



 **Ziraat Participation**
Growth through sharing

Content

PART I - Introduction

- 2 Our Mission-Our Vision-Our Strategies
- 3 Corporate Profile
- 6 Key Financial Indicators
- 6 The Shareholding Structure
- 8 Chairman's Assessment
- 10 CEO's Assessment
- 14 Macroeconomic and Sectoral Outlook
- 20 An Assessment of 2015: Strategies, Developments and Future Goals
- 30 The Report on Compliance of Annual Report

PART II - Management and Corporate Governance Practices

- 34 Ziraat Participation Board of Directors
- 38 Ziraat Participation Senior Management
- 40 Summary Report by the Board of Directors
- 41 Information on the Activities of the Committees
- 42 Human Resources Practices and Policies and the Expectations Regarding 2016
- 43 Transactions Carried out with Ziraat Participation's Risk Group
- 43 Companies from which Support Services Are Obtained

PART III - Financial Information and Risk Management

- 45 Audit Committee's Assessments of the Operation of the Internal Audit, Internal Control and Compliance, and Risk Management Systems
- 47 Ziraat Participation's Financial Standing, Profitability and Solvency
- 49 Information about Risk Management Policies and Activities According to Type of Risk
- 52 Unconsolidated Financial Statements and Notes as of 16 February - 31 December 2015 Together with Independent Auditors' Report
- 138 Contact Information

PART I - Introduction

Our Mission-Our Vision-Our Strategies

Our Mission

Our mission is to become a participation bank that understands the expectations and needs of its customers in the best way possible and offering most reliable solutions and value propositions through the most appropriate channel, carries out its activities with world-class sustainable profitability and efficiency being aware of principles of participation banking and ethics, facilitates access to financial services focusing onto the customer satisfaction.

Our Vision

At Ziraat Participation Bank, our vision is to become a global, reputable and leading participation bank that strengthen participation banking not only in Turkey, but in the region, constantly generates value, offers customers more the more as they share at every stage.

Our Strategies

To be an effective Participation Bank

- To allocate resources to investments that will create value with the financing it provides,
- To be fair and transparent in profit sharing,
- To create customer-centric processes in order to achieve operational excellence.

To run Participation Banking for everyone

- To be the “Moral Participation Bank” with which customers and personnel feel a sense of peace and are happy to work with or for,
- To offer services which meet universal service standards with the same high quality wherever they are,
- To manage the financing of production and trade in a manner that adds value.

To improve Participation Banking

- To integrate into the international participation banking financial architecture,
- To contribute to the development of the participation banking sector in our country,
- To be a pioneer in the participation banking sector by developing new products and services.

By always listening to its customers, Ziraat Participation understands them and works on a basic principle of offering unique solutions to them, with a focus on adding value not only for its customers and the shareholders, but to all of its stakeholders and society.

Turkey's first state-owned participation bank

Ziraat Participation, a member of the Ziraat Finance Group, was established with permit number 6046 dated 10 October 2014 by the Banking Regulation and Supervision Agency (BRSA) with TL 675,000,000 of capital, and the bank obtained its permit for operation with decision number 6302 dated 12 May 2015.

Ziraat Participation successfully completed the basic banking software tests in a very short space of time. It set up operational infrastructure and business processes, and in line with the needs, recruited the necessary number of personnel with the required qualifications.

As the first state-owned participation bank to operate in our country, the Bank began offering services in its Head Office and in the Eminönü branch in Istanbul on 29 May 2015.

The target of growing together

As a supporter of projects that will enhance the contribution of businesses and individuals to the national economy with the right financial solutions in accordance with the principles of participation banking, Ziraat Participation continues its activities with the aim of becoming a different participation bank and growing together.

By always listening to its customers, Ziraat Participation understands them and works on a basic principle of offering unique solutions to them, with a focus on adding value not only for its customers and the shareholders, but to all of its stakeholders and society.

As a member of the Ziraat Finance Group and as the heir of a 152-year tradition of banking services, Ziraat Participation offers services to its customers in the fields of retail and corporate banking with its experienced personnel, effective distribution channels, digital platforms and technological infrastructure.

At the end of 2015, Ziraat Participation's assets stood at TL 2.2 billion, with TL 1.3 billion of funds collected through participation accounts and TL 1.7 billion of funds disbursed to the real sector. There were 22 branches at the end of 2015, with a total of 458 personnel.



WHAT IS SHARING?

**For us, sharing is sometimes to give
what you feel in your heart,
and sometimes to give from
one heart to another.**

Now there is a brand-new Participation Bank
for the people of this country who like sharing.
Ziraat Participation, growth through sharing

Key Financial Indicators

Assets (TL thousand)	December 2015	Share in Balance Sheet (%)
Liquid Assets and Banks	279,641	12.8
Securities Portfolio	129,893	6.0
Loans	1,690,106	77.6
Other Assets	77,795	3.6
Total Assets	2,177,435	100.0
Liabilities (TL thousand)	December 2015	Share in Balance Sheet (%)
Funds Collected	1,256,305	57.7
Other Funds	212,441	9.8
Other Liabilities	44,159	2.0
Shareholders' Equity	664,530	30.5
Total Liabilities	2,177,435	100.0
Selected Income/Expenses (TL thousand)	December 2015	
Profit Shares Income	86,425	
Profit Shares Expense	17,976	
Profit Shares Income/Expense (net)	68,449	
Fees and Commissions Income/Expense (net)	(74)	
Trading Income/Loss (net)	2,998	
Other Operating Expense	68,089	
Provisions for Loans and Other Receivables	15,029	
Income Before Tax	(11,708)	
Tax Provision	(274)	
Net Profit/Loss	(11,982)	

The Shareholding Structure

The main shareholder of Ziraat Participation is Ziraat Bank.

The TL 675,000,000 capital of Ziraat Participation was fully paid by Undersecretariat of Treasury. Ziraat Participation's capital is divided into 675,000,000 shares, each valued at TL 1.00.

The Chairman and members of the Board, members of the Audit Committee, General Manager and Assistant General Managers do not own shares.

Extraordinary General Meeting

The members of the Board were determined in Ziraat Participation's first Extraordinary General Meeting on 20 May 2015; the Board's decisions regarding the selection of an independent audit company were approved with the Internal Guidelines on the Working Principles and Procedures of the General Assembly prepared by the Board.

Shareholder	Value of Stake (TL)	Number of Stake
T.C. Ziraat Bankası A.Ş.	674,999,996	674,999,996
Ziraat Sigorta A.Ş.	1	1
Ziraat Hayat ve Emeklilik A.Ş.	1	1
Ziraat Teknoloji A.Ş.	1	1
Ziraat Yatırım Menkul Değerler A.Ş.	1	1

2015 Highlights

Total Assets

TL 2,177 million

Loans

TL 1,690 million



Number of Employees

458



Number of Employees

As of 2015 year-end, Ziraat Participation's total number of employees was 458.

Number of Branches

22



As of 2015 year-end, Ziraat Participation had 22 branches.

The Breakdown of 2015 Balance Sheet

78%
Loans

58%
Funds Collected

22%
Others

31%
Shareholders' Equity

11%
Others

Assets

Liabilities

Chairman's Assessment



Dear stakeholders,

The monetary policy implemented by the Federal Reserve (Fed) in the US, the slowdown in China's economy and the resulting plunge in commodity prices, the emerging problems in developing countries, and increasing geopolitical risks were the main events that marked 2015.

In 2015, while the USD and Euro gained significant value against the currencies of developing countries, the currencies of developed countries are expected to continue their rise in 2016 depending on growth rates and the direction of inflation rates.

The year 2015 was shaped by a policy of normalization that started to be implemented by the Fed while data releases for the US economy and employment figures exceeded expectations. Following a decline in the rate of unemployment in the US to 5% and as core inflation figures met expectations; the Fed hiked

the interest rate by 25 basis points in the last month of 2015, in what was the Fed's first interest rate hike of the last decade, demonstrating that the recovery in the US economy was on track. Although there some speculation that the Fed could then go on to raise interest rates four times in 2016, the strong USD started to hurt industry in the US and the slump in commodity prices was expected to lead the Fed to take a more cautious approach to interest rate hikes.

In 2015, the European Central Bank (ECB) implemented an expansionary monetary policy by raising bond purchases as well as reducing deposit rates, thus aiming to revive European economies. Despite an economic recovery in Europe in the first half of the year, Greece's debt crisis was brought returned to the agenda and the problems seen in the global economy compromised the success of the policy implemented by the ECB.

The very low commodity prices prevented the ECB from meeting its inflation targets. Meanwhile, high rates of unemployment in many European countries and a massive debt stock have been increasing concerns regarding the Eurozone. With commodity prices (principally oil) remaining low and inflation still below the targets, the ECB is expected to continue implementing an expansionary monetary policy.

The slowdown in growth rates in the Chinese economy, slump in prices of commodities, especially oil, and the move from the Fed to an interest rate hike process were the main factors behind the outflow of capital from emerging economies.

The slowdown in the Chinese economy started to negatively affect investor perceptions of the future of the Chinese economy. A wave of sharp selling was seen in the Chinese market, putting pressure on the Chinese economy and exacerbating capital outflows, sending the Chinese Yuan lower. On the other hand, the slowdown trend seen in the country - which is the world's largest commodity importer - caused a sharp fall in commodity prices. This drove budget deficits and current account deficits higher among commodity exporting countries. In case the rates of growth in China fail to recover their previous levels in the country's transition from export-led growth model to a domestic consumption-based growth model, we should expect to see a continuation of the low levels of commodity prices and deterioration in the economic outlook of commodity-exporting countries.

The increasing volatility in the global economy and mounting geopolitical risks increased the

Ziraat Participation, the first state-owned player in the sector, displayed rapid growth and expansion in its branch network in its first year.

risk premium of Turkey, along with that of other developing countries, and precipitated a fall of around 20% in the value of the TL against the currency basket. Nevertheless, despite a negative contribution from net exports to Turkey's economic growth, Turkey posted a rate of growth in excess of expectations with domestic demand and government spending being the main factors behind the growth. Turkey is expected to demonstrate a better economic performance in 2016 than in 2015.

Inflation in Turkey ended 2015 higher than expectations, at 8.81%. High food prices throughout the year and the depreciation of the Turkish Lira were the main culprits behind the higher than expected inflation readings. Inflation is expected to decline from the second quarter of the year, supported by the base effect.

In addition to the slump in commodity prices (mainly oil), the increase in automotive exports and higher gold exports set the stage for a rapid improvement in the current account balance in 2015. However, the decline in oil prices put pressure on the economies of Iraq and Russia, while the geopolitical problems with these countries also prevented exports to these countries from reaching the targets. Turkey's exports are generally Euro based but its expenses are USD based; therefore, the fall in the EUR against the USD

was another factor putting pressure on Turkey's export performance. Maintaining fiscal discipline in the public sector, continuity of extension of the maturity of debt and the growth in consumer loans to have been at the desired level stand out as factors that will continue to improve the current account balance in the coming period.

The Central Bank of the Republic of Turkey (CBRT) continued to implement a tight monetary policy in 2015, whereas it stated that it may simplify the monetary policy depending on market volatility and steps to be taken by the Fed. In 2016, the CBRT declared that it would convert the interest-rate structure into a symmetrical structure around the one-week repo interest rate by narrowing the interest rate corridor.

Despite the high volatility in the markets in 2015, the Turkish banking sector was able to realize active growth in line with its targets due to the effective control mechanisms and professional management competencies, and the banking sector posted higher profitability than in the previous year.

According to figures released by the Banking Regulation and Supervision Agency (BRSA), retail loans posted a low rate of growth, in line with the targets, whereas the growth in corporate loans appealing to the real sector was robust.

Starting operations in 2015, Ziraat Participation was the first state-owned participation bank in the sector. Ziraat Participation underwent rapid growth and expansion in its branch network in the second half of the year, and aims to increase its market share rapidly in the sector, to contribute to the sector to work more effectively and efficiently with its competitive and innovative structure.

We have complete faith that Ziraat Participation, the newest member of the Ziraat Finance Group, will bring a breath of fresh air and inject new excitement to the Turkish banking sector, and soon demonstrate the service difference in participation banking.

On behalf of myself and our Board of Directors, I would like to thank our entire team who shared their dedicated efforts with us since the establishment of Ziraat Participation and for their 2015 performance. I also extend my respects to our stakeholders, and especially to our valued customers.



Hüseyin AYDIN
Chairman



Dear stakeholders,

We are a new member of the Ziraat Finance Group.

As Turkey's first state-owned participation bank, we are excited and proud to have entered the service race.

We are the newest member of the Ziraat Finance Group that operates under the leadership of Ziraat Bank.

We have set out to put Ziraat's signature on the participation banking segment, which has entered a period of sustainable development and growth in our country, as it has all over the world.

We have started to deploy our 152-year banking tradition and heritage that we share as a member of Ziraat Finance Group in the most effective and correct manner to offer our products and services that are fully compliant with the principles of participation banking to our target audience throughout Turkey.

Our main target is to become a leading and reputable participation bank.

It is our main target to offer our customers the optimum solutions and value suggestions from the most suitable channel by understanding our customers' needs and expectations.

While acting with an awareness of the principles of participation banking, ethical values and our social responsibility, we are focused on operating with sustainable profitability and efficiency to world class standards.

Another indispensable element of our mission is to continuously raise our customers' satisfaction by offering the best service experience to them at all our distribution channels and to be a participation bank which facilitates financial access on a society scale.

Ziraat Participation aims to be a participation bank which is universal, respectable, a leader and which gives impetus to participation banking not only in Turkey but also in its region,

in a manner befitting the leader identity of the Group that it is a member of, constantly creating value and offering more by sharing.

As long as we carry out our activities in accordance with this great responsibility, we will generate an increasing amount of lasting value for our stakeholders and will raise the share of participation banking in the Turkish banking industry to a much higher level.

The gains in our first year bring us excitement.

Ziraat Participation ended 2015 with TL 2,177 million of assets, positioning us ahead of many players in the banking sector in our first year of operation.

Our equity amounted to TL 665 million in 2015, accounting for 31% of total liabilities, with a Capital Adequacy Ratio (CAR) of 47%. The collected sum of current and participation accounts accounted for 58% of total liabilities, while current accounts accounted for 14% of participation accounts at the end of 2015.

As part of our goal to diversify our resource base, Ziraat Participation provided TL 164 million of funding from domestic and foreign banks in 2015.

One of the main goals after entering operation on 29 May 2015 was to initiate a rapid branching process in accordance with our corporate strategy. I am delighted to say that Ziraat Participation opened a total of 22 branches in ten provinces, including nine branches in Istanbul and four branches in Adana since its first day when the Bank entered the sector.

Another issue that needs to be emphasized in this context is the regular increase in the volume of fund raising and disbursement upon increasing the number of branches.

While acting with an awareness of the principles of participation banking, ethical values and our social responsibility, we are focused on operating with sustainable profitability and efficiency to world class standards.

The volumes that we have reached in our first year indicate the accuracy of our strategy for branch expansion, as well as demonstrate how powerful the demand is for participation banking's products and services.

Our target for branch expansion is to reach 50 branches by the end of 2016. We will continue to offer services for the needs of customers in both the retail and corporate segments in line with the principles of participation banking through the new branches that will be opened until the end of 2016.

Another important issue that needs mentioning in this context is that Ziraat Participation will have access to the regions which generate 80% of Turkey's GDP with the new branches that we plan to open in 2016.

We are determined to create a difference with our multi-channel strategy.

In addition to the financial contributions to the sector with rapid growth goals, Ziraat Participation provides services through the latest technology and infrastructure systems.

We also offer our transactions to our customers through our Internet Banking portal, which we commissioned on the very day we became operational, which marked our first step into digital banking.

We see digital banking as a growth area which we will continuously improve, as well as a basic distribution channel. Ziraat

Participation sees increasing the product diversity and service effectiveness through the new projects that it will implement in the field of digital banking and creating difference also in this field among its main goals. In this context, we are planning to commission our mobile banking application that will enable our customers to carry out banking transactions in a safer and faster manner in 2016.

Sustainable profitability, sustainable future...

Ziraat Participation attaches importance to the concept of sustainable profitability and is therefore aware of the importance of taking part in the strategic investments that will affect the country's values and its future.

Ziraat Participation undertakes the financing of suitable and appropriate investment projects that increase employment and support economic growth, contributing to a sustainable future. It also carries out activities that will pave the way for Turkey's transformation into a leading international finance center and for the global funds to increasingly be directed to Turkey.

While finding solutions to meet the expectations and demands of customers from all walks of life and of all ages, we are working to offer financial support to a wider base by gaining new customers. As a participation bank that reconciles the dynamics of interest-free banking with the expectations of the real

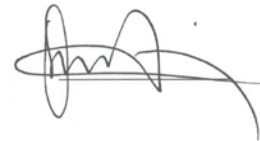
sector, we believe our customer focused activities will contribute to the development of both the real sector and the participation banking sector.

Ziraat Participation is focused on its activities with the ultimate goal of creating value for all of its stakeholders and the community, as well as its customers and shareholders.

Our human resources, which numbers 458 including our senior management team, work with faith and enthusiasm in representing the Ziraat culture successfully in the participation banking sector and raising the tradition of participation banking to higher levels on more powerful foundations.

Also in 2016, Ziraat Participation will continue its operations as a visionary participation bank that aims to grow all together with other participants.

I thank to everyone who has contributed to the value we have generated in our first year of operations, and we extend our gratitude to all of our stakeholders.



Osman ARSLAN
Board Member and General Manager



WHAT IS WEALTH?

**We think wealth may sometimes
be a heirloom watch that helps a child
study; the child then grows and
helps dozens study.
Wealth becomes wealth when shared.**

Now there is a brand-new Participation Bank
for the people of this country who like sharing.
Ziraat Participation, growth through sharing

In December 2015, the Fed increased interest rates by 25 basis points in what was the first interest rate hike in 10 years.

low oil prices

Outlook for the World Economy
In 2015, the US economy continued to recover and the Federal Reserve Bank carried out its first interest rate hike, in line with expectations. However, growth in other developing countries, including China, started to flag, raising again concerns over the future of the world economy.

in commodity prices, especially oil prices. This led to an increase in budget deficits in key oil exporters such as Russia, Saudi Arabia and Venezuela. In 2015, a year of increased geopolitical risks as well as low oil prices, capital outflows from Russia and Saudi Arabia gained pace.

recovery in the US economy

Expectations at the start of 2015
At the beginning of 2015, the US economy was expected to continue its recovery, while European and Japanese central banks were set to implement expansionary monetary policies and there was a general expectation that growth in the Chinese economy was about to slow.

The first interest rate hike in 10 years

The recovery in the employment market seen during 2015 increased hopes for the future of the US economy. In addition to the strong increase in non-agricultural employment, the rise in hourly wages, the improvement in growth and increase in core inflation strengthened the Fed's hand in hiking interest rates even if inflation did not rise in line with the target. The Fed increased interest rates by 25 basis points in December 2015, in what was its first interest rate hike in 10 years.

The slowdown of Chinese economy compounded the effect of the lackluster global demand in the world, precipitating a serious decline

Despite this, there have been no episodes of serious turbulence in the world economy. The Fed had given plenty of warning before it hiked interest rates, thus directing world markets with its pronouncements and preventing sharp moves in global markets after the interest rate hike in December.

The Fed is expected to implement further rate hikes in the coming period. The Fed's monetary policy will be steered by trends in the data related to employment and growth and, in particular, inflation.

A difficult year for Europe

2015 proved a difficult year for the European economy, due especially to economic problems in Greece which is a member of the Eurozone. Greece's failure to post an economic recovery, the possibility that Greece would exit the European Monetary Union (EMU) and the debt crisis between creditors and the Tsipras Government that came to the power with populist rhetoric engaged the agenda in the Eurozone for a long time. After long negotiations, an agreement was reached for the construction of Greece's debts.

The European Central Bank (ECB) implemented expansionist monetary policy in 2015. Sharp decline observed in commodity prices, mainly oil prices and continuing downward trend in the growth rate of the world economy increased the concerns of the ECB's for the

future. Therefore, with the decision it took, the ECB extended the bond purchase program worth of Euro 60 billion until March 2017, which it had planned to implement until September 2016. The bond purchase program is estimated to increase the ECB's balance sheet by Euro 1.1 trillion.

Rapid slowdown in China's economic growth

One of the most important developments of 2015 is a negative reflection of the decline of China's growth rates on the world economy. The growth rates in China that is the second largest economy in the world declined to 6.8% as of the fourth quarter of 2015. This has led to a sharp reduction in commodity prices, particularly oil, through especially the decrease in demand channel. China is performing about 11% of the world's foreign trade volume; the decline in demand is affecting China's trade partners such as Asian and European countries and USA negatively.

The run of rapid economic growth in China after the 2008 crisis compared to other countries led investors to price the China Stock Exchange on the perception that the high growth rates would continue. However, the expectation that declining growth rates would reduce corporate profit sparked a wave of selling on the Chinese Stock Exchange from its high levels, especially from the second half of 2015. This led to substantial selling in global stock markets, as well as

China. The Chinese government announced that it had adopted a growth model which would be supported by domestic consumption, rather than the export-oriented growth it had pursued, by increasing the share of the service sector in the economy in 2015 and began to implement its new policies in this direction.

35% drop in oil prices

With oil constituting the majority of budget revenues in many oil exporting countries, these countries tended to keep supplies high levels rather than reducing production when prices fell, and this, along with the slowing growth in China, paved the way for a 35% slump in oil prices during 2015.

Prices of commodity, particularly oil prices, are expected to remain low in 2016 given the continued downward trend in rates of growth in the world as well as the increased investments in alternative energy resources with the development of new technologies.

Because Turkey's economic structure relies on the import of commodities, in contrast with many other developing countries which are commodity exporters, Turkey benefited from the plunge in prices of commodity, principally oil.

positive contribution to exports

positive outlook

Outlook for the Turkish Economy
Because Turkey's economic structure relies on the import of commodities, in contrast with many other developing countries which are commodity exporters, Turkey benefited from the plunge in prices of commodity, principally oil.

Turkey displayed a growth performance which exceeded expectations in 2015, despite the fall of the TL, geopolitical risks on our borders and inflation exceeding the target.

The Turkish economy is expected to post another sound growth performance in 2016. The Fed's next steps in tightening monetary policy, that were to be implemented at the beginning of 2015, played a significant role in determining capital movements in developing countries.

After the Fed completed its monetary easing and leaned towards raising interest rates, financing costs increased for countries burdened by current account deficits, thus raising the risk perception towards Turkey. However, some of the uncertainty was cleared up after the Fed hiked interest rates only once in 2015, by 25 basis points, while the consensus views that the Fed would be in no hurry to raise interest rates began to change the negative view regarding Turkish markets, as well as other emerging markets.

The weakening TL and slump in commodity prices throughout the year ensured that Turkey's current account deficit narrowed. The current account deficit to GDP ratio fell below 5%, and a monthly current account surplus was achieved for the first time in six years. The majority

of Turkey's receipts are Euro based, given that EU countries form Turkey's largest export market, whereas its expenses are generally denominated in USDs. While the depreciation of TL is expected to have a positive effect on Turkey's exports, the impact of net exports on growth was negative as a result of weakening in the global economy and depreciation of the Euro against the USD. The low oil prices and the difficulties faced by the Russian economy due to EU sanctions, the failure to achieve the desired economic recovery in EU countries, geopolitical problems and the ongoing problems in Iraq, which is one of our main export markets, also due to low oil prices were the factors that affected our exports negatively. There was no contribution of net exports to growth in 2015; it was domestic demand which took growth to above expectations.

As a result of the high food prices in 2015 and a fall of around 20% in the value of the TL against the USD-Euro basket leading to an exchange rate impact, inflation ended the year above expectations.

The CBRT lowered the 1-week repo rate by 75 basis points, the upper band of the corridor by 50 basis points and the lower band by 25 basis points in the first quarter of 2015, and the CBRT was expected to continue interest rate cuts for the remainder of the year. However, the depreciation of the TL, the high level of inflation and challenges facing the global economy forced the CBRT to pursue a tighter monetary

policy. The Central Bank announced that it would take steps to simplify the monetary policy in 2015, but specified reduced volatility in global economies and continued Fed interest rate hikes as a pre-condition.

Despite the high debt ratios seen in developed countries in the world, Turkey was able to keep its public debt low due to the fiscal discipline that it implemented. The same commitment is expected to continue also in 2016.

Although the sharp decline in commodity prices, particularly in oil, seen during 2015 reduced Turkey's import bill, the outflow of funds from commodity-exporting developing countries negatively affected Turkey. Although the existing pressure on developing countries is expected to continue with the Fed's announcement that it would continue with the normalization policy in 2016, the Fed's pronouncements that it will only take gradually steps will limit this pressure. Further, the ECB's expansionary monetary policy implementation may positively affect Turkey's exports. On the other hand, steps taken towards structural reforms will contribute to sustainable growth by shaping Turkey's macroeconomic structure in 2016 and beyond.

tight monetary policy

sustainable fiscal discipline



WHAT IS CAPITAL?

**For us, capital is to know
the value of people and labor,
and growing by sharing.**

Now there is a brand-new Participation Bank
for the people of this country who like sharing.
Ziraat Participation, growth through sharing

Ziraat Participation quickly began to generate added value in its first year of operations by rising on the deeply rooted values represented by the Ziraat brand.

2015: a successful year

strong service and operation processes

Ziraat Participation began to execute its strategies uncompromisingly in 2015, which was its first year of operations, and supported its customers with a rich portfolio of products and services.

Ziraat Participation quickly began to generate added value in its first year of operation by building on the deeply rooted values represented by the Ziraat brand. Under the guidance of the senior management team, who has competence in reading market dynamics and windows of opportunities correctly, Ziraat Participation achieved its targets for the year 2015 with accurately configured service and operation processes, a competitive service network and modern risk management practices.

During 2015, Ziraat Participation successfully offered its customers products and services that have high added value and which fully

comply with the participation banking principles. Within the scope of the service cycle, Ziraat Participation, which supports its real sector customers with a range of products from project financing to foreign trade, also entered the area of retail banking with its competitive products and services.

Corporate and Entrepreneurial Banking

A year when powerful and widespread contact was achieved with customers.

Working to a basic philosophy of listening to its customers and offering them unique solutions in all circumstances, Ziraat Participation has notched up a major achievement in gaining customers despite being a new entrant to the sector and the intense competition experienced in the business. Within the scope of systematic marketing and customer gaining activities conducted in 2015, Ziraat Participation began to establish contact with customers in

the corporate and entrepreneurial segment in the country's different regions.

Having rapidly completed its installation and infrastructure investments, Ziraat Participation meets companies' cash and non-cash financial needs with an innovative and high quality service approach. Following the activities carried out in 2015, the POS product was offered to customers at the beginning of 2016.

In 2016, Ziraat Participation will continue to strengthen its presence and operations in the sector with financing methods such as the Investment Operating Financing For Agricultural Production with Low Profit Share, Profit - Loss Sharing and the Financing from the Industrial Development Bank of Turkey (Türkiye Sınai Kalkınma Bankası) and World Bank to meet the financing needs of producers for agricultural production, with preferential conditions attached.

Retail Banking

Operations shaped under a vision of "achieving more by sharing"

Aiming to meet customers' expectations on time and with the right products and services, Ziraat Participation completed a successful entry into the retail banking sector with the vision outlined in the slogan of "Achieving More by Sharing". Despite intense competition in the business, Ziraat Participation took important steps towards attracting individual customers during 2015, and achieved a successful performance.

The work carried out in the retail banking sector in 2015 is summarized below:

- Having quickly completed new

installation and infrastructure investments, Ziraat Participation began to receive individual funding applications from May 2015.

- The Bank started to offer housing, vehicle and consumer financing products to customers through the funding disbursement system based on Islamic banking principles.
- Aiming to provide special services to customers for housing finance, Ziraat Participation began finance transactions for unfinished housing in the project stage in 2015. As of end of 2015, the Bank was involved in four large housing projects and began extending housing finance.
- To meet the financing needs of customers who are teachers, Ziraat Participation organized the Teachers' Day campaign in the November-December period.
- In 2015, protocols were signed between Ziraat Participation and the Social Security Institution (SSI) and the Ministry of Finance, with mandatory collection of premiums and payment of taxes starting to be carried out through Ziraat Participation following the completion of integration work.
- In 2015, POS allocation agreements were signed with businesses. The product dissemination process will continue in 2016.
- The Ziraat Participation Card product was offered to customers in the individual and corporate segment.

In this period, Ziraat Participation achieved important realizations with respect to attracting new customers, participation funds and disbursed fund volume with its innovative and solution oriented strategy.

Ziraat Participation determined its goal for 2016 as one of expanding its customer base by providing an exceptional service and a wide range of products and establishing secure relationships with its customers by introducing innovations into participation banking with a customer satisfaction centered approach.

Synergy with Ziraat Bankası...

As part of the correspondent banking project, anyone wishing to be a customer of Ziraat Participation can open current and participation accounts in Ziraat Participation through the Ziraat Bank branches.

Meanwhile, users of the Ziraat Participation Card could benefit from balance inquiry and withdrawal services from Ziraat Bank ATMs free of charge.

The strategic cooperation developed with Ziraat Bank offers Ziraat Participation an extremely important and valuable source of leverage for development and growth.

Treasury Management and International Banking

Based on its real sector financing weighted growth strategy...

In 2015, Ziraat Participation pursued a growth strategy that involved assets in which there is a high weighting of real sector financing. Ziraat Participation began to meet financing needs through participation funds and other resources which meet the principles of participation banking and which have a longer maturity than participation funds, as well as equity, by being mindful of the risk-return balance.

Ziraat Participation provides its customers with products in accordance with the principles of participation banking, observing the balance of resources.

support to real sector

Ziraat Participation provides its customers with products in accordance with the principles of participation banking, observing the balance of resources. In 2015, balance sheet liabilities were established by considering optimal cost and maturity when diversifying the resources for the financing of the real sector.

of participation funds. Under the target of resource diversity and cost-effective use of resources, Ziraat Participation also uses different resources besides participation funds. In this context, Ziraat Participation expanded Turkish Lira and foreign currency financing obtained from domestic and foreign banks.

diversity of resources

Within the framework of short and long-term liquidity planning in Turkish Lira and foreign currency by Ziraat Participation, borrowing and financing products between banks were used effectively to fulfill the required reserves, meet the liquidity requirements in line with the principles of participation banking and to make use of the surplus.

The Bank has developed its range of products to respond quickly to customers' needs since the date it first entered operation. In this context, Ziraat Participation started to offer gold trading transactions in its branches and the Internet branch shortly after it entered operation.

Ziraat Participation's Basic Liability Management strategy involves managing the pools most efficiently by expanding the base

Ziraat Participation completed the installation of infrastructure required for the customers to invest in lease certificates that are in its portfolio. Customers were given the opportunity to carry out forward

foreign exchange transactions for the purpose of hedging. The Bank largely completed the work necessary to carry out sale transactions of investment funds that are in accordance with the principles of participation banking to customers. The concerned funds are planned to be offered to the market in 2016.

Active service in the field of emerging correspondent relationships and foreign trade

Immediately after entering operation in 2015, the Ziraat Participation Department of Financial Institutions and Investment Banking completed the harmonization process with a significant number of banks and established Swift correspondent relationships and quickly began to meet demand in the field of foreign trade.

On the other hand, the correspondent bank limit allocation was carried out for many banks when the Internal Assessment Model was created.

In 2015, a correspondent account agreement was drafted in different currencies with correspondent banks, and mutual wakala (representation)/murabaha agreements were signed with some of these banks. In this context, foreign borrowing transactions, besides participation funds, were initiated in order to increase the variety of resources.

Ziraat Participation conducts negotiations with international organizations in the financing of SMEs and exports.

Another important development in 2015 was the approval of the application to establish Ziraat Varlık Kiralama A.Ş., Ziraat Participation's asset leasing subsidiary, by the BRSA (Banking Regulation and Supervision Agency) and the CMB (Capital Market Board). Ziraat Participation's goal is to issue a TL lease certificate, which will be the first in the domestic market, through Ziraat Varlık Kiralama A.Ş. in 2016.

In 2016...

In 2016, Ziraat Participation aims;

- To significantly increase the number of correspondent banks and foreign trade volume,
- To obtain murabaha (usury) syndications from international markets in order to diversification borrowing to other resources besides participation funds, and to extend maturity in resources,
- To complete agreements for obtaining funds from international institutions for SMEs and export financing, for which negotiations were carried out in 2015 and to increasingly contribute to the real sector.

Operational Transactions

The approach that embraces participation banking products and service delivery process from end to end

In 2015, Ziraat Participation rapidly completed numerous operational processes that embrace participation banking products and service delivery process from end to end.

All of the operational processes carried out are essential projects that pave the way for Ziraat Participation's integration into the

system, compliance with the laws and the fast and quality service delivery to customers. The processes in this scope are briefly summarized below:

- Ziraat Participation was given the capability mediation in foreign trade and foreign exchange transaction by commissioning Swift, that is used in international money transfers and communications and which will be carried out with overseas institutions.
- Required system infrastructure was set up by signing an agreement with the Tax Office and the e-distrain application was commissioned.
- Certification tests regarding tax collections were completed; tax collections started to be carried out both online and offline by completing the mutual tests with the Revenue Administration.
- The establishment process of Electronic Fund Transfer (EFT) System was completed in a short space of time, and the system was commissioned rapidly.
- A protocol was signed with the General Directorate of Security and a system that allows the e-pledge (surety) facility through the parent banking software on the vehicles which form the guarantee for disbursed funds or be a subject of disbursed funds was commissioned.
- An agreement was signed with the companies that will perform appraisal and mortgage transactions. The works to make demands for appraisal and mortgage and receive responds through the main banking system

Opening participation account, deposit/withdrawal from the current account and stock collection transactions by Ziraat Participation's customers have been allowed to be made through the branches of the Ziraat Bank, under the correspondent agreement made with the Bank.

collaboration with Ziraat Finance Group

**90%
transaction
rate**

were completed and the works reached the test stage.

- To ensure follow-up and consultancy of leasing and treasury-backed financing transactions contracts were signed with the customs and traffic consultants.
- Mernis (Central Population Management System) integration was achieved by signing an agreement with the General Directorate of Population and Citizenship Affairs and thus making KPS (Identity Sharing System) inquiry was made possible.
- The printing of Ziraat Participation cheques and the punctures of letters of guarantee were carried out.
- Ziraat Participation's membership into Takasbank, Central Registry Agency and Association of Financial Institutions was ensured by signing agreements with these institutions.
- Prior to the opening of branches, on-site visits to the branches were made and the completion of the necessary preparations and controls were ensured.
- Under the correspondent agreement made with the Ziraat Bank, thereby, opening participation account, deposit / withdrawal from the current account and stock collection transactions by Ziraat Participation's customers have been allowed to be made through the branches of the Ziraat Bank.
- Customer definition and acceptance transactions preparations through the correspondent banks and the web were completed. Customer acceptance through the Ziraat Bank service network was initiated. Customer acceptance through the web will start in 2016.
- Comprehensive work for the establishment of a correspondence

- agreement with Ziraat Bank International A.G. was initiated.
- The project for new customers to be accepted, special current accounts and participation accounts to be opened and depositing into current account and withdrawal from current account through Ziraat Bank International A.G. branches was commissioned. Ziraat Participation plans to develop areas of synergic collaboration with other financial service providers which are part of the Ziraat Finance Group in the coming period.
- Necessary systemic changes were carried out to allow customers to collectively open accounts.
- Through Registered Electronic Mail (REM), distraint notifications originating from enforcement offices and courts started to be responded to in electronic media.
- Steps were taken to ensure that E-pledge (surety) transactions were carried out.
- Services to pick up goods from customs, and the delivery of the goods to the customer for leasing transactions started to be provided through outsourcing, by collaborating with customs brokerage agencies.
- An agreement was reached with the consulting firm for investment incentive transactions. The application was submitted to the Ministry for the Economy on behalf of Ziraat Participation.
- Ziraat Participation was registered to the Association of Financial Institutions; lease agreements were registered.
- Full integration into the Swift system was achieved.

- The Bank was integrated into international 'IBAN Complete', the IBAN verification system.
- Similarly, the Bank gained the capability of displaying the branches, addresses and correspondents of all banks in the world through integration into The Global Banking Reserve (TGBR).
- The transfer operations were initiated by opening letters of credit to Ziraat Bank and other correspondent banks.
- The Bank achieved full integration with 225 banks which had entered the Relationship Management Application (RMA)¹ agreement. The transfers related to foreign operations were also provided as well as incoming and outgoing transfers with the RMA agreements.
- Accounts were opened in domestic and international correspondent banks and work was undertaken to ensure their reconciliation.
- The Securities Module integration was completed, enabling Ziraat Participation to carry out Sukuk (lease certificate) transactions.
- Ziraat Participation became a member of the Turkey Electronic Fund Distribution Platform (TEFAS).
- Application program interface (API) transactions were carried out and the Bank applied to the Capital Market Board for membership.
- Certification tests regarding Social Security Institution (SSI) were completed and SSI payments started to be carried out through Ziraat Participation on an online and offline basis.

¹ The Relationship Management Application (RMA) is a service offered by SWIFT and ensures that the traffic between financial services providers are carried out in accordance with the defined message types.

- Certification tests for receiving the payment of Turk Telekom bills through Ziraat Participation were completed, and collections of payments started to be carried out.
- Certification tests for receiving the payment of Vodafone bills through Ziraat Participation are ongoing.
- Work began for the transition to the cheque application with Square Code.

Channel Management

The internet branch of Ziraat Participation, that adopts a multi-channel strategy, has been used actively since 29 May 2015 when Ziraat Participation was established.

The transaction sets used in Internet Banking meet 90% of customers' banking needs. The project to add the remaining transaction sets into the Internet banking module are ongoing.

The first application of branchless banking will be commissioned in 2016. The project to create a customer/opening an account over the web, in what would be the first effort of branchless banking services, was put into operation and pilot work continues. The application is planned to be available for use in 2016.

Work initiated on mobile banking project

Work on the mobile banking application, the development and purchasing activities of which had already been initiated, is ongoing. Ziraat Participation's goal is to be present on the mobile devices of its customers in 2016.

Financial transactions, Internet Banking support services, password transactions and debit card services are among the activities carried out within the Ziraat Participation Customer Contact Center.

**one of the
fastest of the
sector**

As one of the first points of contact with Ziraat Participation customers, the Customer Contact Center offers services 24 hours a day, 7 days a week from the 0850 220 50 00 line. Ziraat Participation's customers perform banking transactions through the platform that presents a fast and high quality service experience through the IVR (interactive voice response) system and/or by connecting to a customer representative.

Within the framework of ensuring Customer Contact Center to provide accessible, quality and efficient service strategy, in parallel to expanding the number of customers, the Bank aims to keep the ratio of call responses above 98% by increasing the number of qualified call center staff.

**98%: the
ratio of call
responses**

Financial transactions, Internet Banking support services, password transactions and debit card services are among the activities carried out within the center.

Project work has begun that will develop the ability of customers to communicate with the Customer Contact Center through chat and video communication methods. Work is continuing to update the IVR system for customers responding in English and Arabic. The project is planned to be commissioned in 2016.

Ziraat Participation began to offer ATMs for better quality and an uninterrupted service for its customers.

The card copying security application was commissioned in all ATMs to protect customers from ATM fraud.

Customers are offered language options in English, German and Arabic.

Ziraat Participation's target is to double the number of ATMs in parallel with its growth. Likewise, the Bank plans to double the number of financial transactions conducted through ATMs.

The Bank continued to carry out infrastructure investments in order to provide better quality and uninterrupted service at ATMs. In 2016, analysis of customer experiences will ensure better service provision at the ATMs. Meanwhile the Bank plans to raise the level of customer service at ATM's by informing those responsible for the ATMs and their installation in electronic and mobile media by automating the follow up of the ATMs break down and supply status.

Another of Ziraat Participation's targets is to enable customers to carry out a much wider range of transactions through ATMs easily and quickly by increasing the diversity of transaction sets offered in the ATMs.

Customer Satisfaction Center

The customer applications received by Customer Satisfaction Center in 2015 were processed.

The average solution duration of all notifications resolved in 2015 stood at 0.6 days - a much shorter period than industry values. The average resolution time for complaints was also successful at 0.9 days on average. The average turnaround time in customer satisfaction varies between 5-7 business days in the industry; with these results, Ziraat Participation was among the banks generating the fastest solutions.

Ziraat Participation aims to obtain the ISO 10002 Quality management - Customer satisfaction - Guidelines for complaints handling in organizations certificate, completing the necessary work in 2016.

A number of projects in the field of mobile banking and a Digital Road Map will be implemented in 2016, with an uninterrupted service channel and products to be added to Ziraat Participation's services.

Information Technologies (IT)

For a better performance, greater security and a richer product range Performance, safety and product diversity are Ziraat Participation's unchanging objectives in the information technologies field. In line with the needs of its customers, Ziraat Participation's vision in the field of information technologies can be summarized as offering innovative products at the right time for the use of customers using the state of the art technological infrastructure.

In 2015, its first year of operation, Ziraat Participation put the following projects into practice within the scope of IT Business Development Activities:

- The company evaluation system was established for commercial and corporate customers.
- Customers were given the opportunity to carry out transactions through the Ziraat Bank channel.
- ERP, the enterprise resource management application, was commissioned.
- POS and member business infrastructure was put in place.

The following actions were carried out within the scope of IT Information Security and Risk Operations:

- Information Security review works were conducted and action was taken to raise awareness of Information Security.
- Within the scope of Banking Regulation and Supervision Agency Penetration Testing Regulation, penetration tests were carried out and solutions were sought for the shortcomings identified.
- New IT risks were assessed and added to the IT risk pool and action plans were created.
- An Information Security Plan for 2016 was set up.
- Corporate employees were provided with information security and risk training.

At the end of 2015, Ziraat Participation was operating with 458 employees in its Head Office units and 22 branches.

a strong structuring

15.96 hours of training per employee

Within the scope of IT governance activities, the actions outlined below were implemented:

- An IT governance infrastructure was created.
- A segregation of duties matrix intended for the job descriptions of IT personnel was created.
- A project management reporting structure was created; project progress status began to be reported weekly.

The Information Technologies Committee meeting was held twice in 2015, attended by the senior management. The method of choice for IT projects was determined by the Committee. The 2016 capacity plan and project priorities were approved.

Within the scope of Information Technology and Infrastructure activities, the following processes were carried out:

- The establishment of business critical systems (ODM-Operational Data Model) that are evaluated in the context of business continuity were completed and ODM tests, that are legally mandated, were conducted on time.
- Within the scope of efficiency efforts, change management rules were identified and started to be implemented.
- A new team has been created to help deal with stress, as well as an expert on the IT Help Desk.
- Wireless access to the systems was provided by setting up a wireless network to improve operational efficiency in the General Directorate and at additional service points.

The systematic investments that will be carried out in the field of IT by Ziraat Participation will continue to reflect on the enterprise performance and consequently on profitability by continuously increasing efficiency per employee.

Human Resources

Human resources approach supporting growth

In line with Ziraat Participation's strategy and objectives and applications in the field of human resources, Ziraat Participation aims to continue its activities by contributing to the performance development of its employees by creating a happy and efficient work environment and guiding employees in their business partnership with the units and the branches.

At the end of 2015, Ziraat Participation was operating with 458 employees in its Head Office units and 22 branches.

With its extensive branch network throughout Turkey, Ziraat Participation attaches importance to expanding its branch network in line with its objectives of providing a better service to its customers and touching every customer. In its first year of operation, it primarily focused on establishing branches in major cities, which is now followed by establishing branches in other provinces.

In the short span of just 7 months, it has achieved a major success by reaching a total of 22 branches.

OHS Committee

The OHS committee that will carry out the management of OHS was established in accordance with applicable laws and regulations in our country. The committee set up by Ziraat Participation includes a representative of the employer in accordance with the legal requirements, a human resources representative, at least one employee representative, an occupational safety specialist and an occupational physician.

Training

In its first year of operation, Ziraat Participation began to offer training programs to its personnel under different headings. In addition to vocational training, informative trainings regarding OHS training, office ergonomics, emergency management and infectious diseases were provided. In 2015, an average of 15.96 hours of training per employee was carried out.

Within the scope of human resources practices in 2015;

- The human resources needs of the General Directorate and the branches were met.
- Open positions in executive positions were filled primarily by assigning successful personnel with appropriate qualifications from internal resources.
- In order to increase the efficiency of the central operations and the staff on the payroll, the Bank aims to keep the number of personnel per branch at an optimal level.

- A doctor was on call within Ziraat Participation so employees of the General Directorate could quickly benefit from health services.
- Work on developing a system that will allow candidates who wish to apply to Ziraat Participation apply through the system started in 2015. Candidates will be able to create their CV's and follow the open positions through this system. The recruitment process will be performed entirely through the Application Module System by enabling interview notes to be recorded through the system. Operational costs are aimed to be reduced by integrating the necessary information into the HR applications program, Humanist.

200 job opportunities

As part of its growth strategy, Ziraat Participation announced a Service Clerk Recruitment Examination, which will provide job opportunities to 200 people. The exam will be carried out in cooperation with Anadolu University. The Service Clerk Recruitment Examination will be carried out in seven locations in six provinces on 27 February 2016; efforts were taken to expand participation in the exam.



**CONVENIENCE TRANSLATION INTO ENGLISH
OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS'
ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH**

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

Auditor's Report on the Board of Directors' Annual Report within the Scope of Independent Audit Standards

We have audited the annual report of Ziraat Katılım Bankası A.Ş. (the "Bank") for the period ended 31 December 2015.

Board of Directors' responsibility for the Annual Report

The Bank management is responsible for the fair preparation of the annual report and its consistency with the unconsolidated financial statements ("financial statements") which are issued in accordance with the "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No. 26333 dated 1 November 2006 and Article 514 of Turkish Commercial Code ("TCC") No. 6102 and "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 the annual report.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on whether the financial information in this annual report is consistent with the Bank's unconsolidated financial statements and reflects the truth, based on our independent audit of the Bank's annual report within the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 and article 397 of the TCC.

Our independent audit was conducted in accordance with Independent Auditing Standards ("ISA") 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 independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the unconsolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

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

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

Based on our opinion, the financial information in the annual report of the Board of Directors is consistent with the audited unconsolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising from Regulatory Requirements

Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of Ziraat Katılım Bankası A.Ş. to continue its operations for the foreseeable future.

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

Haluk Yalçın, SMMM
Partner

Istanbul, 8 April 2016

PART II - Management and Corporate Governance Practices

- 34 Ziraat Participation Board of Directors
- 38 Ziraat Participation Senior Management
- 40 Summary Report by the Board of Directors
- 41 Information on the Activities of the Committees
- 42 Human Resources Practices and Policies and the Expectations Regarding 2016
- 43 Transactions Carried out with Ziraat Participation's Risk Group
- 43 Companies from which Support Services Are Obtained

Ziraat Participation Board of Directors



Hüseyin AYDIN
Chairman of the Board of Directors



Yusuf DAĞCAN
Vice Chairman of the Board of Directors



Osman ARSLAN
Member of the Board of Directors, CEO



Cemalettin BAŞLI
Member of the Board of Directors



Feyzi ÇUTUR
Member of the Board of Directors



Metin ÖZDEMİR
Member of the Board of Directors



Salim ALKAN
Member of the Board of Directors

Ziraat Participation Board of Directors

Hüseyin AYDIN

Chairman of the Board of Directors

Hüseyin Aydın graduated from the Faculty Economics, Ankara Economics and Business Sciences Academy in 1981. He began his career as an assistant inspector at Ziraat Bank and served as a director in various departments at Ziraat Bank until 27 March 2003. After working as an Executive Board Member at Halkbank, as a Board Member at Pamukbank and as Vice Chairman at Ziraat Bank, he served as Chief Executive of Halkbank between 31 May 2005 - 14 July 2011. Having joined Ziraat Bank as the CEO on 15 July 2011, Mr. Aydın also serves as the Chairman of the Banks Association of Turkey. Hüseyin Aydın is assigned as the Chairman of the Board of Directors of our Bank in 18 February 2015.

Yusuf DAĞCAN

Vice Chairman of the Board of Directors

Yusuf Dağcan graduated from Eskişehir Academy of Economic and Commercial Sciences. He worked as an Assistant Inspector, Inspector and Branch Manager at Vakıfbank from 1977 through 2001. He held a seat on the Board of Directors of TAIB Yatırım Bank A.Ş. from 5 September 2007 until 30 June 2008. After assuming responsibility as a member of the Audit Committee at Halkbank from 27 March 2003 until 18 April 2012, Mr. Dağcan was also the Chairman of the Board of Directors of Halk Banka A.D. Skopje operating in Macedonia, and Vice Chairman of the Arab Turkish Bank. Serving as a member on Ziraat Bank's Board of Directors since April 2012, Mr. Dağcan is also a member of both the Bank's Credit Committee and the board of the Ziraat Bank Azerbaijan ASC. Since 18 February 2015, Yusuf Dağcan has been serving as the Vice Chairman of the Board of Directors and Chairman of Credit Committee at our Bank.

Osman ARSLAN

Member of the Board of Directors, CEO

Osman Arslan graduated from the Statistics Department of the Middle East Technical University, Faculty of Arts and Sciences. He completed his postgraduate degree at the Economic and Administrative Sciences at the same university. Osman Arslan started working at Ziraat Bank in 1995 and hold management positions at various private sector banks

between 1998-2004. He continued his career as Department Manager, Head of Department and Deputy Chief Executive at Halkbank, then as Chief Executive Officer at Arap-Türk Bank between 2004-2012. In March 2012, he took up the position of Deputy Chief Executive responsible for Financial Management at Ziraat Bank. In January 2013, he became the Deputy Chief Executive for International Banking and Partnerships, and Deputy General Manager of Information Technologies Management in August 2014; then on 18 February 2015 Osman Arslan was appointed as Founding Chief Executive Officer of our Bank.

Cemalettin BAŞLI

Member of the Board of Directors

Cemalettin Başlı graduated from Hacettepe University Department of Business Administration in 1981. He got a start in business as Air Traffic Controller at General Directorate of State Airports Authority in 1977. Mr. Başlı who worked as Assistant to Financial analyst at Vakıfbank between 1984-1985, as Auditor and Credit Foreign Exchange Director at Garanti Bank between 1985-1991, as Branch Manager at Albaraka Türk Inc. between 1991-1998, as Credits and Central Branch Manager at Faisal/Family Finance Inc. between 1998-2002, as Deputy General Manager at Haliç Financial Leasing Inc. between 2004-2006, as Deputy General Manager at Ziraat Bank-Moscow between 2009-2012, as member of the Board and General Manager at Kıbrıs Faisal İşlem Bank between 2012-2014 serves

as a Member of the Board of Ziraat Bank since June 2014. Since 18 February 2015, Cemalettin Başlı has been a Member of the Board of Directors and Credit Committee at our Bank.

Feyzi ÇUTUR

Member of the Board of Directors

Feyzi Çutur graduated from Gazi University (Faculty of Economics and Administrative Sciences, Department of Banking) in 1983. After working in managerial positions at various private sector companies from 1977 until 1990, he functioned as General Accounting Manager at Bayındır Menkul Değerler A.Ş. (1990-1998), as Finance and Operations Director, Assistant General Manager, Deputy General Manager and General Manager at Eti Yatırım A.Ş. (1998-2010). He served as the Fund Board Member and Fund Board Chairman at Eti Yatırım and various Mutual Funds owned by Etibank, and held a seat on the Board of Directors of İktisat Yatırım A.Ş. in 2006. From July 2011 until March 2012, he was a Board Member representing the Savings Deposit Insurance Fund (SDIF) at Arab Turkish Bank and its subsidiary A&T Leasing. Being a member of the Ziraat Bank's Board of Directors since April 2012, Mr. Çutur is a member of the Ziraat Bank's Audit Committee and Remuneration Committee, an alternate member of the Credit Committee. Since 18 February 2015, Feyzi Çutur has been carrying out the duties of member of the Board of Directors and Audit Committee at our Bank, where he is also an alternate member on the Credit Committee.

Metin ÖZDEMİR

Member of the Board of Directors

Metin Özdemir graduated from İstanbul University (Faculty of Business Administration) in 1990. He is currently pursuing his graduate studies in the Department of Economics at Marmara University, Institute of Middle East Studies. He started his career at Kuveyt-Türk Finans Kurumu A.Ş. in 1992, and from 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir functioned as a member of İstanbul Metropolitan Municipal Council between 2004-2014. Being a member of the Ziraat Bank's Board of Directors since April 2012, Mr. Özdemir is also a member of the Ziraat Bank's Remuneration Committee and alternate member of Credit Committee. Since 18 February 2015, Metin Özdemir has been serving as a member of the Board of Directors, Audit and Remuneration Committees and as an alternate member of the Credit Committee at our Bank.

Salim ALKAN

Member of the Board of Directors

Salim Alkan graduated from Ankara University (Faculty of Political Sciences, Department of Business Administration). He worked as an inspector, branch and department manager and assistant general manager at various banks from 1971. After functioning as Vice President of the Savings Deposit Insurance Fund (SDIF), Advisor to the Chairman of the SDIF, and general manager, board member and chairman of various banks taken over by the SDIF from 2005 to 2010, he held a seat on the Board of Directors of Halkbank from 24 May 2010 until 18 April 2012, as well as on the boards of Halk Gayrimenkul Yatırım Ortaklığı A.Ş., and Halk Yatırım Menkul Değerler A.Ş. Serving as a member of the Ziraat Bank's Board of Directors starting from April 2012, he is also Chairman of the Supervisory Board in Ziraat Bank BH d.d. and a member of the Ziraat Bank's Credit Committee. Since 18 February 2015, Salim Alkan has been serving as a member of the Board of Directors, Corporate Governance and Remuneration Committees at our Bank.

Ziraat Participation Senior Management



Hakan AYDOĞAN

Executive Vice President - Marketing

Born in 1979 in Ankara, Hakan Aydođan graduated from Middle East Technical University's Department of Political Science and Public Administration. Beginning his carrier as an Inspector at Halkbank in 2004. Mr. Aydođan worked as a manager in the Commercial Loans Department Management and at various branches of the Bank since 2009. In 2013 he was appointed manager in the Foreign Transactions Operations Department. On 18 February 2015, he was appointed EVP in charge of Marketing at Ziraat Participation.



Mustafa AKIN

Executive Vice President - Loan Facility and Management

Born in 1963 in Erzincan, Mustafa Akin graduated from the Department of Economics at Anadolu University's Faculty of Economics and Administrative Sciences. Mr. Akin started working at Pamukbank in 1986, before moving to Halkbank, where he was a manager in various departments, then he joined Ziraat Bank in December 2011 as Corporate Loans Group President, later acting as Group President for the Supply and Management of Retail Loans. On 18 February 2015, he was appointed EVP in charge of Loan Facility and Management at Ziraat Participation.

**Raci KAYA**

Executive Vice President - Treasury Management and International Banking

Born in 1967 in Ankara, Raci Kaya graduated from the Middle East Technical University's Department of Public Administration. He gained his master's degree from the Department of Economics at Hacettepe University and then gained his Ph.D. at Marmara University. In 1990, Kaya began working at Halkbank as a Foreign Affairs Assistant Specialist and after working as a manager for various banks and private companies, he worked as Deputy General Manager at the Active Investment Bank between 2007 and 2014. On 18 February 2015, he was appointed EVP in charge of Treasury Management and International Banking at Ziraat Participation.

**Mehmet Said GÜL**

Group Director - Operations

Born in 1973 in Kahramanmaraş, Mehmet Said Gül graduated from Hacettepe University Department of Computer Engineering in 1995. He started his banking career at Anadolu Finans Kurumu in 1997. He headed for many years the Information Systems Coordination Unit at Türkiye Finans, following the merger of Family Finans and Anadolu Finans. He was appointed as a consultant since the establishment of Ziraat Participation. In October 2015, he was appointed as the Group Director of the Operations Center at Ziraat Participation.

Summary Report by the Board of Directors

Entering into operation in 2015, Ziraat Participation was the first state-owned participation bank in Turkey. Operating under the principle of “Growth through sharing”, Ziraat Participation aims to be a leading participation bank by constantly generating value, which will inject power to participation banking both in Turkey and in the region. It is progressing towards its goals and objectives step by step by adopting sustainable profitability and efficiency as its key principles.

The Bank began accepting customers at the end of May 2015, after having completed the essential banking and operational infrastructure within the space of just 7 months.

Ziraat Participation targets to welcome customers from all walks of life into its portfolio and to offer a sound and accurate explanation of participation banking. It aims to be a participation bank sharing a system built on the foundations of supporting production as well as the real economy, based on a profit/loss partnership in the long term with the real sector and growing together.

Ziraat Participation will work to help the sector work more effectively and efficiently with its competitive and innovative structure. The banking sector left behind a difficult year. But despite this fact and the negative environment, Ziraat Participation

overcame these difficulties with its strong stance, steadily increasing its share in the sector day after day and achieving tremendous progress in its first 6 months, with its 22 branches opened on the principle of “Growth through sharing”. Fund inflows also began growing as the number of branches increased.

In 2016, Ziraat Participation will have 50 branches in Turkey, thus gaining a presence in regions of the country representing 80% of Turkey’s GDP. Having achieved an asset size of TL 2,177 million at the end of 2015, Ziraat Participation surpassed many banks in this category in a short space of time. Extended loans account for 78% of Ziraat Participation’s assets. Aiming to grow in line with the real sector, Ziraat Participation established credit assessment, allocation and management and risk appetite in a corporate manner.

With the aim of providing effective banking services to customers through every channel, work to deliver services in all the channels including branch and non-branch continued at full pace. Ziraat Participation already had 25 ATM’s at the end of the year. In 2015, the POS allocation was carried out by signing member business agreements.

Ziraat Participation’s equity amounted to TL 665 million at the

end of 2015, while the equity had a 31% share in total liabilities and the Capital Adequacy Ratio (CAR) stood at 47%. Despite only being established relatively recently, progress was achieved in ensuring a diversification of resources.

The sum of collected current and participation accounts amounted to a 58% share in total liabilities, with the ratio of current accounts to participation accounts standing at 14% as of the end of 2015. Ziraat Participation had provided TL 164 million in funding from domestic and foreign banks as of the year end.

Ziraat Participation will continue to move forward, serving our country within the framework of the principle of “Growth through sharing” by contributing to the establishment of the new Turkey that has big goals on a regional and global scale, backed by the synergy with the Ziraat Finance Group and the power of the 152 year-old Ziraat brand.

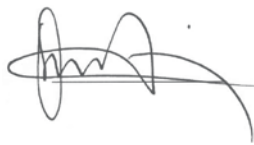
We hope that 2016 will be a year marked by achievements and developments that will enable us to reach our significant objectives.

We owe a debt of gratitude to our shareholders, our customers and our employees, who have offered their full support in this way.

Respectfully,
Board of Directors



Hüseyin AYDIN
Chairman of the Board



Osman ARSLAN
Board Member and CEO

Information on the Activities of the Committees

Information Related to the Committees of our Bank

The Credit Committee

Composed of the Bank's General Manager and at least two members to be elected from the Board of Directors who fulfill the requirements for the General Manager (except time); the Credit Committee is established to perform the duties regarding credits which will be granted by the Board of Directors. Two alternate members are elected among the Board members who fulfill the requirements for the General Manager except time to serve in place of a member of the Credit Committee who cannot participate in any meeting. The Board may delegate its powers for the credit allocation to the Credit Committee or to the General Directorate.

Chairman

Yusuf DAĞCAN
Vice Chairman of the Board

Members

Osman ARSLAN
Member of the Board and CEO

Cemalettin BAŞLI
Member of the Board

Alternate Members

Feyzi ÇUTUR
Member of the Board

Metin ÖZDEMİR
Member of the Board

The Credit Committee took 140 decisions in 15 meetings held in 2015.

The Audit Committee

The Board of Directors appoints at least two members of the Board who do not have executive responsibilities and whose qualifications are determined by the Banking Regulation and Supervision Agency (BRSA) to form the Audit Committee to assist the fulfillment of the Board's audit and supervision activities.

Members

Feyzi ÇUTUR
Member of the Board

Metin ÖZDEMİR
Member of the Board

The Audit Committee took 33 decisions in 10 meetings held in 2015.

The Corporate Governance Committee

The Corporate Governance Committee is formed under the Presidency of a member of the Board who will be determined by the Board of Directors. The main task of the committee is to monitor the compliance of the Bank's corporate governance principles, to carry out improvement activities in this regard and to provide recommendations to the Board of Directors.

Members

Salim ALKAN
Member of the Board and Chairman of the Corporate Governance Committee

Osman ARSLAN
Member of the Board and CEO

The Remuneration Committee

The Remuneration Committee consists of at least two members who will be determined by the Board of Directors.

The Committee monitors and audits remuneration practices on behalf of the Board of Directors. In addition, the Committee performs the tasks specified in the relevant regulations issued by the Banking Regulation and Supervision Agency (BRSA).

Members

Metin ÖZDEMİR
Member of the Board

Salim ALKAN
Member of the Board

The Remuneration Committee took 1 decision in 1 meeting held in 2015.

The Number of the Board Meetings

The Board of Directors took 183 decisions in 18 meetings held in 2015.

Human Resources Practices and Policies and the Expectations Regarding 2016

The organizational structure of Ziraat Participation that began operations by opening its first branch on 29 May 2015 was created as a structure that puts the customer at the center and enables providing them with effective service.

Our customers were segmented as Individual, Entrepreneur and Corporate to make sure that our organization provides effective service to our customers; the branch and General Directorate organizational structures were created in accordance with this segmentation.

When needed, the organizational structure is being brought to the ideal in a dynamic way by continuously monitoring, according to customer demands, and changing market conditions. Ziraat Participation that has been rapidly growing since the day it was open has provided employment to 458 people including 241 employees in its 22 branches and 217 employees in the Head Quarter units as of the end of 2015.

Ziraat Participation adopts raising today's and the future's managers, providing equal opportunities to the employees and giving priority to in-house human resources for career opportunities as a principle in order for the human resources to be composed of competent and distinguished individuals in terms of career possibilities. In this context, Ziraat Participation appointed its in-house employees as a branch manager in 5 out of 22 branches opened in 2015.

Also, it promoted its employees, who were successful in the promotion exam carried out in 2015, to a higher title.

Promotions in Ziraat Participation are in the form of rise in the titles and the duties of the position. In order

to rise to a step higher position, the requirements are determined as being successful in the written exam and/or interviews related to the title concerned and having the minimum competencies required by the title concerned and/or the position.

In terms of remuneration; a transparent, fair, competitive human resources policy was created. In addition to the monthly salary, the employees are provided with quarterly bonuses, foreign language allowance, individual retirement contributed by the employee, and place of duty compensation for the employees serving in Istanbul.

Within the framework of provision of the human resources that is required by the growing organizational structure, further enriching the young and dynamic personnel structure and the training of future bankers, 200 Service Officers will be recruited with Service Officer Exam that will be carried out on 27 February 2016 by Anadolu University.

In order to develop human resources career and application management process, the "kariyer.ziraatkatilim.com.tr" page is aimed to be broadcast in the second half of 2016. Upon the commissioning of the application module system, the facilitation of the follow up of the incoming applications, the reduction of operational risks and costs by carrying out interviews and recruitments through the system will be provided.

In the first quarter of the following year, Ziraat Participation aims to switch to T.C. ZİRAAT BANKASI A.Ş. and T. HALK BANKASI A.Ş. MEMBERS PENSIONERS AND ASSISTANCE FUND FOUNDATION (TZHEMSAN) in terms of social security and health practices. Thus, it is aimed that the employees can take advantage of public hospitals, contracted private

hospitals and health institutions for free of charge or by paying very low fees.

Ziraat Participation speeded up the individual performance system works in order to ensure increasing the effectiveness of employees in achieving corporate goals, ensuring the continuity of performance, rewarding of successful and added value producing employees by measuring the individual performance. It plans to put the performance system into action in the first half of 2016.

Increasing the motivation and the sense of belonging of the employees, the realization of corporate goals, instilling the marketing and customer-oriented approach and increasing efficiency are aimed through the Individual Performance System. The performance bonuses will be determined on the basis of quantitative performance results at the end of the three-month periods, performance bonus coefficient and scoring that will be carried out based on competency.

Ziraat Participation launched a training project under the name of "Growth through Sharing Business Culture Principles" in order to establish a common business culture. With this project it is intended that the employees who come from different banks/institutions learn the culture of Ziraat Participation and adopt themselves to the concerned principles by applying them on the job. With the business culture that will be established, it is aimed to contribute to the employees in realizing their organizational goals and objectives and to their institutional loyalty. Within the project scope, Ziraat Participation business culture principles were created with the participation of employees working in different units. The first group will be provided training

on 8 January 2016 by launching it within Ziraat Participation on 21 December 2015.

Within the scope of “Growth through Sharing Business Culture Principles” project, the trainings that are to be given consist of 3 stages and the trainings are planned to be completed by the end of May 2016.

The objectives of the 1st stage trainings activities given to

implement the “Growth through Sharing Business Culture Principles” project are recognition of oneself, recognition of our Bank, harmonizing the vision and mission of the Bank with the employee’s vision and mission.

In the 2nd stage trainings activities, the business culture principles of Ziraat Participation and behavior patterns compatible with these principles will be studied through

case studies and all Bank employees will be asked to exhibit similar behaviors in similar situations.

The 3rd stage of trainings will only be given to managers and upper level managers, and this stage will include the monitoring of the employees’ behaviors to be in compliance with the business culture principles and the feedback methods.

Transactions Carried out with Ziraat Participation’s Risk Group

Ziraat Participation’s relations with the institutions involved in the risk group in which it is included covers all types of banking transactions compliant with the Banking Law and within the framework of regular bank-customer relation and within the market conditions. The transactions consist primarily of lending and deposit.

The amounts of the transactions that Ziraat Participation carried out with its risk group in 2015 and the explanations regarding this matter are mentioned in the footnote numbered VII of the fifth section of the year-end financial statements which take place within the annual report.

Companies from which Support Services Are Obtained

1. The Banking and Peripheral Systems Software and Infrastructure Services from Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Ziraat Teknoloji A.Ş., Intertech Bilgi İşlem ve Pazarlama Tic. A.Ş.
2. The Swift Transactions and Black List Control Application Services from Fineksus Bilişim Çözümleri Ticaret A.Ş.
3. The Securities Buying and Selling Application Services from Active Bilgisayar Hizm. Tic. Ltd. Şti.
4. The Card and Printing Office Services and the Card Payment Systems Services from Provus A.Ş.
5. The Security Services from Ekol Grup Güvenlik Koruma ve Eğitim Hizm. Ltd. Şti.
6. The Customer Relations Center from Plaza Peyzaj Taahhüt ve İnşaat San. Tic. A.Ş.
7. The Check Printing Service from Güzel Sanatlar Çek Basım Ltd. Şti.
8. The Mortgage Processing and Registration Services from Uz Gayrimenkul Yatırım Danışmanlık A.Ş., AVI Gayrimenkul Yatırım Danışmanlık A.Ş. and FU Gayrimenkul Yatırım Danışmanlık A.Ş.

PART III - Financial Information and Risk Management

- 45 Audit Committee's Assessments of the Operation of the Internal Audit, Internal Control and Compliance, and Risk Management Systems
- 47 Ziraat Participation's Financial Standing, Profitability and Solvency
- 49 Information about Risk Management Policies and Activities According to Type of Risk
- 52 Unconsolidated Financial Statements and Notes as of 16 February - 31 December 2015 Together with Independent Auditors' Report
- 138 Contact Information

Audit Committee's Assessments of the Operation of the Internal Audit, Internal Control and Compliance, and Risk Management Systems

The activities of internal audit, internal control and risk management in our Bank are carried out respectively by the Supervisory Board, Directorate of the Internal Control and Compliance Department and Directorate of the Risk Management Department.

The following is aimed with our organization that is established in a way to include all our units and branches;

- To continue banking operations in a secure manner in line with the legislation, policy, principles and objectives,
- To achieve periodical profit targets, to perform the financial and administrative reporting in a timely and secure manner,
- To define Ziraat Participation's legal, nominal and financial risks, to measure, report, and monitor the risks and to minimize the concerned risks by controlling them.

The Functioning of Internal Audit

The Supervisory Board controls whether the operations carried out by the Bank's all units and branches are in accordance with the law and other relevant legislation and the Bank's strategies, policies, principles and objectives; the effectiveness of internal control and risk management systems within the framework of risk-based audit approach.

The Supervisory Board continues to work in such a manner to contribute to the decision-making processes by informing the Bank's senior management.

Before the Bank became operational, the Supervisory Board coordinated the formation of processes and work flows in line with the Bank legislation in order to ensure the formation of internal control mechanisms in a secure and healthy manner. After June 2015, the Supervisory Board assessed the effectiveness and efficiency of the operational steps that comprise of primary processes by auditing the Bank activities' compliance with the processes which they are subjected to in accordance with the provisions of "Regulation on the Bank Information Systems and Banking Processes Audit to be Realized by External Audit Institutions" and assessed the secondary processes.

The branch, unit and process audits were fully and timely completed in accordance with the Audit Plan prepared to be implemented in 2015. The 2016 Audit Plan preparation works are still ongoing by taking into consideration the risks carried by the branches and units and in a manner compliant with the Bank objectives and policies.

The Management's Declaration pertaining to the 2015 operations, which is prepared in order to present assurance about the effectiveness, adequacy and compliance of internal controls on the information systems and banking processes, was prepared in time by adding the reports regarding the audits of the companies from which information systems processes audits and support services are procured.

The Supervisory Board closely monitored the changes stipulated by the legislative regulations, the Banking Regulation and Supervision Agency decisions, the Bank's Senior Management and the Headquarters units, and regularly revised the audit points.

The Functioning of Internal Control System

Within the scope of "Regulation on Banks' Internal System and Intrinsic Capital Adequacy Assessment Processes", Internal Control activities were configured in a way to cover the branches' and the Headquarters units' operations.

The purpose of Internal Control activities is to ensure the protection of the Bank's assets, effective and efficient conduct of the operations, unity and reliability of the accountancy and reporting system and timely access to the information.

Within our newly established Bank, Internal Control activities were carried out on the following topics: functional segregation of duties; division of responsibilities; establishment of the accountancy and reporting system, the information system and the Bank's internal communication channels in a manner that they will operate effectively; the creation of work flow charts in which the controls on the Bank's work processes and work steps are indicated.

Audit Committee's Assessments of the Operation of the Internal Audit, Internal Control and Compliance, and Risk Management Systems

Internal Control activities were conducted in compliance with the Bank's main goals and strategies within the framework of law, other relevant legislation, the Bank's internal policies and rules, and common banking practices. Moreover, while carrying out the activities, a proactive approach was adopted to make sure that the compliance to changing strategy, risk perception and conditions is provided without wasting time.

Internal Control system contributed to the carrying out of the Bank's operations in compliance with the domestic and international legislations and competition conditions through the control matrixes that are prepared pursuant to the adopted proactive manner and regularly revised based on the possible changes.

The branch controls are carried out within the framework of the control plans prepared according to the opening dates of new branches and periodical risk situations.

Research-Development studies are continuing in order to carry out technology-focused, central, and real-time internal control activities, and to help the relevant business units to take a rapid action against the common shortcomings.

The control periods of Headquarters units were determined by taking into consideration of the functions of the units, the risks they carry, job descriptions and the units' effect on the Bank's balance sheet and were revised in accordance with the needs.

The findings revealed as a result of all these activities were periodically conveyed to the Bank's relevant business units and to the senior management.

Information Notes were prepared for the issues which are identified during the Internal Control activities carried out in the Headquarters units and the branches and which are considered being in need of rapid action taken and the notes were quickly shared with the relevant units and/or the senior management.

Recommendation Reports were prepared for the improvement of processes regarding the operations carried out in the Bank and the establishment of control points on these processes which will be complied and implemented by the personnel from all levels, increasing the effectiveness of the controls on the processes, prevention of possible risks, ensuring customer satisfaction and taking cost reducing measures.

Within the framework of 18th article of "Regulation on Banks' Internal System and Intrinsic Capital Adequacy Assessment Processes", compliance controls were carried out. In this context, all the operations that the Bank performs or plans to perform with the new transactions and products were controlled in terms of their compliance to law and other relevant legislation, the Bank's internal policies and rules and the banking practices. Also, the regulations prepared or changed in the Bank were examined and opinions were shared with the relevant units.

The Functioning of Risk Management System

The main purpose of our Bank's risk management system is to ensure the definition, measurement, monitoring and control of the risks, to which the Bank is exposed, through the policies and the limits determined to monitor, control, and when necessary to change the operations' nature and level in relation to the risk-return structure that the future cash flows will include.

The main approach in the risk management activities, instilling risk culture across the Bank in accordance with the provisions of "Regulation on Banks' Internal System and Intrinsic Capital Adequacy Assessment Processes", to execute the risk management function with best practices by continuously improving the system and the human resources. The activities carried out within the framework of risk management system are given care to be carried out simultaneously with the contributions of the units that are included in the business line with which each risk type is related.

The risk management activities cover the basic headings of credit risk, market risk, operational risk, liquidity risk and other risks. The final objective is to comply with the best practices.

Within the framework of credit risk management activities, the activities for the definition, measurement, monitoring and reporting of the credit risk by using the methods in compliance with Basel II. In this context, the calculation of the amount subject to credit risk, which

began legally as of 1 July 2012, is monthly reported to the BRSA in solo basis. Due to the fact that our Bank became operational in May 2015, there is not adequate data for the measurement of credit worthiness in relation to the advance measurement methods. The credit risk limits approved by the Board are monitored; the activities to carry out scenario analysis and stress test regarding the credit portfolios are ongoing. Also, the compliance activities with the Basel III regulations and the regulations revised by the BRSA within the framework of Basel are continuing.

Operational risk management activities comprise the definition, classification, measurement, and analysis of the operational risks. These activities are carried out as part of the Bank's "Operational Risk Management Regulation" that is prepared in accordance with the arrangements issued on 28 June 2012 by the BRSA to comply with

Basel II. The compliance with the operational risk limits approved by the Board, which are determined in order to manage operational risks, is periodically monitored. The risks stem from information technologies and the actions taken are also monitored. The risk assessments are carried out for the companies from which support services are procured within the framework of the BRSA's regulations that are currently in effect. As part of operational risk, media analysis reports relevant to reputation risk and provided daily from the Bank's Corporate Communication Service are examined.

Within the scope of market and liquidity risks management; measurement, analysis, limiting, reporting and monitoring activities are carried out pertaining to liquidity risk and dividend rate risk stemming from banking calculations. The analyses conducted are supported with stress test.

The compliance to the market and liquidity risk limits, which are approved by the Board and determined to manage the concerned risks, is periodically monitored. Also, Value at Risk is calculated daily with the internal models regarding exchange risk as part of market risk and retrospective test analyses are carried out for these models.

The results of the analyses carried out within the scope of risk management activities and risk indicators are reported annually to the Board of Directors, at three months periods to the Audit Committee, at weekly and daily periods to the operational units.

In order to increase the internal systems personnel's individual and occupational development, the personnel was ensured to attend internal and external training, conference and seminars, thus, their practical knowledge level was tried to be increased constantly.

Ziraat Participation's Financial Standing, Profitability and Solvency

Ziraat Participation that is integrated into the international participation banking financial architecture aims the development of participation banking sector in our country and being a leader in the participation banking sector by developing new products and services. Ziraat Participation today achieved the size of assets worth of TL 2,177 million with the capital worth of TL 675 million.

Stable growth in the financial structure and sustainable profitability were set as an objective by Ziraat Participation. Retaining the profits that will be obtained in the future within the Bank was determined as the main strategy for the sustainable profitability that is the primary element of equity management.

The ratio of securities in the balance sheet is 6%; 78% of the assets consist of disbursed funds. This is considered as the indicator of the plans to grow together with the real sector.

Within the framework of balance sheet management approach that attaches importance to the resource diversity and depth, and in line with the objective of widespread penetration and achieving low cost, the resources were utilized from domestic and international banks in addition to the collected funds. As of the end of 2015, the size of funds amounted to TL 1.26 billion. The collected funds consist of 58% of the total liabilities.

Ziraat Participation's Financial Standing, Profitability and Solvency

2015 was completed with TL 12 million losses due to the fact that it was the founding year of Ziraat Participation. The majority of the period losses consist of other operational expenses stemming from establishment expenses. The most important revenue item was the dividends taken from the disbursed funds.

Assets		Liabilities	
Loans	78%	Funds Collected	58%
Liquid Assets and Banks	13%	Shareholders' Equity	31%
Securities	6%	Other Funds	9%
Other Assets	3%	Other Liabilities	2%

Ratios	2015
Capital	
	%
Capital Adequacy Ratio	47.41
Shareholders' Equity/Total Assets	30.52
Shareholders' Equity/(Total Assets+Non-cash Loans)	25.79
Shareholders' Equity/(Funds Collected+Other Funds)	45.24
Asset Quality	
Total Loans/Total Assets	77.62
NPL (Gross)/Cash Loans	0.00
NPL (Gross)/(Non-cash Loans+Cash Loans)	0.00
FC Assets/FC Liabilities	70.54
Liquidity	
Liquid Assets/Total Assets	12.84
Liquid Assets/(Funds Collected+Other Funds)	19.04
Profitability	
Net Profit (Loss)/Average Total Assets	-0.55
Net Profit (Loss)/Average Shareholders' Equity	-1.80
Net Profit (Loss)/Average Paid-in Capital	-1.78
Income-Expense Structure	
Profit Shares Income/Profit Shares Expense	480.76
Non-Profit Shares Incomes/Non-Profit Shares Expenses	6.02
Total Incomes/Total Expenses	88.66
Profit Shares Incomes/Total Incomes	94.39
Non-Profit Shares Incomes/Total Incomes	5.61
Profit Shares Expenses/Total Expenses	17.41
Non-Profit Shares Expenses/Total Expenses	82.59

Information about Risk Management Policies and Activities According to Type of Risk

Ziraat Participation risk management activities are continued under the basic approach of aligning the risk management function with the best practices by means of instilling risk culture, continuously improvement of the system and the human resources.

The risk management activities cover the main headings of credit risk, market risk, operational risk and balance sheet risks. Policy and application procedures regarding the afore-mentioned risks are governed by regulations approved by the Board of Directors on the basis of each risk type. Care is given to ensure that all risk management system activities are coordinated through the involved participation of the operational branches with which each type of risk is associated.

Within the scope of “Regulation on Banks’ Internal System and Intrinsic Capital Adequacy Assessment Processes”, an Intrinsic Capital Adequacy Assessment Process was formulated. The purpose of this process is to identify the required capital to cover the exposed/to be exposed risks and to set up a system that will enable the assessment of the capital requirements and levels compatible with strategic goals and the continuity of this system.

Analyses are performed in line with BDDK principles and are further supported by means of risk-specific stress tests and scenario analyses.

Compliance to Basel III regulations are carried out within the framework of “Regulation on Measurement and Assessment of Banks’ Leverage Level” and “Regulation on the Capital Conservation Buffer and Loop Capital”. Additionally, the compliance efforts to the regulation amendments made within the scope of Basel by the BRSA and thirteen “Best Practice Guides” published on the Institution’s web site are ongoing.

As part of Basel III liquidity criteria, the Liquidity Coverage Ratio Report is prepared within the scope of “Regulation on the Calculation of Banks’ Liquidity Coverage Ratio” and conveyed to the BRSA.

Credit Risk

Credit risk management consists of discovering the credit risks to which the Bank is exposed and defining, measuring, monitoring, controlling, and reporting such risks.

The legal reports are prepared by using the standard approach method within the framework of “Regulation on Measurement and Assessment of Banks’ Capital Adequacy”. In this context, Ziraat Participation’s credit risk exposure is monthly reported to the BRSA on solo basis. The Leverage Ratio is conveyed to the BRSA and the CBRT in three-month periods.

The Company Assessment System is used in order to evaluate the credit worthiness of the customers who are in Ziraat Participation’s commercial portfolio.

Credit risk limits and trigger values on the basis of risk groups and customer segments, which are approved by the Board of Directors, as well as limits and trigger values of non-performing loan ratio have been calculated. All these values are monitored on a weekly basis.

Market Risk

Risk measurement and monitoring activities are carried out in order to reveal the market risks to which Ziraat Participation may be exposed. The results of these activities are taken into account in the Bank’s strategic decision-making processes.

The market risks and potential effects of the factors that create the risks are measured and regularly reported to the BRSA by Ziraat Participation.

The Standardized Approach methodology is used to calculate the Bank’s exposure to market risk, the amount of which is included in its mandatory capital adequacy ratio. Within the context of market risk, exchange risk is also calculated on a daily basis using a VaR-based internal model. The effectiveness of the models being used is also analyzed by means of backtesting.

In the conduct of its day-to-day operations, trigger values are monitored as part of the early-warning process that is carried out to protect Ziraat Participation’s financial strength from being seriously affected by increases in market volatility. Risk exposure levels are kept within prescribed limits.

Information about Risk Management Policies and Activities According to Type of Risk

Operational Risk

Works for monitoring operational risks through the Operational Risk Loss Database are ongoing. The mandatory capital needed to cover the Ziraat Participation's operational risk exposure is calculated using the Basic Indicator Approach methodology. In order to create a basic integrated risk framework, IT-associated risks and the actions taken are also monitored.

As part of the Business Continuity Plan, "Business Impact Analyses" works are completed in order both to identify the risks that might arise if the Bank's operations are interrupted and to determine their potential consequences.

In order to ensure the continuity of outsourced support services, the risks that might arise from their procurement are assessed in light of "Regulation on the Outsourcing of Support Services by Banks" issued by the BRSA.

Balance Sheet Risks

Risk measurement and monitoring activities are carried out in order to reveal the balance sheet risks to which Ziraat Participation may be exposed on account both of its liquidity risks and of its profit share rate risks arising from its banking business accounts. The results of these activities are taken into account in the Bank's strategic decision-making processes.

Compliance with mandatory ratios pertaining to liquidity and profit share rate risks arising from banking business accounts is also monitored. When carrying out the liquidity risk control; funding and lending maturity mismatches, assets' and liabilities' re-pricing as well as contractual maturities, the level of primary (cash and cash-equivalent) liquidity reserves needed to conduct the Bank's normal day-to-day operations, Central Bank liquidity facilities to which recourse may be had in order to cope with unexpected liquidity requirements are monitored. In addition to the foregoing, scenario and sensitivity analyses regarding liquidity risk are performed.

In the conduct of its day-to-day operations, trigger values are monitored as part of the early-warning process that is carried out to protect the Bank's financial strength from being seriously affected by increases in market volatility and/or by incoming/outgoing cash flow mismatches.

Ziraat Katılım Bankası 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 Yalçın, SMMM
Partner

Istanbul, 10 February 2016

Ziraat Katılım Bankası A.Ş.

The Unconsolidated Financial Audit Report of Ziraat Katılım Bankası A.Ş. as of 31 December 2015

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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 ÇUTUR
Member of the Board,
Member of the Audit Committee



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



Dr. Raci KAYA
Treasury and International Banking
Executive Vice President



Osman ÇETİNER
Vice President
of Financial Reporting, Budget

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	Page No
SECTION ONE	
General Information about the Bank	
I. History of the Bank including its incorporation date, initial legal status and amendments to legal status	1
II. Shareholding, shareholders jointly or individually having direct or indirect, control over the management and supervisions of the bank and the disclosures on any related changes in the current year, if any and information about the Group that the Bank belongs to	1
III. Explanations on the chairman and members of the board of directors, members of audit committee, general managers and assistant general managers and their shareholdings in the Bank	2
IV. Information about the persons and institutions that have qualified shares attributable to the bank	2
V. Explanations of the Bank's services and field of operations	3
VI. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Parent Bank and its subsidiaries	3
SECTION TWO	
UNCONSOLIDATED FINANCIAL STATEMENTS	
I. Balance Sheet	60
II. Statement of Off-Balance Sheet Commitments	62
III. Income Statement	63
IV. Statement of Profit and Loss Accounted for Under Equity	64
V. Cash Flows Statement	65
VI. Statement of Changes in Shareholders' Equity	66
VII. Statement of profit distribution	68
SECTION THREE	
Accounting principles	
I. Explanations on basis of presentation	12
II. Explanations on strategy of using financial instruments and foreign currency transactions	12-13
III. Explanation on investments in associates and subsidiaries	13
IV. Explanations on forward transactions and option contracts and derivative instruments	13
V. Explanations on profit share income and expense	14
VI. Explanations on fees and commission income and expenses	14
VII. Explanations on financial assets	14-15
VIII. Explanations on impairment of financial assets	16
IX. Explanations on offsetting of financial assets and liabilities	16
X. Explanations on sale and repurchase agreements and lending of securities	16
XI. Explanations on assets held for sale and discontinued operations and related liabilities	17
XII. Explanations on goodwill and other intangible assets	17
XIII. Explanations on tangible assets	18
XIV. Explanations on leasing transactions	18
XV. Explanations on provisions and contingent liabilities	19
XVI. Explanations on liabilities relating to employee benefits	19
XVII. Explanations on taxation	20-21
XVIII. Explanations on additional disclosures on borrowings	21
XIX. Explanations on share certificates issued	21
XX. Explanations on acceptances	21
XXI. Explanations on government grants	22
XXII. Explanations on Cash and Cash Equivalent	22
XXIII. Explanations on segment reporting	22
XXIV. Explanations on other matters	22

Contents

	Page No
SECTION FOUR	
Information on financial structure	
I. Explanations on the capital adequacy standard ratio	23-28
II. Explanations on credit risk	29-34
III. Explanations on the market risk	35-36
IV. Explanations on the operational risk	37
V. Explanations on the currency risk	37-38
VI. Equity share position risk on banking accounts	39
VII. Explanations on liquidity risk	39-44
VIII. Explanations on securitization positions	44
IX. Explanations on risk management objectives and policies	45
X. Explanations on operating segments	47-48
XI. Explanations related to presentation of financial assets and liabilities at fair value	49
SECTION FIVE	
Explanations and notes on the unconsolidated financial statements	
I. Explanations and notes related to assets	50-59
II. Explanations and notes related to liabilities	60-66
III. Explanations and notes related to off-balance sheet accounts	67-68
IV. Explanations and notes related to the income statement	69-72
V. Explanations and notes related to changes in shareholders' equity	73
VI. Explanations and notes related to statement of cash flows	73
VII. Explanations and notes related to the risk group of the bank	74
VII. Information on the Bank's domestic and foreign branches and foreign representatives of the Bank	75
IX. Significant events and matters arising subsequent to balance sheet date	75
SECTION SIX	
Other Explanations and Disclosures	
I. Other Explanations on Banks Operations	76
SECTION SEVEN	
Independent Auditors' Report	
I. Explanations on the audit report	76
II. Notes and disclosures prepared by independent auditors	76

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 withdrawn 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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
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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.

SECTION TWO

THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Commitments
- III. Income Statement
- IV. Statement of Profit and Loss Accounted for Under Equity
- V. Cash Flows Statement
- VI. Statement of Changes in Shareholders' Equity
- VII. Statement of profit distribution

Unconsolidated Balance Sheet (Statement of Financial Position) as of 31 December 2015

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)				
ASSETS	Note (Section Five I)	Audited		
		TL	FC	Total
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	14,608	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.

Unconsolidated Balance Sheet (Statement of Financial Position) as of 31 December 2015

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five II)	Audited		
			Current Period (31/12/2015)		Total
LIABILITIES AND EQUITY			TL	FC	
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.

Unconsolidated Statement of Off-Balance Sheet Commitments as of 31 December 2015

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

	Note (Section Five III)	Audited		
		Current Period (31/12/2015)		Total
II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS		TL	FC	
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.

Unconsolidated Income Statement

For the Period of 16 February - 31 December 2015

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

III. INCOME STATEMENT		Note	Audited
INCOME AND EXPENSE ITEMS	(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 explanations and notes form an integral part of these financial statements.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY		Current Period 16/02 - 31/12/2015
Statement of income and expenses accounted under equity		
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 explanations and notes form an integral part of these financial statements.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

		Note (Section Five)	Audited Current Period 16/02 - 31/12/2015
VI. STATEMENT OF CASH FLOWS			
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 explanations and notes form an integral part of these financial statements.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY									
Audited 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	Legal reserves	Statutory reserves		
I.	Balances at beginning of the period	-	-	-	-	-	-	-	-
	Changes During the Period	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
12.1	Cash	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	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 Personnel (-)	-
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 explanations and notes form an integral part of these financial statements.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

SECTION THREE

ACCOUNTING PRINCIPLES

I. BASIS OF PRESENTATION

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

The 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 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 fields 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 its 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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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 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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 are 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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

	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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

	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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

	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) (-)	-

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

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.

Information 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)	-	-

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

Information 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	-

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 information, 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 monetary transactions.

The Bank calculate specific provisions which is classified as an 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 80% and 87%.

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

	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
Current Period							
Domestic	290,692	-	64,065	-	-	439,903	1,088,424
European Union Countries	-	-	-	-	-	25,014	-
OECD Countries ⁽¹⁾	-	-	-	-	-	2	-
Off-shore Banking Regions	-	-	-	-	-	3	-
USA, Canada	-	-	-	-	-	2	-
Other Countries	-	-	-	-	-	-	-
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	290,692	-	64,065	-	-	464,924	1,088,424

⁽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

	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
	12,078	106,831	2	12,688	-	-	-	-	49,401	2,064,084
	-	-	-	-	-	-	-	-	-	25,014
	200	-	-	-	-	-	-	-	-	201
	-	-	-	-	-	-	-	-	-	3
	-	-	-	-	-	-	-	-	-	2
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	12,278	106,831	2	12,688	-	-	-	-	49,401	2,089,304

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

	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
Current Period								
Sectors/Counter Parties								
Agriculture	-	-	-	-	-	-	30,583	-
Farming and Stockbreeding	-	-	-	-	-	-	30,583	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	441,042	231
Mining and Quarrying	-	-	-	-	-	-	2,854	-
Production	-	-	-	-	-	-	436,288	231
Electric, Gas and Water	-	-	-	-	-	-	1,900	-
Construction	-	-	-	-	-	-	125,882	6
Services	290,692	-	64,065	-	-	464,924	490,534	765
Wholesale and Retail Trade	-	-	-	-	-	-	343,466	616
Hotel Food and Beverage Services	-	-	-	-	-	-	3,420	-
Transportation and Telecommunication	-	-	-	-	-	-	78	-
Financial Institutions	290,692	-	64,065	-	-	464,924	80,881	-
Real Estate and Leasing Services	-	-	-	-	-	-	57,042	149
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	1,674	-
Health and Social Services	-	-	-	-	-	-	3,973	-
Other	-	-	-	-	-	-	382	11,275
Total	290,692	-	64,065	-	-	464,924	1,088,424	12,278

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

Risk Classes

	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 corporatse	Investments similar to collective investment funds	Other receivables	TL	FC	Total
	-	-	-	-	-	-	-	30,461	122	30,583
	-	-	-	-	-	-	-	30,461	122	30,583
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	3,915	-	-	-	-	-	-	82,422	362,766	445,188
	-	-	-	-	-	-	-	6	2,848	2,854
	3,915	-	-	-	-	-	-	82,416	358,018	440,434
	-	-	-	-	-	-	-	-	1,900	1,900
	18,588	-	-	-	-	-	-	77,148	67,328	144,476
	22,974	2	-	-	-	-	-	935,368	398,586	1,333,955
	13,112	2	-	-	-	-	-	202,993	154,202	357,196
	8,533	-	-	-	-	-	-	8,833	3,120	11,953
	754	-	-	-	-	-	-	831	-	831
	-	-	-	-	-	-	-	695,633	204,929	900,562
	575	-	-	-	-	-	-	21,431	36,335	57,766
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	1,674	-	1,674
	-	-	-	-	-	-	-	3,973	-	3,973
	61,355	-	12,688	-	-	-	49,401	131,365	3,737	135,102
	106,831	2	12,688	-	-	-	49,401	1,256,763	832,540	2,089,304

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

Exposures by risk weights:

Risk Weights		Secured by Mortgages											Deductions from Equity
		0%	10%	20%	50%	50%	75%	100%	150%	200%	250%	1250%	
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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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			Provisions
	Impaired Credits	Past Due Credits	Value Adjustments	
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	-

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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		Total
	Neither past due nor impaired	Past due but not impaired	
Financial Assets			
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	-	-	-

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.

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

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 determined 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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 90,580 equivalent of USD loans and TL 176,428 equivalent of EUR loans are originated from foreign currency indexed loan.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

VI. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

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

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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

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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 performed 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 realises Liquidity Gap Analysis, Liquidity Coverage Ratio calculation, Average Remaining Maturity Analysis in order to aimed at liquidity risk measurement and monitory applications. Deposit analysis does 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.

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

- 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.

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 negotiations, 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 complexity 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 TFRS 8 "Turkish Accounting Standard about Operating Segments".

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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	-	-	-	-	-

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 represent 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	-	-	-	-

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

	Current Period	
	TL	FC
Derivative Financial Assets Held-for-Trading		
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	-	-
Off-shore Banking Regions	-	-
Other	148	-
Total	25,021	-

OECD countries except EU countries, USA and Canada

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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	122,413
Quoted in Stock Exchange	116,254
Not Quoted in Stock Exchange	6,159
Share Certificates	4,719
Quoted in Stock Exchange	-
Not Quoted in Stock Exchange	4,719
Provision for Impairment (-)	110
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.

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	-

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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

⁽¹⁾ Number of modification made according to extent of payment plan cannot be decomposed systematically therefore it is shown in this line.

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extension Periods		
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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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

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

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

m) Other explanations and disclosures:

Prior Period	Commercial/ Corporate	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 are 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.

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

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 is no subsidiary of the bank.

8. Information on joint ventures (net):

As of 31 December 2015, there is 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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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 does not exceed 10% of total balance sheet.

5. Information on Financial Lease Obligations:

None.

6. Information on hedging derivative financial liabilities:

None.

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

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 do not exceed 10% of the total provision amount.

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

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 1 January 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

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

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

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.

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

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.

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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	-	-	-	-

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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.

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

Current Period	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	
Account Name							
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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

5. Information on other operating income:

None.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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

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.

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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

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").)
Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Originally Issued in Turkish, See Note I. of Section Three

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	-	-	-	-	-	-

4) Information on remunerations provided to top management:

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

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

VIII. INFORMATION ON THE BANK'S DOMESTIC AND FOREIGN BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

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

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

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.

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.

Contact Information

Branch	Address	Phone	Fax
Eminönü / İstanbul	Hobyar Mah. Şeyhulislam Hayri Efendi Cad. No: 12-1 Bahçekapı - Fatih / İstanbul	+90 212 522 59 82	+90 212 305 07 01
Sincan / Ankara	Atatürk Mah. Meltem Sok. No: 21 Sincan / Ankara	+90 312 271 30 35	+90 212 305 07 02
Kızılay / Ankara	Cumhuriyet Mah. Atatürk Bulvarı No: 67-C Kızılay / Ankara	+90 312 435 13 50	+90 212 305 07 03
Selçuklu / Konya	Nişantaşı Mah. Metehan Cad. No: 4-A Selçuklu / Konya	+90 332 235 32 65	+90 212 305 07 04
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Kayapınar / Diyarbakır	Peyas Mah. Şanlıurfa Bulvarı Ekinciler Sitesi No: 80-A Kayapınar / Diyarbakır	+90 412 502 26 38	+90 212 305 07 09
Büsan / Konya	Fevzi Çakmak Mah. Kosgeb Cad. No: 3 Karatay / Konya	+90 332 345 0632	+90 212 305 07 10
Aksaray	Hacı Hasanlı Mah. Bankalar Cad. No: 30 Aksaray	+90 382 203 02 82	+90 212 305 07 11
Setbaşı / Bursa	Setbaşı Kayahan Mah. Atatürk Cad. No: 26-1 Osmangazi / Bursa	+90 224 225 00 24	+90 212 305 07 12
Altunizade / İstanbul	Altunizade Mah. Kısıklı Cad. No: 37 Üsküdar / İstanbul	+90 216 474 84 72	+90 212 305 07 13
Gaziantep	İncirli Pınar Mah. Muammer Aksoy Cad. No: 20 Şehitkamil / Gaziantep	+90 342 230 91 90	+90 212 305 07 14
Ostim / Ankara	Ostim Mah. Ostim OSB 100. Yıl Bulvarı No: 46 Yenimahalle / Ankara	+90 312 385 08 63	+90 212 305 07 15
Adana	Tepebağ Mah. Abidinpaşa Cad. No: 11 Seyhan / Adana	+90 322 359 63 04	+90 212 305 07 16
Kayseri	Cumhuriyet Mah. Vatan Cad. No: 19 Melikgazi / Kayseri	+90 352 222 58 65	+90 212 305 07 17
Fatih	Zeyrek Mah. Macar Kardeşler Cad. No: 18-A Fatih / İstanbul	+90 212 621 86 76	+90 212 305 07 18
Çorum	Çepni Mah. İnönü Cad. No: 61 Merkez / Çorum	+90 364 224 89 64	+90 212 305 07 19
Osmanbey	Meşrutiyet Mah. Halaskargazi Cad. No: 116 Şişli / İstanbul	+90 212 230 97 08	+90 212 305 07 20
Ulus / Ankara	Anafartalar Cad. No: 16-B Ulus / Ankara	+90 312 312 76 31	+90 212 305 07 21
Kadıköy / İstanbul	Osmanağa Mah. Rihtim Cad. No: 4 Kat: 2 Kadıköy / İstanbul	+90 216 346 97 39	+90 212 305 07 22
İskenderun / Hatay	Kurtuluş Mah. Şehit Pamir Cad. No: 92-B İskenderun / Hatay	+90 326 614 12 25	+90 212 305 07 23
Bornova / İzmir	Kazımdirik Mah. 152 Sok. No: 9 Bornova / İzmir	+90 232 343 09 43	+90 212 305 07 24
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Aydın	Hasanefendi-Ramazanpaşa Mah. Gençlik Cad. No: 6- 1 Efeler / Aydın	+90 256 212 76 42	+90 212 305 07 26
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Van	Şerefiye Mah. Cumhuriyet Bulvarı No: 63 İpekyolu / Van	+90 432 210 14 34	+90 212 305 07 28
İzmit	Kemalpaşa Mah. İstiklal Cad. No: 20 İç Kapı No: 30 İzmit / Kocaeli	+90 262 322 93 52	+90 212 305 07 29
Kütahya	Gazi Kemal Mah. Cumhuriyet Cad. No: 79-A Merkez / Kütahya	+90 274 333 02 95	+90 212 305 07 31
Kahramanmaraş	Yenişehir Mah. Trabzon Bulvarı Durak Apt. No: 70 Dulkadiroğlu / Kahramanmaraş	+90 344 223 97 01	+90 212 305 07 32
Rize	Piriçelebi Mah. Cumhuriyet Cad. No: 7 Rize	+90 464 212 27 69	+90 212 305 07 33
Gebze / Kocaeli	Hacı Halil Mah. Körfez Cad. No: 8-B Gebze / Kocaeli	+90 262 643 36 98	+90 212 305 07 36

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