

(Convenience Translation of Unconsolidated Year End Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)

Türkiye İhracat Kredi Bankası Anonim Şirketi

Unconsolidated Financial Statements

As of and For the Year Ended 31 December 2018

With Independent Auditors' Report Thereon

(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

21 February 2019

This report includes "Independent Auditors' Report" comprising 5 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 128 pages.



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Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

To the General Assembly of Türkiye İhracat Kredi Bankası Anonim Şirketi;

A) Report on the Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2018 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA"s) published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans

The details of accounting policies and significant estimates and assumptions for impairment of loans are presented in Section Three, Note VII.

Key audit matter	How the matter is addressed in our audit
<p>The Bank has exemption from the specific and general provisions in accordance with "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside" ("the Regulation") published in the Official Gazette dated 22 June 2016 and numbered 29750.</p> <p>However, the Bank continues to allocate specific provisions for "Loans and Receivables" which constitute 93% of the assets due to prudence principle.</p> <p>The determination of the impairment of loans and receivables in the scope of the related regulation is primarily dependent on the accuracy of the classification of these loans and receivables in accordance with the Regulation. The classification of loans and receivables is made by taking into consideration the criteria specified in the Regulation. Such criteria include both objective criteria and subjective criteria which are based on management judgement.</p> <p>Identification of impairment of loans and receivables was considered to be a key audit matter, due to significance of the estimates, assumptions, the level of management judgements and its complex structure as explained above.</p>	<p>Our audit procedures for testing management judgements which are used for classification of loans and receivables according to the Regulation included below;</p> <ul style="list-style-type: none">• We tested the design and operating effectiveness of the controls on allocation, lending, collateralization, collection, follow-up, classification and impairment processes are tested with the involvement of information risk management specialists.• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information. In this context, the current status of the loan customer has been evaluated.• The consistency of impairment losses has been tested in accordance with the provisions of the Regulation.• Sufficiency of disclosures for impairment of loan losses in the unconsolidated financial statements has been assessed.



Hedge accounting

The details of accounting policies and significant assumptions for hedge accounting are presented in Section Three, Note III.

<i>Key audit matter</i>	<i>How the matter is addressed in our audit</i>
<p>The Bank applies fair value hedge accounting to hedge interest rate risk due to issued securities with fixed interest rate by using interest rate swaps, to hedge currency risk and interest rate risk by using cross currency swaps and to hedge fixed interest rate risk due to originated CBRT-Rediscount loans by using forward transactions.</p> <p>The Bank applies cash flow hedge accounting to hedge currency risk due to issued securities with fixed interest rate and to hedge floating interest rate risk due to borrowings by using cross currency swap transactions.</p> <p>The criteria for the application of the hedge accounting include documenting the objective for applying hedge accounting and regularly testing the effectiveness of the hedge accounting transactions. Due to the fact that hedge accounting has a complicated structure and requires technical calculations, we considered this to be a key audit matter.</p>	<p>Our audit procedures for testing hedge accounting included below;</p> <p>Documentation and appropriateness of hedging relationships of cash flow hedge and fair value hedge transactions have been examined.</p> <p>The objective of the hedge accounting and its compliance with TFRS requirements are taken into account. The management's assessment of effectiveness, measuring ineffectiveness and appropriateness of accounting records were tested. The hedge accounting controls, hedging relationship, the effectiveness controls at inception and at subsequent periods were understood and tested.</p>

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Regulation on Independent Audit of the Banks and TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with Regulation on Independent Audit of the Banks and TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2018 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



Orhan Akova
Partner, SMMM
21 February 2019
Istanbul, Turkey

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.



CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH,
SEE NOTE 1.3 IN SECTION THREE

THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE İHRACAT KREDİ BANKASI AŞ (“TÜRK EXIMBANK”)
AS OF 31 DECEMBER 2018

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The unconsolidated financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced” as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE BANK
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR’S REPORT

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish lira**, have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards and Turkish Financial Reporting Standards; the related appendices and interpretations of these financial statements have been independently audited.

Osman ÇELİK
Chairman of
Board of Directors

Adnan YILDIRIM
Deputy General Manager

Hüseyin ÇELİK
Vice President of the
Financial Reporting

Muhittin AKBAŞ
Head of Accountin and
Reporting Unit

Bülent Gökhan GÜNAY
Member of the Board of
Directors/ Member of the
Audit Committee

İşınsu KESTELLİ
Member of the Board of
Directors/ Member of the
Audit Committee

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

Name-Surname/Title: Muhittin AKBAŞ/ Head of Accounting and Reporting Unit

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2018

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

SECTION ONE

GENERAL INFORMATION

I. Bank's date of foundation, initial status, history regarding the changes in this status

Türkiye İhracat Kredi Bankası A.Ş. ("the Bank" or "Eximbank") was established as Turkey's "Official Export Credit Agency" on 25 March 1987 with Act number 3332 as a development and investment bank and accordingly, the Bank does not accept deposits.

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

The Bank has implemented the registered capital system and the upper limit of registered capital of the Bank is TL 10.000.000. The total share capital of the Bank is TL 6.350.000. The Bank's paid-in-capital committed by the Republic of Turkey Ministry of Treasury and Finance consists of 6.350.000.000 shares of TL 1 nominal each (full TL amount).

III. Explanation on the Board of directors, members of the audit committee, general manager and deputy general managers and their shareholding at the Bank, if applicable

	Name:	Academic Background:
Chairman of the Board of Directors:	Osman ÇELİK	Undergraduate
Vice President of the Board of Directors:	İbrahim ŞENEL	Undergraduate
Members of the Board of Directors:	Adnan YILDIRIM	Graduate
	İşinsu KESTELLİ	Undergraduate
	Bülent Gökhan GÜNAY	Graduate
	Nail OLPAK ⁽³⁾	Graduate
	İsmail GÜLLE ⁽⁴⁾	Graduate
Members of the Audit Committee:	Bülent Gökhan GÜNAY	Graduate
	İşinsu KESTELLİ ⁽²⁾	Undergraduate
General Manager:	Adnan YILDIRIM	Graduate
Deputy General Managers: ⁽¹⁾	Hüseyin ÇELİK	Undergraduate
	Ali Koray ERDEN ⁽¹⁾	Graduate
	Necdet KARADENİZ	Graduate
	Enis GÜLTEKİN	Graduate
	M.Ertan TANRIYAKUL	Undergraduate
	Ahmet KOPAR	Graduate

⁽¹⁾ Ali Koray ERDEN, one of the deputy general managers, has been appointed as of 5 March 2018.

⁽²⁾ Dr. Raci KAYA has resigned from the position of Member of Board of Directors of the Bank in the Ordinary General Assembly Meeting on 30 March 2018. As of 9 April 2018, Mehmet BÜYÜKEKŞİ was appointed as the Member of the Audit Committee of the Bank. On 1 October 2018, İşinsu KESTELLİ has been appointed as a member of the Audit Committee in place of Mehmet BÜYÜKEKŞİ, who resigned from the Board of Directors at the Extraordinary General Assembly Meeting held on 24 September 2018.

⁽³⁾ Nail OLPAK, a member of the Bank's Board of Directors, has been appointed as of 9 May 2018.

⁽⁴⁾ İsmail GÜLLE has been appointed as a Board member in place of Mehmet BÜYÜKEKŞİ who resigned from the Board of Directors in the Extraordinary General Assembly Meeting held on 24 September 2018.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2018

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanation on the Board of directors, members of the audit committee, general manager and deputy general managers and their shareholding at the Bank, if applicable (Continued)

Adnan YILDIRIM is the General Manager, Necdet KARADENİZ is the Deputy General Manager in Charge of Allocation, Enis GÜLTEKİN is the Deputy General Manager in charge of Marketing, Hüseyin ÇELİK is the Deputy General Manager in charge of Financial Affairs / Operations/Risk Monitoring, Mustafa Ertan TANRIYAKUL is the Deputy General Manager responsible from Treasury / Finance, Ali Koray ERDEN is the Deputy General Manager responsible from Buyer's Credit/International Relations and Ahmet KOPAR is the Deputy General Manager responsible from Technology / Support.

The Bank's chairman and members of the board of directors, the members of the audit committee, general manager and deputy general managers do not own shares of the Bank.

IV. Information on the shareholders owning control shares

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
Ministry of Treasury and Finance	All	100%	6.350.000	-

V. Brief information on the Bank's service type and fields of operation

The Bank has been founded to support the development of export, venture investments, foreign trade through diversification of the exported goods and services, by increasing the share of exporters and entrepreneurs in international trade, to encourage foreign investments and production and sales of foreign currency earning commodities and to create new markets for the exported commodities, to provide exporters and overseas contractors with support to increase their competitiveness.

As a means of aiding export development services, the Bank performs loan, guarantee and insurance services in order to financially support export and foreign currency earning services. While performing the above mentioned operations, in addition to its own equity, the Bank provides short, medium or long term, domestic and foreign currency lending through borrowings from domestic and foreign money and capital markets.

On the other hand, the Bank also performs fund management (treasury) operations related with its core banking operations. These operations are Turkish Lira and foreign currency capital market operations, Turkish Lira and foreign currency money market operations, foreign currency market operations and derivative transactions, all of which are approved by the Board of Directors. As a result of Decision No. 4106 dated 11 March 2011 of the Banking Regulation and Supervisory Board published in Official Gazette No. 27876, dated 16 March 2011, permission was granted to the Bank to allow it to be engaged in the purchase and sale of foreign exchange-based options. The losses due to the political risks arising on loan, guarantee and insurance operations of the Bank, are transferred to the Republic of Turkey Ministry of Treasury and Finance according to article 4/c of Act number 3332 that was appended by Act number 3659 and according to Act regarding the Public Financing and Debt Management, No 4749, dated 28 March 2002. In addition, Banking Regulation and Supervision Agency authorized the Bank to operate in "Purchase and sale of precious metals and stones" and "purchase and sale of the transaction based on the precious metals" on 8 April 2014 and published in the Official Gazette No. 28966 within the scope of paragraphs (h) and (i) paragraph of article number 4 of the Banking Law No. 5411.

VI. Short explanation about those entities subject to full consolidation or proportionate consolidation with the differences regarding the consolidation transactions performed in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards, those deducted from the equities or not included in these three methods

There are not any transactions of the Bank subject to consolidation.

VII. Existing or potential, actual or legal barriers for the immediate transfer of equities among the subsidiaries of the Bank or the repayment of debts

The Bank does not have any subsidiaries.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2018

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

ASSETS	Notes	Prior Period Audited (31 December 2017) ^(*)		TOTAL
		TL	FC	
I. CASH AND BALANCES WITH CENTRAL BANK	(1)	260	631.932	632.192
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)		16.959	10.304	27.263
2.1 Trading Financial Assets		16.959	10.304	27.263
2.1.1 Government Debt Securities		11.710	-	11.710
2.1.2 Share Certificates		-	-	-
2.1.3 Derivative Financial Assets Held for Trading		5.249	10.304	15.553
2.1.4 Other Marketable Securities	(3)	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-
2.2.1 Government Debt Securities		-	-	-
2.2.2 Share Certificates		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other Marketable Securities		-	-	-
III. BANKS	(4)	191.882	1.890.519	2.082.401
IV. MONEY MARKETS		831.691	-	831.691
4.1 Interbank Money Market Placements		-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		831.691	-	831.691
4.3 Receivables from Reverse Repurchase Agreements		-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(6)	30.318	-	30.318
5.1 Share Certificates		30.318	-	30.318
5.2 Government Debt Securities		-	-	-
5.3 Other Marketable Securities		-	-	-
VI. LOANS AND RECEIVABLES	(7)	9.091.148	71.179.956	80.271.104
6.1 Loans and receivables		8.988.646	71.179.956	80.168.602
6.1.1 Loans to Bank's risk group		-	-	-
6.1.2 Government Debt Securities		-	-	-
6.1.3 Other		8.988.646	71.179.956	80.168.602
6.2 Loans under Follow-up		294.231	-	294.231
6.3 Specific Provisions (-)		191.729	-	191.729
VII. FACTORING RECEIVABLES		-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(8)	180.461	-	180.461
8.1 Government Debt Securities		180.461	-	180.461
8.2 Other Marketable Securities		-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(9)	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-
9.2 Unconsolidated		-	-	-
9.2.1 Financial Investments in Associates		-	-	-
9.2.2 Non-Financial Investments in Associates		-	-	-
X. SUBSIDIARIES (Net)	(10)	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
XI. JOINT VENTURES (Net)	(11)	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-
11.2 Unconsolidated		-	-	-
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-
XII. FINANCIAL LEASE RECEIVABLES	(12)	-	-	-
12.1 Financial Lease Receivables		-	-	-
12.2 Operating Lease Receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned Income (-)		-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(3)	77.064	56.542	133.606
13.1 Fair Value Hedge		77.064	12.857	89.921
13.2 Cash Flow Hedge		-	43.685	43.685
13.3 Foreign Net Investment Hedge		-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(13)	5.430	-	5.430
XV. INTANGIBLE ASSETS (Net)	(14)	6.055	-	6.055
15.1 Goodwill		-	-	-
15.2 Other		6.055	-	6.055
XVI. INVESTMENT PROPERTY (Net)	(15)	2.236	-	2.236
XVII. TAX ASSET		-	-	-
17.1 Current Tax Asset		-	-	-
17.2 Deferred Tax Asset		-	-	-
ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		90	-	90
18.1 Held for Sale Purpose	(17)	90	-	90
18.2 Related to Discontinued Operations		-	-	-
XIX. OTHER ASSETS		525.689	646.653	1.172.342
TOTAL ASSETS		10.959.283	74.415.906	85.375.189

^(*) In accordance with TFRS 9 Financial Instruments, which became effective as of 1 January 2018, the formats of the financial statements of the Bank have been changed in the current period. The financial statements of the current period have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to These Financial Statements". In accordance with the transition, the prior period financial statements and notes are not restated and are presented separately.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2018

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

LIABILITIES		Notes	Current Period Audited		Total
			(31 December 2018) ^(*)		
			TL	FC	
I.	DEPOSITS	(1)	-	-	-
II.	FUNDS BORROWED	(3)	-	108.730.948	108.730.948
III.	MONEY MARKET FUNDS		139.005	-	139.005
IV.	SECURITIES ISSUED (Net)		-	17.178.988	17.178.988
4.1	Bills		-	-	-
4.2	Asset Backed Securities		-	-	-
4.3	Bonds		-	17.178.988	17.178.988
V.	FUNDS		13	-	13
5.1	Borrower's Funds		-	-	-
5.2	Other		13	-	13
VI.	FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT/LOSS		-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	80	468.775	468.855
7.1	Derivative Financial Liabilities Measured at Fair Value through Profit/Loss		80	378.283	378.363
7.2	Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income		-	90.492	90.492
VIII.	FACTORING PAYABLES		-	-	-
IX.	LEASE PAYABLES	(6)	-	-	-
9.1	Financial Lease Payables		-	-	-
9.2	Operational Lease Payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred Financial Lease Expenses (-)		-	-	-
X.	PROVISIONS	(7)	324.099	-	324.099
10.1	General Loan Loss Provision		130.214	-	130.214
10.2	Restructuring Provisions		-	-	-
10.3	Reserve for Employee Rights		75.397	-	75.397
10.4	Insurance Technical Provisions (Net)		-	-	-
10.5	Other Provisions		118.488	-	118.488
XI.	CURRENT TAX LIABILITY	(8.1)	14.752	-	14.752
XII.	DEFERRED TAX LIABILITY	(8.2)	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
13.1	Asset Held for Sale		-	-	-
13.2	Related to discontinued operations		-	-	-
XIV.	SUBORDINATED LOANS		2.995.130	-	2.995.130
14.1	Borrowings		-	-	-
14.2	Other Debt Instruments		2.995.130	-	2.995.130
XV.	OTHER LIABILITIES	(5)	31.028	1.892.225	1.923.253
XVI.	SHAREHOLDERS' EQUITY	(10)	7.604.818	49.233	7.654.051
16.1	Paid-in Capital		6.350.000	-	6.350.000
16.2	Capital Reserves		-	-	-
16.2.1	Share Premium		-	-	-
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Other Capital Reserves		-	-	-
16.3	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		(9)	-	(9)
16.4	Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		11.282	49.233	60.515
16.5	Profit Reserves		401.743	-	401.743
16.5.1	Legal Reserves		379.260	-	379.260
16.5.2	Status Reserves		-	-	-
16.5.3	Extraordinary Reserves		22.483	-	22.483
16.5.4	Other Profit Reserves		-	-	-
16.6	Profit/Loss		841.802	-	841.802
16.6.1	Prior Periods' Profit/Loss		-	-	-
16.6.2	Current Period's Net Profit/Los		841.802	-	841.802
TOTAL LIABILITIES			11.108.925	128.320.169	139.429.094

^(*)In accordance with TFRS 9 Financial Instruments, which became effective as of 1 January 2018, the formats of the financial statements of the Bank have been changed in the current period. The financial statements of the current period have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to These Financial Statements". In accordance with the transition, the prior period financial statements and notes are not restated and are presented separately.

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2018

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

LIABILITIES	Notes	PRIOR PERIOD Audited (31 December 2017) ^(*)		TOTAL
		TL	FC	
I. DEPOSITS	(1)	-	-	-
1.1 Deposits of Bank's risk group		-	-	-
1.2 Other		-	-	-
II. HELD FOR TRADING DERIVATIVE FINANCIAL LIABILITIES	(2)	22.300	362.051	384.351
III. BORROWINGS	(3.1)	-	67.368.670	67.368.670
IV. DUE TO MONEY MARKETS		152.000	-	152.000
4.1 Funds from Interbank Money Market		-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		14.000	-	14.000
4.3 Funds Provided Under Repurchase Agreements		138.000	-	138.000
V. MARKETABLE SECURITIES ISSUED (Net)	(4)	-	10.279.210	10.279.210
5.1 Bills		-	-	-
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		-	10.279.210	10.279.210
VI. FUNDS		13	-	13
6.1 Borrower funds		-	-	-
6.2 Other		13	-	13
VII. MISCELLANEOUS PAYABLES		16.610	649.204	665.814
VIII. OTHER LIABILITIES	(5)	6.566	246.219	252.785
IX. FACTORING PAYABLES		-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(6)	-	-	-
10.1 Financial Lease Payables		-	-	-
10.2 Operational Lease Payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(2)	11.244	177.042	188.286
11.1 Fair Value Hedge		11.244	177.042	188.286
11.2 Cash Flow Hedge		-	-	-
11.3 Foreign Net Investment Hedge		-	-	-
XII. PROVISIONS	(7)	268.419	-	268.419
12.1 General Loan Loss Provision		130.214	-	130.214
12.2 Restructuring Provisions		-	-	-
12.3 Reserve for Employee Rights		60.253	-	60.253
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		77.952	-	77.952
XIII. TAX LIABILITY	(8)	9.962	-	9.962
13.1 Current Tax Liability		9.962	-	9.962
13.2 Deferred Tax Liability		-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
14.1 Held for Sale Purpose		-	-	-
14.2 Related to Discontinued Operations		-	-	-
XV. SUBORDINATED LOANS	(3)	-	31.596	31.596
XVI. SHAREHOLDERS' EQUITY	(10)	5.775.595	(1.512)	5.774.083
16.1 Paid-in capital		4.800.000	-	4.800.000
16.2 Capital Reserves		19.589	(1.512)	18.077
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Marketable Securities Valuation Differences		21.154	-	21.154
16.2.4 Property and Equipment Revaluation Differences		-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-
16.2.6 Revaluation Differences of Investment Property		-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-
16.2.8 Hedging Funds (Effective portion)		-	(1.512)	(1.512)
16.2.9 Value increase of Non-current Asset Held for Sale and Discounted Operations		-	-	-
16.2.10 Other Capital Reserves		(1.565)	-	(1.565)
16.3 Profit Reserves		387.531	-	387.531
16.3.1 Legal Reserves		349.896	-	349.896
16.3.2 Status Reserves		-	-	-
16.3.3 Extraordinary Reserves		37.635	-	37.635
16.3.4 Other Profit Reserves		-	-	-
16.4 Profit or Loss		568.475	-	568.475
16.4.1 Prior Years' Profit/Loss		-	-	-
16.4.2 Current Period Profit/Loss		568.475	-	568.475
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6.262.709	79.112.480	85.375.189

^(*) In accordance with TFRS 9 Financial Instruments, which became effective as of 1 January 2018, the formats of the financial statements of the Bank have been changed in the current period. The financial statements of the current period have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to These Financial Statements". In accordance with the transition, the prior period financial statements and notes are not restated and are presented separately.

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	CURRENT PERIOD			PRIOR PERIOD		
		Audited(31 December 2018)			Audited(31 December 2017)		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		3.040.292	102.246.431	105.286.723	7.818.753	70.608.092	78.426.845
I. GUARANTEES AND SURETIES	(1.2)	-	9.083.093	9.083.093	-	6.241.263	6.241.263
1.1 Letters of guarantee		-	-	-	-	-	-
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		-	-	-	-	-	-
1.2 Bank Acceptances		-	-	-	-	-	-
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	-	-	-	-	-
1.3.1 Documentary Letters of Credit		-	-	-	-	-	-
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	9.083.093	9.083.093	-	6.241.263	6.241.263
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		2.993.521	35.553.809	38.547.330	2.811.553	20.900.292	23.711.845
2.1 Irrevocable Commitments		-	792	792	-	14.819	14.819
2.1.1 Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		-	-	-	-	-	-
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10 Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	792	792	-	14.819	14.819
2.2 Revocable Commitments		2.993.521	35.553.017	38.546.538	2.811.553	20.885.473	23.697.026
2.2.1 Revocable Loan Granting Commitments		2.993.521	35.553.017	38.546.538	2.811.553	20.885.473	23.697.026
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		46.771	57.609.529	57.656.300	5.007.200	43.466.537	48.473.737
3.1 Hedging Derivative Financial Instruments		36.220	43.820.201	43.856.421	3.988.955	20.820.190	24.809.145
3.1.1 Transactions for Fair Value Hedge		-	33.685.723	33.685.723	3.952.735	20.744.690	24.697.425
3.1.2 Transactions for Cash Flow Hedge		36.220	10.134.478	10.170.698	36.220	75.500	111.720
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		10.551	13.789.328	13.799.879	1.018.245	22.646.347	23.664.592
3.2.1 Forward Foreign Currency Buy/Sell Transactions		1.891	1.690	3.581	255.974	236.994	492.968
3.2.1.1 Forward Foreign Currency Transactions-Buy		947	845	1.792	127.099	119.554	246.653
3.2.2.2 Forward Foreign Currency Transactions-Sell		944	845	1.789	128.875	117.440	246.315
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		-	13.779.200	13.779.200	762.271	22.409.353	23.171.624
3.2.2.1 Foreign Currency Swap-Buy		-	3.178.271	3.178.271	-	7.874.969	7.874.969
3.2.2.2 Foreign Currency Swap-Sell		-	3.297.385	3.297.385	762.271	7.468.982	8.231.253
3.2.2.3 Interest Rate Swap-Buy		-	3.651.772	3.651.772	-	3.532.701	3.532.701
3.2.2.4 Interest Rate Swap-Sell		-	3.651.772	3.651.772	-	3.532.701	3.532.701
3.2.3 Foreign Currency, Interest rate and Securities Options		8.660	8.438	17.098	-	-	-
3.2.3.1 Foreign Currency Options-Buy		4.330	4.219	8.549	-	-	-
3.2.3.2 Foreign Currency Options-Sell		4.330	4.219	8.549	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V)		4.609.798	141.111.476	145.721.274	3.678.180	71.025.814	74.703.994
IV. ITEMS HELD IN CUSTODY		-	-	-	-	-	-
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		-	-	-	-	-	-
4.3 Cheques Received for Collection		-	-	-	-	-	-
4.4 Commercial Notes Received for Collection		-	-	-	-	-	-
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		584.511	3.608.784	4.193.295	343.372	1.906.616	2.249.988
5.1 Marketable Securities		-	35.484	35.484	-	25.369	25.369
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estates		556.241	3.518.192	4.074.433	326.160	1.702.075	2.028.235
5.6 Other Pledged Items		28.270	55.108	83.378	17.212	179.172	196.384
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		4.025.287	137.502.692	141.527.979	3.334.808	69.119.198	72.454.006
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		7.650.090	243.357.907	251.007.997	11.496.933	141.633.906	153.130.839

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

INCOME AND EXPENSE ITEMS		Notes	Current Period Audited (1 January- 31 December 2018) ^(*)
I.	INTEREST INCOME	(1)	3.391.095
1.1	Interest Income On Loans		3.046.371
1.2	Interest Income On Reserve Deposits		-
1.3	Interest Income On Banks		157.809
1.4	Interest Income On Money Market Transactions		70.775
1.5	Interest Income On Securities Portfolio		113.491
1.5.1	Financial Assets Measured At Fair Value Through Profit or Loss		47
1.5.2	Financial Assets Measured At Fair Value Reported in Other Comprehensive Income		-
1.5.3	Financial Assets Measured At Amortised Cost		113.444
1.6	Financial Lease Income		-
1.7	Other Interest Income		2.649
II.	INTEREST EXPENSE	(2)	2.531.631
2.1	Interest On Deposits		-
2.2	Interest On Funds Borrowed		1.526.741
2.3	Interest On Money Market Transactions		928
2.4	Interest On Securities Issued		958.449
2.5	Other Interest Expenses		45.513
III.	NET INTEREST INCOME (I - II)		859.464
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		143.826
4.1	Fees and Commissions Received		350.141
4.1.1	Non-cash Loans		-
4.1.2	Other		350.141
4.2	Fees and Commissions Paid		(206.315)
4.2.1	Non-cash Loans		-
4.2.2	Other		(206.315)
V.	PERSONNEL EXPENSES (-)		170.115
VI.	DIVIDEND INCOME		151
VII.	NET TRADING INCOME/LOSSES (Net)	(3)	181.863
7.1	Trading Account Income/Losses		(69)
7.2	Income/Losses From Derivative Financial Instruments		1.317.819
7.3	Foreign Exchange Gains/Losses		(1.135.887)
VIII.	OTHER OPERATING INCOME	(4)	10.655
IX.	TOTAL OPERATING PROFIT (III+IV-V+VI+VII+VIII)		1.025.844
X.	EXPECTED CREDIT LOSSES (-)	(5)	81.696
XI.	OTHER OPERATING EXPENSES (-)	(6)	102.346
XII.	NET OPERATING PROFIT/LOSS (IX-X-XI)		841.802
XIII.	INCOME RESULTED FROM MERGERS		-
XIV.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-
XV.	GAIN/LOSS ON NET MONETARY POSITION		-
XVI.	OPERATING PROFIT/LOSS BEFORE TAXES (XI+...+XIV)		841.802
XVII.	PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)		-
17.1	Current Tax Charge		-
17.2	Deferred Tax Income Effect (+)		-
17.3	Deferred Tax Expense Effect (-)		-
XVIII.	NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)		841.802
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-
19.1	Income From Assets Held For Sale		-
19.2	Income From Sale of Associates, Subsidiaries and Joint-Ventures		-
19.3	Others		-
XX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
20.1	Expenses On Assets Held for Sale		-
20.2	Expenses On Sale of Associates, Subsidiaries and Joint-Ventures		-
20.3	Others		-
XXI.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)		-
XXII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-
22.1	Current Tax Charge		-
22.2	Deferred Tax Charge		-
XXIII.	NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXII)		-
XXIV.	NET PROFIT / LOSS (XVII+XXII)		841.802
	Earnings per Share		0,14413

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

INCOME AND EXPENSE ITEMS	Notes	Prior Period Audited (1 January – 31 December 2017) ^(*)
I. INTEREST INCOME	(1)	2.238.086
1.1 Interest on Loans		2.092.254
1.2 Interest Received from Reserve Requirements		-
1.3 Interest Received from Banks		66.638
1.4 Interest Received from Money Market Transactions		56.824
1.5 Interest Received from Marketable Securities Portfolio		21.386
1.5.1 Trading financial assets		1.127
1.5.2 Financial Assets Designated at Fair Value Through Profit or (loss)		-
1.5.3 Available-for-Sale Financial Assets		-
1.5.4 Held to Maturity Investments		20.259
1.6 Financial Lease Income		-
1.7 Other Interest Income		984
II. INTEREST EXPENSE	(2)	1.224.198
2.1 Interest on Deposits		-
2.2 Interest on Funds Borrowed		742.550
2.3 Interest Expense on Money Market Transactions		56
2.4 Interest on Securities Issued		468.138
2.5 Other Interest Expenses		13.454
III. NET INTEREST INCOME/EXPENSE (I - II)		1.013.888
IV. NET FEES AND COMMISSIONS INCOME		(7.082)
4.1 Fees and Commissions Received		21.409
4.1.1 Non-Cash Loans		-
4.1.2 Other		21.409
4.2 Fees and Commissions Paid		(28.491)
4.2.1 Non-Cash Loans		-
4.2.2 Other		(28.491)
V. DIVIDEND INCOME		-
VI. TRADING INCOME/LOSS (Net)	(3)	(281.121)
6.1 Trading Gains /Losses on Securities		(5)
6.2 Trading Gains /Losses on Derivative Financial Assets		(683.719)
6.3 Foreign Exchange Gains /Losses		402.603
VII. OTHER OPERATING INCOME	(4)	214.444
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		940.129
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	77.418
X. OTHER OPERATING EXPENSES (-)	(6)	294.236
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		568.475
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		568.475
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)		-
16.1 Current Tax Provision		-
16.2 Deferred Tax Provision		-
XVII. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		568.475
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-
18.1 Income from Non-current Assets Held for Sale		-
18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-
18.3 Other Income from Discontinued Operations		-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
19.1 Expenses for Non-current Assets Held for Sale		-
19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-
19.3 Other Expenses from Discontinued Operations		-
XX. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)		-
XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-
21.1 Current Tax Provision		-
21.2 Deferred Tax Provision		-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)		-
XXIII. NET PROFIT / LOSS (XVII+XXII)		568.475
Earnings/Loss per share (Full TL)		0,11843

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2018

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

		Current Period Audited 31 December 2018 ^(*)
Notes		
I.	CURRENT PERIOD PROFIT/LOSS	841.802
II.	OTHER COMPREHENSIVE INCOME	40.667
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	(206)
2.1.1	Revaluation Surplus on Tangible Assets	-
2.1.2	Revaluation Surplus on Intangible Assets	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(206)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-
2.1.5	Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	40.873
2.2.1	Translation Differences	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(9.872)
2.2.3	Gains/Losses from Cash Flow Hedges	50.745
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-
2.2.6	Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)	882.469

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME /EXPENSE ITEMS
RECOGNIZED UNDER EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

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

INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	Notes	Prior Period Audited 31 December 2017 ^(*)
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"		9.194
II. REVALUATION SURPLUS ON TANGIBLE ASSETS		-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS		-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES		-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)		(1.078)
VI. PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS / (Effective part of fair value changes)		-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS		-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS		(82)
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES		-
X. NET PROFIT/LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY		8.034
XI. CURRENT PERIOD PROFIT/LOSS		568.475
11.1 Net change in fair value of marketable securities (Transfer to Profit/Loss)		-
11.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement		-
11.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement		-
11.4 Other		568.475
XII. TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD		576.509

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Notes					Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss				Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Lo	Total Shareholders' Equity	
		Paid-in Capital	Share Premium	Share Cancellation Profit	Other Capital Reserve	1	2	3	4	5	6					
Current Period 31 December 2018 ^(*)																
I. Balances at Beginning of Period		4.800.000	-	-	-	-	(1.565)	-	-	21.154	(1.512)	387.531	568.475	-	-	5.774.083
II. Correction made as per TAS 8		-	-	-	-	-	-	1.762	-	-	-	-	-	-	-	1.762
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	1.762	-	-	-	-	-	-	-	1.762
Adjusted Balances at Beginning of Period (I+II)		4.800.000	-	-	-	-	(1.565)	1.762	-	21.154	(1.512)	387.531	568.475	-	-	5.775.845
IV. Total Comprehensive Income		-	-	-	-	-	(206)	-	-	(9.872)	50.745	-	-	-	-	40.667
V. Capital Increase in Cash		1.000.000	-	-	-	-	-	-	-	-	-	-	-	-	-	1.000.000
VI. Capital Increase from Internal Sources		550.000	-	-	-	-	-	-	-	-	-	(550.000)	-	-	-	-
Capital Reserves from Inflation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	841.802	841.802
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1. Dividends		-	-	-	-	-	-	-	-	-	-	564.212	(568.475)	-	-	(4.263)
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	564.212	(564.212)	-	-	(4.263)
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		6.350.000	-	-	-	-	(1.771)	1.762	-	11.282	49.233	401.743	-	841.802	-	7.654.051

1 Accumulated Revaluation Increase/Decrease of Fixed Assets

2 Accumulated Remeasurement at Gain/Loss of Defined Benefit Pension Plan

3 Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

4 Foreign Currency Translation Differences

5 Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income

6 Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

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

	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I. Prior Period^(*) 31 December 2017^(*)																
Prior Period End Balance	3.700.000	-	-	-	328.050	-	718.573	21.260	-	421.325	11.960	-	-	(434)	-	5.200.734
Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	9.194	-	-	-	-	9.194
IV. Hedging Transactions Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.078)	-	(1.078)
4.1 Cash flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.078)	-	(1.078)
4.2 Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase	1.100.000	-	-	-	-	-	(1.077.257)	(22.743)	-	-	-	-	-	-	-	-
12.1 Cash increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources	1.100.000	-	-	-	-	-	(1.077.257)	(22.743)	-	-	-	-	-	-	-	-
XIII. Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid-in-capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-	-	(82)	-	-	-	-	-	-	-	(82)
XVII. Current Year Net Profit or Loss	-	-	-	-	-	-	-	-	568.475	-	-	-	-	-	-	568.475
XVIII. Profit Distribution	-	-	-	-	21.846	-	396.319	-	-	(421.325)	-	-	-	-	-	(3.160)
18.1 Dividends Paid	-	-	-	-	-	-	-	-	-	(3.160)	-	-	-	-	-	(3.160)
18.2 Transfers to Reserves	-	-	-	-	21.846	-	396.319	-	-	(418.165)	-	-	-	-	-	(3.160)
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period End Balance	4.800.000	-	-	-	349.896	-	37.635	(1.565)	568.475	-	21.154	-	-	(1.512)	-	5.774.083

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

	Notes	Current Period Audited 31 December 2018 ^(*)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities		3.354.565
1.1.1 Interest received		3.287.387
1.1.2 Interest paid		(1.455.142)
1.1.3 Dividend received		151
1.1.4 Fees and commissions received		345.509
1.1.5 Other income		1.328.474
1.1.6 Collections from previously written-off loans and other receivables	(7.11.2)	48.255
1.1.7 Payments to personnel and service suppliers		(184.576)
1.1.8 Taxes paid		(132.051)
1.1.9 Other		116.558
1.2 Changes in operating assets and liabilities		(5.906.489)
1.2.1 Net (increase) decrease in financial assets measured at Fair Value Through Profit or Loss		3.050
1.2.2 Net (increase) decrease in due from banks		-
1.2.3 Net (increase) decrease in loans		(38.981.217)
1.2.4 Net (increase) decrease in other assets		(264.480)
1.2.5 Net increase (decrease) in bank deposit		-
1.2.6 Net increase (decrease) in other deposits		-
1.2.7 Net increase (decrease) in financial liabilities measured at Fair Value Through Profit or Loss		-
1.2.8 Net increase (decrease) in funds borrowed		32.442.137
1.2.9 Net increase (decrease) in matured payables		-
1.2.10 Net increase (decrease) in other liabilities		894.021
I. Net cash flow from banking operations		(2.551.924)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities		(2.982.434)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-
2.2 Cash obtained from sale of associates, subsidiaries and joint-venture		-
2.3 Purchases of tangible asset	(5.1.13)	(2.745)
2.4 Sales of tangible assets		-
2.5 Cash paid for purchase of financial assets measured at FVOCI		-
2.6 Cash obtained from sale of financial assets measured at FVOCI		-
2.7 Cash paid for purchase of financial assets measured at amortised cost	(5.1.8.4)	(3.198.105)
2.8 Cash obtained from sale of financial assets measured at amortised cost	(5.1.8.4)	220.654
2.9 Others		(2.238)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities		5.159.435
3.1 Cash obtained from funds borrowed and securities issued		4.988.558
3.2 Cash used for repayment of funds borrowed and securities issued		(824.860)
3.3 Equity instruments issued		-
3.4 Dividends paid		(4.263)
3.5 Payments for financial leases		-
3.6 Others	(5.5)	1.000.000
IV. Effect of translation differences on cash and cash equivalents		1.062.572
V. Net increase/(decrease) in cash and cash equivalents		687.649
VI. Cash and cash equivalents at beginning of period	(6.1.1.2)	3.546.284
VII. Cash and cash equivalents at end of period	(6.1.1.2)	4.233.933

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

	Note	Prior Period Audited 31 December 2017 ^(*)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit before changes in operating assets and liabilities		1.730.389
1.1.1 Interest received		2.165.125
1.1.2 Interest paid		(728.806)
1.1.3 Dividend received		-
1.1.4 Fees and commissions received		21.114
1.1.5 Other income		214.444
1.1.6 Collections from previously written-off loans and other receivables	(7.11.2)	7.065
1.1.7 Payments to personnel and service suppliers		(159.764)
1.1.8 Taxes paid		(25.299)
1.1.9 Other		236.510
1.2 Changes in operating assets and liabilities		(2.945.263)
1.2.1 Net (increase) / decrease in trading securities		(980)
1.2.2 Net (increase) / decrease in fair value through profit/(loss) financial assets		-
1.2.3 Net (increase) / decrease in due from banks		-
1.2.4 Net (increase) / decrease in loans		(10.747.602)
1.2.5 Net (increase) / decrease in other assets		(114.919)
1.2.6 Net increase / (decrease) in bank deposits		-
1.2.7 Net increase / (decrease) in other deposits		-
1.2.8 Net increase / (decrease) in funds borrowed		8.215.708
1.2.9 Net increase / (decrease) in payables		-
1.2.10 Net increase / (decrease) in other liabilities		(297.470)
I. Net cash provided from banking operations		(1.214.874)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		(79.686)
2.1 Cash paid for acquisition of associates, subsidiaries and joint ventures (Business Partners)		-
2.2 Cash obtained from disposal of associates, subsidiaries and joint ventures (Business Partners)		-
2.3 Purchases of property and equipment	(5.1.13)	(1.729)
2.4 Disposals of property and equipment		778
2.5 Cash paid for purchase of available-for-sale investments		-
2.6 Cash obtained from sale of available-for-sale investments		-
2.7 Cash paid for purchase of investment securities	(5.1.8.4)	(238.756)
2.8 Cash obtained from sale of investment securities	(5.1.8.4)	164.403
2.9 Other		(4.382)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		1.218.287
3.1 Cash obtained from funds borrowed and securities issued		1.716.276
3.2 Cash used for repayment of funds borrowed and securities issued		(494.829)
3.3 Issued capital instruments		-
3.4 Dividends paid		(3.160)
3.5 Payments for finance leases		-
3.6 Other		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		365.358
V. Net increase in cash and cash equivalents		289.085
VI. Cash and cash equivalents at the beginning of the period		3.257.199
VII. Cash and cash equivalents at the end of the period	(6.1.1.2)	3.546.284

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2018

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

VII. STATEMENT OF PROFIT DISTRIBUTION	Current Period	Prior Period
	31 December 2018^(*)	31 December 2017
I. DISTRUBUTION OF PROFIT		
1.1. Current Year Income	858.982	580.077
1.2. Taxes And Duties Payable (-)	17.180	11.602
1.2.1. Corporate Tax (Income tax)	-	-
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and duties	17.180	11.602
A. NET INCOME FOR THE YEAR (1.1-1.2)	841.802	568.475
1.3. Prior Year Losses (-)	-	-
1.4. First Legal Reserves (-)	-	29.364
1.5. Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	539.111
1.6. First Dividend To Shareholders (-)	-	4.263
1.6.1. To Owners Of Ordinary Shares	-	4.263
1.6.2. To Owners Of Privileged Shares	-	-
1.6.3. To Owners Of Preferred Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.7. Dividends To Personnel (-) (**)	-	9.616
1.8. Dividends To Board Of Directors (-)	-	-
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 Preferred Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	-
1.11. Statutory Reserves (-)	-	-
1.12. Extraordinary Reserves	-	534.848
1.13. Other Reserves	-	-
1.14. Special Funds	-	-
II. DISTRIBUTION OF RESERVES		
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 Preferred 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 (-)	-	-
III. EARNINGS PER SHARE		
3.1. To Owners Of Ordinary Shares	0,1441	0,1184
3.2. To Owners Of Ordinary Shares (%)	14,41	11,84
3.3. To Owners Of Privileged Shares	-	-
3.4. To Owners Of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. To Owners Of Ordinary Shares	-	-
4.2. To Owners Of Ordinary Shares (%)	-	-
4.3. To Owners Of Privileged Shares	-	-
4.4. To Owners Of Privileged Shares (%)	-	-

(*) As of the report date, there is no decision related to 2018 profit distribution, therefore, distributable net profit for period is not presented.

(**) The amount of dividend distributed to personnel has been provided in 2017 net profit. Therefore, it is not included in profit distribution, but presented for information.

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SECTION THREE
ACCOUNTING POLICIES

I. Basis of presentation

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

The Bank prepares its legal records, financial statements and underlying documents in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Financial Reporting Standards (“TFRS”), other explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”) (all together “BRSA Accounting and Financial Reporting Legislation”). Turkish Financial Reporting Standards (“TFRS”) consist of Turkish Accounting Standards (“TAS”), standards and interpretations as the names of TAS interpretations and TFRS interpretations published by Public Oversight Accounting and Auditing Standards Authority (“POA”) of Turkey, Turkish Financial Reporting Standards.

Accounting policies applied and valuation methods used in the preparation of the unconsolidated financial statements are expressed in detail below.

Amounts in the financial statements and related explanations and disclosures are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.

The financial statements are prepared in TL in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, derivative financial assets and liabilities.

The preparation of the unconsolidated financial statements in conformity with TFRS requires the Bank management to use of certain make assumptions and estimates on the assets and liabilities of the balance sheet and contingent liabilities as of the balance sheet date. These estimates are reviewed regularly and, when necessary, corrections are made and the effects of these corrections are reflected to the statement of Profit or Loss.

TFRS 15 Revenue from Contracts with Customers (“TFRS 15”) standard provides single and comprehensive model and guidance regarding recognition of revenue and replaces TAS 18 Revenue standard. The standard is in effect starting from 1 January 2018 and does not have significant impact on the accounting policies, financial position and performance of the Bank.

The Bank has complied with the provisions of TFRS 9 Financial Instruments (“TFRS 9”), effective from 1 January 2018, regarding the classification and measurement of financial assets and is exempt from the impairment provisions. The current period financial statements of the Bank are presented in the financial statement format which is valid for TFRS 9 exempt banks as announced by BRSA.

Besides, the adoption process continues regarding TFRS 16 Leases (“TFRS 16”) which will be in effect starting from 1 January 2019.

2. Accounting policies and valuation principles applied in the preparation of the financial statements

The accounting policies and valuation principles applied in the preparation of the financial statements are determined and applied in accordance with the principles of TFRS. These accounting policies and valuation principles are explained in Notes II to XXIV below.

3. Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

II. Strategy for use of financial instruments and foreign currency transactions

The Bank uses derivatives to balance its foreign currency asset/liability positions for managing its exposure to currency risk.

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates of the Bank prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of “foreign exchange gains/losses”.

As of 31 December 2018, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 5,2801 for US Dollar, TL 6,0404 for Euro, TL 4,7856 for 100 JPY and TL 6.7279 for GBP.

III. Explanations on forward transactions, options and derivative instruments

Accounting policies applied as of 1 January 2018

The Bank uses derivative financial instruments in order to avoid exposure to foreign currency and interest rate risks.

As of the balance sheet date, there are outstanding currency and interest rate swap purchase and sales contracts and forward transactions in TL and foreign currency.

Derivatives are initially recorded with their fair values and related transaction costs as of the contract date are recorded in profit or loss. The following periods of initial reporting, they are measured at their fair values. The result of this assessment, offsetting debit and credits stemming from each contract debit and credits are reflected to the financial statements as a contract-based single asset and liability. The method of accounting gain or loss changes according to related derivative transaction whether to be held for cash flow hedges or not and to the content of hedge account.

The derivative financial instruments are presented under two headings in the Bank's financial statements.

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

a.1.) *Derivative financial assets held for trading*

Derivative financial instruments other than derivative instruments intended for the fair value hedging and cash flow hedge purposes of the Bank are accounted for as "trading purpose", economically providing effective protection against risks for the Bank. Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts at contractual amounts. Derivative financial instruments are measured at fair value in subsequent periods and if the fair value is positive, they are classified under "derivative financial assets measured at fair value through profit or loss". If fair value is negative derivative transactions are classified under “derivative financial liabilities measured at fair value through profit or loss”. After valuation, differences of changes in fair value are reflected in the statement of profit or loss.

a.2.) *Derivative financial assets held for hedging purpose*

The Bank notifies in written the relationship between hedging instrument and related account, risk management aims of hedge and strategies and the methods used to measure the hedge effectiveness. The Bank evaluates the method of hedge whether to be effective on the expected changes in fair values in this process or not or each result of hedge effectiveness whether to be between the range of 80% and 125%.

Changes in fair values of derivative transactions under fair value hedges are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in “Trading Gains/Losses on derivative financial instruments” account. In the balance sheet, change in fair value of hedged asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, adjustments made to the value of hedged item using straight-line amortization method within the days to maturity are reflected to “Income/losses from derivative financial instruments” account in the statement of profit or loss.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward transactions, options and derivative instruments (Continued)

Accounting policies applied as of 1 January 2018 (Continued)

b.) Financial assets measured at fair value through other comprehensive income

b.1.) Derivative financial instruments held for hedging

The Bank hedges its cash flow risk arising from floating-rate liabilities in foreign currency and TL by cross-currency swaps. In this context, the fair value changes of the effective portion of the hedging instruments are accounted under the “hedge funds” account within equity. In the period in which the cash flows affect the income statement for the hedged item, the hedging instrument relating to the profit/loss is extracted from equity and recognized in the statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective 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 incur, the gain/losses accounted for under shareholders’ equity, are transferred to statement of profit or loss.

In cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under “accumulated other comprehensive income or expense to be reclassified to profit or loss” in shareholders’ equity. Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. Hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness.

TFRS 9 permits to defer application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank continues to apply hedge accounting in accordance with TAS 39 in this context.

Accounting policies applied before 1 January 2018

a.) Derivative financial instruments held for trading

Payables and receivables arising from the derivative instruments are followed in the off-balance sheet accounts at their contractual values. Derivative instruments are remeasured at fair value after initial recognition. If the fair value of a derivative financial instrument is positive, it is disclosed under the main account “Financial assets at fair value through profit or loss” in “Derivative financial assets held for trading” and if the fair value difference is negative, it is disclosed under “Derivative financial liabilities held for trading”. Differences in the fair value of trading derivative instruments are accounted under “trading income/loss” in the income statement. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

IV. Explanations on interest income and expenses

Interest income and expenses are recognized in profit or loss on an accrual basis.

V. Explanations on fee and commission income and expenses

All fees and commission income/expenses are recognized on an accrual basis, except for certain commission income and fees for various banking services which are recorded as income at the time of collection.

VI. Explanations on financial assets

Accounting policies applied as of 1 January 2018

The Bank recognises its financial assets as “Financial Assets Measured at Fair Value Through Profit/Loss”, “Financial Assets Measured at Fair Value Through Other Comprehensive Income” or “Financial Assets Measured at Amortized Cost”. Such financial assets are recognized or derecognized according to third section relating to classification and measurement of TFRS 9 Financial Instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the POA.

During the initial recognition of a financial asset into the financial statements, business model determined by the Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanation on financial assets (Continued)

Accounting polices applied as of 1 January 2018 (Continued)

a.) Financial assets measured at fair value through profit/loss

Financial assets measured at fair value through profit or loss are financial assets that are managed with the business model other than the business model that aims to collect and sell the contractual cash flows and the contractual terms of the financial assets, do not result in cash flows that include interest payments arising only from the principal and principal balance at specific dates; are financial assets that are acquired in order to generate profits from fluctuations in prices and similar factors in the short term in the market or are part of a portfolio aimed at achieving profit in the short term regardless of the reason for the acquisition.

Financial assets measured at fair value through profit or loss are initially recognized at cost in the financial statements. All regular way purchases and sales of financial assets are recognized and derecognized at the settlement date.

The government bonds and treasury bills recognized under financial assets measured at fair value through profit/loss which are traded on Borsa İstanbul AŞ (“BİST”) are valued with weighted average prices settled on BİST as of the balance sheet date; and those government bonds and treasury bills traded on BİST but which are not subject to trading on BİST as of the balance sheet date are valued with weighted average prices at the latest trading date.

The financial assets classified under trading financial assets and whose fair values cannot be measured reliably are carried at amortized cost using the “effective yield method”. The difference between the purchase cost and the amortized cost at the selling date is recorded as interest income.

If the selling price of a financial asset measured at fair value through profit/loss is above its amortized cost as of the sale date, the positive difference between the selling price and the amortized cost is recognized as income under trading gains on securities and if the selling price of a trading security is lower than its amortized cost as of the sale date, the negative difference between the selling price and the amortized cost is recognized as expense under trading losses on securities.

b.) Financial assets measured at fair value through other comprehensive income

If a financial asset is acquired under both of the following conditions, the change in fair value is measured by reflecting to other comprehensive income:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets,
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value Through Other Comprehensive Income are valued at fair value in the periods subsequent to their acquisition. If the underlying fair value is not realized in the active market conditions, it is accepted that the fair value is not determined reliably and the fair value is determined by using the discounted value of other comprehensive income and reflected at amortized cost, are accounted for by rediscount.

Unrealized gains or losses arising from changes in the fair value of securities that are at fair value through other comprehensive income and which reflect the difference between the amortized cost of securities and their fair value are classified as “Other Comprehensive Income or Expense to be Recycled to Profit or Loss” account.

However, the Bank may, at initial recognition, irrevocably choose the method of reflecting changes in fair value to other comprehensive income for specific investments on equity instruments that would normally be measured at fair value through profit or loss.

c.) Financial assets measured at amortised cost

A financial asset is measured at amortized cost if both conditions are met:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows,
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanation on financial assets (Continued)

Accounting polices applied as of 1 January 2018 (Continued)

c.) Financial assets measured at amortised cost (Continued)

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using “effective interest rate method (Internal rate of return)”. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Purchase and sale transactions of these financial assets are recorded and derecognised according to the “delivery date”. The Bank’s government bonds and treasury bills are included in the Financial Assets Measured at Amortized Cost.

d.) Loans

Loans are financial assets created by providing money, goods or services to the debtor. Such loans are measured at amortized cost using the effective yield (internal rate of return) method.

Accounting polices applied before 1 January 2018

a.) Financial assets measured at fair value through profit/loss

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

Trading financial assets are initially recognized at cost. Acquisition and sale transactions of trading financial assets are recognized and derecognized at the settlement date.

The financial assets classified under trading financial assets and whose fair values cannot be measured reliably are carried at amortized cost using the “effective yield method”. The difference between the purchase cost and the amortized cost at the selling date is recorded as interest income.

If the selling price of a trading financial asset is above its amortized cost as of the sale date, the positive difference between the selling price and the amortized cost is recognized as income under trading gains on securities and if the selling price of a trading security is lower than its amortized cost as of the sale date, the negative difference between the selling price and the amortized cost is recognized as expense under trading losses on securities.

b.) Available-for-sale Financial Assets

Available-for-sale financial assets are subsequently remeasured at fair value. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at amortized cost, less provision for impairment.

“Unrealized gains and losses” arising from changes in the fair value of securities classified as available-for-sale are recognized under shareholders’ equity as “Marketable securities value increase fund”, until the collection of the fair value of financial assets, the sale of the financial assets, permanent impairment in the fair values of such assets or the disposal of the financial assets. When these securities are disposed of or the fair value of such securities is collected, the accumulated fair value differences in the shareholders’ equity are reflected to profit or loss.

c.) Investments Held to Maturity

Held-to-maturity financial assets are assets that are not classified under loans and receivables with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Loans and receivables are financial assets that are originated by the Bank by providing money, services or goods to borrowers other than trading financial assets and financial assets held for the purpose of short-term profit making. Available for sale financial assets are financial assets other than loans and receivables, held to maturity financial assets and financial assets at fair value through profit or loss.

Held-to-maturity financial assets are initially recognized at cost and are subsequently carried at amortized cost using the effective interest method. Interest earned from held-to-maturity financial assets is recorded as interest income. All regular way purchases and sales of held-to-maturity financial assets are accounted at the settlement date. There are not any financial assets that were previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the contradiction of classification principles.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment of financial assets

Financial assets are considered as impaired when the recoverable amount of financial assets, which is calculating expected future cash flows with using “internal rate of return” method, are lower than book value. A provision is made for the diminution in value of the impaired financial asset and this is charged against the income for the year.

The Bank is exempted from the general and specific provisions in accordance with Article 13 “Exceptions” “As per Article 21 entitled “Exceptions”, “Regulation on the Procedures and Principles for Determination of Classifications of Loans Provisions to be Set Aside” published in the Official Gazette which says “specific and general provision rates for transactions made in accordance with Law No: 3332 dated 25 March 1987 are considered as zero percent”.

The Bank may reserve specific provision for receivables secured by 1st and 2nd Group collaterals in the Regulation from non-performing loans and receivables, up to 20% which is first stage specific reserve ratio in the Regulation, for receivables secured by 3rd, 4th and 5th Group collaterals in the Regulation and unsecured receivables, up to 100%.

The Bank has exemption from the impairment of TFRS 9 Financial Instruments Standard which is effective from 1 January 2018, based on the permission which is dated 8 January 2018 and numbered 101.02.02.-E.347 by BRSA. Despite the exemption, the Bank has started to apply the related provisions as of 1 January 2019.

VIII. Explanations on offsetting financial instruments

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. Otherwise, there is no netting of financial assets and liabilities.

IX. Explanations on sales and repurchase agreements and securities lending transactions

Funds given against securities purchased under agreements (“Reverse repo”) to resell are accounted under “Money market placements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the “effective interest method”. The Bank has no securities lending transactions.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on assets held for sale and discontinued explanations on liabilities related with these assets

According to the TFRS 5 “Assets Held for Sale and Discontinued Operations”, a tangible asset (or a group of assets to be disposed) classified as “asset held for sale” is measured at lower of carrying value and fair value less costs to sell. These assets are shown separately on the balance sheet. In order to classify an asset as an asset held for sale, the related asset (or the group of assets to be disposed of) should be able to be sold immediately and the probability of sale for such assets (or group of assets to be disposed of), should be high under current conditions. In order for the sale to be highly probable, a plan should have been made by the suitable management for the sale of the asset (or group of assets to be disposed of) and an active program should have been started to determine the buyers and to carry out the plan.

Furthermore, the asset (or group of assets to be disposed of) should be actively marketed at a price consistent with its fair value. Various events and conditions may extend the period for the completion of the sales process to more than a year. If there is sufficient evidence that the related delay has occurred beyond the Bank’s control and that the Bank’s plans for selling the related asset (or group of assets to be disposed of) is still in progress, the related assets are continued to be classified as assets held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are presented in the statement of profit or loss separately. The Bank has no discontinued operations.

XI. Explanations on goodwill and other intangible assets

Goodwill and other intangible assets are recorded at cost in accordance with “TAS 38” “Intangible Assets”. Intangible assets consist of computer software licenses. Intangible assets result in net book value as of the balance sheet date by deducting their acquisition cost to accumulated amortization. Intangible assets are amortized by the straight-line method, considering their useful life and amortization rates published by Republic of Turkey Ministry of Treasury and Finance. During the current year, there has been no change in the depreciation method. The Bank does not expect any changes in accounting estimates, useful lives, depreciation method and residual value during the current and the following periods.

As of 31 December 2018 and 31 December 2017, the Bank does not have any goodwill in its accompanying financial statements.

Implemented yearly amortization rates as follows;

Licence :	6,66%
Software :	33,33%

XII. Explanations on tangible assets

All property and equipment are initially recognized at cost model in accordance with TAS 16 “Property, Plant and Equipment”. Subsequently acquired property and equipment are carried at cost less accumulated depreciation at the balance sheet date. Depreciation is calculated over the cost of property and equipment using the straight-line method over its estimated useful life. There has been no change in the depreciation method during the current period.

The depreciation rates are as follows;

Buildings	:	2%
Furniture, fixtures and vehicles	:	6-33%

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on tangible assets (Continued)

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment. Gains and losses on the disposal of property and equipment are booked to the income statement accounts for the period at an amount equal to the book value. Where the carrying amount of an asset is greater than its estimated “Recoverable amount”, it is written down to its “Recoverable amount” and the provision for the diminution in value is charged to the income statement. Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized over the cost of the tangible asset. The capital expenditures include the cost components that increase the useful life, capacity of the asset or quality of the product or that decrease the costs.

There are not any pledges, mortgages or any other contingencies and commitments over property and equipment that restrict their usage. The Bank does not expect any changes in accounting estimates that will have a material impact in future periods in relation with the property and equipment.

XIII. Explanations on investment property

Investment properties consist of assets held to obtain rent and/ or unearned increment profit. Investment properties are initially recognized at cost model in accordance with TAS 40 “Investment Property”. These properties are carried on accompanying unconsolidated financial statements at cost less accumulated depreciation and impairment. Investment properties are depreciated in accordance with the useful life principles with straight-line depreciation method. Gains and losses resulted from disposal of investment properties or withdrawn from service of a tangible asset are determined as the difference between sales proceeds and the carrying amount of the asset and included in the statement of profit or loss.

XIV. Explanations on leases

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the “Lower of the fair value of the leased asset or the present value of the lease instalments that are going to be paid for the leased asset”. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a “Provision for value decrease” is recognized. Liabilities arising from the leasing transactions are included in “Finance lease payables” in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the statement of profit or loss. The Bank does not perform financial leasing transactions as a “Lessor”.

Transactions regarding operating leases are accounted on an accrual basis in accordance with the terms of the related contracts.

XV. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities except for the specific and general provisions recognized for loans and other receivables are accounted in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the “Matching principle”. When the amount of the obligation cannot be estimated reliably it is considered that a “Contingent” liability exists. When the amount of the obligation can be estimated reliably and when there is a high possibility of an outflow of resources from the Bank, the Bank recognizes a provision for such liability.

As of the balance sheet date, there is not any contingent liability based on past events for which there is a possibility of an outflow of resources and whose obligation can be reliably estimated.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on obligations related to employee rights

Under the Turkish Labor Law, the Bank is required to pay a specific amount to employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labor Law.

Obligations related to employee termination and vacation rights are calculated for in accordance with TAS 19 “Employee Benefits”.

Revised TAS 19 is effective being published on the Official Gazette dated 12 March 2013 by Public Oversight Accounting and Auditing Standards Authority. According to revised TAS 19, once the Actuarial Gains and Losses occur, they are recorded under equity and are not associated with the statement of profit or loss. Benefit costs arising interest cost due to being 1 year more closer to the payment of benefit and service cost as a result of given service by employee are required to be shown in statement of profit or loss.

	Current Period	Prior Period
Discount ratio	15,50%	11,65%
Inflation	10,00%	8,30%
Salary increase rate	11,00%	11,00%

As of 31 December 2018, the calculated employment termination obligation amount is TL 21.854 (31 December 2017: TL 19.116). For the year ended 31 December 2018, the Bank also provided provision for vacation pay liability relating to prior periods amounting to TL 15.998 (31 December 2017 TL 13.733).

The Bank has allocated a provision amounting to TL 24.869 (31 December 2017: TL 17.806) based on the success premium to be paid in January 2019 for the second half of the year and a provision amounting to TL 12.675 (31 December 2017: TL 9.598) for the dividend payable to the employees in 2019 from the profit of 2018.

XVII. Explanations on taxation

According to Act number 3332 and article 4/b of Act number 3659, dated 25 March 1987 and 26 September 1990, respectively, the Bank is exempt from Corporate Tax. Due to the 3rd Article of the same act; the above mentioned exemption became valid from 1 January 1988. In accordance with clause 9 of the Provisional Article 1 of Corporate Tax Law No. 5520, which states “The provision of Article 35 shall not apply to exemptions, allowances and deductions included in other laws in relation to Corporation Tax prior to the effective date of the Law No. 5520”, the exemption from Corporation Tax continues. Accordingly, deferred tax asset or liability is not recognized in these financial statements.

XVIII. Additional explanations on borrowings

Derivative instruments are measured at their fair values and other financial liabilities including debt securities issued are measured at “Amortized cost” using the “Effective interest method”.

The Bank has issued seven bonds. In April 2012, the Bank issued bonds amounting USD 500 million (TL 2.640.050). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years. In October 2012, the Bank has increased the amount of bonds amounting to USD 250 million (TL 1.320.025) with respect to the bonds issued in April 2012. In September 2014, the Bank issued bonds amounting USD 500 million (TL 2.640.050). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years. In February 2016, the Bank issued bonds amounting USD 500 million (TL 2.640.050). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years. In October 2016, the Bank issued bonds amounting USD 500 million (2.640.050). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is seven years. In September 2017, the Bank issued a bond with a maturity of five years and a fixed rate of 4,250% amounting USD 500 million (TL 2.640.050). In May 2018, the Bank issued a bond with a maturity of six years and a fixed rate of 6,125% amounting to USD 500 million (TL 2.640.050). The Bank applied hedge accounting for the measurement of derivative financial instruments which are related to the bonds issued and accounted for hedge accounting during this period.

In September 2018, the Bank issued subordinated debt instrument amounting TL 2.901.759 with a maturity of ten years with an early redeem option after fifth year of the date of issue.

In addition, within the first two quarters of 2018, the Bank has applied hedge accounting on Rediscount Credit Programs for the exchange rate risk of the foreign currency risk arising from the fixed rate TL loans extended by the CBRT through the floating rate foreign currency denominated loans. Amounts with respect to this calculation have been transferred to related accounts. As of 31 December 2018, there are no transactions in this scope.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on issuance of share certificates

As the Bank's total paid-in capital is owned by the Ministry of Treasury and Finance, there is no cost related to share issuance. Profit appropriation of the Bank is resolved at the General Assembly meeting. On 30 March 2018, dividend distribution for 2017, approved by Banking Regulation and Supervision Agency was approved by the General Assembly of the Bank and profit distribution was made according to the resolution of the meeting.

XX. Explanations on avalized drafts and acceptances

The Bank keeps its guarantee bills and acceptances in the off-balance liabilities.

XXI. Explanations on government grants

The Bank benefits from the Government Incentive provided by the Ministry of Trade as of 31 December 2018. In accordance with the decision of the Ministry of Economy Money-Credit and Coordination Board dated 2016/8, the interest expense of bank which is corresponding with difference between the bank interest rate and reference commercial interest rate is supported on investment good through exports medium-long-term buyer's loans. These incentives are recognized by adopting an income approach in accordance with TAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

XXII. Explanations on segment reporting

The Bank emphasizes the scope of business method for segment reporting by considering the Bank's main source and characteristics of risks and earnings. The Bank's activities mainly concentrate on corporate and investment banking.

XXIII. Explanations on other issues

The Bank does not accept deposits. The Bank has been mandated to export loan operations, export loan insurance and export grants. On the other hand, the Bank also performs domestic and foreign currency money, capital and FX market operations within the context of Treasury operations.

The Bank engages in derivative transactions, currency and interest rate swaps, forward and option transactions and obtains funds by means of syndicated loans, subordinated loans, bond issuance and bank borrowings.

IFRS 15 Revenue from Contracts with Customers standard provides single and comprehensive model and guidance regarding recognition of revenue and replaces TAS 18 Revenue standard. The standard is effective starting from 1 January 2018 and does not have significant impact on the financial position and performance of the Bank.

As of 1 January 2018, the Bank has started to implement the classification and measurement of IFRS 9 Financial Instruments Standard and also as of 1 January 2019 the Bank has started to apply impairment provisions of IFRS 9.

Impairment: Within the scope of IFRS 9, the probability of default including forward-looking macro-economic information, loss given default and default amount models in terms of expected credit loss measurement have been developed.

The expected credit loss measurement will be calculated in 3 stages and the stages will be determined as follows;

Stage 1: The Bank will recognise 12-month expected credit losses ("ECL") for financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

Stage 2: The Bank will recognise Lifetime ECL for financial instruments that have had a significant increase in credit risk since initial recognition.

Stage 3: Financial assets with objective evidence of impairment as of the date of the report will be subject to a lifetime expected credit loss provision.

Although there may be changes until the Bank's first financial statements published, the impairment provisions of IFRS 9 are expected to have positive effect the Bank's equity approximately by 0.1 / 0.2%

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIV. Reclassifications

Reclassifications and remeasurements for the first time application of TFRS 9 Financial Instruments standard as at 1 January 2018 are presented below.

ASSETS	31 December 2017	TFRS 9 Reclassification Effect	TFRS 9 Measurement Effect	1 January 2018
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	27.263	(24.169)	-	3.094
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	30.318	-	30.318
Available-for-Sale Financial Assets	30.318	(30.318)	-	-
Financial Assets Measured at Amortised Cost	-	189.077	1.762	190.839
Investments Held to Maturity	180.461	(180.461)	-	-
Derivative Financial Assets	-	149.159	-	149.159
Derivative financial instruments held for risk management	133.606	(133.606)	-	-
LIABILITIES	31 December 2017	TFRS 9 Reclassification Effect	TFRS 9 Measurement Effect	1 January 2018
Derivative Financial Liabilities Held for Trading	384.351	(384.351)	-	-
Derivative Financial Liabilities	-	572.637	-	572.637
Miscellaneous Payables	665.814	(665.814)	-	-
Other External Funds	252.785	(252.785)	-	-
Other Liabilities	-	918.599	-	918.599
Derivative Financial Liabilities Held For Hedging Purpose	188.286	(188.286)	-	-
Securities Value Decrease Fund	21.154	(21.154)	-	-
Hedging Reserves (effective portion)	(1.512)	1.512	-	-
Other Capital Reserves	(1.565)	1.565	-	-
Other Comprehensive Income/Expense Items not to be Recycled to Profit and Loss	-	(1.565)	1.762	197
Other Comprehensive Income/Expense Items to be Recycled to Profit and Loss	-	19.642	-	19.642

Effects on equity with TFRS 9 transition

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standard published in the Official Gazette numbered 29953, and dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not restated, it is stated that the difference between the book value of 1 January 2018 at the date of application has to be reflected in the opening balances on equity.

The difference amounting to TL 1.762 which is an income between the provision for impairment of the previous period of the Bank and the provision for loss that is measured in accordance with TFRS 9 impairment model as of 1 January 2018 is classified as “Other” under “Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss” in shareholders’ equity.

Since the previous categories under TAS 39 have been excluded from use, the Bank also reclassified financial assets in accordance with TFRS 9 and there is no equity effect of these classification transactions.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Information about shareholders' equity items

Equity amount and capital adequacy standard ratio are calculated within the framework of "Regulation Regarding Equities of Banks" and "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy".

As of 31 December 2018, the shareholders' equity of the Bank is TL 10.679.018 (31 December 2017: TL 5.897.781) and the capital adequacy standard ratio is 18,66% (31 December 2017: 13,55%).

	Current Period	Amount as per the regulation before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL	7.647.045	
Paid-in Capital to be Entitled for Compensation after All Creditors	6.350.000	
Share Premium	-	
Reserves	401.743	
Other Comprehensive Income according to Turkish Accounting Standards ("TAS")	62.277	
Profit	841.802	
Net Current Period Profit	841.802	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	7.655.822	
Deductions From Common Equity Tier I Capital	8.777	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	
Leasehold Improvements on Operational Leases (-)	-	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	7.006	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Securitization gains	-	
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	
Net amount of defined benefit plans	1.771	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
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 Core Capital Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Information about shareholders' equity items (Continued)

	Current Period	Amount as per the regulation before 1/1/2014 (*)
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 (-)	-	
Exceeding Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	
Mortgage Servicing Rights not deducted (-)	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	
Other items to be Defined by the BRSA (-)	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	8.777	
Total Common Equity Tier I Capital	7.647.045	
ADDITIONAL TIER I CAPITAL	-	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
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 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 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 (-)	-	
Items to be Deducted from Tier 1 Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Information about shareholders' equity items (Continued)

	Current Period	Amount as per the regulation before 1/1/2014 (*)
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	7.647.045	
TIER II CAPITAL	3.031.973	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2.901.759	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	130.214	
Total Deductions from Tier II Capital	3.031.973	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	
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 more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	3.031.973	
Total Equity (Total Tier I and Tier II Capital)	10.679.018	
The sum of Tier I Capital and Tier II Capital (Total Capital)	10.679.018	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	
Net Book Values of Movables and Immovable's 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 (-)	-	
Other items to be Defined by the BRSA (-)	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Information about shareholders' equity items (Continued)

	Current Period	Amount as per the regulation before 1/1/2014 ^(*)
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 st and 2 nd Paragraph of the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
CAPITAL	10.679.018	
Total Capital (Total of Tier I Capital and Tier II Capital)	10.679.018	
Total Risk Weighted Assets ^(**)	57.219.464	
CAPITAL ADEQUACY RATIOS		
Common Equity Tier I Capital Ratio (%)	13,36	
Tier I Capital Ratio (%)	13,36	
Capital Adequacy Ratio (%)	18,66	
BUFFERS		
Bank-specific total Common Equity Tier I Capital Ratio	1,875	
Capital conservation buffer requirement (%)	1,875	
Bank systematic countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8,86	
Amounts Lower Than Excesses as per Deduction Rules	20.447	
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	20.447	
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 Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	130.214	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	130.214	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	

^(*) Amounts to be considered under transition provisions.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
TIER CAPITAL	5.768.777	
Paid in Capital to be Entitled for compensation after all Creditors	4.800.000	
Share Premium	-	
Legal Reserves	387.531	
Other Comprehensive Income according to TAS	21.154	
Profit	568.475	
Net Current Period Profit	568.475	
Prior Years' Profit	-	
Bonus shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Tier 1 Capital before Deductions	5.777.160	
Deductions from Tier 1 Capital	8.383	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	1.512	
Leasehold Improvements on Operational Leases	462	
Goodwill and Intangible Assets and Related Deferred Tax Liabilities	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4.844	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Net defined benefit plan assets	1.565	
Investments in own common equity	-	
Shares obtained against Article 56, Paragraph 4 of the Banking Law	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier 1 Capital	-	
Net Deferred tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier 1 Capital	-	
Amount Exceeding the 15% Threshold of Tier 1 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 Portion of the Investments in Equity of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issues Share Capital Not Deducted from Tier I Capital	-	
Mortgage Servicing Rights not deductions	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-	
Other Items to be Defined by the BRSA	-	
Deductions from Tier 1 Capital in cases where there are no adequate Additional Tier 1 or Tier II Capitals	-	
Total regulatory adjustments to Tier 1 capital	8.383	
Tier Capital	5.768.777	
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	
Additional Core Capital before Deductions	-	
Deductions from Core Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
Total of Net Long Positions of the Direct and Indirect Investments in Additional Tier I Capital of Unconsolidated Banks of Financial Institutions where the Banks owns more than 10% of the Issued Share Capital	-	
Other Items to be Defined by the BRSA	-	
Components to continue to be deducted from Core Capital during transition period	1.211	

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1. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
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	1.211	
Net Deferred Tax Assets/Liabilities 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	-	
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital	-	
Total Deductions from Additional Core Capital	-	
Total Additional Core Capital	-	
Total Core Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	5.767.566	
SUPPLEMENTARY CAPITAL	130.214	
Debts Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	
General Provisions (Amounts stated in the first paragraph of article 8 of the Regulation on Equities of Banks)	130.214	
Tier II Capital Before	130.214	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 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 own 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Other Items to be Defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	130.214	
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.897.781	
The sum of Tier I Capital and Tier II Capital (Total Capital)	5.897.781	
Loans Granted against the Article 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	-	
Other Items to be Defined by the BRSA	-	
Components to continue to be deducted from Total Core Capital and Supplementary Capital during transition period	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

1. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL	5.897.781	
Total capital	5.897.781	
Total risk weighted items	43.525.396	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13,25	
Tier I Capital Adequacy Ratio (%)	13,25	
Capital Adequacy Standard Ratio (%)	13,55	
BUFFERS		
Total buffer requirement	1,250	
Capital conservation buffer requirement (%)	1,250	
Bank specific countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	8,75	
Amounts Lower than Excesses as per Deduction Rules	30.318	
Remaining Total of the 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	30.318	
Remaining Total of the Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
Limits related to provisions considered in Tier II calculation	130.214	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	130.214	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

1. Information about shareholders' equity items (Continued)

Information about the instruments to be included in the capital adequacy calculation:	
Issuer	Türkiye İhracat Kredi Bankası A.Ş.
Instrument code (CUSIP, ISIN etc.)	TRSEXIM92818
Legislation to which the instrument is subject to	BRSA ve CMB Legislation
Estimated Status in Equity Calculation	
Transitional Basel III rules	No
Eligible at unconsolidated / consolidated	Consolidated and unconsolidated basis is taken into account.
Type of instrument	Private Sector Bonds
Amount considered in equity calculation (As of the latest reporting date - Million TL)	2.902
Nominal value of the instrument (Million TL)	2.902
Account number in trial balance	3460110
Date of issue of the instrument	27 September 2018
The maturity structure of the instrument (Demand / Forward)	Forward
Starting maturity of the instrument	27 September 2018
Whether the issuer has the right of reimbursement due to BRSA approval	Has an early redemption option at the end of the fifth year
Reimbursement option date, contingent repayment options and refundable amount	The Bank will be able to use the early redemption option based on BRSA approval, five years after the date of issue.
Subsequent reimbursement option dates	-
Interest/Dividend Payments	
Fixed or variable interest/dividend payments	Fixed Coupon
Interest rate and index value for interest rate	12,5449%
Whether there are any restrictions that stop the payment of dividends	None
Fully optional, partially optional or mandatory	None
Whether there is an element that will encourage repayment, such as increase in the interest rate	None
Being cumulative or noncumulative	None
The ability to be converted into shares	
Triggering events / events that can cause a conversion if converted to a stock	None
Full or partial conversion if convertible	None
If convertible, conversion rate	None
If convertible, mandatory convertible or optionally convertible	None
Convertible instrument types if converted to stock	None
Issuer of the debt instrument to be converted if it can be converted into a stock	None
Value reduction feature	
Trigger events / events that will cause a reduction if it has a value reduction feature	None
Total or partial value reduction if value reduction is available	None
Temporary or permanent if it has a value reduction feature	None
Value increment if the value can be temporarily reduced	None
In which order in terms of the right to take in the case of liquidation (Instrument just above this instrument)	None
Whether subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It has the requirements of article 8 of the Regulation.
Define if subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It does not have the requirements of article 7 of the Regulation.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

II. Explanations on credit risk

According to Article No. 25 of the decree (regulating the “Articles of Association” of the Bank) of the Council of Ministers dated 17 June 1987; the scope of the annual operations of the Bank is determined by the Bank’s Annual Program that is approved by the Supreme Advisory and Credit Guidance Committee (“SCLGC”). Within the framework of the targets determined by the annual program, the Board of Directors of Türk Eximbank is authorized to manage credit, guarantee and insurance program limits on the basis of country, sector and goods groups.

As the Bank does not accept deposits, it is not subject to the provisions of Article 77 of the Banking Act No. 5411. However, the Bank applies general loan restrictions stated in the 54th article of the Banking Law.

Limit controls on the basis of the company and bank, financial statements provided for the related credits, profit and loss statements as the appendix of these statements, along with cash/non-cash guarantees given for the relevant transactions are regularly inspected by the Internal Control and Monitoring Unit. Credit ratings for the credits and other receivables are followed by the Risk Analysis and Evaluation Division together with the Credit and Risk Assessment Directorate.

In accordance with the collateral policy, domestic short, medium and long term loans are based on risk of bank.

The cash and non-cash limits of domestic banks for short, medium and long-term credits are approved by the Board of Directors.

The Bank’s Board of Directors authorized loan extensions to real and corporate persons in the scope of the Article 5 of the Regulation for Banks’ Loan Transactions (“Loan Transactions Regulation”) and these authorization levels were determined as restricted by loans made available with certain collateral mentioned in the Article 5 of the Loan Transactions Regulation.

The risk limits of the foreign country loans are determined by annual programs which are approved by the SCLGC within the foreign economic policy.

Country loans are granted with the approval of the Board of Directors and the approval of the President of the Republic, Minister and the Council of Ministers, according to article 10 of Act number 4749 dated 28 March 2002 related to the regulation of Public Finance and Debt Management.

The fundamental collateral of the foreign country loans are the government guarantees of the counter country and the guarantees of banks that the Bank accepts as accredited.

The limit of a country is restricted by both the maximum limit that can be undertaken and the maximum amount that can be used annually which are determined by the Bank’s Annual Program.

Each year, 60% of risks that emerge in the Short Term Export Insurance Program is transferred to international reinsurance companies under renewed agreements.

According to article 4/C of Act number 3332 that was appended by Act number 3659 and the Act number 4749 regarding the regulation of Public Financing and Debt Management dated 28 March 2002, the losses incurred by the Bank in its credit, guarantee and insurance transactions as a result of political risks are covered by the Turkish Ministry of Treasury and Finance.

The Bank reviews reports of OECD country risk groupings, reports of the members of the International Union of Credit (Berne - Union) and Investment Insurers, reports of independent credit rating institutions and the financial statements of the banks during the assessment and review of loans granted. At the same time, the Bank benefits from the reports prepared in-house related with the country loans and short-term country risk groupings.

Risks and limits of the banks and companies are monitored daily and weekly by the responsible departments.

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SECTION FOUR (Continued)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

II. Explanations on credit risk (Continued)

The cash and non-cash limits of the Bank for transactions in terms of foreign currency and the other financial instruments are approved by the Board of Directors.

Business and geographic distribution of the loan risks run parallel with the export composition of Turkey and this is followed up by the Bank regularly.

Non-cash loans turned into cash loans are classified under follow-up accounts with the approval of the Loan Committee. Uncollected non-cash loans are subject to the same risk weights as cash loans and classified under the relevant follow-up accounts in relation to their collateral. The Bank provides impairment provision for non-performing loans and other receivables without considering the relevant collaterals in line with a prudent approach.

In accordance with article 4 / C, which was added to the Law No. 3332 regulating the establishment of Türk Eximbank by the Law No. 3659, with the Article 10 of the Law on the Regulation of Public Finance and Debt Management numbered 4749, and pursuant to the Council of Ministers Decree No. 2009/15198, amended by the Council of Ministers Decision no 2013/5148; Receivables arising from the political risks of Turk Eximbank due to credit, insurance and guarantee activities and debts related to debt deferment are reported to the Ministry of Treasury and Finance by the end of September each year.

As of 31 December 2018, the Bank has a total sum of 2.801.463 TL as standard loans and restructured loans from other receivables. The Bank has TL 395.607 as loans under close monitoring and restructured from other receivables and has TL 958 in loans which have been subject to changes in contract conditions.

The Bank is subject to the “Regulation on the Procedures and Principles for the Classification of Loans and the Provisions to be set aside for the Separation of Loans alan published in the Official Gazette dated 22 June 2016 and numbered 29750. Specific and general provision ratios are taken into account as zero for the transactions carried out within the scope of the Regulation. In accordance with the letter of conformity received from the Banking Regulation and Supervision Agency, the General Assembly has canceled the general provision amounting to TL 62.475 in 2013. As of 31 December 2012, the general provision amounted to TL 130.214 is continuing.

The proportion of the Bank’s top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 52% and 50% as of 31 December 2018 and 31 December 2017, respectively.

The proportion of the Bank’s top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 66% and 64% as of 31 December 2018 and 31 December 2017, respectively.

The proportion of the Bank’s top 100 non-cash loan balances (whose risk belongs to the Bank) in total non-cash loans portfolio is 56% and 50% as of 31 December 2018 and 31 December 2017, respectively.

The proportion of the Bank’s top 200 non-cash loan balances (whose risk belongs to the Bank) in total non-cash loans portfolio is 70% and 76% as of 31 December 2018 and 31 December 2017, respectively.

As of 31 December 2018, the share of cash and non-cash receivable amounts belonging to its top 100 and 200 credit customers in the total cash and non-cash loans are 52% and 66%, respectively (31 December 2017: 51% and 65%).

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations on credit risk (Continued)

The Bank grants loans only to corporate customers in line with its mandate and follows its credit portfolio under categories specified below:

	Current Period		Prior Period	
	Corporate	Personnel loans	Corporate	Personnel loans
Standard loans	128.694.566	15.407	79.669.309	10.081
Loans under close monitoring	678.636	-	489.212	-
Loans under follow-up	342.508	-	294.231	-
Gross	129.715.710	15.407	80.452.752	10.081
Specific provision	(233.867)	-	(191.729)	-
Net	129.481.843	15.407	80.261.023	10.081

As of 31 December 2018 and 31 December 2017, there is not any past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

	Current Period	Prior Period
Past due up to 30 days	52.996	469.592
Past due 30-60 days	516.931	18.693
Past due 60-90 days	108.709	927
Total	678.636	489.212

As of 31 December 2018, the Bank does not have any repossessed collaterals (31 December 2017: None).

Loan rating system of the Bank

Risk evaluation of banks and other financial institutions:

The Bank requests independent auditor's report (financial statements and notes) and net foreign currency position from banks and other financial institutions on a quarterly basis.

Financial statement information derived from the independent audit or review reports of banks and other financial institutions is recorded to a database into a standard format and percentage changes and ratios related with capital adequacy, asset quality, liquidity and profitability of banks and other financial institutions are calculated. In addition, the standard ratio percentages for capital adequacy, asset quality, liquidity and profitability ratios are redefined periodically considering the operations of the banking groups and acceptable intervals for standards ratios are defined.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations on credit risk (Continued)

In relation with the standard ratios, the financial analysis groups are defined by assigning grades from 1 to 4 to banks and other financial institutions. Group with grade 1 consists of the lowest risk profile of banks and financial institutions and group with grade 4 consists of the highest risk profile of banks and financial institutions.

In accordance with the financial analysis group of the Banks and other financial institutions, the final risk groups are determined by considering some qualitative criteria like shareholding structure, group companies, credit ratings from international credit rating institutions, quality of management and information obtained from media.

As of 31 December 2018, loans granted by the Bank to domestic banks and other financial institutions amount to TL 10.977.261 (31 December 2017: TL 8.437.884). The concentration levels of the loans to Banks and other financial institutions in accordance with the defined financial analysis groups of the Bank are as follows:

		Current Period	Prior Period
	Rating Class	Concentration Level (%)	Concentration Level (%)
Low	1-2	58%	76%
Medium	3	40%	21%
High	4	2%	3%

The risk evaluation of companies:

In the risk evaluation of the companies, the Bank obtains financial and organizational information both from the companies and also from various sources (such as CBRT records, Trade Registry Gazette, Chamber of Trade records, information obtained from the Undersecretariat of Foreign Trade, Banks, companies operating in the same sector) and uses comprehensive investigation and verification methods. In addition to the analysis of last three year financial statements of companies, the Bank also analyzes the current status of the sectors in which the companies operate, economic and political changes affecting the target sectors in the international markets, the advantages and disadvantages of the companies compared to their rival companies operating in or outside Turkey. In case the company is a member of a group of companies not organized as holding companies, the developments that affect the group's operations are monitored and outstanding bank debts of group are also assessed and company analysis reports are prepared taking into account the group risk as well. The Bank does not utilize a separate rating system regarding the risk assessment of the companies.

As of 31 December 2018 and 31 December 2017, the classification of the loans to banks and other financial institutions and companies and individuals are as follows:

	Current Period		Prior Period	
	Loans	Specific Provision (%)	Loans	Specific Provision (%)
Standard loans	99,02%	-	%99,02	-
Loans under close monitoring	0,61%	-	%0,61	-
Loans under follow-up	0,37%	%68,00	%0,37	%65,00
Total	100,00%		%100,00	

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

II. Explanations on credit risk (Continued)

The Bank's maximum exposure to credit risk as of 31 December 2018 and 31 December 2017:

	Current Period	Prior Period
Banks	4.012.504	2.082.401
Interbank Money Market Placements	222.649	831.691
Loans to Domestic Banks and Other Financial Institutions	10.977.261	8.437.884
Loans to Foreign Banks and Other Financial Institutions	4.426.830	2.294.529
Loans to Companies and Individuals	114.092.979	69.436.189
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	-	11.710
Trading Derivative Financial Assets	443	15.553
Held-to-Maturity Investments	3.249.722	180.461
Other Assets	732.215	163.924
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	9.083.093	6.241.263
Commitments	-	-
Total	146.797.696	89.695.605

⁽¹⁾ Except derivative financial assets held for trading.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations on credit risk (Continued)

The Risk Profile According to Substantial Regions

		Risk Groups ^(*)																	
		Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Collateralized with Real Estate	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Shares	Other Receivables (net)	Total
	Current Period																		
1	Domestic	4.135.086	-	-	-	-	30.724.883	127.960.315	5.649.954	412.626	108.641	-	-	-	-	-	20.447	1.707.015	170.718.967
2	European Union Countries	-	-	-	-	-	2.848.218	3.740.936	635.267	-	-	-	-	-	-	-	-	-	7.224.421
3	OECD Countries	-	-	-	-	-	2.110	551.393	62.437	-	-	-	-	-	-	-	-	-	615.940
4	Offshore Banking Regions	-	-	-	-	-	-	201.600	43.932	-	-	-	-	-	-	-	-	-	245.532
5	USA, Canada	-	-	-	-	-	2.506.742	370.160	49.957	-	-	-	-	-	-	-	-	-	2.926.859
6	Other Countries	4.329.230	-	-	-	-	76.791	1.877.659	245.639	-	-	-	-	-	-	-	-	-	6.529.319
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Undistributed Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	8.464.316	-	-	-	-	36.158.744	134.702.063	6.687.186	412.626	108.641	-	-	-	-	-	20.447	1.707.015	188.261.038

^(*) EU countries, OECD countries except USA and Canada

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations on credit risk (Continued)

The Risk Profile According to Substantial Regions (Continued)

		Risk Groups ^(*)																	
		Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Collateralized with Real Estate	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Shares	Other Receivables (net)	Total
	Prior Period																		
1	Domestic	2.240.500	-	-	-	-	20.475.314	56.794.099	2.775.441	16.392	89.303	-	-	-	-	-	21.114	2.695.177	85.107.350
2	European Union Countries	-	-	-	-	-	1.817.088	1.514.725	466.366	-	-	-	-	-	-	-	-	-	3.798.179
3	OECD Countries	-	-	-	-	-	6.769	195.465	48.711	-	-	-	-	-	-	-	-	-	250.945
4	Offshore Banking Regions	-	-	-	-	-	-	97.003	26.725	-	-	-	-	-	-	-	-	-	123.728
5	USA, Canada	-	-	-	-	-	55.159	188.268	28.822	-	-	-	-	-	-	-	-	-	272.249
6	Other Countries	1.615.901	-	-	-	-	24.536	727.598	152.613	-	-	-	-	-	-	-	-	-	2.520.648
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Undistributed Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	3.856.401	-	-	-	-	22.378.866	59.517.158	3.498.678	16.392	89.303	-	-	-	-	-	21.114	2.695.177	92.073.099

^(*) EU countries, OECD countries except USA and Canada

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations on credit risk (Continued)

The Risk Profile According to Sector or Third Party

	Sectors and third parties	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Collateralized with Real Estate	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Shares	Other Receivables (net)	Total	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations
1	Agriculture	-	-	-	-	-	1.125.548	12.425.029	549.196	39.685	10.655	-	-	-	-	-	-	-	740.247	13.409.866	14.150.113
1.1	Farming and Livestock	-	-	-	-	-	705.105	7.783.719	344.046	24.861	6.674	-	-	-	-	-	-	-	463.732	8.400.673	8.864.405
1.2	Forestry	-	-	-	-	-	258.974	2.858.839	126.363	9.131	2.452	-	-	-	-	-	-	-	170.321	3.085.438	3.255.759
1.3	Fishery	-	-	-	-	-	161.469	1.782.471	78.787	5.693	1.529	-	-	-	-	-	-	-	106.194	1.923.755	2.029.949
2	Industry	-	-	-	-	-	6.809.937	75.175.469	3.322.813	240.096	64.465	-	-	-	-	-	-	-	4.478.735	81.134.045	85.612.780
2.1	Mining and Quarry Sector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Manufacturing Industry	-	-	-	-	-	6.208.891	68.540.469	3.029.541	218.905	58.775	-	-	-	-	-	-	-	4.083.441	73.973.140	78.056.581
2.3	Electric, Gas and Water	-	-	-	-	-	601.046	6.635.000	293.272	21.191	5.690	-	-	-	-	-	-	-	395.294	7.160.905	7.556.199
3	Construction	4.329.230	-	-	-	-	689.299	7.609.227	336.334	32.302	6.525	-	-	-	-	-	-	-	453.336	12.549.581	13.002.917
4	Services	-	-	-	-	-	25.195.692	24.473.611	1.081.752	78.164	20.987	-	-	-	-	-	20.447	-	3.652.019	47.218.634	50.870.653
4.1	Wholesale and retail trade	-	-	-	-	-	673.713	7.437.175	328.729	23.753	6.378	-	-	-	-	-	-	-	443.085	8.026.663	8.469.748
4.2	Hotel and Restaurant Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3	Transportation and Communications	-	-	-	-	-	1.504.975	16.613.541	734.331	53.060	14.246	-	-	-	-	-	-	-	989.786	17.930.367	18.920.153
4.4	Financial institutions	-	-	-	-	-	22.978.695	-	-	-	-	-	-	-	-	-	20.447	-	2.193.953	20.805.189	22.999.142
4.5	Real Estate and Leasing Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6	Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7	Training Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.8	Health and Social Services	-	-	-	-	-	38.309	422.895	18.692	1.351	363	-	-	-	-	-	-	-	25.195	456.415	481.610
5	Other	4.135.086	-	-	-	-	2.338.268	15.018.727	1.397.091	22.379	6.009	-	-	-	-	-	-	1.707.015	4.989.218	19.635.357	24.624.575
6	Total	8.464.316	-	-	-	-	36.158.744	134.702.063	6.687.186	412.626	108.641	-	-	-	-	-	20.447	1.707.015	14.313.555	173.947.483	188.261.038

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

II. Explanations on credit risk (Continued)

Distribution of the Risks related to Maturity by Remaining Periods to Maturity

Risk Groups	Remaining Period to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	More than 1 year
Conditional or Unconditional Receivables from Central Administrations or Central Banks	737.225	-	132.073	145.897	7.449.121
Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-	-
Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-	-
Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-	-
Conditional or Unconditional Receivables from International Organizations	-	-	-	-	-
Conditional or Unconditional Receivables from Banks and Intermediary Institutions	23.371.280	1.461.656	2.798.512	5.117.482	3.409.814
Conditional and Unconditional Corporate Receivables	28.233.170	18.721.715	26.542.301	33.021.591	28.183.286
Conditional and Unconditional Retail Receivables	1.421.216	627.925	898.188	2.188.065	1.551.792
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	24.924	24.063	39.957	54.587	269.095
Non-performing Receivables (Net)	108.641	-	-	-	-
Receivables determined to have high levels of risk by the Board	-	-	-	-	-
Securities with Mortgage Guarantees	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	-	-	-	-	-
Investments in the Nature of Collective Investment Organization	-	-	-	-	-
Shares	20.447	-	-	-	-
Other Receivables(net)	1.707.015	-	-	-	-

There are not any credit rating company or export credit agency assigned.

Risk Amounts by Risk Weights

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Mitigation in Shareholders' Equity
The amount before credit risk mitigation	80.580.906	-	4.116.019	-	4.924.432	4.642.006	50.909.197	-	-	8.777
The amount after credit risk mitigation	80.765.704	-	4.060.356	13.783	9.737.491	2.501.674	48.093.552	-	-	8.777

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations on credit risk (Continued)

Various Information by Significant Sectors or Counter-Party Types

	Significant Sectors/Counter Parties	Loans		Value Adjustments	Provisions
		Impaired	Non-performing		
1	Agriculture	-	2.217	-	2.217
2	Energy	-	229	-	229
3	Food	-	21.998	-	12.634
4	Textile	-	83.707	-	53.623
5	Paper and Related Products	-	3.457	-	3.457
6	Chemistry and Related Products	-	8.043	-	4.325
7	Metal Industry	-	57.574	-	40.140
8	Ceramic	-	-	-	-
9	Machinery and Equipment	-	51.502	-	24.109
10	Electrical Household Appliances	-	-	-	-
11	Medical Devices	-	-	-	-
12	Ship	-	33.230	-	33.230
13	Motor Vehicles	-	1.891	-	1.891
14	Furniture	-	505	-	505
15	Construction	-	211	-	211
16	Wholesale	-	31.532	-	28.329
17	Shipping	-	-	-	-
18	Consulting	-	-	-	-
19	Leather and Leather Products Industry	-	399	-	399
20	Other Manufacturing Industry	-	34.468	-	17.023
21	Other	-	11.545	-	11.545
	Total	-	342.508	-	233.867

Information Regarding Value Adjustments and Change of Credit Provisions

		Opening Balance	Provision amounts allocated within the period	Cancellation of Provisions	Other Adjustments	Ending Balance
1	Specific Provisions	191.729	49.808	(7.670)	-	233.867
2	General Provisions	130.214	-	-	-	130.214

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

III. Explanations on currency risk

1. If the parent bank is subject to the exchange risk, the effects of such occurrence are estimated and the Board of Directors determines the limits regarding the positions monitored daily

The Bank's foreign exchange position is followed daily and the transactions are performed in accordance with the expectations in the market and within the limits determined by the Risk Management Principles approved by the Board of Directors of the Bank.

2. The scale of the hedging performed through hedge-oriented derivatives for debt instruments in foreign currency and net foreign currency investments

The basic principle for foreign currency assets and liabilities is to secure a balance between currency type, maturity and interest type. For this purpose, borrowing strategies are determined in accordance with the Bank's asset structure to the extent possible. When this determination is not possible, the Bank aims to change the asset structure or utilize derivative instruments such as "cross currency" (currency and interest) and currency swaps. The majority of the Bank's foreign currency assets are denominated in US Dollars and Euros, and their funding is realized in US Dollar and Euro borrowings.

	TL	USD	GBP	EURO	JPY	Total
TRADING DERIVATIVE FINANCIAL INSTRUMENTS	10.551	5.987.068	50.459	5.466.873	2.284.928	13.799.879
Forward Transactions	1.891	1.690	-	-	-	3.581
Forward Foreign Exchange Purchase Transactions	947	845	-	-	-	1.792
Forward Foreign Exchange Sell Transactions	944	845	-	-	-	1.789
Swap Transactions	-	5.982.210	50.459	5.461.603	2.284.928	13.779.200
Swap Money Purchase Transactions FC - TL	-	-	-	-	-	-
Swap Money Purchase Transactions FC-FC	-	931.736	-	1.107.562	1.138.973	3.178.271
Swap Money Sale Transactions FC-TL	-	-	-	-	-	-
Swap Money Sale Transactions FC-FC	-	-	50.459	2.100.971	1.145.955	3.297.385
Swap Interest Purchase Transactions FC-FC	-	2.525.237	-	1.126.535	-	3.651.772
Swap Interest Sale Transactions FC-FC	-	2.525.237	-	1.126.535	-	3.651.772
Option Purchase Transactions	8.660	3.168	-	5.270	-	17.098
Money Purchase of Options	4.330	1.584	-	2.635	-	8.549
Money Sale of Options	4.330	1.584	-	2.635	-	8.549
HEDGING DERIVATIVE FINANCIAL ASSETS	36.220	30.639.087	-	13.181.114	-	43.856.421
Forward Transactions	-	-	-	-	-	-
Forward Foreign Exchange Purchase Transactions	-	-	-	-	-	-
Forward Foreign Exchange Sell Transactions	-	-	-	-	-	-
Swap Transactions	36.220	30.639.087	-	13.181.114	-	43.856.421
Swap Money Purchase Transactions	-	13.637.165	-	-	-	13.637.165
Swap Money Sale Transactions	36.220	-	-	13.181.114	-	13.217.334
Swap Interest Purchase Transactions	-	8.500.961	-	-	-	8.500.961
Swap Interest Sale Transactions	-	8.500.961	-	-	-	8.500.961
TOTAL	46.771	36.626.155	50.459	18.647.987	2.284.928	57.656.300

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

III. Explanations on currency risk (Continued)

2. The scale of the hedging performed through hedge-oriented debt instruments in foreign currency and net foreign currency investments (Continued)

Fair value hedge accounting

The Bank uses “Fair Value Hedge Accounting” starting from 1 January 2013.

Financial derivatives which are used for Fair Value Hedge Accounting are cross currency and interest swaps and forward transactions.

	31 December 2018		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross currency swap and interest rate swaps	33.685.723	567.608	249.159
Forward foreign currency buy/sell transactions	-	-	-
Total	33.685.723	567.608	249.159

⁽¹⁾ Sum of purchase and sale.

The method of derivatives’ fair value measurement shown above is explained in the accounting policy in Section Three Note III.

Starting from 1 January 2013, the Bank has hedged USD 610 million portion of debt securities from total possible fair value effects of changes in fair value arising from Libor interest rates with 5,375% and 5,875% fixed interest rate amounting USD 500 million and USD 750 million, with 5 years and 7 years of maturity respectively by using interest rate swaps in 2012 and 2013. Total amount of USD debt securities issued with 5,875% fixed interest rate and maturity of 7 years is USD 750 million and cross currency swap transactions were made by the Bank for the remaining portion of USD 140 million in 2012. Due to changes in fair value arising from movements in market interest rate, starting from 13 August 2015, USD 120 million of the portion is subjected to fair value hedge and USD 20 million of the portion is subjected to cash flow hedge accounting of the total the remaining amount USD 140 million. The bond, issued in September 2014 with a maturity of seven years and a fixed interest payment rate of 5,000% per six months, is subjected o hedge accounting by cross currency swap transactions in April 2018. In addition, the bond issued in May 2018 with a maturity of six years and a fixed interest payment rate of 6,125% per six months, is subjected o hedge accounting by cross currency swap transactions in May 2018.

Also, changes in fair value of USD debt security, issued in February 2016 and in October 2016 amounting to USD 500 million with 5 years and 7 years maturities, respectively, 5% and 5,375% fixed interest rate, arising from fluctuation in Libor interest rates are hedged by applying fair value hedge accounting with interest rate swap transactions.

The impact of fair value hedge accounting is summarized below:

31 December 2018					
Hedging instrument	Hedged items	Hedged risk	Net fair value of hedged items		Amount of hedge funds
			Asset	Liability	
Interest rate swaps	Issued securities denominated in USD with fixed interest rate	Fixed interest rate risk	-	248.510	-
Cross Currency Swap Transactions	Fixed interest rate US dollar debt securities	Currency and interest rate risk	567.608	649	
Forward transactions	Originated CBRT-Rediscount TL Loans	Interest rate risk	-	-	-

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations on currency risk (Continued)

2. The scale of the hedging performed through hedge-oriented derivatives for debt instruments in foreign currency and net foreign currency investments (Continued)

Fair value hedge accounting (Continued)

The Bank evaluates the effectiveness of the hedge accounting at initial date and at every reporting period. Effectiveness test is performed by using “Dollar off-set method”. The Bank continues the hedge accounting if the effectiveness is between 80% and 125%.

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions subject to fair value hedge is shown in “Profit/Losses from Derivative Financial Transactions” account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortized cost) of the hedged item, for which the risk is hedged by a portfolio hedge, which are amortized with the straight line method within the time to maturity and recognized under “Profit/Losses from Derivative Financial Transaction” account in the statement of profit or loss.

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the fair value hedge accounting in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way in accordance with the Bank’s risk management policies. Effectiveness tests were chosen among methods allowed within the context of TAS 39 in accordance with the Bank’s risk management policies. The Bank’s assumptions, which used for determining fair values of derivative instruments, were used while calculating fair value of hedged items on the effectiveness tests. The effectiveness tests are performed and effectiveness of risk relations are measured on a monthly basis. The effectiveness tests are performed rewardingly at the beginning of risk relations. If the underlying hedge does not conform to the accounting requirements (out of 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, in the context of the fair value hedge, adjustments on the carrying value of the hedged item is reflected on the on “Profit/Losses from Derivative Financial Transactions” account by using straight line method of amortization.

Cash flow hedge accounting

Starting from 13 August 2015, the Bank uses “Cash Flow Hedge” accounting.

Financial derivatives which are used for Cash Flow Hedge Accounting are cross currency swaps.

	31 December 2018		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross Currency Swap Interest Transactions	10.170.698	144.160	90.492
Total	10.170.698	144.160	90.492

⁽¹⁾ Sum of purchase and sale.

The method for cash flow hedge presented above is explained in Section Three, No III accounting policy. The impact of cash flow hedge accounting is summarized below:

31 December 2018					
Hedging Instrument	Hedged Asset and Liability	Hedged Risk	Fair value of hedging instrument		Amount at hedging account
			Asset	Liability	
Cross Currency Swap Transactions	Fixed interest rate US Dollar debt securities	Currency Risk	72.003	-	252
Cross Currency Swap Transactions	Floating interest rate US Dollar borrowings	Currency and interest rate risk	72.157	90.492	48.981

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

II. Explanations on currency risk (Continued)

2. The scale of the hedging performed through hedge-oriented derivatives for debt instruments in foreign currency and net foreign currency investments (Continued)

Cash flow accounting (Continued)

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the cash flow hedge accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with the Bank's risk management policies. The effectiveness tests are performed on a monthly basis. If the underlying hedge does not conform to the cash flow hedge accounting requirements (out of 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur the net cumulative gain or loss is reclassified from other comprehensive income to Profit/Losses from Derivative Financial Transactions account in profit or loss.

3. Policy on foreign currency risk management

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 31 December 2018, the Net Foreign Currency Position/Shareholders' Equity ratio is 0,12 per cent (31 December 2017: (0,26) per cent). Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

4. Approach adopted under internal capital adequacy assessment process for monitoring the adequacy of internal capital for current and future activities

Fully paid capital by the Turkish Republic Treasury, the Bank's legal capital is evaluated prospectively, in order to protect capital adequacy under some stress scenarios like rapid and large scale currency and interest rate changes the Bank calculates capital requirement. First pillar credit for calculation of legal capital adequacy, adding to market and operational risk, interest rate risk in the banking book ("IRRBB") and concentration risk are considered.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations on currency risk (Continued)

5. The Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below

DATE	25/12/2018	26/12/2018	27/12/2018	28/12/2018	31/12/2018
USD	5,2856	5,2927	5,2967	5,2569	5,2801
AUD	3,7184	3,7345	3,7294	3,7077	3,7309
DKK	0,8067	0,8082	0,8074	0,8069	0,8092
SEK	0,5840	0,5837	0,5832	0,5851	0,5896
CHF	5,3438	5,3640	5,3351	5,3375	5,3529
100JPY	4,7926	4,7920	4,7709	4,7575	4,7856
CAD	3,8893	3,8917	3,8915	3,8642	3,8781
NOK	0,6031	0,6023	0,6043	0,6000	0,6079
GBP	6,6969	6,7244	6,7014	6,6516	6,7279
SAR	1,4090	1,4101	1,4117	1,4011	1,4074
EUR	6,0235	6,0337	6,0250	6,0192	6,0404
KWD	17,3983	17,4274	17,4291	17,3038	17,3916
XDR	7,3285	7,3457	7,3518	7,2897	7,3436
BGN	3,0809	3,0838	3,0811	3,0789	3,0890
100 IRR	0,0126	0,0126	0,0126	0,0125	0,0126
RON	1,2978	1,2985	1,2972	1,2925	1,2961
RUB	0,0768	0,0769	0,0768	0,0756	0,0758
CNH	0,7680	0,7697	0,7687	0,7671	0,7675

6. The simple arithmetic averages of the Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date are presented in the table below

Currency	Average December 2018
USD	5,3083
AUD	3,8076
DKK	0,8094
SEK	0,5876
CHF	5,3500
100JPY	4,7295
CAD	3,9516
NOK	0,6155
GBP	6,7265
SAR	1,4148
EUR	6,0408
KWD	17,4550
XDR	7,3537
BGN	3,0892
IRR	0,0127
RON	1,2984
RUB	0,0788
CNH	0,7709

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

II. Explanations on currency risk (Continued)

7. Information related to Bank's Currency Risk

Current Period	EURO	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	-	-	-	-
Banks	259.644	3.610.732	23.057	3.893.433
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	73.873.282	48.980.689	241.728	123.095.699
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Derivative Financial Assets for Hedging Purposes (*)	-	711.768	-	711.768
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	286.715	384.773	2.153	673.641
Total Assets	74.419.641	53.687.962	266.938	128.374.541
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	59.525.888	49.016.864	188.196	108.730.948
Marketable Securities Issued	-	17.178.988	-	17.178.988
Miscellaneous Payables	558.183	802.330	12.150	1.372.663
Derivative Financial Liabilities for Hedging Purposes (*)	-	339.651	-	339.651
Other Liabilities	150.100	417.940	755	568.795
Total Liabilities	60.234.171	67.755.773	201.101	128.191.045
Net Balance Sheet Position	14.185.470	(14.067.811)	65.837	183.496
Net off Balance Sheet Position	(14.174.523)	14.568.901	(57.441)	336.937
Derivative Assets	2.236.732	25.597.528	1.138.973	28.973.233
Derivative Liabilities	16.411.255	11.028.627	1.196.414	28.636.296
Non-Cash Loans(**)	183.708	8.899.385	-	9.083.093
Prior Period				
Total Assets	41.146.025	33.061.660	197.917	74.405.602
Total Liabilities	31.404.044	46.409.339	937.046	78.750.429
Net on Balance Sheet Position	9.741.981	(13.347.679)	(739.129)	(4.344.827)
Net off Balance Sheet Position	(9.737.749)	13.415.681	737.799	4.415.731
Derivative Assets	1.157.790	21.985.782	797.562	23.941.134
Derivative Liabilities	10.895.539	8.570.101	59.763	19.525.403
Non-Cash Loans(**)	167.820	6.073.168	275	6.241.263

(*)“In accordance with the principles of the “Regulation on Measurement and Practices of Banks’ Net Overall FC Position / Shareholders’ Equity Ratio on a Consolidated and Unconsolidated Basis”, Foreign Currency Income Accruals of Derivative Financial Instruments amounting TL 361 and Foreign Currency Expense Accruals of Derivative Financial Instruments amounting TL 129.124 are not included.

(**) Not included in the net off-balance sheet position.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

III. Explanation on currency risk (Continued)

7. Information related to Bank's Currency Risk (Continued)

The effect of the Bank's currency positions as of 31 December 2018 and 31 December 2017 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period		Prior Period	
	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾
USD	47.060	50.109	6.800	6.800
EUR	1.095	1.095	423	423
Other foreign currency	840	840	(133)	(133)
Total	48.994	52.044	7.090	7.090

⁽¹⁾ Effect on equity also includes effect on profit or loss.

As of 31 December 2018 and 31 December 2017, the effect of the appreciation of TL by 10% against other currencies with all other variables held constant on net profit and equity of the Bank is the same as the total amount with a negative sign as presented in the above table.

IV. Explanation on interest rate risk

The Bank estimates the effects of the changes in interest rates over the profitability of the Bank by analyzing TL and foreign currency denominated interest rate sensitive assets and liabilities considering both their interest components as being fixed rate or variable rate and also analyzing their weights among the Bank's total assets and liabilities. Long or short positions (gapping report) arising from interest rate risk are determined by currency types at the related maturity intervals (1 month, 1-3 months, 3-12 months, 1-5 years and over 5 years) as of the period remaining to reprising date, considering the reprising of TL and foreign currency-denominated "interest sensitive" assets and liabilities at maturity date (for fixed rate) or at interest payment dates (for floating rate). By classifying interest sensitive assets and liabilities according to their reprising dates, Bank's exposure to possible variations in market interest rates are determined.

The Bank determines maturity mismatches of assets and liabilities by analyzing the weighted average days to maturity of TL and foreign currency-denominated (for each currency and their USD equivalent) assets and liabilities.

According to the Risk Management Policy approved by the Board of Directors, the Bank emphasizes the matching of foreign currency denominated assets and liabilities with fixed and floating interest rates. The Bank also pays special attention to the level of maturity mismatch of assets and liability with floating and fixed interests in order to restrict negative effects of interest rate changes on the Bank's profitability.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

IV. Explanation on interest rate risk (Continued)

1. Interest rate sensitivity of assets, liabilities and off-balance sheet items

(Periods remaining to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	320	320
Banks	3.882.248	-	-	-	-	130.256	4.012.504
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	-	-	-	-
Money Market Placements	222.649	-	-	-	-	-	222.649
Financial Assets Measured at Fair Value Reported in Other Comprehensive Income	-	-	-	-	-	20.447	20.447
Loans ⁽¹⁾	14.195.757	30.493.833	84.049.195	636.570	13.254	108.641	129.497.250
Financial Assets Measured at Amortised Cost	26.718	-	252.162	10.347	2.960.495	-	3.249.722
Other Assets	251	318.343	378.346	2.687	12.584	1.713.991	2.426.202
Total Assets	18.327.623	30.812.176	84.679.703	649.604	2.986.333	1.973.655	139.429.094
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	139.005	-	-	-	-	-	139.005
Miscellaneous Payables	-	-	17.361	-	-	1.379.859	1.397.220
Securities Issued	-	7.931.922	9.247.066	-	-	-	17.178.988
Other Funds	11.674.315	22.165.056	74.891.577	-	-	-	108.730.948
Other Liabilities ⁽²⁾	17.602	3.108.978	348.366	672	3.119	8.504.196	11.982.933
Total Liabilities	11.830.922	33.205.956	84.504.370	672	3.119	9.884.055	139.429.094
On Balance Sheet Long Position	6.496.701	-	175.333	648.932	2.983.214	-	10.304.180
On Balance Sheet Short Position	-	(2.393.780)	-	-	-	(7.910.400)	(10.304.180)
Off-balance Sheet Long Position	1.194.080	10.347.899	16.213.251	1.223.281	-	-	28.978.511
Off-balance Sheet Short Position	(1.194.435)	(10.102.397)	(16.157.676)	(1.223.281)	-	-	(28.677.789)
Total Position	6.496.346	(2.148.278)	230.908	648.932	2.983.214	(7.910.400)	(300.722)

⁽¹⁾ "Non-interest bearing" column of loans is composed of non-performing receivables amounting TL 108.641.

⁽²⁾ In other liabilities line the "non-interest bearing" column amounting TL 8.504.196 includes equity amounting to TL 7.654.051 and provisions amounting to TL 324.099.

⁽³⁾ In other liabilities line the "1-3 months" column amounting TL 3.108.978 includes subordinated debt instrument amounting to TL 2.995.130 as the main item.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

IV. Explanation on interest rate risk (Continued)

1. Interest rate sensitivity of assets, liabilities and off-balance sheet items (Continued)

(Periods remaining to reprising dates)

Prior Period	Up to 1 month	1-3 Months	3 -12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	632.192	632.192
Banks	2.032.663	-	-	-	-	49.738	2.082.401
Financial Assets Measured at Fair Value Through Profit/Loss	905	4.281	12.270	1.191	8.616	-	27.263
Money Market Placements	831.691	-	-	-	-	-	831.691
Available-for-sale Financial Assets	-	-	-	-	-	30.318	30.318
Loans ⁽¹⁾	12.812.621	22.428.887	44.493.552	433.542	-	102.502	80.271.104
Held-to-maturity Investments	-	17.208	142.161	21.092	-	-	180.461
Other Assets	3.376	35.284	94.946	-	-	1.186.153	1.319.759
Total Assets	15.681.256	22.485.660	44.742.929	455.825	8.616	2.000.903	85.375.189
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	152.000	-	-	-	-	-	152.000
Miscellaneous Payables	-	-	11.602	180	-	654.032	665.814
Securities Issued	-	3.732.210	4.565.724	1.981.276	-	-	10.279.210
Other Funds	9.012.558	24.195.582	34.160.530	-	-	-	67.368.670
Other Liabilities ⁽²⁾	48.575	137.965	142.998	284.657	-	6.295.300	6.909.495
Total Liabilities	9.213.133	28.065.757	38.880.854	2.266.113	-	6.949.332	85.375.189
On Balance Sheet Long Position	6.468.123	-	5.862.075	-	8.616	-	12.338.814
On Balance Sheet Short Position	-	(5.580.097)	-	(1.810.288)	-	(4.948.429)	(12.338.814)
Off-balance Sheet Long Position	4.567.045	8.366.756	6.646.202	4.488.231	-	-	24.068.234
Off-balance Sheet Short Position	(4.604.812)	(8.417.130)	(6.622.786)	(4.760.776)	-	-	(24.405.504)
Total Pozisyon	6.430.356	(5.630.471)	5.885.491	(2.082.833)	8.616	(4.948.429)	(337.270)

⁽¹⁾ "Non-interest bearing" column of loans is composed of non-performing loans amounting TL 102.502.

⁽²⁾ In other liabilities line the "non-interest bearing" column amounting TL 6.295.300, includes equity amounting to TL 5.774.083 and provisions amounting to TL 268.419, other liabilities amounting to TL 252.785 and funds amounting to TL 13.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

IV. Explanation on interest rate risk (Continued)

2. Average interest rates for monetary financial instruments

As of 31 December 2018, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	GBP	JPY	TL
Current Period					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	0,03	1,84	-	-	17,96
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	16,21
Financial Assets Measured at FVOCI	-	-	-	-	-
Loans	1,46	2,97	1,15	1,54	8,29
Financial Assets Measured at Amortised Cost	-	-	-	-	11,41
Liabilities					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Money Market Funds	-	-	-	-	18,60
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	5,35	-	-	-
Other Funds	0,52	2,77	1,18	1,71	12,54

As of 31 December 2017, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	GBP	JPY	TL
Prior Period					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	0,01	1,09	-	-	11,95
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-	8,49
Interbank Money Market Placements	-	-	-	-	13,26
Available-for-sale Financial Assets	-	-	-	-	-
Loans	1,27	2,29	1,30	0,98	8,78
Held-to-maturity Investments	-	-	-	-	11,57
Liabilities					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Due to Money Markets	-	-	-	-	12,18
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	5,18	-	-	-
Other Funds	0,53	1,28	1,18	1,70	-

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

V. Explanations on position risk of equity securities

1. Assumptions, factors affecting valuation, significant changes and general information about valuation methods and accounting methods used and separation of risks according to purpose including strategic reasons and relationship between earnings presented in equity

The Bank owns 9,78% of Garanti Faktoring A.Ş shares and shares are traded on the stock exchange. The end of the March is valued with the stock market value and the fair value difference is monitored in the account of the financial assets measured at fair value through other comprehensive income.

The Bank has participated in Credit Guarantee Fund (“CGF”) shares with its 1,54% shares. In the framework of provision in the Capital Markets Law No.6362 Articles of Associations’ which express four percent of capital is transferred without charge subsequent to registration and announcement of articles of association, 15.971.094 units BIST group (C) shares, each one of BIST group C shares being worth 1 Kuruş, total amounting to TL 160 were transferred to the Bank without charge.

2. Comparison with market price if the balance sheet value, the fair value and market value for publicly traded is significantly different

None.

3. Types and amounts of positions traded, private equity investments in sufficiently diversified portfolios and other risks

None.

4. Cumulative realized gains and losses resulting from the sales and liquidations during the period

There are no cumulative realized gains or losses arising from sales and liquidations made during the period.

5. Total unrealized gains and losses, total revaluation value increases and their amounts included in core and supplementary capital

	Portfolio	Realized gains/losses during the period	Revaluation value increases		Unrealized gains/losses		
			Total	Included in supplementary capital	Total	Included in the core capital	Included in supplementary capital
1	Private equity investments	-	-	-	-	-	-
2	Shares quoted to the stock market	-	-	-	-	-	-
3	Other shares	(9.872)	5.189	-	-	-	-
4	Total	(9.872)	5.189	-	-	-	-

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SECTION FOUR (Continued)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

V. Explanations on position risk of equity securities (Continued)

6. The bank has chosen a capital requirement calculation method as stated in the official statements concerning credit risk standard qualifications and internal-based rating approach to credit risk total has affected the stock investments diffraction

The Bank does not have investment in associates or subsidiaries quoted on BIST. According to credit positions in banking accounts standard approach, stock investments amounting to TL 20.447 are 100% risk weighted (31 December 2017: Stock investments amounting to TL 30.318 are 100% risk weighted).

VI. Explanations on liquidity risk and liquidity coverage ratio

a) The Bank's risk capacity is the legal limits stipulated by the BRSA Regulation on the Measurement and Evaluation of Liquidity Adequacy of Banks. General policy of the Bank's liquidity risk, cost-effective in amounts that can meet the needs of potential cash flow under various operational conditions are based on maintaining a liquidity level. For this purpose, the existing loan stock and move weekly from existing cash balances, including the monthly and annual basis, debt payment obligations, estimated disbursements, credit collections, taking into account the political risk of loss compensation with potential capital inflows Turkish lira and foreign currency denominated cash flow statements are prepared separately and the need for additional resources from the movement and timing of cash flows results are determined. The Bank's cash flows, credit collections and additional fundings can be found, are designed under optimistic, neutral and pessimistic scenarios in terms of liquidity management mechanisms. As well as liquidity ratios, liquidity management, other balance sheet ratios, liquid assets in the amount and maturity structure and rules relating to the diversification of funding sources are taken into account.

b) The Bank's sole shareholder is the Republic of Turkey Undersecretariat of Treasury. Therefore another shareholding structure is not available. In terms of liquidity, share of resources that has original maturity longer than 1 year, cannot exceed 20% share in total resources of future repayments.

c) The Bank maintains its short term liquidity needs through short term loans from international and domestic banks and long term liquidity needs through capital markets funds such as medium and long term loans and bonds issued by international institutions such as the World Bank and the European Investment Bank. The Bank tries to fund short-term loans from short-term, medium-long-term loans from medium-long-term sources, and tries to reduce the inconsistency in this issue as much as possible.

d) The Bank's main sources of funds denominated in USD and EUR and TL denominated loans are financed with equity and liabilities side in USD and EUR denominated loans to avoid to foreign currency risk in its credit is granted.

e) In terms of liquidity, the Bank prefers to use borrowing limits from Central Bank, Foreign Exchange markets and other domestic and foreign sources only in emergency situations. In addition, due to the status of the Bank's as an investment and development bank, to eliminate the risk of sudden absence of deposits and draws is a significant contribution to the reduction of liquidity risk. In addition, the bank's fundamental liquidity risk reduction techniques are finding the fund first and then providing credit facilities and before amortization of external obligations such as syndicated loans etc., repaying a debt by accumulating money.

f) Stress tests are made by the end of the year and sent to BRSA within the frame of the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process and BRSA good practice guideline until the end of March of the following year. The results of stress tests are reported to top management and considered on internal bank decisions.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VI. Explanations on liquidity risk and liquidity coverage ratio (Continued)

g) The first measure for unexpected liquidity needs that may arise, having more short term assets with a high liquidity rather than short term greater amount of liabilities. In this context:

- Increasing the level of liquid assets and /or
- Trying to extend the maturity of existing debt and / or,
- Limited new loan demand are covered and / or,
- Maturity of the loans be shortened and / or,
- Limits of traded financial institutions are constantly reviewed and / or,
- Part of the securities turn into more liquid form through outright sale or repurchase.

1. Liquidity Coverage Ratio (%) Max and Minimum Weeks

In accordance with the “Regulation On Calculation of Bank’s Liquidity Coverage Ratio”, published in Official Gazette no. 28948, dated 21 March 2014, the weeks in which the highest and the lowest liquidity coverage ratio is calculated over the last three months are presented below.

Current Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
25 November 2018	253,33	14 October 2018	117,63	21 October 2018	64,37	14 October-9 December-16 December-23 December-30 December 2018	0,00

Prior Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
8 December 2017	94,22	15 December 2017	58,73	8 December 2017	91,04	15 December 2017	53,86

According to the Banking Regulation and Supervision Agency’s 7123 numbered and 12 December 2016 dated decision, unless otherwise stated, the consolidated and non-consolidated total money and foreign money liquidation rates shall be considered zero for development and investment banks. The aforementioned rates are still being reported to the BRSA.

In addition, Eximbank is subject to the liquidity coverage ratio outlined in Regulation Considering The Calculation and Assessment of Bank Liquidity Coverage Ratio and the Bank is keeping these ratios above the stated limit.

Also since the Bank has a mission and only operates in export financing, Türk Eximbank is trying to utilize all its assets so as not to keep them idle. Otherwise, Türk Eximbank has the resources to keep the weekly liquidity coverage ratio above the limits specified in the related regulation regarding the liquidity coverage ratio in total and foreign currency basis. However, the alternative cost of this application will show itself as a reduction of support for the export and real sector.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

VI. Explanations on liquidity risk and liquidity coverage ratio (Continued)

2. Liquidity Coverage Ratio

Current Period	Total Unweighted Value ^(*)		Total Weighted Value ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				
1	Total high-quality liquid assets (HQLA)		2.867.716	453.355
Cash Outflows				
2	Retail deposits and deposits from small business customers, of which:		-	-
3	Stable deposits		-	-
4	Less stable deposits		-	-
5	Unsecured wholesale funding, of which:		-	-
6	Operational deposits		-	-
7	Non-operational deposits		-	-
8	Unsecured funding	10.737.211	4.780.246	4.705.980
9	Secured wholesale funding			
10	Other cash outflows of which:			
11	Outflows related to derivative exposures and other collateral requirements	119.636	119.636	114.633
12	Outflows related to restructured financial instruments	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	237.302	94.920	94.401
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	9.272.627	463.631	463.631
16	Total Cash Outflows		5.458.433	5.378.645
Cash Inflows				
17	Secured receivables	-	-	-
18	Unsecured receivables	17.375.185	11.960.977	10.643.961
19	Other cash inflows	13.014	13.013	8.079
20	Total Cash Inflows	17.388.199	11.973.990	10.652.040
			<i>Upper limit applied value</i>	
21	Total HQLA		2.867.716	453.355
22	Total Net Cash Outflows		1.366.397	1.347.050
23	Liquidity Coverage Ratio (%)		209,78	33,66

^(*)Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VI. Explanations on liquidity risk and liquidity coverage ratio (Continued)

2. Liquidity Coverage Ratio (Continued)

Prior Period	Total Unweighted Value ^(*)		Total Weighted Value ^(*)	
	TL+FC	TL+FC	TL+FC	YP
High-Quality Liquid Assets				
1	Total high-quality liquid assets (HQLA)		615.186	590.769
Cash Outflows				
2	Retail deposits and deposits from small business customers, of which:			
3	Stable deposits			
4	Less stable deposits			
5	Unsecured wholesale funding, of which:			
6	Operational deposits			
7	Non-operational deposits			
8	Unsecured funding			
9	Secured wholesale funding			
10	Other cash outflows of which:			
11	Outflows related to derivative exposures and other collateral requirements			
12	Outflows related to restructured financial instruments			
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets			
14	Other revocable off-balance sheet commitments and contractual obligations			
15	Other irrevocable or conditionally revocable off-balance sheet obligations			
16	Total Cash Outflows		3.279.998	3.325.498
Cash Inflows				
17	Secured receivables			
18	Unsecured receivables			
19	Other cash inflows			
20	Total Cash Inflows		7.266.203	4.808.372
21	Total HQLA		615.186	590.769
22	Total Net Cash Outflows		821.044	809.919
23	Liquidity Coverage Ratio (%)		74,93	72,94

^(*)Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

Explanations on liquidity coverage ratio:

a) Due to the low level of complexity of the Bank, cash inflows and outflows have not shown significant fluctuations during the period and cash inflows have been realized above the cash outflows throughout the period.

b) The most important items of high quality liquid assets of the Bank, which does not accept deposits due to being a Development and Investment Bank, are the Turkish Lira and foreign currency securities issued by the Treasury of the Republic of Turkey.

c) Main funding sources of the Bank are funds from CBRT rediscount loans, short-term loans from domestic and overseas banks, medium and long-term funds borrowed from international organizations like World Bank, European Investment Bank and funds obtained from capital market transactions by issuing debt securities.

d) Most of the derivative instruments used for hedging purposes are forward transactions for currency risk and swap transactions within the scope of currency and interest rate risk.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

VI. Explanations on liquidity risk and liquidity coverage ratio (Continued)

2. Liquidity Coverage Ratio (Continued)

e) Total amount of funds borrowed from a single counterparty or a risk group is closely and instantaneously monitored, taking liquidity concentration limits into account. The Bank distributes funding sources between CBRT, domestic banks and international development and investment banks carefully and in a balanced manner. The Bank's principle to take first quality collaterals such as letters of guarantee. To prevent concentration risk, the Bank monitors the breakdown of the collaterals taken from banks and made policy limit controls to keep the risk up to 20% of each banks' total cash and non-cash loans.

f) Taking into account the legal and operational liquidity transfer inhibiting factors, the needed funds and the liquidity risk exposure based on the Bank itself, the branches in foreign countries and consolidated partnerships:

None.

g) Taken in the calculation of liquidity coverage ratio but not included in the disclosure template in the second paragraph and the information regarding the other cash inflows and cash outflows items which are thought to be related to the Bank's liquidity profile:

None.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

VI. Explanations on liquidity risk and liquidity coverage ratio (Continued)

3. Groupings of assets and liabilities on the remaining period to maturity

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash on Hand in Transit, Purchased Cheques) and Balances with the Central Bank	320	-	-	-	-	-	-	320
Banks	130.256	3.882.248	-	-	-	-	-	4.012.504
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	222.649	-	-	-	-	-	222.649
Financial Assets Measured at Fair Value Through Other Comprehensive Income	20.447	-	-	-	-	-	-	20.447
Loans ⁽⁵⁾	-	8.091.906	20.503.920	73.326.611	22.192.926	5.273.246	108.641	129.497.250
Financial Assets Measured at Amortised Cost	-	26.718	-	252.162	10.347	2.960.495	-	3.249.722
Other Assets	-	252	32	117.356	369.567	225.004	1.713.991	2.426.202
Total Assets	151.023	12.223.773	20.503.952	73.696.129	22.572.840	8.458.745	1.822.632	139.429.094
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Other Funds	-	7.886.441	16.386.394	61.791.949	14.551.165	8.114.999	-	108.730.948
Money Market Funds	-	139.005	-	-	-	-	-	139.005
Securities Issued	-	-	-	3.981.105	10.462.743	2.735.140	-	17.178.988
Miscellaneous Payables	-	-	-	17.361	-	-	1.379.859	1.397.220
Other Liabilities ⁽²⁾⁽³⁾⁽⁴⁾	-	16.891	627	145.003	230.591	3.085.625	8.504.196	11.982.933
Total Liabilities	-	8.042.337	16.387.021	65.935.418	25.244.499	13.935.764	9.884.055	139.429.094
Liquidity Gap	151.023	4.181.436	4.116.931	7.760.711	(2.671.659)	(5.477.019)	(8.061.423)	-
Net Off Balance Sheet Position	-	(355)	-	(5.933)	316.019	(9.009)	-	300.722
Derivative Financial Assets	-	1.069.998	68.788	7.215.113	14.062.780	6.561.832	-	28.978.511
Derivative Financial Liabilities	-	1.070.353	68.788	7.221.046	13.746.761	6.570.841	-	28.677.789
Non-Cash Loans	-	-	-	-	-	-	9.083.093	9.083.093
Prior Period								
Total Assets	712.248	10.685.573	14.599.595	37.430.255	16.593.847	4.065.016	1.288.655	85.375.189
Total Liabilities	-	6.620.275	17.205.857	29.546.046	18.651.028	6.402.651	6.949.332	85.375.189
Liquidity Gap	712.248	4.065.298	(2.606.262)	7.884.209	(2.057.181)	(2.337.635)	(5.660.677)	-
Net Off-Balance Sheet Position	-	(37.768)	(1.009)	(27.849)	(70.435)	(200.208)	-	(337.269)
Derivative Financial Assets	-	4.389.619	2.436.923	2.873.036	10.133.136	4.235.520	-	24.068.234
Derivative Financial Liabilities	-	4.427.387	2.437.932	2.900.885	10.203.571	4.435.728	-	24.405.503
Non-Cash Loans	-	-	-	-	-	-	6.241.263	6.241.263

- (1) Assets such as property and equipment and intangible assets, investments, subsidiaries, office supply inventory, prepaid expenses, miscellaneous receivables and other assets are classified in this column.
- (2) Liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as equity, provisions, miscellaneous payables are classified in this column.
- (3) In other liabilities line the amount of TL 8.504.196 at the "unallocated" column, includes the shareholders' equity amounting to TL 7.654.051 and provisions amounting to TL 324.099.
- (4) In other liabilities "over 5 years" line, the amount of TL 3.085.625 includes subordinated debt instrument amounting to TL 2.995.130.
- (5) Loans consist of net value of non-performing receivables at "non-interest bearing" column amounting TL 108.641.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Explanations on liquidity risk and liquidity coverage ratio (Continued)

4. The undiscounted cash flows of liabilities based on the remaining period to maturity dates are as follows:

Current Period	Book Value	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	108.730.948	7.951.516	16.446.783	62.074.467	15.816.589	9.344.219	-	111.633.575
Funds borrowed from Interbank money market	139.005	139.181	-	-	-	-	-	139.181
Marketable securities issued	17.178.988	-	193.054	4.573.081	12.588.088	2.720.902	-	20.075.125
Miscellaneous payables	1.397.220	-	-	17.361	-	-	1.379.859	1.397.220
Other liabilities	4.328.882	16.891	182.140	326.516	1.682.693	4.897.848	850.145	7.956.233
Total liabilities	131.775.043	8.107.588	16.821.977	66.991.425	30.087.370	16.962.969	2.230.004	141.201.334

Prior Period	Book Value	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	67.368.670	6.587.817	17.273.932	29.366.684	10.167.643	5.347.592	-	68.743.668
Funds borrowed from Interbank money market	152.000	152.179	-	-	-	-	-	152.179
Marketable securities issued	10.279.210	-	138.023	405.841	9.840.377	1.988.953	-	12.373.195
Miscellaneous payables	665.814	-	-	11.602	180	-	654.032	665.814
Other liabilities	1.135.412	48.163	6.257	44.486	225.955	289.334	521.217	1.135.412
Total liabilities	79.601.106	6.788.159	17.418.212	29.828.613	20.234.155	7.625.879	1.175.249	83.070.268

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Explanations on liquidity risk and liquidity coverage ratio (Continued)

5. The undiscounted cash inflows and outflows of derivatives of the Bank

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	938.350	4.078	1.296.861	290.027	2.578.420	5.107.736
- Inflow	937.995	4.081	1.310.427	646.816	2.720.902	5.620.221
Interest rate derivatives						
- Outflow	134.674	72.957	1.121.817	2.500.747	-	3.830.195
- Inflow	135.459	98.669	1.091.454	2.497.438	-	3.823.020
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	-	91.515	2.091.995	8.359.658	1.823.650	12.366.818
- Inflow	-	185.172	2.420.372	9.326.406	1.855.059	13.787.009
Interest rate derivatives						
- Outflow	-	87.603	3.601.775	6.229.716	-	9.919.094
- Inflow	-	70.950	3.528.324	6.060.558	-	9.659.832
Total outflow	1.073.024	256.153	8.112.448	17.380.148	4.402.070	31.223.843
Total inflow	1.073.454	358.872	8.350.577	18.531.218	4.575.961	32.890.082

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	4.009.847	142.694	251.320	4.956.320	2.628.333	11.988.514
- Inflow	3.975.446	136.935	301.218	3.870.703	2.023.691	10.307.993
Interest rate derivatives						
- Outflow	-	334.524	1.273.681	1.942.957	-	3.551.162
- Inflow	1.479	342.459	1.258.786	1.940.402	-	3.543.126
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	433.264	2.012.833	1.566.838	3.331.674	-	7.344.609
- Inflow	430.033	2.033.925	1.567.473	2.752.400	-	6.783.831
Interest rate derivatives						
- Outflow	-	15.680	342.722	5.041.261	2.007.722	7.407.385
- Inflow	-	15.218	322.975	4.917.342	1.988.953	7.244.488
Total outflow	4.443.111	2.505.731	3.434.561	15.272.212	4.636.055	30.291.670
Total inflow	4.406.958	2.528.537	3.450.452	13.480.847	4.012.644	27.879.438

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VII. Explanations on leverage ratio

a) Explanations on Differences between Current and Prior Years' Leverage Ratios

Leverage ratio decreased compared to prior period. Reason of the decrease is the increase of assets of the Bank. The leverage ratio is currently above the Basel and BRSA standard ratio of 3%.

b) Comparison of the total amount of assets and the total amount of risk included in the Consolidated Financial Statements in accordance with TAS

Bank has unconsolidated financial reports, there is no consolidated financial reporting, since there are no subsidiaries or associates.

c) The leverage ratio table is presented below:

	Current Period^(*)	Prior Period^(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	135.696.541	86.641.182
Assets amounts deducted in determining Basel III Tier 1 capital	(8.597)	(7.677)
Total on balance sheet exposures	135.687.944	86.633.505
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	4.437	(3.572)
The potential amount of credit risk with derivative financial instruments and credit derivatives	1.560.093	880.260
The total amount of risk on derivative financial instruments and credit derivatives	1.564.530	876.688
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	72	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	72	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	48.909.511	30.895.174
Adjustments for conversion to credit equivalent amounts	(35.866.731)	(22.030.481)
The total risk of off-balance sheet items	13.042.780	8.864.693
Capital and Total Exposures		
Tier 1 Capital	7.546.481	5.711.057
Total Exposures	150.295.326	96.374.886
Leverage Ratio		
Leverage Ratio	5,02%	5,93%

^(*) Three-month average of the amounts in Leverage Ratio table.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

VIII. Presentation of financial assets and liabilities at their fair values

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Due From Interbank Money Market ⁽¹⁾	222.649	831.691	222.649	831.691
Banks ⁽¹⁾	4.012.504	2.082.401	4.012.504	2.082.401
Financial Assets Measured at Fair Value through Other Comprehensive Income	5.056	5.056	5.056	5.056
Financial Assets Measured at Amortised Cost	3.249.722	180.461	2.600.786	187.182
Loans	129.497.250	80.271.104	137.988.569	84.746.970
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	108.730.948	67.400.265	114.790.755	70.907.814
Issued Marketable Securities	17.178.988	10.279.210	16.600.759	10.646.746
Miscellaneous Payables ⁽¹⁾	1.397.220	665.814	1.397.220	665.814

⁽¹⁾ As the maturities of related accounts are mainly less than 1 month, the carrying amount calculated using the effective interest rate (internal rate of return) method approximates its fair value.

Fair value of investments held to maturity is determined as Level 1.

Fair value of loans and other financial institutions' funds are determined as Level 2.

Fair value measurement classification

In the table below, valuation method of financial instruments valued by fair value is given. Valuation methods according to the levels are defined as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. Presentation of financial assets and liabilities at their fair values (Continued)

Current Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	-	443	-	443
Available-for-sale financial assets ⁽¹⁾	15.391	-	-	15.391
Derivative financial assets held for fair value hedges	-	711.768	-	711.768
Financial liabilities				
Trading derivative financial liabilities	-	129.204	-	129.204
Derivative financial assets held for fair value hedges	-	339.651	-	339.651

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	11.710	15.553	-	27.263
Available-for-sale financial assets ⁽¹⁾	25.262	-	-	25.262
Derivative financial assets held for fair value hedges	-	133.606	-	133.606
Financial liabilities				
Trading derivative financial liabilities	-	384.351	-	384.351
Derivative financial assets held for fair value hedges	-	188.286	-	188.286

⁽¹⁾ Represents the balance of Garanti Faktoring AŞ which is quoted on BIST and accounted under available for sale financial assets.

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

The Bank does not carry out transactions on behalf of and account of others and there are not any trust transactions.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on Risk Management

1. The Bank's risk management policy

Eximbank, as Turkey's official Export Support Organization, provides export sector with credit, guarantee and insurance programs. While the Bank is not primarily engaged in profit-making activities, it maintains the level of risk that it must undertake when it fulfills its legal functions of "providing financial support to the export sector" with an approach that does not weaken the financial power and conforms to generally accepted banking and investment policies.

Eximbank supports exporters, export oriented manufacturers and exporters with contractors, entrepreneurs and foreign exchange earning companies operating with short, medium and long term cash / non-cash loans, insurance and guarantee programs. The bank applies the principle of obtaining a first quality guarantee such as a guarantee letter from a commercial bank for loans the Bank is using. Cash, non-cash credit and treasury transaction limits for guarantee letters and warranties issued by the banks to constitute the guarantees of the credits granted by the banks through Türk Eximbank and the loans granted directly to the firm are determined and monitored within the framework of financial analysis and risk assessment studies of domestic banks. In order to avoid the risk of concentration, the bank-based distribution of collateral is monitored closely and the policy of undertaking risk up to 20% of total cash and non-cash total credit risk, except treasury transactions for a single bank, is followed by limit controls. The Bank's Board of Directors determines and regularly monitors the level of risk appetite, which indicates the level of risk that the Bank wishes to carry out in order to reach its targets, taking into account the risk capacity.

The risk management process, which is organized within the framework of risk management regulations and serves to create a common risk culture across the organization; Is a structure in which risks are defined in line with international regulations, and measurement, analysis, monitoring and reporting activities are carried out in this framework. In this context, the Risk Management Department develops the necessary systems to carry out its activities, monitors the compliance of the risks with the policies and standards and the Bank limits, and continues to work on compliance with the relevant legal regulations and Basel criteria. In addition to the standard approaches used for statutory reporting, reporting risk measures are also developed through internal models and are supported by applied stress tests.

Limit checks on both company and bank basis, cash and non-cash collaterals for such loans, account status documents provided for the financial analysis / allocation process and profit / loss statements as a proxy are supervised by the Inspection Board Presidency and the Internal Control Presidency over the selected files . Credit ratings of loans and other receivables are followed up by Risk Analysis and Evaluation Department and Risk Monitoring Department. Firms and banks' risks and limits are monitored on a daily and weekly basis, with the units responsible for issuing loans and without risk monitoring.

The risk management process, which is organized within the framework of risk management regulations and serves to create a common risk culture across the organization; Analysis, monitoring, reporting, and auditing activities are carried out in accordance with the principles of independence of interdependence of executive units and internal supervision and supervision units, which take the risk of "good corporate governance" in the foreground, in harmony with international regulations. Internal systems are responsible for coordinating the dissemination of the institutional culture necessary to ensure that operational risks are managed by the risk-taking staff.

The capital adequacy standard ratio is calculated by distributing risk weighted assets and non-cash loans according to the risk weight ratios in the relevant legislation. The standard method for credit and market risk and the basic indicator approach for operational risk are calculated.

With the Risk Assessment Report, the Bank's risk is reported on an integrated basis to the senior management on a regular basis. Besides, the risks arising from treasury transactions and the total risks directly and indirectly on commercial banks are monitored and reported on a daily basis by the related units.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on Risk Management (Continued)

1. The Bank's risk management policy (Continued)

The Stress tests, the Regulation on Internal Systems of Banks and the Internal Capital Adequacy Assessment Process text, and the BRSA Good Practice Guidelines, are made at the end of the year and sent to the BRSA until the end of March of the following year. The results of the stress test at the Bank are also reported to the upper management and are taken into account in the bank's internal decisions. Within the scope of ICAAP, credit risk, market risk and operational risk as well as interest rate risk arising from banking accounts, risk concentration of banks and collateralized banks, and liquidity risk assessments are included in the calculation of legal capital requirement.

The Bank issuing the loans with the guarantee of the commercial banks in Turkey (guarantee letter, warranty etc.) is not subject to any risk arising from the companies. On the other hand, a systemic risk that may be experienced in the banking sector is monitored closely and the intention and controls are used to prevent concentration on the bank basis.

2. Overview of risk weighted amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	54.834.343	41.308.618	4.386.747
2 Of which standardized approach (SA)	54.834.343	41.308.618	4.386.747
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	821.105	418.596	65.688
5 Of which standardized approach for counterparty credit risk (SA-CCR)	821.105	418.596	65.688
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under basic risk weighting or internal rating-based approach	-	-	-
8 Equity investments in funds – look-through approach	-	-	-
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory formula approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	116.788	551.225	9.343
17 Of which standardized approach (SA)	116.788	551.225	9.343
18 Of which internal model approaches (IMM)	-	-	-
19 Operational Risk	1.447.228	1.246.957	115.778
20 Of which Basic Indicator Approach	1.447.228	1.246.957	115.778
21 Of which Standardized approach (SA)	-	-	-
22 Of which Advanced measurement approach	-	-	-
23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	57.219.464	43.525.396	4.577.556

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on Risk Management (Continued)

3. Linkages between Financial Statements and Risk Amounts

Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards			
		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk
Assets					
Cash and CBRT	320	320	-	-	-
Financial Assets Held for Trading	-	-	-	-	-
Financial Assets At Fair Value Through Profit/Loss	-	-	-	-	-
Banks	4.012.504	4.012.504	-	-	-
Money Market Placements	222.649	222.649	-	-	-
Financial Assets Available-for-Sale	20.447	20.447	-	-	-
Loans and Receivables	129.497.250	129.497.250	-	-	-
Factoring Receivables	-	-	-	-	-
Financial Assets Measured at Amortised Cost	3.249.722	3.249.722	-	-	-
Subsidiaries	-	-	-	-	-
Investment in Associates	-	-	-	-	-
Joint-Ventures	-	-	-	-	-
Lease Receivables	-	-	-	-	-
Derivative Financial Assets Held for Risk Management	712.211	-	712.211	-	-
Tangible Assets	5.807	5.807	-	-	-
Intangible Assets	7.006	-	-	-	7.006
Investment Properties	2.141	2.141	-	-	-
Tax Asset	-	-	-	-	-
Assets Held for Sale and Discontinued Operations	-	-	-	-	-
Other Assets	1.699.037	1.699.037	-	-	-
Total Assets	139.429.094	138.709.877	712.211	-	7.006
Liabilities					
Deposits	-	-	-	-	-
Derivative Financial Liabilities Held for Trading	-	-	-	-	-
Funds Borrowed	108.730.948	-	-	-	108.730.948
Money Market Funds	139.005	-	139.005	-	-
Marketable Securities Issued	17.178.988	-	-	-	17.178.988
Funds	13	-	-	-	13
Miscellaneous Liabilities	-	-	-	-	-
Other Liabilities	1.923.253	-	-	-	1.923.253
Factoring Payables	-	-	-	-	-
Lease Payables	-	-	-	-	-
Derivative Financial Liabilities Held for Risk Management	468.855	-	468.855	-	-
Provisions	324.099	-	-	-	324.099
Tax Liability	14.752	-	-	-	14.752
Assets Held For Sale and Related to Discontinued Operations	-	-	-	-	-
Subordinated Debts	2.995.130	-	-	-	2.995.130
Shareholders' Equity	7.654.051	-	-	-	7.654.051
Total Liabilities	139.429.094	-	607.860	-	138.821.234

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

4. Linkages Between Financial Statements and Risk Amounts (Continued)

The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

		Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk	Not Subject to Capital Requirements or Deducted from Capital
1	Asset carrying value amount under regulatory in financial statement	139.429.094	138.709.877	-	712.211	-	7.006
2	Liabilities carrying value amount under regulatory in financial statement	139.429.094	-	-	-	-	-
3	Total net amount scope of financial statement	-	-	-	-	-	-
4	Off-balance sheet amounts	4.541.943	4.541.943	-	-	-	-
5	Differences in valuations	-	-	-	-	-	-
6	Differences due to different netting rules	-	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-	-
9	Risk Amounts	143.971.037	143.251.817	-	712.211	-	7.006

a) The scope of the Bank's accounting consolidation and legal consolidation is exactly the same and there is no difference.

b) According to TAS, there is no difference between the Bank's risk assessed amounts and risk amounts.

c) Bank position transactions are all kinds of money market, capital market, foreign exchange market and derivative market transactions (excluding transactions for purchases and sales) made by the Treasury Department for the management of currency, interest rate and liquidity risk.

For the purpose of hedging against the market risk that the Bank may be exposed to through the trading portfolio, all trading securities portfolio, trading / foreign currency and foreign currency / Turkish currency transactions are evaluated on a daily basis with the current market rates.

In order to limit possible loss that may arise from market risk, the maximum amounts that can be carried per day, the maximum amount of transactions and the limit of termination of damages shall be applied within the limits set by the Board of Directors for all Turkish Currency and Foreign Exchange transactions for trading purposes. In other words, these limitations are determined on a product basis and are also subject to limitations according to the duties and authorities of the traders, and compliance with these limits is automatically made by the system.

Securities held to maturity are valued by internal rate of return.

5. Public Disclosures on Credit Risk

The Bank applies the principle which is accepting first group guarantee like letter of guarantee from commercial banks, warranty etc. for its loans. For this reason, the "institutional receivables" risk category is largely transformed into "receivables from banks and intermediary institutions".

In order to avoid the risk of concentration, the bank-based distribution of collateral is monitored closely and the policy of undertaking risk up to 20% of total cash and non-cash credit risk, except treasury transactions for a single bank, is followed by limit controls. In addition, credit limits to be used by a single company are determined by the Credit Committee within the limits of the Board of Directors and legal limits.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

In order to ensure that credits are in line with company and bank limits, there are controls on the system that prevent limit overruns. These checks are periodically tested by the Internal Control unit. The limits of the banks that receive guarantees are monitored daily by the Bank Analysis Department. Limit change requirements are regularly monitored and necessary updates are made by the Board of Directors.

Limit checks on both company and bank basis, cash and non-cash collaterals for such loans, account status documents provided for the financial analysis / allocation process, and profit / loss statements as an annex are selected and audited by the Inspection Board Presidency and Internal Control Presidency. Credit ratings of loans and other receivables are followed up by Risk Analysis and Evaluation Department and Risk Monitoring Department. Firms and banks' risks and limits are monitored on a daily and weekly basis, by the units responsible from issuing loans and risk monitoring.

The Risk Assessment Report prepared by the Risk Management Department and senior management and board of directors lending programs are periodically informed on the basis of total risks and problem loans. The Banks and Financial Institutions Department monitors the existing risks on an intermediary bank basis on a daily basis.

5.1. Credit quality of assets

	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values
	Defaulted	Non-defaulted		
1 Loans	342.508	129.388.609	233.867	129.497.250
2 Debt Securities	-	3.249.722	-	3.249.722
3 Off-balance sheet exposures	-	-	-	-
4 Total	342.508	132.638.331	233.867	132.746.972

5.2. Changes in stock of default loans and debt securities

1	Defaulted loans and debt securities at end of the previous reporting period	294.231
2	Loans and debt securities that have defaulted since the last reporting period	97.254
3	Receivables back to non-defaulted status	-
4	Amounts written off	(722)
5	Other changes	(48.255)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	342.508

5.3. Additional Explanation about the Credit Quality of Asset

Additional qualitative disclosures about the credit quality of assets

Due credit borrowers are considered as overdue receivables in terms of accounting practices because they are not executed or can not be executed by the debtor on the loan repayment schedule.

Within 90 days following due date, in case the payment of credit debt is not realized, the overdue receivables are classified as non-performing loans and provision is made in accordance with the "Exceptions to the Procedures and Principles for the Determination of the Qualifications of Credits and Other Receivables in Banks and the Provisions to be Shared".

In accordance with the related regulation, provision is made based on the credit classes over the remainder of the main debt of the loan after consideration of the credit guarantees.

In addition, despite the fact that in accordance with Article 13 entitled "Exceptions to the Procedures and Principles for the Determination of the Qualifications of Credits and Other Receivables in Banks and the Provisions to be

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X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5.3. Additional Explanation about the Credit Quality of Asset (Continued)

Shared”, the specific and general provision rates for the transactions to be carried out under the Bank's Establishment Law are taken as zero percent, the Bank allocates provisions within prudent banking principles.

Loans and other receivables restructured or rescheduled in order to provide liquidity to the borrower and to collect the receivables of the borrower pursuant to the related provisions of the regulation are followed by debt to the relevant loan accounts after the conditions specified in the said Regulation are fulfilled. As of 31 December 2018, there are restructured or rescheduled loans among the non-performing loans with a total amount of TL 958 and there are restructured or rescheduled loans and receivables with a total amount of TL 3.198.028 among standard loans and loans in close follow-up.

Additional quantitative disclosures about the credit quality of assets

a) According to the geographical area of the receivables, according to the sector and according to the remaining maturity.

Explanations about the breakdown of receivables according to geographical regions, sectors and residuals are included in the “Explanations on Credit Risk” section.

b) Amounts of receivables that are provisioned on geographical regions and sector basis and related provisions and amounts deleted from assets

Current Period	Non-Performing Loans(*)	Specific Provision
Domestic	926.530	139.253
EU Countries	82.776	82.776
OECD Countries	6.461	6.461
Off-shore Banking Regions	-	-
USA, Canada	4.044	4.044
Other Countries	1.333	1.333
Total	1.021.144	233.867

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X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5.3. Additional Explanation about the Credit Quality of Asset (Continued)

Current Period	Non-Performing Loans (*)	Specific Provision
Agriculture	86.349	6.083
Farming and Stockbreeding	59.990	5.572
Forestry	137	137
Fishery	26.222	374
Manufacturing	540.804	186.336
Mining and Quarrying	686	686
Production	538.348	185.650
Electricity, Gas and Water	1.770	-
Construction	194.488	301
Services	189.929	31.573
Wholesale and Retail Trade	95.599	31.263
Hotel, Food and Beverage services	2.942	-
Transportation and Telecom	11.585	18
Financial Institutions	292	292
Real Estate and Rental Services	-	-
Self-employment Services	-	-
Educational Services	-	-
Health and Social Services	79.511	-
Other	9.574	9.574
Total	1.021.144	233.867

(*) Non-performing loans include non-performing loans and loans under close monitoring.

As of 31 December 2018, the total of non-performing loans written off from assets is amounting to TL 722.

c) Aging analysis for overdue receivables

Current Period	Past due items (*)
Up to 3 months	799.263
3-12 months	40.511
1-5 years	81.880
5 years and over	99.490
Total	1.021.144

(*) Non-performing receivables include non-performing loans and loans under close monitoring.

d) Analysis of restructured loans according to making provision

Current Period	Restructured Receivables	Specific Provisions
Restructured Standard Loans and Other Receivables	2.801.463	-
Loans and Other Receivables Under Close Monitoring	395.607	-
Restructured Non-performing Loans	958	191
Total	3.198.028	191

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X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5.4. Credit risk mitigation techniques

5.4.1. Politics and processes of offsetting balance sheet and off-balance sheet items

The Bank does not make balance sheet and off-balance sheet offsetting as risk mitigation technique.

5.4.2 Basic characteristics of policies and processes related to the assessment and management of collateral

The Bank receives letters of guarantee for all cash loans granted by the banks in Turkey and abroad. Within this scope, the limits given to the banks are checked regularly and amendments are made with the decision of the Board of Directors when necessary.

5.4.3 Intensification of market and credit risk arising from credit risk mitigation tools used

Cash and non-cash loan and treasury transaction limits for guarantee letters and avors issued by the banks to constitute the guarantee of the credits granted by the banks through Eximbank and the loans granted directly to the firm are determined and monitored within the framework of financial analysis and risk assessment studies of domestic banks. In order to avoid the risk of concentration, the bank-based distribution of collateral is monitored closely and the policy of undertaking risk up to 20% of total cash and non-cash credit risk, except treasury transactions for a single bank, is followed by limit controls.

5.4.4 Risk Decreasing Techniques – General Overview

		Exposures unsecured	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	15.407	129.481.839	129.071.872	-	-	-	-
2	Debt securities	3.249.722	-	-	-	-	-	-
3	Total	3.265.129	129.481.839	129.071.872	-	-	-	-
4	Of which defaulted	-	108.641	-	-	-	-	-

According to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks, the external rating grades of the counterparties of Fitch Ratings International Rating Agency are used in determining the risk weights for the entire risk class from central government or central banks. There has been no change in the rating agency used during the period.

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X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5.4. Credit risk mitigation techniques (Continued)

5.4.5. Standard approach - Exposure credit risk and credit risk mitigation effects

Risk Groups		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet Amount	Off-balance sheet amount	Risk-weighted amount	Risk-weighted amount density (%)
1	Exposures to sovereigns and their central banks	7.579.242	667.802	6.172.590	-	2.793.444	45,26
2	Exposures to regional and local governments	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and securities firms	15.711.734	18.743.543	128.335.453	397	44.126.504	34,38
7	Exposures to corporates	108.648.442	26.053.622	-	4.005.575	4.005.575	100
8	Retail exposures	4.521.729	2.165.456	1.953.104	535.969	1.866.803	75
9	Exposures secured by residential property	34.331	-	34.331	-	22.235	64,77
10	Exposures secured by commercial property	378.296	-	378.296	-	189.148	50
11	Past-due loans	108.641	-	108.641	-	103.201	94,99
12	Exposures in higher-risk categories	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	1.707.015	-	1.707.015	-	1.706.986	100
17	Equity investments	20.447	-	20.447	-	20.447	100
18	Total	138.709.877	47.630.423	138.709.877	4.541.941	54.834.343	38,28

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X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5.4. Credit risk mitigation techniques (Continued)

5.4.6. Standard Approach - Receivables according to risk classes and risk weights

	Risk Groups/ Risk Weights	0%	10%	20%	35% ⁽¹⁾	50%	75%	100%	150%	200%	Others	Total risk amount ⁽²⁾
1	Exposures to sovereigns and their central banks	3.379.146	-	-	-	-	-	2.793.444	-	-	-	6.172.590
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and securities firms	77.113.595	-	4.050.983	-	7.709.933	-	39.461.339	-	-	-	128.335.850
7	Exposures to corporates	-	-	-	-	-	-	4.005.575	-	-	-	4.005.575
8	Retail exposures	-	-	-	-	-	2.489.073	-	-	-	-	2.489.073
9	Exposures secured by residential property	-	-	-	13.783	-	12.548	8.000	-	-	-	34.331
10	Exposures secured by commercial property	-	-	-	-	378.296	-	-	-	-	-	378.296
11	Past-due loans	-	-	-	-	10.880	-	97.761	-	-	-	108.641
12	Exposures in higher-risk categories	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Equity investments	-	-	-	-	-	-	20.447	-	-	-	20.447
17	Other exposures	29	-	-	-	-	-	1.706.986	-	-	-	1.707.015
18	Total	80.492.770	-	4.050.983	13.783	8.099.109	2.501.621	48.093.552	-	-	-	143.251.818

⁽¹⁾ Secured by residential property

⁽²⁾ Exposures post-CCR and CRM

6. Explanations on counterparty credit risk

6.1. Qualitative Explanations on Counterparty credit risk

For transactions made with foreign banks, the amount and the maturity limit are established by the resolution of the Board of Directors. Limits are checked by Treasury Department. The majority of transactions that create counterparty risk in the bank are money and interest swaps and forward transactions intended for hedging purposes. Fair value appraisal method is used in determining the amount subject to counterparty risk in accordance with the principles stated in Appendix-2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks.

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X. Information on risk management (Continued)

6. Explanations on counterparty credit risk

6.2. Counterparty credit risk (CCR) approach analysis

		Replacement Cost	Potential Credit Risk	EEPE	Alpha used for computing regulatory EAD	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
1	Standardized Approach -CCR (for derivatives)	6.869	1.627.373		1,40	1.634.242	814.323
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					136.467	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						814.323

6.3 Credit valuation adjustment (CVA) for capital obligation

		Risk Amounts (After use of credit risk mitigation techniques)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at Risk component (including the 3*multiplier)		-
2	(ii) Stressed Value at Risk component (including the 3*multiplier)		-
3	Total portfolio value with standardized approach CVA capital charge	28.975.622	-
4	Total subject to the CVA capital charge	13.565	6.782

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X. Information on risk management (Continued)

6. Explanations on counterparty credit risk (Continued)

6.4. CCR Exposures by Risk Class and Risk Weights

Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
Risk Groups									
Conditional and unconditional exposures to sovereigns and their central banks	217.271	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and securities firms	55.663	-	9.373	1.638.382	53	-	-	-	821.105
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other Exposures	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Total	272.934	-	9.373	1.638.382	53	-	-	-	821.105

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X. Information on risk management (Continued)

6. Explanations on counterparty credit risk (Continued)

6.5. Collateral for CCR

	Collateral used in derivative transactions				Collateral used in other transactions	
	Collateral received		Posted collateral		Collateral received	Posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	136.467	50.000
Cash-foreign currency	-	-	-	-	264	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	136.731	50.000

6.6. Exposures to central counterparties

		Risk Amount After CCF	RWA
1	Total risks arising from transactions with qualified central counterparty		-
2	Regarding the risks arising from transactions in the Central counterpart (excluding the initial guarantee and guarantee fund amount)	-	-
3	(I) Derivative financial instruments	-	-
4	(II) Other derivative financial instruments	-	-
5	(III) Repo-reverse and repo transactions, credit securities transactions and securities or commodity lending or borrowing transactions	-	-
6	(IV) Netting groups to which cross product netting is applied	-	-
7	Supervised initial coverage	-	
8	Unsupervised initial coverage	-	-
9	Amount of paid guarantee funds	-	-
10	Undeclared guarantee fund commitment	-	-
11	Total risks arising from non-qualified central counterpart transactions		-
12	Related to the risks arising from the transactions in the central counterpart (excluding the initial guarantee and guarantee fund amount)	-	-
13	(I) Derivative financial instruments	-	-
14	(II) Other derivative financial instruments	-	-
15	(III) Repo-reverse and repo transactions, credit securities transactions and securities or commodity lending or borrowing transactions	-	-
16	(IV) Netting groups to which cross product netting is applied	-	-
17	Supervised initial coverage	-	
18	Unsupervised initial coverage	-	-
19	Amount of paid guarantee funds	-	-
20	Undeclared guarantee fund commitment	-	-

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X. Information on risk management (Continued)

6. Explanations on counterparty credit risk (Continued)

6.7. Counterparty credit risk based on risk class and probability of default

None.

6.8. Counterparty credit risk based on credit variety

None.

7. Change Table of Risk Weighted Amounts Based on Internal Ratinging (IDF) Approach

None.

7.1. Internal Ratinging (IDF) Portfolio and Default Probability credit risk amounts based on interval

None.

7.2. Effect of Credit Derivatives Used as Internal Ratinging (IDF) Credit Risk Mitigation Technique on Risk Weighted Amount

None.

7.3. Specialized loans based on Internal Ratinging (IDF) and stock investments subject to simple risk weighting approach

None.

7.4. Risk Weighted Assets within Internal Model Methodology

None.

8. Market Risk Disclosures

8.1. Qualitative information to be disclosed to the public regarding market risk

Market risk refers to the possibility of loss that may arise due to interest, exchange rate and price changes arising from fluctuations in the financial markets in the positions of the Bank on its balance sheet and off-balance sheet accounts and consequent changes in the Bank income/expense item and equity profitability. In order to hedge against the market risk that the Bank may be exposed to as a result of financial activities, all Turkish Lira (TL) and foreign currency securities portfolio for trading purposes are evaluated on a daily basis with the current rates in the market. In order to limit the possible loss that may arise from market risk, the maximum amount of transactions that can be carried per day, including securities transactions, the maximum amount of transactions and the limit for termination of damages are applied within the limits set by the Board of Directors for all trading transactions. "Exchange Rate" and "Interest Rate" are calculated based on the "Standard Method and Market Risk Measurement Method" published by the BRSA in the calculation of the market risk exposed to the Bank in the Capital Adequacy Analysis Form.

Derivative transactions are initially measured at fair value and transaction costs that are attributable to them are recognized in profit or loss as they are incurred. They are valued with their fair values in subsequent periods. This valuation result is reflected in the financial statements as a single asset or liability on a contract basis by netting off the receivables and payables arising from each contract within their fair values. The method of accounting for the resulting profit or loss varies depending on whether the derivative is intended for hedging or not and the content of the hedged asset.

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X. Information on risk management (Continued)

8. Market Risk Explanations (Continued)

8.2. Standardized Approach

		Risk Weighted Amounts
	Outright Products	
1	Interest rate risk (general and specific)	95.675
2	Equity risk (general and specific)	-
3	Foreign exchange risk	16.825
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	4.288
7	Scenario approach	-
8	Securitized assets	-
9	Total	116.788

8.3. Internal model approach for trading account

None.

8.4. Comparison of Risk Exposure Value (VAR) estimates with profit / loss

None.

9. Explanations on Operational Risk

The operational risk capital requirement is calculated according to Regulation on Measurement and Evaluation of Capital Adequacy of Banks' article number 24, is measured using the Basic Indicator Approach once a year in parallel with domestic regulations.

The information contained in the following table when using the basic indicator method:

	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	699.421	676.666	939.479	3/3	15	115.778
Value at operational risk (Total*12.5)						1.447.228

10. The interest rate risk of the banking book items

The interest rate risk ratio of the banking book items are conducted on a monthly basis and reported to BRSA.

	Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
1	TL	500	(12.161)	(0,11)%
	TL	(400)	(35.452)	(0,33)%
2	EUR	200	33.573	0,31%
	EUR	(200)	(27.197)	(0,25)%
3	USD	200	52.893	0,50%
	USD	(200)	(54.377)	(0,51)%
	Total (for Negative Shocks)		(117.027)	(1,10)%
	Total (for Positive Shocks)		74.305	0,70%

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XI. Explanations on Securitization

1. Securitization pozitions on banking accounts

None.

2. Securitization positions in trading accounts

None.

3. Securitization positions in banking accounts and related capital requirement

None.

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XII. Explanations on operating segments

Information regarding operating segments as of 31 December 2018 and 31 December 2017 has been given in the following table:

Current Period	Corporate Banking	Investment Banking	Undistributed	Total Operations of the Bank
Interest income	3.049.020	342.075	-	3.391.095
Interest income on loans	3.046.371	-	-	3.046.371
Interest received from banks	-	157.809	-	157.809
Interest received from money market transactions	-	70.775	-	70.775
Interest received from marketable securities	-	113.491	-	113.491
Other interest income	2.649	-	-	2.649
Interest expense	(1.572.254)	(959.377)	-	(2.531.631)
Interest on loans borrowed	(1.526.741)	-	-	(1.526.741)
Interest paid for money market transactions	-	(928)	-	(928)
Interest on securities issued	-	(958.449)	-	(958.449)
Other interest expenses	(45.513)	-	-	(45.513)
Net fees and commissions income	164.354	(11.261)	(9.267)	143.826
Fees and commissions received	347.799	-	2.342	350.141
Fees and commissions paid	(183.445)	(11.261)	(11.609)	(206.315)
Trade profit/ loss (net)	-	1.317.750	(1.135.887)	181.863
Profit/ loss on capital market transactions	-	(69)	-	(69)
Profit /loss on derivative financial transactions	-	1.317.819	-	1.317.819
Foreign exchange profit/ loss	-	-	(1.135.887)	(1.135.887)
Other operating income	10.655	-	-	10.655
Provision for impairment of loan and other receivables	(49.703)	-	(31.993)	(81.696)
Other operating expenses	-	-	(102.346)	(102.346)
Net period profit	1.602.072	689.187	(1.449.457)	841.802
Total segment assets	129.497.250	8.217.533	1.714.311	139.429.094
Financial assets designated at fair value through profit or loss	-	4.235.153	320	4.235.473
Trading derivative financial receivables	-	-	-	-
Receivables from banks and money markets	-	20.447	-	20.447
Available for sale financial assets	-	3.249.722	-	3.249.722
Loans and receivables	-	568.051	-	568.051
Held-to-maturity investments	-	144.160	-	144.160
Derivatives to hedge risk	129.497.250	-	-	129.497.250
Property and equipment (net)	-	-	5.807	5.807
Intangible assets (net)	-	-	7.006	7.006
Other assets	-	-	1.701.178	1.701.178
Total segment liabilities	108.861.175	17.786.848	12.781.071	139.429.094
Trading derivative financial liabilities	108.730.961	-	-	108.730.961
Loans and funds received	-	139.005	-	139.005
Borrowings from money markets	-	17.178.988	-	17.178.988
Securities issued	-	378.363	-	378.363
Derivatives to hedge risk	-	90.492	-	90.492
Provisions	130.214	-	193.885	324.099
Equity	-	-	7.654.051	7.654.051
Other liabilities	-	-	4.933.135	4.933.135

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XII. Explanations on operating segments (Continued)

Prior Period	Corporate Banking	Investment Banking	Undistributed	Total Operations of the Bank
Interest income	2.093.238	144.848	-	2.238.086
Interest income on loans	2.092.254	-	-	2.092.254
Interest received from banks	-	66.638	-	66.638
Interest received from money market transactions	-	56.824	-	56.824
Interest received from marketable securities	-	21.386	-	21.386
Other interest income	984	-	-	984
Interest expense	(756.004)	(468.194)	-	(1.224.198)
Interest on loans borrowed	(742.550)	-	-	(742.550)
Interest paid for repo transactions	-	-	-	-
Interest paid for money market transactions	-	(56)	-	(56)
Interest on securities issued	-	(468.138)	-	(468.138)
Other interest expenses	(13.454)	-	-	(13.454)
Net fees and commissions income	21.409	(28.491)	-	(7.082)
Fees and commissions received	21.409	-	-	21.409
Fees and commissions paid	-	(28.491)	-	(28.491)
Trade profit/ loss (net)	-	(683.724)	402.603	(281.121)
Profit/ loss on capital market transactions	-	(5)	-	(5)
Profit /loss on derivative financial transactions	-	(683.719)	-	(683.719)
Foreign exchange profit/ loss	-	-	402.603	402.603
Other operating income	214.444	-	-	214.444
Provision for impairment of loan and other receivables	(44.660)	(1.653)	(31.105)	(77.418)
Other operating expenses	-	-	(294.236)	(294.236)
Net period profit	1.528.427	(1.037.214)	77.262	568.475
Total segment assets	80.271.104	3.285.740	1.818.345	85.375.189
Financial assets designated at fair value through profit or loss	-	11.710	-	11.710
Trading derivative financial receivables	-	15.553	-	15.553
Receivables from banks and money markets	-	2.914.092	-	2.914.092
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	30.318	-	30.318
Loans and receivables	80.271.104	-	-	80.271.104
Financial Assets Measured at Amortised Cost	-	180.461	-	180.461
Derivatives to hedge risk	-	133.606	-	133.606
Property and equipment (net)	-	-	5.430	5.430
Intangible assets (net)	-	-	6.055	6.055
Other assets	-	-	1.806.860	1.806.860
Total segment liabilities	67.498.884	11.003.847	6.872.458	85.375.189
Trading derivative financial liabilities	-	384.351	-	384.351
Loans and funds received	67.368.670	-	-	67.368.670
Borrowings from money markets	-	152.000	-	152.000
Securities issued	-	10.279.210	-	10.279.210
Derivatives to hedge risk	-	188.286	-	188.286
Provisions	130.214	-	138.205	268.419
Equity	-	-	5.774.083	5.774.083
Other liabilities	-	-	960.170	960.170

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets

1. Cash equivalents and the account of the CBRT

	Current Period	
	TL	FC
Cash/Foreign currency	29	-
CBRT	291	-
Other	-	-
Total	320	-

	Prior Period	
	TL	FC
Cash/Foreign currency	26	-
CBRT	234	631.932
Other	-	-
Total	260	631.932

Information related to the account of the CBRT

	Current Period	
	TL	FC
Unrestricted Demand Deposits	291	-
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	-
Total	291	-

	Prior Period	
	TL	FC
Unrestricted Demand Deposits	234	-
Unrestricted Time Deposits	-	631.932
Restricted Time Deposits	-	-
Total	234	631.932

2. With their net values and comparison, information on financial assets at fair value through profit or loss subject to repo transactions and given as collateral/blocked

	Current Period	
	TL	FC
Financial assets under repo transactions	-	-
Financial assets given as collateral/ blocked	-	-
Total	-	-

	Prior Period	
	TL	FC
Financial assets under repo transactions	-	-
Financial assets given as collateral/ blocked	10.686	-
Total	10.686	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

3. Derivative financial assets

3.1. Derivative financial assets measured at fair value through profit/loss

3.1.1. Table of positive differences for derivative financial assets held for trading

	Current Period	
	TL	FC
Forward Transactions	82	-
Swap Transactions	-	337
Futures Transactions	-	-
Options	-	24
Other	-	-
Total	82	361

	Prior Period	
	TL	FC
Forward Transactions	5.249	-
Swap Transactions	-	10.304
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	5.249	10.304

3.1.2. Table of positive differences for derivative financial instruments held for risk management

	Current Period	
	TL	FC
Derivative financial instruments held for risk management		
Fair value hedges	-	567.608
Cash flow hedges	-	-
Net foreign investment hedges	-	-
Total	-	567.608

	Prior Period	
	TL	FC
Derivative financial instruments held for risk management		
Fair value hedges	77.064	12.857
Cash flow hedges	-	-
Net foreign investment hedges	-	-
Total	77.064	12.857

3.2. Derivative financial Assets Measured at Fair Value through Other Comprehensive Income

3.2.1. Derivative financial assets held for trading

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and notes related to assets (Continued)**
3. Derivative financial assets (Continued)
3.2. Derivative financial Assets Measured at Fair Value through Other Comprehensive Income (Continued)
3.2.2. Derivative financial instruments held for risk management

Derivative Financial Instruments Held for Risk Management	Current Period	
	TL	FC
Fair Value Hedges	-	-
Cash Flow Hedges	-	144.160
Net Foreign Investment Hedges	-	-
Total	-	144.160

Derivative Financial Instruments Held for Risk Management	Prior Period	
	TL	FC
Fair Value Hedges	-	-
Cash Flow Hedges	-	43.685
Net Foreign Investment Hedges	-	-
Total	-	43.685

4. Information on banks and foreign bank accounts

	Current Period	
	TL	FC
Banks		
Domestic banks	119.071	184.170
Foreign banks	-	3.709.263
Foreign head offices and branches	-	-
Total	119.071	3.893.433

	Prior Period	
	TL	FC
Banks		
Domestic banks	191.882	794.378
Foreign banks	-	1.096.141
Foreign head offices and branches	-	-
Total	191.882	1.890.519

Foreign Bank Account

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	1.186.202	196.368	-	-
USA, Canada	2.520.951	898.527	-	-
OECD Countries ⁽¹⁾	2.110	1.246	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	3.709.263	1.096.141	-	-

⁽¹⁾ OECD countries except EU countries, USA and Canada

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

5. With net values and comparison, Financial Assets Measured at Fair Value through Other Comprehensive Income subject to repo transactions and given as collateral/blocked

As of 31 December 2018 and 31 December 2017, there are not any financial assets measured at fair value through other comprehensive income given as collateral.

6. Information related financial assets measured at fair value through other comprehensive income

i) Financial assets measured at fair value through other comprehensive income

	Current Period
Debt Securities	
Quoted to Stock Exchange	-
Not Quoted	-
Share Certificates	
Quoted to Stock Exchange	-
Not Quoted	20.447
Impairment Provision (-)	-
Total	20.447

ii) Available for sale financial assets

	Prior Period
Debt Securities	
Quoted to Stock Exchange	-
Not Quoted	-
Share Certificates	
Quoted to Stock Exchange	-
Not Quoted	30.318
Impairment Provision (-)	-
Total	30.318

As of 31 December 2018 and 31 December 2017, financial assets measured at fair value through other comprehensive income of the Bank consist of Garanti Faktoring AŞ and Kredi Garanti Fonu AŞ with the shareholding percentages of 9,78% and 1,54%, respectively.

In addition, Borsa Istanbul A.Ş. (BIST) in the financial assets that reflect the fair value difference in other comprehensive income.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans

7.1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period	
	Cash	Non-Cash Loans
Direct Lendings to Shareholders	-	-
Corporates	-	-
Individuals	-	-
Indirect Lendings to Shareholders	-	-
Loans to Employees	15.407	-
Total	15.407	-

	Prior Period	
	Cash	Non-Cash Loans
Direct Lendings to Shareholders	-	-
Corporates	-	-
Individuals	-	-
Indirect Lendings to Shareholders	-	-
Loans to Employees	10.081	-
Total	10.081	-

7.2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled

	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Loans and Other Receivables	Restructured	
			The ones whose payment plans have changed	Other
Cash Loans				
Non-specialized Loans	128.125.263	280.268	159.369	-
Working capital loans	-	-	-	-
Export Loans	103.299.621	237.402	136.114	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	11.155.098	-	-	-
Consumer Loans	15.407	-	-	-
Credit Cards	-	-	-	-
Other	13.655.137	42.866	23.255	-
Specialized Loans	584.710	2.761	236.238	-
Other Receivables	-	-	-	-
Total	128.709.973	283.029	395.607	-

	Standard Loans	Loans Under Close Monitoring
General Provisions	127.807	2.407

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.3. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled

Number of Amendments Related to the Extension of the Payment Plan	Standard Loans	Loans Under Close Monitoring
Extended for 1 or 2 Times	1.143.148	69.377
Extended for 3, 4 or 5 Times	487.190	115.969
Extended for More than 5 Times	1.171.125	210.261

The Time Extended via the Amendment on Payment Plan	Standard Loans	Loans Under Close Monitoring
0-6 Months	153.749	8.718
6 - 12 months	1.105.159	95.608
1-2 Years	1.516.622	291.281
2-5 Years	25.933	-
5 Years and More	-	-

7.4. Distribution of loans by maturity structure

Current Period	Standart Loans	Loans Under Close Monitoring	
		Loans and Other Receivables	Restructured Loans
Short-term Loans	88.437.875	10.310	48.689
Medium and Long-term Loans	40.272.098	272.719	346.918
Total	128.709.973	283.029	395.607

Prior Period	Standart Loans	Loans Under Close Monitoring	
		Loans and Other Receivables	Restructured Loans
Short-term Loans	49.656.694	34.134	1.524
Medium and Long-term Loans	30.022.696	227.976	225.578
Total	79.679.390	262.110	227.102

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.5. On the basis of the relevant bank type and the following tables; Loans according to maturity structure

	Standard loans and other receivables		Loans under close monitoring and other receivables	
	Loans and Other Receivables	Loans and Other Receivables	Loans and Other Receivables	Restructured Loans and Other Receivables
Short-term Loans and other receivables	87.956.104	481.771	10.310	48.689
Non-specialized Loans	87.744.100	430.009	8.925	2.836
Specialized Loans	212.004	51.762	1.385	45.853
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	37.949.958	2.322.140	272.719	346.918
Non-specialized Loans	37.819.399	2.131.755	271.343	156.533
Specialized Loans	130.559	190.385	1.376	190.385
Other Receivables	-	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.6. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards

There are not any consumer loans, consumer credit cards and personnel credit cards.

As of 31 December 2018, the Bank granted personnel loans amounting to TL 15.407.

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards – TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Retail Credit Cards – FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personel Loans-TP	193	15.214	15.407
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	193	15.214	15.407
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personel Loans-YP	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personel Credit Cards -TP	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personel Credit Cards-YP	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Deposit Accounts– TL (Real Persons)	-	-	-
Deposit Accounts– FC (Real Persons)	-	-	-
Total	193	15.214	15.407

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.7. Information on commercial installment loans and corporate credit cards

None.

7.8. Distribution of loans according to borrowers based on the following table

	Current Period
Public	3.628.447
Private	125.760.162
Total	129.388.609

	Prior Period
Public	4.773.262
Private	75.395.340
Total	80.168.602

7.9. Distribution of domestic and foreign loans

	Current Period
Domestic Loans	124.782.526
Foreign Loans	4.606.083
Total	129.388.609

	Prior Period
Domestic Loans	77.741.390
Foreign Loans	2.427.212
Total	80.168.602

7.10. Loans granted to investments in associates and subsidiaries

None.

7.11. Specific provisions accounted for loans

	Current Period
Loans with Limited Collectability	1.715
Loans Doubtful Collectability	248
Uncollectible Loans	231.904
Total	233.867

	Prior Period
Loans and Receivables with Limited Collectability	14.052
Loans and Receivables with Doubtful Collectability	75.343
Uncollectible Loans and Receivables	102.334
Total	191.729

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.12. Information on non-performing loans (Net)

7.12.1 Information on non-performing loans and other receivables that are restructured or rescheduled

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period	958		
Gross Amounts Before Provisions	958		
Restructured Loans	958		
Prior Period			
Gross Amounts Before Provisions	-		
Restructured Loans			

7.12.2 Information on the movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Balance at the Beginning of the Period	70.257	82.192	141.782
Additions During the Period	43.785	-	53.469
Transfers from Non-performing Loans Accounts	-	1.242	150.307
Transfers to Other Non-Performing Loans Accounts	(69.357)	(82.192)	-
Collections During the Period	(36.110)	-	(12.145)
Write-offs	-	-	(722)
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the End of the Period	8.575	1.242	332.691
Provisions	(1.715)	(248)	(231.904)
Net Balance Sheet Amount	6.860	994	100.787

7.12.3 Information on non-performing loans that are granted as foreign currency loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period			
Balance at the End of the Period	8.575	1.242	198.658
Provisions	(1.715)	(248)	(69.770)
Net Balance Sheet Amount	6.860	994	128.888
Prior Period			
Balance at the End of the Period	68.421	72.086	125.720
Provisions	(13.684)	(67.440)	(88.974)
Net Balance Sheet Amount	54.737	4.646	36.746

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.12. Information on non-performing loans (Net) (Continued)

7.12.4. Information on the gross and net amounts of the non-performing loans according to types of borrowers

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross)	8.575	1.242	332.399
Specific Provision Amount	(1.715)	(248)	(231.612)
Loans Granted to Real Persons and Corporate Entities (Net)	6.860	994	100.787
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross)	70.257	82.192	141.490
Specific Provision Amount	(14.052)	(75.343)	(102.042)
Loans Granted to Real Persons and Corporate Entities (Net)	56.205	6.849	39.448
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

7.12.5. The main features of the collection policy for the uncollectible loans and other receivables

In order to liquidate the problematic receivables, all possible alternatives are assessed to be able to collect the maximum amount in line with the current legislation. In case the receivable is not collected within the allowed period, the receivable is collected by compensating the collateral. In case the collateral is not adequate for liquidating the receivable, negotiations with the debtors are attempted. The legal process commences for the receivables for which collection, settlement or rescheduling is not possible.

The Bank obtains Current Account Letter of Undertaking of the Debtor for loans granted to financial sector and obtains Letter of Undertaking of the Company for loans granted to companies to secure the repayment of the loans granted. The Bank attempts to liquidate the receivables from banks who acted as an intermediary for loans granted and whose banking licenses are cancelled upon application to the Savings Insurance and Deposit Fund.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.12. Information on non-performing loans (Net) (Continued)

7.12.6. Explanations on the write-off policy

Where sound indicators exist that would suggest that the collection of the Bank's foreign compensation receivables is almost impossible or that the costs to be incurred for the collection of the receivable amount would be higher than the amount of the receivable, the receivable amount is written-off from the assets upon the decision of the Executive Committee.

Write-off of the non-performing loans and receivables is considered, during the legal follow-up process concerning the collection of receivables.

8. Explanations on financial assets at amortized cost

As of 31 December 2018, all of the marketable securities of the Bank classified under trading and financial assets at amortized cost categories are treasury bills.

8.1. Information on net values and comparative figures, which are subject to repo transactions and given / blocked as collateral

i) Financial assets measured at amortised cost

Financial assets measured at amortised cost subject to repo transactions:

	Current Period	
	TL	FC
Government bonds and similar marketable securities	175.098	-
Total	175.098	-

Financial assets measured at amortised cost given as collateral/blocked:

	Current Period	
	TL	FC
Government bonds and similar marketable securities	427.154	-
Total	427.154	-

ii) Held- to- maturity investments

Held-to-maturity investments subject to repo transactions:

	Prior Period	
	TL	FC
Government bonds and similar marketable securities	137.137	-
Total	137.137	-

Held-to-maturity investments given as collateral/blocked:

	Prior Period	
	TL	FC
Government bonds and similar marketable securities	27.383	-
Total	27.383	-

There are not any financial assets measured at amortised cost held for structured position.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

8. Explanations on financial assets at amortized cost (Continued)

8.2 Information on financial assets measured at amortised cost government debt securities

i) Financial assets measured at amortised cost

	Current Period
Government Bonds	3.249.722
Treasury Bills	-
Other Public Debt Securities	-
Total	3.249.722

ii) Held- to- maturity investments

	Prior Period
Government Bonds	180.461
Treasury Bills	-
Other Public Debt Securities	-
Total	180.461

8.3 Information on financial assets at amortized cost securities

i) Financial assets measured at amortised cost

	Current Period
Debt Securities	
Quoted to Stock Exchange	3.249.722
Not Quoted	-
Impairment Provision (-)	-
Total	3.249.722

ii) Held- to- maturity investments

	Prior Period
Debt Securities	
Quoted to Stock Exchange	180.461
Not Quoted	-
Impairment Provision (-)	-
Total	180.461

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

8. Explanations on financial assets at amortized cost (Continued)

8.4 The movement of financial assets measured at amortised cost investment securities

i) Financial assets measured at amortised cost

	Current Period
Balance at the beginning of the period	180.461
Foreign exchange differences on monetary assets	-
Purchases during the year	3.198.105
Disposals through sales and redemptions ⁽¹⁾	(220.654)
Increase in value impairment provision ⁽²⁾	91.810
Balance at the end of the period	3.249.722

⁽¹⁾ There is not any disposal through sales. The amount shown at the disposals through sales and redemptions line represents only the redemption amount of securities.

⁽²⁾ Consists of change in interest accruals.

ii) Held- to- maturity Investments

	Prior Period
Balance at the beginning of the period	98.549
Foreign exchange differences on monetary assets	-
Purchases during the year	238.756
Disposals through sales and redemptions ⁽¹⁾	(164.403)
Increase in value impairment provision ⁽²⁾	7.559
Balance at the end of the period	180.461

⁽¹⁾ There is not any disposal through sales. The amount shown at the disposals through sales and redemptions line represents only the redemption amount of securities.

⁽²⁾ Consists of change in interest accruals.

9. Following information investments in associates account (net)

None.

10. Information on subsidiaries (net)

There is not any subsidiary.

11. Information related to the jointly controlled partnerships

None.

12. Information on lease receivables (net)

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

13. Explanations on property and equipment

	Immovables	Tangibles- Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2018	1.108	127	3.379	12.947	14.257	31.818
Additions	-	-	-	2.745	-	2.745
Disposals	-	-	-	(281)	-	(281)
Transfers	222	-	-	-	-	222
31 December 2018	1.330	127	3.379	15.411	14.257	34.504
Accumulated Depreciation						
1 January 2018	669	127	2.838	8.959	13.795	26.388
Current year depreciation	25	-	237	1.834	462	2.558
Disposals	-	-	-	(384)	-	(384)
Transfers	135	-	-	-	-	(283)
31 December 2018	829	127	3.075	10.409	14.257	28.697
Net book value						
31 December 2018	501	-	304	5.002	-	5.807

	Immovables	Tangibles- Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2017	1.570	127	3.379	11.218	14.257	30.551
Additions	-	-	-	1.729	-	1.729
Disposals	-	-	-	-	-	-
Transfers	(462)	-	-	-	-	(462)
31 December 2017	1.108	127	3.379	12.947	14.257	31.818
Accumulated Depreciation						
1 January 2017	925	127	2.478	7.546	12.071	23.147
Current year depreciation	27	-	360	1.413	1.724	3.524
Disposals	-	-	-	-	-	-
Transfers	(283)	-	-	-	-	(283)
31 December 2017	669	127	2.838	8.959	13.795	26.388
Net book value						
31 December 2017	439	-	541	3.988	462	5.430

As of 31 December 2018 and 31 December 2017, there is not any impairment in property and equipment.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

14. Explanations on intangible assets

The Bank classified computer software licenses under intangible assets.

a) Cost and accumulated amortization at the beginning and end of the period:

As of 31 December 2018, the cost and the accumulated amortization of intangible assets are TL 12.724 and TL 5.718, respectively; at the beginning of the period, the gross book value and the accumulated amortization are TL 10.486 and TL 4.431, respectively.

b) Reconciliation of movements for the current period and the prior period:

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	6.055	2.759
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	2.238	4.382
Sales and Write-Off	-	-
Amounts Recorded under Revaluation Fund for Increase or Decrease in Value	-	-
Recorded Impairments in the Income Statement	-	-
Cancelled Impairments from Income Statement	-	-
Amortization Expense (-)	(1.287)	(1.086)
Net Currency Translation Differences of Foreign Subsidiaries		
Other Changes in the Book Value		
Net Book Value at the End of the Period	7.006	6.055

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

15. Information on investment properties

The former Istanbul service building, which had been included in the tangible fixed assets of the Bank, has been leased to the Prime Ministry Investment Support and Promotion Agency and classified as investment property in accordance with TAS 40.

	Current Period
Cost	4.566
Depreciation Expense	(2.425)
Net Value at the end of the Period	2.141

	Prior Period
Cost	4.566
Depreciation Expense	(2.330)
Net Value at the end of the Period	2.236

16. Information on deferred tax asset

As stated at Section 3 Note XVII, the Bank is exempt from corporate tax, and accordingly, no deferred tax asset or liability is recognized in the accompanying financial statements.

17. Explanations on assets held for sale and explanations related to discontinued operations

	Current Period	Prior Period
Cost	-	90
Depreciation Expense	-	-
Net Value at the end of the Period	-	90

18. If the other assets' items in the balance sheet exceed 10% of the total of the balance sheet, excluding the off-balance sheet commitments, the sub-accounts constituting at least 20% of these accounts

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities

1. Information on deposits/funds received

The Bank does not accept deposits.

2. Derivative financial liabilities at fair value through profit or loss

2.1. Explanations on fair value hedged derivative financial liabilities

2.1.1. Information on Trading Derivative Financial Liabilities

Trading Derivative Financial Liabilities	Current Period	
	TL	FC
Forward Transactions	80	-
Swap Agreements	-	129.120
Futures Transactions	-	-
Options	-	4
Other	-	-
Total	80	129.124

Trading Derivative Financial Liabilities	Prior Period	
	TL	FC
Forward Transactions	4.893	-
Swap Agreements	17.407	362.051
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	22.300	362.051

2.1.2. Information on derivative financial liabilities for hedging purposes

Derivative Financial Liabilities for Hedge	Current Period	
	TL	FC
Fair Value Hedge	-	249.159
Cash Flow Hedge	-	-
Net Investment in Foreign Operations Hedge	-	-
Total	-	249.159

Derivative Financial Liabilities for Hedge	Prior Period	
	TL	FC
Fair Value Hedge	11.244	177.042
Cash Flow Hedge	-	-
Net Investment in Foreign Operations Hedge	-	-
Total	11.244	177.042

2.2. Information on derivative financial liabilities measured at fair value through other comprehensive income

2.2.1. Information on derivative financial liabilities for hedging purposes

Derivative Financial Liabilities for Hedge	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	-	90.492
Net Investment in Foreign Operations Hedge	-	-
Total	-	90.492

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

2.2.1. Information on derivative financial liabilities for hedging purposes (Continued)

Derivative Financial Liabilities for Hedge	Prior Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	-	-
Net Investment in Foreign Operations Hedge	-	-
Total	-	-

3. Information on banks and other financial institutions

3.1 General information on banks and other financial institutions

	Current Period	
	TL	FC
Borrowings from CBRT	-	75.478.111
From Domestic Banks and Institutions	-	4.874.825
From Foreign Banks, Institutions and Funds	-	28.378.012
Total	-	108.730.948

	Prior Period	
	TL	FC
Borrowings from CBRT	-	42.024.185
From Domestic Banks and Institutions	-	2.395.122
From Foreign Banks, Institutions and Funds	-	22.949.363
Total	-	67.368.670

3.2 Information on maturity structure of borrowings

	Current Period	
	TL	FC
Short-Term	-	84.110.998
Medium and Long-Term	-	24.619.950
Total	-	108.730.948

	Prior Period (*)	
	TL	FC
Short-Term	-	50.630.137
Medium and Long-Term	-	16.770.129
Total	-	67.400.266

(*) As of 31 December 2017 medium and long-term loans include subordinated loans amounting to TL 31.487 and interest accruals amounting to TL 109.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

3. Information on banks and other financial institutions (Continued)

3.3 Additional explanations over areas of concentration of the liabilities of the Bank

As of 31 December 2018 and 31 December 2017, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

Funds borrowed	Current Period^(*)	Prior Period^(*)
CBRT Loans	75.478.111	42.024.185
Syndicated loans	16.418.592	12.877.147
European Investment Bank	3.412.531	2.815.049
World Bank	2.731.911	1.442.605
Islamic Development Bank	1.441.676	1.027.476
ICBC Turkey A.Ş.	1.321.087	946.845
ING European Financial Services	1.211.316	905.030
China Development Bank	1.057.032	755.309
Council of Europe Development Bank	966.464	451.380
Mizuho Corporate Bank Ltd	621.317	641.485
Intesa Sanpaolo Istanbul	609.260	-
Bank of Tokyo Mitsubishi Turkey (MUFG Turkey)	605.310	452.084
ING DIBA	546.854	459.693
Standard Chartered Bank	529.256	378.875
Black Sea Trade and Development Bank	303.667	-
Türkiye Vakıflar Bankası T.A.O.	293.231	-
Abu Dhabi Commercial Bank	264.274	188.792
First Abu Dhabi	181.293	-
Commercial Bank of Qatar	148.544	-
HSBC London	145.498	327.315
Citibank Dublin	132.939	189.290
Sumitomo Mitsui Banking Corporation Dubai	124.235	75.506
Emirates NBD	121.565	90.385
MUFG Bank	64.985	-
Vida Finance	-	797.979
Bank of Tokyo Mitsubishi London	-	142.364
Garanti International	-	135.648
Doha Bank	-	94.477
ABC International	-	90.349
ICBC London	-	59.402
Subordinated Loans	-	31.596
Toplam	108.730.948	67.400.266

^(*) Includes credit principal balances and related rediscount amounts.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

3. Information on banks and other financial institutions (Continued)

3.3 Additional explanations over areas of concentration of the liabilities of the Bank (Continued)

The Bank performed the following repayments during the year 2018:

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Amount - JPY	Repayment Date
European Investment Bank	1.914.559	-	1.914.559	16 January 2018
European Investment Bank	-	2.375.000	-	29 January 2018
European Investment Bank	2.840.906	-	2.840.906	29 January 2018
European Investment Bank	1.903.235	-	1.903.235	12 February 2018
HSBC London	19.510.820	-	19.510.820	15 February 2018
Citibank Dublin	20.000.000	-	20.000.000	16 February 2018
World Bank	4.148.051	-	4.148.051	1 March 2018
World Bank	-	1.109.760	-	1 March 2018
ABC International Bank	-	10.000.000	-	7 March 2018
International Islamic Trade Finance Corporation(ITFC)	436.000.000	-	-	9 March 2018
Doha Bank	24.990.000	-	-	13 March 2018
Syndicated loans	-	242.500.000	-	21 March 2018
Syndicated loans	25.000.000	-	-	21 March 2018
ABC International Bank	-	10.000.000	-	27 March 2018
Syndicated loans	-	5.555.556	-	28 March 2018
Syndicated loans	10.416.667	-	-	28 March 2018
Syndicated loans	31.000.000	-	-	29 March 2018
Syndicated loans	-	370.500.000	-	29 March 2018
European Investment Bank	-	1.470.588	-	3 April 2018
Subordinated loans	8.341.000	-	-	13 April 2018
Council of Europe Development Bank	-	5.000.000	-	26 April 2018
Standard Chartered Bank	50.000.000	-	-	8 May 2018
Mizuho Corporate Bank Ltd	-	40.000.000	-	22 May 2018
Standard Chartered Bank	50.000.000	-	-	25 May 2018
Emirates NBD	-	20.000.000	-	31 May 2018
Citibank Dublin	30.000.000	-	-	4 June 2018
ING DIBA	-	5.652.632	-	4 June 2018
European Investment Bank	-	1.470.588	-	18 June 2018
European Investment Bank	-	10.000.000	-	19 June 2018
European Investment Bank	-	5.000.000	-	20 June 2018
Mizuho Corporate Bank Ltd	-	50.000.000	-	21 June 2018
European Investment Bank	-	5.000.000	-	29 June 2018
ICBC London	15.500.000	-	-	6 July 2018
European Investment Bank	1.914.559	-	-	13 July 2018
Citibank Dublin	20.000.000	-	-	16 July 2018
European Investment Bank	-	2.375.000	-	27 July 2018
European Investment Bank	2.840.906	-	-	27 July 2018
Syndicated loans	25.000.000	-	-	27 July 2018
Syndicated loans	-	87.000.000	-	27 July 2018
Syndicated loans	-	469.500.000	-	3 August 2018
Syndicated loans	87.000.000	-	-	3 August 2018
European Investment Bank	1.903.235	-	-	10 August 2018
Garanti International	-	30.000.000	-	17 August 2018

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

3. Information on banks and other financial institutions (Continued)

3.4 Additional explanations over areas of concentration of the liabilities of the Bank (Continued)

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Amount - JPY	Repayment Date
World Bank	-	1.109.760	-	3 September 2018
World Bank	4.148.051	-	-	4 September 2018
Mizuho Corporate Bank Ltd	110.000.000	-	-	11 September 2018
Vida Finance	-	-	23.800.000.000	14 September 2018
HSBC London	20.000.000	-	-	17 September 2018
Syndicated loans	-	5.555.556	-	28 September 2018
Syndicated loans	10.416.667	-	-	28 September 2018
European Investment Bank	-	1.470.588	-	3 October 2018
Mizuho Corporate Bank Ltd	30.000.000	-	-	5 October 2018
Sumitomo Mitsui Banking Corporation Dubai	20.000.000	-	-	25 October 2018
Council of Europe Development Bank	-	5.000.000	-	26 October 2018
HSBC London	47.000.000	-	-	1 November 2018
MUFG Bank Turkey	-	100.000.000	-	13 November 2018
Council of Europe Development Bank	-	5.000.000	-	16 November 2018
MUFG Bank	37.614.791	-	-	27 November 2018
ING DIBA	-	5.652.632	-	4 December 2018
International Islamic Trade Finance Corporation (ITFC)	363.500.000	-	-	10 December 2018
European Investment Bank	-	1.470.588	-	17 December 2018
European Investment Bank	-	10.000.000	-	19 December 2018
European Investment Bank	-	5.000.000	-	20 December 2018
ICBC Turkey A.Ş.	125.000.000	-	-	26 December 2018
ICBC Turkey A.Ş.	125.000.000	-	-	27 December 2018
European Investment Bank	-	5.000.000	-	31 December 2018

4. Information regarding securities issued

The liability of the Bank resulting from bond issuance at past years is presented as follows:

Information regarding securities issued	Current Period	Prior Period
Securities Issued	17.160.325	10.381.250
Discount on Issuance of Securities (-)	319.005	237.044
Bond Interest Accrual	337.668	135.004
Total	17.178.988	10.279.210

In April 2012, the Bank issued bonds amounting USD 500 million (TL 2.640.050). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

In October 2012, the Bank issued bonds amounting USD 250 million (TL 1.320.025). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

4. Information regarding securities issued (Continued)

In September 2014, the Bank issued bonds amounting USD 500 million (TL 2.640.050). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years.

In February 2016, the Bank issued bonds amounting USD 500 million (TL 2.640.050). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years.

In October 2016, the Bank issued bonds amounting USD 500 million (TL 2.640.050). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is seven years.

In September 2017, the Bank issued bonds amounting USD 500 million (TL (2.640.050). The bond is subject to annual fixed interest payment of 4,250% every six months and the total maturity is five years.

In May 2018, the Bank issued bonds amounting USD 500 million (TL (2.640.050). The bond is subject to annual fixed interest payment of 6,125% every six months and the total maturity is six years.

5. If the other liabilities items in the balance sheet exceed 10% of the total of the balance sheet, the sub-accounts constituting at least 20% of these (names and amounts)

At least 20% of other liabilities item on Balance Sheet, together with the amounts not to exceed 10% of the total balance sheet is provided below.

	Current Period	
	TL	FC
Country Loans- Risk Premiums	-	489.006
Securities issued positive price differences	-	4.744
Loan Transactions	862	20.750
Insurance Transactions	3.538	-
Political Risk Loss Account	-	1.650
Total	4.400	516.150

	Prior Period	
	TL	FC
Country Loans- Risk Premiums	-	214.930
Securities issued positive price differences	-	18.024
Loan Transactions	433	11.315
Insurance Transactions	4.427	-
Political Risk Loss Account	-	1.101
Other	1.706	849
Total	6.566	246.219

6. Information on lease receivables (net)

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

7. Information on provisions

7.1. Information on general provisions

	Current Period
General Provisions	130.214
Provisions for Group I. Loans and Receivables	126.575
- Allocated for the ones whose payment term was extended	10.173
Provisions for Group II. Loans and Receivables	2.407
- Allocated for the ones whose payment term was extended	2.190
Provisions for Non Cash Loans	985
Other	247

	Prior Period
General Provisions	130.214
Provisions for Group I. Loans and Receivables	126.575
- Allocated for the ones whose payment term was extended	10.173
Provisions for Group II. Loans and Receivables	2.407
- Allocated for the ones whose payment term was extended	2.190
Provisions for Non Cash Loans	985
Other	247

7.2. Information on provisions for decrease in foreign exchange differences of foreign currency indexed loans and financial leasing receivables principal amounts

There is not any foreign currency indexed loan of the Bank.

7.3 Information on employee benefits provisions

	Current Period
Reserve for employee termination benefits	21.854
Reserve for success fee	24.870
Unused vacation	15.998
Reserve for dividend payment	12.675
Toplam	75.397

	Prior Period
Reserve for employee termination benefits	19.116
Reserve for success fee	17.806
Unused vacation	13.733
Reserve for dividend payment	9.598
Toplam	60.253

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities (Continued)

7. Information on provisions (Continued)

7.4. Information on other provisions

7.4.1. General reserves for possible losses

	Current Period
General Reserves for Possible Losses	97.090

	Prior Period
General Reserves for Possible Losses	65.097

As of 31 December 2018, the Bank recognized provision amounting to TL 97.090 (31 December 2017: TL 65.097) considering probable compensation payments in relation to the insured export receivables.

7.4.2. Information on other provisions exceeding 10% of total provisions

Other provisions amounting to TL 118.488, consist of insurance reserve expense amounting to TL 97.090 (31 December 2017: TL 65.097) and other provisions amounting to TL 21.398 (31 December 2017: TL 12.855).

8. Explanations on tax liability

8.1 Explanations on current tax liability

8.1.1. Information on provision for taxes

None.

8.1.2. Information on taxes payable

	Current Period
Corporate Taxes Payable ⁽¹⁾	-
Taxation on Revenue From Securities	38
Property Tax	-
Banking Insurance Transaction Tax	6.682
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	319
Other	2.140
Total	9.179

⁽¹⁾ As stated at Section 3 Note XVII, the Bank is exempt from corporate tax.

	Prior Period
Corporate Taxes Payable ⁽¹⁾	-
Taxation on Revenue From Securities	17
Property Tax	-
Banking Insurance Transaction Tax	3.358
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	311
Other	1.837
Total	5.523

⁽¹⁾ As stated at Section 3 Note XVII, the Bank is exempt from corporate tax.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

8. Explanations on tax liability (Continued)

8.1 Explanations on current tax liability (Continued)

8.1.3. Information on premium payables

	Current Period
Social Security Premiums – Employee	1.965
Social Security Premiums – Employer	3.157
Bank Social Aid Pension Fund Premiums – Employee	-
Bank Social Aid Pension Fund Premiums – Employer	-
Pension Fund Membership Fee and Provisions - Employee	-
Pension Fund Membership Fee and Provisions - Employer	-
Unemployment Insurance – Employee	150
Unemployment Insurance - Employer	301
Other	-
Total	5.573

	Prior Period
Social Security Premiums – Employee	736
Social Security Premiums – Employer	3.344
Bank Social Aid Pension Fund Premiums – Employee	-
Bank Social Aid Pension Fund Premiums – Employer	-
Pension Fund Membership Fee and Provisions - Employee	-
Pension Fund Membership Fee and Provisions - Employer	-
Unemployment Insurance – Employee	119
Unemployment Insurance - Employer	240
Other	-
Total	4.439

8.2. Information on deferred tax liability

None.

9. Information on subordinated debt instruments

	Current Period	
	TC	FC
Debt instruments to be included in the additional capital calculation	-	-
Subordinated Loans	-	-
Subordinated Debt Instruments	-	-
Debt instruments to be included in the contribution capital calculation	-	2.995.130
Subordinated Loans	-	-
Subordinated Debt Instruments	-	2.995.130
Total	-	2.995.130

	Prior Period	
	TC	FC
Debt instruments to be included in the additional capital calculation	-	-
Subordinated Loans	-	-
Subordinated Debt Instruments	-	-
Debt instruments to be included in the contribution capital calculation	-	31.596
Subordinated Loans	-	31.596
Subordinated Debt Instruments	-	-
Total	-	31.596

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities (Continued)

10. Information on shareholders' equity

10.1. Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	6.350.000	4.800.000
Preferred Stock	-	-

10.2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling

Capital System	Paid-in Capital	Ceiling
Registered Capital System	6.350.000	10.000.000

The Bank has decided to use the capital stock system that is registered in the Bank in the extraordinary general meeting held on 12 January 2017. The decision has been submitted to the trade register and has been published on Turkey Trade Registry Gazette No. 9252 on 30 January 2017.

10.2.1. Information on share capital increase from revaluation funds during the current period

Increase Date	Increase Amount	Cash	Profit reserves used for increase	Capital reserves used for increase
17 May 2018	1.550.000	1.000.000	550.000	-

10.2.2. Capital increases from capital reserves in current period

None.

10.2.3. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period

None.

10.3. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders' equity

The credit, interest and the foreign currency risk policies of the Bank were determined to minimize the losses that may result from these risks. The Bank aims to obtain a reasonable positive return on equity in real terms in relation with its banking transactions and to protect its equity from the effects of inflation. On the other hand, the proportion of doubtful receivables to the total loans is considered as low and an impairment provision is provided in full for all doubtful receivables. Accordingly, the Bank does not expect losses that may materially affect its equity. In addition, the free capital of the Bank is high and is getting steadily stronger.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

10. Information on shareholders' equity (Continued)

10.4. Information on privileges given to shares representing the capital

The common shares of the Bank are owned by the Republic of Turkey Ministry of Treasury and Finance.

10.5. Information on marketable securities value increase fund

	Current Period	
	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-
Valuation Difference	11.282	-
Foreign Currency Differences	-	-
Total	11.282	-

	Prior Period	
	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-
Valuation Difference	21.154	-
Foreign Currency Differences	-	-
Total	21.154	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Explanations on off-balance sheet commitments

1.1 Type and amount of irrevocable commitments

As at 31 December 2018, the Bank has irrevocable commitments amounting to TL 792 (31 December 2017: TL 14.819).

1.2 The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

None.

1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit

	Current Period
Letters of Guarantee	-
Endorsements	-
Guarantees and bails given for export	-
Guarantees given for Export Loan Insurance	9.083.093
Total	9.083.093

	Prior Period
Letters of Guarantee	-
Endorsements	-
Guarantees and bails given for export	-
Guarantees given for Export Loan Insurance	6.241.263
Total	6.241.263

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

None.

1.3 Total amount of non-cash loans

	Current Period
Non-cash loans given against cash loans	
With original maturity of 1 year or less than 1 year	-
With original maturity of more than 1 year	-
Other non-cash loans	9.083.093
Total	9.083.093

	Prior Period
Non-cash loans given against cash loans	
With original maturity of 1 year or less than 1 year	-
With original maturity of more than 1 year	-
Other non-cash loans	6.241.263
Total	6.241.263

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and notes related to off-balance sheet accounts (Continued)

1. Explanations on off-balance sheet commitments (Continued)

1.4. Information on sectorial risk concentrations of non-cash loans

	Current Period			Prior Period				
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Transportation and	-	-	-	-	-	-	-	-
Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	9.083.093	100	-	-	6.241.263	100
Total	-	-	9.083.093	100	-	-	6.241.263	100

1.5. Information on the non-cash loans classified under Group I and Group II

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash loans				
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	9.083.093	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and notes related to off-balance sheet accounts (Continued)

1. Explanations on off-balance sheet commitments (Continued)

1.6. Information on derivative transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	6.496.335	16.599.190
Forward Transactions	3.581	492.968
Swap Transactions	6.475.656	16.106.222
Futures Transactions	-	-
Option Transactions	17.098	-
Interest Related Derivative Transactions (II)	7.303.544	7.065.402
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	7.303.544	7.065.402
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions:⁽¹⁾ (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	13.799.879	23.664.592
Types of Hedging Derivative Transactions		
Fair Value Hedges	33.685.723	24.697.425
Cash Flow Hedges	10.170.698	111.720
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions (4)	43.856.421	24.809.145
Total Derivative Transactions (A+B)	57.656.300	48.473.737

(1) Includes currency and interest swap transactions.

1.7. Explanations on credit derivatives and risk of exposure from these derivatives

Derivative transaction is made for hedging the balance sheet risks to the maximum extent by minimizing the inconsistencies between the assets and liabilities of the Bank. As a result of these transactions, the Bank is exposed to the risk of changes in fair value. As a result of these transactions, there are cross currency swaps and interest swaps against the fixed interest rate bonds issued by the Bank.

Except for derivative financial transactions subjected to hedge accounting, the Bank is also preserved from the risk financially, through but also it has financial derivative instruments recorded as trading derivative assets and trading derivative liabilities. For this purpose the Bank mainly uses foreign currency and interest rate swaps. With these instruments, the Bank aims to prevent the currency risk and interest rate risk.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and notes related to off-balance sheet accounts (Continued)

1. Explanations on off-balance sheet commitments (Continued)

1.8. Explanations on contingent assets and liabilities

The Bank recognizes contingent assets if the probability of the inflow of economic benefits is virtually certain. In case the inflow of economic benefits is probable but not virtually certain, such contingent asset is disclosed.

As of 31 December 2018 and 31 December 2017, there is not any contingent asset.

The Bank recognizes provision for contingent liability when the probability of occurrence is high and the contingent liability can be reliably estimated; if the contingent liability cannot be reliably estimated, the contingent liability is disclosed. When the likelihood of the occurrence of the contingent liability is remote or low, it is disclosed.

In this respect, as of 31 December 2018, there are legal proceedings outstanding against the Bank amounting to USD 418 thousand and TL 23.199 as confirmed from the lawyer letter prepared by the legal department of the Bank.

In addition, there are legal proceedings outstanding filed by the Bank. These legal proceedings amount to TL 178.407, USD 51.742 and EUR 14.328.

1.9. Explanations on services in the name of others

The Bank does not have any custody and deposit activities in the name of real and legal persons.

The Bank also provides insurance to some extent for the export receivables of exporter companies against commercial and political risks under the scope of export loan insurance program.

IV. Explanations on notes related to statement of profit or loss

1. Within the scope of interest income

1.1. Information on interest income on loans

	Current Period	
	TL	FC
Interest income on Loans		
Short-term Loans	441.873	1.239.916
Medium and Long-term Loans	85.385	1.278.781
Interest on Loans Under Follow-up	156	260
Premiums Received from Resource Utilization Support Fund	-	-
Total	527.414	2.518.957

	Prior Period	
	TL	FC
Interest income on Loans		
Short-term Loans	694.776	545.478
Medium and Long-term Loans	89.634	762.184
Interest on Loans Under Follow-up	173	9
Premiums Received from Resource Utilization Support Fund	-	-
Total	784.583	1.307.671

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations on notes related to statement of profit or loss

1. Within the scope of interest income

1.2. Information on interest income from banks

	Current Period	
	TL	FC
CBRT	-	517
Domestic Banks	94.037	13.918
Foreign Banks	219	49.118
Headquarters and Branches Abroad	-	-
Total	94.256	63.553

	Prior Period	
	TL	FC
CBRT	-	1
Domestic Banks	47.237	9.616
Foreign Banks	535	9.249
Headquarters and Branches Abroad	-	-
Total	47.772	18.866

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations on notes related to statement of profit or loss (Continued)

1. Within the scope of interest income (Continued)

1.3 Interest income from securities portfolio

	Current Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	47	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Financial Assets Measured at Amortised Cost	113.444	-
Total	113.491	-

	Prior Period	
	TL	FC
Financial Assets Held for Trading	1.127	-
Financial Assets Valued at Fair Value Through Profit	-	-
Financial Assets Available-for-Sale	-	-
Investments Held-to-Maturity	20.259	-
Total	21.386	-

1.4 Information on interest income received from associates and subsidiaries

There is not any interest income from associates and subsidiaries.

2. Within the scope of interest expense

2.1 Information on interest expense on borrowings

	Current Period	
	TL	FC
Banks		
CBRT	1.076	657.748
Domestic Banks	326	118.473
Foreign Banks	-	733.025
Headquarters and Branches Abroad	-	-
Other Institutions	-	16.093
Total	1.402	1.525.339

	Prior Period	
	TL	FC
Banks		
CBRT	11.800	266.854
Domestic Banks	5	42.299
Foreign Banks	3	420.381
Headquarters and Branches Abroad	-	-
Other Institutions	-	1.208
Total	11.808	730.742

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to statement of profit or loss (Continued)

2.2. Information on interest expense given to associates and subsidiaries

There is not any interest expense given to associates and subsidiaries.

2.3. Interest paid to marketable securities issued

	Current Period	
	TL	FC
Interests paid to marketable securities issued	93.371	865.078

	Prior Period	
	TL	FC
Interests paid to marketable securities issued	-	468.138

2.4. With respect to deposit and participation accounts

2.4.1 Maturity structure of the interest expense on deposits

The Bank does not accept deposits.

2.4.2 Maturity structure of the share paid of participation accounts

There is not any participation account.

3. Information on trading income/loss (Net)

	Current Period
Gain	98.331.385
Trading Gains on Securities	1
Trading Gains on Derivative Financial Transactions	2.622.384
Foreign Exchange Gains	95.709.000
Loss (-)	98.149.522
Trading Losses on Securities	70
Trading Losses from Derivative Financial Transactions	1.304.565
Foreign Exchange Loss	96.844.887

	Prior Period
Gain	25.243.776
Trading Gains on Securities	4
Trading Gains on Derivative Financial Transactions	819.076
Foreign Exchange Gains	24.424.696
Loss (-)	25.524.897
Trading Losses on Securities	9
Trading Losses from Derivative Financial Transactions	1.502.795
Foreign Exchange Loss	24.022.093

4. Information on other operating income

	Current Period
Premium Income from Export Credit Insurance(*)	-
Income from Reinsurance Companies(*)	-
Other	10.655
Total	10.655

(*) Income from these transactions are presented in fee and commission income.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to statement of profit or loss (Continued)

4. Information on other operating income (continued)

	Prior Period
Premium Income from Export Credit Insurance	166.235
Income from Reinsurance Companies	35.953
Other	12.256
Total	214.444

5. Loan Provisions

	Current Period
Specific Provisions	49.703
Loans and Other Receivables with Limited Collectability	1.721
Loans and Other Receivables with Doubtful Collectability	248
Uncollectible Loans and Receivables	47.734
General Provision Expenses	-
Marketable Securities Impairment Expense	-
Financial Assets Measured at Fair Value through Profit or Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	31.993
Total (*)	81.696

(*)Includes insurance provision expenses that are reserved for possible risks.

	Prior Period
Specific Provisions	48.999
Loans and Other Receivables with Limited Collectability	3.569
Loans and Other Receivables with Doubtful Collectability	36.778
Uncollectible Loans and Receivables	8.652
General Provision Expenses	-
Free Provision Expense for Possible Risks	26.766
Marketable Securities Impairment Expense	1.653
Financial Assets Measured at Fair Value through Profit or Loss	1.653
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Total	77.418

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to statement of profit or loss (Continued)

6. Information related to other operating expenses

	Current Period
Personnel Expenses ^(*)	170.115
Reserve for Employee Termination Benefits	2.532
Bank Social Aid Provision Fund Deficit Provision	-
Vacation Pay Liability, net	2.564
Impairment Expenses of Tangible Fixed Assets	-
Depreciation Expenses of Tangible Fixed Assets	2.558
Impairment Expenses of Intangible Fixed Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	1.287
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Sale	-
Depreciation Expenses of Assets Held for Sale	-
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-
Other Operating Expenses	24.509
<i>Operational Lease Expenses</i>	7.375
<i>Maintenance Expenses</i>	684
<i>Advertisement Expenses</i>	57
<i>Other Expenses</i>	16.393
Loss on Sale of Assets	-
Other ^(**)	68.896
Total	272.461

^(*) Personnel expenses, which are not included in other operating expenses in the statement of profit or loss, are included in this table.

^(*) Other includes BRSA participation fee amounting TL 25.183 and KOSGEB dues amounting TL 17.180.

	Prior Period
Personnel Expenses	132.734
Reserve for Employee Termination Benefits	1.983
Bank Social Aid Provision Fund Deficit Provision	-
Vacation Pay Liability, net	2.356
Impairment Expenses of Tangible Fixed Assets	-
Depreciation Expenses of Tangible Fixed Assets	3.524
Impairment Expenses of Intangible Fixed Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	1.086
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Sale	-
Depreciation Expenses of Assets Held for Sale	-
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-
Other Operating Expenses	31.561
<i>Operational Lease Expenses</i>	5.823
<i>Maintenance Expenses</i>	834
<i>Advertisement Expenses</i>	63
<i>Other Expenses</i>	24.841
Loss on Sale of Assets	-
Other ^(*)	120.992
Total	294.236

^(*) Other operating expenses include the premium amount of TL 81.981 paid to reinsurance companies within the scope of short-term export credit insurance.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- IV. Explanations and notes related to statement of profit or loss (Continued)**
- 7. Explanation on tax provisions for continuing and discontinued operations**
None.
- 8. Explanation on net income/loss for the period**
- 8.1. If the nature, size and the reoccurrence rate of the income and expense resulting from the ordinary banking activities are important to explain the performance of the Bank in the current period, the nature and the amount of these transactions**
Not needed.
- 8.2. If the changes in the estimates of the financial statement accounts may affect the profit/loss in the following periods, related periods and the necessary information**
None.
- 8.3. If the other accounts in the income statement exceed 10% of the total of the income statement, the sub-accounts constituting at least 20% of these accounts**
None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and notes related to changes in shareholders' equity

1. Information about the adjustment related to the application of Financial Instruments Accounting Standards in the current period

1.1. The increase after the revaluation of the Financial Assets Measured at Fair Value through Other Comprehensive Income

The fair value gains of the Financial Assets Measured at Fair Value through Other Comprehensive Income, other than the hedging instruments, amounting to TL (9.872) are recorded under the "Marketable Securities Value Increase Fund" account under equity.

1.2. Information for the increases in the accounts related to cash flow hedges

	Current Period	Prior Period
Hedging Reserves (Effective portion)	50.745	(1.078)

1.2.1 The reconciliation and confirmation for the cash flow hedges accounts at the beginning and end of the period

Opening Balance	Current Period	Prior Period
Hedging Reserves (Effective portion)	(1.512)	(434)

Ending Balance	Current Period	Prior Period
Hedging Reserves (Effective portion)	49.233	(1.512)

1.2.2. Under the cash flow hedges, the current period charge of the income or loss under equity related with a derivative or a non-derivate financial asset and liability designated as cash flow hedge instruments

Under the cash flow hedge , the income or loss are related with a derivative or a non-derivate financial asset and liability designated as cash flow hedge instruments recorded under the hedging reserves amounting to TL 49.233.

1.2.3. Reconciliation of foreign exchange differences at the beginning and end of the period

None.

2. Information related to distribution of profit

2.1. The amount of dividend declared before the approval date of the financial statements but after the balance

2.2. Earnings per share proposed to be distributed to shareholders after the balance sheet date

Profit distributions are approved by the General Assembly of the Bank. As of the report date, no profit distribution decision has been made by the General Assembly for 2018 profit.

3. Amount transferred to legal reserves

	Current Period	Prior Period
Amount transferred to Legal Reserves under Dividend Distribution	29.364	21.846

4. Information on issuance of share certificates

4.1 For all share groups; any restrictions, preferential terms and rights for distribution of dividends and payment of share capital.

None.

5. Explanations on other share capital increases

In 2018, the Bank made a capital increase of TL 1,550,000, of which TL 1,000,000 was in cash.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and notes related to statement of cash flows

1. Information on the cash and cash equivalents

1.1. Information on cash and cash equivalents at the beginning of the period

The components constituting the cash and cash equivalents and the accounting policies used for the determination of these components:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as “Cash” and interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash equivalents”.

Beginning of the Period	Current Period	Prior Period
Cash	26	36
CBRT and other banks	2.714.567	2.889.003
Money market placements	831.691	368.160
Total Cash and Cash Equivalents	3.546.284	3.257.199

1.2. Information on the cash and cash equivalents at the end of the period

	Current Period	Prior Period
Cash	320	632.192
Cash	29	26
Central Bank	291	632.166
Cash Equivalents	4.235.153	2.914.092
Banks and other financial institutions	4.012.504	2.082.401
Money market placements	222.649	831.691
Cash and Banks	4.235.473	3.546.284
Banks Accrual	(1.540)	-
Total Cash and Cash Equivalents	4.233.933	3.546.284

1.3. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL 116.558 (31 December 2017: TL 236.510) mainly consists of fees and commissions paid, foreign exchange losses, other operating income excluding collections from doubtful receivables and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 894.021 (31 December 2017: TL 297.470) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and notes related to the Bank's risk group

In accordance with the paragraph 5 of article 49 of the Banking Law No. 5411, the Bank does not have any shareholding which it controls directly or indirectly and with which it constitutes a risk group.

1. Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank

Information on the Bank's domestic and foreign branches and foreign representatives of the Bank

	Number	Number of Employees			
Domestic Branch	13	709			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore Banking Region Branches	-	-	-	-	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure

The Bank has opened 2 branches in 2018.

VIII. Explanations and notes related to events after balance sheet

As of 1 January 2019, the Bank has started to apply the impairment provisions of TFRS 9 Financial Instruments.

On 24 January 2019, the Bank issued bonds amounting USD 500 million which is subject to 8,25% interest rate and having 5-years maturity.

SECTION SIX

OTHER EXPLANATIONS

I. Summary information about the Bank's credit ratings from international credit rating agencies

The ratings given by international rating agencies are as follows as of 31 December 2018.

Moody's	28 August 2018
Issuer Notation in Foreign Currency	B1
Outlook	Negative

Fitch	20 July 2018
Long Term Foreign Currency Notation	BB-
Short Term Foreign Currency Notation	B
National Long Term	BB+
National Short Term	B
Outlook	Negative

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SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on the independent auditors' report

1. Explanations on auditors' report

The unconsolidated financial statements as of and for the year ended 31 December 2018 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative, a Swiss entity). The auditors' report dated 21 February 2019 has been presented in the introduction of the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditors

None.