreign authorities’ insurance	-	-
Off-shore banking regions’ under foreign authorities’ insurance	-	-

Amounts which are not within the scope of insurance:

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

	Current 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	113
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 derivative financial liabilities held for trading:

a) Negative differences table regarding to derivative financial liabilities held for trading:

	Current Period	
	TL	FC
Forward transactions	144	-
Swap transactions	-	-
Futures transactions	-	-
Options	-	-
Other	-	-
Total	144	-

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

None.

b) Information on maturity structure of borrowings:

None.

**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:**

78% of Liabilities consist of current and share profit.

**4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts
constituting at least 20% of these liabilities::**

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

5. Information on Financial Lease Obligations:

None.

6. Information on hedging derivative financial liabilities:

The bank has no hedging derivative financial liabilities.

7. Information on provisions:

a) Information on general provisions:

	Current Period
General Provisions	2,331
I.For Loans and Receivables in Group I (Total)	2,331
Profit Sharing Accounts’ Share	186
The Bank’s Share	2,145
Other	-
I.Additional Provision for Loans and Receivables with Extended Maturities	-
Profit Sharing Accounts’ Share	-
The Bank’s Share	-
Other	-
II.Loans and Receivables in Group II (Total)	-
Profit Sharing Accounts’ Share	-
The Bank’s Share	-
Other	-
II.Additional Provision for Loans and Receivables with Extended Maturities	-
Profit Sharing Accounts’ Share	-
The Bank’s Share	-
Other	-
Provisions for Non Cash Loans	-
Other	-

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

None.

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

None.

d) Information on other provisions:

1) Information on free provisions for possible risks:

None.

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

As of 30 June 2015, the bank has no other provision.

e) Information on provisions for employee benefits:

1) Employment termination benefits and unused vacation rights

In accordance with the Bank's financial tables TAS 19, payment for services rendered during an accounting period the provision for other employee benefits are provided to employees through undiscounted amount.

Public oversight, accounting and auditing standards agency, published in the official gazette on 12 March 2013 and numbered 28585 "Related to Employee Benefits of Turkish Accounting Standards ("TAS 19"), communique (sequence no.9)" changes in actuarial assumptions or due to differences between actual and actuarial assumptions in accounting for actuarial gains and losses, Accounting periods beginning on January 1 2013 or after amendment has been applied. The standards under "Transition and effective date" headline, Statement of Recognized Income and Expense application of actuarial gains and losses arising in the Bank thus allowing the start of association reporting period retrospectively Equity and correlating with Equity under "Other Capital Reserves" are accounted. Due to the bank beginning operations in 2015, from the reporting date there is no severance and vacation pay occurrence.

8. Explanations on tax liability:

a) Explanations on current tax liability:

1) Information on tax provisions:

As of 30 June 2015, the bank has no current tax liability after deducting temporary taxes paid during the period from the provision for corporate income tax.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

2) Information on taxes payable:

	Current Period
Corporate Tax Payable	-
Taxation on Income From Securities	-
Property Tax	49
Banking Insurance Transactions Tax (BITT)	676
Foreign Exchange Transactions Tax	-
Value Added Tax Payable	-
Other	186
Total	911

3) Information on premiums:

	Current Period
Social Security Premiums - Employee	82
Social Security Premiums - Employer	120
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	6
Unemployment Insurance - Employer	12
Other	-
Total	220

b) Information on deferred tax liabilities, if any:

The Bank’s deferred tax liability amounts to TL 66 and this amount is net off against the deferred tax asset and accordingly deferred tax asset amounting to TL 59 is presented in the financial statements.

9. 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.

10. Explanations on subordinated debts:

The Bank does not have any subordinated debts.

11. Information on shareholders’ equity:

a) Presentation on paid-in capital:

	Current Period
Common stock	675,000
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:

The Bank does not have a registered capital system.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

The bank was established with full capital amount of TL 675,000 after completed trade registry operations on 16 February 2015, the bank has not any capital increases until today.

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:

As of last fiscal year and continue until the end of the following interim period, the bank has no capital commitments.

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:

Due to the bank established during the period,has no any uncertainty related to profitability and liquidity for the previous period.

g) Information on preferred shares:

As of 30 June 2015, the bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period	
	TL	FC
From Subsidiaries, Associates and Entities under Common Control	-	-
Revaluation Difference	-	-
Foreign Exchange Difference	-	-
From Available for Sale Marketable Securities	263	(15)
Revaluation Difference	329	(19)
Deferred Tax Effect	(66)	4
Foreign Exchange Difference	-	-
Total	263	(15)

i) Information on minority shareholder:

None.

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**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
Commitments for Credit Card Expenditure Limits	-
Other Irrevocable Commitments	-
Payment Commitments for Cheques	12
Loan Granting Commitments	-
Asset Purchase Commitments	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	-
Total	12

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

Bank has no possible losses arising from the off-balance sheet items.

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

	Current Period
Guarantee Letters	-
Letter of Credits	2,394
Bank Acceptances	-
Total	2,394

1) Certain guarantees, temporary guarantees, surety ships and similar transactions:

None.

c) Total non-cash loans:

	Current Period
Non-Cash Loans for Providing Cash Loans	-
With Original Maturity of One Year or Less	-
With Original Maturity of More than One Year	-
Other Non-Cash Loans	2,394
Total	2,394

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

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

1. a) Information on profit share received from loans:

	Current Period	
	TL	FC
Profit share on loans ⁽¹⁾	3,621	16
Short term loans	3,617	8
Medium and long term loans	4	8
Profit share on non-performing loans	-	-
Premiums received from resource utilization support fund	-	-

⁽¹⁾ Includes fees and commissions income on cash loans

b) Information on profit share received from banks:

	Current Period	
	TL	FC
The Central Bank of the Republic of Turkey	-	-
Domestic Banks	6,026	2
Foreign Banks	-	-
Branches and head office abroad	-	-
Total	6,026	2

1. c) Information on profit share income from securities portfolio:

	Current Period	
	TL	FC
Financial Assets Held for Trading	-	-
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available-for-Sale	704	9
Investments Held-to-Maturity	13,403	-
Total	14,107	9

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

None.

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

None.

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

None.

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

None.

3. Information on trading income/loss (Net):

	Current Period	
Income		621
Foreign exchange gains		467
Gain on derivative financial instruments		154
Gain on capital market transactions		-
Losses (-)		583
Foreign exchange losses		439
Losses on derivative financial instruments		144
Losses on capital market transactions		-

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

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

4. Information on other operating income:

None.

5. a) Provision expenses for impairment on loans and other receivables:

	Current Period
Specific Provisions for Loans and Other Receivables	-
III. group loans and receivables	-
IV. group loans and receivables	-
V. group loans and receivables	-
General provision expenses	2,331
Provision expenses for possible losses	-
Impairment provision of marketable securities	-
Financial Assets at fair value through profit and loss	-
Investment securities available for sale	-
Impairment provision of associates, subsidiaries, joint ventures and held to maturity investments	-
Associates	-
Subsidiaries	-
Joint ventures	-
Held to maturity investments	-
Other	-
Total	2,331

6. a) Information on other operating expenses:

	Current Period
Personnel expenses	7,988
Reserve for Employee Termination Benefits	-
Bank Social Aid Provision Fund Deficit Provision	-
Tangible Fixed Assets Impairment Expense	-
Depreciation Expenses of Tangible Fixed Assets	332
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	1,024
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	8,061
Operational Leasing Expenses	455
Maintenance Expenses	60
Advertisement Expenses	6,944
Other Expenses	602
Loss on Sales of Assets	-
Other	1,798
Total	19,203

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

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

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

As of 30 June 2015, 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	23,639
Other Operating Expenses (-)	19,202
Provision for Loan or Other Receivables Losses (-)	2,332
Other Operating Income	-
Net Fees and Commissions Income	(205)
Dividend Income	-
Trading Income/Expense (Net)	38
Income/(Loss) from Continuing Operations	1,938

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

As of 30 June 2015, the Bank’s total tax provision expense amounting to TL 820 consists of TL 823 of current tax expense and (3) TL of deferred tax expense.

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

The Bank’s net operating income after tax amounts to TL 1,118.

10. 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.

11. If other items in the income statement exceed 10% of the income statement total, sub-accounts constituting at least 20% of these items are shown below:

None.

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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V. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE BANK

- 1) **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:**

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	-	-	-	-	-	-
Balance at end of period	-	-	31,066	-	-	-
Profit share and commission income	-	-	66	-	-	-

- 2) **Information on forward transactions, option agreements and similar transactions between 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	-	-	-	-	-	-
Balance at the end of period	-	-	4,581	-	-	-
Profit share expense	-	-	-	-	-	-

- 3) **Information on remunerations provided to top management:**

The Bank has paid TL 951 to top management.

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

None.

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON REVIEW REPORT

I. EXPLANATIONS ON THE LIMITED REVIEW REPORT

As of 30 June 2015, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Review Report dated 5 August 2015 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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