

ZİRAAT KATILIM BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE PERIOD 16 FEBRUARY- 30 SEPTEMBER 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 September 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 September 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 September 2015 and of the results of its operations and its cash flows for the period of 16 February 2015 - 30 September 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

A handwritten signature in blue ink, appearing to read "Haluk Yalçın", is written over the text of the partner's name.

Haluk Yalçın, SMMM
Partner

İstanbul, 4 November 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 SEPTEMBER 2015**

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi
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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 CUTUR
Member of the Board,
Member of the Audit
Committee

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

Dr. RACI KAYA
Treasury and International
Banking
Executive Vice President

Osman CETİNER
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
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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 SEPTEMBER 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 numbered as 6046 at 10 November 2014 which was published in the Official Gazette numbered as 29146 at 15 November 2014 with a capital of TL 675,000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 14 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. 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 additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

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

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 September 2015, Bank’s 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.

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**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY - 30 SEPTEMBER 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	
Hakan AYDOĞAN	Marketing
Mustafa AKIN	Loan Allocation and Management
Raci KAYA	Treasury and International Banking

(*) With the Decision of the Board of the Directors numbered as 12/8 at 30 September 2015, “Financial Coordination and HR Department” was withdrew and financial coordination task was transferred to Raci Kaya.

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 September 2015, the sole shareholder of the Bank is the Undersecretariat of 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 SEPTEMBER 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 legislation codes. The Bank performs every operation of participation banking such as gathering funds by private current accounts and participation accounts, giving every kind of cash and non-cash credits, making cash and non-cash payments and doing fund transfer operations, making every kind of payment and collection operations included correspondent banking and using cheque accounts, performing 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 principles 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 but participation rate to loss can not be less than 50% of participation rate to profit.

As of 30 September 2015, Bank operates with its 14 branches and 259 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 SEPTEMBER 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 (30/09/2015)		
		TL	FC	Total
ASSETS				
I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	29,700	71,538	101,238
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	297	-	297
2.1 Financial Assets Held for Trading		297	-	297
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		297	-	297
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)	20,834	15,062	35,896
IV. MONEY MARKET PLACEMENTS		-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	119,034	6,400	125,435
5.1 Securities Representing a Share in Capital		4,719	-	4,719
5.2 Public Sector Debt Securities		-	-	-
5.3 Other Marketable Securities		114,315	6,400	120,716
VI. LOANS AND RECEIVABLES	(5)	976,126	142,068	1,118,194
6.1 Loans and receivables		976,126	142,068	1,118,194
6.1.1 Loans to Risk Group of the Bank		175,618	15,140	190,761
6.1.2 Public sector debt securities		-	-	-
6.1.3 Other		800,508	126,928	927,433
6.2 Non-performing loans		-	-	-
6.3 Specific provisions (-)		-	-	-
VII. INVESTMENTS HELD TO MATURITY (Net)	(6)	-	-	-
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)	16,898	-	16,898
XIV. INTANGIBLE ASSETS (Net)		18,482	-	18,482
14.1 Goodwill		-	-	-
14.2 Other		18,482	-	18,482
XV. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-
XVI. TAX ASSET		-	-	-
16.1 Current Tax Asset		-	-	-
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		6,069	828	6,897
TOTAL ASSETS		1,187,440	235,897	1,423,337

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 SEPTEMBER 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 (30/09/2015)		
		TL	FC	Total
		LIABILITIES AND EQUITY		
I. FUND COLLECTED	(1)	453,014	248,151	701,165
1.1 Fund Collected Held By the Risk Group of the Bank		783	1,697	2,480
1.2 Other		452,231	246,454	698,685
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	-	-
III. FUNDS BORROWED	(3)	-	-	-
IV. MONEY MARKET BALANCES		14,495	-	14,495
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-
VI. MISCELLANEOUS PAYABLES		18,093	332	18,425
VII. OTHER LIABILITIES	(4)	1,990	1,212	3,202
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)	4,110	1,884	5,994
10.1 General Provisions		3,901	1,867	5,768
10.2 Restructuring Provisions		-	-	-
10.3 Employee Benefits Provisions		-	-	-
10.4 Insurance Technical Reserves (Net)		-	-	-
10.5 Other Provisions		209	17	226
XI. TAX LIABILITY	(8)	2,716	-	2,716
11.1 Current Tax Liability		2,094	-	2,094
11.2 Deferred Tax Liability		622	-	622
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)	677,383	(43)	677,340
14.1 Paid-in Capital		675,000	-	675,000
14.2 Capital Reserves		2,138	(43)	2,095
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Marketable Securities Valuation Differences		2,138	(43)	2,095
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		245	-	245
14.4.1 Prior Years Profit/Loss		-	-	-
14.4.2 Net Period Profit/Loss		245	-	245
TOTAL LIABILITIES AND EQUITY		1,171,801	251,536	1,423,337

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 SEPTEMBER 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 (30/09/2015)		
		TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		45,172	215,320	260,492
I. GUARANTEES AND WARRANTIES	(1)	6,810	174,252	181,062
1.1 Letters of Guarantee		6,810	154,642	161,452
1.1.1 Guarantees Subject to State Tender Law			84,893	84,893
1.1.2 Guarantees Given for Foreign Trade Operations		6,810	-	6,810
1.1.3 Other Letters of Guarantee			69,749	69,749
1.2 Bank Acceptances			-	-
1.2.1 Import Letter of Acceptance			-	-
1.2.2 Other Bank Acceptances			-	-
1.3 Letters of Credit			19,610	19,610
1.3.1 Documentary Letters of Credit			19,610	19,610
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)	303	3,393	3,696
2.1 Irrevocable Commitments		303	3,393	3,696
2.1.1 Forward asset purchase commitments			3,393	3,393
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		294	-	294
2.1.7 Tax and Fund Liabilities from Export Commitments		9	-	9
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		38,059	37,675	75,734
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		38,059	37,675	75,734
3.2.1 Forward Foreign Currency Buy/Sell Transactions		38,059	37,675	75,734
3.2.1.1 Forward Foreign Currency Transactions-Buy		38,059	-	38,059
3.2.1.2 Forward Foreign Currency Transactions-Sell			37,675	37,675
3.2.2 Other Forward Buy/Sell Transaction			-	-
3.3 Other			-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		187,088	22,149	209,237
IV. ITEMS HELD IN CUSTODY		12,603	9,932	22,535
4.1 Customer Fund and Portfolio Balances			-	-
4.2 Investment Securities Held in Custody			-	-
4.3 Checks Received for Collection		12,162	-	12,162
4.4 Commercial Notes Received for Collection		441	30	471
4.5 Other Assets Received for Collection			-	-
4.6 Assets Received for Public Offering			-	-
4.7 Other Items Under Custody			9,532	9,532
4.8 Custodians			370	370
V. PLEDGES RECEIVED		174,485	12,217	186,702
5.1 Marketable Securities			-	-
5.2 Guarantee Notes		15,969	237	16,206
5.3 Commodity		12,210	-	12,210
5.4 Warranty			-	-
5.5 Properties		143,684	-	143,684
5.6 Other Pledged Items		2,622	11,980	14,602
5.7 Pledged Items-Depository			-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES				
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		232,260	237,469	469,729

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 SEPTEMBER 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 16/02-30/09/2015
I. PROFIT SHARE INCOME	(1)	47,426
1.1 Profit share on loans		22,464
1.2 Profit share on reserve deposits		1
1.3 Profit share on banks		7,462
1.4 Profit share on money market placements		-
1.5 Profit share on marketable securities portfolio		17,499
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		2,230
1.5.4 Investments held-to-maturity		15,269
1.6 Finance lease income		-
1.7 Other profit share income		-
II. PROFIT SHARE EXPENSE	(2)	4,877
2.1 Expense on profit sharing accounts		4,791
2.2 Profit share expense on funds borrowed		1
2.3 Profit share expense on money market borrowings		85
2.4 Expense on securities issued		-
2.5 Other profit share expense		-
III. NET PROFIT SHARE INCOME (I - II)		42,549
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		(519)
4.1 Fees and commissions received		132
4.1.1 Non-cash loans		79
4.1.2 Other		53
4.2 Fees and commissions paid		651
4.2.1 Non-cash loans		1
4.2.2 Other		650
V. DIVIDEND INCOME		-
VI. NET TRADING INCOME	(3)	1,477
6.1 Capital market transaction gains / (losses)		-
6.2 Gains/ (losses) from derivative financial instruments		(1,373)
6.3 Foreign exchange gains / (losses)		2,850
VII. OTHER OPERATING INCOME	(4)	19
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		43,526
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	5,935
X. OTHER OPERATING EXPENSES (-)	(6)	35,155
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		2,436
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIII. GAIN / (LOSS) ON EQUITY METHOD		-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-
XV. PROFIT/(LOSS) BEFORE TAXES FROM CONTINUED OPERATIONS (XI+...+XIV)	(7)	2,436
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (-)	(8)	(2,191)
16.1 Current Tax Provision		(2,092)
16.2 Deferred Tax Provision		(99)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(9)	245
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)	245
Earnings per share income/loss (full TL)		0,00036

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 SEPTEMBER 2015**

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY		
Statement of income and expenses accounted under equity		Current Period 16/02 - 30/09/2015
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FOR AVAILABLE SALE FINANCIAL ASSETS	2,619
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	(524)
X.	TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)	2,095
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)	2,095

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 SEPTEMBER 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 September 2015		Note (Section	Paid-in	Effect of	Share	Share	Legal	Statutory	Extraordi	Other	Current	Prior period	Marketable	Tangible and	Bonus	Hedging	Asset held	Total	
		Five)	capital	inflation	premium	certificates	reserves	reserves	reserve	reserve	period	net income	securities	intangible	shares from	reserves i	for sale and	equity	
				accounting		profits i					(loss)	(loss)	revaluation	assets	investments	valuation	fund.		
				on paid-in									reserve	revaluation		fund.	fund.		
				capital										fund					
I.	Balances at beginning of the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Changes During the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	2,095	-	-	-	-	-	2,095
IV.	Hedging Funds (Active Part)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes Resulted from Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Resulted from Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Increase in Capital		675,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675,000
12.1	Cash		675,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675,000
12.2	From Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Net Profit or Losses		-	-	-	-	-	-	-	-	245	-	-	-	-	-	-	-	245
XVIII.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1	Dividend Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Legal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period		675,000	-	-	-	-	-	-	-	245	-	2,095	-	-	-	-	-	677,340
	(I+II+III+.....+XVIII+XIX+XX)		675,000	-	-	-	-	-	-	-	245	-	2,095	-	-	-	-	-	677,340

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 SEPTEMBER 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 - 30/09/2015
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities		3,015
1.1.1	Profit share income received		41,155
1.1.2	Profit share expense paid		(3,413)
1.1.3	Dividend received		-
1.1.4	Fees and commissions received		132
1.1.5	Other income		1,199
1.1.6	Collections from previously written off loans		-
1.1.7	Payments to personnel and service suppliers		(16,399)
1.1.8	Taxes paid		(1,723)
1.1.9	Others		(17,936)
1.2	Changes in operating assets and liabilities		214,471
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		(70,175)
1.2.4	Net (increase) decrease in loans		(1,113,762)
1.2.5	Net (increase) decrease in other assets		(17,219)
1.2.6	Net increase (decrease) in bank deposits		-
1.2.7	Net increase (decrease) in other deposits		699,701
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		715,926
I.	Net cash provided from banking operations		217,486
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities		(160,386)
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		(17,678)
2.4	Fixed assets sales		-
2.5	Cash paid for purchase of financial assets available for sale		(122,840)
2.6	Cash obtained from sale of financial assets available for sale		-
2.7	Cash paid for purchase of investment securities		-
2.8	Cash obtained from sale of investment securities		-
2.9	Other		(19,868)
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	Marketable Securities Issued		-
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		10,080
V.	Net increase (decrease) in cash and cash equivalents (I + II + III + IV)		67,180
VI.	Cash and cash equivalents at the beginning of the period		-
VII.	Cash and cash equivalents at the end of the period		67,180

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 SEPTEMBER 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

The Bank’s main field of operations are; to provide all kinds of domestic and foreign currency cash, non-cash loans, make transactions in domestic and foreign capital markets, collect current and participation accounts. As of reporting date, an important part of Bank resources consists of shareholders equity. Bank evaluates it’s resources with commodity transactions, lease certificates and credits in high-yield and short-term. Bank’s liquidity position considered as defraying all the maturing liabilities.

**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 SEPTEMBER 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)

Since the Bank is newly established, liquidity ratio and capital adequacy ratio are strong.

Gains and losses arising from foreign currency transactions have been recorded at transaction date. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates announced by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

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.

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

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 September 2015, Bank has no communions, subsidiaries and associations that are controlled together.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

The Bank’s derivative transactions mostly include currency and precious metal swaps and foreign currency forward contracts in line with TAS 39 “Financial Instruments: Recognition and Measurement”. 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.

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

**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 SEPTEMBER 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 are reversed and profit share income related to these loans is recognized as profit only when collected.

The Bank calculates expense accrual in accordance with the unit value calculation method on sharing accounts and reflects these amounts in “Funds Collected” account on the balance sheet.

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial 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 at fair value through profit or loss have two sub categories: “trading financial assets” and “financial assets through at fair value through profit/loss at initial recognition”.

Trading financial assets either acquired for generating profit from short-term fluctuations in the price or dealer’s margin, are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Financial assets held for trading are initially recognized at transaction prices which are assumed to reflect the fair value and subsequently measured at fair value. Gain or loss resulted from valuation of these financial assets are transferred to profit or loss accounts.

The Bank has no financial assets at fair value through profit or loss other than trading financial assets.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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ACCOUNTING PRINCIPLES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. Financial assets available for sale:

Available-for-sale financial assets refer to 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:

Bank loans and receivables represent financial other than those held for trading or held for sale in a short period are not derivative financial instruments.

Loans and receivables are initially recognized at cost, and subsequently recognized at the amortized cost calculated using the internal rate of return method. Individual and corporate loans tracked in cash loans are recognized at their original amounts according to Uniform Chart of Accounts and accounts determined in its prospects in line with their content.

Foreign currency indexed retail and commercial loans are converted to Turkish Lira at the rate on the lending date and they are followed under Turkish Lira (“TL”) accounts. Repayment amounts are calculated at the exchange rate on the repayment date and the foreign exchange differences are reflected in the profit/loss accounts.

d. Held to maturity financial assets:

Investments held to maturity are composed of financial assets that holding with keeping intention until maturity with the fulfilled relevant conditions and have fixed or determinable payments and fixed maturity other than loans and receivables.

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.

There is no “held to maturity investment” in the Bank’s financial assets portfolio.

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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.

The provisions released in the same year are accounted by crediting the provision expenses account and the released parts of the previous years’ provisions are recorded to the “collections from prior years expense” account.

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, the Bank has no securities that are subject to borrow. Funds obtained under repurchase agreements are accounted under funds provided under repurchase agreements in liability accounts. The expense accruals are calculated by means of internal rate of return method over the difference resulting from repurchase and sale prices for the relevant period.

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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. Fixed assets resulted from the Bank’s receivables reflected in the held for sale account if they have concrete selling plan.

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

A discontinued operation is a part of a bank’s business classified as sold or held-for-sale. The results of the discontinued operations are disclosed separately in the income statement.

As of 30 September 2015, the bank has no held for sale and discontinued 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 life. Useful life of other intangible assets are determined by the consideration of items as; useful life of asset, maintenance costs incurred to obtain expected economic benefit from assets and technical, technological or any other type of obsolescence.

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

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ACCOUNTING PRINCIPLES (Continued)

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement.

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

Applied depreciation rates are as follows;

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 that are held for sale.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Transactions as a Lessee

Assets acquired under finance lease contracts are recorded both as an asset and a liability at the beginning date of the lease. The basis for the determination of these amounts is the lower of fair value of the leased asset or the present value of the lease payments. The direct costs incurred during a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period.

Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets and if a diminution in recoverable value of the leased asset is identified, a provision for impairment is recognized. As of 30 September 2015, there is no financial leasing transaction.

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

Bank as a Lessor

The Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Bank presents finance leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

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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 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 September 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 47,41% 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 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".

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 September 2015	233,917	-	633,648	32,190	21,467	212	465,221	415	826	-	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	228,174	-	-	-	6,405	-	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	29,916	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	558,556	-	15,062	-	-	-	-	-	-
Conditional and unconditional corporate receivables	439	-	75,092	-	-	-	388,308	-	-	-	-
Conditional and unconditional retail receivables	825	-	-	-	-	212	-	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	32,190	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	415	826	-	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	4,479	-	-	-	-	-	46,997	-	-	-	-

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)	49,697
Capital Requirement for Market Risk (CRMR)	12
Capital Requirement for Operational Risk (CROR)	-
Shareholders' Equity	656,873
Shareholders' Equity/((CRCR+CRMR+CROR)*12,5)*100	105.72
Tier 1 Capital/((CRCR+CRMR+CROR)*12,5)*100	104.79
Common Equity Tier 1 Capital/((CRCR+CRMR+CROR)*12,5)*100	106.57

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	2,095
Profit	245
Current Period's Profit	245
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	677,341
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 (-)	7,753
Goodwill and intangible asset and the related deferred tax liability (-)	7,393
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	15,146
Total Common Equity Tier 1 Capital	662,194

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO (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	11,089
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	11,089
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-
Tier 1 Capital	651,105
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	5,768
Tier 2 Capital Before Deductions	5,768
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	5,768

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

	Current Period
Shareholder’s Equity	656,873
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	656,873
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	-
(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	12
(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)	12
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	144

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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
21.09.2015	2.9300	3.2753	2.0705	0.4352	0.3472	2.9857	2.1895	0.3528	4.4920	0.7737	2.4060
22.09.2015	2.9500	3.2827	2.0618	0.4361	0.3475	2.9996	2.1988	0.3520	4.4850	0.7787	2.4330
23.09.2015	2.9000	3.2256	2.0214	0.4285	0.3412	2.9385	2.1643	0.3465	4.3955	0.7654	2.3890
28.09.2015	2.9700	3.3251	2.0576	0.4417	0.3476	3.0163	2.1998	0.3439	4.4645	0.7840	2.4520
29.09.2015	2.9800	3.3473	2.0651	0.4447	0.3517	3.0392	2.1995	0.3482	4.4704	0.7866	2.4630
30.09.2015	2.9700	3.3123	2.0640	0.4399	0.3505	3.0104	2.1931	0.3449	4.4504	0.7840	2.4550

- 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
2.9100	3.2246	2.0218	0.4285	0.3416	2.9490	2.1888	0.3480	4.3850	0.7681	2.3960

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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	8,736	62,784	18	71,538
Banks	8,224	3,968	2,870	15,062
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	-	6,401	-	6,401
Loans	81,030	113,928	-	194,958
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	-	-	-
Investments Held-to-Maturity	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	11	809	8	828
Total Assets	98,001	187,890	2,896	288,787
Liabilities				
Current account and funds collected from Banks via participation accounts	-	-	-	-
Current and profit sharing accounts FC	58,200	187,429	2,522	248,151
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	-	-	-	-
Marketable securities issued	-	-	-	-
Miscellaneous payables	332	-	-	332
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	811	2,241	1	3,053
Total liabilities	59,343	189,670	2,523	251,536
Net balance sheet position	38,658	(1,780)	373	37,251
Net off-balance sheet position	(37,675)	-	-	(37,675)
Financial derivative assets	-	-	-	-
Financial derivative liabilities	37,675	-	-	37,675
Non-cash Loans	154,642	19,610	-	174,252
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 22,848 equivalent of USD loans and TL 30,042 equivalent of EUR loans are originated from foreign currency indexed loan.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

IV. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

Equity Share Investments	Comparison		
	Balance Sheet Value	Fair Value	Market Value
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 and predetermined yield are not guaranteed to paid back to the holder of account, and participation rates to profit or loss that results from funds to be operated are reflected to the related accounts.

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

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

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

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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:

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

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

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

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	101,238	-	-	-	-	-	-	101,238
Banks	15,886	-	20,010	-	-	-	-	35,896
Financial Assets at Fair Value Through Profit and Loss	-	297	-	-	-	-	-	297
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	4,719	-	-	-	120,716	-	-	125,435
Loans	-	539,894	176,579	242,242	144,078	15,401	-	1,118,194
Investments Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	42,277	42,277
Total Assets	121,843	540,191	196,589	242,242	264,794	15,401	42,277	1,423,337
Liabilities								
Current account and funds collected from banks via participation accounts	-	-	-	-	-	-	-	-
Other current and profit sharing accounts	94,792	465,535	110,827	26,298	3,713	-	-	701,165
Funds provided from other financial institutions	-	-	-	-	-	-	-	-
Money market borrowings	-	14,495	-	-	-	-	-	14,495
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	18,425	18,425
Other liabilities	9,194	2,716	-	-	-	-	677,342	689,252
Total Liabilities	103,986	482,746	110,827	26,298	3,713	-	695,767	1,423,337
Net liquidity gap	17,857	57,445	85,762	215,944	261,081	15,401	(653,490)	-

(1) Assets that are necessary for the banking operations but cannot be readily convertible into cash in the near future such as tangible assets are shown in other assets and shareholder’s equity, provisions and other liabilities shown in other liabilities.

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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 offsetting of balance sheet and off-balance sheet items in credit risk mitigation techniques.

Currently there is only cash blockage in the Bank as a financial guarantee, in the upcoming periods participation fund pledge and gold as a funded credit protection and bank guarantees, counter guarantees, rent certificate (sukuk), credit guarantee funds will be considered as a unfunded credit protection.

Bank has no position about credit derivatives.

Collaterals in terms of Risk Categories (1)

Exposure Categories – 30 September 2015	Amount	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	234,579	14,495	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and noncommercial enterprises	29,917	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	573,618	-	-	-
Conditional and unconditional receivables from corporates	464,663	2,497	-	-
Conditional and unconditional retail receivables	212	-	-	-
Conditional and unconditional receivables secured by Mortgages	32,190	-	-	-
Past due receivables	-	-	-	-
Receivables defined in high risk category by BRSA	1,241	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	51,476	-	-	-
Total	1,387,896	16,992	-	-

(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.

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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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting:

	Retail Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
Current Period					
OPERATING INCOME/EXPENSE					
Profit Shares Income	377	22,087	24,962	-	47,426
Profit Shares from Loans	377	22,087	-	-	22,464
Profit Shares from Banks	-	-	7,462	-	7,462
Profit Shares from Securities	-	-	17,499	-	17,499
Other Profit Shares	-	-	1	-	1
Profit Shares Expense	1,809	2,982	86	-	4,877
Profit Shares Expense on Participation Funds	1,809	2,982	-	-	4,791
Profit Shares Expense on Funds Borrowed	-	-	1	-	1
Profit Shares Expense on Money Market Transactions	-	-	85	-	85
Profit Shares Expense on Securities Issued	-	-	-	-	-
Other Profit Shares Expense	-	-	-	-	-
Net Profit Shares Income/Expense	(1,432)	19,105	24,876	-	42,549
Net Fees and Commission Income/Expense	-	77	-	(596)	(519)
Fees and Commissions Received	-	77	-	55	132
Fees and Commissions Paid	-	-	-	651	651
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	1,477	-	1,477
Other Operating Income	-	-	-	19	19
Provision for Loans or Other Receivables Losses	159	5,776	-	-	5,935
Other Operating Expense	-	-	-	35,155	35,155
Income Before Tax	(1,591)	13,406	26,353	(35,733)	2,436
Tax Provision	-	-	-	(2,191)	(2,191)
Net Profit/Loss	(1,591)	13,406	26,353	(37,924)	245
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	297	-	297
Banks and Other Financial Institutions	-	-	35,896	-	35,896
Financial Assets Available for Sale (Net)	-	-	125,435	-	125,435
Loans	30,032	1,088,162	-	-	1,118,194
Held to Maturity Investments (Net)	-	-	-	-	-
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets	-	-	-	143,515	143,515
Total Segment Assets	30,032	1,088,162	161,628	143,515	1,423,337
SEGMENT LIABILITIES					
Funds Collected	320,200	380,965	-	-	701,165
Derivative Financial Liabilities Held for Trading	-	-	-	-	-
Funds Borrowed	-	-	-	-	-
Money Market Funds	-	-	14,495	-	14,495
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	5,994	5,994
Other Liabilities	-	-	-	24,343	24,343
Shareholders' Equity	-	-	-	677,341	677,340
Total Segment Liabilities	320,200	380,965	14,495	707,677	1,423,337
OTHER SEGMENT ITEMS					
Capital Investment	-	-	-	-	-
Amortization Expense	-	-	-	2,167	2,167
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	2,890	1,589
Central Bank of the Republic of Turkey	26,810	69,949
Other	-	-
Total	29,700	71,538

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	26,810	4
Unrestricted Time Deposit	-	-
Restricted Time Deposit	-	-
Required Reserves (1)	-	69,945
Total	26,810	69,949

⁽¹⁾ TL 69,945 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 September 2015, there is 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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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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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	297	-
Swap Transactions	-	-
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	297	-

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

	Current Period	
	TL	FC
Banks		
Domestic Banks	20,834	13,935
Foreign Banks	-	1,127
Foreign Head Office and Branches	-	-
Total	20,834	15,062

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 September 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	
	TL	FC
Debt Securities		120,716
Quoted in Stock Exchange		114,315
Not Quoted in Stock Exchange		6,401
Share Certificates		4,719
Quoted in Stock Exchange		-
Not Quoted in Stock Exchange		4,719
Provision for Impairment (-)		-
Total		125,435

As of 30 September 2015, Financial Assets for sale portfolio includes rent certificates TL 116,507 nominal value and TL 120,716 book value.

5. Information related to loans:

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

	Current Period	
	Cash	Non-Cash
Direct Loans Granted to Shareholders	85,242	-
Legal Entities	85,242	-
Individuals	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	-	-
Total	85,242	-

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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						
Non-Specialized Loans	1,109,624	-	-	1,364	-	-
Exports Loan	-	-	-	-	-	-
Imports Loans	101,831	-	-	-	-	-
Enterprise Loans	440,948	-	-	1,364	-	-
Consumer Loans	29,900	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Loans Given to Financial Sector	535,000	-	-	-	-	-
Other ⁽²⁾	1,945	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Profit Share Income	-	-	-	-	-	-
Accruals and Rediscount	7,206	-	-	-	-	-
Total	1,116,830	-	-	1,364	-	-

As of 30 September 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	113	29,787	29,900
Real Estate Loans	39	26,231	26,270
Vehicle Loans	74	1,303	1,377
Consumer Loans	-	2,253	2,253
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⁾	113	29,787	29,900

⁽¹⁾ Dividend rediscount amounting to TL 132 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 September 2015, there are no commercial installment loans and corporate credit cards.

e) Breakdown of domestic and foreign loans:

	Current Period
Domestic Loans	1,110,988
Foreign Loans	-
Profit Share Income Accruals and Rediscount	7,206
Total	1,118,194

f) Loans granted to subsidiaries and associates:

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

g) Specific provisions provided against loans:

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

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

As of 30 September 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 September 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:

As of 30 September 2015, there is no held-to-maturity government bonds and treasury bills of the bank.

c) Information on held-to-maturity investments:

As of 30 September 2015, there is no held to-maturity investment of the bank.

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

d) Movements of held-to-maturity investments:

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

7. Information on subsidiaries (Net):

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

8. Information on joint ventures (net):

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

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

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

10. Information on finance lease receivables:

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

11. Information on derivative financial assets for hedging purposes:

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

12. Information on investment property:

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

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

As of 30 September 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	-	-	-	3,875	1,647	5,522
Accumulated Depreciation (-)	-	-	-	206	126	332
Net Book Value	-	-	-	3,669	1,521	5,190
Current Period End:						
Net Book Value at the Beginning of the Period	-	-	-	3,669	1,521	5,190
Change During the Period (Net)	-	-	-	4,416	8,278	12,694
Amortisman Bedeli (Net) (-)	-	-	-	332	654	986
Depreciation (Net) (-)	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-
Cost at Period End	-	-	-	8,291	9,925	18,216
Accumulated Depreciation at Period End (-)	-	-	-	538	780	1,318
Closing Net Book Value	-	-	-	7,753	9,145	16,898

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

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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	10,707	-	-	-	-	-	-	-	10,707
II Real persons profit sharing accounts TL	-	34,937	111,757	2,672	-	1,322	4,372	-	155,060
III Other current accounts-TL	25,072	-	-	-	-	-	-	-	25,072
Public sector	7,290	-	-	-	-	-	-	-	7,290
Commercial sector	16,304	-	-	-	-	-	-	-	16,304
Other institutions	1,479	-	-	-	-	-	-	-	1,479
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	-	36,644	205,295	10,208	-	-	10,028	-	262,175
Public sector	-	30,085	81,035	-	-	-	-	-	111,120
Commercial sector	-	6,191	95,061	10,208	-	-	10,028	-	121,488
Other institutions	-	368	29,199	-	-	-	-	-	29,567
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts- FC	31,337	-	-	-	-	-	-	-	31,337
VI. Real persons profit sharing accounts-FC	-	18,528	81,076	11,229	-	943	11,113	-	122,889
VII. Other current accounts-FC	27,673	-	-	-	-	-	-	-	27,673
Commercial residents in Turkey	27,673	-	-	-	-	-	-	-	27,673
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	-	2,148	64,066	-	-	-	-	-	66,214
Public sector	-	1,248	95	-	-	-	-	-	1,343
Commercial sector	-	900	63,892	-	-	-	-	-	64,792
Other institutions	-	-	79	-	-	-	-	-	79
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	1	-	37	-	-	-	-	-	38
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)	94,790	92,257	462,231	24,109	-	2,265	25,513	-	701,165

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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	113,490	207,356
TL accounts	86,757	78,902
FC accounts	26,733	128,454
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	161
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:

None.

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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:**

49% of liabilities consist of current and share profit account.

d) Funds provided under repurchasing agreements:

	Current Period	
	TL	FC
Domestic	14,495	-
Financial Institutions	14,495	-
Other Institutions	-	-
Real Persons	-	-
Abroad	-	-
Financial Institutions	-	-
Other Institutions	-	-
Real Persons	-	-
Total	14,495	-

**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:

None.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Information on provisions:

a) Information on general provisions:

	Current Period
General Provisions	5,768
I.For Loans and Receivables in Group I (Total)	5,190
Profit Sharing Accounts' Share	4,526
The Bank's Share	664
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)	27
Profit Sharing Accounts' Share	24
The Bank's Share	3
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	349
Other	202

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

Provisions related with foreign currency evaluation difference of foreign currency indexed loans and financial lease obligation is TL 88.

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:

Other provisions does not exceed 10% of the total provision amount.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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 September 2015, the Bank's corporate income tax liability is TL 369 after deducting temporary taxes paid during the period from the tax provisions.

2) Information on taxes payable:

	Current Period
Corporate Tax Payable	369
Taxation on Income From Securities	234
Property Tax	42
Banking Insurance Transactions Tax (BITT)	565
Foreign Exchange Transactions Tax	-
Value Added Tax Payable	-
Other	424
Total	1,634

3) Information on premiums:

	Current Period
Social Security Premiums - Employee	172
Social Security Premiums - Employer	251
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	12
Unemployment Insurance - Employer	25
Other	-
Total	460

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

b) Information on deferred tax liabilities, if any:

The Bank’s deferred tax liability amounts to TL 942 and this amount is net off against the deferred tax asset and accordingly deferred tax asset amounting to TL 622 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.

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 30 September 2015, 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 September 2015, the Bank has no preferred shares.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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	2,138	(43)
Revaluation Difference	2,672	(53)
Deferred Tax Effect	(534)	10
Foreign Exchange Difference	-	-
Total	2,138	(43)

i) Information on minority shareholder:

None.

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	9
Payment Commitments for Cheques	294
Loan Granting Commitments	-
Asset Purchase Commitments	3,393
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	-
Total	3,696

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	161,452
Letter of Credits	-
Bank Acceptances	19,610
Total	181,062

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	69,749
With Original Maturity of One Year or Less	67,882
With Original Maturity of More than One Year	1,867
Other Non-Cash Loans	111,313
Total	181,062

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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⁾	21,710	754
Short term loans	20,563	590
Medium and long term loans	1,147	164
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	7,348	114
Foreign Banks	-	-
Branches and head office abroad	-	-
Total	7,348	114

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	2,160	70
Investments Held-to-Maturity	15,269	-
Total	17,429	70

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		20,497
Foreign exchange gains		19,631
Gain on derivative financial instruments		866
Gain on capital market transactions		-
Losses (-)		19,020
Foreign exchange losses		16,781
Losses on derivative financial instruments		2,239
Losses on capital market transactions		-
Net		1,477

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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	5,710
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	225
Total	5,935

6. a) Information on other operating expenses:

	Current Period
Personnel expenses	16,399
Reserve for Employee Termination Benefits	-
Bank Social Aid Provision Fund Deficit Provision	-
Tangible Fixed Assets Impairment Expense	-
Depreciation Expenses of Tangible Fixed Assets	780
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	1,387
Impairment Expense for Equity Shares subject to the Equity Method	-
Impairment Expense for Investment Securities that will be Disposed	-
Amortization Expenses of Investment Securities that will be Disposed	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-
Other Operating Expenses	12,807
Operational Leasing Expenses	2,180
Maintenance Expenses	149
Advertisement Expenses	7,448
Other Expenses	3,030
Loss on Sales of Assets	-
Other	3,782
Total	35,155

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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 September 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	42,549
Other Operating Expenses (-)	35,155
Provision for Loan or Other Receivables Losses (-)	5,935
Other Operating Income	19
Net Fees and Commissions Income	(519)
Dividend Income	-
Trading Income/Expense (Net)	1,477
Income/(Loss) from Continuing Operations	2,436

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

As of 30 September 2015, the Bank’s total tax provision expense amounting to TL 2,191 consists of TL 2,092 of current tax expense and 99 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 245.

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
(Continued)**

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	-	-	190,761	-	-	-
Profit share and commission income	-	-	2,218	-	-	-

- 2) **Current and profit sharing account held by the Bank’s risk group:**

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Current and profit sharing accounts						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	2,480	-	-	-
Profit share expense	-	-	-	-	-	-

- 3) **Information on forward transactions, option agreements and similar transactions between the Bank’s risk group:**

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	-	-	-	-
Closing Balance	75,734	-	-	-	-	-
Total Profit/Loss	2,655	-	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

The Bank has paid TL 1,485 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 September 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 4 November 2015 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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