

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Unconsolidated financial statements including
independent auditors report as of
December 31, 2009**

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

Kuveyt Türk Katılım Bankası Anonim Şirketi
Independent auditors' report
For the year ended December 31, 2009

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

We have audited the accompanying financial statements of Kuveyt Türk Katılım Bankası Anonim Şirketi (the Bank) which comprise the balance sheet as of December 31, 2009 and the related income statement, statement of changes in equity and cash flow statement for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Disclosure for the responsibility of the Bank's board of directors:

The Bank's Board of Directors is responsible for establishing effective internal controls for the preparation and presentation of financial statements that are free from material misstatements, whether due to fraud or error; and for selecting and applying appropriate accounting principles to prevent material misstatements and to comply with the Regulation on Accounting Applications on Banks and Safeguarding of Documents published on the Official Gazette No. 26333 dated November 1st, 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, interpretations and circulars published or declared by Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting principles.

Disclosure for the responsibility of the authorized audit firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been conducted in accordance with the "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No: 26333 on November 1st, 2006 and the International Standards on Auditing. We have planned and performed our audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. During the independent audit, we have used audit techniques for the purpose of obtaining evidence to support the amounts and disclosures in the financial statements which we selected in accordance with our professional judgment by taking into account the effectiveness of the controls over the financial reporting process and assessed the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our independent audit opinion stated below.

Independent auditors' opinion:

In our opinion, the accompanying financial statements are present fairly, in all material respects, the financial position of Kuveyt Türk Katılım Bankası A.Ş. at December 31, 2009, its financial performance and its cash flows for the year then ended in accordance with the accounting principles and standards set out by Article 37 of the Banking Act No: 5411 and other regulations, official communications, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

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

Additional paragraph for convenience translation:

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 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 financial statements. Accordingly, the accompanying 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

Fatma Ebru Yücel, SMMM
Partner

March 5, 2010
Istanbul, Turkey

Table of contents

Section one General information

I.	History of the Bank including its incorporation date, initial legal status and amendments to legal status	1
II.	Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to	1
III.	Explanation on the board of directors, members of audit committee, general managers and assistant general managers and their shares in the Bank, if any	1
IV.	Information on qualified shareholders	2
V.	Summary of the Bank's activities and services	2

Section two The unconsolidated financial statements

I.	Balance Sheet (Statement of financial position)	3
II.	Off-Balance Sheet Contingencies and Commitments Statement (Statement of financial position)	5
III.	Income Statement	6
IV.	Statement of Income and Expenses Accounted under Equity (Other comprehensive income)	7
V.	Statement of Changes in Shareholders' Equity	8
VI.	Cash Flow Statement	10
VII.	Profit Distribution Statement	11

Section three Accounting principles

I.	Explanation regarding the basis of presentation	12
II.	Explanation regarding the strategy of using financial instruments and foreign currency transactions	13
III.	Explanation regarding forward, option contracts and derivative instruments	14
IV.	Explanation regarding profit share income and expenses	14
V.	Explanation regarding fees, commission income and expenses.	14
VI.	Explanation regarding financial assets	15
VII.	Explanation regarding the impairment of financial assets	16
VIII.	Explanation regarding offsetting financial assets and liabilities	17
IX.	Explanation regarding the lending of securities, sale and repurchase agreements	17
X.	Explanation regarding assets held for sale and discontinued operations	17
XI.	Explanation regarding goodwill and other intangible assets	18
XII.	Explanation regarding tangible assets	18
XIII.	Explanation regarding leasing transactions	19
XIV.	Explanation regarding provisions and contingent liabilities	19
XV.	Explanation regarding liabilities of employee benefits	19
XVI.	Explanation regarding taxation issues	20
XVII.	Explanation regarding additional disclosures on borrowings	21
XVIII.	Explanation regarding share certificates	21
XIX.	Explanation regarding acceptances and availed drafts	22
XX.	Explanation regarding government grants	22
XXI.	Explanation regarding segment reporting	22
XXII.	Other explanations	22
XXIII.	Additional paragraph for convenience translation	22

Section four

Information on financial structure

I.	Explanation regarding the capital adequacy standard ratio	23
II.	Explanation regarding credit risk	25
III.	Explanation regarding market risk	29
IV.	Explanation regarding operational risk	30
V.	Explanation regarding currency risk	30
VI.	Explanation regarding liquidity risk	32
VII.	Explanation regarding the presentation of financial assets and liabilities at fair value	34
VIII.	Explanation regarding activities carried out on behalf and account of other persons	36
IX.	Explanation regarding business segments	37

Section five

Explanations and notes on the unconsolidated financial statements

I.	Explanations and notes regarding assets	40
II.	Explanations and notes regarding liabilities	56
III.	Explanations and notes regarding off-balance sheet contingencies and commitments	65
IV.	Explanations and notes regarding the income statement	68
V.	Explanations and notes regarding statements of changes in shareholders' equity	74
VI.	Explanations and notes regarding cash flow statement	75
VII.	Explanations and notes regarding the risk group of the Bank	77
VIII.	Explanations and notes regarding agencies, domestic, abroad and off-shore branches of the Bank	78
IX.	Explanations and notes regarding subsequent events	79

Section six

Other disclosures

I.	Other disclosures that have significant effect on the Balance Sheet or issues that are ambiguous and/or open to interpretation and require clarification	80
----	--	----

Section seven

Explanations on the independent auditors' report

I.	Explanations regarding the Independent Auditor's Report	81
II.	Notes and explanations prepared by the independent auditors	81

The unconsolidated financial report of Kuveyt Turk Katılım Bankası A.Ş. as of December 31, 2009

Address of the Bank Headquarters: Büyükdere Cad. No: 129/1 34394 Mecidiyeköy / İSTANBUL
Bank's Phone Number: 0212 354 11 11
Bank's Facsimile: 0212 354 12 12
Bank's Website: www.kuveytturk.com.tr
Electronic Mail Contact Info: kuveytturk@kuveytturk.com.tr

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

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

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

March 5, 2010

Mohammad S.A.I. Alomar	Azfar Hussain Qarni	Ufuk Uyan	Ahmet Karaca	Mehmet Keleş
Chairman of the Board of Directors and Member of the Audit Committee	Member of the Audit Committee	General Manager	Manager In Charge of Financial Reporting	External Reporting Manager

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

Name-Surname: Mehmet Keleş
Position: External Reporting Manager
Telephone: 0212 354 11 11
Facsimile: 0212 354 12 12

Kuveyt Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements For the year ended December 31, 2009 (Currency - Thousand 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 the Republic of Turkey (CBT) on February 28, 1989 and commenced its operations on March 31, 1989, under the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. During the General Shareholders' Meeting on April 26, 2006, the Bank's title was changed to Kuveyt Türk Katılım Bankası A.Ş. in order to comply with the Banking Act 5411. The main business scope of the Bank is to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/Loss Sharing Accounts" in addition to its own equity, in order to supply funds to the economy to perform all financing activities in accordance with regulations, encourage investments of all individuals and legal entities operating in the agricultural, industrial, commercial and service sectors, form joint venture partnerships by participating in the operations of these entities or individuals in a non-interest environment.

II. Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to:

As of December 31, 2009 and 2008, 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. The Chairman & Members of Board of Directors, Audit Committee, General Managers and Assistant General Managers and their Shares in the Bank:

Name	Title	Date of the assignment	Educational degree	Ownership percentage %
Mohammad S.A.I. ALOMAR	Chairman of the Board of Directors and Member of Audit Committee	19/07/2000	Bachelor	-
Abdullah TİVNİKLİ	Vice Chairman of the BOD	16/05/2001	Master	%0.0836
Azfar Hussain QARNI	Member of BOD and Audit Committee	23/05/2003	Master	-
Dr. Adnan ERTEM	Member of BOD	18/10/2002	Doctorate	-
Kenan KARADENİZ	Member of BOD	26/05/2006	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	%0.0490
Ahmet KARACA	Assistant General Manager	12/07/2006	Master	%0.0192
Ahmet Süleyman KARAKAYA	Assistant General Manager	14/01/2003	Bachelor	-
Bilal SAYIN	Assistant General Manager	20/08/2003	Bachelor	%0.0043
İrfan YILMAZ	Assistant General Manager	27/10/2005	Bachelor	%0.0069
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager	05/05/2005	Doctorate	%0.0061
Murat ÇETİNKAYA	Assistant General Manager	02/01/2008	Bachelor	-
Asım ÖZGÖZÜKARA	Auditor	22/11/1988	Bachelor	-
Güven OBALI	Auditor	11/12/2007	Bachelor	-
Ayhan BAYRAM	Auditor	16/10/2007	Bachelor	-

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.18 % of the Bank's share capital (December 31, 2008 – 0.18%).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

IV. Information on qualified shareholders:

Name / Commercial Name	Share amount (Nominal)	Share ratio	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	311,173	62.23 %	311,173	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	93,596	18.72 %	93,596	-
P.Institution F.Social Security	45,000	9.00 %	45,000	-
Islamic Development Bank	45,000	9.00 %	45,000	-
Total	494,769	98.95 %	494,769	-

V. Summary of the Bank's activities and services:

The Bank's field of operations includes corporate banking, international banking services, and personal 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 accounts and profit/loss sharing accounts, and lending such funds to its customers. As of December 31, 2009, the Bank employs 2,447 employees (December 31, 2008 - 2,246). In short, the Bank's operations are sited in the General Agreement as follows:

- To collect capital by the means of "Current Accounts" and "Profit/Loss Sharing Accounts", open special fund pools and ensure capital in light of the legislations;
- To allocate funds as cash, non-cash or other wise to the economy and give loans while following 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 (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 and economize whichever way possible;
- To act as a representative, attorney or agent for corporations and enterprises (including insurance companies);
- And to provide socially responsible aid for the benefit of the community in the light of the legislations.

The Bank's activities include, but 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 the 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 General Agreement. Decisions that have been approved through all these channels are added to the Primary Contract.

Section two
The unconsolidated financial statements

- I. Balance sheets (Statement of financial position)
- II. Off-balance sheet (Statement of financial position)
- III. Income statement
- IV. Statement of income and expenses items accounted under equity
(Other comprehensive income)
- V. Statement of changes in shareholders' equity
- VI. Cash flow statement
- VII. Profit distribution statement

Kuveyt Türk Katılım Bankası Anonim Şirketi**Balance sheets (Statement of financial position) as of
December 31, 2009 and 2008
(Currency - Thousand Turkish Lira)****Assets**

		Note	Current period (31.12.2009)			Prior period (31.12.2008)		
		(5th section)	TL	FC	Total	TL	FC	Total
I.	Cash and balances with the central bank	(I-a)	216,071	651,130	867,201	217,141	345,016	562,157
II.	Financial assets at fair value through profit and loss, net	(I-b)	8,515	1,410	9,925	9,962	4,035	13,997
2.1	Trading financial assets		8,515	1,410	9,925	9,962	4,035	13,997
2.1.1	Public sector debt securities		-	-	-	-	-	-
2.1.2	Share certificates		-	-	-	64	-	64
2.1.3	Derivative financial assets held for trading		8,515	1,410	9,925	9,898	4,035	13,933
2.1.4	Other marketable securities		-	-	-	-	-	-
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)	20,963	510,432	531,395	26,572	615,919	642,491
IV.	Money market placements		-	-	-	-	-	-
V.	Financial assets-available for sale (net)	(I-d)	27	-	27	-	-	-
5.1	Share certificates		27	-	27	-	-	-
5.2	Public sector debt securities		-	-	-	-	-	-
5.3	Other marketable securities		-	-	-	-	-	-
VI.	Loans and receivables	(I-e)	4,528,196	477,339	5,005,535	3,674,103	563,609	4,237,712
6.1	Loans and receivables		4,377,598	477,339	4,854,937	3,570,741	563,609	4,134,350
6.1.1	Loans to risk group of the bank		19,719	-	19,719	-	15,146	15,146
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		4,357,879	477,339	4,835,218	3,570,741	548,463	4,119,204
6.2	Non-performing loans		298,209	-	298,209	216,346	-	216,346
6.3	Specific provisions (-)		(147,611)	-	(147,611)	(112,984)	-	(112,984)
VII.	Investments held to maturity (net)	(I-f)	-	7,529	7,529	-	7,583	7,583
VIII.	Investments in associates (net)	(I-g)	16,365	-	16,365	1,526	-	1,526
8.1	Accounted for under equity method		-	-	-	-	-	-
8.2	Unconsolidated associates		16,365	-	16,365	1,526	-	1,526
8.2.1	Financial associates		-	-	-	-	-	-
8.2.2	Non-financial associates		16,365	-	16,365	1,526	-	1,526
IX.	Subsidiaries (net)	(I-h)	32,997	-	32,997	36,894	-	36,894
9.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
9.2	Unconsolidated non-financial subsidiaries		32,997	-	32,997	36,894	-	36,894
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)	49,995	-	49,995	102,991	-	102,991
11.1	Finance lease receivables		55,412	-	55,412	113,850	-	113,850
11.2	Operating lease receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned income (-)		(5,417)	-	(5,417)	(10,859)	-	(10,859)
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)		133,240	4	133,244	91,457	12	91,469
XIV.	Intangible assets (net)		8,187	-	8,187	2,806	-	2,806
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		8,187	-	8,187	2,806	-	2,806
XV.	Investment property (net)		16,770	-	16,770	16,911	-	16,911
XVI.	Tax asset	(I-l)	7,719	-	7,719	9,361	-	9,361
16.1	Current tax asset		-	-	-	-	-	-
16.2	Deferred tax asset		7,719	-	7,719	9,361	-	9,361
XVII.	Assets held for sale and discontinued operations (net)		10,600	-	10,600	7,870	-	7,870
17.1	Held for sale		10,600	-	10,600	7,870	-	7,870
17.2	Discontinued operations		-	-	-	-	-	-
XVIII.	Other assets	(I-m)	97,052	109,985	207,037	33,494	772	34,266
Total assets			5,146,697	1,757,829	6,904,526	4,231,088	1,536,946	5,768,036

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

Kuveyt Türk Katılım Bankası Anonim Şirketi**Balance sheets (Statement of financial position) as of
December 31, 2009 and 2008
(Currency - Thousand Turkish Lira)****Liabilities and equity**

		Note	Current period (31.12.2009)			Prior period (31.12.2008)		
		(5th Section)	TL	FC	Total	TL	FC	Total
I.	Funds collected	(II-a)	2,987,415	2,370,842	5,358,257	2,111,414	1,957,958	4,069,372
1.1	Funds from risk group of the bank		16,798	87,928	104,726	7,881	85,713	93,594
1.2	Other		2,970,617	2,282,914	2,253,531	2,103,533	1,872,245	3,975,778
II.	Derivative financial liabilities held for trading	(II-b)	892	5,339	6,231	23,013	2,651	25,664
III.	Funds borrowed	(II-c)	-	383,681	383,681	-	800,609	800,609
IV.	Debts to money markets		-	-	-	-	-	-
V.	Marketable securities issued (net)		-	-	-	-	-	-
VI.	Miscellaneous payables	(II-d)	47,818	70,978	118,796	53,285	1,046	54,331
VII.	Other liabilities	(II-d)	102,330	10,183	112,513	28,120	8,430	36,550
VIII.	Finance lease payables (net)	(II-e)	-	3	3	-	4	4
8.1	Finance lease payables		-	4	4	-	7	7
8.2	Operating lease payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred finance lease expenses (-)		-	(1)	(1)	-	(3)	(3)
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)	73,290	9,541	82,831	55,220	8,390	63,610
10.1	General loan loss provisions		41,776	9,390	51,166	30,636	8,390	39,026
10.2	Restructuring provisions		-	-	-	-	-	-
10.3	Reserve for employee benefits		23,735	151	23,886	17,471	-	17,471
10.4	Insurance technical reserves (net)		-	-	-	-	-	-
10.5	Other provisions		7,779	-	7,779	7,113	-	7,113
XI.	Tax liability	(II-h)	34,902	-	34,902	32,215	-	32,215
11.1	Current tax liability		34,902	-	34,902	32,215	-	32,215
11.2	Deferred tax liability		-	-	-	-	-	-
XII.	Liabilities for the assets held for sale and discontinued operations (net)	(II-i)	-	-	-	-	-	-
12.1	Held for sale		-	-	-	-	-	-
12.2	Discontinued operations		-	-	-	-	-	-
XIII.	Subordinated loans	(II-j)	-	-	-	-	-	-
XIV.	Shareholders' equity	(II-k)	806,499	813	807,312	684,772	907	685,679
14.1	Paid-in capital		500,000	-	500,000	500,000	-	500,000
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		156,929	-	156,929	58,340	-	58,340
14.3.1	Legal reserves		18,067	-	18,067	12,313	-	12,313
14.3.2	Status reserves		-	-	-	-	-	-
14.3.3	Extraordinary reserves		137,352	-	137,352	45,299	-	45,299
14.3.4	Other profit reserves		1,510	-	1,510	728	-	728
14.4	Profit or loss		126,320	813	127,133	103,182	907	104,089
14.4.1	Prior year income / (losses)		-	-	-	3	-	3
14.4.2	Current year income / (losses)		126,320	813	127,133	103,179	907	104,086
14.5	Minority interest	(II-l)	-	-	-	-	-	-
Total liabilities and equity			4,053,146	2,851,380	6,904,526	2,988,039	2,779,995	5,768,034

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

Statement of off-balance sheet (Statement of financial position)
As of December 31, 2009 and 2008
(Currency - Thousand Turkish Lira)

	Notes (5th Section)	Current period (31.12.2009)			Prior period (31.12.2008)		
		TL	FC	Total	TL	FC	Total
A. Off balance sheet commitments and contingencies (I-II+III)		2,857,466	4,145,972	7,003,438	2,545,449	3,008,534	5,553,983
I. Guarantees	(III-a)	1,511,827	1,818,804	3,330,631	1,437,283	1,756,017	3,193,300
1.1. Letters of guarantees		1,511,827	1,355,609	2,867,436	1,437,283	1,361,740	2,799,023
1.1.1. Guarantees subject to state tender law		160,036	18,885	178,921	210,109	141,022	351,131
1.1.2. Guarantees given for foreign trade operations		69,970	1,944	71,914	46,161	1,045	47,206
1.1.3. Other letters of guarantee		1,281,821	1,334,780	2,616,601	1,181,013	1,219,673	2,400,686
1.2. Bank loans		-	30,567	30,567	-	25,757	25,757
1.2.1. Import letter of acceptances		-	30,567	30,567	-	25,757	25,757
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letter of credits		-	426,991	426,991	-	363,745	363,745
1.3.1. Documentary letter of credits		-	165,349	165,349	-	148,803	148,803
1.3.2. Other letter of credits		-	261,642	261,642	-	214,942	214,942
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		-	5,637	5,637	-	4,775	4,775
1.7. Other collaterals		-	-	-	-	-	-
II. Commitments	(III-a)	659,395	1,265,074	1,924,469	451,365	203,866	655,231
2.1. Irrevocable commitments		659,395	1,265,074	1,924,469	451,365	203,866	655,231
2.1.1. Forward asset purchase commitments		11,406	1,265,074	1,276,480	10,616	198,423	209,039
2.1.2. Share capital commitment to associates and subsidiaries		23,334	-	23,334	36,980	-	36,980
2.1.3. Loan granting commitments		1,938	-	1,938	-	-	-
2.1.4. Securities underwriting commitments		-	-	-	-	-	-
2.1.5. Commitments for reserve deposit requirements		146,723	-	146,723	-	-	-
2.1.6. Payment commitment for checks		368,914	-	368,914	338,360	-	338,360
2.1.7. Tax and fund liabilities from export commitments		106	-	106	112	-	112
2.1.8. Commitments for credit card expenditure limits		101,974	-	101,974	65,297	5,443	70,740
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		5,000	-	5,000	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-b)	686,244	1,062,094	1,748,338	656,801	1,048,651	1,705,452
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		686,244	1,062,094	1,748,338	656,801	1,048,651	1,705,452
3.2.1. Forward foreign currency buy/sell transactions		686,244	971,157	1,657,401	656,681	1,045,240	1,701,921
3.2.1.1. Forward foreign currency transactions-buy		679,247	172,093	851,340	608,946	236,393	845,339
3.2.1.2. Forward foreign currency transactions-sell		6,997	799,064	806,061	47,735	808,847	856,582
3.2.2. Other forward buy/sell transactions		-	90,937	90,937	120	3,411	3,531
3.3. Other		-	-	-	-	-	-
B. Custody and pledged items (IV+V+VI)		12,685,341	28,470,423	41,155,764	9,575,764	21,640,102	31,215,866
IV. Items held in custody		896,970	267,061	1,164,031	747,816	268,175	1,015,991
4.1. Assets under management		1	-	1	1	-	1
4.2. Investment securities held in custody		1,038	3	1,041	321	3	324
4.3. Checks received for collection		758,433	207,323	965,756	670,774	187,635	858,409
4.4. Commercial notes received for collection		137,498	59,735	197,233	76,675	71,188	147,863
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	45	9,349	9,394
V. Pledged items		11,788,371	28,188,305	39,976,676	8,827,948	21,356,804	30,184,752
5.1. Marketable securities		6,529	-	6,529	1,629	-	1,629
5.2. Guarantee notes		112,371	828,298	940,669	113,559	863,669	977,228
5.3. Commodity		1,030,480	37,027	1,067,507	679,635	44,203	723,838
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		9,726,282	726,102	10,452,384	7,202,256	803,690	8,005,946
5.6. Other pledged items		912,709	26,596,878	27,509,587	830,869	19,645,242	20,476,111
5.7. Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		-	15,057	15,057	-	15,123	15,123
Total off balance sheet accounts (A+B)		15,542,807	32,616,395	48,159,202	12,121,213	24,648,636	36,769,849

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

Kuveyt Türk Katılım Bankası Anonim Şirketi**Statements of income
for the year ended December 31, 2009 and 2008
(Currency - Thousand Turkish Lira)**

		Current period		Prior period
		01.01.2009-	01.01.2008-	
		31.12.2009	31.12.2008	
Statement of income	Note (5th Section)	Total	Total	
I. Profit share income	(IV-a)	668,134	561,971	
1.1 Profit share on loans		636,853	523,135	
1.2 Income from reserve deposits		-	-	
1.3 Income from banks		10,763	14,069	
1.4 Income from money market placements		-	-	
1.5 Income from marketable securities portfolio		225	402	
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		225	402	
1.6 Finance lease income		7,092	15,615	
1.7 Other profit share income		13,201	8,750	
II. Profit share expense	(IV-b)	320,475	298,455	
2.1 Expense on profit sharing accounts		299,973	268,140	
2.2 Profit share expense on funds borrowed		20,496	30,234	
2.3 Profit share expense on money market borrowings		-	-	
2.4 Expense on securities issued		-	-	
2.5 Other profit share expense		6	81	
III. Net profit share income (I – II)		347,659	263,516	
IV. Net fees and commissions income/expenses		58,116	53,441	
4.1 Fees and commissions received		86,668	78,767	
4.1.1 Non-cash loans		45,120	32,011	
4.1.2 Other	(IV-l)	41,548	46,756	
4.2 Fees and commissions paid		28,552	25,326	
4.2.1 Non-cash loans		252	59	
4.2.2 Other	(IV-l)	28,300	25,267	
V. Dividend income	(IV-c)	-	-	
VI. Net trading income	(IV-d)	80,479	84,867	
6.1 Capital market transaction gains / (losses)		57	6	
6.2 Derivative transactions gains / (losses)		47,705	49,713	
6.3 Foreign exchange gains / (losses)		32,717	35,148	
VII. Other operating income	(IV-e)	57,351	45,158	
VIII. Net operating income (III+IV+V+VI+VII)		543,605	446,982	
IX. Provision for loan losses and other receivables (-)	(IV-f)	142,903	119,780	
X. Other operating expenses (-)	(IV-g)	237,025	192,801	
XI. Net operating income/(loss) (VIII-IX-X)		163,677	134,401	
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-h)	163,677	134,401	
XVI. Tax provision for continued operations (±)	(IV-i)	(36,544)	(30,315)	
16.1 Provision for current income taxes	(IV-j)	(34,902)	(32,215)	
16.2 Provision for deferred taxes		(1,642)	1,900	
XVII. Net profit/(loss) from continued operations (XV±XVI)		127,133	104,086	
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 (±)	(IV-j)	-	-	
21.1 Provision for current income taxes		-	-	
21.2 Provision for deferred taxes		-	-	
XXII. Net income/loss from discontinued operations (XX±XXI)		-	-	
XXIII. Net income/loss (XVII+XXII)	(IV-k)	127,133	104,086	
23.1 Group's income/loss		127,133	104,086	
23.2 Minority interest		-	-	
Earnings per share		0.254	0.249	

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

Statement of income and expenses accounted under equity (Other comprehensive income)
For the year ended December 31, 2009 and 2008
(Currency - Thousand Turkish Lira)

Statement of income and expenses accounted under equity		Current period	Prior period
		(31.12.2009)	(31.12.2008)
I.	Additions from marketable securities revaluation differences for available for sale financial assets	-	-
II.	Tangible assets revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Foreign exchange differences for foreign currency transactions	-	-
V.	Profit/loss from derivative financial instruments for cash flow hedge purposes (effective portion of fair value differences)	-	-
VI.	Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
VII.	The effect of corrections of errors and changes in accounting policies	-	-
VIII.	Other profit loss items accounted under equity due to TAS	-	-
IX.	Deferred tax on valuation differences	-	-
X.	Total net profit/loss accounted under equity (I+II+...+IX)	-	-
XI.	Profit/loss	127,133	104,086
1.1	Change in fair value of marketable securities (transfer to profit/loss)	-	-
	Reclassification and transfer of derivatives accounted for cash flow hedge purposes to income statement	-	-
1.2		-	-
1.3	Transfer of hedge of net investments in foreign operations to income statement	-	-
1.4	Other	127,133	104,086
XII.	Total profit/loss accounted for the period (X±XI)	127,133	104,086

The accompanying 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

Statement of changes in shareholder's equity For the year ended December 31, 2009 and 2008 (Currency - Thousand Turkish Lira)

	Note (5 th section)	Paid-in capital	Effect of inflation accounting on capital reserves	Share certificate premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Risk aversion funds	Asset held for sale and discop. valuation	Total equity excluding fundiority interest	Minority interest	Total equity
Current period (31.12.2009)																			
I. Beginning balance		500,000	-	23,250	-	12,313	-	45,299	728	104,086	3	-	-	-	-	-	685,679	-	685,679
Changes in period																			
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. Bonus 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. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Net income/(loss) for the period		-	-	-	-	-	-	-	-	127,133	-	-	-	-	-	-	127,133	-	127,133
XVIII. Profit distribution		-	-	-	-	-	-	-	-	(104,086)	(3)	-	-	-	-	-	(5,500)	-	(5,500)
18.1 Dividends distributed	(V-b)	-	-	-	-	-	-	-	-	-	(5,500)	-	-	-	-	-	(5,500)	-	(5,500)
18.2 Transfers to reserves		-	-	-	-	5,754	-	92,053	782	-	(98,589)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(104,086)	104,086	-	-	-	-	-	-	-	-
Closing balance ((I+II+III+...+XVI+XVII+XVIII))		500,000	-	23,250	-	18,067	-	137,352	1,510	127,133	-	-	-	-	-	-	807,312	-	807,312

The accompanying 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

Statement of changes in shareholder's equity for the year December 31, 2009 and 2008 (Currency - Thousand Turkish Lira)

	Note (5 th Section)	Paid-in capital	Effect of inflation accounting on capital and other capital reserves	Share premium	Share certificate cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Risk aversion funds	Asset held for sale and discop. valuation fund	Total equity excluding minority interest	Minority interest	Total equity
Prior period (31.12.2008)																			
I. Beginning balance		260,000	-	23,250	-	7,907	-	23,300	-	74,123	3	-	-	-	-	-	388,563	-	388,563
Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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. Bonus 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		240,000	-	-	-	-	-	-	-	(40,000)	-	-	-	-	-	-	200,000	-	200,000
12.1 Cash	(II-k)	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	-	200,000
12.2 Internal sources		40,000	-	-	-	-	-	-	-	-	(40,000)	-	-	-	-	-	-	-	-
XIII. Share issue premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period net income/(loss)		-	-	-	-	-	-	-	-	104,086	-	-	-	-	-	-	104,086	-	104,086
XVIII. Profit distribution		-	-	-	-	4,406	-	21,999	728	(74,123)	40,000	-	-	-	-	-	(6,990)	-	(6,990)
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(6,990)	-	-	-	-	-	(6,990)	-	(6,990)
18.2 Transfers to reserves		-	-	-	-	4,406	-	21,999	728	-	(27,133)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(74,123)	74,123	-	-	-	-	-	-	-	-
Closing balance (I+II+III+...+XVI+XVII+XVIII)		500,000	-	23,250	-	12,313	-	45,299	728	104,086	3	-	-	-	-	-	685,679	-	685,679

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

Kuveyt Türk Katılım Bankası Anonim Şirketi**Statements of cash flows
for the year ended December 31, 2009 and 2008
(Currency - Thousand Turkish Lira)**

Statement of cash flow		Note (5th Section)	Current period 01.01.2009 - 31.12.2009	Prior period 01.01.2008 - 31.12.2008
A.	Cash flows from banking operations			
1.1	Operating profit before changes in operating assets and liabilities		399,382	(40,327)
1.1.1	Profit share income received		713,642	527,931
1.1.2	Profit share expense paid		(349,037)	(287,490)
1.1.3	Dividend received		-	-
1.1.4	Fees and commissions received		58,116	53,441
1.1.5	Other income		57,351	45,158
1.1.6	Collections from previously written off loans		40,240	51,936
1.1.7	Payments to personnel and service suppliers		(114,814)	(96,454)
1.1.8	Taxes paid		(36,718)	(4,143)
1.1.9	Others	(VI-c)	30,602	(330,705)
1.2	Changes in operating assets and liabilities		(446,246)	415,494
1.2.1	Net (increase) decrease in available for sale financial assets		4,008	69
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 precious metal		(322,696)	(106,681)
1.2.4	Net (increase) decrease in loans		(966,342)	(1,009,076)
1.2.5	Net (increase) decrease in other assets		(174,800)	(12,559)
1.2.6	Net increase (decrease) in bank deposits		-	-
1.2.7	Net increase (decrease) in other deposits		1,291,889	1,135,574
1.2.8	Net increase (decrease) in funds borrowed		(408,774)	376,994
1.2.9	Net increase (decrease) in due payables		-	-
1.2.10	Net increase (decrease) in other liabilities	(VI-c)	130,469	31,172
I.	Net cash provided from banking operations		(46,863)	375,167
B.	Cash flows from investing activities			
II.	Net cash provided from investing activities		(76,041)	(74,964)
2.1	Cash paid for purchase jointly controlled operations, associates and subsidiaries		(24,297)	(30,700)
2.2	Cash obtained from sale of jointly controlled operations, associates and subsidiaries		15,745	892
2.3	Fixed assets purchases		(73,962)	(43,425)
2.4	Fixed assets sales		6,382	-
2.5	Cash paid for purchase of financial assets available for sale		(27)	-
2.6	Cash obtained from sale of financial assets available for sale		64	-
2.7	Cash paid for purchase of investment securities		54	(1,731)
2.8	Cash obtained from sale of investment securities		-	-
2.9	Other		-	-
C.	Cash flows from financing activities			
III.	Net cash provided from financing activities		(5,501)	188,935
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Capital increase		-	200,000
3.4	Dividends paid		(5,500)	(6,990)
3.5	Payments for finance leases		(1)	(4,075)
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(VI-d)	7,265	29,913
V.	Net increase in cash and cash equivalents (I + II + III + IV)		(121,140)	519,050
VI.	Cash and cash equivalents at the beginning of the year	(VI-a)	891,463	327,413
VII.	Cash and cash equivalents at the end of the year	(VI-a)	770,323	891,463

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

Kuveyt Türk Katılım Bankası Anonim Şirketi**Statements of profit distribution
For the year ended December 31, 2009 and 2008
(Currency - Thousand Turkish Lira)**

	Current period 31.12.2009 (*)	Prior period 31.12.2008
I. Distribution of current period income		
1.1. Current period income	163,677	134,401
1.2. Taxes and other legal payables (-)	(36,544)	(30,315)
1.2.1. Corporate Tax (Income tax)	(34,902)	(32,215)
1.2.2. Withholding tax	-	-
1.2.3. Other taxes and legal liabilities (**)	(1,642)	1,900
A. Net period income (1.1-1.2) (Note V-I-17-c)	127,133	104,086
1.3. Prior year's losses (-)	-	-
1.4. First legal reserves (-)	6,357	5,204
1.5. Other statutory reserves (-)	-	-
B. Distributable net period income [(A)-(1.3+1.4+1.5)]	120,776	98,882
1.6. First dividend to shareholders (-)	9,623	4,976
1.6.1. To owners of ordinary shares	9,623	4,976
1.6.2. To owners of preferred stocks	-	-
1.6.3. To owners of preferred stocks (Preemptive rights)	-	-
1.6.4. To profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of directors (-)	652	524
1.9. Second dividend to shareholders (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred stocks	-	-
1.9.3. To owners of preferred Stocks (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit /loss sharing Certificates	-	-
1.10. Second legal reserve (-)	1,142	550
1.11. Status reserves (-)	-	-
1.12. Extraordinary reserves	109,359	92,050
1.13. Other reserves	-	728
1.14. Special funds	-	-
II. Distribution from reserves	-	-
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred stocks	-	-
2.3.3. To owners of preferred stocks (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
III. Earnings per share	127,133	104,086
3.1. To owners of stocks (***)	0.254	0.208
3.2. To owners of stocks (%)	%25.43	%20.8
3.3. To owners of preferred stocks	-	-
3.4. To owners of preferred stocks (%)	-	-
IV. Dividend per share	-	-
4.1. To owners of stocks	0.0192	0.0099
4.2. To owners of stocks (%)	%1.92	%0.99
4.3. To owners of preferred stocks	-	-
4.4. To owners of preferred stocks (%)	-	-

(*) General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements. The table above is the suggested profit distribution table which will be proposed by the BOD to the General Assembly.

(**) Deferred tax income is presented in "other tax and legal liabilities" line. Deferred tax income can not be added into profit distribution, thus it is classified under extraordinary reserves.

(***) Calculated by using the number of share certificates as of period end.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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 the Principles and Procedures Regarding Banks' Accounting Application 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 1 November 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 These Financial Statements", published in Official Gazette No.26430, dated 10 February 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 unified accounting systems to the procedures and principles identified by the Banking Regulation and Supervision Agency (BRSA) by taking 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 natures; prepare clear, reliable, comparable, easy to audit, analyze and comment, timely and accurate financial reports in a form and content that meets the requirements of attaining knowledge.

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

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates and predictions by the Bank's management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

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

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements are determined and applied in accordance with TAS. These accounting policies and valuation principles are explained in Notes II and XXII below:

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

c. Arrangement of the financial statements according to 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" ("TAS29"). Per BRSA's decision number 1623, dated April 21, 2005, and its circular dated April 28, 2005, the conditions for applying inflation accounting were no longer applicable. Hence, inflationary accounting was abolished as of January 1, 2005.

d. Reclassification changes on financial statements:

In accordance with the clarification declared by the BRSA related with 'Reserve Deposits' to the Association of the Participation Banks at January 3, 2008, 'Income from reserve deposits' amounting to TL 14,069 has been classified under 'Profit share on banks' account in the statement of income for the year ended December 31, 2008 to be consistent with the presentation of the current financial statements.

"Derivative transactions gain/(losses)" amounting to TL 49,713, which were classified under "Capital Market Transactions" in the statement of income for the year ended December 31, 2008 has been classified as "Derivative transactions gain/(losses)" under "Net Trading Income" to be consistent with the presentation of the current year presentations.

II. Explanations on strategy of using financial assets 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.

The Bank's risk regarding loans originating 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) and FC pegged 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 portion of the risk of the foreign currency 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 booked by the Bank.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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

In order to decrease foreign exchange position risk and to manage FC liquidity, the Bank utilizes foreign exchange transactions with installments. The Bank does not have embedded derivatives. 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, they must be recognized as "for trading purposes" not recognized as risk hedging derivatives under the framework of TAS 39, which are thus measured at fair value and are recorded 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 contractual values.

The fair values of forward transactions are calculated by using discounted cash value method. Unrealized income or losses is reflected in 'Capital Market Transaction Gains/Losses' account 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.

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 in the balance sheet.

V. Explanations on fee and commission income and expenses

Commissions, rates of which change according to the term of the loan and the rate of profit are considered as an integral part of the effective profit rate of the loan and are accounted in accordance with the internal rate of return method on an accrual basis. Commissions obtained from retail loans which are independent from the term of the loan and rate of profit and which are considered as reimbursement of costs and services provided are recorded as income when collected.

In 2009, the portion of the commission and fees which are related to the reporting period and collected in advance for loans granted has been reflected to the income statement by using the internal rate of return method in accordance with provisions of IFRS; remaining part of the commission and fees amounting to TL 24,934 which are related to the future periods has been recorded to the Deferred Revenues account under Other Liabilities account. Due to the difficulties in the IT systems, commissions and fees obtained for the loans granted in prior periods could not be decomposed and the balances of deferred revenues corresponding to the prior periods could not have been identified.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

VI. Explanations on financial assets

The Bank categorizes 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.

The Bank has no financial assets designated as financial assets at fair value through profit or loss.

b. Financial assets available for sale:

Assets available for sale consist of mudharaba transactions which are based on profit/loss sharing. Such transactions are reflected in the financial statements at cost and less provision for impairment if any, since their fair values could not be determined reliably. Profit obtained from related transactions is recorded in 'Profit share income received from available for sale financial assets' account.

c. Loans and receivables:

Loans and receivables are non-derivative financial assets whose payments are fixed or can be determined, are unlisted in an active market and held for purchase or sale, financial assets at the fair value through profit or loss or financial assets held for sale. Loans and receivables initially at cost 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 assets that are not classified under 'Loans and receivables' with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held to maturity financial assets are initially recognized at cost, and subsequently carried at 'Amortized Cost' using the 'Internal Rate of Return'. Profit income from held to maturity financial assets is reflected in the income statement.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

VII. Explanations on impairment of financial assets:

It is assessed whether there is objective evidence that a financial asset or group of financial assets is impaired at each balance sheet date. If such evidence exists, impairment is provided for the financial assets group as explained below.

i) Loans and receivables:

The Bank provides impairment for loans that may become doubtful in the future and records this against the income for the year. Impairment provision for the non-performing loans is the amount calculated by the Bank management by evaluating the loan portfolio on the grounds of risk and quality and considering the related legislation economic and other factors to countervail the possible losses.

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. In case of collections from impaired loans, the principal amount is reimbursed first and then profit share receivables are collected.

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 provided in prior periods are included in "other income" in the income statement.

"Impairment Expenses- Specific Provision Expenses" entries can be closed by recording a reverse entry under specific provision amounts.

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 the difference between the present value which was calculated by rediscounting the predetermined cash flows in the future with the original profit share with the net book value; provision is provided 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, of which decreases in the fair value of the asset has been accounted in the equity, has been impaired then the total loss which was accounted directly in the equity is transferred to the income statement as the related financial asset is removed from the equity.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

Impairment losses recognized in the income statement related to the investments in equity instruments classified as available for sale financial assets can not be reversed in 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 debts of these assets

As mandated by the Banking Act 5411 article 57 "per Capital Markets Banks Act No. 2499, banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements and precious metal trade as seen fit by the committee, 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 received due to receivables and debtors' obligations to the bank are set by the committee."

The assessment and disposal of assets held for sale and their accounting 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 held for sale are measured at the lower of the carrying amount of assets and fair value less any cost 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, only when the sale is highly probable and the asset (or disposal group) is 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 group of assets), to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or the group of assets) shall be actively marketed in conformity 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. 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 group of assets) can remain to be classified as assets (or group of assets) held for sale.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

In the case that the Bank has not disposed of the real-estate and commodities that were received due to receivables and debtors' obligations to the Bank within a year of receipt or failed to produce a solid plan for sale of the assets, the aforementioned assets have to be amortized and classified as fixed assets rather than assets held for sale.

If the sale of the real-estate and commodities that were obtained due to receivables and debtors' obligations to the Bank are tied to a finalized agreement with an installment schedule, the assets can remain in assets held for sale in the financial statements.

Discontinued operations are classified under disposals or held for sale. Discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

As of December 31, 2009, assets held for sale amounts to TL 10,600.

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. In the determination of the useful lives of such assets, no specific criteria has been used, 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 December 31, 2009 there is no goodwill related to associates and subsidiaries.

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 minus accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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 has been notified, 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 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.

XIV. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities are accounted 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.

Provisions are made and reflected in the financial statements when there is a present obligation as a result of a past event and the amount of the obligation can be estimated.

XV. Explanations on liabilities for 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 whose employment is not terminated due to retirement, resignation or misconduct.

The retirement pay provision recognized in the accompanying financial statements, is calculated based on "TAS 19", by using the "projection method" and based on upon factors derived using the experience of the retiring personnel, eligibility to receive retirement pay which is discounted by using the current market yield rate of on government bonds at the balance sheet date.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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 classified as "The Short Term Benefits to Employees" and accrued when they are qualify 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.

XVI. Explanations on taxation

Current tax

In accordance with the Corporate Tax Law No 5520" published on June 21, 2006, the corporate tax rate has been decreased to 20%. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid offset the final corporate tax liability for the year.

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

Effective April 24, 2003, new fixed asset investments over 10 TL, which have an economic life and are directly related with the production of services, provides a deduction from the annual taxable income amounting to 40% of the cost of the fixed asset. Investment allowances with incentive certificates incurred prior to April 24, 2003, can be subject to 19.8% deductible if the Companies choose to forego the new deductions. Before the implementation of the new investment incentive application, effective January 1, 2006, all investment incentives could be carried forward indefinitely, however, as of January 1, 2006 the investment incentive application has been terminate. Unused qualifying capital investment amounts from periods prior to December 31, 2005 can be deducted from the corporate income tax base until the end of December 31, 2008. However, in this case corporate tax rate will 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 will be subject to investment incentives until the end of December 31, 2008. In 2008, the Bank decided to not utilize its investment incentive allowance. Therefore in 2008, corporate tax rate was 20%. In 2009, corporate tax rate applicable to the Bank is 20%.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

Constitutional Court abolished 2006, 2007, 2008 phrases included in the temporary article numbered 69 of the Income Tax Law related to investment allowances. Thereby, time limitation related to investment incentive removed. Supreme Court concluded that reasoned decision of cancellation related to investment incentive become effective when it is published in the Official Gazette. The reasoned decision became effective on January 8, 2010 in accordance with the Supreme Court's Principal 2006/95, decision numbered 2009/144, Constitution's article numbered 153 which has been published in Trade Registry Gazette numbered 27456 on January 8, 2010. In this context, an opportunity has incurred to use investment incentive amounting to TL 61,108 which was not used until December 31, 2008 has been transferred to 2009 with applicable withholding tax rate of 19.8%. However, the Bank's 2009 Corporate Tax Base is TL 174,508 and this amount is greater than the investment incentive to be utilized. Due to the remaining part of Corporate Tax Base that exceeds the investment incentive is subject to 30% corporate tax rate, this case reveals a disadvantage in corporate tax. Therefore, the amount of transferred investment incentive will not be used.

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 definitive agreement on tax assessments with the tax authority. Companies file their tax returns until the 25th of day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during which time period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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 risk saving 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

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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.

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 IX.

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 financial statements. Accordingly, the accompanying 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 year ended December 31, 2009 (continued)
(Currency - Thousand 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 14.56% (December 31, 2008 – 15.63%).

Information for capital adequacy standard ratio: Thousand TL, %

	Risk weights				
	0%	20%	50%	100%	150%
Amount subject to credit risk					
Balance sheet items (Net)	957,178	879,520	1,983,751	2,104,420	3,102
Cash and cash equivalents	467,583	-	-	-	-
Matured marketable securities	-	-	-	-	-
The Central Bank of the Republic of Turkey	180,929	-	-	-	-
Domestic Banks, Foreign Banks, Foreign Head Offices and Branches	-	526,241	-	5,152	-
Money Market Placements	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-
Reserve Deposits	174,604	-	-	-	-
Loans	90,589	343,188	1,911,304	1,556,252	3,102
Non-performing Loans (Net)	-	-	-	122,241	-
Financial Lease Receivables	273	-	16,259	24,390	-
Available-For-Sale Financial Assets	-	-	-	27	-
Held to Maturity Investments	-	-	-	7,529	-
Receivables from Installment Sales of Assets	-	-	-	2,510	-
Miscellaneous Receivables	-	-	-	110,124	-
Accrued Profit Share and Income Accruals	4,658	10,089	56,188	45,750	-
Investment in Associates, Subsidiaries and Joint ventures (Business Partnerships) (net)	-	-	-	31,445	-
Tangible Assets	-	-	-	139,401	-
Other Assets	38,542	-	-	59,599	-
Off-Balance Sheet Items	94,675	10,874	272,927	1,443,046	-
Guarantees and Commitments	94,675	2,165	272,927	1,442,262	-
Derivative Financial Instruments	-	8,709	-	784	-
Non Risk Weighted Accounts	-	-	-	-	-
Total Risk Weighted Assets	-	178,079	1,128,339	3,547,466	4,653

Summary of the capital adequacy standard ratio of the Bank

	Current period	Prior period
Total Risk Weighted Assets (TRWA)	4,858,537	4,119,303
Amount Subject to Market Risk (ASMR)	23,575	23,500
Amount Subject to Operational Risk (ASOR)	583,487	413,038
Shareholders' Equity	795,749	711,861
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	14.56	15.63

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****Components of shareholders' equity:**

	Current period	Prior period
Core capital		
Paid-in capital	500,000	500,000
Nominal capital	500,000	500,000
Capital commitments (-)	-	-
Inflation adjustment to Share Capital	-	-
Share premium	23,250	23,250
Share cancellations profits	-	-
Legal reserves	18,067	12,313
First legal reserve (Turkish Commercial Code 466/1)	14,015	8,811
Second legal reserve (Turkish Commercial Code 466/2)	4,052	3,502
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	138,862	46,027
Reserves allocated by the General Assembly	138,862	46,027
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Inflation Adjustments to Legal Reserve, status reserves and extraordinary reserves	-	-
Profit	127,133	104,089
Current year profit	127,133	104,086
Prior years' profits	-	3
Provision for possible losses up to 25% of the core capital	7,452	7,113
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	-	-
Leasehold Improvements (-)(*)(**)	(17,416)	-
Prepaid Expenses (-) (**)	(3,797)	(3,084)
Intangible Assets (-) (**)	(8,187)	(2,806)
Deferred Tax Asset excess of 10% of Core Capital (-)(**)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total core capital	785,364	686,902
Supplementary capital		
General provisions	32,100	24,959
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	-	-
Marketable securities value increase fund 45%	-	-
Associates and subsidiaries	-	-
Available for sale securities	-	-
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total supplementary capital	32,100	24,959
TIER III capital		
Capital	817,464	711,861
Deductions from the capital	21,715	-
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals (***)	17,917	-
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than ten percent of capitals which exceed the ten percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with 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 after foreclosure	3,798	-
Other	-	-
Total shareholder's equity	795,749	711,861

- (*) Leasehold Improvements amounting to TL 17,416 as of December 31, 2009, have been classified under tangible assets in the accompanying financial statements and are presented under deductions from the capital due to declaration of BRSA numbered 5379 on March 18, 2009. (As of December 31, 2008, Leasehold Improvements, 16,681 TL have been classified under tangible assets in the prior year financial statements and are not presented under deductions from the capital due to changes in the Uniform Chart of Accounts.)
- (**) In accordance with the first provisional article of the regulation on the equity of the banks considered as a deduction from capital up to January 1, 2009. Since January 1, 2009, it is considered as a deduction from core capital.
- (***) Includes capital payment amounting to USD 12,000,000 made to a new subsidiary in Dubai named Kuwait Turk Participation Bank Dubai Ltd. On November 3, 2009.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk

- (1) Credit risk represents the Bank's risk arisen from corporate and individual customers who have cash or non-cash credit relations not fulfilling or partially fulfilling the terms of their agreements. The Credit Risk Management Unit is responsible for the management of credit risk.

Concerning credit risk, customers or groups of customers are subject to risk limitation. According to Board of Director's decision, total available credit to any given customer, except for the exceptions or derogations provided by regulations, is limited to 25% of Bank's total corporate credit limit. Likewise, the loan amount available to any group, except for the exceptions or derogations provided by regulations, is limited to 25% of Bank's total corporate credit limit. Risk concentration is followed up monthly by sector.

In accordance with the risk management concept of the Bank, it is noted that the credit risk of long term commitments is higher compared to the short term commitments. Hence the determination of risk limits and collateralization for long term commitments are considered in more detailed compared to the short term commitments.

The credibility of the debtors of credit and other receivables are monitored periodically in accordance with related legislation. The financial documents for opened loans are gathered as stated in the related legislation. Credit limits of customers are renewed periodically according to the Bank's credit limit renewal procedure.

The Bank obtains necessary collaterals for loans and other receivables by analyzing the worthiness of corporate and individual loans according to credit policy.

- (2) The Bank has control limits on the forward agreements. Credit risks related with these instruments are managed together with other risks that arise from market fluctuations.
- (3) The Bank regularly controls the risks arising from options as well as other similar instruments and reduces the risks when necessary according to the credit risk type.
- (4) Indemnified non-cash loans are subject to the same risk burden as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Bank. Financial position and business operations of those customers are analyzed systematically while the principal and profit payments based on the restructured payment plan are monitored by the related departments.
- (5) Country risk is taken into consideration in the determination of financial institutions credit limit by considering the association with these institutions. The Bank's activities in foreign countries and credit transactions do not constitute an important risk in terms of related countries' economic conditions and activities of customers and companies.
- (6) The share of the Bank's receivables from its top 100 cash loan customers in its total cash loan portfolio is 31.79% (December 31, 2008 – 31.48%).

The share of the Bank's receivables from its top 100 non-cash loan customers in its total non-cash loan portfolio is 58.20% (December 31, 2008 – 47.13%).

The share of cash and non cash balances of its top 100 customers comprises of 42.54% of total cash and non-cash credit loans (December 31, 2008 – 22.68%).

- (7) As of December 31, 2008, the Bank's general provision amount for its credit risk is TL 51,166 (December 31, 2008 – TL 39,026).

Kuveyt Türk Katılım Bankası Anonim Şirketi
Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)
Distribution of credit risk by types of borrowers and geographical concentration:

	Loans to real person and legal entities		Loans to Bank's and Other financial Institutions		Marketable securities (*)		Other loans (**)	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans according to borrowers								
Private Sector	3,558,093	3,052,121	-	-	8,592	7,583	3,746,995	3,160,817
Public Sector	1,464	153	-	-	-	-	15	47
Banks	-	-	353,515	295,839	7,782	12,682	33,105	28,653
Retail Customers	941,865	786,237	-	-	1,080	1,251	25,852	3,836
Share Certificates	-	-	-	-	-	64	-	-
Total	4,501,422	3,838,511	353,515	295,839	17,454	21,580	3,805,967	3,193,353
Information according to geographical concentration								
Domestic	4,413,412	3,741,870	-	-	4,245	8,286	3,715,966	3,166,621
European Union Countries	12,630	3,745	316,790	240,925	4,434	5,711	24,987	6,058
OECD Countries (***)	-	4,677	10,800	-	-	-	1,248	-
Off-shore Banking Regions	15,812	5,833	25,925	36,895	1,246	-	24,390	2,567
USA, Canada	90	259	-	-	-	-	11	-
Other Countries	59,478	82,127	-	18,019	7,529	7,583	39,365	18,107
Total	4,501,422	3,838,511	353,515	295,839	17,454	21,580	3,805,967	3,193,353

(*) includes financial assets at fair value through profit and loss, available for sale and held to maturity.

(**) Includes the transactions defined as loans in Article 48 of the Banking Act No: 5411 and classified in the Uniform Chart of Accounts, except the ones presented in the first three columns of the table.

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

Geographical concentration:

	Assets	Liabilities	Non-cash loans	Capital expenditures	Net profit (*)
Current period					
Domestic	6,319,339	5,574,054	3,240,630	-	126,320
European union countries	486,296	183,667	24,987	-	-
OECD countries (**)	12,257	365	1,248	-	-
Off-shore Banking Regions	143,520	245,703	24,390	18,631	813
USA, Canada	10,467	1,359	11	-	-
Other Countries	83,285	92,066	39,365	-	-
Associates, Subsidiaries and Joint Ventures	-	-	-	30,731	-
Unallocated assets/liabilities (***)	-	-	-	-	-
Total	6,855,164	6,097,214	3,330,631	49,362	127,133

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

	Assets	Liabilities	Non-cash loans	Capital expenditures	Net profit (*)
Prior period					
Domestic	5,310,983	4,094,124	3,166,621	-	103,179
European union countries	255,519	61,806	6,000	-	-
OECD countries (**)	4,700	-	-	-	-
Off-shore Banking Regions	43,545	494,845	2,572	714	907
USA, Canada	4,941	295	-	-	-
Other countries	109,926	431,285	18,107	-	-
Associates, subsidiaries and joint ventures	-	-	-	37,706	-
Unallocated assets/liabilities (***)	-	-	-	-	-
Total	5,729,614	5,082,355	3,193,300	38,420	104,086

(*) The distribution has not been made for geographical regions.

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

(***) Assets and liabilities that cannot be allocated on an appropriate basis.

Sector concentration for cash loans:

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	118,743	2.7	2,517	0.5	160,919	4.5	559	0.1
Farming and Raising								
Livestock	42,831	1.0	2,517	0.5	58,778	1.6	559	0.1
Forestry	74,321	1.7	-	-	101,044	2.8	-	-
Fishery	1,591	0.0	-	-	1,097	0.0	-	-
Manufacturing	966,881	21.8	71,871	15.1	1,136,880	31.8	99,679	17.7
Mining and Quarry	331,534	7.5	7,241	1.5	334,476	9.4	77,503	13.8
Production	562,711	12.7	8,435	1.8	742,502	20.8	17,157	3.0
Electricity, Gas and Water	72,636	1.6	56,196	11.8	59,902	1.7	5,019	0.9
Construction	683,537	15.6	98,862	20.7	643,004	18.0	1,442	0.3
Services	1,141,141	25.7	304,089	63.7	631,548	17.7	367,657	65.2
Wholesale and Retail								
Trade	435,934	9.8	16,088	3.4	398,838	11.2	1,332	0.2
Hotel, Tourism, Food and								
Beverage Services	33,303	0.8	-	-	28,672	0.8	133	0.0
Transportation and								
Communication	112,901	2.5	5,979	1.3	54,603	1.5	11,378	2.0
Financial Institutions	104,000	2.3	249,515	52.3	4,931	0.1	352,475	62.5
Real Estate and Renting								
Services	22,377	0.5	1,400	0.3	17,815	0.5	-	-
Self-Employment Services	314,737	7.1	31,107	6.4	46,317	1.3	2,134	0.4
Education Services	6,627	0.1	-	-	10,987	0.3	-	-
Health and Social Services	111,262	2.6	-	-	69,385	1.9	205	0.0
Other (*)	1,467,296	33.2	-	-	998,390	28.0	94,272	16.7
Total	4,377,598	100	477,339	100	3,570,741	100%	563,609	100%

(*) Includes credit cards balances amounting to TL 96,900 as of December 31, 2009 (December 31, 2008 - TL 164,249) and profit share income accruals amounting TL 131,381 as of December 31, 2009 (December 31, 2008 - TL 301,066).

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****The table below shows the maximum exposure to credit risk for the components of the financial statements:**

	Current period	Prior period
The Central Bank of Republic of Turkey	399,618	398,434
Derivative financial instruments held for trading	9,925	13,997
Share Certificates	-	64
Derivative financial assets held for trading	9,925	13,933
Banks	531,395	642,491
Financial Assets Available for Sale	27	-
Loans	5,005,535	4,237,712
Held to maturity investments	7,529	7,583
Finance Lease Receivables	49,995	102,991
Other Assets	177,005	12,056
Total Balance Sheet Items Subject to Credit Risk Exposure	6,181,029	5,415,264
Guarantees - Contingent Liabilities	3,330,631	3,193,300
Commitments	1,924,469	655,231
Off Balance Sheet Items subject to Credit Risk Exposure	5,255,100	3,848,531
Total Credit Risk Exposure	11,436,129	9,263,795

Credit rating system:

December 31, 2009	High grade	Standard grade	Sub-standard grade	Past due or individually impaired	Unrated (*)	Total
Due from banks, central bank and reserve deposits (excluding cash on hand)	399,617	531,395	-	-	-	931,012
Loans and Financial Lease						
Receivables	-	353,515	427,187	322,790	3,952,038	5,005,530
Corporate	-	353,515	427,187	176,934	1,936,996	2,894,632
Individual	-	-	-	68,110	1,499,573	1,567,683
Small Business	-	-	-	58,996	427,311	486,307
Credit Card	-	-	-	18,750	88,158	106,908
Contingent liabilities – Guarantees	-	33,105	839,736	-	2,457,790	3,330,631
Commitments	-	1,249,312	-	-	675,157	1,924,469
Total	399,617	2,167,327	1,266,923	322,790	7,084,985	11,241,642

December 31, 2008	High grade	Standard grade	Sub- standard rate	Past due or individually impaired	Unrated (*)	Total
Due from banks, central bank and reserve deposits (excluding cash on hand)	398,434	640,543	1,949	-	-	1,040,926
Loans and Financial Lease						
Receivables	-	344,830	345,196	103,362	3,444,324	4,237,712
Corporate	-	344,830	345,196	37,958	2,010,403	2,738,387
Individual	-	-	-	26,411	857,549	883,960
Small Business	-	-	-	25,250	450,754	476,004
Credit Card	-	-	-	13,743	125,618	139,361
Contingent liabilities – guarantees	-	466,007	393,585	-	2,333,708	3,193,300
Commitments	-	209,039	-	-	446,192	655,231
Total	398,434	1,660,419	740,730	103,362	6,224,224	9,127,169

(*) The Group's rating approach is applicable for financial assets with outstanding risk above TL 3,000.

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****III. 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.

Risk management systems organizational and functional internal applications 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 control and Treasury Directorship's Marketing and Liquidity Risk Management Policy and Application Procedures which is also approved by the Board of Director, determine the procedures of how to manage market risk. 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 the amount subject to market risk with the Standard Method and reported to BRSA and has been considered in the capital sufficiency 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 December 31, 2009, the details of marketing 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	5
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	1,104
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	777
(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)	1,886
(IX) Amount Subject to Market Risk (12,5 x VIII)	23,575

b. Average market risk table calculated at the end of each month in the current period:

	Current period December 31, 2009			Prior period December 31, 2008		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk (*)	19	91	-	88	239	12
Common Stock Risk	12	16	-	15	18	10
Currency Risk	1,539	2,545	692	887	1,641	408
Commodity Risk	1,293	1,775	410	50	217	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total amount subject to risk	35,779	53,688	14,988	12,999	23,500	6,013

(*) includes foreign currency forward transactions.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

IV. Explanations on operational risk

The "Basic Indicator Method" is used in the calculation of Bank's operational risk. The base amount of operational risk is calculated using the 2007, 2006, and 2005 gross income of the Bank in accordance with the "Calculation of the Operational Risk" effective from June 1, 2007, Part IV of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Sufficiency Ratio" published in the Official Gazette No. 26333 dated November 1, 2006. Not all of the TL 583,487 used in the calculation of operational risk in the scope of "Capital Adequacy Standard Ratio" stated in Note 1 of this section, but only the TL 46,679, corresponding to the 8%, represents the operational risk the Bank is exposed to. TL 46,679 also represents the minimum capital amount required to remove the related risk.

V. Explanations on currency risk

Foreign currency risk arises from the Bank's possible exposure to the changes in foreign currencies. All foreign currency assets, liabilities and foreign currency forward transactions are considered while capital to be employed for foreign currency risk is calculated according to Standard Method.

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

As of December 31 2009, the Bank carries a net foreign currency long position of TL 5,680 (December 31, 2008 - TL 11,812 long position) consisting TL 657,342 of long balance sheet position (December 31, 2008 - TL 582,626) and TL 651,662 off balance sheet short position (December 31, 2008 - TL 570,814 short position).

The announced current foreign exchange buying rates of the Bank as of December 31, 2009 and the previous five working days are as follows:

	24/12/2009	25/12/2009	28/12/2009	29/12/2009	30/12/2009	Balance sheet evaluation rate
USD	1.5186	1.5070	1.5052	1.5065	1.5026	1.5057
CHF	1.4480	1.4530	1.4508	1.4528	1.4557	1.4492
GBP	2.4207	2.4097	2.4018	2.4068	2.4067	2.3892
JPY (100)	1.6520	1.6470	1.6470	1.6430	1.6360	1.6300
EUR	2.1654	2.1680	2.1702	2.1686	2.1680	2.1603

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 FX purchase rate
USD	1.4991
CHF	1.4572
GBP	2.4363
JPY (100)	1.6716
EUR	2.1943

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand 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 Republic of Turkey	8,962	231,806	-	410,362	651,130
Banks	124,127	371,209	160	14,936	510,432
Financial assets at fair value through profit and loss	245	1,165	-	-	1,410
Money market placements	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-
Loans and finance lease receivables (*)	743,991	1,465,610	-	-	2,209,601
Subsidiaries, associates and joint ventures(**)	-	18,631	-	-	18,631
Held-to-maturity investments	-	7,529	-	-	7,529
Derivative financial assets for hedging purposes	-	-	-	-	-
Tangible assets	-	4	-	-	4
Intangible assets	-	-	-	-	-
Other assets	1,068	108,908	-	9	109,985
Total assets	878,393	2,204,862	160	425,207	3,508,722
Liabilities					
Current account and funds collected from Banks via participation accounts	70,561	48,119	-	-	118,680
Current and profit sharing accounts FC	774,421	1,294,131	142	183,468	2,252,162
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	-	383,681	-	-	383,681
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	98	70,766	-	114	70,978
Derivative financial liabilities for hedging purposes	-	-	-	-	-
Other liabilities	4,159	21,588	-	132	25,879
Total liabilities	849,239	1,818,285	142	183,714	2,851,380
Net balance sheet position	29,154	386,577	18	241,593	657,342
Net off-balance sheet position	(27,220)	(388,809)	-	(235,633)	(651,662)
Financial derivative assets	101,941	503,832	-	231,980	837,753
Financial derivative liabilities	129,161	892,641	-	467,613	1,489,415
Non-cash loans (***)	601,470	1,149,020	4,823	63,491	1,818,804
Prior period					
Total assets	780,126	2,472,426	114	109,955	3,362,621
Total liabilities	702,504	2,043,429	242	33,820	2,779,995
Net balance sheet position	77,622	428,997	(128)	76,135	582,626
Net off-balance sheet position	(74,392)	(422,637)	(3)	(73,782)	(570,814)
Financial derivative assets	177,007	157,521	192	3,410	338,130
Financial derivative liabilities	251,399	580,158	195	77,192	908,944
Non-cash loans (**)	602,583	1,129,512	11,634	12,288	1,756,017

(*) Includes foreign currency indexed loans amounting to TL 1,732,262 (December 31, 2008 – TL 1,824,961) followed as TL in the balance sheet.

(**) Includes the TL 16,365 foreign currency denominated investment, which is followed as TL in the balance sheet amounting to TL 714 (December 31, 2008 – TL 714) and TL 32,997 foreign currency denominated subsidiaries, which is followed as TL in the balance sheet amounting to 17,917 (USD 12 million)) (December 31, 2008 – None).

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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. A negative amount indicates a decrease/increase effect in profit/loss and equity where the TL strengthens/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	223	636	-	-
EURO	%10	193	323	-	-

VI. 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 volatile cash fluctuation.

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.

As a result of general strategy of the Bank, maturity structure of the assets, liabilities and profit share ratio compatibility is obtained by assets/liabilities management strategy. In addition, the Bank tries to have positive difference between revenue and cost of TL and foreign currency assets and liabilities.

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****Presentation of assets and liabilities according to their remaining maturities:**

	Demand	Up to 1 month	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 Republic of Turkey	867,201	-	-	-	-	-	-	867,201
Banks	531,395	-	-	-	-	-	-	531,395
Financial assets at fair value through profit and loss	-	8,154	714	1,057	-	-	-	9,925
Money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	27	-	-	-	-	-	-	27
Loans	-	1,010,590	710,457	1,694,687	1,489,185	13	-	4,904,932
Held-to-maturity investments	-	-	7,529	-	-	-	-	7,529
Other assets (*)	-	86,282	30,032	23,796	72,645	-	370,762	583,517
Total assets	1,398,623	1,105,026	748,732	1,719,540	1,561,830	13	370,762	6,904,526
Liabilities								
Current account and funds collected from banks via participation accounts	8,932	39,750	47,364	28,373	-	-	-	124,419
Current and profit sharing accounts	1,209,723	80,373	3,068,632	408,837	466,273	-	-	5,233,838
Funds provided from other financial institutions	-	79,906	-	298,479	5,296	-	-	383,681
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	36,141	-	12,158	70,497	-	-	-	118,796
Other liabilities (*)	-	114,015	39,634	-	-	-	890,143	1,043,792
Total liabilities	1,254,796	314,044	3,167,788	806,186	471,569	-	890,143	6,904,526
Net liquidity gap	143,827	790,982	(2,419,056)	913,354	1,090,261	13	(519,381)	-
Prior period								
Total assets	1,204,712	935,528	697,708	1,393,847	1,157,043	118,036	261,160	5,768,034
Total liabilities	890,087	2,649,064	913,628	554,417	11,544	-	749,294	5,768,034
Net liquidity gap	314,625	(1,713,536)	(215,920)	839,430	1,145,499	118,036	(488,134)	-

(*) 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 in this chart. The undistributed other liabilities row consists of equity and provisions balances.

Financial liabilities based on the remaining contractual maturities:

The table below has been prepared based on the undiscounted financial liabilities of the Bank as forecasted on their earliest payment dates. Profit share expenses to be paid on such liabilities are included in this table. The "Adjustments" column indicates items that are predicted to lead to cash flows in the following period. These items are included in maturity analysis, but not included in the balance sheet value of such financial liabilities.

	Up to 1 month	1-3 months	3-12 months	1-5 Years	Over 5 year	Total	Adjustments	Per balance sheet
December 31, 2009								
Funds collected	1,338,778	3,115,996	437,210	466,273	-	5,358,257	-	5,358,257
Funds borrowed	79,952	-	303,216	5,654	-	388,822	(5,141)	383,681
Finance lease payables	-	1	2	-	-	3	-	3
Total	1,418,730	3,115,997	740,428	471,927	-	5,747,082	(5,141)	5,741,941
December 31, 2008								
Funds collected	3,320,549	604,471	142,958	1,394	-	4,069,372	-	4,069,372
Funds borrowed	82,164	419,366	303,962	5,678	-	811,170	(10,561)	800,609
Finance lease payables	-	1	2	4	-	7	(3)	4
Total	3,402,713	1,023,838	446,922	7,076	-	4,880,549	(10,564)	4,869,985

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****Breakdown of derivative instruments according to their remaining contractual maturities:**

Current Period - December 31, 2009	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	840,738	10,340	29,014	-	-	880,092
Outflow	836,577	10,400	21,269	-	-	868,246
Derivatives held for hedging						
Foreign Exchange Derivatives:						
Inflow	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
Total cash inflow	840,738	10,340	29,014	-	-	880,092
Total cash outflow	836,577	10,400	21,269	-	-	868,246
Prior Period - December 31, 2008						
	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	782,813	61,996	4,061	-	-	848,870
Outflow	790,558	63,533	2,491	-	-	856,582
Derivatives held for hedging						
Foreign Exchange Derivatives:						
Inflow	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
Total cash inflow	782,813	61,996	4,061	-	-	848,870
Total cash outflow	790,558	63,533	2,491	-	-	856,582

VII. Explanations on presentation of financial assets and liabilities at fair value

The table below summarizes the book value and fair value of the financial assets and liabilities that were not shown according to fair values in Bank's financial statements. Book value is the sum of the acquisition value and accumulated profit share accruals.

	Book value		Fair value	
	Current period December 31, 2009	Prior period December 31, 2008	Current period December 31, 2009	Prior period December 31, 2008
Financial assets				
Money market placements	-	-	-	-
Banks	531,395	642,491	531,395	642,491
Financial assets available for sale	27	-	27	-
Held to maturity investments	7,529	7,583	7,541	6,994
Loans and financial lease receivables	4,904,932	4,237,712	4,886,686	4,419,629
Financial liabilities				
Current account and funds collected from banks via participation accounts	124,419	152,919	124,419	152,919
Other current and profit sharing accounts	5,233,838	3,916,453	5,233,838	3,916,453
Funds provided from other financial institutions	383,681	800,609	384,891	801,387
Marketable securities issued	-	-	-	-
Miscellaneous payables	118,796	54,331	118,796	54,331

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

The expected fair values of loans are determined by calculating the discounted cash flows by using the current market profit share ratios. The fair value of financial assets and liabilities carried at amortized cost other than loans, held to maturity investments and funds obtained from other financial institutions approximates to their book values since they are short-term in nature and their effective profit share rates are current effective profit rates.

Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level I: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level II: Inputs other than quoted prices included within Level 1 that are observable market information for the asset or liability, either directly or indirectly

Level III: Inputs for the asset or liability that are not based on observable market information

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles as of 31 December 2009 and 31 December 2008 are given in the table below:

Current period	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	-	9,925	-	9,925
Forward transactions	-	1,425	-	1,425
Swap transactions	-	8,500	-	8,500
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Available for sale financial assets				
Share certificates	-	-	-	-
Government debt securities	-	-	-	-
Other marketable securities	-	-	-	-
Financial liabilities				
Financial liabilities held for trading	-	6,231	-	6,231
Forward transactions	-	4,659	-	4,659
Swap transactions	-	1,572	-	1,572
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

Prior period	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	64	13,933	-	13,977
Forward transactions	-	4,402	-	4,402
Swap transactions	-	9,531	-	9,531
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	64	-	-	64
Available for sale financial assets				
Share certificates	-	-	-	-
Government debt securities	-	-	-	-
Other marketable securities	-	-	-	-
Financial liabilities				
Financial liabilities held for trading	-	25,664	-	25,664
Forward transactions	-	9,766	-	9,766
Swap transactions	-	15,898	-	15,898
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-

There are no transfers between Level I and Level II as of 31 December 2009 and 31 December 2008 report dates.

The maturity analysis of guarantees and warranties are presented below:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Un allocated	Total
Current Period – December 31, 2009								
Letters of Guarantees	574,604	188,137	141,381	701,337	991,528	270,449	-	2,867,436
Acceptances	30,033	115	419	-	-	-	-	30,567
Letter of Credits	25,332	116,219	108,017	162,346	14,833	244	-	426,991
Other Guarantees	-	5,099	306	-	232	-	-	5,637
Total	629,969	309,570	250,123	863,683	1,006,593	270,693	-	3,330,631
Prior Period – December 31, 2008								
Letters of Guarantees	1,719,817	61,863	185,926	181,820	280,188	357,568	11,841	2,799,023
Acceptances	734	8,371	8,096	3,392	4,664	500	-	25,757
Letter of Credits	157,859	16,203	29,116	106,782	48,737	5,048	-	363,745
Other Guarantees	2,337	-	-	93	2,213	132	-	4,775
Total	1,880,747	86,437	223,138	292,087	335,802	363,248	11,841	3,193,300

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

The Bank does not perform purchases, sales and custody services in the name of others.

The Bank has no faith based transactions.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

IX. 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 (SizCard, Business SizCard), ATM services, Online Banking and Mobile Banking in these fields.

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. Foreign currency position and liquidity is followed by the treasury in addition to the spot and forward transactions in TL or foreign currencies, performing derivative transactions (Forward, SWAP) with banks and customers, trading of gold within the context of membership of Istanbul Gold Exchange, trading of share certificates in Istanbul Stock Exchange and international markets and Murabaha transactions with foreign banks.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

Specific balance sheet and income statement items according to segments:

Current period December 31, 2009	Retail Banking	Corporate and Commercial Banking	Treasury, Investment Banking and International Banking	Unallocated	Bank's total operation
Operating income	304,814	461,636	97,632	-	864,082
Operating expenses	(296,917)	(147,422)	(28,808)	(227,258)	(700,405)
Net operational income/loss (*)	7,897	314,214	68,824	(227,258)	163,677
Income from subsidiaries	-	-	-	-	-
Income before tax	7,897	314,214	68,824	(227,258)	163,677
Provision for taxation	-	-	-	(36,544)	(36,544)
Net income for the period	7,897	314,214	68,824	(263,802)	127,133
Segment assets	2,012,731	2,938,608	1,520,268	-	6,471,607
Associates, subsidiaries and joint ventures	-	-	-	49,362	49,362
Unallocated assets	-	-	-	383,557	383,557
Total assets					6,904,526
Segment liabilities	3,762,842	1,595,415	389,912	-	5,748,169
Unallocated liabilities	-	-	-	349,045	349,045
Shareholders' equity	-	-	-	807,312	807,312
Total liabilities					6,904,526
Other segment items					
Capital investment	-	-	-	24,297	24,297
Amortization	-	-	-	17,818	17,818
Non- cash other income- expense	-	-	-	(130,124)	(130,124)
Restructuring expenses	-	-	-	-	-

(*) The Bank did not reflect the profit distribution between the segments in the table above.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

Prior period December 31, 2008	Retail Banking	Corporate and Commercial Banking	Treasury, Investment Banking and International Banking	Unallocated	Bank's total operation
Operating income	294,755	348,830	101,852	-	745,437
Operating expenses	(256,357)	(135,792)	(33,740)	(185,147)	(611,036)
Net operational income/loss	38,398	213,038	68,112	(185,147)	134,401
Income from subsidiaries	-	-	-	-	-
Income before tax	38,398	213,038	68,112	(185,147)	134,401
Provision for taxation	-	-	-	(30,315)	(30,315)
Net income for the period	38,398	213,038	68,112	(215,462)	104,086
Segment assets	1,150,872	2,892,518	1,521,982	-	5,565,372
Associates, subsidiaries and joint ventures	-	-	-	38,420	38,420
Unallocated assets	-	-	-	164,242	164,242
Total assets					5,768,034
Segment liabilities	2,690,403	1,220,658	979,191	-	4,890,252
Unallocated liabilities	-	-	-	192,103	192,103
Shareholders' equity	-	-	-	685,679	685,679
Total liabilities					5,768,034
Other segment items	-	-	-	-	30,700
Capital investment	-	-	-	-	13,197
Amortization	-	-	-	116,340	116,340
Non- cash other income- expense	-	-	-	-	-
Restructuring expenses	-	-	-	-	-

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand 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	34,264	23,614	30,059	33,902
The CBRT	181,687	217,931	187,082	211,352
Other(*)	120	409,585	-	99,762
Total	216,071	651,130	217,141	345,016

(*) As of December 31, 2009, precious metal depot account amounting to TL 409,585 is reflected in this line (December 31, 2008 - TL 99,762).

2. Information related to CBRT:

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	179,692	1,237	183,480	1,532
Unrestricted time deposit	-	-	-	-
Restricted time deposit	1,995	216,694	3,602	209,820
Total	181,687	217,931	187,082	211,352

In line with the "Communiqué on Obligatory Reserves" No. 2005/1 issued by the Central Bank of the Republic of Turkey, the banks operating in Turkey set aside obligatory reserves at the Central Bank of the Republic of Turkey at the rate of 5% in Turkish Lira for their Turkish currency obligations and at the rate of 9% in USD and/or Euro for their foreign currency obligations.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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

1. As of December 31, 2009, there are no financial assets at fair value through profit and loss subject to repurchase transaction, given as a collateral or blocked (December 31, 2008 – 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	910	515	1,522	2,880
Swap Transactions	7,605	895	8,376	1,155
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	8,515	1,410	9,898	4,035

c. Information on Banks:

1. Information on Banks:

	Current period		Prior period	
	TL	FC	TL	FC
Banks	20,963	510,432	26,572	615,919
Domestic	20,507	364,263	26,572	600,658
Foreign	456	146,169	-	15,261
Branches and head office abroad	-	-	-	-
Total	20,963	510,432	26,572	615,919

2. Information on Foreign Bank Accounts:

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	39,901	-	9,113	-
USA and Canada	10,377	-	4,772	-
OECD Countries* (*)	885	-	95	-
Off-shore banking regions	-	-	-	-
Other	95,462	-	1,281	-
Total	146,625	-	15,261	-

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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

1. There are no financial asset available for sale subject to repurchase transaction, given as a guarantee or blocked (December 31, 2008 – None).
2. Information on Financial Assets Available-for-Sale:

	Current period	Prior period
Debt Securities	-	-
Quoted on a stock exchange	-	-
Not quoted	-	-
Share certificates	27	-
Quoted on a stock exchange	-	-
Not quoted	27	-
Impairment provision	-	-
Total	27	-

e. Information's related to loans:

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	61	111	84	740
Corporate Shareholders	-	111	-	740
Real Person Shareholders	61	-	84	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	2,398	-	2,717	-
Total	2,459	111	2,801	740

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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	4,304,814	-	163,723	384,727
Financing of documents on goods	-	-	-	-
Export loans	14,696	-	487	4,931
Import loans	382,757	-	8,769	9,560
Business loans	2,165,897	-	104,220	338,023
Consumer loans	858,479	-	39,781	80
Credit cards	87,048	-	6,383	3,469
Investments on profit/loss partnership	-	-	-	-
Precious metals loans	-	-	-	-
Loans given to financial sector	-	-	-	-
Foreign loans	438,341	-	-	3,184
Other	357,596	-	4,083	25,480
Other receivables	670	-	988	15
Total	4,305,484	-	164,711	384,742

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

	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				
Short-term loans and other receivables	1,492,261	-	44,771	28,686
Loans	1,491,602	-	43,768	28,686
Other receivables	659	-	1,003	-
Medium and long-term loans and other receivables (*)	2,813,223	-	119,940	356,056
Loans	2,813,223	-	119,940	356,056
Other receivables	-	-	-	-
Total	4,305,484	-	164,711	384,742

- (*) Loans with have original maturities longer than a year are classified as "Medium and Long Term Loans". The time left to the maturities for the mentioned loans are diminishing with time.

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

4. 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	1,759	768,833	770,592
Housing Loans	581	691,012	691,593
Vehicle Loans	833	66,607	67,440
Consumer Loans	95	3,091	3,186
Other	250	8,123	8,373
Consumer Loans-FC Indexed	24	126,508	126,532
Housing Loans	6	114,695	114,701
Vehicle Loans	17	6,068	6,085
Consumer Loans	1	939	940
Other	-	4,806	4,806
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	42,344	-	42,344
With Installment	22,783	-	22,783
Without Installment	19,561	-	19,561
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	85	1,000	1,085
Housing Loans	-	313	313
Vehicle Loans	70	456	526
Consumer Loans	12	231	243
Other	3	-	3
Personnel Loans-FC Indexed	-	131	131
Housing Loans	-	28	28
Vehicle Loans	-	63	63
Consumer Loans	-	39	39
Other	-	1	1
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1,182	-	1,182
With Installment	457	-	457
Without Installment	725	-	725
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	45,394	896,472	941,866

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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

	Short term	Medium and long term	Total
Commercial Installment Loans-TL	21,960	358,136	380,096
Business Loans	382	92,488	92,870
Vehicle Loans	4,110	166,921	171,031
Consumer Loans	441	7,530	7,971
Other	17,027	91,197	108,224
Commercial Installment Loans-FC Indexed	1,527	107,238	108,765
Business Loans	50	44,352	44,402
Vehicle Loans	122	28,430	28,552
Consumer Loans	42	-	42
Other	1,313	34,456	35,769
Commercial Installment Loans-FC	-	14,001	14,001
Business Loans	-	2,115	2,115
Vehicle Loans	-	11,645	11,645
Consumer Loans	-	-	-
Other	-	241	241
Corporate Credit Cards-TL	53,374	-	53,374
With Installment	39,321	-	39,321
Without Installment	14,053	-	14,053
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL(Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	76,861	479,375	556,236

6. Loans according to types of borrowers:

	Current period	Prior period
Public	1,464	153
Private	4,853,473	4,134,197
Total	4,854,937	4,134,350

7. Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	4,413,412	3,741,870
Foreign loans	441,525	392,480
Total	4,854,937	4,134,350

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

8. Loans granted to subsidiaries and associates:

	Current period	Prior period
Direct Loans Granted to Subsidiaries and Associates	-	-
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	-	-

9. Specific provisions provided for loans:

	Current period	Prior period
Specific Provisions		
Loans and Receivables with Limited Collectability	24,464	18,666
Loans and Receivables with Doubtful Collectability	35,154	32,092
Uncollectible Loans and Receivables	87,993	62,226
Total	147,611	112,984

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

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current period- December 31, 2009 (Gross amounts before specific provision)			
Restructured loans and other receivables	36,207	10,867	13,357
Rescheduled loans and other receivables	-	-	-
Prior period- December 31, 2008 (Gross amounts before specific provision)			
Restructured loans and other receivables	-	17,191	8,617
Rescheduled loans and other receivables	-	-	-

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Ending balance of prior period	60,384	69,154	86,808
Additions in the current period (+)	239,781	10,573	2,564
Transfers from other categories of non-performing loans (+)	-	159,822	132,960
Transfers to other categories of non-performing loans (-)	164,449	128,333	-
Collections in the current period (-)	23,414	7,507	9,319
Transfers from non-performing loans due to restructuring (-)	37,751	10,465	2,301
Write offs (-)	2,352	18,365	59,581
Corporate and commercial loans	1,874	15,020	35,927
Retail loans	415	1,287	11,689
Credit cards	63	2,058	11,965
Other	-	-	-
Ending balance of the current period	72,199	74,879	151,131
Specific provisions (-)	24,464	35,154	87,993
Net balance at the balance sheet	47,735	39,725	63,138

(iii). Information on non performing loans granted as foreign currency: None (December 31, 2008 – None).

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current period (net)	47,735	39,725	63,138
Loans granted to real persons and legal entities (gross)	72,199	74,879	151,131
Specific provision (-)	24,464	35,154	87,993
Loans to real persons and legal entities (net)	47,735	39,725	63,138
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	41,718	37,062	24,582
Loans to real persons and legal entities (gross)	60,384	69,154	86,808
Specific provision (-)	18,666	32,092	62,226
Loans to real persons and legal entities (net)	41,718	37,062	24,582
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

- (v). Aging analysis of past due but not impaired financial assets per classes of financial instruments is as follows:

Current period – December 31, 2009	Less than 30 days (*)	31-60 days	61-90 days	More than 91 days	Total
Loans					
Corporate and commercial loans	6,973	82,938	7,799	-	97,710
Retail loans	3,332	44,480	17,929	-	65,741
Credit cards	198	4,080	4,463	-	8,741
Total	10,503	131,498	30,191	-	172,192

- (*) The restructured loans amounting to TL 377,261 are linked to a new payment schedule and have no overdue installment.

Prior period – December 31, 2008	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans					
Corporate and commercial loans	177,628	81,718	52,145	-	311,491
Retail loans	64,423	51,373	11,720	-	127,516
Credit cards	6,801	8,928	3,797	-	19,526
Total	248,852	142,019	67,662	-	458,533

11. 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 provided, have been written-off per the decision of the Bank management. In 2009, non-performing loans amount to TL 80,298 were written-off (December 31, 2008 – TL 32,020).

12. Information on the write-off policy:

The write-off policy of the Bank for receivables under follow up is to retire the receivables from assets in case of verification of the inability of collection through follow-up by the decision of Board of Directors.

f. Held-to-Maturity Investments (Net):

1. There are no held-to-maturity investments subject to repurchase transaction, given as a guarantee or blocked (December 31, 2008 – None).
2. Information related to Government bonds classified as held to maturity investments: None (December 31, 2008 – None).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

3. Information about held-to-maturity investments:

	Current period	Prior period
Debt securities	7,529	7,583
Quoted on a stock exchange	-	-
Not quoted	7,529	7,583
Impairment provision (-)	-	-
Total	7,529	7,583

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

	Current period	Prior period
Balance at the beginning of the period	7,583	5,852
Foreign currency differences on monetary assets	(54)	1,731
Purchases during the year	-	-
Disposal through sales and redemption	-	-
Impairment provision (-)	-	-
Ending balance	7,529	7,583

g. Information's on investment in associates (Net):

1. The reason for not consolidating the associates: As the Bank does not have power of control on the management and shareholders equity of the associates it has not been consolidated in the financial statements.

2. Information about Unconsolidated Associates:

Title	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
Islamic International Rating Agency	Manama/Bahrain	8.99	8.99
Neova Sigorta A.S. (**)	Istanbul/Turkey	6.99	6.99
Körfez Gayrimenkul A.Ş. (***)	Istanbul/Turkey	49.0	49.0
Kredi Garanti Fonu A.Ş. (****)	Ankara/Turkey	1.67	1.67

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

Total assets	Equity	Total fixed assets	Dividend income or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
1,850 (*)	1,117	49	-	-	(1,429)	(1,753)	-
25,590 (*)	23,624	2,096	-	-	(2,071)	605	-
40,554 (*)	20,533	42,215	181	-	(819)	(11,393)	-
-	-	-	-	-	-	-	-

(*) Prepared in accordance with the local regulations of the country in which the related associate is incorporated.

(**) The related affiliate's name was Haliç Sigorta A.Ş. and changed as Neova Sigorta A.Ş. on February 29, 2009 and published on Trade Registry Gazette on same date.

(***) The Bank signed an agreement with Hayat Investment Company (resident in Kuwait) on November 23, 2009 to sell 51% of its shares of Körfez Gayrimenkul A.Ş. which was owned 99.99% by the Bank in exchange for USD 10,613,000 and TL 2,450. The remaining 49% of its shares have been classified under the associates in the current period financial statements.

(****) The Bank made capital commitment amounting to TL 4,000 to Kredi Garanti Fonu A.Ş. in 2009 and paid the TL 2,000 of the related commitment on October 15, 2009.

3. Information related to consolidated associates: None.

h. Information's on Subsidiaries (Net):

1. Although the Bank has control power over the management and capital of these subsidiaries, related subsidiaries have not been consolidated due to the total assets of subsidiaries are less than one percent of the parent company's, the Bank, total assets according to "Regulation related to the Preparation of Consolidated Financial Statements by Banks" published in the Official Gazette No. 26340 dated November 8, 2006, article 5 clause 4. Therefore, the new subsidiary 'Kuwait Turkish Participation Bank Dubai Ltd' which was established on November 3, 2009 with USD 12 million capital excluded from the consolidation scope. The Bank has reflected its subsidiaries at restated cost as of December 31, 2004 less any provision for impairment in its financial statements.

2. Information related to the Subsidiaries:

Title	Address (city/ country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
Kuwait Turkish Participation Bank Dubai Ltd.	Dubai/United Arab Emirates	%99.9	%99.9
Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Tic. A.Ş.	Istanbul/Turkey	%99.9	%99.9

Kuveyt Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)

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
18,157(*)	18,068	-	807	-	(204)	-	-
14,837(*)	14,672	3,714	31	-	(276)	(79)	-

(*) Amount presented in the statutory financial statements based on Turkish Commercial Law as of December 31, 2009.

Movement for Subsidiaries:

	Current period	Prior period
Balance at the beginning of the year	36,894	12,724
Movements during the year		
Purchases (*)	21,297	30,700
Bonus Shares	-	-
Dividends from current year income	-	-
Sales (**)	(25,194)	(892)
Revaluation increase	-	-
Impairment provision	-	(5,638)
Balance at the end of the year	32,997	36,894
Capital commitments (***)	7,600	36,980
Share percentage at the end of the year (%)	-	-

(*) The Bank has paid capital commitment amounting to TL 3,000 for Körfez Gayrimenkul, which has been realized on January 14, 2009, capital increase TL 380 for Körfez Tatil Beldesi, which has been realized on April 4, 2009 and capital payment amounting to TL 17,917 (USD 12,000,000) for new subsidiary in Dubai named Kuwait Turkish Participation Bank Dubai Ltd. which has been realized on November 3, 2009.

(**) Sales relating to subsidiaries amounting to USD 10,613,000 (TL 15,729) and TL 2,450 consist of the sale of 51% of Körfez Gayrimenkul A.Ş. which was owned 99.99% by the Bank to Hayat Investment Company (resident in Kuwait) on November 3, 2009. The remaining 49% of its shares have been classified under the associates in the current period financial statements. The impairment provision booked for Körfez Gayrimenkul in previous periods has been classified under associates in current financial statements.

(***) The Bank has capital commitments of TL 7,600 to its subsidiary Körfez Tatil Beldesi as of December 31, 2009.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

3. Information related to Consolidated Subsidiaries: None.

i. **Information related to joint ventures (business partnerships) (Net):** None (December 31, 2008 – None).

j. **Information related to 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	32,424	29,976	64,712	59,022
1 to 4 Years	22,486	19,560	48,327	43,292
More Than 4 Years	502	459	811	677
Total	55,412	49,995	113,850	102,991

2. Net Investments in finance leases:

	Current period	Prior period
Gross Receivable From Finance Leases	55,412	113,850
Unearned Finance Lease Income (-)	(5,417)	(10,859)
Cancelled Amounts (-)	-	-
Net receivable from finance leases	49,995	102,991

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 16,365 (December 31, 2008 – TL 16,606) are included in the non-performing loans. Impairment provision amounting to TL 7,057 (December 31, 2008 – TL 6,074) for financial lease receivables are included under the specific provision account in the balance sheet.

k. **Information related to derivative financial assets for hedging purposes:** None (December 31, 2008 – None).

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****I. Information on tangible assets: (Net)**

	Land and buildings	Leased tangible assets	Vehicles	Other tangible assets (*)	Total
Prior period end: December 31, 2008					
Cost	38,255	11,588	1,299	89,208	140,350
Accumulated depreciation(-)	4,886	5,758	994	37,243	48,881
Net book value	33,369	5,830	305	51,965	91,469
Current period end:					
Net book value at the beginning of the period	33,369	5,830	305	51,965	91,469
Additions	13,653	-	289	52,990	66,932
Disposals (-)	-	33	-	2,746	2,779
Transfers to assets held for sale(-)	-	-	-	10,370	10,370
Transfers from assets held for sale	-	-	-	6,739	6,739
Impairments (-)	413	-	-	1,259	1,672
Depreciation (-)	957	2,051	118	13,065	16,191
Foreign currency evaluation differences arisen from foreign associates(-)	-	-	-	-	-
Reversal of provision	-	-	-	-	-
Cost at period end	51,495	11,555	1,588	134,120	198,758
Accumulated depreciation at period end (-)	5,843	7,809	1,112	50,750	65,514
Closing net book value	45,652	3,746	476	83,370	133,244
Prior period end: December 31, 2007					
Cost	38,209	11,388	1,238	52,885	103,720
Accumulated depreciation(-)	3,935	3,459	918	27,923	36,235
Net book value	34,274	7,929	320	24,962	67,485
Current period end:					
Net book value at the beginning of the period	34,274	7,929	320	24,962	67,485
Additions	46	200	61	42,057	42,364
Disposals (-)	-	-	-	471	471
Transfers to asset held for sale(-)	-	-	-	7,957	7,957
Transfers from asset held for sale	-	-	-	2,587	2,587
Impairment(-)	-	-	-	-	-
Depreciation (-)	951	2,299	76	9,211	12,539
Foreign currency evaluation differences arisen from foreign associates(-)	-	-	-	-	-
Reversal of provision	-	-	-	-	-
Cost at period end	38,255	11,588	1,299	89,208	140,350
Accumulated depreciation at period end (-)	4,886	5,758	994	37,243	48,881
Closing net book value	33,369	5,830	305	51,965	91,469

(*) Includes asset held for sales amounting to TL 32,113 (December 31, 2008 – TL 14,781).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

m. Information on intangible assets:

1. Cost and accumulated depreciation at the beginning and end of the period:

	Current period	Prior period
Gross book value	12,897	8,031
Accumulated depreciation	(4,710)	(5,225)
Total (net)	8,187	2,806

2. Intangible Assets Movement between the beginning and end of the period:

	Current period	Prior period
Opening balance	2,806	1,590
Additions	7,030	2,259
Disposals (-), net	-	10
Depreciation expense (-)	1,649	1,033
Closing net book value	8,187	2,806

n. Information on the investment property:

	Current period	Prior period
Opening balance	16,911	17,237
Additions	209	19
Disposals (-), net	-	-
Depreciation expense (-)	350	345
Closing net book value	16,770	16,911

- (*) The property, purchased at December 27, 2007 by the Bank to gain rental income, has been classified as investment properties. The property has been rented for 5 years beginning March 1, 2008.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

o. Information related to deferred tax asset:

In accordance with the related regulations deferred tax asset as of December 31, 2009 is TL 11,308 (December 31, 2008 - TL 12,335 and deferred tax liability is TL 3,589 (December 31, 2008 - TL 2,974).

	Current period	Prior period
Financial leases correction effects	449	702
Personel bonus accrual	3,825	2,750
Accruals of derivative financial instruments held for trading	-	2,351
Retirement pay liability	952	744
SizCard deferred income	5,745	1,973
Impairment provision for subsidiaries, fixed assets and assets held for sale	337	3,815
Other	-	-
Deferred tax asset	11,308	12,335
Financial leases correction effects	(992)	(1,420)
Difference of carrying value and taxable value of tangible assets	(2,162)	(1,554)
Accruals of derivative financial instruments held for trading	(435)	-
Deferred tax liability	(3,589)	(2,974)
Deferred tax asset, net	7,719	9,361

p. Information on assets held for sale and discontinued operations:

Tangible assets which are obtained through receivables of the Bank and which the Bank plans to sell within one year has been published in the web site and valued with the lower of the net book value and fair value as is required by the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Asset Held for Sale" published on November 1, 2006 in the Official Gazette numbered 26333 in the unconsolidated financial statements.

	Current period	Prior period
Opening balance	7,870	3,236
Additions	-	-
Transfer from tangible assets	10,370	7,957
Disposals (-), net	891	650
Transfer to tangible assets	6,739	2,587
Depreciation (-)	-	-
Impairment provision (-)	10	86
Net closing balance	10,600	7,870

r. Information on other assets:

As of balance sheet date, the Bank's other assets amount to TL 207,037 (December 31, 2008 - TL 34,266). Other assets account does not exceed 10% of the total assets.

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand 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	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	266,308	-	-	-	-	-	-	-	266,308
II. Real persons profit sharing accounts-TL	-	1,255,670	391,20	37,609	-	28,093	332,720	-	2,045,512
III. Other current accounts-TL	409,991	-	-	-	-	-	-	-	409,991
Public sector	12,279	-	-	-	-	-	-	-	12,279
Commercial sector	387,875	-	-	-	-	-	-	-	387,875
Other institutions	4,100	-	-	-	-	-	-	-	4,100
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	5,737	-	-	-	-	-	-	-	5,737
Central bank of republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	2,632	-	-	-	-	-	-	-	2,632
Participation banks	3,104	-	-	-	-	-	-	-	3,104
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	132,571	52,557	45,681	-	2,636	32,161	-	265,606
Public sector	-	7	10	-	-	-	250	-	267
Commercial sector	-	127,961	49,702	45,641	-	2,612	31,433	-	257,349
Other institutions	-	4,603	2,845	40	-	24	478	-	7,990
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	206,132	-	-	-	-	-	-	-	206,132
VI. Real persons profit sharing accounts-FC	-	822,547	273,968	30,100	-	48,650	130,770	-	1,306,035
VII. Other current accounts-FC	278,016	-	-	-	-	-	-	-	278,016
Commercial residents in Turkey	265,678	-	-	-	-	-	-	-	265,678
Commercial residents in Abroad	9,145	-	-	-	-	-	-	-	9,145
Banks and participation banks	3,193	-	-	-	-	-	-	-	3,193
Central bank of republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	89	-	-	-	-	-	-	-	89
Foreign banks	381	-	-	-	-	-	-	-	381
Participation banks	2,723	-	-	-	-	-	-	-	2,723
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	211,001	55,672	20,700	-	91,358	23,809	-	402,540
Public sector	-	-	-	-	-	-	269	-	269
Commercial sector	-	194,319	52,707	1,095	-	1,647	15,004	-	264,772
Other institutions	-	14,656	1,459	53	-	11	2,301	-	18,480
Commercial and other institutions	-	2,026	1,506	-	-	-	-	-	3,532
Banks and participation banks	-	-	-	19,552	-	89,700	6,235	-	115,487
IX. Precious metal funds	58,208	-	113,300	3,439	-	2,577	-	-	177,524
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	593	-	593
Residents in Turkey	-	-	-	-	-	-	593	-	593
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	1,218,655	2,421,789	886,917	137,529	-	173,314	520,053	-	5,358,257

There are no 7 day notification and accumulative deposit accounts.

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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	177,714	-	-	-	-	-	-	-	177,714
II. Real persons profit sharing accounts-TL	-	873,243	343,793	27,512	-	20,709	221,778	-	1,487,035
III. Other current accounts-TL	242,947	-	-	-	-	-	-	-	242,947
Public sector	10,095	-	-	-	-	-	-	-	10,095
Commercial sector	227,206	-	-	-	-	-	-	-	227,206
Other institutions	4,862	-	-	-	-	-	-	-	4,862
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	784	-	-	-	-	-	-	-	784
Central bank of republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	7	-	-	-	-	-	-	-	7
Participation banks	776	-	-	-	-	-	-	-	776
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	117,411	58,645	1,238	-	119	26,305	-	203,718
Public sector	-	9	30,486	14	-	-	-	-	30,509
Commercial sector	-	113,127	25,670	1,199	-	107	25,799	-	165,902
Other institutions	-	4,275	2,489	25	-	12	506	-	7,307
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	196,925	-	-	-	-	-	-	-	196,925
VI. Real persons profit sharing accounts-FC	-	633,016	248,880	28,631	-	35,969	139,036	-	1,085,532
VII. Other current accounts-FC	204,393	-	-	-	-	-	-	-	204,393
Commercial residents in Turkey	198,723	-	-	-	-	-	-	-	198,723
Commercial residents in Abroad	1,767	-	-	-	-	-	-	-	1,767
Banks and participation banks	3,903	-	-	-	-	-	-	-	3,903
Central bank of republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	34	-	-	-	-	-	-	-	34
Foreign banks	652	-	-	-	-	-	-	-	652
Participation banks	3,217	-	-	-	-	-	-	-	3,217
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	147,961	93,771	117,406	-	52,644	30,449	-	442,231
Public sector	-	-	-	15,350	-	-	-	-	15,350
Commercial sector	-	125,599	82,312	654	-	18,692	21,405	-	248,662
Other institutions	-	12,925	666	28	-	-	2,191	-	15,810
Commercial and other institutions	-	9,437	4,376	-	-	-	364	-	14,177
Banks and participation banks	-	-	6,417	101,374	-	33,952	6,489	-	148,232
IX. Precious metal funds	27,188	-	-	-	-	-	-	-	27,188
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	1,689	-	1,689
Residents in Turkey	-	-	-	-	-	-	1,689	-	1,689
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	849,167	1,771,631	745,089	174,787	-	109,441	419,257	-	4,069,372

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

2. Information's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund:
- i. Current and Participation Accounts Attributable to Real Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund:

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit	
	Current period	Prior period	Current period	Prior period
Real persons current and profit sharing accounts that are not subject to commercial activities				
TL accounts	1,199,070	934,351	1,100,355	715,449
FC accounts	591,478	455,696	1,089,439	838,504
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 opened by real persons 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, 2008 – 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	806	9,932
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 bank which established in Turkey in order to engage in off-shore banking activities solely	-	-

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

b. Information on derivative financial liabilities held for trading:

Table of negative differences for derivative financial liabilities held for trading:

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	892	3,767	8,470	1,296
Swap transactions	-	1,572	14,543	1,355
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	892	5,339	23,013	2,651

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	-	383,681	-	800,609
Total	-	383,681	-	800,609

2. Information on remaining maturity structure of borrowings:

	Current period		Prior period	
	TL	FC	TL	FC
Short-term	-	378,385	-	795,549
Medium and long-term	-	5,296	-	5,060
Total	-	383,681	-	800,609

Borrowings consist of reverse murabaha transactions with the mediation of the Bahrain branch of the Bank. The syndication loan amounting to TL 306,843 has been paid on February 19, 2009.

3. Explanations Related to the Concentrations of the Bank's Major Liabilities:

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

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

d. Information on other liabilities and miscellaneous payables:

As of December 31 2009, other liabilities amount to TL 112,513 (December 31, 2008 - TL 36,550), miscellaneous payables amount to TL 118,796 (December 31, 2008 - TL 54,331), both of them do not exceed 10% of the total balance sheet.

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, 2008 – None).

ii. Information on Financial Lease Obligations

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	2	2	3	1
Between 1-4 years	2	1	4	3
More than 4 years	-	-	-	-
Total	4	3	7	4

iii. Information on Operational Leases:

The leasing transactions, in which all risks and benefits 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, 2008 – None).

f. Information on hedging derivative financial liabilities: None (December 31, 2008 – None).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

g. Information on provisions:

1. Information on general provisions:

	Current period	Prior period
General provisions	51,166	39,026
Provisions for first group loans and receivables	38,290	26,527
Profit sharing accounts' share	15,896	10,726
The bank's share	22,394	15,801
Other	-	-
Provisions for second group loans and receivables	5,884	6,433
Profit sharing accounts' share	3,169	3,341
The bank's share	2,715	3,092
Other	-	-
Provisions for non cash loans	6,992	5,890
Other	-	176

2. Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of December 31, 2009, for loans TL 21,734 (December 31, 2008 – TL 5,655) and for financial lease credit TL 29 (December 31, 2008 – TL 4) are offset with the accounts of loans and financial lease receivables.

3. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:

No provision for non-cash loans that are unindemnified and non-transformed into cash as of December 31, 2009 have been recorded (December 31, 2008 – TL None).

4. Information on other provisions:

	Current period	Prior period
General provisions for possible risks	7,779	7,113
Provisions from equity/profit sharing accounts	-	-
Other	7,779	7,113

The Bank was the defendant in a lawsuit related to the export intermediary transactions carried out in 1995. The Tax Court ruled against the Bank, in 2002 the Bank realized a payment made to the tax office amounting to TL 5,301 and applied to the Supreme Court to appeal the decision. The Bank capitalized the payment amount in other assets account in the financial statements, since it is expected that Supreme Court's decision will be in favor of the Bank. In 2003, the Bank has filed a lawsuit, to benefit from the tax peace law. In May 2004, the case resulted in favor of the Bank and the Bank collected back an amount of TL 3,551, and deducted the collection from the related asset account. However, in 2004 the Bank has provided a provision amounting to TL 5,301 in accordance with the conservatism principle, since the outcome of appeal stage is still outstanding. In current period appeal process has been resulted and the Bank reached a settlement with Tax Administration. The Bank agreed with the Tax Administration that, tax penalty will be paid in 18 months and in the accompanying financial statements TL 852 discounted provision has been provided.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

5. Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 4,759 (December 31, 2008 – TL 3,721), vacation pay liability amounting to TL 127 (December 31, 2008 – none) and bonus accrual amounting to TL 19,000 (December 31, 2008 – TL 13,750).

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 get right to retire.

The amount payable consists of one month's salary limited to a maximum of TL 2.365 (December 31, 2008 – TL 2.173) for each year of service. The liability is not funded, as there is no funding requirement.

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

	Current period	Prior period
Discount rate (%)	11	12
Estimated increase rate of salary ceiling (%)	4.8	5.4

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

	Current period	Prior period
Balance at the beginning of the period	3,721	3,189
Provisions recognized during the period	1,817	1,066
Paid during the period	(779)	(534)
Balances at the end of the period	4,759	3,721

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

h. Explanations on tax liability:

1. Explanations on current tax liability:

i. Information on tax provisions: The Bank has a current tax liability amounting to TL 34,902, which is provided in the accompanying financial statements for corporate tax provision.

ii. Information on taxes payable:

	Current period	Prior period
Corporate taxes payable	-	-
Taxation of marketable securities	3,261	4,519
Property tax	244	170
Banking Insurance Transaction Tax (BITT)	4,248	5,288
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	445	131
Other	2,051	1,679
Total	10,249	11,787

iii. Information on premiums:

	Current period	Prior period
Social Security Premiums-Employee	836	711
Social Security Premiums-Employer	865	737
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	60	51
Unemployment insurance-Employer	148	125
Other	-	-
Total	1,909	1,624

iv. Information on deferred tax liability: None (December 31, 2008 - None).

i. **Liabilities for assets held for sale and discontinued operations:** None (December 31, 2008 - None).

j. **Detailed explanations on number, maturity, profit share rate, creditor and option to convert to share certificates; if any; of subordinated loans:** None.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current period	Prior period
Common stock	500,000	500,000
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)
4. Information on share capital increases from capital reserves during the current period: None (December 31, 2008 – 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. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders' equity :
- With respect to Bank's prior and current period indicators related to net profit share and commission income, it is understood that the Bank profitably continues to its profitable operational activities.
7. Summary of privileges given to shares representing the capital: None.
8. Information on marketable securities value increase fund: None (December 31, 2008 – None).

I. Explanations on minority interest: None (December 31, 2008 – None).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: Commitment for credit card limits, as of December 31, 2009 is TL 101,974 (December 31, 2008 – TL 70,740); commitments for cheque books are TL 368,914 (December 31, 2008 – TL 338,360).

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 December 31, 2009, the Bank has guarantees and securities constituting of TL 2,867,436 (December 31, 2008 – TL 2,799,023) letter of guarantee; TL 30,567 (December 31, 2008 – TL 25,757) acceptances and TL 426,991 (December 31, 2008 – TL 363,745) letter of credit.

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

3 (i). Total Amount of Non-Cash Loans:

	Current period	Prior period
Non-cash loans given against cash loans	804	796
With original maturity of 1 year or less	804	796
With original maturity of more than 1 year	-	-
Other non-cash loans	3,329,827	3,192,504
Total	3,330,631	3,193,300

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

3 (ii). Information on sectoral risk concentrations of non-cash loans:

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	15,108	1.0	734	0.0	37,850	2.6	43,780	2.5
Farming and Raising livestock	7,701	0.5	481	0.0	19,857	1.4	23,564	1.3
Forestry	7,250	0.5	253	0.0	17,928	1.2	20,216	1.2
Fishing	157	0.0	-	-	65	0.01	-	-
Manufacturing	156,130	10.3	306,827	16.9	203,089	14.1	544,110	31.0
Mining and quarry	61,344	4.1	131,541	7.2	77,363	5.4	124,596	7.1
Production	46,709	3.1	122,389	6.7	78,165	5.4	307,901	17.5
Electric, gas and water	48,077	3.2	52,897	2.9	47,561	3.3	111,613	6.4
Construction	835,745	55.3	966,517	53.1	910,415	63.3	435,516	24.8
Services	411,209	27.2	519,523	28.6	248,909	17.21	692,902	39.4
Wholesale and retail trade	84,090	5.6	291,395	16.0	57,427	4.0	562,901	32.0
Hotel, food and beverage services	15,932	1.1	1,294	0.1	6,236	0.4	17,573	1.0
Transportation and telecommunication	81,933	5.4	26,927	1.5	43,618	3.0	81,739	4.7
Financial Institutions	12,522	0.8	42,656	2.3	3,381	0.2	22,324	1.3
Real estate and renting services	4,010	0.3	-	-	179	0.01	-	-
Self-employment services	65,650	4.3	140,582	7.7	12,899	0.9	992	0.02
Education services	12,711	0.8	829	0.0	9,857	0.7	138	0.01
Health and social services	134,361	8.9	15,840	0.9	115,312	8.0	7,235	0.4
Other	93,635	6.2	25,203	1.4	37,020	2.8	39,709	2.3
Total	1,511,827	100	1,818,804	100	1,437,283	100	1,756,017	100

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

	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	1,442,915	1,806,512	68,912	12,292
Letter of guarantee	1,442,915	1,346,549	68,912	9,060
Bank acceptances	-	30,567	-	-
Letter of credits	-	423,759	-	3,232
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitment and contingencies	-	5,637	-	-

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****b. Information on derivative transactions:**

	Derivative transactions according to purpose	
	Current period	Prior period
Type of trading transactions		
Foreign currency related derivative transactions (I):	1,657,401	1,701,921
FC trading forward transactions	1,657,401	1,701,921
Trading swap transactions	-	-
Futures transactions	-	-
Trading option transactions	-	-
Interest related derivative transactions (II):	-	-
Forward interest rate agreements	-	-
Interest rate swaps	-	-
Interest rate options	-	-
Interest rate futures	-	-
Other trading derivative transactions (III) (*)	90,937	3,531
A. Total trading derivative transactions (I+II+III)	1,748,338	1,705,452
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	-	-
Total derivative transactions (A+B)	1,748,338	1,705,452

The Bank enters short term swap transactions based on its market expectations and cash flow. These transactions are generally short-term and consist of foreign currency to foreign currency and foreign currency to Turkish Lira agreements. As of December 31, 2009, the Bank has commitments to buy TL 679,253, USD 51,326,000, EUR 43,888,000 and in return selling commitments of TL 6,994, USD 450,136,000, GBP 325,000 and EUR 55,788,000 (As of December 31, 2008, the Bank has commitments to buy TL 608,946, USD 41,105,000, JPY 11,482,000 and EUR 81,296,000 and in return selling commitments of TL 47,734, USD 377,680,000, GBP 683,000, JPY 11,685,000 and EUR 110,234,000).

(*) Includes precious metal transactions.

c. Explanations on contingent assets and liabilities:

Explanations about provisions have been disclosed in Note 4.

d. Explanations on custodian and intermediary services:

The Bank has no operations like money placements on behalf of real or legal persons, charitable foundations, retirement insurance funds and other institutions.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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 (*)	616,592	20,261	498,555	24,580
Short term loans	198,891	7,650	164,933	18,730
Medium and long term loans	398,904	12,611	325,594	5,850
Profit share on non-performing loans	18,797	-	8,028	-
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:

i. Information on profit share received from banks :

	Current period		Prior period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	10,763	-	14,069	-
Domestic Banks	-	-	-	-
Foreign Banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Total	10,763	-	14,069	-

ii. Information on profit share income received from marketable securities:

	Current period		Prior period	
	TL	FC	TL	FC
From financial assets held for trading	-	-	-	-
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets available-for-sale	-	-	-	-
From held-to-maturity investments	-	225	-	402
Total	-	225	-	402

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

	Current period		Prior period	
	TL	FC	TL	FC
Profit share income received from associates and subsidiaries		8		-

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****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	-	20,496		30,234
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	-	-	-	-
Foreign banks	-	13,966		30,234
Branches and head office abroad	-	-		-
Other Institutions	-	6,530		-
Total	-	20,496		30,234

ii. Profit share expense given to associates and subsidiaries:

	Current period	Prior period
Profit share expenses given to associates and subsidiaries	953	397

iii. Information on profit share expense given to marketable securities issued: None (December 31, 2008 – None).**iv. Distribution of profit share expense on funds based on maturity of funds:**

Account name	Profit sharing accounts						Accumulated profit share account	Total
	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	More than 1 year		
TL								
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	115,955	40,246	3,342	-	2,328	44,601	-	206,472
Public sector profit sharing account	2	890	171	-	-	125	-	1,188
Commercial sector profit sharing account	13,346	9,359	290	-	9	4,953	-	27,957
Other institutions profit sharing account	527	273	4	-	1	73	-	878
Total	129,830	50,768	3,807	-	2,338	49,752	-	236,495
FC								
Banks	3	331	1,590	-	6,014	374	-	8,312
Real person's non-trading profit sharing account	25,873	8,902	895	-	1,273	5,740	-	42,683
Public sector profit sharing account	-	-	892	-	-	3	-	895
Commercial sector profit sharing account	6,008	2,864	25	-	74	1,024	-	9,995
Other institutions profit sharing account	662	142	1	-	-	132	-	937
Precious metal accounts	-	623	19	-	14	-	-	656
Total	32,546	12,862	3,422	-	7,375	7,273	-	63,478
Grand total	162,376	63,630	7,229	-	9,713	57,025	-	299,973

c. Explanations on dividend income: None (December 31, 2008 – None).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

d. Explanations on net trading income/loss (Net):

	Current period	Prior period
Income	1,351,539	1,421,513
Profit on capital market transactions	83	6
Profit on derivative financial instruments	55,277	57,827
Foreign exchange gains	1,296,179	1,363,680
Losses (-)	1,271,060	1,336,646
Losses on capital market transactions	26	-
Losses on derivative financial instruments	7,572	8,114
Foreign exchange losses	1,263,462	1,328,532

e. Explanations related to 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	26,982	18,579
Income from bounced check provisions	6,065	4,554
Expert fees provisions	5,681	4,089
Income from checkbooks	3,210	3,087
Income from EFT and money transfers	3,149	3,020
Income from check provisions	2,297	2,339
Gain on sales of assets	2,000	1,210
Income from expertise fees	1,685	1,208
Other income	6,282	7,072
Total	57,351	45,158

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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

	Current period	Prior period
Specific provisions for loans and other receivables	127,325	92,360
III. Group	19,990	16,738
IV. Group	33,989	19,777
V. Group	73,346	55,845
Doubtful commissions, fees and other receivables	3	-
General provision expenses	12,218	16,875
Provision expenses for possible losses	2,000	4,600
Impairment expenses of marketable securities	8	68
Financial assets at fair value through profit and loss	8	68
Investment securities available for sale	-	-
Impairment expenses of associates, subsidiaries, joint ventures and held to maturity investments	1,021	5,638
Associates	-	-
Subsidiaries	1,021	5,638
Joint ventures	-	-
Held to maturity investments	-	-
Other	331	239
Total	142,903	119,780

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

g. Information on other operating expenses:

	Current period	Prior period
Personnel expenses	133,941	109,730
Provision for retirement pay liability	886	533
Bank social aid provision fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	15,693	12,663
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	1,649	1,033
Impairment expenses for investment shares accounted under equity method	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	498	221
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	55,808	43,202
Rent expenses	19,880	14,399
Communication expenses	7,169	6,388
Maintenance expenses	7,002	4,995
Advertisement expenses	6,230	5,154
Disallowable expenses	4,049	3,167
Cleaning expenses	3,757	2,752
Heating, electricity and water expenses	3,492	2,566
Vehicle expense	1,478	1,495
Stationery expenses	1,361	1,173
Other expenses	1,390	1,113
Losses on sales of assets	3,707	2,982
Deposit insurance fund expenses	9,769	7,654
Other	15,074	14,783
Total	237,025	192,801

h. Explanations on profit/loss from continued operations before taxes:

The Bank's income before tax has increased by %22 compared to the prior year and total income before tax amounts is TL 163,677. Income before tax includes TL 347,659 net profit share income and TL 58,116 net fees and commission income. Total operating expense amount is TL 237,025.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

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

As of December 31, 2009 deferred tax expense is TL 1,642 and current tax expense is TL 34,902.

j. Explanations on net income/loss from continued and discontinued operations:

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

k. Explanations 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 December 31, 2009, net profit share income is TL 347,659 (December 31, 2008 – TL 263,516), net fee and commission income is TL 58,116 (December 31, 2008 – TL 53,441).
- ii. Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None (December 31, 2008 – None).
- iii. Income/loss related to minority interest: None (December 31, 2008 – None).

l. Components of other items in income statement, as each sub-account exceeding 20% of the total separately, exceeding 10% of total income statement:

Other fees and commissions received is TL 41,548 (December 31, 2008 – TL 46,756), TL 12,658 of this amount is related with Credit Card fees and commissions (December 31, 2008 – TL 19,793) and TL 13,399 of this amount is related with POS commissions received from member businesses (December 31, 2008 – TL 12,332).

Other fees and commissions given is TL 28,300 (December 31, 2008 – TL 25,267) TL 15,848 of this amount is related with POS commissions (December 31, 2008 – TL 17,107) and TL 2,789 of this amount is related with fees and commissions given for credit cards (December 31, 2008 – TL 3,734).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

V. Explanations and notes related to statement of changes in shareholders' equity movement:

- a) There are no disclosed dividend amounts subsequent to the balance sheet date, prior to the presentation of the financial statements.

Decision on the dividend distribution will be made in the General Assembly. However, the General Assembly has not been held as of the date when the accompanying financial statements are finalized.

- b) In current year, the Bank has realized dividend payments amounting to TL 4,976 to its shareholders and TL 524 to members of Board of Directors.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

VI. Explanations and notes related to cash flow statement:

a. Information on cash and cash equivalents:

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

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

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

	Current period	Prior period
Cash	891,463	372,413
Cash in TL/foreign currency, others	63,960	52,911
Demand deposits at banks (less than 3 months)	827,503	319,502
Cash equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalents	891,463	372,413

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

	Current period	Prior period
Cash	770,323	891,463
Cash in TL/foreign currency, others	58,000	63,960
Demand deposits at banks (less than 3 months)	712,323	827,503
Cash equivalents	-	-
Interbank money market	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalents	770,323	891,463

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

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

c. Explanation about other cash flow items and the effect of the changes in foreign exchange rates on cash and cash equivalents:

The "Other" item under "Operating profits before changes in operating assets and liabilities" amounting to TL 30,603 (December 31, 2008- TL (-) 330,705) consists mainly foreign currency evaluation difference of foreign currency indexed loans and other operating expenses and losses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 130,886 (December 31, 2008 - TL 31,172) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

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

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately TL 7,625 as of December 31, 2009 (December 31, 2008 – TL 29,913).

Kuveyt Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)****VII. 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 incomes and expenses of 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	-	55	-	740	15,146	-
Balance at end of period	-	76	61	111	19,657	10,362
Profit share and commission income	8	-	5	-	2,326	-

(*) 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	22,887	625	-	1,334	-	-
Balance at end of period	-	55	-	740	15,146	-
Profit share and commission income	-	-	-	-	832	-

(*) 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	14,929	2,929	2,052	1,371	76,613	-
Balance at the end of period	15,021	14,929	77,973	2,052	11,732	76,613
Profit share expense	953	324	120	74	560	-

(*) 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.

b. Informations on remunerations provided to top management:

As of December 31, 2009, the Bank has paid TL 5,678 to top management (December 31, 2008 – TL 5,257).

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

VIII. Explanations and notes related to domestic branches, agencies & abroad branches and off-shore branches of the bank:

	Number	Number of Personnel			
Domestic Branches	120	2439			
			Country		
Foreign Representation Office	2	3	1-Germany		
		1	2- Kazakhstan		
			3-		
				Total Assets	Statutory Share Capital
Foreign Branches	-	-	1- -	-	-
			2-		
			3-		
Off-Shore Branches	1	5	1- Bahrain	507,676	USD 100,000 (*)
			2-		
			3-		

(*) Capital that represents either a minimum capital requirement of related country's rule or allocated by the head quarter.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

IX. Explanations and notes related to subsequent events

- a.** In the Board of Directors' meeting held on February 9, 2010, it has been decided to establish a new investment fund called Type B Gold Exchange Investment Fund and authorize General Management to perform necessary applications and other procedures.
- b.** In the Board of Directors' meeting held on March 1, 2010, it has been decided to increase the Bank's capital from TL 500,000 to TL 550,000 and to vote the TL 50,000 of the current year profit to be added to the capital without being distributed in cash in accordance with Turkish Commercial Code at the first Ordinary General Assembly.

(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 year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)

Section six

Other explanations

- I- **Other explanations, matters required to be disclosed due to having a significant effect on the financial statements or for the purpose of clarification of the balance sheet:** None.

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
For the year ended December 31, 2009 (continued)
(Currency - Thousand Turkish Lira)**

Section seven

Independent auditors' report

I- Explanations on the independent auditors' report:

The unconsolidated financial statements as of and for the year ended December 31, 2009 were audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the auditor's report dated March 5, 2010 is presented prior to the financial statements.

II- Notes and disclosures related to independent auditors' report: None.