

ZİRAAT KATILIM BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH AUDIT REPORT
FOR THE PERIOD 16 FEBRUARY- 31 DECEMBER 2015**

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

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

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated balance sheet of Ziraat Katılım Bankası A.Ş. ("the Bank") as at 31 December 2015 and the related unconsolidated statement of income, unconsolidated income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the period of 16 February 2015 - 31 December 2015 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, other regulations on accounting records of Banks published by BRSA, circulars and interpretations published by BRSA, and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and Independent Auditing Standards that are part of Turkish Standards on Auditing published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by bank's management, as well as evaluating the overall presentation of the financial statements.

We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Ziraat Katılım Bankası A.Ş. as at 31 December 2015 and the results of its operations and its cash flows for the period of 16 February 2015 - 31 December 2015 in accordance with BRSA Accounting and Reporting Legislation.

Report on Other Responsibilities Arising From Regulatory Requirements

In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2015 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Haluk Yaşın, SMMM
Partner

Istanbul, 10 February 2016

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

**THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF
ZİRAAT KATILIM BANKASI A.Ş. AS OF 31 DECEMBER 2015**

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi
Hayri Efendi Cad. Bahçekapı No:12 34112 Fatih / İSTANBUL
Phone: (212) 404 11 00
Facsimile: (212) 404 10 81
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The unconsolidated financial report for nine 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 AUDIT 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 audited.

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 – 31 DECEMBER 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 October 2014 which was published in the Official Gazette numbered as 29146 at 15 October 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 31 December 2015, Bank’s capital of TL 675,000 is divided into 675,000,000 shares in which one share is valued as TL 674,999,996 shares of total belongs to T.C. Ziraat Bankası, one share belongs to Ziraat Sigorta A.Ş., one share belongs to Ziraat Hayat ve Emeklilik A.Ş., one share belongs to Ziraat Teknoloji A.Ş. and one share belongs to Ziraat Yatırım Menkul Kıymetler A.Ş.

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

**ZİRAAT KATILIM BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 16 FEBRUARY – 31 DECEMBER 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 31 December 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 – 31 DECEMBER 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 31 December 2015, Bank operates with its 22 branches and 307 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 31 DECEMBER 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 (31/12/2015)		
			TL	FC	Total
	ASSETS				
I.	CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	29,239	137,837	167,076
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	2,870	1	2,871
2.1	Financial Assets Held for Trading		2,870	1	2,871
2.1.1	Public Sector Debt Securities		-	-	-
2.1.2	Securities Representing a Share in Capital		-	-	-
2.1.3	Derivative Financial Assets Held for Trading		2,870	1	2,871
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)	17,979	94,586	112,565
IV.	MONEY MARKET PLACEMENTS		-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	120,973	6,049	127,022
5.1	Securities Representing a Share in Capital		4,719	-	4,719
5.2	Public Sector Debt Securities		-	-	-
5.3	Other Marketable Securities		116,254	6,049	122,303
VI.	LOANS AND RECEIVABLES	(5)	1,442,397	247,709	1,690,106
6.1	Loans and receivables		1,442,395	247,709	1,690,104
6.1.1	Loans to Risk Group of the Bank		323,118	14,606	337,726
6.1.2	Public sector debt securities		-	-	-
6.1.3	Other		1,119,277	233,101	1,352,378
6.2	Non-performing loans		2	-	2
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)	8,854	-	8,854
11.1	Finance Lease Receivables		11,217	-	11,217
11.2	Operating Lease Receivables		-	-	-
11.3	Other		-	-	-
11.4	Unearned Income (-)		2,363	-	2,363
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)	38,788	-	38,788
XIV.	INTANGIBLE ASSETS (Net)		20,996	-	20,996
14.1	Goodwill		-	-	-
14.2	Other		20,996	-	20,996
XV.	REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-
XVI.	TAX ASSET		3,272	-	3,272
16.1	Current Tax Asset		3,272	-	3,272
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		5,860	25	5,885
	TOTAL ASSETS		1,691,228	486,207	2,177,435

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 31 DECEMBER 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 (31/12/2015)		
		LIABILITIES AND EQUITY		
		TL	FC	Total
I. FUND COLLECTED	(1)	735,731	520,574	1,256,305
1.1 Fund Collected Held By the Risk Group of the Bank		889	2	891
1.2 Other		734,842	520,572	1,255,414
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	-	-
III. FUNDS BORROWED	(3)	-	163,905	163,905
IV. MONEY MARKET BALANCES		48,536	-	48,536
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-
VI. MISCELLANEOUS PAYABLES		15,246	4,513	19,759
VII. OTHER LIABILITIES	(4)	5,955	284	6,239
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)	14,960	39	14,999
10.1 General Provisions		13,939	-	13,939
10.2 Restructuring Provisions		-	-	-
10.3 Employee Benefits Provisions		-	-	-
10.4 Insurance Technical Reserves (Net)		-	-	-
10.5 Other Provisions		1,021	39	1,060
XI. TAX LIABILITY	(8)	3,162	-	3,162
11.1 Current Tax Liability		2,510	-	2,510
11.2 Deferred Tax Liability		652	-	652
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)	664,609	(79)	664,530
14.1 Paid-in Capital		675,000	-	675,000
14.2 Capital Reserves		1,591	(79)	1,512
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Marketable Securities Valuation Differences		1,591	(79)	1,512
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		(11,982)	-	(11,982)
14.4.1 Prior Years Profit/Loss		-	-	-
14.4.2 Net Period Profit/Loss		(11,982)	-	(11,982)
TOTAL LIABILITIES AND EQUITY		1,488,199	689,236	2,177,435

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 31 DECEMBER 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 (31/12/2015)		
		TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		151,050	411,327	562,377
I. GUARANTEES AND WARRANTIES	(1)	82,420	317,140	399,560
1.1 Letters of Guarantee		82,420	286,028	368,448
1.1.1 Guarantees Subject to State Tender Law		80	107,915	107,995
1.1.2 Guarantees Given for Foreign Trade Operations		77,238	-	77,238
1.1.3 Other Letters of Guarantee		5,102	178,113	183,215
1.2 Bank Acceptances		-	-	-
1.2.1 Import Letter of Acceptance		-	-	-
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		-	31,112	31,112
1.3.1 Documentary Letters of Credit		-	31,112	31,112
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)	3,208	-	3,208
2.1 Irrevocable Commitments		3,208	-	3,208
2.1.1 Forward asset purchase commitments		-	-	-
2.1.2 Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.3 Loan Granting Commitments		-	-	-
2.1.4 Securities Issue Brokerage Commitments		-	-	-
2.1.5 Commitments for Reserve Deposit Requirements		-	-	-
2.1.6 Payment commitment for checks		3,181	-	3,181
2.1.7 Tax and Fund Liabilities from Export Commitments		27	-	27
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		65,422	94,187	159,609
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		65,422	94,187	159,609
3.2.1 Forward Foreign Currency Buy/Sell Transactions		65,422	94,187	159,609
3.2.1.1 Forward Foreign Currency Transactions-Buy		65,422	15,920	81,342
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	78,267	78,267
3.2.2 Other Forward Buy/Sell Transaction		-	-	-
3.3 Other		-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		663,443	44,080	707,523
IV. ITEMS HELD IN CUSTODY		31,043	10,939	41,982
4.1 Customer Fund and Portfolio Balances		-	-	-
4.2 Investment Securities Held in Custody		-	-	-
4.3 Checks Received for Collection		28,019	2,069	30,088
4.4 Commercial Notes Received for Collection		3,024	9	3,033
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		-	6,603	6,603
4.8 Custodians		-	2,258	2,258
V. PLEDGES RECEIVED		632,400	33,141	665,541
5.1 Marketable Securities		1,803	-	1,803
5.2 Guarantee Notes		43,667	303	43,970
5.3 Commodity		86,792	-	86,792
5.4 Warranty		-	-	-
5.5 Properties		482,182	-	482,182
5.6 Other Pledged Items		17,956	32,838	50,794
5.7 Pledged Items-Depository		-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		814,493	455,407	1,269,900

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 - 31 DECEMBER 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 16/02-31/12/2015
I. PROFIT SHARE INCOME	(1)	86,425
1.1 Profit share on loans		57,897
1.2 Profit share on reserve deposits		330
1.3 Profit share on banks		7,943
1.4 Profit share on money market placements		-
1.5 Profit share on marketable securities portfolio		20,206
1.5.1 Held-for-trading financial assets		-
1.5.2 Financial assets at fair value through profit and loss		4,937
1.5.3 Available-for-sale financial assets		15,269
1.5.4 Investments held-to-maturity		-
1.6 Finance lease income		49
1.7 Other profit share income		-
II. PROFIT SHARE EXPENSE	(2)	17,976
2.1 Expense on profit sharing accounts		17,054
2.2 Profit share expense on funds borrowed		229
2.3 Profit share expense on money market borrowings		693
2.4 Expense on securities issued		-
2.5 Other profit share expense		-
III. NET PROFIT SHARE INCOME (I - II)		68,449
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		(74)
4.1 Fees and commissions received		2,097
4.1.1 Non-cash loans		602
4.1.2 Other		1,495
4.2 Fees and commissions paid		2,171
4.2.1 Non-cash loans		1
4.2.2 Other		2,170
V. DIVIDEND INCOME		-
VI. NET TRADING INCOME	(3)	2,998
6.1 Capital market transaction gains / (losses)		-
6.2 Gains/ (losses) from derivative financial instruments		2,839
6.3 Foreign exchange gains / (losses)		159
VII. OTHER OPERATING INCOME	(4)	37
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		71,410
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	15,029
X. OTHER OPERATING EXPENSES (-)	(6)	68,089
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		(11,708)
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)	(11,708)
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (-)	(8)	(274)
16.1 Current Tax Provision		-
16.2 Deferred Tax Provision		(274)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(9)	(11,982)
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)	(11,982)
Earnings per share income/loss (full TL)		(0.0178)

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 - 31 DECEMBER 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 - 31/12/2015
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FOR AVAILABLE SALE FINANCIAL ASSETS	1,890
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	(378)
X. TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)	1,512
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)	1,512

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 - 31 DECEMBER 2015**

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

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY																		
Current Period 16 February – 31 December 2015		Note (Section Five)	Paid-in capital	Effect of inflation accounting on paid-in capital and other capital reserves	Share Premium	Share certificate cancellation profits i	Legal reserves	Statutory reserves	Extraordi reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Hedging reserves i	Asset held for sale and disc.op. valuation fund.	Total equity
I.	Balances at beginning of the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Changes During the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	1,512	-	-	-	-	1,512
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		-	-	-	-	-	-	-	-	(11,982)	-	-	-	-	-	-	(11,982)
XVIII.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1	Dividend Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Legal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)		675,000	-	-	-	-	-	-	-	(11,982)	-	1,512	-	-	-	-	664,530

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 DISTRIBUTION OF CURRENT YEAR PROFIT
FOR THE PERIOD OF 16 FEBRUARY - 31 DECEMBER 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 - 31/12/2015
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities		(11,108)
1.1.1 Profit share income received		69,016
1.1.2 Profit share expense paid		(14,654)
1.1.3 Dividend received		-
1.1.4 Fees and commissions received		2,097
1.1.5 Other income		165
1.1.6 Collections from previously written off loans		-
1.1.7 Payments to personnel and service suppliers		(30,060)
1.1.8 Taxes paid		(1,723)
1.1.9 Others		(35,949)
1.2 Changes in operating assets and liabilities		352,389
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		(130,105)
1.2.4 Net (increase) decrease in loans		(1,684,553)
1.2.5 Net (increase) decrease in other assets		(4,043)
1.2.6 Net increase (decrease) in bank deposits		-
1.2.7 Net increase (decrease) in other deposits		1,252,983
1.2.8 Net increase (decrease) in funds borrowed		163,905
1.2.9 Net increase (decrease) in due payables		-
1.2.10 Net increase (decrease) in other liabilities		754,202
I. Net cash provided from banking operations		341,281
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		(188,085)
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		(41,896)
2.4 Fixed assets sales		-
2.5 Cash paid for purchase of financial assets available for sale		(124,018)
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		(22,171)
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		(8,059)
V. Net increase (decrease) in cash and cash equivalents (I + II + III + IV)		145,137
VI. Cash and cash equivalents at the beginning of the period		-
VII. Cash and cash equivalents at the end of the period		145,137

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 DISTRIBUTION OF CURRENT YEAR PROFIT
FOR THE PERIOD OF 16 FEBRUARY - 31 DECEMBER 2015**

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

VII. STATEMENT OF PROFIT DISTRIBUTION	Current Period 16/02 - 31/12/2015
I. DISTRIBUTION OF CURRENT YEAR INCOME	
1.1 Current Year Income	(11,708)
1.2 Taxes And Duties Payable	274
1.2.1 Corporate Tax (Income tax)	-
1.2.2 Income withholding tax	-
1.2.3 Other taxes and duties	274
A. NET INCOME FOR THE YEAR (1.1-1.2)	(11,982)
1.3 Prior Years Losses (-)	-
1.4 First Legal Reserves (-)	-
1.5 Other Statutory Reserves (-)	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-
1.6 First Dividend To Shareholders (-)	-
1.6.1 To owners of ordinary shares	-
1.6.2 To owners of preferred shares	-
1.6.3 To owners of preferred shares (preemptive rights)	-
1.6.4 To profit sharing bonds	-
1.6.5 To holders of profit and loss sharing certificates	-
1.7 Dividends To Personel (-)	-
1.8 Dividends To Board Of Directors (-)	-
1.9 Second Dividends To Shareholders (-)	-
1.9.1 To owners of ordinary shares	-
1.9.2 To owners of preferred shares	-
1.9.3 To owners of preferred shares (preemptive rights)	-
1.9.4 To profit sharing bonds	-
1.9.5 To holders of profit and loss sharing certificates	-
1.10 Second Legal Reserves (-)	-
1.11 Statutory Reserves (-)	-
1.12 General Reserves	-
1.13 Other Reserves	-
1.14 Special Funds	-
II. DISTRIBUTION OF RESERVES	
2.1 Appropriated Reserves	-
2.2 Second Legal Reserves (-)	-
2.3 Dividends To Shareholders (-)	-
2.3.1 To Owners Of Ordinary Shares	-
2.3.2 To Owners Of Privileged Shares	-
2.3.3 To Owners Of Preferred Shares	-
2.3.4 To Profit Sharing Bonds	-
2.3.5 To Holders Of Profit And Loss Sharing Certificates	-
2.4 Dividends To Personnel (-)	-
2.5 Dividends To Board Of Directors (-)	-
III. EARNINGS PER SHARE	
3.1 To Owners Of Ordinary Shares	(0.0178)
3.2 To Owners Of Ordinary Shares (%)	(1.7752)
3.3 To Owners Of Privileged Shares	-
3.4 To Owners Of Privileged Shares (%)	-
IV. DIVIDEND PER SHARE	
4.1 To Owners Of Ordinary Shares	-
4.2 To Owners Of Ordinary Shares (%)	-
4.3 To Owners Of Privileged Shares	-
4.4 To Owners Of Privileged Shares (%)	-

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- 31 DECEMBER 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 ("IFRS") 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 Bank maintains its books in Turkish Lira in accordance with the Banking Law 5411, Turkish Commercial Code 'TCC' and Turkish Tax Legislation.

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
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- 31 DECEMBER 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 31 December 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.

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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.

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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 31 December 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 3-15 years considering the useful life.

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ACCOUNTING PRINCIPLES (Continued)

XIII. EXPLANATIONS ON TANGIBLE ASSETS

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

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

Applied depreciation rates are as follows;

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 31 December 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 31 December 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 audited 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 X. 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 – 31 December 2015	296,525	-	466,011	106,831	75,630	12,278	1,119,341	3,039	9,649	-	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	284,631	-	-	-	6,061	-	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	64,065	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	395,355	-	69,569	-	-	-	-	-	-
Conditional and unconditional corporate receivables	-	-	70,656	-	-	-	1,017,768	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	12,278	-	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	106,831	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	1	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3,039	9,649	-	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	11,894	-	-	-	-	-	37,507	-	-	-	-

Prepared with the numbers before 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)

	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	106,819
Capital Requirement for Market Risk (CRMR)	576
Capital Requirement for Operational Risk (CROR)	-
Shareholders' Equity	636,430
Shareholders' Equity/((CRCR+CRMR+CROR)*12,5)*100	47.41
Tier 1 Capital/((CRCR+CRMR+CROR)*12,5)*100	47.05
Common Equity Tier 1 Capital/((CRCR+CRMR+CROR)*12,5)*100	47.99

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	1,512
Profit	(11,982)
Current Period's Profit	(11,982)
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	664,530
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 (-)	11,885
Goodwill and intangible asset and the related deferred tax liability (-)	8,398
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	20,283
Total Common Equity Tier 1 Capital	644,247

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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	12,598
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	12,598
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-
Tier 1 Capital	631,648
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	4,782
Tier 2 Capital Before Deductions	4,782
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	4,782

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

	Current Period
Shareholder's Equity	636,430
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	636,430
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 generate the 'Capital Requirement Interval Evaluation Process' on the purpose of identify and evaluate the possible exposed risks, to compensate risks with adequate capital applying and developing proper risk management procedures.
- 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)

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

Informations on factors of temporary practice about shareholders' equity calculation:

	Considered Amount of Current Period Shareholders' Equity Calculation	Total Amount
Common equity tier1 capital share amount of minority shareholders	-	-
Additional core capital share amount of third parties	-	-
Supplementary capital share amount of third parties	-	-
Debt instruments which is seen appropriate by corporation and premiums in accordance with these instruments (Exported before 1.1.2014)	-	-

Informations on addition debt instruments to shareholders' equity calculating:

Exporter	-
Code of debt instrument (CUSIP, ISIN etc.)	-
Legislation of debt instrument	-
Attention Situation of Shareholders' Equity	
Situation of subjection to practice of being taken into consideration with 10% deduction (after 1.1.2015)	-
Validity situation of consolidated or unconsolidated based or consolidated and unconsolidated based.	-
Type of debt instrument	-
Considered amount of shareholders' equity calculation. (By last report date of – Million TL)	-
Nominal value of debt instrument (Million TL)	-
Related account of debt instrument	-
Export date of debt instrument	-
Maturity structure of debt instrument (demand/term)	-
Beginning term of debt instrument	-
Whether there is right of reimbursement of exporter or not according to Banking Regulation and Supervision Agency (BRSA) rules.	-
Optional reimbursement date, options of conditional reimbursement and reimbursement amount.	-
Following reimbursement option dates	-
Interest/Dividend Payments	
Fixed or floating interest/dividend payments	-
Interest rate and index value of interest rate	-
Whether there is any restriction to stop payment of capital bonus or not	-
Feature of being full optional, partially optional or obligatory	-
Whether there is any stimulant to repayment like interest rate hike or not	-
Feature of being cumulative or noncumulative	-
Feature of being convertible bonds	
If there's convertible bonds, trigger incidents cause this conversion	-
If there's convertible bonds, feature of full or partially conversion	-
If there's convertible bonds, rate of conversion	-
If there's convertible bonds, feature of conversion -obligatory or optional-	-
If there's convertible bonds, types of convertible instruments	-
If there's convertible bonds, exporter of convertible debt instruments	-
Feature of value reduction	
If there is feature of value reduction, trigger incidents cause this value reduction	-
If there is feature of value reduction, feature of full or partially reduction of value	-
If there is feature of value reduction, feature of being constant or temporary	-
If the value can be reduced temporarily, mechanism of value incrementation	-
Claiming rank in case of winding up (Instrument that is just above debt instrument)	-
Whether being provided with conditions of the 7 th and 8 th articles of 'Shareholders' Equity of Banks Regulation	-
Has or has not been provided with which conditions of the 7 th and 8 th articles of 'Shareholders' Equity of Banks Regulation	-

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. EXPLANATIONS ON CREDIT RISK

The Credit risk states the debtor or institution's probability of loss which may decrease in credit standing partially or completely and prevent the requirements of the engagement liabilities on the time due to any reason.

Loan allocation authorization belongs to Board of Directors however relying on the authorization given by the Board of Directors, limits of credit customers determined within the scope of General Management's Credit Committee and the authorization limits which was given by Board of Directors. Financial and non-financial informations, credit needs, sectoral and identical features which belongs to credit customers evaluates accordingly allocate the limits.

With regards to the credit risk, the debtor or the group of debtors is subjected to risk limitation. Debtors and debtor groups are monitored weekly within the scope of risk limitation appetite.

The limits which is identified as related credit portfolio approved by the Board of Directors and revised when required. The identified limits will be distributed by considering the factors like portfolio structure, potentials of the customers and credit, regional and sectoral characteristics, competencies of the personnel.

After the allocation of limit within the commercial portfolios, firms are continued to be monitored and the changes in the financial structures and market relations of the credit firms are followed.

Documents required to be received are clearly stated by the regulations in the application of funds and limit allocation, and these topic documents are evidently mentioned in regularity that received or not received which is controlled by audit departments. The Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and good security, the Bank's credit risk expected to be significantly decline.

Bank applies internal ratings processes as a decision support system for analysing credit standing and determining credit allocation for Corporate/Entrepreneur consumer loans.

The Bank makes provision as proposed with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

Identification of limits for domestic and foreign banks provide allocation which is determined by considering the needs of both clients and departments , with financial and economic conditions of the banks and their countries.

Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are executed by monitory transactions.

The Bank calculate specific provisions which is classified as a illiquid claim considering with related deposits received from customers as stated in "Methods and Principles for the Determination of Loans and other Receivables to be Reserved for and Allocation for Reserves".

The receivable of the Bank from its top 100 and 200 cash loan customers share in total cash loans ratio is %76 and %84.

The receivable of the Bank from its top 100 and 200 non-cash loan customers share in total non-cash loans ratio is %99 and %100.

The receivable of the Bank from its top 100 and 200 cash and non-cash receivables loan customers share in total cash and non-cash receivables loans ratio is %19 and %19.

The Banks general loan loss provision amount for its credit risk is TL13,939.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. EXPLANATIONS ON CREDIT RISK(Continued)

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
Current Period																	
Domestic	290,692	-	64,065	-	-	439,903	1,088,424	12,078	106,831	2	12,688	-	-	-	-	49,401	2,064,084
European Union Countries	-	-	-	-	-	25,014	-	-	-	-	-	-	-	-	-	-	25,014
OECD Countries ⁽¹⁾	-	-	-	-	-	2	-	200	-	-	-	-	-	-	-	-	201
Off-shore Banking Regions	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	3
USA, Canada	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	290,692	-	64,065	-	-	464,924	1,088,424	12,278	106,831	2	12,688	-	-	-	-	49,401	2,089,304

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

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

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

⁽³⁾ Assets and liabilities that could not be distributed on a consistent basis
are prepared with the values after conversion rate to credit and before Credit Risk Reduction

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. EXPLANATIONS ON CREDIT RISK(Continued)

Current Period	Risk Classes																	
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	TL	FC	Total
Sectors/Counter Parties																		
Agriculture	-	-	-	-	-	-	30,583	-	-	-	-	-	-	-	-	30,461	122	30,583
Farming and Stockbreeding	-	-	-	-	-	-	30,583	-	-	-	-	-	-	-	-	30,461	122	30,583
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	441,042	231	3,915	-	-	-	-	-	-	82,422	362,766	445,188
Mining and Quarrying	-	-	-	-	-	-	2,854	-	-	-	-	-	-	-	-	6	2,848	2,854
Production	-	-	-	-	-	-	436,288	231	3,915	-	-	-	-	-	-	82,416	358,018	440,434
Electric, Gas and Water	-	-	-	-	-	-	1,900	-	-	-	-	-	-	-	-	-	1,900	1,900
Construction	-	-	-	-	-	-	125,882	6	18,588	-	-	-	-	-	-	77,148	67,328	144,476
Services	290,692	-	64,065	-	-	-	464,924	490,534	765	22,974	2	-	-	-	-	935,368	398,586	1,333,955
Wholesale and Retail Trade	-	-	-	-	-	-	343,466	616	13,112	2	-	-	-	-	-	202,993	154,202	357,196
Hotel Food and Beverage Services	-	-	-	-	-	-	3,420	-	8,533	-	-	-	-	-	-	8,833	3,120	11,953
Transportation and Telecommunication	-	-	-	-	-	-	78	-	754	-	-	-	-	-	-	831	-	831
Financial Institutions	290,692	-	64,065	-	-	-	464,924	80,881	-	-	-	-	-	-	-	695,633	204,929	900,562
Real Estate and Leasing Services	-	-	-	-	-	-	57,042	149	575	-	-	-	-	-	-	21,431	36,335	57,766
Self Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	1,674	-	-	-	-	-	-	-	-	1,674	-	1,674
Health and Social Services	-	-	-	-	-	-	3,973	-	-	-	-	-	-	-	-	3,973	-	3,973
Other	-	-	-	-	-	-	382	11,275	61,355	-	12,688	-	-	-	49,401	131,365	3,737	135,102
Total	290,692	-	64,065	-	-	-	464,924	1,088,424	12,278	106,831	2	12,688	-	-	49,401	1,256,763	832,540	2,089,304

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. EXPLANATIONS ON CREDIT RISK(Continued)

Analysis of maturity-bearing exposures according to remaining maturities:

	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications					
Conditional and unconditional exposures to central governments or central banks	47,078	61,696	856	8,498	172,565
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	64,065	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	464,924	-	-	-	-
Conditional and unconditional exposures to corporates	67,348	125,697	171,691	313,534	409,457
Conditional and unconditional retail exposures	200	106	110	529	11,228
Conditional and unconditional exposures secured by real estate property	4,327	1,012	2,969	3,365	95,140
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Grand Total	583,877	188,511	175,626	389,991	701,078

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

Information on Risk Classes

Grades of Fitch Ratings International Rating Agency are used in determining risk weights for risk classes being used rating grade of risk classes indicated in article 6 of Communiqué on "Measurement and Assessment of Capital Adequacy of Banks". Additionally, grades of Fitch Ratings International Rating Agency were used for receivables from central government and central bank of our country and counter parties abroad. Counter parties resident are accepted as "gradeless" and take risk weight suited for "gradeless" category in relevant risk class.

Rating Scores are used in the following risk classes;

1. Receivables from Central Governments or Central Banks
2. Receivables from Banks and Brokerage Houses

While credit quality level grade given by Fitch Ratings International Rating Agency decreases to 3, grades using in risk class of receivables from banks and intermediary institutions matched with all credit quality levels from 1 to 6 in risk classes of receivables from central governments or central banks, receivables from regional governments or local authorities and receivables from administrative units and non-commercial enterprises.

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. EXPLANATIONS ON CREDIT RISK(Continued)

Exposures by risk weights:

	Risk Weights	%0	%10	%20	Secured by Mortgages %50	%50	%75	%100	%150	%200	%250	%1250	Deductions from Equity
1	Exposures before Credit Risk Mitigation	296,525	-	466,011	106,831	75,630	12,278	1,119,341	3,039	9,649	-	-	32,881
2	Exposures after Credit Risk Mitigation	297,270	-	467,084	106,831	75,630	12,255	1,117,546	3,039	9,649	-	-	32,881

Prepared with the numbers after conversion rate to credit.

Impaired Credits; are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits "Special Provision" calculation is made within the scope of Regulation on Provisions.

Past Due Credits; are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment For these credits "General Provision" calculation is made within the scope of Regulation for Provisions.

	Credits			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	-	-	-	-
Farming and Stockbreeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	-	-	-	-
Mining and Quarrying	-	-	-	-
Production	-	-	-	-
Electricity, Gas and Water	-	-	-	-
Construction	-	-	-	-
Services	2	1,372	27	-
Wholesale and Retail Trade	-	-	-	-
Accommodation and Dining	2	-	-	-
Transportation and Telecom.	-	1,372	27	-
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
Total	2	1,372	27	-

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II. EXPLANATIONS ON CREDIT RISK(Continued)

Information about Value Adjustment and Change in Provisions:

		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	-	-	-	-	-
2	General Provisions	-	13,939	-	-	13,939

The table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period
Financial Assets at Fair Value Through Profit/Loss	2,871
Banks	112,565
Interbank Money Market Placements	-
Available-for-sale Financial Assets	127,022
Held-to-maturity Investments	-
Loans	1,690,106
Receivables From Leasing Transactions	8,854
Other Assets	-
Total credit risk exposure of balance sheet items	1,941,418
Financial Guarantees	399,560
Commitments	3,208
Total credit risk exposure of off-balance sheet items	402,768
Total credit risk exposure	2,344,186

Information about credit quality per class of financial assets:

	Current Period		
Financial Assets	Neither past due nor impaired	Past due but not impaired	Total
Banks	112,565	-	112,565
Financial Assets at Fair Value Through Profit or Loss	2,871	-	2,871
Loans:	1,688,732	1,372	1,690,104
Corporate/Entrepreneurial Loans	1,570,892	1,372	1,572,264
Consumer Loans	117,840	-	117,840
Specialized Loans	-	-	-
Available-for-sale Financial Assets	127,022	-	127,022
Held-to-maturity Investments	-	-	-

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. 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.

With the bank enter into service ,value at risk predictions are made daily with using statistical models other than standard method within the scope of evaluating the market risk .Value at risk (VAR) results used for purpose of monitoring which is calculated with Parametric Method and Historical Simulation. Backward testing is made for the performance evaluation of the model that will be used in the future .Also, stress tests are implemented monthly period on the purpose of observing the financial effect of the excessive market fluctuations that are not covered by models

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.

The market risk exposure is monitored with determinated limits within the scope of risk appetite in accordance with "Market Risk Management Regulation" and "Internal Evaluation of Banks Capital Requirement Process Management".

Information Related to Market Risk:

	Current Period
(I) Capital Requirement Calculated for General Market Risk - Standard Method	64
(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	449
(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	63
(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)	576
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	7,200

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III. EXPLANATIONS ON THE MARKET RISK(Continued)

b) Average market risk table calculated at the end of each month during the period:

	Current Period		
	Average	Maximum	Minimum
Participation Rate Risk	92	201	-
Equity Share Risk	-	-	-
Currency Risk	67	449	-
Commodity Risk	-	-	-
Settlement Risk	-	-	-
Option Risk	-	-	-
Counter Party Credit Risk	27	76	-
Amount Subject to Total Risk	2,329	7,193	-

Counter party credit risk is calculated for derivative transactions. According to the fair value of valuation method is based on the calculations. Costs of reconditioning of agreements that have positive value are obtained with valuation according to fair value of derivative transactions. Potential credit risk amount is obtained by multiplying agreement amounts with the ratios indicated in Regulation attachment. Replacement cost and the total of potential credit risk amount shows the risk amount.

Quantitative Information on Counterparty Risk:

	Amount
Agreements based on Interest Rate	-
Agreements based on Foreign Exchange Currency	81,342
Agreements Based on Commodity	-
Agreements Based on Shares	-
Other	-
Gross Positive Fair Values	2,871
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	-
Net Position of Derivatives	3,685

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

IV. EXPLANATIONS ON THE OPERATIONAL RISK

- a) **The method used in calculating the operational risk and the interval in which the market risk measurement is done:**

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

Due to the Bank establishment in 2015, calculated the amount subject to Operational Risk as the date of 31.12.2015 will be used beginning from January 2016; there is no amount subject to operational risk as the date of 31 December 2015.

V. 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
24.12.2015	2.9187	3.1968	2.1177	0.42768	0.34596	2.951	2.1036	0.3352	4.3414	0.77781	2.4189
25.12.2015	2.9123	3.1904	2.1173	0.42734	0.34549	2.9425	2.1065	0.33392	4.3439	0.77629	2.4146
28.12.2015	2.9157	3.2006	2.1123	0.42818	0.34634	2.9445	2.0989	0.33464	4.3417	0.77715	2.4133
29.12.2015	2.9084	3.1921	2.1098	0.42717	0.3469	2.9368	2.0882	0.3343	4.3141	0.77557	2.4098
30.12.2015	2.9076	3.1776	2.1154	0.42517	0.34538	2.9278	2.0945	0.33137	4.3007	0.77474	2.4078
31.12.2015	2.9181	3.1838	2.1286	0.42596	0.34526	2.9354	2.099	0.33042	4.3181	0.77754	2.4180

- 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
2.9175	3.1742	2.1108	0.4248	0.3420	2.9244	2.1274	0.3347	4.3656	0.7775	2.3923

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

V. 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	22,597	115,200	40	137,837
Banks	34,111	55,428	5,047	94,586
Financial Assets at Fair Value Through Profit and Loss	-	1	-	1
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	-	6,049	-	6,049
Loans	320,174	194,543	-	514,717
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	-	25	-	25
Total Assets	376,882	371,246	5,087	753,215
Liabilities				
Current account and funds collected from Banks via participation accounts	31,837	146	-	31,983
Current and profit sharing accounts FC	171,736	312,250	4,605	488,591
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	108,376	55,528	1	163,905
Marketable securities issued	-	-	-	-
Miscellaneous payables	257	4,256	-	4,513
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	13	231	-	244
Total liabilities	312,219	372,411	4,606	689,236
Net balance sheet position	64,663	(1,165)	481	63,979
Net off-balance sheet position	(63,676)	1,329	-	(62,347)
Financial derivative assets	-	15,920	-	15,920
Financial derivative liabilities	63,676	14,591	-	78,267
Non-cash Loans	170,200	146,940	-	317,140
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 90,580equivalent of USD loans and TL 176,428equivalent of EUR loans are originated from foreign currency indexed loan.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

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

VII. 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".

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

The Bank performs "Remaining Maturity Analysis" for the observation of the maturity structure of the balance sheet, "Liquidity Gap" and "Structural Liquidity Gap Analysis" for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Bank's liquidity and in the worst case scenario and the loss associated with it. Besides, in order to compare the Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

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

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

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.

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VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

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

The consistency of payments with the assets and liabilities and the profit ratios are followed regularly by the management and no inconsistency exists.

- 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.

Liquidity Coverage Ratio:

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

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

Bank's principal funding source represented by participation funds. Repurchase agreement transaction provided by funds and debts which comes from financial institutions take a part within the external participation fund debt items.

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

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

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VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

Current Period	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	231,296	118,093	206,286	93,083
CASH OUTFLOWS				
Real person deposits and retail deposits	471,661	198,665	47,145	19,862
Stable deposit	417	91	21	5
Deposit with low stability	471,244	198,574	47,124	19,857
Unsecured debts except real person deposits and retail deposits	613,116	228,781	345,055	98,510
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	613,116	228,781	345,055	98,510
Secured debts	-	-	-	-
Other cash outflows	50,387	42,465	30,972	27,186
Derivative liabilities and margin obligations	27,640	25,435	27,640	25,435
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	18,589	12,873	3,124	1,543
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	4,158	4,158	208	208
TOTAL CASH OUTFLOW	1,135,164	469,912	423,172	145,558
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	680,858	82,714	644,548	79,989
Other cash inflows	28,383	2,508	28,383	2,508
TOTAL CASH INFLOWS	709,241	85,223	672,931	82,498
TOTAL HQLA STOCK	231,296	118,093	206,286	93,083
TOTAL NET CASH OUTFLOWS			105,793	65,561
LIQUIDITY COVERAGE RATIO (%)			199	175

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

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	167,076	-	-	-	-	-	-	167,076
Banks	95,425	17,140	-	-	-	-	-	112,565
Financial Assets at Fair Value Through Profit and Loss	-	2,871	-	-	-	-	-	2,871
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	4,719	-	-	-	122,303	-	-	127,022
Loans	-	442,977	161,820	466,791	551,230	67,287	1	1,690,106
Investments Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	6,475	-	71,320	77,795
Total Assets	267,220	462,988	161,820	466,791	680,008	67,287	71,321	2,177,435
Liabilities								
Current account and funds collected from banks via participation accounts	145	31,850	-	-	-	-	-	31,995
Other current and profit sharing accounts	153,163	822,467	189,454	53,956	5,270	-	-	1,224,310
Funds provided from other financial institutions	-	49,029	85,697	29,179	-	-	-	163,905
Money market borrowings	-	48,536	-	-	-	-	-	48,536
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	19,759	19,759
Other liabilities	-	-	-	-	-	-	688,930	688,930
Total Liabilities	153,308	951,882	275,151	83,135	5,270	-	708,689	2,177,435
Net liquidity gap	113,912	488,894	113,331	383,656	674,738	67,287	(637,368)	-

- (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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VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

Presentation of liabilities according to their remaining maturities:

Current Period⁽¹⁾	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Current account and funds collected from banks via participation accounts	31,850	-	-	-	-	31,850
Other current and profit sharing accounts	822,467	189,454	53,956	5,270	-	1,071,147
Funds borrowed from other financial institutions	48,950	85,986	29,881	-	-	164,817
Funds borrowed from Interbank money market	48,594	-	-	-	-	48,594
Total	951,862	275,440	83,837	5,269	-	1,316,408

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 – 31 December 2015	Amount	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	290,692	48,536	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and noncommercial enterprises	64,065	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	464,924	-	-	-
Conditional and unconditional receivables from corporates	1,088,424	1,795	-	-
Conditional and unconditional retail receivables	12,278	23	-	-
Conditional and unconditional receivables secured by Mortgages	106,831	-	-	-
Past due receivables	1	-	-	-
Receivables defined in high risk category by BRSA	12,688	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	49,401	-	-	-
Total	2,089,304	50,354	-	-

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

Leverage ratio disclosure as follows:

Balance sheet assets	Current Period (*)
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	1,939,123
Assets deducted from main capital	(39,101)
Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	1,900,022
Derivative financial instruments and credit derivatives	
Replacement cost of derivative financial instruments and credit derivatives	2,789
Potential credit risk amount of derivative financial instruments and credit derivatives	779
Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	3,568
Security or secured financing transactions	
Risk amount of security or secured financing transactions (Except balance sheet)	1,304
Risk amount due to intermediated transactions	-
Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	1,304
Off-balance sheet transactions	
Gross nominal amount of off-balance sheet transactions	368,050
(Adjustment amount resulting from multiplying by credit conversion rates)	-
Risk amount of the off-balance sheet transactions (Sum of 10th and 11th rows)	368,050
Equity and total risk	
Main capital	637,696
Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	2,305,292
Leverage ratio	
Leverage ratio	27.97

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

VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

IX. 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.

The Bank realise Liquidity Gap Analysis, Liquidity Coverage Ratio calculation, Average Remaining Maturity Analysis in order to aimed at liquidity risk measurement and monitory applications. Deposit analysis do not realise yet as a result of new establishment of the bank but works will be done related to deposit analysis in upcoming years. Besides weekly statutory reporting is done for liquidity risk.

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.

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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IX. 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

Credit risk legal capital requirement calculation is made and be predicated on standard approach within the scope of BASEL II and its monthly reported to BRSA.

Firm Evaluation System used on the purpose of customers credit standing determination that take part in Bank's trading book. In the bank periodically analyzed, on the basis of general and breakdown, credit portfolios development and loans under close monitoring. Analyze depending on the volume of credit portfolio, monitoring credits and within the scope of comparing background performances based on sector, segment, and geographical region.

In the Bank, as part of risk appetite, sector and group of risk based credit limits are founded; performed operation limits of founded accord are weekly monitored.

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

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.

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 audited 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.

Within the scope of BASEL II risk reduction is made in terms of basic financial methods.

X. EXPLANATIONS ON OPERATING SEGMENTS

Organizational and internal reporting structure of the Bank is determined in line with IFRS 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)

X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting:

Current Period	Retail Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE					
Profit Shares Income	2,430	55,467	28,479	49	86,425
Profit Shares from Loans	2,430	55,467	-	-	57,897
Profit Shares from Banks	-	-	7,943	-	7,943
Profit Shares from Securities	-	-	20,206	-	20,206
Other Profit Shares	-	-	330	49	379
Profit Shares Expense	7,684	9,370	922	-	17,976
Profit Shares Expense on Participation Funds	7,684	9,370	-	-	17,054
Profit Shares Expense on Funds Borrowed	-	-	229	-	229
Profit Shares Expense on Money Market Transactions	-	-	693	-	693
Profit Shares Expense on Securities Issued	-	-	-	-	-
Other Profit Shares Expense	-	-	-	-	-
Net Profit Shares Income/Expense	(5,254)	46,097	27,557	49	68,449
Net Fees and Commission Income/Expense	-	602	-	(676)	(74)
Fees and Commissions Received	-	602	-	1,495	2,097
Fees and Commissions Paid	-	-	-	2,171	2,171
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	2,998	-	2,998
Other Operating Income	-	-	-	37	37
Provision for Loans or Other Receivables Losses	994	13,260	-	775	15,029
Other Operating Expense	-	31	-	68,058	68,089
Income Before Tax	(6,248)	33,408	30,555	(69,423)	(11,708)
Tax Provision	-	-	-	(274)	(274)
Net Profit/Loss	(6,248)	33,408	30,555	(69,697)	(11,982)
SEGMENT ASSETS					
Financial Assets at FV Through P/L	-	-	2,871	-	2,871
Banks and Other Financial Institutions	-	-	112,565	-	112,565
Financial Assets Available for Sale (Net)	-	-	127,022	-	127,022
Loans	117,840	1,572,266	-	-	1,690,106
Held to Maturity Investments (Net)	-	-	-	-	-
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets	-	-	-	244,871	244,871
Total Segment Assets	117,840	1,572,266	242,458	244,871	2,177,435
SEGMENT LIABILITIES					
Funds Collected	619,412	636,893	-	-	1,256,305
Derivative Financial Liabilities Held for Trading	-	-	-	-	-
Funds Borrowed	-	-	163,905	-	163,905
Money Market Funds	-	-	48,536	-	48,536
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	14,999	14,999
Other Liabilities	-	-	-	29,160	29,160
Shareholders' Equity	-	-	-	664,530	664,530
Total Segment Liabilities	619,412	636,893	212,441	708,689	2,177,435
OTHER SEGMENT ITEMS					
Capital Investment	-	-	-	-	-
Amortization Expense	-	-	-	4,284	4,284
Restructuring Costs	-	-	-	-	-

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

XI. EXPLANATIONS RELATED TO PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

a) Information regarding the fair value of financial assets and liabilities:

	Book Value	Fair Value
	Current Period	Current Period
Financial Assets	1,929,693	1,929,693
Due from Interbank Money Market	-	-
Banks	112,565	112,565
Available-for-sale Financial Assets (*)	127,022	127,022
Held-to-maturity Investments	-	-
Loans(**)	1,690,106	1,690,106
Financial Liabilities	1,439,969	1,439,969
Current account and funds collected from banks via participation accounts(**)	31,995	31,995
Other current and profit sharing accounts(**)	1,224,310	1,224,310
Funds Borrowed from Other Financial Institutions	163,905	163,905
Issued Marketable Securities	-	-
Miscellaneous Payables	19,759	19,759

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

(**) The loans and collected funds from banks with current and participation accounts represents the sum of the acquisition cost of fair value and rediscount.

b) Information on fair value measurements recognized in the financial statements:

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

Current Period	Level 1	Level 2	Level 3	Total
Government Debt Securities	2,871	-	-	2,871
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	-	-	-
Hedging Derivative Financial Assets	2,871	-	-	2,871
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	-
Equity Securities	-	127,022	-	127,022
Government Debt Securities	-	4,719	-	4,719
Other Marketable Securities	-	-	-	-
Total Assets	-	122,303	-	122,303
Trading Derivative Financial Liabilities	2,871	127,022	-	129,893
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	-	-	-

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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	5,164	3,459
Central Bank of the Republic of Turkey	24,075	134,378
Other	-	-
Total	29,239	137,837

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 5% - 25% 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	24,075	12
Unrestricted Time Deposit	-	-
Restricted Time Deposit	-	-
Required Reserves (1)	-	134,366
Total	24,075	134,378

⁽¹⁾ TL 134,366 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 31 December 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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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	2,870	1
Swap Transactions	-	-
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	2,870	1

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

	Current Period	
	TL	FC
Banks		
Domestic Banks	17,979	69,565
Foreign Banks	-	25,021
Foreign Head Office and Branches	-	-
Total	17,979	94,586

b) Information on foreign banks accounts:

	Free Amount	Restricted Amount
	Current Period	Current Period
European Union Countries	24,873	-
USA, Canada	-	-
OECD Countries ⁽¹⁾	-	-
Off-shore Banking Regions	-	-
Other	148	-
Total	25,021	-

OECD countries except EU countries, USA and Canada

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:

	Current Period
Assets Subject to Repurchase Agreements	-
Assets Blocked/Given as Collateral	50,246
Total	50,246

b) Information on financial assets available for sale:

	Current Period
Debt Securities	122,303
Quoted in Stock Exchange	115,902
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	127,022

As of 31 December 2015, Financial Assets for sale portfolio includes rent certificates TL 116,507 nominal value and TL 122,303 book value.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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	-	-
Legal Entities	-	-
Individuals	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees	62	-
Total	62	-

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						
Exports Loan	69,591	-	-	-	-	-
Imports Loans	175,827	-	-	-	-	-
Enterprise Loans	950,296	-	-	1,331	-	-
Consumer Loans	117,272	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Loans Given to Financial Sector	352,000	-	-	-	-	-
Other	9,380	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Profit Share Income	-	-	-	-	-	-
Accruals and Rediscount	14,366	-	-	41	-	-
Total	1,688,732	-	-	1,372	-	-

As of 31 December 2015, there are no loans and other receivables with revised contract terms.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

Number of extensions	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 Times Extended (*)	-	-
3 - 4 or 5 Times Extended	-	-
Over 5 Times Extended	-	-

(*) Number of modification made according to extent of payment plan cannot be decomposed systematically therefore it is shown in this line.

Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	-	-
6 Months – 12 Months	-	-
1 - 2 Years	-	-
2 - 5 Years	-	-
5 Years and Over	-	-
Total	-	-

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled⁽¹⁾	Loans and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾
Short-term Loans and Other Receivables				
Non-specialized Loans	919,933	-	1,372	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	-	-	-	-
Non-specialized Loans	768,799	-	-	-
Other Receivables	-	-	-	-

⁽¹⁾ Rediscounts are included.

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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	453	116.757	117.210
Real Estate Loans	36	99.116	99.152
Vehicle Loans	363	7.586	7.949
Consumer Loans	54	10.055	10.109
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	48	14	62
Housing Loans	-	-	-
Vehicle Loans	13	14	27
Consumer Loans	35	-	35
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⁾	501	116,771	117,272

⁽¹⁾ Dividend rediscount amounting to TL 569 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:

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	198	8,864	9,062
Business Loans	-	6,622	6,622
Vehicle Loans	198	2,242	2,440
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	359	359
Business Loans	-	-	-
Vehicle Loans	-	359	359
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	198	9,223	9,421

e) Loans according to types of borrowers:

	Current Period
Public	336,591
Private	1,339,106
Profit Share Income Accruals of Loans	14,407
Total	1,690,104

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

f) Breakdown of domestic and foreign loans:

	Current Period
Domestic Loans	1,675,697
Foreign Loans	-
Profit Share Income Accruals and Rediscount	14,407
Total	1,690,104

g) Loans granted to subsidiaries and associates:

As of 31 December 2015, there are no subsidiaries and associates.

h) Specific provisions provided against loans:

As of 31 December 2015, the bank has provided TL 0.3 of specific provisions related to loans

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

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

As of 31 December 2015, there is no receivable from the foreign currency non-performing credits

j) Gross and net amounts of non-performing receivables according to user groups:

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	2	-	-
Specific Provisions (-)	-	-	-
Loans to Real Persons and Legal Entities (Net)	2	-	-
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

l) Explanations on write-off policy:

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

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KONSOLİDE OLMAYAN FİNANSAL TABLOLARA İLİŞKİN AÇIKLAMA VE DİPNOTLAR (Devamı)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

m) Other explanations and disclosures:

Prior Period	Commercial/ Coorporate	Consumer	Specialized	Total
Neither Past Due nor Impaired Loans (1)	1,570,892	117,840		1,688,732
Past Due but not Impaired Loans	1,372			1,372
Impaired Loans	2	-		2
Total	1,572,266	117,840	-	1,690,106
Specific Provisions of Impaired Loans (-)	-	-	-	-
Net Loan Amount	1,572,266	117,840	-	1,690,106

With respect to the classes of loans, the aging analysis of the loans that are past due but not impaired are as follows:

Current Period	Up to 1 Month	1-2 Months	2-3 Months	Over 3 Months	Total
Loans and Receivables ⁽¹⁾	-	-	1,372	-	1,372
Commercial Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Specialized Loans	-	-	-	-	-
Total	-	-	1,372	-	1,372

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 31 December 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 31 December 2015, there is no held-to-maturity government bonds and treasury bills of the bank.

c) Information on held-to-maturity investments:

As of 31 December 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	-
Foreign Currency Differences on Monetary Assets	-
Purchases During the Year	100,754
Disposals through Sales and Redemptions	100,754
Provision for Impairment (-)	-
Period End Balance	-

7. Information on subsidiaries (Net):

As of 31 December 2015, there are no subsidiary of the bank.

8. Information on joint ventures (net):

As of 31 December 2015, there are no joint venture of the bank.

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

As of 31 December 2015, there are no entities under common control of the bank.

10. Information on finance lease receivables:

	Current Period	
	Gross	Net
Up to 1 year	-	-
1-4 years	2,723	2,109
Over 4 years	8,494	6,745
Total	11,217	8,854

11. I11.Information on derivative financial assets for hedging purposes:

As of 31 December 2015, the bank has no derivative financial assets for hedging purposes.

12. Information on investment property:

As of 31 December 2015, the bank has no investment property.

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

As of 31 December 2015, the bank has no assets held for sale and tangibles corresponding discontinuing operations.

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Operational Leasing Development Costs (1)	Other Tangibles	Total
Prior Period End:						
Cost	-	-	-	-	-	-
Accumulated Depreciation (-)	-	-	-	-	-	-
Net Book Value	-	-	-	-	-	-
Current Period End:						
Net Book Value at the Beginning of the Period	-	-	-	-	-	-
Change During the Period (Net)	-	-	-	13,021	27,683	40,704
Depreciation (Net) (-)	-	-	-	1,136	780	1,916
Impairment (-)	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-
Cost at Period End	-	-	-	13,021	27,683	40,704
Accumulated Depreciation at Period End (-)	-	-	-	1,136	780	1,916
Closing Net Book Value	-	-	-	11,885	26,903	38,788

15. Information on deferred tax asset:

	Current Period		
	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-
Establishment Costs	-	-	-
Goodwill	-	-	-
Intangible Rights	22,173	1,177	20,996
Total	22,173	1,177	20,996

16. Information on deferred tax asset:

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

17. Information on other assets:

As of 31 December 2015, other assets of banks not to exceed total balance sheet of 10%, exclude off-balance sheet liabilities.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. a) Information on funds collected:

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	29,651	-	-	-	-	-	-	-	29,651
II Real persons profit sharing accounts TL		39,096	275,312	7,636		3,161	19,375		344,580
III Other current accounts-TL	48,147	-	-	-	-	-	-	-	48,147
Public sector	3,675	-	-	-	-	-	-	-	3,675
Commercial sector	43,391	-	-	-	-	-	-	-	43,391
Other institutions	1,081	-	-	-	-	-	-	-	1,081
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	-	107,385	188,489	3,154		4,082	10,243		313,353
Public sector	-	90,197	46,839						137,036
Commercial sector	-	15,662	98,519	2,520		4,082	10,243		131,026
Other institutions	-	1,526	43,131	634					45,291
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	40,876	-	-	-	-	-	-	-	40,876
VI. Real persons profit sharing accounts-FC	-	20,332	151,365	13,350		5,166	13,828		204,041
VII. Other current accounts-FC	33,578	-	-	-	-	-	-	-	33,578
Commercial residents in Turkey	33,432	-	-	-	-	-	-	-	33,432
Commercial residents in Abroad	-	-	-	-	-	-	-	-	-
Banks and participation banks	146	-	-	-	-	-	-	-	146
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	146	-	-	-	-	-	-	-	146
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	45,050	194,316	791	-	-	-	-	240,157
Public sector	-		1,423		-	-	-	-	1,423
Commercial sector	-	45,050	156,819	791	-	-	-	-	202,660
Other institutions	-		4,224		-	-	-	-	4,224
Commercial and other institutions	-				-	-	-	-	-
Banks and participation banks	-	31,850	-	-	-	-	-	-	31,850
IX. Precious metal funds	1,058		840	13	-	11	-	-	1,922
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)	153,310	211,863	810,322	24,944	-	12,420	43,446	-	1,256,305

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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	274,733	345,526
TL accounts	212,912	161,862
FC accounts	61,821	183,664
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	136
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:

	Current Period	
	TL	FC
Borrowings from CBRT	-	-
Domestic Banks and Institutions	-	94,308
Foreign Banks, Institutions and Funds	-	69,597
Total	-	163,905

b) Information on maturity structure of borrowings:

	Current Period	
	TL	FC
Short-Term	-	134,686
Medium and Long-Term	-	29,219
Total	-	163,905

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:

58% of liabilities consist of current and share profit account.

d) Funds provided under repurchasing agreements:

	Current Period	
	TL	FC
Domestic	48,536	-
Financial Institutions	48,536	-
Other Institutions	-	-
Real Persons	-	-
Abroad	-	-
Financial Institutions	-	-
Other Institutions	-	-
Real Persons	-	-
Total	48,536	-

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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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Information on provisions:

a) Information on general provisions:

	Current Period
General Provisions	13,939
I.For Loans and Receivables in Group I (Total)	12,813
Profit Sharing Accounts' Share	9,134
The Bank's Share	3,679
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)	26
Profit Sharing Accounts' Share	23
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	759
Other	341

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 3,624.

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

Special provisions related with uncompensated and non- liquidated non-cash loans is TL2.

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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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 31 December 2015, the Bank has no corporate income tax liability after deducting temporary taxes paid during the period from the tax provisions.

2) Information on taxes payable:

	Current Period
Corporate Tax Payable	-
Taxation on Income From Securities	678
Property Tax	48
Banking Insurance Transactions Tax (BITT)	713
Foreign Exchange Transactions Tax	-
Value Added Tax Payable	-
Other	522
Total	1,961

3) Information on premiums:

	Current Period
Social Security Premiums - Employee	206
Social Security Premiums - Employer	299
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	15
Unemployment Insurance - Employer	29
Other	-
Total	549

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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 1,695 and this amount is net off against the deferred tax asset and accordingly deferred tax asset amounting to TL 652 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 31 December 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 31 December 2015, the Bank has no preferred shares.

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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	1,591	(79)
Revaluation Difference	1,989	(99)
Deferred Tax Effect	(398)	20
Foreign Exchange Difference	-	-
Total	1,591	(79)

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	27
Payment Commitments for Cheques	3,181
Loan Granting Commitments	-
Asset Purchase Commitments	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	-
Total	3,208

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	368,448
Letter of Credits	31,112
Bank Acceptances	-
Total	399,560

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

	Current Period
Letter of Temporary Guarantees	23,994
Letter of Certain Guarantees	141,398
Letters of Advance Guarantees	19,840
Letters of Guarantees given to Customs Offices	28
Other Letters of Guarantees	183,188
Total	368,448

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**ZİRAAT KATILIM BANKASI A.Ş.
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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

c) Total non-cash loans:

	Current Period
Non-Cash Loans for Providing Cash Loans	183,188
With Original Maturity of One Year or Less	-
With Original Maturity of More than One Year	183,188
Other Non-Cash Loans	216,372
Total	399,560

1. Information on off-balance sheet liabilities:

d) Information on sectoral risk concentrations of non-cash loans:

	Current Period			
	TL	(%)	FC	(%)
Agricultural				
Farming and Raising Livestock	-	-	-	-
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	19,599	24	224,336	71
Mining and Quarrying	-	-	2,848	1
Production	19,599	24	221,488	70
Electric, Gas and Water	-	-	-	-
Construction	50,331	61	84,192	27
Services	12,410	15	8,612	3
Wholesale and Retail Trade	-	-	-	-
Hotel, Food and Beverage Services	-	-	6,241	2
Transportation and Telecommunication	-	-	2,371	1
Financial Institutions	-	-	-	-
Real Estate and Leasing Services	-	-	-	-
Self-employment Services	-	-	-	-
Education Services	-	-	-	-
Health and Social Services	12,410	15	-	-
Other	80	-	-	-
Total	82,420	100	317,140	100

e) Information on the non-cash loans classified under Group I and Group II:

	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	82,420	317,140	-	-
Letters of Guarantee	82,420	286,028	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	31,112	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

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

**III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS
(Continued)**

2. Explanations on derivative transactions:

	Current Period
Types of Trading Transactions	
Foreign Currency Related Derivative Transactions: (I)	159,609
Forward Transactions	159,609
Swap Transactions	-
Futures Transactions	-
Option Transactions	-
Interest Related Derivative Transactions (II)	-
Forward Interest Rate Agreements	-
Interest Rate Swaps	-
Interest Rate Options	-
Interest Rate Futures	-
Other Trading Derivative Transactions: (III)	-
A. Total Trading Derivative Transactions (I+II+III)	159,609
	-
Types of Hedging Derivative Transactions	-
Fair Value Hedges	-
Cash Flow Hedges	-
Foreign Currency Investment Hedges	-
B. Total Hedging Derivative Transactions	-
	-
Total Derivative Transactions (A+B)	-

The bank has no derivative transaction held for cash flow hedges. There are no income and expenses before ex ante and accounted on the basis of this prediction; however operations that is inferred as not actualize and by the reason of unrelated with income statements in the current period.

3. Explanations on contingent assets and liabilities:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Bank's liability resulting from the cheques given to its customers amounts to TL3,181.

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

4. Explanations on services in the name of others:

There is no service provided services in the name of others.

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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⁾	55,266	2,631
Short term loans	44,916	1,316
Medium and long term loans	10,350	1,315
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	7,788	155
Foreign Banks	-	-
Branches and head office abroad	-	-
Total	7,788	155

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	4,937	-
Financial Assets Available-for-Sale	15,269	-
Investments Held-to-Maturity	-	-
Total	20,206	-

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

None.

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

	Current Period	
	TL	FC
Banks	17	212
Central Bank of the Republic of Turkey	-	-
Domestic Banks	17	88
Foreign Banks	-	124
Head Office and Branches	-	-
Other Institutions	-	-
Total	17	212

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

None.

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

None.

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

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

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

Current Period Account Name	Profit Sharing Accounts						Total
	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	Above 1 year	
TL							
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	1,128	4,264	126	52	109	173	5,852
Public sector profit sharing account	1,972	2,073	-	-	-	-	4,045
Commercial sector profit sharing account	153	3,444	412	82	-	243	4,334
Other institutions profit sharing account	16	958	6	-	-	-	980
Total	3,269	10,739	544	134	109	416	15,211
FC							
Collected funds from banks through current and profit share accounts	-	12	-	-	-	-	12
Real person's non-trading profit sharing account	118	597	57	11	3	54	840
Public sector profit sharing account	4	4	-	-	-	-	8
Commercial sector profit sharing account	59	916	1	-	-	-	976
Other institutions profit sharing account	-	7	-	-	-	-	7
Precious Metal Accounts	-	-	-	-	-	-	-
Total	181	1,536	58	11	3	54	1,843
Grand Total	3,450	12,275	602	145	112	470	17,054

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

	Current Period
Income	74,017
Foreign exchange gains	68,938
Gain on derivative financial instruments	5,079
Gain on capital market transactions	-
Losses (-)	71,019
Foreign exchange losses	68,779
Losses on derivative financial instruments	2,240
Losses on capital market transactions	-
Net	2,998

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

	Current Period
Effect of the change in exchange rates on profit/loss	2,839
Effect of the change in interest rates on profit/loss	-
Total	2,839

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

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

5. Information on other operating income:

None.

6. 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	13,939
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	1,090
Total	15,029

7. a) Information on other operating expenses:

	Current Period
Personnel expenses	30,060
Reserve for Employee Termination Benefits	-
Bank Social Aid Provision Fund Deficit Provision	-
Tangible Fixed Assets Impairment Expense	-
Depreciation Expenses of Tangible Fixed Assets	3,108
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	1,176
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	26,915
Operational Leasing Expenses	4,272
Maintenance Expenses	656
Advertisement Expenses	14,457
Other Expenses	7,530
Loss on Sales of Assets	-
Other	6,830
Total	68,089

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

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

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

As of 31 December 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	68,449
Other Operating Expenses (-)	68,089
Provision for Loan or Other Receivables Losses (-)	15,029
Other Operating Income	37
Net Fees and Commissions Income	(74)
Dividend Income	-
Trading Income/Expense (Net)	2,998
Income/(Loss) from Continuing Operations	(11,708)

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

As of 31 December 2015, the Bank's total tax provision expense amounting to TL 274 totally consists of deferred tax expense.

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

The Bank's net operating income after tax amounts to TL (11,982).

11. Information on net profit/loss:

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

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

b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period.

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

None.

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

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

a) Explanations on inflation adjustment differences for equity items:

As per the BRSA’s Circular numbered 5 announced on 28 April 2005, it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA’ decree numbered 1623 on 21 April 2005.

c) Explanations on Available For Sale Financial Assets:

Available for sale financial assets are not included in the current income statement, until their collections, disposals, sales or losses are realized and those assets are recognized under the “Marketable Securities Revaluation Fund” under equity. In accordance with TAS 39 and due to the change in the Bank’s intention to hold the previously classified as available for sale securities to maturity the Bank has reclassified the securities under available for sale portfolio to held to maturity portfolio. The valuation differences of these securities is presented under shareholders’ equity as a “Marketable Securities Valuation Differences” and transferred to profit/loss with subject to redemption with proportional to the maturity of security.

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

1. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

“Operating Profit before Changes in Operating Assets and Liabilities” amounting to TL (11,108) is composed mainly from interest received from loans and securities amounting to TL 69,016 and interest paid to deposit and money market operations which is amounting to TL 14,654. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rate on cash and cash equivalents is determined, approximately, as TL (8,059) as of 31 December 2015.

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as “cash”; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as “cash equivalents”.

Period opening and end cash and cash equivalents balance:

Period End	Current Period
Cash in TL and in Foreign Currency	8,623
Central Bank of the Republic of Turkey and Other Banks	136,514
Money Market Operations	-
Total Cash and Cash Equivalents	145,137

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

VII. 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	-	-	337,726	-	-	-
Profit share and commission income	-	-	3,095	-	-	-

- 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	-	-	891	-	-	-
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	126,798	-	-	-	-	-
Total Profit/Loss	624	-	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

- 3) Information on remunerations provided to top management:

The Bank has paid TL 1,964 to top management.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

	Number	Number of Employees	
Domestic Branch	22	307	
			Country of Incorporation
Foreign Representative Office	-	-	
	-	-	
			Statutory Share Capital
	-	-	Total Assets
Foreign branch	-	-	-
	-	-	-
Off-shore Banking Region Branches	-	-	-

With the decision of the Board of Directors dated 28.07.2015 and numbered 9/1, Ziraat Katılım Varlık Kiralama A.Ş. was registered and established at 22.01.2016.

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON AUDIT REPORT

I. EXPLANATIONS ON THE AUDIT REPORT

As of 31 December 2015, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Audit Report dated 10 February 2016 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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