

(Convenience translation of the independent auditor's limited review report and financial statements originally issued in Turkish - see section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Unconsolidated financial statements including independent auditor's
limited review report for the interim period ended
March 31, 2011**

(Convenience translation of the independent auditor's limited review report and financial statements originally issued in Turkish - see section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi
Independent auditors' limited review report
for the interim period ended March 31, 2011

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

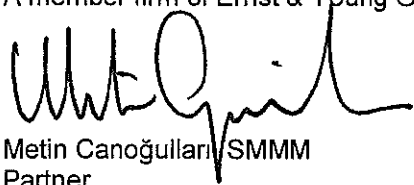
We have reviewed the unconsolidated balance sheet of Kuveyt Türk Katılım Bankası A.Ş. (the Bank) as of March 31, 2011 and the related unconsolidated statements of income, income and expenses accounted under equity, unconsolidated cash flows and changes in shareholders' equity for the period then ended. These unconsolidated 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 regulations on account and booking system and the accounting and independent audit principles set out as per the Banking Law No: 5411. Those principles 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 principally limited 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 thus provides a less assurance than audit. 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 financial statements do not give a true and fair view of the financial position of Kuveyt Türk Katılım Bankası A.Ş. as of March 31, 2011 and the results of its operations and its cash flows for the period then ended in accordance with the prevailing accounting principles and standards set out by regulations in conformity with Article No: 37 of the Banking Law No: 5411, and other regulations, communiqués, interpretations and circulars published by Banking Regulation and Supervision Agency on Accounting and Financial Reporting Principles.

As explained in detail in Note XXIII of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with article 37 of the Banking Law No. 5411, the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Metin Canoğulları / SMMM
Partner

May 13, 2011
İstanbul, Turkey



KUVEYTTÜRK
SAĞLAM BANKACILIK

THE UNCONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2011

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The unconsolidated financial report for the three 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 PARTICIPATION BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE PARTICIPATION BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The unconsolidated 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.

13 May 2011

Mohammed S.A.I. ALOMAR
Chairman of the Board of Directors

Adnan ERTEM
Head of the Audit Committee

Azfar Hussain QARNI
Member of the Audit Committee

Ufuk UYAN
General Manager

Ahmet KARACA
Chief Financial Officer

Mehmet KELEŞ
External Reporting Manager

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Kuveyt Türk | **Kuwait Turkish** | البنك الكويتي التركي
Katılım Bankası A.Ş. | Participation Bank Inc. | للمساهمة

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Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
for the interim period ended March 31, 2011 (continued)
(Currency – Thousands of Turkish Lira)****Section one
General information****I. History of the Bank including its incorporation date, initial legal status and amendments to legal status:**

Kuveyt Türk Katılım Bankası A.Ş. ("the Bank") was incorporated with the approval of the Central Bank of Turkey (CBT) 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.

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 Year, if any and information about the Group that the Bank belongs to:

As of March 31, 2011 and December 31, 2010, 62.23% of the 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 1.05% of the shares are owned by other real persons and legal entities.

III. Explanations on the Titles of Chairman and Members of the Board of Directors, Members of the Audit Committee, General Managers and Assistant General Managers and Their Shareholdings in the Bank:

Name	Title	Date of the assignment	Educational degree	Ownership percentage %
Mohammad S.A.I. ALOMAR	Chairman of the Board of Directors	19/07/2000	Bachelor	-
Abdullah TIVNİKLİ	Vice Chairman of the BOD	16/05/2001	Master	%0.0834
Azfar Hussain QARNI	Member of BOD and Audit Committee	23/05/2003	Master	-
Dr. Adnan ERTEM	Member of BOD and Chairman of the Audit Committee	22/12/2010	Doctorate	-
Yusuf Beyazıt	Member of BOD	29/04/2010	Bachelor	-
Khaled Nasser Abdulaziz AL FOUZAN	Member of BOD	02/08/2006	Bachelor	-
Fawaz KH E AL SALEH	Member of BOD	20/10/2006	Bachelor	%0.0133
Shaeen H.A. KH: SH. ALGHANEM	Member of BOD	18/12/2006	Bachelor	-
Ufuk UYAN	Member of BOD, General Manager	10/05/1999	Master	%0.0556
Ahmet KARACA	Assistant General Manager, Chief Financial Officer	12/07/2006	Master	%0.0189
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003	Bachelor	%0.0081
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003	Bachelor	%0.0082
İrfan YILMAZ	Assistant General Manager, Retail Banking	27/10/2005	Bachelor	%0.0083
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Banking Service Group	05/05/2005	Doctorate	%0.0061
Murat ÇETİNKAYA	Assistant General Manager, Treasury, International and Investment Banking	02/01/2008	Bachelor	-
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010	Bachelor	-
Asım ÖZGÖZÜKARA	Auditor	22/11/1988	Bachelor	-
Güven OBALI	Auditor	11/12/2007	Bachelor	-
Miktaç YETİM	Auditor	15/04/2010	Associate Degree	-

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.20% of the Bank's share capital (December 31, 2010 – 0.20%).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
for the interim period ended March 31, 2011 (continued)
(Currency – Thousands of Turkish Lira)**

IV. Information on qualified shareholders:

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	528,994	%62.23	528,994	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	159,114	%18.72	159,114	-
Total	688,108	%80.95	688,108	-

V. Explanations of the Bank's services and field of operations:

The Bank's field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Bank's core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts, and lending such funds to its customers. As of March 31, 2011, the Bank is operating with 2,952 employees (December 31, 2010 – 2,834). Summary of some of the Bank's operations described in the Articles of Association are as follows:

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

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
for the interim period ended March 31, 2011
(Currency – Thousands of Turkish Lira)**

Section two

The unconsolidated financial statements

- I. Balance sheet (Statement of financial position)
- II. Statement of off-balance sheet
- III. Statement of income
- IV. Statement of income and expenses accounted under equity
(Other comprehensive income statement)
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows

Kuveyt Türk Katılım Bankası Anonim Şirketi**Unconsolidated balance sheet (Statement of financial position)
as of March 31, 2011 and December 31, 2010
(Currency – Thousands of Turkish Lira)****Assets**

	Note (5th section)	Reviewed			Audited		
		Current period (31.03.2011)			Prior period (31.12.2010)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with the central bank	(I-a)	527,440	986,570	1,514,010	351,372	901,498	1,252,870
II. Financial assets at fair value through profit and loss, net	(I-b)	26,525	22,122	48,647	15,755	16,956	32,711
2.1 Trading financial assets		26,525	22,122	48,647	15,755	16,956	32,711
2.1.1 Public sector debt securities		-	-	-	-	-	-
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		23,727	22,122	45,849	11,524	16,956	28,480
2.1.4 Other marketable securities		2,798	-	2,798	4,231	-	4,231
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	(I-c)	264,921	243,881	508,802	323,570	592,789	916,359
IV. Money market placements		-	-	-	-	-	-
V. Financial assets-available for sale (net)	(I-d)	5,542	-	5,542	4,548	-	4,548
5.1 Share certificates		5,542	-	5,542	4,548	-	4,548
5.2 Public sector debt securities		-	-	-	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
VI. Loans and receivables	(I-e)	7,295,840	461,689	7,757,529	6,580,419	391,108	6,971,527
6.1 Loans and receivables		7,235,837	461,689	7,697,526	6,510,120	391,108	6,901,228
6.1.1 Loans to risk group of the bank		29,031	36,546	65,577	27,684	28,741	56,425
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		7,206,806	425,143	7,631,949	6,482,436	362,367	6,844,803
6.2 Non-performing loans		223,685	-	223,685	234,342	-	234,342
6.3 Specific provisions (-)		(163,682)	-	(163,682)	(164,043)	-	(164,043)
VII. Investments held to maturity (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. Subsidiaries (net)	(I-h)	80,131	-	80,131	57,170	-	57,170
9.1 Unconsolidated financial subsidiaries		17,917	-	17,917	17,917	-	17,917
9.2 Unconsolidated non-financial subsidiaries		62,214	-	62,214	39,253	-	39,253
X. Joint ventures (net)	(I-i)	-	-	-	-	-	-
10.1 Accounted for under equity method		-	-	-	-	-	-
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial subsidiaries		-	-	-	-	-	-
10.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. Finance lease receivables (net)	(I-j)	90,152	-	90,152	83,761	-	83,761
11.1 Finance lease receivables		106,407	-	106,407	98,725	-	98,725
11.2 Operating lease receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned income (-)		(16,255)	-	(16,255)	(14,964)	-	(14,964)
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)		143,166	100	143,266	148,751	96	148,847
XIV. Intangible assets (net)		16,225	1	16,226	13,052	1	13,053
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		16,225	1	16,226	13,052	1	13,053
XV. Investment property (net)		23,842	-	23,842	16,420	-	16,420
XVI. Tax asset	(I-l)	7,529	-	7,529	8,471	-	8,471
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset		7,529	-	7,529	8,471	-	8,471
XVII. Assets held for sale and discontinued operations (net)		29,183	-	29,183	27,068	-	27,068
17.1 Held for sale		29,183	-	29,183	27,068	-	27,068
17.2 Discontinued operations		-	-	-	-	-	-
XVIII. Other assets	(I-m)	171,886	41,787	213,673	148,299	46,013	194,312
Total assets		8,682,382	1,756,150	10,438,532	7,778,656	1,948,461	9,727,117

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

Kuveyt Türk Katılım Bankası Anonim Şirketi**Unconsolidated balance sheet (Statement of financial position)
as of March 31, 2011 and December 31, 2010
(Currency – Thousands of Turkish Lira)****Liabilities and equity**

		Reviewed			Audited			
		Note	Current period (31.03.2011)		Prior period (31.12.2010)			
		(5th Section)	TL	FC	Total	TL	FC	Total
I.	Funds collected	(II-a)	4,865,076	3,104,629	7,969,705	4,496,126	2,885,347	7,381,473
1.1	Funds from risk group of the bank		30,429	297,655	328,084	18,255	178,401	196,656
1.2	Other		4,834,647	2,806,974	7,641,621	4,477,871	2,706,946	7,184,817
II.	Derivative financial liabilities held for trading	(II-b)	9,975	4,822	14,797	5,601	8,699	14,300
III.	Funds borrowed	(II-c)	-	748,977	748,977	-	639,405	639,405
IV.	Debts to money markets		-	-	-	-	-	-
V.	Marketable securities issued (net)		-	-	-	-	-	-
VI.	Miscellaneous payables	(II-d)	47,580	5,879	53,459	46,604	10,425	57,029
VII.	Other liabilities	(II-d)	166,264	14,542	180,806	169,153	54,625	223,778
VIII.	Finance lease payables (net)	(II-e)	-	1	1	-	1	1
8.1	Finance lease payables		-	1	1	-	1	1
8.2	Operating lease payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred finance lease expenses (-)		-	-	-	-	-	-
IX.	Hedging derivative financial liabilities	(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)	111,585	14,127	125,712	103,236	8,983	112,219
10.1	General loan loss provisions		72,496	9,071	81,567	65,560	8,061	73,621
10.2	Restructuring provisions		-	-	-	-	-	-
10.3	Reserve for employee benefits		11,255	236	11,491	33,066	190	33,256
10.4	Insurance technical reserves (net)		-	-	-	-	-	-
10.5	Other provisions		27,834	4,820	32,654	4,610	732	5,342
XI.	Tax liability	(II-h)	50,455	-	50,455	42,227	-	42,227
11.1	Current tax liability		50,455	-	50,455	42,227	-	42,227
11.2	Deferred tax liability		-	-	-	-	-	-
XII.	Liabilities for the assets held for sale and discontinued operations (net)		-	-	-	-	-	-
12.1	Held for sale		-	-	-	-	-	-
12.2	Discontinued operations		-	-	-	-	-	-
XIII.	Subordinated loans		-	-	-	-	-	-
XIV.	Shareholders' equity	(II-i)	1,294,620	-	1,294,620	1,256,685	-	1,256,685
14.1	Paid-in capital		850,000	-	850,000	850,000	-	850,000
14.2	Capital reserves		23,250	-	23,250	23,250	-	23,250
14.2.1	Share premium		23,250	-	23,250	23,250	-	23,250
14.2.2	Share cancellation profits		-	-	-	-	-	-
14.2.3	Marketable securities revaluation reserve		-	-	-	-	-	-
14.2.4	Tangible assets revaluation reserve		-	-	-	-	-	-
14.2.5	Intangible assets revaluation reserve		-	-	-	-	-	-
14.2.6	Investment property revaluation reserve		-	-	-	-	-	-
14.2.7	Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-
14.2.8	Hedging funds (effective portion)		-	-	-	-	-	-
14.2.9	Value increase on assets held for resale		-	-	-	-	-	-
14.2.10	Other capital reserves		-	-	-	-	-	-
14.3	Profit reserves		223,787	-	223,787	223,787	-	223,787
14.3.1	Legal reserves		25,565	-	25,565	25,565	-	25,565
14.3.2	Status reserves		-	-	-	-	-	-
14.3.3	Extraordinary reserves		196,712	-	196,712	196,712	-	196,712
14.3.4	Other profit reserves		1,510	-	1,510	1,510	-	1,510
14.4	Profit or loss		197,583	-	197,583	159,648	-	159,648
14.4.1	Prior year income/(losses)		159,648	-	159,648	-	-	-
14.4.2	Current year income/(losses)		37,935	-	37,935	159,648	-	159,648
Total liabilities and equity			6,545,555	3,892,977	10,438,532	6,119,632	3,607,485	9,727,117

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

Kuveyt Türk Katılım Bankası Anonim Şirketi**Unconsolidated statement of off-balance sheet
As of March 31, 2011 and December 31, 2010
(Currency – Thousands of Turkish Lira)**

	Notes (5th Section)	Current period (31.03.2011)			Prior period (31.12.2010)		
		TL	FC	Total	TL	FC	Total
A. Off balance sheet commitments and contingencies							
(I+II+III)		4,182,920	31,971,771	36,154,691	3,570,685	29,804,535	33,375,220
I. Guarantees	(III-a)	1,813,785	2,028,044	3,841,829	1,810,779	1,919,429	3,730,208
1.1. Letters of guarantees		1,813,785	1,369,864	3,183,649	1,810,779	1,339,576	3,150,355
1.1.1. Guarantees subject to state tender law		98,734	47,895	146,629	119,775	10,362	130,137
1.1.2. Guarantees given for foreign trade operations		41,730	1,617	43,347	48,287	1,101	49,388
1.1.3. Other letters of guarantee		1,673,321	1,320,352	2,993,673	1,642,717	1,328,113	2,970,830
1.2. Bank loans		-	52,431	52,431	-	39,285	39,285
1.2.1. Import letter of acceptances		-	52,431	52,431	-	39,285	39,285
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letter of credits		-	561,500	561,500	-	535,890	535,890
1.3.1. Documentary letter of credits		-	300,314	300,314	-	289,659	289,659
1.3.2. Other letter of credits		-	261,186	261,186	-	246,231	246,231
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the central bank of turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Other guarantees		-	44,249	44,249	-	4,678	4,678
1.7. Other collaterals		-	-	-	-	-	-
II. Commitments	(III-a)	978,238	26,592,986	27,571,224	1,033,684	25,751,219	26,784,903
2.1. Irrevocable commitments		818,092	211,529	1,029,621	722,735	561,936	1,284,671
2.1.1. Forward asset purchase commitments		69,668	211,529	281,197	64,427	561,936	626,363
2.1.2. Share capital commitment to associates and subsidiaries		28,000	-	28,000	36,594	-	36,594
2.1.3. Loan granting commitments		12,050	-	12,050	7,697	-	7,697
2.1.4. Securities underwriting commitments		-	-	-	-	-	-
2.1.5. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6. Payment commitment for checks		573,424	-	573,424	492,993	-	492,993
2.1.7. Tax and fund liabilities from export commitments		106	-	106	106	-	106
2.1.8. Commitments for credit card expenditure limits		134,844	-	134,844	120,918	-	120,918
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		160,146	26,381,457	26,541,603	310,949	25,189,283	25,500,232
2.2.1. Revocable loan granting commitments		160,146	26,381,457	26,541,603	310,949	25,189,283	25,500,232
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments		1,390,897	3,350,741	4,741,638	726,222	2,133,887	2,860,109
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		1,390,897	3,350,741	4,741,638	726,222	2,133,887	2,860,109
3.2.1. Forward foreign currency buy/sell transactions		1,390,894	2,854,721	4,245,615	726,222	1,802,439	2,528,661
3.2.1.1. Forward foreign currency transactions-buy		851,371	1,248,534	2,099,905	580,456	713,569	1,294,025
3.2.1.2. Forward foreign currency transactions-sell		539,523	1,606,187	2,145,710	145,766	1,088,870	1,234,636
3.2.2. Other forward buy/sell transactions		3	496,020	496,023	-	331,448	331,448
3.3. Other		-	-	-	-	-	-
B. Custody and pledged items (IV+V+VI)		20,451,865	43,738,444	64,190,309	18,545,056	40,585,413	59,130,469
IV. Items held in custody		1,649,567	223,076	1,872,643	1,343,232	187,071	1,530,303
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		1,940	-	1,940	1,428	-	1,428
4.3. Checks received for collection		1,389,367	160,644	1,550,011	1,128,441	129,178	1,257,619
4.4. Commercial notes received for collection		258,260	61,830	320,090	213,363	57,893	271,256
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	602	602	-	-	-
V. Pledged items		18,800,488	43,499,075	62,299,563	17,200,530	40,382,233	57,582,763
5.1. Marketable securities		62,529	-	62,529	52,529	-	52,529
5.2. Guarantee notes		110,207	697,879	808,086	110,704	834,764	945,468
5.3. Commodity		1,560,128	31,295	1,591,423	1,417,446	32,092	1,449,538
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		15,904,370	608,574	16,512,944	14,495,959	601,946	15,097,905
5.6. Other pledged items		1,163,254	42,161,327	43,324,581	1,123,892	38,913,431	40,037,323
5.7. Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		1,810	16,293	18,103	1,294	16,109	17,403
Total off balance sheet accounts (A+B)		24,634,785	75,710,215	100,345,000	22,115,741	70,389,948	92,505,689

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

Kuveyt Türk Katılım Bankası Anonim Şirketi
Unconsolidated statement of income
for the interim periods ended March 31, 2011 and 2010
(Currency – Thousands of Turkish Lira)

			Reviewed	Reviewed
			Current period	Prior period
			01.01.2011-	01.01.2010-
			31.03.2011	31.03.2010
Statement of income		Notes	Total	Total
		(5th section)		
I.	Profit share income	(IV-a)	205,223	158,334
1.1	Profit share on loans		197,938	148,733
1.2	Profit share on reserve deposits		-	-
1.3	Profit share on banks		3,355	5,329
1.4	Profit share on money market placements		-	-
1.5	Profit share on marketable securities portfolio		-	33
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		-	-
1.5.4	Investment-held for maturity		-	33
1.6	Finance lease income		1,618	1,157
1.7	Other profit share income		2,312	3,082
II.	Profit share expense	(IV-b)	89,548	68,492
2.1	Expense on profit sharing accounts		83,226	65,213
2.2	Profit share expense on funds borrowed		6,322	3,279
2.3	Profit share expense on money market borrowings		-	-
2.4	Expense on securities issued		-	-
2.5	Other profit share expense		-	-
III.	Net profit share income (I – II)		115,675	89,842
IV.	Net fees and commissions income/expenses		16,270	14,308
4.1	Fees and commissions received		23,007	20,096
4.1.1	Non-cash loans		11,429	11,028
4.1.2	Other	(IV-k)	11,578	9,068
4.2	Fees and commissions paid		6,737	5,788
4.2.1	Non-cash loans		8	12
4.2.2	Other	(IV-k)	6,729	5,776
V.	Dividend income		-	-
VI.	Net trading income	(IV-c)	20,137	16,657
6.1	Capital market transaction gains / (losses)		110	-
6.2.	Gains/ (losses) from derivative financial instruments		2,219	8,300
6.3	Foreign exchange gains / (losses)		17,808	8,357
VII.	Other operating income	(IV-d)	29,534	25,093
VIII.	Net operating income (III+IV+V+VI+VII)		181,616	145,900
IX.	Provision for loan losses and other receivables (-)	(IV-e)	51,901	29,629
X.	Other operating expenses (-)	(IV-f)	82,610	66,102
XI.	Net operating income/(loss) (VIII-IX-X)		47,105	50,169
XII.	Amount in excess recorded as gain after merger		-	-
XIII.	Gain/(loss) on equity method		-	-
XIV.	Gain/(loss) on net monetary position		-	-
XV.	Profit/(loss) from continued operations before taxes (XI+...+XIV)	(IV-g)	47,105	50,169
XVI.	Tax provision for continued operations (±)	(IV-h)	(9,170)	(11,383)
16.1	Provision for current income taxes		(8,228)	(9,108)
16.2	Provision for deferred taxes		(942)	(2,275)
XVII.	Net profit/(loss) from continued operations (XV±XVI)		37,935	38,786
XVIII.	Income on discontinued operations		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (joint vent.)		-	-
18.3	Income on other discontinued operations		-	-
XIX.	Loss from discontinued operations (-)		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (joint vent.)		-	-
19.3	Loss from other discontinued operations		-	-
XX.	Income / (loss) on discontinued operations before taxes (XVIII-XIX)		-	-
XXI.	Tax provision for discontinued operations (±)		-	-
21.1	Provision for current income taxes		-	-
21.2	Provision for deferred taxes		-	-
XXII.	Net income/loss from discontinued operations (XX±XXI)	(IV-i)	-	-
XXIII.	Net income/loss (XVII+XXII)	(IV-i)	37,935	38,786
	Earnings per share		37,935	38,786
			0,045	0,077

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

Unconsolidated statement of income and expenses accounted under equity
(Other comprehensive income statement)
for the interim periods ended March 31, 2011 and 2010
(Currency – Thousands of Turkish Lira)

	Reviewed	Audited
	Current period	Prior period
Statement of income and expenses accounted under equity	(31.03.2011)	(31.03.2010)
I. Additions to marketable securities revaluation differences from available for sale financial assets	-	-
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	-	-
V. Profit/loss from derivative financial instruments for cash flow hedge purposes (effective portion of fair value differences)	-	-
VI. Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
VII. The effect of 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	-	-
X. Total net profit/loss accounted under equity (I+II+...+IX)	-	-
XI. Profit/loss	37,935	38,786
XI.1 Change in fair value of marketable securities (transfer to profit/loss)	-	-
Reclassification of derivatives accounted for cash flow hedge purposes to		
XI.2 income statement	-	-
XI.3 Reclassification of hedge of net investments in foreign operations to income statement	-	-
XI.4 Other	37,935	38,786
XII. Total profit/loss accounted for the period (X±XI)	37,935	38,786

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

Kuveyt Türk Katılım Bankası Anonim Şirketi**Unconsolidated statement of changes in shareholders' equity
for the interim periods ended March 31, 2011 and 2010
(Currency – Thousands of Turkish Lira)**

	Vote (5 th section)	Paid-in capital	Effect of inflation accounting on paid-in capital and other capital reserves	Share premium	Share certificate cancellation	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	Minority interest	Total equity
Current period (31.03.2011)																		
I. Beginning balance		850,000		23,250	-	25,565	-	196,712	1,510	159,648	-	-	-	-	-	-	-	1,256,685
II. Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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. Bonds/shares obtained from associates, subsidiaries and jointly controlled operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issue premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Initiation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Net income/(loss) for the period		-	-	-	-	-	-	-	-	37,935	-	-	-	-	-	-	-	-
XVIII. Profit distribution		-	-	-	-	-	-	-	-	(159,648)	159,648	-	-	-	-	-	-	37,935
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	-	-	-	-	(159,648)	159,648	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance		850,000	-	23,250	-	25,565	-	196,712	1,510	37,935	159,648	-	-	-	-	-	-	1,294,620
(I+II+III+...+XVI+XVII+XVIII)																		

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

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Unconsolidated statement of changes in shareholder's equity
for the interim periods ended March 31, 2011 and 2010
(Currency – Thousands of Turkish Lira)**

	Note (6 th section)	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	Intangible assets revaluation reserve	Bonus shares from investments	Hedging reserves	set held for sale and discop. valuation fund	Minority Interest	Total equity
Prior period (31.03.2010)																		
I. Beginning balance		500,000	-	23,250	-	18,067	-	137,352	1,510	127,133	-	-	-	-	-	-	-	807,312
II. Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Marketable securities revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Hedging funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Bonus shares obtained from subsidiaries, subsidiaries and jointly controlled operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes related to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Changes related to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Share issue premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Period net income/(loss)		-	-	-	-	-	-	-	-	38,786	-	-	-	-	-	-	-	-
XIII. Profit distribution		-	-	-	-	-	-	-	-	(127,133)	127,133	-	-	-	-	-	-	38,786
XIV. Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Transfers to reserves		-	-	-	-	-	-	-	-	(127,133)	127,133	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance (I+II+III+...+XVI+XVII+XVIII)																		
		500,000	-	23,250	-	18,067	-	137,352	1,510	38,786	127,133	-	-	-	-	-	-	846,098

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

Kuveyt Türk Katılım Bankası Anonim Şirketi**Unconsolidated statements of cash flows
for the interim periods ended March 31, 2011 and 2010
(Currency – Thousands of Turkish Lira)**

		Reviewed Current period 01.01.2011 - 31.03.2011	Reviewed Prior period 01.01.2010 - 31.03.2010
Statement of cash flows	Note (5th section)		
A. Cash flows from banking operations			
1.1 Operating profit (loss) before changes in operating assets and liabilities		53,934	122,102
1.1.1 Profit share income received		198,176	193,728
1.1.2 Profit share expense paid		(89,887)	(70,622)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		23,939	14,309
1.1.5 Other income		8,808	25,093
1.1.6 Collections from previously written off loans	(I-e)	28,438	10,445
1.1.7 Payments to personnel and service suppliers		(67,943)	(34,565)
1.1.8 Taxes paid		(5,902)	(2,557)
1.1.9 Others		(41,695)	(13,729)
1.2 Changes in operating assets and liabilities		(338,385)	(191,535)
1.2.1 Net (increase) decrease trading financial assets		1,892	(2,803)
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		(39,041)	114,499
1.2.4 Net (increase) decrease in loans		(814,723)	(433,631)
1.2.5 Net (increase) decrease in other assets		(13,460)	59,178
1.2.6 Net increase (decrease) in bank deposits		-	-
1.2.7 Net increase (decrease) in other deposits		586,808	171,818
1.2.8 Net increase (decrease) in funds borrowed		4,799	5,261
1.2.9 Net increase (decrease) in due payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(64,660)	(105,857)
I. Net cash provided from (used in) banking operations		(284,451)	(69,433)
B. Cash flows from investing activities			
II. Net cash provided from (used in) investing activities		(14,747)	(2,382)
2.1 Cash paid for purchase jointly controlled operations, associates and subsidiaries	(I-h)	(7,600)	-
2.2 Cash obtained from sale of jointly controlled operations, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(13,131)	(9,911)
2.4 Fixed assets sales		6,978	-
2.5 Cash paid for purchase of financial assets available for sale		(994)	-
2.6 Cash obtained from sale of financial assets available for sale		-	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	7,529
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash provided from (used in) financing activities		106,536	41,752
3.1 Cash obtained from funds borrowed and securities issued		228,004	122,544
3.2 Cash used for repayment of funds borrowed and securities issued		(121,468)	(80,791)
3.3 Capital increase		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	(1)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		7,561	4,586
V. Net increase (decrease) in cash and cash equivalents (I + II + III + IV)		(185,101)	(25,477)
VI. Cash and cash equivalents at the beginning of the period		1,332,074	1,124,410
VII. Cash and cash equivalents at the end of the period		1,146,973	1,098,933

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

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Section three

Accounting principles

I. Explanations on basis of presentation

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

The unconsolidated financial statements have been prepared in accordance with the 'Regulation on Accounting Applications for Banks and Safeguarding of Documents' numbered 5411 published in the Official Gazette No.26333 dated November 1, 2006, which refers to 'Turkish Accounting Standards' (TAS) and 'Turkish Financial Reporting Standards' (TFRS) issued by the 'Turkish Accounting Standards Board' (TASB) and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all 'Turkish Accounting Standards' or 'TAS') published by the Banking Regulation and Supervision Agency. The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to Those Financial Statements", published in Official Gazette No. 26430, dated February 10, 2007, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish tax legislation.

In accordance with the Article 37 of the Banking Act 5411, the Banks must apply the uniform chart of accounts in their accounting systems in accordance with the procedures and principles identified by the Banking Regulation and Supervision Agency (BRSA) by taking into account the international standards and opinions of the TASB and other associations of the banking sector into consideration; record all transactions in accordance with their underlying nature; prepare clear, reliable, comparable, suitable for audit, analysis and interpretation, timely and accurate financial reports in a form and content that meets the information requirements of users.

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

Accounting policies and valuation methods used in the preparation of financial statements have been applied as specified in the related communiqués, pronouncements and regulations of TAS and BRSA. The accounting policies adopted in the preparation of the year end financial statements are consistent with those adopted in the preparation of the financial statements as of December 31, 2010. TAS/TFRS changes, which will be effective starting from January 1, 2011, (TFRIC 14 (Change) "Prepayments of a Minimum Funding Instrument"; TAS 32 (Change), "Classification on Rights Issue"; TFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments; TAS 24, "Related Party Disclosures" and Improvements to TFRS (issued in 2010)) do not have an effect on the Bank's accounting policies, financial position or performance. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained in Notes II and XXII below.

Kuveyt Türk Katılım Bankası Anonim Şirketi

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“Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks” published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 “Financial Instruments” before January 1, 2013. This standard will primarily have an effect on the classification and measurement of the Bank’s financial assets. The Bank has not early adopted this standard and is currently assessing the impact of adopting it. However, as the impact of adoption depends on the financial asset management models applied and the financial assets held by the Bank at the date of adoption, it is not practical or possible to quantify the effect at this stage. As of the date of these financial statements, the other TAS/TFRS standards announced but not yet effective are not expected to have significant impact on the Bank’s accounting policies, financial position and performance.

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

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

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

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

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

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

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira. Valuation differences of foreign currencies have been recognized in the income statement under the ‘Net foreign exchange income/expense’ account.

Kuveyt Türk Katılım Bankası Anonim Şirketi

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

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement.

There are no foreign currency differences capitalized by the Bank.

III. Explanations on forward transactions and option contracts and derivative instruments:

The Bank enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. The Bank classifies its derivative instruments as "Held for Hedging" and "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 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 TMS 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.

IV. Explanations on profit share income and expense

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

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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V. Explanations on fees and commission income and expenses

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

In accordance with the provisions of TAS the 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 Deferred Revenues account under Other Liabilities on the balance sheet. Due to the difficulties in the IT systems, commissions and fees obtained for the loans granted before the year 2009 could not have been decomposed and the balances of deferred revenues corresponding to these loans granted could not have been identified.

VI. Explanations on financial assets

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

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

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

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

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

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

b. Financial assets available for sale:

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

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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 assets 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.

VII. Explanations on impairment of financial assets:

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

i) Loans and receivables:

If there is objective evidence that the loans might not be collected, the Bank reclassifies such loans to III., IV. and V. groups and provides impairment reserve in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" published on November 1, 2006 in the official Gazette numbered 26333 and "Communiqué for the amendment of 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 January 23, 2009 in the official Gazette numbered 27119. 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 income" in the income statement.

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The Bank provides general provision 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 November 1, 2006 in the official Gazette numbered 26333 and Communiqué for the amendment of 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 January 23, 2009 in the official Gazette numbered 27119.

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 value of future estimated cash flows discounted using the original profit share and the carrying value; provision is made for impairment and the provision is associated with expense accounts.

iii) Financial assets available for sale:

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

VIII. Explanations on offsetting of financial assets and liabilities

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

IX. Explanations on sale and repurchase agreements and lending of securities

The Bank has no sale and repurchase agreements transactions and lending securities transactions.

X. 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."

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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 November 1, 2006 in the Official Gazette.

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

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

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

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

As of March 31, 2011, assets held for sale amounts to TL 29,183 (December 31, 2010 – TL 27,068).

XI. Explanations on goodwill and other intangible assets

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

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

As of March 31, 2011 there is no goodwill related to associates and subsidiaries.

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XII. Explanations on tangible assets

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

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

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

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

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

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

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

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.

XIII. Explanations on leasing transactions

Bank as a lessee

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

Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets and if a diminution in recoverable value of the leased asset is identified, a provision for impairment is recognized.

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

Bank as a lessor

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

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XIV. Explanations on provisions and contingent liabilities

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

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

The bank recognizes provisions for obligations which arose from prior periods in current financial year, only if, the possibility of realization is high and a reliable estimation can be made. A provision is provided if liabilities have been originated as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

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

XV. Explanations on liabilities relating to employee benefits

a) Defined benefit plans:

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and who retires or 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)", by using the "projection method" and based on upon factors derived using the past experience of the Bank with respect to completion of service period and eligibility to receive retirement pay and discounted by using the current market yield rate of government bonds at the balance sheet date.

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

b) Defined contribution plans:

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

c) Short term benefits to employees:

In accordance with "TAS 19", vacation pay liabilities are defined as "Short Term Benefits to Employees" and accrued as earned and not discounted.

Bank 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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XVI. Explanations on taxation

Current tax

Effective from January 1, 2006, the effective tax rate has been decreased to 20% in accordance with the Corporate Tax Law No 5520 published and came in force on September 21, 2006. The tax legislation provides a temporary tax of 20% to be calculated and paid based on the tax basis calculated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year, which is calculated over the yearly tax basis.

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

Effective from April 24, 2003, new fixed asset investments over a specific amount, which have an economic life and are directly related with the production of services, are deducted from the annual taxable income amounting to 40% of the cost of the fixed asset. Investment allowances with incentive certificates obtained prior to April 24, 2003, would be subject to 19.8% withholding tax unless the companies choose to convert to the new application. Before the implementation of the new investment incentive application, effective from January 1, 2006, all investment incentives could have been carried forward indefinitely, however, as of January 1, 2006 the investment incentive application was terminated. Unused qualifying capital investment amounts from periods prior to December 31, 2005 could be deducted from the corporate income tax base until the end of December 31, 2008. However, in this case corporate tax rate would be 30%. Furthermore, qualifying capital investments to be made until the end of December 31, 2008 within the scope of the investment projects started before December 31, 2005 would be subject to investment incentives until the end of December 31, 2008. Unused investment incentives accumulated until December 31, 2007 has been deducted from the tax base by the Bank and for the tax base exceeding the investment incentive amount the effective tax rate was 30%. For the year 2008, as the unused investment incentive did not supply a tax advantage, the Bank did not deduct it from the tax base and the effective tax rate was 20%. In both 2010 and 2009 the effective corporate tax rate applicable to the Bank is 20%.

With the decision dated as October 15, 2009 and numbered principal 2006/95 – 2009/144 of the Constitutional Court, the phrase which is added to the end of the first paragraph of Article 69 of Law No. 193 "... only in the 2006, 2007 and 2008 years ..." and "2" figure in (2) paragraph of Article 15 of Law No. 5479 has been cancelled. In this context, as described in the article of Serial No. 276 issued by the Ministry of Finance Income Tax General Communiqué 2.3 "Amounts of investment tax credits calculated over the investments which have been newly started and investments performed between the dates of January 1, 2006- April 8, 2006 can be benefited from in the context of the abolished Article 19 of the Income Tax Act. In this context, regardless of available earnings in the related period, investment incentives calculated over the investment expenditures can be deducted from the tax base, by considering the explanations of the Section 3 of the communiqué and their indexed amounts.

In accordance with this provision, investment expenditures between January 1, 2006 and April 8, 2006 is 13,130TL. 40% of this amount; TL 5,252; has been calculated as investment incentive amount. TL 6,937 has been calculated by indexation for the periods between 2007 and 2010 and has been deducted from the corporate tax base. Accordingly; a tax benefit of TL 1,387; representing 20% of TL 6,937; has been achieved.

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In accordance with the provisions of the communiqué, the amount of investment incentive to be deducted from the tax basis cannot exceed 25% of the related tax base. Tax amount is calculated as 20%- the effective tax rate of the remaining tax base. As the investment allowance amount TL 6,937 is less than 25% of the total tax base, total investment incentive has been deducted from the tax base.

The Bank has not benefited from the investment incentives amounting to TL 67,262 arising from the investment incentive certificates which are issued in accordance with the applications before the date of April 24, 2003 and are subject to withholding tax at 19.8% as such investment incentives did not supply a tax advantage in the related periods

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. 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. Companies file their tax returns to their tax offices until the end of 25th of the fourth month following the accounting period. The tax authorities have the right to inspect the tax returns and their underlying accounting records in a five years period and can revise the amount of taxes if any errors have been notified during the inspection.

Deferred tax

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

XVII. Explanations on additional disclosures on borrowings

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

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XVIII. Explanations on share certificates issued

The Bank has no material costs for issuance of share certificates.

XIX. 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.

XX. Explanations on government grants

There are no government grants received by the Bank.

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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XXI. Explanations on segment reporting

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

Segment reporting is disclosed in Section 4, Note VI.

XXII. Explanations on other matters

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

XXIII. Additional paragraph for convenience translation

The effects of differences between accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411, the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
for the interim period ended March 31, 2011
(Currency – Thousands of Turkish Lira)****Section four****Information on financial structure****I. Explanations on capital adequacy standard ratio**

Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on November 1, 2006 in the Official Gazette numbered 26333. The calculation of Capital Adequacy Ratio includes the methods used in determining the Capital Adequacy Ratio, determination of risk weighted assets and non-cash credits in line with the relevant banking regulation and measuring the market risk and operational risk ratio in line with the same regulation. Based on the "Measurement and Assessment of Capital Adequacy of Banks", the capital adequacy ratio of the Bank is 15,74% (December 31, 2010 – 17,05%).

Information for capital adequacy standard ratio: Thousands of TL, %

	Risk weights					Bank
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (Net)	1,669,464	373,114	3,303,845	3,516,958	1,627	61
Cash and cash equivalents	701,621	-	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	481,218	-	-	-	-	-
Domestic Banks, Foreign Banks, Foreign Head						
Offices and Branches	-	360,625	-	75,893	-	-
Money market placements	-	-	-	-	-	-
Receivables from reverse repo transactions	-	-	-	-	-	-
Reserve deposits	231,817	-	-	-	-	-
Loans	196,638	12,229	3,217,509	2,838,088	1,627	61
Non-performing loans (Net)				49,106		
Financial lease receivables	447	-	17,866	68,484	-	-
Available-for-sale financial assets	-	-	-	5,542	-	-
Held to maturity investments	-	-	-	-	-	-
Receivables from installment sales of assets	-	-	-	528	-	-
Miscellaneous receivables	-	-	-	56,812	-	-
Accrued profit share and income accruals	4,185	260	68,470	60,396	-	-
Investment in associates, subsidiaries and joint ventures (Business Partnerships) (net)	-	-	-	80,131	-	-
Tangible assets	-	-	-	172,061	-	-
Other assets	53,538	-	-	109,917	-	-
Off-balance sheet items	84,074	43,358	310,723	1,753,389	-	-
Guarantees and commitments	84,074	24,380	310,723	1,732,996	-	-
Derivative financial instruments	-	18,978	-	20,393	-	-
Accounts without weighted risk	-	-	-	-	-	-
Total risk weighted assets	1,753,538	416,472	3,614,568	5,270,347	1,627	61

Summary of the capital adequacy standard ratio of the Bank:

	Current period	Prior period
Total Risk Weighted Assets (TRWA)	7,163,488	6,556,317
Amount Subject to Market Risk (ASMR)	122,638	54,213
Amount Subject to Operational Risk (ASOR)	989,285	795,684
Shareholders' Equity	1,302,531	1,262,629
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	15.74	17.05

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
for the interim period ended March 31, 2011
(Currency – Thousands of Turkish Lira)****Components of shareholders' equity:**

	Current period	Prior period
Core capital		
Paid-in capital subordinated to all other receivables in case of liquidation of the Bank	850,000	850,000
Nominal capital	850,000	850,000
Capital commitments (-)	-	-
Inflation indexation difference on paid-in capital subordinated to all other receivables in case of the liquidation of the Bank	-	-
Share premium	23,250	23,250
Share cancellations profits	-	-
Legal reserves	25,565	25,565
First legal reserve (Turkish Commercial Code 466/1)	20,371	20,371
Second legal reserve (Turkish Commercial Code 466/2)	5,194	5,194
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	198,222	198,222
Reserves allocated by the General Assembly	198,222	198,222
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Inflation Adjustments to Legal Reserve, status reserves and extraordinary reserves	-	-
Profit	197,583	159,648
Current year profit	37,935	159,648
Prior years' profits	159,648	-
Provision for possible losses up to 25% of the core capital	-	4,600
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-
Primary subordinated loans up to 15% of the core capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Operational Leases Improvement Costs(-) (*)	(21,496)	(20,520)
Prepaid Expenses (-)	-	(5,748)
Intangible Assets (-)	(16,226)	(13,053)
Deferred Tax Asset in excess of 10% of Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total core capital	1,256,898	1,221,964
Supplementary capital		
General provisions	49,106	43,047
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans excluded in the calculation of the core capital	-	-
Secondary subordinated loans	-	-
45 % of the marketable securities value increase fund	-	-
Associates and subsidiaries	-	-
Available for sale securities	-	-
Indexation differences for capital reserves, profit reserves and retained earnings (Except for indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total supplementary capital	49,106	43,047
TIER III capital		
Capital	1,306,004	1,265,011
Deductions from the capital	3,473	2,382
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	-	-
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	2,733	2,382
Securitization Positions Preferred to be Deducted from Equity rather than to be subjected to 1250 % Risk Weighted Resulting from the Law numbered 45 on Principles and Procedures in Calculating the Capital Adequacy	-	-
Other	-	-
	740	-
Total shareholder's equity	1,302,531	1,262,629

(*) Operational Leases Improvement Costs amounting to TL 21,496 as of March 31, 2011, have been classified under tangible assets in the accompanying financial statements and are presented as deductions from the capital due to declaration of BRSA numbered 5379 dated March 18, 2009 (As of December 31, 2010- TL, 20,520 TL).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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II. Explanations on market risk

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

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

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

The capital which should be kept against general market risk and specifics risks, is calculated and monthly reported in accordance with the "Marketing risk measurement process with standard method" which is the third chapter of "Calculation of Marketing Risk Amount" of the "Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks". As of March 31, 2011, the details of market risk calculated in accordance with the mentioned method are as follows:

a. Information related to market risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	982
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	56
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	3,720
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	5,053
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	9,811
(IX) Amount Subject to Market Risk (12.5 x VIII)	122,638

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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III. Explanations on currency risk

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

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

As of March 31, 2011, the Bank carries a net foreign currency long position of TL 24,418 (December 31, 2010 – TL 31,165 long position) comprising TL 261,981 long balance sheet position (December 31, 2010 - TL 440,788 long position) and TL 237,563 off balance sheet short position (December 31, 2010 - TL 439,037 short position).

The announced current foreign exchange buying rates of the Bank as of March 31, 2011 and the previous five working days are as follows (Full TL):

	24/03/2011	25/03/2011	28/03/2011	29/03/2011	30/03/2011	Balance sheet evaluation rate
USD	1.5543	1.5470	1.5533	1.5485	1.5549	1.5483
CHF	1.7229	1.6979	1.6866	1.6825	1.6903	1.6764
GBP	2.5310	2.5022	2.4827	2.4727	2.4864	2.4845
JPY	1.9176	1.9081	1.8982	1.8912	1.8943	1.8598
EUR	2.2022	2.1843	2.1842	2.1763	2.1929	2.1816

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

	Monthly average FC purchase rate
USD	1.5751
CHF	1.7106
GBP	2.5463
JPY	1.9285
EUR	2.2017

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
for the interim period ended March 31, 2011
(Currency – Thousands of Turkish Lira)****Currency risk of the Bank:**

	EURO	USD	Yen	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	18,000	421,496	38	547,036	986,570
Banks	17,247	199,493	235	26,906	243,881
Financial assets at fair value through profit and loss	-	237	-	8	245
Money market placements	-	-	-	-	-
Available-for-sale financial assets (**)	-	714	-	-	714
Loans and finance lease receivables (*)	883,833	1,965,223	-	1,508	2,850,564
Subsidiaries, associates and joint ventures (**)	-	17,917	-	-	17,917
Held-to-maturity investments	-	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-	-
Tangible assets	82	18	-	-	100
Intangible assets	-	1	-	-	1
Other assets	2,020	39,635	-	117	41,772
Total assets	921,182	2,644,734	273	575,575	4,141,764
Liabilities					
Current account and funds collected from Banks via participation accounts	42,081	320,722	-	35,329	398,132
Current and profit sharing accounts FC	668,624	1,420,324	248	617,301	2,706,497
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	17,574	731,403	-	-	748,977
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	4,666	1,022	-	191	5,879
Derivative financial liabilities for hedging purposes	-	-	-	-	-
Other liabilities	6,981	12,635	50	632	20,298
Total liabilities	739,926	2,486,106	298	653,453	3,879,783
Net balance sheet position	181,256	158,628	(25)	(77,878)	261,981
Net off-balance sheet position	(175,704)	(141,698)	(31)	79,870	(237,563)
Financial derivative assets	412,373	921,389	5,502	323,089	1,662,353
Financial derivative liabilities	588,077	1,063,087	5,533	243,219	1,899,916
Non-cash loans (***)	496,216	1,487,919	80	43,828	2,028,043
Prior period					
Total assets	785,051	2,705,136	272	541,758	4,032,217
Total liabilities	798,747	2,304,516	203	487,963	3,591,429
Net balance sheet position	(13,696)	400,620	69	53,795	440,788
Net off-balance sheet position	18,381	(405,594)	14	(51,838)	(439,037)
Financial derivative assets	386,186	570,012	472	171,723	1,128,393
Financial derivative liabilities	367,805	975,606	458	223,561	1,567,430
Non-cash loans (***)	499,243	1,362,197	979	57,010	1,919,429

(*) Includes foreign currency indexed loans amounting to TL 2,388,875 (December 31, 2010 – TL 2,081,649) followed as TL on the balance sheet.

(**) Includes TL 714 (December 31, 2010 – TL 714) of foreign currency denominated available for sale financial assets, which are followed as Turkish Lira in TL 5,542 of available for sale financial assets and TL 17,917 (December 31, 2010 – TL 17,917) of foreign currency denominated subsidiaries, which are followed as Turkish Lira in TL 80,131 of investments in subsidiaries on the balance sheet.

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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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 21,877 (December 31, 2010 – TL 16,519)
- Prepaid expenses : TL 15 (December 31, 2010 – TL 5)
- Derivative financial liabilities held for trading : TL 4,710 (December 31, 2010 – TL 8,561)

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

- Forward foreign currency purchase transactions: TL 125,041 (December 31, 2010 - TL 269,109)
- Forward foreign currency sale transactions: TL 86,488 (December 31, 2010 TL 292,827)

Foreign currency sensitivity:

The Bank is mainly exposed to EUR and USD currency risks.

The following table details the Bank's sensitivity to a change of 10% in the USD and EURO exchange rates. A negative amount indicates a decrease in profit/loss and equity when the TL weakens with ratio of %10 against USD and EUR.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		Current period	Prior period	Current period	Prior period
USD	%10	1,693	(497)	-	-
EURO	%10	555	469	-	-

IV. Explanations on liquidity risk

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

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

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

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements for the interim period ended March 31, 2011 (Currency – Thousands of Turkish Lira)

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	1,182,843	331,167	-	-	-	-	-	1,514,010
Banks	182,450	326,352	-	-	-	-	-	508,802
Financial assets at fair value through profit and loss	2,797	15,641	6,984	23,150	75	-	-	48,647
Money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	5,542	5,542
Loans	-	1,116,391	1,160,122	2,734,382	2,568,953	207,830	60,003	7,847,681
Held-to-maturity investments	-	-	-	-	-	-	-	-
Other assets (*)	239	121,209	56,578	13,370	28,567	-	293,887	513,850
Total assets	1,368,329	1,910,760	1,223,684	2,770,902	2,597,595	207,830	359,432	10,438,532
Liabilities								
Current account and funds collected from banks via participation accounts	54,953	12,700	56,716	251,367	23,863	-	-	399,599
Current and profit sharing accounts	1,808,767	2,187,831	2,593,821	606,472	373,215	-	-	7,570,106
Funds provided from other financial institutions	-	51,194	86,306	425,650	185,827	-	-	748,977
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	39,093	14,366	-	-	-	-	-	53,459
Other liabilities (*)	-	185,738	10,447	7,645	-	-	1,462,561	1,666,391
Total liabilities	1,902,813	2,451,829	2,747,290	1,291,134	582,905	-	1,462,561	10,438,532
Net liquidity gap	(534,484)	(541,069)	(1,523,606)	1,479,768	2,014,690	207,830	(1,103,129)	-
Prior period								
Total assets	1,725,216	1,422,878	1,164,780	2,528,306	2,544,499	1,444	339,994	9,727,117
Total liabilities	1,740,367	902,582	3,990,989	990,923	733,352	-	1,368,904	9,727,117
Net liquidity gap	(15,151)	520,296	(2,826,209)	1,537,383	1,811,147	1,444	(1,028,910)	-

(*) 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, prepaid expenses and non-performing loans, are included under unallocated assets. The unallocated other liabilities column consists of equity and provisions balances.

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements for the interim period ended March 31, 2011 (Currency – Thousands of Turkish Lira)

Breakdown of derivative instruments according to their remaining contractual maturities:

Current period – March 31, 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives:						
Inflow	1,187,996	300,580	897,093	3,013	-	2,388,682
Outflow	1,177,226	295,177	877,435	3,118	-	2,352,956
Derivatives held for hedging						
Foreign exchange derivatives:						
Inflow	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
Total cash inflow	1,187,996	300,580	897,093	3,013	-	2,388,682
Total cash outflow	1,177,226	295,177	877,435	3,118	-	2,352,956
Prior period - December 31, 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives:						
Inflow	945,163	78,245	414,826	1,505	-	1,439,739
Outflow	944,181	76,043	398,645	1,500	-	1,420,369
Derivatives held for hedging						
Foreign exchange derivatives:						
Inflow	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
Total cash inflow	945,163	78,245	414,826	1,505	-	1,439,739
Total cash outflow	944,181	76,043	398,645	1,500	-	1,420,369

V. Explanations on business segments

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

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

Retail Banking; there are 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.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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International Banking: In International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The aim of international banking is to enable foreign trade financing and develop mutual long term financing agreements with foreign banks. The Matched Murabaha is offered to SME's and international investors to meet the financing needs of SME's with international funds. 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 Istanbul Stock Exchange and international markets and conducts Murabaha transactions with foreign banks.

Specific balance sheet and income statement items according to segments:

	Retail Banking	Corporate and Commercial Banking	Treasury, Investment Banking and International Banking	Unallocated	Bank's total operation
March 31, 2011					
Operating income	97,424	161,621	12,119	-	271,164
Operating expenses	(89,848)	(49,063)	(6,399)	(78,749)	(224,059)
Transfers between segments	7,279	(17,117)	9,838	-	-
Net operating income(loss) (*)	14,855	95,441	15,558	(78,749)	47,105
Income from associates	-	-	-	-	-
Income (loss) before tax	14,855	95,441	15,558	(78,749)	47,105
Provision for taxation	-	-	-	(9,170)	(9,170)
Net income for the period	14,855	95,441	15,558	(87,919)	37,935
Segment assets	2,593,849	5,253,832	2,077,001	-	9,924,682
Associates, subsidiaries and joint ventures	-	-	-	80,131	80,131
Undistributed assets	-	-	-	433,719	433,719
Total assets	2,593,849	5,253,832	2,077,001	513,850	10,438,532
Segment liabilities	5,555,385	2,414,320	763,774	-	8,733,479
Undistributed liabilities	-	-	-	410,433	410,433
Shareholders' equity	-	-	-	1,294,620	1,294,620
Total liabilities	5,555,385	2,414,320	763,774	1,705,053	10,438,532

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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March 31, 2010	Retail Banking	Corporate and Commercial Banking	Treasury, Investment Banking and International Banking	Unallocated	Bank's total operation
Operating income	82,055	114,799	17,540	-	214,394
Operating expenses	(62,291)	(35,376)	(3,279)	(63,279)	(164,225)
Transfers between segments	30,076	(34,976)	4,900	-	-
Net operating income/loss	49,840	44,447	19,161	(63,279)	50,169
Income from associates	-	-	-	-	-
Income(loss) before tax	49,840	44,447	19,161	(63,279)	50,169
Provision for taxation	-	-	-	(11,383)	(11,383)
Net income for the period	49,840	44,447	19,161	(74,662)	38,786
Segment assets	2,122,853	3,351,777	1,247,342	-	6,721,972
Associates, subsidiaries and joint ventures	-	-	-	49,362	49,362
Undistributed assets	-	-	-	329,122	329,122
Total assets	2,122,853	3,351,777	1,247,342	378,484	7,100,456
Segment liabilities	3,939,213	1,589,009	439,000	-	5,967,222
Undistributed liabilities	-	-	-	287,136	287,136
Shareholders' equity	-	-	-	846,098	846,098
Total liabilities	3,939,213	1,589,009	439,000	1,133,234	7,100,456

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
for the interim period ended March 31, 2011
(Currency – Thousands of Turkish Lira)**

Section five

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets:

a. Cash and balances with the CBRT:

1. Cash and balances with the CBRT:

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	46,997	108,318	58,118	63,452
The CBRT	479,951	332,434	293,254	330,735
Other(*)	492	545,818	-	507,311
Total	527,440	986,570	351,372	901,498

(*) As of March 31, 2011 precious metal depot account amounting to TL 544,672 is reflected in this line (December 31, 2010 - TL 507,311).

2. Information on CBRT:

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	479,951	1,267	292,897	1,248
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	331,167	357	329,487
Total	479,951	332,434	293,254	330,735

Effective from March 31, 2011 the Banks which operate in Turkey should provide required reserve for amounting to 12% of the total demand deposits, 10% of total profit sharing accounts that have less than 1 month-maturity, 9% of total profit sharing accounts that have less than 3 months-maturity, 7% of total profit sharing accounts that have less than 6 months-maturity, 6% of total profit sharing accounts that have less than 1 year-maturity, 5% of total profit sharing accounts that have 1 year or more maturity and 9% for liabilities other than profit sharing accounts according to legislation of Turkish Central Bank of Republic of Turkey, for Turkish Lira denominated liabilities. For foreign currency liabilities in terms of US Dollar or Euro required reserve ratio is 11%. TCMB does not pay any interest for foreign currency denominated reserves. Interest payments for Turkish Lira denominated reserves has been revoked in accordance with the "Communiqué on the changes to the Communiqué on Reserve Requirements" published in the Official Gazette No.27708 dated September 23, 2010.

Kuveyt Türk Katılım Bankası Anonim Şirketi

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

1. As of March 31, 2011, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (December 31, 2010 – None).
2. Positive Differences Related to Derivative Financial Assets Held-for-Trading:

Derivative financial assets held-for-trading	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	15,246	14,111	7,053	15,559
Swap transactions	8,481	8,011	4,471	1,397
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	23,727	22,122	11,524	16,956

c. Information on Banks:

1. Information on Banks:

	Current period		Prior period	
	TL	FC	TL	FC
Banks	264,921	243,881	323,570	592,789
Domestic	24,531	98,583	20,552	360,807
Foreign	240,390	145,298	303,018	231,982
Branches and head office abroad	-	-	-	-
Total	264,921	243,881	323,570	592,789

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

1. There are no financial assets available for sale subject to repurchase transactions, given as a guarantee or blocked (December 31, 2010 – None).
2. Information on Financial Assets Available-for-Sale:

	Current period	Prior period
Debt Securities	-	-
Quoted on stock exchange	-	-
Not quoted on stock exchange	-	-
Share certificates	5,542	4,548
Quoted on stock exchange	-	-
Not quoted on stock exchange (*)	5,542	4,548
Impairment provision	-	-
Total	5,542	4,548

(*) The Bank has paid the capital commitment amounting to TL 994 to Neova Sigorta A.Ş. on March 2011.

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi

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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	179	361	186	315
Corporate Shareholders	37	-	37	295
Real Person Shareholders	142	361	149	20
Indirect Loans Granted to Shareholders	65,397	2,919	56,238	5,097
Loans Granted to Employees	2,786	13	2,588	9
Total	68,362	3,293	59,012	5,421

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

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
Cash Loans				
Loans	7,220,795	164,409	103,888	208,106
Financing of documents on goods	-	-	-	-
Export loans	77,005	1,174	-	-
Import loans	621,003	-	6,232	-
Business loans	4,392,691	156,256	56,582	198,508
Consumer loans	1,268,750	752	31,284	8,026
Credit cards	67,319	-	4,633	-
Investments on profit/loss partnership	-	-	-	-
Precious metals loans	-	-	-	-
Loans given to financial sector	4,703	-	-	-
Loans given abroad	97,802	1,430	-	-
Other	691,522	4,797	5,157	1,572
Other receivables	100	-	228	-
Total	7,220,895	164,409	104,116	208,106

Kuveyt Türk Katılım Bankası Anonim Şirketi

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

	Short term	Medium and long term	Total
Consumer Loans-TL	5,225	1,209,875	1,215,100
Housing Loans	2,630	1,123,822	1,126,452
Vehicle Loans	1,859	79,683	81,542
Consumer Loans	526	5,398	5,924
Other	210	972	1,182
Consumer Loans-FC Indexed	-	62,244	62,244
Housing Loans	-	60,006	60,006
Vehicle Loans	-	942	942
Consumer Loans	-	188	188
Other	-	1,108	1,108
Consumer Loans-FC	-	497	497
Housing Loans	-	497	497
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	34,863	1,228	36,091
With Installment	12,552	1,228	13,780
Without Installment	22,311	-	22,311
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	90	1,000	1,090
Housing Loans	-	373	373
Vehicle Loans	65	484	549
Consumer Loans	23	143	166
Other	2	-	2
Personnel Loans-FC Indexed	-	27	27
Housing Loans	-	7	7
Vehicle Loans	-	15	15
Consumer Loans	-	5	5
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1,812	26	1,838
With Installment	743	26	769
Without Installment	1,069	-	1,069
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	41,990	1,274,897	1,316,887

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

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

	Short term	Medium and long term	Total
Commercial Installment Loans-TL	26,390	1,078,464	1,104,854
Business Loans	1,578	222,330	223,908
Vehicle Loans	15,149	400,035	415,184
Consumer Loans	-	35,053	35,053
Other	9,663	421,046	430,709
Commercial Installment Loans-FC Indexed	6,874	306,290	313,164
Business Loans	1,482	62,695	64,177
Vehicle Loans	3,055	104,858	107,913
Consumer Loans	56	-	56
Other	2,281	138,737	141,018
Commercial Installment Loans-FC	-	55,612	55,612
Business Loans	-	1,670	1,670
Vehicle Loans	-	20,228	20,228
Consumer Loans	-	-	-
Other	-	33,714	33,714
Corporate Credit Cards-TL	34,023	-	34,023
With Installment	19,121	-	19,121
Without Installment	14,902	-	14,902
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	67,287	1,440,366	1,507,653

5. Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	7,598,294	6,785,804
Foreign loans	99,232	115,424
Total	7,697,526	6,901,228

Kuveyt Türk Katılım Bankası Anonim Şirketi

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6. Loans granted to subsidiaries and associates:

The Bank has granted TL 15,489 as loans to Kuwait Turkish Participation Bank Dubai Ltd, one of its subsidiaries, as of March 31, 2011 (December 31, 2010 – TL 72,720).

7. Specific provisions for loans:

	Current period	Prior period
Specific provisions		
Loans and receivables with limited collectability	2,324	19,003
Loans and receivables with doubtful collectability	12,263	18,067
Uncollectible loans and receivables	149,095	126,973
Total	163,682	164,043

8. 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	3,435	8,329	43,012
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provision)			
Restructured loans and other receivables	13,359	13,001	28,487
Rescheduled loans and other receivables	-	-	-

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

	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	33,494	33,202	167,646
Additions in the current period (+)	15,225	610	4,122
Transfers from other categories of non-performing loans (+)	-	10,465	31,509
Transfers to other categories of non-performing loans (-)	26,178	15,796	-
Collections in the current period (-)	2,961	3,523	21,954
Disposals in the current period (-)	1,800	340	36
Write offs (-)	-	-	-
Ending balance of the current period	17,780	24,618	181,287
Specific provisions (-)	2,324	12,263	149,095
Net balance at the balance sheet	15,456	12,355	32,192

(iii). Information on non performing loans granted as foreign currency: None (December 31, 2010 – None).

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (Net)	15,456	12,355	32,192
Loans granted to real persons and legal entities (Gross)	17,780	24,618	181,287
Specific provision (-)	2,324	12,263	149,095
Loans to real persons and legal entities (Net)	15,456	12,355	32,192
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)	14,491	15,135	40,673
Loans to real persons and legal entities (Gross)	33,494	33,202	167,646
Specific provision (-)	19,003	18,067	126,973
Loans to real persons and legal entities (Net)	14,491	15,135	40,673
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

Kuveyt Türk Katılım Bankası Anonim Şirketi

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9. 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 November 01, 2006 and for which a full impairment provision has been made, are written-off per the decision of the Bank top management. In the first three months of 2011, no non-performing loans have been written-off (December 31, 2010 – TL 25,184).

10. 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 (Net):

1. There are no held-to-maturity investments subject to repurchase transactions, given as a guarantee or blocked (December 31, 2010 – None).
2. Information related to Government bonds classified as held to maturity investments: None (December 31, 2010 – None).
3. Information on held-to-maturity investments:

	Current period	Prior period
Debt securities	-	-
Quoted to stock exchange	-	-
Not quoted to stock exchange	-	-
Impairment provision (-)	-	-
Total	-	-

4. The movement of held to maturity investments during year:

	Current period	Prior period
Balance at the beginning of the period	-	7,529
Foreign currency differences on monetary assets	-	-
Purchases during the year	-	-
Disposal through sales and redemption	-	(7,529)
Impairment provision (-)	-	-
Ending balance	-	-

Kuveyt Türk Katılım Bankası Anonim Şirketi

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g. Information on investment in associates (Net):

1. The 1,67% ownership of Kredi Garanti Fonu A.Ş. of TL 2,000, 8.99% ownership of Islamic International Rating Agency of TL 714 and 6.99% ownership of Neova Sigorta A.Ş. of TL 2,800 are classified as financial assets available for sale since the Bank's ownership in these institutions is less than 10% and the Bank does not have a significant influence on these institutions.
2. Information about investments in unconsolidated associates: None.
3. Information related to consolidated associates: None.

h. Information on subsidiaries (Net):

1. Although the Bank has control power over the management and capital of its non-financial subsidiaries, these subsidiaries do 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 November 8, 2006; hence they have not been consolidated. In prior periods, the total assets of the Bank's subsidiary Kuwait Turkish Participation Bank Dubai Ltd, founded on November 25, 2009, had been less than 1% of the total assets of the parent Bank and was therefore not consolidated. As it has surpassed the 1% threshold, Kuwait Turkish Participation Bank Dubai Ltd has been consolidated in the September 30, 2010 financial statements for the first time. The Bank has reflected its subsidiaries at restated cost less any provision for impairment in its financial statements until December 31, 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/UAE	%100	%100
Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. ve Tic. A.Ş. (**)	İstanbul/Turkey	%99.9	%99.9
İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş. (**)	İstanbul/Turkey	%99.9	%99.9
Körfez Gayrimenkul İnşaat İş Ortaklığı(**)	İstanbul/Türkiye	%17	%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 income/loss	Prior period income/loss	Fair value
80,419	18,151	161	477	-	(80)	(35)	-
22,136	21,954	3,543	35	-	(105)	(196)	-
29,934	24,293	19,348	29	-	(112)	(463)	-
9,111	(705)	1,491	-	-	(304)	(35)	-

(*) Financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations of the country in which this entity operates.

(**) Financial figures for these entities in the table above are based on the financial information prepared in accordance with the Turkish Commercial Code.

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h. Information on subsidiaries (Net) (continued)

Movement for subsidiaries:

	Current period	Prior period
Balance at the beginning of the year	57,170	32,997
Movements during the year	-	-
Purchases (*) (**)	15,361	22,306
Transfers from subsidiaries	-	11,845
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Impairment provision	-	(9,978)
Capital commitment payments	7,600	-
Balance at the end of the year	80,131	57,170
Capital commitments (**)	26,000	33,600
Share percentage at the end of the year (%)	-	-

(*) The Bank has sold 51% of equity shares of Körfez Gayrimenkul, to Kuwait based Hayat Investment Company for USD 10,613,000 (TL 15,729) and TL 2,450 on November 23, 2009. However, the Bank has bought back 51% of Körfez Gayrimenkul A.S. from Hayat Investment Company under the same conditions; USD 10,572,000 (TL 16,840) and TL 2,450 on June 10, 2010. Consequently Körfez gayrimenkul has been classified back to "Subsidiaries" account and additional TL 9.978 impairment has been booked.

(**) The Bank has bought %25 share of the joint venture, called Körfez İnşaat İş Ortaklığı, which was established by one of its non financial subsidiary Körfez Gayrimenkul İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş. and a third party company who have 75% and 25% stakes, respectively. The Bank has bought the 25% stake of the third party company in Körfez İnşaat İş Ortaklığı for a total consideration of TL 22,589 in exchange of releasing the debt of the third party company to the bank amounting to TL 15,888 and taking over the debt of the third party company to Körfez İnşaat İş Ortaklığı amounting to TL 6,701. The purchase price has been determined based on the expected discounted future cash flows of Körfez İnşaat İş Ortaklığı. Afterwards the Bank has transferred 8% of the joint venture shares, amounting to TL 7,229, to Körfez Gayrimenkul İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş. in exchange of release of its debt to Körfez İnşaat İş Ortaklığı amounting to TL 6,701 and for a cash consideration amounting to TL 528.

(***) The Bank has paid capital commitments of TL 7,600 to its subsidiary Körfez Tatil Beldesi in February, 2011.

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3. Information on consolidated subsidiaries:

Sectoral information on subsidiaries and the related carrying amounts:

	Current period	Prior period
Banks (*)	17,917	17,917
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-

Listed Subsidiaries: None (December 31, 2010 – None).

4. Information on joint ventures (business partnerships) (Net): None (December 31, 2009 – None).

i. 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	52,996	47,134	48,551	42,634
1 to 4 years	49,052	39,424	44,487	36,467
More than 4 years	4,359	3,594	5,687	4,660
Total	106,407	90,152	98,725	83,761

2. Net investments in finance leases:

	Current period	Prior period
Gross receivable from finance leases	106,407	98,725
Unearned finance lease income (-)	(16,255)	(14,964)
Cancelled amounts (-)	-	-
Net receivable from finance leases	90,152	83,761

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3. Information on finance lease contracts:

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations, the Bank sends a notice to the customer and informs them that if the obligations are not fulfilled within 60 days the financial lease agreement will be terminated. If the customer does not fulfill its obligations in 60 days, the Bank takes legal action against the customer. Non performing finance lease receivables amounting to TL 8,608 are included in the non-performing loans (December 31, 2010 – TL 8,111).

Impairment provision amounting to TL 5,297 (December 31, 2010 – TL 4,832) for financial lease receivables are included under the specific provision account under loans in the balance sheet.

j. Information on derivative financial assets for hedging purposes:

None (December 31, 2010 – None).

k. Information on deferred tax asset:

In accordance with the related regulations deferred tax asset calculated as of March 31, 2011 is TL 16,810 (December 31, 2010 – TL 14,882) and deferred tax liability is TL 9,281 (December 31, 2010 – TL 6,411).

	Current period	Prior period
Personnel bonus accrual and vacation pay liability	784	602
Retirement pay liability	1,514	1,416
Deferred income	13,558	12,283
Impairment provision for subsidiaries, fixed assets and assets held for sale	403	545
Other	551	36
Deferred tax asset	16,810	14,882
Financial lease adjustments	(504)	(574)
Difference between carrying value and tax base of tangible assets	(2,567)	(2,589)
Accruals of derivative financial instruments held for trading(net)	(6,210)	(2,836)
Other	-	(412)
Deferred tax liability	(9,281)	(6,411)
Deferred tax, net	7,529	8,471

l. Information on other assets:

As of balance sheet date, the Bank's other assets amount to TL 213,673 (December 31, 2010 - TL 194,312). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
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(Currency – Thousands of Turkish Lira)****II. Explanations and notes related to liabilities****a. Information on funds collected:****1. Information on maturity structure of funds collected:****i. Current period:**

	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Up to 1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	442,380	-	-	-	-	-	-	-	442,380
II. Real persons profit sharing accounts-TL	-	1,896,761	814,401	60,863	-	44,431	468,293	-	3,284,749
III. Other current accounts-TL	619,273	-	-	-	-	-	-	-	619,273
Public sector	22,983	-	-	-	-	-	-	-	22,983
Commercial sector	584,436	-	-	-	-	-	-	-	584,436
Other institutions	9,027	-	-	-	-	-	-	-	9,027
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	2,827	-	-	-	-	-	-	-	2,827
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	2,633	-	-	-	-	-	-	-	2,633
Participation banks	194	-	-	-	-	-	-	-	194
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	228,181	187,760	11,093	-	13,837	77,803	-	518,674
Public sector	-	8	-	-	-	-	-	-	8
Commercial sector	-	221,485	179,304	11,065	-	13,682	75,553	-	501,089
Other institutions	-	6,688	8,240	28	-	55	2,250	-	17,261
Commercial and other institutions	-	-	216	-	-	100	-	-	316
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	226,480	-	-	-	-	-	-	-	226,480
VI. Real persons profit sharing accounts-FC	-	692,420	343,779	31,632	-	59,512	114,083	-	1,241,426
VII. Other current accounts-FC	379,817	-	-	-	-	-	-	-	379,817
Commercial residents in Turkey	284,421	-	-	-	-	-	-	-	284,421
Commercial residents in Abroad	43,271	-	-	-	-	-	-	-	43,271
Banks and participation banks	52,125	-	-	-	-	-	-	-	52,125
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	46,567	-	-	-	-	-	-	-	46,567
Participation banks	5,558	-	-	-	-	-	-	-	5,558
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	162,409	89,253	83,560	-	157,686	159,371	-	652,279
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	139,822	54,450	1,222	-	1,608	18,137	-	215,239
Other institutions	-	15,694	856	62,252	-	12	-	-	78,814
Commercial and other institutions	-	5,345	41	-	-	-	8,250	-	13,636
Banks and participation banks	-	1,548	33,906	20,086	-	156,066	132,984	-	344,590
IX. Precious metal funds	195,770	-	379,429	18,635	-	10,793	-	-	604,627
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	1,863,720	2,979,771	1,814,622	205,783	-	286,259	819,550	-	7,969,705

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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	435,634	-	-	-	-	-	-	-	435,634
II. Real persons profit sharing accounts-TL	-	1,829,667	567,142	59,625	-	39,692	414,699	-	2,910,825
III. Other current accounts-TL	626,382	-	-	-	-	-	-	-	626,382
Public sector	18,060	-	-	-	-	-	-	-	18,060
Commercial sector	598,004	-	-	-	-	-	-	-	598,004
Other institutions	7,074	-	-	-	-	-	-	-	7,074
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	3,244	-	-	-	-	-	-	-	3,244
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	2,632	-	-	-	-	-	-	-	2,632
Participation banks	612	-	-	-	-	-	-	-	612
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	291,221	141,575	15,897	-	10,775	63,817	-	523,285
Public sector	-	8	1,603	-	-	-	-	-	1,611
Commercial sector	-	284,424	136,454	10,835	-	10,720	63,566	-	505,999
Other institutions	-	6,781	3,202	5,062	-	55	251	-	15,351
Commercial and other institutions	-	8	315	-	-	-	-	-	323
Banks and participation banks	-	-	1	-	-	-	-	-	1
V. Real persons current accounts-FC	226,933	-	-	-	-	-	-	-	226,933
VI. Real persons profit sharing accounts-FC	-	803,468	302,682	31,488	-	59,109	126,738	-	1,323,485
VII. Other current accounts-FC	283,624	-	-	-	-	-	-	-	283,624
Commercial residents in Turkey	265,419	-	-	-	-	-	-	-	265,419
Commercial residents in Abroad	15,891	-	-	-	-	-	-	-	15,891
Banks and participation banks	2,314	-	-	-	-	-	-	-	2,314
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	600	-	-	-	-	-	-	-	600
Participation banks	1,714	-	-	-	-	-	-	-	1,714
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	217,385	59,302	91,600	-	79,141	151,763	-	599,191
Public sector	-	-	-	-	-	-	-	-	0
Commercial sector	-	174,906	35,829	1,222	-	1,600	9,680	-	223,237
Other institutions	-	34,501	868	69,932	-	12	-	-	105,313
Commercial and other institutions	-	6,335	47	272	-	-	3,109	-	9,763
Banks and participation banks	-	1,643	22,558	20,174	-	77,529	138,974	-	260,878
IX. Precious metal funds	124,032	-	308,766	10,744	-	8,572	-	-	452,114
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	1,696,605	3,141,741	1,379,467	209,354	-	197,289	757,017	-	7,381,473

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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	1,746,501	1,604,614	1,965,114	1,727,661
FC accounts	823,311	750,407	1,208,728	1,214,381
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 50 (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 published by the Official Gazette No. 25983, dated November 1, 2005.

- ii. If the headquarters of the Bank is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained: None (December 31, 2010 – None).
- iii. Current and Profit Share Accounts of the real persons who are not in the scope of Saving Deposits Insurance Fund:

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

	Current period	Prior period
Foreign branches' profit sharing accounts and other accounts		
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	1,276	8,108
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 September 26, 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

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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	9,953	2,694	1,870	7,491
Swap transactions	22	2,128	3,731	1,208
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	9,975	4,822	5,601	8,699

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	-	-	-	-
From Foreign Banks, Institutions and Funds	-	748,977	-	639,405
Total	-	748,977	-	639,405

2. Information on maturity structure of borrowings:

	Current period		Prior period	
	TL	FC	TL	FC
Short-term	-	14,326	-	6,287
Medium and Long-Term	-	734,651	-	633,118
Total	-	748,977	-	639,405

d. Information on other liabilities and miscellaneous payables:

As of March 31, 2011, other liabilities amount to TL 180,806 (December 31, 2010 - TL 223,778), miscellaneous payables amount to TL 53,459 (December 31, 2010 - TL 57,029), both of them do not exceed 10% of the balance sheet total.

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e. Information on finance lease payables (net):

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

- i. Information on the changes in agreements and new obligations originating from these changes:
None (December 31, 2010 – None).

ii. Information on Financial Lease Obligations

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	1	1	1	1
Between 1-4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	1	1	1	1

iii. Information on Operational Leases:

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

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

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

- iv. Information on sale and leaseback transactions: None (December 31, 2010 – None).

f. Information on hedging derivative financial liabilities: None (December 31, 2010 – None).

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g. Information on provisions:

1. Information on general provisions:

	Current period	Prior period
General provisions	81,567	73,621
Provisions for first group loans and receivables	67,267	59,836
Profit sharing accounts' share	30,119	28,368
The Bank's share	37,148	31,468
Other	-	-
Provisions for second group loans and receivables	6,172	5,750
Profit sharing accounts' share	2,341	2,208
The Bank's share	3,831	3,542
Other	-	-
Provisions for non-cash loans	8,128	8,035
Other	-	-

2. Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of March 31, 2011, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 15,885 (December 31, 2010 – TL 12,542) and TL 7,610 for leasing receivables (December 31, 2010 – TL 6,341) is offset against loans and receivables.

3. Information on other provisions:

	Current period	Prior period
General provisions for possible risks	-	4,600
Provisions for non- liquidated non cash loans (*)	11,510	-
Provisions for Cheque books	19,898	-
Provisions from equity/profit sharing accounts	1,230	732
Other	16	10

- (*) 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 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 7,569 (December 31, 2010 – TL 7,080), vacation pay liability amounting to TL 3,907 (December 31, 2010 – TL 183) and performance premium which has not been paid yet amounting to TL 15 (December 31, 2010 – TL 25,993).

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

The amount payable consists of one month's salary limited to a maximum of TL 2,623 (December 31, 2010 – TL 2,517) for each year of service. The liability is not funded, as there is no funding requirement.

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

	Current period	Prior period
Discount rate (%)	10	10
Estimated increase rate of salary ceiling (%)	5.1	5.1

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

	Current period	Prior period
Balance at the beginning of the period	7,080	4,759
Provisions recognized during the period	959	3,401
Paid during the period	(470)	(1,080)
Balances at the end of the period	7,569	7,080

h. Explanations on tax liability:

1. Explanations on current tax liability:

i. Information on tax provisions: Current tax liability amounting to TL 50,455 includes the corporate tax provision for the year 2010 and temporary corporate tax provision for the three month period ending March 31, 2011.

ii. Information on taxes payable (*):

	Current period	Prior period
Corporate taxes payable	-	-
Taxation of marketable securities	4,291	4,067
Property tax	398	294
Banking Insurance Transaction Tax (BITT)	3,994	3,831
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	220	309
Income tax deducted from wages	1,699	1,845
Other	527	509
Total	11,129	10,855

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iii. Information on premiums (*):

	Current period	Prior period
Social Security Premiums-Employee	1,433	1,067
Social Security Premiums-Employer	1,466	1,090
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions- Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	103	76
Unemployment insurance-Employer	235	178
Other	-	-
Total	3,237	2,411

(*) Included in miscellaneous payables line item on the balance sheet.

iv. Information on deferred tax liability: None (December 31, 2010 - None).

i. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current period	Prior period
Common stock	850,000	850,000
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 Bank.

3. Information on the share capital increases during the period and their sources: None (December 31, 2010 - None).

4. Information on share capital increases from capital reserves during the current period: None (December 31, 2010 – None).

5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: There is no capital commitment.

6. Possible effect of estimations made for the Bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties:

Based on the evaluation made considering the Bank's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

7. Summary of privileges given to shares representing the capital: None.

8. Information on marketable securities value increase fund: None (December 31, 2010 – None).

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

a. Explanations on off-balance sheet accounts:

1. Type and amount of irrevocable commitments: Commitment for credit card limits, as of March 31, 2011 is TL 134,844 (December 31, 2010 – TL 120,918); payment commitments for cheque books are TL 573,424 (December 31, 2010 – TL 492,993).

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 March 31, 2011, the Bank has guarantees and suretyships constituting of TL 3,183,649 (December 31, 2010 – TL 3,150,355) letters of guarantee; TL 52,431 (December 31, 2010 – TL 39,285) acceptances and TL 561,500 (December 31, 2010 – TL 535,890) letters of credit.

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

3. (i). 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	34,063	-
With original maturity of more than 1 year	-	-
Other non-cash loans	3,807,766	3,730,208
Total	3,841,829	3,730,208

- (ii). Information on the non-cash loans classified in Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	1,757,128	2,003,623	56,657	24,421
Letters of guarantee	1,757,128	1,350,603	56,657	19,261
Bank acceptances	-	52,322	-	109
Letters of credit	-	556,449	-	5,051
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitment and contingencies	-	44,249	-	-

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IV. Explanations and disclosures related to the statement of income

a. Information on profit share income:

1. Information on profit share received from loans:

	Current period		Prior period	
	TL	FC	TL	FC
Profit share on loans (*)	190,740	7,198	144,439	4,294
Short term loans	52,377	1,526	35,367	1,108
Medium and long term loans	135,426	5,672	104,478	3,186
Profit share on non-performing loans	2,937	-	4,594	-
Premiums received from resource utilization support fund	-	-	-	-

(*) Profit Share on Loans includes commission income on cash loans.

2. Information on profit share received from banks:

	Current period		Prior period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	1,890	-
Domestic Banks	-	-	-	-
Foreign Banks	3,158	197	3,232	207
Branches and head office abroad	-	-	-	-
Total	3,158	197	5,122	207

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

	Current period	Prior period
Profit share income received from associates and subsidiaries	6	11

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

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b. Information on profit share expenses:

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

	Current period		Prior period	
	TL	FC	TL	FC
Banks				
The Central Bank of the Republic of Turkey	-	4,203	-	3,279
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Branches and head office abroad	-	4,203	-	3,279
Other Institutions	-	-	-	-
	-	2,119	-	-
Total	-	6,322	-	3,279

ii. Profit share expense given to associates and subsidiaries:

	Current period	Prior period
Profit share expenses given to associates and subsidiaries	90	147

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

	Current period	Prior period
Income	930,821	329,541
Gain on capital market transactions	126	-
Gain on derivative financial instruments	95,401	11,779
Foreign exchange gains	835,294	317,762
Losses (-)	910,684	312,884
Losses on capital market transactions	16	-
Losses on derivative financial instruments	93,182	3,479
Foreign exchange losses	817,486	309,405

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

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d. Information on other operating income:

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

	Current period	Prior period
Reversal of prior period provisions	20,837	17,477
Income from sale of assets	2,295	1,081
Expertise fees	1,919	1,704
Income from EFT and money transfers	995	722
Income from checkbooks	792	744
Income from bounced check provisions	582	1,087
Income from check provisions	419	490
Lease income	237	403
Other Income	1,458	1,385
Total	29,534	25,093

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

	Current period	Prior period
Specific provisions for loans and other receivables	43,352	19,980
III. Group	863	355
IV. Group	1,738	2,908
V. Group	40,751	16,717
Doubtful commissions, fees and other receivables	-	-
General provision expenses	7,946	9,591
Provision expenses for possible losses	-	-
Impairment provision of marketable securities	-	-
Financial Assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision of associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	603	58
Total	51,901	29,629

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

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f. Information on other operating expenses:

	Current period	Prior period
Personnel expenses	46,178	37,737
Provision for retirement pay liability	489	504
Depreciation expenses of fixed assets	5,038	4,461
Amortization expenses of intangible assets	955	654
Depreciation expenses of assets held for sale	198	128
Other operating expenses	17,496	14,619
Rent expenses	7,017	5,525
Maintenance expenses	2,685	1,854
Advertisement expenses	1,039	337
Communication expenses	2,282	1,973
Heating, electricity and water expenses	1,248	1,076
Disallowable expenses	323	1,324
Cleaning expenses	1,456	1,219
Vehicle expenses	534	447
Stationery expenses	487	338
Other expenses	425	526
Losses on sales of assets	101	53
Deposit insurance fund expenses	3,861	2,823
Other	8,294	5,123
Total	82,610	66,102

g. Information on profit/loss from continued operations before taxes:

Income before tax amounts to TL 47,105 decreasing by 6,1% as compared to the prior period. Income before tax includes TL 115,675 net profit share income and TL 16,270 net fees and commission income. Total operating expense amount is TL 82,610.

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

For the period ending March 31, 2011 deferred tax expense is TL 942 and current tax expense is TL 8,228.

i. 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.

j. Information on net income/loss:

- i. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period: As of March 31, 2011, net profit share income is TL 115,675 (March 31, 2010 – TL 89,842), net fees and commission income is TL 16,270 (March 31, 2010 – TL 14,308).
- ii. Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None (March 31, 2010 – None).

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

For the period ending March 31, 2011 other fees and commissions received is TL 11,578 (March 31, 2010 – TL 9,068), TL 1,927 of this amount is related with Credit Card fees and commissions (March 31, 2010 – TL 2,065) and TL 2,083 of this amount is related with POS machine commissions (31 Mart 2010 – 2,483 TL).

For the period ending March 31, 2011 other fees and commissions given is TL 6,729 (March 31, 2010 – TL 5,776), TL 3,149 (March 31, 2010 – TL 2,192) of this amount is related with POS clearing commissions and installation expenses, TL 811 (March 31, 2010 – TL 727) of this amount is related with fees and commissions paid for credit cards.

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V. Explanations and notes related to risk group of the bank:

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

1. Current period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	72,720	61	186	314	110,359	5,097
Balance at end of period	15,489	34,123	211	361	119,828	2,919
Profit share and commission income	6	-	28	-	1,197	-

(*) 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	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	-	76	289	111	19,657	10,362
Balance at end of period	72,720	61	186	314	110,359	5,097
Profit share and commission income	11	-	2	-	463	-

(*) 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	5,160	15,021	159,873	77,973	33,436	11,732
Balance at the end of period	55,197	5,160	227,796	159,873	45,090	33,436
Profit share expense	90	147	1,523	22	210	246

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

(ii) Forward and option agreements and other similar agreements with related parties: None (March 31, 2010 – None).

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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	-	-	282,345	193,537	-	-
Balance at end of period	-	-	284,718	282,345	-	-
Profit share expense	-	-	5,915	1,418	-	-

b. Information on remunerations provided to top management:

For the period ending March 31, 2011, the Bank has paid TL 4,445 to top management (March 31, 2010 - TL 3,191).

VI. Explanations and notes related to subsequent events

- a. In accordance with the "Communiqué in respect to the changes in the Communiqué Regarding the Reserve Requirements" published on April 22, 2011 the reserve requirement rates have been changed as it is stated below.

TL liabilities	Required reserve ratios (%)
Demand deposits, notice deposits and private current accounts	16
Deposits/participation accounts up to 1-month maturity (including 1-month)	16
Deposits/participation accounts up to 3-month maturity (including 3-month)	13
Deposits/participation accounts up to 6-month maturity (including 6-month)	9
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Liabilities other than deposits/participation funds	13

Foreign currency liabilities	Required reserve ratios (%)
FC demand Deposits, notice deposits, FC private current accounts, deposits/ participation accounts up to 1- month, 3-month, 6-month, 1 Year maturities	12
FC deposits/FC Participation accounts with 1-year or longer maturity, cumulative FC deposits/FC participation accounts	11
Other liabilities up to 1-years (including 1-years)	12
Other liabilities up to 3-year (including 3-years)	11.5
Other liabilities with 3-year and longer maturity	11

- b. In the Ordinary General Meeting held on April 13, 2011, it was decided to distribute the net income of the year 2010 as primary legal reserves for an amount of TL 7,982, as secondary legal reserves for an amount of TL 1,375, as other reserves for an amount of TL 36,541, as dividends amounting to TL 13,750 and use the remaining portion of the net income of the year 2010 amounting to 100,000 for the capital increase.

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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Section six

Limited review report

I- Explanations on the independent limited review report:

The unconsolidated interim financial statements as of and for the nine months period then ended March 31, 2011 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated May 13, 2011 is presented preceding the financial statements.

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