

**KUVEYT TRK KATILIM BANKASI
ANONİM ŐİRKETİ AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT AUDITOR’S
LIMITED REVIEW REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD
1 JANUARY-30 SEPTEMBER 2014**

*Translated into English
from the Original Turkish Report*

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

KUVEYT TÜRK KATILIM BANKASI A.Ş

INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2014

We have reviewed the accompanying consolidated balance sheet of Kuveyt Türk Katılım Bankası A.Ş. (The “Bank”) and its financial subsidiaries (The “Group”) as of 30 September 2014, and the related consolidated statements of income, changes in shareholder’s equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank’s management. As independent auditors our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information; it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects, the financial position, the results of its operations and its cash flows, of the Group for the period ended 30 September 2014 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency (“BRSA”).

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 consolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying consolidated financial statements. The accounting principles used in the preparation of the accompanying consolidated financial statements differ materially from IFRS. Accordingly, the accompanying consolidated financial statements are not intended to present the Group’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.

İstanbul, 21 November 2014

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Şehsuvaroğlu
Partner

THE CONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

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The consolidated financial report for the nine months designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The subsidiaries, associates and jointly controlled entities, financial statements of which are consolidated within the framework of the reporting package are as follows:

	Subsidiaries	Associates	Jointly Controlled Entities
1.	Kuwait Turkish Participation Bank Dubai Ltd	-	Katılım Emeklilik ve Hayat A.Ş.
2.	KT Sukuk Varlık Kiralama A.Ş.	-	-
3.	KT Kira Sertifikaları Varlık Kiralama A.Ş.	-	-
4.	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-

The consolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of Turkish Lira, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently reviewed and presented as attached.

Hamad Abdalmohsen AL- MARZOUQ	Adnan ERTEM	M. Shujauddin AHMED	Ahmed S. AL KHARJI	Ufuk UYAN	Ahmet KARACA	İsmail Hakkı YEŞİLYURT
Chairman of the Board of Directors	Head of the Audit Committee	Member of the Audit Committee	Member of the Audit Committee	Chief Executive Officer	Chief Financial Officer	External Reporting Manager

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

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KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

SECTION ONE
GENERAL INFORMATION

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

Kuveyt Türk Katılım Bankası A.Ş. (“The Bank” or “The Parent Bank”) was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on February 28, 1989 and commenced its operations on March 31, 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 April 26, 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.

The Bank’s subsidiary, which has 100% share, Kuveyt Turkish Participation Bank Dubai Ltd. established at November, 2009. Main field of operations based on law, includes providing interest free corporate banking services, acting as investment intermediary, providing consulting services, performing asset management activities, performing investment activities and collecting funds through current and profit/loss sharing accounts.

The Parent Bank and consolidated Kuveyt Turkish Participation Bank Dubai Ltd. are named as “Group” together.

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

As of 30 September 2014 and 31 December 2013, 62.24% of the Parent Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by The Public Institution For Social Security in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% 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 Parent Bank

Name	Title	Date of the assignment	Date of Audit Committee assignment	Educational degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Chairman 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	22/12/2010	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%
Mohammad Shujaiddin AHMED	Member of BOD and Audit Committee	17/05/2012	13/11/2013	Bachelor	-
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	0.0114%
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	0.0143%
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	0.0012%
Mehmet ORAL	Assistant General Manager, Retail and SME Banking	01/10/2012		Bachelor	0.0029%

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.19% of the Bank’s share capital (31 December 2013 – 0.19%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

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 Parent Bank (continued)

In the Board of Director's Meeting on May 21, 2014, resignation of the Board of Directors Chairman Mohammad S.A.I ALOMAR has been accepted and all the duties related to his board membership have been terminated. In the Board of Director's Meeting on June 25, 2014; Hamad Abdulmohsen AL MARZOUQ has been assigned as Chairman of the Board of Directors in accordance with decision numbered 1531.

IV. Information on qualified shareholders

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	1,425,325	62.24%	1,425,325	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	428,671	18.72%	428,671	-
Total	1,853,996	80.96%	1,853,996	-

As of 30 September 2014, the shares of parent shareholder of the Parent 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. Summary information of the Parent Bank's services and field of operations

The Parent Bank's field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Parent Bank's core business is to operate 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 September 2014, the Group is operating through 296 domestic branches (31 December 2013 – 268) with 5,024 employees (31 December 2013 – 4,651). Summary of some of the Parent 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 Bank in line with the legislations.

The Parent Bank's activities are not limited to the list above. If another transaction is decided to be beneficial to the Parent 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

THE CONSOLIDATED FINANCIAL STATEMENTS

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2014
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. CONSOLIDATED BALANCE SHEET-ASSETS (STATEMENT OF FINANCIAL POSITION)

		Reviewed Current Period 30.09.2014			Audited Prior Period 31.12.2013		
	Note	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(I-a)	566,882	5,339,904	5,906,786	398,486	3,915,124	4,313,610
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(I-b)	56,758	18,270	75,028	99,320	15,472	114,792
2.1 Held for trading financial assets		56,758	18,270	75,028	99,320	15,472	114,792
2.1.1 Public sector debt securities		-	-	-	-	-	-
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		52,712	18,270	70,982	92,304	15,472	107,776
2.1.4 Other marketable securities		4,046	-	4,046	7,016	-	7,016
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)	21,315	2,369,829	2,391,144	31,267	2,443,070	2,474,337
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(I-d)	1,507,443	486,610	1,994,053	1,104,437	219,260	1,323,697
5.1 Equity securities		9,936	43,299	53,235	8,872	42,686	51,558
5.2 Public sector debt securities		1,497,507	199,098	1,696,605	1,092,138	176,574	1,268,712
5.3 Other marketable securities		-	244,213	244,213	3,427	-	3,427
VI. LOANS AND RECEIVABLES	(I-e)	17,841,774	2,754,667	20,596,441	14,803,658	1,496,568	16,300,226
6.1 Loans and receivables		17,736,585	2,754,667	20,491,252	14,758,165	1,496,568	16,254,733
6.1.1 Loans to risk group of the Bank		36,035	121,065	157,100	30,320	88,231	118,551
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		17,700,550	2,633,602	20,334,152	14,727,845	1,408,337	16,136,182
6.2 Non-performing loans		484,362	-	484,362	381,676	-	381,676
6.3 Specific provisions (-)		379,173	-	379,173	336,183	-	336,183
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)	22,680	-	22,680	72,853	-	72,853
9.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
9.2 Unconsolidated non-financial subsidiaries		22,680	-	22,680	72,853	-	72,853
X. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)		7,417	-	7,417	5,064	-	5,064
10.1 Accounted for under equity method		7,417	-	7,417	5,064	-	5,064
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial subsidiaries		-	-	-	-	-	-
10.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. FINANCE LEASE RECEIVABLES	(I-j)	519,324	114,942	634,266	379,139	29,293	408,432
11.1 Finance lease receivables		598,681	121,228	719,909	445,575	29,293	474,868
11.2 Operating lease receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned income (-)		79,357	6,286	85,643	66,436	-	66,436
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)		379,220	802	380,022	335,141	627	335,768
XIV. INTANGIBLE ASSETS (Net)		62,790	2,482	65,272	55,658	40	55,698
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		62,790	2,482	65,272	55,658	40	55,698
XV. INVESTMENT PROPERTIES (Net)		-	-	-	-	-	-
XVI. TAX ASSET	(I-l)	39,318	-	39,318	30,953	-	30,953
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset		39,318	-	39,318	30,953	-	30,953
XVII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		40,858	-	40,858	28,999	-	28,999
17.1 Held for sale		40,858	-	40,858	28,999	-	28,999
17.2 Discontinued operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(I-m)	426,278	78,346	504,624	251,905	63,218	315,123
TOTAL ASSETS		21,492,057	11,165,852	32,657,909	17,596,880	8,182,672	25,779,552

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2014
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

		Reviewed Current period 30.09.2014			Audited Prior Period 31.12.2013		
	Note	TL	FC	Total	TL	FC	Total
I. FUND COLLECTED	(II-a)	11,525,999	9,950,475	21,476,474	9,326,931	7,699,638	17,026,569
1.1 Funds from risk group of the Bank		105,507	340,172	445,679	128,838	242,479	371,317
1.2 Other		11,420,492	9,610,303	21,030,795	9,198,093	7,457,159	16,655,252
DERIVATIVE FINANCIAL LIABILITIES							
II. HELD FOR TRADING	(II-b)	38,270	15,307	53,577	43,664	15,284	58,948
III. FUNDS BORROWED	(II-c)	7,955	4,010,448	4,018,403	5,793	4,034,732	4,040,525
IV. MONEY MARKET BALANCES		350,038	-	350,038	221,428	-	221,428
V. MARKETABLE SECURITIES ISSUED (Net)		271,122	1,971,837	2,242,959	151,562	754,332	905,894
VI. SUNDRY CREDITORS	(II-d)	121,071	78,352	199,423	110,397	12,109	122,506
VII. OTHER LIABILITIES	(II-d)	439,856	52,451	492,307	290,282	24,398	314,680
VIII. FINANCE LEASE PAYABLES	(II-e)	-	332	332	-	1,828	1,828
8.1 Finance lease payables		-	345	345	-	1,878	1,878
8.2 Operating lease payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred finance lease expenses (-)		-	13	13	-	50	50
DERIVATIVE FINANCIAL LIABILITIES FOR							
IX. HEDGING PURPOSES	(II-f)	-	-	-	-	-	-
9.1 Fair value hedge		-	-	-	-	-	-
9.2 Cash flow hedge		-	-	-	-	-	-
9.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
X. PROVISIONS	(II-g)	274,490	64,927	339,417	241,124	69,190	310,314
10.1 General loan loss provisions		175,551	41,716	217,267	142,814	31,437	174,251
10.2 Restructuring provisions		-	-	-	-	-	-
10.3 Reserve for employee benefits		59,042	1,042	60,084	66,362	703	67,065
10.4 Insurance technical reserves (net)		-	-	-	-	-	-
10.5 Other provisions		39,897	22,169	62,066	31,948	37,050	68,998
XI. TAX LIABILITY	(II-h)	34,273	-	34,273	20,096	-	20,096
11.1 Current tax liability		34,273	-	34,273	20,096	-	20,096
11.2 Deferred tax liability		-	-	-	-	-	-
PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED							
XII. OPERATIONS (Net)		-	-	-	-	-	-
12.1 Held for sale		-	-	-	-	-	-
12.2 Discontinued operations		-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(II-i)	-	471,114	471,114	-	433,080	433,080
XIV. SHAREHOLDERS' EQUITY	(II-j)	2,965,696	13,896	2,979,592	2,320,631	3,053	2,323,684
14.1 Paid-in capital	(II-j)	2,287,005	-	2,287,005	1,700,000	-	1,700,000
14.2 Capital reserves		38,738	670	39,408	17,712	(4,713)	12,999
14.2.1 Share premium		24,525	-	24,525	23,250	-	23,250
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities revaluation reserve		26,489	670	27,159	6,738	(4,713)	2,025
14.2.4 Tangible assets revaluation reserve		-	-	-	-	-	-
14.2.5 Intangible assets revaluation reserve		-	-	-	-	-	-
14.2.6 Investment property revaluation reserve		-	-	-	-	-	-
Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-
14.2.7 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		(12,276)	-	(12,276)	(12,276)	-	(12,276)
14.3 Profit reserves		359,349	-	359,349	303,422	-	303,422
14.3.1 Legal reserves		77,869	-	77,869	60,800	-	60,800
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		208,951	-	208,951	203,396	-	203,396
14.3.4 Other profit reserves		72,529	-	72,529	39,226	-	39,226
14.4 Profit or loss		268,313	13,226	281,539	299,497	7,766	307,263
14.4.1 Prior period income/(losses)		(14,908)	7,766	(7,142)	(2,591)	1,931	(660)
14.4.2 Current period income/(losses)		283,221	5,460	288,681	302,088	5,835	307,923
14.5 Minority shares		12,291	-	12,291	-	-	-
TOTAL LIABILITIES AND EQUITY		16,028,770	16,629,139	32,657,909	12,731,908	13,047,644	25,779,552

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AND
CONTINGENCIES AS OF 30 SEPTEMBER 2014

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

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

Note	Reviewed Current period 30.09.2014			Audited Prior period 31.12.2013		
	TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	35,365,438	11,377,218	46,742,656	31,894,094	10,745,004	42,639,098
I. GUARANTEES (III-a)	4,274,906	4,042,364	8,317,270	4,093,800	4,578,547	8,672,347
1.1 Letters of guarantees	4,254,864	2,575,832	6,830,696	4,075,558	3,051,522	7,127,080
1.1.1 Guarantees subject to state tender law	188,112	2,300	190,412	174,507	2,154	176,661
1.1.2 Guarantees given for foreign trade operations	168,368	32,758	201,126	179,860	33,000	212,860
1.1.3 Other letters of guarantee	3,898,384	2,540,774	6,439,158	3,721,191	3,016,368	6,737,559
1.2 Bank loans	6,191	67,863	74,054	1,096	56,491	57,587
1.2.1 Import letter of acceptances	6,191	67,863	74,054	1,096	56,491	57,587
1.2.2 Other bank acceptances	-	-	-	-	-	-
1.3 Letter of credits	1,162	1,127,801	1,128,963	627	1,216,650	1,217,277
1.3.1 Documentary letter of credits	227	506,699	506,926	227	526,708	526,935
1.3.2 Other letter of credits	935	621,102	622,037	400	689,942	690,342
1.4 Pre-financing given as guarantee	-	16,975	16,975	-	17,321	17,321
1.5 Endorsements	-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Republic of Turkey	-	-	-	-	-	-
1.5.2 Other endorsements	-	-	-	-	-	-
1.6 Other guarantees	12,689	253,893	266,582	16,519	236,563	253,082
1.7 Other collaterals	-	-	-	-	-	-
II. COMMITMENTS (III-a)	27,022,792	1,190,063	28,212,855	23,651,192	794,002	24,445,194
2.1 Irrevocable commitments	1,888,619	1,190,063	3,078,682	1,617,579	794,002	2,411,581
2.1.1 Forward asset purchase commitments	385,768	1,190,063	1,575,831	302,327	794,002	1,096,329
2.1.2 Share capital commitment to associates and subsidiaries	-	-	-	-	-	-
2.1.3 Loan granting commitments	93,266	-	93,266	41,181	-	41,181
2.1.4 Securities underwriting commitments	-	-	-	-	-	-
2.1.5 Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.6 Payment commitment for checks	870,519	-	870,519	824,093	-	824,093
2.1.7 Tax and fund liabilities from export commitments	99	-	99	106	-	106
2.1.8 Commitments for credit card expenditure limits	538,967	-	538,967	449,872	-	449,872
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	-	-	-	-	-	-
2.2 Revocable commitments	25,134,173	-	25,134,173	22,033,613	-	22,033,613
2.2.1 Revocable loan granting commitments	25,134,173	-	25,134,173	22,033,613	-	22,033,613
2.2.2 Other revocable commitments	-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	4,067,740	6,144,791	10,212,531	4,149,102	5,372,455	9,521,557
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	4,067,740	6,144,791	10,212,531	4,149,102	5,372,455	9,521,557
3.2.1 Forward foreign currency buy/sell transactions	4,067,070	5,679,854	9,746,924	4,139,512	5,208,626	9,348,138
3.2.1.1 Forward foreign currency transactions-buy	2,107,896	2,898,472	5,006,368	2,324,327	2,340,715	4,665,042
3.2.1.2 Forward foreign currency transactions-sell	1,959,174	2,781,382	4,740,556	1,815,185	2,867,911	4,683,096
3.2.2 Other forward buy/sell transactions	670	464,937	465,607	9,590	163,829	173,419
3.3 Other	-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	119,404,359	72,742,433	192,146,792	87,086,723	68,887,686	155,974,409
IV. ITEMS HELD IN CUSTODY	4,683,398	951,337	5,634,735	3,785,834	673,347	4,459,181
4.1 Assets under management	-	-	-	-	-	-
4.2 Investment securities held in custody	-	-	-	44,848	-	44,848
4.3 Checks received for collection	3,994,174	428,774	4,422,948	3,279,385	400,775	3,680,160
4.4 Commercial notes received for collection	689,224	105,367	794,591	461,601	91,583	553,184
4.5 Other assets received for collection	-	-	-	-	-	-
4.6 Assets received for public offering	-	-	-	-	-	-
4.7 Other items under custody	-	-	-	-	-	-
4.8 Custodians	-	417,196	417,196	-	180,989	180,989
V. PLEDGED ITEMS	114,709,285	71,764,153	186,473,438	83,289,213	68,188,947	151,478,160
5.1 Marketable securities	250,758	22,219	272,977	204,398	30,619	235,017
5.2 Guarantee notes	102,015	922,848	1,024,863	102,015	865,325	967,340
5.3 Commodity	2,683,057	245,482	2,928,539	2,539,780	224,442	2,764,222
5.4 Warranty	-	-	-	-	-	-
5.5 Properties	51,909,963	541,612	52,451,575	38,528,360	644,430	39,172,790
5.6 Other pledged items	59,763,492	70,031,992	129,795,484	41,914,660	66,424,131	108,338,791
5.7 Pledged items-depository	-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,676	26,943	38,619	11,676	25,392	37,068
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	154,769,797	84,119,651	238,889,448	118,980,817	79,632,690	198,613,507

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED
30 SEPTEMBER 2014

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

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

			Current Period Reviewed 01.01 – 30.09.2014	Prior Period Reviewed 01.01- 30.09.2013	Current Period Reviewed 01.04 – 30.09.2014	Prior Period Reviewed 01.04- 30.09.2013
	Note					
I.	PROFIT SHARE INCOME	(IV-a)	1,467,058	1,051,293	536,764	363,678
1.1	Profit share on loans		1,320,288	973,079	481,033	334,545
1.2	Profit share on reserve deposits		-	-	-	-
1.3	Profit share on banks		10,284	5,882	3,466	1,244
1.4	Profit share on money market placements		-	-	-	-
1.5	Profit share on marketable securities portfolio		91,295	39,962	34,187	16,752
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		91,295	39,962	34,187	16,752
1.5.4	Investments held-to-maturity		-	-	-	-
1.6	Finance lease income		29,227	16,210	12,398	6,325
1.7	Other profit share income		15,964	16,160	5,680	4,812
II.	PROFIT SHARE EXPENSE	(IV-b)	647,770	443,337	232,388	155,961
2.1	Expense on profit sharing accounts		481,091	326,015	168,383	111,205
2.2	Profit share expense on funds borrowed		84,325	82,048	29,721	31,827
2.3	Profit share expense on money market borrowings		21,702	5,541	3,388	5,541
2.4	Expense on securities issued		59,508	29,733	30,501	7,388
2.5	Other profit share expense		1,144	-	395	-
III.	NET PROFIT SHARE INCOME (I - II)		819,288	607,956	304,376	207,717
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		91,036	68,524	40,059	25,165
4.1	Fees and commissions received		165,695	121,527	66,569	43,693
4.1.1	Non-cash loans		55,488	52,002	18,597	18,689
4.1.2	Other	(IV-l)	110,207	69,525	47,972	25,004
4.2	Fees and commissions paid		74,659	53,003	26,510	18,528
4.2.1	Non-cash loans		128	157	40	41
4.2.2	Other	(IV-l)	74,531	52,846	26,470	18,487
V.	DIVIDEND INCOME	(IV-c)	-	-	-	-
VI.	NET TRADING INCOME	(IV-d)	108,773	126,414	27,573	48,814
6.1	Capital market transaction gains / (losses)		484	583	(41)	2,072
6.2	Gains/ (losses) from derivative financial instruments		28,772	26,672	(3,226)	22,048
6.3	Foreign exchange gains / (losses)		79,517	99,159	30,840	24,694
VII.	OTHER OPERATING INCOME	(IV-e)	99,843	118,139	1,475	30,981
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		1,118,940	921,033	373,483	312,677
	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-f)	183,718	183,529	47,262	42,566
X.	OTHER OPERATING EXPENSES (-)	(IV-g)	576,297	437,892	195,181	154,432
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		358,925	299,612	131,040	115,679
	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XII.	GAIN / (LOSS) ON EQUITY METHOD		(2,647)	-	(1,134)	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
	PROFIT/(LOSS) FROM CONTINUED OPERATIONS					
XV.	BEFORE TAXES (XI+...+XIV)	(IV-h)	356,278	299,612	129,906	115,679
XVI.	TAX CHARGE FOR CONTINUED OPERATIONS (±)	(IV-i)	(68,102)	(57,350)	(19,943)	(22,223)
16.1	Current income tax charge		(82,749)	(53,056)	(26,909)	(23,675)
16.2	Deferred tax charge / benefit		14,647	(4,294)	6,966	1,452
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		288,176	242,262	109,963	93,456
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
18.1	Income on assets held for sale		-	-	-	-
	Income on sale of associates, subsidiaries and jointly controlled entities (joint vent.)		-	-	-	-
18.2	Income on other discontinued operations		-	-	-	-
18.3	Income on other discontinued operations		-	-	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1	Loss from assets held for sale		-	-	-	-
	Loss on sale of associates, subsidiaries and jointly controlled entities (joint vent.)		-	-	-	-
19.2	Loss from other discontinued operations		-	-	-	-
19.3	Loss from other discontinued operations		-	-	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS					
XXI.	BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI.	TAX CHARGE FOR DISCONTINUED OPERATIONS (±)	(IV-j)	-	-	-	-
21.1	Current income tax charge		-	-	-	-
21.2	Deferred tax charge / benefit		-	-	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(IV-k)	288,176	242,262	109,963	93,456
23.1	Group's income/loss		288,681	242,262	110,014	93,456
23.2	Minority interest income/loss (-)		(505)	-	(51)	-
	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 CONSOLIDATED PROFIT AND LOSS ACCOUNTED FOR UNDER
EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

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

	Reviewed Current Period 01.01-30.09.2014	Reviewed Prior Period 01.01-30.09.2013
I. Additions to marketable securities revaluation differences from available for sale financial assets	32,684	(19,057)
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	6,101	7,875
V. Profit/loss from derivative financial instruments for cash flow hedge purposes (effective portion of fair value differences)	-	-
VI. Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted under equity as per Turkish accounting standards	-	-
IX. Deferred tax on valuation differences	(6,282)	3,811
X. Total net profit/loss accounted under equity (I+II+...+IX)	32,503	(7,371)
XI. Profit/loss	(1,268)	-
XI.1 Change in fair value of marketable securities (transfer to profit/loss)	(1,268)	-
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	-	-
XII. Total profit/loss accounted for the period (X±XI)	31,235	(7,371)

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

V. CONSOLIDATED 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 – (01.01-30.09.2013)																			
I.	Balances at beginning of the period	1,100,000	-	23,250	-	46,405	-	246,279	8,125	-	249,495	13,208	-	-	-	-	1,686,762	-	1,686,762
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 (I+II)	1,100,000	-	23,250	-	46,405	-	246,279	8,125	-	249,495	13,208	-	-	-	-	1,686,762	-	1,686,762
IV.	Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Marketable securities revaluation differences	-	-	-	-	-	-	-	-	-	-	(15,246)	-	-	-	-	(15,246)	-	(15,246)
VII.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	7,875	-	-	-	-	-	-	-	7,875	-	7,875
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	600,000	-	-	-	-	-	(188,491)	(1,509)	-	(50,000)	-	-	-	-	-	360,000	-	360,000
14.1	Cash	360,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,000	-	360,000
14.2	Internal sources	240,000	-	-	-	-	-	(188,491)	(1,509)	-	(50,000)	-	-	-	-	-	-	-	-
XV.	Share issue premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Net income/(loss) for the period	-	-	-	-	-	-	-	-	242,262	-	-	-	-	-	-	242,262	-	242,262
XX.	Profit distribution (*)	-	-	-	-	14,395	-	145,608	21,280	-	(200,155)	-	-	-	-	-	(18,872)	-	(18,872)
20.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(18,872)	-	-	-	-	-	(18,872)	-	(18,872)
20.2	Transfers to reserves	-	-	-	-	14,395	-	145,608	21,280	-	(181,283)	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period																			
(III+IV+V+.....+XVIII+XIX+XX)		(II-k)	1,700,000	-	23,250	-	60,800	-	203,396	35,771	242,262	(660)	(2,038)	-	-	-	2,262,781	-	2,262,781

(*) In the Ordinary General Assembly Meeting dated 28 March 2013, after deducting the financial obligations from the profit of the year 2012, the remaining balance of TL 250,155 classified as follows: TL 145,608 as extraordinary reserve; TL 14,395 as legal reserves of which TL 12,508 as the first legal reserves and TL 1,887 as the second legal reserves; TL 18,872 as dividend payable to Shareholders' and Board of Members, TL 21,280 as other reserves and TL 50,000 capital transfer from retained earnings.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

V. CONSOLIDATED 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
Current period - (01.01-30.09.2014)																			
I.	Beginning balance	1,700,000	-	23,250	-	60,800	-	203,396	26,950	-	307,263	2,025	-	-	-	-	2,323,684	-	2,323,684
	Changes in period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities revaluation differences	-	-	-	-	-	-	-	-	-	-	25,134	-	-	-	-	25,134	-	25,134
IV.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	6,101	-	-	-	-	-	-	-	6,101	-	6,101
IX.	Changes related to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes related to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in associate's equity (***)	-	-	1,275	-	-	-	-	-	-	(14,062)	-	-	-	-	-	(12,787)	12,796	9
XII.	Capital increase	590,000	-	-	-	-	-	-	27,202	-	(229,093)	-	-	-	-	-	388,109	-	388,109
12.1	Cash	360,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,000	-	360,000
12.2	Internal sources	230,000	-	-	-	-	-	-	27,202	-	(229,093)	-	-	-	-	-	28,109	-	28,109
XIII.	Share issue premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other (**)	(2,995)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,995)	-	(2,995)
XVII.	Net income/(loss) for the period	-	-	-	-	-	-	-	-	288,681	-	-	-	-	-	-	288,681	(505)	288,176
XVIII.	Profit distribution(*)	-	-	-	-	17,069	-	5,555	-	-	(71,250)	-	-	-	-	-	(48,626)	-	(48,626)
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(20,517)	-	-	-	-	-	(20,517)	-	(20,517)
18.2	Transfers to reserves	-	-	-	-	17,069	-	5,555	-	-	(50,733)	-	-	-	-	-	(28,109)	-	(28,109)
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing balance																		
	(I+II+III+...+XVI+XVII+XVIII)	(II-k)	2,287,005	-	24,525	-	77,869	-	208,951	60,253	288,681	(7,142)	27,159	-	-	-	2,967,301	12,291	2,979,592

(*) In the Ordinary General Assembly Meeting dated 27 March 2014, after deducting the financial obligations from the profit of the year 2013, the remaining balance of TL 300,343 classified as follows: TL 5,555 as extraordinary reserve; TL 17,069 as legal reserves of which TL 15,017 as the first legal reserves and TL 2,052 as the second legal reserves; TL 20,517 as dividend payable to Shareholders' and Board of Members; TL 27,202 as other reserves and TL 230,000 capital transfer from retained earnings.

(**) It represents the Parent 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 Parent Bank.

(***) Körfez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi. The Company has been publicly traded since 25 April 2014 and consolidated since 30 June 2014.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOWS STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

VI. CONSOLIDATED CASH FLOWS STATEMENT

		Reviewed	Reviewed
		Current period	Prior Period
		01.01-30.09.2014	01.01-30.09.2013
	Note		
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	420,834	352,199
1.1.1	Profit share income received	1,406,468	1,033,456
1.1.2	Profit share expense paid	(616,153)	(437,347)
1.1.3	Dividend received	-	-
1.1.4	Fees and commissions received	166,137	124,956
1.1.5	Other income	64,663	55,420
1.1.6	Collections from previously written off loans	41,304	41,479
1.1.7	Payments to personnel and service suppliers	(457,878)	(351,711)
1.1.8	Taxes paid	(89,696)	(49,823)
1.1.9	Others	(94,011)	(64,231)
1.2	Changes in operating assets and liabilities	(1,112,961)	431,352
1.2.1	Net (increase) decrease held for trading financial assets	2,970	(22,812)
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	(2,577,024)	(33,869)
1.2.4	Net (increase) decrease in loans	(4,572,035)	(3,379,646)
1.2.5	Net (increase) decrease in other assets	32,161	(131,840)
1.2.6	Net increase (decrease) in bank deposits	487,562	181,931
1.2.7	Net increase (decrease) in other deposits	3,967,501	2,655,301
1.2.8	Net increase (decrease) in funds borrowed	1,290,934	1,105,892
1.2.9	Net increase (decrease) in due payables	-	-
1.2.10	Net increase (decrease) in other liabilities	254,970	56,395
I.	Net cash provided from / (used in) banking operations	(692,127)	783,551
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from / (used in) investing activities	(747,872)	(730,287)
2.1	Cash paid for purchase jointly controlled operations, associates and subsidiaries	(5,000)	-
2.2	Cash obtained from sale of jointly controlled operations, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(87,053)	(46,705)
2.4	Fixed assets sales	5,253	28
2.5	Cash paid for purchase of financial assets available for sale	(706,702)	(677,609)
2.6	Cash obtained from sale of financial assets available for sale	67,957	-
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Other	(22,327)	(6,001)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from / (used in) financing activities	336,488	349,003
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	367,875
3.4	Dividends paid	(20,517)	(18,872)
3.5	Payments for finance leases	-	-
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	13,505	24,767
V.	Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	(1,090,006)	427,034
VI.	Cash and cash equivalents at the beginning of the period	2,987,060	1,831,067
VII.	Cash and cash equivalents at the end of the period	1,897,054	2,258,101

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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SECTION THREE
ACCOUNTING PRINCIPLES

I. Explanations on basis of presentation

a. The preparation of the consolidated 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 and 38 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 guidance.

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 were established. The financial statements are prepared based on the TAS/TFRS and the related statements and guidance announced by the Public Oversight, Accounting and Auditing Standards Authority.

b. Classifications

None.

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

The consolidated 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 consolidated 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.

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

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

Explanation for Convenience Translation to English

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements to be used and IFRS have not been quantified in the financial statements.

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

The Group 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. Valuation differences of foreign currencies have been recognized in the income statement under the 'Net foreign exchange income/expense' account. The foreign currency net investment in consolidated foreign subsidiaries is translated into Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and average exchange rate for their income statement items. The currency translation gain arising from the consolidated subsidiaries' foreign currency differences has been recorded in "Other Profit Reserves" under shareholders' equity.

The Group'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 Group.

III. Information about the Parent Bank and its Consolidated Subsidiaries

The consolidated financial statements have been prepared in accordance with the "Turkish Accounting Standard for the Consolidated and Separate Financial Statements ("TAS 27").

The subsidiaries included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

Description	Address (City/Country)	Principal Activity	30 September 2014	31 December 2013	Consolidation Method
Kuwait Turkish Participation Bank Dubai Ltd.	Dubai/United Arab Emirates	Banking	100%	99.99%	Full consolidation
KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Turkey	Financial Institution	100%	100%	Full consolidation
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Turkey	Financial Institution	100%	100%	Full consolidation
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.(*)	İstanbul/Turkey	Financial Institution	75%	100%	Full consolidation
Katılım Emeklilik ve Hayat A.Ş.	İstanbul/Turkey	Financial Institution	50%	50%	Accounted for under equity method

The Parent Bank and its consolidated subsidiaries of the Parent Bank, as a whole, are named as "Group".

Consolidation principles of subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

(*)Körfez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi is included in the consolidation starting from 30 June 2014.

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III. Information about the Parent Bank and its Consolidated Subsidiaries (continued)

Control is received as the Bank has more than half of the voting rights directly or indirectly through subsidiaries or not has majority but has privileged shares or has half of the voting rights with respect to agreements made with other shareholders or has authority to manage financial and operating policies of the company through a regulation or an agreement or has power to control the majority of votes at the board of directors or at executive organ containing these rights or has power to appoint or disposal majority of the members of the board of directors.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, and income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group and presented separately in the Group's income.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

The Group 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.

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 Group 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.

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

VI. Explanations on fees and commission income and expenses (continued)

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 Group classifies and accounts for its financial assets as “Fair value through profit/loss”, “Available for sale”, and 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 Group 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 rediscounts 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.

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(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 Group 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 Parent 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.

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
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VIII. Explanations on impairment of financial assets (continued)

iii) Financial assets available for sale (continued):

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 Group 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 September 2014, the Group has repurchasing agreements amounting to TL 350,038 (31 December 2013 – TL 221,428).

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.

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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 Group has assets acquired due to receivables and debtors' obligations to the Group, 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 Group due to receivables and debtors' obligations to the Group 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 Parent 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 Group 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.

XIII. Explanations on tangible assets

Fixed assets are stated at cost, 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%

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XIII. Explanations on tangible assets (continued)

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.

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.

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.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

XIV. Explanations on leasing transactions

Group 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.

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XIV. Explanations on leasing transactions (continued)

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

Group as a lessor

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

XV. Explanations on provisions and contingent liabilities

Provisions 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 Group 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.

Provisions are recognized 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 Group is required to make severance pay to each employee who has completed over one year of service with the Group and who retires or quits the employment to receive old age or disability benefits, to fulfil 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.

The retirement pay provision recognized in the accompanying financial statements, is calculated based on “Turkish Accounting Standard on Employee Benefits (“TAS 19”), and these liabilities are calculated by an independent actuary firm. Group is accounted all actuarial profit and loss under Statement of other Comprehensive Income

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

b) Defined contribution plans:

The Parent 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.

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

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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 15th and 30th 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 instalment 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.

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XVII. Explanations on taxation (continued)

Deferred tax

The Group 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.

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 Group does not apply hedging techniques on related borrowings.

There are debt securities issued by the Group which are described in detail below.

The Group has not issued convertible bonds.

Borrowing through the rent certificates (Sukuk)

In order to collect funds from various investors, the Parent 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 Parent Bank has performed this issue through KT Sukuk Varlık Kiralama A.Ş., which is a subsidiary of the Parent 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 Parent Bank. Within the scope of the aforementioned transaction, the Parent 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 September 2014 TL 26,320 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 in the unconsolidated financial statements.

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 in the unconsolidated financial statements.

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XVIII. Explanations on additional disclosures on borrowings (continued)

The remaining part of the total funds of USD 350 million transferred by KT Sukuk Varlık Kiralama A.Ş. to the Parent 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.

While preparing the unconsolidated financial statements as per TFRS explanation 27, the below eliminations and classifications have been performed to borrowings through the rent certificate (Sukuk) which is accounted at the stand alone financial statements as mentioned below :

The difference between the sales price and the net carrying value before the sale amounting to TL 108,287 (31 December 2013: TL 136,245) of the real estate property concerning rent certificate is eliminated from “Tangible Assets”, deferred income amounting to TL 109,506 (31 December 2013: TL 135,826) is eliminated from “Other Liabilities”, current period PL effect of deferred income from real estate property amounting to TL 26,320 (30 September 2013: TL 19,889) and amortization expense based on the revaluation of property amounting to TL 1,638 (30 September 2013: TL 1,638) and fixed asset impairment amounting to TL 24,682 (30 September 2013: TL 19,889) is eliminated from other operating expenses.

Additionally; in order to collect funds from various investors, the Parent Bank issued rent certificate with TL 150.000.000 (full amount) nominal shares, with maturity of 364 days, at 18 November 2014, and has an ISIN code TRDKTVKK1411, which is started to be traded in Outright Purchases and Sales Market in Istanbul Stock Exchange Debt Securities Market since 20 November 2013 with the decision of Board of Directors of Stock Exchange dated 24 October 2013. The Parent Bank has performed this issue through KT Kira Sertifikaları A.Ş., which is a associate of the Parent Bank. The underlying asset of the rent certificate is finance lease receivables. Revenue distribution of rent certificates is determined 9.10% yearly in public offering (periodic revenue distribution 2.27%) so, rent certificates which has TL 100 nominal shares is publicly offered with TL 100 sales price. The first period of revenue distribution of issued rent certificate with the ISIN code of TRDKTVKK1411 is performed at 18 February 2014 and rental payments (TL 3,405,000 full amount) are debited to the related member’s accounts at Takasbank A.Ş.

The Bank issued a 5 year rent certificate amounting to USD 500,000,000 (full amount) on 26 June 2014 with a semi annual profit payment schedule and a profit share rate of 5.16% will be matured on 26 June 2019. Rent certificate has been issued to qualified foreign investors.

The Bank issued a rent certificate amounting to TL 50 million (full amount) on 29 September 2014 with a profit share rate of 9.16% when will be matured on 29 December 2014.

The Bank issued a rent certificate amounting to TL 100 million (full amount) on 29 September 2014 with a profit share rate of 9.95% when will be matured on 23 March 2015.

XIX. Explanations on share certificates issued

There is no significant amount of transaction costs on Group 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 Group.

XXII. Explanations on segment reporting

The Group operates in three main segments; Retail and Enterprise Banking; Commercial Banking; Corporate and International Banking, 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.

XXIV. Explanations on other matters

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations on consolidated 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 15.25% (31 December 2013: 14.43%).

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

Information for capital adequacy standard ratio:

Current Period	30 September 2014							
	Risk Weights (*)							
Consolidated	0%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	254,101	4,358,209	2,682,199	11,868,162	118,368	162,220	15,378
Exposure Categories	6,479,918	1,270,503	8,716,417	3,576,265	11,868,162	78,912	81,110	6,151
Conditional and unconditional receivables from central governments or central banks	4,430,976	-	6	-	-	-	-	-
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	12,534	1,222,955	1,561,528	-	1,071,198	-	-	-
Conditional and unconditional receivables from corporates	339,768	-	-	-	8,566,044	-	-	-
Conditional and unconditional retail receivables	135,994	-	-	3,576,265	5,493	-	-	-
Conditional and unconditional receivables secured by mortgages	28,408	-	7,141,636	-	1,215,305	-	-	-
Past due receivables	62	-	13,253	-	41,735	-	-	-
Receivables defined in high risk category by BRSA	139	-	-	-	-	78,912	81,110	6,151
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1,532,037	47,548	-	-	968,387	-	-	-

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

Current Period	30 September 2014							
	Risk Weights (*)							
Parent Bank	0%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	252,493	4,358,212	2,682,199	11,970,988	118,368	162,220	15,378
Exposure Categories	6,479,918	1,262,467	8,716,423	3,576,265	11,970,988	78,912	81,110	6,151
Conditional and unconditional receivables from central governments or central banks	4,430,976	-	6	-	-	-	-	-
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	12,534	1,214,919	1,561,528	-	1,070,258	-	-	-
Conditional and unconditional receivables from corporates	339,768	-	-	-	8,481,394	-	-	-
Conditional and unconditional retail receivables	135,994	-	-	3,576,265	5,493	-	-	-
Conditional and unconditional receivables secured by mortgages	28,408	-	7,141,636	-	1,215,305	-	-	-
Past due receivables	62	-	13,253	-	41,735	-	-	-
Receivables defined in high risk category by BRSA	139	-	-	-	-	78,912	81,110	6,151
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1,532,037	47,548	-	-	1,156,803	-	-	-

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

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

Information for capital adequacy standard ratio (continued):

Prior Period 31.12.2013		Risk Weights (*)							
Consolidated	0%	20%	50%	75%	100%	150%	200%	250%	
Value at Credit Risk	-	288,497	3,255,024	2,528,361	10,418,508	181,986	105,642	37,368	
Exposure Categories	4,993,807	1,442,483	6,510,048	3,371,148	10,418,508	121,324	52,821	14,947	
Conditional and unconditional receivables from central governments or central banks	3,228,145	-	-	-	-	-	-	-	
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	41,649	1,442,482	1,032,671	-	626,147	-	-	-	
Conditional and unconditional receivables from corporates	312,784	-	-	-	8,064,074	-	-	-	
Conditional and unconditional retail receivables	144,708	-	-	3,371,148	14,412	-	-	-	
Conditional and unconditional receivables secured by mortgages	45,172	-	5,469,600	-	907,099	-	-	-	
Past due receivables	24	-	7,777	-	14,815	-	-	-	
Receivables defined in high risk category by BRSA	211	-	-	-	-	121,324	52,821	14,947	
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	
Other receivables	1,221,114	1	-	-	791,961	-	-	-	

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

Prior Period 31.12.2013		Risk Weights (*)						
Parent Bank	0%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	288,497	3,255,024	2,528,361	10,532,501	181,986	105,642	37,368
Value at Credit Risk	4,993,804	1,442,483	6,510,048	3,371,148	10,532,501	121,324	52,821	14,947
Conditional and unconditional receivables from central governments or central banks	3,228,145	-	-	-	-	-	-	-
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	41,649	1,442,482	1,032,671	-	625,689	-	-	-
Conditional and unconditional receivables from corporates	312,784	-	-	-	7,996,754	-	-	-
Conditional and unconditional retail receivables	144,708	-	-	3,371,148	14,412	-	-	-
Conditional and unconditional receivables secured by mortgages	45,172	-	5,469,600	-	907,099	-	-	-
Past due receivables	24	-	7,777	-	14,815	-	-	-
Receivables defined in high risk category by BRSA	211	-	-	-	-	121,324	52,821	14,947
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1,221,111	1	-	-	973,732	-	-	-

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

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

Summary of the capital adequacy standard ratio of the Group:

	Parent Bank	Consolidated	Parent Bank	Consolidated
	Current period(*)	Current period(*)	Prior period	Prior period
Capital Requirement for Credit Risk (Amount Subject to Credit Risk *0.08) (CRCR)	1,564,789	1,556,691	1,354,350	1,345,231
Capital Requirement for Market Risk (MRCR)	40,943	45,510	33,767	35,557
Capital Requirement for Operational Risk (ORCR)	147,418	145,729	116,665	115,876
Shareholders' Equity	3,312,535	3,331,778	2,678,763	2,700,398
Shareholders' Equity / ((TRWA + ASMR + ASOR) *12.5 *100)	15.12	15.25	14.24	14.43
Core Capital /((TRWA+ASMR+ASOR) *12.5)*100	12.79	12.92	-	-
Tier I Capital/((TRWA+ASMR+ASOR) *12.5)*100	13.17	13.30	-	-

(*)The Bank calculates its capital in accordance with "Regulations on the Capital of the Banks" published in Official Gazette, dated 5 September 2013, numbered 28756 and also calculates it's Capital Adequacy Standard Ratio depending on this framework. The informations given as prior period were calculated in the framework of prior regulations.

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

	Current Period
TIER I CAPITAL	2,905,537
Paid-in Capital to be Entitled for Compensation after All Creditors	2,287,005
Share Premium	24,525
Share Cancellation Profits	-
Reserves	307,636
Other Comprehensive Income according to TAS	78,873
Profit	281,539
Current Period Profit	288,681
Prior Period Profit	(7,142)
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I Capital Before Deductions	2,979,578
Deductions From Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	12,276
Leasehold Improvements on Operational Leases (-)	40,847
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	13,054
Net Deferred Tax Asset/Liability (-)	7,863
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 (-)	-
Total Deductions from Tier I Capital	74,040
Total Tier I Capital	2,905,538
ADDITIONAL CORE CAPITAL	
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)	-
Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	
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 (-)	-
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	83,671
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 (-)	52,217
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 (-)	31,454
Total Core Capital	2,821,867

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

	Current Period
TIER II CAPITAL	531,459
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)	381,329
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	150,130
Tier II Capital before Deductions	-
Deductions from Tier II Capital	-
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 (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	531,459
CAPITAL	3,353,326
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 (-)	2,750
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 (-)	18,798
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 (-)	-
EQUITY	3,331,778
Amounts lower than Excesses as per Deduction Rules	-
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	-

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

	Prior period
CORE CAPITAL	1,700,000
Paid-in Capital	2,060,000
Nominal capital	360,000
Capital commitments (-)	-
Inflation indexation difference on paid-in capital	23,250
Share premium	-
Share cancellations profits	291,146
Legal Reserves(*)	-
Inflation Adjustments to Legal Reserves	307,923
Profit	307,923
Current Period's Profit	-
Prior Periods' Profit	-
Provision for Possible Losses (up to 25% of Core Capital)	-
Income on Sale of Equity Shares and Real Estates	-
Primary subordinated loans up to 15% of the core capital	(660)
Loss (in excess of Reserves) (-)	-
Current Period's Losses -	(660)
Prior Periods' Losses	38,046
Leasehold Improvements on Operational Leases (-)	55,698
Intangible Assets (-)	-
Deferred Tax Asset in excess of 10% of Core Capital (-)	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	2,227,915
Total core capital	126,414
SUPPLEMENTARY CAPITAL	126,414
General provisions	-
45% of the revaluation reserve for movable fixed assets	-
45% of the of revaluation reserve for properties	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Primary subordinated loans excluded in the calculation of the core capital	350,741
Secondary subordinated loans	911
45% of Securities Value Increase Fund	-
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit / Loss	478,066
Total supplementary capital	2,705,981
CAPITAL	5,583
DEDUCTIONS FROM CAPITAL	-
Shareholdings of banks and financial institutions (Domestic, Foreign) in which the Bank has investments of ten percent or more	-
Shareholdings of banks and financial institutions (Domestic, Foreign) in which the Bank has investments less than ten percent total of which exceed ten percent of Bank's Core and Supplementary Capital	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from such parties qualified as Primary or Secondary Subordinated Debts	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	2,431
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years from foreclosure	-
Securitization Positions to be Deducted from Equity	3,152
TOTAL SHAREHOLDER'S EQUITY	2,700,398

(*)Also includes the actuarial loss amount of retirement pay liability amounting TL 12,276.

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II. Explanations on consolidated market risk

The Group 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 Parent 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 Parent 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 Group 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 September 2014, 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.

a. Information related to consolidated market risk:

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	15,451	14,451
(II) Capital Obligation against Specific Risk - Standard Method	13,240	3,392
Capital Requirement against Specific Risks of Securitization Positions– Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	10,431	10,198
(IV) Capital Obligation against Commodity Risk - Standard Method	4,429	5,493
(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	1,959	2,023
(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)	45,510	35,557
(X) Value-At-Market Risk (12.5 x VIII) or (12.5 x IX)	568,875	444,461

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III. Explanations on consolidated currency risk

Foreign currency risk represents the Group'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 Parent 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 September 2014, the Group carries a net foreign currency long position of TL 368,411 (31 December 2013 – TL 627,668 long position) comprising TL 291,062 off balance sheet short position (31 December 2013 - TL 558,509 short position) and TL 77,349 net long position (31 December 2013 - TL 69,159 net long position).

The announced current foreign exchange buying rates of the Parent Bank as of 31 December 2013 and the previous five working days are as follows (Full TL):

	23/09/2014	24/09/2014	25/09/2014	26/09/2014	27/09/2014	Balance sheet evaluation rate
USD	2.2400	2.2319	2.2325	2.2482	2.2557	2.2789
EURO	2.8781	2.8745	2.8677	2.8607	2.8748	2.8914
GBP	3.6533	3.6479	3.6541	3.6578	3.6735	3.6933
CHF	2.3788	2.3752	2.3690	2.3630	2.3762	2.3895
JPY	0.0205	0.0205	0.0205	0.0205	0.0206	0.0208

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

	Monthly average FC purchase rate
USD	2.2039
EURO	2.8492
GBP	3.5925
CHF	2.3535
JPY	0.0205

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III. Explanations on consolidated currency risk (continued)

Currency risk of the Group:

	EURO	USD	Other FC(****)	Total
Current period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	356,638	3,076,965	1,906,301	5,339,904
Banks(****)	351,682	1,841,708	176,439	2,369,829
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Available-for-sale financial assets (**)	-	487,324	-	487,324
Loans and finance lease receivables (*)	2,263,030	6,246,664	163,629	8,673,323
Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	395	407	-	802
Intangible assets	2,407	75	-	2,482
Other assets	21,897	46,801	9,145	77,843
Total assets	2,996,049	11,699,944	2,255,514	16,951,507
Liabilities				
Current account and funds collected from Banks via participation accounts	9,446	381,056	110,603	501,105
Current and profit sharing accounts FC	2,430,748	5,198,657	1,819,965	9,449,370
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	276,908	4,204,986	-	4,481,894
Marketable securities issued	-	1,971,837	-	1,971,837
Miscellaneous payables	3,325	73,722	1,305	78,352
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	23,590	67,955	8,993	100,538
Total liabilities	2,744,017	11,898,213	1,940,866	16,583,096
Net balance sheet position	252,032	(198,269)	314,648	368,411
Net off-balance sheet position	(234,258)	261,353	(318,157)	(291,062)
Financial derivative assets	407,260	2,910,745	203,891	3,521,896
Financial derivative liabilities	641,518	2,649,392	522,048	3,812,958
Non-cash loans (***)	1,188,241	2,548,684	305,439	4,042,364
Prior period				
Total assets	2,421,172	8,998,442	2,221,665	13,641,279
Total liabilities	2,096,525	8,605,472	2,311,614	13,013,611
Net balance sheet position	324,647	392,970	(89,949)	627,668
Net off-balance sheet position	(306,654)	(336,898)	85,043	(558,509)
Financial derivative assets	560,227	1,997,013	246,734	2,803,974
Financial derivative liabilities	866,881	2,333,911	161,691	3,362,483
Non-cash loans (***)	1,484,520	2,613,401	480,626	4,578,547

(*) Includes foreign currency indexed loans amounting to TL 5,803,714 (31 December 2013 – TL 5,474,647) followed as TL on the balance sheet.

(**) Includes TL 714 (31 December 2013 – TL 714) of foreign currency denominated available for sale financial assets, which are followed in Turkish Lira as TL 1,994,053 on the balance sheet.

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

(****) Precious metals are included in "Other FC" column.

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 18,270 (31 December 2013 – TL 15,472)
- Prepaid expenses: TL 503 (31 December 2013 – TL 1,282)
- Derivative financial liabilities held for trading: TL 15,307 (31 December 2013 – TL 15,284)
- The general provision for the bank's share: TL 16,840 (31 December 2013 – TL 15,696)
- Shareholders equity of FC: TL 13,896 (31 December 2013 – TL 3,053)

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

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III. Explanations on consolidated currency risk (continued)

Currency risk of the Group:

- Forward foreign currency purchase transactions: TL 516,715 (31 December 2013 - TL 346,835)
- Forward foreign currency sale transactions: TL 673,348 (31 December 2013 – TL 447,167)
- Future precious metal purchase transactions: TL 106,709 (31 December 2013 - TL 116,424)
- Future precious metal sale transactions: TL 358,229 (31 December 2013- TL 47,405)

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

a) Relation of risks with gains accounted under equity and analysing 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 Group'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:

Equity Securities (shares)	Carrying Value	Comparison	
		Fair Value	Market Value
1 Securities Available-for-Sale	53,235	-	-
Quoted Securities	-	-	-
2 Investments in Associates	-	-	-
Quoted Securities	-	-	-
3 Investment in Subsidiaries(*)	22,680	-	-
Quoted Securities	-	-	-
4 Other	7,417	-	-
Quoted Securities	-	-	-

Prior Period Equity Securities (shares)	Carrying Value	Comparison	
		Fair Value	Market Value
1 Securities Available-for-Sale (*)	51,558	-	-
Quoted Securities	-	-	-
2 Investments in Associates	-	-	-
Quoted Securities	-	-	-
3 Investment in Subsidiaries(*)	72,853	-	-
Quoted Securities	-	-	-
4 Other	5,064	-	-
Quoted Securities	-	-	-

(*)Valuation of Equity shares investments are followed up at cost value because its fair value cannot be reliably measured.

c) Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

None (31 December 2013: None).

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V. Explanations on consolidated 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 Group diversifies funding sources (customer funds and funds borrowed from abroad) and keeps a certain level of assets as cash and cash equivalents.

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

The liquidity position of the Group's assets and liabilities within 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:

	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 years	Over 5 years	Unallocated (**)	Total
Current period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1,857,056	4,049,730	-	-	-	-	-	5,906,786
Banks	2,383,108	-	8,036	-	-	-	-	2,391,144
Financial assets at fair value through profit and loss	4,046	39,177	22,038	9,767	-	-	-	75,028
Money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	809,647	103,302	334,950	669,764	23,154	53,236	1,994,053
Loans(*)	-	3,499,018	3,131,037	7,060,035	6,565,444	869,984	105,189	21,230,707
Held-to-maturity investments	-	-	-	-	-	-	-	-
Other assets (**)	23,352	432,866	56,446	-	39,317	-	508,210	1,060,191
Total assets	4,267,562	8,830,438	3,320,859	7,404,752	7,274,525	893,138	666,635	32,657,909
Liabilities								
Current account and funds collected from banks via participation accounts	186,041	202,477	28,272	43,466	27,306	-	-	487,562
Current and profit sharing accounts	5,823,632	5,621,527	7,994,249	1,337,595	211,909	-	-	20,988,912
Funds provided from other financial institutions	-	346,665	1,058,033	2,296,439	317,598	471,114	-	4,489,849
Money market borrowings	-	350,038	-	-	-	-	-	350,038
Marketable securities issued	-	-	-	302,088	1,940,871	-	-	2,242,959
Miscellaneous payables	142,423	32,941	24,059	-	-	-	-	199,423
Other liabilities (**)	-	490,044	44,951	7,430	5,378	-	3,351,363	3,899,166
Total liabilities	6,152,096	7,043,692	9,149,564	3,987,018	2,503,062	471,114	3,351,363	32,657,909
Net liquidity gap	(1,884,534)	1,786,746	(5,828,705)	3,417,734	4,771,463	422,024	(2,684,728)	-
Prior period								
Total assets	3,590,358	13,457,726	1,979,539	2,153,104	3,696,863	352,645	549,317	25,779,552
Total liabilities	5,097,109	5,977,918	6,687,114	2,904,162	2,046,223	433,028	2,633,998	25,779,552
Net Liquidity Gap	(1,506,751)	7,479,808	(4,707,575)	(751,058)	1,650,640	(80,383)	(2,084,681)	-

(*) This line also 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.

VI. Securitization positions

None (31 December 2013 – None).

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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.

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 Group; 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.

Exposure Categories		Financial	Other/Physical	Guaranties and
Current period	Amount(*)	Collaterals	Collaterals	Credit
Conditional and unconditional receivables from central governments or central banks	4,430,982	-	-	-
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	4,826,562	-	-	-
Conditional and unconditional receivables from Corporates	34,180,340	339,768	-	-
Conditional and unconditional retail receivables	8,520,789	135,994	-	-
Conditional and unconditional receivables secured by Mortgages	8,711,589	28,408	-	-
Past due receivables	55,050	62	-	-
Receivables defined in high risk category by BRSA	166,312	139	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	2,547,972	-	-	-
Total	63,439,596	504,371	-	-

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

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VII. Credit risk mitigation techniques (continued)

Exposure Categories Prior Period	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	3,228,145	-	-	-
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	3,828,652	-	-	-
Conditional and unconditional receivables from Corporates	30,277,556	312,784	-	-
Conditional and unconditional retail receivables	8,554,173	144,708	-	-
Conditional and unconditional receivables secured by Mortgages	6,841,108	45,172	-	-
Past due receivables	22,616	24	-	-
Receivables defined in high risk category by BRSA	189,303	211	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	2,013,076	-	-	-
Total	54,954,629	502,899	-	-

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

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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 Parent Bank is exposed. The Board of Directors is the owner of the Parent 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 Parent 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 Parent 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 Information Technologies (“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 Parent Bank and situations connected with it.

Risk Management Service continues risk monitoring and analysing 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 modelling 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 motorized.

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

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

X. Explanations on business segments

The Group operates in Retail and Enterprise Banking, Commercial Banking, Corporate and International 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 four main activities: fund collection, consumer financing, credit cards and alternative distribution channels. 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 needs of the international funds and SMEs are met with Matched Murabaha product provided by the investment banking for the international investors and SMEs. 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 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.

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X. Explanations on business segments (continued)

Selected balance sheet and income statement items according to segments:

Current Period 1 January –30 September 2014	Retail and enterprise banking	Commercial banking	Corporate and international banking	Unallocated	Group's total operation
Operating income	744,608	1,021,778	74,983	-	1,841,369
Operating expenses	634,647	176,334	95,338	576,125	1,482,444
Transfers between segments	234,811	(226,596)	(8,215)	-	-
Net operating income(loss)	344,772	618,848	(28,570)	(576,125)	358,925
Income from associates	-	-	-	(2,647)	(2,647)
Income (loss) before tax	344,772	618,848	(28,570)	(578,772)	356,278
Provision for taxation	-	-	-	68,102	68,102
Net income for the period	344,772	618,848	(28,570)	(646,874)	288,176
Segment assets	7,164,882	13,878,951	10,553,884	-	31,597,717
Associates, subsidiaries and joint Ventures	-	-	-	30,097	30,097
Undistributed assets	-	-	-	1,030,095	1,030,095
Total assets	7,164,882	13,878,951	10,553,884	1,060,192	32,657,909
Segment liabilities	15,623,169	5,831,414	6,808,276	-	28,262,859
Undistributed liabilities	-	-	-	1,415,458	1,415,458
Shareholders' equity	-	-	-	2,979,592	2,979,592
Total liabilities	15,623,169	5,831,414	6,808,276	4,395,050	32,657,909

Prior Period 1 January –30 September 2013	Retail and enterprise banking	Commercial banking	Corporate and international banking	Unallocated	Group's total operation
Operating income	578,365	785,931	53,076	-	1,417,372
Operating expenses	291,959	266,799	121,262	437,740	1,117,760
Transfers between segments	138,710	(137,736)	(974)	-	-
Net operating income(loss)	425,116	381,396	(69,160)	(437,740)	299,612
Income from associates	-	-	-	-	-
Income (loss) before tax	425,116	381,396	(69,160)	(437,740)	299,612
Provision for taxation	-	-	-	57,350	57,350
Net income for the period	425,116	381,396	(69,160)	(495,090)	242,262
Prior Period 31 December 2013					
Segment assets	5,262,667	9,787,448	9,884,979	-	24,935,094
Associates, subsidiaries and joint Ventures	-	-	-	77,917	77,917
Undistributed assets	-	-	-	766,541	766,541
Total assets	5,262,667	9,787,448	9,884,979	844,458	25,779,552
Segment liabilities	12,095,960	4,733,518	5,635,538	-	22,465,016
Undistributed liabilities	-	-	-	990,852	990,852
Shareholders' equity	-	-	-	2,323,684	2,323,684
Total liabilities	12,095,960	4,733,518	5,635,538	3,314,536	25,779,552

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to consolidated 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	279,829	285,951	243,463	460,198
The Central Bank of Republic of Turkey	285,483	4,049,736	155,023	2,988,091
Other (*)	1,570	1,004,217	-	466,835
Total	566,882	5,339,904	398,486	3,915,124

(*) As of 30 September 2014, precious metal account amounting to TL 958,239 (31 December 2013 - TL 466,835) and money in transit amounting to TL 47,458 are presented in this line.

2. Balances with the Central Bank of Turkey:

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	285,483	7	155,023	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	4,049,729	-	2,988,091
Total	285,483	4,049,736	155,023	2,988,091

In accordance with the “Communiqué on Reserve Requirements no. 2005/1”, published by the Central Bank of the Republic of Turkey, required reserves in Turkish Lira, Foreign Currency and Gold are included in the table.

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

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

- As of 30 September 2014, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2013 – None).
- 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	37,330	14,041	87,054	15,364
Swap transactions	15,382	4,229	5,250	108
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	52,712	18,270	92,304	15,472

c. Information on Banks:

- Information on banks:

	Current period		Prior period	
	TL	FC	TL	FC
Banks	21,315	2,369,829	31,267	2,443,070
Domestic	20,942	1,661,948	30,558	1,183,614
Foreign	373	707,881	709	1,259,456
Branches and head office abroad	-	-	-	-
Total	21,315	2,369,829	31,267	2,443,070

- Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
EU Countries	217,696	-	504,629	-
USA and Canada	378,807	-	246,196	-
OECD Countries(*)	19,666	-	372,325	-
Off-shore Banking Regions	766	-	386	-
Other	91,319	-	136,629	-
Total	708,254		1,260,165	-

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

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

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

The details of the Rent Certificates which are in Bank's Portfolio "Financial Assets Available for-Sale" are presented below as 30 September 2014.

- a) 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.

On 20 November 2013, the Bank invested in "Sukuk" issued by KT Kira Sertifikaları Varlık Kiralama A.Ş with 9.08% annual profit share payment schedule, maturity of 1 year and amounting to TL 7,186,677 (full amount).

On 29 September 2014, the Bank invested in "Sukuk" issued by KT Kira Sertifikaları Varlık Kiralama A.Ş with 4.16% annual profit share payment schedule, maturity of 175 days and amounting to TL 11,592,000 (full amount).

On 23 July 2014, the Bank invested in "Sukuk" issued by International Islamic Liquidity Management Corporation - Kuala Lumpur with 0.51% annual profit share payment schedule, maturity of 3 months and amounting to USD 20,001,453 (full amount).

On 28 August 2014, the Bank invested in "Sukuk" issued by International Islamic Liquidity Management Corporation - Kuala Lumpur with 0.52% annual profit share payment schedule, maturity of 3 months and amounting to USD 37,000,875 (full amount).

On 30 June 2014, the Bank invested in "Sukuk" issued by Albaraka Turk with an annual profit rate of 6.25% semiannual profit share payment schedule, maturity of 5 years and amounting to USD 40,000,000 (full amount).

- b) 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.

On 26 September 2012, the Bank invested in foreign currency rent certificate issued by T.R Undersecretariat of the Treasury with an annual profit rate of 2.8%, semiannual profit share payment schedule, maturity of 5.5 years and amounting to USD 74,987,814 (full amount).

On 3 October 2012, the Bank invested in domestic currency rent certificate issued by T.R Undersecretariat of the Treasury with an annual profit rate of 7.4%, semiannual profit share payment schedule, maturity of 2 years and amounting to TL 381,990,551 (full amount).

On 20 February 2013, the Bank invested in domestic currency rent certificate issued by T.R Undersecretariat of the Treasury again with an annual profit rate of 5.7%, semiannual profit share payment schedule, maturity of 2 years and amounting to TL 353,228,859 (full amount).

On 21 August 2013, the Bank invested in domestic currency rent certificate issued by T.R Undersecretariat of the Treasury again with an annual profit rate of 9%, semiannual profit share payment schedule, maturity of 2 years and amounting to TL 314,679,556 (full amount).

On 10 October 2013, the Bank invested in foreign currency rent certificate issued by T.R Undersecretariat of the Treasury with an annual profit rate of 4.5%, semiannual profit share payment schedule, maturity of 5 years and amounting to USD 11,078,766 (full amount).

On 19 February 2014, the Bank invested in domestic currency rent certificate issued by T.R Undersecretariat of the Treasury again with an annual profit rate of 10.60%, semiannual profit share payment schedule, maturity of 2 years and amounting to TL 390,120,739 (full amount).

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

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

	Current Period	Prior Period
Debt Securities	1,945,261	1,282,841
Quoted on stock exchange	1,945,261	1,282,841
Not quoted on stock exchange	-	-
Share certificates	53,235	51,558
Quoted on stock exchange	-	-
Not quoted on stock exchange	53,235	51,558
Impairment provision	(4,443)	(10,702)
Total	1,994,053	1,323,967

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	880	40,279	621	676
Corporate Shareholders	-	40,279	-	676
Real Person Shareholders	880	-	621	-
Indirect Loans Granted to Shareholders	74,925	43	80,270	55
Loans Granted to Employees	7,911	10	6,031	7
Total	83,716	40,332	86,922	738

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		
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	
Cash Loans		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	19,548,274	228,451	-	446,215	264,653	-
Financing commodity against document	12,412	-	-	-	-	-
Exports Loan	18,610	-	-	-	-	-
Imports Loans	1,292,690	-	-	14,659	-	-
Enterprise Loans	11,307,793	219,324	-	295,115	256,430	-
Consumer Loans	3,634,385	6,187	-	120,432	6,596	-
Credit Cards	194,854	-	-	5,292	54	-
Precious Metal Loans	154,040	-	-	5,860	-	-
Loans Given to Financial Sector	1,086,108	-	-	-	-	-
Loans Extended Abroad	291,947	2,647	-	172	1,114	-
Other	1,555,435	293	-	4,685	459	-
Other Receivables	428	-	-	3,231	-	-
Total	19,548,702	228,451	-	449,446	264,653	-

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I. Explanations and notes related to consolidated 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	Other		Extension of Repayment Plan	Other
Loans	15,591,182	210,740	-	286,797	161,224	-
Financing commodity against document	9,234	-	-	-	-	-
Exports Loan	32,836	-	-	38	3,200	-
Imports Loans	1,217,096	-	-	1,953	-	-
Enterprise Loans	9,575,752	206,091	-	208,831	149,792	-
Consumer Loans	2,584,387	3,571	-	68,844	4,223	-
Credit Cards	186,981	-	-	3,025	-	-
Precious Metal Loans	136,359	-	-	-	-	-
Loans Given to Financial Sector	3	-	-	-	-	-
Loans Extended Abroad	510,531	1,078	-	322	4,009	-
Other	1,338,003	-	-	3,784	-	-
Other Receivables	2,636	-	-	2,154	-	-
Total	15,593,818	210,740	-	288,951	161,224	-

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I. Explanations and notes related to consolidated 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)

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 and principals are taken into the account):

Number of Extensions for Repayment Plan		
Current Period	Performing Loans and Other Receivables	Performing Loans and Other Receivables
1 or 2 times	228,451	264,653
3,4 or 5 times	-	-
Over 5 times	-	-
Total	228,451	264,653

Extension Periods for Repayment Plan Changes		
Extension Periods for Repayment Plan Changes	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-Up
0 - 6 months	1,144	5,421
6 - 12 months	9,129	28,336
1 - 2 years	30,527	121,372
2 - 5 years	102,917	103,222
5 years and over	84,734	6,302
Total	228,451	264,653

Prior Period		
Number of Extensions for Repayment Plan		
	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-Up
1 or 2 times	210,740	161,224
3,4 or 5 times	-	-
Over 5 times	-	-
Total	210,740	161,224

Extension Periods for Repayment Plan Changes		
Extension Periods for Repayment Plan Changes	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-Up
0 - 6 months	5,621	3,249
6 - 12 months	17,753	18,652
1 - 2 years	44,252	57,256
2 - 5 years	82,244	81,585
5 years and over	60,870	482
Total	210,740	161,224

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

e. Information on loans and receivables (continued):

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

Current Period	Performing Loans and Other Receivables		Loans and other receivables under Follow-Up	
	Loans and other receivables	Loans and Receivables with Revised Contract Terms	Loans and other receivables	Loans and Receivables with Revised Contract Terms
Cash Loans				
Short-term loans and other receivables	6,554,626	4,018	79,292	9,735
Loans	6,554,198	4,018	76,061	9,735
Other receivables	428	-	3,231	-
Medium and long-term loans and other receivables (*)	12,994,078	224,433	370,154	254,918
Loans	12,994,078	224,433	370,154	254,918
Other receivables	-	-	-	-
Total	19,548,704	228,451	449,446	264,653

Prior Period	Performing Loans and Other Receivables		Loans and other receivables under Follow-Up	
	Loans and other receivables	Loans and Receivables with Revised Contract Terms	Loans and other receivables	Loans and Receivables with Revised Contract Terms
Cash Loans				
Short-term loans and other receivables	5,240,875	6,395	48,683	1,568
Loans	5,238,239	6,395	46,529	1,568
Other receivables	2,636	-	2,154	-
Medium and long-term loans and other receivables (*)	10,352,943	204,345	240,268	159,656
Loans	10,352,943	204,345	240,268	159,656
Other receivables	-	-	-	-
Total	15,593,818	210,740	288,951	161,224

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

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I. Explanations and notes related to consolidated 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:

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	71,200	3,531,604	3,602,804
Housing Loans	3,851	3,383,174	3,387,025
Vehicle Loans	3,439	126,142	129,581
Consumer Loans	61,595	20,641	82,236
Other	2,315	1,647	3,962
Consumer Loans-FC Indexed	-	15,480	15,480
Housing Loans	-	13,922	13,922
Vehicle Loans	-	1	1
Consumer Loans	-	-	-
Other	-	1,557	1,557
Consumer Loans-FC	-	145,364	145,364
Housing Loans	-	46,741	46,741
Vehicle Loans	-	88	88
Consumer Loans	-	-	-
Other	-	98,535	98,535
Retail Credit Cards-TL	107,193	7,109	114,302
With Instalment	30,201	7,108	37,309
Without Instalment	76,992	1	76,993
Retail Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Personnel Loans-TL	2,041	1,911	3,952
Housing Loans	-	704	704
Vehicle Loans	106	924	1,030
Consumer Loans	1,335	282	1,617
Other	600	1	601
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	4,873	145	5,018
With Instalment	1,594	145	1,739
Without Instalment	3,279	-	3,279
Personnel Credit Cards-FC	-	-	-
Instalment based	-	-	-
Without-instalment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	185,307	3,701,613	3,886,920

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I. Explanations and notes related to consolidated 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
Consumer Loans-TL	4,212	2,522,900	2,527,112
Housing Loans	1,245	2,380,610	2,381,855
Vehicle Loans	2,185	122,276	124,461
Consumer Loans	750	18,214	18,964
Other	32	1,800	1,832
Consumer Loans-FC Indexed	-	20,470	20,470
Housing Loans	-	19,031	19,031
Vehicle Loans	-	22	22
Consumer Loans	-	-	-
Other	-	1,417	1,417
Consumer Loans-FC	-	111,847	111,847
Housing Loans	-	36,658	36,658
Vehicle Loans	-	57	57
Consumer Loans	-	-	-
Other	-	75,132	75,132
Retail Credit Cards-TL	98,775	17,009	115,784
With Instalment	38,792	17,004	55,796
Without Instalment	59,983	5	59,988
Retail Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Personnel Loans-TL	37	1,559	1,596
Housing Loans	-	454	454
Vehicle Loans	30	752	782
Consumer Loans	7	351	358
Other	-	2	2
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	4,559	313	4,872
With Instalment	1,883	313	2,196
Without Instalment	2,676	-	2,676
Personnel Credit Cards-FC	-	-	-
Instalment based	-	-	-
Without-instalment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	107,583	2,674,098	2,781,681

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

e. Information on loans and receivables (continued):

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

Current Period	Short term	Medium and long term	Total
Commercial Instalment Loans-TL	85,852	2,431,365	2,517,217
Business Loans	3,739	569,835	573,574
Vehicle Loans	50,839	651,017	701,856
Consumer Loans	-	109,152	109,152
Other	31,274	1,101,361	1,132,635
Commercial Instalment Loans-FC Indexed	19,687	1,272,847	1,292,534
Business Loans	2,713	366,695	369,408
Vehicle Loans	1,646	281,968	283,614
Consumer Loans	-	-	-
Other	15,328	624,184	639,512
Commercial Instalment Loans-FC	249	435,507	435,756
Business Loans	-	60,701	60,701
Vehicle Loans	-	2,419	2,419
Consumer Loans	-	-	-
Other	249	372,387	372,636
Corporate Credit Cards-TL	80,826	54	80,880
With Instalment	11,518	-	11,518
Without Instalment	69,308	54	69,362
Corporate Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	186,614	4,139,773	4,326,387

Prior Period	Short term	Medium and long term	Total
Commercial Instalment Loans-TL	79,056	1,905,718	1,984,774
Business Loans	4,105	424,021	428,126
Vehicle Loans	35,493	625,331	660,824
Consumer Loans	-	69,683	69,683
Other	39,458	786,683	826,141
Commercial Instalment Loans-FC Indexed	16,047	1,099,590	1,115,637
Business Loans	460	270,187	270,647
Vehicle Loans	7,713	283,186	290,899
Consumer Loans	-	-	-
Other	7,874	546,217	554,091
Commercial Instalment Loans-FC	-	286,114	286,114
Business Loans	-	71,951	71,951
Vehicle Loans	-	973	973
Consumer Loans	-	-	-
Other	-	213,190	213,190
Corporate Credit Cards-TL	69,350	-	69,350
With Instalment	10,159	-	10,159
Without Instalment	59,191	-	59,191
Corporate Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	164,453	3,291,422	3,455,875

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

e. Information on loans and receivables (continued):

6. Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	20,195,372	15,738,793
Foreign loans	295,880	515,940
Total	20,491,252	16,254,733

7. Loans granted to subsidiaries and associates:

	Current period	Prior period
Loans granted directly to subsidiaries and associates	81,295	-
Loans granted indirectly to subsidiaries and associates	-	-
Total	81,295	-

8. Specific provisions for loans:

	Current period	Prior period
Specific provisions		
Loans and receivables with limited collectability	21,966	27,935
Loans and receivables with doubtful collectability	62,976	72,971
Uncollectible loans and receivables	294,231	235,277
Total	379,173	336,183

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

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current period			
(Gross amounts before specific provision)	-	-	-
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	1,172	7,060
Prior period			
(Gross amounts before specific provision)	-	-	-
Restructured loans and other receivables	4,156	245	11,903
Rescheduled loans and other receivables	-	-	-

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I. Explanations and notes related to consolidated 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:

Current Period	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Ending balance of prior period	41,393	99,295	240,988
Additions in the current period (+)	64,442	95,399	26,446
Transfers from other categories of non-performing loans(+)	-	13,245	102,331
Transfers to other categories of non-performing loans (-)	32,872	82,704	-
Collections in the current period (-)	4,662	12,493	24,149
Transfers from non-performing loans to performing loans (-)	1,645	599	15,379
Write offs (-)	84	3,285	21,305
Corporate and commercial loans	-	-	7,428
Retail loans	-	1,456	10,782
Credit Cards	84	1,829	3,095
Other	-	-	-
Ending balance of the current period	66,572	108,858	308,932
Specific provisions (-)	21,966	62,976	294,231
Net balance at the balance sheet	44,606	45,882	14,701

Prior Period	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Ending balance of prior period	53,190	68,127	164,022
Additions in the current period (+)	40,707	94,369	55,692
Transfers from other categories of non-performing loans(+)	-	8,208	91,478
Transfers to other categories of non-performing loans (-)	44,261	55,425	-
Collections in the current period (-)	3,873	9,242	30,962
Transfers from non-performing loans to performing loans (-)	1,937	987	6,963
Write offs (-)	2,433	5,755	32,279
Corporate and commercial loans	1,432	1,778	22,240
Retail loans	863	3,112	7,503
Credit Cards	138	865	2,536
Other	-	-	-
Ending balance of the current period	41,393	99,295	240,988
Specific provisions (-)	27,935	72,971	235,277
Net balance at the balance sheet	13,458	26,324	5,711

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

e. Information on loans and receivables (continued):

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

(iii). Information on non-performing loans granted as foreign currency: None (31 December 2013 – None).

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period (Net)			
Loans granted to real persons and legal entities (Gross)	66,572	108,858	308,932
Specific provision (-)	21,966	62,976	294,231
Loans to real persons and legal entities (Net)	44,606	45,882	14,701
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)			
Loans to real persons and legal entities (Gross)	41,393	99,295	240,988
Specific provision (-)	27,935	72,971	235,277
Loans to real persons and legal entities (Net)	13,458	26,324	5,711
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

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

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. Within 2014, non-performing loans amounting to TL 24,674 have been written-off (31 December 2013 – TL 40,467).

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 2013 – None).

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g. Information on investment in associates (Net):

1. The 1.75% ownership of Kredi Garanti Fonu A.Ş. of TL 4,210 (31 December 2013 – TL 4,210), 8.36% ownership of Islamic International Rating Agency of TL 714 (31 December 2013 – TL 714), and 6.99% ownership of Neova Sigorta A.Ş. of TL 4,815 (31 December 2013 – TL 3,752) and TL 181 amount of swift shares (31 December 2013 – TL 181) are classified as financial assets available for sale since the Bank's ownership in these institutions is less than 20% and the Bank does not have a significant influence on these institutions.

In order to generate revenue from the “Sukuk” investments, the Parent Bank invested USD 19,000,000 (full amount) corresponding to 19% ownership of KFH Global Sukuk Fund A.Ş. which has a capital amounting to USD 100,000,000 (full amount). The 19% ownership of the Bank is classified as financial assets available for sale since the Bank's ownership in this institution is less than 20% and the Bank does not have a significant influence on this institution.

2. Information about investments in unconsolidated associates: None (31 December 2013 – None).
3. Information related to consolidated associates: None (31 December 2013 – None).

h. Information on investment in 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.
2. Information on subsidiaries:

Title	Address (City/ Country)	Bank's share percentage, if different-voting Percentage (%)	Bank's risk group share Percentage (%)
Kuwait Turkish Participation Bank Dubai Ltd. (*)	Dubai/ United Arab Emirates	100%	100%
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%	97.61%
KT Sukuk Varlık Kiralama A.Ş. (**)	İstanbul/ Turkey	100%	100%
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/ Turkey	100%	100%

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

Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
114,618	91,156	170	14,806	-	5,757	3,928	-
21,514	21,490	3	674	109	(1,148)	585	-
105,643	49,162	-	2,090	-	(693)	550	-
817,150	89	-	-	-	17	17	-
1,456,456	44,183	-	-	-	14	(13)	-

(*) As of 30 September 2014, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations

(**) These figures are shown per Turkish Trade Law financial statements as of 30 September 2014.

(***) The previous name of the Company is Körfez Gayrimenkul İnşaat Taahhüt Turizm Sanayi ve Anonim Şirketi. On 29 December 2011 the Company completed its conversion to real estate investment trust company and registered as ‘ Körfez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi. Körfez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi has started to be included in the consolidation as of 25 April 2014. Above informations are received from the Company's financial statements prepared in line with Capital Market Law.

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

h. Information on investment in subsidiaries (Net) (continued):

2. Information on subsidiaries (continued):

Movement for subsidiaries

	Current period	Prior period
Balance at the beginning of the year	72,853	57,863
Movements during the year	-	-
Purchases	-	-
Transfers from subsidiaries (*)	(50,173)	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	31,312
(Impairment)/reversal of impairment	-	-
Capital commitment payments	-	(16,322)
Balance at the end of the year	22,680	72,853
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

(*) Represents the offsetting amount related with "Körfez Gayrimenkul Yatırım Ortaklığı A.Ş." which is started to be included in the consolidation in the accompanying financial statements as of June 2014 as explained in information on consolidated subsidiaries.

3. Information on consolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1. Kuwait Turkish Participation Bank Dubai Ltd (*)	Dubai/BAE	100%	100%
2. KT Sukuk Varlık Kiralama A.Ş. (**)	Istanbul/Turkey	100%	100%
3. KT Kira Sertifikaları Varlık Kiralama A.Ş. (***)	Istanbul/Turkey	100%	100%
4. Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	75%	97.61%

(*) Financial figures as of 30 September 2014 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.

(**) The special purpose entity, Kuveyt Turk Sukuk Limited was established at 24 August 2010 which is not a subsidiary of the Bank. Since the Bank has 100% control power on the subsidiary it is included in the scope of consolidation.

(***) KT Kira Sertifikaları Varlık Kiralama A.Ş. established as subsidiary of the Bank with the decision of Board of Directors at 18 September 2013 and included in the scope of consolidation.

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

h. Information on investment in subsidiaries (Net) (continued):

3. Information on consolidated subsidiaries (continued):

Sectoral information on consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	72,213	50,301
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	50,273	100

Subsidiaries that are quoted on the stock exchange:

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges (*)	50,173	50,173
Quoted on International Stock Exchanges	-	-
Total	50,173	50,173

(*) Körfez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi. The Company has been publicly traded since 25 April 2014 and consolidated since 30 June 2014.

4. Information on capital adequacies of major subsidiaries:

The Bank does not have any major subsidiary.

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%	39,254	13,291	2,550	(6,618)	-

(*) Based on legal financial statements as of 30 September 2014.

(**) 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 Register of Commerce.

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	361,032	322,893	243,846	208,397
1 to 4 years	317,378	274,016	207,259	178,361
More than 4 years	41,499	37,357	23,763	21,674
Total	719,909	634,266	474,868	408,432

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

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

2. Net investments in finance leases:

	Current period	Prior period
Gross receivable from finance leases	719,909	474,868
Unearned finance lease income (-)	(85,643)	(66,436)
Cancelled amounts (-)	-	-
Net receivable from finance leases	634,266	408,432

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 fulfil its obligations, 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 8,500 are included in the non-performing loans in the balance sheet (31 December 2013– TL 3,905).

Impairment provision amounting to TL 6,034 (31 December 2013– TL 3,043) 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 2013 – None).

l. Information on deferred tax asset:

In accordance with the related regulations deferred tax asset calculated as of 30 September 2014 is TL 55,061 (31 December 2013 – TL 47,829) and deferred tax liability is TL -15,743 (31 December 2013 – TL 16,876).

	Current Period	Prior Period
Reserve for employee benefits	4,884	7,621
Retirement pay liability	7,060	5,755
Deferred income	24,589	21,195
Impairment provision for subsidiaries, fixed assets and assets held for sale	14,526	9,260
Precious metals valuation difference	3,708	2,525
Other	294	1,473
Deferred tax asset	55,061	47,829
Financial lease adjustments	(1)	-
Difference between carrying value and tax base of tangible assets	(4,962)	(4,552)
Precious metals valuation difference	(3,245)	(9,620)
Other	(7,535)	(2,704)
Deferred tax liability	(15,743)	(16,876)
Deferred tax asset, (net)	39,318	30,953

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

l. Information on deferred tax asset: (continued)

Table of deferred tax asset movement:

	Current period	Prior period
As of January 1	30,953	20,804
Deferred tax (expense)/income	14,647	(4,294)
Deferred tax accounted under other comprehensive income	(6,282)	3,811
Deferred tax asset	39,318	20,321

m. Information on other assets:

As of balance sheet date, the Group's other assets amount to TL 504,624 (31 December 2013 - TL 315,123). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

n. Information on Investment Properties:

None. (31 December 2013 – None)

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SECTION FIVE

II. Explanations and notes related to consolidated 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 and over	Up to 1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	1,671,199	-	-	-	-	-	-	-	1,671,199
II. Real persons profit sharing accounts TL	-	2,286,701	3,780,137	606,625	-	183,285	286,035	-	7,142,783
III. Other current accounts-TL	1,455,966	-	-	-	-	-	-	-	1,455,966
Public sector	69,207	-	-	-	-	-	-	-	69,207
Commercial sector	1,359,550	-	-	-	-	-	-	-	1,359,550
Other institutions	21,502	-	-	-	-	-	-	-	21,502
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	5,707	-	-	-	-	-	-	-	5,707
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	527	-	-	-	-	-	-	-	527
Foreign banks	746	-	-	-	-	-	-	-	746
Participation banks	1,434	-	-	-	-	-	-	-	1,434
Others	3,000	-	-	-	-	-	-	-	3,000
IV. Profit sharing accounts-TL	-	263,864	659,904	120,671	-	111,952	85,808	-	1,242,199
Public sector	-	593	625	40	-	19,854	-	-	21,112
Commercial sector	-	231,214	617,323	105,049	-	90,595	83,566	-	1,127,747
Other institutions	-	19,486	40,238	15,582	-	1,503	439	-	77,248
Commercial and other institutions	-	12,571	1,698	-	-	-	1,387	-	15,656
Banks and participation banks	-	-	20	-	-	-	416	-	436
V. Real persons current accounts-FC	1,284,039	-	-	-	-	-	-	-	1,284,039
VI. Real persons profit sharing accounts-FC	-	1,067,996	2,101,285	513,588	-	240,078	211,309	-	4,134,256
VII. Other current accounts-FC	882,808	-	-	-	-	-	-	-	882,808
Commercial residents in Turkey	782,917	-	-	-	-	-	-	-	782,917
Commercial residents in Abroad	23,356	-	-	-	-	-	-	-	23,356
Banks and participation banks	76,535	-	-	-	-	-	-	-	76,535
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1,291	-	-	-	-	-	-	-	1,291
Foreign banks	60,154	-	-	-	-	-	-	-	60,154
Participation banks	15,090	-	-	-	-	-	-	-	15,090
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	369,259	1,045,087	74,744	-	113,164	165,091	-	1,767,345
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	201,063	835,503	58,634	-	91,081	102,887	-	1,289,168
Other institutions	-	72,441	20,167	2,407	-	72	3,027	-	98,114
Commercial and other institutions	-	5,833	30,957	6,849	-	1,614	7,100	-	52,353
Banks and participation banks	-	89,922	158,460	6,854	-	20,397	52,077	-	327,710
IX. Precious metal funds	715,770	-	1,063,417	62,185	-	40,655	-	-	1,882,027
X. Profit sharing accounts special funds - TL	-	-	2,373	5,721	-	3,209	2,549	-	13,852
Residents in Turkey	-	-	2,373	5,721	-	3,209	2,549	-	13,852
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	6,009,781	3,987,820	8,652,204	1,383,534	-	692,343	750,792	-	21,476,474

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

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II. Explanations and notes related to consolidated 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
I. Real persons current accounts-TL	1,258,677	-	-	-	-	-	-	-	1,258,677
II. Real persons profit sharing accounts-TL	-	1,787,884	2,767,949	432,619	-	186,385	333,875	-	5,508,712
III. Other current accounts-TL	1,381,890	-	-	-	-	-	-	-	1,381,890
Public sector	55,130	-	-	-	-	-	-	-	55,130
Commercial sector	1,298,169	-	-	-	-	-	-	-	1,298,169
Other institutions	20,476	-	-	-	-	-	-	-	20,476
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	8,115	-	-	-	-	-	-	-	8,115
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	288	-	-	-	-	-	-	-	288
Foreign banks	1,801	-	-	-	-	-	-	-	1,801
Participation banks	3,026	-	-	-	-	-	-	-	3,026
Others	3,000	-	-	-	-	-	-	-	3,000
IV. Profit sharing accounts-TL	-	269,772	562,021	128,288	-	127,289	90,281	-	1,177,651
Public sector	-	1,928	74	38	-	4,294	-	-	6,334
Commercial sector	-	246,838	525,063	125,066	-	109,720	89,846	-	1,096,533
Other institutions	-	21,006	36,627	3,184	-	13,275	435	-	74,527
Commercial and other institutions	-	-	238	-	-	-	-	-	238
Banks and participation banks	-	-	19	-	-	-	-	-	19
V. Real persons current accounts-FC	730,758	-	-	-	-	-	-	-	730,758
VI. Real persons profit sharing accounts-FC	-	718,971	1,129,443	352,656	-	183,833	170,752	-	2,555,655
VII. Other current accounts-FC	887,167	-	-	-	-	-	-	-	887,167
Commercial residents in Turkey	705,942	-	-	-	-	-	-	-	705,942
Commercial residents in Abroad	68,892	-	-	-	-	-	-	-	68,892
Banks and participation banks	112,333	-	-	-	-	-	-	-	112,333
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	609	-	-	-	-	-	-	-	609
Foreign banks	105,355	-	-	-	-	-	-	-	105,355
Participation banks	6,369	-	-	-	-	-	-	-	6,369
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	267,138	856,418	39,595	-	67,423	125,513	-	1,356,087
Public sector	-	-	35	-	-	-	-	-	35
Commercial sector	-	126,944	653,020	26,457	-	67,396	64,919	-	938,736
Other institutions	-	51,138	4,687	12,236	-	27	3,345	-	71,433
Commercial and other institutions	-	9,532	12,308	902	-	-	13,648	-	36,390
Banks and participation banks	-	79,524	186,368	-	-	-	43,601	-	309,493
IX. Precious metal funds	745,899	-	1,306,651	72,840	-	44,582	-	-	2,169,972
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	5,004,391	3,043,765	6,622,482	1,025,998	-	609,512	720,421	-	17,026,569

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II. Explanations and notes related to consolidated 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	5,496,844	4,075,680	3,284,313	2,663,583
FC accounts	3,184,073	2,774,746	3,904,168	2,559,062
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.

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 Parent 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 Parent 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	8,233	2,484
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	225	208

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II. Explanations and notes related to consolidated 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	21,224	9,877	24,364	8,116
Swap transactions	17,046	5,430	19,300	7,168
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	38,270	15,307	43,664	15,284

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	-	670	-	-
From Foreign Banks, Institutions and Funds	7,955	4,009,778	5,793	4,034,732
Total	7,955	4,010,448	5,793	4,034,732

2. Information on maturity structure of borrowings:

	Current period		Prior period	
	TL	FC	TL	FC
Short-term	7,955	3,694,388	5,793	3,519,813
Medium and Long-Term	-	316,060	-	514,894
Total	7,955	4,010,448	5,793	4,034,707

The Group provided syndicated loans, with maturity of 1 and 2 years respectively, amounting to USD 275 million and EUR 83 million in the current period. Syndicated loans have profit share of Libor/Euribor + 0.90% for annual maturity and profit share of Libor/Euribor + 1.25% for 2 years maturity.

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

c. Information on funds borrowed (continued):

3. Information on maturity structure of marketable securities issued:

The Parent Bank issued 5-year rent certificate (sukuk) amounting USD 350 million with a profit share rate of 5.875%. The remaining part of the borrowing transferred from KT Sukuk Varlık Kiralama A.Ş. USD 350 million out of the sale and accruals are classified under “Marketable Securities Issued” at the accompanying financial statements.

The Bank invested in domestic currency rent certificate issued by KT Kira Sertifikaları Varlık Kiralama A.Ş. with permission of Capital Markets Boards of Turkey on 7 November 2013, quarterly profit share payment schedule, maturity of 364 day and amounting to TL 150,000,000 (full amount) and classified under “Funds Borrowed” at the accompanying financial statements.

On the other hand, on 26 June 2014, the Bank issued 5-year rent certificate (sukuk) amounting to USD 500 million with a profit share rate of 5.162%

The Bank issued a rent certificate amounting to TL 50 million (full amount) on 29 September 2014 with a profit share rate of 9.16% when will be matured on 29 December 2014.

The Bank issued a rent certificate amounting to TL 100 million (full amount) on 29 September 2014 with a profit share rate of 9.95% when will be matured on 23 March 2015.

4. Explanations related to the concentrations of the Parent 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 Parent Bank’s current and profit sharing accounts.

d. Information on other liabilities and miscellaneous payables:

As of 30 September 2014, other liabilities amounting to TL 492,307 (31 December 2013 - TL 314,680), sundry creditors amounting to TL 199,423 (31 December 2013- TL 122,506), both of them do not exceed 10% of the balance sheet total.

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

e. Information on finance lease payables (net):

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

i. Information on the changes in agreements and new obligations originating from these changes: None (31 December 2013 – None).

ii. Information on Financial Lease Obligations

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	345	332	1,878	1,828
More than 4 years	-	-	-	-
Total	345	332	1,878	1,828

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 instalments.

iv. Information on sale and leaseback transactions:

None (31 December 2013– None).

f. Information on hedging derivative financial liabilities: None (31 December 2013 – None).

g. Information on provisions:

1. Information on general provisions:

	Current period	Prior Period
General Provisions	217,267	174,251
I.For Loans and Receivables in Group I (Total)	166,542	127,687
Profit Sharing Accounts' Share	53,196	37,629
The Bank's Share	104,748	83,227
Other	-	-
I.Additional Provision for Loans and Receivables with Extended Maturities	8,598	6,831
Profit Sharing Accounts' Share	2,731	1,900
The Bank's Share	5,867	4,931
Other	-	-
II.Loans and Receivables in Group II (Total)	21,774	15,016
Profit Sharing Accounts' Share	1,795	2,721
The Bank's Share	7,470	4,567
Other	-	-
II.Additional Provision for Loans and Receivables with Extended Maturities	12,509	7,728
Profit Sharing Accounts' Share	9,416	5,587
The Bank's Share	3,093	2,141
Other	-	-
Provisions for Non Cash Loans	16,068	15,775
Other	12,883	15,773

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

g. Information on provisions (continued):

2. Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 30 September 2014, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 9,076 (31 December 2013 - TL 548) and TL 9,950 for leasing receivables (31 December 2013 - TL 5,622) is offset against loans and receivables.
3. Information on other provisions:

	Current Period	Prior Period
Provisions for non- liquidated non cash loans (*)	33,558	27,593
Provisions for cheque books (*)	9,348	9,605
Provisions from equity/profit sharing accounts	17,664	30,430
Credit card bonus provisions	144	-
Other	1,352	1,370
Total	62,066	68,998

(*) According to temporary article 2 of "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside", the Parent Bank recognizes provisions for non- liquidated non-cash loans and check books of customers who have any other non-performing exposures within the Bank.

4. Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 35,662 (31 December 2013 – TL 28,959), vacation pay liability amounting to TL 1,787 (31 December 2013 – TL 608), performance premium amounting to TL 20,800 (31 December 2013 – TL 36,700), retirement bonuses on payment of TL 1,835 (31 December 2013 – TL 15) and overtime payment amounting to TL 0 (31 December 2013 – TL 783).

Under the Turkish Labour 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.

The amount payable consists of one month's salary limited to a maximum of TL 3,438.22 (31 December 2013 – TL 3,254) 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 Group 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

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

g. Information on provisions (continued):

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

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

	Current period	Prior period
Balance at the beginning of the period	28,959	11,806
Provisions recognized during the period	8,862	3,903
Paid during the period	(2,159)	(1,808)
Actuarial loss	-	-
Balances at the end of the period	35,662	13,901

h. Explanations on tax liability:

1. Explanations on current tax liability:

- i. Information on tax provisions: As of 30 September 2014, the Bank has current tax liability after deducting temporary taxes paid during the period from the provision for corporate income tax amounting to TL 34,273.

	Current period	Prior period
Provision for corporate income tax	90,110	73,152
Prepaid taxes	(55,837)	(53,056)
Total (*)	34,273	20,096

(*) Related amount represents prior period current income tax charge and current period current income tax charge amount before classification amounting to TL 7,360.

(**) 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	8,428	6,284
Taxation of immovable property	886	662
Banking Insurance Transaction Tax (BITT)	10,140	9,104
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	668	1,820
Income tax deducted from wages	4,988	4,340
Other	849	1,630
Total	25,959	23,840

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

iii. Information on premiums (**):

	Current period	Prior period
Social Security Premiums-Employee	3,013	2,492
Social Security Premiums-Employer	3,276	2,671
Unemployment insurance-Employee	216	178
Unemployment insurance-Employer	480	401
Total	6,985	5,742

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

iv. Information on deferred tax liability: None (31 December 2013 - None).

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

i. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	471,114	-	433,080
From Other Foreign Institutions	-	-	-	-
Total	-	471,114	-	433,080

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.

j. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current period	Prior period
Common stock	2,287,005	1,700,000
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 Parent Bank.
3. Information on the share capital increases during the period and their sources; other information on increased capital shares in the current period: None

Date of Increase	Amount of Increase	Cash	Profit Reserves Subjected to Increase
4 April 2014	230,000	-	230,000
26 June 2014	360,000	360,000	-

4. Information on share capital increases from capital reserves during the current period: None. (31 December 2013 – None)
5. Possible effect of estimations made for the Group's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties:
- Based on the evaluation made considering the Group's prior and current period indicators related to net profit share and commission income, it is observed that the Group continues its operations profitably.
6. Summary of privileges given to shares representing the capital: None.

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

j. Information on shareholders' equity (continued):

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 (*)	26,489	670	6,738	(4,713)
Foreign Exchange Difference	-	-	-	-
Total	26,489	670	6,738	(4,713)

(*)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.

k. Information on minority shares:

	Current Period	Prior Period
Balance at the beginning of the period	-	-
Minority shares in subsidiaries' net profit	(506)	-
Prior period dividends paid in the current period	-	-
Increase/(Decrease) in minority shares due to sale	12,797	-
Other	-	-
Balance at the end of the period	12,291	-

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

a. Explanations on off-balance sheet accounts:

1. Type and amount of irrevocable commitments: Commitment for credit card limits, as of 30 September 2014 is TL 538,967 (31 December 2013 – TL 449,872); payment commitments for cheque books are TL 870,519 (31 December 2013 – TL 824,093)

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 September 2014, the Group has guarantees and surety ships constituting of TL 6,830,696 (31 December 2013 – TL 7,127,080) letters of guarantee; TL 74,054 (31 December 2013 – TL 57,587) acceptances and TL 1,128,963 (31 December 2013 – TL 1,217,277) letters of credit.

ii. Revocable, irrevocable guarantees and other similar commitments and contingencies: There are no other than those explained in 2.i).

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	8,317,270	8,672,347
Total	8,317,270	8,672,347

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IV. Explanations and notes related to the consolidated income statement

a. Information on profit share income:

1. Information on profit share received from loans:

	Current period		Prior period	
	TL	FC	TL	FC
Profit share on loans	1,257,338	62,950	919,221	53,858
Short term loans	399,519	11,573	277,450	9,546
Medium and long term loans	853,512	51,377	638,092	44,312
Profit share on non-performing loans	4,307	-	3,679	-
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	319	9,965	1,774	4,108
Branches and head office abroad	-	-	-	-
Total	319	9,965	1,774	4,108

3. Information on profit share income from securities portfolio:

The Parent Bank has received TL 91,295 profit share income from rent certificates (sukuk) which is given the details in available for sale financial assets information (30 September 2013: TL 39,962).

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

	Current period	Prior period
Profit share income received from associates and subsidiaries	966	1,613

b. Information on profit share expenses:

1. Information on profit share expense given to funds borrowed:

	Current period		Prior period	
	TL	FC	TL	FC
Banks	1,538	53,267	286	51,123
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	-	-	-	-
Foreign banks	1,538	53,267	286	51,123
Branches and head office abroad	-	-	-	-
Other Institutions	10,254	19,266	-	30,639
Total	11,792	72,533	286	81,762

2. Profit share expense given to associates and subsidiaries:

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	5,310	20,669

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b. Information on profit share expenses (continued):

3. Profit share expense paid to securities issued:

The Group has accrued TL 59,508 for securities issued within 2014 (30 September 2013: TL 29,733).

4. Distribution of profit share on funds based on maturity of funds:

Current period	Profit Sharing Accounts							
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	Accumulate d profit sharing accounts	Total
TL								
Collected funds from banks through current and profit share accounts	-	1	-	-	-	-	-	1
Real person's non-trading profit sharing account	100,953	165,116	30,404	-	9,229	17,061	-	322,763
Public sector profit sharing account	42	44	2	-	1,068	-	-	1,156
Commercial sector profit sharing account	10,638	26,514	6,272	-	1,634	1,341	-	46,399
Other institutions profit sharing account	985	1,958	277	-	348	27	-	3,595
Total	112,618	193,633	36,955	-	12,279	18,429	-	373,914
FC								
Banks	2,116	5,300	35	-	69	1,136	-	8,656
Real person's non-trading profit sharing account	15,488	29,232	8,739	-	3,865	3,650	-	60,974
Public sector profit sharing account	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	3,305	21,858	645	-	1,548	178	-	27,534
Other institutions profit sharing account	1,301	888	47	-	17	165	-	2,418
Precious metal accounts	-	6,948	390	-	257	-	-	7,595
Total	22,210	64,226	9,856	-	5,756	5,129	-	107,177
Total	134,828	257,859	46,811	-	18,035	23,558	-	481,091

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

b. Information on profit share expenses (continued):

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

Prior Period	Profit Sharing Accounts						Accumulat ed 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		
TL								
Collected funds from banks through current and profit share accounts	-	584	1,692	-	2,929	-	-	5,205
Real person's non-trading profit sharing account	55,281	113,846	15,701	-	6,973	18,956	-	210,757
Public sector profit sharing account	74	109	35	-	557	7	-	782
Commercial sector profit sharing account	6,613	21,337	4,961	-	2,172	1,614	-	36,697
Other institutions profit sharing account	724	3,836	1,065	-	16	42	-	5,683
Total	62,692	139,712	23,454	-	12,647	20,619	-	259,124
FC								
Banks	-	208	-	-	-	-	-	208
Real person's non-trading profit sharing account	9,575	17,891	4,103	-	2,539	3,664	-	37,772
Public sector profit sharing account	-	1	-	-	-	-	-	1
Commercial sector profit sharing account	2,185	9,371	547	-	2,292	644	-	15,039
Other institutions profit sharing account	760	2,946	271	-	1	68	-	4,046
Precious metal accounts	-	9,174	359	-	292	-	-	9,825
Total	12,520	39,591	5,280	-	5,124	4,376	-	66,891
Total	75,212	179,303	28,734	-	17,771	24,995	-	326,015

c. Information on dividend income: None (30 September 2013: None).

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

	Current period	Prior period
Trading income/loss (net)	108,773	126,414
Income	5,214,645	14,571,923
Gain on capital market transactions	811	2,385
Gain on derivative financial instruments	418,087	229,229
Foreign exchange gains	4,795,747	14,340,309
Losses (-)	(5,105,872)	(14,445,509)
Losses on capital market transactions	(327)	(1,802)
Losses on derivative financial instruments	(389,315)	(202,557)
Foreign exchange losses	(4,716,230)	(14,241,150)

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

e. 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 Parent Bank.

	Current period	Prior period
Reversal of prior period provisions	75,953	74,338
Income from sale of assets	12,413	13,249
Expertise fees	-	9,041
Income from EFT and money transfers	108	6,901
Income from checkbooks	75	2,448
Income from bounced check provisions	13	1,908
Income from check provisions	8	1,616
Lease income	1,408	1,195
Other Income	9,865	7,443
Total	99,843	118,139

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

	Current period	Prior period
Specific provisions for loans and other receivables	137,337	125,758
III. group loans and receivables	26,400	28,001
IV. group loans and receivables	58,264	62,167
V. group loans and receivables	52,673	35,590
Doubtful commissions, fees and other receivables	6	-
General provision expenses	43,016	43,353
Provision expenses for possible losses	-	-
Impairment provision of marketable securities	781	688
Financial Assets at fair value through profit and loss	781	688
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	2,578	13,730
Total	183,718	183,529

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

g. Information on other operating expenses:

	Current period	Prior period
Personnel expenses	307,568	241,616
Provision for retirement pay liability	6,508	1,979
Depreciation expenses of fixed assets	25,181	19,873
Depreciation expenses of intangible assets	12,751	8,728
Depreciation expenses of assets held for sale	506	323
Other operating expenses	143,329	104,422
Rent expenses	53,751	43,199
Maintenance expenses	9,427	7,447
Advertisement expenses	10,696	8,741
Communication expenses	12,865	11,744
Heating, electricity and water expenses	6,026	4,735
Cleaning expenses	2,799	1,464
Vehicle expenses	3,685	2,964
Stationery expenses	2,964	2,053
Other expenses	41,116	22,075
Losses on sales of assets	172	151
Deposit insurance fund expenses	31,648	23,754
Other	48,634	37,046
Total	576,297	437,892

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

Income before tax amounting to TL 356,278 increased by 18.91% as compared to the prior period (30 September 2013 – TL 299,612). Income before tax includes TL 819,288 (30 September 2013 – TL 607,956) net profit share income and TL 91,036 (30 September 2013 – TL 68,524) net fees and commission income. Other operating expense amount is TL 576,297 (30 September 2013 – TL 437,892).

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

At current period, deferred tax benefit of the Group is TL 14,647 (30 September 2013 – TL 4,294 deferred tax charge) and current tax provision expense is TL 82,749 (30 September 2013 – TL 53,056).

j. 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.

k. Information on net income/loss:

- 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 Group's performance for the period: As of 30 September 2014, net profit share income is TL 819,288 (30 September 2013 – TL 607,956), net fees and commission income is TL 91,036 (30 September 2013 – TL 68,524).
- Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None (30 September 2013 – None).

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

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

As of 30 September 2014, other fees and commissions received is TL 110,207 (30 September 2013 – TL 69,525), TL 18,424 of this amount is related with credit card fees and commissions (30 September 2013 – TL 9,057) and TL 23,300 of this amount is related with POS machine commissions (30 September 2013 – TL 17,249).

As of 30 September 2014, other fees and commissions given is TL 74,531 (30 September 2013 – TL 52,846), TL 29,352 (30 September 2013 – TL 19,806) of this amount is related with POS clearing commissions and installation expenses, TL 4,800 (30 September 2013 – TL 3,839) of this amount is related with fees and commissions paid for credit cards.

V. Explanations and notes related to consolidated cash flow statement

a. Information regarding the balances of cash and cash equivalents:

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.

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

	Current period	Prior period
Cash	2,987,060	1,831,067
Cash in TL/foreign currency, others	703,661	304,080
Demand deposits at banks	2,283,399	1,526,987
Cash equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalents	2,987,060	1,831,067

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

	Current period	Prior period
Cash	1,897,054	2,258,101
Cash in TL/foreign currency, others	565,780	571,304
Demand deposits at banks (up to 3 months)	1,331,274	1,686,797
Cash equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalents	1,897,054	2,258,101

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

c. 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 13,505 as of 30 September 2014 (30 September 2013 – TL 24,767).

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

a. Information on the volume of transactions relating to the Parent 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	Non-Cash
Loans and other receivables						
Balance at beginning of period	42,032	78	621	676	96,077	55
Balance at end of period	81,295	18,363	880	40,279	74,925	43
Profit share and commission income	966	-	34	-	3,617	-

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

2. 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		Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	126,633	30	1,146	544	84,273	13,157
Balance at end of period	42,032	78	621	676	96,077	55
Profit share and commission income	1,613	-	39	-	5,383	-

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

3. (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 the beginning of period	171,298	75,445	28,882	21,047	171,137	107,600
Balance at the end of period	207,895	171,298	46,539	28,882	191,245	171,137
Profit share expense	5,310	1,486	1,434	946	3,457	2,325

(*) 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: None (30 September 2013 – None).

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

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

4. 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 beginning of period	-	-	2,300,361	1,919,506	70,022	89,620
Balance at end of period	-	-	2,586,191	2,300,361	88,938	70,022
Profit share expense	-	-	73,590	55,242	145	1,860

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

b. Information on remunerations provided to top management:

As of 1 January-30 September 2014, the Bank has paid TL 12,064 to top management (1 January-30 September 2013 – TL 9,543).

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

None. (31 December 2013 – None)

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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 consolidated financial statements of the Bank have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' limited review report dated 21 November 2014 is presented before the accompanying consolidated financial statements.

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