

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

**INDEPENDENT AUDITOR’S
LIMITED REVIEW REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD
1 JANUARY-30 SEPTEMBER 2015**

*Translated into English
from the Original Turkish Report*

**LIMITED REVIEW REPORT
FOR THE INTERIM FINANCIAL INFORMATION**

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

Introduction

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

Scope of Review

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

Conclusion

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

Additional paragraph for English translation:

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

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Şehsuvaroğlu

Partner

İstanbul, 11 November 2015

THE CONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

Address of the head office : Büyükdere Cad. No:129/1 34394 Mecidiyeköy / İSTANBUL

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

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

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

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

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

Hamad Abdulmohsen AL MARZOUQ Chairman of the Board of Directors	Adnan ERTEM Vice Chairman of BOD And Head of the Audit Committee	Ahmad S. AL KHARJI Member of the Audit Committee	Mohamad AL- MIDANI Member of the Audit Committee	Ufuk UYAN General Manager	Ahmet KARACA Chief Financial Officer	İsmail Hakkı YEŞİLYURT External Reporting Manager
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Contact information of the personnel in charge of the addressing of questions about this financial report:

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Index

Section One General information

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

Section Two The consolidated financial statements

I.	Consolidated balance sheet (Statement of financial position)	3
II.	Consolidated statement of off-balance sheet commitments and contingencies	5
III.	Consolidated income statement (Statement of Income/ Loss)	6
IV.	Consolidated statement of profit and loss accounted for under equity (Statement of Other Comprehensive Income and Loss)	7
V.	Consolidated statements of changes in shareholders' equity	8
VI.	Consolidated statement of cash flows	10

Section Three Accounting principles

I.	Explanations on basis of presentation	11
II.	Explanations on strategy of using financial instruments and foreign currency transactions	12
III.	Information about the Parent Bank and its Consolidated Subsidiaries	12
IV.	Explanations on forward transactions and option contracts and derivative instruments	13
V.	Explanations on profit share income and expense	14
VI.	Explanations on fees and commission income and expenses	14
VII.	Explanations on financial assets	14
VIII.	Explanations on impairment of financial assets	16
IX.	Explanations on offsetting of financial assets and liabilities	16
X.	Explanations on sale and repurchase agreements and lending of securities	16
XI.	Explanations on assets held for sale and discontinued operations and related liabilities	17
XII.	Explanations on goodwill and other intangible assets	18
XIII.	Explanations on tangible assets	18
XIV.	Explanations on leasing transactions	18
XV.	Explanations on provisions and contingent liabilities	19
XVI.	Explanations on liabilities relating to employee benefits	19
XVII.	Explanations on taxation	20
XVIII.	Explanations on additional disclosures on borrowings	21
XIX.	Explanations on share certificates issued	22
XX.	Explanations on acceptances and availed drafts	22
XXI.	Explanations on government grants	22
XXII.	Explanations on segment reporting	22
XXIII.	Explanations on other matters	22
XXIV.	Additional paragraph for convenience translation	22

Section Four Information on financial structure

I.	Explanations and notes on consolidated the capital adequacy standard ratio	23
II.	Explanations on consolidated market risk	31
III.	Explanations on consolidated currency risk	32
IV.	Explanations on position risk of equity securities in banking book	34
V.	Explanations on consolidated liquidity risk	35
VI.	Consolidated securitization positions	35
VII.	Consolidated credit risk mitigation techniques	36
VIII.	Explanations on risk management objectives and policies	38
IX.	Explanations on the activities carried out on behalf and account of other persons	38
X.	Explanations on consolidated business segments	38

Section Five Explanations and notes on the consolidated financial statements

I.	Explanations and notes related to consolidated assets	40
II.	Explanations and notes related to consolidated liabilities	55
III.	Explanations and notes related to consolidated off-balance sheet commitments	64
IV.	Explanations and notes related to consolidated income statement	65
V.	Explanations and notes related to consolidated cash flow statement	69
VI.	Explanations and notes related to consolidated the risk group of the Parent Bank	70
VII.	Significant Events and Matters Arising Subsequent to Balance Sheet Date	71

Section Six Other Explanations and Disclosures

I.	Other matters which must be explained in terms of explicitly, interpretability and understandability of the balance sheet	71
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Section Seven Limited Review Report

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

SECTION ONE
GENERAL INFORMATION

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

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

The Bank's subsidiary, Kuveyt Turkish Participation Bank Dubai Ltd. which is 100% owned by the Bank was established in November, 2009. Main field of its operations are providing interest free corporate banking services, acting as investment intermediary, providing consulting services, performing asset management activities, performing investment activities and collecting funds through current and profit/loss sharing accounts in compliance with the regulation.

The Bank's subsidiary, KT Bank AG which is 100% owned by the Bank was established in April, 2015. Main field of its operations are providing interest free corporate banking services, acting as investment intermediary, providing consulting services, performing asset management activities, performing investment activities and collecting funds through current and profit/loss sharing accounts in compliance with the regulation.

The Parent Bank and consolidated financial subsidiaries are named as "Group" together.

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

As of 30 September 2015, 62.24% of the Parent Bank's shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by The Public Institution For Social Security in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

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

Name	Title	Date of the assignment	Date of Audit Committee assignment	Educational degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Head of the BOD	25/06/2014		Master	-
Dr. Adnan ERTEM	Vice President of BOD and Chairman of the Audit Committee	10/10/2002	19/10/2010	Doctorate	-
Nadir ALPASLAN	Member of BOD	15/04/2011		Bachelor	-
Khaled Nasser Abdulaziz AL FOUZAN	Member of BOD	02/08/2006		Bachelor	-
Fawaz KH E AL SALEH	Member of BOD	20/10/2006		Bachelor	0.0105%
Mazin S.A.S AL NAHEDH	Member of BOD	29/09/2015		Bachelor	-
Mohamad AL-MIDANI	Member of BOD and Member of Audit Committee	05/05/2015	15/05/2015	Master	-
Ahmed S. AL KHARJI	Member of BOD and Member of Audit Committee	26/03/2014	24/09/2014	Master	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999		Master	0.0556%
Ahmet KARACA	Assistant General Manager and Financial Affairs Manager	12/07/2006		Master	0.0090%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003		Bachelor	0.0011%
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003		Bachelor	0.0035%
İrfan YILMAZ	Assistant General Manager, Banking Services	27/10/2005		Bachelor	0.0157%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Corporate and International Banking	05/05/2005		Doctorate	0.0091%
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010		Bachelor	0.0007%
Aslan Demir	Assistant General Manager, Strategy	08/10/2012		Bachelor	0.0047%
Mehmet ORAL	Assistant General Manager, Retail Banking	01/10/2012		Bachelor	0.0029%
Abdurrahman DELİPOYRAZ	Assistant General Manager, SME Banking	09/01/2015		Bachelor	0.0028%

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.11% of the Bank's share capital (31 December 2014 – 0.20%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

IV. Information on qualified shareholders

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	1,574,704	%62.24	1,574,704	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	473,597	%18.72	473,597	-
Total	2,048,301	%80.96	2,048,301	-

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

V. Summary information of the Parent Bank's services and field of operations

The Parent Bank's field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Parent Bank's core business is to operate in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts, and lending such funds to its customers. As of 30 September 2015, the Group is operating through 346 branches (31 December 2014 – 308) with 5,497 employees (31 December 2014 – 5,102). Summary of some of the Parent Bank's operations described in the Articles of Association are as follows;

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

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

VI. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Parent Bank and its subsidiaries

None.

SECTION TWO

THE CONSOLIDATED FINANCIAL STATEMENTS

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2015

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

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

		Reviewed Current Period 30.09.2015			Audited Prior Period 31.12.2014		
	Note	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(I-a)	1,065,120	8,777,987	9,843,107	594,034	5,990,609	6,584,643
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(I-b)	40,454	53,108	93,562	39,666	8,249	47,915
2.1 Held for trading financial assets		40,454	53,108	93,562	39,666	8,249	47,915
2.1.1 Public sector debt securities		-	-	-	-	-	-
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		36,895	53,108	90,003	34,867	8,249	43,116
2.1.4 Other marketable securities		3,559	-	3,559	4,799	-	4,799
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(I-c)	29,186	2,169,289	2,198,475	42,706	2,633,815	2,676,521
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(I-d)	1,599,319	916,604	2,515,923	1,593,418	609,897	2,203,315
5.1 Equity securities		10,285	57,823	68,108	9,936	44,059	53,995
5.2 Public sector debt securities		1,584,999	398,755	1,983,754	1,583,482	289,880	1,873,362
5.3 Other marketable securities		4,035	460,026	464,061	-	275,958	275,958
VI. LOANS AND RECEIVABLES	(I-e)	21,672,128	4,137,612	25,809,740	18,276,411	2,379,883	20,656,294
6.1 Loans and receivables		21,533,977	4,137,612	25,671,589	18,204,434	2,379,883	20,584,317
6.1.1 Loans to risk group of the Bank		72,606	54,799	127,405	38,026	42,222	80,248
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		21,461,371	4,082,813	25,544,184	18,166,408	2,337,661	20,504,069
6.2 Non-performing loans		668,705	12,544	681,249	481,195	-	481,195
6.3 Specific provisions (-)		530,554	12,544	543,098	409,218	-	409,218
VII. HELD TO MATURITY INVESTMENTS (Net)	(I-f)	-	-	-	-	-	-
VIII. INVESTMENTS IN ASSOCIATES (Net)	(I-g)	-	-	-	-	-	-
8.1 Accounted for under equity method		-	-	-	-	-	-
8.2 Unconsolidated associates		-	-	-	-	-	-
8.2.1 Financial associates		-	-	-	-	-	-
8.2.2 Non-financial associates		-	-	-	-	-	-
IX. INVESTMENTS IN SUBSIDIARIES (Net)	(I-h)	22,680	-	22,680	22,680	-	22,680
9.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
9.2 Unconsolidated non-financial subsidiaries		22,680	-	22,680	22,680	-	22,680
X. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(I-i)	8,456	-	8,456	5,605	-	5,605
10.1 Accounted for under equity method		8,456	-	8,456	5,605	-	5,605
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial subsidiaries		-	-	-	-	-	-
10.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. FINANCE LEASE RECEIVABLES	(I-j)	958,528	217,157	1,175,685	592,059	118,527	710,586
11.1 Finance lease receivables		1,089,652	259,096	1,348,748	678,110	125,786	803,896
11.2 Operating lease receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned income (-)		131,124	41,939	173,063	86,051	7,259	93,310
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(I-k)	-	-	-	-	-	-
12.1 Fair value hedge		-	-	-	-	-	-
12.2 Cash flow hedge		-	-	-	-	-	-
12.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (Net)		441,586	5,157	446,743	400,471	1,249	401,720
XIV. INTANGIBLE ASSETS (Net)		78,177	38,463	116,640	67,285	2,995	70,280
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		78,177	38,463	116,640	67,285	2,995	70,280
XV. INVESTMENT PROPERTIES (Net)		53	-	53	-	-	-
XVI. TAX ASSET	(I-l)	94,697	-	94,697	50,016	-	50,016
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset		94,697	-	94,697	50,016	-	50,016
XVII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		43,100	-	43,100	31,316	-	31,316
17.1 Held for sale		43,100	-	43,100	31,316	-	31,316
17.2 Discontinued operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(I-m)	492,352	188,006	680,358	341,864	116,802	458,666
TOTAL ASSETS		26,545,836	16,503,383	43,049,219	22,057,531	11,862,026	33,919,557

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2015

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

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

	Note	Reviewed Current Period 30.09.2015			Audited Prior Period 31.12.2014		
		TL	FC	Total	TL	FC	Total
I. FUND COLLECTED	(II-a)	14,156,965	14,384,544	28,541,509	12,140,344	9,971,374	22,111,718
1.1 Funds from risk group of the Bank		157,819	141,621	299,440	130,654	127,789	258,443
1.2 Other		13,999,146	14,242,923	28,242,069	12,009,690	9,843,585	21,853,275
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(II-b)	25,544	45,258	70,802	14,088	11,797	25,885
III. FUNDS BORROWED	(II-c)	207,459	4,789,945	4,997,404	8,111	4,396,609	4,404,720
IV. MONEY MARKET BALANCES		434,415	-	434,415	708,743	-	708,743
V. MARKETABLE SECURITIES ISSUED (Net)	(II-d)	485,280	3,184,910	3,670,190	208,064	1,979,836	2,187,900
VI. SUNDRY CREDITORS	(II-e)	114,146	13,155	127,301	121,638	30,953	152,591
VII. OTHER LIABILITIES	(II-e)	538,297	39,358	577,655	349,924	23,321	373,245
VIII. FINANCE LEASE PAYABLES	(II-f)	-	624	624	-	331	331
8.1 Finance lease payables		-	638	638	-	345	345
8.2 Operating lease payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred finance lease expenses (-)		-	14	14	-	14	14
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(II-g)	-	134,700	134,700	-	-	-
9.1 Fair value hedge		-	-	-	-	-	-
9.2 Cash flow hedge		-	134,700	134,700	-	-	-
9.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
X. PROVISIONS	(II-h)	382,436	89,025	471,461	337,265	63,730	400,995
10.1 General loan loss provisions		245,626	65,006	310,632	200,563	40,213	240,776
10.2 Restructuring provisions		-	-	-	-	-	-
10.3 Reserve for employee benefits		90,565	429	90,994	92,807	264	93,071
10.4 Insurance technical reserves (net)		-	-	-	-	-	-
10.5 Other provisions		46,245	23,590	69,835	43,895	23,253	67,148
XI. TAX LIABILITY	(II-i)	49,292	-	49,292	32,317	-	32,317
11.1 Current tax liability		49,292	-	49,292	32,317	-	32,317
11.2 Deferred tax liability		-	-	-	-	-	-
XII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
12.1 Held for sale		-	-	-	-	-	-
12.2 Discontinued operations		-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(II-j)	-	608,752	608,752	-	464,592	464,592
XIV. SHAREHOLDERS' EQUITY	(II-k)	3,378,925	(13,811)	3,365,114	3,041,396	15,124	3,056,520
14.1 Paid-in capital		2,527,322	-	2,527,322	2,287,005	-	2,287,005
14.2 Capital reserves		(34,653)	(5,005)	(39,658)	27,817	340	28,157
14.2.1 Share premium		24,208	-	24,208	24,525	-	24,525
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities revaluation reserve		14,383	(5,005)	9,378	20,729	340	21,069
14.2.4 Tangible assets revaluation reserve		-	-	-	-	-	-
14.2.5 Intangible assets revaluation reserve		-	-	-	-	-	-
14.2.6 Investment property revaluation reserve		-	-	-	-	-	-
14.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-
14.2.8 Hedging funds (effective portion)		(55,807)	-	(55,807)	-	-	-
14.2.9 Value increase on assets held for resale		-	-	-	-	-	-
14.2.10 Other capital reserves		(17,437)	-	(17,437)	(17,437)	-	(17,437)
14.3 Profit reserves		515,792	-	515,792	360,816	-	360,816
14.3.1 Legal reserves		100,287	-	100,287	77,869	-	77,869
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		241,553	-	241,553	208,951	-	208,951
14.3.4 Other profit reserves		173,952	-	173,952	73,996	-	73,996
14.4 Profit or loss		358,162	(8,806)	349,356	353,390	14,784	368,174
14.4.1 Prior period income/(losses)		(17,059)	14,784	(2,275)	(14,908)	7,766	(7,142)
14.4.2 Current period income/(losses)		375,221	(23,590)	351,631	368,298	7,018	375,316
14.5 Minority shares	(II-l)	12,302	-	12,302	12,368	-	12,368
TOTAL LIABILITIES AND EQUITY		19,772,759	23,276,460	43,049,219	16,961,890	16,957,667	33,919,557

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AND
CONTINGENCIES AS OF 30 SEPTEMBER 2015

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

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

		Reviewed Current period 30.09.2015			Audited Prior period 31.12.2014			
		Note	TL	FC	Total	TL	FC	Total
OFF BALANCE SHEET CONTINGENCIES AND								
A.	COMMITMENTS (I+II+III)		33,875,573	20,178,545	54,054,118	38,792,854	10,502,775	49,295,629
I.	GUARANTEES	(III-a)	4,572,999	4,640,013	9,213,012	4,271,750	3,976,962	8,248,712
1.1	Letters of guarantees		4,545,793	2,802,120	7,347,913	4,253,808	2,640,164	6,893,972
1.1.1	Guarantees subject to state tender law		134,834	286	135,120	106,391	2,329	108,720
1.1.2	Guarantees given for foreign trade operations		659,733	311,338	971,071	983,511	364,016	1,347,527
1.1.3	Other letters of guarantee		3,751,226	2,490,496	6,241,722	3,163,906	2,273,819	5,437,725
1.2	Bank loans		4,718	55,537	60,255	4,033	55,757	59,790
1.2.1	Import letter of acceptances		4,718	55,537	60,255	4,033	55,757	59,790
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letter of credits		585	1,128,612	1,129,197	1,220	921,310	922,530
1.3.1	Documentary letter of credits		-	337,726	337,726	227	357,189	357,416
1.3.2	Other letter of credits		585	790,886	791,471	993	564,121	565,114
1.4	Pre-financing given as guarantee		-	22,354	22,354	-	17,183	17,183
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Other guarantees		21,903	631,390	653,293	12,689	342,548	355,237
1.7	Other collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(III-a)	27,428,011	1,484,096	28,912,107	31,156,909	752,846	31,909,755
2.1	Irrevocable commitments		2,234,713	1,484,096	3,718,809	1,846,773	752,846	2,599,619
2.1.1	Forward asset purchase commitments		380,201	1,484,096	1,864,297	272,742	752,846	1,025,588
2.1.2	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.3	Loan granting commitments		136,306	-	136,306	104,813	-	104,813
2.1.4	Securities underwriting commitments		-	-	-	-	-	-
2.1.5	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6	Payment commitment for checks		994,768	-	994,768	876,101	-	876,101
2.1.7	Tax and fund liabilities from export commitments		99	-	99	99	-	99
2.1.8	Commitments for credit card expenditure limits		705,582	-	705,582	575,870	-	575,870
2.1.9	Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.10	Receivables from short sale commitments		-	-	-	-	-	-
2.1.11	Payables for short sale commitments		-	-	-	-	-	-
2.1.12	Other irrevocable commitments		17,757	-	17,757	17,148	-	17,148
2.2	Revocable commitments		25,193,298	-	25,193,298	29,310,136	-	29,310,136
2.2.1	Revocable loan granting commitments		25,193,298	-	25,193,298	29,310,136	-	29,310,136
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		1,874,563	14,054,436	15,928,999	3,364,195	5,772,967	9,137,162
3.1	Derivative financial instruments for hedging purposes		-	1,206,292	1,206,292	-	-	-
3.1.1	Fair value hedge		-	-	-	-	-	-
3.1.2	Cash flow hedge		-	1,206,292	1,206,292	-	-	-
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		1,874,563	12,848,144	14,722,707	3,364,195	5,772,967	9,137,162
3.2.1	Forward foreign currency buy/sell transactions		1,654,234	3,468,259	5,122,493	3,361,606	4,882,317	8,243,923
3.2.1.1	Forward foreign currency transactions-buy		781,102	1,679,627	2,460,729	1,968,763	2,443,992	4,412,755
3.2.1.2	Forward foreign currency transactions-sell		873,132	1,788,632	2,661,764	1,392,843	2,438,325	3,831,168
3.2.2	Other forward buy/sell transactions		220,329	9,379,885	9,600,214	2,589	890,650	893,239
3.3	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		159,430,081	96,151,961	255,582,042	129,010,642	73,881,498	202,892,140
IV.	ITEMS HELD IN CUSTODY		5,502,603	1,474,868	6,977,471	4,547,108	1,069,432	5,616,540
4.1	Assets under management		-	-	-	-	-	-
4.2	Investment securities held in custody		-	-	-	-	-	-
4.3	Checks received for collection		4,597,660	529,456	5,127,116	3,902,750	433,156	4,335,906
4.4	Commercial notes received for collection		904,943	115,257	1,020,200	644,358	95,817	740,175
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		-	-	-	-	-	-
4.8	Custodians		-	830,155	830,155	-	540,459	540,459
V.	PLEDGED ITEMS		153,915,839	94,641,417	248,557,256	124,451,895	72,784,734	197,236,629
5.1	Marketable securities		458,789	57,042	515,831	287,604	22,609	310,213
5.2	Guarantee notes		101,988	1,230,403	1,332,391	102,015	938,496	1,040,511
5.3	Commodity		3,328,527	565,923	3,894,450	2,784,623	241,539	3,026,162
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		68,130,984	654,574	68,785,558	56,170,230	531,266	56,701,496
5.6	Other pledged items		81,895,551	92,133,475	174,029,026	65,107,423	71,050,824	136,158,247
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDET GUARANTEES AND WARRANTIES		11,639	35,676	47,315	11,639	27,332	38,971
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			193,305,654	116,330,506	309,636,160	167,803,496	84,384,273	252,187,769

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED
30 SEPTEMBER 2015

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

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

			Current Period Reviewed 01.01 – 30.09.2015	Prior Period Reviewed 01.01- 30.09.2014	Current Period Reviewed 01.07 – 30.09.2015	Prior Period Reviewed 01.07- 30.09.2014
	Note					
I.	PROFIT SHARE INCOME	(IV-a)	1,899,380	1,467,058	690,187	536,764
1.1	Profit share on loans		1,683,467	1,320,288	608,050	481,033
1.2	Profit share on reserve deposits		2,535	-	1,595	-
1.3	Profit share on banks		17,830	10,284	7,274	3,466
1.4	Profit share on money market placements		-	-	-	-
1.5	Profit share on marketable securities portfolio		123,109	91,295	44,149	34,187
1.5.1	Held-for-trading financial assets		696	-	342	-
1.5.2	Financial assets at fair value through profit and loss		-	-	-	-
1.5.3	Available-for-sale financial assets		122,413	91,295	43,807	34,187
1.5.4	Investments held-to-maturity		-	-	-	-
1.6	Finance lease income		56,448	29,227	23,181	12,398
1.7	Other profit share income		15,991	15,964	5,938	5,680
II.	PROFIT SHARE EXPENSE	(IV-b)	806,851	647,770	299,012	232,388
2.1	Expense on profit sharing accounts		520,885	481,091	188,353	168,383
2.2	Profit share expense on funds borrowed		101,390	84,325	38,328	29,721
2.3	Profit share expense on money market borrowings		38,487	21,702	13,362	3,388
2.4	Expense on securities issued		146,085	59,508	58,969	30,501
2.5	Other profit share expense		4	1,144	-	395
III.	NET PROFIT SHARE INCOME (I - II)		1,092,529	819,288	391,175	304,376
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		110,573	91,169	35,479	29,898
4.1	Fees and commissions received		187,855	165,828	62,444	56,408
4.1.1	Non-cash loans		60,440	55,488	19,987	18,597
4.1.2	Other	(IV-l)	127,415	110,340	42,457	37,811
4.2	Fees and commissions paid		77,282	74,659	26,965	26,510
4.2.1	Non-cash loans		145	128	51	40
4.2.2	Other	(IV-l)	77,137	74,531	26,914	26,470
V.	DIVIDEND INCOME	(IV-c)	-	-	-	-
VI.	NET TRADING INCOME	(IV-d)	163,226	108,773	113,128	27,573
6.1	Capital market transaction gains / (losses)		5,275	484	165	(41)
6.2	Gains/ (losses) from derivative financial instruments		15,476	28,772	27,504	(3,226)
6.3	Foreign exchange gains / (losses)		142,475	79,517	85,459	30,840
VII.	OTHER OPERATING INCOME	(IV-e)	117,089	99,710	18,162	11,636
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		1,483,417	1,118,940	557,944	373,483
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-f)	296,232	183,718	110,848	47,262
X.	OTHER OPERATING EXPENSES (-)	(IV-g)	738,350	576,297	247,835	195,181
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		448,835	358,925	199,261	131,040
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD		(2,149)	(2,647)	(916)	(1,134)
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(IV-h)	446,686	356,278	198,345	129,906
XVI.	TAX CHARGE FOR CONTINUED OPERATIONS (±)	(IV-i)	(95,121)	(68,102)	(38,463)	(19,943)
16.1	Current income tax charge		(122,927)	(82,749)	(49,287)	(26,909)
16.2	Deferred tax charge / benefit		27,806	14,647	10,824	6,966
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(IV-j)	351,565	288,176	159,882	109,963
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.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(IV-h)	-	-	-	-
XXI.	TAX CHARGE FOR DISCONTINUED OPERATIONS (±)	(IV-i)	-	-	-	-
21.1	Current income tax charge		-	-	-	-
21.2	Deferred tax charge / benefit		-	-	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(IV-j)	-	-	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(IV-k)	351,565	288,176	159,882	109,963
23.1	Group's income/loss		351,631	288,681	159,905	110,014
23.2	Minority interest income/loss (-)		(66)	(505)	(23)	(51)
	Earnings per share income/loss (full TL)		-	-	-	-

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

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

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

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

	Reviewed Current Period 01.01-30.09.2015	Reviewed Prior Period 01.01-30.09.2014
I. Additions to marketable securities revaluation differences from available for sale financial assets	(9,719)	32,684
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	63,449	6,101
V. Profit/loss from derivative financial instruments for cash flow hedge purposes (effective portion of fair value differences)	(25,620)	-
VI. Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	(44,139)	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted under equity as per Turkish accounting standards	-	-
IX. Deferred tax on valuation differences	16,875	(6,282)
X. Total net profit/loss accounted under equity (I+II+...+IX)	846	32,503
XI. Profit/loss	(4,895)	(1,268)
XI.1 Change in fair value of marketable securities (transfer to profit/loss)	(4,895)	(1,268)
XI.2 Reclassification of derivatives accounted for cash flow hedge purposes to income statement	-	-
XI.3 Reclassification of hedge of net investments in foreign operations to income statement	-	-
XI.4 Other	-	-
XII. Total profit/loss accounted for the period (X±XI)	(4,049)	31,235

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

V. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note	Paid-in capital	Effect of inflation accounting on paid-in capital	Share Premium	Share certificate cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves	Other reserves	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserves	Tangible and intangible assets revaluation fund	Free shares from shareholders	Hedging reserves	Asset held for sale and disc.op. valuation fund	Total equity without minority share	Minority interest	Total equity
Prior Period – (01.01.2014 - 30.09.2014)																			
I.	Balances at the beginning of the period	1,700,000	-	23,250	-	60,800	-	203,396	26,950	-	307,263	2,025	-	-	-	-	2,323,684	-	2,323,684
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at the beginning of the period (I+II)	1,700,000	-	23,250	-	60,800	-	203,396	26,950	-	307,263	2,025	-	-	-	-	2,323,684	-	2,323,684
IV.	Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Marketable securities revaluation differences	-	-	-	-	-	-	-	-	-	-	25,134	-	-	-	-	25,134	-	25,134
VII.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus shares obtained from associates, subsidiaries and jointly controlled operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign exchange differences	-	-	-	-	-	-	-	6,101	-	-	-	-	-	-	-	6,101	-	6,101
XII.	Changes related to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes related to the reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associate's equity (***)	-	-	1,275	-	-	-	-	-	-	(14,062)	-	-	-	-	-	(12,787)	12,796	9
XIV.	Capital increase	590,000	-	-	-	-	-	-	27,202	-	(229,093)	-	-	-	-	-	388,109	-	388,109
14.1	Cash	360,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,000	-	360,000
14.2	Internal sources	230,000	-	-	-	-	-	-	27,202	-	(229,093)	-	-	-	-	-	28,109	-	28,109
XV.	Share issue premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other (**)	(2,995)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,995)	-	(2,995)
XIX.	Net income/(loss) for the period	-	-	-	-	-	-	-	-	288,681	-	-	-	-	-	-	288,681	(505)	288,176
XX.	Profit distribution(*)	-	-	-	-	17,069	-	5,555	-	-	(71,250)	-	-	-	-	-	(48,626)	-	(48,626)
20.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(20,517)	-	-	-	-	-	(20,517)	-	(20,517)
20.2	Transfers to reserves	-	-	-	-	17,069	-	5,555	-	-	(50,733)	-	-	-	-	-	(28,109)	-	(28,109)
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+V+...+XVIII+XIX+XX)		(II-k)	2,287,005	-	24,525	-	77,869	-	208,951	60,253	288,681	(7,142)	27,159	-	-	-	2,967,301	12,291	2,979,592

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

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

(***) Korfız Gayrimenkul Yatırım Ortaklığı A.Ş.; The shares of Bank's one of the subsidiaries has been offered to the public on April 25, 2014 and it is included in the consolidation starting from June 30, 2014.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

V. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note	Paid-in capital	Effect of inflation accounting on paid-in capital	Share Premium	Share certificate cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves	Other reserves	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserves	Intangible and n tangible assets valuation fund	Free shares from shareholders	Hedging reserves	Set held sale and disc.op. aluation fund	Total equity without minority share	Minority interest	Total equity	
Current Period – (01.01.2015 - 30.09.2015)																				
I.	Balances at the beginning of the period	2,287,005	-	24,525	-	77,869	-	208,951	56,559	-	368,174	21,069	-	-	-	-	3,044,152	12,368	3,056,520	
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted balances at the beginning of the period (I+II)	2,287,005	-	24,525	-	77,869	-	208,951	56,559	-	368,174	21,069	-	-	-	-	3,044,152	12,368	3,056,520	
Changes during the period																				
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Marketable securities revaluation differences	-	-	-	-	-	-	-	-	-	-	(11,691)	-	-	-	-	(11,691)	-	(11,691)	
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-	35,425	-	-	-	-	-	(55,807)	-	(20,382)	-	(20,382)	
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,496)	-	(20,496)	-	(20,496)	
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	35,425	-	-	-	-	-	(35,311)	-	114	-	114	
VII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Intangible assets revaluation differences)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Foreign exchange differences	-	-	-	-	-	-	-	28,024	-	-	-	-	-	-	-	28,024	-	28,024	
XI.	Changes related to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Changes related to the reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Capital increase	240,000	-	-	-	-	-	-	(127)	-	(239,873)	-	-	-	-	-	-	-	-	
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.2	Internal sources	240,000	-	-	-	-	-	-	(127)	-	(239,873)	-	-	-	-	-	-	-	-	
XV.	Share issue premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.	Other	317	-	(317)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX.	Net income/(loss) for the period	-	-	-	-	-	-	-	-	351,631	-	-	-	-	-	-	351,631	(66)	351,565	
XX.	Profit distribution(*)	-	-	-	-	22,418	-	32,602	36,634	-	(130,576)	-	-	-	-	-	(38,922)	-	(38,922)	
20.1	Dividends distributed	-	-	-	-	-	-	36	-	-	(38,958)	-	-	-	-	-	(38,922)	-	(38,922)	
20.2	Transfers to reserves	-	-	-	-	22,418	-	32,566	36,634	-	(91,618)	-	-	-	-	-	-	-	-	
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at end of the period																				
(III+IV+V+...+XVIII+XIX+XX)		(II-k)	2,527,322	-	24,208	-	100,287	-	241,553	156,515	351,631	(2,275)	9,378	-	-	(55,807)	-	3,352,812	12,302	3,365,114

(*)In the Ordinary General Assembly Meeting dated 31 March 2015, the Parent Bank decided on reserving primary reserves amount to TL 18,522; other reserves amount to TL 36,507 funded via retained profit from sales of real estates, cash dividend payments amount to TL 36,000; dividend to management amount to TL 2,959; funding capital increase from internal sources via remaining net income amount to TL 240,000 and in return distributing additional capitalized shares proportioned to shareholder's stake in share capital; secondary reserves amount to TL 3,896 and remaining amount to 32,566 to extraordinary legal reserves. In addition to this, the Bank has transferred dividend amounting to TL 36, for the shares owned by the Bank itself, to the extraordinary reserves depending on the General Assembly Meeting decision.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOWS STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

VI. CONSOLIDATED CASH FLOWS STATEMENT

		Reviewed	Reviewed
		Current period	Prior Period
	Note	01.01.2015-30.09.2015	01.01.2014-30.09.2014
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	1,041,499	420,834
1.1.1	Profit share income received	1,806,709	1,406,468
1.1.2	Profit share expense paid	(775,440)	(616,153)
1.1.3	Dividend received	-	-
1.1.4	Fees and commissions received	188,448	166,137
1.1.5	Other income	311,838	64,663
1.1.6	Collections from previously written off loans	41,233	41,304
1.1.7	Payments to personnel and service suppliers	(395,293)	(457,878)
1.1.8	Taxes paid	(130,163)	(89,696)
1.1.9	Others	(5,833)	(94,011)
1.2	Changes in operating assets and liabilities	(913,783)	(1,112,961)
1.2.1	Net (increase) decrease held for trading financial assets	1,241	2,970
1.2.2	Net (increase) decrease in financial assets at fair value through profit or loss	-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions	(2,029,119)	(2,577,024)
1.2.4	Net (increase) decrease in loans	(5,761,543)	(4,572,035)
1.2.5	Net (increase) decrease in other assets	(91,723)	32,161
1.2.6	Net increase (decrease) in bank deposits	220,488	487,562
1.2.7	Net increase (decrease) in other deposits	6,201,246	3,967,501
1.2.8	Net increase (decrease) in funds borrowed	569,333	1,290,934
1.2.9	Net increase (decrease) in due payables	-	-
1.2.10	Net increase (decrease) in other liabilities	(23,706)	254,970
I.	Net cash provided from / (used in) banking operations	127,716	(692,127)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from / (used in) investing activities	(464,245)	(747,872)
2.1	Cash paid for purchase jointly controlled operations, associates and subsidiaries	-	(5,000)
2.2	Cash obtained from sale of jointly controlled operations, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(86,449)	(87,053)
2.4	Fixed assets sales	9,295	5,253
2.5	Cash paid for purchase of financial assets available for sale	(1,255,331)	(706,702)
2.6	Cash obtained from sale of financial assets available for sale	931,426	67,957
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Other	(63,186)	(22,327)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from / (used in) financing activities	772,574	336,488
3.1	Cash obtained from funds borrowed and securities issued	1,625,587	-
3.2	Cash used for repayment of funds borrowed and securities issued	(813,958)	-
3.3	Capital increase	-	357,005
3.4	Dividends paid	(38,922)	(20,517)
3.5	Payments for finance leases	(133)	-
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents (V-d)	315,254	13,505
V.	Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	751,299	(1,090,006)
VI.	Cash and cash equivalents at the beginning of the period (V-a)	2,004,817	2,987,060
VII.	Cash and cash equivalents at the end of the period (V-a)	2,756,116	1,897,054

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Explanations on basis of presentation

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

As per the Article 37 and 38 of “Accounting and Recording Rules” of the Turkish Banking Law no. 5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulatory and Supervisory Agency (BRSA) and in effect since 1 November 2006, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidance.

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

b. Classifications

Fees and commissions amounting to TL 133 that is presented under Other Operating Income in statement of income in the prior period, is classified under “Fees and Commissions Received” in current period for consistency of presentation.

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

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

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

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

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

Explanation for Convenience Translation to English

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira. Valuation differences of foreign currencies have been recognized in the income statement under the 'Net foreign exchange income/expense' account. The foreign currency net investment in consolidated foreign subsidiaries is translated into Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and average exchange rate for their income statement items. The currency translation gain arising from the consolidated subsidiaries' foreign currency differences has been recorded in "Other Profit Reserves" under shareholders' equity.

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

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

III. Information about the Parent Bank and its Consolidated Subsidiaries

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

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

Description	Address (City/Country)	Principal Activity	30 September 2015	31 December 2014	Consolidation Method
Kuwait Turkish Participation Bank Dubai Ltd.	Dubai/United Arab Emirates	Banking	100%	100%	Full consolidation
KT Sukuk Varlık Kiralama A.Ş.	Istanbul/Turkey	Financial Institution	100%	100%	Full consolidation
KT Kira Sertifikaları Varlık Kiralama A.Ş.	Istanbul/Turkey	Financial Institution	100%	100%	Full consolidation
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Financial Institution	75%	75%	Full consolidation
Katılım Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	Financial Institution	50%	50%	Accounted for under equity method
KT Bank AG	Frankfurt/Germany	Banking	100%	-	Full consolidation
KT Portföy Yönetimi A.Ş.	Istanbul/Turkey	Financial Institution	100%	-	Full consolidation

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

Consolidation principles of subsidiaries:

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

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

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

The Group enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. The Bank classifies its derivative instruments as "Derivative Financial Instruments Held for Hedging Purposes" and "Derivative Financial Instruments Held for Trading" in accordance with "TAS 39". Even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as "held for trading" within the framework of "TAS 39", and are reflected in the "Derivative Financial Assets/Liabilities Held for Trading" account in the balance sheet.

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

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

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

The Group enters into profit share and cross currency swap transactions in order to hedge the change in fair value of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in income statement. If the hedging is effective, the changes in fair value of the hedged item is presented in statement of financial position together with the fixed-rate loan, and in case of fixed-rate financial assets available for sale, such changes are reclassified from shareholders' equity to income statement.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

IV. Explanations on forward transactions and option contracts and derivative instruments(continued)

The Group performs effectiveness test at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the “Dollar off-set model” and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness. The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement over the life of the hedged item from that date of the hedge accounting is discontinued.

While discontinuing cash flow hedge accounting, the cumulative gains/losses recognised in shareholders’ equity and presented under hedging reserves are continued to be kept in this account. When the cash flows of hedged item are recognised in income statement, the gain/losses accounted for under shareholders’ equity, are recognised in income statement.

The Group enters into foreign currency risk arising from net investments in foreign affiliates are hedged with long-term foreign currency borrowings and the currency translation differences arising from the conversion of net investments in foreign affiliates and accounts long-term foreign currency borrowings into TL for other profit reserves and hedging reserves, respectively in equity.

V. Explanations on profit share income and expense

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

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

VI. Explanations on fees and commission income and expenses

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

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

VII. Explanations on financial assets

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

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

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

VII. Explanations on financial assets (continued)

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

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

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

b. Financial assets available for sale:

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

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

c. Loans and receivables:

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

d. Held to maturity financial assets:

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

VIII. Explanations on impairment of financial assets

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

i) Loans and receivables:

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

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

ii) Financial assets held to maturity:

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

iii) Financial assets available for sale:

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

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

IX. Explanations on offsetting of financial assets and liabilities

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

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

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

As of 30 September 2015, the Group has repurchasing agreements amounting to TL 434,415 (31 December 2014 – TL 708,743).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

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

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

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

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

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

XII. Explanations on goodwill and other intangible assets

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

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

There is no goodwill related to associates and subsidiaries.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

XIII. Explanations on tangible assets

Fixed assets are stated at cost, less accumulated depreciation and provision for impairment, if any.

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

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

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

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

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

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

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

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

XIV. Explanations on leasing transactions

Group as a lessee

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

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

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

Group as a lessor

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

XV. Explanations on provisions and contingent liabilities

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

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Bank recognizes provisions for obligations which arose from prior periods in current financial year, only if, the possibility of realization is high and a reliable estimation can be made.

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

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

XVI. Explanations on liabilities relating to employee benefits

a) Defined benefit plans:

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

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

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

b) Defined contribution plans:

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

c) Short term benefits to employees:

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

XVII. Explanations on taxation

Current tax

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

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

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

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

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

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

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

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

As of 30 September 2015, the tax rates applied in foreign countries where the Group operates is as follow:

Country	Tax Rate
Germany	15%
The United Arab Emirates	0%

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

XVII. Explanations on taxation (continued)

Deferred tax

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

XVIII. Explanations on additional disclosures on borrowings

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

The Group has not issued convertible bonds.

Borrowing through the rent certificates (Sukuk)

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

In accordance with the letter received from BRSA, numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and dated 13 March 2012 this transaction is accounted for as “sale and lease back” transaction in accordance with “TAS 17”. As a consequence of this accounting treatment, the net book value of the real estate property transferred and leased back increased from TL 61,195 to TL 248,734. The difference of TL 187,539 between the net book value of TL 61,195 before the aforementioned transaction and the net book value of TL 248,734 after the aforementioned transaction will be recognized as income in 5 years using the effective profit share method and accounted for as deferred income under other liabilities. As of 30 September 2015 TL 34,831 (30 September 2014 – TL 26,320) of the afore mentioned deferred income is recognized as income in the income statement. The difference accounted as tangible assets mentioned above, will be recognized as expense by accounting under “other expenses” in the income statement during the period of lease in the unconsolidated financial statements.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

XVIII. Explanations on additional disclosures on borrowings (continued)

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

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

In scope of the issued rent certificates, difference between sale price and net book value of real estates amount of TL 61,084 (31 December 2014 – TL 97,554) is eliminated from “Tangible Assets” line; unearned income from real estate sales amount of TL 64,487 (31 December 2014 – TL 99,319) is eliminated from “Other Liabilities” line; TL 34,831 (30 September 2014 – TL 26,320) that is accounted as income in statement of profit loss from the unearned revenues; depreciation amount of TL 1,638 (30 September 2014 – TL 1,638) from increase in value of sold real estates and impairment of fixed assets amount of TL 34,831 (30 September 2014 – TL 24,682) that is accounted as expense under “other operating expense” is eliminated.

XIX. Explanations on share certificates issued

Bank does not have significant amount of costs on issuing share certificates.

XX. Explanations on acceptances and availed drafts

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

XXI. Explanations on government grants

There are no government grants received by the Group.

XXII. Explanations on segment reporting

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

Segment reporting is disclosed in Section Four, Note X.

XXIII. Explanations on other matters

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

XXIV. Additional paragraph for convenience translation

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations on consolidated capital adequacy standard ratio

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

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

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

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

Based on the Communiqué concerning “Measurement and Assessment of Capital Adequacy of Banks”, the capital adequacy ratio of the Bank is 13.73% (31 December 2014: 15.21%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

Information for capital adequacy standard ratio:

Current Period 30.09.2015	30 September 2015							
	Risk Weights (*)							
Consolidated	0%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	633,055	4,967,422	2,708,048	15,085,676	214,449	217,486	-
Exposure Categories	8,325,978	3,165,276	9,934,844	3,610,731	15,085,676	142,966	108,743	-
Conditional and unconditional receivables from central governments or central banks	5,917,286	-	9	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	2,613,906	694,415	-	258,178	4,113	-	-
Conditional and unconditional receivables from corporates	264,297	-	-	-	11,616,340	-	-	-
Conditional and unconditional retail receivables	89,080	-	-	3,610,731	2,572	-	-	-
Conditional and unconditional receivables secured by mortgages	27,431	-	9,206,546	-	1,934,595	-	-	-
Past due receivables	2	-	33,874	-	39,260	-	-	-
Receivables defined in high risk category by BRSA	330	-	-	-	-	138,853	108,743	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	2,027,552	551,370	-	-	1,234,731	-	-	-

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

Current Period 30.09.2015	30 September 2015							
	Risk Weights (*)							
Parent Bank	0%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	633,055	4,967,422	2,708,048	15,187,079	214,449	217,486	-
Exposure Categories	8,283,329	3,165,276	9,934,844	3,610,731	15,187,079	142,966	108,743	-
Conditional and unconditional receivables from central governments or central banks	5,917,286	-	9	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	2,613,906	694,415	-	209,124	4,113	-	-
Conditional and unconditional receivables from corporates	264,297	-	-	-	11,494,041	-	-	-
Conditional and unconditional retail receivables	89,080	-	-	3,610,731	2,572	-	-	-
Conditional and unconditional receivables secured by mortgages	27,431	-	9,206,546	-	1,934,595	-	-	-
Past due receivables	2	-	33,874	-	39,260	-	-	-
Receivables defined in high risk category by BRSA	330	-	-	-	-	138,853	108,743	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1,984,903	551,370	-	-	1,507,487	-	-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

Information for capital adequacy standard ratio (continued):

Prior Period 31.12.2014		Risk Weights (*)						
Consolidated	0%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	309,918	4,734,088	2,765,218	11,710,610	129,443	210,198	10,065
Exposure Categories	7,129,751	1,549,592	9,468,175	3,686,958	11,710,610	86,295	105,099	4,026
Conditional and unconditional receivables from central governments or central banks	4,582,025	-	7	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	42,160	1,466,510	1,676,210	-	449,366	-	-	-
Conditional and unconditional receivables from corporates	301,845	-	-	-	8,884,040	-	-	-
Conditional and unconditional retail receivables	123,163	-	-	3,686,958	4,743	-	-	-
Conditional and unconditional receivables secured by mortgages	32,250	-	7,781,138	-	1,410,080	-	-	-
Past due receivables	8	-	10,820	-	20,849	-	-	-
Receivables defined in high risk category by BRSA	154	-	-	-	-	86,295	105,099	4,026
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	2,048,146	83,082	-	-	941,532	-	-	-

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

Prior Period 31.12.2014		Risk Weights (*)						
Parent Bank	0%	20%	50%	75%	100%	150%	200%	250%
Value at Credit Risk	-	308,313	4,734,088	2,765,218	11,797,797	129,443	210,198	10,065
Value at Credit Risk	7,129,750	1,541,567	9,468,175	3,686,958	11,797,797	86,295	105,099	4,026
Conditional and unconditional receivables from central governments or central banks	4,582,025	-	7	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	42,160	1,458,485	1,676,210	-	448,404	-	-	-
Conditional and unconditional receivables from corporates	301,845	-	-	-	8,785,997	-	-	-
Conditional and unconditional retail receivables	123,163	-	-	3,686,958	4,743	-	-	-
Conditional and unconditional receivables secured by mortgages	32,250	-	7,781,138	-	1,410,080	-	-	-
Past due receivables	8	-	10,820	-	20,849	-	-	-
Receivables defined in high risk category by BRSA	154	-	-	-	-	86,295	105,099	4,026
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	2,048,145	83,082	-	-	1,127,724	-	-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

Summary of the capital adequacy standard ratio of the Group:

	Parent Bank	Consolidated	Parent Bank	Consolidated
	Current period	Current period	Prior period	Prior period
Capital Requirement for Credit Risk (Amount Subject to Credit Risk *0.08) (CRCR)	1,914,203	1,906,091	1,596,410	1,589,563
Capital Requirement for Market Risk (MRCR)	71,928	74,402	61,290	66,749
Capital Requirement for Operational Risk (ORCR)	184,640	181,917	147,418	145,729
Shareholders' Equity	3,691,766	3,710,329	3,404,564	3,425,830
Shareholders' Equity / ((TRWA + ASMR + ASOR) *12.5 *100)	13.61	13.73	15.09	15.21
Core Capital /((TRWA+ASMR+ASOR) *12.5)*100	11.34	11.45	12.68	12.79
Tier I Capital/((TRWA+ASMR+ASOR) *12.5)*100	11.72	11.92	13.10	13.22

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

Information about consolidated equity items

	Current Period
TIER I CAPITAL	3,222,933
Paid-in Capital to be Entitled for Compensation after All Creditors	2,527,322
Share Premium	24,208
Share Cancellation Profits	-
Reserves	427,572
Other Comprehensive Income according to TAS	102,603
Profit	349,356
Current Period Profit	351,631
Prior Period Profit	(2,275)
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I Capital Before Deductions	3,431,061
Deductions From Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	78,249
Leasehold Improvements on Operational Leases (-)	45,344
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	44,628
Net Deferred Tax Asset/Liability (-)	39,907
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions from Tier I Capital	208,128
Total Tier I Capital	3,222,933
ADDITIONAL CORE CAPITAL	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional Core Capital before Deductions	
Deductions from Additional Core Capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total Deductions from Additional Core Capital	
Total Additional Core Capital	
Deductions from Core Capital	126,802
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	72,012
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	54,790
Total Core Capital	3,096,131

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

Information about consolidated equity items(continued)

	Current Period
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	417,402
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	222,512
Tier II Capital before Deductions	639,914
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	639,914
CAPITAL	3,736,045
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	4,371
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	21,345
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
EQUITY	3,710,329
Amounts lower than Excesses as per Deduction Rules	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

Information about consolidated equity items(continued)

	Prior Period
TIER I CAPITAL	2,977,619
Paid-in Capital to be Entitled for Compensation after All Creditors	2,287,005
Share Premium	24,525
Share Cancellation Profits	-
Reserves	309,103
Other Comprehensive Income according to TAS	72,782
Profit	368,174
Current Period Profit	375,316
Prior Period Profit	(7,142)
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I Capital Before Deductions	3,061,589
Deductions From Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	17,437
Leasehold Improvements on Operational Leases (-)	42,477
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	14,056
Net Deferred Tax Asset/Liability (-)	10,003
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions from Tier I Capital	83,973
Total Tier I Capital	2,977,616
ADDITIONAL CORE CAPITAL	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	96,236
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	56,223
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	40,013
Total Core Capital	2,881,380

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

Information about consolidated equity items(continued)

	Prior Period
TIER II CAPITAL	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	384,909
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	178,926
Tier II Capital before Deductions	563,835
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	563,835
CAPITAL	3,445,215
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	3,495
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	15,890
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
EQUITY	3,425,830
Amounts lower than Excesses as per Deduction Rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

II. Explanations on consolidated market risk

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

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

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

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

a. Information related to consolidated market risk:

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	42,881	17,511
(II) Capital Obligation against Specific Risk - Standard Method	18,844	31,583
Capital Requirement against Specific Risks of Securitization Positions– Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	6,611	10,311
(IV) Capital Obligation against Commodity Risk - Standard Method	4,818	5,012
(V) Capital Obligation against Settlement Risk - Standard Method	-	-
(VI) Total Capital Obligation against Market Risks of Options – Standard	-	-
(VII) Capital Requirement against Counterparty Credit Risks - Standard Method	1,248	2,332
(VIII) Total Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
(IX) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI+VII)	74,402	66,749
(X) Value-At-Market Risk (12.5 x VIII) or (12.5 x IX)	930,019	834,363

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

III. Explanations on consolidated currency risk

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

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

As of 30 September 2015, the Group carries a net foreign currency long position of TL 328,831 (31 December 2014 – TL 707,558 long position) comprising TL 238,822 off balance sheet short position (31 December 2014 - TL 621,615 short position) and TL 90,009 net long position (31 December 2014 - TL 85,943 net long position).

The announced current foreign exchange buying rates of the Parent Bank as of 30 September 2015 and the previous five working days are as follows (Full TL):

	21/09/2015	22/09/2015	23/09/2015	28/09/2015	29/09/2015	Balance sheet evaluation rate
USD	2.9961	2.9978	3.0069	3.0069	3.0464	3.0433
EURO	3.4248	3.3847	3.3602	3.3602	3.4057	3.4212
GBP	4.6701	4.6493	4.6420	4.6420	4.6239	4.6109
CHF	3.1240	3.0922	3.0838	3.0838	3.1030	3.1250
JPY	0.0251	0.0249	0.0250	0.0250	0.0253	0.0253

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

	Monthly average FC purchase rate
USD	3.0034
EURO	3.3736
GBP	4.6153
CHF	3.0856
JPY	0.0249

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

III. Explanations on consolidated currency risk (continued)

Currency risk of the Group:

	EURO	USD	Other FC(****)	Total
Current period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey (****)	1,304,484	4,359,571	3,113,932	8,777,987
Banks	988,141	915,792	265,356	2,169,289
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Available-for-sale financial assets (**)	-	917,318	-	917,318
Loans and finance lease receivables (*)	2,839,593	8,266,910	211,076	11,317,579
Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	4,583	574	-	5,157
Intangible assets	38,402	61	-	38,463
Other assets	16,308	165,880	4,309	186,497
Total assets	5,191,511	14,626,106	3,594,673	23,412,290
Liabilities				
Current account and funds collected from Banks via participation accounts	795	69,106	142,535	212,436
Current and profit sharing accounts FC (****)	2,781,641	10,085,858	1,304,609	14,172,108
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	241,522	4,565,056	592,743	5,399,321
Marketable securities issued	-	3,184,910	-	3,184,910
Miscellaneous payables	1,800	8,115	3,240	13,155
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	20,378	71,589	9,562	101,529
Total liabilities	3,046,136	17,984,634	2,052,689	23,083,459
Net balance sheet position	2,145,375	(3,358,528)	1,541,984	328,831
Net off-balance sheet position	(2,118,863)	3,371,100	(1,491,059)	(238,822)
Financial derivative assets	569,377	5,825,374	1,255,104	7,649,855
Financial derivative liabilities	2,688,240	2,454,274	2,746,163	7,888,677
Non-cash loans (***)	1,538,894	2,737,980	363,139	4,640,013
Prior period				
Total assets	2,748,845	12,117,268	2,756,089	17,622,202
Total liabilities	2,582,434	12,299,886	2,032,324	16,914,644
Net balance sheet position	166,411	(182,618)	723,765	707,558
Net off-balance sheet position	(150,334)	257,303	(728,584)	(621,615)
Financial derivative assets	384,078	2,376,794	191,227	2,952,099
Financial derivative liabilities	534,412	2,119,491	919,811	3,573,714
Non-cash loans (***)	1,157,680	2,409,009	410,273	3,976,962

(*) Includes foreign currency indexed loans amounting to TL 6,962,810 (31 December 2014 – TL 5,767,979) followed as TL on the balance sheet.

(**) Includes TL 714 (31 December 2014 – TL 714) of foreign currency denominated available for sale financial assets which are followed in Turkish Lira presented as TL 2,515,923 on the balance sheet.

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

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

(*****) General provision for FC indexed loans amount of TL 31,547 included in Other Liabilities. General loan provisions for the Bank’s share and provisions for financial assets at fair value through profit and loss amount of TL 58,237 and TL 164 respectively are not included in currency risk of the Bank.

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

- Derivative financial assets held for trading: TL 53,108 (31 December 2014 – TL 8,249)
- Prepaid expenses: TL 1,509 (31 December 2014 – TL 268)
- Derivative financial liabilities held for trading: TL 45,258 (31 December 2014 – TL 11,797)
- Marketable securities of FC revaluation reverse: TL (5,005) (31 December 2014 – TL 340)
- Derivative financial liabilities for hedging purposes TL 134,700 (31 December 2014 – TL 0)

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

III. Explanations on consolidated currency risk (continued)

Currency risk of the Group (continued):

- Forward foreign currency purchase transactions: TL 726,233 (31 December 2014 - TL 344,189)
- Forward foreign currency sale transactions: TL 757,863 (31 December 2014 – TL 408,657)
- Future precious metal purchase transactions: TL 374,808 (31 December 2014 - TL 163,918)
- Future precious metal sale transactions: TL 2,171,079 (31 December 2014- TL 726,732)

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

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

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

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

		Comparison	
Equity Securities (shares)	Carrying Value	Fair Value	Market Value
1 Securities Available-for-Sale(*)	68,108	-	-
Quoted Securities	-	-	-
2 Investments in Associates	-	-	-
Quoted Securities	-	-	-
3 Investment in Subsidiaries(*)	22,680	-	-
Quoted Securities	-	-	-
4 Other	8,456	-	-
Quoted Securities	-	-	-

		Comparison	
Prior Period Equity Securities (shares)	Carrying Value	Fair Value	Market Value
1 Securities Available-for-Sale (*)	53,995	-	-
Quoted Securities	-	-	-
2 Investments in Associates	-	-	-
Quoted Securities	-	-	-
3 Investment in Subsidiaries(*)	22,680	-	-
Quoted Securities	-	-	-
4 Other	5,605	-	-
Quoted Securities	-	-	-

(*)Equity share investments are accounted at cost since their fair values cannot be reliably measured.

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

None (31 December 2014: None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

V. Explanations on consolidated liquidity risk

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 years	Over 5 years	Unallocated (**)	Total
Current period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	4,678,966	5,164,141	-	-	-	-	-	9,843,107
Banks	2,198,475	-	-	-	-	-	-	2,198,475
Financial assets at fair value through profit and loss	3,559	53,436	27,161	9,406	-	-	-	93,562
Money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	628,135	189,594	377,466	1,123,502	101,078	96,148	2,515,923
Loans(*)	-	6,131,631	3,302,600	8,412,108	7,997,383	1,003,552	138,151	26,985,425
Held-to-maturity investments	-	-	-	-	-	-	-	-
Other assets (**)	120,538	487,109	75,068	-	94,697	-	635,315	1,412,727
Total assets	7,001,538	12,464,452	3,594,423	8,798,980	9,215,582	1,104,630	869,614	43,049,219
Liabilities								
Current account and funds collected from banks via participation accounts	171,503	7,073	3,046	-	38,864	-	-	220,486
Current and profit sharing accounts	8,889,659	15,202,932	2,892,697	1,069,853	265,882	-	-	28,321,023
Funds provided from other financial institutions	-	463,273	967,095	2,337,924	1,229,736	608,752	-	5,606,780
Money market borrowings	-	434,415	-	-	-	-	-	434,415
Marketable securities issued	-	-	-	516,175	3,154,015	-	-	3,670,190
Miscellaneous payables	83,836	41,962	1,503	-	-	-	-	127,301
Other liabilities (**)	-	566,235	70,224	9,167	147,424	-	3,875,974	4,669,024
Total liabilities	9,144,998	16,715,890	3,934,565	3,933,119	4,835,921	608,752	3,875,974	43,049,219
Net liquidity gap	(2,143,460)	(4,251,438)	(340,142)	4,865,861	4,379,661	495,878	(3,006,360)	-
Prior period								
Total assets	5,113,253	8,152,763	3,418,869	7,672,557	7,961,361	961,114	639,640	33,919,557
Total liabilities	6,765,242	11,613,802	5,266,427	3,097,248	3,215,500	470,325	3,491,013	33,919,557
Net Liquidity Gap	(1,651,989)	(3,461,039)	(1,847,558)	4,575,309	4,745,861	490,789	(2,851,373)	-

(*) This line also includes receivables from leasing transactions.

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

VI. Consolidated securitization positions

None (31 December 2014 – None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

VII. Consolidated credit risk mitigation techniques

The Bank applies the Comprehensive Financial Collateral Techniques explained in “Credit Risk Mitigation Techniques Communiqué” published in Official Gazette No. 28337 as of 28 September 2012.

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

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

Financial collaterals are evaluated on a daily basis.

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

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

Exposure Categories		Financial	Other/Physical	Guaranties and
Current period	Amount(*)	Collaterals	Collaterals	Credit
Conditional and unconditional receivables from central governments or central banks	5,917,295	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,088,412	-	-	-
Conditional and unconditional receivables from Corporates	38,040,959	264,297	-	-
Conditional and unconditional retail receivables	7,854,531	89,080	-	-
Conditional and unconditional receivables secured by Mortgages	11,545,831	27,431	-	-
Past due receivables	73,136	2	-	-
Receivables defined in high risk category by BRSA	247,926	330	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	3,813,653	-	-	-
Total	72,581,743	381,140	-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

VII. Credit risk mitigation techniques (continued)

Exposure Categories				
Prior Period	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	4,582,032	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	4,408,157	-	-	-
Conditional and unconditional receivables from Corporates	38,401,224	301,845	-	-
Conditional and unconditional retail receivables	8,805,862	123,163	-	-
Conditional and unconditional receivables secured by Mortgages	9,565,417	32,250	-	-
Past due receivables	31,677	8	-	-
Receivables defined in high risk category by BRSA	195,574	154	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	3,072,759	-	-	-
Total	69,062,702	457,420	-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

VIII. Explanations on risk management objectives and policies

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

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

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

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

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

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

X. Explanations on consolidated business segments

The Group operates in Retail and Enterprise Banking, Commercial Banking, Corporate and International Banking sectors.

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

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

In International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The needs of the international funds and SMEs are met with Matched Murabaha product provided by the investment banking for the international investors and SMEs. The aim of international banking is to enable foreign trade financing and develop mutual long term financing agreements with foreign banks. Besides supplying syndicated loans for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (Forward, Swap) with banks and customers, trades share certificates in BIST and international markets, conducts Murabaha transactions and gold transaction with foreign banks.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

X. Explanations on business segments (continued)

Selected balance sheet and income statement items according to segments:

Current Period 1 January –30 September 2015	Retail and enterprise banking	Commercial banking	Corporate and international banking	Unallocated	Group's total operation
Operating income	962,311	1,291,421	113,818	-	2,367,550
Operating expenses	673,841	214,197	292,542	738,135	1,918,715
Transfers between segments	345,610	(462,229)	116,619	-	-
Net operating income (loss)	634,080	614,995	(62,105)	(738,135)	448,835
Income from associates	-	-	-	(2,149)	(2,149)
Income (loss) before tax	634,080	614,995	(62,105)	(740,284)	446,686
Provision for taxation	-	-	-	95,121	95,121
Net income for the period	634,080	614,995	(62,105)	(835,405)	351,565
Segment assets	9,174,008	17,246,833	15,215,651	-	41,636,492
Associates, subsidiaries and joint Ventures	-	-	-	31,136	31,136
Undistributed assets	-	-	-	1,381,591	1,381,591
Total assets	9,174,008	17,246,833	15,215,651	1,412,727	43,049,219
Segment liabilities	20,979,896	7,545,937	9,932,563	-	38,458,396
Undistributed liabilities	-	-	-	1,225,709	1,225,709
Shareholders' equity	-	-	-	3,365,114	3,365,114
Total liabilities	20,979,896	7,545,937	9,932,563	4,590,823	43,049,219

Prior Period 1 January –30 September 2014	Retail and enterprise banking	Commercial banking	Corporate and international banking	Unallocated	Group's total operation
Operating income	744,608	1,021,778	74,983	-	1,841,369
Operating expenses	634,647	176,334	95,338	576,125	1,482,444
Transfers between segments	234,811	(226,596)	(8,215)	-	-
Net operating income(loss)	344,772	618,848	(28,570)	(576,125)	358,925
Income (loss) from associates	-	-	-	(2,647)	(2,647)
Income (loss) before tax	344,772	618,848	(28,570)	(578,772)	356,278
Provision for taxation	-	-	-	(68,102)	(68,102)
Net income for the period	344,772	618,848	(28,570)	(646,874)	288,176
Prior Period 31 December 2014					
Segment assets	7,593,054	13,580,282	11,705,938	-	32,879,274
Associates, subsidiaries and joint Ventures	-	-	-	28,285	28,285
Undistributed assets	-	-	-	1,011,998	1,011,998
Total assets	7,593,054	13,580,282	11,705,938	1,040,283	33,919,557
Segment liabilities	16,549,369	5,554,255	7,800,265	-	29,903,889
Undistributed liabilities	-	-	-	959,148	959,148
Shareholders' equity	-	-	-	3,056,520	3,056,520
Total liabilities	16,549,369	5,554,255	7,800,265	4,015,668	33,919,557

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

SECTION FIVE

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to consolidated assets

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/foreign currency	444,363	1,302,524	302,472	454,266
The Central Bank of Republic of Turkey	584,278	5,164,151	287,882	4,155,476
Other (*)	36,479	2,311,312	3,680	1,380,867
Total	1,065,120	8,777,987	594,034	5,990,609

(*) As of 30 September 2015, precious metal account amounting to TL 1,796,420 (31 December 2014 - TL 1,301,465) and money in transit amounting to TL 551,370 (31 December 2014 - TL 83,082) are presented in this line.

2. Balances with the Central Bank of Turkey:

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	583,379	10	287,742	7
Unrestricted time deposit	-	-	-	-
Restricted time deposit	899	5,164,141	140	4,155,469
Total	584,278	5,164,151	287,882	4,155,476

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

- As of 30 September 2015, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2014 – None).
- 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	35,579	15,305	15,292	6,292
Swap transactions	1,316	37,803	19,575	1,957
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	36,895	53,108	34,867	8,249

c. Information on Banks:

- Information on Banks:

	Current period		Prior period	
	TL	FC	TL	FC
Banks	29,186	2,169,289	42,706	2,633,815
Domestic	29,051	967,616	42,435	1,814,572
Foreign	135	1,201,673	271	819,243
Branches and head office abroad	-	-	-	-
Total	29,186	2,169,289	42,706	2,633,815

- Information on foreign banks:

	Current period		Prior period	
	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
EU Countries	632,475	-	269,602	-
USA and Canada	392,185	-	382,563	-
OECD Countries (*)	41,198	-	38,404	-
Off-shore Banking Regions	996	-	404	-
Other	134,954	-	128,541	-
Total	1,201,808	-	819,514	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

	Current Period	Prior Period
Debt Securities	2,461,699	2,151,578
Quoted on stock exchange	2,456,659	2,151,578
Not quoted on stock exchange	-	-
Share certificates	68,108	53,995
Quoted on stock exchange	5,040	-
Not quoted on stock exchange	68,108	53,995
Impairment provision	(13,884)	(2,258)
Total	2,515,923	2,203,315

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

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

DESCRIPTION	CURRENCY	COUPON FREQUENCY	ISSUER	ENTRY DATE	MATURITY DATE	VALUE	RATE
TRD170216T17	TRY	6	T.R. TREASURY	19/02/2014	17/02/2016	371,511	10.6
TRD150217T18	TRY	6	T.R. TREASURY	18/02/2015	15/02/2017	471,828	7.8
TRD280916T17	TRY	6	T.R. TREASURY	01/10/2014	28/09/2016	382,737	9.68
TRD160817T11	TRY	6	T.R. TREASURY	19/08/2015	16/08/2017	323,748	9.96
XS0831353361	USD	6	T.R. TREASURY	26/09/2012	26/03/2018	234,361	5.5
XS0975124180	USD	6	T.R. TREASURY	10/10/2013	10/10/2018	33,717	4.5
XS1141043296	USD	6	T.R. TREASURY	25/11/2014	25/11/2024	72,108	2.8

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

DESCRIPTION	CURRENCY	COUPON FREQUENCY	ISSUER	ENTRY DATE	MATURITY DATE	VALUE	RATE
XS1260418378	USD	3	IILMH	15/07/2015	15/10/2015	121,120	0.55
XS1280362614	USD	3	IILMH	27/08/2015	25/11/2015	186,249	0.63
XS1082151868	USD	6	ALBARAKA TURK	30/06/2014	30/06/2019	121,732	6.25

e. Information on loans and receivables:

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

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	963	45,272	580	13,638
Corporate Shareholders	-	45,272	-	13,638
Real Person Shareholders	963	-	580	-
Indirect Loans Granted to Shareholders	126,435	16,693	79,663	283
Loans Granted to Employees	11,468	-	8,553	6
Total	138,866	61,965	88,796	13,927

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables: (continued)

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

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Cash Loans						
Loans	24,125,933	169,781	-	776,953	561,797	-
Financing commodity against document	-	-	-	-	-	-
Exports Loan	20,849	-	-	272	-	-
Imports Loans	1,165,852	-	-	99,845	-	-
Enterprise Loans	15,311,557	160,775	-	500,551	553,906	-
Consumer Loans	4,583,529	6,039	-	118,124	6,337	-
Credit Cards	233,022	-	-	6,041	-	-
Precious Metal Loans	208,189	-	-	-	-	-
Loans Given to Financial Sector	61,285	-	-	-	-	-
Loans Extended Abroad	419,634	2,967	-	640	1,554	-
Other	2,122,016	-	-	51,480	-	-
Other Receivables	15,146	-	-	21,979	-	-
Total	24,141,079	169,781	-	798,932	561,797	-

Prior Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Cash Loans						
Loans	19,745,819	234,553	-	309,452	287,721	-
Financing commodity against document	16,944	-	-	-	-	-
Exports Loan	5,980	-	-	-	-	-
Imports Loans	1,206,270	-	-	2,452	-	-
Enterprise Loans	11,740,513	225,201	-	197,433	280,206	-
Consumer Loans	3,947,201	6,423	-	100,741	6,332	-
Credit Cards	195,307	-	-	4,738	54	-
Precious Metal Loans	171,743	-	-	-	-	-
Loans Given to Financial Sector	543,070	-	-	-	-	-
Loans Extended Abroad	310,205	2,610	-	-	1,129	-
Other	1,608,586	319	-	4,088	-	-
Other Receivables	4,027	-	-	2,745	-	-
Total	19,749,846	234,553	-	312,197	287,721	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables (continued):

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

Number of Extensions for Repayment Plan		
Current Period	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-Up
1 or 2 times	169,781	561,797
3,4 or 5 times	-	-
Over 5 times	-	-
Total	169,781	561,797

Extension Periods for Repayment Plan Changes		
Extension Periods for Repayment Plan Changes	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-Up
0 - 6 months	2,702	6,197
6 - 12 months	12,574	37,425
1 - 2 years	37,837	179,712
2 - 5 years	21,763	300,157
5 years and over	94,905	38,306
Total	169,781	561,797

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables (continued):

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

Current Period	Performing Loans and Other Receivables		Loans and other receivables under Follow-Up	
	Loans and other receivables	Loans and Receivables with Revised Contract Terms	Loans and other receivables	Loans and Receivables with Revised Contract Terms
Cash Loans				
Short-term loans and other receivables	6,263,243	2,818	196,643	11,302
Loans	6,248,097	2,818	174,664	11,302
Other receivables	15,146	-	21,979	-
Medium and long-term loans and other receivables (*)	17,877,836	166,963	602,289	550,495
Loans	17,877,836	166,963	602,289	550,495
Other receivables	-	-	-	-
Total	24,141,079	169,781	798,932	561,797
Prior Period	Performing Loans and Other Receivables		Loans and other receivables under Follow-Up	
	Loans and other receivables	Loans and Receivables with Revised Contract Terms	Loans and other receivables	Loans and Receivables with Revised Contract Terms
Cash Loans				
Short-term loans and other receivables	5,727,187	10,205	35,628	2,375
Loans	5,723,160	10,205	32,883	2,375
Other receivables	4,027	-	2,745	-
Medium and long-term loans and other receivables (*)	14,022,659	224,348	276,569	285,346
Loans	14,022,659	224,348	276,569	285,346
Other receivables	-	-	-	-
Total	19,749,846	234,553	312,197	287,721

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables (continued):

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

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	108,970	4,464,417	4,573,387
Housing Loans	5,250	4,224,311	4,229,561
Vehicle Loans	3,466	213,610	217,076
Consumer Loans	98,400	16,976	115,376
Other	1,854	9,520	11,374
Consumer Loans-FC Indexed	-	10,750	10,750
Housing Loans	-	10,750	10,750
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	124,041	124,041
Housing Loans	-	57,083	57,083
Vehicle Loans	-	26	26
Consumer Loans	-	-	-
Other	-	66,932	66,932
Retail Credit Cards-TL	135,486	1,463	136,949
With Instalment	28,248	1,463	29,711
Without Instalment	107,238	-	107,238
Retail Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Personnel Loans-TL	2,417	3,434	5,851
Housing Loans	-	1,032	1,032
Vehicle Loans	55	2,192	2,247
Consumer Loans	2,339	210	2,549
Other	23	-	23
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	6,637	51	6,688
With Instalment	1,982	51	2,033
Without Instalment	4,655	-	4,655
Personnel Credit Cards-FC	-	-	-
Instalment based	-	-	-
Without-instalment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	253,510	4,604,156	4,857,666

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables (continued):

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables (continued):

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

Current Period	Short term	Medium and long term	Total
Commercial Instalment Loans-TL	123,281	3,112,185	3,235,466
Business Loans	6,973	728,770	735,743
Vehicle Loans	63,564	743,183	806,747
Consumer Loans	52,014	1,627,910	1,679,924
Other	730	12,322	13,052
Commercial Instalment Loans-FC Indexed	27,718	1,782,815	1,810,533
Business Loans	2,716	497,122	499,838
Vehicle Loans	6,318	354,607	360,925
Consumer Loans	8,721	811,322	820,043
Other	9,963	119,764	129,727
Commercial Instalment Loans-FC	-	130,699	130,699
Business Loans	-	125,593	125,593
Vehicle Loans	-	2,288	2,288
Consumer Loans	-	-	-
Other	-	2,818	2,818
Corporate Credit Cards-TL	95,372	54	95,426
With Instalment	13,272	-	13,272
Without Instalment	82,100	54	82,154
Corporate Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	246,371	5,025,753	5,272,124

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables (continued):

6. Breakdown of domestic and foreign loans:

	Current period	Prior period
Domestic loans	25,246,794	20,270,373
Foreign loans	424,795	313,944
Total	25,671,589	20,584,317

7. Loans granted to subsidiaries and associates:

	Current period	Prior period
Loans granted directly to subsidiaries and associates	7	5
Loans granted indirectly to subsidiaries and associates	-	-
Total	7	5

8. Specific provisions for loans:

	Current period	Prior period
Specific provisions		
Loans and receivables with limited collectability	24,639	25,044
Loans and receivables with doubtful collectability	114,296	84,119
Uncollectible loans and receivables	404,163	300,055
Total	543,098	409,218

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

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
--	---	---	--

Current period

(Gross amounts before specific provision)	-	-	-
Restructured loans and other receivables	85	-	-
Rescheduled loans and other receivables	-	-	-

Prior period

(Gross amounts before specific provision)	-	-	-
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables (continued):

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

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

Current Period	Group III 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 – 31 December 2014	49,969	116,325	327,445
Additions in the current period (+)	73,266	167,042	31,225
Transfers from other categories of non-performing loans(+)	-	9,141	133,090
Transfers to other categories of non-performing loans (-)	42,765	99,466	-
Collections in the current period (-)	4,957	12,588	34,958
Write offs (-)	40	1,046	30,434
Corporate and commercial loans	13	89	7,646
Retail loans	11	203	19,878
Credit Cards	16	754	2,910
Other	-	-	-
Ending balance of the current period	75,473	179,408	426,368
Specific provisions (-)	24,639	114,296	404,163
Net balance at the balance sheet	50,834	65,112	22,205

(iii). Information on non-performing loans granted as foreign currency:

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Cari dönem			
Ending balance of the current period	-	-	12,544
Specific provisions (-)	-	-	12,544
Net balance at the balance sheet	-	-	-

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period (Net)			
Loans granted to real persons and legal entities (Gross)	75,473	179,408	426,368
Specific provision (-)	24,639	114,296	404,163
Loans to real persons and legal entities (Net)	50,834	65,112	22,205
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)			
Loans to real persons and legal entities (Gross)	49,969	116,325	314,901
Specific provision (-)	25,044	84,119	300,055
Loans to real persons and legal entities (Net)	24,925	32,206	14,846
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on loans and receivables (continued):

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

Loans and other receivables, which were deemed uncollectible according to the “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published in the Official Gazette No. 26333 dated 1 November 2006 and for which a full impairment provision has been made, are written-off per the decision of the Bank top management. Within 2015, non-performing loans amounting to TL 31,520 have been written-off (31 December 2014 – TL 48,363).

11. Information on the write-off policy:

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

f. Information on held-to-maturity investments:

None (31 December 2014 – None).

g. Information on investment in associates (Net):

- The 1.75% ownership of Kredi Garanti Fonu A.Ş. of TL 4,210 (31 December 2014 – TL 4,210), 8.36% ownership of Islamic International Rating Agency of TL 714 (31 December 2014 – TL 714), 6.99% ownership of Neova Sigorta A.Ş. of TL 4,956 (31 December 2014 – TL 3,752); TL 390 amount of swift shares (31 December 2014 – TL 181) and 0.0035% ownership of Borsa İstanbul A.Ş TL 15 (31 December 2014 – TL 15) are classified as financial assets available for sale since the Bank’s ownership in these institutions is less than 10% and the Bank does not have a significant influence on these institutions.
- Information about investments in unconsolidated associates: None (31 December 2014 – None).
- Information related to consolidated associates: None (31 December 2014 – None).

h. Information on investment in subsidiaries (Net):

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

Title	Address (City/ Country)	Bank’s share percentage, if different-voting Percentage (%)	Bank’s risk group share Percentage (%)
Kuwait Turkish Participation Bank Dubai Ltd. (*)	Dubai/ United Arab Emirates	100%	100%
Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş. (**)	Istanbul/Turkey	99.99%	99.99%
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	75%	97.61%
KT Sukuk Varlık Kiralama A.Ş. (**)	Istanbul/ Turkey	100%	100%
KT Kira Sertifikaları Varlık Kiralama A.Ş.	Istanbul/ Turkey	100%	100%
KT Bank AG	Frankfurt/Germany	100%	100%
KT Portföy Yönetimi A.Ş.	Istanbul/ Turkey	100%	100%

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

2. Information on subsidiaries (continued):

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

Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
171,967	164,641	402	21,887	-	(2,979)	5,757	-
20,433	20,377	14	-	-	(1,229)	(1,148)	-
109,160	68,117	79,728	-	10	199	(693)	-
1,091,250	128	-	-	-	20	17	-
2,608,474	66,023	-	-	-	4	14	-
141,851	153,954	4,583	40	-	(20,611)	-	-
4,601	4,433	-	-	-	(1)	-	-

(*) As of 30 September 2015, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations

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

Movement for subsidiaries

	Current period 30.09.2015	Prior period 30.09.2014
Balance at the beginning of the year	22,680	72,853
Movements during the year	-	-
Purchases	-	-
Transfers from subsidiaries (net)	-	(50,173)
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
(Impairment)/reversal of impairment	-	-
Capital commitment payments	-	-
Balance at the end of the year	22,680	22,680
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

3. Information on consolidated subsidiaries:

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

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

3. Information on consolidated subsidiaries (continued) :

Sectoral information on consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	221,110	95,402
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	55,272	50,273

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

4. Information on capital adequacies of major subsidiaries:

The Bank does not have any major subsidiary.

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

	Bank's share percentage	Total assets	Equity	Total fixed assets	Current period profit/loss	Prior period profit /loss
Katılım Emeklilik ve Hayat A.Ş. (*) (**)	%50	192,680	14,477	3,939	(4,298)	(6,618)

(*) Based on legal financial statements as of 30 September 2015.

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

j. Information on finance lease receivables (Net):

1. Presentation of remaining maturities of net finance leases:

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	487,734	415,046	402,826	361,685
1 to 4 years	748,452	659,064	357,656	309,384
More than 4 years	112,562	101,575	43,414	39,517
Total	1,348,748	1,175,685	803,896	710,586

2. Net investments in finance leases:

	Current period	Prior period
Gross receivable from finance leases	1,348,748	803,896
Unearned finance lease income (-)	(173,063)	(93,310)
Cancelled amounts (-)	-	-
Net receivable from finance leases	1,175,685	710,586

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

3. Information on finance lease contracts:

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfil its obligations, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non performing finance lease receivables amounting to TL11,130 are included in the non-performing loans in the balance sheet (31 December 2014– TL 8,429).

Impairment provision amounting to TL 10,470 (31 December 2014– TL 8,163) for financial lease receivables are included under the specific provision account under loans in the balance sheet.

k. Information on derivative financial assets for hedging purposes:

None. (31 December 2014 – None).

l. Information on deferred tax asset:

In accordance with the related regulations deferred tax asset calculated as of 30 September 2015 is TL 108,140 (31 December 2014 – TL 65,177) and deferred tax liability is TL 13,443 (31 December 2014 – TL 15,161).

	Current Period	Prior Period
Reserve for employee benefits	7,943	10,172
Retirement pay liability	10,168	8,383
Deferred income	27,499	24,356
Rediscounts for derivative instruments held for trading	17,341	-
Impairment provision for subsidiaries, fixed assets and assets held for sale	23,527	16,562
Precious metals valuation difference	13,893	5,148
Other	7,769	556
Deferred tax asset	108,140	65,177
Difference between carrying value and tax base of tangible assets	(6,007)	(5,896)
Rediscounts for derivative instruments held for trading (net)	-	(3,313)
Valuation difference for financial assets held for sale	(3,596)	(5,182)
Other	(3,840)	(770)
Deferred tax liability	(13,443)	(15,161)
Deferred tax asset, (net)	94,697	50,016

Table of deferred tax asset movement:

	Current period	Prior period
As of January 1	50,016	30,953
Deferred tax income	27,806	14,647
Deferred tax accounted under other comprehensive income	16,875	(6,282)
Deferred tax asset	94,697	39,318

m. Information on other assets:

As of balance sheet date, the Group's other assets amount to TL 680,358 (31 December 2014 - TL 458,666). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

SECTION FIVE

II. Explanations and notes related to consolidated liabilities

a. Information on funds collected:

1. Information on maturity structure of funds collected:

i. Current period:

	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year and over	Up to 1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	2,631,960	-	-	-	-	-	-	-	2,631,960
II. Real persons profit sharing accounts TL	-	2,716,197	4,651,596	580,353	-	203,633	227,099	-	8,378,878
III. Other current accounts-TL	1,799,551	-	-	-	-	-	-	-	1,799,551
Public sector	157,277	-	-	-	-	-	-	-	157,277
Commercial sector	1,612,905	-	-	-	-	-	-	-	1,612,905
Other institutions	21,331	-	-	-	-	-	-	-	21,331
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	8,038	-	-	-	-	-	-	-	8,038
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	979	-	-	-	-	-	-	-	979
Foreign banks	3,321	-	-	-	-	-	-	-	3,321
Participation banks	738	-	-	-	-	-	-	-	738
Others	3,000	-	-	-	-	-	-	-	3,000
IV. Profit sharing accounts-TL	-	295,202	699,238	113,678	-	143,375	87,354	-	1,338,847
Public sector	-	44	203	17	-	22,225	6,997	-	29,486
Commercial sector	-	265,816	662,994	107,974	-	115,521	79,975	-	1,232,280
Other institutions	-	29,342	35,054	5,687	-	5,629	382	-	76,094
Commercial and other institutions	-	-	975	-	-	-	-	-	975
Banks and participation banks	-	-	12	-	-	-	-	-	12
V. Real persons current accounts-FC	2,795,438	-	-	-	-	-	-	-	2,795,438
VI. Real persons profit sharing accounts-FC	-	1,675,860	3,148,968	622,113	-	382,429	189,395	-	6,018,765
VII. Other current accounts-FC	1,313,035	-	-	-	-	-	-	-	1,313,035
Commercial residents in Turkey	1,180,875	-	-	-	-	-	-	-	1,180,875
Commercial residents in Abroad	80,349	-	-	-	-	-	-	-	80,349
Banks and participation banks	51,811	-	-	-	-	-	-	-	51,811
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1,771	-	-	-	-	-	-	-	1,771
Foreign banks	47,078	-	-	-	-	-	-	-	47,078
Participation banks	2,962	-	-	-	-	-	-	-	2,962
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	404,559	1,951,058	84,349	-	92,154	395,142	-	2,927,262
Public sector	-	-	16	-	-	-	-	-	16
Commercial sector	-	279,842	1,876,842	80,206	-	62,084	352,777	-	2,651,751
Other institutions	-	91,844	13,177	2,918	-	378	-	-	108,317
Commercial and other institutions	-	32,873	54,417	1,225	-	29,692	-	-	118,207
Banks and participation banks	-	-	6,606	-	-	-	42,365	-	48,971
IX. Precious metal funds	521,178	-	716,420	56,168	-	36,278	-	-	1,330,044
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	7,729	-	7,729
Residents in Turkey	-	-	-	-	-	-	7,729	-	7,729
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	9,061,162	5,091,818	11,167,280	1,456,661	-	857,869	906,719	-	28,541,509

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

a. Information on funds collected (continued):

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

ii. Prior period:

	Demand	Up to 1 month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	1,909,330	-	-	-	-	-	-	-	1,909,330
II. Real persons profit sharing accounts-TL	-	2,343,300	3,926,130	583,822	-	194,654	275,644	-	7,323,550
III. Other current accounts-TL	1,580,643	-	-	-	-	-	-	-	1,580,643
Public sector	67,748	-	-	-	-	-	-	-	67,748
Commercial sector	1,486,386	-	-	-	-	-	-	-	1,486,386
Other institutions	18,950	-	-	-	-	-	-	-	18,950
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	7,559	-	-	-	-	-	-	-	7,559
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1,199	-	-	-	-	-	-	-	1,199
Foreign banks	3,201	-	-	-	-	-	-	-	3,201
Participation banks	159	-	-	-	-	-	-	-	159
Others	3,000	-	-	-	-	-	-	-	3,000
IV. Profit sharing accounts-TL	-	331,993	690,747	114,080	-	103,014	79,049	-	1,318,883
Public sector	-	134	648	41	-	15,858	6,596	-	23,277
Commercial sector	-	287,626	646,097	104,051	-	85,775	70,465	-	1,194,014
Other institutions	-	22,099	43,563	9,988	-	1,381	380	-	77,411
Commercial and other institutions	-	22,134	427	-	-	-	1,608	-	24,169
Banks and participation banks	-	-	12	-	-	-	-	-	12
V. Real persons current accounts-FC	1,438,232	-	-	-	-	-	-	-	1,438,232
VI. Real persons profit sharing accounts-FC	-	1,185,998	2,043,002	519,895	-	263,869	206,998	-	4,219,762
VII. Other current accounts-FC	1,111,935	-	-	-	-	-	-	-	1,111,935
Commercial residents in Turkey	884,542	-	-	-	-	-	-	-	884,542
Commercial residents in Abroad	38,604	-	-	-	-	-	-	-	38,604
Banks and participation banks	188,789	-	-	-	-	-	-	-	188,789
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	46,308	-	-	-	-	-	-	-	46,308
Foreign banks	142,265	-	-	-	-	-	-	-	142,265
Participation banks	216	-	-	-	-	-	-	-	216
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	307,840	708,582	77,939	-	117,813	224,396	-	1,436,570
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	187,119	610,552	47,623	-	89,629	162,261	-	1,097,184
Other institutions	-	74,757	17,089	2,391	-	348	3,079	-	97,664
Commercial and other institutions	-	43,006	78,232	27,925	-	27,836	52,207	-	229,206
Banks and participation banks	-	2,958	2,709	-	-	-	6,849	-	12,516
IX. Precious metal funds	606,865	-	1,056,799	61,744	-	39,467	-	-	1,764,875
X. Profit sharing accounts special funds - TL	-	-	-	-	-	3,209	4,729	-	7,938
Residents in Turkey	-	-	-	-	-	3,209	4,729	-	7,938
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	6,647,005	4,169,131	8,425,260	1,357,480	-	722,026	790,816	-	22,111,718

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

a. Information on funds collected (continued):

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

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

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	Prior period	Current period	Prior period
Real persons current and profit sharing accounts that are not subject to commercial activities				
TL accounts	7,127,969	5,738,367	3,849,733	3,463,278
FC accounts	3,909,316	3,321,617	6,036,886	3,973,599
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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

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

The headquarters of the Parent Bank is in Turkey.

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

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

	Current period	Prior period
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	3,400	4,174
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	100	226

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

b. Information on derivative financial liabilities held for trading:

Derivative financial liabilities held for trading:

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	25,544	22,367	12,537	2,077
Swap transactions	-	22,891	1,551	9,720
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	25,544	45,258	14,088	11,797

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	153,445	122,945	-	16,507
From Foreign Banks, Institutions and Funds	54,014	4,667,000	8,111	4,380,102
Total	207,459	4,789,945	8,111	4,396,609

2. Information on maturity structure of borrowings:

	Current period		Prior period	
	TL	FC	TL	FC
Short-term	207,459	3,560,474	8,111	3,571,161
Medium and Long-Term	-	1,229,471	-	825,448
Total	207,459	4,789,945	8,111	4,396,609

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

c. Information on funds borrowed (continued):

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

Current Period:

Type	Customer	Opening Date	Maturity Date	Currency	Rate (Year)	Principal	Cost
Syndicated	STANDARD CHARTERED BANK (ALL U.K. OFFICES) - LONDON	27/12/2013	28/12/2015	EUR	1.54%	20,000,000	627,036
Syndicated	STANDARD CHARTERED BANK (ALL U.K. OFFICES) - LONDON	27/12/2013	28/12/2015	USD	1.49%	105,000,000	3,189,277
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	31/12/2015	EUR	0.87%	10,000,000	89,609
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	29/12/2016	EUR	1.08%	30,000,000	657,291
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	29/12/2016	USD	1.25%	300,000,000	7,642,605

Prior Period:

Type	Customer	Opening Date	Maturity Date	Currency	Rate (Year)	Principal	Cost
Syndicated	STANDARD CHARTERED BANK (ALL U.K. OFFICES) - LONDON	27/12/2013	28/12/2015	EUR	1.54%	20,000,000	627,036
Syndicated	STANDARD CHARTERED BANK (ALL U.K. OFFICES) - LONDON	27/12/2013	28/12/2015	USD	1.49%	105,000,000	3,189,277
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	31/12/2015	EUR	0.87%	10,000,000	89,522
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	29/12/2016	EUR	1.08%	30,000,000	659,701
Syndicated	EMIRATES NBD BANK PJSC (HEAD OFFICE) - DUBAI	29/12/2014	29/12/2016	USD	1.26%	300,000,000	7,666,704

4. Explanations related to the concentrations of the Parent Bank's major liabilities:

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

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

d. Information on issued securities

The group has issued sukuk that the details given below. The yield rates for issued securities are 12% for Turkish Lira, 6% for USD and 6% for Malaysian Ringgit on average. The maturity range of issued securities in TRY is November 2015 – January 2016, securities in USD is October 2016 – June 2019 and securities in Ringgit is March 2020- July 2020.

Current Period	TL		FC	
	Short Term Maturity	Mid-Long Term Maturity	Short Term Maturity	Mid-Long Term Maturity
Nominal	502,134	-	-	3,133,301
Distributed Yields	22,665	-	-	866,752
Book Value	485,280	-	-	3,184,910

Prior Period	TL		FC	
	Short Term Maturity	Mid-Long Term Maturity	Short Term Maturity	Mid-Long Term Maturity
Nominal	237,000	-	-	1,971,065
Distributed Yields	5,137	-	-	424,544
Book Value	208,064	-	-	1,979,836

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

e. Information on other liabilities and miscellaneous payables:

As of 30 September 2015, other liabilities amounting to TL 577,655 (31 December 2014 - TL 373,245), sundry creditors amounting to TL 127,301 (31 December 2014 - TL 152,591), both of them do not exceed 10% of the balance sheet total.

f. Information on finance lease payables (net):

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

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

ii. Information on Financial Lease Obligations

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	638	624	345	331
More than 4 years	-	-	-	-
Total	638	624	345	331

iii. Information on Operational Leases:

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

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

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

iv. Information on sale and leaseback transactions: None (31 December 2014– None).

g. Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	-	134,700	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	-	134,700	-	-

h. Information on provisions:

1. Information on general provisions:

	Current period	Prior Period
General Provisions	310,632	240,776
I.For Loans and Receivables in Group I (Total)	221,277	188,788
Profit Sharing Accounts' Share	68,783	49,246
The Bank's Share	146,222	131,179
Other	-	-
I.Additional Provision for Loans and Receivables with Extended Maturities	6,272	8,363
Profit Sharing Accounts' Share	1,805	2,708
The Bank's Share	4,467	5,655
Other	-	-
II.Loans and Receivables in Group II (Total)	44,519	20,324
Profit Sharing Accounts' Share	1,845	546
The Bank's Share	15,159	6,134
Other	-	-
II.Additional Provision for Loans and Receivables with Extended Maturities	27,515	13,644
Profit Sharing Accounts' Share	15,689	9,350
The Bank's Share	11,826	4,294
Other	-	-
Provisions for Non Cash Loans	19,375	16,306
Other	25,461	15,358

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

h. Information on provisions (continued):

2. Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 30 September 2015, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 5,517 (31 December 2014 - TL 18,574) and TL 40,897 for leasing receivables (31 December 2014 - TL 17,290) is offset against loans and receivables.

3. Information on other provisions:

	Current Period	Prior Period
Provisions for non- liquidated non cash loans (*)	50,452	42,544
Provisions for cheque books (*)	7,140	9,181
Provisions from equity/profit sharing accounts	6,151	14,186
Credit card bonus provisions	500	347
Other(**)	5,592	890
Total	69,835	67,148

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

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

4. Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 51,278 (31 December 2014 – TL 42,212), vacation pay liability amounting to TL 1,321 (31 December 2014 – TL 430), performance premium amounting to TL 31,387 (31 December 2014 – TL 48,600), retirement bonuses on payment of TL 3,379 (31 December 2014 – TL 1,829) and committee fee amounting to TL 3,629 (31 December 2014 – TL 0).

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

The amount payable consists of one month’s salary limited to a maximum of TL 3,828 (31 December 2014 – TL 3,438) for each year of service. The liability is not funded, as there is no funding requirement.

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

	Current period	Prior period
Discount Rate (%)	3.29	3.29
Inflation rate (%)	6.5	6.5
Profit Share rate (%)	10.0	10.0

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

h. Information on provisions (continued):

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

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

	Current period	Prior period
Balance at the beginning of the period	42,212	28,959
Provisions recognized during the period	11,723	8,862
Paid during the period	(2,657)	(2,159)
Actuarial loss	-	-
Balances at the end of the period	51,278	35,662

i. Explanations on tax liability:

1. Explanations on current tax liability:

i. Information on tax provisions: As of 30 September 2015, the Bank has current tax liability after deducting temporary taxes paid during the period from the provision for corporate income tax amounting to TL 49,292.

	Current period	Prior period
Provision for corporate income tax	123,062	122,184
Prepaid taxes	(73,770)	(89,867)
Total (**)	49,292	32,317

(*) Related amount is not included amounting to TL 135 of current year adjustment for prior year provision for corporate income tax.

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

ii. Information on taxes payable (**):

	Current period	Prior period
Taxation of marketable securities	10,142	8,427
Taxation of immovable property	1,097	783
Banking Insurance Transaction Tax (BITT)	14,829	10,871
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	707	1,049
Income tax deducted from wages	6,076	5,360
Other	766	833
Total	33,617	27,323

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

iii. Information on premiums (**):

	Current period	Prior period
Social Security Premiums-Employee	3,628	3,028
Social Security Premiums-Employer	3,890	3,288
Unemployment insurance-Employee	260	217
Unemployment insurance-Employer	568	482
Total	8,346	7,015

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

j. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	608,752	-	464,592
From Other Foreign Institutions	-	-	-	-
Total	-	608,752	-	464,592

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

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current period	Prior period
Common shares	2,530,000	2,290,000
Preference shares	-	-
Repurchased shares amount (*)	(2,678)	(2,995)
Total	2,527,322	2,287,005

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

- Amount of paid-in capital, disclosure on whether the bank applies the registered share capital system, and, if so, the ceiling amount of the registered share capital: Registered capital system is not applied in the Parent Bank.
- Information on the share capital increases during the period and their sources; other information on increased capital shares in the current period:

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

- Information on share capital increases from capital reserves during the current period: None. (31 December 2014 – None)
- Possible effect of estimations made for the Group's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties:

Based on the evaluation made considering the Group's prior and current period indicators related to net profit share and commission income, it is observed that the Group continues its operations profitably.
- Summary of privileges given to shares representing the capital: None.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

k. Information on shareholders' equity (continued):

7. Information on marketable securities value increase fund:

	Current period		Prior period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	14,383	(5,005)	20,729	340
Foreign Exchange Difference	-	-	-	-
Total	14,383	(5,005)	20,729	340

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

l. Information on minority shares:

	Current Period	Prior Period
Balance at the beginning of the period	12,368	-
Minority shares in subsidiaries' net profit	(66)	(505)
Prior period dividends paid in the current period	-	-
Increase/(Decrease) in minority shares due to sale	-	12,796
Other	-	-
Balance at the end of the period	12,302	12,291

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

a. Explanations on consolidated off-balance sheet accounts:

1. Type and amount of irrevocable commitments: Commitment for credit card limits, as of 30 September 2015 is TL 705,582 (31 December 2014 – TL 575,870); payment commitments for cheque books are TL 994,768 (31 December 2014 – TL 876,101)
2. Type and amount of probable losses and obligations arising from off-balance sheet items:
 - i. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

As of 30 September 2015, the Bank has guarantees and surety ships constituting of TL 7,347,913 (31 December 2014 – TL 6,893,972) letters of guarantee; TL 60,255 (31 December 2014 – TL 59,790) acceptances and TL 1,129,197 (31 December 2014 – TL 922,530) letters of credit. Also banks has other acceptances amount of TL 653,293 (31 December 2014 – TL 355,237).

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

3. Total amount of non-cash loans:

	Current period	Prior period
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	9,213,012	8,248,712
Total	9,213,012	8,248,712

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

IV. Explanations and notes related to the consolidated income statement

a. Information on profit share income:

1. Information on profit share received from loans:

	Current period		Prior period	
	TL	FC	TL	FC
Profit share on loans	1,570,971	112,496	1,257,338	62,950
Short term loans	407,554	16,337	399,519	11,573
Medium and long term loans	1,157,988	96,159	853,512	51,377
Profit share on non-performing loans	5,429	-	4,307	-
Premiums received from resource utilization support fund	-	-	-	-

2. Information on profit share received from banks:

	Current period		Prior period	
	TL	FC	TL	FC
The Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	85	17,745	319	9,965
Branches and head office abroad	-	-	-	-
Total	85	17,745	319	9,965

3. Information on profit share income from securities portfolio:

The Parent Bank has received TL 123,109 profit share income from rent certificates (sukuk) which is given the details in available for sale financial assets information (30 September 2014: TL 91,295).

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

	Current Period	Prior Period
Profit share income received from associates and subsidiaries	3	966

b. Information on profit share expenses:

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

	Current period		Prior period	
	TL	FC	TL	FC
Banks	9,933	55,469	1,538	53,267
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	7,725	1,396	-	-
Foreign banks	2,208	54,073	1,538	53,267
Branches and head office abroad	-	-	-	-
Other Institutions	35,450	538	10,254	19,266
Total	45,383	56,007	11,792	72,533

2. Profit share expense given to associates and subsidiaries:

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	362	5,310

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

b. Information on profit share expenses (continued):

3. Profit share expense paid to securities issued:

The Group has accrued TL 146,085 for securities issued within 2015 (30 September 2014: TL 59,508).

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

Current period		Profit Sharing Accounts						Accumulate d profit sharing accounts	Total
Account Name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	Above 1 year			
TL									
Collected funds from banks through current and profit share accounts	-	1	-	-	-	-	-	1	
Real person's non-trading profit sharing Account	116,942	204,193	29,393	-	9,627	12,973	-	373,128	
Public sector profit sharing account	4	130	1	-	1,049	398	-	1,582	
Commercial sector profit sharing account	12,102	30,942	6,006	-	1,120	1,200	-	51,370	
Other institutions profit sharing account	1,846	1,564	297	-	77	21	-	3,805	
Total	130,894	236,830	35,697	-	11,873	14,592	-	429,886	
FC									
Banks	392	570	364	-	330	2,974	-	4,630	
Real person's non-trading profit sharing account	13,550	26,228	6,386	-	3,952	2,557	-	52,673	
Public sector profit sharing account	-	-	-	-	-	-	-	-	
Commercial sector profit sharing account	2,084	21,762	856	-	1,095	729	-	26,526	
Other institutions profit sharing account	1,336	748	112	-	111	56	-	2,363	
Precious metal accounts	-	4,310	292	-	205	-	-	4,807	
Total	17,362	53,618	8,010	-	5,693	6,316	-	90,999	
Grand Total	148,256	290,448	43,707	-	17,566	20,908	-	520,885	

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

c. Information on dividend income: None (30 September 2014: None).

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

	Current period	Prior period
Trading income/loss (net)	163,226	108,773
Income	10,495,263	5,214,645
Gain on capital market transactions	5,870	811
Gain on derivative financial instruments	263,347	418,087
Foreign exchange gains	10,226,046	4,795,747
Losses (-)	10,332,037	5,105,872
Losses on capital market transactions	595	327
Losses on derivative financial instruments	247,871	389,315
Foreign exchange losses	10,083,571	4,716,230

e. Information on other operating income:

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

	Current period	Prior period
Reversal of prior period provisions	93,357	75,953
Income from sale of assets	13,700	12,413
Income from checkbooks	-	71
Lease income	1,526	1,408
Other Income	8,506	9,865
Total	117,089	99,710

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

	Current period	Prior period
Specific provisions for loans and other receivables	221,107	137,337
III. group loans and receivables	23,779	26,400
IV. group loans and receivables	119,606	58,264
V. group loans and receivables	77,722	52,673
Doubtful commissions, fees and other receivables	79	6
General provision expenses	69,856	43,016
General reserves for possible loan losses expenses	-	-
Impairment provision of marketable securities	26	781
Financial Assets at fair value through profit and loss	26	781
Investment securities available for sale	-	-
Impairment provision of associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	5,164	2,578
Total	296,232	183,718

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

g. Information on other operating expenses:

	Current period	Prior period
Personnel expenses	384,150	307,568
Provision for retirement pay liability	9,066	6,508
Depreciation expenses of fixed assets	31,050	25,181
Depreciation expenses of intangible assets	16,287	12,751
Depreciation expenses of assets held for sale	514	506
Other operating expenses	182,856	143,329
Rent expenses	65,139	53,751
Maintenance expenses	13,674	9,427
Advertisement expenses	9,722	10,696
Communication expenses	20,310	12,865
Heating, electricity and water expenses	7,893	6,026
Cleaning expenses	3,609	2,799
Vehicle expenses	3,519	3,685
Stationery expenses	3,083	2,964
Other expenses	55,907	41,116
Losses on sales of assets	215	172
Deposit insurance fund expenses	40,528	31,648
Other	73,144	48,634
Total	738,350	576,297

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

Income before tax amounting TL 446,686 increased by 25.38 % as compared to the prior period (30 September 2014 – TL 356,278). Income before tax includes TL 1,092,529 (30 September 2014 – TL 819,288) net profit share income and TL 110,573 (30 September 2014 – TL 91,169) net fees and commission income. Other operating expense amount is TL 738,350 (30 September 2014 – TL 576,297).

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

At current period, deferred tax benefit of the Group is TL 27,806 (30 September 2014 – TL 14,647 deferred tax income) and current tax provision expense is TL 122,927 (30 September 2014 – TL 82,749).

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

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

k. Information on net income/loss:

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period: As of 30 September 2015, net profit share income is TL 1,092,529 (30 September 2014 – TL 819,288), net fees and commission income is TL 110,573 (30 September 2014 – TL 91,169).
- Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None (30 September 2014 – None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

As of 30 September 2015, other fees and commissions received is TL 127,415 (30 September 2014 – TL 110,340), TL 22,121 of this amount is related with credit card fees and commissions (30 September 2014 – TL 18,424) and TL 25,340 of this amount is related with POS machine commissions (30 September 2014 – TL 23,300).

As of 30 September 2015, other fees and commissions given is TL 77,137 (30 September 2014 – 74,531 TL), TL 29,030 (30 September 2014 – TL 29,352) of this amount is related with POS clearing commissions and installation expenses, TL 4,271 (30 September 2014 – TL 4,800) of this amount is related with fees and commissions paid for credit cards.

V. Explanations and notes related to consolidated cash flow statement

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

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

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

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

	Current period	Prior period
Cash	2,004,817	2,987,060
Cash in TL/foreign currency, others	756,738	703,661
Demand deposits at banks	1,248,079	2,283,399
Cash equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalents	2,004,817	2,987,060

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

	Current period	Prior period
Cash	1,897,054	1,897,054
Cash in TL/foreign currency, others	1,746,887	565,780
Demand deposits at banks (up to 3 months)	1,009,229	1,331,274
Cash equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalents	2,756,116	1,897,054

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

c. Information on other account in cash flow statement:

“Other items” amounting to TL (5,833) (30 September 2014: TL (94,011)) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid, other operating expenses except for personnel expenses and other operating incomes except for collection from non-performing loans.

“Net increase/decrease in other liabilities” amounting to TL (23,706) (30 September 2014: TL 254,970) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and taxes and other duties payables.

“Net increase/decrease in other assets” amounting to TL (91,723) (30 September 2014: TL 32,161) in “Changes in operating assets and liabilities” consist of changes in tax assets and other asset.

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

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately TL 315,254 as of 30 September 2015 (30 September 2014 – TL 13,505).

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

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

1. Current period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	5	25,640	580	13,638	79,663	283
Balance at end of period	7	132	963	45,272	126,435	16,693
Profit share and commission income	-	3	53	2	4,131	-

(*) 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	1	78	621	676	80,270	55
Balance at end of period	5	25,640	580	13,638	79,663	283
Profit share and commission income	966	-	34	-	3,617	-

(*) 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	8,382	45,170	42,633	28,882	207,428	171,137
Balance at the end of period	19,793	8,382	49,135	42,633	230,512	207,428
Profit share expense	362	5,310	1,855	1,434	5,475	3,457

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

(ii) Forward and option agreements and other similar agreements with the risk group of the Bank: None (30 September 2014 – None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

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

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

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

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans Received						
Balance at beginning of period	-	-	2,618,833	2,300,361	26,640	70,022
Balance at end of period	-	-	2,849,538	2,618,833	27,441	26,640
Profit share expense	-	-	55,116	73,590	507	145

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

b. Information on remunerations provided to top management:

Between 1 January - 30 September 2015, the Bank paid TL 15,613 to top management (1 January - 30 September 2014 – TL 12,064).

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

None (31 December 2014 – None).

SECTION SIX

OTHER EXPLANATIONS AND DISCLOSURES

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

None.

SECTION SEVEN
LIMITED REVIEW REPORT

I- Explanations on the limited review report:

The consolidated financial statements of the Bank have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' limited review report dated 11 November 2015 is presented before the accompanying consolidated financial statements.

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

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