

**KUVEYT TÜRÖ KATILIM BANKASI  
ANONİM ŐIRKETİ**

**INDEPENDENT AUDITOR'S  
REPORT,  
UNCONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE YEAR ENDED  
31 DECEMBER 2015**

*Translated into English  
from the Original Turkish Report*

**(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR’S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Kuveyt Türk Katılım Bankası A.Ş. (“the Bank”), which comprise the balance sheet as at 31 December 2015, and the statement of income, statement of income and expense items accounted under shareholders' equity, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management’s Responsibility for the Financial Statements**

The Bank Management is responsible for the preparation and fair presentation of the financial statements in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards for the matters not legislated by the aforementioned regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kuveyt Türk Katılım Bankası A.Ş. as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the BRSA Accounting and Reporting Regulations.

### **Report on Other Legal and Regulatory Requirements**

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 (“TCC”), nothing has come to our attention that may cause us to believe that the Bank’s set of accounts for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Bank’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

### **Additional paragraph for English translation:**

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

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

Müjde Şehsuvaroğlu  
Partner  
İstanbul, 4 March 2016

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

**AS OF 31 DECEMBER 2015**

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

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

- General information about the participation bank
- Unconsolidated financial statements of the participation bank
- Explanations on accounting policies
- Information on financial structure of the bank
- Footnotes and explanations on unconsolidated financial statements
- Other explanations
- Independent auditors' report

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

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:

Name-Surname: İsmail Hakkı YEŞİLYURT

Position: External Reporting Manager

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**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

**SECTION ONE**

**GENERAL INFORMATION**

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

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

**II. Shareholding structure, shareholders jointly or individually having direct or indirect, control over the management and supervision of the Bank and the disclosures on any related changes in the current period, if any and information about the Group that the Bank belongs to**

As of 31 December 2015 and 31 December 2014, 62.24% of the Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by The Public Institution For Social Security in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% 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 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 Chairman of the BOD and Head of the Audit Committee	10/10/2002	19/10/2010	Doctorate	-
Nadir ALPASLAN	Member of BOD	15/04/2011		Bachelor	-
Khaled Nasser Abdulaziz AL FOUZAN	Member of BOD	02/08/2006		Bachelor	-
Fawaz KHE AL SALEH	Member of BOD	20/10/2006		Bachelor	%0.0105
Mazin S.A.S AL NAHEDH	Member of BOD	29/09/2015		Bachelor	-
Mohamad Al-MIDANI	Member of BOD and Audit Committee	05/05/2015	15/05/2015	Master	-
Ahmed S. AL KHARJI	Member of BOD and 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 Chief Financial Officer	12/07/2006		Master	%0.0041
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003		Bachelor	-
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003		Bachelor	%0.0035
İrfan YILMAZ	Assistant General Manager, Retail Banking	27/10/2005		Bachelor	%0.0156
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 DEMİR	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 UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

**IV. Information on qualified shareholders**

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

As of 31 December 2015, the shares of parent shareholder of Bank, Kuwait Finance House (“KFH”) are 51.45% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

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

The Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Bank’s core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts, and lending such funds to its customers. As of 31 December 2015, the Bank is operating through 359 branches (31 December 2014 – 308) with 5,442 employees (31 December 2014 – 5,082). Summary of some of the Bank’s operations described in the Articles of Association are as follows:

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

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

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

None.

## **SECTION TWO**

### **THE UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
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- III. Income Statement (Statement of Income / Loss)
- IV. Statement of Profit and Loss Accounted for Under Equity  
(Statement of Other Comprehensive Income and Loss)
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- VI. Cash Flows Statement
- VII. Statement of Profit Distribution



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2015**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

	Note	Audited Current period (31.12.2015)			Audited Prior period (31.12.2014)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	<b>(I-a)</b>	<b>662,376</b>	<b>6,906,439</b>	<b>7,568,815</b>	<b>594,034</b>	<b>5,990,608</b>	<b>6,584,642</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	<b>(I-b)</b>	<b>12,302</b>	<b>76,312</b>	<b>88,614</b>	<b>39,666</b>	<b>8,249</b>	<b>47,915</b>
2.1 Held for trading financial assets		12,302	76,312	88,614	39,666	8,249	47,915
2.1.1 Public sector debt securities		100	-	100	-	-	-
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		11,995	32,613	44,608	34,867	8,249	43,116
2.1.4 Other marketable securities		207	43,699	43,906	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		-	-	-	-	-	-
<b>III. BANKS</b>	<b>(I-c,d)</b>	<b>10,341</b>	<b>3,573,153</b>	<b>3,583,494</b>	<b>34,681</b>	<b>2,632,853</b>	<b>2,667,534</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>(I-e)</b>	<b>1,578,258</b>	<b>752,109</b>	<b>2,330,367</b>	<b>1,617,489</b>	<b>586,700</b>	<b>2,204,189</b>
5.1 Equity securities		9,571	55,244	64,815	9,936	44,059	53,995
5.2 Public sector debt securities		1,560,223	347,953	1,908,176	1,583,482	289,880	1,873,362
5.3 Other marketable securities		8,464	348,912	357,376	24,071	252,761	276,832
<b>VI. LOANS AND RECEIVABLES</b>	<b>(I-f)</b>	<b>21,565,734</b>	<b>4,285,266</b>	<b>25,851,000</b>	<b>18,276,411</b>	<b>2,298,671</b>	<b>20,575,082</b>
6.1 Loans and receivables		21,441,275	4,285,266	25,726,541	18,204,434	2,298,671	20,503,105
6.1.1 Loans to risk group of the Bank		76,162	152,608	228,770	38,026	62,253	100,279
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		21,365,113	4,132,658	25,497,771	18,166,408	2,236,418	20,402,826
6.2 Non-performing loans		442,519	-	442,519	481,195	-	481,195
6.3 Specific provisions (-)		318,060	-	318,060	409,218	-	409,218
<b>VII. HELD TO MATURITY INVESTMENTS (Net)</b>	<b>(I-g)</b>	-	-	-	-	-	-
<b>VIII. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-h)</b>	-	-	-	-	-	-
8.1 Accounted for under equity method		-	-	-	-	-	-
8.2 Unconsolidated associates		-	-	-	-	-	-
8.2.1 Financial associates		-	-	-	-	-	-
8.2.2 Non-financial associates		-	-	-	-	-	-
<b>IX. INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>(I-i)</b>	<b>299,312</b>	-	<b>299,312</b>	<b>168,355</b>	-	<b>168,355</b>
9.1 Unconsolidated financial subsidiaries		276,382	-	276,382	145,675	-	145,675
9.2 Unconsolidated non-financial subsidiaries		22,930	-	22,930	22,680	-	22,680
<b>X. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)</b>	<b>(I-j)</b>	<b>15,500</b>	-	<b>15,500</b>	<b>10,500</b>	-	<b>10,500</b>
10.1 Accounted for under equity method		15,500	-	15,500	10,500	-	10,500
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial subsidiaries		-	-	-	-	-	-
10.2.2 Non-financial subsidiaries		-	-	-	-	-	-
<b>XI. FINANCE LEASE RECEIVABLES</b>	<b>(I-k)</b>	<b>947,273</b>	<b>235,587</b>	<b>1,182,860</b>	<b>592,059</b>	<b>118,527</b>	<b>710,586</b>
11.1 Finance lease receivables		1,084,062	278,938	1,363,000	678,110	125,786	803,896
11.2 Operating lease receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned income (-)		136,789	43,351	180,140	86,051	7,259	93,310
<b>XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	<b>(I-l)</b>	-	-	-	-	-	-
12.1 Fair value hedge		-	-	-	-	-	-
12.2 Cash flow hedge		-	-	-	-	-	-
12.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
<b>XIII. TANGIBLE ASSETS (Net)</b>	<b>(I-m)</b>	<b>503,954</b>	<b>95</b>	<b>504,049</b>	<b>498,002</b>	<b>984</b>	<b>498,986</b>
<b>XIV. INTANGIBLE ASSETS (Net)</b>	<b>(I-n)</b>	<b>77,966</b>	-	<b>77,966</b>	<b>67,270</b>	<b>2,995</b>	<b>70,265</b>
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		77,966	-	77,966	67,270	2,995	70,265
<b>XV. INVESTMENT PROPERTIES (Net)</b>	<b>(I-o)</b>	-	-	-	-	-	-
<b>XVI. TAX ASSET</b>	<b>(I-p)</b>	<b>107,150</b>	-	<b>107,150</b>	<b>50,016</b>	-	<b>50,016</b>
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset		107,150	-	107,150	50,016	-	50,016
<b>XVII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(I-r)</b>	<b>32,640</b>	-	<b>32,640</b>	<b>31,316</b>	-	<b>31,316</b>
17.1 Held for sale		32,640	-	32,640	31,316	-	31,316
17.2 Discontinued operations		-	-	-	-	-	-
<b>XVIII. OTHER ASSETS</b>	<b>(I-s)</b>	<b>312,330</b>	<b>98,410</b>	<b>410,740</b>	<b>281,822</b>	<b>106,967</b>	<b>388,789</b>
<b>TOTAL ASSETS</b>		<b>26,125,136</b>	<b>15,927,371</b>	<b>42,052,507</b>	<b>22,261,621</b>	<b>11,746,554</b>	<b>34,008,175</b>

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2015**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

	Note	Audited Current period (31.12.2015)			Audited Prior period (31.12.2014)		
		TL	FC	Total	TL	FC	Total
<b>I. FUND COLLECTED</b>	(II-a)	<b>14,536,125</b>	<b>13,586,541</b>	<b>28,122,666</b>	<b>12,147,275</b>	<b>9,997,339</b>	<b>22,144,614</b>
1.1 Funds from risk group of the Bank		105,516	379,359	484,875	137,594	336,766	474,360
1.2 Other		14,430,609	13,207,182	27,637,791	12,009,681	9,660,573	21,670,254
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(II-b)	<b>9,962</b>	<b>61,561</b>	<b>71,523</b>	<b>14,088</b>	<b>11,797</b>	<b>25,885</b>
<b>III. FUNDS BORROWED</b>	(II-c)	<b>684,076</b>	<b>6,827,603</b>	<b>7,511,679</b>	<b>248,480</b>	<b>6,055,418</b>	<b>6,303,898</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>711,542</b>	-	<b>711,542</b>	<b>708,743</b>	-	<b>708,743</b>
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
<b>VI. SUNDRY CREDITORS</b>	(II-d)	<b>108,349</b>	<b>10,629</b>	<b>118,978</b>	<b>121,921</b>	<b>22,213</b>	<b>144,134</b>
<b>VII. OTHER LIABILITIES</b>	(II-d)	<b>424,538</b>	<b>30,070</b>	<b>454,608</b>	<b>415,747</b>	<b>23,321</b>	<b>439,068</b>
<b>VIII. FINANCE LEASE PAYABLES</b>	(II-e)	-	<b>401,990</b>	<b>401,990</b>	-	<b>321,358</b>	<b>321,358</b>
8.1 Finance lease payables		-	468,302	468,302	-	374,240	374,240
8.2 Operating lease payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred finance lease expenses (-)		-	66,312	66,312	-	52,882	52,882
<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(II-f)	-	<b>98,650</b>	<b>98,650</b>	-	-	-
9.1 Fair value hedge		-	-	-	-	-	-
9.2 Cash flow hedge		-	98,650	98,650	-	-	-
9.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>X. PROVISIONS</b>	(II-g)	<b>427,561</b>	<b>104,614</b>	<b>532,175</b>	<b>337,196</b>	<b>63,502</b>	<b>400,698</b>
10.1 General loan loss provisions		261,944	72,174	334,118	200,563	40,213	240,776
10.2 Restructuring provisions		-	-	-	-	-	-
10.3 Reserve for employee benefits		106,354	86	106,440	92,738	36	92,774
10.4 Insurance technical reserves (net)		-	-	-	-	-	-
10.5 Other provisions		59,263	32,354	91,617	43,895	23,253	67,148
<b>XI. TAX LIABILITY</b>	(II-h)	<b>36,472</b>	-	<b>36,472</b>	<b>32,315</b>	-	<b>32,315</b>
11.1 Current tax liability		36,472	-	36,472	32,315	-	32,315
11.2 Deferred tax liability		-	-	-	-	-	-
<b>PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(II-i)	-	-	-	-	-	-
12.1 Held for sale		-	-	-	-	-	-
12.2 Discontinued operations		-	-	-	-	-	-
<b>XIII. SUBORDINATED LOANS</b>	(II-j)	-	<b>589,734</b>	<b>589,734</b>	-	<b>464,592</b>	<b>464,592</b>
<b>XIV. SHAREHOLDERS' EQUITY</b>	(II-k)	<b>3,406,321</b>	<b>(3,831)</b>	<b>3,402,490</b>	<b>3,022,530</b>	<b>340</b>	<b>3,022,870</b>
14.1 Paid-in capital		2,527,322	-	2,527,322	2,287,005	-	2,287,005
14.2 Capital reserves		4,258	(3,831)	427	26,542	340	26,882
14.2.1 Share premium		22,933	-	22,933	23,250	-	23,250
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities revaluation reserve		9,225	(3,831)	5,394	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)		(12,984)	-	(12,984)	-	-	-
14.2.9 Value increase on assets held for resale		-	-	-	-	-	-
14.2.10 Other capital reserves		(14,916)	-	(14,916)	(17,437)	-	(17,437)
14.3 Profit reserves		430,060	-	430,060	338,533	-	338,533
14.3.1 Legal reserves		100,287	-	100,287	77,869	-	77,869
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		241,553	-	241,553	208,951	-	208,951
14.3.4 Other profit reserves		88,220	-	88,220	51,713	-	51,713
14.4 Profit or loss		444,681	-	444,681	370,450	-	370,450
14.4.1 Prior period income/(losses)		-	-	-	-	-	-
14.4.2 Current period income/(losses)		444,681	-	444,681	370,450	-	370,450
14.5 Minority shares	(II-l)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>20,344,946</b>	<b>21,707,561</b>	<b>42,052,507</b>	<b>17,048,295</b>	<b>16,959,880</b>	<b>34,008,175</b>

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**STATEMENT OF UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AND**  
**CONTINGENCIES AS OF 31 DECEMBER 2015**

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

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

	Note	Audited Current period (31.12.2015)			Audited Prior period (31.12.2014)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>33,843,259</b>	<b>16,528,787</b>	<b>50,372,046</b>	<b>38,792,853</b>	<b>10,469,111</b>	<b>49,261,964</b>
<b>I. GUARANTEES</b>	<b>(III-a)</b>	<b>4,637,394</b>	<b>4,318,928</b>	<b>8,956,322</b>	<b>4,271,750</b>	<b>3,943,299</b>	<b>8,215,049</b>
1.1 Letters of guarantees		4,607,569	2,732,091	7,339,660	4,253,808	2,613,265	6,867,073
1.1.1 Guarantees subject to state tender law		153,636	273	153,909	106,391	2,329	108,720
1.1.2 Guarantees given for foreign trade operations		569,151	276,734	845,885	983,511	364,016	1,347,527
1.1.3 Other letters of guarantee		3,884,782	2,455,084	6,339,866	3,163,906	2,246,920	5,410,826
1.2 Bank loans		7,656	76,452	84,108	4,033	55,757	59,790
1.2.1 Import letter of acceptances		7,656	76,452	84,108	4,033	55,757	59,790
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letter of credits		177	1,029,087	1,029,264	1,220	914,546	915,766
1.3.1 Documentary letter of credits		78	315,930	316,008	227	357,189	357,416
1.3.2 Other letter of credits		99	713,157	713,256	993	557,357	558,350
1.4 Pre-financing given as guarantee		-	21,290	21,290	-	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		21,992	460,008	482,000	12,689	342,548	355,237
1.7 Other collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>(III-a)</b>	<b>27,214,987</b>	<b>481,365</b>	<b>27,696,352</b>	<b>31,156,909</b>	<b>752,846</b>	<b>31,909,755</b>
2.1 Irrevocable commitments		2,311,549	481,365	2,792,914	1,846,773	752,846	2,599,619
2.1.1 Forward asset purchase commitments		231,210	481,365	712,575	272,742	752,846	1,025,588
2.1.2 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.3 Loan granting commitments		304,107	-	304,107	104,813	-	104,813
2.1.4 Securities underwriting commitments		-	-	-	-	-	-
2.1.5 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6 Payment commitment for checks		1,018,655	-	1,018,655	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		739,721	-	739,721	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		24,903,438	-	24,903,438	29,310,136	-	29,310,136
2.2.1 Revocable loan granting commitments		24,903,438	-	24,903,438	29,310,136	-	29,310,136
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-b)</b>	<b>1,990,878</b>	<b>11,728,494</b>	<b>13,719,372</b>	<b>3,364,194</b>	<b>5,772,966</b>	<b>9,137,160</b>
3.1 Derivative financial instruments for hedging purposes		-	1,172,816	1,172,816	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	1,172,816	1,172,816	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		1,990,878	10,555,678	12,546,556	3,364,194	5,772,966	9,137,160
3.2.1 Forward foreign currency buy/sell transactions		1,139,111	2,030,563	3,169,674	1,459,700	1,928,195	3,387,895
3.2.1.1 Forward foreign currency transactions-buy		550,697	1,043,355	1,594,052	677,105	1,027,528	1,704,633
3.2.1.2 Forward foreign currency transactions-sell		588,414	987,208	1,575,622	782,595	900,667	1,683,262
3.2.2 Other forward buy/sell transactions		851,767	8,525,115	9,376,882	1,904,494	3,844,771	5,749,265
3.3 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>168,473,267</b>	<b>89,309,104</b>	<b>257,782,371</b>	<b>129,010,642</b>	<b>73,881,498</b>	<b>202,892,140</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5,545,140</b>	<b>1,330,898</b>	<b>6,876,038</b>	<b>4,547,108</b>	<b>1,069,432</b>	<b>5,616,540</b>
4.1 Assets under management		1	-	1	-	-	-
4.2 Investment securities held in custody		-	-	-	-	-	-
4.3 Checks received for collection		4,698,688	482,005	5,180,693	3,902,750	433,156	4,335,906
4.4 Commercial notes received for collection		846,451	105,406	951,857	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		-	743,487	743,487	-	540,459	540,459
<b>V. PLEDGED ITEMS</b>		<b>162,916,488</b>	<b>87,944,184</b>	<b>250,860,672</b>	<b>124,451,895</b>	<b>72,784,734</b>	<b>197,236,629</b>
5.1 Marketable securities		351,154	53,770	404,924	287,604	22,609	310,213
5.2 Guarantee notes		101,988	1,174,760	1,276,748	102,015	938,496	1,040,511
5.3 Commodity		3,362,451	538,357	3,900,808	2,784,623	241,539	3,026,162
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		71,286,808	618,846	71,905,654	56,170,230	531,266	56,701,496
5.6 Other pledged items		87,814,087	85,558,451	173,372,538	65,107,423	71,050,824	136,158,247
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>11,639</b>	<b>34,022</b>	<b>45,661</b>	<b>11,639</b>	<b>27,332</b>	<b>38,971</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>202,316,526</b>	<b>105,837,891</b>	<b>308,154,417</b>	<b>167,803,495</b>	<b>84,350,609</b>	<b>252,154,104</b>

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED**  
**31 DECEMBER 2015**

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

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

		Current Period Audited 01.01 - 31.12.2015	Prior Period Audited 01.01 - 31.12.2014
		Note	
<b>I.</b>	<b>PROFIT SHARE INCOME</b>		
		<b>2,564,838</b>	<b>2,018,781</b>
1.1	Profit share on loans	2,284,353	1,817,072
1.2	Profit share on reserve deposits	9,234	275
1.3	Profit share on banks	8,436	4,645
1.4	Profit share on money market placements	-	-
1.5	Profit share on marketable securities portfolio	163,165	129,765
1.5.1	Held-for-trading financial assets	-	-
1.5.2	Financial assets at fair value through profit and loss	316	-
1.5.3	Available-for-sale financial assets	162,849	129,765
1.5.4	Investments held-to-maturity	-	-
1.6	Finance lease income	78,646	45,668
1.7	Other profit share income	21,004	21,356
<b>II.</b>	<b>PROFIT SHARE EXPENSE</b>	<b>1,096,026</b>	<b>877,547</b>
2.1	Expense on profit sharing accounts	709,415	636,519
2.2	Profit share expense on funds borrowed	311,574	190,035
2.3	Profit share expense on money market borrowings	51,895	33,277
2.4	Expense on securities issued	-	-
2.5	Other profit share expense	23,142	17,716
<b>III.</b>	<b>NET PROFIT SHARE INCOME (I - II)</b>	<b>1,468,812</b>	<b>1,141,234</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>	<b>152,584</b>	<b>193,895</b>
4.1	Fees and commissions received	259,587	231,294
4.1.1	Non-cash loans	82,053	74,754
4.1.2	Other	177,534	156,540
4.2	Fees and commissions paid	107,003	97,399
4.2.1	Non-cash loans	200	169
4.2.2	Other	106,803	97,230
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	<b>178,108</b>	<b>147,655</b>
6.1	Capital market transaction gains / (losses)	6,263	66
6.2	Gains/ (losses) from derivative financial instruments	42,448	27,697
6.3	Foreign exchange gains / (losses)	129,397	119,892
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>190,095</b>	<b>146,916</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>	<b>1,989,599</b>	<b>1,569,700</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>428,736</b>	<b>273,856</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>1,007,387</b>	<b>833,105</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>	<b>553,476</b>	<b>462,739</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>	<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>GAIN / (LOSS) ON EQUITY METHOD</b>	<b>-</b>	<b>-</b>
<b>XIV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	<b>553,476</b>	<b>462,739</b>
<b>XVI.</b>	<b>TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>	<b>(108,795)</b>	<b>(92,289)</b>
16.1	Current income tax charge	(159,394)	(114,822)
16.2	Deferred tax charge / benefit	50,599	22,533
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>444,681</b>	<b>370,450</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>
18.1	Income on assets held for sale	-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (joint vent.)	-	-
18.3	Income on other discontinued operations	-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>	<b>-</b>	<b>-</b>
19.1	Loss from assets held for sale	-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (joint vent.)	-	-
19.3	Loss from other discontinued operations	-	-
<b>XX.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>	<b>-</b>	<b>-</b>
21.1	Current income tax charge	-	-
21.2	Deferred tax charge / benefit	-	-
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	<b>444,681</b>	<b>370,450</b>
23.1	Group's income/loss	444,681	370,450
23.2	Minority interest income/loss (-)	-	-

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**STATEMENTS OF UNCONSOLIDATED PROFIT AND LOSS ACCOUNTED FOR UNDER**  
**EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

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

		Audited Current Period 01.01-31.12.2015	Audited Prior Period 01.01-31.12.2014
<b>I.</b>	Additions to marketable securities revaluation differences from available for sale financial assets	(19,594)	23,805
<b>II.</b>	Tangible assets revaluation differences	-	-
<b>III.</b>	Intangible assets revaluation differences	-	-
<b>IV.</b>	Currency translation differences for foreign currency transactions	-	-
<b>V.</b>	Profit/loss from derivative financial instruments for cash flow hedge purposes (effective portion of fair value differences)	(16,230)	-
<b>VI.</b>	Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
<b>VII.</b>	The effect of corrections of errors and changes in accounting policies	-	-
<b>VIII.</b>	Other profit loss items accounted under equity as per Turkish accounting standards	3,151	(6,452)
<b>IX.</b>	Deferred tax on valuation differences	6,535	(3,470)
<b>X.</b>	Total net profit/loss accounted under equity (I+II+...+IX)	(26,138)	13,883
<b>XI.</b>	Profit/loss	444,681	370,450
XI.1	Change in fair value of marketable securities (transfer to profit/loss)	(3,966)	-
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	448,647	370,450
<b>XII.</b>	Total profit/loss accounted for the period (X±XI)	418,543	384,333

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

# KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

## STATEMENT OF UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015

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

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

Audited	Note	Paid-in capital	Effect of inflation accounting on paid-in capital and other capital reserves	Share Premium	Share certificate cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Hedging reserves	Asset held for sale and disc.op. valuation fund	Total excluding minority interest	Minority interest	Total equity
<b>Prior Period – (01.01-31.12.2014)</b>																			
I.	Balances at beginning of the period	1,700,000	-	23,250	-	60,800	-	203,396	12,235	-	300,343	2,025	-	-	-	-	2,302,049	-	2,302,049
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the period (I+II)	1,700,000	-	23,250	-	60,800	-	203,396	12,235	-	300,343	2,025	-	-	-	-	2,302,049	-	2,302,049
<b>Changes during the period</b>																			
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities revaluation differences	-	-	-	-	-	-	-	-	-	-	19,044	-	-	-	-	19,044	-	19,044
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes related to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes related to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	590,000	-	-	-	-	-	-	-	-	(230,000)	-	-	-	-	-	360,000	-	360,000
14.1	Cash	360,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,000	-	360,000
14.2	Internal sources	230,000	-	-	-	-	-	-	-	-	(230,000)	-	-	-	-	-	-	-	-
XV.	Share issue premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other(*)	(2,995)	-	-	-	-	-	-	(5,161)	-	-	-	-	-	-	-	(8,156)	-	(8,156)
XIX.	Net income/(loss) for the period	-	-	-	-	-	-	-	370,450	-	-	-	-	-	-	-	370,450	-	370,450
XX.	Profit distribution(**)	-	-	-	-	17,069	-	5,555	27,202	-	(70,343)	-	-	-	-	-	(20,517)	-	(20,517)
20.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(20,517)	-	-	-	-	-	(20,517)	-	(20,517)
20.2	Transfers to reserves	-	-	-	-	17,069	-	5,555	27,202	-	(49,826)	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period</b>																			
<b>(III+IV+V+.....+XVIII+XIX+XX)</b>		<b>(II-k)</b>	<b>2,287,005</b>	<b>-</b>	<b>23,250</b>	<b>-</b>	<b>77,869</b>	<b>-</b>	<b>208,951</b>	<b>34,276</b>	<b>370,450</b>	<b>-</b>	<b>21,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,022,870</b>	<b>-</b>	<b>3,022,870</b>

(\*)With the decision taken in the Ordinary General Assembly Meeting held on 27 March 2014, after the deduction of financial obligations from the net profit of the year 2013, the remaining net profit for the period amounting to TL 300,343 are classified as; extraordinary reserves amounting to TL 5,555, legal reserves amounting to TL 17,069 including first legal reserves amounting to TL 15,017 and II. legal reserves amounting to TL 2,052; dividends paid to shareholders and members of the Board of Directors amounting to TL 20,517 and other reserves amounting to TL 27,202. Net profit amounting to TL 230,000 is subjected to capital increase.

(\*\*) 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; amount of TL 5,161 represents actuarial loss and tax effect of retirement payments.

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

# KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

## STATEMENT OF UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015

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

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

Audited	Note	Paid-in capital	Effect of inflation accounting on paid-in capital and other capital reserves	Share Premium	Share certificate cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserve	Other reserve	Current period net income / (loss)	Prior period net income / (loss)	Marketable securities revaluation reserve	Tangible and intangible assets revaluation fund	Bonus shares from investments	Hedging reserves	Asset held for sale and disc-op. valuation fund	Total excluding minority interest	Minority interest	Total equity	
<b>Current Period – (01.01-31.12.2015)</b>																				
I.	Balances at beginning of the period	2,287,005	-	23,250	-	77,869	-	208,951	34,276	-	370,450	21,069	-	-	-	-	3,022,870	-	3,022,870	
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted balances at beginning of the period (I-II)	2,287,005	-	23,250	-	77,869	-	208,951	34,276	-	370,450	21,069	-	-	-	-	3,022,870	-	3,022,870	
<b>Changes during the period</b>																				
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Marketable securities revaluation differences	-	-	-	-	-	-	-	-	-	-	(15,675)	-	-	-	-	(15,675)	-	(15,675)	
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,984)	-	(12,984)	-	(12,984)	
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,984)	-	(12,984)	-	(12,984)	
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Changes related to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Changes related to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Capital increase	240,000	-	-	-	-	-	-	(127)	-	(239,873)	-	-	-	-	-	-	-	-	
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.2	Internal sources	240,000	-	-	-	-	-	-	(127)	-	(239,873)	-	-	-	-	-	-	-	-	
XV.	Share issue premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.	Other(**)	317	-	(317)	-	-	-	-	2,521	-	-	-	-	-	-	-	-	2,521	2,521	
XIX.	Net income/(loss) for the period	-	-	-	-	-	-	-	-	444,681	-	-	-	-	-	-	-	444,681	444,681	
XX.	Profit distribution	-	-	-	-	22,418	-	32,602	36,634	-	(130,577)	-	-	-	-	-	(38,923)	-	(38,923)	
20.1	Dividends distributed	-	-	-	-	-	-	36	-	-	(38,959)	-	-	-	-	-	(38,923)	-	(38,923)	
20.2	Transfers to reserves	-	-	-	-	22,418	-	32,566	36,634	-	(91,618)	-	-	-	-	-	-	-	-	
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Balances at end of the period</b>																				
(III-IV+V+.....+XVIII+XIX+XX)		(II-k)	2,527,322	-	22,933	-	100,287	-	241,553	73,304	444,681	-	5,394	-	-	(12,984)	-	3,402,490	-	3,402,490

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

(\*\*) Amounting to TL 2,521 represents actuarial loss on reverse for employee benefits, net off its tax effect.

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**CASH FLOWS STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2015**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VI. STATEMENT OF CASH FLOWS**

		Audited	Audited
		Current period	Prior period
		01.01.2015 –	01.01.2014 –
		31.12.2015	31.12.2014
	Note		
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,099,659</b>	<b>578,393</b>
1.1.1	Profit share income received	2,452,888	1,907,941
1.1.2	Profit share expense paid	(1,079,785)	(883,107)
1.1.3	Dividend received	-	-
1.1.4	Fees and commissions received	259,493	232,532
1.1.5	Other income	596,962	232,700
1.1.6	Collections from previously written off loans	19,525	27,600
1.1.7	Payments to personnel and service suppliers	(729,066)	(612,949)
1.1.8	Taxes paid	(192,328)	(131,114)
1.1.9	Others	(228,030)	(195,210)
<b>1.2</b>	<b>Changes in operating assets and liabilities</b>	<b>2,136,498</b>	<b>(1,098,381)</b>
1.2.1	Net (increase) decrease held for trading financial assets	(39,207)	2,218
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	791,331	(3,636,150)
1.2.4	Net (increase) decrease in loans	(5,963,806)	(4,761,905)
1.2.5	Net (increase) decrease in other assets	(12,583)	(49,278)
1.2.6	Net increase (decrease) in bank deposits	10,825	417,862
1.2.7	Net increase (decrease) in other deposits	5,954,855	4,703,052
1.2.8	Net increase (decrease) in funds borrowed	1,203,913	1,651,025
1.2.9	Net increase (decrease) in due payables	-	-
1.2.10	Net increase (decrease) in other liabilities	191,170	574,795
<b>I.</b>	<b>Net cash provided from / (used in) banking operations</b>	<b>3,236,157</b>	<b>(519,988)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net cash provided from / (used in) investing activities</b>	<b>(384,287)</b>	<b>(1,004,041)</b>
2.1	Cash paid for purchase jointly controlled operations, associates and subsidiaries	(135,957)	(50,101)
2.2	Cash obtained from sale of jointly controlled operations, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(98,253)	(244,072)
2.4	Fixed assets sales	12,101	159,932
2.5	Cash paid for purchase of financial assets available for sale	(1,151,486)	(1,220,738)
2.6	Cash obtained from sale of financial assets available for sale	1,017,089	382,822
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Other	(27,781)	(31,884)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net cash provided from / (used in) financing activities</b>	<b>(39,123)</b>	<b>335,502</b>
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Capital increase	-	357,005
3.4	Dividends paid	(38,923)	(20,517)
3.5	Payments for finance leases	(200)	(986)
3.6	Other	-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(121,283)</b>	<b>17,067</b>
<b>V.</b>	<b>Net increase (decrease) in cash and cash equivalents (I + II + III + IV)</b>	<b>2,691,464</b>	<b>(1,171,460)</b>
<b>VI.</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,995,829</b>	<b>3,167,289</b>
<b>VII.</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>4,687,293</b>	<b>1,995,829</b>

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



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2015**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	Current Period 01.01- 31.12.2015(*)	Prior Period 01.01-31.12.2014
<b>I. Distribution of current year profit</b>		
1.1. Current period profit	553,476	462,739
1.2. Taxes and legal duties payable (-)	108,795	92,289
1.2.1. Corporate tax (income tax)	159,394	114,822
1.2.2. Withholding tax	-	-
1.2.3. Other taxes and duties (**)	(50,599)	(22,533)
<b>A. Net profit for the period (1.1-1.2) (Not V-I-17-c)</b>	<b>444,681</b>	<b>370,450</b>
1.3. Accumulated losses (-)	-	-
1.4. First legal reserves (-)	-	18,522
1.5. Other statutory reserves (-)	-	-
<b>B. Net profit available for distribution [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>351,928</b>
1.6. First dividend to shareholders (-)	-	36,000
1.6.1. To owners of ordinary shares	-	36,000
1.6.2. To owners of privileged shares	-	-
1.6.3. To owners of redeemed shares	-	-
1.6.4. To profit sharing bonds	-	-
1.6.5. To holders of profit and loss sharing certificates	-	-
1.7. Dividends to personnel(-)	-	-
1.8. Dividends to board of directors (-)	-	2,959
1.9. Second dividend to shareholders (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of privileged shares	-	-
1.9.3. To owners of redeemed shares	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To holders of profit and loss sharing certificates	-	-
1.10. Second legal reserves (-)	-	3,896
1.11. Status reserves (-)	-	-
1.12. Extra ordinary reserves(***)	-	272,566
1.13. Other reserves	-	36,507
1.14. Special funds	-	-
<b>II. Distribution of reserves</b>		
2.1. Appropriated reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Dividends to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of privileged shares	-	-
2.3.3. To owners of redeemed shares	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To holders of profit and loss sharing certificates	-	-
2.4. Dividends to personnel (-)	-	-
2.5. Dividends to board of directors (-)	-	-
<b>III. Earnings per share</b>		
3.1. To owners of ordinary shares	-	0.150
3.2. To owners of ordinary shares (%)	-	15.039
3.3. To owners of privileged shares	-	-
3.4. To owners of privileged shares (%)	-	-
<b>IV. Dividend per share</b>		
4.1. To owners of ordinary shares	-	0.015
4.2. To owners of ordinary shares (%)	-	1.461
4.3. To owners of privileged shares	-	-
4.4. To owners of privileged shares (%)	-	-

(\*) The profit distribution of the Bank is decided at the General Assembly meeting which is not yet held as of the date of the preparation of these financial statements.

(\*\*) Deferred tax benefit is presented under other tax and legal liabilities. Deferred tax benefit can not be included in the distributable profit, thus it is classified under extraordinary reserves.

(\*\*\*) TL 239,873 of related amount is transferred to paid-in capital within capital increase scope.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

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

**I. Explanations on basis of presentation**

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

The Bank prepares its financial statements in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulation” which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

**b. Classifications**

None.

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

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

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

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

Until 31 December 2004, the financial statements of the Bank were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”). BRSA explained with its decision numbered 1623 and dated 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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 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 Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank's exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank's equity. The assets-liabilities committee (ALCO) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

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

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

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

**III. Investments in associates and subsidiaries**

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

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

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

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

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

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

The Bank enters into interest rate and cross currency swap transactions in order to hedge the change in fair values 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.

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

The Bank enters into profit share rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under hedging reserves in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognised in shareholders' equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

The Bank 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.

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

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

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

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

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

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

**VII. Explanations on financial assets**

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

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

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

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

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

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

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

**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. When these securities are disposed of, the related fair value differences accumulated in the shareholders’ equity are transferred to 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 Bank does not have any held to maturity financial assets as of the balance sheet date.

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

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

**i) Loans and receivables:**

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

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

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

ii) Financial assets held to maturity:

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

iii) Financial assets available for sale:

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

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

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

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

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

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

As of 31 December 2015, the Bank has repurchasing agreements amounting to TL 711,542 (31 December 2014 – TL 708,743).

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

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

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

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

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

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

There is no goodwill related to associates and subsidiaries.

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**XIII. Explanations on tangible assets**

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

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

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

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

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

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

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

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

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

**XIV. Explanations on leasing transactions**

*Bank as a lessee*

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

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

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

*Bank as a lessor*

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



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

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

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

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

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

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

**a) Defined benefit plans:**

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

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

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

**b) Defined contribution plans:**

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

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

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

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

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**XVII. Explanations on taxation**

***Current tax***

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

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

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

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

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

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

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

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

***Deferred tax***

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

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

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

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

*Borrowing through the rent certificates (Sukuk)*

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

In accordance with the letter received from BRSA, numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and dated 13 March 2012 this transaction is accounted for as “sale and lease back” transaction in accordance with TAS 17. As a consequence of this accounting treatment, the net book value of the real estate property transferred and leased back increased from TL 61,195 to TL 248,734. The difference of TL 187,539 between the net book value of TL 61,195 before the aforementioned transaction and the net book value of TL 248,734 after the aforementioned transaction will be recognized as income in 5 years using the effective interest method and accounted for as deferred income under other liabilities. In current period, TL 48,312 (31 December 2014 – TL 36,507) of the aforementioned deferred income is recognized as income in the income statement. The difference accounted as tangible assets mentioned above, will be recognized as expense by accounting under “other expenses” in the income statement during the period of lease.

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

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

**XIX. Explanations on share certificates issued**

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

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

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

**XXI. Explanations on government grants**

There are no government grants received by the Bank.

**XXII. Explanations on segment reporting**

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

Segment reporting is disclosed in Section Four, Note XI.

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**XXIII. Explanations on other matters**

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

**XXIV. Additional paragraph for convenience translation**

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

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**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE**

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

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the “Regulation”)”, “Communiqué on Credit Risk Mitigation Techniques” and “Communiqué on Calculation of Risk Weighted Amounts for Securitizations” published in the Official Gazette No: 29211 dated 6 September 2014 and the “Communiqué on Equities of Banks” published in the Official Gazette No: 26333 dated 1 November 2006.

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

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

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

Based on the Communiqué concerning “Measurement and Assessment of Capital Adequacy of Banks”, the capital adequacy ratio of the Bank is 14.23% (31 December 2014: 15.09%).

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

**Information for capital adequacy standard ratio:**

Current Period (*)	Risk Weights							
	0%	10%	50%	75%	100%	150%	200%	250%
<b>Value at Credit Risk</b>	-	923,896	4,820,212	2,741,554	14,720,661	193,373	209,390	-
<b>Exposure Categories</b>	<b>8,183,508</b>	<b>4,619,478</b>	<b>9,640,423</b>	<b>3,655,406</b>	<b>14,720,661</b>	<b>128,915</b>	<b>104,695</b>	<b>-</b>
Conditional and unconditional receivables from central governments or central banks	5,583,711	-	8	-	-	-	-	-
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	-	4,592,939	571,185	-	155,063	203	-	-
Conditional and unconditional receivables from corporates	249,352	-	-	-	11,624,560	-	-	-
Conditional and unconditional retail receivables	90,251	-	-	3,655,406	1,911	-	-	-
Conditional and unconditional receivables secured by mortgages	26,979	-	9,060,240	-	1,579,873	-	-	-
Past due receivables	10	-	8,990	-	62,931	-	-	-
Receivables defined in high risk category by BRSA	104	-	-	-	-	128,712	104,695	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	2,233,101	26,539	-	-	1,296,323	-	-	-

(\*)1250% risk weight is not presented in the tables above, since the Group does not perform securitization

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

(\*)1250% risk weight is not presented in the tables above, since the Group does not perform securitization

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Capital Requirement for Credit Risk (Amount Subject to Credit Risk *0.08) (CRCR)	1,888,727	1,596,410
Capital Requirement for Market Risk (MRCR)	60,431	61,290
Capital Requirement for Operational Risk (ORCR)	184,640	147,418
Shareholders' Equity	3,796,691	3,404,564
<b>Shareholders' Equity / ((TRWA + ASMR + ASOR) *12.5 *100)</b>	<b>14.23</b>	<b>15.09</b>
<b>Core Capital /((TRWA+ASMR+ASOR) *12.5)*100</b>	<b>11.89</b>	<b>12.68</b>
<b>Tier I Capital/((TRWA+ASMR+ASOR) *12.5)*100</b>	<b>12.30</b>	<b>13.10</b>

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

**Components of shareholders' equity:**

	<b>Current Period</b>
<b>TIER 1 CAPITAL</b>	<b>3,281,829</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	2,527,322
Share Premium	22,933
Share Cancellation Profits	-
Reserves	341,840
Other Comprehensive Income According to TAS	97,445
Profit	444,681
Current Period Profit	444,681
Prior Period Profit	-
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
<b>Tier 1 Capital Before Deductions</b>	<b>3,434,221</b>
<b>Deductions from Tier 1 Capital</b>	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	31,731
Leasehold Improvements on Operational Leases (-)	46,615
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	28,797
Net Deferred Tax Asset/Liability (-)	45,249
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
<b>Total Deductions from Tier I Capital</b>	<b>152,392</b>
<b>Total Tier 1 Capital</b>	<b>3,281,829</b>
<b>ADDITIONAL CORE CAPITAL</b>	
Preferred Stock not included in Tier 1 Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
<b>Additional Core Capital before Deductions</b>	<b>-</b>
<b>Deductions from Additional Core Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
<b>Total Deductions from Additional Core Capital</b>	<b>-</b>
<b>Total Additional Core Capital</b>	<b>-</b>
<b>Deductions from Core Capital</b>	<b>111,070</b>
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	46,780
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 (-)	64,290
<b>Total Core Capital</b>	<b>3,170,759</b>

(\*)The valuation of retirement pay liability amounting TL 17,437 is including actuarial loss amount in the current period.



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

**Components of shareholders' equity: (continued)**

	<b>Current Period</b>
<b>TIER II CAPITAL</b>	<b>659,168</b>
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	417,402
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	241,766
<b>Tier II Capital Before Deductions</b>	<b>659,168</b>
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>659,168</b>
<b>CAPITAL</b>	<b>3,829,927</b>
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	4,334
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 (-)	28,902
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where The Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
<b>EQUITY</b>	<b>3,796,691</b>
<b>Amounts lower than Excesses as per Deduction Rules</b>	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-

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

**Components of shareholders' equity: (continued)**

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

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

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

**Approaches for assessment of adequacy of internal capital requirements for current and future activities**

Internal evaluation process is established for continuously evaluating and maintaining the types, components and distribution of the adequate level of capital in order to provide for various risks exposed to or to be exposed to. The final purpose of the evaluation process of the internal capital requirement, is to define and evaluate all the risks included or not in the calculations of the legal capital requirements, within the frame of the activities of the bank, and to provide the availability of adequate capital in order to cover for these risks and the application of the risk management techniques. The results obtained in this evaluation process by taking into consideration, the Bank's growth strategy, assets-liabilities structure, funding sources, liquidity position, foreign currency position, the effects of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Bank's risk profile and risk appetite.

Within this scope, capital structure is reviewed as based on the frame of the activities and risks exposed to, and the internal capital requirement, probable to occur within the direction of targets and strategies of the Bank is evaluated. This evaluation includes interest rate risk, concentration risk, liquidation risk, reputation risk, residual risk, country risk and strategic risk arising of the banking books as well as market, credit and operational risks. Capital requirement internal evaluation is evaluated to be a developing process and the development areas for the future period are determined and plans are prepared.

**II. Explanations on Credit Risk**

Credit risk means the risks and damages to arise as a result of partial or complete non-fulfillment of the obligations timely by non-compliance of the counter party with the requirements of the agreement concluded with the Bank.

With regards to the credit risk, the debtor or the group of debtors is subjected to risk limitation. The upper limit of the rate of the credits granted to the companies in one sector to the total credits is determined annually by the Board of Directors and is updated as required.

The credit risk which the Bank is subjected to outside of Turkey is followed up by the Board of Directors within the frame of the determined limits on the basis of countries and regions. Within this scope, the total risk which the Bank had taken in the foreign country or region, the total of the credit risk taken by the banks residing abroad and/or their branches in Turkey, the total risks of the credits generated to the people residing abroad or with foreign nationality, the risk total taken over the corporate customers and/or banks to which the partners residing in Turkey but of which the principal shareholder or shareholders reside in another country, had given guarantee and in required cases, the risk total taken by the Bank in Turkey should be followed up.

The risks and limits arising of the treasury transactions and customer based commercial transactions are followed up daily. Moreover, the control of the limits allocated as based on the degrees of the correspondent banks and the maximum risk that the Bank can take within its equities are also performed daily. The risk limits relevant to the transactions performed daily are determined and the risk intensity relevant to off the balance sheet transactions are being followed up.

As provided for in the Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans, the credit worthiness of the debtors of the loans and the other receivables are followed up at regular intervals, in case of early determination of a probable repayment problem, the credit limits are redefined and additional guarantees are taken and this way the prevention of the bank's loss is aimed. The account statement documents for the loan generations are taken as defined in the legislation. The guarantees are taken within the frame of the relevant legislation, by consideration of the quality of the credit and the financial structure of the company and as based on the allocation decision taken by the credit committee.

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**II. Explanations on Credit Risk (Continued)**

The loans which do not meet the delay term required for classification as Third Group loans defined in the Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans, are qualified as "past due" loans; all the loans and receivables classified in the third, fourth and fifth groups indicated in the same Regulation are accepted to be "impaired loans".

The positions in the form of futures, options agreements and similar agreements are not held. Indemnified non-cash loans are subject to the same risk weight with the overdue loans in compliance with the Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans. The re-scheduled and re-structured loans are followed up in compliance with the methods determined in the relevant legislation.

Foreign trade financing and inter-banks loan transactions are performed by a wide network of correspondents and the country risks, limits, correspondent risks and limits are regularly evaluated within this scope. There is no important credit risk concentration when evaluated together with the financial activities of the other financial institutes.

The Bank's largest 100 and 200 cash loan customers represent 22% and 29% of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers represent 44% and 53% of the total non-cash loan portfolio, respectively.

The Bank's largest 100 and 200 cash and non-cash loan customers represent 28% and 35% of the total cash and non-cash loan portfolio, respectively.

The general provision for credit risk amounts to TL 334,118 (31 December 2014: TL 240,776).

<b>Exposure Categories (Current Period)</b>	<b>Period end Risk Amount(*)</b>	<b>Average Risk Amount(**)</b>
Conditional and unconditional exposures to central governments or central banks	5,583,719	5,227,570
Conditional and unconditional exposures to regional governments or local authorities	-	-
Conditional and unconditional exposures to administrative bodies and noncommercial undertakings	-	-
Conditional and unconditional exposures to multilateral development banks	-	-
Conditional and unconditional exposures to international organizations	-	-
Conditional and unconditional exposures to banks and brokerage houses	5,319,390	3,722,023
Conditional and unconditional exposures to corporates	11,873,912	10,700,172
Conditional and unconditional retail exposures	3,747,568	3,701,252
Conditional and unconditional exposures secured by real estate property	10,667,092	10,611,895
Past due items	71,931	68,270
Items in regulatory high-risk categories	233,511	230,667
Exposures in the form of bonds secured by mortgages	-	-
Securitization positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	-	-
Other items	3,555,963	3,643,791
<b>Total</b>	<b>41,053,086</b>	<b>37,905,641</b>

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

(\*\*) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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**II. Explanations on Credit Risk (Continued)**

<b>Exposure Categories (Prior Period)</b>	<b>Period end Risk Amount(*)</b>	<b>Average Risk Amount(**)</b>
Conditional and unconditional exposures to central governments or central banks	4,582,032	3,926,431
Conditional and unconditional exposures to regional governments or local authorities	-	-
Conditional and unconditional exposures to administrative bodies and noncommercial undertakings	-	-
Conditional and unconditional exposures to multilateral development banks	-	-
Conditional and unconditional exposures to international organizations	-	-
Conditional and unconditional exposures to banks and brokerage houses	3,625,259	3,359,872
Conditional and unconditional exposures to corporates	9,087,842	8,700,815
Conditional and unconditional retail exposures	3,814,864	3,569,352
Conditional and unconditional exposures secured by real estate property	9,223,468	7,763,296
Past due items	31,677	44,707
Items in regulatory high-risk categories	195,574	142,908
Exposures in the form of bonds secured by mortgages	-	-
Securitization positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	-	-
Other items	3,258,951	2,644,606
<b>Total</b>	<b>33,819,667</b>	<b>30,151,988</b>

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

(\*\*) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared starting from the date( 6 September 2014) of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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**II. Explanations on Credit Risk (Continued)**

**Profile of significant exposures in major regions:**

<b>Current Period (*)</b>	<b>Conditional and unconditional exposures to central governments or central banks</b>	<b>Conditional and unconditional exposures to banks and brokerage houses</b>	<b>Conditional and unconditional exposures to corporates</b>	<b>Conditional and unconditional retail exposures</b>	<b>Conditional and unconditional exposures secured by real estate property</b>	<b>Past due items</b>	<b>Items in regulatory high-risk categories</b>	<b>Other</b>	<b>Total</b>
Domestic	5,583,719	1,839,724	11,657,449	3,731,554	10,600,110	71,931	233,511	-	33,717,999
European Union (EU)									
Countries	-	1,420,697	22,400	3,294	11,439	-	-	-	1,457,830
OECD Countries(**)	-	540,571	-	459	4,650	-	-	-	545,680
Off-Shore Banking Regions	-	73,398	74,365	2,467	2,898	-	-	-	153,128
USA, Canada	-	646,719	-	504	2,726	-	-	-	649,949
Other Countries	-	798,281	119,698	9,289	45,269	-	-	-	972,537
Associates, Subsidiaries and									
Joint –Ventures	-	-	-	-	-	-	-	299,312	299,312
Unallocated									
Assets/Liabilities(***)	-	-	-	-	-	-	-	3,256,651	3,256,651
<b>Total</b>	<b>5,583,719</b>	<b>5,319,390</b>	<b>11,873,912</b>	<b>3,747,567</b>	<b>10,667,092</b>	<b>71,931</b>	<b>233,511</b>	<b>3,555,963</b>	<b>41,053,086</b>

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

(\*\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*\*) Includes assets and liability items that can not be allocated on a consistent basis.

<b>Prior Period (*)</b>	<b>Conditional and unconditional exposures to central governments or central banks</b>	<b>Conditional and unconditional exposures to banks and brokerage houses</b>	<b>Conditional and unconditional exposures to corporates</b>	<b>Conditional and unconditional retail exposures</b>	<b>Conditional and unconditional exposures secured by real estate property</b>	<b>Past due items</b>	<b>Items in regulatory high-risk categories</b>	<b>Other</b>	<b>Total</b>
Domestic	4,582,032	1,924,237	8,942,350	3,800,118	9,127,168	31,675	195,574	-	28,603,154
European Union (EU)									
Countries	-	460,649	23,364	1,638	9,274	1	-	-	494,926
OECD Countries(**)	-	122,460	-	345	2,585	-	-	-	125,390
Off-Shore Banking Regions	-	143,017	55,167	2,907	6,701	-	-	-	207,792
USA, Canada	-	382,564	-	100	418	-	-	-	383,082
Other Countries	-	592,332	66,961	9,756	77,322	1	-	-	746,372
Associates, Subsidiaries and									
Joint –Ventures	-	-	-	-	-	-	-	168,355	168,355
Unallocated	-	-	-	-	-	-	-	3,090,596	3,090,596
Assets/Liabilities(***)									
<b>Total</b>	<b>4,582,032</b>	<b>3,625,259</b>	<b>9,087,842</b>	<b>3,814,864</b>	<b>9,223,468</b>	<b>31,677</b>	<b>195,574</b>	<b>3,258,951</b>	<b>33,819,667</b>

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

(\*\*) Includes OECD countries other than EU countries, USA and Canada.

(\*\*\*) Includes assets and liability items that can not be allocated on a consistent basis.

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**II. Explanations on Credit Risk (Continued)**

**Risk profile by sectors or counterparties**

Current Period(*)	Conditional and unconditional receivables from central governments or central banks	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	Conditional and unconditional receivables from Corporates	Conditional and unconditional receivables from retail receivables	Conditional and unconditional receivables secured by Mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total	
<b>Agriculture</b>	-	-	-	-	-	-	<b>163,156</b>	<b>59,929</b>	<b>83,186</b>	<b>1,105</b>	<b>752</b>	-	-	-	-	-	<b>241,067</b>	<b>67,061</b>	<b>308,128</b>	
Farming and Stockbreeding	-	-	-	-	-	-	95,367	28,890	28,078	604	8	-	-	-	-	-	105,159	47,788	152,947	
Forestry	-	-	-	-	-	-	57,913	29,227	48,637	501	631	-	-	-	-	-	117,824	19,085	136,909	
Fishery	-	-	-	-	-	-	9,876	1,812	6,471	-	113	-	-	-	-	-	18,084	188	18,272	
<b>Manufacturing</b>	-	-	-	-	-	-	<b>4,565,303</b>	<b>739,792</b>	<b>1,628,640</b>	<b>11,550</b>	<b>9,808</b>	-	-	-	-	-	<b>6,244,404</b>	<b>710,689</b>	<b>6,955,093</b>	
Mining and Quarrying	-	-	-	-	-	-	685,113	134,966	227,699	2,043	1,978	-	-	-	-	-	898,944	152,855	1,051,799	
Production	-	-	-	-	-	-	2,694,470	564,640	1,345,270	9,157	7,795	-	-	-	-	-	4,187,951	433,381	4,621,332	
Electricity, Gas and Water	-	-	-	-	-	-	1,185,720	40,186	55,671	350	35	-	-	-	-	-	1,157,509	124,453	1,281,962	
<b>Construction</b>	-	-	-	-	-	-	<b>2,509,989</b>	<b>548,594</b>	<b>2,051,488</b>	<b>21,538</b>	<b>(4,400)</b>	-	-	-	-	-	<b>4,647,207</b>	<b>480,002</b>	<b>5,127,209</b>	
<b>Services</b>	<b>5,583,719</b>	-	-	-	-	-	<b>5,319,390</b>	<b>3,989,798</b>	<b>1,267,931</b>	<b>2,713,481</b>	<b>28,147</b>	<b>16,190</b>	-	-	-	-	<b>7,775,898</b>	<b>11,142,759</b>	<b>18,918,656</b>	
Wholesale and Retail Trade	-	-	-	-	-	-	2,311,621	830,720	1,749,812	17,208	10,641	-	-	-	-	-	4,466,247	453,755	4,920,002	
Accommodation and Dining	-	-	-	-	-	-	75,400	40,595	147,345	264	449	-	-	-	-	-	232,415	31,638	264,053	
Transportation and Telecom.	-	-	-	-	-	-	825,255	213,161	251,186	6,288	3,604	-	-	-	-	-	1,197,235	102,259	1,299,494	
Financial Institutions	5,583,719	-	-	-	-	-	5,319,390	54,490	2,256	28,233	-	-	-	-	-	-	586,481	10,401,607	10,988,088	
Real Estate and Rental																				
Services	-	-	-	-	-	-	320,008	28,068	278,134	2,679	273	-	-	-	-	-	558,275	70,887	629,162	
Professional Services	-	-	-	-	-	-	62	452	343	-	-	-	-	-	-	-	839	18	857	
Educational Services	-	-	-	-	-	-	71,113	12,944	67,073	92	171	-	-	-	-	-	148,423	2,970	151,393	
Health and Social Services	-	-	-	-	-	-	331,849	139,735	191,355	1,616	1,052	-	-	-	-	-	585,983	79,625	665,607	
<b>Others</b>	-	-	-	-	-	-	<b>645,666</b>	<b>1,131,322</b>	<b>4,190,297</b>	<b>9,591</b>	<b>211,161</b>	-	-	-	-	-	<b>3,555,963</b>	<b>7,349,460</b>	<b>2,394,540</b>	<b>9,744,001</b>
<b>Total</b>	<b>5,583,719</b>	-	-	-	-	-	<b>5,319,390</b>	<b>11,873,912</b>	<b>3,747,568</b>	<b>10,667,092</b>	<b>71,931</b>	<b>233,511</b>	-	-	-	-	<b>3,555,963</b>	<b>26,258,037</b>	<b>14,795,050</b>	<b>41,053,086</b>

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



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**II. Explanations on Credit Risk (Continued)**

**Risk profile by sectors or counterparties**

Prior Period(*)	Conditional and unconditional receivables from central governments	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 bank	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from Corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by Mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total	
<b>Agriculture</b>	-	-	-	-	-	<b>150,263</b>	<b>75,434</b>	<b>75,572</b>	<b>523</b>	<b>210</b>	-	-	-	-	-	-	245,113	56,889	<b>302,002</b>	
Farming and Stockbreeding	-	-	-	-	-	115,285	38,877	37,247	283	95	-	-	-	-	-	-	159,213	32,574	191,787	
Forestry	-	-	-	-	-	28,367	34,893	30,881	211	85	-	-	-	-	-	-	75,429	19,008	94,437	
Fishery	-	-	-	-	-	6,611	1,664	7,444	29	30	-	-	-	-	-	-	10,471	5,307	15,778	
<b>Manufacturing</b>	-	-	-	-	-	<b>3,355,113</b>	<b>775,414</b>	<b>1,549,900</b>	<b>6,292</b>	<b>3,439</b>	-	-	-	-	-	-	<b>2,603,094</b>	<b>3,087,064</b>	<b>5,690,158</b>	
Mining and Quarrying	-	-	-	-	-	527,150	134,156	246,538	1,752	502	-	-	-	-	-	-	453,393	456,705	910,098	
Production	-	-	-	-	-	2,056,882	606,602	1,274,065	4,330	2,540	-	-	-	-	-	-	1,926,522	2,017,897	3,944,419	
Electricity, Gas and Water	-	-	-	-	-	771,081	34,656	29,297	210	397	-	-	-	-	-	-	223,179	612,462	835,641	
<b>Construction</b>	-	-	-	-	-	<b>2,014,279</b>	<b>526,946</b>	<b>1,737,136</b>	<b>4,955</b>	<b>2,094</b>	-	-	-	-	-	-	<b>2,588,525</b>	<b>1,696,885</b>	<b>4,285,410</b>	
<b>Services</b>	<b>4,582,032</b>	-	-	-	-	<b>3,625,259</b>	<b>2,906,968</b>	<b>1,346,444</b>	<b>2,354,537</b>	<b>15,110</b>	<b>10,041</b>	-	-	-	-	-	<b>4,084,832</b>	<b>10,755,559</b>	<b>14,840,391</b>	
Wholesale and Retail Trade	-	-	-	-	-	1,624,719	866,143	1,562,134	12,684	6,260	-	-	-	-	-	-	2,315,706	1,756,234	4,071,940	
Accommodation and Dining	-	-	-	-	-	53,063	38,208	131,339	51	401	-	-	-	-	-	-	121,421	101,641	223,062	
Transportation and Telecom.	-	-	-	-	-	679,831	252,451	264,335	1,372	2,513	-	-	-	-	-	-	571,987	628,515	1,200,502	
Financial Institutions	4,582,032	-	-	-	-	3,625,259	31,004	3,339	20,783	-	-	-	-	-	-	-	<b>523,270</b>	<b>7,739,147</b>	<b>8,262,417</b>	
Real Estate and Rental																				
Services	-	-	-	-	-	240,794	31,180	162,289	96	84	-	-	-	-	-	-	85,836	348,607	434,443	
Professional Services	-	-	-	-	-	66	353	638	-	2	-	-	-	-	-	-	937	122	1,059	
Educational Services	-	-	-	-	-	48,390	13,050	34,384	225	46	-	-	-	-	-	-	67,919	28,176	96,095	
Health and Social Services	-	-	-	-	-	229,101	141,720	178,635	682	735	-	-	-	-	-	-	397,756	153,117	550,873	
<b>Others</b>	-	-	-	-	-	<b>661,219</b>	<b>1,090,626</b>	<b>3,506,323</b>	<b>4,797</b>	<b>179,790</b>	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>4,582,032</b>	-	-	-	-	<b>3,625,259</b>	<b>9,087,842</b>	<b>3,814,864</b>	<b>9,223,468</b>	<b>31,677</b>	<b>195,574</b>	-	-	-	-	-	<b>3,258,951</b>	<b>15,742,247</b>	<b>18,077,419</b>	<b>33,819,667</b>

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

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**II. Explanations on Credit Risk (Continued)**

**Analysis of maturity-bearing exposures according to remaining maturities:**

Exposure Categories (*)– Current Period	Term to Maturity				
	1 month	1–3 months	3–6 months	6–12 months	Over 1 year
Conditional and unconditional exposures to central governments or central banks	-	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,656,109	10,676	7,051	58	62,003
Conditional and unconditional exposures to corporates	2,594,417	799,666	1,176,863	1,914,405	5,309,618
Conditional and unconditional retail exposures	309,999	276,831	459,285	680,940	1,749,110
Conditional and unconditional exposures secured by real estate property	290,258	375,670	656,172	1,334,167	8,010,825
Past due items					
Items in regulatory high-risk categories	11,879	841	1,721	2,076	216,994
Items in regulatory high-risk categories					
Securitization positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings					
Other items	63,483	-	7,455	-	-
<b>Total</b>	<b>4,926,145</b>	<b>1,463,684</b>	<b>2,308,547</b>	<b>3,931,646</b>	<b>15,348,549</b>

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

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**II. Explanations on Credit Risk (Continued)**

**Analysis of maturity-bearing exposures according to remaining maturities: (continued)**

Exposure Categories (*) Prior Period	Term to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Conditional and unconditional exposures to central governments or central banks	-	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	632,442	229,701	-	156	95,426
Conditional and unconditional exposures to corporates	2,023,442	919,545	1,022,809	1,630,005	3,410,998
Conditional and unconditional retail exposures	342,292	354,146	467,336	723,749	1,685,665
Conditional and unconditional exposures secured by real estate property	276,196	360,747	660,652	1,211,441	6,714,432
Past due items					
Items in regulatory high-risk categories	10,231	1,547	1,816	2,195	179,785
Items in regulatory high-risk categories					
Securitization positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings					
Other items	-	-	-	-	-
<b>Total</b>	<b>3,284,603</b>	<b>1,865,686</b>	<b>2,152,613</b>	<b>3,567,546</b>	<b>12,086,306</b>

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

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**II. Explanations on Credit Risk (Continued)**

**Exposure Categories**

In compliance with the 7th article of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, determination of the risk weights in calculation of the risk weighted sums is performed based on the credit ratings provided by the rating companies.

The ratings of an international credit rating institution are used for Banks and Corporate Receivables and being limited to the receivables in which the counter party resides abroad. The receivables from the banks are examined under two different receivables class based on the remaining term. If the remaining term is 3 months or less, these are classified as "Short Term Receivables from Banks and Brokerage house" (BKV) and if more than 3 months, as "Receivables from Banks and Brokerage house" (BA). The banks and institutions residing in the country are evaluated without rating.

The ratings provided by the international rating institution are used in determination of class of risk weighted asset. The ratings of the credit rating institution are used for Banks and Corporate Receivables class, being limited to the receivables, in which the counter party resides abroad.

"Credit Quality Levels" corresponding to the ratings of the credit rating institution are given in the following table.

Credit Quality Grade	Fitch Risk Rating	Exposure Categories			
		Exposures from Banks and Brokerage Houses			
		Exposures to Central Governments or Central Banks	Exposures with Remaining Maturities Less Than 3 Months	Exposures with Remaining Maturities More Than 3 Months	Exposures to Corporates
1	AAA AA+ AA AA-	%0	%20	%20	%20
2	A+ A A-	%20	%20	%50	%50
3	BBB+ BBB BBB-	%50	%20	%50	%100
4	BB+ BB BB-	%100	%50	%100	%100
5	B+ B B-	%100	%50	%100	%150
6	CCC+ CCC CCC- CC C D	%150	%150	%150	%150
Unrated	Unrated	%100	%20 (*)	%50 (*)	%100

(\*) This is used under the condition of not being less than the implemented one in the centralized management of the Bank's located country.

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**II. Explanations on Credit Risk (Continued)**

**Exposures by risk weights:**

<b>Current Period</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>	<b>Deductions from</b>
<b>Risk Weights</b>										<b>Equity</b>
Exposures before										
Credit Risk										
Mitigation	7,816,812	-	4,619,478	9,640,423	3,745,657	14,997,001	129,019	104,695	-	33,236
Exposures after										
Credit Risk										
Mitigation	8,183,508	-	4,619,478	9,640,423	3,655,406	14,720,661	128,915	104,695	-	33,236
<b>Prior Period</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>	<b>Deductions from</b>
<b>Risk Weights</b>										<b>Equity</b>
Exposures before										
Credit Risk										
Mitigation	6,672,330	-	1,541,567	9,468,178	3,810,121	12,131,895	86,449	105,099	4,026	19,385
Exposures after										
Credit Risk										
Mitigation	7,129,750	-	1,541,567	9,468,175	3,686,958	11,797,797	86,295	105,099	4,026	19,385

**Information by major sectors and type of counterparties**

Impaired Loans; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, “specific provisions” are allocated as per the Provisioning Regulation.

Past Due Loans; are the credits that overdue up to 90 days but not impaired. For such credits, “general provisions” are allocated as per the Provisioning Regulation.

<b>Current Period</b>	<b>Credits</b>		<b>Provisions</b>	
	<b>Impaired Credits</b>	<b>Past due Credits</b>	<b>Value Adjustments (*)</b>	<b>Provisions</b>
<b>Agriculture</b>	<b>6,600</b>	<b>5,595</b>	<b>239</b>	<b>5,166</b>
Farming and Stockbreeding	2,942	2,269	90	2,067
Forestry	3,096	2,238	101	2,567
Fishery	562	1,088	48	532
<b>Manufacturing</b>	<b>98,473</b>	<b>255,518</b>	<b>10,558</b>	<b>75,743</b>
Mining and Quarrying	12,073	47,454	2,159	9,212
Production	86,085	198,159	8,004	66,437
Electricity, Gas and Water	315	9,905	395	94
<b>Construction</b>	<b>66,057</b>	<b>346,333</b>	<b>13,421</b>	<b>49,253</b>
<b>Services</b>	<b>150,694</b>	<b>421,770</b>	<b>16,898</b>	<b>100,763</b>
Wholesale and Retail Trade	114,725	297,211	12,799	79,192
Accommodation and Dining	3,208	16,451	581	2,240
Transportation and				
Telecommunication	18,316	64,514	2,005	10,197
Financial Institutions	-	2,007	53	-
Real Estate and Rental Services.	2,360	14,114	585	902
Professional Services	-	-	-	-
Educational Services	101	243	9	49
Health and Social Services	11,984	27,230	866	8,183
<b>Others</b>	<b>120,695</b>	<b>189,335</b>	<b>4,526</b>	<b>87,135</b>
<b>Total</b>	<b>442,519</b>	<b>1,218,551</b>	<b>45,642</b>	<b>318,060</b>

(\*) The general provision amount is presented for past due loans.

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**II. Explanations on Credit Risk (Continued)**

**Information by major sectors and type of counterparties (continued)**

Prior Period	Credits		Provisions	
	Impaired Credits	Past due Credits	Value Adjustments (*)	Provisions
<b>Agriculture</b>	<b>5,737</b>	<b>4,006</b>	<b>137</b>	<b>4,722</b>
Farming and Stockbreeding	2,444	949	32	1,913
Forestry	2,888	3,029	104	2,475
Fishery	405	28	1	334
<b>Manufacturing</b>	<b>107,238</b>	<b>119,078</b>	<b>4,560</b>	<b>93,959</b>
Mining and Quarrying	27,414	35,805	1,423	24,327
Production	70,796	80,401	3,029	61,428
Electricity, Gas and Water	9,028	2,872	108	8,204
<b>Construction</b>	<b>141,315</b>	<b>181,739</b>	<b>7,847</b>	<b>131,659</b>
<b>Services</b>	<b>166,666</b>	<b>157,359</b>	<b>5,355</b>	<b>131,528</b>
Wholesale and Retail Trade	118,244	74,545	2,885	91,687
Accommodation and Dining	4,166	7,678	264	3,531
Transportation and				
Telecommunication	32,686	59,618	1,810	27,313
Financial Institutions	8	-	-	8
Real Estate and Rental Services.	1,629	2,206	56	1,399
Professional Services	4	44	1	2
Educational Services	865	1,059	22	475
Health and Social Services	9,064	12,209	317	7,113
<b>Others</b>	<b>60,239</b>	<b>137,736</b>	<b>3,026</b>	<b>47,350</b>
<b>Total</b>	<b>481,195</b>	<b>599,918</b>	<b>20,925</b>	<b>409,218</b>

(\*) The general provision amount is presented for past due loans.

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**II. Explanations on Credit Risk (Continued)**

**Movements in value adjustments and provisions**

<b>Current Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments(*)</b>	<b>Closing Balance</b>
Specific Provisions	409,218	325,274	(83,247)	(333,185)	318,060
General Provisions	240,776	93,342	-	-	334,118

<b>Prior Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments(*)</b>	<b>Closing Balance</b>
Specific Provisions	336,183	206,098	(84,700)	(48,363)	409,218
General Provisions	174,251	66,525	-	-	240,776

(\*) Represents written-off loans.

**Information of Cash and Noncash Loans according to Bank Risk Rating System**

The bank calculates the probability of delinquency and internal rating notes for the portfolio of Corporate/Commercial/SME loans based on statistical methods in Turkish Commercial Code. Ratings are shown the table below as of 31 December 2015.

	<b>Cash Loans</b>	<b>Non-Cash Loans</b>	<b>Total</b>
High Quality	31%	64%	39%
Medium Quality	22%	13%	20%
Average	17%	10%	15%
Below Average	3%	1%	3%
Unrated	27%	12%	23%

**III. Explanations on market risk**

The Bank has established market risk operations and has taken the necessary precautions in order to manage market risk within its financial risk management purposes under "Risk Management Systems" in accordance with BRSA Regulation on "Banks' Internal Systems" published in the Official Gazette No. 29057 dated 11 July 2014.

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

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

The capital which should be kept against general market risk and 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 31 December 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. 29111 on 6 September 2014.

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**III. Explanations on market risk (continued)**

As of 31 December 2015, market risk calculation details which is calculated according to “Value-At-Market Risk“ principles is presented as below;

**a. Information related to market risk:**

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	35,114	16,873
(II) Capital Obligation against Specific Risk - Standard Method	15,304	29,728
Capital Requirement against Specific Risks of Securitization Positions– Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	2,484	7,345
(IV) Capital Obligation against Commodity Risk - Standard Method	4,151	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	3,378	2,332
(VIII) Total Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
<b>(IX) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI+VII)</b>	<b>60,431</b>	<b>61,290</b>
<b>(X) Value-At-Market Risk (12.5 x VIII) or (12.5 x IX)</b>	<b>755,386</b>	<b>766,125</b>

**b. Monthly average values at market risk**

	Current Period		
	Average	Highest	Lowest
Interest Rate Risk	44,686	61,155	27,205
Equity-Shares Position Risk	785	1,862	34
Currency Position Risk	7,717	17,288	2,484
Commodity Risk	4,406	5,600	2,834
Clearing Risk	-	-	-
Option Market Risk	-	-	-
Counterparty Credit Risk	2,807	4,071	1,248
<b>Total Value at Risk</b>	<b>60,401</b>	<b>89,976</b>	<b>33,805</b>

	Prior Period		
	Average	Highest	Lowest
Interest Rate Risk	25,911	45,833	14,097
Equity-Shares Position Risk	789	1,596	540
Currency Position Risk	8,402	11,218	4,984
Commodity Risk	4,649	5,452	4,063
Clearing Risk	-	-	-
Option Market Risk	-	-	-
Counterparty Credit Risk	1,701	2,332	1,462
<b>Total Value at Risk</b>	<b>41,452</b>	<b>66,431</b>	<b>25,146</b>



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**III. Explanations on market risk (continued)**

**Quantitative information on counterparty risk**

In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the exposure amount. The replacement costs are calculated valuing the contracts at their fair values and the potential credit risks are calculated multiplying the contract amounts with the credit conversion factors set in the appendix of the regulation.

	<b>Current Period</b>	<b>Prior Period</b>
Interest-Rate Contracts	-	-
Foreign-Exchange-Rate Contracts	86,306	44,127
Commodity Contracts	3,635	5,103
Equity-Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Values	895	862
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collaterals Received	-	-
<b>Net Derivative Position</b>	<b>90,836</b>	<b>50,092</b>

**Explanation on Operational Risk**

"Basic Indicator Method" is used in operational risk calculation of the Bank. The sum that is the basis for the operational risk is calculated by the use of the gross revenues of the Bank for the last 3 years, 2014, 2013 and 2012 in compliance with "Third Section "Calculation of the Operational Risk" of The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks published in the Official Gazette numbered 29111 and dated 6 September 2014. The annual gross revenue is calculated by addition of the net fees and commission revenues, dividend income obtained other than subsidiaries and affiliates, the trading gain/loss(net) and other operating income to the net profit share income and by deduction of the gain/loss from the sale of the assets accounted other than the trading book, extraordinary income, the operational expenses for the support services taken from the main shareholder of the bank, subsidiary of the bank or subsidiary of the shareholder of the bank performing the calculation or the institutions which are subject to the relevant Regulation or the equivalent arrangements and the operational expenses for the support service taken from a bank and the amounts compensated from insurance. TL 184,640 corresponding to the 8% of TL 2,307,997 used in the calculation of the operational risk within the scope of "Capital adequacy standard rate" indicated in the disclosure I of this section, represents the operational risk which might be exposed to. TL 184,640 also defines the minimum capital sum which is required in order to eliminate the mentioned risk.

<b>Current Period</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>Total/ No. of Years</b>	<b>Rate</b>	<b>Total</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>of Positive Gross</b>	<b>(%)</b>	
Gross Income	967,469	1,210,155	1,515,171	1,230,932	15	184,640
Value at Operational Risk (Total*12.5)						2,307,997

<b>Prior Period</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>Total/ No. of</b>	<b>Rate</b>	<b>Total</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Years of Positive</b>	<b>(%)</b>	
				<b>Gross</b>		
Gross Income	770,741	967,469	1,210,155	982,789	15	147,418
Value at Operational Risk (Total*12.5)						1,842,725

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**IV. Explanations on currency risk**

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

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

As of 31 December 2015, the Bank carries a net foreign currency long position of TL 52,807 (31 December 2014 – TL 48,876 long position) comprising TL 952,092 balance sheet long position (31 December 2014 - TL 670,491 long position) and TL 899,285 off balance sheet short position (31 December 2014 - TL 621,615 short position).

The announced current foreign exchange buying rates of the Bank as of 31 December 2015 and the previous five working days are as follows (full TL):

	24/12/2015	25/12/2015	28/12/2015	29/12/2015	30/12/2015	Balance sheet evaluation rate
<b>USD</b>	2.9262	2.9187	2.9123	2.9157	2.9084	<b>2.9076</b>
<b>EURO</b>	3.1969	3.1968	3.1904	3.2006	3.1921	<b>3.1776</b>
<b>GBP</b>	4.3425	4.3414	4.3439	4.3417	4.3141	<b>4.3007</b>
<b>CHF</b>	2.9495	2.9510	2.9425	2.9445	2.9368	<b>2.9278</b>
<b>JPY</b>	0.0241	0.0242	0.0242	0.0241	0.0241	<b>0.0241</b>

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

	Monthly average FC purchase rate
<b>USD</b>	<b>2.9154</b>
<b>EUR</b>	<b>3.1658</b>
<b>GBP</b>	<b>4.3640</b>
<b>CHF</b>	<b>2.9168</b>
<b>JPY</b>	<b>0.0239</b>

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

**Currency risk of the Bank:**

	EURO	USD	Other FC	Total
<b>Current period</b>				
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey (****)	1,041,190	4,302,700	1,562,549	6,906,439
Banks	1,480,385	1,849,088	243,680	3,573,153
Financial assets at fair value through profit and loss	-	43,699	-	43,699
Money market placements	-	-	-	-
Available-for-sale financial assets (**)	-	752,823	-	752,823
Loans and finance lease receivables (*)	2,878,243	7,842,295	154,011	10,874,549
Subsidiaries, associates and joint ventures (**)	-	221,109	-	221,109
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	95	-	95
Intangible assets	-	-	-	-
Other assets	13,059	80,611	3,397	97,067
<b>Total assets</b>	<b>5,412,877</b>	<b>15,092,420</b>	<b>1,963,637</b>	<b>22,468,934</b>
<b>Liabilities</b>				
Current account and funds collected from Banks via participation accounts	27,668	290,937	100,632	419,237
Current and profit sharing accounts FC (****)	2,661,035	9,140,123	1,366,146	13,167,304
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	165,498	7,062,933	590,896	7,819,327
Marketable securities issued	-	-	-	-
Miscellaneous payables	1,537	6,072	3,020	10,629
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities(*****)	17,923	65,541	16,881	100,345
<b>Total liabilities</b>	<b>2,873,661</b>	<b>16,565,606</b>	<b>2,077,575</b>	<b>21,516,842</b>
Net balance sheet position	2,539,216	(1,473,186)	(113,938)	952,092
Net off-balance sheet position	(2,626,021)	1,630,857	95,879	(899,285)
Financial derivative assets	433,025	4,183,696	1,038,566	5,655,287
Financial derivative liabilities	3,059,046	2,552,839	942,687	6,554,572
Non-cash loans (***)	1,391,637	2,607,319	319,972	4,318,928
<b>Prior period</b>				
Total assets	2,748,823	12,097,355	2,755,954	17,602,132
Total liabilities	2,582,429	12,316,888	2,032,324	16,931,641
Net balance sheet position	166,394	(219,533)	723,630	670,491
Net off-balance sheet position	(150,334)	257,303	(728,584)	(621,615)
Financial derivative assets	384,078	2,376,794	191,227	2,952,099
Financial derivative liabilities	534,412	2,119,491	919,811	3,573,714
Non-cash loans (***)	1,157,680	2,375,346	410,273	3,943,299

(\*) Includes foreign currency indexed loans amounting to TL 6,353,696 (31 December 2014 – TL 5,767,979) followed as TL on the balance sheet.

(\*\*) Includes TL 714 (31 December 2014 – TL 714) of foreign currency denominated available for sale financial assets, which are followed in Turkish Lira as TL 2,330,367 on the balance sheet and TL 221,109 (31 December 2014 – TL 95,402) of foreign currency denominated subsidiaries, which are followed in Turkish Lira as TL 299,312 on the balance sheet.

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

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

(\*\*\*\*\*) Other liabilities amount includes general provision for FX Indexed Loans in amount of TL 30,490. Company share of general provision for loans amount of TL 64,747 and provision for impairment of securities that fair value difference are translated into profit/loss amount of TL 82 are not included in currency risk.

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

- Derivative financial assets held for trading TL 32,613 (31 December 2014 – TL 8,249)
- Prepaid expenses : TL 1,343 (31 December 2014 – 268)
- Derivative financial liabilities held for trading : TL 61,561 (31 December 2014 – TL 11,797)
- Marketable securities of FC revaluation reserve: TL (3,831) (31 December 2014 - TL 340)
- Derivative financial liabilities for hedging purposes TL 98,650 (31 December 2014 – TL 0)

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

- Forward foreign currency purchase transactions TL 257,398 (31 December 2014 - TL 346,189)
- Forward foreign currency sale transactions: TL 223,967 (31 December 2014 - TL 408,657)
- Future purchase transactions: TL 340,409 (31 December 2014 - TL 163,918)
- Future sale transactions: TL 832,407 (31 December 2014 – TL 726,732)

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**IV. Explanation on currency risk (continued)**

**Currency risk sensitivity:**

The bank is mainly exposed to foreign currency risk in EURO, USD and GOLD.

The following table shows the bank's sensitivity to 10% change both USD, EURO and GOLD exchange rate.

	% changes on foreign currency	Effects on profit/loss			Effects on equity	
		Current period	Prior period	Current period	Prior period	
USD	10%	15,767	3,777	15,384	3,811	
EURO	10%	(8,681)	1,606	(8,681)	1,606	
GOLD	10%	33,967	(340)	33,967	(340)	

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

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

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

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

Current Period Equity Securities (shares)	Carrying Value	Comparison	
		Fair Value	Market Value
1 <b>Securities Available-for-Sale (*)</b>	<b>64,815</b>	-	-
Quoted Securities	-	-	-
2 <b>Investments in Associates</b>	-	-	-
Quoted Securities	-	-	-
3 <b>Investment in Subsidiaries</b>	<b>299,312</b>	-	-
Quoted Securities	50,173	-	-
4 <b>Other</b>	<b>15,500</b>	-	-
Quoted Securities	-	-	-

  

Prior Period Equity Securities (shares)	Carrying Value	Comparison	
		Fair Value	Market Value
1 <b>Securities Available-for-Sale (*)</b>	<b>53,995</b>	-	-
Quoted Securities	-	-	-
2 <b>Investment in Subsidiaries</b>	-	-	-
Quoted Securities	-	-	-
3 <b>Investments in Associates</b>	<b>168,355</b>	-	-
Quoted Securities	50,173	-	-
4 <b>Other</b>	<b>10,500</b>	-	-
Quoted Securities	-	-	-

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

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

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**VI. Explanations on liquidity risk**

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

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

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

The liquidity position of the Bank's assets and liabilities within the framework of the monitoring and evaluation of the liquidity ratio is calculated on a weekly basis. Rates during the period are as follows:

<b>First Maturity Bracket (Weekly)</b>			
<b>Current Period</b>	<b>Average (%)</b>	<b>Highest (%)</b>	<b>Lowest (%)</b>
FC	277.31	413.59	210.95
TL+FC	193.90	241.06	168.22
<b>Second Maturity Bracket (Monthly)</b>			
	<b>Average (%)</b>	<b>Highest (%)</b>	<b>Lowest (%)</b>
FC	173.10	250.87	150.82
TL+FC	139.00	225.19	125.11
<b>First Maturity Bracket (Weekly)</b>			
<b>Prior Period</b>	<b>Average (%)</b>	<b>Highest (%)</b>	<b>Lowest (%)</b>
FC	266.41	342.01	173.07
TL+FC	204.12	244.92	155.10
<b>Second Maturity Bracket (Monthly)</b>			
	<b>Average (%)</b>	<b>Highest (%)</b>	<b>Lowest (%)</b>
FC	172.37	201.73	136.55
TL+FC	141.64	154.41	121.83

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**VI. Explanations on liquidity risk (continued)**

**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
<b>Current period</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey	2,432,301	5,136,514	-	-	-	-	-	7,568,815
Banks	3,583,494	-	-	-	-	-	-	3,583,494
Financial assets at fair value through profit and loss	-	16,229	4,099	24,280	43,799	-	207	88,614
Money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	879,399	521,187	77,485	713,999	67,835	70,462	2,330,367
Loans (*)	-	4,421,800	3,880,081	8,688,405	8,706,324	1,212,791	124,459	27,033,860
Held-to-maturity investments	-	-	-	-	-	-	-	-
Other assets (**)	92,259	314,473	124,244	-	107,150	-	809,231	1,447,357
<b>Total assets</b>	<b>6,108,054</b>	<b>10,768,415</b>	<b>4,529,611</b>	<b>8,790,170</b>	<b>9,571,272</b>	<b>1,280,626</b>	<b>1,004,359</b>	<b>42,052,507</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	162,913	127,951	95,456	42,367	-	-	-	428,687
Current and profit sharing accounts	9,155,399	14,491,510	3,069,412	967,100	10,558	-	-	27,693,979
Funds provided from other financial institutions	-	603,326	794,345	4,373,395	2,142,611	589,726	-	8,503,403
Money market borrowings	-	711,542	-	-	-	-	-	711,542
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	77,388	41,590	-	-	-	-	-	118,978
Other liabilities (**)	-	475,332	40,036	47,236	98,649	-	3,934,665	4,595,918
<b>Total liabilities</b>	<b>9,395,700</b>	<b>16,451,251</b>	<b>3,999,249</b>	<b>5,430,098</b>	<b>2,251,818</b>	<b>589,726</b>	<b>3,934,665</b>	<b>42,052,507</b>
Net liquidity gap	(3,287,646)	(5,682,836)	530,362	3,360,072	7,319,454	690,900	(2,930,306)	-
<b>Prior period</b>								
Total assets	5,112,289	8,111,466	3,400,682	7,686,204	7,942,033	937,917	817,584	34,008,175
Total liabilities	6,757,596	11,713,121	5,298,512	3,097,089	3,247,964	470,325	3,423,568	34,008,175
Net liquidity gap	(1,645,307)	(3,601,655)	(1,897,830)	4,589,115	4,694,069	467,592	(2,605,984)	-

(\*) 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, joint ventures, stationary supplies and prepaid expenses are included under unallocated assets. The unallocated other liabilities column consists of equity and provisions balances.

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**VI. Explanations on liquidity risk (Continued)**

**Analysis of financial liabilities by remaining contractual maturities:**

The following table is prepared before the Bank's liabilities are undiscounted and based on the earliest date to the payment. Adjustment column shows the items that give rise to probable cash exit according to contractual terms at later period. The items that is mentioned is included the maturity analysis however it is not included the balance sheet value of financial liabilities at the balance sheet.

	Up to 1 month	1-3 month	3-12 month	1-5 years	Above 5 years	Total	Adjustments	Balance Sheet Value
<b>31 December 2015</b>								
Collective Fundings	23,937,773	3,164,868	1,009,467	10,558	-	28,122,666		28,122,666
Other Fundings	609,987	822,872	4,168,707	2,570,379	613,859	8,785,804	(684,391)	8,101,413
Funds provided under repurchase agreements	712,538	-	-	-	-	712,538	(996)	711,542
Borrowings from Leasings	-	-	421,510	-	-	421,510	(19,520)	401,990
<b>Total</b>	<b>25,260,298</b>	<b>3,987,740</b>	<b>5,599,684</b>	<b>2,580,937</b>	<b>613,859</b>	<b>38,042,518</b>	<b>(704,907)</b>	<b>37,337,611</b>

**31 December 2014**

Collective Fundings	16,317,588	4,574,524	1,144,865	107,637	-	22,144,614	-	22,144,614
Other Fundings	849,840	705,025	2,106,696	3,178,905	515,717	7,356,183	(587,693)	6,768,490
Funds provided under repurchase agreements	709,392	-	-	-	-	709,392	(649)	708,743
Borrowings from Leasings	-	-	18,647	336,920	-	355,567	(34,209)	321,358
<b>Total</b>	<b>17,876,820</b>	<b>5,279,549</b>	<b>3,270,208</b>	<b>3,623,462</b>	<b>515,717</b>	<b>30,565,756</b>	<b>(622,551)</b>	<b>29,943,205</b>

**Maturity analysis for guarantees and contingencies:**

	Demand	Up to 1 month	1-3 month	3-12 month	1-5 years	Above 5 years	Unallocated	Total
<b>31 December 2015</b>								
Letters of Guarantee	3,298,997	121,122	515,800	1,665,444	1,612,979	125,318	-	7,339,660
Bills of Exchange and Bank Acceptances	84,108	-	-	-	-	-	-	84,108
Letters of Credit	1,018,404	-	233	3,763	6,864	-	-	1,029,264
Other guarantees	332,410	1,208	21,352	3,024	124,006	-	-	482,000
Pre-financings given as guarantee	21,290	-	-	-	-	-	-	21,290
<b>Total</b>	<b>4,755,209</b>	<b>122,330</b>	<b>537,385</b>	<b>1,672,231</b>	<b>1,743,849</b>	<b>125,318</b>		<b>8,956,322</b>

**31 December 2014**

Letters of Guarantee	2,707,986	129,826	598,342	1,779,622	1,484,363	166,934	-	6,867,073
Bills of Exchange and Bank Acceptances	59,308	-	-	482	-	-	-	59,790
Letters of Credit	772,191	16,702	28,656	50,881	17,147	30,189	-	915,766
Other guarantees	196,398	529	3,452	-	140,945	13,913	-	355,237
Pre-financings given as guarantee	10,006	97	1,159	-	-	5,921	-	17,183
<b>Total</b>	<b>3,745,889</b>	<b>147,154</b>	<b>631,609</b>	<b>1,830,985</b>	<b>1,642,455</b>	<b>216,957</b>		<b>8,215,049</b>

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**VI. Explanations on liquidity risk (Continued)**

**Contractual maturity analysis of derivative instruments**

31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
<b>Derivatives financial assets held for trading</b>						
Foreign exchange derivatives:						
Entry	4,263,483	998,257	995,576	291	-	6,257,607
Exit	4,272,317	998,665	1,017,644	323	-	6,288,949
<b>Hedging purposes financial assets</b>						
Foreign exchange derivatives						
Entry	-	-	-	542,440	-	542,440
Exit	-	-	-	630,376	-	630,376
<b>Total Cash Inflow</b>	<b>4,263,483</b>	<b>998,257</b>	<b>995,576</b>	<b>542,731</b>	<b>-</b>	<b>6,800,047</b>
<b>Total Cash Outflow</b>	<b>4,272,317</b>	<b>998,665</b>	<b>1,017,644</b>	<b>630,699</b>	<b>-</b>	<b>6,919,325</b>

31 December 2014	Up to 1 month	1-3 month	3-12 month	1-5 years	5 years and over	Total
<b>Derivatives financial assets held for trading</b>						
Foreign exchange derivatives:						
Entry	4,033,436	280,216	176,782	86,237	-	4,576,671
Exit	4,013,904	279,003	173,459	94,123	-	4,560,489
<b>Hedging purposes financial assets</b>						
Foreign exchange derivatives						
Entry	-	-	-	-	-	-
Exit	-	-	-	-	-	-
<b>Total Cash Inflow</b>	<b>4,033,436</b>	<b>280,216</b>	<b>176,782</b>	<b>86,237</b>	<b>-</b>	<b>4,576,671</b>
<b>Total Cash Outflow</b>	<b>4,013,904</b>	<b>279,003</b>	<b>173,459</b>	<b>94,123</b>	<b>-</b>	<b>4,560,489</b>



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**VI. Explanations on consolidated liquidity risk (continued)**

**Liquidity Coverage Ratio**

<i>Current Period</i>		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>					
1	Total high-quality liquid assets (HQLA)	7,152,259	6,495,841	5,892,554	5,236,137
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	20,207,987	9,032,118	1,283,873	571,159
3	Stable deposits	14,738,520	6,641,070	736,926	332,054
4	Less stable deposits	5,469,467	2,391,048	546,947	239,105
5	Unsecured wholesale funding, of which:	5,117,630	2,361,450	2,829,696	984,199
6	Operational deposits	1,695,445	896,461	423,861	224,115
7	Non-operational deposits	2,025,354	1,413,310	1,027,916	708,405
8	Unsecured funding	1,396,831	51,679	1,377,919	51,679
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which	5,513,306	3,014,714	649,792	500,221
11	Outflows related to derivative exposures and other collateral requirements	25,821	-	25,821	-
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	5,487,485	3,014,714	623,971	500,221
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	<b>Total Cash Outflows</b>			<b>4,763,361</b>	<b>2,055,579</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	5,100,784	4,292,418	1,230,262	829,902
19	Other cash inflows	69,691	617,479	69,691	617,479
20	<b>Total Cash Inflows</b>	<b>5,170,475</b>	<b>4,909,897</b>	<b>1,299,953</b>	<b>1,447,381</b>
				Total Adjusted Value	
21	<b>Total HQLA</b>			5,892,554	5,236,137
22	<b>Total Net Cash Outflows</b>			3,463,409	645,360
23	Liquidity Coverage Ratio (%)			170.14	811.35

(\*) The average of last three months' liquidity coverage ratio calculated by monthly and weekly simple averages.

The table below presents highest, lowest and average liquidity coverage ratios of the year 2015:

	Highest	Date	Lowest	Date	Average
TL+FC	318.35	27.03.2015	166.26	02.01.2015	227.12
FC	991.79	11.12.2015	181.55	02.01.2015	565.20

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**VI. Explanations on consolidated liquidity risk (continued)**

**Leverage ratio**

The leverage ratio table prepared in accordance with the communiqué “Regulation on Measurement and Assessment of Leverage Ratios of Banks” published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

<b>On-balance sheet assets</b>		<b>Current Period(*)</b>
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	42,388,827
2	(Assets deducted in determining Tier 1 capital)	(212,131)
3	Total on-balance sheet risks (sum of lines 1 and 2)	42,176,696
<b>Derivative financial instruments and credit derivatives</b>		
4	Replacement cost associated with all derivative instruments and credit derivatives	-
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	99,214
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	99,214
<b>Securities or commodity financing transactions (SCFT)</b>		
7	Risks from SCFT assets (Excluding balance sheet items)	673,233
8	Risks from brokerage activities related exposures	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	673,233
<b>Other off-balance sheet transactions</b>		
10	Gross notional amounts of off-balance sheet transactions	37,197,875
11	(Adjustments for conversion to credit equivalent amounts)	(22,663,134)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	14,534,741
<b>Capital and total risks</b>		
13	Tier 1 capital	3,189,730
14	Total risk amount ( 3, 6, 9 and 12 th line totals)	57,483,884
<b>Leverage ratio</b>		
15	Leverage ratio	5.55

(\*) Amounts in the table are three-month average amounts.

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**VII. Explanations on securitization positions**

None.

**VIII. Credit risk mitigation techniques**

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

There is no balance sheet and off-balance sheet offsetting.

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

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

Financial collaterals are evaluated on a daily basis.

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

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

Exposure Categories	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	5,583,719	-	-	-
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	5,886,214	-	-	-
Conditional and unconditional receivables from Corporates	40,346,685	249,352	-	-
Conditional and unconditional retail receivables	5,495,960	90,251	-	-
Conditional and unconditional receivables secured by Mortgages	11,004,351	26,979	-	-
Past due receivables	71,931	10	-	-
Receivables defined in high risk category by BRSA	233,511	104	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	3,555,963	-	-	-
<b>Total</b>	<b>72,178,334</b>	<b>366,696</b>	-	-

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

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

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

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

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

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

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

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

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**IX. Explanations on risk management objectives and policies (continued)**

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

**Fair values of financial assets and liabilities**

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

<b>Current Period</b>	<b>Book Value</b>		<b>Fair Value</b>	
	<b>Current period</b>	<b>Prior period</b>	<b>Current period</b>	<b>Prior period</b>
<b>Financial Assets</b>				
Banks	3,583,494	2,667,535	3,583,494	2,667,535
Financial assets available for sale	2,330,367	2,204,189	2,330,367	2,204,189
Loans and lease receivables	26,909,401	21,213,691	27,568,091	21,164,937
<b>Financial Liabilities</b>				
Current account and funds collected from banks via participation accounts.	428,687	414,861	428,687	414,861
Other current and profit sharing accounts	27,693,979	21,729,753	27,693,979	21,729,753
Money market balances	711,542	708,743	711,542	708,743
Funds provided from other financial institutions	8,101,413	6,768,490	8,273,059	6,723,869
Miscellaneous payables	118,978	144,134	118,978	144,134
Payables from leasing transactions	401,990	321,358	404,147	303,083

The estimated fair value of the loans is calculated by discounting future cash flows by using current market rates of profit share. The fair value of financial assets and liabilities carried at amortized cost other than loans, available for sales financial assets and funds provided from other financial institutions approximates to their book values since they are short term in nature and their effective profit share rates are similar with current effective profit rates.

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**IX. Explanations on risk management objectives and policies (continued)**

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

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable market information for the assets or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that is not based on observable market information.

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles as of 31 December 2015 and 31 December 2014 are given in the table below:

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets held for trading	44,006	44,608	-	88,614
Forward transactions	-	15,836	-	15,836
Swap transactions	-	28,772	-	28,772
Government debt securities	100	-	-	100
Other marketable securities	43,906	-	-	43,906
Available-for-sale financial assets	2,330,367	-	-	2,330,367
Equity securities	64,815	-	-	64,815
Government debt securities	1,908,176	-	-	1,908,176
Other marketable securities	357,376	-	-	357,376
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	71,523	-	71,523
Forward transactions	-	13,739	-	13,739
Swap transactions	-	57,784	-	57,784
<b>Prior Period</b>				
<b>Financial assets</b>				
Financial assets held for trading	4,799	43,116	-	47,915
Forward transactions	-	21,584	-	21,584
Swap transactions	-	21,532	-	21,532
Other marketable securities	4,799	-	-	4,799
Available-for-sale financial assets	2,204,189	-	-	2,204,189
Equity securities	53,995	-	-	53,995
Government debt securities	1,873,362	-	-	1,873,362
Other marketable securities	276,832	-	-	276,832
<b>Financial liabilities</b>				
<b>Financial liabilities held for trading</b>	-	25,885	-	25,885
Forward transactions	-	14,614	-	14,614
Swap transactions	-	11,271	-	11,271

No transfers have taken place between Level 1 and Level 2 for the current year.

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

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

**XI. Explanations on business segments**

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

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 and Enterprise Banking; there are main activities: fund collection, commercial installment loan, enterprise loan, non-cash loans, consumer financing and credit cards. The Bank serves in the range of products of profit share accounts creation, banking services, Trade Finance, Checks, POS services, Credit Cards, ATM services, Online Banking and Mobile Banking in these fields.

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

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

<b>Current Period</b> <b>1 January – 31 December 2015</b>	<b>Retail and enterprise banking</b>	<b>Commercial banking</b>	<b>Corporate and international banking</b>	<b>Unallocated</b>	<b>Bank's total operation</b>
Operating income	1,313,514	1,748,923	130,191	-	3,192,628
Operating expenses	966,348	316,341	408,574	947,889	2,639,152
Transfers between segments	497,042	(623,328)	126,286	-	-
<b>Net operating income(loss)</b>	<b>844,208</b>	<b>809,254</b>	<b>(152,097)</b>	<b>(947,889)</b>	<b>553,476</b>
Income from associates	-	-	-	-	-
<b>Income (loss) before tax</b>	<b>844,208</b>	<b>809,254</b>	<b>(152,097)</b>	<b>(947,889)</b>	<b>553,476</b>
Provision for taxation	-	-	-	108,795	108,795
<b>Net income for the period</b>	<b>844,208</b>	<b>809,254</b>	<b>(152,097)</b>	<b>(1,056,684)</b>	<b>444,681</b>
<b>Current Period</b> <b>31 December 2015</b>					
Segment assets	9,345,689	17,310,032	13,949,429	-	40,605,150
Associates, subsidiaries and joint Ventures	-	-	-	314,812	314,812
Undistributed assets	-	-	-	1,132,545	1,132,545
<b>Total assets</b>	<b>9,345,689</b>	<b>17,310,032</b>	<b>13,949,429</b>	<b>1,447,357</b>	<b>42,052,507</b>
Segment liabilities	20,903,219	7,217,038	9,387,527	-	37,507,784
Undistributed liabilities	-	-	-	1,142,233	1,142,233
Shareholders' equity	-	-	-	3,402,490	3,402,490
<b>Total liabilities</b>	<b>20,903,219</b>	<b>7,217,038</b>	<b>9,387,527</b>	<b>4,544,723</b>	<b>42,052,507</b>

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

<b>Prior Period</b> <b>1 January - 31 December 2014</b>	<b>Retail and enterprise banking</b>	<b>Commercial banking</b>	<b>Corporate and international banking</b>	<b>Unallocated</b>	<b>Bank's total operation</b>
Operating income	1,035,672	1,440,043	68,931	-	2,544,646
Operating expenses	793,236	226,587	272,650	789,434	2,081,907
Transfers between segments	333,842	(313,430)	(20,412)	-	-
<b>Net operating income(loss)</b>	<b>576,278</b>	<b>900,026</b>	<b>(224,131)</b>	<b>(789,434)</b>	<b>462,739</b>
Income from associates	-	-	-	-	-
<b>Income (loss) before tax</b>	<b>576,278</b>	<b>900,026</b>	<b>(224,131)</b>	<b>(789,434)</b>	<b>462,739</b>
Provision for taxation	-	-	-	92,289	92,289
<b>Net income for the period</b>	<b>576,278</b>	<b>900,026</b>	<b>(224,131)</b>	<b>(881,723)</b>	<b>370,450</b>
<b>Prior Period</b> <b>31 December 2014</b>					
Segment assets	7,593,054	13,580,282	11,616,612	-	32,789,948
Associates, subsidiaries and joint Ventures	-	-	-	178,855	178,855
Undistributed assets	-	-	-	1,039,372	1,039,372
<b>Total assets</b>	<b>7,593,054</b>	<b>13,580,282</b>	<b>11,616,612</b>	<b>1,218,227</b>	<b>34,008,175</b>
Segment liabilities	16,549,369	5,593,491	7,826,230	-	29,969,090
Undistributed liabilities	-	-	-	1,016,215	1,016,215
Shareholders' equity	-	-	-	3,022,870	3,022,870
<b>Total liabilities</b>	<b>16,549,369</b>	<b>5,593,491</b>	<b>7,826,230</b>	<b>4,039,085</b>	<b>34,008,175</b>



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**SECTION FIVE**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/foreign currency	433,762	1,279,705	302,472	454,265
The Central Bank of Republic of Turkey	220,583	5,136,523	287,882	4,155,476
Other (*)	8,031	490,211	3,680	1,380,867
<b>Total</b>	<b>662,376</b>	<b>6,906,439</b>	<b>594,034</b>	<b>5,990,608</b>

(\*) As of 31 December 2015, precious metal account amounting to TL 471,703 (31 December 2014 - TL 1,301,465) and money in transit are presented in this line amounting to TL 26,539 (31 December 2014 - TL 83,082).

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	215,802	9	287,742	7
Unrestricted time deposit	-	-	-	-
Restricted time deposit	4,781	5,136,514	140	4,155,469
<b>Total</b>	<b>220,583</b>	<b>5,136,523</b>	<b>287,882</b>	<b>4,155,476</b>

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT started paying interest on reserve balances held in USD starting from May 2015 and held in TL starting from November 2014. The reserve rates for TL liabilities vary between 5% and 11.5% for TL deposits and other liabilities according to their maturities as of 31 December 2015 (31 December 2014: 5% and 11.5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2015 (31 December 2014: 6% and 13% for all foreign currency liabilities).

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

- As of 31 December 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	10,574	5,262	15,292	6,292
Swap transactions	1,421	27,351	19,575	1,957
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>11,995</b>	<b>32,613</b>	<b>34,867</b>	<b>8,249</b>

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

**c. Information on Banks:**

	Current period		Prior period	
	TL	FC	TL	FC
Banks	10,341	3,573,153	34,681	2,632,853
Domestic	10,291	1,765,435	34,410	1,814,572
Foreign	50	1,807,718	271	818,281
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>10,341</b>	<b>3,573,153</b>	<b>34,681</b>	<b>2,632,853</b>

**d. Information on foreign bank accounts:**

	Current period		Prior period	
	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
EU Countries	960,042	-	269,602	-
USA and Canada	647,305	-	382,563	-
OECD Countries(*)	21,339	-	38,404	-
Off-shore Banking Regions	419	-	404	-
Other	178,663	-	127,579	-
<b>Total</b>	<b>1,807,768</b>	<b>-</b>	<b>818,552</b>	<b>-</b>

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

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

	Current Period	Prior Period
Debt Securities	2,268,627	2,152,452
Quoted on stock exchange	2,268,627	2,152,452
Not quoted on stock exchange	-	-
Share certificates	70,463	53,995
Quoted on stock exchange	4,933	-
Not quoted on stock exchange	65,530	53,995
Impairment provision (-)	(8,723)	(2,258)
<b>Total</b>	<b>2,330,367</b>	<b>2,204,189</b>

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

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

2. Information on Financial Assets Available-for-Sale:

The details of the Rent Certificates which are in Bank's Portfolio "Financial Assets Available for-Sale" are presented below as of 31 December 2015

a) The Bank purchased the rent certificates ("sukuk") as details given table below from private entities that are stated under "Other Securities" in given financial statements.

REFERENCE	CURRENCY	COUPON FREQUENCY	ISSUER	PURCHASE DATE	MATURITY DATE	COST VALUE	RATE
TRDKTVK11614	TRY	3	KT KİRA SERTİFİKALARI V.K.Ş.	30/06/2015	05/01/2016	2,726	10.68
TRDKTVK51610	TRY	3	KT KİRA SERTİFİKALARI V.K.Ş.	13/11/2015	10/05/2016	3,112	10.97
TRDKTVK21621	TRY	3	KT KİRA SERTİFİKALARI V.K.Ş.	20/11/2015	18/02/2016	1,372	10.80
TRDKTVK31612	TRY	3	KT KİRA SERTİFİKALARI V.K.Ş.	16/12/2015	16/03/2016	1,254	10.84
XS1325093877	USD	3	IILMH	25/11/2015	24/02/2016	145,380	3.08
XS1307862513	USD	3	IILMH	15/10/2015	19/01/2016	87,228	0.25
XS1082151868	USD	6	ALBARAKA TURK	30/06/2014	30/06/2019	116,304	6.25

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

REFERENCE	CURRENCY	COUPON FREQUENCY	ISSUER	PURCHASE DATE	MATURITY DATE	COST VALUE	RATE
TRD170216T17	TRY	6	T.C. HAZİNE	19/02/2014	17/02/2016	358,270	10.6
TRD150217T18	TRY	6	T.C. HAZİNE	18/02/2015	15/02/2017	463,344	7.80
TRD280916T17	TRY	6	T.C. HAZİNE	01/10/2014	28/09/2016	357,420	9.68
TRD160817T11	TRY	6	T.C. HAZİNE	19/08/2015	16/08/2017	318,481	9.96
XS0831353361	USD	6	T.C. HAZİNE	26/09/2012	26/03/2018	223,324	2.80
XS1141043296	USD	6	T.C. HAZİNE	25/11/2014	25/11/2024	68,893	4.48

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

**f. 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	1,014	13,543	580	13,638
Corporate Shareholders	-	13,543	-	13,638
Real Person Shareholders	1,014	-	580	-
Indirect Loans Granted to Shareholders	126,600	600	79,663	283
Loans Granted to Employees	11,943	3	8,553	6
<b>Total</b>	<b>139,557</b>	<b>14,146</b>	<b>88,796</b>	<b>13,927</b>

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

Current Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
Cash Loans		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
<b>Loans</b>	<b>24,141,604</b>	<b>347,322</b>	-	<b>499,331</b>	<b>715,135</b>	-
Financing commodity against document	-	-	-	-	-	-
Exports Loan	22,796	-	-	247	-	-
Imports Loans	1,034,926	-	-	1,981	-	-
Enterprise Loans	15,501,924	287,782	-	329,471	705,718	-
Consumer Loans	4,742,925	5,853	-	126,684	7,896	-
Credit Cards	246,452	-	-	5,967	-	-
Precious Metal Loans	149,169	-	-	2,598	-	-
Loans Given to Financial Sector	195,951	-	-	-	-	-
Loans Extended Abroad	237,965	53,687	-	14,339	1,521	-
Other	2,009,496	-	-	18,044	-	-
<b>Other Receivables</b>	<b>19,064</b>	-	-	<b>4,085</b>	-	-
<b>Total</b>	<b>24,160,668</b>	<b>347,322</b>	-	<b>503,416</b>	<b>715,135</b>	-
Prior Period	Performing Loans and Other Receivables			Loans and Other Receivables under Follow-Up		
Cash Loans	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
<b>Loans</b>	<b>19,664,607</b>	<b>234,553</b>	-	<b>309,452</b>	<b>287,721</b>	-
Financing commodity against document	16,944	-	-	-	-	-
Exports Loan	5,980	-	-	-	-	-
Imports Loans	1,206,270	-	-	2,452	-	-
Enterprise Loans	11,707,354	225,201	-	197,433	280,206	-
Consumer Loans	3,947,201	6,423	-	100,741	6,332	-
Credit Cards	195,307	-	-	4,738	54	-
Precious Metal Loans	171,743	-	-	-	-	-
Loans Given to Financial Sector	543,070	-	-	-	-	-
Loans Extended Abroad	262,152	2,610	-	-	1,129	-
Other	1,608,586	319	-	4,088	-	-
<b>Other Receivables</b>	<b>4,027</b>	-	-	<b>2,745</b>	-	-
<b>Total</b>	<b>19,668,634</b>	<b>234,553</b>	-	<b>312,197</b>	<b>287,721</b>	-

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

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

In accordance with the Communiqué “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans” published in Official Gazette dated 1 November 2006 and numbered 26333, information related to the restructuring (after publish date of the aforementioned Communiqué) of the standard loans and loans and other receivables under close monitoring with respect to the payment schedules and terms is as follows (average maturities are taken into the account):

<b>Current Period</b>	<b>Number of Extensions for Repayment Plan</b>	
	<b>Performing Loans and Other Receivables</b>	<b>Performing Loans and Other Receivables</b>
1 or 2 times	347,322	715,135
3,4 or 5 times	-	-
Over 5 times	-	-
<b>Total</b>	<b>347,322</b>	<b>715,135</b>

<b>Extension Periods for Repayment Plan Changes</b>	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-Up</b>
0 - 6 months	3,386	16,447
6 - 12 months	17,113	50,730
1 - 2 years	67,989	231,651
2 - 5 years	133,004	415,379
5 years and over	125,830	928
<b>Total</b>	<b>347,322</b>	<b>715,135</b>

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

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

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

**f. 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
<b>Cash Loans</b>				
<b>Short-term loans and other receivables</b>	<b>6,497,940</b>	<b>13,522</b>	<b>81,700</b>	<b>25,134</b>
Loans	6,478,876	13,522	77,615	25,134
Other receivables	19,064	-	4,085	-
<b>Medium and long-term loans and other receivables (*)</b>	<b>17,662,728</b>	<b>333,800</b>	<b>421,716</b>	<b>690,001</b>
Loans	17,662,728	333,800	421,716	690,001
Other receivables	-	-	-	-
<b>Total</b>	<b>24,160,668</b>	<b>347,322</b>	<b>503,416</b>	<b>715,135</b>

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

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

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

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

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

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

<b>Current Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>97,352</b>	<b>4,656,748</b>	<b>4,754,100</b>
Housing Loans	2,681	4,371,412	4,374,093
Vehicle Loans	3,997	226,999	230,996
Consumer Loans	89,695	36,603	126,298
Other	979	21,734	22,713
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>8,775</b>	<b>8,775</b>
Housing Loans	-	8,775	8,775
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>193</b>	<b>113,354</b>	<b>113,547</b>
Housing Loans	193	51,882	52,075
Vehicle Loans	-	18	18
Consumer Loans	-	-	-
Other	-	61,454	61,454
<b>Retail Credit Cards-TL</b>	<b>140,945</b>	<b>821</b>	<b>141,766</b>
With Installment	28,719	821	29,540
Without Installment	112,226	-	112,226
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TL</b>	<b>2,317</b>	<b>4,619</b>	<b>6,936</b>
Housing Loans	3	1,579	1,582
Vehicle Loans	166	2,406	2,572
Consumer Loans	2,126	634	2,760
Other	22	-	22
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>6,693</b>	<b>40</b>	<b>6,733</b>
With Installment	2,045	40	2,085
Without Installment	4,648	-	4,648
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment based	-	-	-
Without-installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>247,500</b>	<b>4,784,357</b>	<b>5,031,857</b>

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

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

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

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



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

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

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

<b>Current Period</b>	<b>Short term</b>	<b>Medium and long term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>101,510</b>	<b>3,178,876</b>	<b>3,280,386</b>
Business Loans	3,143	760,710	763,853
Vehicle Loans	55,812	772,597	828,409
Consumer Loans	42,303	1,633,848	1,676,151
Other	252	11,721	11,973
<b>Commercial Installment Loans-FC Indexed</b>	<b>22,962</b>	<b>1,616,759</b>	<b>1,639,721</b>
Business Loans	1,222	423,948	425,170
Vehicle Loans	4,632	347,961	352,593
Consumer Loans	7,829	765,312	773,141
Other	9,279	79,538	88,817
<b>Commercial Installment Loans-FC</b>	<b>-</b>	<b>148,328</b>	<b>148,328</b>
Business Loans	-	129,225	129,225
Vehicle Loans	-	16,169	16,169
Consumer Loans	-	-	-
Other	-	2,934	2,934
<b>Corporate Credit Cards-TL</b>	<b>103,920</b>	<b>-</b>	<b>103,920</b>
With Installment	14,186	-	14,186
Without Installment	89,734	-	89,734
<b>Corporate Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>228,392</b>	<b>4,943,963</b>	<b>5,172,355</b>

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

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

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

6. Allocation of loans by customers:

	<b>Current period</b>	<b>Prior period</b>
Public	22,957	65,835
Private	25,703,584	20,437,270
<b>Total</b>	<b>25,726,541</b>	<b>20,503,105</b>

7. Breakdown of domestic and foreign loans:

	<b>Current period</b>	<b>Prior period</b>
Domestic loans	25,419,029	20,237,214
Foreign loans	307,512	265,891
<b>Total</b>	<b>25,726,541</b>	<b>20,503,105</b>

8. Loans granted to subsidiaries and associates:

	<b>Current period</b>	<b>Prior period</b>
Loans granted directly to subsidiaries and associates	101,156	20,036
Loans granted indirectly to subsidiaries and associates	-	-
<b>Total</b>	<b>101,156</b>	<b>20,036</b>

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

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

9. Specific provisions for loans:

	<b>Current period</b>	<b>Prior period</b>
Specific provisions		
Loans and receivables with limited collectability	67,565	25,044
Loans and receivables with doubtful collectability	104,178	84,119
Uncollectible loans and receivables	146,317	300,055
<b>Total</b>	<b>318,060</b>	<b>409,218</b>

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current period</b>			
(Gross amounts before specific provision)			
Restructured loans and other receivables	1,961	-	-
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>			
(Gross amounts before specific provision)			
Restructured loans and other receivables	-	-	-
Rescheduled loans and other receivables	-	-	-

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period</b>			
<b>Ending balance of prior period 31.12.2014</b>			
Additions in the current period (+)	<b>49,969</b>	<b>116,325</b>	<b>314,901</b>
Transfers from other categories of non-performing loans(+)	95,011	100,850	131,883
Transfers to other categories of non-performing loans (-)	-	1,066	75,167
Collections in the current period (-)	26,967	49,266	-
Disposals in the current period (-)	5,049	7,757	20,429
<b>Write offs (-)</b>	<b>40</b>	<b>1,046</b>	<b>332,099</b>
Corporate and commercial loans	13	89	191,820
Retail loans	11	203	126,218
Credit Cards	16	754	14,061
Other	-	-	-
<b>Ending balance of the current period</b>	<b>112,924</b>	<b>160,172</b>	<b>169,423</b>
Specific provisions (-)	67,565	104,178	146,317
<b>Net balance at the balance sheet 31.12.2015</b>	<b>45,359</b>	<b>55,994</b>	<b>23,106</b>

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

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

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

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

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

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
	<b>Loans and</b>	<b>Loans and</b>	<b>Uncollectible</b>
	<b>receivables with</b>	<b>receivables with</b>	<b>loans and</b>
	<b>limited collectability</b>	<b>doubtful</b>	<b>loans and</b>
		<b>collectability</b>	<b>receivables</b>
<b>Current period (Net)</b>	<b>45,359</b>	<b>55,994</b>	<b>23,106</b>
Loans granted to real persons and legal entities (Gross)	112,924	160,172	169,423
Specific provision (-)	67,565	104,178	146,317
<b>Loans to real persons and legal entities (Net)</b>	<b>45,359</b>	<b>55,994</b>	<b>23,106</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
<b>Prior period (Net)</b>	<b>24,925</b>	<b>32,206</b>	<b>14,846</b>
Loans to real persons and legal entities (Gross)	49,969	116,325	314,901
Specific provision (-)	25,044	84,119	300,055
<b>Loans to real persons and legal entities (Net)</b>	<b>24,925</b>	<b>32,206</b>	<b>14,846</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

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

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

<b>Current period</b>	<b>Less than 30</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>More than</b>	<b>Total</b>
	<b>days</b>			<b>91 days</b>	
Loans and receivables					
Corporate loans	695,566	204,218	178,290	-	1,078,074
Retail loans	26,109	69,528	38,873	-	134,510
Credit cards	4,337	1,154	476	-	5,967
<b>Total</b>	<b>726,012</b>	<b>274,900</b>	<b>217,639</b>	<b>-</b>	<b>1,218,511</b>

<b>Prior Period</b>	<b>Less than 30</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>More than</b>	<b>Total</b>
	<b>days</b>			<b>91 days</b>	
Loans and receivables					
Corporate loans	266,004	117,078	104,971	-	488,053
Retail loans	32,398	44,882	29,793	-	107,073
Credit cards	3,587	836	369	-	4,792
<b>Total</b>	<b>301,989</b>	<b>162,796</b>	<b>135,133</b>	<b>-</b>	<b>599,918</b>

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

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

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

Loans and other receivables, which were deemed uncollectible according to the “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published in the Official Gazette No. 26333 dated 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 333,185 have been written-off (31 December 2014 – TL 48,363).

12. 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.

**g. Information on held-to-maturity investments (Net):**

None (31 December 2014 – None).

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

1. The 1.75% ownership of Kredi Garanti Fonu A.Ş. of TL 4,210 (31 December 2014 – TL 4,210), 8.36% ownership of Islamic International Rating Agency of TL 714 (31 December 2014 – TL 714), and 6.99% ownership of Neova Sigorta A.Ş. of TL 4,956 (31 December 2014 – 3,752) and 0.06% ownership of Swift of TL 390 (31 December 2014 – TL 181) and 0,0035% ownership of Borsa İstanbul A.Ş. of 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.
2. Information about investments in unconsolidated associates: None (31 December 2014 – None).
3. Information related to consolidated associates: None (31 December 2014 – None).

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

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

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

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

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

Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
168,794	157,299	385	22,430	-	(296)	7,018	-
22,298	22,239	2	-	10	633	(876)	-
103,237	49,032	49,000	-	-	(439)	(262)	-
1,027,441	142	-	-	-	35	27	-
2,624,468	105,276	-	-	-	44	35	-
165,430	142,992	4,173	1,993	-	(36,770)	-	-
4,370	4,141	-	-	-	(1)	-	-
250	250	-	-	-	-	-	-

(\*) As of 31 December 2015, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations of the country in which this entity operates.

(\*\*) These figures are shown per Turkish Trade Law financial statements as at 31 December 2015.

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

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

Movement for subsidiaries

	<b>Current period</b>	<b>Prior period</b>
<b>Balance at the beginning of the year</b>	<b>168,355</b>	<b>123,254</b>
Movements during the year		
Purchases (*)	130,957	45,101
Transfers from subsidiaries	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
(Impairment)/reversal of impairment	-	-
Capital commitment payments	-	-
<b>Balance at the end of the year</b>	<b>299,312</b>	<b>168,355</b>
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

(\*) Purchases are the capital payments to KT Banka AG amounting to TL 125,707, KT Portföy Yönetimi A.Ş. amounting to TL 5,000 and Architech Bilişim Sistemleri amounting to TL 250.

Sectoral information on consolidated subsidiaries and the related carrying amounts:

	<b>Current period</b>	<b>Prior period</b>
Banks	221,109	95,402
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	55,273	50,273

Subsidiaries that are quoted on the stock exchange:

	<b>Current Period</b>	<b>Prior Period</b>
Quoted on Domestic Stock Exchanges	50,173	50,173
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>50,173</b>	<b>50,173</b>

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

The Bank does not have any major subsidiary.

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

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

	<b>Bank's share percentage</b>	<b>Total assets</b>	<b>Equity</b>	<b>Total fixed assets</b>	<b>Current period profit/loss</b>	<b>Prior period profit /loss</b>
Katılım Emeklilik ve Hayat A.Ş.(*) (**)	50%	261,443	14,295	1,954	(4,454)	(11,147)

(\*) As of 31 December 2015, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations.

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

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

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

	<b>Current period</b>		<b>Prior period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year	1,008,185	850,194	402,826	361,685
1 to 4 years	305,026	285,153	357,656	309,384
More than 4 years	49,789	47,513	43,414	39,517
<b>Total</b>	<b>1,363,000</b>	<b>1,182,860</b>	<b>803,896</b>	<b>710,586</b>

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

	<b>Current period</b>	<b>Prior period</b>
Gross receivable from finance leases	1,363,000	803,896
Unearned finance lease income (-)	(180,140)	(93,310)
Cancelled amounts (-)	-	-
<b>Net receivable from finance leases</b>	<b>1,182,860</b>	<b>710,586</b>

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

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non performing finance lease receivables amounting to TL 3,506 are included in the non-performing loans in the balance sheet (31 December 2014– TL 8,429).

Impairment provision amounting to TL 2,941 (31 December 2014– TL 8,163) for financial lease receivables are included under the specific provision account under loans in the balance sheet.

**l. Information on derivative financial assets for hedging purposes: None (31 December 2014 – None).**



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

**m. Explanations on Tangible Assets (Net)**

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets(*)	Total
<b>At End of Prior Period: 31 December 2014</b>					
Cost	165,029	181,224	798	305,428	652,479
Accumulated Depreciation (-)	7,030	17,173	714	128,576	153,493
Net Book Value	157,999	164,051	84	176,852	498,986
<b>At End of Current Period: 31 December 2015</b>					
Net book value at beginning of period	157,999	164,051	84	176,852	498,986
Additions	11,745	1,220	-	85,288	98,253
Disposals (-)	7,813	-	-	4,288	12,101
Transfers to assets held for sale (-)	-	-	-	-	-
Transfer from assets held for sale	-	-	-	12,386	12,386
Impairment/Reversal of Impairment Losses (**)	-	48,312	-	-	48,312
Depreciation Expense (-)	5,029	3,482	10	36,642	45,163
Cost at period end	168,961	134,145	798	398,801	702,705
Accumulated depreciation end of period (-)	12,059	20,655	724	165,218	198,656
<b>Closing net book value</b>	<b>156,902</b>	<b>113,477</b>	<b>74</b>	<b>233,596</b>	<b>504,049</b>
<b>At End of Prior Period: 31 December 2013</b>					
Cost	123,758	215,960	750	247,305	587,773
Accumulated Depreciation (-)	2,579	13,868	670	98,895	116,012
Net Book Value	121,179	202,092	80	148,410	471,761
<b>At End of Current Period: 31 December 2014</b>					
Net book value at beginning of period	121,179	202,092	80	148,410	471,761
Additions	198,653	1,776	48	43,595	244,072
Disposals (-)	157,382	5	-	2,545	159,932
Transfers to assets held for sale (-)	-	-	-	-	-
Transfer from assets held for sale	-	-	-	17,303	17,303
Impairment/Reversal of Impairment Losses (**)	-	36,507	-	230	36,737
Depreciation Expense (-)	4,451	3,305	44	29,681	37,481
Cost at period end	165,029	181,224	798	305,428	652,479
Accumulated depreciation end of period (-)	7,030	17,173	714	128,576	153,493
<b>Closing net book value</b>	<b>157,999</b>	<b>164,051</b>	<b>84</b>	<b>176,852</b>	<b>498,986</b>

(\*) TL 36,872 (31 December 2014-TL 28,466) includes the amount of real estates to be disposed off.

(\*\*) Includes TL 48,312 impairment for real estate property transferred from KT Sukuk Varlık Kiralama A.Ş. The difference occurred as a result of sale and lease back transaction, is accounted as expense during the lease period (Section 3, Not XVIII). (31 December 2014 – TL 36,507)

**n. Explanations on Intangible Assets:**

**1. Cost and Accumulated Amortization Balances at beginning and end of period:**

	End of Period	Beginning of Period
Cost	142,371	114,727
Accumulated Amortization	(64,405)	(44,462)
<b>Total (net)</b>	<b>77,966</b>	<b>70,265</b>

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

**n. Explanations on Intangible Assets: (Continued)**

2. Movements of intangible assets

	<b>Current Period</b>	<b>Prior Period</b>
Opening balance	70,265	55,698
Additions	35,887	32,018
Disposals (-), net	8,153	208
Depreciation amount (-)	20,033	17,243
<b>Closing net book value</b>	<b>77,966</b>	<b>70,265</b>

Intangible assets include computer software and program licenses which are taken for banking systems.

**o. Investment property:**

None. (31 December 2014 – None)

**p. Information on deferred tax asset:**

In accordance with the related regulations deferred tax asset calculated as of 31 December 2015 is TL 117,108 (31 December 2014 – TL 65,177) and deferred tax liability is TL 9,958 (31 December 2014 – TL 15,161).

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for employee benefits	11,646	10,172
Retirement pay liability	9,642	8,383
Deferred income	27,131	24,356
Impairment provision for subsidiaries, fixed assets and assets held for sale	21,827	-
Precious metals valuation difference	26,223	16,562
Other	14,440	5,148
	6,199	556
<b>Deferred tax asset</b>	<b>117,108</b>	<b>65,177</b>
Difference between carrying value and tax base of tangible assets	(6,852)	(5,896)
Accruals of derivative financial instruments held for trading(net)	-	(3,313)
Difference between fair value and tax base of available for sale financial assets	(482)	(5,182)
Other	(2,624)	(770)
<b>Deferred tax liability</b>	<b>(9,958)</b>	<b>(15,161)</b>
<b>Deferred tax asset, (net)</b>	<b>107,150</b>	<b>50,016</b>

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

**p. Information on deferred tax asset: (continued)**

Table of deferred tax asset movement:

	Current period	Prior period
As of January 1	50,016	30,953
Deferred tax income	50,599	22,533
Deferred tax accounted under shareholders' equity	6,535	(3,470)
<b>Deferred tax asset</b>	<b>107,150</b>	<b>50,016</b>

**r. Assets held for sale and assets of discontinued operations**

Tangible assets which are obtained through receivables of the Bank and which the Bank plans to sell within to sell one year has been published in the web site are valued with the lower of the net book value and fair value as is required by the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Asset Held For Sale" published on 1 November 2006 in the Official Gazette No. 26333 in the unconsolidated financial statements.

	Current Period	Prior Period
Opening balance	31,316	28,999
Additions	13,956	35,741
Transfer from tangible assets	-	-
Disposals (-), net	246	16,121
Transfer to tangible assets	12,386	17,303
Depreciation amount (-)	-	-
Impairment losses provision (-)	-	-
<b>Closing net book value</b>	<b>32,640</b>	<b>31,316</b>

**s. Information on other assets:**

As of balance sheet date, the Bank's other assets amount to TL 410,740 (31 December 2014 - TL 388,789). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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**SECTION FIVE**

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

**a. Information on funds collected:**

1. Information on maturity structure of funds collected:

i. Current period:

	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
<b>I. Real persons current accounts-TL</b>	<b>2,647,535</b>	-	-	-	-	-	-	-	<b>2,647,535</b>
<b>II. Real persons profit sharing accounts TL</b>	-	<b>2,725,707</b>	<b>4,697,143</b>	<b>545,322</b>	-	<b>212,632</b>	<b>218,604</b>	-	<b>8,399,408</b>
<b>III. Other current accounts-TL</b>	<b>1,944,033</b>	-	-	-	-	-	-	-	<b>1,944,033</b>
Public sector	66,484	-	-	-	-	-	-	-	66,484
Commercial sector	1,843,791	-	-	-	-	-	-	-	1,843,791
Other institutions	24,319	-	-	-	-	-	-	-	24,319
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	9,439	-	-	-	-	-	-	-	9,439
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1,202	-	-	-	-	-	-	-	1,202
Foreign banks	4,839	-	-	-	-	-	-	-	4,839
Participation banks	398	-	-	-	-	-	-	-	398
Others	3,000	-	-	-	-	-	-	-	3,000
<b>IV. Profit sharing accounts-TL</b>	-	<b>285,158</b>	<b>1,016,935</b>	<b>50,342</b>	-	<b>107,013</b>	<b>78,509</b>	-	<b>1,537,957</b>
Public sector	-	43	22,580	5,000	-	19	-	-	27,642
Commercial sector	-	261,501	941,747	38,593	-	103,772	78,126	-	1,423,739
Other institutions	-	23,614	50,911	6,749	-	3,222	383	-	84,879
Commercial and other institutions	-	-	1,685	-	-	-	-	-	1,685
Banks and participation banks	-	-	12	-	-	-	-	-	12
<b>V. Real persons current accounts-FC</b>	<b>2,802,853</b>	-	-	-	-	-	-	-	<b>2,802,853</b>
<b>VI. Real persons profit sharing accounts-FC</b>	-	<b>1,647,358</b>	<b>3,055,045</b>	<b>607,343</b>	-	<b>393,923</b>	<b>169,584</b>	-	<b>5,873,253</b>
<b>VII. Other current accounts-FC</b>	<b>1,337,892</b>	-	-	-	-	-	-	-	<b>1,337,892</b>
Commercial residents in Turkey	1,169,549	-	-	-	-	-	-	-	1,169,549
Commercial residents in Abroad	114,891	-	-	-	-	-	-	-	114,891
Banks and participation banks	53,452	-	-	-	-	-	-	-	53,452
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	4,215	-	-	-	-	-	-	-	4,215
Foreign banks	47,939	-	-	-	-	-	-	-	47,939
Participation banks	1,298	-	-	-	-	-	-	-	1,298
Others	-	-	-	-	-	-	-	-	-
<b>VIII. Profit sharing accounts- FC</b>	-	<b>312,332</b>	<b>1,482,288</b>	<b>67,155</b>	-	<b>69,741</b>	<b>294,886</b>	-	<b>2,226,402</b>
Public sector	-	-	15	-	-	-	-	-	15
Commercial sector	-	170,129	1,373,343	47,301	-	43,511	94,839	-	1,729,123
Other institutions	-	72,423	56,230	348	-	353	-	-	129,354
Commercial and other institutions	-	26,189	39,467	19,506	-	17,006	-	-	102,168
Banks and participation banks	-	43,591	13,233	-	-	8,871	200,047	-	265,742
<b>IX. Precious metal funds</b>	<b>585,999</b>	-	<b>679,839</b>	<b>47,987</b>	-	<b>32,316</b>	-	-	<b>1,346,141</b>
<b>X. Profit sharing accounts special funds - TL</b>	-	-	-	-	-	-	<b>7,192</b>	-	<b>7,192</b>
Residents in Turkey	-	-	-	-	-	-	7,192	-	7,192
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Profit sharing accounts special funds - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9,318,312</b>	<b>4,970,555</b>	<b>10,931,250</b>	<b>1,318,149</b>	-	<b>815,625</b>	<b>768,775</b>	-	<b>28,122,666</b>

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

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

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

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

ii. Prior period:

	Demand	Up to 1 month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
<b>I. Real persons current accounts-TL</b>	<b>1,909,330</b>	-	-	-	-	-	-	-	<b>1,909,330</b>
<b>II. Real persons profit sharing accounts-TL</b>	-	<b>2,343,300</b>	<b>3,926,130</b>	<b>583,822</b>	-	<b>194,654</b>	<b>275,644</b>	-	<b>7,323,550</b>
<b>III. Other current accounts-TL</b>	<b>1,580,643</b>	-	-	-	-	-	-	-	<b>1,580,643</b>
Public sector	67,748	-	-	-	-	-	-	-	67,748
Commercial sector	1,486,386	-	-	-	-	-	-	-	1,486,386
Other institutions	18,950	-	-	-	-	-	-	-	18,950
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	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
<b>IV. Profit sharing accounts-TL</b>	-	<b>331,993</b>	<b>697,678</b>	<b>114,080</b>	-	<b>103,014</b>	<b>79,049</b>	-	<b>1,325,814</b>
Public sector	-	134	648	41	-	15,858	6,596	-	23,277
Commercial sector	-	287,626	653,028	104,051	-	85,775	70,465	-	1,200,945
Other institutions	-	22,099	43,563	9,988	-	1,381	380	-	77,411
Commercial and other institutions	-	22,134	418	-	-	-	1,608	-	24,160
Banks and participation banks	-	-	21	-	-	-	-	-	21
<b>V. Real persons current accounts-FC</b>	<b>1,438,232</b>	-	-	-	-	-	-	-	<b>1,438,232</b>
<b>VI. Real persons profit sharing accounts-FC</b>	-	<b>1,144,093</b>	<b>2,043,002</b>	<b>519,895</b>	-	<b>263,869</b>	<b>206,998</b>	-	<b>4,177,857</b>
<b>VII. Other current accounts-FC</b>	<b>1,112,728</b>	-	-	-	-	-	-	-	<b>1,112,728</b>
Commercial residents in Turkey	884,542	-	-	-	-	-	-	-	884,542
Commercial residents in Abroad	36,239	-	-	-	-	-	-	-	36,239
Banks and participation banks	191,947	-	-	-	-	-	-	-	191,947
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	46,308	-	-	-	-	-	-	-	46,308
Foreign banks	145,423	-	-	-	-	-	-	-	145,423
Participation banks	216	-	-	-	-	-	-	-	216
Others	-	-	-	-	-	-	-	-	-
<b>VIII. Profit sharing accounts- FC</b>	-	<b>374,917</b>	<b>708,582</b>	<b>77,939</b>	-	<b>117,813</b>	<b>224,396</b>	-	<b>1,503,647</b>
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	187,119	610,552	47,623	-	89,629	162,261	-	1,097,184
Other institutions	-	74,757	17,089	2,391	-	348	3,079	-	97,664
Commercial and other institutions	-	31,160	50,428	2,487	-	72	6,317	-	90,464
Banks and participation banks	-	81,881	30,513	25,438	-	27,764	52,739	-	218,335
<b>IX. Precious metal funds</b>	<b>606,865</b>	-	<b>1,056,799</b>	<b>61,744</b>	-	<b>39,467</b>	-	-	<b>1,764,875</b>
<b>X. Profit sharing accounts special funds - TL</b>	-	-	-	-	-	<b>3,209</b>	<b>4,729</b>	-	<b>7,938</b>
Residents in Turkey	-	-	-	-	-	3,209	4,729	-	7,938
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Profit sharing accounts special funds - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,647,798</b>	<b>4,194,303</b>	<b>8,432,191</b>	<b>1,357,480</b>	-	<b>722,026</b>	<b>790,816</b>	-	<b>22,144,614</b>

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

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

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

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	Prior period	Current period	Prior period
Real persons current and profit sharing accounts that are not subject to commercial activities				
TL accounts	7,234,693	5,738,367	3,775,703	3,463,278
FC accounts	4,001,565	3,321,617	5,831,455	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 Bank is in Turkey.

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

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

	Current period	Prior period
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	2,887	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	291	226

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

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

Derivative financial liabilities held for trading:

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	9,669	4,070	12,537	2,077
Swap transactions	293	57,491	1,551	9,720
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>9,962</b>	<b>61,561</b>	<b>14,088</b>	<b>11,797</b>

**c. Information on funds borrowed:**

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

	Current period		Prior period	
	TL	FC	TL	FC
Loans from The Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks and Institutions	628,868	2,786,766	240,368	1,660,052
From Foreign Banks, Institutions and Funds	55,208	4,040,837	8,112	4,395,366
<b>Total</b>	<b>684,076</b>	<b>6,827,603</b>	<b>248,480</b>	<b>6,055,418</b>

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

	Current period		Prior period	
	TL	FC	TL	FC
Short-term	684,076	4,684,992	248,480	3,571,161
Medium and Long-Term	-	2,142,611	-	2,484,257
<b>Total</b>	<b>684,076</b>	<b>6,827,603</b>	<b>248,480</b>	<b>6,055,418</b>

Details of significant transactions that are accounted under Funds Borrowed are stated in table below.

**Current Period:**

Type	Customer	Opening Date	Maturity	Currency	Rate (Yearly)	Principal	Profit Share
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	16/12/2015	16/03/2016	TRY	10.72%	150,000,000	4,065,075
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	13/11/2015	10/05/2016	TRY	10.82%	200,000,000	10,759,610
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	20/11/2015	18/02/2016	TRY	10.82%	74,000,000	2,001,648
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	27/10/2015	18/02/2016	TRY	9.96%	21,000,000	662,449
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	15/07/2015	15/07/2020	MYR	5.64%	300,000,000	85,894,027
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	30/06/2015	05/01/2016	TRY	10.48%	160,000,000	8,806,880
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	15/05/2015	15/05/2020	MYR	5.64%	200,000,000	57,262,685
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	31/03/2015	31/03/2020	MYR	5.72%	300,000,000	87,095,343
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	26/06/2014	26/06/2019	USD	5.08%	500,000,000	128,767,923
Sukuk	KT Sukuk V.K.Ş.	31/10/2011	31/10/2016	USD	5.08%	213,129,648	63,545,937
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

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

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

2. Information on maturity structure of borrowings: (continued)

**Prior Period:**

Type	Customer	Opening Date	Maturity	Currency	Rate (Yearly)	Principal	Profit Share
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	30/12/2014	23/03/2015	TRY	8.88%	50,000,000	1,023,290
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	20/11/2014	14/05/2015	TRY	8.65%	57,000,000	2,396,730
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	20/11/2014	19/11/2015	TRY	9.01%	30,000,000	2,734,488
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	29/09/2014	23/03/2015	TRY	9.81%	100,000,000	4,770,550
KT İhraç	KT KİRA SERTİFİKALARI V.K.Ş	26/06/2014	26/06/2019	USD	5.08%	500,000,000	128,767,923
Sukuk	KT Sukuk V.K.Ş.	31/10/2011	31/10/2016	USD	5.88%	213,129,648	63,545,937
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

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

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

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

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

As of 31 December 2015, other liabilities amounting to TL 454,608 (31 December 2014 - TL 439,068), sundry creditors amounting to TL 118,978 (31 December 2014- TL 144,134), both of them do not exceed 10% of the balance sheet total.

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

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

As of 31 December 2015, finance lease payables details of the transaction of issuing certificate of rent (sukuk) is explained under section three and disclosure XVIII, with the permission of BRSA's decision numbered B.02.1.BDK.0.06.00.00-045.01(3/8)-5397 and as of 13 March 2012, it is accounted as sale and leaseback transaction in accordance with TAS 17.

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

ii. Information on Financial Lease Obligations

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	468,302	401,990	-	-
Between 1-4 years	-	-	374,240	321,358
More than 4 years	-	-	-	-
<b>Total</b>	<b>468,302</b>	<b>401,990</b>	<b>374,240</b>	<b>321,358</b>



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

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

iii. Information on Operational Leases:

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

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

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

iv. Information on sale and leaseback transactions:

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

**f. Information on hedging derivative financial liabilities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	-	98,650	-	-
Hedge of net investment in foreign operations	-	-	-	-
<b>Total</b>	<b>-</b>	<b>98,650</b>	<b>-</b>	<b>-</b>

**g. Information on provisions:**

1. Information on general provisions:

	Current period	Prior Period
<b>General Provisions</b>	<b>334,118</b>	<b>240,776</b>
<b>I.For Loans and Receivables in Group I (Total)</b>	<b>242,204</b>	<b>188,788</b>
Profit Sharing Accounts' Share	70,988	49,246
The Bank's Share	158,152	131,179
Other	-	-
<b>I.Additional Provision for Loans and Receivables with Extended Maturities</b>	<b>13,064</b>	<b>8,363</b>
Profit Sharing Accounts' Share	3,482	2,708
The Bank's Share	9,582	5,655
Other	-	-
<b>II.Loans and Receivables in Group II (Total)</b>	<b>45,256</b>	<b>20,324</b>
Profit Sharing Accounts' Share	584	546
The Bank's Share	10,692	6,134
Other	-	-
<b>II.Additional Provision for Loans and Receivables with Extended Maturities</b>	<b>33,980</b>	<b>13,644</b>
Profit Sharing Accounts' Share	17,298	9,350
The Bank's Share	16,682	4,294
Other	-	-
<b>Provisions for Non Cash Loans</b>	<b>19,363</b>	<b>16,306</b>
<b>Other</b>	<b>27,295</b>	<b>15,358</b>

According to the subclause 6 in article 8 which was added on 8 October 2013 to "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" that is published in Official Gazette numbered 26333 on 1 November 2006; it has been stated that the banks can apply the rates for general provisions as zero percent (0%) for cash and non-cash exporting loans in Group I; five over thousand percent (0.5%) for cash loans to SMEs in Group I, and one over thousand percent (0.1%) for non-cash loans for SMEs in Group I." The Bank did not utilize that decision in the current period.

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

**g. Information on provisions: (continued)**

2. Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 31 December 2015, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 28,352 (31 December 2014 – TL 18,574) and TL 37,431 for leasing receivables (31 December 2014 – TL 17,290) is offset against loans and receivables.

3. Information on other provisions:

	<b>Current Period</b>	<b>Prior Period</b>
Provisions for non- liquidated non cash loans (*)	66,746	42,544
Provisions for cheque books (*)	8,768	9,181
Provisions from equity/profit sharing accounts	7,564	14,186
Provisions for Promotion Activities for Credit Cards	551	347
Other(**)	7,988	890
<b>Total</b>	<b>91,617</b>	<b>67,148</b>

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

(\*\*) Other item includes TL 4,450 litigation provision in current period ( 31 December 2014 – None.).

4. Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 48,208 (31 December 2014 – TL 41,916), vacation pay liability amounting to TL 355 (31 December 2014 – TL 430), performance premium amounting to TL 49,677 (31 December 2014 – TL 48,600), retirement bonuses on payment of TL 3,360 (31 December 2014 – TL 1,828) and committee fee amounting to TL 4,840 (31 December 2014 – TL 0).

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

The amount payable consists of one month’s salary limited to a maximum of TL 4,093 (31 December 2014 – TL 3,438) for each year of service. The liability is not funded, as there is no funding requirement.

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

	<b>Current period</b>	<b>Prior period</b>
Discount Rate (%)	10.83	9.00
Inflation rate (%)	7.40	6.40
Interest rate (%)	8.40	7.40

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

	<b>Current period</b>	<b>Prior period</b>
Balance at the beginning of the period	41,916	28,776
Provisions recognized during the period	13,063	9,506
Actuarial loss (*)	(3,151)	6,452
Paid during the period	(3,620)	(2,818)
<b>Balances at the end of the period</b>	<b>48,208</b>	<b>41,916</b>

(\*) Retirement pay liability arising from current period and amounting TL 18,644 is an actuarial loss amount and deferred tax amounting to TL 3,729 related with the retirement pay liability is accounted under Statement of other Comprehensive Income

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

**h. Explanations on tax liability:**

1. Explanations on current tax liability:

i. Information on tax provisions: As of 31 December 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 36,472.

	Current period	Prior period
Provision for corporate income tax	159,529	122,182
Prepaid taxes	(123,057)	(89,867)
<b>Total (*)</b>	<b>36,472</b>	<b>32,315</b>

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

ii. Information on taxes payable (\*):

	Current period	Prior period
Taxation of marketable securities	10,502	8,427
Taxation of immovable property	997	783
Banking Insurance Transaction Tax (BITT)	13,200	10,871
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	1,020	1,049
Income tax deducted from wages	6,488	5,360
Other	1,001	831
<b>Total</b>	<b>33,208</b>	<b>27,321</b>

iii. Information on premiums (\*):

	Current period	Prior period
Social Security Premiums-Employee	3,636	3,028
Social Security Premiums-Employer	3,913	3,288
Unemployment insurance-Employee	260	217
Unemployment insurance-Employer	573	482
<b>Total</b>	<b>8,382</b>	<b>7,015</b>

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

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

i. Information on payables related to assets held for sale: None (31 December 2014 – None).

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**II. Explanations and notes related to 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	-	589,734	-	464,592
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>589,734</b>	<b>-</b>	<b>464,592</b>

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

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

1. Presentation of paid-in capital:

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

(\*) 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

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

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

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

4. Information on share capital increases from capital reserves during the current period: None. (31 December 2014 – None)

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

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

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

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**II. Explanations and notes related to 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 (*)	9,225	(3,831)	20,729	340
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>9,225</b>	<b>(3,831)</b>	<b>20,729</b>	<b>340</b>

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

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

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

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

1. Type and amount of irrevocable commitments: Commitment for credit card limits, as of 31 December 2015 is TL 739,721 (31 December 2014 – TL 575,870 ); payment commitments for cheque books are TL 1,018,655 (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 31 December 2015, the Bank has guarantees and surety ships constituting of TL 7,339,660 (31 December 2014 – TL 6,867,073) letters of guarantee; TL 84,108 (31 December 2014 – TL 59,790) acceptances and TL 1,029,264 (31 December 2014 – TL 915,766 ) letters of credit. In addition, the Bank has also Other Guarantees and Securities amounting to TL 503,290 (31 December 2014: TL 372,420).

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

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

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

3.(i). Total amount of non-cash loans:

	Current period	Prior period
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	8,956,322	8,215,049
<b>Total</b>	<b>8,956,322</b>	<b>8,215,049</b>

(ii). Sectorial risk concentration of non-cash loans

	Current period				Prior period			
	TL	(%)	TL	(%)	TL	(%)	TL	(%)
<b>Agriculture</b>	<b>29,503</b>	<b>0.63</b>	<b>30,804</b>	<b>0.71</b>	<b>37,382</b>	<b>0.88</b>	<b>19,728</b>	<b>0.50</b>
Farming and Stockbreeding	12,707	0.27	11,025	0.26	19,746	0.46	5,351	0.14
Forestry	16,714	0.36	19,497	0.45	17,548	0.41	13,598	0.34
Fishery	82	0.00	282	0.01	88	0.00	779	0.02
<b>Manufacturing</b>	<b>750,567</b>	<b>16.19</b>	<b>892,634</b>	<b>20.67</b>	<b>684,028</b>	<b>16.01</b>	<b>849,066</b>	<b>21.53</b>
Mining and quarrying	179,242	3.87	278,631	6.45	155,495	3.64	235,337	5.97
Production	346,077	7.46	333,253	7.72	338,656	7.93	355,342	9.01
Electricity, Gas, Water	225,248	4.86	280,750	6.50	189,877	4.44	258,387	6.55
<b>Construction</b>	<b>2,031,713</b>	<b>43.81</b>	<b>1,174,744</b>	<b>27.20</b>	<b>1,848,355</b>	<b>43.27</b>	<b>1,316,787</b>	<b>33.39</b>
<b>Services</b>	<b>1,265,473</b>	<b>27.29</b>	<b>1,435,932</b>	<b>33.25</b>	<b>1,170,082</b>	<b>27.39</b>	<b>1,300,135</b>	<b>32.97</b>
Wholesale and Retail Trade	509,495	10.99	406,579	9.41	532,883	12.47	363,809	9.23
Hotel, Food and Beverage								
Services	54,590	1.18	32,191	0.75	45,054	1.05	27,405	0.69
Transportation and Telecom.	365,675	7.89	597,765	13.84	305,131	7.14	453,271	11.49
Financial Institutions	6,461	0.14	321,613	7.45	20,946	0.49	397,783	10.09
Real Estate and Renting Services	14,230	0.31	5,094	0.12	9,963	0.23	1,307	0.03
"Self-Employment" Type Services	130	0.00	-	-	112	0.00	-	-
Educational Services	27,509	0.59	3,882	0.09	27,764	0.65	3,006	0.08
Health and Social Services	287,383	6.20	68,808	1.59	228,229	5.34	53,554	1.36
<b>Other</b>	<b>560,138</b>	<b>12.08</b>	<b>784,814</b>	<b>18.17</b>	<b>531,903</b>	<b>12.45</b>	<b>457,583</b>	<b>11.60</b>
<b>Total</b>	<b>4,637,394</b>	<b>100.00</b>	<b>4,318,928</b>	<b>100.00</b>	<b>4,271,750</b>	<b>100.00</b>	<b>3,943,299</b>	<b>100.00</b>

(iii). Non-cash loans classified under Group I and II:

Current Period	Group I		Group II	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>4,551,524</b>	<b>4,283,748</b>	<b>85,870</b>	<b>35,180</b>
Letters of Guarantee	4,521,699	2,698,368	85,870	33,723
Bills of Exchange and Bank Acceptances	7,656	76,004	-	448
Letters of Credit	177	1,028,078	-	1,009
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	21,992	481,298	-	-
<b>Prior Period</b>	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Non-Cash Loans</b>	<b>4,226,915</b>	<b>3,933,754</b>	<b>44,835</b>	<b>9,545</b>
Letters of Guarantee	4,208,973	2,607,892	44,835	5,373
Bills of Exchange and Bank Acceptances	4,033	51,804	-	3,953
Letters of Credit	1,220	914,327	-	219
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	12,689	359,731	-	-

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

**b. Financial derivative instruments**

	Derivative transactions according to aims	
	Current Period	Prior Period
<b>Trading derivatives</b>		
<b>Foreign Currency Related Derivative Transactions (I):</b>	<b>12,441,792</b>	<b>8,243,920</b>
Currency Forwards-Purchases, sales	3,169,674	3,387,895
Currency Swaps-Purchases, sales	9,272,118	4,856,025
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
<b>Interest Rate Related Derivative Transactions (II):</b>	<b>-</b>	<b>-</b>
Interest rates forwards-Purchase, sales	-	-
Interest rates swaps-Purchases, sales	-	-
Interest rates options-Purchases, sales	-	-
Interest rates futures-Purchases, sales	-	-
<b>Other Trading Derivatives (III)</b>	<b>104,764</b>	<b>893,240</b>
<b>A.Total Trading Derivatives (I+II+III)</b>	<b>12,546,556</b>	<b>9,137,160</b>
<b>Hedging Derivatives</b>		
Fair value hedges	-	-
Cash flow hedges	1,172,816	-
Foreign currency investment hedges	-	-
<b>B. Total Hedging Derivatives</b>	<b>1,172,816</b>	<b>-</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>13,719,372</b>	<b>9,137,160</b>

The Bank enters short term swap transactions based on its market expectations and cash flow. These transactions are generally short term and consist of foreign currency to foreign currency and foreign currency to Turkish Lira agreements. As of 31 December 2015, the Bank has commitments to buy TL 1,402,158, USD 1,387,161,000, EUR 121,900,000, GBP 3,005,000 and 800,000,000 MYR in return of selling commitments of TL 588,724, USD 824,214,000, EUR 945,395,000 and GBP 1,986,000 (As of 31 December 2014, the Bank has commitments to buy TL 1,968,760, USD 934,003,000, EUR 97,261,000 and GBP 167,000 in return of selling commitments of TL 1,395,430, USD 852,096,000, EUR 150,597,000 and GBP 97,000)

**c. Credit derivatives and risk exposures on credit derivatives:** None.

**d. Contingent liabilities and assets:**

In accordance with decision of the Bank's Board of Directors numbered 1117 and dated 21 June 2011, recoverable foreign currency loan granting commitments to real and legal persons and who do not have the unconditional right to utilize these commitment has been translated into Turkish Lira and no longer followed as foreign currency commitments.

**e. Explanations on custodian and intermediary services**

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

**f. Summary Information on the Bank's Rating by the International Rating Institutions**

Fitch Rating's December 2014	Notes
Long Term Issuer Default Rating	BBB
Short Term Issuer Default Rating	F3
Local Currency Long Term Issuer Default Rating	BBB+
Local Currency Short Term Issuer Default Rating	F2
Support Rating	2

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**IV. Explanations and disclosures related to the income statement**

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

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

	Current period		Prior period	
	TL	FC	TL	FC
<b>Profit share on loans</b>	<b>2,141,419</b>	<b>142,934</b>	<b>1,736,342</b>	<b>80,730</b>
Short term loans	558,220	12,489	536,729	9,864
Medium and long term loans	1,576,241	130,445	1,193,354	70,866
Profit share on non-performing loans	6,958	-	6,259	-
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	302	8,134	318	4,327
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>302</b>	<b>8,134</b>	<b>318</b>	<b>4,327</b>

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

The Bank has received TL 163,165 profit share income from rent certificates (sukuk) which is given the details in available for sale financial assets information. (1 January-31 December 2014: TL 129,765 ).

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

	Current period	Prior period
Profit share income received from associates and subsidiaries	1,562	1,230

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

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

	Current period		Prior period	
	TL	FC	TL	FC
<b>Banks</b>	<b>12,923</b>	<b>76,628</b>	<b>1,709</b>	<b>69,287</b>
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	10,434	2,220	-	8
Foreign banks	2,489	74,408	1,709	69,279
Branches and head office abroad	-	-	-	-
<b>Other Institutions</b>	<b>50,251</b>	<b>171,772</b>	<b>16,568</b>	<b>102,471</b>
<b>Total</b>	<b>63,174</b>	<b>248,400</b>	<b>18,277</b>	<b>171,758</b>

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

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	199,129	129,543

**iii. Profit share expense paid to securities issued: None (1 January-31 December 2014: None).**



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

**c. Information on dividend income:** None (1 January-31 December 2014: None).

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

Current period		Profit Sharing Accounts						Accumulated profit sharing accounts	Total
Account Name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	Above 1 year			
<b>TL</b>									
Collected funds from banks through current and profit share accounts	-	1	-	-	-	-	-	1	
Real person's non-trading profit sharing account	162,510	284,933	39,724	-	13,305	17,389	-	517,861	
Public sector profit sharing account	5	136	1	-	1,527	549	-	2,218	
Commercial sector profit sharing account	16,602	44,527	7,503	-	1,370	1,685	-	71,687	
Other institutions profit sharing account	2,303	2,403	425	-	106	29	-	5,266	
<b>Total</b>	<b>181,420</b>	<b>332,000</b>	<b>47,653</b>	<b>-</b>	<b>16,308</b>	<b>19,652</b>	<b>-</b>	<b>597,033</b>	
<b>FC</b>									
Banks	555	669	394	-	370	3,876	-	5,864	
Real person's non-trading profit sharing account	18,411	36,005	8,335	-	5,119	3,158	-	71,028	
Public sector profit sharing account	-	-	-	-	-	-	-	-	
Commercial sector profit sharing account	2,600	20,364	1,086	-	1,209	790	-	26,049	
Other institutions profit sharing account	1,755	957	171	-	191	56	-	3,130	
Precious metal accounts	-	5,669	379	-	263	-	-	6,311	
<b>Total</b>	<b>23,321</b>	<b>63,664</b>	<b>10,365</b>	<b>-</b>	<b>7,152</b>	<b>7,880</b>	<b>-</b>	<b>122,382</b>	
<b>Grand Total</b>	<b>204,741</b>	<b>395,664</b>	<b>58,018</b>	<b>-</b>	<b>23,460</b>	<b>27,532</b>	<b>-</b>	<b>709,415</b>	
<b>Prior Period</b>									
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	Accumulated profit sharing accounts	Total	
<b>TL</b>									
Collected funds from banks through current and profit share accounts	-	1	-	-	-	-	-	1	
Real person's non-trading profit sharing account	136,105	225,439	40,423	-	12,336	22,159	-	436,462	
Public sector profit sharing account	46	55	3	-	1,445	3	-	1,552	
Commercial sector profit sharing account	14,256	37,778	8,297	-	1,977	1,629	-	63,937	
Other institutions profit sharing account	1,691	2,636	463	-	351	35	-	5,176	
<b>Total</b>	<b>152,098</b>	<b>265,909</b>	<b>49,186</b>	<b>-</b>	<b>16,109</b>	<b>23,826</b>	<b>-</b>	<b>507,128</b>	
<b>FC</b>									
Banks	2,447	5,715	130	-	213	1,417	-	9,922	
Real person's non-trading profit sharing account	19,818	37,860	11,025	-	4,969	4,729	-	78,401	
Public sector profit sharing account	-	-	-	-	-	-	-	-	
Commercial sector profit sharing account	4,026	20,563	870	-	1,986	373	-	27,818	
Other institutions profit sharing account	1,739	1,178	95	-	23	217	-	3,252	
Precious metal accounts	-	9,147	516	-	335	-	-	9,998	
<b>Total</b>	<b>28,030</b>	<b>74,463</b>	<b>12,636</b>	<b>-</b>	<b>7,526</b>	<b>6,736</b>	<b>-</b>	<b>129,391</b>	
<b>Grand Total</b>	<b>180,128</b>	<b>340,372</b>	<b>61,822</b>	<b>-</b>	<b>23,635</b>	<b>30,562</b>	<b>-</b>	<b>636,519</b>	

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

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

	Current period	Prior period
<b>Trading income/loss (net)</b>	<b>178,108</b>	<b>147,655</b>
<b>Income</b>	<b>12,890,224</b>	<b>7,063,732</b>
Gain on capital market transactions	7,957	829
Gain on derivative financial instruments	278,124	430,601
Foreign exchange gains	12,604,143	6,632,302
<b>Losses (-)</b>	<b>12,712,116</b>	<b>6,916,077</b>
Losses on capital market transactions	1,694	763
Losses on derivative financial instruments	235,676	402,904
Foreign exchange losses	12,474,746	6,512,410

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

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

	Current period	Prior period
Reversal of prior period provisions	104,529	84,855
Income from sale of assets	27,221	19,454
Income from the real estate sales' gains by rent certificates	48,312	36,507
Income from checkbooks	-	72
Lease income	1,825	1,922
Other Income	8,208	4,106
<b>Total</b>	<b>190,095</b>	<b>146,916</b>

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

	Current period	Prior period
Specific provisions for loans and other receivables	325,274	206,098
III. group loans and receivables	74,037	32,385
IV. group loans and receivables	146,981	89,409
V. group loans and receivables	104,256	84,304
Doubtful commissions, fees and other receivables	191	15
General provision expenses	93,342	66,525
Provision expenses for possible losses	-	-
Impairment provision of marketable securities	559	670
Financial Assets at fair value through profit and loss	559	670
Investment securities available for sale	-	-
Impairment provision of associates, subsidiaries, joint ventures and held to maturity investments	714	-
Associates	714	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other (*)	8,656	548
<b>Total</b>	<b>428,736</b>	<b>273,856</b>

(\*) Other component includes lawsuit provision amounted TL 4,450 (31 December 2014 None.) .

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

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

	Current period	Prior period
Personnel expenses	499,902	428,357
Provision for retirement pay liability	9,443	7,174
Depreciation expenses of fixed assets	44,101	36,293
Impairment expenses of tangible assets	48,312	36,737
Depreciation expenses of intangible assets	20,080	17,317
Depreciation expenses of assets held for sale	1,062	1,188
Other operating expenses	236,537	197,345
Rent expenses	85,742	73,109
Maintenance expenses	18,151	14,165
Advertisement expenses	10,010	13,797
Communication expenses	26,785	20,828
Heating, electricity and water expenses	11,558	9,467
Cleaning expenses	4,813	4,068
Vehicle expenses	4,477	4,654
Stationery expenses	4,215	4,212
Other expenses	70,786	53,045
Losses on sales of assets	782	225
Deposit insurance fund expenses	59,498	43,442
Other	87,670	65,027
<b>Total</b>	<b>1,007,387</b>	<b>833,105</b>

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

Income before tax amounts to TL 553,476 increased by 19.61% as compared to the prior period (2014 – TL 462,739). Income before tax includes TL 1,468,812 (2014 – TL 1,141,234) net profit share income and TL 152,584 (2014 – TL 133,895) net fees and commission income. Other operating expense amount is TL 1,007,387 (2014 – TL 833,105).

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

At current period, deferred tax income of the Bank is TL 50,599 (31 December 2014 – TL 22,533 deferred tax income) and current tax provision expense is TL 159,394 (2014 – TL 114,822).

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

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

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

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

- i. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period: As of 31 December 2015, net profit share income is TL 1,148,812 (1 January-31 December 2014 – TL 1,141,234), net fees and commission income is TL 152,584 (1 January-31 December 2014 – TL 133,895).
- ii. Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None (1 January-31 December 2014 – None).
- iii. Profit/Loss attributable to minority interest: None (1 January-31 December 2014 – None).

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

As of 31 December 2015, other fees and commissions received is TL 177,534 (1 January-31 December 2014 – TL 156,540), TL 31,283 of this amount is related with credit card fees and commissions (1 January-31 December 2014 – TL 24,214) and TL 36,962 of this amount is related with POS machine commissions (1 January-31 December 2014 – TL 30,582).

As of 31 December 2015, other fees and commissions given is TL 106,803 (1 January-31 December 2014 – TL 97,230), TL 42,855 (1 January-31 December 2014 – TL 37,866) of this amount is related with POS clearing commissions and installation expenses, TL 5,920 (1 January-31 December 2014 – TL 4,241) of this amount is related with fees and commissions paid for credit cards.

**V. Statement of Changes in Shareholders' Equity**

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

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

- b) In current year, the Bank has realized dividend payments amounting to TL 36,000 to its shareholders and TL 2,959 TL to members of Board of Directors. In the General Assembly meeting held in 31 March 2015 it has been decided amount of TL 22,418 transferred to legal reserves, amount of TL 32,566 transferred to extraordinary reserve, amount of TL 36,634 transferred to other reserves and amount of TL 240,000 transferred to paid up capital.

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

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

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

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

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

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

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

	Current period	Prior period
<b>Cash</b>	<b>4,687,293</b>	<b>1,995,829</b>
Cash in TL/foreign currency, others	1,713,467	756,737
Demand deposits at banks (up to 3 months)	2,973,826	1,239,092
<b>Cash equivalents</b>	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
<b>Total cash and cash equivalents</b>	<b>4,687,293</b>	<b>1,995,829</b>

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

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

“Other items” amounting to TL (228,030) (31 December 2014: TL (195,210)) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other operating expenses except for collection from non-performing loans and personnel expenses.

“Net increase/decrease in other liabilities” amounting to TL 191,170 (31 December 2014: TL 574,795) 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 (12,583) (31 December 2014: TL (49,278)) in “Changes in operating assets and liabilities” consist of changes in prepaid rent expense 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 (121,283) as of 31 December 2015 (31 December 2014 – TL 17,067). The effects of the change in foreign currency rates on cash and cash equivalents is calculated according to multiplying fx difference between balance sheet date and cash entered date and related cash amount.

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

**a. Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and 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	20,036	25,640	580	13,638	79,663	283
Balance at end of period	101,156	132	1,014	13,543	126,600	600
Profit share and commission income	1,562	4	75	-	6,050	1

(\*) 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	41,650	78	621	676	80,270	55
Balance at end of period	20,036	25,640	580	13,638	79,663	283
Profit share and commission income	1,230	-	50	-	4,461	-

(\*) 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	224,299	175,431	42,633	28,882	207,428	171,137
Balance at the end of period	290,113	224,299	57,602	42,633	137,160	207,428
Profit share expense	6,575	6,587	2,572	1,939	6,706	5,028

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

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

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
<b>Transactions Where Fair Value Change Is Reflected To Income Statement (Net)</b>						
Balance at beginning of period	299	1,192	-	-	-	-
Balance at end of period	1,434	299	-	-	-	-
Total Profit/Losses	19	(17)	-	-	-	-
<b>Hedging Transactions</b>						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/Losses	-	-	-	-	-	-

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

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

iii. 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
<b>Loans Received</b>						
Balance at beginning of period	2,220,205	459,343	2,618,833	2,300,361	26,640	61,173
Balance at end of period	3,651,891	2,220,205	2,607,122	2,618,833	166,742	26,640
Profit share expense	192,554	122,956	80,076	77,854	872	270

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

As of 31 December 2015, the Bank has paid TL 18,085 to top management (31 December 2014 – TL TL 14,112).

**VIII. Domestic, foreign and off-shore branches or equity investments, and foreign representative offices**

**1. Domestic and foreign branches and representative offices:**

	Number of Branches	Number of Employees			
Domestic branches (*)	358	3,841			
			<b>Country</b>		
Foreign representative offices				<b>Total Assets (TL)</b>	<b>Legal Capital (USD)</b>
Foreign bank	1	13	Dubai	168,794	50,000,000
	1	73	Germany	165,430	49,178,704
Off-shore branches	1	4	Bahrain	2,726,292	-
Foreign branches					

(\*) The personnel working at Headquarters, Operation Center and Region quarters are not included in the domestic branches personnel number.

**2. Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure**

In 2015, 52 new domestic branches (2014-40 branches) were opened.

The bank incorporated a bank which name is "KT Bank AG" in 2015.

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

The Board of Directors of the Bank, has decided to present to the proposal for the approval of the General Assembly that TL 260,000 from 2015 year profit is used in capital increase of internal resources at its meeting dated 27 January 2016.

Bank has made subordinated sukuk issuance which is 10 years maturity, the redemption option at the end of 5 years and 7.90 percent of the annual rent amounting to 350 million US dollars under the regulation regarding banks shareholders equity, to contribute additional capital through KT Sukuk Company Ltd.

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**SECTION SIX**

**OTHER EXPLANATIONS AND DISCLOSURES**

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

**SECTION SEVEN**

**INDEPENDENT AUDITORS' REPORT**

- I- Explanations on the auditors' report:**

The unconsolidated financial statements of the Bank have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 4 March 2016 is presented before the accompanying financial statements.

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