

(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 Year Ended 31 December 2017

With Independent Auditors' Report Thereon

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

12 February 2018

This report includes "Independent Auditors' Report" comprising 5 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 111 pages.



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

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

To the Board of Directors of Türkiye İhracat Kredi Bankası Anonim Şirketi;
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 statement of financial position as at 31 December 2017 and the unconsolidated statement of income, unconsolidated statement of income and expense items under shareholders' equity, 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 2017, 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 Financial 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 Accounting Standards 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 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 in Turkey, and 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of loans

Refer to Section Three, Note VII to the unconsolidated financial statements relating to the details of accounting policies and significant judgments for impairment of loans.

<i>Key audit matter</i>	<i>The audit of matter</i>
<p>Loans and receivables comprise 94% of the Bank's assets.</p> <p>The Bank categorizes its loans and receivables according to subjective criterias based on management judgments and objective criterias and allocates specific provisions.</p> <p>Identification of impairment and determination of reasonable loan loss provisions are significantly based on the Bank's management's judgements and estimates, as explained above. There is a risk that loans and receivables cannot be classified correctly therefore the impairment cannot be determined.</p> <p>Disclosures related to credit risk are presented in Section Four, Note II, "Explanations Related to Credit Risk".</p>	<p>Our audit procedures for testing management judgements which are used for classification of loans and receivables:</p> <ul style="list-style-type: none">• Design and operational effectiveness of the controls on lending, allocation, collateralization, collection, follow-up, classification and impairment processes have been tested.• Loan reviews for selected samples including confirmation and detailed reviews of collection and follow-up have been performed.• Consistency of impairment losses with the Bank management's impairment policies have been tested.• Sufficiency of disclosures for impairment of loan losses in the unconsolidated financial statements have been assessed.



Hedge accounting

The detailed explanations related to hedge accounting are presented in Section Three, Note III.

<i>Key audit matter</i>	<i>The audit of matter</i>
<p>The Bank applies fair value hedge and cash flow hedge transactions to manage interest rate and foreign currency risk and applies hedge accounting. The criteria for the application of the hedge accounting in accordance with TAS include defining, documenting 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>The procedures that we have applied: the assessment of the hedge relationship in accordance with TAS, the examination of the documentation subject to hedge accounting, the recalculation of the fair value calculations, the review of the Bank's hedge effectiveness tests and the assessment of the accounting records' appropriateness of the relevant TAS.</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.

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 2017 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 A.Ş.
A member of KPMG International Cooperative


Orhan Akova
Partner, SMMM
12 February 2018
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 I.4 IN SECTION THREE**

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE İHRACAT KREDİ BANKASI AŞ (“TÜRK EXIMBANK”)
AS OF 31 DECEMBER 2017**

Saray Mah. Ahmet Tevfik İleri Cad. No: 19 34768 Ümraniye / İSTANBUL
Telephone: (216) 666 55 00
Fax: (216) 666 55 99
www.eximbank.gov.tr
info@eximbank.gov.tr

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
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- 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
General Manager

Hüseyin ÇELİK
Deputy General Manager
Responsible for Reporting

Muhittin AKBAŞ
Head of Accounting and
Reporting Unit

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

Raci KAYA
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
Telephone Number: (216) 666 55 00
Fax Number: (216) 666 55 99

**SECTION ONE
GENERAL INFORMATION**

		Page
I.	Bank's date of foundation, initial status, history regarding the changes in this status	1
II.	Explanation about the Bank's capital structure and shareholders who are in charge of the management and/or supervision of the Bank directly or indirectly, changes in these matters throughout the year (if any) and the group that the Bank.....	1
III.	Explanation on the board of directors, members of the audit committee, president and executive vice presidents and their shareholding at the Bank, if applicable.....	1
IV.	Information on the shareholders owning control shares	2
V.	Brief information on the Bank's service type and fields of operation	2
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.....	2
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	2

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I.	Balance Sheet (Statement of Financial Position).....	3
II.	Statement of Off Balance Sheet Items	5
III.	Income Statement	6
IV.	Statement of Income and Expense Items Recognized Under Shareholders' Equity	7
V.	Statement of Changes in Shareholders' Equity.....	8
VI.	Statement of Cash Flows.....	9
VII.	Statement of Profit Distribution	10

**SECTION THREE
ACCOUNTING POLICIES**

I.	The basis of presentation.....	11
II.	Explanations on strategy of using financial instruments and explanations on foreign currency transactions	12
III.	Explanations on forward transactions, options and derivative instruments	12
IV.	Explanations on interest income and expense.....	13
V.	Explanations on fee and commission income and expenses.....	13
VI.	Explanations on financial assets.....	13
VII.	Explanations on impairment of financial assets.....	14
VIII.	Explanations on offsetting financial instruments.....	15
IX.	Explanations on sales and repurchase agreements and securities lending transactions	15
X.	Explanations on assets held for sale and discontinued operations and explanations on liabilities related with these assets.....	15
XI.	Explanations on goodwill and other intangible assets	15
XII.	Explanations on property and equipment.....	16
XIII.	Explanations on investment property.....	16
XIV.	Explanations on lease	16
XV.	Explanations on provisions and contingent liabilities	17
XVI.	Explanations on obligations related to employee rights	17
XVII.	Explanations on taxation	18
XVIII.	Additional explanations on borrowings	18
XIX.	Explanations on issuance of share certificates.....	18
XX.	Explanations on avalized drafts and acceptances	18
XXI.	Explanations on government grants.....	18
XXII.	Explanations on segment reporting	19
XXIII.	Explanations on other issues	19

**SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK**

I.	Information about shareholders' equity items	20
II.	Explanations on credit risk.....	28
III.	Explanations on currency risk	39
IV.	Explanations on interest rate risk	45
V.	Share position risk resulting from the banking accounts	49
VI.	Explanations on liquidity risk	50
VII.	Explanations leverage ratio	58
VIII.	Presentation of financial assets and liabilities at their fair values	59
IX.	Explanations on activities carried out on behalf and account of other parties	60
X.	Targets and policies of risk management.....	61
XI.	Explanations on securitization	76
XII.	Explanations on operating segments.....	77

**SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**

I.	Explanations and notes related to assets	79
II.	Explanations and notes on liabilities.....	91
III.	Explanations and notes related to off-balance sheet accounts.....	100
IV.	Explanations and notes related to income statement	104
V.	Explanations and notes related to changes in shareholders' equity.....	108
VI.	Explanations and notes related to statement of cash flows.....	109
VII.	Explanations and notes related to the Bank's risk group.....	110
VIII.	Explanations and notes related to events after balance sheet date.....	110

SECTION SIX

OTHER EXPLANATIONS

I.	Explanations on Bank's credit notes from credit rating agencies.....	110
----	--	-----

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I.	Explanations on independent auditors' report	111
II.	Explanations and notes prepared by independent auditors	111

TÜRKİYE İHRACAT KREDİ BANKASI AŞ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017

(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 AŞ ("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 (ten billion).

The total share capital of the Bank is TL 4.800.000 (four billion and eight-hundred million). The Bank's paid-in-capital committed by the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("the Turkish Treasury") consists of 4.800.000.000 shares of TL 1 nominal each (full TL amount).

III. Explanation on the Board of directors, members of the audit committee, president and executive vice presidents and their shareholding at the Bank, if applicable

	Name:	Academic Background:
Chairman of the Board of Directors:	Osman Çelik	Undergraduate
Vice Chairman of the Board of Directors:	İbrahim ŞENEL	Undergraduate
Members of the Board of Directors:	Adnan YILDIRIM	Graduate
	Dr. Raci KAYA	Postgraduate
	Mehmet BÜYÜKEKŞİ	Undergraduate
	Işinsu KESTELLİ	Undergraduate
	Bülent GÖKHAN GÜNAY	Graduate
Members of the Audit Committee:	Bülent GÖKHAN GÜNAY	Graduate
	Dr. Raci KAYA	Postgraduate
General Manager:	Adnan YILDIRIM	Graduate
Deputy General Managers⁽³⁾:	Hüseyin ÇELİK ⁽²⁾	Undergraduate
	Necdet KARADENİZ ⁽¹⁾	Graduate
	Enis GÜLTEKİN	Graduate
	M. Ertan TANRIYAKUL	Undergraduate
	Ahmet KOPAR	Graduate

- (1) Mesut GÜRİSOY has resigned from the position of Deputy General Manager of the Bank on 24 March 2017 due to his retirement. As of 26 May 2017, Necdet KARADENİZ was appointed as the Deputy General Manager of the Bank.
- (2) Necati YENİARAS has resigned from the position of Deputy General Manager of the Bank on 2 May 2017. As of 29 May 2017, Hüseyin ÇELİK was appointed as the Deputy General Manager of the Bank.
- (3) Alaaddin METİN has resigned from the position of Deputy General Manager of the Bank on 18 July 2017 due to his retirement.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(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, president and executive vice presidents and their shareholding at the Bank, if applicable (Continued)

General Manager is Adnan YILDIRIM, Assistant General Manager responsible for Credit / Insurance Allocation is Necdet KARADENİZ, Assistant General Manager responsible for Credit / Insurance Marketing is Enis GÜLTEKİN, Assistant General Manager of Financial Affairs / Operations is Hüseyin ÇELİK, Assistant General Manager Responsible for Treasury / Finance is Mustafa Ertan TANRIYAKUL and Assistant General Manager responsible for Technology / HR / Support is Ahmet KOPAR.

The Bank's chairman and members of the board of directors, the members of the audit committee, general manager and assistant 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	Upper Limit of Registered Capital
The Turkish Treasury	All	100%	4.800.000	-	All

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 Turkish Treasury 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 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 AŞ
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2017

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

ASSETS	Notes	CURRENT PERIOD Audited 31 December 2017			PRIOR PERIOD Audited 31 December 2016		
		TL	FC	TOTAL	TP	FC	TOTAL
I. CASH AND BALANCES WITH CENTRAL BANK	(1)	260	631.932	632.192	987	370.004	370.991
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)		16.959	10.304	27.263	12.703	116.578	129.281
2.1 Trading Financial Assets		16.959	10.304	27.263	12.703	116.578	129.281
2.1.1 Government Debt Securities		11.710	-	11.710	10.678	-	10.678
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading		-	-	-	-	-	-
2.1.4 Other Marketable Securities	(3)	5.249	10.304	15.553	2.025	116.578	118.603
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	120.537	2.397.511	2.518.048
IV. MONEY MARKETS		831.691	-	831.691	368.160	-	368.160
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		831.691	-	831.691	368.160	-	368.160
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(6)	30.318	-	30.318	21.124	-	21.124
5.1 Share Certificates		30.318	-	30.318	21.124	-	21.124
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	(7)	9.091.148	71.179.956	80.271.104	8.045.787	53.563.977	61.609.764
6.1 Loans and receivables		8.988.646	71.179.956	80.168.602	7.956.484	53.563.977	61.520.461
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	7.956.484	53.563.977	61.520.461
6.2 Loans under Follow-up		294.231	-	294.231	233.087	-	233.087
6.3 Specific Provisions (-)		(191.279)	-	(191.279)	(143.784)	-	(143.784)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(8)	180.461	-	180.461	98.549	-	98.549
8.1 Government Debt Securities		180.461	-	180.461	98.549	-	98.549
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	(13)	77.064	56.542	133.606	354.757	105.554	460.311
13.1 Fair Value Hedge		77.064	12.857	89.921	354.757	65.274	420.031
13.2 Cash Flow Hedge		-	43.685	43.685	-	40.280	40.280
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(14)	5.430	-	5.430	7.404	-	7.404
XV. INTANGIBLE ASSETS (Net)	(15)	6.055	-	6.055	2.759	-	2.759
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		6.055	-	6.055	2.759	-	2.759
XVI. INVESTMENT PROPERTY (Net)	(16)	2.236	-	2.236	2.331	-	2.331
XVII. TAX ASSET		-	-	-	-	-	-
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		-	-	-	-	-	-
XVIII. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		90	-	90	-	-	-
18.1 Held for Sale Purpose	(18)	90	-	90	-	-	-
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS		525.689	646.653	1.172.342	521.403	2.166.189	2.687.592
TOTAL ASSETS		10.959.283	74.415.906	85.375.189	9.556.501	58.719.813	68.276.314

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2017

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

LIABILITIES	Notes	CURRENT PERIOD Audited 31 December 2017			PRIOR PERIOD Audited 31 December 2016		
		TL	FC	TOTAL	TL	FC	TOTAL
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	348.351	217	41.105	41.322
III. BORROWINGS	(3.1)	-	67.368.670	67.368.670	-	51.718.845	51.718.845
IV. DUE TO MONEY MARKETS		152.000	-	152.000	69.000	-	69.000
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	69.000	-	69.000
V. MARKETABLE SECURITIES ISSUED (Net)	(4)	-	10.279.210	10.279.210	-	7.827.323	7.827.323
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	10.279.210	10.279.210	-	7.827.323	7.827.323
VI. FUNDS		13	-	13	13	-	13
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		13	-	13	13	-	13
VII. MISCELLANEOUS PAYABLES		16.610	649.204	665.814	12.851	2.734.597	2.747.448
VIII. OTHER LIABILITIES	(5)	6.566	246.219	252.785	3.498	190.848	194.346
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	(7)	11.244	177.042	188.286	1.515	149.014	150.529
11.1 Fair Value Hedge		11.244	177.042	188.286	1.515	149.014	150.529
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(8)	268.419	-	268.419	230.229	-	230.229
12.1 General Loan Loss Provision		130.214	-	130.214	130.214	-	130.214
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		60.253	-	60.253	51.383	-	51.383
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		77.952	-	77.952	48.632	-	48.632
XIII. TAX LIABILITY	(9)	9.962	-	9.962	8.240	-	8.240
13.1 Current Tax Liability		9.962	-	9.962	8.240	-	8.240
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	(10)	-	31.596	31.596	-	88.285	88.285
XVI. SHAREHOLDERS' EQUITY	(11)	5.775.595	(1.512)	5.774.083	5.201.168	(434)	5.200.734
16.1 Paid-in capital		4.800.000	-	4.800.000	3.700.000	-	3.700.000
16.2 Capital Reserves		19.589	(1.512)	18.077	10.477	(434)	10.043
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		21.154	-	21.154	11.960	-	11.960
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)	-	(434)	(434)
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)	(1.483)	-	(1.483)
16.3 Profit Reserves		387.531	-	387.531	1.069.366	-	1.069.366
16.3.1 Legal Reserves		349.896	-	349.896	328.050	-	328.050
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		37.635	-	37.635	718.573	-	718.573
16.3.4 Other Profit Reserves		-	-	-	22.743	-	22.743
16.4 Profit or Loss		568.475	-	568.475	421.325	-	421.325
16.4.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.4.2 Current Period Profit/Loss		568.475	-	568.475	421.325	-	421.325
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6.262.709	79.112.480	85.375.189	5.526.731	62.749.583	68.276.314

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2017

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

	Notes	CURRENT PERIOD			PRIOR PERIOD		
		Audited			Audited		
		31 December 2017			31 December 2016		
		TL	FC	TL	FC	TL	FC
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		7.818.753	70.608.092	78.426.845	6.246.845	45.344.216	51.591.061
I. GUARANTEES AND WARRANTIES	(1.2)	-	6.241.263	6.241.263	-	3.863.578	3.863.578
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		-	6.241.263	6.241.263	-	3.863.578	3.863.578
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		2.811.553	20.900.292	23.711.845	2.438.531	17.164.838	19.603.369
2.1. Irrevocable Commitments		-	14.819	14.819	-	2.920.904	2.920.904
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		-	14.819	14.819	-	2.920.904	2.920.904
2.2. Revocable Commitments		2.811.553	20.885.473	23.697.026	2.438.531	14.243.934	16.682.465
2.2.1. Revocable Loan Granting Commitments		2.811.553	20.885.473	23.697.026	2.438.531	14.243.934	16.682.465
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(1.5)	5.007.200	43.466.537	48.473.737	3.808.314	24.315.800	28.124.114
3.1. Hedging Derivative Financial Instruments		3.988.955	20.820.190	24.809.145	3.547.489	15.952.012	19.499.501
3.1.1. Transactions for Fair Value Hedge		3.952.735	20.744.690	24.697.425	3.511.269	15.881.596	19.392.865
3.1.2. Transactions for Cash Flow Hedge		36.220	75.500	117.720	36.220	70.416	106.636
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		1.018.245	22.646.347	23.664.592	260.825	8.363.788	8.624.613
3.2.1. Forward Foreign Currency Buy/Sell Transactions		255.974	236.994	492.968	30.368	31.705	62.073
3.2.1.1. Forward Foreign Currency Transactions-Buy		127.099	119.554	246.653	3.764	28.008	31.772
3.2.2.2. Forward Foreign Currency Transactions-Sell		128.875	117.440	246.315	26.604	3.697	30.301
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		762.271	22.409.353	23.171.624	229.017	8.330.603	8.559.620
3.2.2.1. Foreign Currency Swap-Buy		-	7.874.969	7.874.969	-	3.643.040	3.643.040
3.2.2.2. Foreign Currency Swap-Sell		762.271	7.468.982	8.231.253	229.017	3.346.961	3.575.978
3.2.2.3. Interest Rate Swap-Buy		-	3.532.701	3.532.701	-	670.301	670.301
3.2.2.4. Interest Rate Swap-Sell		-	3.532.701	3.532.701	-	670.301	670.301
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	1.440	1.480	2.920
3.2.3.1. Foreign Currency Options-Buy		-	-	-	720	740	1.460
3.2.3.2. Foreign Currency Options-Sell		-	-	-	720	740	1.460
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+VI)		3.678.180	71.025.814	74.703.994	136.744	18.343.038	18.479.782
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		343.372	1.906.616	2.249.988	22.412	203.613	226.025
5.1. Marketable Securities		-	25.369	25.369	-	23.661	23.661
5.2. Guarantee Notes		-	-	-	-	-	-
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		326.160	1.702.075	2.028.235	9.400	48.246	57.646
5.6. Other Pledged Items		17.212	179.172	196.384	13.012	131.706	144.718
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		3.334.808	69.119.198	72.454.006	114.332	18.139.425	18.253.757
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		11.496.933	141.633.906	153.130.839	6.383.589	63.687.254	70.070.843

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

INCOME AND EXPENSE ITEMS	Notes	CURRENT PERIOD	PRIOR PERIOD
		Audited 1 January - 31 December 2017	Audited 1 January - 31 December 2016
I. INTEREST INCOME	(1)	2.238.086	1.643.054
1.1 Interest on loans		2.092.254	1.570.550
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks		66.638	38.296
1.4 Interest Received from Money Market Transactions		56.824	8.286
1.5 Interest Received from Marketable Securities Portfolio		21.386	24.934
1.5.1 Held for Trading Financial Assets		1.127	915
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	24.019
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		984	988
II. INTEREST EXPENSE	(2)	1.224.198	784.056
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		742.550	398.351
2.3 Interest Expense on Money Market Transactions		56	-
2.4 Interest on Securities Issued		468.138	369.261
2.5 Other Interest Expenses		13.454	16.444
III. NET INTEREST INCOME/EXPENSE (I - II)		1.013.888	858.998
IV. NET FEES AND COMMISSIONS INCOME		(7.082)	13.856
4.1 Fees and Commissions Received		21.409	34.753
4.1.1 Non-cash Loans		-	-
4.1.2 Other		21.409	34.753
4.2 Fees and Commissions Paid		(28.491)	(20.897)
4.2.1 Non-cash Loans		-	-
4.2.2 Other		(28.491)	(20.897)
V. DIVIDEND INCOME		-	-
VI. TRADING INCOME/LOSS (Net)	(3)	(281.121)	(338.470)
6.1 Trading Gains /Losses on Securities		(5)	9
6.2 Trading Gains /Losses on Derivative Financial Assets		(683.719)	662.142
6.3 Foreign Exchange Gains /Losses		402.603	(1.000.621)
VII. OTHER OPERATING INCOME	(4)	214.444	142.282
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		940.129	676.666
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	77.418	26.305
X. OTHER OPERATING EXPENSES (-)	(6)	294.236	229.036
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		568.475	421.325
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+XII+XIII+XIV)		568.475	421.325
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	421.325
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	421.325
Earnings/Loss per share (Full TL)		0,11843	0,11387

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS
RECOGNIZED UNDER SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

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

		CURRENT PERIOD	PRIOR PERIOD
		Audited	Audited
		1 January –	1 January –
		31 December 2017	31 December 2016
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		Notes	
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS		9.194
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES		3.074
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES		-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS		-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value changes)		(1.078)
VI.	PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of fair value changes)		(767)
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS		-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS		68
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES		-
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	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		-
11.3	Part of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		-
11.4	Other		568.475
			421.325
XII.	TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD		576.509
			423.700

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

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

	Notes	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
CHANGES IN THE SHAREHOLDERS' EQUITY																	
I.	Opening Balance – 31 December 2016	2.500.000	-	-	-	302.905	-	858.326	620.849	-	489.406	8.886	-	-	333	-	4.780.705
II.	Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	2.500.000	-	-	-	302.905	-	858.326	620.849	-	489.406	8.886	-	-	333	-	4.780.705
IV.	Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	(3.074)	-	-	-	-	3.074
VI.	Hedging Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(767)	-	(767)
6.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(767)	-	(767)
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	1.200.000	-	-	-	-	-	(600.343)	(599.657)	-	-	-	-	-	-	-	-
14.1	Cash increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources	1.200.000	-	-	-	-	-	(600.343)	(599.657)	-	-	-	-	-	-	-	-
XV.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid-in-capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	68	-	-	-	-	-	-	-	68
XIX.	Current Year Net Profit or Loss	-	-	-	-	-	-	-	-	421.325	-	-	-	-	-	-	421.325
XX.	Profit Distribution	-	-	-	-	25.145	-	460.590	-	-	(489.406)	-	-	-	-	-	(3.671)
20.1	Dividends Paid	-	-	-	-	-	-	-	-	-	(3.671)	-	-	-	-	-	(3.671)
20.2	Transfer to Reserves	-	-	-	-	25.145	-	460.590	-	-	(485.735)	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance	3.700.000	-	-	-	328.050	-	718.573	21.260	421.325	-	11.960	-	-	(434)	-	5.200.734
Current Period – 31 December 2017																	
I.	Prior Period End Balance	3.700.000	-	-	-	328.050	-	718.573	21.260	-	421.325	11.960	-	-	(434)	-	5.200.734
II.	Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	9.194	-	-	-	-	9.194
IV.	Hedging Transactions Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.078)	-	(1.078)
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.078)	-	(1.078)
V.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Fixed Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance	4.800.000	-	-	-	349.896	-	37.635	(1.565)	568.475	-	21.154	-	-	(1.512)	-	5.774.083

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

		CURRENT PERIOD Audited 1 January - 31 December 2017	PRIOR PERIOD Audited 1 January - 31 December 2016
	Note		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit before changes in operating assets and liabilities		1.730.389	3.120.294
1.1.1 Interest received		2.165.125	1.582.438
1.1.2 Interest paid		(728.806)	(745.193)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		21.114	34.753
1.1.5 Other income		214.444	804.433
1.1.6 Collections from previously written-off loans and other receivables		7.065	54.854
1.1.7 Payments to personnel and service suppliers		(159.764)	(126.080)
1.1.8 Taxes paid		(25.299)	(2.632)
1.1.9 Other	(1.3)	236.510	1.517.721
1.2 Changes in operating assets and liabilities		(2.945.263)	(2.215.799)
1.2.1 Net (increase) / decrease in trading securities		(980)	(4.143)
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)	(18.389.918)
1.2.5 Net (increase) / decrease in other assets		(114.919)	(1.983.319)
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	16.328.408
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1.3)	297.470	1.833.173
I. Net cash provided from banking operations		1.214.874	904.495
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(79.686)	155.280
2.1 Cash paid for acquisition of associates, subsidiaries and joint ventures		-	-
2.2 Cash obtained from disposal of associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(1.729)	(1.591)
2.4 Disposals of property and equipment		778	3.454
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		(238.756)	(18.250)
2.8 Cash obtained from sale of investment securities		164.403	172.196
2.9 Other		(4.382)	(529)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		1.218.287	1.487.164
3.1 Cash obtained from funds borrowed and securities issued		1.716.276	1.539.386
3.2 Cash used for repayment of funds borrowed and securities issued		(494.829)	(48.551)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(3.160)	(3.671)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		365.358	544.631
V. Net increase in cash and cash equivalents		289.085	3.091.570
VI. Cash and cash equivalents at the beginning of the period	(1.1)	3.257.199	165.629
VII. Cash and cash equivalents at the end of the period	(1.2)	3.546.284	3.257.199

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

VII. PROFIT DISTRIBUTION STATEMENT	Current Period	Prior Period
	31 December 2017^(*)	31 December 2016
I. DISTRUBUTION OF PROFIT		
1.1. Current Year Income	580.077	429.923
1.2. Taxes And Duties Payable (-)	11.602	8.598
1.2.1. Corporate Tax (Income tax)	-	-
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and duties	11.602	8.598
A. NET INCOME FOR THE YEAR (1.1-1.2)	568.475	421.325
1.3. Prior Year Losses (-)	-	-
1.4. First Legal Reserves (-)	-	21.066
1.5. Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	400.259
1.6. First Dividend To Shareholders (-)	-	3.160
1.6.1. To Owners Of Ordinary Shares	-	3.160
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 (-) (**)	-	7.602
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 (-)	-	780
1.11. Statutory Reserves (-)	-	-
1.12. Extraordinary Reserves	-	396.319
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	0,1184	0,1139
3.2. To Owners Of Ordinary Shares (%)	11,84	11,39
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 2017 profit distribution, therefore, distributable net profit of the period is not presented.

(**) The amount of dividend distributed to personnel has been provided in 2016 net profit. Therefore, it is not included in profit distribution, but presented for information.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (TFRS), other explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”). Turkish Accounting Standards / Turkish Financial Reporting Standards and additions and comments (“TAS/TFRS”) published by Public Oversight, Accounting and Auditing Standards Authority (“POA”) are taken as basis for preparation of financial statements.

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 as TL in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, available-for-sale financial assets whose fair value can be reliably measured, derivative financial assets and liabilities held for trading purpose and derivative financial assets and liabilities held for hedging purposes.

The preparation of the unconsolidated financial statements in conformity with TAS requires the Bank management to use of certain make assumptions and estimates on the assets and liabilities of the balance sheet and contingent issues 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 income statement.

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2017 have no material effect on the Bank’s accounting policies, financial position and performance. New and revised Turkish Accounting Standards issued but not yet effective have no material effect on the financial position and performance except for TFRS 9 which will be effective from periods beginning on or after 1 January 2018. The Bank continues adaptation for TFRS 9 standard, and the related disclosures are summarized in Note XXIII Other disclosures.

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 TAS. These accounting policies and valuation principles are explained in Notes II to XXIII below.

3. Preparing financial statements in the consolidated financial statements, the ratios of items for which different accounting policies have been applied and their related items in the consolidated financial statements

None.

4. Presentation of the information regarding the consolidated affiliates

None.

5. 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

II. Explanations on strategy of using financial instruments and explanations on 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 income statement under the account of “foreign exchange gains/losses”.

As of 31 December 2017, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 3,7750 for US dollar, TL 4,5138 for Euro, TL 3,3511 for 100 JPY and TL 5,0861 for GBP.

III. Explanations on forward transactions, options and derivative instruments

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 with 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 Bank notifies in written the relationship between hedging instrument and related account, risk management aims of hedge and strategies and the methods using to measure of 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 hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, corrections made to the value of hedge account using straight-line amortization method within the days to maturity are reflected to “Trading gains/losses on derivative financial instruments” account in the income statement.

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 income statement.

The 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 income statement.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward transactions, options and derivative instruments

The Bank classifies its derivative instruments except for derivatives held for fair value hedges and cash flow hedges as “Held-for-hedging” or “Held-for-trading” in accordance with “Financial Instruments: Turkish Accounting Standard for Recognition and Measurement (“TAS 39”)”. According to this, certain derivative transactions while providing effective economic hedges under the Bank’s risk management position, are recorded under the specific rules of TAS 39 and are treated as derivatives “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 expense

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

The Bank ceases accruing interest income on non-performing loans. Interest income is recorded for non-performing loans when the collection is made.

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

The Bank categorizes and recognitions its financial assets as “Fair value through profit/loss”, “Available-for-sale”, “Loans and receivables” or “Held-to-maturity”. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

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 government bonds and treasury bills recognized under trading financial assets which are traded on Borsa İstanbul AŞ (“BIST”) are valued with weighted average prices settled on the BIST as of the balance sheet date; and those government bonds and treasury bills traded on the BIST but which are not subject to trading on the BIST 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 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.

Derivative financial instruments are classified as trading financial assets unless they are designated as hedging instruments. The principles regarding the accounting of derivative financial instruments’ details are explained in Note III under Section Three.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continued)

The Bank does not have any financial assets designated as financial assets at fair value through profit or loss.

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.

All regular way purchases and sales of financial assets are recognized and derecognized at the settlement date. The Bank holds Government Bonds, Treasury Bills and foreign currency bonds issued in Turkey and abroad by the Turkish Treasury under the held-to-maturity portfolio.

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.

Available-for-sale financial assets are marketable securities other than “Held-to-maturity investments” and “Trading securities”. 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.

Bank loans and receivables; consist of other than those, goods or services to be created by the purchase-sale or the financial assets that held for sale in the short term. Bank loans and receivables are initially recognized at cost value. Banks are accounted for at cost-based loans at amortized cost, they are classified as short and long-term loans, open and covered. FX type loans are recognized at fixed prices and are revalued with the Bank’s spot foreign exchange buying rate at the end of the period.

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 of the Regulation on Principles and Procedures Related to the Determination of the Qualifications of Banks’ Loans and Other Receivables and Provisioning for these Loans and Other Receivables” 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”. In accordance with the decision taken by the Board of Directors, in accordance with the precautionary principle, 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%.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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 related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously. Otherwise, no offsetting is made in relation with the financial assets and liabilities.

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

The Bank does not have any sales and repurchase agreements and securities lending transactions at the balance sheet date.

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

Assets which meet the criteria to be classified as held for sale are measured by the book value and no more amortization is made for these assets; and 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 included in the income statement separately.

XI. Explanations on goodwill and other intangible assets

As of 31 December 2017 and 31 December 2016, the Bank does not have any goodwill in its accompanying financial statements.

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 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.

Implemented yearly amortization rates as follows;

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment

All property and equipment are initially recognized at cost. Subsequently 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%

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. 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 income statement.

XIV. Explanations on lease

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 income statement. 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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 “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

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.

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 “Turkish Accounting Standard for Employee Benefits” (“TAS 19”).

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 income statement. 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 income statement.

TL 82 accounted as actuarial valuation difference is recorded under equity, TL 1.983 accounted as service and interest cost is associated with the income statement accounts. Assumptions used in the calculation are shown below.

	Current Period	Prior Period
Discount ratio	11,65%	11,20%
Inflation	8,30%	8,00%
Salary increase rate	11,00%	9,00%

As of 31 December 2017, the calculated employment termination obligation amount is TL 19.116 (31 December 2016: TL 17.050). For the year ended 31 December 2017, the Bank also provided 100% provision for vacation pay liability relating to prior periods amounting to TL 13.733 (31 December 2016: TL 12.033).

The Bank has allocated a provision amounting to TL 17,806 (31 December 2016: TL 14,500) based on the success premium to be paid in January 2018 for the second half of the year and a provision amounting to TL 9,598 (31 December 2016: TL 7,800) for the dividend payable to the employees in 2018 from the profit of 2017.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

The Bank has issued six bonds. In April 2012, the Bank issued bonds amounting USD 500 million (TL 1.887.500). 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 943.750). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years. In September 2014, the Bank issued bonds amounting USD 500 million (TL 1.887.500). 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 1.887.500). 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 1.887.500). 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 1.887.500). The bond is subject to annual fixed interest payment of 4,250% every six months and the total maturity is five years. 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.

Moreover, the Bank has provided fixed rate TL loans that were provided as part of the foreign source FC with floating rate of by Rediscount Credit Programs of the CBRT. Hedge accounting has been made to the risk of currency risk as a result of these measurement of derivative transactions was calculated within the scope of hedge accounting was also reflected to the relevant accounts.

XIX. Explanations on issuance of share certificates

As the Bank’s total paid-in capital is owned by the Turkish Treasury, there is no cost related to share issuance. Profit appropriation of the Bank is resolved at the General Assembly meeting. As of 2 May 2017, dividend distribution for 2016 was approved by Banking Regulation and Supervision Agency 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 Advancement provided by the Ministry of Economy as of 31 December 2017. 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 merchandise exports medium-long-term buyer’s loans that are characteristic of investment property which is extended credit by bank. These incentives are recognized by adopting an income approach in accordance with “Accounting for Government Grants and Disclosure of Government Assistance” (“TAS 20”).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXII. Explanations on segment reporting

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

XXIII. Explanations on other issues

- i) 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.

- ii) The Bank has executed the tender for the services required to comply with TFRS 9 Financial Instruments and is in contracting process with the company. Considering that it is expected that the private and general provision rates will be applied as 0% within the framework of Article 21 of the BRSA's provisioning Regulation regarding the expected loan provisions, a response has been received that there is no need for compliance work related to the subject. Necessary preparation is made within the scope of classification requirements of TFRS 9.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION 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 2017, the shareholders' equity of the Bank is TL 5.897.781 (31 December 2016: TL 5.326.438) and the capital adequacy standard ratio is 13,55% (31 December 2016: 13,41%). The capital adequacy standard ratio of the Bank is above the minimum ratio determined by the relevant legislation.

	Current Period	Amount as per the regulation before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL	5.768.777	
Paid-in Capital to be Entitled for Compensation after All Creditors	4.800.000	
Share Premium	-	
Reserves	387.531	
Other Comprehensive Income according to TAS	21.154	
Profit	568.475	
Net Current Period Profit	568.475	
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	5.777.160	
Deductions From Common Equity Tier I Capital	8.383	
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 (-)	1.512	
Leasehold Improvements on Operational Leases (-)	462	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	4.844	
Net Deferred Tax Asset/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	1.565	
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 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 (-)	-	
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Information about shareholders' equity items (Continued)

	Current Period	Amount as per the regulation before 1/1/2014 (*)
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	
Mortgage Servicing Rights not deducted (-)	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	
Other items to be Defined by the BRSA (-)	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	8.383	
Total Common Equity Tier I Capital	5.768.777	
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 1 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	1.211	
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 (-)	1.211	
Net Deferred Tax Asset/Liability 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 (-)	-	
Deduction from Additional Tier 1 Capital when there is not enough Tier II Capital (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION 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)	5.767.566	
TIER II CAPITAL	130.214	
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)	-	
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	130.214	
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	130.214	
Total Equity (Total Tier I 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 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. (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

1. 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	5.897.781	
Total Capital (Total of Tier I Capital and Tier II Capital)	5.897.781	
Total Risk Weighted Assets	43.525.396	
CAPITAL ADEQUACY RATIOS		
Common Equity Tier I Capital Ratio (%)	13,25	
Tier I Capital Ratio (%)	13,25	
Capital Adequacy Ratio (%)	13,55	
BUFFERS		
Bank-specific total Common Equity Tier I Capital Ratio	1,250	
Capital conservation buffer requirement (%)	1,250	
Bank specific 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	8,75	
Amounts Lower Than Excesses as per Deduction Rules	30.318	
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	30.318	
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	130.214	
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	-	
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 01.01.2018-01.01.2022)		
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	-	

(*) Represents the amounts taken into consideration according to transition clauses

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

1. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
TIER CAPITAL	5.197.328	
Paid in Capital to be Entitled for compensation after all Creditors	3.700.000	
Share Premium	-	
Legal Reserves	1.069.366	
Other Comprehensive Income according to TAS	11.960	
Profit	421.325	
Net Current Period Profit	421.325	
Prior Years' Profit	-	
Bonus shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Tier 1 Capital before Deductions	5.202.651	
Deductions from Tier 1 Capital	5.323	
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	-	
Leasehold Improvements on Operational Leases	2.185	
Goodwill and Intangible Assets and Related Deferred Tax Liabilities	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.655	
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	1.483	
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	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

1. 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	5.323	
Tier Capital	5.197.328	
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	1.104	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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	1.104	
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	5.196.224	
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)	5.326.438	
The sum of Tier I Capital and Tier II Capital (Total Capital)	5.326.438	
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. (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION 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	5.326.438	
Total capital	5.326.438	
Total risk weighted items	39.711.831	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13,09	
Tier 1 Capital Adequacy Ratio (%)	13,09	
Capital Adequacy Standard Ratio (%)	13,41	
BUFFERS		
Total buffer requirement	0,625	
Capital conservation buffer requirement (%)	0,625	
Bank specific countercyclical buffer requirement (%)	-	
The ratio of Additional Common Equity Tier 1 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 (%)	8,59	
Amounts Lower than Excesses as per Deduction Rules	21.124	
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	21.124	
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	-	

(*) Represents the amounts taken into consideration according to transition clauses

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. 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”). The SCLGC is chaired by the Prime Minister or State Minister appointed by the Prime Minister and includes executive managers. The Board of Directors of the Bank is authorized to allocate the risk limits of loans and guarantee and insurance premiums to country, sector and commodity groups, within the boundaries of the Annual Program. 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 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 Treasury.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

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.

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 the letter sent by the Turkish Treasury No.B.02.0.1.HM.KİT.03.02.52321/4-51898 dated 6 November 1997 and the “Application Procedures of Amounts Transferred by the Undersecretariat of Treasury to Türkiye İhracat Kredi Bankası AŞ” each year, the Bank’s political risks arising on loan, guarantee and insurance operations and deferred receivables are communicated to the Turkish Treasury by the end of each September.

As of 31 December 2017, the Bank has no credits due to redemption plan or any credits due to restructured standard credits or assets. The Bank has a total sum of 1.808.123 TL as standard credits and assets and has a total of TL 227.102 as loans under close monitoring which have been subject to changes in contract.

For transactions in the frame of the Law No. 3332 dated 25 March 1987, “General and special provision rates are considered to be zero” clause according to Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No.26333 dated 1 November 2006 exemptions entitled article 13, although the Bank is within the exemption up to date by prudence within the scope of statute transaction occurs and within the context of exemption as of 1 January 2013, the Bank applied to BRSA and in accordance with the confirmation from BRSA, general provision amount of TL 62.475 was cancelled which had been made as a provision till 30 June 2013. The general provision amounting to TL 130.214 which is booked as of 31 December 2012 is still in progress.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

The proportion of the Bank's top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 50% and 54% as of 31 December 2017 and 31 December 2016, respectively.

The proportion of the Bank's top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 64% and 67% as of 31 December 2017 and 31 December 2016, 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 50% and 58% as of 31 December 2017 and 31 December 2016, 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 76% and 72% as of 31 December 2017 and 31 December 2016, respectively.

As of 31 December 2017, 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 51% and 65%, respectively (31 December 2016: 54% and 68%).

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	79.669.309	10.081	61.278.334	9.297
Loans under close monitoring	489.212	-	232.830	-
Loans under follow-up	294.231	-	233.087	-
Gross	80.452.752	10.081	61.744.251	9.297
Specific provision	(191.729)	-	(143.784)	-
Net	80.261.023	10.081	61.600.467	9.297

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

As of 31 December 2017 and 31 December 2016, 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	469.592	232.227
Past due 30-60 days	18.693	603
Past due 60-90 days	927	-
Total	489.212	232.830

As of 31 December 2017 and 31 December 2016, the fair value of collaterals held for loans granted by the Bank are as follows:

	Current Period	Prior Period
Loans under close monitoring	489.212	232.830
Loans under legal follow-up	294.231	233.087
Total	783.443	465.917

As of 31 December 2017, the Bank does not have any repossessed collaterals (31 December 2016: 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.

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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

As of 31 December 2017, loans granted by the Bank to domestic banks and other financial institutions amount to TL 8.437.884 (31 December 2016: TL 6.637.509). 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	76%	65%
Medium	3	21%	23%
High	4	3%	12%

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 2017 and 31 December 2016, 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%	-	99,25%	-
Loans under close monitoring	0,61%	-	0,38%	-
Loans under follow-up	0,37%	65,00%	0,37%	62,00%
Total	100,00%	0,24%	100,00%	0,23%

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

The Bank's maximum exposure to credit risk as of 31 December 2017 and 31 December 2016:

	Current Period	Prior Period
Banks	2.082.401	2.518.048
Interbank Money Market Placements	831.691	368.160
Loans to Domestic Banks and Other Financial Institutions	8.437.884	6.637.509
Loans to Foreign Banks and Other Financial Institutions	2.294.529	1.710.880
Loans to Companies and Individuals	69.436.189	53.172.072
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	11.710	10.678
Trading Derivative Financial Assets	15.553	118.603
Held-to-Maturity Investments	180.461	98.549
Other Assets	163.924	481.435
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	6.241.263	3.863.578
Commitments	-	-
Total	89.695.605	68.979.512

⁽¹⁾ Except derivative financial assets held for trading.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. 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	2.248.695	-	-	-	-	20.926.751	78.356.765	3.900.704	242.436	102.502	-	-	-	-	-	30.318	1.179.662	106.987.834
2	European Union Countries	-	-	-	-	-	1.053.924	2.544.748	386.839	-	-	-	-	-	-	-	-	-	3.985.511
3	OECD Countries	-	-	-	-	-	1.246	367.792	37.308	-	-	-	-	-	-	-	-	-	406.346
4	Offshore Banking Regions	-	-	-	-	-	-	122.697	26.535	-	-	-	-	-	-	-	-	-	149.232
5	USA, Canada	-	-	-	-	-	898.527	280.772	27.559	-	-	-	-	-	-	-	-	-	1.206.858
6	Other Countries	2.178.049	-	-	-	-	71.434	1.175.503	140.638	-	-	-	-	-	-	-	-	-	3.565.624
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Undistributed Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	4.426.744	-	-	-	-	22.951.882	82.848.277	4.519.583	242.436	102.502	-	-	-	-	-	30.318	1.179.662	116.301.405

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. 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	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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. 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	-	-	-	-	-	832.620	7.339.841	367.884	21.255	9.740	-	-	-	-	-	-	-	953.146	7.618.194	8.571.340
1.1	Farming and Livestock	-	-	-	-	-	571.194	5.035.285	252.376	14.581	6.682	-	-	-	-	-	-	-	653.878	5.226.240	5.880.118
1.2	Forestry	-	-	-	-	-	171.130	1.508.571	75.612	4.369	2.001	-	-	-	-	-	-	-	195.901	1.565.782	1.761.683
1.3	Fishery	-	-	-	-	-	90.296	795.985	39.896	2.305	1.057	-	-	-	-	-	-	-	103.367	826.172	929.539
2	Industry	-	-	-	-	-	5.066.405	44.662.144	2.238.529	129.335	59.265	-	-	-	-	-	-	-	5.799.787	46.355.891	52.155.678
2.1	Mining and Quarry Sector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Manufacturing Industry	-	-	-	-	-	4.512.266	39.777.216	1.993.690	115.189	52.783	-	-	-	-	-	-	-	5.165.435	41.285.709	46.451.144
2.3	Electric, Gas and Water	-	-	-	-	-	554.139	4.884.928	244.839	14.146	6.482	-	-	-	-	-	-	-	634.352	5.070.182	5.704.534
3	Construction	2.178.050	-	-	-	-	540.812	4.767.447	238.951	32.553	6.326	-	-	-	-	-	-	-	619.097	7.145.042	7.764.139
4	Services	-	-	-	-	-	15.094.408	16.785.815	841.329	48.609	22.274	-	-	-	-	-	30.318	-	5.095.348	27.727.405	32.822.753
4.1	Wholesale and retail trade	-	-	-	-	-	534.234	4.709.462	236.045	13.638	6.249	-	-	-	-	-	-	-	611.567	4.888.061	5.499.628
4.2	Hotel and Restaurant Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3	Transportation and Communications	-	-	-	-	-	1.336.753	11.783.947	590.628	34.124	15.637	-	-	-	-	-	-	-	1.530.253	12.230.836	13.761.089
4.4	Financial institutions	-	-	-	-	-	13.190.252	-	-	-	-	-	-	-	-	-	30.318	-	2.915.556	10.305.014	13.220.570
4.5	Real Estate and Leasing Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6	Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7	Training Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.8	Health and Social Services	-	-	-	-	-	33.169	292.406	14.656	847	388	-	-	-	-	-	-	-	37.972	303.494	341.466
5	Other	2.248.694	-	-	-	-	1.417.637	9.293.030	832.890	10.684	4.897	-	-	-	-	-	-	1.179.663	2.051.859	12.935.636	14.987.495
6	Total	4.426.744	-	-	-	-	22.951.882	82.848.277	4.519.583	242.436	102.502	-	-	-	-	-	30.318	1.179.663	14.519.237	101.782.168	116.301.405

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. 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	1.926.701	46.606	75.206	198.340	2.179.891
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	13.596.842	901.561	1.703.973	4.367.196	2.382.310
Conditional and Unconditional Corporate Receivables	19.833.327	13.344.194	14.849.445	13.360.501	21.460.810
Conditional and Unconditional Retail Receivables	821.599	405.732	457.284	1.082.814	1.752.154
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	-	-	1.280	15.197	225.959
Non-performing Receivables (Net)	50.515	-	6.619	1.466	43.902
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	30.318	-	-	-	-
Other Receivables(net)	1.179.662	-	-	-	-

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	42.165.132	-	2.299.845	-	3.450.948	3.218.051	38.342.488	-	-	9.594
The amount after credit risk mitigation	42.398.304	-	2.162.294	1.290	6.345.133	1.790.819	36.778.624	-	-	9.594

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

Various Information by Significant Sectors or Counter-Party Types

	Significant Sectors/Counter Parties	Loans		Value Adjustments	Provisions
		Impaired	Non-performed		
1	Agriculture	-	8.004	-	5.592
2	Energy	-	662	-	662
3	Food	-	26.670	-	13.402
4	Textile	-	95.136	-	63.353
5	Paper and Related Products	-	2.869	-	2.869
6	Chemistry and Related Products	-	5.418	-	3.942
7	Metal Industry	-	33.497	-	14.499
8	Ceramic	-	1.196	-	1.196
9	Machinery and Equipment	-	35.079	-	11.005
10	Electrical Household Appliances	-	9.621	-	7.500
11	Medical Devices	-	-	-	-
12	Ship	-	39.615	-	39.615
13	Motor Vehicles	-	634	-	634
14	Furniture	-	183	-	183
15	Construction	-	302	-	302
16	Wholesale	-	12.143	-	12.143
17	Shipping	-	1.834	-	387
18	Consulting	-	918	-	918
19	Leather and Leather Products Industry	-	1.157	-	293
20	Other Manufacturing Industry	-	10.306	-	10.306
21	Other	-	8.987	-	2.928
	Total	-	294.231	-	191.729

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	143.784	48.999	(1.054)	-	191.729
2	General Provisions	130.214	-	-	-	130.214

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. 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.

	TL	USD	GBP	EUR	JPY
TRADING DERIVATIVE FINANCIAL INSTRUMENTS	1.018.245	12.064.223	54.676	9.724.799	802.649
Forward Transactions	255.974	236.994	-	-	-
Forward Foreign Exchange Purchase Transactions	127.099	119.554	-	-	-
Forward Foreign Exchange Sell Transactions	128.875	117.440	-	-	-
Swap Transactions	762.271	11.827.229	54.676	9.724.799	802.649
Swap Money Purchase Transactions	-	-	-	-	-
Swap Money Purchase Transactions FC - TL	-	743.675	-	-	-
Swap Money Purchase Transactions FC-FC	-	6.333.732	-	-	797.562
Swap Money Sale Transactions FC-TL	762.271	-	-	-	-
Swap Money Sale Transactions FC-FC	-	-	54.676	7.409.219	5.087
Swap Interest Purchase Transactions FC-FC	-	2.374.911	-	1.157.790	-
Swap Interest Sale Transactions FC-FC	-	2.374.911	-	1.157.790	-
Option Money Purchase Transactions	-	-	-	-	-
Money Purchase of Options	-	-	-	-	-
Money Sale of Options	-	-	-	-	-
HEDGING DERIVATIVE FINANCIAL ASSETS	3.988.955	18.491.660	-	2.328.530	-
Forward Transactions	3.952.735	3.920.160	-	-	-
Forward Foreign Exchange Purchase Transactions	-	3.920.160	-	-	-
Forward Foreign Exchange Sell Transactions	3.952.735	-	-	-	-
Swap Transactions	36.220	14.571.500	-	2.328.530	-
Swap Money Purchase Transactions	-	2.416.000	-	-	-
Swap Money Sale Transactions	36.220	-	-	2.328.530	-
Swap Interest Purchase Transactions	-	6.077.750	-	-	-
Swap Interest Sale Transactions	-	6.077.750	-	-	-

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. 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)

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 2017		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross currency swap and interest rate swaps	16.824.530	12.857	177.042
Forward foreign currency buy/sell transactions	7.872.895	77.064	11.244
Total	24.697.425	89.921	188.286

⁽¹⁾ Sum of purchase and sale.

The method of derivatives’ fair value measurement shown above is explained in the accounting policy in Section Three No III.

Fair value hedge accounting

Starting from 1 January 2013, the Bank has hedged the possible fair value effects of changes in Libor interest rates on 5,375% and 5,875% fixed interest rate debt securities amounting USD 500 million with maturity 5 years and USD 610 million with maturity 7 years funding by using interest rate swaps. USD debt securities issued in total amount to USD 750 million with 5,875% fixed interest rate and maturity 7 years by the Bank. Remaining risk amount to USD 140 million hedged with cross currency swaps in year 2012 but starting from 13 August 2015, this remaining portion is subject to fair value hedge accounting. In September 2014, the Bank issued 5% fixed interest rate debt securities with seven years maturity amounting USD 500 million and they are not subject to fair value hedge accounting.

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

Starting from 31 May 2014, the Bank hedged the possible fair value risk of CBRT Rediscount loans amounting to TL 3.704.917 as of 31 December 2017 related to interest rate changes with forward transactions by using fair value hedge accounting. Changes in the fair value of forward transactions related to TL interest rate risks hedge fair value risk of the TL 3.693.443 denominated CBRT Rediscount Loans related to changes in interest rates.

The impact of fair value hedge accounting is summarized below:

31 December 2017			Net fair value of hedged items		Amount of hedge funds
Hedging instrument	Hedged items	Hedged risk	Asset	Liability	
Interest rate swaps	Issued securities denominated in USD with fixed interest rate	Fixed interest rate risk	12.857	177.042	-
Forward transactions	Originated CBRT- Rediscount TL Loans	Interest rate risk	77.064	11.244	-

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%.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. 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)

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 fair value hedge is shown in “Trading gains and losses on derivative financial instruments” 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, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts.

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 “Derivative Financial Transactions Gains/Losses” accounts 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 2017		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross Currency Swap Interest Transactions	111.720	43.685	-
Total	111.720	43.685	-

⁽¹⁾ Sum of purchase and sale.

The method of derivatives’ cash flow hedge shown above is explained in Section Three, No III accounting policy.

The impact of cash flow hedge accounting is summarized below:

31 December 2017					
Hedging Instrument	Hedging Asset and Liability	Risk Hedge	Fair value of hedged asset		Net fair value of hedging account
			Asset	Liability	
Cross Currency Swap Transactions	Fixed interest rate US dollar debt securities	Currency Risk	43.685	-	(1.512)

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. 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)

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 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 2017, the net foreign Currency Position/Shareholders' Equity ratio is (0,26)% (31 December 2016: (0,11)%). 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 the some stress scenario like rapid and large scale currency and interest rate changes the Bank calculates capital requirement. The Bank both within own group and within the all banking system works with shareholders equity and capital ratio which are above the average. First pillar credit for calculation of legal capital adequacy, adding to market and operational risk, interest rate risk (BHFOR) due to second pillar banking calculations and concentration risk are considered.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. 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	25/12/2017	26/12/2017	27/12/2017	28/12/2017	29/12/2017
USD	3,80640	3,80280	3,82160	3,81150	3,77500
AUD	2,94230	2,93650	2,96400	2,97560	2,94410
DKK	0,60688	0,60647	0,60939	0,61160	0,60618
SEK	0,45764	0,45567	0,45810	0,46275	0,45827
CHF	3,81790	3,84550	3,85900	3,88730	3,86620
100JPY	3,35720	3,35640	3,37660	3,38170	3,35110
CAD	2,99080	2,99150	3,01820	3,02310	3,00750
NOK	0,45765	0,45684	0,45922	0,46326	0,45875
GBP	5,09640	5,08590	5,11750	5,12650	5,08610
SAR	1,01499	1,01403	1,01901	1,01632	1,00651
EUR	4,52010	4,51470	4,53660	4,55280	4,51380
KWD	12,60000	12,58800	12,65000	12,62500	12,50800
XDR	5,38870	5,38360	5,41560	5,40430	5,36310
BGN	2,31110	2,30820	2,31910	2,32790	2,30750
100IRR	0,01059	0,01056	0,01060	0,01057	0,01046
RON	0,97316	0,97311	0,97704	0,97896	0,96815
RUB	0,06549	0,06591	0,06646	0,06623	0,06557

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 2017
USD	3,8365
AUD	2,9368
DKK	0,6104
SEK	0,4572
CHF	3,8856
100 JPY	3,3967
CAD	3,0070
NOK	0,4609
GBP	5,1447
SAR	1,0230
EUR	4,5437
KWD	12,7010
XDR	5,4288
BGN	2,3230
IRR	0,0108
RON	0,9799
RUB	0,0656

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk (Continued)

7. Information related to Bank's Currency Risk

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	631.932	-	-	631.932
Banks	14.642	1.861.696	14.181	1.890.519
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans	40.199.266	30.797.165	183.525	71.179.956
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	56.542	-	56.542
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	300.185	346.257	211	646.653
Total Assets	41.146.025	33.061.660	197.917	74.405.602
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	30.986.969	35.446.157	935.544	67.368.670
Marketable Securities Issued	-	10.279.210	-	10.279.210
Miscellaneous Payables	375.611	272.435	1.158	649.204
Derivative Financial Liabilities for Hedging Purposes	-	177.042	-	177.042
Other Liabilities	41.464	234.495	344	276.303
Total Liabilities	31.404.044	46.409.339	937.046	78.750.429
Net 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
Financial Derivative Assets	1.157.790	21.985.782	797.562	23.941.134
Financial 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
Prior Period				
Total Assets	30.276.789	28.127.032	199.414	58.603.235
Total Liabilities	26.635.465	35.227.997	845.016	62.708.478
Net on Balance Sheet Position	3.641.324	(7.100.965)	(645.602)	(4.105.243)
Net off Balance Sheet Position	(3.636.425)	7.205.240	643.601	4.212.416
Financial Derivative Assets	740	13.547.726	715.642	14.264.108
Financial Derivative Liabilities	3.637.165	6.342.486	72.041	10.051.692
Non-Cash Loans	52.968	3.810.377	233	3.863.578

⁽¹⁾ 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 TL 10.304 and Foreign Currency Expense Accruals of Derivative Financial Instruments TL 362.051 are not included.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk (Continued)

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

The effect of the Bank's currency positions as of 31 December 2017 and 31 December 2016 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	6.800	6.800	9.231	9.231
EUR	423	423	490	490
JPY	-	-	-	-
Other foreign currency	(133)	(133)	(200)	(200)
Total, net	7.090	7.090	9.521	9.521

⁽¹⁾ Effect on equity also includes effect on net profit.

As of 31 December 2017 and 31 December 2016, 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. 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.

As of 31 December 2017 the compatibility of 11 interest rate swaps and floating rate assets with fixed-rate liabilities and 18 basis swap transactions and interest payment periods of floating rate transactions, which are consist of 13 short-term and 16 long-term swaps denominated in foreign currency, tried to be brought to the same basis.

As of 31 December 2017, 23 short-term and 8 long-term FC-FC money swaps and 1 FC-TL long-term money swap transaction, 18 FC-TL short-term money swap transactions, 305 TL-FC forward transactions , 6 FC-TL forward transactions have been carried out.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. Interest rate risk (Continued)

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

(Periods remaining to reprising 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	-	-	-	-	-	632.192	632.192
Banks	2.032.663	-	-	-	-	49.738	2.082.401
Financial Assets at Fair Value Through Profit/Loss	905	4.281	12.270	1.191	8.616	-	27.263
Interbank 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	-	-	-	-	-	-	-
Funds From Interbank Money Market	152.000	-	-	-	-	-	152.000
Miscellaneous Payables	-	-	11.602	180	-	654.032	665.814
Issued Marketable Securities	-	3.732.210	4.565.724	1.981.276	-	-	10.279.210
Funds Borrowed from other Financial Institutions	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
Balance Sheet Long Position	6.468.123	-	5.862.075	-	8.616	-	12.338.814
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 Position	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, provisions amounting to TL 268.419, other liabilities amounting to TL 252.785 and funds amounting to TL 13.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. Interest rate risk (Continued)

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

(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	-	-	-	-	-	370.991	370.991
Banks	2.133.055	-	-	-	-	384.993	2.518.048
Financial Assets at Fair Value Through Profit or Loss	118.590	13	-	2.051	8.627	-	129.281
Interbank Money Market Placements	368.160	-	-	-	-	-	368.160
Available-for-sale Financial Assets	-	-	-	-	-	21.124	21.124
Loans ⁽¹⁾	11.352.636	16.689.889	32.995.452	482.484	-	89.303	61.609.764
Held-to-maturity Investments	59.395	-	39.154	-	-	-	98.549
Other Assets	44.475	96.426	236.812	82.598	-	2.700.086	3.160.397
Total Assets	14.076.311	16.786.328	33.271.418	567.133	8.627	3.566.497	68.276.314
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	69.000	-	-	-	-	-	69.000
Miscellaneous Payables	-	-	8.780	-	-	2.738.668	2.747.448
Marketable Securities Issued	-	90.558	335.515	6.042.471	1.358.779	-	7.827.323
Funds Borrowed From Other Financial Institutions	3.679.258	16.297.728	29.095.987	2.645.872	-	-	51.718.845
Other Liabilities ⁽²⁾	9.232	51.183	189.543	38.416	-	5.625.324	5.913.698
Total Liabilities	3.757.490	16.439.469	29.629.825	8.726.759	1.358.779	8.363.992	68.276.314
Balance Sheet Long Position	10.318.821	346.859	3.641.593	-	-	-	14.307.273
Balance Sheet Short Position	-	-	-	(8.159.626)	(1.350.152)	(4.797.495)	(14.307.273)
Off-balance Sheet Long Position	3.108.334	4.666.413	4.750.032	-	-	-	12.524.779
Off-balance Sheet Short Position	(3.074.717)	(4.667.193)	(4.831.424)	-	-	-	(12.573.334)
Total Position	10.352.438	346.079	3.560.201	(8.159.626)	(1.350.152)	(4.797.495)	(48.555)

⁽¹⁾ "Non-interest bearing" column of loans is composed of non-performing loans amounting TL 89.303.

⁽²⁾ In other liabilities line the "non-interest bearing" column amounting TL 5.625.324, includes equity amounting to TL 5.200.734 and provisions amounting to TL 230.229.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. Interest rate risk (Continued)

2. Average interest rates for monetary financial instruments

As of 31 December 2017, 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	0,01	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	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	12,18
Miscellaneous Payables	-	-	-	-	-
Issued Marketable Securities	-	5,18	-	-	-
Funds Borrowed from Other Financial Institutions	0,53	1,28	1,18	1,70	-

As of 31 December 2016, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	JPY	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	0,40	-	-
Banks	0,09	0,54	-	9,82
Financial Assets at Fair Value Through Profit/Loss	-	-	-	8,30
Interbank Money Market Placements	-	-	-	10,29
Available-for-sale Financial Assets	-	-	-	-
Loans	1,54	2,09	1,68	8,41
Held-to-maturity Investments	-	-	-	10,72
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	8,82
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	5,38	-	-
Funds Borrowed from Other Financial Institutions	0,55	0,98	1,70	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. Share position risk resulting from the banking accounts

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 the detail of shares are shown below.

Share Group	Privilege Type	Rate (%)	Amount
A	Privileged	7,56	6.006
B	Non-privileged	2,22	1.767

The Bank has participated in Credit Guarantee Fund (CGF) shares with its 1,69% 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	-	15.060	-	-	-	-
4 Total	-	15.060	-	-	-	-

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. Share position risk resulting from the banking accounts (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

Credit risk is calculated based on standard method. The breakdown of the capital requirement amounts on the basis of equity shown in the table.

	Amount	Amount subject to credit risk	Capital requirement
Quoted to Stock Exchange	10.202	10.202	816
Not Quoted	5.056	5.056	404
Impairment in securities	15.060	15.060	1.205

VI. Liquidity risk

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 flow, credit collections and optimistic in terms of additional resources can be found, it is organized in a way that helps the neutral and pessimistic scenarios under decision 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 amortisation 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.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (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

Current Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
8 December 2017	99,22	15 December 2017	58,73	8 December 2017	91,04	15 December 2017	53,06

Prior Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
11 November 2016	99,34	7 October 2016	30,26	11 November 2016	93,85	7 October 2016	20,75

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 Agency.

Also Eximbank is subject to the liquidity coverage ratio outlined in Regulations 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

2. Liquidity Coverage Ratio

		Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
		TL+FC	FC	TL+FC	FC
Current Period					
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	6.572.323	6.491.306	2.869.366	2.836.959
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	20.338	9.246	20.338	9.246
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	264.508	262.007	105.803	104.802
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	5.689.840	5.689.840	284.491	284.491
16	Total Cash Outflows			3.279.998	3.325.498
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	10.777.787	7.959.329	7.240.841	4.800.873
19	Other cash inflows	25.363	7.499	25.362	7.499
20	Total Cash Inflows	10.803.150	7.966.828	7.266.203	4.808.372
				<i>Max limit applied values</i>	
21	Total HQLA			615.186	590.769
22	Total Net Cash Outflows			821.044	809.919
23	Liquidity Coverage Ratio (%)			74,93	72,94

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

2. Liquidity Coverage Ratio (Continued)

Prior Period		Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets					
1	Total high-quality liquid assets (HQLA)			600.004	546.181
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	3.509.804	3.509.804	3.509.804	3.509.804
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	218.070	214.620	218.070	214.620
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	1.131.953	1.131.739	1.131.953	1.131.739
14	Other revocable off-balance sheet commitments and contractual obligations	149.549	127.387	149.549	127.387
15	Other irrevocable or conditionally revocable off-balance sheet obligations	174.493	174.493	174.493	174.493
16	Total Cash Outflows			5.183.869	5.158.043
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	6.043.595	4.736.001	6.043.595	4.736.001
19	Other cash inflows	62.858	2.928	62.858	2.928
20	Total Cash Inflows	6.106.453	4.738.929	6.106.453	4.738.929
				<i>Max limit applied values</i>	
21	Total HQLA			600.004	546.181
22	Total Net Cash Outflows			1.387.808	1.589.450
23	Liquidity Coverage Ratio (%)			43,23	34,36

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

2. Liquidity Coverage Ratio (Continued)

With regard to the Liquidity Coverage Ratio banks explain the essential issues as follows;

- 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. The Bank's high quality liquid asset stock primarily consists of cash, the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.
- b) The Bank's high quality liquid asset stock primarily consists of cash, the account held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.
- 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 interest rate risk.
- 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.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (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 in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	632.192	-	-	-	-	-	-	632.192
Banks	49.738	2.032.663	-	-	-	-	-	2.082.401
Financial Assets at Fair Value Through Profit or Loss	-	905	4.134	3.296	1.316	17.612	-	27.263
Interbank Money Market Placements	-	831.691	-	-	-	-	-	831.691
Available-for-sale Financial Assets	30.318	-	-	-	-	-	-	30.318
Loans ⁽⁴⁾	-	7.818.745	14.542.969	37.244.587	16.516.704	4.045.597	102.502	80.271.104
Held-to-maturity Investments	-	-	17.208	142.161	21.092	-	-	180.461
Other Assets	-	1.569	35.284	40.211	54.735	1.807	1.186.153	1.319.759
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
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	6.420.112	17.199.600	29.489.958	9.967.455	4.291.545	-	67.368.670
Funds From Interbank Money Market	-	152.000	-	-	-	-	-	152.000
Marketable Securities Issued	-	-	-	-	8.457.438	1.821.772	-	10.279.210
Miscellaneous Payables	-	-	-	11.602	180	-	654.032	665.814
Other Liabilities ⁽²⁾⁽³⁾	-	48.163	6.257	44.486	225.955	289.334	6.295.300	6.909.495
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
Prior Period								
Total Assets	777.108	10.162.454	11.058.439	27.817.230	14.692.517	979.177	2.789.389	68.276.314
Total Liabilities	-	526.791	12.219.525	25.918.462	12.939.396	8.308.148	8.363.992	68.276.314
Net Liquidity Gap	777.108	9.635.663	(1.161.086)	1.898.768	1.753.121	(7.328.971)	(5.574.603)	-
Net Off-Balance Sheet Position	-	(3.606)	61.871	149.671	59.656	103.916	-	371.508
Derivative Financial Assets	-	1.011.921	711.136	3.390.049	5.116.642	4.018.063	-	14.247.811
Derivative Financial Liabilities	-	1.015.527	649.265	3.240.378	5.056.986	3.914.147	-	13.876.303
Non-Cash Loans	-	-	-	-	-	-	3.863.578	3.863.578

- (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 amount of TL 6.295.300 at the "unallocated" column, includes the shareholders' equity amounting to TL 5.774.083, provisions amounting to TL 268.419, other liabilities amounting to TL 252.785 and funds amounting to TL 13.
- (4) Loans consist of net value of non-performing loans at "non-interest bearing" column amounting TL 102.502.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (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	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
Guarantees and commitments	-	-	-	6.241.263	-	-	-	6.241.263

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	51.718.845	6.897.573	9.370.564	24.417.231	6.464.869	4.684.999	-	51.835.236
Funds borrowed from Interbank money market	69.000	69.000	-	-	-	-	-	69.000
Marketable securities issued	7.827.323	-	91.321	341.104	7.455.884	1.949.643	-	9.837.952
Miscellaneous payables	2.747.448	-	-	8.780	-	-	2.738.668	2.747.448
Other liabilities	482.735	9.232	580	43.127	124.665	110.771	194.360	482.735
Total liabilities	62.845.351	6.975.805	9.462.465	24.810.242	14.045.418	6.745.413	2.933.028	64.972.371
Guarantees and commitments	-	-	-	3.863.578	-	-	-	3.863.578

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (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	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

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	684.958	53.741	61.694	1.966.671	1.652.588	4.419.652
- Inflow	685.339	58.289	97.174	1.868.956	1.455.170	4.164.928
Interest rate derivatives						
- Outflow	-	2.533	681.992	-	-	684.525
- Inflow	-	4.310	678.869	-	-	683.179
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	291.806	655.455	2.582.796	458.332	-	3.988.389
- Inflow	327.330	720.186	2.742.080	536.349	-	4.325.945
Interest rate derivatives						
- Outflow	-	32.312	277.241	4.929.024	1.991.787	7.230.364
- Inflow	-	33.117	282.301	4.807.017	1.949.643	7.072.078
Total outflow	976.764	744.041	3.603.723	7.354.027	3.644.375	16.322.930
Total inflow	1.012.669	815.902	3.800.424	7.212.322	3.404.813	16.246.130

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. Leverage ratio

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

Because of the increasing volume of the insurance and balance sheet, the leverage ratio of the Bank decreased compared to previous year. However, it is still above of 3% Basel and BRSA standards.

The Bank has not prepared consolidated financial statements as the Bank does not have any subsidiaries.

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

None.

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	86.641.182	66.140.749
Assets amounts deducted in determining Basel III Tier 1 capital	(7.677)	(6.456)
Total on balance sheet exposures	86.633.505	66.134.293
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit	(3.572)	9.278
The potential amount of credit risk with derivative financial instruments and	880.260	744.026
The total amount of risk on derivative financial instruments and credit derivatives	876.688	753.304
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing	-	-
transactions (Excluding on balance sheet items)	-	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	30.895.174	21.815.662
Adjustments for conversion to credit equivalent amounts	(22.030.481)	(14.005.579)
The total risk of off-balance sheet items	8.864.693	7.810.083
Capital and Total Exposures		
Tier 1 Capital	5.711.057	5.176.461
Total Exposures	96.374.886	74.697.680
Leverage Ratio		
Leverage Ratio	5,93%	6,93%

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

In the table below, the book value and fair value of the financial assets and liabilities which are not denominated with their fair values in financial statements of the Bank are presented:

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Due From Interbank Money Market ⁽¹⁾	831.691	368.160	831.691	368.160
Banks ⁽¹⁾	2.082.401	2.518.048	2.082.401	2.518.048
Available-for-sale Financial Assets	5.056	4.879	5.056	4.879
Held-to-maturity Investments	180.461	98.549	187.182	100.353
Loans	80.271.104	61.609.764	84.746.970	62.484.286
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	67.400.265	51.807.130	70.907.814	53.509.041
Issued Marketable Securities	10.279.210	7.827.323	10.646.746	8.063.949
Miscellaneous Payables ⁽¹⁾	665.814	2.747.448	665.814	2.747.448

⁽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.

Carrying amounts of other financial institutions' funds related to fair value hedge are shown as fair values.

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).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	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

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	10.678	118.603	-	129.281
Available-for-sale financial assets ⁽¹⁾	16.245	-	-	16.245
Derivative financial assets held for fair value hedges	-	460.311	-	460.311
Financial liabilities				
Trading derivative financial liabilities	-	41.322	-	41.322
Derivative financial assets held for fair value hedges	-	150.529	-	150.529

⁽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.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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)	41.308.618	37.799.302	3.304.689
2 Of which standardized approach (SA)	41.308.618	37.799.302	3.304.689
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	418.596	389.925	33.488
5 Of which standardized approach for counterparty credit risk (SA-CCR)	418.596	389.925	33.488
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	551.225	446.963	44.098
17 Of which standardized approach (SA)	551.225	446.963	44.098
18 Of which internal model approaches (IMM)	-	-	-
19 Operational Risk	1.246.957	1.075.641	99.757
20 Of which Basic Indicator Approach	1.246.957	1.075.641	99.757
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)	43.525.396	39.711.831	3.482.032

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and CBRT	632.192	632.192	-	-	-	-
Financial Assets Held for Trading	27.263	-	15.553	-	11.710	-
Financial Assets At Fair Value Through Profit/Loss	-	-	-	-	-	-
Banks	2.082.401	2.082.401	-	-	-	-
Money Market Placements	831.691	831.691	-	-	-	-
Financial Assets Available-for-Sale	30.318	30.318	-	-	-	-
Loans and Receivables	80.271.104	80.271.104	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Investment Held-to-Maturity	180.461	180.461	-	-	-	-
Subsidiaries	-	-	-	-	-	-
Investment in Associates	-	-	-	-	-	-
Joint-Ventures	-	-	-	-	-	-
Lease Receivables	-	-	-	-	-	-
Derivative Financial Assets Held for Risk Management	133.606	-	133.606	-	-	-
Tangible Assets	5.430	4.968	-	-	-	462
Intangible Assets	6.055	-	-	-	-	6.055
Investment Properties	2.236	2.236	-	-	-	-
Tax Asset	-	-	-	-	-	-
Assets Held for Sale and Discontinued Operations	90	90	-	-	-	-
Other Assets	1.172.342	1.172.342	-	-	-	-
Total Assets	85.375.189	85.207.803	149.159	-	11.710	6.517
Liabilities						
Deposits	-	-	-	-	-	-
Derivative Financial Liabilities Held for Trading	384.351	-	384.351	-	-	-
Funds Borrowed	67.368.670	-	-	-	-	67.368.670
Money Market Funds	152.000	-	152.000	-	-	-
Marketable Securities Issued	10.279.210	-	-	-	-	10.279.210
Funds	13	-	-	-	-	13
Miscellaneous Liabilities	665.814	-	-	-	-	665.814
Other Liabilities	252.785	-	-	-	-	252.785
Factoring Payables	-	-	-	-	-	-
Lease Payables	-	-	-	-	-	-
Derivative Financial Liabilities Held for Risk Management	188.286	-	188.286	-	-	-
Provisions	268.419	-	-	-	-	268.419
Tax Liability	9.962	-	-	-	-	9.962
Assets Held For Sale and Related to Discontinued Operations	-	-	-	-	-	-
Subordinated Debts	31.596	-	-	-	-	31.596
Shareholders' Equity	5.774.083	-	-	-	-	5.774.083
Total Liabilities	85.375.189	-	724.637	-	-	84.650.552

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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	85.375.189	85.207.803	-	149.159	11.710	6.517
2	Liabilities carrying value amount under regulatory in financial statement	85.379.189	-	-	-	-	-
3	Total net amount scope of financial statement	-	-	-	-	-	-
4	Off-balance sheet amounts	3.128.041	3.128.041	-	-	-	-
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	88.503.230	88.335.844	-	149.159	11.710	6.517

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.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations 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.

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	294.231	80.168.602	191.729	80.271.104
2 Debt Securities	-	193.886	1.715	192.171
3 Off-balance sheet exposures	-	-	-	-
4 Total	294.231	80.362.488	193.444	80.463.275

5.2. Changes in stock of default loans and debt securities

1	Defaulted loans and debt securities at end of the previous reporting period	233.087
2	Loans and debt securities that have defaulted since the last reporting period	71.545
3	Receivables back to non-defaulted status	-
4	Amounts written off	(3.336)
5	Other changes	(7.065)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	294.231

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

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 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 2017, there are no restructured or rescheduled loans among the non-performing loans and there are restructured or rescheduled loans and receivables with a total amount of TL 2.035.225 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	717.632	125.918
EU Countries	30.092	30.092
OECD Countries	2.356	2.356
Off-shore Banking Regions	-	-
USA, Canada	1.656	1.656
Other Countries	31.707	31.707
Total	783.443	191.729

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

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

Current Period	Non-Performing Loans (*)	Specific Provision
Agriculture	9.472	5.739
Farming and Stockbreeding	9.318	5.585
Forestry	7	7
Fishery	147	147
Manufacturing	623.851	169.928
Mining and Quarrying	1.246	661
Production	622.605	169.267
Electricity, Gas and Water	-	-
Construction	111.992	302
Services	36.187	13.860
Wholesale and Retail Trade	21.141	12.873
Hotel, Food and Beverage services	9.233	-
Transportation and Telecom	5.061	387
Financial Institutions	292	292
Real Estate and Rental Services	258	258
Self-employment Services	202	50
Educational Services	-	-
Health and Social Services	-	-
Other	1.941	1.900
Total	783.443	191.729

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

As of 31 December 2017, the total of non-performing loans written off from assets is amounting to TL 3.336.

c) Aging analysis for overdue receivables

Current Period	Past due items (*)
Up to 3 months	561.562
3-12 months	40.511
1-5 years	81.880
5 years and over	99.490
Total	783.443

(*) 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
Restructured Standard Loans and Other Receivables	1.808.123
Loans and Other Receivables Under Close Monitoring	227.102
Restructured Non-performing Loans	-
Total	2.035.225

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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 a letter 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

Non-cash, non-cash credit 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	10.081	80.261.023	79.871.027	-	-	-	-
2	Debt securities	55.032	137.139	137.551	-	-	-	-
3	Total	65.113	80.398.161	80.008.578	-	-	-	-
4	Of which defaulted	-	102.502	-	-	-	-	-

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.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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	2.990.676	1.294.535	3.226.234	-	2.855.027	88,49
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	11.676.635	10.276.159	78.957.162	7.410	32.869.087	41,63
7	Exposures to corporates	65.688.545	17.159.734	-	2.801.692	2.801.692	100,00
8	Retail exposures	3.297.029	1.222.554	1.469.489	318.939	1.341.321	75,00
9	Exposures secured by residential property	27.105	-	27.105	-	25.670	94,70
10	Exposures secured by commercial property	215.331	-	215.331	-	107.666	50,00
11	Past-due loans	102.502	-	102.502	-	98.202	95,81
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	1.179.662	-	1.179.662	-	1.179.635	100,00
17	Equity investments	30.318	-	30.318	-	30.318	100,00
18	Total	85.207.803	29.952.982	85.207.803	3.128.041	41.308.618	46,76

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk

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	371.206	-	-	-	-	-	2.855.028	-	-	-	3.226.234
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	41.747.988	-	2.119.715	-	5.303.446	-	29.793.423	-	-	-	78.964.572
7	Exposures to corporates	-	-	-	-	-	-	2.801.692	-	-	-	2.801.692
8	Retail exposures	-	-	-	-	-	1.788.428	-	-	-	-	1.788.428
9	Exposures secured by residential property	-	-	-	1.290	-	2.390	23.425	-	-	-	27.105
10	Exposures secured by commercial property	-	-	-	-	215.331	-	-	-	-	-	215.331
11	Past-due loans	-	-	-	-	8.599	-	93.903	-	-	-	102.502
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	-	-	-	-	-	-	30.318	-	-	-	30.318
17	Other exposures	26	-	-	-	-	-	1.179.636	-	-	-	1.179.662
18	Total	42.119.220	-	2.119.715	1.290	5.527.376	1.790.818	36.777.425	-	-	-	88.335.844

⁽¹⁾ Secured by residential property

⁽²⁾ Exposures post-CCR and CRM

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

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.

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)	(7.497)	858.159		1,40	850.662	414.302
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)					141.464	783
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						415.085

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	24.068.234	-
4	Total subject to the CVA capital charge	6.895	3.443

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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	141.534	-	-	-	-	-	-	-	-
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	137.551	-	42.580	817.758	-	1.201	-	-	418.596
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	279.085	-	42.580	817.758	-	1.201	-	-	418.596

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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	-	-	-	-	137.551	-
Cash-foreign currency	-	-	-	-	227	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	137.777	-

6.6. Exposures to central counterparties

		Risk Amount After CCF	RWA
1	Total risks arising from transactions with qualified central counterparty		69
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	69	69
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	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of 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 Explanations

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.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

8. Market Risk Explanations (Continued)

8.2. Standardized Approach

		Risk Weighted Amounts
	Outright Products	
1	Interest rate risk (general and specific)	340.550
2	Equity risk (general and specific)	-
3	Foreign exchange risk	210.675
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitized assets	-
9	Total	551.225

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	619.043	699.421	676.666	3/3	15	99.757
Value at operational risk (Total*12.5)						1.246.957

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	(104.751)	(1,78)%
	TL	(400)	89.704	1,52%
2	EUR	200	(37.714)	(0,64)%
	EUR	(200)	7.796	0,13%
3	USD	200	154.829	2,63%
	USD	(200)	(166.210)	(2,82)%
	Total (for Negative Shocks)		(68.710)	(1,17)%
	Total (for Positive Shocks)		12.364	0,21%

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XI. Explanations on Securitization

1. Securitization positions on banking accounts

None.

2. Securitization positions in trading accounts

None.

3. Securitization positions in banking accounts and related capital requirement

None.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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 2017 and 31 December 2016 has been given in the following table:

Current 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 of 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
Available for sale financial assets	-	30.318	-	30.318
Loans and receivables	80.271.104	-	-	80.271.104
Held-to-maturity investments	-	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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	1.571.538	71.516	-	1.643.054
Interest income on loans	1.570.550	-	-	1.570.550
Interest received from banks	-	38.296	-	38.296
Interest received from money market transactions	-	8.286	-	8.286
Interest received from marketable securities	-	24.934	-	24.934
Other interest income	988	-	-	988
Interest expense	(414.795)	(369.261)	-	(784.056)
Interest on loans borrowed	(398.351)	-	-	(398.351)
Interest paid for repo transactions	-	-	-	-
Interest paid for money market transactions	-	-	-	-
Interest on securities issued	-	(369.261)	-	(369.261)
Other interest expenses	(16.444)	-	-	(16.444)
Net fees and commissions income	34.753	(20.897)	-	13.856
Fees and commissions received	34.753	-	-	34.753
Fees and commissions paid	-	(20.897)	-	(20.897)
Trade profit/ loss (net)	-	662.151	(1.000.621)	(338.470)
Profit/ loss on capital market transactions	-	9	-	9
Profit /loss on derivative financial transactions	-	662.142	-	662.142
Foreign exchange profit/ loss	-	-	(1.000.621)	(1.000.621)
Other operating income	142.282	-	-	142.282
Provision for impairment of loan and other receivables	(13.348)	(924)	(12.033)	(26.305)
Other operating expenses	-	-	(229.036)	(229.036)
Net period profit	1.320.430	342.585	(1.241.690)	421.325
Total segment assets	61.609.764	3.595.473	3.071.077	68.276.314
Financial assets designated at fair value through profit or loss	-	10.678	-	10.678
Trading derivative financial receivables	-	118.603	-	118.603
Receivables from banks and money markets	-	2.886.208	-	2.886.208
Available for sale financial assets	-	21.124	-	21.124
Loans and receivables	61.609.764	-	-	61.609.764
Held-to-maturity investments	-	98.549	-	98.549
Derivatives to hedge risk	-	460.311	-	460.311
Property and equipment (net)	-	-	7.404	7.404
Intangible assets (net)	-	-	2.759	2.759
Other assets	-	-	3.060.914	3.060.914
Total segment liabilities	51.985.976	7.937.645	8.352.693	68.276.314
Trading derivative financial liabilities	-	41.322	-	41.322
Loans and funds received	51.807.130	-	-	51.807.130
Borrowings from money markets	-	69.000	-	69.000
Securities issued	-	7.827.323	-	7.827.323
Provisions	178.846	-	51.383	230.229
Equity	-	-	5.200.734	5.200.734
Other liabilities	-	-	3.100.576	3.100.576

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	26	-	36	-
CBRT	234	631.932	951	370.004
Other	-	-	-	-
Total	260	631.932	987	370.004

Information related to the account of the CBRT

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand Unrestricted Account	234	631.932	951	370.004
Time Unrestricted Account	-	-	-	-
Time Restricted Account	-	-	-	-
Total	234	631.932	951	370.004

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		Prior Period	
	TL	FC	TL	FC
Financial assets under repo transactions	1.715	-	4.242	-
Financial assets given as collateral/ blocked	10.686	-	-	-
Total	12.401	-	4.242	-

3. Positive differences table related to trading derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	5.249	-	1.758	-
Swap Transactions	-	10.304	267	116.574
Futures Transactions	-	-	-	-
Options	-	-	-	4
Other	-	-	-	-
Total	5.249	10.304	2.025	116.578

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

4. Information on banks and foreign bank accounts

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	191.882	794.378	120.537	1.302.475
Foreign	-	1.096.141	-	1.095.036
Head Quarters and Branches Abroad	-	-	-	-
Total	191.882	1.890.519	120.537	2.397.511

Foreign Bank Account

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	196.368	1.033.072	-	-
USA, Canada	898.527	55.195	-	-
OECD Countries ⁽¹⁾	1.246	6.769	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	1.096.141	1.095.036	-	-

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

5. With net values and comparison, available-for-sale financial assets subject to repo transactions and given as collateral/blocked

As of 31 December 2017 and 31 December 2016, there are not any available-for-sale marketable securities given as collateral.

6. Information on available-for-sale financial assets

	Current Period	Prior Period
Debt Securities		
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates		
Quoted to Stock Exchange	-	-
Not Quoted	30.318	21.124
Impairment Provision (-)	-	-
Total	30.318	21.124

As of 31 December 2017 and 31 December 2016 available for sale financial assets of the Bank consist of Garanti Faktoring AŞ and Kredi Garanti Fonu AŞ with the shareholding percentages of 9,78% and 1,54%, respectively.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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		Prior Period	
	Cash loans	Non-cash Loans	Cash loans	Non-cash Loans
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	10.081	-	9.297	-
Total	10.081	-	9.297	-

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	Loans and Other Receivables		Loans and Other Receivables	Restructured Loans and Other Receivables	
		The ones whose payment plans have changed (extended)	Other		The ones whose payment plans have changed (extended)	Other
Non-specialized Loans	77.506.797	1.535.924	-	225.152	224.540	-
Working capital loans	-	-	-	-	-	-
Export Loans	61.357.497	881.276	-	196.835	159.387	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	8.434.732	3.152	-	-	-	-
Consumer Loans	10.081	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	7.704.487	651.496	-	28.317	65.153	-
Specialized Loans	364.470	272.199	-	36.958	2.562	-
Other Receivables	-	-	-	-	-	-
Total	77.871.267	1.808.123	-	262.110	227.102	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 and other receivables	Loans under close monitoring and other receivables
Extended for 1 or 2 Times	507.280	7.553
Extended for 3, 4 or 5 Times	553.546	30.815
Extended for More than 5 Times	747.297	188.734

The Time Extended via the Amendment on Payment Plan	Standard loans and other receivables	Loans under close monitoring and other receivables
0-6 Months	41.238	165
6 - 12 months	446.029	94.421
1-2 Years	792.750	69.642
2-5 Years	528.106	62.874
5 Years and More	-	-

7.4. 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	49.457.546	199.148	34.134	1.524
Non-specialized Loans	49.239.370	176.457	31.112	-
Specialized Loans	218.176	22.691	3.022	1.524
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	28.413.721	1.608.975	227.976	225.578
Non-specialized Loans	28.267.427	1.359.467	194.040	224.540
Specialized Loans	146.294	249.508	33.936	1.038
Other Receivables	-	-	-	-

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7.5. 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 2017, the Bank granted personnel loans amounting to TL 10.081.

	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			-
Consumer Credit Cards-TL			-
With Installment			-
Without Installment			-
Consumer Credit Cards-FC			-
With Installment			-
Without Installment			-
Personnel Loans-TL	112	9.969	10.081
Mortgage Loans			-
Automotive Loans			-
Consumer Loans			-
Other	112	9.969	10.081
Personnel Loans- Indexed to FC			-
Mortgage Loans			-
Automotive Loans			-
Consumer Loans			-
Other			-
Personnel Loans-FC			-
Mortgage Loans			-
Automotive Loans			-
Consumer Loans			-
Other			-
Personnel Credit Cards-TL			-
With Installment			-
Without Installment			-
Personnel Credit Cards-FC			-
With Installment			-
Without Installment			-
Credit Deposit Account-TL (Real Person)			-
Credit Deposit Account-FC (Real Person)			-
Total	112	9.969	10.081

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 commercial installment loans and corporate credit cards

None.

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

	Current Period	Prior Period
Public	4.773.262	3.707.478
Private	75.395.340	57.812.983
Total	80.168.602	61.520.461

7.8. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	77.741.390	59.809.581
Foreign Loans	2.427.212	1.710.880
Total	80.168.602	61.520.461

7.9. Loans granted to investments in associates and subsidiaries

None.

7.10. Specific provisions accounted for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	14.052	-
Loans and Receivables with Doubtful Collectability	75.343	51.312
Uncollectible Loans and Receivables	102.334	92.472
Total	191.729	143.784

7.11. Information on non-performing loans (Net)

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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)

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

7.11.2. Information on the movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with Limited	Receivables with	and Other
	Collectability	Doubtful Collectability	Receivables
Balance at the Beginning of the Period	89.303	51.312	92.472
Additions During the Period	42.056	29.489	-
Transfers from Non-performing Loans Accounts	-	8.561	49.310
Transfers to Other Non-Performing Loans Accounts	(57.871)	-	-
Collections During the Period	(3.231)	(3.834)	-
Write-offs	-	(3.336)	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	(3.336)	-
Balance at the End of the Period	70.257	82.192	141.782
Specific Provisions	(14.052)	(75.343)	(102.334)
Net Balance Sheet Amount	56.205	6.849	39.448

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

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with Limited	Receivables with	and Other
	Collectability	Doubtful Collectability	Receivables
Current Period			
Balance at the End of the Period	68.421	72.086	125.720
Specific Provisions	(13.684)	(67.440)	(88.974)
Net Balance Sheet Amount	54.737	4.646	36.746
Prior Period			
Balance at the End of the Period	84.706	48.523	89.794
Specific Provisions	-	(48.523)	(89.794)
Net Balance Sheet Amount	84.706	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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)

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

7.11.4. 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)	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)	-	-	-
Prior Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross)	89.303	51.312	92.180
Specific Provision Amount	-	(51.312)	(92.180)
Loans Granted to Real Persons and Corporate Entities (Net)	89.303	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

7.11.5. 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.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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)

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

7.11.6. 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. Held-to-maturity investments

As of 31 December 2017, all of the marketable securities of the Bank classified under trading and held-to-maturity categories are government bonds and treasury bills.

8.1. Information on investments subject to repo transaction and given as collateral/blocked

Held-to-maturity investments subject to repo transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds and similar marketable securities	137.137	-	66.432	-
Total	137.137	-	66.432	-

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

	Current Period	Prior Period
Government bonds and similar marketable securities	27.383	15.589
Total	27.383	15.589

There are not any held-to-maturity investments held for structured position.

8.2. Information on held-to-maturity government debt securities

	Current Period	Prior Period
Government Bonds	180.461	98.549
Treasury Bills	-	-
Other Public Debt Securities	-	-
Total	180.461	98.549

8.3. Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities		
Quoted to Stock Exchange	180.461	98.549
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	180.461	98.549

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

8. Held-to-maturity investments (Continued)

8.4. The movement of held-to-maturity investment securities

	Current Period	Prior Period
Balance at the beginning of the period	98.549	255.968
Foreign exchange differences on monetary assets	-	-
Purchases during the year	238.756	18.250
Disposals through sales and redemptions ⁽¹⁾	(164.403)	(172.196)
Impairment provision ⁽²⁾	7.559	(3.473)
Balance at the end of the period	180.461	98.549

⁽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⁾ Consisted of 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.

13. Positive differences table related to hedging derivative financial assets

Derivative Financial Assets Held for Cash Flow Hedges	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge ⁽¹⁾	77.064	12.857	354.757	65.274
Cash Flow Hedge	-	43.685	-	40.280
Net Investment in Abroad Hedge ⁽¹⁾	-	-	-	-
Total	77.064	56.542	354.757	105.554

⁽¹⁾ Explained in Section Four Note III.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

14. Explanations on property and equipment

	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
CY 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

	Immovables	Tangibles- Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2016	6.136	127	2.956	10.220	14.257	33.696
Additions	-	-	423	1.168	-	1.591
Disposals	-	-	-	(170)	-	(170)
Transfers	(4.566)	-	-	-	-	(4.566)
31 December 2016	1.570	127	3.379	11.218	14.257	30.551
Accumulated Depreciation						
1 January 2016	3.035	127	1.873	6.581	8.891	20.507
CY depreciation	125	-	605	1.135	3.180	5.045
Disposals	-	-	-	(170)	-	(170)
Transfers	(2.235)	-	-	-	-	(2.235)
31 December 2016	925	127	2.478	7.546	12.071	23.147
Net book value						
31 December 2016	645	-	901	3.672	2.186	7.404

As of 31 December 2017 and 31 December 2016, there is not any impairment in property and equipment.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

15. 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 2017, the cost and the accumulated amortization of intangible assets are TL 10.486 and TL 4.431, respectively; at the beginning of the period, the gross book value and the accumulated amortization are TL 6.104 and TL 3.345, 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	2.759	2.230
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	4.382	1.193
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 (-)	(1.086)	(664)
Net Currency Translation Differences of Foreign Subsidiaries		
Other Changes in the Book Value		
Net Book Value at the End of the Period	6.055	2.759

16. Information on investment properties

The former Istanbul service building, which is 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	Prior Period
Cost	4.566	4.566
Depreciation Expense	(2.330)	(2.235)
Net Value at the end of the Period	2.236	2.331

17. 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.

18. 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	-

19. 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.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items

1. Information on deposits/ funds received

The Bank does not accept deposits.

2. Table of negative differences for trading derivative financial liabilities

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Derivative Financial Liabilities				
Forward Transactions	4.893	-	50	-
Swap Agreements	17.407	362.051	167	41.101
Futures Transactions	-	-	-	-
Options	-	-	-	4
Other	-	-	-	-
Total	22.300	362.051	217	41.105

As of 31 December 2017, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2016: None).

As of 31 December 2017, the Bank does not have deferred day one profits and losses (31 December 2016: None).

3. Information on banks and other financial institutions

3.1. General information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	42.024.185	-	32.184.331
From Domestic Banks and Institutions	-	2.395.122	-	1.153.938
From Foreign Banks, Institutions and Funds	-	22.949.363	-	18.380.576
Total	-	67.368.670	-	51.718.845

3.2. Information on maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	50.630.137	-	39.307.351
Medium and Long-Term	-	16.770.129	-	12.499.779
Total	-	67.400.266	-	51.807.130

Medium and long-term loans include subordinated loans amounting to TL 31.487 (31 December 2016: TL 88.045) and interest accruals amounting to TL 109 (31 December 2016: TL 240).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

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

a. Additional explanations over areas of concentration of the liabilities of the Bank

As of 31 December 2017 and 31 December 2016, 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	42.024.185	32.184.331
Syndicated loans	12.877.147	8.541.338
European Investment Bank	2.815.049	2.488.295
World Bank	1.442.605	807.625
Islamic Development Bank	1.027.476	599.851
International Islamic Trade Finance Corporation (ITFC ^(**))	-	1.360.398
ICBC Turkey A.Ş.	946.845	-
ING European Financial Services	905.030	742.023
Vida Finance	797.979	716.146
China Development Bank	755.309	-
Mizuho Corporate Bank Ltd	641.485	556.064
ING DIBA	459.693	397.411
Bank of Tokyo Mitsubishi Turkey	452.084	370.773
Council of Europe Development Bank	451.380	370.000
HSBC London	327.515	451.026
Standard Chartered Bank	378.875	353.092
Citibank Dublin	189.290	406.070
Abu Dhabi Commercial Bank	188.792	-
Bank of Tokyo Mitsubishi London	142.364	184.038
Garanti International	135.648	111.692
Doha Bank	94.477	141.630
Emirates NBD	90.385	163.003
ABC International	90.349	339.900
Sumitomo Mitsui Banking Corporation Dubai	75.506	-
ICBC London	59.402	-
Subordinated Loans	31.596	88.285
Commercial Bank of Qatar	-	248.508
Banka Kombetare Tregtare Sh. A.	-	74.020
İşbank AG	-	37.589
Ziraat Bank International	-	37.020
Credite Europe N.V.	-	37.002
Toplam	67.400.266	51.807.130

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

^(**) Includes USD 436 million of resources provided under the coordination of International Islamic Trade Finance Corporation (ITFC) and rediscount amounts of such resources.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2017

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

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

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

The Bank performed the following repayments during the year 2017:

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Date
European Investment Bank	1.914.559	-	13 January 2017
ABC International Bank	-	15.697.138	13 January 2017
Doha Bank	15.000.000	-	19 January 2017
HSBC London		16.395.491	23 January 2017
HSBC London	2.212.800	-	23 January 2017
Citibank	10.000.000	-	25 January 2017
European Investment Bank	2.840.906	-	27 January 2017
European Investment Bank	-	2.375.000	27 January 2017
ING Bank N.V.	-	50.000.000	27 January 2017
ABC International Bank	-	19.301.471	1 February 2017
Avrupa Yatırım Bankası	1.903.235	-	10 February 2017
Emirates NBD	22.580.000	-	23 February 2017
ABC International Bank	-	16.393.443	24 February 2017
World Bank	4.148.051	-	1 March 2017
World Bank	-	1.109.760	1 March 2017
Syndicated loans	-	266.500.000	20 March 2017
Syndicated loans	10.000.000	-	20 March 2017
Syndicated loans	-	5.555.556	28 March 2017
Syndicated loans	10.416.667	-	28 March 2017
ABC International Bank	-	8.944.544	30 March 2017
European Investment Bank	-	1.470.588	3 April 2017
Isbank AG	-	5.079.609	5 April 2017
Subordinated Loans	8.333.000	-	15 April 2017
Commercial Bank of Qatar	10.000.000	-	2 May 2017
Isbank AG	-	5.079.608	3 May 2017
Standard Chartered Bank	50.000.000	-	5 May 2017
HSBC London	-	7.244.959	10 May 2017
Commercial Bank of Qatar	15.000.000	-	18 May 2017
Standard Chartered Bank	50.000.000	-	22 May 2017
Citibank	85.000.000	-	24 May 2017
ABC International Bank	-	17.000.000	24 May 2017
Mizuho Bank	-	50.000.000	26 May 2017
Bank of Tokyo Mitsubishi London	-	1.000.000	1 June 2017
Credit Europe N.V.	-	20.000.000	2 June 2017
International Islamic Trade Finance Corporation (ITFC)	383.000.000	-	6 June 2017
HSBC London	15.012.632	-	12 June 2017
Emirates NBD	-	22.500.000	15 June 2017
European Investment Bank	-	1.470.588	19 June 2017
European Investment Bank	-	5.000.000	20 June 2017
Credit Europe N.V.	-	10.000.000	26 June 2017
Doha Bank	25.000.000	-	11 June 2017
European Investment Bank	1.914.559	-	13 June 2017
Syndicated loans	-	151.000.000	21 June 2017
Syndicated loans	80.000.000	-	21 June 2017

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

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

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

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Date
Syndicated loans	-	285.727.273	25 July 2017
Syndicated loans	5.000.000	-	25 July 2017
European Investment Bank	2.840.906	-	27 July 2017
European Investment Bank	-	2.375.000	27 July 2017
European Investment Bank	1.903.235	-	10 August 2017
Garanti International N.V.	-	30.000.000	10 August 2017
Bank of Tokyo Mitsubishi London	-	8.273.595	25 August 2017
Bank of Tokyo Mitsubishi London	16.546.925	-	25 August 2017
World Bank	4.148.051	-	1 September 2017
World Bank	-	1.109.760	1 September 2017
Mizuho Bank	-	100.000.000	7 September 2017
Syndicated loans	-	5.555.556	28 September 2017
Syndicated loans	10.416.667	-	28 September 2017
HSBC London	55.000.000	-	28 September 2017
European Investment Bank	-	1.470.588	3 October 2017
Bank of Tokyo Mitsubishi London	-	24.720.866	5 October 2017
Subordinated Loans	8.333.000	-	15 October 2017
Bank of Tokyo Mitsubishi Turkey	-	100.000.000	2 November 2017
ABC International Bank	15.000.000	-	7 November 2017
Commercial Bank of Qatar	30.000.000	-	9 November 2017
Citibank	20.000.000	-	15 November 2017
Commercial Bank of Qatar	15.000.000	-	20 November 2017
ING Di-Ba	-	5.652.632	4 December 2017
HSBC London	30.383.160	-	18 December 2017
European Investment Bank	-	1.470.588	18 December 2017
European Investment Bank	-	5.000.000	20 December 2017
European Investment Bank	-	5.000.000	29 December 2017

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	10.381.250	7.921.800
Discount on Issuance of Securities (-)	237.044	200.721
Bond Interest Accrual	135.004	106.244
Total	10.279.210	7.827.323

In April 2012, the Bank issued bonds amounting USD 500 million (TL 1.887.500). 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 943.750). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 (1.887.500)). 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 1.887.500). 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 (1.887.500)). 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 (1.887.500)). The bond is subject to annual fixed interest payment of 4,250% every six months and the total maturity is five 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)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Securities issued positive price differences	-	214.930	-	152.004
Country Loans- Risk Premiums	-	18.024	-	30.192
Insurance Transactions	433	11.315	292	6.298
Iraq Loan followed on behalf of Turkish Treasury	4.427	-	2.048	-
Political Risk Loss Account	-	1.101	-	957
Other	1.706	849	1.158	1.397
Total	6.566	246.219	3.498	190.848

6. Information on liabilities arising from financial leasing transactions (net)

None.

7. Negative differences table related to hedging derivative financial liabilities

Derivative Financial Assets Held for Cash Flow Hedges	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	11.244	177.042	1.515	149.014
Cash Flow Hedge	-	-	-	-
Net Investment in Foreign Operations Hedge	-	-	-	-
Total	11.244	177.042	1.515	149.014

Explained in Section Four note III.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

8. Information on provisions

8.1. Information on general provisions

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

8.2. 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 loans of the Bank.

8.3. Specific provisions for non-cash loans that are not liquidated

None.

8.4. Information on reserve for employment termination benefits

	Current Period	Prior Period
Reserve for employee termination benefits	19.116	17.050
Reserve for success fee	17.806	14.500
Unused Vacation	13.733	12.033
Reserve for dividend payment	9.598	7.800
Toplam	60.253	51.383

8.5. Information on other provisions

8.5.1. General reserves for possible losses

	Current Period	Prior Period
General Reserves for Possible Losses	65.097	38.331

As of 31 December 2017, the Bank recognized provision amounting to TL 65.097 (31 December 2016: TL 38.331), considering probable compensation payments in relation to the insured export receivables.

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

Other provisions amounting to TL 77.952, consist of insurance reserve expense amounting to TL 65.097 and other provisions amounting to TL 12.855.

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Information on provision for taxes

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

9. Explanations on tax liability (Continued)

9.1. Explanations on current tax liability (Continued)

9.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate Taxes Payable ⁽¹⁾	-	-
Taxation on Revenue From Securities	17	6
Property Tax	-	-
Banking Insurance Transaction Tax	3.358	2.628
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	311	297
Other	1.837	1.531
Total	5.523	4.462

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

9.1.3. Information on premium payables

	Current Period	Prior Period
Social Security Premiums – Employee	736	817
Social Security Premiums – Employer	3.344	2.655
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	102
Unemployment Insurance - Employer	240	204
Other	-	-
Total	4.439	3.778

9.2. Information on deferred tax liability

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

10. Information on subordinated loans

Date	Number	Maturity	Interest Rate	Institution
23 July 2001	1	17 years	Six Months LIBOR + 0,75	Turkish Treasury (World Bank Sourced)

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	31.596	-	88.285
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	31.596	-	88.285

11. Information on shareholders' equity

11.1. Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	4.800.000	3.700.000
Preferred Stock	-	-

11.2. 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	4.800.000	10.000.000

The Bank has decided to use the capital stock system that is registered in the Bank in the extraordinary general meeting that took place 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.

11.2.1. Information on the share capital increase during the period and their sources

Increase Date	Increase Amount	Cash	Profit reserves used for increase	Capital reserves used for increase
28 August 2017	1.100.000	-	1.100.000	-

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

There is not any share capital increase from the revaluation fund during the current period.

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

The Bank does not have any capital commitment as of 31 December 2017 and the total share capital of the Bank amounting to TL 4.800.000 is fully paid.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

11. Information on shareholders' equity (Continued)

11.3. 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.

11.4. Information on privileges given to shares representing the capital

The common shares of the Bank are owned by the Treasury.

11.5. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	21.154	-	11.960	-
Foreign Currency Differences	-	-	-	-
Total	21.154	-	11.960	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 of 31 December 2017 the Bank has irrevocable commitments amounting TL 14.819 (31 December 2016: TL 2.920.904).

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	Prior Period
Letters of Guarantee	-	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for Export Loan Insurance	6.241.263	3.863.578
Total	6.241.263	3.863.578

1.2.2. Revocable, irrevocable guarantees and other similar commitments and contingencies

None.

1.2.3. Total amount of non-cash loans

	Current Period	Prior Period
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	6.241.263	3.863.578
Total	6.241.263	3.863.578

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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)

1.3. 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	-	-	6.241.263	100	-	-	3.863.578	100
Total	-	-	6.241.263	100	-	-	3.863.578	100

1.4. 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	-	6.241.263	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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)

1.5. Information on derivative transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	16.599.190	7.284.011
Forward Transactions	492.968	62.073
Swap Transactions	16.106.222	7.219.018
Futures Transactions	-	-
Option Transactions	-	2.920
Interest Related Derivative Transactions (II)	7.065.402	1.340.602
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	7.065.402	1.340.602
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions:⁽¹⁾ (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	23.664.592	8.624.613
Types of Hedging Derivative Transactions		
Fair Value Hedges	24.697.425	19.392.865
Cash Flow Hedges	111.720	106.636
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions (4)	24.809.145	19.499.501
Total Derivative Transactions (A+B)	48.473.737	28.124.114

(1) Includes currency and interest swap transactions.

1.6. 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 not only preserved from the risk financially, 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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)

1.7. 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 2017 and 31 December 2016, 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 2017, there are legal proceedings outstanding against the Bank amounting to USD 49 thousand, EUR 31 thousand and TL 16 thousand 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 98 thousand, USD 19.000 million and EUR 9.000 million.

1.8. 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to income statement

1. Within the scope of interest income

1.1. Information on interest income on loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income on Loans				
Short-term Loans	694.776	545.478	622.874	355.427
Medium and Long-term Loans	89.634	762.184	81.282	510.554
Interest on Loans Under Follow-up	173	9	195	218
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	784.583	1.307.671	704.351	866.199

1.2. Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	-	1	-	839
Domestic Banks	47.237	9.616	29.463	4.001
From Foreign Banks	535	9.249	1.778	2.215
From Headquarters and Branches Abroad	-	-	-	-
Total	47.772	18.866	31.241	7.055

1.3. Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	1.127	-	915	-
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	-	-	-	-
From Held-to-Maturity Investments	20.259	-	24.019	-
Total	21.386	-	24.934	-

1.4. Information on interest income received from associates and subsidiaries

There is not any interest income from associates and subsidiaries.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to income statement (Continued)

2. Within the scope of interest expense

2.1 Information on interest expense on borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
CBRT	11.800	266.854	-	152.449
Domestic Banks	5	42.299	158	12.903
Foreign Banks	3	420.381	-	231.609
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	1.208	-	1.232
Total	11.808	730.742	158	398.193

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		Prior Period	
	TL	FC	TL	FC
Interests paid to marketable securities issued	-	468.138	-	369.261

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	Prior Period
Gain	25.243.776	13.680.479
Trading Gains on Securities	4	9
Trading Gains on Derivative Financial Transactions	819.076	1.212.604
Foreign Exchange Gains	24.424.696	12.467.866
Loss (-)	25.524.897	14.018.949
Trading Losses on Securities	9	-
Trading Losses from Derivative Financial Transactions	1.502.795	550.462
Foreign Exchange Loss	24.022.093	13.468.487

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to income statement (Continued)

4. Explanations on other operating income

	Current Period	Prior Period
Premium Income from Export Credit Issurance	166.235	107.581
Income from reinsurance companies	35.953	23.788
Other	12.256	10.913
Toplam	214.444	142.282

5. Provision expenses related to loans and other receivables of the Bank

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	48.999	13.347
Group III Loans and Receivables	3.569	-
Group IV Loans and Receivables	13.424	13.347
Group V. Loans and Receivables	8.652	-
Doubtful receivables such as fees, commissions and other receivables	23.354	-
General Provision Expenses	-	-
Provision Expense for Probable Risks	26.766	12.034
Marketable Securities Impairment Expense	1.653	924
Financial Assets at Fair Value through Profit or Loss	1.653	924
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	77.418	26.305

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to income statement (Continued)

6. Information related to other operating expenses

	Current Period	Prior Period
Personnel Expenses	132.734	106.268
Reserve for Employee Termination benefits	1.983	1.453
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	2.356	1.478
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	3.524	5.045
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	1.086	664
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	24.789
<i>Operational Lease Expenses</i>	5.823	5.191
<i>Maintenance Expenses</i>	834	595
<i>Advertisement Expenses</i>	63	36
<i>Other Expenses</i>	24.841	18.967
Loss on Sale of Assets	-	-
Other ⁽¹⁾	120.992	89.339
Total	294.236	229.036

(1) Other operating expenses include the premium amount of TL 81.981 (31 December 2016: TL 58.063) paid to reinsurance companies within the scope of short-term export credit insurance.

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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 available-for-sale investments

The fair value gains of the available-for-sale investments, other than the hedging instruments, amounting to TL 21.154 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)	(1.078)	(767)

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)	(434)	333

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

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 hedges , the income or loss under equity 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 (1.512).

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 2017 profit.

3. Amount transferred to legal reserves

	Current Period	Prior Period
Amount transferred to Legal Reserves under Dividend Distribution	21.846	25.145

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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	36	29
Interbank Money Market Placements	2.889.003	165.600
Money market placements	368.160	-
Total Cash and Cash Equivalents	3.257.199	165.629

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

	Current Period	Prior Period
Cash	632.192	370.991
Cash	26	36
Central Bank	632.166	370.955
Cash Equivalents	2.914.092	2.886.208
Banks and other financial institutions	2.082.401	2.518.048
Money market placements	831.691	368.160
Cash and Banks	3.546.284	3.257.199
Banks Accrual	-	-
Total Cash and Cash Equivalents	3.546.284	3.257.199

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 236.510 (31 December 2016: TL 1.517.721) 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 297.470 (31 December 2016: TL 1.833.173) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and notes related to 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	11	635			
			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 7 branches in 2017.

VIII. Explanations and notes related to events after balance sheet

None.

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 2017.

Moody's	20 March 2017
Issuer Notation in Foreign Currency	Ba1
Outlook	Negative

Fitch	16 February 2017
Long Term Foreign Currency Notation	BB+
Short Term Foreign Currency Notation	B
National Long Term	BBB-
National Short Term	F3
Outlook	Stable

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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 2017 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 12 February 2018 has been presented in the introduction of the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditors

None.