

**KUVEYT TRK KATILIM BANKASI  
ANONİM ŐİRKETİ**

**INDEPENDENT AUDITOR'S  
LIMITED REVIEW REPORT,  
UNCONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE INTERIM PERIOD  
1 JANUARY-30 JUNE 2015**

*Translated into English  
from the Original Turkish Report*

# KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

## LIMITED REVIEW REPORT FOR THE INTERIM FINANCIAL INFORMATION

To the Board of Directors of Kuveyt Türk Katılım Bankası A.Ş.

### *Introduction*

We have reviewed the accompanying statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. (“the Bank”) as at 30 June 2015 and the income statement, statement of profit and loss accounted for under equity, statement of changes in shareholders’ equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the Banking Regulation and Supervision Agency, (all together referred as the BRSA Accounting and Reporting Regulations) and Turkish Accounting Standard 34 “Interim Financial Reporting”, except for the matters regulated by the BRSA Accounting and Reporting Regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of Kuveyt Türk Katılım Bankası A.Ş. as at 30 June 2015, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Reporting Regulations and Turkish Accounting Standard 34 “Interim Financial Reporting”, except for the matters regulated by the BRSA Accounting and Reporting Regulations.

### *Additional paragraph for English translation:*

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank’s financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Şehsuvaroğlu  
Partner

İstanbul, 7 August 2015

## Index

### Section One General information

I.	History of the Bank including its incorporation date, initial legal status and amendments to legal status	1
II.	Shareholding structure, 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 period, if any and information about the Group that the Bank belongs to	1
III.	Explanations on the titles of chairman and members of the board of directors, members of audit committee, general managers and assistant general managers and their shareholdings in the Bank	1
IV.	Information on qualified shareholders	2
V.	Explanations of the Bank's services and field of operations	2
VI.	Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Parent Bank and its subsidiaries	2

### Section Two The unconsolidated financial statements

I.	Balance sheet (Statement of financial position)	3
II.	Statement of off-balance sheet commitments and contingencies	5
III.	Statement of income (Statement of Income/ Loss)	6
IV.	Statement of profit and loss accounted for under equity (Statement of other comprehensive income and loss)	7
V.	Statement of changes in shareholders' equity	8
VI.	Cash flow statement	10

### Section Three Accounting principles

I.	Explanations on basis of presentation	11
II.	Explanations on strategy of using financial instruments and foreign currency transactions	12
III.	Investments in associates and subsidiaries	12
IV.	Explanations on forward transactions and option contracts and derivative instruments	12
V.	Explanations on profit share income and expense	13
VI.	Explanations on fees and commission income and expenses	13
VII.	Explanations on financial assets	13
VIII.	Explanations on impairment of financial assets	14
IX.	Explanations on offsetting of financial assets and liabilities	15
X.	Explanations on sale and repurchase agreements and lending of securities	15
XI.	Explanations on assets held for sale and discontinued operations and related liabilities	15
XII.	Explanations on goodwill and other intangible assets	16
XIII.	Explanations on tangible assets	17
XIV.	Explanations on leasing transactions	17
XV.	Explanations on provisions and contingent liabilities	18
XVI.	Explanations on liabilities relating to employee benefits	18
XVII.	Explanations on taxation	19
XVIII.	Explanations on additional disclosures on borrowings	20
XIX.	Explanations on share certificates issued	20
XX.	Explanations on acceptances and availed drafts	20
XXI.	Explanations on government grants	20
XXII.	Explanations on segment reporting	21
XXIII.	Explanations on other matters	21
XXIV.	Additional paragraph for convenience translation	21

### Section Four Information on financial structure

I.	Explanations on the capital adequacy standard ratio	22
II.	Explanations on market risk	29
III.	Explanations on currency risk	30
IV.	Explanations on position risk of equity securities in banking book	32
V.	Explanations on liquidity risk	32
VI.	Explanations on securitization positions	34
VII.	Credit risk mitigation techniques	34
VIII.	Explanations on risk management objectives and policies	35
IX.	Explanations on the activities carried out on behalf and account of other persons	36
X.	Explanations on business segments	36

### Section Five Explanations and notes on the unconsolidated financial statements

I.	Explanations and notes related to assets	38
II.	Explanations and notes related to liabilities	54
III.	Explanations and notes related to off-balance sheet contingencies and commitments	63
IV.	Explanations and notes related to the statement of income	64
V.	Explanations and notes related to cash flow statement	68
VI.	Explanations and notes related to the risk group of the Bank	70
VII.	Significant Events and Matters Arising Subsequent to Balance Sheet Date	71

### Section Six Other Explanations and Disclosures

I.	Other matters which must be explained in terms of explicitly, interpretability and understandability of the balance sheet	71
----	---	----

### Section Seven Independent Auditors' Review Report

I.	Explanations on the limited review report	71
II.	Notes and disclosures prepared by independent auditors	71

**THE UNCONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.**

**AS OF 30 JUNE 2015**

Address of the head office : Büyükdere Cad. No: 129/1 34394 Esentepe / İSTANBUL  
Phone number : 0212 354 11 11  
Facsimile number : 0212 354 12 12  
Web page : [www.kuveytturk.com.tr](http://www.kuveytturk.com.tr)  
E-mail address : [kuveytturk@kuveytturk.com.tr](mailto:kuveytturk@kuveytturk.com.tr)

The unconsolidated financial report designed in line with the Banking Regulation and Supervision Agency's official communication on "Financial Statements to be Publicly Announced and the Related Policies and Disclosures" consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARTICIPATION BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE PARTICIPATION BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

The accompanying unconsolidated financial statements and notes have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and the Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and, unless otherwise indicated, have been prepared in thousands of Turkish Lira. Related appendices and interpretations on these are independently reviewed and presented hereby.

Hamad Abdulmohsen AL MARZOUQ Chairman of the Board of Directors	Adnan ERTEM Head of the Audit Committee	Ahmad S A A AL KHARJI Member of the Audit Committee	Mohamad AL- MIDANI Member of the Audit Committee	Ufuk UYAN General Manager	Ahmet KARACA Chief Financial Officer	İsmail Hakkı YEŞİLYURT External Reporting Manager
--	---	--	--	---------------------------------	--	---

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

Name-Surname: İsmail Hakkı YEŞİLYURT  
Position: External Reporting Manager  
Telephone: 0212 354 12 84  
Facsimile: 0212 354 12 03

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE**

**GENERAL INFORMATION**

**I. History of the Bank including its incorporation date, initial legal status and amendments to legal status:**

Kuveyt Türk Katılım Bankası A.Ş. ("The Bank") was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

**II. Shareholding Structure, Shareholders Jointly or Individually Having Direct or Indirect, Control over the Management and Supervision of the Bank and the Disclosures on Any Related Changes in the Current Period, if any and information about the Group that the Bank belongs to:**

As of 30 June 2015, 62.32% of the Bank's shares are owned by Kuwait Finance House located in Kuwait, 18.74% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.01% by The Public Institution For Social Security in Kuwait and 9.01% by Islamic Development Bank whereas the remaining 0.92% of the shares are owned by other real persons and legal entities.

**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	Date of the assignment	Date of Audit Committee assignment	Educational degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Head of the BOD	25/06/2014		Master	-
Abdullah TİVNİKLİ	Vice Chairman of the BOD	16/05/2001		Master	0.0834%
Dr. Adnan ERTEM	Member of BOD and Chairman of the Audit Committee	10/10/2002	19/10/2010	Doctorate	-
Nadir ALPASLAN	Member of BOD	15/04/2011		Bachelor	-
Khaled Nasser Abdulaziz AL FOUZAN	Member of BOD	02/08/2006		Bachelor	-
Fawaz KHE AL SALEH	Member of BOD	20/10/2006		Bachelor	0.0105%
Mohamad Al-Midani	Member of BOD and Audit Committee	05/05/2015	15/05/2015	Master	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999		Master	0.0556%
Ahmed S. AL Kharji	Member of BOD and Audit Committee	26/03/2014	24/09/2014	Master	-
Ahmet KARACA	Assistant General Manager and Chief Financial Officer	12/07/2006		Master	0.0090%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003		Bachelor	0.0011%
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003		Bachelor	0.0035%
İrfan YILMAZ	Assistant General Manager, Retail Banking	27/10/2005		Bachelor	0.0157%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Corporate and International Banking	05/05/2005		Doctorate	0.0091%
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010		Bachelor	0.0007%
Aslan Demir	Assistant General Manager, Strategy	08/10/2012		Bachelor	0.0047%
Mehmet ORAL	Assistant General Manager, Retail Banking	01/10/2012		Bachelor	0.0029%
Abdurrahman Delipoyraz	Assistant General Manager, SME Banking	09/01/2015		Bachelor	0.0028%

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.20% of the Bank's share capital (31 December 2014 – 0.20%).

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. Information on qualified shareholders:**

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	1,574,704	62.32%	1,574,704	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	473,597	18.74%	473,597	-
<b>Total</b>	<b>2,048,301</b>	<b>81.06%</b>	<b>2,048,301</b>	<b>-</b>

As of 30 June 2015, the shares of parent shareholder of Bank, Kuwait Finance House (“KFH”) are 52.12% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

**V. Explanations of the Bank’s services and field of operations**

The Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Bank’s core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts, and lending such funds to its customers. As of 30 June 2015, the Bank is operating through 333 domestic branches (31 December 2014 – 308) with 5,262 employees (31 December 2014 – 5,082). Summary of some of the Bank’s operations described in the Articles of Association are as follows:

- To collect funds through “Current Accounts” and “Profit/Loss Sharing Accounts” and special fund pools in line with the regulations;
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking;
- To offer financial and operational leasing;
- To handle all kinds of deposits and payments, including travelers’ checks, credit cards and other payment instruments, provide member business services (POS), consulting, advisory, and safe deposit box services;
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking;
- To purchase, acquire and construct any kind of real estate and if necessary lease or transfer ownership to other persons;
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies);
- To provide socially responsible aid for the benefit of the community in the light of the legislations.

The Bank’s activities are not limited to the list above. If another transaction is decided to be beneficial to the Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Customs and Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association.

**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**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Commitments and Contingencies
- III. Income Statement (Statement of Income / Loss)
- IV. Statement of Profit and Loss Accounted for Under Equity  
(Statement of Other Comprehensive Income and Loss)
- V. Statement of Changes in Shareholders' Equity
- VI. Cash Flows Statement



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2015**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)**

		Note	Reviewed Current period (30.06.2015)			Audited Prior period (31.12.2014)		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(I-a)	796,143	6,638,442	7,434,585	594,034	5,990,608	6,584,642
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(I-b)	25,110	33,238	58,348	39,666	8,249	47,915
2.1	Held for trading financial assets		25,110	33,238	58,348	39,666	8,249	47,915
2.1.1	Public sector debt securities		-	-	-	-	-	-
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		22,946	33,238	56,184	34,867	8,249	43,116
2.1.4	Other marketable securities		2,164	-	2,164	4,799	-	4,799
2.2	Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	BANKS	(I-c)	13,593	2,641,140	2,654,733	34,681	2,632,853	2,667,534
IV.	MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(I-d)	1,626,064	758,371	2,384,435	1,617,489	586,700	2,204,189
5.1	Equity securities		10,285	51,040	61,325	9,936	44,059	53,995
5.2	Public sector debt securities		1,612,000	358,112	1,970,112	1,583,482	289,880	1,873,362
5.3	Other marketable securities		3,779	349,219	352,998	24,071	252,761	276,832
VI.	LOANS AND RECEIVABLES	(I-e)	20,886,447	3,722,469	24,608,916	18,276,411	2,298,671	20,575,082
6.1	Loans and receivables		20,742,241	3,722,469	24,464,710	18,204,434	2,298,671	20,503,105
6.1.1	Loans to risk group of the Bank		55,339	114,554	169,893	38,026	62,253	100,279
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		20,686,902	3,607,915	24,294,817	18,166,408	2,236,418	20,402,826
6.2	Non-performing loans		640,468	-	640,468	481,195	-	481,195
6.3	Specific provisions (-)		496,262	-	496,262	409,218	-	409,218
VII.	HELD TO MATURITY INVESTMENTS (Net)	(I-f)	-	-	-	-	-	-
VIII.	INVESTMENTS IN ASSOCIATES (Net)	(I-g)	-	-	-	-	-	-
8.1	Accounted for under equity method		-	-	-	-	-	-
8.2	Unconsolidated associates		-	-	-	-	-	-
8.2.1	Financial associates		-	-	-	-	-	-
8.2.2	Non-financial associates		-	-	-	-	-	-
IX.	INVESTMENTS IN SUBSIDIARIES (Net)	(I-h)	299,062	-	299,062	168,355	-	168,355
9.1	Unconsolidated financial subsidiaries		276,382	-	276,382	145,675	-	145,675
9.2	Unconsolidated non-financial subsidiaries		22,680	-	22,680	22,680	-	22,680
X.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(I-i)	15,500	-	15,500	10,500	-	10,500
10.1	Accounted for under equity method		15,500	-	15,500	10,500	-	10,500
10.2	Unconsolidated		-	-	-	-	-	-
10.2.1	Financial subsidiaries		-	-	-	-	-	-
10.2.2	Non-financial subsidiaries		-	-	-	-	-	-
XI.	FINANCE LEASE RECEIVABLES	(I-j)	823,974	176,563	1,000,537	592,059	118,527	710,586
11.1	Finance lease receivables		942,025	209,626	1,151,651	678,110	125,786	803,896
11.2	Operating lease receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned income (-)		118,051	33,063	151,114	86,051	7,259	93,310
XII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(I-k)	-	-	-	-	-	-
12.1	Fair value hedge		-	-	-	-	-	-
12.2	Cash flow hedge		-	-	-	-	-	-
12.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIII.	TANGIBLE ASSETS (Net)		507,738	159	507,897	498,002	984	498,986
XIV.	INTANGIBLE ASSETS (Net)		74,637	54	74,691	67,270	2,995	70,265
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		74,637	54	74,691	67,270	2,995	70,265
XV.	INVESTMENT PROPERTIES (Net)		-	-	-	-	-	-
XVI.	TAX ASSET	(I-l)	66,431	-	66,431	50,016	-	50,016
16.1	Current tax asset		-	-	-	-	-	-
16.2	Deferred tax asset		66,431	-	66,431	50,016	-	50,016
XVII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		34,836	-	34,836	31,316	-	31,316
17.1	Held for sale		34,836	-	34,836	31,316	-	31,316
17.2	Discontinued operations		-	-	-	-	-	-
XVIII.	OTHER ASSETS	(I-m)	394,047	126,707	520,754	281,822	106,967	388,789
TOTAL ASSETS			25,563,582	14,097,143	39,660,725	22,261,621	11,746,554	34,008,175

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2015**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)**

	Note	Reviewed Current period (30.06.2015)			Audited Prior period (31.12.2014)		
		TL	FC	Total	TL	FC	Total
<b>I. FUND COLLECTED</b>	<b>(II-a)</b>	<b>12,942,257</b>	<b>12,970,400</b>	<b>25,912,657</b>	<b>12,147,275</b>	<b>9,997,339</b>	<b>22,144,614</b>
1.1 Funds from risk group of the Bank		157,383	434,035	591,418	137,594	336,766	474,360
1.2 Other		12,784,874	12,536,365	25,321,239	12,009,681	9,660,573	21,670,254
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(II-b)</b>	<b>26,520</b>	<b>46,060</b>	<b>72,580</b>	<b>14,088</b>	<b>11,797</b>	<b>25,885</b>
<b>III. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>877,908</b>	<b>6,689,191</b>	<b>7,567,099</b>	<b>248,480</b>	<b>6,055,418</b>	<b>6,303,898</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>847,330</b>	<b>-</b>	<b>847,330</b>	<b>708,743</b>	<b>-</b>	<b>708,743</b>
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. SUNDRY CREDITORS</b>	<b>(II-d,h)</b>	<b>120,510</b>	<b>17,248</b>	<b>137,758</b>	<b>121,921</b>	<b>22,213</b>	<b>144,134</b>
<b>VII. OTHER LIABILITIES</b>	<b>(II-d)</b>	<b>520,088</b>	<b>38,581</b>	<b>558,669</b>	<b>415,747</b>	<b>23,321</b>	<b>439,068</b>
<b>VIII. FINANCE LEASE PAYABLES</b>	<b>(II-e)</b>	<b>-</b>	<b>371,845</b>	<b>371,845</b>	<b>-</b>	<b>321,358</b>	<b>321,358</b>
8.1 Finance lease payables		-	433,157	433,157	-	374,240	374,240
8.2 Operating lease payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred finance lease expenses (-)		-	61,312	61,312	-	52,882	52,882
<b>IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	<b>(II-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9.1 Fair value hedge		-	-	-	-	-	-
9.2 Cash flow hedge		-	-	-	-	-	-
9.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>X. PROVISIONS</b>	<b>(II-g)</b>	<b>342,004</b>	<b>77,346</b>	<b>419,350</b>	<b>337,196</b>	<b>63,502</b>	<b>400,698</b>
10.1 General loan loss provisions		215,661	61,451	277,112	200,563	40,213	240,776
10.2 Restructuring provisions		-	-	-	-	-	-
10.3 Reserve for employee benefits		81,407	41	81,448	92,738	36	92,774
10.4 Insurance technical reserves (net)		-	-	-	-	-	-
10.5 Other provisions		44,936	15,854	60,790	43,895	23,253	67,148
<b>XI. TAX LIABILITY</b>	<b>(II-h)</b>	<b>43,172</b>	<b>-</b>	<b>43,172</b>	<b>32,315</b>	<b>-</b>	<b>32,315</b>
11.1 Current tax liability		43,172	-	43,172	32,315	-	32,315
11.2 Deferred tax liability		-	-	-	-	-	-
<b>XII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(II-i)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Held for sale		-	-	-	-	-	-
12.2 Discontinued operations		-	-	-	-	-	-
<b>XIII. SUBORDINATED LOANS</b>	<b>(II-j)</b>	<b>-</b>	<b>538,000</b>	<b>538,000</b>	<b>-</b>	<b>464,592</b>	<b>464,592</b>
<b>XIV. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>3,190,767</b>	<b>1,498</b>	<b>3,192,265</b>	<b>3,022,530</b>	<b>340</b>	<b>3,022,870</b>
14.1 Paid-in capital		2,527,005	-	2,527,005	2,287,005	-	2,287,005
14.2 Capital reserves		27,650	1,498	29,148	26,542	340	26,882
14.2.1 Share premium		23,250	-	23,250	23,250	-	23,250
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities revaluation reserve		21,837	1,498	23,335	20,729	340	21,069
14.2.4 Tangible assets revaluation reserve		-	-	-	-	-	-
14.2.5 Intangible assets revaluation reserve		-	-	-	-	-	-
14.2.6 Investment property revaluation reserve		-	-	-	-	-	-
14.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-
14.2.8 Hedging funds (effective portion)		-	-	-	-	-	-
14.2.9 Value increase on assets held for resale		-	-	-	-	-	-
14.2.10 Other capital reserves		(17,437)	-	(17,437)	(17,437)	-	(17,437)
14.3 Profit reserves		430,060	-	430,060	338,533	-	338,533
14.3.1 Legal reserves		100,287	-	100,287	77,869	-	77,869
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		241,553	-	241,553	208,951	-	208,951
14.3.4 Other profit reserves		88,220	-	88,220	51,713	-	51,713
14.4 Profit or loss		206,052	-	206,052	370,450	-	370,450
14.4.1 Prior period income/(losses)		-	-	-	-	-	-
14.4.2 Current period income/(losses)		206,052	-	206,052	370,450	-	370,450
14.5 Minority shares	<b>(II-l)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>18,910,556</b>	<b>20,750,169</b>	<b>39,660,725</b>	<b>17,048,295</b>	<b>16,959,880</b>	<b>34,008,175</b>

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**STATEMENT OF UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AND**  
**CONTINGENCIES AS OF 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES**

		Reviewed Current period (30.06.2015)			Audited Prior period (31.12.2014)		
	Notes	TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>35,924,617</b>	<b>16,815,324</b>	<b>52,739,941</b>	<b>38,792,854</b>	<b>10,469,112</b>	<b>49,261,966</b>
<b>I. GUARANTEES</b>	(III-a)	<b>4,381,919</b>	<b>4,393,054</b>	<b>8,774,973</b>	<b>4,271,750</b>	<b>3,943,299</b>	<b>8,215,049</b>
1.1. Letters of guarantees		4,363,953	2,694,167	7,058,120	4,253,808	2,613,265	6,867,073
1.1.1. Guarantees subject to state tender law		112,603	978	113,581	106,391	2,329	108,720
1.1.2. Guarantees given for foreign trade operations		707,757	323,929	1,031,686	983,511	364,016	1,347,527
1.1.3. Other letters of guarantee		3,543,593	2,369,260	5,912,853	3,163,906	2,246,920	5,410,826
1.2. Bank loans		3,080	51,541	54,621	4,033	55,757	59,790
1.2.1. Import letter of acceptances		3,080	51,541	54,621	4,033	55,757	59,790
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letter of credits		1,083	1,052,860	1,053,943	1,220	914,546	915,766
1.3.1. Documentary letter of credits		-	411,955	411,955	227	357,189	357,416
1.3.2. Other letter of credits		1,083	640,905	641,988	993	557,357	558,350
1.4. Pre-financing given as guarantee		-	19,711	19,711	-	17,183	17,183
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Other guarantees		13,803	574,775	588,578	12,689	342,548	355,237
1.7. Other collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(III-a)	<b>28,701,257</b>	<b>796,386</b>	<b>29,497,643</b>	<b>31,156,909</b>	<b>752,846</b>	<b>31,909,755</b>
2.1. Irrevocable commitments		2,245,147	796,386	3,041,533	1,846,773	752,846	2,599,619
2.1.1. Forward asset purchase commitments		353,562	796,386	1,149,948	272,742	752,846	1,025,588
2.1.2. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.3. Loan granting commitments		131,012	-	131,012	104,813	-	104,813
2.1.4. Securities underwriting commitments		-	-	-	-	-	-
2.1.5. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6. Payment commitment for checks		1,073,272	-	1,073,272	876,101	-	876,101
2.1.7. Tax and fund liabilities from export commitments		99	-	99	99	-	99
2.1.8. Commitments for credit card expenditure limits		669,445	-	669,445	575,870	-	575,870
2.1.9. Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.10. Receivables from short sale commitments		-	-	-	-	-	-
2.1.11. Payables for short sale commitments		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		17,757	-	17,757	17,148	-	17,148
2.2. Revocable commitments		26,456,110	-	26,456,110	29,310,136	-	29,310,136
2.2.1. Revocable loan granting commitments		26,456,110	-	26,456,110	29,310,136	-	29,310,136
2.2.2. Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>2,841,441</b>	<b>11,625,884</b>	<b>14,467,325</b>	<b>3,364,195</b>	<b>5,772,967</b>	<b>9,137,162</b>
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		2,841,441	11,625,884	14,467,325	3,364,195	5,772,967	9,137,162
3.2.1. Forward foreign currency buy/sell transactions		1,563,606	2,686,550	4,250,156	3,361,606	4,882,317	8,243,923
3.2.1.1. Forward foreign currency transactions-buy		747,500	1,286,835	2,034,335	1,968,763	2,443,992	4,412,755
3.2.1.2. Forward foreign currency transactions-sell		816,106	1,399,715	2,215,821	1,392,843	2,438,325	3,831,168
3.2.2. Other forward buy/sell transactions		1,277,835	8,939,334	10,217,169	2,589	890,650	893,239
3.3. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>152,386,054</b>	<b>84,952,700</b>	<b>237,338,754</b>	<b>129,010,642</b>	<b>73,881,498</b>	<b>202,892,140</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5,459,043</b>	<b>1,284,495</b>	<b>6,743,538</b>	<b>4,547,108</b>	<b>1,069,432</b>	<b>5,616,540</b>
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		-	-	-	-	-	-
4.3. Checks received for collection		4,532,057	467,191	4,999,248	3,902,750	433,156	4,335,906
4.4. Commercial notes received for collection		926,986	114,081	1,041,067	644,358	95,817	740,175
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	703,223	703,223	-	540,459	540,459
<b>V. PLEDGED ITEMS</b>		<b>146,915,372</b>	<b>83,636,740</b>	<b>230,552,112</b>	<b>124,451,895</b>	<b>72,784,734</b>	<b>197,236,629</b>
5.1. Marketable securities		458,289	50,049	508,338	287,604	22,609	310,213
5.2. Guarantee notes		101,988	1,085,898	1,187,886	102,015	938,496	1,040,511
5.3. Commodity		3,223,961	277,367	3,501,328	2,784,623	241,539	3,026,162
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		65,302,329	579,270	65,881,599	56,170,230	531,266	56,701,496
5.6. Other pledged items		77,828,805	81,644,156	159,472,961	65,107,423	71,050,824	136,158,247
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>11,639</b>	<b>31,465</b>	<b>43,104</b>	<b>11,639</b>	<b>27,332</b>	<b>38,971</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>188,310,671</b>	<b>101,768,024</b>	<b>290,078,695</b>	<b>167,803,496</b>	<b>84,350,610</b>	<b>252,154,106</b>

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED**  
**30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**III. INCOME STATEMENT (STATEMENT OF INCOME / LOSS)**

		Current Period Reviewed 01.01.2015 - 30.06.2015	Prior Period Reviewed 01.01.2014 - 30.06.2014	Current Period Reviewed 01.04.2015- 30.06.2015	Prior Period Reviewed 01.04.2014- 30.06.2014
	Notes				
<b>I.</b>	<b>PROFIT SHARE INCOME</b>	<b>1,197,446</b>	<b>922,914</b>	<b>624,707</b>	<b>488,387</b>
1.1	Profit share on loans	1,071,717	836,799	558,690	440,391
1.2	Profit share on reserve deposits	940	-	923	-
1.3	Profit share on banks	3,833	1,898	2,021	950
1.4	Profit share on money market placements	-	-	-	-
1.5	Profit share on marketable securities portfolio	77,636	57,104	39,844	31,636
1.5.1	Held-for-trading financial assets	-	-	-	-
1.5.2	Financial assets at fair value through profit and loss	-	-	-	-
1.5.3	Available-for-sale financial assets	77,636	57,104	39,844	31,636
1.5.4	Investments held-to-maturity	-	-	-	-
1.6	Finance lease income	33,267	16,829	18,193	9,929
1.7	Other profit share income	10,053	10,284	5,036	5,481
<b>II.</b>	<b>PROFIT SHARE EXPENSE</b>	<b>505,566</b>	<b>414,360</b>	<b>258,518</b>	<b>217,368</b>
2.1	Expense on profit sharing accounts	327,872	310,687	167,211	165,579
2.2	Profit share expense on funds borrowed	141,405	76,883	73,821	36,880
2.3	Profit share expense on money market borrowings	25,125	18,314	11,956	10,914
2.4	Expense on securities issued	-	-	-	-
2.5	Other profit share expense	11,164	8,476	5,530	3,995
<b>III.</b>	<b>NET PROFIT SHARE INCOME (I - II)</b>	<b>691,880</b>	<b>508,554</b>	<b>366,189</b>	<b>271,019</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>	<b>75,476</b>	<b>61,617</b>	<b>40,088</b>	<b>32,890</b>
4.1	Fees and commissions received	124,904	109,190	65,881	58,175
4.1.1	Non-cash loans	40,453	36,891	20,832	18,055
4.1.2	Other	84,451	72,299	45,049	40,120
4.2	Fees and commissions paid	49,428	47,573	25,793	25,285
4.2.1	Non-cash loans	94	88	54	40
4.2.2	Other	49,334	47,485	25,739	25,245
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	<b>61,170</b>	<b>81,200</b>	<b>(730)</b>	<b>26,287</b>
6.1	Capital market transaction gains / (losses)	5,110	525	260	(67)
6.2	Gains/ (losses) from derivative financial instruments	(12,028)	31,998	(23,474)	3,804
6.3	Foreign exchange gains / (losses)	68,088	48,677	22,484	22,550
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>120,378</b>	<b>103,762</b>	<b>73,527</b>	<b>51,170</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>	<b>948,904</b>	<b>755,133</b>	<b>479,074</b>	<b>381,366</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>185,384</b>	<b>136,456</b>	<b>95,458</b>	<b>57,067</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>500,814</b>	<b>395,165</b>	<b>250,556</b>	<b>198,413</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>	<b>262,706</b>	<b>223,512</b>	<b>133,060</b>	<b>125,886</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>GAIN / (LOSS) ON EQUITY METHOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	<b>262,706</b>	<b>223,512</b>	<b>133,060</b>	<b>125,886</b>
<b>XVI.</b>	<b>TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>	<b>(56,654)</b>	<b>(48,157)</b>	<b>(27,496)</b>	<b>(30,946)</b>
16.1	Current income tax charge	(73,636)	(55,837)	(39,254)	(41,421)
16.2	Deferred tax charge / benefit	16,982	7,680	11,758	10,475
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>206,052</b>	<b>175,355</b>	<b>105,564</b>	<b>94,940</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-
<b>XX.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1	Current income tax charge	-	-	-	-
21.2	Deferred tax charge / benefit	-	-	-	-
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	<b>206,052</b>	<b>175,355</b>	<b>105,564</b>	<b>94,940</b>
23.1	Group's income/loss	206,052	175,355	105,564	94,940
23.2	Minority interest income/loss (-)	-	-	-	-
	Earnings per share income/loss (full TL)	-	-	-	-

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**STATEMENTS OF UNCONSOLIDATED PROFIT AND LOSS ACCOUNTED FOR UNDER**  
**EQUITY FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY (STATEMENT OF OTHER COMPREHENSIVE INCOME AND LOSS)**

	Reviewed	Reviewed
	Current period	Prior period
Statement of income and expenses accounted under equity	(01.01-30.06.2015)	(01.01-30.06.2014)
<b>I.</b> Additions to marketable securities revaluation differences from available for sale financial assets	2,833	51,051
<b>II.</b> Tangible assets revaluation differences	-	-
<b>III.</b> Intangible assets revaluation differences	-	-
<b>IV.</b> Currency translation differences for foreign currency transactions	-	-
<b>V.</b> Profit/loss from derivative financial instruments for cash flow hedge purposes (effective portion of fair value differences)	-	-
<b>VI.</b> Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
<b>VII.</b> The effect of corrections of errors and changes in accounting policies	-	-
<b>VIII.</b> Other profit loss items accounted under equity as per Turkish accounting standards	-	-
<b>IX.</b> Deferred tax on valuation differences	(567)	(10,046)
<b>X.</b> Total net profit/loss accounted under equity (I+II+...+IX)	2,266	41,005
<b>XI.</b> Profit/loss	-	(815)
XI.1 Change in fair value of marketable securities (transfer to profit/loss)	-	(815)
XI.2 Reclassification of derivatives accounted for cash flow hedge purposes to income statement	-	-
XI.3 Reclassification of hedge of net investments in foreign operations to income statement	-	-
XI.4 Other	-	-
<b>XII.</b> Total profit/loss accounted for the period (X±XI)	2,266	40,190

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

# KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

## STATEMENT OF UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2015

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

### V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note	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	Extraordinary reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Hedging reserves	Asset held for sale and disc.op. valuation fund	Total excluding minority interest	Minority interest	Total equity
Prior Period – (01.01-30.06.2014)																			
I.	Balances at beginning of the period	1,700,000	-	23,250	-	60,800	-	203,396	12,235	-	300,343	2,025	-	-	-	-	2,302,049	-	2,302,049
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Adjusted balances at beginning of the period																		
III.	(I+II)	1,700,000	-	23,250	-	60,800	-	203,396	12,235	-	300,343	2,025	-	-	-	-	2,302,049	-	2,302,049
	Changes during the period																		
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities revaluation differences	-	-	-	-	-	-	-	-	-	-	40,190	-	-	-	-	40,190	-	40,190
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bonus shares obtained from associates, subsidiaries and jointly controlled operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes related to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes related to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	590,000	-	-	-	-	-	-	27,202	-	(229,093)	-	-	-	-	-	388,109	-	388,109
14.1	Cash	360,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,000	-	360,000
14.2	Internal sources	230,000	-	-	-	-	-	-	27,202	-	(229,093)	-	-	-	-	-	28,109	-	28,109
XV.	Share issue premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other(*)	(2,995)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Net income/(loss) for the period	-	-	-	-	-	-	-	-	175,355	-	-	-	-	-	-	(2,995)	-	(2,995)
XX.	Profit distribution	-	-	-	-	17,069	-	5,555	-	-	(71,250)	-	-	-	-	-	175,355	-	175,355
20.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(20,517)	-	-	-	-	-	(48,626)	-	(48,626)
20.2	Transfers to reserves	-	-	-	-	17,069	-	5,555	-	-	(50,733)	-	-	-	-	-	(20,517)	-	(20,517)
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28,109)	-	(28,109)
	Balances at end of the period																		
	(III+IV+V+.....+XVIII+XIX+XX)	(II-k)	2,287,005	-	23,250	-	77,869	-	208,951	39,437	175,355	-	42,215	-	-	-	2,854,082	-	2,854,082

(\*) It represents the Bank's acquisition of its own shares amounting to TL 2,995 as a result of the Bank's shareholders not using their right of preference according to the commitment made in the capital increase in the Bank.

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

# KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

## STATEMENT OF UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2015

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

### V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (cont'd)

Reviewed	Note	Paid-in capital	Effect of inflation accounting on paid-in capital and other reserves	Share Premium	Share certificate cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Hedging reserves	Asset held for sale and disc.op. valuation fund	Total excluding minority interest	Minority interest	Total equity
Current Period – (01.01-30.06.2015)																			
I.	Balances at beginning of the period	2,287,005	-	23,250	-	77,869	-	208,951	34,276	-	370,450	21,069	-	-	-	-	3,022,870	-	3,022,870
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the period	2,287,005	-	23,250	-	77,869	-	208,951	34,276	-	370,450	21,069	-	-	-	-	3,022,870	-	3,022,870
	(I-II)																		
	Changes during the period																		
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities revaluation differences	-	-	-	-	-	-	-	-	-	-	2,266	-	-	-	-	2,266	-	2,266
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes related to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes related to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	240,000	-	-	-	-	-	-	(127)	-	(239,873)	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources	240,000	-	-	-	-	-	-	(127)	-	(239,873)	-	-	-	-	-	-	-	-
XV.	Share issue premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Net income/(loss) for the period	-	-	-	-	-	-	-	-	206,052	-	-	-	-	-	-	206,052	-	206,052
XX.	Profit distribution	-	-	-	-	22,418	-	32,602	36,634	-	(130,577)	-	-	-	-	-	(38,923)	-	(38,923)
20.1	Dividends distributed	-	-	-	-	-	-	36	-	-	(38,959)	-	-	-	-	-	(38,923)	-	(38,923)
20.2	Transfers to reserves	-	-	-	-	22,418	-	32,566	36,634	-	(91,618)	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period																		
	(III+IV+V+.....+XVIII+XIX+XX)	(II-k)	2,527,005	-	23,250	-	100,287	-	241,553	70,783	206,052	-	23,335	-	-	-	3,192,265	-	3,192,265

(\*) In the Ordinary General Assembly Meeting dated 31 March 2015, the Bank decided on reserving primary reserves amount to TL 18,522; other reserves amount to TL 36,507 funded via retained profit from sales of real estates, cash dividend payments amount to TL 36,000; dividend to management amount to TL 2,959; funding capital increase from internal sources via remaining net income amount to TL 240,000 and in return distributing additional capitalized shares proportioned to shareholder's stake in share capital; secondary reserves amount to TL 3,896 and remaining amount to 32,565 to extraordinary legal reserves. In addition to this, the Bank has transferred dividend amounting to TL 36 that held by the Bank itself to the extraordinary reserves depending on the General Assembly Meeting decision.

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**CASH FLOWS STATEMENT FOR THE PERIOD ENDED 30 JUNE 2015**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VI. CASH FLOWS STATEMENT**

	Note	Reviewed	Reviewed
		Current period 01.01.2015 – 30.06.2015	Prior period 01.01.2014 – 30.06.2014
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>429,470</b>	<b>217,940</b>
1.1.1 Profit share income received		1,149,243	869,903
1.1.2 Profit share expense paid		(519,233)	(420,238)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		124,190	99,566
1.1.5 Other income		254,343	71,613
1.1.6 Collections from previously written off loans		37,913	33,885
1.1.7 Payments to personnel and service suppliers		(269,614)	(254,030)
1.1.8 Taxes paid		(82,999)	(56,302)
1.1.9 Others		(264,373)	(126,457)
<b>1.2 Changes in operating assets and liabilities</b>		<b>902,064</b>	<b>(804,015)</b>
1.2.1 Net (increase) decrease held for trading financial assets		2,635	733
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		55,292	(2,474,704)
1.2.4 Net (increase) decrease in loans		(4,446,450)	(2,306,068)
1.2.5 Net (increase) decrease in other assets		(15,115)	(1,299)
1.2.6 Net increase (decrease) in bank deposits		439,407	737,281
1.2.7 Net increase (decrease) in other deposits		3,330,728	1,867,596
1.2.8 Net increase (decrease) in funds borrowed		1,274,777	860,600
1.2.9 Net increase (decrease) in due payables		-	-
1.2.10 Net increase (decrease) in other liabilities		260,790	511,846
<b>I. Net cash provided from / (used in) banking operations</b>		<b>1,331,534</b>	<b>(586,075)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / (used in) investing activities</b>		<b>(371,410)</b>	<b>(667,789)</b>
2.1 Cash paid for purchase jointly controlled operations, associates and subsidiaries		(135,707)	(26,912)
2.2 Cash obtained from sale of jointly controlled operations, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(66,335)	(64,380)
2.4 Fixed assets sales		13,913	208
2.5 Cash paid for purchase of financial assets available for sale		(777,908)	(580,489)
2.6 Cash obtained from sale of financial assets available for sale		603,991	18,846
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		(9,364)	(15,062)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities</b>		<b>(39,184)</b>	<b>336,488</b>
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	357,005
3.4 Dividends paid		(38,923)	(20,517)
3.5 Payments for finance leases		(261)	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(V-d)</b>	<b>(28,506)</b>	<b>10,373</b>
<b>V. Net increase (decrease) in cash and cash equivalents (I + II + III + IV)</b>		<b>892,434</b>	<b>(907,003)</b>
<b>VI. Cash and cash equivalents at the beginning of the period</b>	<b>(V-a)</b>	<b>1,995,829</b>	<b>3,167,289</b>
<b>VII. Cash and cash equivalents at the end of the period</b>	<b>(V-a)</b>	<b>2,888,263</b>	<b>2,260,286</b>

The accompanying notes are an integral part of these financial statements



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I. Explanations on basis of presentation**

**a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:**

As per the Article 37 of “Accounting and Recording Rules” of the Turkish Banking Law no. 5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulatory and Supervisory Agency (BRSA) and in effect since 1 November 2006, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances.

As per the Decree Law no. 660 published in the Official Gazette and become effective on 2 November 2011, the Additional Clause 1 of the Law no. 2499 was abolished and the Public Oversight, Accounting and Auditing Standards Authority was established. The financial statements are prepared based on the TAS/TFRS and the related statements and guidances announced by the Public Oversight, Accounting and Auditing Standards Authority.

**b. Classification**

Fees and commissions amount of TL 10,294 that is presented under Other Operating Income in previous period’s statement of income, is classified under “Received Fees and Commissions” in current period for consistency of presentation.

**c. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements:**

The financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities held for trading carried at fair value.

The preparation of unconsolidated financial statements in conformity with TAS requires the Bank management to make assumptions and estimates with respect to assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates are mainly related with the determination of the fair values of the financial instruments and determination of the impairments on assets and these assumptions are being reviewed regularly and, when necessary, appropriate corrections are made and the effects of these corrections are reflected to the income statement.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations on basis of presentation (continued)**

**d. Preparation of the financial statements in the current purchasing power of money:**

The financial statements of the Bank were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) until 31 December 2004. BRSA explained with its decision numbered 1623 and dated 21 January 2005 and its circular dated 28 April 2005 that the conditions for applying inflation accounting were no longer applicable and accordingly inflation accounting has not been applied beginning from 1 January 2005.

**II. Explanations on strategy of using financial instruments and foreign currency transactions**

The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank’s exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank’s equity. The assets-liabilities committee (ALCO) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published 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.

The Bank’s portion of risk regarding loans originating from participation accounts followed in receivables to be written off, doubtful commission, fees and other receivables, uncollectible loans and other receivables, along with foreign currency (FC) loans and receivables originating from the Bank’s equity and private current accounts are converted to Turkish Lira with the rates prevailing at the date of the transfer of such receivables to non-performing loan portfolio. The participation accounts’ portion of the risk of the foreign currency loans and FC pegged loans, originating from participation accounts, is evaluated with the current foreign currency rates and the differences are recorded foreign currency gains/losses account in the income statement.

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

**III. Investments in associates and subsidiaries**

Turkish currency denominated associates and subsidiaries are measured at cost value in accordance with the “Consolidated and Separate Financial Statements” (“TAS 27”) and then deducted by provisions for impairment losses, if any, reflected to the accompanying unconsolidated financial statements.

**IV. Explanations on forward transactions and option contracts and derivative instruments**

The Bank enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. The Bank classifies its derivative instruments as “Derivative Financial Instruments Held for Hedging Purposes” and “Derivative Financial Instruments Held for Trading” in accordance with TAS 39. Even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as “held for trading” within the framework of TAS 39, and are reflected in the “Derivative Financial Assets/Liabilities Held for Trading” account in the balance sheet. The Bank has no derivative financial assets/liabilities for hedging purposes as of balance sheet date.

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

Fair values of foreign currency forward transactions and swaps are calculated by using the discounted cash flow model. Differences resulting from the changes in the fair values of derivatives held for trading are accounted under ‘Trading Income/Loss’ line in the income statement.

Embedded derivatives are separated from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Embedded derivatives are accounted as derivative instruments in-line with TAS 39. If the embedded derivatives are closely related with the host contract, embedded derivatives are accounted for in-line with the relevant standard applicable for the host contract.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**V. Explanations on profit share income and expense**

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. In accordance with the related regulation, the profit share accruals of non-performing loans are cancelled and are not recorded until the profit share income is realized.

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

**VI. Explanations on fees and commission income and expenses**

Except for the fees and commission income and expenses obtained for some banking services which are recorded as income when collected, fees and commission income/expenses are reflected in the income statement over the period of the related transaction.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the “Unearned Revenues” account under “Other Liabilities” on the balance sheet.

**VII. Explanations on financial assets**

The Bank classifies and accounts for its financial assets as ‘Fair value through profit/loss’, ‘Available for sale’, ‘Loans and receivables’ or ‘Held to maturity’. Sale and purchase transactions of the financial assets mentioned above are recognized at the ‘Settlement dates’. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of the investment.

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

This category has two sub categories: “Trading financial assets” and “Financial assets designated at fair value through profit/loss at initial recognition”.

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or dealers’ margin, or are financial assets included in a portfolio and derivative instruments in which a pattern of short-term profit making exists.

Trading financial assets are initially recognized at transaction prices, which are assumed to be the fair value, and subsequently measured at fair value. All gains and losses arising from these valuations are reflected in the income statement.

Other than trading financial assets, the Bank has no financial assets at fair value through profit or loss.

**b. Financial assets available for sale:**

Financial assets available for sale are initially recognized at cost; which reflects their fair values; including the transaction costs. Financial assets classified as available for sale financial assets which do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less impairment, if any.

Financial assets available-for-sale gains and losses are valued using internal rate of return and recorded in the income statement as profit share income. Financial assets available-for-sale profit share discounts recognized in the profit/share account, current value differences recognized in the “securities value increase fund” under the shareholders’ equity. In case of sales, the realized gain/losses in the shareholders’ equity are recognized directly in the income statement.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VII. Explanations on financial assets (continued)**

**c. Loans and receivables:**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market and are not classified as held for trading, financial assets at the fair value through profit or loss or as available for sale. Loans and receivables are initially recognized at cost, which is assumed to reflect their fair value and subsequently recognized at the amortized cost calculated using the internal rate of return method. The expenses incurred for the loans and receivables received as collateral are not considered as transaction costs and are recognized in the expense accounts.

**d. Held to maturity financial assets:**

Held to maturity financial assets are financial assets with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity that are not classified under 'Loans and receivables'. Held to maturity financial assets are initially recognized at cost which is assumed to reflect their fair value, and subsequently carried at 'Amortized Cost' using the 'Internal Rate of Return'. Profit share income from held to maturity financial assets is reflected in the income statement. The Bank does not have any held to maturity financial assets as of the balance sheet date.

**VIII. Explanations on impairment of financial assets**

At each balance sheet date an assessment is made as to whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, impairment is provided for financial asset categories as explained below.

**i) Loans and receivables:**

If there is objective evidence that the loans might not be collected, the Bank reclassifies such loans to III. IV. and V. groups and provides impairment reserve in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" published on 1 November 2006 in the Official Gazette No: 26333. For the loans with poor financial position and/or payment capability, the Bank can provide a specific impairment reserve in excess of the amounts calculated using the minimum required rates for the related group.

Collections related to the provisions provided in the current period for such loans are deducted from 'Provisions for Loan Losses and Other Receivables' account in the income statement. Subsequent recoveries of amounts previously written off or provisions made in prior periods are included in "Other Operating Income" in the income statement.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VIII. Explanations on impairment of financial assets (continued)**

ii) Financial assets held to maturity:

If there is objective evidence indicating that the value of financial assets held to maturity is impaired, the amount of the loss is measured as the difference between the present values of future estimated cash flows discounted using the original profit share and the carrying value; provision is made for impairment and the provision is associated with expense accounts.

iii) Financial assets available for sale:

If there is objective evidence indicating that the fair value of an available for sale financial asset, for which decreases in the fair value has been accounted under the equity, has been impaired then the total loss which was accounted directly in the equity is transferred from equity to the income statement.

Impairment losses recognized in the income statement related to the investments in equity instruments classified as available for sale financial assets cannot be reversed through the income statement. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on equity instruments cannot be reversed.

**IX. Explanations on offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

**X. Explanations on sale and repurchase agreements and lending of securities**

Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. In this content, initial OMT transaction was performed with CBRT on 14 June 2013 by selling rent certificates that are recognized in the assets of the Bank in return for conditional repurchasing. Beginning from this date, the Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for Treasury rent certificates that are reported as assets in balance sheet in order to raise funds.

As of 30 June 2015, the Bank has repurchasing agreements amounting to TL 847,330 (31 December 2014 –TL 708,743).

**XI. Explanations on assets held for sale and discontinued operations and related liabilities**

As mandated by the Banking Act 5411 Article 57 "banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements within the scope of Capital Markets Act No. 2499, and precious metal trade as seen appropriate by the board, and cannot participate in partnerships with firms whose main business activity is commercial real-estate, with the exception of real-estate investment partnerships and companies that finance mortgaged residential estates. The rules and procedures regarding the sales of real-estate and commodities that were acquired due to receivables and debtors' obligations to the bank are determined by the board."

The principles for valuation and accounting for disposal of assets acquired by banks in return for their nonperforming loans are determined by the official communication of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale" No. 26333 published on 1 November 2006 and No. 26592 published on 24 April 2007 in the Official Gazette.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**XI. Explanations on assets held for sale and discontinued operations and related liabilities (continued)**

Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or disposal group) can remain to be classified as assets (or disposal group) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal group) to be classified as asset held for sale.

Although the Bank has assets acquired due to receivables and debtors' obligations to the Bank, such assets are classified as fixed assets rather than assets held for sale and are amortized due to inability to dispose them or to produce a solid plan for disposal within a year within the provisions of banking legislation.

On the other hand properties acquired by the Bank due to receivables and debtors' obligations to the Bank are reflected as assets held for sale in the financial statements provided that there is a contracted term sale agreement.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale. Discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

**XII. Explanations on goodwill and other intangible assets**

Intangible assets are stated at cost adjusted for inflation until 31 December 2004, less provision for impairment, if any, and accumulated amortization and amortized with straight-line method.

The other intangible assets of the Bank comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years.

There is no goodwill related to associates and subsidiaries.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**XIII. Explanations on tangible assets**

Fixed assets are stated at cost adjusted for inflation until 31 December 2004, less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates used for amortization are as follows:

Property	2%
Movables, Leased assets	6.67% - 20%

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date. Leasehold improvements are depreciated over the term of the lease agreements by straight-line method.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than its carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

Gains or losses resulting from disposals of the fixed assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed.

The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

Property held for long-term rental yields and/or capital appreciation is classified as investment property. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

**XIV. Explanations on leasing transactions**

*Bank 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.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

*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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**XV. Explanations on provisions and contingent liabilities**

Provisions and contingent liabilities are accounted for in accordance with “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Bank recognizes provisions for obligations which arose from prior periods in current financial year, only if, the possibility of realization is high and a reliable estimation can be made.

A provision is provided if liabilities have been originated as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a “Contingent” liability and is disclosed in the related notes to the financial statements.

**XVI. Explanations on liabilities relating to employee benefits**

**a) Defined benefit plans:**

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and who retires or quits the employment to receive old age or disability benefits, to fulfill the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

Liabilities amount which is related to “Turkish Accounting Standard on Employee Benefits” (“TAS 19”) is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm. Bank is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

The Bank’s employees are not members of any pension fund, foundations, union or other similar entities.

**b) Defined contribution plans:**

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees as mandated by the Social Security Association. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

**c) Short term benefits to employees:**

In accordance with “TAS 19”, vacation pay liabilities are defined as “Short Term Benefits to Employees” and accrued as earned.

Bank management calculates bonus accrual if it foresees that the budgeted year-end figures approved by the Board of Directors are attainable.



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**XVII. Explanations on taxation**

***Current tax***

The corporate tax rate in Turkey is 20%. This rate is applied on taxable income which is calculated by adjusting the income before tax for certain disallowable expenses, tax exempt income and other allowances. No further tax is applicable unless the profit is distributed. According to the tax code, each quarter advance tax amount is calculated using a rate of 20% over tax base and paid, then the paid advance taxes are deducted from the corporate tax liability that is calculated for the year.

Withholding taxes is not applied to dividends distributed to companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister's decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15<sup>th</sup> and 30<sup>th</sup> articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 15% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

Each quarter advance tax amount is calculated using a rate of 20% over tax base and Corporate tax returns are filed by the fourteenth day of the second month following the balance sheet date and taxes is paid by the seventeenth day of the second until evening. Paid advance taxes are paid during the year are belong to the current year, then the paid advance taxes are deducted from the corporate tax liability that is calculated for the year. If the balance of paid advance taxes remains after deduction of paid advance taxes, it can be paid back in cash or it can be deducted from financial loans to the government.

Shares held for at least two years and 75% of real estate proceeds are exempt from tax to the extent that they are included in capital as required in Corporate Tax Law or they are held under a special account in liabilities for five years.

For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012 in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for gains from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable's; except in case of failure to fulfill the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable's with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the twenty fifth day of the fourth month following the balance sheet date and taxes is paid in one installment by the end of that month.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments.

***Deferred tax***

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). Deferred tax asset is calculated on all temporary differences other than general provisions to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. If transactions and events are recorded directly in the shareholders' equity, the related tax effects are recognized directly in the shareholders' equity.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**XVIII. Explanations on additional disclosures on borrowings**

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Bank does not apply hedging techniques on related borrowings.

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

*Borrowing through the rent certificates (Sukuk)*

In order to collect funds from various investors, the Bank issued a 5 year term rent certificate amounting to USD 350 million on 31 October 2011 with a profit share rate of 5.875%. The Bank has performed this issue through KT Sukuk Varlık Kiralama A.Ş. (Note V Part I-h), which is a subsidiary of the Bank that is established specifically for this transaction (the issuance of the rent certificates). Funds collected by KT Sukuk Varlık Kiralama A.Ş. from rent certificate investors, amounting to USD 350 million, is transferred to the Bank in exchange of some of the real estate assets, loan receivables and leasing receivables of the Bank. Within the scope of the aforementioned transaction, the Bank sold its real estate properties with a net book value of TL 61,195 to KT Sukuk Varlık Kiralama A.Ş. for a consideration equal to their market price of TL 248,734 (USD 136,870 thousand) and leased back these real estate assets for 5 years with a repurchase option at the end of the fifth year.

In accordance with the letter received from BRSA, numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and dated 13 March 2012 this transaction is accounted for as “sale and lease back” transaction in accordance with TAS 17. As a consequence of this accounting treatment, the net book value of the real estate property transferred and leased back increased from TL 61,195 to TL 248,734. The difference of TL 187,539 between the net book value of TL 61,195 before the aforementioned transaction and the net book value of TL 248,734 after the aforementioned transaction will be recognized as income in 5 years using the effective interest method and accounted for as deferred income under other liabilities. As of 30 June 2015, TL 22,269 (30 June 2014 – TL 16,828) of the aforementioned deferred income is recognized as income in the income statement. The difference accounted as tangible assets mentioned above, will be recognized as expense by accounting under “other expenses” in the income statement during the period of lease.

As a result of the lease back of the real estate property, the total amount of semi-annual rental payments to be made to KT Sukuk Varlık Kiralama A.Ş. in 5 years and total amounting to USD 177,076 thousand is discounted with a profit share rate of 5.875% to the date of the transaction as USD 136,870 thousand and accounted for as financial lease payables.

The remaining part of the total funds of USD 350 million (full amount) transferred by KT Sukuk Varlık Kiralama A.Ş. to the Bank which is not part of the sale and leaseback transaction and amounting to USD 213,130 thousand is accounted for as Funds Borrowed in the balance sheet.

**XIX. Explanations on share certificates issued**

There is no significant amount of transaction costs on Bank about share certificates.

**XX. Explanations on acceptances and availed drafts**

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in off-balance sheet accounts.

**XXI. Explanations on government grants**

There are no government grants received by the Bank.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**XXII. Explanations on segment reporting**

The Bank operates in three main segments; Corporate and Commercial Banking; Retail Banking; International Banking, Treasury and Investment Banking. Each segment operates with unique products, and the operational results are followed based on these segments.

Segment reporting is disclosed in Section Four, Note X.

**XXIII. Explanations on other matters**

There are no other matters to be disclosed by the Bank.

**XXIV. Additional paragraph for convenience translation**

The effects of differences between accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411, the accounting principles generally accepted in countries in which the accompanying 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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE**

**I. Explanations on capital adequacy standard ratio**

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the “Regulation”)”, “Communiqué on Credit Risk Mitigation Techniques” and “Communiqué on Calculation of Risk Weighted Amounts for Securitizations” published in the Official Gazette No: 28337 dated 28 June 2012 and the “Communiqué on Equities of Banks” published in the Official Gazette No: 28756 dated 5 September 2013.

For the calculation of the capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used. Such accounting information is included in the calculation of credit and market risks subsequent to their designation as “trading book” and “banking book” according to the regulation. Trading books include in and off the balance sheet accounts and positions over which derivative financial instruments and speculative-purpose derivative instruments are followed up, the financial instruments and commodities held by the Bank for the purpose of performing purchase and sales transactions in order to benefit from the price differences expected or realized as short term and/or between the purchase and sales prices or the other price and rate of exchange changes and in order to protect from the risks or reduce such risks arising of the positions relevant to the mentioned financial instruments and commodities. The accounts other than the trading books are defined “as banking books”.

Banking books include Due from Central Bank, Due from Banks, Loans and Receivables, Leasing Receivables, Transactions and Other Assets items in the assets; and Funds Collected, Securities Issued, Borrowings, Subordinated Loans, Other Liabilities items in the liabilities. The derivative financial instruments and available-for-sale financial assets are followed up over the Trading Books.

Risk measurement methods used in the determination of the standard rate capital adequacy ratio by way of determination of the risk-weighted assets and non-cash loans according to the risk weight rates in the relevant regulation and inclusion within the capital adequacy standard rate calculations after calculation of the market risk and the operational risk in compliance with the relevant regulations. Credit risk is calculated by subjecting the risk-weighted assets and non-cash loans to the risk weight rates in the relevant legislation and application of the risk reduction techniques, and the standard method is used for the market risk and the basic indicator method is used for the operational risk.

Based on the Communiqué concerning “Measurement and Assessment of Capital Adequacy of Banks”, the capital adequacy ratio of the Bank is 14.12% as of 30 June 2015 (31 December 2014: 15.09%).

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations on capital adequacy standard ratio (continued)**

**Information for unconsolidated capital adequacy standard ratio:**

Current Period	30 June 2015 Risk Weights(*)							
	0%	20%	50%	75%	100%	150%	200%	250%
<b>Value at Credit Risk</b>	-	625,486	4,852,705	2,641,120	14,011,786	183,228	242,828	1,113
<b>Exposure Categories</b>	<b>7,976,417</b>	<b>3,127,429</b>	<b>9,705,409</b>	<b>3,521,494</b>	<b>14,011,786</b>	<b>122,152</b>	<b>121,414</b>	<b>445</b>
Conditional and unconditional receivables from central governments or central banks	5,119,572	-	10	-	-	-	-	-
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 organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	3,118,756	732,836	-	189,984	-	-	-
Conditional and unconditional receivables from corporates	266,862	-	-	-	10,525,991	-	-	-
Conditional and unconditional retail receivables	98,451	-	-	3,521,494	2,884	-	-	-
Conditional and unconditional receivables secured by mortgages	34,713	-	8,957,346	-	1,809,626	-	-	-
Past due receivables	2	-	15,217	-	62,131	-	-	-
Receivables defined in high risk category by BRSA	87	-	-	-	-	122,152	121,414	445
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	2,456,730	8,673	-	-	1,421,170	-	-	-

(\*)Since the Bank does not perform securitization, 1250% risk weight is not shown in the tables above.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations on capital adequacy standard ratio (continued)**

Prior Period)	31 December 2014 Risk Weights(*)							
	0%	20%	50%	75%	100%	150%	200%	250%
<b>Value at Credit Risk</b>	-	308,313	4,734,088	2,765,218	11,797,797	129,443	210,198	10,065
<b>Exposure Categories</b>	<b>7,129,750</b>	<b>1,541,567</b>	<b>9,468,175</b>	<b>3,686,958</b>	<b>11,797,797</b>	<b>86,295</b>	<b>105,099</b>	<b>4,026</b>
Conditional and unconditional receivables from central governments or central banks	4,582,025	-	7	-	-	-	-	-
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 organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	42,160	1,458,485	1,676,210	-	448,404	-	-	-
Conditional and unconditional receivables from corporates	301,845	-	-	-	8,785,997	-	-	-
Conditional and unconditional retail receivables	123,163	-	-	3,686,958	4,743	-	-	-
Conditional and unconditional receivables secured by mortgages	32,250	-	7,781,138	-	1,410,080	-	-	-
Past due receivables	8	-	10,820	-	20,849	-	-	-
Receivables defined in high risk category by BRSA	154	-	-	-	-	86,295	105,099	4,026
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	2,048,145	83,082	-	-	1,127,724	-	-	-

(\*)Since the Bank does not perform securitization, 1250% risk weight is not shown in the tables above.

**Summary of the capital adequacy standard ratio of the Bank:**

	Current Period	Prior Period
Capital Requirement for Credit Risk (Amount Subject to Credit Risk *0.08) (CRCR)	1,804,661	1,596,410
Capital Requirement for Market Risk (MRCR)	48,847	61,290
Capital Requirement for Operational Risk (ORCR)	184,640	147,418
Shareholders' Equity	3,597,126	3,404,564
<b>Shareholders' Equity / ((TRWA + ASMR + ASOR) *12.5) *100</b>	<b>14.12</b>	<b>15.09</b>
<b>Core Capital /((TRWA+ASMR+ASOR) *12.5)*100</b>	<b>11.80</b>	<b>12.68</b>
<b>Tier I Capital/((TRWA+ASMR+ASOR) *12.5)*100</b>	<b>12.14</b>	<b>13.10</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations on capital adequacy standard ratio (continued)**

**Information on shareholders' equity:**

	<b>Current Period</b>
<b>TIER I CAPITAL</b>	<b>3,091,693</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	2,527,005
Share Premium	23,250
Share Cancellation Profits	-
Reserves	341,840
Other Comprehensive Income according to TAS	111,555
Profit	206,052
Current Period Profit	206,052
Prior Period Profit	-
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
<b>Tier I Capital Before Deductions</b>	<b>3,209,702</b>
<b>Deductions From Tier I Capital</b>	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	17,437
Leasehold Improvements on Operational Leases (-)	44,124
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	29,876
Net Deferred Tax Asset/Liability (-)	26,572
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I 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 above Tier I 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 above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
<b>Total Deductions from Tier I Capital</b>	<b>118,009</b>
<b>Total Tier I Capital</b>	<b>3,091,693</b>
<b>ADDITIONAL CORE CAPITAL</b>	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
<b>Additional Core Capital before Deductions</b>	<b>-</b>
<b>Deductions from Additional Core Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Core 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 above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
<b>Total Deductions from Additional Core Capital</b>	<b>-</b>
<b>Total Additional Core Capital</b>	<b>-</b>
<b>Deductions from Core Capital</b>	<b>84,673</b>
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	44,814
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	39,859
<b>Total Core Capital</b>	<b>3,007,020</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations on capital adequacy standard ratio (continued)**

**Information on shareholders' equity (continued):**

	<b>Current Period</b>
<b>TIER II CAPITAL</b>	<b>617,540</b>
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	417,402
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	200,138
<b>Tier II Capital before Deductions</b>	<b>617,540</b>
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II 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 above 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 to be Defined by the BRSA (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>617,540</b>
<b>CAPITAL</b>	<b>3,624,560</b>
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	3,741
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	23,693
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where The Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
<b>EQUITY</b>	<b>3,597,126</b>
<b>Amounts lower than Excesses as per Deduction Rules</b>	<b>-</b>
Remaining 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	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations on capital adequacy standard ratio (continued)**

**Information on shareholders' equity (continued):**

	PriorPeriod
<b>TIER I CAPITAL</b>	<b>2,956,338</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	2,287,005
Share Premium	23,250
Share Cancellation Profits	-
Reserves	286,820
Other Comprehensive Income according to TAS	72,783
Profit	370,450
Current Period Profit	370,450
Prior Period Profit	-
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
<b>Tier I Capital Before Deductions</b>	<b>3,040,308</b>
<b>Deductions From Tier I Capital</b>	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	17,437
Leasehold Improvements on Operational Leases (-)	42,476
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	14,054
Net Deferred Tax Asset/Liability (-)	10,003
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I 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 above Tier I 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 above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
<b>Total Deductions from Tier I Capital</b>	<b>83,970</b>
<b>Total Tier I Capital</b>	<b>2,956,338</b>
<b>ADDITIONAL CORE CAPITAL</b>	<b>-</b>
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
<b>Additional Core Capital before Deductions</b>	<b>-</b>
<b>Deductions from Additional Core Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Core 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 above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
<b>Total Deductions from Additional Core Capital</b>	<b>-</b>
<b>Total Additional Core Capital</b>	<b>-</b>
<b>Deductions from Core Capital</b>	<b>96,224</b>
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	56,211
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	40,013
<b>Total Core Capital</b>	<b>2,860,114</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations on capital adequacy standard ratio (continued)**

**Information on shareholders' equity (continued):**

	Prior Period
<b>TIER II CAPITAL</b>	<b>563,835</b>
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	384,909
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	178,926
<b>Tier II Capital before Deductions</b>	<b>563,835</b>
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II 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 above 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 to be Defined by the BRSA (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>563,835</b>
<b>CAPITAL</b>	<b>3,423,949</b>
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	3,495
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	15,890
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where The Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
<b>EQUITY</b>	<b>3,404,564</b>
<b>Amounts lower than Excesses as per Deduction Rules</b>	<b>-</b>
Remaining 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	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations on capital adequacy standard ratio (continued)**

**Information on shareholders' equity (continued):**

The Bank has established market risk operations and has taken the necessary precautions in order to manage market risk within its financial risk management purposes under "Risk Management Systems" in accordance with BRSA Regulation on "Banks' Internal Systems" published in the Official Gazette No. 26333 dated 1 November 2006.

Organizational and functional internal applications of risk management systems have been determined by the Board of Directors in accordance with the regulation mentioned above. The Bank approved the regulation related to the "Risk Management Systems and Working Procedures and Principles of the Risk Management Presidency". With this internal regulation and Treasury Directorship's Marketing and Liquidity Risk Management Policy and Application Procedures which are also approved by the Board of Directors, the procedures with respect to management of market risk are determined. Additionally, the Board of Directors, without transfer of its responsibility, requires the consent of the risk management group and the top management of the Bank to take necessary actions in order to identify, measure, control and manage the risks that the Bank is exposed to.

Additionally, in accordance with the official communication on "Measurement and Assessment of Capital Adequacy of Banks", published in the same Official Gazette as mentioned above, and in the context of other related regulations, the Bank has started to calculate and report to BRSA the amount subject to market risk with the Standard Method and the amount thus calculated has been considered in the capital adequacy calculation of the Bank.

The capital which should be kept against general market risk and specifics risks, is calculated and monthly reported in accordance with the "Marketing risk measurement process with standard method" which is the third chapter of "Calculation of Marketing Risk Amount" of the "Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks". The following table indicates the details of the market risk calculation as of 30 June 2015, in accordance with the Market Risk Calculation principles pursuant to the Part 2 of the Second Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette No. 28337 on 28 June 2012.

**II. Explanations on market risk:**

	<b>Current Period 30.06.2015</b>	<b>Prior Period 31.12.2014</b>
(I) Capital Obligation against General Market Risk - Standard Method	20,679	16,873
(II) Capital Obligation against Specific Risk - Standard Method	14,512	29,728
Capital Requirement against Specific Risks of Securitization Positions– Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	6,338	7,345
(IV) Capital Obligation against Commodity Risk - Standard Method	4,354	5,012
(V) Capital Obligation against Settlement Risk - Standard Method	-	-
(VI) Total Capital Obligation against Market Risks of Options – Standard	-	-
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	2,964	2,332
(VIII) Total Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
(IX) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI+VII)	48,847	61,290
<b>(X) Value-At-Market Risk (12.5 x VIII) or (12.5 x IX)</b>	<b>610,583</b>	<b>766,125</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**III. Explanations on currency risk**

Foreign currency risk represents the Bank's exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to Standard Method.

The Bank monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross exchange rate risk within the position. As a tool of foreign currency risk management, foreign currency forward transactions are used when necessary to mitigate the risk.

As of 30 June 2015, the Bank carries a net foreign currency short position of TL 64,870 (31 December 2014 – TL 670,491 long position) comprising TL 109,354 off balance sheet long position (31 December 2014 - TL 621,615 short position) and TL 44,484 net long position (31 December 2014 - TL 48,876 net long position).

The announced current foreign exchange buying rates of the Bank as of financial statement date and the previous five working days are as follows (Full TL):

	23/06/2015	24/06/2015	25/06/2015	26/06/2015	29/06/2015	Balance sheet evaluation rate
<b>USD</b>	2.6786	2.6710	2.6770	2.6638	2.6587	2.6863
<b>EURO</b>	3.0401	3.0017	3.0003	2.9813	2.9777	2.9822
<b>GBP</b>	4.2393	4.2096	4.2162	4.1759	4.1780	4.2104
<b>CHF</b>	2.9038	2.8656	2.8676	2.8341	2.8421	2.8636
<b>100 JPY</b>	0.0217	0.0215	0.0216	0.0215	0.0215	0.0218

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days preceding the balance sheet date are as follows (full TL):

	Monthly average FC purchase rate
<b>USD</b>	2.7014
<b>EUR</b>	3.0331
<b>GBP</b>	4.1953
<b>CHF</b>	2.8919
<b>100 JPY</b>	0.0218

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**III. Explanations on currency risk (continued):**

**Currency risk of the Bank:**

	EURO	USD	Other FC	Total
<b>Current period</b>				
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	715,011	3,946,630	1,976,801	6,638,442
Banks	1,105,868	1,297,646	237,626	2,641,140
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Available-for-sale financial assets (**)	-	759,085	-	759,085
Loans and finance lease receivables (*)	2,424,237	7,602,939	195,143	10,222,319
Subsidiaries, associates and joint ventures (**)	-	221,109	-	221,109
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	1	158	-	159
Intangible assets	-	54	-	54
Other assets	12,162	112,704	285	125,151
<b>Total assets</b>	<b>4,257,279</b>	<b>13,940,325</b>	<b>2,409,855</b>	<b>20,607,459</b>
<b>Liabilities</b>				
Current account and funds collected from Banks via participation accounts	10,149	312,122	109,766	432,037
Current and profit sharing accounts FC(****)	2,411,697	8,808,187	1,318,479	12,538,363
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	210,696	6,993,096	395,244	7,599,036
Marketable securities issued	-	-	-	-
Miscellaneous payables	257	13,412	3,579	17,248
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	17,996	62,566	5,083	85,645
<b>Total liabilities</b>	<b>2,650,795</b>	<b>16,189,383</b>	<b>1,832,151</b>	<b>20,672,329</b>
Net balance sheet position	1,606,484	(2,249,058)	577,704	(64,870)
Net off-balance sheet position	(1,719,941)	2,413,729	(584,434)	109,354
Financial derivative assets	505,595	4,898,328	861,889	6,265,812
Financial derivative liabilities	2,225,536	2,484,599	1,446,323	6,156,458
Non-cash loans (***)	1,390,164	2,695,623	307,267	4,393,054
<b>Prior period</b>				
Total assets	2,748,823	12,097,355	2,755,954	17,602,132
Total liabilities	2,582,429	12,316,888	2,032,324	16,931,641
Net balance sheet position	166,394	(219,533)	723,630	670,491
Net off-balance sheet position	(150,334)	257,303	(728,584)	(621,615)
Financial derivative assets	384,078	2,376,794	191,227	2,952,099
Financial derivative liabilities	534,412	2,119,491	919,811	3,573,714
Non-cash loans (***)	1,157,680	2,375,346	410,273	3,943,299

(\*) Includes foreign currency indexed loans amounting to TL 6,323,287 (31 December 2014 – TL 5,767,979) followed as TL on the balance sheet.

(\*\*) Includes TL 714 (31 December 2014 – TL 714) of foreign currency denominated available for sale financial assets, which are followed in Turkish Lira as TL 2,384,435 on the balance sheet and TL 221,109 (31 December 2014 – TL 95,402) of foreign currency denominated subsidiaries, which are followed in Turkish Lira as TL 299,062 on the balance sheet.

(\*\*\*) Does not have any effect to the net off-balance sheet position.

(\*\*\*\*) Precious metals are included in “Other FC” column.

(\*\*\*\*\*) General provision for FC indexed loans amount of TL 26,285 included in Other Liabilities. General loan provisions for the Bank’s share and provisions for financial assets at fair value through profit and loss amount of TL 56,380 and TL 187 respectively are not included in currency risk of the Bank.

Foreign currency amounts that are not included in the currency risk table due to the legislation related to calculation of foreign currency net position to equity standard ratio, are explained by their gradation in the financial statements below;

- Derivative financial assets held for trading TL 33,238 (31 December 2014 – TL 8,249)
- Prepaid expenses : TL 1,556 (31 December 2014 – TL 268)
- Derivative financial liabilities held for trading : TL 46,060 (31 December 2014 – TL 11,797)
- Marketable securities of FC revaluation reverse: TL 1,498 (31 December 2014 – TL 340)

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**III. Explanations on currency risk (continued):**

**Currency risk of the Bank: (continued)**

Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions that are amounting to;

- Forward foreign currency purchase transactions TL 339,586 (31 December 2014 - TL 344,189)
- Forward foreign currency sale transactions: TL 456,800 (31 December 2014 - TL 408,657)
- Future precious metal purchase transactions: TL 339,387 (31 December 2014 - TL 163,918)
- Future precious metal sale transactions: TL 1,342,534 (31 December 2014 – TL 726,732)

**IV. Explanations on position risk of equity securities in banking book**

a) Relation of risks with gains accounted under equity and analyzing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes:

The Bank's non-quoted securities are accounted for fair value. When the fair value cannot be reliably measured, the cost method is used.

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

<b>Current Period</b>		<b>Comparison</b>	
<b>Equity Securities (shares)</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Market Value</b>
1 <b>Securities Available-for-Sale (*)</b>	<b>61,325</b>	-	-
Quoted Securities	-	-	-
2 <b>Investments in Associates</b>	-	-	-
Quoted Securities	-	-	-
3 <b>Investment in Subsidiaries</b>	<b>299,062</b>	-	-
Quoted Securities	-	-	-
4 <b>Other</b>	<b>15,500</b>	-	-
Quoted Securities	-	-	-
<b>Prior Period</b>		<b>Comparison</b>	
<b>Equity Securities (shares)</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Market Value</b>
1 <b>Securities Available-for-Sale (*)</b>	<b>53,995</b>	-	-
Quoted Securities	-	-	-
2 <b>Investments in Associates</b>	-	-	-
Quoted Securities	-	-	-
3 <b>Investment in Subsidiaries</b>	<b>168,355</b>	-	-
Quoted Securities	-	-	-
4 <b>Other</b>	<b>10,500</b>	-	-
Quoted Securities	-	-	-

(\*)Valuation of equity share investments are accounted at cost value due to its fair value cannot be measured reliably.

c) Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals: None.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**V. Explanations on liquidity risk**

Liquidity risk represents risk of not having sufficient cash or cash inflows to completely meet the cash outflows on time as a result of imbalance in cash flows.

Liquidity risk may also result from inability to penetrate to market or change positions quickly at suitable prices and amounts due to market disruptions or barriers. To mitigate liquidity risk, the Bank diversifies funding sources (customer funds and funds borrowed from abroad) and keeps a certain level of assets as cash and cash equivalents.

The Bank determines the liquidity position daily and the treasury department manages market transactions in accordance with the liquidity position of the Bank. Indicators of liquidity conditions are analyzed at the weekly Asset/Liability meetings with the participation of top management.

The liquidity position of the Bank's assets and liabilities within the framework of the monitoring and evaluation of the liquidity ratio is calculated on a weekly basis.

**Presentation of assets and liabilities according to their remaining maturities:**

Current period	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 years	Over 5 years	Unallocated (**)	Total
Assets								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey	2,842,501	4,592,084	-	-	-	-	-	7,434,585
Banks	2,654,733	-	-	-	-	-	-	2,654,733
Financial assets at fair value through profit and loss	2,164	33,087	7,382	15,715	-	-	-	58,348
Money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	1,089,829	273,767	394,457	496,677	63,785	65,920	2,384,435
Loans (*)	-	3,220,721	3,554,319	8,608,468	8,872,132	1,209,607	144,206	25,609,453
Held-to-maturity investments	-	-	-	-	-	-	-	-
Other assets (**)	85,160	431,311	32,625	-	66,431	-	903,644	1,519,171
<b>Total assets</b>	<b>5,584,558</b>	<b>9,367,032</b>	<b>3,868,093</b>	<b>9,018,640</b>	<b>9,435,240</b>	<b>1,273,392</b>	<b>1,113,770</b>	<b>39,660,725</b>
Liabilities								
Current account and funds collected from banks via participation accounts	133,027	40,407	83,045	182,928	-	-	-	439,407
Current and profit sharing accounts	7,904,994	10,876,476	5,574,889	1,050,471	66,420	-	-	25,473,250
Funds provided from other financial institutions	-	488,132	570,254	3,126,090	3,754,468	538,000	-	8,476,944
Money market borrowings	-	847,330	-	-	-	-	-	847,330
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	99,578	38,180	-	-	-	-	-	137,758
Other liabilities (**)	-	578,511	49,694	8,822	37,394	-	3,611,615	4,286,036
<b>Total liabilities</b>	<b>8,137,599</b>	<b>12,869,036</b>	<b>6,277,882</b>	<b>4,368,311</b>	<b>3,858,282</b>	<b>538,000</b>	<b>3,611,615</b>	<b>39,660,725</b>
Net liquidity gap	(2,553,041)	(3,502,004)	(2,409,789)	4,650,329	5,576,958	735,392	(2,497,845)	-
<b>Prior period</b>								
Total assets	5,112,289	8,111,466	3,400,682	7,686,204	7,942,033	937,917	817,584	34,008,175
Total liabilities	6,757,596	11,713,121	5,298,512	3,097,089	3,247,964	470,325	3,423,568	34,008,175
Net liquidity gap	(1,645,307)	(3,601,655)	(1,897,830)	4,589,115	4,694,069	467,592	(2,605,984)	-

(\*) Includes receivables from leasing transactions.

(\*\*) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets. The unallocated other liabilities column consists of equity and provisions balances.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VI. Explanations on securitization positions**

None.

**VII. Credit risk mitigation techniques**

The Bank applies the Comprehensive Financial Collateral Techniques explained in “Credit Risk Mitigation Techniques Communiqué” published in Official Gazette No. 28337 as of 28 June 2012. There is no balance sheet and off-balance sheet offsetting.

Credit risk mitigation techniques used by the Bank in terms of credit facility are listed as follows:

- Financial Collaterals (Cash, Deposit Pledges, Gold)
- Guarantees
- Real Estate Mortgage

Financial collaterals are evaluated on a daily basis.

For loans that are amounting over TL 3,000 or loans amounting to over 5% of the equity, real estate valuation should be repeated minimum every 3 year by the rating companies authorized from the Banking Regulation and Supervision Agency or Capital Markets Boards of Turkey.

Volatility in real estate market is closely followed by the Bank; values of real estate for commercial real estates are revised at least every year whereas housing real estates are revised at least in every 3 year.

Current Period 30.06.2015	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Class of Risk				
Conditional and unconditional receivables from central governments or central banks	5,119,582	-	-	-
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 organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	4,868,641	-	-	-
Conditional and unconditional receivables from corporates	38,461,862	266,862	-	-
Conditional and unconditional retail receivables	7,699,184	98,451	-	-
Conditional and unconditional receivables secured by Mortgages	11,152,601	34,713	-	-
Past due receivables	77,350	2	-	-
Receivables defined in high risk category by BRSA	244,098	87	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	3,886,573	-	-	-
<b>Total</b>	<b>71,509,891</b>	<b>400,115</b>	-	-

(\*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VII. Credit risk mitigation techniques (continued)**

Prior Period 31.12.2014				
Class of Risk	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	4,582,032	-	-	-
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 organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	4,399,170	-	-	-
Conditional and unconditional receivables from Corporates	38,286,349	301,845	-	-
Conditional and unconditional retail receivables	8,805,862	123,163	-	-
Conditional and unconditional receivables secured by Mortgages	9,565,417	32,250	-	-
Past due receivables	31,677	8	-	-
Receivables defined in high risk category by BRSA	195,574	154	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	3,258,951	-	-	-
<b>Total</b>	<b>69,125,032</b>	<b>457,420</b>	<b>-</b>	<b>-</b>

(\*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

**VIII. Explanations on risk management objectives and policies**

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, Asset-Liability Committee ("ALCO") and the Risk Management Department ("RMD") which has been composed in order to manage systemic risks that the Bank is exposed. The Board of Directors is the owner of the Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows and the level & the quality of related activities.

In accordance with Bank's strategies, risk policies and vision, the analyses that Risk Management Service presents to Internal Systems Committee and Audit Committee are credit risks, market risks, liquidity risks, operational risks and IT risk evaluations. Besides, in accordance to market trends, economic conduct and Bank's strategic growth, capital adequacy stress test and scenario analyses, evaluation of economic development in the World and Turkey are presented to Internal Systems Committee and Board of Directors by Risk Management Service. These analyses contribute to Bank Top Management's resolution process about risk appetite and awareness of risks, capital adequacy, strategy revisions and future estimation.

In addition, Risk Management Service verifies its own coordination to be ready proactively in business availability of Kuveyt Türk and situations connected with it.

Risk Management Service continues risk monitoring and analyzing operations in accordance to Board of Director's Kuveyt Türk's mission, vision and growth strategy to prevent the potential risks. In this context credit and market risks, liquidity risk, operational risks and all limits, internal personal scoring and corporate rating modeling with IT risks issues, IT risk evaluation, operational lost data base, key risk indicators, operational risk insurances, market risk calculations, following up of treasury transactions and asset-liability risks are being monitorized.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**IX. Explanations on the activities carried out on behalf and account of other persons**

The Bank does not perform purchases, sales and custody services in the name of others. The Bank has no fiduciary based transactions.

**X. Explanations on business segments**

The Bank operates in Corporate and Commercial Banking, Retail Banking, International Banking – Treasury and Investment Banking sectors.

Corporate and Commercial Banking: to meet the financial needs of the customers', unique cash flow and financial solutions are provided to customers through loans, non-cash loans, foreign trade financing services and similar customized products. Domestic and foreign business opportunities are supported by using different corporate banking instruments to serve the sustainability of the production of entities.

Retail Banking; there are three main activities: fund collection, consumer financing and credit cards. The Bank serves in the range of products of profit share accounts creation, banking services, Trade Finance, Checks, POS services, Credit Cards, ATM services, Online Banking and Mobile Banking in these fields.

In International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified "corporate" customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (Forward, Swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts Murabaha transactions with foreign banks.

**Selected balance sheet and income statement items according to segments:**

<b>Current Period 1 January – 30 June 2015</b>	<b>Retail and enterprise banking</b>	<b>Commercial banking</b>	<b>Corporate and international banking</b>	<b>Unallocated</b>	<b>Bank's total operation</b>
Operating income	636,239	811,049	56,610	-	1,503,898
Operating expenses	452,114	141,857	172,464	474,757	1,241,192
Transfers between segments	218,681	(293,180)	74,499	-	-
<b>Net operating income(loss)</b>	<b>402,806</b>	<b>376,012</b>	<b>(41,355)</b>	<b>(474,757)</b>	<b>262,706</b>
Income from associates	-	-	-	-	-
<b>Income (loss) before tax</b>	<b>402,806</b>	<b>376,012</b>	<b>(41,355)</b>	<b>(474,757)</b>	<b>262,706</b>
Provision for taxation	-	-	-	56,654	56,654
<b>Net income for the period</b>	<b>402,806</b>	<b>376,012</b>	<b>(41,355)</b>	<b>(531,411)</b>	<b>206,052</b>
<b>Current Period 1 January – 30 June 2015</b>					
Segment assets	9,064,400	16,198,727	12,878,427	-	38,141,554
Associates, subsidiaries and joint Ventures	-	-	-	314,562	314,562
Undistributed assets	-	-	-	1,204,609	1,204,609
<b>Total assets</b>	<b>9,064,400</b>	<b>16,198,727</b>	<b>12,878,427</b>	<b>1,519,171</b>	<b>39,660,725</b>
<b>Current Period 1 January – 30 June 2015</b>					
Segment liabilities	18,918,754	6,992,297	9,398,460	-	35,309,511
Undistributed liabilities	-	-	-	1,158,949	1,158,949
Shareholders' equity	-	-	-	3,192,265	3,192,265
<b>Total liabilities</b>	<b>18,918,754</b>	<b>6,992,297</b>	<b>9,398,460</b>	<b>4,351,214</b>	<b>39,660,725</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**X. Explanations on business segments (continued)**

<b>Prior Period</b> <b>1 January 2014 – 30 June 2014</b>	<b>Retail and enterprise banking</b>	<b>Commercial banking</b>	<b>Corporate and international banking</b>	<b>Unallocated</b>	<b>Bank's total operation</b>
Operating income	493,134	678,980	44,952	-	1,217,066
Operating expenses	414,081	147,842	56,813	374,818	993,554
Transfers between segments	186,228	(197,580)	11,352	-	-
<b>Net operating income(loss)</b>	<b>265,281</b>	<b>333,558</b>	<b>(509)</b>	<b>(374,818)</b>	<b>223,512</b>
Income from associates	-	-	-	-	-
<b>Income (loss) before tax</b>	<b>265,281</b>	<b>333,558</b>	<b>(509)</b>	<b>(374,818)</b>	<b>223,512</b>
Provision for taxation	-	-	-	48,157	48,157
<b>Net income for the period</b>	<b>265,281</b>	<b>333,558</b>	<b>(509)</b>	<b>(422,975)</b>	<b>175,355</b>
<b>Prior Period</b>					
<b>31 December 2014</b>					
Segment assets	7,593,054	13,580,282	11,616,612	-	32,789,948
Associates, subsidiaries and joint ventures	-	-	-	178,855	178,855
Undistributed assets	-	-	-	1,039,372	1,039,372
<b>Total assets</b>	<b>7,593,054</b>	<b>13,580,282</b>	<b>11,616,612</b>	<b>1,218,227</b>	<b>34,008,175</b>
<b>Prior Period</b>					
<b>31 December 2014</b>					
Segment liabilities	16,549,369	5,593,491	7,826,230	-	29,969,090
Undistributed liabilities	-	-	-	1,016,215	1,016,215
Shareholders' equity	-	-	-	3,022,870	3,022,870
<b>Total liabilities</b>	<b>16,549,369</b>	<b>5,593,491</b>	<b>7,826,230</b>	<b>4,039,085</b>	<b>34,008,175</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION FIVE**

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and notes related to assets:**

**a. Cash and balances with the Central Bank of Republic of Turkey:**

**1. Cash and balances with the Central Bank of Republic of Turkey:**

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	364,649	1,058,127	302,472	454,265
The Central Bank of Republic of Turkey	429,130	4,592,095	287,882	4,155,476
Other (*)	2,364	988,220	3,680	1,380,867
<b>Total</b>	<b>796,143</b>	<b>6,638,442</b>	<b>594,034</b>	<b>5,990,608</b>

(\*) As of 30 June 2015, precious metal account amounting to TL 981,912 (31 December 2014 - TL 1,301,465) and money in transit amounting to TL 8,672 (31 December 2014 – TL 83,082) are presented in this line.

**2. Balances with the Central Bank of Turkey:**

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	429,130	11	287,742	7
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	4,592,084	140	4,155,469
<b>Total</b>	<b>429,130</b>	<b>4,592,095</b>	<b>287,882</b>	<b>4,155,476</b>

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT started paying interest on reserve balances held in USD starting from May 2015 and held in TL starting from November 2014. The reserve rates for TL liabilities vary between 5% and 11.5% for TL deposits and other liabilities according to their maturities as of 30 June 2015 (31 December 2014: 5% and 11.5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 6% and 20% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2015 (31 December 2014: 6% and 13% for all foreign currency liabilities).

**b. Information on financial assets at fair value through profit and loss:**

**1.** As of 30 June 2015, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2014 – None).

**2. Positive Differences Related to Derivative Financial Assets Held-for-Trading:**

Derivative financial assets held-for-trading	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	21,457	9,977	15,292	6,292
Swap transactions	1,489	23,261	19,575	1,957
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>22,946</b>	<b>33,238</b>	<b>34,867</b>	<b>8,249</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets (continued)**

**c. Information on Banks:**

	Current period		Prior period	
	TL	FC	TL	FC
<b>Banks</b>	<b>13,593</b>	<b>2,641,140</b>	<b>34,681</b>	<b>2,632,853</b>
Domestic	11,414	1,279,632	34,410	1,814,572
Foreign	2,179	1,361,508	271	818,281
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>13,593</b>	<b>2,641,140</b>	<b>34,681</b>	<b>2,632,853</b>

**Information on foreign bank accounts:**

	Current period		Prior period	
	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
EU Countries	901,761	-	269,602	-
USA and Canada	364,365	-	382,563	-
OECD Countries (*)	5,783	-	38,404	-
Off-shore Banking Regions	332	-	404	-
Other	91,446	-	127,579	-
<b>Total</b>	<b>1,363,687</b>	<b>-</b>	<b>818,552</b>	<b>-</b>

(\*) OECD countries other than European Union countries, USA and Canada.

**d. Information on financial assets available-for-sale:**

	Current period	Prior period
Debt Securities	2,320,130	2,152,452
Quoted on stock exchange	2,320,130	2,152,452
Not quoted on stock exchange	-	-
Share certificates	65,918	53,995
Quoted on stock exchange	4,593	-
Not quoted on stock exchange	61,325	53,995
Impairment provision	(1,613)	(2,258)
<b>Total</b>	<b>2,384,435</b>	<b>2,204,189</b>

The details of the Rent Certificates which are in Bank's Portfolio "Financial Assets Available for-Sale" are presented below as of 30 June 2015.

a) In addition; the Bank included rent certificates which are presented below and these amounts are classified under "Government debt securities" at the accompanying financial statements.

DESCRIPTON	CURRENCY	COUPON FREQUENCY	ISSUER	ENTRY DATE	MATURITY DATE	VALUE	RATE
TRD170216T17	TRY	6	T.C. HAZINE	19/02/2014	17/02/2016	372,291	10.6
TRD190815T10	TRY	6	T.C. HAZINE	21/08/2013	19/08/2015	299,612	9
TRD150217T18	TRY	6	T.C. HAZINE	18/02/2015	15/02/2017	477,270	7.8
TRD280916T17	TRY	6	T.C. HAZINE	01/10/2014	28/09/2016	384,849	9.68
XS0831353361	USD	6	T.C. HAZINE	26/09/2012	26/03/2018	206,869	5.5
XS0975124180	USD	6	T.C. HAZINE	10/10/2013	10/10/2018	29,762	4.5
XS1141043296	USD	6	T.C. HAZINE	25/11/2014	25/11/2024	63,649	2.8

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets (continued)**

**d. Information on financial assets available-for-sale: (continued)**

- b) The Bank invested in domestic currency rent certificates ("Sukuk") issued by private companies which are presented below. The "Sukuk" is classified under "Other Marketable Securities" at the accompanying financial statements.

DESCRIPTON	CURRENCY	COUPON FREQUENCY	ISSUER	ENTRY DATE	MATURITY DATE	VALUE	RATE
TRDKTVK91525	TRY	3	KT KİRA SERTİFİKALARI VARLIK KİRALAMA A.Ş.	03/06/2014	15/09/2015	162	10.68
TRDKTVKK1536	TRY	4	KT KİRA SERTİFİKALARI VARLIK KİRALAMA A.Ş.	14/05/2014	11/09/2015	3,108	10.68
TRDKTVK91517	TRY	6	KT KİRA SERTİFİKALARI VARLIK KİRALAMA A.Ş.	24/03/2015	15/09/2015	510	10.68
XS1238707514	USD	3	IILMH	27/05/2015	27/08/2015	80,589	0.55
XS1221661983	USD	3	IILMH	22/04/2015	15/07/2015	161,177	0.55
XS1082151868	USD	6	ALBARAKA TURK	30/06/2014	30/06/2019	107,451	6.25

**e. Information on loans and receivables:**

1. All types of loans and advances given to shareholders and employees of the Bank:

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	878	27,993	580	13,638
Corporate Shareholders	-	27,993	-	13,638
Real Person Shareholders	878	-	580	-
Indirect Loans Granted to Shareholders	102,153	797	79,663	283
Loans Granted to Employees	11,143	11	8,553	6
<b>Total</b>	<b>114,174</b>	<b>28,801</b>	<b>88,796</b>	<b>13,927</b>

2. Information on first and second category loans and other receivables including restructured or rescheduled loans:

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
Cash Loans	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
<b>Loans</b>	<b>23,454,501</b>	<b>217,828</b>	<b>-</b>	<b>431,345</b>	<b>343,022</b>	<b>-</b>
Financing commodity against document	-	-	-	-	-	-
Exports Loan	18,551	-	-	588	-	-
Imports Loans	1,256,865	-	-	34,715	-	-
Enterprise Loans	14,818,604	209,396	-	269,726	338,173	-
Consumer Loans	4,577,317	5,619	-	106,838	3,497	-
Credit Cards	218,767	-	-	5,325	-	-
Precious Metal Loans	192,122	-	-	-	-	-
Loans Given to Financial Sector	48,882	-	-	-	-	-
Loans Extended Abroad	347,859	2,813	-	713	1,352	-
Other	1,975,534	-	-	13,452	-	-
<b>Other Receivables</b>	<b>15,631</b>	<b>-</b>	<b>-</b>	<b>2,383</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>23,470,132</b>	<b>217,828</b>	<b>-</b>	<b>433,728</b>	<b>343,022</b>	<b>-</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets (continued)**

**e. Information on loans and receivables (continued):**

2. Information on first and second category loans and other receivables including restructured or rescheduled loans: (continued)

Prior Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
Cash Loans	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan			Extension of Repayment Plan	
			Other			Other
Loans	19,664,607	234,553	-	309,452	287,721	-
Financing commodity against document	16,944	-	-	-	-	-
Exports Loan	5,980	-	-	-	-	-
Imports Loans	1,206,270	-	-	2,452	-	-
Enterprise Loans	11,707,354	225,201	-	197,433	280,206	-
Consumer Loans	3,947,201	6,423	-	100,741	6,332	-
Credit Cards	195,307	-	-	4,738	54	-
Precious Metal Loans	171,743	-	-	-	-	-
Loans Given to Financial Sector	543,070	-	-	-	-	-
Loans Extended Abroad	262,152	2,610	-	-	1,129	-
Other	1,608,586	319	-	4,088	-	-
Other Receivables	4,027	-	-	2,745	-	-
Total	19,668,634	234,553	-	312,197	287,721	-

In accordance with the Communiqué “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans” published in Official Gazette dated 28 May 2011 and numbered 27947, information related to the restructuring (after publish date of the aforementioned Communiqué) of the standard loans and loans and other receivables under close monitoring with respect to the payment schedules and terms is as follows (average maturities are taken into the account):

Current Period	Number of Extensions for Repayment Plan	
	Performing Loans and Other Receivables	Performing Loans and Other Receivables
1 or 2 times	217,828	343,022
3,4 or 5 times	-	-
Over 5 times	-	-
<b>Total</b>	<b>217,828</b>	<b>343,022</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets (continued)**

**e. Information on loans and receivables (continued)**

2. Information on first and second category loans and other receivables including restructured or rescheduled loans: (continued)

<b>Extensions Periods for Repayment Plan Changes</b>		
<b>Extension Periods for Repayment Plan Changes</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-Up</b>
0 - 6 months	1,012	4,262
6 - 12 months	6,219	23,209
1 - 2 years	44,553	122,911
2 - 5 years	82,880	191,941
5 years and over	83,164	699
<b>Total</b>	<b>217,828</b>	<b>343,022</b>

<b>Number of Extensions for Repayment Plan</b>		
<b>Prior Period</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-Up</b>
1 or 2 times	234,553	287,721
3,4 or 5 times	-	-
Over 5 times	-	-
<b>Total</b>	<b>234,553</b>	<b>287,721</b>

<b>Extension Periods for Repayment Plan Changes</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-Up</b>
0 - 6 months	1,360	976
6 - 12 months	5,294	39,818
1 - 2 years	45,628	108,503
2 - 5 years	98,897	131,896
5 years and over	83,374	6,528
<b>Total</b>	<b>234,553</b>	<b>287,721</b>



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets (continued)**

**e. Information on loans and receivables (continued)**

**3. Breakdown of loans and other receivables according to their maturities:**

<b>Current Period</b>	<b>Performing Loans and Other Receivables</b>		<b>Loans and other receivables under Follow-Up</b>	
	<b>Loans and other receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>	<b>Loans and other receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>
<b>Cash loans</b>				
<b>Short-term loans and other receivables</b>	<b>6,348,332</b>	<b>2,183</b>	<b>91,221</b>	<b>7,749</b>
Loans	6,332,701	2,183	88,837	7,749
Other receivables	15,631	-	2,384	-
<b>Medium and long-term loans and other receivables (*)</b>	<b>17,121,800</b>	<b>215,645</b>	<b>342,507</b>	<b>335,273</b>
Loans	17,121,800	215,645	342,507	335,273
Other receivables	-	-	-	-
<b>Total</b>	<b>23,470,132</b>	<b>217,828</b>	<b>433,728</b>	<b>343,022</b>

  

<b>Prior Period</b>	<b>Performing Loans and Other Receivables</b>		<b>Loans and other receivables under Follow-Up</b>	
	<b>Loans and other receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>	<b>Loans and other receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>
<b>Cash Loans</b>				
<b>Short-term loans and other receivables</b>	<b>5,674,445</b>	<b>10,205</b>	<b>35,628</b>	<b>2,375</b>
Loans	5,670,418	10,205	32,883	2,375
Other receivables	4,027	-	2,745	-
<b>Medium and long-term loans and other receivables (*)</b>	<b>13,994,189</b>	<b>224,348</b>	<b>276,569</b>	<b>285,346</b>
Loans	13,994,189	224,348	276,569	285,346
Other receivables	-	-	-	-
<b>Total</b>	<b>19,668,634</b>	<b>234,553</b>	<b>312,197</b>	<b>287,721</b>

(\*) Loans with have original maturities longer than a year are classified as "Medium and Long Term Loans".

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets: (continued)**

**e. Information on loans and receivables: (continued)**

**4. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:**

<b>Current Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>108,243</b>	<b>4,493,221</b>	<b>4,601,464</b>
Housing Loans	9,946	4,202,783	4,212,729
Vehicle Loans	4,279	206,751	211,030
Consumer Loans	92,251	16,220	108,471
Other	1,767	67,467	69,234
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>11,028</b>	<b>11,028</b>
Housing Loans	-	11,028	11,028
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>75,325</b>	<b>75,325</b>
Housing Loans	-	75,119	75,119
Vehicle Loans	-	64	64
Consumer Loans	-	-	-
Other	-	142	142
<b>Retail Credit Cards-TL</b>	<b>126,759</b>	<b>2,204</b>	<b>128,963</b>
With Installment	28,687	2,204	30,891
Without Installment	98,072	-	98,072
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TL</b>	<b>2,309</b>	<b>3,145</b>	<b>5,454</b>
Housing Loans	-	1,126	1,126
Vehicle Loans	94	1,804	1,898
Consumer Loans	2,128	215	2,343
Other	87	-	87
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>5,646</b>	<b>43</b>	<b>5,689</b>
With Installment	1,701	43	1,744
Without Installment	3,945	-	3,945
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment based	-	-	-
Without-installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>242,957</b>	<b>4,584,966</b>	<b>4,827,923</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets: (continued)**

**e. Information on loans and receivables: (continued)**

4. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:  
(continued)

Prior Period	Short term	Medium and long term	Total
<b>Consumer Loans-TL</b>	<b>82,009</b>	<b>3,811,850</b>	<b>3,893,859</b>
Housing Loans	4,649	3,631,205	3,635,854
Vehicle Loans	4,248	156,841	161,089
Consumer Loans	71,035	18,441	89,476
Other	2,077	5,363	7,440
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>14,387</b>	<b>14,387</b>
Housing Loans	-	12,774	12,774
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	1,613	1,613
<b>Consumer Loans-FC</b>	<b>-</b>	<b>148,138</b>	<b>148,138</b>
Housing Loans	-	46,759	46,759
Vehicle Loans	-	78	78
Consumer Loans	-	-	-
Other	-	101,301	101,301
<b>Retail Credit Cards-TL</b>	<b>109,741</b>	<b>5,035</b>	<b>114,776</b>
With Installment	28,660	5,034	33,694
Without Installment	81,081	1	81,082
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TL</b>	<b>1,754</b>	<b>2,559</b>	<b>4,313</b>
Housing Loans	-	996	996
Vehicle Loans	134	1,315	1,449
Consumer Loans	1,620	248	1,868
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>4,777</b>	<b>110</b>	<b>4,887</b>
With Installment	1,567	110	1,677
Without Installment	3,210	-	3,210
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment based	-	-	-
Without-installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>198,281</b>	<b>3,982,079</b>	<b>4,180,360</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets: (continued)**

**e. Information on loans and receivables: (continued)**

**5. Information on commercial installment loans and corporate credit cards:**

<b>Current Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>161,408</b>	<b>3,171,237</b>	<b>3,332,645</b>
Business Loans	13,284	731,764	745,048
Vehicle Loans	72,004	760,155	832,159
Consumer Loans	75,031	1,668,079	1,743,110
Other	1,089	11,239	12,328
<b>Commercial Installment Loans-FC Indexed</b>	<b>29,947</b>	<b>1,574,487</b>	<b>1,604,434</b>
Business Loans	2,465	434,305	436,770
Vehicle Loans	6,625	312,816	319,441
Consumer Loans	9,647	754,480	764,127
Other	11,210	72,886	84,096
<b>Commercial Installment Loans-FC</b>	<b>-</b>	<b>88,802</b>	<b>88,802</b>
Business Loans	-	84,064	84,064
Vehicle Loans	-	2,144	2,144
Consumer Loans	-	-	-
Other	-	2,594	2,594
<b>Corporate Credit Cards-TL</b>	<b>89,386</b>	<b>54</b>	<b>89,440</b>
With Installment	12,710	-	12,710
Without Installment	76,676	54	76,730
<b>Corporate Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>280,741</b>	<b>4,834,580</b>	<b>5,115,321</b>

<b>Prior Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>96,723</b>	<b>2,653,296</b>	<b>2,750,019</b>
Business Loans	3,006	616,276	619,282
Vehicle Loans	41,998	706,132	748,130
Consumer Loans	-	121,436	121,436
Other	51,719	1,209,452	1,261,171
<b>Commercial Installment Loans-FC Indexed</b>	<b>25,651</b>	<b>1,342,007</b>	<b>1,367,658</b>
Business Loans	1,480	370,873	372,353
Vehicle Loans	2,882	278,942	281,824
Consumer Loans	-	-	-
Other	21,289	692,192	713,481
<b>Commercial Installment Loans-FC</b>	<b>102</b>	<b>478,865</b>	<b>478,967</b>
Business Loans	-	69,799	69,799
Vehicle Loans	-	2,166	2,166
Consumer Loans	-	-	-
Other	102	406,900	407,002
<b>Corporate Credit Cards-TL</b>	<b>80,382</b>	<b>54</b>	<b>80,436</b>
With Installment	11,289	-	11,289
Without Installment	69,093	54	69,147
<b>Corporate Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>202,858</b>	<b>4,474,222</b>	<b>4,677,080</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets: (continued)**

**e. Information on loans and receivables: (continued)**

6. Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	24,111,973	20,237,214
Foreign loans	352,737	265,891
<b>Total</b>	<b>24,464,710</b>	<b>20,503,105</b>

7. Loans granted to subsidiaries and associates:

	Current period	Prior period
Loans granted directly to subsidiaries and associates	66,862	20,036
Loans granted indirectly to subsidiaries and associates	-	-
<b>Total</b>	<b>66,862</b>	<b>20,036</b>

8. Specific provisions for loans:

	Current period	Prior period
Specific provisions		
Loans and receivables with limited collectability	44,926	25,044
Loans and receivables with doubtful collectability	88,148	84,119
Uncollectible loans and receivables	363,188	300,055
<b>Total</b>	<b>496,262</b>	<b>409,218</b>

9. Information on non-performing loans (Net):

(i). Information on non-performing loans and other receivables restructured or rescheduled:

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current period</b>			
(Gross amounts before specific provision)	-	-	-
Restructured loans and other receivables	180	242	-
Rescheduled loans and other receivables	-	-	-
<b>Prior period 31.12.2014</b>			
(Gross amounts before specific provision)	-	-	-
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	-

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets: (continued)**

**e. Information on loans and receivables: (continued)**

9. Information on non-performing loans (Net): (continued)

(ii). Information on the movement of total non-performing loans:

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period</b>			
<b>Ending balance of prior period – 31.12.2014</b>	<b>49,969</b>	<b>116,325</b>	<b>314,901</b>
Additions in the current period (+)	125,850	80,760	13,742
Transfers from other categories of non-performing loans(+)	-	41,156	96,358
Transfers to other categories of non-performing loans (-)	43,079	94,435	-
Collections in the current period (-)	4,505	13,288	23,473
Write offs (-)	40	1,043	18,730
Corporate and commercial loans	13	89	7,398
Retail loans	11	200	8,674
Credit Cards	16	754	2,658
Other	-	-	-
<b>Ending balance of the current period</b>	<b>128,915</b>	<b>129,475</b>	<b>382,798</b>
Specific provisions (-)	44,926	88,148	363,188
<b>Net balance at the balance sheet</b>	<b>83,269</b>	<b>41,327</b>	<b>19,610</b>

(iii). Information on non-performing loans granted as foreign currency: None (31 December 2014 – None).

(iv). Gross and net amounts of non-performing loans with respect to user groups:

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current period (Net)</b>			
Loans granted to real persons and legal entities (Gross)	128,195	129,475	382,798
Specific provision (-)	44,926	88,148	363,188
Loans to real persons and legal entities (Net)	83,269	41,327	19,610
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
<b>Prior period (net) 31.12.2014</b>			
Loans to real persons and legal entities (Gross)	49,969	116,325	314,901
Specific provision (-)	25,044	84,119	300,055
Loans to real persons and legal entities (Net)	24,925	32,206	14,846
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

The Bank holds collaterals like cash, mortgage pledge, customer cheques and other collaterals against these financial assets.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets: (continued)**

**e. Information on loans and receivables: (continued)**

**10. Main guidelines for liquidation process of uncollectible loans and other receivables:**

Loans and other receivables, which were deemed uncollectible according to the “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published in the Official Gazette No. 26333 dated 1 November 2006 and for which a full impairment provision has been made, are written-off per the decision of the Bank top management. In 2015, non-performing loans amounting to TL 19,813 have been written-off (31 December 2014 – TL 48,363).

**11. Information on the write-off policy:**

The Bank ‘s write-off policy is to write-off the loan receivables that have been already transferred to legal follow-up and fully provided for and for which there is no possibility of collection through legal process and for which there is no collateral. Such loans are written off as per the decision of top management.

**f. Information on held-to-maturity investments:**

None (31 December 2014 – None).

**g. Information on investment in associates (Net):**

1. The 1.75% ownership of Kredi Garanti Fonu A.Ş. of TL 4,210 (31 December 2014 – TL 4,210), 8.36% ownership of Islamic International Rating Agency of TL 714 (31 December 2014 – TL 714), and 6.99% ownership of Neova Sigorta A.Ş. of TL 4,816 (31 December 2014 – TL 3,752), TL 181 amount of swift shares (31 December 2014 – TL 181) and 0.0035% ownership of share of TL 15 (31 December 2014 – TL 15) that is traded in Borsa İstanbul A.Ş. are classified as financial assets available for sale since the Bank’s ownership in these institutions is less than 10% and the Bank does not have a significant influence on these institutions.
2. Information about investments in unconsolidated associates: None (31 December 2014 – None).
3. Information related to consolidated associates: None (31 December 2014 – None).

**h. Information on subsidiaries (Net):**

1. Although the Bank has control power over the management and capital of its non-financial subsidiaries, Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Ve Tic. A.Ş does not confirm to the definition of financial subsidiary in accordance with “Regulation related to the Preparation of Consolidated Financial Statements by Banks” published in the Official Gazette No. 26340 dated 8 November 2006; hence this subsidiary has not been consolidated. The Bank has reflected its subsidiary at restated cost less any provision for impairment in its financial statements until 31 December 2004.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets (continued)**

**h. Information on subsidiaries (Net): (continued)**

**2. Information on subsidiaries:**

<b>Title</b>	<b>Address (City/ Country)</b>	<b>Bank's share percentage, if different-voting Percentage (%)</b>	<b>Bank's risk group share Percentage (%)</b>
Kuwait Turkish Participation Bank Dubai Ltd. (*)	Dubai/UAE	100.00%	100.00%
Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş. (**)	İstanbul/Turkey	99.99%	99.99%
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/ Turkey	75.00%	97.61%
KT Sukuk Varlık Kiralama A.Ş. (**)	İstanbul/ Turkey	100.00%	100.00%
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/ Turkey	100.00%	100.00%
KT Bank AG	Frankfurt/Germany	100.00%	100.00%
KT Portföy Yönetimi A.Ş.	İstanbul/ Turkey	100.00%	100.00%

Information on subsidiaries in the order presented in the above table:

<b>Total assets</b>	<b>Equity</b>	<b>Total fixed assets</b>	<b>Profit share income</b>	<b>Income from marketable securities</b>	<b>Current period income/loss</b>	<b>Prior period income/loss</b>	<b>Fair Value</b>
159,410	145,327	388	16,098	-	(6,584)	977	-
20,832	20,802	11	-	-	(951)	(1,009)	-
105,578	68,214	78,593	-	-	103	128	-
949,391	113	-	-	-	6	2	-
2,277,704	69,477	-	-	-	8	(29)	-
126,615	134,199	2,401	12	-	(7,492)	-	-
5,006	5,000	-	-	-	6	-	-

(\*) As of 30 June 2015, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations of the country in which this entity operates.

(\*\*) These figures are shown per Turkish Trade Law financial statements as of 30 June 2015.



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets (continued)**

**h. Information on subsidiaries (Net) (continued):**

**2. Information on subsidiaries (continued):**

Movement for subsidiaries

	<b>Current period 30.06.2015</b>	<b>Prior period 30.06.2014</b>
Balance at the beginning of the year	168,355	123,254
Movements during the year		-
Purchases (*)	130,707	21,912
Transfers from subsidiaries	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Impairment	-	-
Capital commitment payments	-	-
<b>Balance at the end of the year</b>	<b>299,062</b>	<b>145,166</b>
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

(\*) Purchases are the capital payments to KT Banka AG amounting to TL 125,707 and to KT Portföy Yönetimi A.Ş. amounting to TL 5,000.

Sectoral information on consolidated subsidiaries and the related carrying amounts:

	<b>Current period</b>	<b>Prior period</b>
Banks	221,110	95,402
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	55,272	50,273

Subsidiaries that are quoted on the stock exchange: None (31 December 2014 – None).

	<b>Current period</b>	<b>Prior period</b>
Quoted in Domestic Stock Exchange	50,173	50,173
Quoted in Foreign Stock Exchange	-	-
<b>Toplam</b>	<b>50,173</b>	<b>50,173</b>

**3. Information on capital adequacies of major subsidiaries:**

The Bank does not have any major subsidiary.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets: (continued)**

**i. Information on joint ventures (business partnerships) (Net):**

	Bank's share percentage	Total assets	Equity	Total fixed assets	Current period profit/loss	Prior period profit /loss
Katılım Emeklilik ve Hayat A.Ş. (*) (**)	%50	154,090	15,694	-	(3,081)	(1,878)

(\*) These figures are shown per local financial statements as of 30 June 2015.

(\*\*) In accordance with decision of the Bank's Board of Directors on 25 April 2013, Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş. decided to establish the Pension Company in line with main shares. Bank decided to establish that pension company with the equal share amounts with Albaraka Türk Katılım Bankası A.Ş. and that pension company is registered with the trade name "Katılım Emeklilik ve Hayat Anonim Şirketi", 895027 registry numbered dated 17 December 2013 by İstanbul Ticaret Sicil Müdürlüğü.

**j. Information on finance lease receivables (Net):**

**1. Presentation of remaining maturities of net finance leases:**

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	412,568	354,264	402,826	361,685
1 to 4 years	636,837	554,091	357,656	309,384
More than 4 years	102,246	92,182	43,414	39,517
<b>Total</b>	<b>1,151,651</b>	<b>1,000,537</b>	<b>803,896</b>	<b>710,586</b>

**2. Net investments in finance leases:**

	Current period	Prior period
Gross receivable from finance leases	1,151,651	803,896
Unearned finance lease income (-)	(151,114)	(93,310)
Cancelled amounts (-)	-	-
<b>Net receivable from finance leases</b>	<b>1,000,537</b>	<b>710,586</b>

**3. Information on finance lease contracts:**

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations in 60 days, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non performing finance lease receivables amounting to TL 10,044 are included in the non-performing loans in the balance sheet (31 December 2014 – TL 8,429).

Impairment provision amounting to TL 9,445 (31 December 2014– TL 8,163) for financial lease receivables are included under the specific provision account under loans in the balance sheet.

**k. Information on derivative financial assets for hedging purposes:**

None (31 December 2014 – None).

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**I. Explanations and notes related to assets: (continued)**

**1. Information on deferred tax asset**

In accordance with the related regulations deferred tax asset calculated as of 30 June 2015 is TL 82,571 (31 December 2014– TL 65,177) and deferred tax liability is TL 16,140 (31 December 2014 – TL 15,161).

	Current period	Prior period
Reserve for employee benefits	6,715	10,172
Retirement pay liability	9,574	8,383
Deferred income	27,463	24,356
Rediscounts for derivative instruments held for trading	3,241	-
Impairment provision for subsidiaries, fixed assets and assets held for sale	21,015	16,562
Precious metals valuation difference	12,829	5,148
Other	1,734	556
<b>Deferred tax asset</b>	<b>82,571</b>	<b>65,177</b>
Difference between carrying value and tax base of tangible assets	(5,887)	(5,896)
Rediscounts for derivative instruments held for trading	-	(3,313)
Valuation difference on available for sale financial asset	(5,459)	(5,182)
Other	(4,794)	(770)
<b>Deferred tax liability</b>	<b>(16,140)</b>	<b>(15,161)</b>
<b>Deferred tax asset, (net)</b>	<b>66,431</b>	<b>50,016</b>

Table of deferred tax asset movement:

	Current period	Prior period
As of January 1	50,016	30,953
Deferred tax (expense)/income	16,982	7,680
Deferred tax accounted under other comprehensive income	(567)	(10,046)
<b>Deferred tax asset</b>	<b>66,431</b>	<b>28,587</b>

**m. Information on other assets:**

As of balance sheet date, the Bank's other assets amount to TL 520,754 (31 December 2014 - TL 388,789). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities**

**a. Information on funds collected:**

**1. Information on maturity structure of funds collected:**

**i. 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
<b>I. Real persons current accounts-TL</b>	<b>2,281,495</b>	-	-	-	-	-	-	-	<b>2,281,495</b>
<b>II. Real persons profit sharing accounts TL</b>	-	<b>2,493,024</b>	<b>4,226,874</b>	<b>577,701</b>	-	<b>202,697</b>	<b>236,653</b>	-	<b>7,736,949</b>
<b>III. Other current accounts-TL</b>	<b>1,657,171</b>	-	-	-	-	-	-	-	<b>1,657,171</b>
Public sector	146,914	-	-	-	-	-	-	-	146,914
Commercial sector	1,481,176	-	-	-	-	-	-	-	1,481,176
Other institutions	21,723	-	-	-	-	-	-	-	21,723
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	7,358	-	-	-	-	-	-	-	7,358
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1,212	-	-	-	-	-	-	-	1,212
Foreign banks	2,681	-	-	-	-	-	-	-	2,681
Participation banks	465	-	-	-	-	-	-	-	465
Others	3,000	-	-	-	-	-	-	-	3,000
<b>IV. Profit sharing accounts-TL</b>	-	<b>266,769</b>	<b>636,306</b>	<b>120,447</b>	-	<b>127,931</b>	<b>107,460</b>	-	<b>1,258,913</b>
Public sector	-	46	1,212	33	-	21,758	6,854	-	29,903
Commercial sector	-	238,427	606,472	115,325	-	102,116	100,224	-	1,162,564
Other institutions	-	27,914	27,691	5,089	-	4,057	382	-	65,133
Commercial and other institutions	-	382	919	-	-	-	-	-	1,301
Banks and participation banks	-	-	12	-	-	-	-	-	12
<b>V. Real persons current accounts-FC</b>	<b>2,383,980</b>	-	-	-	-	-	-	-	<b>2,383,980</b>
<b>VI. Real persons profit sharing accounts-FC</b>	-	<b>1,487,025</b>	<b>2,765,711</b>	<b>561,398</b>	-	<b>331,469</b>	<b>170,443</b>	-	<b>5,316,046</b>
<b>VII. Other current accounts-FC</b>	<b>1,191,534</b>	-	-	-	-	-	-	-	<b>1,191,534</b>
Commercial residents in Turkey	1,130,263	-	-	-	-	-	-	-	1,130,263
Commercial residents in Abroad	45,049	-	-	-	-	-	-	-	45,049
Banks and participation banks	16,222	-	-	-	-	-	-	-	16,222
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1,708	-	-	-	-	-	-	-	1,708
Foreign banks	13,471	-	-	-	-	-	-	-	13,471
Participation banks	1,043	-	-	-	-	-	-	-	1,043
Others	-	-	-	-	-	-	-	-	-
<b>VIII. Profit sharing accounts- FC</b>	-	<b>348,300</b>	<b>1,824,000</b>	<b>126,093</b>	-	<b>80,757</b>	<b>329,743</b>	-	<b>2,708,893</b>
Public sector	-	-	14	-	-	-	-	-	14
Commercial sector	-	212,900	1,728,799	107,098	-	56,703	128,751	-	2,234,251
Other institutions	-	83,369	7,107	2,628	-	369	-	-	93,473
Commercial and other institutions	-	24,972	39,458	4	-	10,533	-	-	74,967
Banks and participation banks	-	27,059	48,622	16,363	-	13,152	200,992	-	306,188
<b>IX. Precious metal funds</b>	<b>523,841</b>	-	<b>757,176</b>	<b>53,463</b>	-	<b>35,467</b>	-	-	<b>1,369,947</b>
<b>X. Profit sharing accounts special funds - TL</b>	-	-	-	-	-	-	<b>7,729</b>	-	<b>7,729</b>
Residents in Turkey	-	-	-	-	-	-	7,729	-	7,729
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Profit sharing accounts special funds - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,038,021</b>	<b>4,595,118</b>	<b>10,210,067</b>	<b>1,439,102</b>	-	<b>778,321</b>	<b>852,028</b>	-	<b>25,912,657</b>

There are no 7 day notification and accumulative deposit accounts of the Bank.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

**a. Information on funds collected: (continued)**

**1. Information on maturity structure of funds collected: (continued)**

**ii. Prior period:**

	Demand	Up to 1 month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
<b>I. Real persons current accounts-TL</b>	<b>1,909,330</b>	-	-	-	-	-	-	-	<b>1,909,330</b>
<b>II. Real persons profit sharing accounts-TL</b>	-	<b>2,343,300</b>	<b>3,926,130</b>	<b>583,822</b>	-	<b>194,654</b>	<b>275,644</b>	-	<b>7,323,550</b>
<b>III. Other current accounts-TL</b>	<b>1,580,643</b>	-	-	-	-	-	-	-	<b>1,580,643</b>
Public sector	67,748	-	-	-	-	-	-	-	67,748
Commercial sector	1,486,386	-	-	-	-	-	-	-	1,486,386
Other institutions	18,950	-	-	-	-	-	-	-	18,950
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	<b>7,559</b>	-	-	-	-	-	-	-	<b>7,559</b>
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1,199	-	-	-	-	-	-	-	1,199
Foreign banks	3,201	-	-	-	-	-	-	-	3,201
Participation banks	159	-	-	-	-	-	-	-	159
Others	3,000	-	-	-	-	-	-	-	3,000
<b>IV. Profit sharing accounts-TL</b>	-	<b>331,993</b>	<b>697,678</b>	<b>114,080</b>	-	<b>103,014</b>	<b>79,049</b>	-	<b>1,325,814</b>
Public sector	-	134	648	41	-	15,858	6,596	-	23,277
Commercial sector	-	287,626	653,028	104,051	-	85,775	70,465	-	1,200,945
Other institutions	-	22,099	43,563	9,988	-	1,381	380	-	77,411
Commercial and other institutions	-	22,134	418	-	-	-	1,608	-	24,160
Banks and participation banks	-	-	21	-	-	-	-	-	21
<b>V. Real persons current accounts-FC</b>	<b>1,438,232</b>	-	-	-	-	-	-	-	<b>1,438,232</b>
<b>VI. Real persons profit sharing accounts-FC</b>	-	<b>1,144,093</b>	<b>2,043,002</b>	<b>519,895</b>	-	<b>263,869</b>	<b>206,998</b>	-	<b>4,177,857</b>
<b>VII. Other current accounts-FC</b>	<b>966,201</b>	-	-	-	-	-	-	-	<b>966,201</b>
Commercial residents in Turkey	884,542	-	-	-	-	-	-	-	884,542
Commercial residents in Abroad	36,239	-	-	-	-	-	-	-	36,239
Banks and participation banks	45,420	-	-	-	-	-	-	-	45,420
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	851	-	-	-	-	-	-	-	851
Foreign banks	44,353	-	-	-	-	-	-	-	44,353
Participation banks	216	-	-	-	-	-	-	-	216
Others	-	-	-	-	-	-	-	-	-
<b>VIII. Profit sharing accounts- FC</b>	-	<b>374,917</b>	<b>708,582</b>	<b>77,939</b>	-	<b>117,813</b>	<b>224,396</b>	-	<b>1,503,647</b>
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	187,119	610,552	47,623	-	89,629	162,261	-	1,097,183
Other institutions	-	74,757	17,089	2,391	-	348	3,079	-	97,664
Commercial and other institutions	-	31,160	50,428	2,487	-	72	6,317	-	90,464
Banks and participation banks	-	81,881	30,513	25,438	-	27,764	52,739	-	218,336
<b>IX. Precious metal funds</b>	<b>753,392</b>	-	<b>1,056,799</b>	<b>61,744</b>	-	<b>39,467</b>	-	-	<b>1,911,402</b>
<b>X. Profit sharing accounts special funds - TL</b>	-	-	-	-	-	<b>3,209</b>	<b>4,729</b>	-	<b>7,938</b>
Residents in Turkey	-	-	-	-	-	3,209	4,729	-	7,938
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Profit sharing accounts special funds - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,647,798</b>	<b>4,194,303</b>	<b>8,432,191</b>	<b>1,357,480</b>	-	<b>722,026</b>	<b>790,816</b>	-	<b>22,144,614</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

**a. Information on funds collected: (continued)**

2. Information's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund:

i. Current and Participation Accounts Attributable to Real Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund:

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	Prior period	Current period	Prior period
Real persons current and profit sharing accounts that are not subject to commercial activities				
TL accounts	6,514,107	5,738,367	3,474,224	3,463,278
FC accounts	3,750,439	3,321,617	5,127,795	3,973,599
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real persons and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 100 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411 which issued in official gazette no. 25893 on 1 November 2005.

ii. If the headquarters of the Bank is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained:

The headquarters of the Bank is in Turkey.

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

The Bank has no current or profit sharing accounts which are not under the guarantee of the Saving Deposit Insurance Fund except for the current and profit sharing accounts of shareholders, member of Board of Directors, CEO, the Vice Presidents and their first degree relatives.

	Current period	Prior period
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	4,126	4,174
Profit sharing account and other accounts in 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	100	226

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

**b. Information on derivative financial liabilities held for trading:**

Derivative financial liabilities held for trading:

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	15,013	7,309	12,537	2,077
Swap transactions	11,507	38,751	1,551	9,720
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>26,520</b>	<b>46,060</b>	<b>14,088</b>	<b>11,797</b>

**c. Information on funds borrowed:**

**1. Information on banks and other financial institutions:**

	Current period		Prior period	
	TL	FC	TL	FC
Loans from The Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks and Institutions	845,419	2,388,890	240,368	1,660,052
From Foreign Banks, Institutions and Funds	32,489	4,300,301	8,112	4,395,366
<b>Total</b>	<b>877,908</b>	<b>6,689,191</b>	<b>248,480</b>	<b>6,055,418</b>

**2. Information on maturity structure of borrowings:**

	Current period		Prior period	
	TL	FC	TL	FC
Short-term	877,908	3,305,944	248,480	3,571,161
Medium and Long-Term	-	3,383,247	-	2,484,257
<b>Total</b>	<b>877,908</b>	<b>6,689,191</b>	<b>248,480</b>	<b>6,055,418</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

**c. Information on funds borrowed: (continued)**

**3. Information on maturity structure of borrowings: (continued)**

Important transactions that are accounted under Funds Borrowed are presented below:

**Current Period:**

Type	Customer	Opening Date	Maturity Date	Currency	Rate (Year)	Principal	Cost
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	19/06/2014	26/06/2019	USD	5.08%	500,000,000	141,955,000
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	20/11/2014	19/11/2015	TRY	9.01%	30,000,000	2,734,488
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	20/02/2015	18/08/2015	TRY	9.37%	61,750,000	5,557,500
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	24/03/2015	15/09/2015	TRY	9.59%	80,000,000	7,120,000
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	31/03/2015	31/03/2020	MYR	5.72%	300,000,000	87,095,343
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	08/05/2015	07/08/2015	TRY	9.00%	24,635,000	2,217,150
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	08/05/2015	03/11/2015	MYR	10.16%	20,000,000	1,800,000
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	15/05/2015	15/05/2020	MYR	5.64%	200,000,000	107,849,589
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	15/05/2015	09/11/2015	TRY	9.00%	86,734,000	7,806,060
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	27/05/2015	19/11/2015	TRY	9.00%	10,400,000	936,000
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	03/06/2015	15/09/2015	TRY	10.35%	22,600,000	2,339,100
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	03/06/2015	15/09/2015	TRY	9.00%	70,000,000	6,300,000
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	30/06/2015	05/01/2016	TRY	10.63%	160,000,000	17,008,000
Sukuk	KT Sukuk V.K.Ş.	31/10/2011	31/10/2016	USD	5.88%	213,129,648	63,545,937
Sukuk	KT Sukuk V.K.Ş.	31/10/2011	31/10/2016	USD	5.88%	136,870,352	40,808,751
Syndicated	STANDARD CHARTERED BANK (ALL U.K. OFFICES) – LONDON	27/12/2013	28/12/2015	EUR	1.54%	20,000,000	627,036
Syndicated	STANDARD CHARTERED BANK (ALL U.K. OFFICES) – LONDON	27/12/2013	28/12/2015	USD	1.49%	105,000,000	3,189,277
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	31/12/2015	EUR	0.87%	10,000,000	89,609
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	29/12/2016	EUR	1.08%	30,000,000	657,291
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	29/12/2016	USD	1.25%	300,000,000	7,642,605

**Previous Period:**

Type	Customer	Opening Date	Maturity Date	Currency	Rate (Year)	Principal	Cost
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	30/12/2014	23/03/2015	TRY	8.88%	50,000,000	1,023,290
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	20/11/2014	14/05/2015	TRY	8.65%	57,000,000	2,396,730
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	20/11/2014	19/11/2015	TRY	9.01%	30,000,000	2,734,488
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	29/09/2014	23/03/2015	TRY	9.81%	100,000,000	4,770,550
KT Issue	KT KİRA SERTİFİKALARI V.K.Ş	26/06/2014	26/06/2019	USD	5.08%	500,000,000	128,767,923
Sukuk	KT Sukuk V.K.Ş.	31/10/2011	31/10/2016	USD	5.88%	213,129,648	63,545,937
Sukuk	KT Sukuk V.K.Ş.	31/10/2011	31/10/2016	USD	5.88%	136,870,352	40,808,751
Syndicated	STANDARD CHARTERED BANK (ALL U.K. OFFICES) - LONDON	27/12/2013	28/12/2015	EUR	1.54%	20,000,000	627,036
Syndicated	STANDARD CHARTERED BANK (ALL U.K. OFFICES) - LONDON	27/12/2013	28/12/2015	USD	1.49%	105,000,000	3,189,277
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	31/12/2015	EUR	0.87%	10,000,000	89,522
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	29/12/2016	EUR	1.08%	30,000,000	659,701
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	29/12/2016	USD	1.26%	300,000,000	7,666,704



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

**c. Information on funds borrowed: (continued)**

4. Explanations Related to the Concentrations of the Bank's major liabilities:

All of the borrowings consist of foreign currency loans and majorly they are formed by the transactions with the off-shore financial institutions.

There is no risk concentration of the Bank's current and profit sharing accounts.

**d. Information on other liabilities and miscellaneous payables:**

As of 30 June 2015, other liabilities amount to TL 558,669 (31 December 2014 - TL 439,068), sundry creditors amount to TL 137,758 (31 December 2014- TL 144,134), both of them do not exceed 10% of the balance sheet total.

**e. Information on finance lease payables (net):**

The Bank bought some of the information technology equipment through financial lease and the liabilities originated from the agreements are paid in monthly installments to the leasing firms. These agreements do not raise any further liabilities other than already committed payments by the Bank.

As of 30 June 2015, finance lease payables details of the transaction of issuing certificate of rent (sukuk) is explained under section three and disclosure XVIII, with the permission of BRSA's decision numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and as of 13 March 2012, it is accounted as sale and leaseback transaction in accordance with TAS 17.

- i. Information on the changes in agreements and new obligations originating from these changes: None (31 December 2014 – None).
- ii. Information on Financial Lease Obligations

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	433,157	371,845	374,240	321,358
More than 4 years	-	-	-	-
<b>Total</b>	<b>433,157</b>	<b>371,845</b>	<b>374,240</b>	<b>321,358</b>

iii. Information on Operational Leases:

The leasing transactions, in which all risks and benefits of the leased asset are held by the lessor, are classified as operational leases. Such transactions consist of rent contracts of branches which may be cancelled by declaration.

There are no significant commitments regarding the changes at the operational lease agreements.

The payments related with operational leases are recognized as expense in the income statement during the period of the agreement in equal installments.

iv. Information on sale and leaseback transactions:

The transaction of issuing certificate of rent (sukuk) is explained under section three and disclosure XVIII, with the permission of BRSA's decision numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and dated as 13 March 2012, it is accounted as sale and leaseback transaction in accordance with TAS 17.

**f. Information on hedging derivative financial liabilities: None (31 December 2014 – None).**

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

**g. Information on provisions:**

1. Information on general provisions:

	Current period	Prior Period
<b>General Provisions</b>	<b>277,112</b>	<b>240,776</b>
<b>I.For Loans and Receivables in Group I (Total)</b>	<b>210,276</b>	<b>188,788</b>
Profit Sharing Accounts' Share	63,052	49,246
The Bank's Share	138,754	131,179
Other	-	-
<b>I.Additional Provision for Loans and Receivables with Extended Maturities</b>	<b>8,470</b>	<b>8,363</b>
Profit Sharing Accounts' Share	1,691	2,708
The Bank's Share	6,779	5,655
Other	-	-
<b>II.Loans and Receivables in Group II (Total)</b>	<b>26,238</b>	<b>20,324</b>
Profit Sharing Accounts' Share	459	546
The Bank's Share	9,156	6,134
Other	-	-
<b>II.Additional Provision for Loans and Receivables with Extended Maturities</b>	<b>16,623</b>	<b>13,644</b>
Profit Sharing Accounts' Share	11,772	9,350
The Bank's Share	4,851	4,294
Other	-	-
<b>Provisions for Non Cash Loans</b>	<b>17,192</b>	<b>16,306</b>
<b>Other</b>	<b>23,406</b>	<b>15,358</b>

2. Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans:  
As of 30 June 2015, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 16,928 (31 December 2014 – TL 18,574) and TL 35,436 for leasing receivables (31 December 2014 – TL 17,290) is offset against loans and receivables.

3. Information on other provisions:

	Current period	Prior period
Provisions for non- liquidated non cash loans (*)	43,390	42,544
Provisions for cheque books (*)	7,429	9,181
Provisions from equity/profit sharing accounts	4,557	14,186
Credit card bonus provisions	447	347
Other (**)	4,967	890
<b>Total</b>	<b>60,790</b>	<b>67,148</b>

(\*) Effective from 1 March 2011, according to temporary article 2nd of “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside”, the Bank recognizes provisions for non-liquidated non-cash loans and check books of customers who have any other non-performing exposures within the Bank.

(\*\*) Other item includes TL 4,450 litigation provision in current period

4. Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 47,872 (31 December 2014 – TL 41,916), vacation pay liability amounting to TL 8,561 (31 December 2014 – TL 430), performance premium amounting to 19,076 (31 December 2014 – TL 48,600), retirement bonuses on payment of TL 3,520 (31 December 2014 – TL 1,828), committee fees amounting to TL 2,419 (31 December 2014 – TL 0).

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

4. Information on provisions for employee benefits: (continued)

The amount payable consists of one month's salary limited to a maximum of TL 3,541 (full amount) (31 December 2014 – TL 3,438) for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	Current period	Prior period
Discount rate (%)	3.29	3.29
Inflation rate (%)	6.5	6.5
Interest rate (%)	10.0	10.0

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

	Current period	Prior period
Balance at the beginning of the period	41,916	28,776
Provisions recognized during the period	7,695	5,548
Paid during the period	(1,739)	(1,360)
Actuarial gain/loss	-	-
<b>Balances at the end of the period</b>	<b>47,872</b>	<b>32,964</b>

**h. Explanations on tax liability:**

1. Explanations on current tax liability:

- i. Information on tax provisions: As of 30 June 2015, the Bank has current tax liability after deducting temporary taxes paid during the period from the provision for corporate income tax amounting to TL 43,172.

	Current period	Prior period
Provision for corporate income tax	73,771	122,182
Prepaid taxes	(30,599)	(89,867)
<b>Total (*)</b>	<b>43,172</b>	<b>32,315</b>

(\*) Related amount is presented in the current tax liability line, under liabilities.

ii. Information on taxes payable (\*):

	Current period	Prior period
Taxation of marketable securities	9,032	8,427
Taxation of immovable property	1,023	783
Banking Insurance Transaction Tax (BITT)	13,212	10,871
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	685	1,049
Income tax deducted from wages	5,427	5,360
Other	919	831
<b>Total</b>	<b>30,298</b>	<b>27,321</b>

(\*) Included in sundry creditors line item on the balance sheet.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

**h. Explanations on tax liability (continued)**

iii. Information on premiums (\*):

	Current period	Prior period
Social Security Premiums-Employee	3,421	3,028
Social Security Premiums-Employer	3,677	3,288
Unemployment insurance-Employee	245	217
Unemployment insurance-Employer	539	482
<b>Total</b>	<b>7,882</b>	<b>7,015</b>

(\*) Included in sundry creditors line item on the balance sheet.

iv. Information on deferred tax liability: None (31 December 2014 - None).

**i. Information on payables related to assets held for sale:**

None (31 December 2014 – None).

**j. Information on subordinated loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	538,000	-	464,592
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>538,000</b>	<b>-</b>	<b>464,592</b>

The Bank obtained a subordinated loan with 10-years maturity, amounting to USD 200 million, from Kuwait Finance House on 29 June 2011. Profit share amount will be calculated as the purchase price multiplied by a profit return rate equal to the applicable margin in the Murabaha period. Classification of this subordinated loan as tier-II capital upon the receipt of the cash amounting to USD 200 million by the Bank for the purpose of supplementary capital calculation was confirmed by the BRSA by their notification dated 30 June 2011.

**k. Information on shareholders' equity:**

1. Presentation of paid-in capital:

	Current period	Prior period
Common stock	2,527,005	2,287,005
Preferred stock	-	-

2. Amount of paid-in capital, disclosure on whether the Bank applies the registered share capital system, and, if so, the ceiling amount of the registered share capital: registered capital system is not applied in the Bank.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Explanations and notes related to liabilities (continued)**

**k. Information on shareholders' equity (continued)**

3. Information on the share capital increases during the period and their sources; other information on increased capital shares in the current period:

Date for Increase	Increased Amount	Internal Sources	Retained Earnings for Increased
6 April 2015	240,000	240,000	-

4. Information on share capital increases from capital reserves during the current period: None (31 December 2014 – None).
5. Possible effect of estimations made for the Bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties:  
Based on the evaluation made considering the Bank's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.
6. Summary of privileges given to shares representing the capital: None.
7. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference(*)	21,837	1,498	20,729	340
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>21,837</b>	<b>1,498</b>	<b>20,729</b>	<b>340</b>

(\*) Valuation difference is calculated taking the tax effect of the rent certifications in the account, which are classified as "Government Debt Securities" and "Other Marketable Securities" under available for sale in the balance sheet.

- l. Information on minority shares:** None (31 December 2014 – None).

**III. Explanations and notes related to off-balance sheet contingencies and commitments**

**a. Explanations on off-balance sheet accounts:**

1. Type and amount of irrevocable commitments: Commitment for credit card limits, as of 30 June 2015 is TL 669,445 (31 December 2014 – TL 575,870); payment commitments for cheque books are TL 1,073,272 (31 December 2014 – TL 876,101).
2. Type and amount of probable losses and obligations arising from off-balance sheet items:
- i. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:  
As of 30 June 2015, the Bank has guarantees and surety ships constituting of TL 7,058,120 (31 December 2014 – TL 6,867,073) letters of guarantee; TL 54,621 (31 December 2014 – TL 59,790) acceptances and TL 1,053,943 (31 December 2014 – TL 915,766) letters of credit. Also banks has other acceptances amount of TL 588,578 (31 December 2014 – TL 355,237).
- ii. Revocable, irrevocable guarantees and other similar commitments and contingencies: There are no other than those explained in 2.i.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**III. Explanations and notes related to off-balance sheet commitments (continued)**

**a. Explanations on off-balance sheet accounts: (continued)**

**3. Total amount of non-cash loans:**

	Current period	Prior period
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	8,774,973	8,215,049
<b>Total</b>	<b>8,774,973</b>	<b>8,215,049</b>

**IV. Explanations and notes related to the statement of income**

**a. Information on profit share income:**

**1. Information on profit share received from loans:**

	Current period		Prior period	
	TL	FC	TL	FC
<b>Profit share on loans</b>	<b>1,011,905</b>	<b>59,812</b>	<b>799,161</b>	<b>37,638</b>
Short term loans	265,790	5,794	260,268	4,827
Medium and long term loans	741,805	54,018	535,816	32,811
Profit share on loans under follow-up	4,310	-	3,077	-
Premiums received from resource utilization support fund	-	-	-	-

**2. Information on profit share received from banks:**

	Current period		Prior period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	3,833	319	1,579
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,833</b>	<b>319</b>	<b>1,579</b>

**i. Information on profit share income from securities portfolio:**

The Bank has received TL 77,636 profit share income from rent certificates (sukuk) which is given the details in available for sale financial assets information. (1 January-30 June 2014 - TL 57,104)

**ii. Information on profit share income received from associates and subsidiaries:**

	Current period	Prior period
Profit share income received from associates and subsidiaries	573	661

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. Explanations and notes related to the income statement (continued)**

**b. Information on profit share expenses:**

	Current period		Prior period	
	TL	FC	TL	FC
<b>Banks</b>	<b>2,711</b>	<b>38,296</b>	<b>1,369</b>	<b>39,313</b>
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	399	466	-	-
Foreign banks	2,312	37,830	1,369	39,313
Branches and head office abroad	-	-	-	-
<b>Other Institutions</b>	<b>20,214</b>	<b>80,184</b>	<b>6,773</b>	<b>29,428</b>
<b>Total</b>	<b>22,925</b>	<b>118,480</b>	<b>8,142</b>	<b>68,741</b>

**i. Profit share expense given to associates and subsidiaries:**

	Current period	Prior period
Profit share expenses given to associates and subsidiaries	76,132	35,720

**ii. Profit share expense paid to securities issued:** None (1 January-30 June 2014: None).

**c. Information on dividend income:** None (1 January-30 June 2014: None).

**d. Distribution of profit share on funds based on maturity of funds:**

Account name	Current period						Accumulated 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		
<b>TL</b>								
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	75,280	130,726	19,124	-	6,328	8,681	-	240,139
Public sector profit sharing account	4	120	1	-	596	256	-	977
Commercial sector profit sharing account	8,051	20,158	4,092	-	802	712	-	33,815
Other institutions profit sharing account	1,318	1,107	199	-	36	14	-	2,674
<b>Total</b>	<b>84,653</b>	<b>152,111</b>	<b>23,416</b>	<b>-</b>	<b>7,762</b>	<b>9,663</b>	<b>-</b>	<b>277,605</b>
<b>FC</b>								
Banks	252	394	283	-	241	1,745	-	2,915
Real person's non-trading profit sharing account	8,537	16,096	4,129	-	2,488	1,671	-	32,921
Public sector profit sharing account	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	1,361	6,308	526	-	882	512	-	9,589
Other institutions profit sharing account	858	538	98	-	31	56	-	1,581
Precious metal accounts	-	2,938	190	-	133	-	-	3,261
<b>Total</b>	<b>11,008</b>	<b>26,274</b>	<b>5,226</b>	<b>-</b>	<b>3,775</b>	<b>3,984</b>	<b>-</b>	<b>50,267</b>
<b>Grand Total</b>	<b>95,661</b>	<b>178,385</b>	<b>28,642</b>	<b>-</b>	<b>11,537</b>	<b>13,647</b>	<b>-</b>	<b>327,872</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. Explanations and notes related to the income statement (continued)**

**d. Distribution of profit share on funds based on maturity of funds: (continued)**

Prior period	Profit Sharing Accounts						Accumulated profit sharing accounts	Total
Account name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	Above 1 year		
<b>TL</b>								
Collected funds from banks through current and profit share accounts	-	1	-	-	-	-	-	1
Real person's non-trading profit sharing account	64,729	104,326	19,710	-	6,134	11,557	-	206,456
Public sector profit sharing account	24	27	1	-	676	-	-	728
Commercial sector profit sharing account	7,024	17,759	4,263	-	1,300	915	-	31,261
Other institutions profit sharing account	602	1,176	87	-	262	16	-	2,143
<b>Total</b>	<b>72,379</b>	<b>123,289</b>	<b>24,061</b>	<b>-</b>	<b>8,372</b>	<b>12,488</b>	<b>-</b>	<b>240,589</b>
<b>FC</b>								
Banks	1,549	4,069	9	-	7	749	-	6,383
Real person's non-trading profit sharing account	10,751	19,533	6,107	-	2,661	2,509	-	41,561
Public sector profit sharing account.	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	2,234	11,763	359	-	1,038	94	-	15,488
Other institutions profit sharing account	871	582	24	-	6	105	-	1,588
Precious metal accounts	-	4,643	261	-	174	-	-	5,078
<b>Total</b>	<b>15,405</b>	<b>40,590</b>	<b>6,760</b>	<b>-</b>	<b>3,886</b>	<b>3,457</b>	<b>-</b>	<b>70,098</b>
<b>Grand Total</b>	<b>87,784</b>	<b>163,879</b>	<b>30,821</b>	<b>-</b>	<b>12,258</b>	<b>15,945</b>	<b>-</b>	<b>310,687</b>

**e. Information on trading income/loss (Net):**

	Current period	Prior period
<b>Income</b>	<b>6,512,087</b>	<b>3,629,248</b>
Gain on capital market transactions	5,209	778
Gain on derivative financial instruments	148,770	322,603
Foreign exchange gains	6,358,108	3,305,867
<b>Losses (-)</b>	<b>6,450,917</b>	<b>3,548,048</b>
Losses on capital market transactions	99	253
Losses on derivative financial instruments	160,798	290,605
Foreign exchange losses	6,290,020	3,257,190

**f. Information on other operating income:**

The details of other operating income are presented below. There are no unusual items in the other operating income which materially affect the income of the Bank or related with new improvements.

	Current period	Prior period
Reversal of prior period provisions	82,647	71,148
Income from sale of assets	9,384	8,980
Income from the real estate sales' gains by rent certificates	22,269	16,828
Income from checkbooks	-	44
Lease income	1,152	925
Other Income	4,926	5,837
<b>Total</b>	<b>120,378</b>	<b>103,762</b>



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. Explanations and notes related to the income statement (continued)**

**g. Provisions for loan losses and other receivables of the Bank:**

	<b>Current period</b>	<b>Prior period</b>
Specific provisions for loans and other receivables	144,189	101,157
III. group loans and receivables	47,134	28,770
IV. group loans and receivables	64,135	39,942
V. group loans and receivables	32,920	32,445
Doubtful commissions, fees and other receivables	40	1
General provision expenses	36,336	27,617
Impairment provision of marketable securities	126	538
Financial Assets at fair value through profit and loss	126	538
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(*)	4,693	7,143
<b>Total</b>	<b>185,384</b>	<b>136,456</b>

(\*) Other item includes TL 4,450 litigation provision in current period

**h. Information on other operating expenses:**

	<b>Current period</b>	<b>Prior period</b>
Personnel expenses	252,331	203,272
Provision for retirement pay liability	5,956	4,188
Depreciation expenses of fixed assets	20,746	17,338
Impairment expenses of tangible assets	22,269	16,828
Depreciation expenses of intangible assets	10,023	8,435
Depreciation expenses of assets held for sale	329	216
Other operating expenses	116,612	90,887
Rent expenses	41,197	35,029
Maintenance expenses	8,586	6,474
Advertisement expenses	6,218	5,089
Communication expenses	12,000	8,205
Heating, electricity and water expenses	5,085	3,633
Cleaning expenses	2,254	1,807
Vehicle expenses	2,312	2,376
Stationery expenses	1,800	2,008
Other expenses	37,160	26,266
Losses on sales of assets	212	13
Deposit insurance fund expenses	26,056	20,347
Other	46,280	33,641
<b>Total</b>	<b>500,814</b>	<b>395,165</b>

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. Explanations and notes related to the income statement (continued)**

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

Income before tax amounting to TL 262,706 increased by 17.54 % as compared to the prior period (1 January-30 June 2014 – TL 223,512). Income before tax includes TL 691,880 (1 January-30 June 2014 – TL 508,554) net profit share income and TL 75,476 (1 January -30 June 2014 – TL 61,617) net fees and commission income. Other operating expense amount is TL 500,814 (1 January -30 June 2014 – TL 395,165).

**j. Information on tax provision for continued and discontinued operations:**

As of 30 June 2015, deferred tax benefit of the Bank is TL 16,982 (1 January-30 June 2014 – TL 7,680 deferred tax charge) and current tax provision expense is TL 73,636 (1 January-30 June 2014 – TL 55,837).

**k. Information on net income/loss from continued and discontinued operations:**

There is no income or loss for discontinued operation in net operating income after tax.

**l. Information on net income/loss:**

- i. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period: As of 30 June 2015, net profit share income is TL 691,880 (1 January-30 June 2014 – TL 508,554), net fees and commission income is TL 75,476 (1 January-30 June 2014 – TL 61,617).
- ii. Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None (1 January-30 June 2014 – None).
- iii. Profit/Loss attributable to minority interest: None (30 June 2014 – None).

**m. Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement:**

As of 30 June 2015, other fees and commissions received is TL 84,451 (1 January-30 June 2014 – TL 72,299), TL 13,716 of this amount is related with credit card fees and commissions (30 June 2014 – TL 11,330) and TL 15,689 of this amount is related with POS machine commissions (1 January-30 June 2014 – TL 14,914).

As of 30 June 2015, other fees and commissions given is TL 49,334 (1 January-30 June 2014 – TL 47,485), TL 17,724 (1 January-30 June 2014 – TL 19,243) of this amount is related with POS clearing commissions and installation expenses, TL 2,528 (1 January-30 June 2014 – TL 3,258) of this amount is related with fees and commissions paid for credit cards.

**V. Explanations and notes related to cash flow statement**

**a. Information regarding the balances of cash and cash equivalents at the beginning of the period:**

1. Components of cash and cash equivalents and accounting policy applied in their determination:

“Cash” is defined as cash in vault and foreign currency cash, cash in transit, checks purchased, unrestricted amount in the Central Bank and demand deposits in Banks. “Cash equivalents” is defined as money market placements, investments in securities and time deposits in banks with original maturity less than three months.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**V. Explanations and notes related to cash flow statement (continued)**

**a. Information regarding the balances of cash and cash equivalents at the beginning of the period (continued):**

(i). Cash and cash equivalents at the beginning of the period:

	Current period	Prior period
<b>Cash</b>	<b>1,995,829</b>	<b>3,167,289</b>
Cash in TL/foreign currency and others	756,737	703,658
Demand deposits at banks	1,239,092	2,463,631
<b>Cash equivalents</b>	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
<b>Total cash and cash equivalents</b>	<b>1,995,829</b>	<b>3,167,289</b>

(ii). Cash and cash equivalents at the end of the period:

	Current period	Prior period
<b>Cash</b>	<b>2,888,263</b>	<b>2,260,286</b>
Cash in TL/foreign currency and others	1,422,776	488,529
Demand deposits at banks (up to 3 months)	1,465,487	1,771,757
<b>Cash equivalents</b>	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
<b>Total cash and cash equivalents</b>	<b>2,888,263</b>	<b>2,260,286</b>

**b. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations:** None.

**c. Information on other account in cash flow statement**

“Other items” amounting to TL (264,373) (30 June 2014: TL (73,411) ) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid, other operating expenses except for personnel expenses and other operating incomes except for collection from non-performing loans.

“Net increase/decrease in other liabilities” amounting to TL 260,790 (30 June 2014: TL 511,846 ) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and taxes and other duties payables.

“Net increase/decrease in other assets” amounting to TL (15,115) (30 June 2014: TL (1,299) ) in “Changes in operating assets and liabilities” consist of changes in tax assets and other asset.

**d. Effects of the change in foreign currency rates on cash and cash equivalents:**

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately TL (28,506) as of 30 June 2015 (30 June 2014 – TL 10,373).

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VI. Explanations and notes related to risk group of the Bank:**

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

**1. Current period:**

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	20,036	25,640	580	13,638	79,663	283
Balance at end of period	66,862	31,294	878	27,993	102,153	797
Profit share and commission income	573	2	16	-	1,809	-

(\*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

**Prior period:**

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	41,650	78	621	676	80,270	55
Balance at end of period	20,036	25,640	580	13,638	79,663	283
Profit share and commission income	661	1	26	-	2,959	-

(\*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

**2. (i). Information on current and profit sharing accounts of 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 beginning of period	224,299	175,431	42,633	28,882	207,428	171,137
Balance at end of period	316,614	224,299	46,784	42,633	228,020	207,428
Profit share expense	2,205	3,872	1,071	1,769	1,846	2,279

(\*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

**(ii) Forward and option agreements and other similar agreements with the risk group of the Bank:**

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	
<b>Transactions Where Fair Value Change Is Reflected To Income Statement (Net)</b>						
Balance at beginning of period	299	1,192	-	-	-	-
Balance at end of period	2,256	299	-	-	-	-
Total Profit/Losses	60	2	-	-	-	-
<b>Hedging Transactions</b>						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/Losses	-	-	-	-	-	-

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VI. Explanations and notes related to risk group of the Bank: (continued)**

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

**3. Information on loans received from the Bank's risk group:**

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans received						
Balance at the beginning of period	2,220,205	459,343	2,618,833	2,300,361	26,640	61,173
Balance at the end of period	3,233,653	2,220,205	2,780,741	2,618,833	30,802	26,640
Profit share expense	73,927	31,848	34,654	36,780	459	79

**b. Information on remunerations provided to top management:**

As of 1 January-30 June 2015, the Bank has paid TL 13,073 to top management (1 January-30 June 2014- TL 10,042).

**VII. Significant Events and Matters Arising Subsequent to Balance Sheet Date**

None.

**SECTION SIX**

**OTHER EXPLANATIONS AND DISCLOSURES**

**I. Other matters which must be explained in terms of explicitly, interpretability and understandability of the balance sheet: None.**

**SECTION SEVEN**

**LIMITED REVIEW REPORT**

**I- Explanations on the limited review report:**

The unconsolidated financial statements have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' limited review report dated 7 August 2015 is presented preceding the financial statements.

**II- Notes and disclosures prepared by independent auditors: None.**