

Türkiye İhracat Kredi Bankası Anonim Şirketi

Unconsolidated Financial Statements
As At and For The Six-Month Period Ended
30 June 2017

With Auditors' Review Report Thereon

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

10 August 2017

*This report includes "Auditors' Review Report"
comprising 2 pages and; "Unconsolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 76 pages.*



Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kavacık Rüzgarlı Bahçe Mah. Kavak Sok.
No:29 Beykoz 34805 İstanbul
Tel +90 (216) 681 90 00
Fax +90 (216) 681 90 90
www.kpmg.com.tr

Convenience Translation of the Auditors' Review Report Originally Prepared and Issued in Turkish to English

AUDITORS' REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Board of Directors of Türkiye İhracat Kredi Bankası Anonim Şirketi

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") as at 30 June 2017 and the unconsolidated income statement, unconsolidated statement of income and expense items recognized under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of the such interim financial information 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 Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 30 June 2017 and of the results of its operations and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other legal and regulatory requirements

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in section seven, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

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


Orhan Akova, SMMM
Partner


10 August 2017
Istanbul, Turkey



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

THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş. (“TÜRK EXIMBANK”)
AS OF 30 JUNE 2017

Saray Mah. Ahmet Tevfik İleri Cad. No:19
34768 Ümraniye/İSTANBUL
Telephone: 0 (216) 666 55 00
Fax: 0 (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
- AUDITORS’ REVIEW REPORT
- INTERIM ACTIVITY 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 reviewed.

Osman ÇELİK
Chairman of Board of
Directors

Adnan YILDIRIM
Deputy General
Manager

Hüseyin ÇELİK
Vice President of the
Financial Reporting

Muhittin AKBAŞ
Head of Accounting
and Reporting Unit

Bülent Gökhan GÜNAY
Member of the Board 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: (0216) 666 55 88
Fax Number: (0216) 666 55 99

SECTION ONE
GENERAL INFORMATION

| | | |
|-------------|---|---|
| I. | The 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 auditing of the Bank directly or indirectly, changes in these matters throughout the year (if any) and the group of 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..... | 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 |

SECTION THREE
ACCOUNTING POLICIES

| | | |
|---------------|---|----|
| I. | Basis of presentation | 10 |
| II. | Explanations on strategy of using financial instruments and explanations on foreign currency transactions | 10 |
| III. | Explanations on forward transactions, options and derivative instruments..... | 11 |
| IV. | Explanations on interest income and expense..... | 12 |
| V. | Explanations on fee and commission income and expenses..... | 12 |
| VI. | Explanations on financial assets..... | 12 |
| VII. | Explanations on impairment of financial assets..... | 13 |
| VIII. | Explanations on offsetting financial instruments..... | 13 |
| IX. | Explanations on sales and repurchase agreements and securities lending transactions | 13 |
| X. | Explanations on assets held for sale and discontinued operations and explanations on liabilities related with these assets..... | 14 |
| XI. | Explanations on goodwill and other intangible assets | 14 |
| XII. | Explanations on property and equipment..... | 14 |
| XIII. | Explanations on investment property..... | 15 |
| XIV. | Explanations on lease..... | 15 |
| XV. | Explanations on provisions and contingent liabilities | 15 |
| XVI. | Explanations on obligations related to employee rights | 16 |
| XVII. | Explanations on taxation | 16 |
| XVIII. | Additional explanations on borrowings..... | 16 |
| XIX. | Explanations on issuance of share certificates..... | 17 |
| XX. | Explanations on avalized drafts and acceptances | 17 |
| XXI. | Explanations on government grants | 17 |
| XXII. | Explanations on segment reporting..... | 17 |
| XXIII. | Explanations on other matters | 17 |

SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

| | | |
|--------------|--|----|
| I. | Information about shareholders' equity items | 18 |
| II. | Currency risk..... | 26 |
| III. | Interest rate risk..... | 32 |
| IV. | Equity position risk arising from banking..... | 36 |
| V. | Explanations on liquidity risk management and liquidity coverage ratio | 37 |
| VI. | Leverage ratio..... | 43 |
| VII. | Information on risk management | 44 |
| VIII. | Securitization explanations | 51 |
| IX. | Market risk explanations | 52 |

SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

| | | |
|-------------|--|----|
| I. | Explanations and notes related to assets | 53 |
| II. | Explanations and notes related to liabilities..... | 63 |
| III. | Explanations and notes related to off-balance sheet items | 69 |
| IV. | Explanations and notes related to income statement | 70 |
| V. | Explanations and notes related to Bank's risk group..... | 74 |
| VI. | Explanations and notes related to events after balance sheet | 74 |

SECTION SIX
AUDITORS' REVIEW REPORT

| | | |
|------------|---|----|
| I. | Explanations on the auditors' review report..... | 74 |
| II. | Explanations and notes prepared by independent auditors | 74 |

SECTION SEVEN
INTERIM ACTIVITY REPORT

| | | |
|-----------|------------------------------|----|
| I. | Interim activity report..... | 74 |
|-----------|------------------------------|----|

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 A.Ş. ("the Bank" or "Eximbank") was established as Turkey's "Official Export Credit Agency" on 25 March 1987 with Act number 3332 as a development and investment bank and accordingly, the Bank does not accept deposits.

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

The total share capital of the Bank is TL 3.700.000 (three billion and seven-hundred million). The Bank's paid-in capital committed by the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("the Turkish Treasury") consists of 3.700.000.000 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

| | <u>Name:</u> | <u>Academic Background:</u> |
|--|---------------------------------|------------------------------------|
| Chairman of the Board of Directors: | Osman ÇELİK | Undergraduate |
| Vice President of the Board of Directors: | İbrahim ŞENEL | Undergraduate |
| Members of the Board of Directors: | Adnan YILDIRIM | Graduate |
| | Dr. Raci KAYA | Postgraduate |
| | Mehmet BÜYÜKEKŞİ | Undergraduate |
| | Işınsu 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: | Hüseyin ÇELİK ⁽²⁾ | Undergraduate |
| | Necdet KARADENİZ ⁽¹⁾ | Graduate |
| | Enis GÜLTEKİN | Graduate |
| | M.Ertan TANRIYAKUL | Undergraduate |
| | Ahmet KOPAR | Graduate |
| | Alaaddin METİN ⁽³⁾ | Undergraduate |

⁽¹⁾ Mesut GÜRİSOY, one of the deputy general managers, retired as of 24 March 2017. Necdet KARADENİZ was appointed deputy general manager as of 26 May 2017.

⁽²⁾ Necati YENİARAS, one of the deputy general managers, resigned on 2 May 2017. Hüseyin ÇELİK was appointed deputy general manager as of 29 May 2017.

⁽³⁾ Alaaddin METİN, one of the deputy general managers, retired as of 18 July 2017.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

Deputy 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, Assistant General Manager responsible for International Credits is Alaaddin METİN, 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 |
|-----------------------|--------------|------------------|-----------------|----------------|
| The Turkish Treasury | All | 100% | 3.700.000 | - |

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

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

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

On the other hand, the Bank also performs fund management (treasury) operations related with its core banking operations. These operations are Turkish Lira and foreign currency capital market operations, Turkish Lira and foreign currency money market operations, foreign currency market operations and derivative transactions, all of which are approved by the Board of Directors. As a result of Decision No. 4106 dated 11 March 2011 of the Banking Regulation and Supervisory Board published in Official Gazette No. 27876, dated 16 March 2011, permission was granted to the Bank to allow it to be engaged in the purchase and sale of foreign exchange-based options. The losses due to the political risks arising on loan, guarantee and insurance operations of the Bank, are transferred to the 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 number 4 of the Banking Law No. 5411.

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

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

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

The Bank does not have any subsidiary.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 JUNE 2017

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

| ASSETS | Notes | CURRENT PERIOD | | | PRIOR PERIOD | | |
|---|-------|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | Reviewed 30 June 2017 | Reviewed 30 June 2017 | Reviewed 30 June 2017 | Audited 31 December 2016 | Audited 31 December 2016 | Audited 31 December 2016 |
| | | TL | FC | Total | TL | FC | Total |
| I. CASH AND BALANCES WITH CENTRAL BANK | (1) | 217 | 562.128 | 562.345 | 987 | 370.004 | 370.991 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net) | | 11.319 | 9.402 | 20.721 | 12.703 | 116.578 | 129.281 |
| 2.1 Trading Financial Assets | | 11.319 | 9.402 | 20.721 | 12.703 | 116.578 | 129.281 |
| 2.1.1 Government Debt Securities | | 11.060 | - | 11.060 | 10.678 | - | 10.678 |
| 2.1.2 Share Certificates | | - | - | - | - | - | - |
| 2.1.3 Trading Derivative Financial Assets | (3) | 259 | 9.402 | 9.661 | 2.025 | 116.578 | 118.603 |
| 2.1.4 Other Marketable Securities | | - | - | - | - | - | - |
| 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) | 432.068 | 1.910.090 | 2.342.158 | 120.537 | 2.397.511 | 2.518.048 |
| IV. MONEY MARKETS | | 286.136 | - | 286.136 | 368.160 | - | 368.160 |
| 4.1 Interbank Money Market Placements | | - | - | - | - | - | - |
| 4.2 Receivables from Istanbul Stock Exchange Money Market | | 286.136 | - | 286.136 | 368.160 | - | 368.160 |
| 4.3 Receivables from Reverse Repurchase Agreements | | - | - | - | - | - | - |
| V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) | (6) | 28.142 | - | 28.142 | 21.124 | - | 21.124 |
| 5.1 Share Certificates | | 28.142 | - | 28.142 | 21.124 | - | 21.124 |
| 5.2 Government Debt Securities | | - | - | - | - | - | - |
| 5.3 Other Marketable Securities | | - | - | - | - | - | - |
| VI. LOANS AND RECEIVABLES | (7) | 8.641.223 | 57.505.551 | 66.146.774 | 8.045.787 | 53.563.977 | 61.609.764 |
| 6.1 Loans and Receivables | | 8.545.622 | 57.505.551 | 66.051.173 | 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 | | 8.545.622 | 57.505.551 | 66.051.173 | 7.956.484 | 53.563.977 | 61.520.461 |
| 6.2 Loans Under Follow-up | | 273.461 | - | 273.461 | 233.087 | - | 233.087 |
| 6.3 Specific Provisions (-) | | (177.860) | - | (177.860) | (143.784) | - | (143.784) |
| VII. FACTORING RECEIVABLES | | - | - | - | - | - | - |
| VIII. HELD-TO-MATURITY SECURITIES (Net) | (8.2) | 246.055 | - | 246.055 | 98.549 | - | 98.549 |
| 8.1 Government Debt Securities | | 246.055 | - | 246.055 | 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 (Net) | (12) | - | - | - | - | - | - |
| 12.1 Financial Lease Receivables | | - | - | - | - | - | - |
| 12.2 Operating Lease Receivables | | - | - | - | - | - | - |
| 12.3 Other | | - | - | - | - | - | - |
| 12.4 Unearned Income (-) | | - | - | - | - | - | - |
| XIII. HEDGING DERIVATIVE FINANCIAL ASSETS | (13) | 4.412 | 71.629 | 76.041 | 354.757 | 105.554 | 460.311 |
| 13.1 Fair Value Hedge | | 4.412 | 32.556 | 36.968 | 354.757 | 65.274 | 420.031 |
| 13.2 Cash Flow Hedge | | - | 39.073 | 39.073 | - | 40.280 | 40.280 |
| 13.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XIV. PROPERTY AND EQUIPMENT (Net) | | 6.076 | - | 6.076 | 7.404 | - | 7.404 |
| XV. INTANGIBLE ASSETS (Net) | | 4.005 | - | 4.005 | 2.759 | - | 2.759 |
| 15.1 Goodwill | | - | - | - | - | - | - |
| 15.2 Other | | 4.005 | - | 4.005 | 2.759 | - | 2.759 |
| XVI. INVESTMENT PROPERTY (Net) | (14) | 2.284 | - | 2.284 | 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) | | - | - | - | - | - | - |
| 18.1 Held for Sale Purpose | (15) | - | - | - | - | - | - |
| 18.2 Related to Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | | 525.787 | 451.044 | 976.831 | 521.403 | 2.166.189 | 2.687.592 |
| TOTAL ASSETS | | 10.187.724 | 60.509.844 | 70.697.568 | 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 A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 JUNE 2017

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

| LIABILITIES | Notes | CURRENT PERIOD Reviewed 30 June 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. TRADING DERIVATIVE FINANCIAL LIABILITIES | (2) | 264 | 204.240 | 204.504 | 217 | 41.105 | 41.322 |
| III. BORROWINGS | (3.1) | 150.000 | 55.422.644 | 55.572.644 | - | 51.718.845 | 51.718.845 |
| IV. DUE TO MONEY MARKETS | | 160.000 | - | 160.000 | 69.000 | - | 69.000 |
| 4.1 Funds from Interbank Money Market | | - | - | - | - | - | - |
| 4.2 Funds from Istanbul Stock Exchange Money Market | | - | - | - | - | - | - |
| 4.3 Funds Provided Under Repurchase Agreements | | 160.000 | - | 160.000 | 69.000 | - | 69.000 |
| V. MARKETABLE SECURITIES ISSUED (Net) | | - | 7.871.159 | 7.871.159 | - | 7.827.323 | 7.827.323 |
| 5.1 Bills | | - | - | - | - | - | - |
| 5.2 Asset Backed Securities | | - | - | - | - | - | - |
| 5.3 Bonds | | - | 7.871.159 | 7.871.159 | - | 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 | | 15.081 | 476.946 | 492.027 | 12.851 | 2.734.597 | 2.747.448 |
| VIII. OTHER LIABILITIES | (4) | 6.102 | 340.014 | 346.116 | 3.498 | 190.848 | 194.346 |
| IX. FACTORING PAYABLES | | - | - | - | - | - | - |
| X. FINANCIAL LEASE PAYABLES (Net) | (5) | - | - | - | - | - | - |
| 10.1 Financial Lease Payables | | - | - | - | - | - | - |
| 10.2 Operational Lease Payables | | - | - | - | - | - | - |
| 10.3 Other | | - | - | - | - | - | - |
| 10.4 Deferred Financial Lease Expenses (-) | | - | - | - | - | - | - |
| XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES | (6) | 143.890 | 109.686 | 253.576 | 1.515 | 149.014 | 150.529 |
| 11.1 Fair Value Hedge | | 143.890 | 109.686 | 253.576 | 1.515 | 149.014 | 150.529 |
| 11.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 11.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XII. PROVISIONS | (7) | 253.197 | - | 253.197 | 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 | | 53.063 | - | 53.063 | 51.383 | - | 51.383 |
| 12.4 Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 12.5 Other Provisions | | 69.920 | - | 69.920 | 48.632 | - | 48.632 |
| XIII. TAX LIABILITY | (8) | 9.607 | - | 9.607 | 8.240 | - | 8.240 |
| 13.1 Current Tax Liability | | 9.607 | - | 9.607 | 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 | (3.2) | - | 58.874 | 58.874 | - | 88.285 | 88.285 |
| XVI. SHAREHOLDERS' EQUITY | (9) | 5.476.923 | (1.072) | 5.475.851 | 5.201.168 | (434) | 5.200.734 |
| 16.1 Paid-in capital | | 3.700.000 | - | 3.700.000 | 3.700.000 | - | 3.700.000 |
| 16.2 Capital Reserves | | 17.495 | (1.072) | 16.423 | 10.477 | (434) | 10.043 |
| 16.2.1 Share Premium | | - | - | - | - | - | - |
| 16.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 Marketable Securities Valuation Differences | | 18.978 | - | 18.978 | 11.960 | - | 11.960 |
| 16.2.4 Property and Equipment Revaluation Differences | | - | - | - | - | - | - |
| 16.2.5 Intangible Assets Revaluation Differences | | - | - | - | - | - | - |
| 16.2.6 Investment Property Revaluation Differences | | - | - | - | - | - | - |
| 16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | - | - | - | - | - | - |
| 16.2.8 Hedging Funds (Effective portion) | | - | (1.072) | (1.072) | - | (434) | (434) |
| 16.2.9 Value Increase of Non-Current Asset Held for Sale and Discounted Operations | | - | - | - | - | - | - |
| 16.2.10 Other Capital Reserves | | (1.483) | - | (1.483) | (1.483) | - | (1.483) |
| 16.3 Profit Reserves | | 1.487.531 | - | 1.487.531 | 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 | | 1.114.892 | - | 1.114.892 | 718.573 | - | 718.573 |
| 16.3.4 Other Profit Reserves | | 22.743 | - | 22.743 | 22.743 | - | 22.743 |
| 16.4 Profit or Loss | | 271.897 | - | 271.897 | 421.325 | - | 421.325 |
| 16.4.1 Prior Years' Profit/Loss | | - | - | - | - | - | - |
| 16.4.2 Current Period Profit/Loss | | 271.897 | - | 271.897 | 421.325 | - | 421.325 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 6.215.077 | 64.482.491 | 70.697.568 | 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 A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 30 JUNE 2017

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

| | Notes | CURRENT PERIOD | | | PRIOR PERIOD | | |
|---|-------|------------------|--------------------|--------------------|------------------|-------------------|-------------------|
| | | TL | FC | Total | TL | FC | Total |
| A. OFF-BALANCE SHEET COMMITMENTS (I+II+III) | | 7.293.453 | 56.447.547 | 63.741.000 | 6.246.845 | 45.344.216 | 51.591.061 |
| I. GUARANTEES AND WARRANTIES | (1.2) | - | 4.971.070 | 4.971.070 | - | 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 | | - | 4.971.070 | 4.971.070 | - | 3.863.578 | 3.863.578 |
| 1.9 Other Collaterals | | - | - | - | - | - | - |
| II. COMMITMENTS | | 3.010.066 | 18.689.332 | 21.699.398 | 2.438.531 | 17.164.838 | 19.603.369 |
| 2.1 Irrevocable Commitments | | - | 1.211.225 | 1.211.225 | - | 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 | | - | 1.211.225 | 1.211.225 | - | 2.920.904 | 2.920.904 |
| 2.2 Revocable Commitments | | 3.010.066 | 17.478.107 | 20.488.173 | 2.438.531 | 14.243.934 | 16.682.465 |
| 2.2.1 Revocable Loan Granting Commitments | | 3.010.066 | 17.478.107 | 20.488.173 | 2.438.531 | 14.243.934 | 16.682.465 |
| 2.2.2 Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | | 4.283.387 | 32.787.145 | 37.070.532 | 3.808.314 | 24.315.800 | 28.124.114 |
| 3.1 Hedging Derivative Financial Instruments | | 4.086.754 | 15.977.019 | 20.063.773 | 3.547.489 | 15.952.012 | 19.499.501 |
| 3.1.1 Transactions for Fair Value Hedge | | 4.050.534 | 15.906.651 | 19.957.185 | 3.511.269 | 15.881.596 | 19.392.865 |
| 3.1.2 Transactions for Cash Flow Hedge | | 36.220 | 70.368 | 106.588 | 36.220 | 70.416 | 106.636 |
| 3.1.3 Transactions for Foreign Net Investment Hedge | | - | - | - | - | - | - |
| 3.2 Trading Transactions | | 196.633 | 16.810.126 | 17.006.759 | 260.825 | 8.363.788 | 8.624.613 |
| 3.2.1 Forward Foreign Currency Buy/Sell Transactions | | 5.176 | 4.786 | 9.962 | 30.368 | 31.705 | 62.073 |
| 3.2.1.1 Forward Foreign Currency Transactions-Buy | | 2.587 | 2.393 | 4.980 | 3.764 | 28.008 | 31.772 |
| 3.2.2.2 Forward Foreign Currency Transactions-Sell | | 2.589 | 2.393 | 4.982 | 26.604 | 3.697 | 30.301 |
| 3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates | | 172.699 | 16.786.630 | 16.959.329 | 229.017 | 8.330.603 | 8.559.620 |
| 3.2.2.1 Foreign Currency Swap-Buy | | - | 6.089.692 | 6.089.692 | - | 3.643.040 | 3.643.040 |
| 3.2.2.2 Foreign Currency Swap-Sell | | 172.699 | 6.109.304 | 6.282.003 | 229.017 | 3.346.961 | 3.575.978 |
| 3.2.2.3 Interest Rate Swap-Buy | | - | 2.293.817 | 2.293.817 | - | 670.301 | 670.301 |
| 3.2.2.4 Interest Rate Swap-Sell | | - | 2.293.817 | 2.293.817 | - | 670.301 | 670.301 |
| 3.2.3 Foreign Currency, Interest rate and Securities Options | | 18.758 | 18.710 | 37.468 | 1.440 | 1.480 | 2.920 |
| 3.2.3.1 Foreign Currency Options-Buy | | 9.379 | 9.355 | 18.734 | 720 | 740 | 1.460 |
| 3.2.3.2 Foreign Currency Options-Sell | | 9.379 | 9.355 | 18.734 | 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) | | 2.231.095 | 47.511.873 | 49.742.968 | 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 | | 21.862 | 205.749 | 227.611 | 22.412 | 203.613 | 226.025 |
| 5.1 Marketable Securities | | - | 23.645 | 23.645 | - | 23.661 | 23.661 |
| 5.2 Guarantee Notes | | - | - | - | - | - | - |
| 5.3 Commodity | | - | - | - | - | - | - |
| 5.4 Warranty | | - | - | - | - | - | - |
| 5.5 Immovable | | 9.400 | 40.543 | 49.943 | 9.400 | 48.246 | 57.646 |
| 5.6 Other Pledged Items | | 12.462 | 141.561 | 154.023 | 13.012 | 131.706 | 144.718 |
| 5.7 Pledged Items-Depository | | - | - | - | - | - | - |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | 2.209.233 | 47.306.124 | 49.515.357 | 114.332 | 18.139.425 | 18.253.757 |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | 9.524.548 | 103.959.420 | 113.483.968 | 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 A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

| INCOME AND EXPENSE ITEMS | | Notes | CURRENT PERIOD | PRIOR PERIOD | CURRENT PERIOD | PRIOR PERIOD |
|--------------------------|--|-------|---|---|---------------------------------------|---------------------------------------|
| | | | Reviewed 1 January - 30 June 2017 | Reviewed 1 January - 30 June 2016 | Reviewed 1 April - 30 June 2017 | Reviewed 1 April - 30 June 2016 |
| I. | INTEREST INCOME | (1) | 973.276 | 741.593 | 482.466 | 403.587 |
| 1.1 | Interest on loans | | 933.727 | 701.448 | 459.158 | 383.075 |
| 1.2 | Interest Received from Reserve Requirements | | - | - | - | - |
| 1.3 | Interest Received from Banks | | 25.365 | 25.221 | 14.577 | 13.212 |
| 1.4 | Interest Received from Money Market Transactions | | 6.256 | 259 | 3.790 | 17 |
| 1.5 | Interest Received from Marketable Securities Portfolio | | 7.527 | 14.301 | 4.625 | 7.065 |
| 1.5.1 | Trading Financial Assets | | 661 | 544 | 1 | 92 |
| 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 | | 6.866 | 13.757 | 4.624 | 6.973 |
| 1.6 | Financial Lease Income | | - | - | - | - |
| 1.7 | Other Interest Income | | 401 | 364 | 316 | 218 |
| II. | INTEREST EXPENSE | (2) | 526.979 | 317.021 | 261.357 | 174.207 |
| 2.1 | Interest on Deposits | | - | - | - | - |
| 2.2 | Interest on Funds Borrowed | | 303.194 | 142.399 | 153.118 | 81.423 |
| 2.3 | Interest Expense on Money Market Transactions | | 47 | - | 33 | - |
| 2.4 | Interest on Securities Issued | | 219.410 | 164.487 | 104.737 | 87.824 |
| 2.5 | Other Interest Expenses | | 4.328 | 10.135 | 3.469 | 4.960 |
| III. | NET INTEREST INCOME/EXPENSE (I - II) | | 446.297 | 424.572 | 221.109 | 229.380 |
| IV. | NET FEES AND COMMISSIONS INCOME | | 1.284 | 9.906 | 1.121 | 4.255 |
| 4.1 | Fees and Commissions Received | | 10.591 | 18.021 | 5.657 | 8.361 |
| 4.1.1 | Non-cash Loans | | - | - | - | - |
| 4.1.2 | Other | | 10.591 | 18.021 | 5.657 | 8.361 |
| 4.2 | Fees and Commissions Paid | | (9.307) | (8.115) | (4.536) | (4.106) |
| 4.2.1 | Non-Cash Loans | | - | - | - | - |
| 4.2.2 | Other | | (9.307) | (8.115) | (4.536) | (4.106) |
| V. | DIVIDEND INCOME | | - | - | - | - |
| VI. | TRADING INCOME/LOSS (Net) | (3) | (77.790) | (161.321) | (49.777) | (95.028) |
| 6.1 | Trading Gains /Losses on Securities | | (6) | 9 | 3 | 9 |
| 6.2 | Trading Gains /Losses on Derivative Financial Assets | | (523.471) | (186.857) | (576.490) | 57.690 |
| 6.3 | Foreign Exchange Gains /Losses | | 445.687 | 25.527 | 526.710 | (152.727) |
| VII. | OTHER OPERATING INCOME | (4) | 99.180 | 66.879 | 50.334 | 33.646 |
| VIII. | TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 468.971 | 340.036 | 222.787 | 172.253 |
| IX. | PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | (5) | 51.868 | 16.272 | 35.693 | 12.631 |
| X. | OTHER OPERATING EXPENSES (-) | (6) | 145.206 | 108.232 | 74.626 | 53.729 |
| XI. | NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | 271.897 | 215.532 | 112.468 | 105.893 |
| XII. | AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER | | - | - | - | - |
| XIII. | PROFIT / (LOSS) ON EQUITY METHOD | | - | - | - | - |
| XIV. | GAIN / (LOSS) ON NET MONETARY POSITION | | - | - | - | - |
| | PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV) | | 271.897 | 215.532 | 112.468 | 105.893 |
| XV. | TAX PROVISION FOR CONTINUED OPERATIONS (±) | | - | - | - | - |
| 16.1 | Current Tax Provision | | - | - | - | - |
| 16.2 | Deferred Tax Provision | | - | - | - | - |
| XVII. | NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI) | | 271.897 | 215.532 | 112.468 | 105.893 |
| 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) | | 271.897 | 215.532 | 112.468 | 105.893 |
| | Earnings per share (TL Full) | | 0,07349 | 0,05825 | 0,03040 | 0,01439 |

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS
ACCOUNTED UNDER SHAREHOLDERS EQUITY
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

| INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY | | Notes | CURRENT PERIOD Reviewed 1 January – 30 June 2017 | PRIOR PERIOD Reviewed 1 January – 30 June 2016 |
|--|---|-------|---|---|
| I. | ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS | | 7.018 | 1.209 |
| II. | PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES | | - | - |
| 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) | | (638) | (996) |
| VI. | PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of fair value changes) | | - | - |
| VII. | EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS | | - | - |
| VIII. | OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS | | - | - |
| IX. | DEFERRED TAX RELATED TO VALUATION DIFFERENCES | | - | - |
| X. | NET PROFIT/LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY | | 6.380 | 213 |
| XI. | CURRENT PERIOD PROFIT/LOSS | | 271.897 | 215.532 |
| 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 | | 271.897 | 215.532 |
| XII. | TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD | | 278.277 | 215.745 |

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

| CHANGES IN THE SHAREHOLDERS' EQUITY | | 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 Share Obtained from Investments | Hedging Reserves | Valuation Difference of AHS and Discontinued Operations | Total Shareholders' Equity |
|-------------------------------------|--|-------|------------------|-----------------------------|---------------|----------------------------|----------------|-----------------|------------------------|----------------|-----------------------------------|---------------------------------|---|--|---------------------------------------|------------------|---|----------------------------|
| I. | Opening Balance -30 June 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. | Increase/Decrease due to the Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. | Marketable Securities Valuation Differences | | - | - | - | - | - | - | - | - | - | - | 1.209 | - | - | - | - | 1.209 |
| VI. | Hedging Transactions (Effective Portion) | | - | - | - | - | - | - | - | - | - | - | - | - | - | (996) | - | (996) |
| 6.1 | Cash Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | (996) | - | (996) |
| 6.2 | Foreign Net Investment Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | (996) | - | (996) |
| VII. | Property and Equipment Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. | Intangible 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 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIX. | Current Year Net Profit or Loss | | - | - | - | - | - | - | - | - | 215.532 | - | - | - | - | - | - | 215.532 |
| 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 | 21.192 | 215.532 | - | 10.095 | - | - | (663) | - | 4.992.779 |
| | Current Period – 30 June 2017 | | | | | | | | | | | | | | | | | |
| I. | Prior Period End Balance | | 3.700.000 | - | - | - | 328.050 | - | 718.573 | 21.260 | - | 421.325 | 11.960 | - | - | (434) | - | 5.200.734 |
| II. | Increase/Decrease due to the Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. | Marketable Securities Valuation Differences | | - | - | - | - | - | - | - | - | - | - | 7.018 | - | - | - | - | 7.018 |
| IV. | Hedging Transactions Funds | | - | - | - | - | - | - | - | - | - | - | - | - | - | (638) | - | (638) |
| 4.1 | Cash Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | (638) | - | (638) |
| 4.2 | Foreign Net Investment Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | (638) | - | (638) |
| 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 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12.1 | Cash Increase | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12.2 | Internal Resources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. | Share Premium | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. | Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. | Paid-in-capital inflation Adjustment Difference | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. | Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. | Current Year Net Profit or Loss | | - | - | - | - | - | - | - | - | 271.897 | - | - | - | - | - | - | 271.897 |
| 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 | | 3.700.000 | - | - | - | 349.896 | - | 1.114.892 | 21.260 | 271.897 | - | 18.978 | - | - | (1.072) | - | 5.475.851 |

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

| | Notes | CURRENT PERIOD Reviewed 1 January - 30 June 2017 | PRIOR PERIOD Reviewed 1 January - 30 June 2016 |
|--|--|---|---|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 | Operating profit before changes in operating assets and liabilities | 1.938.192 | 143.135 |
| 1.1.1 | Interest received | 939.572 | 720.124 |
| 1.1.2 | Interest paid | (319.991) | (275.947) |
| 1.1.3 | Dividend received | - | - |
| 1.1.4 | Fees and commissions received | 10.591 | 18.021 |
| 1.1.5 | Other income | 99.180 | 66.888 |
| 1.1.6 | Collections from previously written-off loans and other receivables | 3.021 | 6.146 |
| 1.1.7 | Payments to personnel and service suppliers | (82.494) | (64.792) |
| 1.1.8 | Taxes paid | (1.367) | (1.141) |
| 1.1.9 | Other | 1.289.680 | (326.164) |
| 1.2 | Changes in operating assets and liabilities | (1.759.645) | 342.161 |
| 1.2.1 | Net increase in trading securities | 3.042 | 6.358 |
| 1.2.2 | Net change in fair value through profit/(loss) financial assets | - | - |
| 1.2.3 | Net (increase) / decrease in due from banks | - | (43) |
| 1.2.4 | Net (increase) / decrease in loans | (4.542.007) | (6.175.710) |
| 1.2.5 | Net decrease in other assets | (33.112) | (574.932) |
| 1.2.6 | Net increase in bank deposits | - | - |
| 1.2.7 | Net increase / (decrease) in other deposits | - | - |
| 1.2.8 | Net increase / (decrease) in funds borrowed | 3.071.458 | 6.373.405 |
| 1.2.9 | Net change in due debt | - | - |
| 1.2.10 | Net (increase) / decrease in other liabilities | (259.026) | 713.083 |
| I. | Net cash provided from banking operations | 178.547 | 485.296 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. | Net cash provided from investing activities | (146.716) | (19.445) |
| 2.1 | Cash paid for acquisition of associates, subsidiaries and joint ventures (Business Partners) | - | - |
| 2.2 | Cash obtained from disposal of associates, subsidiaries and joint ventures (Business Partners) | - | - |
| 2.3 | Purchases of property and equipment | (1.252) | (2.775) |
| 2.4 | Disposals of property and equipment | - | 1.748 |
| 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 | (198.999) | (18.250) |
| 2.8 | Cash obtained from sale of investment securities | (1.8.4) 54.895 | - |
| 2.9 | Other | (1.360) | (168) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. | Net cash provided from financing activities | (248.935) | 1.416.521 |
| 3.1 | Cash obtained from funds borrowed and securities issued | - | 1.445.491 |
| 3.2 | Cash used for repayment of funds borrowed and securities issued | (245.775) | (24.303) |
| 3.3 | Issued capital instruments | - | (996) |
| 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 | 150.544 | (21.122) |
| V. | Net increase in cash and cash equivalents | (66.560) | 1.861.250 |
| VI. | Cash and cash equivalents at the beginning of the period | 3.257.199 | 165.629 |
| VII. | Cash and cash equivalents at the end of the period | 3.190.639 | 2.026.879 |

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 financial statements and underlying documents in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standards (“TAS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”).

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

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

The financial statements are prepared in TL 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.

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.

3. Additional paragraph for convenience translation to English

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

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 at 30 June 2017, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 3,5184 for US Dollar, TL 4,0152 for TL Euro, 3,1397 for 100 JPY and TL 4,5774 for GBP.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 uses derivative financial instruments in order to hedge exposures to foreign currency and interest rate risks.

As at 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 hedge purpose or not and to the content of hedged item.

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

Changes in fair values of derivative transactions under fair value hedges are recorded in profit or loss together with changes in hedged asset or liability. The difference in fair values of derivative transactions fair value hedge is shown in "Trading Gains/Losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedged asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, corrections made to the value of hedged item 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.

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 re-measured 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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 recognizes 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 A.Ş. (“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 are explained in detail in Note III of Section Three.

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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continued)

Available-for-sale financial assets are marketable securities other than “Held-to-maturity investments” and “Trading securities”. Available-for-sale financial assets are subsequently re-measured 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. Bank loans are accounted for 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.

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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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 30 June 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;

Intangible assets : 33%

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%

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment (Continued)

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

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

XIII. Explanations on investment property

Investment properties consist of assets held to obtain rent and / or unearned increment profit. These properties are carried in the 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.

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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on obligations related to employee rights

According to laws in force, the Bank is responsible for making a lump sum payment to laid-off workers because of retirement or resignation and behaviors specified in the Labor Law.

Liabilities of severance pay and leave entitlements are calculated by taking into account the provisions of the "Turkey Accounting Standards Related to Employee Benefits" ("TAS 19") by the Bank.

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.

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|----------------------|--|--|
| Discount ratio | 11,20% | 11,20% |
| Inflation | 8,00% | 8,00% |
| Salary increase rate | 9,00% | 9,00% |

As of 30 June 2017, the calculated employment termination obligation amounts to TL 18.851. For the period ended 30 June 2017, the Bank also provided 100% provision for vacation pay liability relating to prior period amounting to TL 12.938.

For all year long, the Bank has made provision for principally of success fee amounting TL 16.377 to be paid in July 2017, and dividend to personnel, amounting TL 4.897 to be paid in 2018, from 2017 profit.

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 five bonds. In April 2012, the Bank issued bond amounting USD 500 million (TL 1.759.200) which is subject to annual fixed interest payment of 5,88 per cent every six months and the total maturity is seven years. The Bank issued an additional bond in October 2012 related to the bond issued in April 2012, with amount of USD 250 million (TL 879.600). The Bank issued bond in September 2014 with amount of USD 500 million (TL 1.759.200) which is subject to annual fixed interest payment of 5 per cent every six months and the total maturity is seven years. The Bank also issued bond in February 2016 with amount of USD 500 million (TL 1.759.200) which is subject to annual fixed interest payment of 5,375 per cent and the total maturity is five years. The Bank issued bond in October 2016 with amount of USD 500 million (TL 1.759.200) which is subject to annual fixed interest payment of 5,375 per cent 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 grants fixed rate TL loans that were provided as part of the FC funds with floating rate by Rediscount Credit Programs of the CBRT. Hedge accounting has been designated to hedge the currency risk and the amounts calculated in this context are reflected to related accounts.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on issuance of share certificates

As the Bank's total paid-in capital is owned by the Turkish Treasury, there is no cost related to share issuance. The profit share is distributed by the decision of the General Assembly of the Bank. Banking Regulation and Supervision Agency approved the dividend payment for profit of 2016, and the dividend payment was approved at the ordinary general assembly meeting held on 2 May 2017.

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

As of the balance sheet date, the Bank does not utilize any government grant.

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 matters

The Bank does not accept deposits. The Bank has been mandated to export loan operations, export loan insurance and export grants. Furthermore, the Bank also performs domestic and foreign currency money, capital and FX market operations within the context of fund management (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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Information about shareholders' equity items

Equity and capital adequacy ratio is calculated in the framework of "Regulation on Equities of Banks" and "Regulation on Measurement and Evaluation of Banks' Capital Adequacy".

As of 30 June 2017, the shareholders' equity of the Bank is TL 5.602.219 (31 December 2016: TL 5.326.438) and the capital adequacy ratio is 15,09% (31 December 2016: 13,41%).

| | Current Period 30.06.2017 Amount | Amounts related to treatment before 1/1/2014 (*) |
|---|--|--|
| Common Equity Tier 1 capital | 5.472.806 | |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank | 3.700.000 | |
| Share issue premiums | - | |
| Reserves | 1.487.531 | |
| Gains recognized under equity as per TAS | 18.978 | |
| Profit | 271.897 | |
| Current period profit | 271.897 | |
| Prior years' profit | - | |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period | - | |
| Common Equity Tier 1 Capital Before Deductions | 5.478.406 | |
| Deductions from Common Equity Tier 1 Capital | 5.600 | |
| Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks | - | |
| Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS | - | |
| Improvement costs for operating leasing | 913 | |
| Goodwill (net of related tax liability) | - | |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 3.204 | |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences | - | |
| 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 | |
| Direct and indirect investments of the Bank in its own Common Equity | - | |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law | - | |
| Portion of the total of net long positions of investments made in 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 | - | |
| Portion of the total of net long positions of investments made in 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 exceeding 10% of Common Equity of the Bank | - | |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

| | Current Period 30.06.2017 Amount | Amounts related to treatment before 1/1/2014 (*) |
|---|---|--|
| Portion of mortgage servicing rights exceeding 10% of the Common Equity | - | |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity | - | |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks | - | |
| Excess amount arising from the net long positions of investments 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 | - | |
| of which: mortgage servicing rights | - | |
| of which: deferred tax assets arising from temporary differences | - | |
| Other specific regulatory adjustments | - | |
| Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | - | |
| Total regulatory adjustments to Common equity Tier 1 | 5.600 | |
| Common Equity Tier 1 capital (CET1) | 5.472.806 | |
| ADDITIONAL TIER 1 CAPITAL | - | |
| Preferred stock not included in common equity and the related share premiums | - | |
| Debt instruments and premiums approved by BRSA | - | |
| Debt instruments and premiums approved by BRSA(Temporary Article 4) | - | |
| Additional Tier I Capital before Deductions | - | |
| Deductions from Additional Tier I Capital | - | |
| Direct and indirect investments of the Bank in its own Additional Tier I 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 Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital | - | |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial | | |
| Institutions where the Bank Owns more than 10% of the Issued Share Capital | - | |
| Other items to be defined by the BRSA | - | |
| Components to continue to be deducted from Core Capital during transition period | 801 | |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

| | Current Period 30.06.2017 Amount | Amounts related to treatment before 1/1/2014 (*) |
|--|---|---|
| Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-) | 801 | |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | - | |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-) | - | |
| Total Deductions From Additional Tier I Capital | - | |
| Total Additional Tier I Capital | - | |
| Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital) | 5.472.005 | |
| TIER II CAPITAL | 130.214 | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | - | |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | - | |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 130.214 | |
| Tier II Capital Before Deductions | 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 | - | |
| Portion of the total of net long positions of investments made in 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 (-) | - | |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item 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 | - | |
| 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) | 5.602.219 | |
| Deductions from Total Capital | 5.602.219 | |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the 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 | - | |
| The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

| | Current Period 30.06.2017 Amount | Amounts related to treatment before 1/1/2014 (*) |
|--|---|--|
| The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |
| TOTAL CAPITAL | 5.602.219 | |
| Total capital | 5.602.219 | |
| Total risk weighted items | 37.136.794 | |
| CAPITAL ADEQUACY RATIOS | | |
| Core Capital Adequacy Ratio (%) | 14,74 | |
| Tier 1 Capital Adequacy Ratio (%) | 14,74 | |
| Capital Adequacy Standard Ratio (%) | 15,09 | |
| BUFFERS | | |
| Total buffer requirement | 1.250 | |
| Capital conservation buffer requirement (%) | 1.250 | |
| 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 | 10,24 | |
| Amounts below the thresholds for deduction | 28.142 | |
| Portion of the total of net long positions of 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 | 28.142 | |
| Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | - | |
| Mortgage servicing rights | - | |
| Amount arising from deferred tax assets based on 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 | - | |

* The amount will be taken into consideration under the transitional provisions

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

| | Prior Period 31.12.2016 Amount | 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 INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

| | Prior Period 31.12.2016 Amount | 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 I 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 INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

| | Prior Period 31.12.2016 Amount | 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 Article2, 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 1 Capital as per the Temporary Article2, 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 | 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 | |
| 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 | - | |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Banks own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capitals as per the Temporary Article 2, Clause 1 of the Regulations | - | |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

II. Information about shareholders' equity items (Continued)

| | Prior Period 31.12.2016 Amount | Amounts related to treatment before 1/1/2014 (*) |
|---|---|---|
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Banks own 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capitals as per the Temporary Article 2, Clause 1 of the Regulations | - | |
| The Portion of Net Long Position of the Investments in Equity items of Unconsolidated Banks and Financial Institutions Where the Banks own 10% or more of the Issued Share Capital of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause2, Paragraph (1) and (2) and Temporary Article 2 Clause 1 of the Regulations | - | |
| 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 | - | |
| 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 | 130.214 | |
| 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 | - | |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

II. 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. Most of the Bank's foreign currency assets are denominated in USD and Euro and they are funded by USD and Euro debts.

| | TL | USD | GBP | EUR | JPY |
|---|------------------|-------------------|---------------|------------------|----------------|
| TRADING DERIVATIVE FINANCIAL INSTRUMENTS | 196.633 | 8.864.813 | 32.318 | 7.104.885 | 808.110 |
| Forward Transactions | 5.176 | 4.786 | - | - | - |
| Forward Foreign Exchange Purchase Transactions | 2.587 | 2.393 | - | - | - |
| Forward Foreign Exchange Sell Transactions | 2.589 | 2.393 | - | - | - |
| Swap Transactions | 172.699 | 8.860.027 | 32.318 | 7.086.175 | 808.110 |
| Swap Money Purchase Transactions | | | | | |
| Swap Money Purchase Transactions FC-TL | - | 172.401 | - | - | - |
| Swap Money Purchase Transactions FC-FC | - | 5.170.042 | - | - | 747.249 |
| Swap Money Sale Transactions FC-TL | 172.699 | - | - | - | - |
| Swap Money Sale Transactions FC-FC | - | - | 32.318 | 6.016.125 | 60.861 |
| Swap Interest Purchase Transactions FC-FC | - | 1.758.792 | - | 535.025 | - |
| Swap Interest Sale Transactions FC-FC | - | 1.758.792 | - | 535.025 | - |
| Option Money Purchase Transactions | 18.758 | - | - | 18.710 | - |
| Money Purchase of Options | 9.379 | - | - | 9.355 | - |
| Money Sale of Options | 9.379 | - | - | 9.355 | - |
| HEDGING DERIVATIVE FINANCIAL ASSETS | 4.086.754 | 15.584.718 | - | 392.301 | - |
| Forward Transactions | 4.050.534 | 3.762.894 | - | - | - |
| Forward Foreign Exchange Purchase Transactions | - | 3.762.894 | - | - | - |
| Forward Foreign Exchange Sell Transactions | 4.050.534 | - | - | - | - |
| Swap Transactions | 36.220 | 11.821.824 | - | 392.301 | - |
| Swap Money Purchase Transactions | - | 492.576 | - | - | - |
| Swap Money Sale Transactions | 36.220 | - | - | 392.301 | - |
| Swap Interest Purchase Transactions | - | 5.664.624 | - | - | - |
| Swap Interest Sale Transactions | - | 5.664.624 | - | - | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

II. 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

As of the balance sheet date, 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 rate swaps and forward transactions

| | 30 June 2017 | | |
|--|--------------------------|---------------|----------------|
| | Principal ⁽¹⁾ | Asset | Liability |
| Derivative Financial Instruments | | | |
| Cross currency swap and interest rate swaps | 12.143.757 | 32.556 | 109.686 |
| Forward foreign currency buy/sell transactions | 7.813.428 | 4.412 | 143.890 |
| Total | 19.957.185 | 36.968 | 253.576 |

⁽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.

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 of 5 years and USD 610 million with maturity of 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 of 7 years. 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 years maturity and 5,375% fixed interest rate, arising from fluctuation in Libor interest rates are hedged by applying fair value hedge accounting via currency 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 3.796.347 as of 30 June 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 3.795.847 denominated CBRT Rediscount Loans related to changes in interest rates.

The impact of fair value hedge accounting is summarized below:

| 30 June 2017 | | Hedged risk | Net fair value of hedged items | | Amount of hedge funds |
|----------------------|---|--------------------------|--------------------------------|-----------|-----------------------|
| Hedging instrument | Hedged items | | Asset | Liability | |
| Interest rate swaps | Issued securities denominated in USD with fixed interest rate | Fixed interest rate risk | 32.556 | 109.686 | - |
| Forward transactions | Originated CBT-Rediscount TL Loans | Interest rate risk | 4.412 | 143.890 | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

II. Currency risk (Continued)

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

Fair value hedge accounting (Continued)

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

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in fair values of derivative transactions subject to 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, the adjustments made to the carrying value (amortized cost) of the hedged item, are amortized with the straight line method within the time to maturity and recognized in the Derivative Transaction Gains/Losses account in the income statement.

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 in the “Derivative Financial Transactions Gains/Losses” account by using straight line method of amortization.

Cash Flow Hedge Accounting

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

Derivative financial instruments used for cash flow hedge accounting are cross currency swap interest transactions.

| | 30 June 2017 | | |
|---|--------------------------|---------------|-----------|
| | Principal ⁽¹⁾ | Asset | Liability |
| Derivative Financial Instruments | | | |
| Cross Currency Swap Sale Transactions | 106.588 | 39.073 | - |
| Total | 106.588 | 39.073 | - |

⁽¹⁾ Sum of purchase and sale.

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

The impact of cash flow hedge accounting is summarized below:

| 30 June 2017 | | | | | |
|---------------------|---|---------------|-----------------------------------|-----------|-----------------------|
| Hedging Instrument | Asset liability hedging | Risk hedged | Net fair value of hedging account | | Amount of hedge funds |
| | | | Asset | Liability | |
| Cross Currency Swap | Issued securities denominated in USD with fixed interest rate | Currency risk | 39.073 | - | (1.072) |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

II. Currency risk (Continued)

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

Cash flow 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. Foreign currency risk management policy

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the period. As of 30 June 2017, the net Foreign Currency Position/Shareholders' Equity ratio is (0,27%) (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 Treasury of the Turkish Republic Treasury, the Bank's legal capital requirement is evaluated prospectively, in order to protect capital adequacy under various stress scenarios like rapid and large scale currency and interest rate changes and 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 due to second pillar banking calculations and concentration risk are considered.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

II. 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 | 22/06/2017 | 23/06/2017 | 28/06/2017 | 29/06/2017 | 30/06/2017 |
|---------|------------|------------|------------|------------|------------|
| USD | 3,5233 | 3,5020 | 3,5218 | 3,5081 | 3,5184 |
| AUD | 2,6594 | 2,6521 | 2,6741 | 2,6900 | 2,7000 |
| DKK | 0,5287 | 0,5263 | 0,5386 | 0,5390 | 0,5399 |
| SEK | 0,4020 | 0,4007 | 0,4091 | 0,4125 | 0,4157 |
| CHF | 3,6214 | 3,6099 | 3,6705 | 3,6642 | 3,6719 |
| 100 JPY | 3,1739 | 3,1467 | 3,1403 | 3,1183 | 3,1397 |
| CAD | 2,6435 | 2,6478 | 2,6768 | 2,6946 | 2,7083 |
| NOK | 0,4131 | 0,4143 | 0,4174 | 0,4191 | 0,4198 |
| GBP | 4,4601 | 4,4573 | 4,5153 | 4,5525 | 4,5774 |
| SAR | 0,9394 | 0,9334 | 0,9389 | 0,9353 | 0,9381 |
| EUR | 3,9327 | 3,9138 | 4,0071 | 4,0087 | 4,0152 |
| KWD | 11,5974 | 11,5273 | 11,6116 | 11,5741 | 11,6081 |
| XDR | 4,8293 | 4,8717 | 4,8678 | 4,8927 | 4,8927 |
| BGN | 2,0104 | 2,0008 | 2,0486 | 2,0494 | 2,0525 |
| 100 IRR | 0,0108 | 0,0108 | 0,0108 | 0,0108 | 0,0108 |
| RON | 0,8563 | 0,8568 | 0,8783 | 0,8808 | 0,8798 |
| RUB | 0,0587 | 0,0587 | 0,0592 | 0,0594 | 0,0593 |

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 | June 2017 Average |
|----------|-------------------|
| USD | 3,5185 |
| AUD | 2,6572 |
| DKK | 0,5315 |
| SEK | 0,4053 |
| CHF | 3,6357 |
| 100 JPY | 3,1752 |
| CAD | 2,6426 |
| NOK | 0,4160 |
| GBP | 4,5051 |
| SAR | 0,9381 |
| EUR | 3,9534 |
| KWD | 11,5920 |
| XDR | 4,8686 |
| BGN | 2,0211 |
| 100 IRR | 0,0108 |
| RON | 0,8647 |
| RUB | 0,0608 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

II. Currency risk (Continued)

7. Information related to Bank's Currency Risk

| Current Period 30.06.2017 | EUR | USD | Other FC | Total |
|--|--------------------|--------------------|------------------|--------------------|
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) | 562.128 | - | - | 562.128 |
| Banks | 391.494 | 1.508.266 | 10.330 | 1.910.090 |
| Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾ | - | - | - | - |
| Interbank Money Market Placements | - | - | - | - |
| Available-for-sale Financial Assets | - | - | - | - |
| Loans | 33.619.685 | 23.779.560 | 106.306 | 57.505.551 |
| Investments in Associates, Subsidiaries and Joint Ventures | - | - | - | - |
| Held-to-maturity Investments | - | - | - | - |
| Derivative Financial Assets for Hedging Purposes | - | 71.629 | - | 71.629 |
| Tangible Assets | - | - | - | - |
| Intangible Assets | - | - | - | - |
| Other Assets | 259.003 | 132.743 | 59.298 | 451.044 |
| Total Assets | 34.832.310 | 25.492.198 | 175.934 | 60.500.442 |
| Liabilities | | | | |
| Bank Deposits | - | - | - | - |
| Foreign Currency Deposits | - | - | - | - |
| Funds From Interbank Money Market | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 28.049.452 | 26.546.041 | 827.151 | 55.422.644 |
| Marketable Securities Issued | - | 7.871.159 | - | 7.871.159 |
| Miscellaneous Payables | 217.321 | 257.826 | 1.799 | 476.946 |
| Derivative Financial Liabilities for Hedging Purposes | - | 109.686 | - | 109.686 |
| Other Liabilities | 149.500 | 247.980 | 336 | 397.816 |
| Total Liabilities | 28.416.273 | 35.032.692 | 829.286 | 64.278.251 |
| Net on Balance Sheet Position | 6.416.037 | (9.540.494) | (653.352) | (3.777.809) |
| Net off Balance Sheet Position | (6.408.426) | 9.597.913 | 654.070 | 3.843.557 |
| Financial Derivative Assets | 544.380 | 17.023.722 | 747.249 | 18.315.351 |
| Financial Derivative Liabilities | 6.952.806 | 7.425.809 | 93.179 | 14.471.794 |
| Non-Cash Loans | 112.177 | 4.858.647 | 246 | 4.971.070 |
| Prior Period 31.12.2016 | | | | |
| 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⁾ Based on provisions of "Regulation about consolidated and unconsolidated basis calculation and implementation of foreign currency net general position/ equity standard ratio by banks", derivative financial instruments foreign currency rediscount income amounting to TL 9.402 and financial derivative rediscount expense amounting to TL 204.240 are not taken into consideration on foreign currency risk calculation.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

II. Currency risk (Continued)

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

The effect of the Bank's currency positions as of 30 June 2017 and 31 December 2016 on net profit and equity under the assumption of evaluation of TL against other currencies by 10% with all other variables held constant is as follows:

| | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|------------------------|------------------------------|---------------------------------|----------------------------|---------------------------------|
| | Gain/(Loss) Effect | Effect on Equity ⁽¹⁾ | Gain/(Loss) Effect | Effect on Equity ⁽¹⁾ |
| USD | 5.742 | 5.742 | 9.231 | 10.427 |
| EUR | 761 | 761 | 490 | 490 |
| Other foreign currency | 72 | 72 | (200) | (200) |
| Total, net | 6.575 | 6.575 | 9.521 | 10.717 |

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

As of 30 June 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.

III. 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 liabilities with floating and fixed interests in order to restrict negative effects of interest rate changes on the Bank's profitability.

As of 30 June 2017, the Bank has hedged the risk between variable interest rate liabilities and fixed interest rate assets with 25 interest rate swaps (10 short-term and 15 long-term interest rate swaps) denominated in foreign currency.

As of 30 June 2017, there have been 28 short-term and 6 long-term FC-FC currency swaps, 6 FC-TL short-term, 1 TL-FC long-term currency swaps, 2 FC-TL forward transactions and 353 FC-TL forward transactions.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

III. Interest rate risk (Continued)

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

(Periods remaining to reprising dates)

| Current Period 30.06.2017 | 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 | - | - | - | - | - | 562.345 | 562.345 |
| Banks | 2.163.471 | - | - | - | - | 178.687 | 2.342.158 |
| Financial Assets at Fair Value Through Profit/Loss | 832 | 170 | 2.339 | - | 17.380 | - | 20.721 |
| Interbank Money Market Placements | 286.136 | - | - | - | - | - | 286.136 |
| Available-for-sale Financial Assets | - | - | - | - | - | 28.142 | 28.142 |
| Loans ⁽²⁾ | 7.469.718 | 16.247.699 | 41.976.371 | 357.385 | - | 95.601 | 66.146.774 |
| Held-to-maturity investments | 13.483 | - | 151.754 | 80.818 | - | - | 246.055 |
| Other Assets | 4.221 | - | 71.820 | - | - | 989.196 | 1.065.237 |
| Total Assets | 9.937.861 | 16.247.869 | 42.202.284 | 438.203 | 17.380 | 1.853.971 | 70.697.568 |
| Liabilities | | | | | | | |
| Bank Deposits | - | - | - | - | - | - | - |
| Other Deposits | - | - | - | - | - | - | - |
| Funds From Interbank Money Market | 160.000 | - | - | - | - | - | 160.000 |
| Miscellaneous Payables | - | - | 7.255 | 2.774 | - | 481.998 | 492.027 |
| Issued Marketable Securities | - | 1.754.584 | 4.339.118 | 1.777.457 | - | - | 7.871.159 |
| Funds Borrowed from other Financial Institutions | 6.653.640 | 12.750.093 | 36.168.911 | - | - | - | 55.572.644 |
| Other Liabilities ⁽¹⁾ | 62.005 | 112.425 | 218.940 | 132.378 | 813 | 6.075.177 | 6.601.738 |
| Total Liabilities | 6.875.645 | 14.617.102 | 40.734.224 | 1.912.609 | 813 | 6.557.175 | 70.697.568 |
| Balance Sheet Long Position | 3.062.216 | 1.630.767 | 1.468.060 | - | 16.567 | - | 6.177.610 |
| Balance Sheet Short Position | - | - | - | (1.474.406) | - | (4.703.204) | (6.177.610) |
| Off-balance Sheet Long Position | 3.483.385 | 4.163.930 | 8.076.231 | 2.603.770 | - | - | 18.327.316 |
| Off-balance Sheet Short Position | (3.531.718) | (4.255.412) | (8.226.818) | (2.729.268) | - | - | (18.743.216) |
| Total Position | 3.013.883 | 1.539.285 | 1.317.473 | (1.599.904) | 16.567 | (4.703.204) | (415.900) |

(1) In other liabilities line the “non-interest bearing” column amounting TL 6.075.177 includes equity amounting to TL 5.475.851 and provisions amounting to TL 253.197.

(2) In loans line the “non-interest bearing” column amounting to TL 95.601 consists of the net value of the loans under follow up.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

III. Interest rate risk (Continued)

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

(Periods remaining to reprising dates)

| Prior Period 31.12.2016 | 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 | 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 | - | 1.741.212 | 4.308.080 | 1.778.031 | - | - | 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 ⁽¹⁾ | 9.232 | 51.183 | 189.543 | 38.416 | - | 5.625.324 | 5.913.698 |
| Total Liabilities | 3.757.490 | 18.090.123 | 33.602.390 | 4.462.319 | - | 8.363.992 | 68.276.314 |
| Balance Sheet Long Position | 10.318.821 | - | - | - | 8.627 | - | 10.327.448 |
| Balance Sheet Short Position | - | (1.303.795) | (330.972) | (3.895.186) | - | (4.797.495) | (10.327.448) |
| 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 | (1.304.575) | (412.364) | (3.895.186) | 8.627 | (4.797.495) | (48.555) |

⁽¹⁾ 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 A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

III. Interest rate risk (Continued)

2. Average interest rates for monetary financial instruments

As of 30 June 2017, average interest rates applied to monetary financial instruments are shown below.

| | EUR | USD | GBP | JPY | TL |
|---|------|------|------|------|-------|
| Current Period 30.06.2017 | | | | | |
| Assets | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT | - | - | - | - | - |
| Banks | 0,02 | 0,97 | - | - | 11,62 |
| Financial Assets at Fair Value Through Profit/Loss | - | - | - | - | 8,43 |
| Interbank Money Market Placements | - | - | - | - | 12,17 |
| Available-for-sale Financial Assets | - | - | - | - | - |
| Loans | 1,25 | 2,18 | 1,45 | 1,07 | 8,36 |
| Held-to-maturity Investments | - | - | - | - | 11,16 |
| Liabilities | | | | | |
| Bank Deposits | - | - | - | - | - |
| Other Deposits | - | - | - | - | - |
| Funds From Interbank Money Market | - | - | - | - | 11,95 |
| Miscellaneous Payables | - | - | - | - | - |
| Issued Marketable Securities | - | 5,38 | - | - | - |
| Funds Borrowed from Other Financial Institutions | 0,53 | 1,22 | 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 31.12.2016 | | | | |
| 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 INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

IV. Equity position risk arising from banking

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 they are traded on the stock exchange. At end of the month, market to market and recognized under available for sale securities account.

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

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

| | Stock Investments | Comparison | | |
|---|---------------------------|---------------------|------------|--------------|
| | | Balance Sheet Value | Fair value | Market Value |
| 1 | Equity Investment Group A | - | - | - |
| | Listed | - | - | - |
| 2 | Equity Investment Group B | 23.086 | 23.086 | 23.086 |
| | Listed | 23.086 | 23.086 | 23.086 |
| 3 | Equity Investment Group C | - | - | - |
| | Listed | - | - | - |
| | Equity Investment Group | - | - | - |

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

Garanti Faktoring A.Ş. shares listed on B group shares are valued at market value and the valued amount at report date is TL 23.086.

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

None.

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 traded on the stock market | - | 12.884 | - | - | - | - |
| 3 | Other shares | - | - | - | - | - | - |
| 4 | Total | - | 12.884 | - | - | - | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

6. **Explanation about capital requirements on the basis of stock investments depending upon capital requirements' calculation method which was chosen by the Bank among allowed approaches on "Communique on Calculation of Risk Weighted Exposure Amount for Credit Risk Calculation of the Amount Subject to Credit Risk by Internal-rating Based Approaches".**

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 | 12.884 | 12.884 | 1.031 |

V. **Explanations on liquidity risk management and liquidity coverage ratio**

With regard to liquidity risk, banks describe the following.

a) The Bank's risk capacity, the BRSA Banks' Liquidity Adequacy Measurement and Assessment of are foreseen in the legal limit. 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, in terms of additional resources found, it is organized in a way that helps the optimistic 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 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 meets its short term liquidity demand from domestic and foreign banks, and long-term liquidity demand from international institutions like the World Bank or Japan Bank for International Cooperation ("JBIC") through medium-long term funds and issued marketable securities and trying to reduce mismatches related to this issue.

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 the Central Bank, foreign exchange markets and other domestic and foreign sources only in emergency situations. In addition, due to the status of the bank as an investment and development bank to eliminate the risk of sudden absence of deposits and draws are a significant contribution to the reduction of liquidity risk. In addition, finding resources before lending loans and liquidity risk mitigation techniques such as the principle that amortization of external liabilities like syndicated loans before maturity dates are the Bank's fundamental Liquidity Risk mitigation techniques.

f) Stress tests are made by the end of the year, within the frame of Regulation on Internal Capital Adequacy Assessment Process and BRSA best practice guidelines and then sent to BRSA at the end of March of the following year. The bank stress test results are also reported to senior management and considered on Banks' domestic decisions.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

V. Explanations on liquidity risk management and liquidity coverage ratio (Continued)

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

In this context:

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

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

| Current Period | | | | | | | |
|----------------|-----------------|------------|-----------------|------------|--------------|---------------------------|--------------|
| Week Info | TL+FC (Maximum) | Week Info | TL+FC (Minimum) | Week Info | FC (Maximum) | Week Info | FC (Minimum) |
| 23.06.2017 | 100,56 | 09.06.2017 | 1,88 | 23.06.2017 | 94,92 | 09.06.2017 and 16.06.2017 | 0,0 |

| Prior Period | | | | | | | |
|--------------|-----------------|-----------|-----------------|------------|--------------|-----------|--------------|
| Week Info | TL+FC (Maximum) | Week Info | TL+FC (Minimum) | Week Info | FC (Maximum) | Week Info | FC (Minimum) |
| 11.11.2016 | 99,34 | 7.10.2016 | 30,26 | 11.11.2016 | 93,85 | 7.10.2016 | 20,75 |

In accordance with BRSA resolution dated 12 December 2016 and numbered 7123, it has been decided to apply zero percent at consolidated and non-consolidated total and foreign currency liquidity coverage ratios for development and investment banks and continue to report the stated rates to the BRSA.

However, the Bank is subject to liquidity adequacy ratio mentioned in the text of the Regulation on Measurement and Assessment of Liquidity Adequacy of Banks and holds these rates above the legal limits.

In consideration of the description above, Eximbank is subject to relevant application due to its investment and development bank status. Due to the Bank's only activity is providing loans for exporters, for more effective usage of its sources, rather than keeping them inactive, the Bank offers its sources to exporters use. Eximbank has sufficient sources to keep the liquidity coverage ratio higher than the specified limits both in total or foreign based. However, the alternative cost of this application will show itself as a decline in exports and support to the real economy.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

V. Explanations on liquidity risk management and liquidity coverage ratio (Continued)

2. Liquidity Coverage Ratio

| | | Total Unweighted Value (Average) ⁽¹⁾ | | Total Weighted Value (Average) ⁽¹⁾ | |
|------------------------------------|--|--|------------------|--|------------------|
| | | TL+FC | FC | TL+FC | FC |
| Current Period (30.06.2017) | | | | | |
| HIGH-QUALITY LIQUID ASSETS | | | | | |
| 1 | Total high-quality liquid assets (HQLA) | | | 381.869 | 361.164 |
| 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 | Other unsecured funding | 5.905.321 | 5.905.321 | 2.838.621 | 2.838.621 |
| 9 | Secured funding | | | - | - |
| 10 | Other cash outflows of which: | | | | |
| 11 | Outflows related to derivative exposures and other collateral requirements | 101.136 | 96.471 | 101.136 | 96.471 |
| 12 | Outflows related to restructured financial instruments | - | - | - | - |
| 13 | Payment commitments and other off-balance sheet commitments granted for debts to financial markets | 494.035 | 489.945 | 197.614 | 195.977 |
| 14 | Other revocable off-balance sheet commitments and contractual obligations | - | - | - | - |
| 15 | Other irrevocable or conditionally revocable off-balance sheet obligations | 4.615.500 | 4.615.500 | 230.775 | 230.775 |
| 16 | TOTAL CASH OUTFLOWS | | | 3.368.146 | 3.361.844 |
| CASH INFLOWS | | | | | |
| 17 | Secured receivables | - | - | - | - |
| 18 | Unsecured receivables | 7.962.196 | 6.308.526 | 5.424.081 | 4.198.567 |
| 19 | Other cash inflows | 60.077 | 3.296 | 60.076 | 3.296 |
| 20 | TOTAL CASH INFLOWS | 8.022.272 | 6.311.822 | 5.484.157 | 4.201.863 |
| | | | | <i>Max Limit applied values</i> | |
| 21 | TOTAL HQLA | | | 381.869 | 361.164 |
| 22 | TOTAL NET CASH OUTFLOWS | | | 918.238 | 966.251 |
| 23 | LIQUIDITY COVERAGE RATIO (%) | | | 41,59% | 37,38% |

⁽¹⁾ 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 INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

V. Explanations on liquidity risk management and liquidity coverage ratio (Continued)

2. Liquidity coverage ratio (Continued)

| | Total Unweighted Value (Average) ⁽¹⁾ | | Total Weighted Value (Average) ⁽¹⁾ | |
|-----------------------------------|--|----|--|------------------|
| | TL+FC | FC | TL+FC | TL+FC |
| Prior Period (31.12.2016) | | | | |
| 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 | Other unsecured funding | | 3.509.804 | 3.509.804 |
| 9 | Secured funding | | - | - |
| 10 | Other cash outflows of which: | | | |
| 11 | Outflows related to derivative exposures and other collateral requirements | | 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 |
| 14 | Other revocable off-balance sheet commitments and contractual obligations | | 149.549 | 127.387 |
| 15 | Other irrevocable or conditionally revocable off-balance sheet obligations | | 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 |
| 19 | Other cash inflows | | 62.858 | 2.928 |
| 20 | TOTAL CASH INFLOWS | | 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 |

⁽¹⁾ The average of last three months' liquidity coverage ratio calculated by monthly and weekly simple averages.

With regard of the Liquidity Coverage Ratio banks explain the essential issues as follows:

- Cash inflows and outflows do not have significant fluctuations because the Bank is less complex and cash inflows are higher than cash outflows during 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.
- Important 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, JBIC and funds obtained from capital market transactions by issuing debt securities.
- The most important items in derivatives held for hedging purposes are forwards for currency risks and swap transactions within the scope of interest rate risk.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

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

V. Explanations on liquidity risk management and liquidity coverage ratio (Continued)

2. Liquidity coverage ratio (Continued)

e. 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 like guarantee letters and aval. To prevent concentration risk the bank monitoring the breakdown of the collaterals taken from banks and made policy limit controls for to not take risks 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 A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

V. Explanations on liquidity risk management and liquidity coverage ratio (Continued)

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

| | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Unallocated ⁽¹⁾ | Total |
|---|----------------|------------------|--------------------|-------------------|-------------------|--------------------|----------------------------|-------------------|
| Current Period 30.06.2017 | | | | | | | | |
| Assets | | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT | 562.345 | - | - | - | - | - | - | 562.345 |
| Banks | 178.687 | 2.163.471 | - | - | - | - | - | 2.342.158 |
| Financial Assets at Fair Value Through Profit or Loss | - | 832 | 115 | 2.386 | 8 | 17.380 | - | 20.721 |
| Interbank Money Market Placements | - | 286.136 | - | - | - | - | - | 286.136 |
| Available-for-sale Financial Assets | 28.142 | - | - | - | - | - | - | 28.142 |
| Loans | - | 4.106.679 | 9.892.734 | 34.787.824 | 16.300.585 | 963.351 | 95.601 | 66.146.774 |
| Held-to-maturity Investments | - | 13.483 | - | 151.754 | 80.818 | - | - | 246.055 |
| Other Assets | - | 4.220 | - | 192 | 71.629 | - | 989.196 | 1.065.237 |
| Total Assets | 769.174 | 6.574.821 | 9.892.849 | 34.942.156 | 16.453.040 | 980.731 | 1.084.797 | 70.697.568 |
| Liabilities | | | | | | | | |
| Bank Deposits | - | - | - | - | - | - | - | - |
| Other Deposits | - | - | - | - | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | - | 5.100.824 | 7.612.162 | 30.896.567 | 7.775.834 | 4.187.257 | - | 55.572.644 |
| Funds From Interbank Money Market | - | 160.000 | - | - | - | - | - | 160.000 |
| Marketable Securities Issued | - | - | - | - | 6.159.387 | 1.711.772 | - | 7.871.159 |
| Miscellaneous Payables | - | - | - | 7.255 | 2.774 | - | 481.998 | 492.027 |
| Other Liabilities ^{(2),(3)} | - | 62.005 | 74.157 | 126.011 | 122.385 | 142.003 | 6.075.177 | 6.601.738 |
| Total Liabilities | - | 5.322.829 | 7.686.319 | 31.029.833 | 14.060.380 | 6.041.032 | 6.557.175 | 70.697.568 |
| Liquidity Gap | 769.174 | 1.251.992 | 2.206.530 | 3.912.323 | 2.392.660 | (5.060.301) | (5.472.378) | - |
| Net Off Balance Sheet Position | - | (48.333) | (91.482) | (192.508) | (3.861) | (79.716) | - | (415.900) |
| Derivative Financial Assets | - | 3.483.385 | 961.662 | 3.325.613 | 6.575.186 | 3.981.470 | - | 18.327.316 |
| Derivative Financial Liabilities | - | (3.531.718) | (1.053.144) | (3.518.121) | (6.579.047) | (4.061.186) | - | (18.743.216) |
| Non-Cash Loans | - | - | - | - | - | - | 4.971.070 | 4.971.070 |
| Prior Period 31.12.2016 | | | | | | | | |
| 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 that are necessary for banking activities and that cannot be liquidated in the short-term, such as property and equipment and intangible assets, 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 shareholders' equity, provisions and miscellaneous payables are classified in this column.

⁽³⁾ In other liabilities line amount of TL 6.075.177 at the "unallocated" column, includes the shareholders' equity amounting to TL 5.475.851 and provisions amounting to TL 253.197 mainly.

⁽⁴⁾ In loans line the "Unallocated" column amounting to TL 95.601 consists of the book value of the loans under follow up.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

VI. Leverage Ratio

a) Information on Points Cause to Difference between Leverage Ratios of Current and Prior Period

Because of the increasing volume of the balance sheet and a higher increase in Tier 1 Capital, the leverage ratio of the Bank has slightly increase compared to previous year. However, it is still above of 3% Basel and BRSA standards. In the following periods, it is probable that there will be an increase in leverage ratio and capital adequacy as well as withdrawal in exchange rates.

b) Summary Table of Comparison of Total Risk Amounts to Total Assets Contained in the Financial Statements Prepared in Accordance with TAS:

The Bank organizes just unconsolidated financial report, because The Bank does not have any affiliate or subsidiary, there is no consolidated financial reporting.

c) Disclosure Table of Leverage Ratio

| | Current Period 30.06.2017⁽¹⁾ | Prior Period 31.12.2016⁽¹⁾ |
|--|--|--|
| Balance Sheet Items | | |
| On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 66.983.756 | 66.140.749 |
| Deductions from Tier 1 capital | (5.935) | (6.456) |
| Total on balance sheet exposures | 66.977.821 | 66.134.293 |
| Derivative exposures and credit derivatives | | |
| Replacement cost associated with derivative financial instruments and credit | (2.660) | 9.278 |
| The potential amount of credit risk with derivative financial instruments and | 749.918 | 744.026 |
| The total amount of risk on derivative financial instruments and credit derivatives | 747.258 | 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 | 26.098.277 | 21.815.662 |
| (Correction amount due to multiplication with credit conversation rates) | (18.460.504) | (14.005.579) |
| The total risk of off-balance sheet items | 7.637.773 | 7.810.083 |
| Capital and Total Exposures | | |
| Tier 1 Capital | 5.445.090 | 5.176.461 |
| Total Exposures | 75.362.852 | 74.697.680 |
| Leverage Ratio | | |
| Leverage Ratio | 7,23% | 6,93% |

⁽¹⁾Three-month average of the amounts in Leverage Ratio table.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

VII. Information on Risk Management

Risk weighted amounts are calculated in the framework of statutes of the Communiqué Regarding Credit Risk Mitigation Techniques published in Official Gazette no: 29111 and dated 6 September 2014 and “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy” published in Official Gazette no: 29511 and dated 23 October 2015, standard approach is used for credit and market risk and basic indicator approach for operational risk. The difference between current and prior period is due to the increase in the balance sheet.

1. Overview of Risk Weighted Average (RWA)

| | | Risk Weighted Amount | | Minimum Capital Requirement |
|-----------|--|------------------------------|----------------------------|------------------------------|
| | | Current Period 30.06.2017 | Prior Period 31.12.2016 | Current Period 30.06.2017 |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 35.041.185 | 37.799.302 | 2.803.295 |
| 2 | Standardized approach (SA) | 35.041.185 | 37.799.302 | 2.803.295 |
| 3 | Internal rating-based (IRB) approach | - | - | - |
| 4 | Counterparty credit risk | 350.065 | 389.925 | 28.005 |
| 5 | Standardized approach for counterparty credit risk (SA-CCR) | 350.065 | 389.925 | 28.005 |
| 6 | Internal model method (IMM) | - | - | - |
| 7 | Basic risk weight approach to internal models equity position in the banking account | - | - | - |
| 8 | Investments made in collective investment companies – look-through approach | - | - | - |
| 9 | Investments made in collective investment companies – mandate-based approach | - | - | - |
| 10 | Investments made in collective investment companies - 1250% weighted risk approach | - | - | - |
| 11 | Settlement risk | - | - | - |
| 12 | Securitization positions in banking accounts | - | - | - |
| 13 | IRB ratings-based approach (RBA) | - | - | - |
| 14 | IRB Supervisory Formula Approach (SFA) | - | - | - |
| 15 | SA/simplified supervisory formula approach (SSFA) | - | - | - |
| 16 | Market risk | 498.588 | 446.963 | 39.887 |
| 17 | Standardized approach (SA) | 498.588 | 446.963 | 39.887 |
| 18 | Internal model approaches (IMM) | - | - | - |
| 19 | Operational risk | 1.246.956 | 1.075.641 | 99.757 |
| 20 | Basic Indicator Approach | 1.246.956 | 1.075.641 | 99.757 |
| 21 | Standard Approach | - | - | - |
| 22 | Advanced measurement approach | - | - | - |
| 23 | The amount of the discount threshold under the equity (subject to a 250% risk weight) | - | - | - |
| 24 | Floor adjustment | - | - | - |
| 25 | Total (1+4+7+8+9+10+11+12+16+19+23+24) | 37.136.794 | 39.711.831 | 2.970.944 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

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

VII. Information on Risk Management (Continued)

2. Credit quality of assets

| | Gross carrying values (according to TAS) | | Allowances/ Impairments | Net values |
|--------------------------------|---|-------------------------|----------------------------|-------------------|
| | Defaulted exposures | Non-defaulted exposures | | |
| 1 Loans | 273.461 | 66.051.173 | 177.860 | 66.146.774 |
| 2 Debt Securities | - | 258.456 | 1.341 | 257.115 |
| 3 Off- balance sheet exposures | - | - | - | - |
| 4 Total | 273.461 | 66.309.629 | 179.201 | 66.403.889 |

3. Changes in stock of defaulted loans and debt securities

| | | |
|---|--|----------------|
| 1 | Defaulted loans and debt securities at the end of the previous reporting period | 233.087 |
| 2 | Loans and debt securities that have defaulted since the last reporting period | 46.091 |
| 3 | Returned to non-defaulted status | - |
| 4 | Amounts written off | (2.696) |
| 5 | Other changes | (3.021) |
| 6 | Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) | 273.461 |

4. Credit risk mitigation techniques- overview

| | Exposures unsecured of (according to TAS) | Exposures secured by collateral | Exposures secured by collateral, of which secured amount | Exposures secured by financial guarantees | Financial guarantees, of which secured amount | Exposures secured by credit derivatives | Exposures secured by credit derivatives of which secured amount |
|----------------------|---|---------------------------------|--|---|---|---|---|
| 1 Loans | 9.849 | 66.136.925 | 65.889.289 | - | - | - | - |
| 2 Debt Securities | 94.843 | 162.272 | 159.801 | - | - | - | - |
| 3 Total | 104.692 | 66.299.197 | 66.049.090 | - | - | - | - |
| 4 Of which defaulted | - | 95.601 | - | - | - | - | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

VII. Information on Risk Management (Continued)

5. Standardized approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects

| Risk classes | | Exposures before credit conversion factor and CRM | | Exposures post-credit conversion factor and CRM | RWA and RWA density | | |
|--------------|---|---|--------------------------|---|--------------------------|-------------------|-----------------|
| | | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density (%) |
| 1 | Exposures to central governments or central banks | 2.684.726 | 1.331.936 | 2.740.754 | - | 2.494.501 | 91% |
| 2 | Exposures to regional governments or local authorities | - | - | - | - | - | - |
| 3 | Exposures to public sector entities | - | - | - | - | - | - |
| 4 | Exposures to multilateral development banks | - | - | - | - | - | - |
| 5 | Exposures to international organizations | - | - | - | - | - | - |
| 6 | Exposures to institutions | 9.775.264 | 10.262.120 | 65.417.425 | 20.471 | 28.084.837 | 42,92% |
| 7 | Exposures to corporates | 54.212.593 | 13.534.540 | - | 1.985.812 | 1.985.812 | 100% |
| 8 | Retail exposures | 2.798.882 | 1.541.872 | 1.313.286 | 499.724 | 1.359.757 | 75% |
| 9 | Exposures secured by residential property | 16.381 | - | 16.381 | - | 16.381 | 100% |
| 10 | Exposures secured by commercial real estate | - | - | - | - | - | - |
| 11 | Past-due loans | 95.601 | - | 95.601 | - | 87.477 | 92% |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - |
| 13 | Exposures in the form of covered bonds | - | - | - | - | - | - |
| 14 | Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - |
| 15 | Exposures in the form of units or shares in collective investment undertakings (CIUs) | - | - | - | - | - | - |
| 16 | Other receivables | 984.296 | - | 984.296 | - | 984.278 | 100% |
| 17 | Investment in equities | 28.142 | - | 28.142 | - | 28.142 | 100% |
| 18 | Total | 70.595.885 | 26.670.468 | 70.595.885 | 2.506.007 | 35.041.185 | 48% |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

VII. Information on Risk Management (Continued)

6. Standardized Approach – Exposures by asset classes and risk weights

| | Risk classes/ Risk weight | 0% | 10% | 20% | 50% ⁽¹⁾ | 75% | 100% | 150% | 200% | Other risk weights | Total risk ⁽²⁾ |
|----|---|-------------------|------------|------------------|---------------------------|------------------|-------------------|-------------|-------------|---------------------------|----------------------------------|
| 1 | Exposures to central governments or central banks | 246.253 | - | - | - | - | 2.494.501 | - | - | - | 2.740.754 |
| 2 | Exposures to regional governments or local authorities | - | - | - | - | - | - | - | - | - | - |
| 3 | Exposures to public sector entities | - | - | - | - | - | - | - | - | - | - |
| 4 | Exposures to multilateral development banks | - | - | - | - | - | - | - | - | - | - |
| 5 | Exposures to international organizations | - | - | - | - | - | - | - | - | - | - |
| 6 | Exposures to institutions | 33.832.979 | - | 1.323.092 | 4.923.213 | - | 25.358.613 | - | - | - | 65.437.897 |
| 7 | Exposures to corporates | - | - | - | - | - | 1.985.811 | - | - | - | 1.985.811 |
| 8 | Retail exposures | - | - | - | - | 1.813.011 | - | - | - | - | 1.813.011 |
| 9 | Exposures secured by residential property | - | - | - | - | - | 16.381 | - | - | - | 16.381 |
| 10 | Exposures secured by commercial real estate | - | - | - | - | - | - | - | - | - | - |
| 11 | Past-due loans | - | - | - | 16.249 | - | 79.352 | - | - | - | 95.601 |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - | - | - | - | - |
| 13 | Exposures in the form of covered bonds | - | - | - | - | - | - | - | - | - | - |
| 14 | Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - |
| 15 | Exposures in the form of units or shares in collective investment undertakings (CIUs) | - | - | - | - | - | - | - | - | - | - |
| 16 | Investments in equities | - | - | - | - | - | 28.142 | - | - | - | 28.142 |
| 17 | Other receivables | 19 | - | - | - | - | 984.278 | - | - | - | 984.297 |
| 18 | Total | 34.079.251 | - | 1.323.092 | 4.939.462 | 1.813.011 | 30.947.078 | - | - | - | 73.101.894 |

⁽¹⁾ Secured by real estate

⁽²⁾ After credit conversion factor (CCF) and credit risk mitigation (CRM)

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

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

VII. Information on Risk Management (Continued)

7. Analysis of counterparty credit risk exposure by approach

| | | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory exposure at default | Exposure at default post CRM | RWA |
|---|--|------------------|---------------------------|------|---|------------------------------|---------|
| 1 | Standardized Approach (for derivatives) | (7.204) | 717.172 | | 1,40 | 709.968 | 345.940 |
| 2 | Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | - | - | - | - |
| 3 | Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | 163.918 | 823 |
| 4 | Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | - | - |
| 5 | VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit | | | | | - | - |
| 6 | Total | | | | | | 346.763 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

VII. Information on Risk Management (Continued)

8. Credit valuation adjustment (CVA) capital charge

| | Exposure at default post-CRM | RWA |
|--|------------------------------|-------|
| Total portfolios subject to the Advanced CVA capital charge | - | - |
| 1 (i) Value at Risk (VaR) component (including the 3×multiplier) | | - |
| 2 (ii) Stressed VaR component (including the 3×multiplier) | | - |
| 3 All portfolios subject to the Standardized CVA capital charge | 18.328.626 | - |
| 4 Total subject to the CVA capital charge | 6.452 | 3.223 |

9. Standard approach risk classes and CCR by risk weights

| Risk weights | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Others | Total credit exposure |
|--|----------------|----------|---------------|----------------|----------|------------|----------|----------|-----------------------|
| Risk classes | | | | | | | | | |
| Claims from central governments and central banks | 163.997 | - | - | - | - | - | - | - | - |
| Claims from regional and local governments | - | - | - | - | - | - | - | - | - |
| Claims from administration and non-commercial entity | - | - | - | - | - | - | - | - | - |
| Claims from multilateral development banks | - | - | - | - | - | - | - | - | - |
| Claims from international organizations | - | - | - | - | - | - | - | - | - |
| Claims from institutions | 159.801 | - | 34.936 | 685.203 | - | 476 | - | - | 350.065 |
| Corporates | - | - | - | - | - | - | - | - | - |
| Retail portfolios | - | - | - | - | - | - | - | - | - |
| Claims on landed real estate | - | - | - | - | - | - | - | - | - |
| Past due loans | - | - | - | - | - | - | - | - | - |
| Claims which are determined as high risk by the board of BRSA | - | - | - | - | - | - | - | - | - |
| Mortgage securities | - | - | - | - | - | - | - | - | - |
| Securitization positions | - | - | - | - | - | - | - | - | - |
| Claims from corporates, banks and financial intermediaries which have short term credit rating | - | - | - | - | - | - | - | - | - |
| Investments which are qualified as collective investment institutions | - | - | - | - | - | - | - | - | - |
| Stock investment | - | - | - | - | - | - | - | - | - |
| Other claims | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - |
| Total | 323.798 | - | 34.936 | 685.203 | - | 476 | - | - | 350.065 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION FOUR (Continued)

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

VII. Information on Risk Management (Continued)

10. Composition of collateral for CCR exposure

| | Derivative financial instruments guarantees | | | | Other transactions guarantees | |
|-----------------------------------|---|--------------|------------------|--------------|-------------------------------|------------------|
| | Guarantees received | | Guarantees given | | Guarantees received | Guarantees given |
| | Reserved | Not reserved | Reserved | Not reserved | | |
| Cash – domestic currency | - | - | - | - | 159.801 | - |
| Cash – foreign currency | - | - | - | - | - | - |
| Government bonds/ bills- domestic | - | - | - | - | - | - |
| Government bonds/ bills- other | - | - | - | - | - | - |
| Public institutions bonds/ bills | - | - | - | - | - | - |
| Corporate bonds/ bills | - | - | - | - | - | - |
| Stock | - | - | - | - | - | - |
| Other guarantees | - | - | - | - | - | - |
| Total | - | - | - | - | 159.801 | - |

11. Exposures to central counterparties (CCP)

| | | Exposure at default (post-CRM) | RWA |
|----|---|--------------------------------|-----|
| 1 | Exposure to Qualified Central Counterparties (QCCPs) (total) | | 78 |
| 2 | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | - | - |
| 3 | (i) OTC Derivatives | - | - |
| 4 | (ii) Exchange-traded Derivatives | - | - |
| 5 | (iii) Securities financing transactions | 78 | 78 |
| 6 | (iv) Netting sets where cross-product netting has been approved | - | - |
| 7 | Segregated initial margin | - | |
| 8 | Non-segregated initial margin | - | - |
| 9 | Pre-funded default fund contributions | - | - |
| 10 | Unfunded default fund contributions | - | - |
| 11 | Exposures to non-QCCPs (total) | | - |
| 12 | Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which) | - | - |
| 13 | (i) OTC Derivatives | - | - |
| 14 | (ii) Exchange-traded Derivatives | - | - |
| 15 | (iii) Securities financing transactions | - | - |
| 16 | (iv) Netting sets where cross-product netting has been approved | - | - |
| 17 | Segregated initial margin | - | |
| 18 | Non-segregated initial margin | - | - |
| 19 | Pre-funded default fund contributions | - | - |
| 20 | Unfunded default fund contributions | - | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

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

VII. Information on Risk Management (Continued)

12. Internal ratings based (IRB) approach change in risk weighted amounts table

None.

13. Internal ratings based (IRB) credit risk amounts based on range of portfolio and default probability

None.

14. Internal ratings based (IRB) the effect of credit derivatives used in credit risk mitigation technique on RWA

None.

15. Internal ratings based (IRB) stock investment subject to specialized loans and simple risk weight approach

None.

16. Counterparty credit risk based on risk class and default probability

None.

17. Counterparty credit risk of credit derivatives

None.

18. Risk weighted assets under the Internal Model Method

None.

VIII. Securitization Explanations

1. Securitization positions in banking accounts

None.

2. Securitization positions in trading accounts

None.

3. Securitization positions in banking accounts and capital requirements related for them

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

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

IX. Market Risk Explanations

1. Standard approach

| | | RWA |
|---|---|----------------|
| | Outright products | |
| 1 | Interest rate risk (general and specific) | 366.288 |
| 2 | Stock risk (general and specific) | - |
| 3 | Foreign exchange risk | 126.738 |
| 4 | Commodity risk | - |
| | Options | |
| 5 | Simplified approach | - |
| 6 | Delta-plus method | 5.562 |
| 7 | Scenario approach | - |
| 8 | Securitization | - |
| 9 | Total | 498.588 |

2. Internal model approach for trading accounts

None.

3. Comparison of Value at Risk (VaR) estimates with profit/ loss

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 30.06.2017 | | Prior Period 31.12.2016 | |
|-----------------------|------------------------------|----------------|----------------------------|----------------|
| | TL | FC | TL | FC |
| Cash/Foreign currency | 19 | - | 36 | - |
| CBRT | 198 | 562.128 | 951 | 370.004 |
| Other | - | - | - | - |
| Total | 217 | 562.128 | 987 | 370.004 |

Information related to the account of the CBRT

| | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|-----------------------------|------------------------------|----------------|----------------------------|----------------|
| | TL | FC | TL | FC |
| Demand Unrestricted Account | 198 | 562.128 | 951 | 370.004 |
| Time Unrestricted Account | - | - | - | - |
| Time Restricted Account | - | - | - | - |
| Total | 198 | 562.128 | 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 30.06.2017 | | Prior Period 31.12.2016 | |
|---|------------------------------|----------|----------------------------|----------|
| | TL | FC | TL | FC |
| Financial assets subjected to repo transactions | - | - | 4.242 | - |
| Financial assets given as collateral/ blocked | 2.066 | - | - | - |
| Total | 2.066 | - | 4.242 | - |

3. Positive differences table related to trading derivative financial assets

| | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|----------------------|------------------------------|--------------|----------------------------|----------------|
| | TL | FC | TL | FC |
| Forward Transactions | 111 | - | 1.758 | - |
| Swap Transactions | 148 | 9.140 | 267 | 116.574 |
| Futures Transactions | - | - | - | - |
| Options | - | 262 | - | 4 |
| Other | - | - | - | - |
| Total | 259 | 9.402 | 2.025 | 116.578 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 30.06.2017 | | Prior Period 31.12.2016 | |
|-----------------------------------|------------------------------|------------------|----------------------------|------------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 432.068 | 1.305.203 | 120.537 | 1.302.475 |
| Foreign | | 604.887 | - | 1.095.036 |
| Head Quarters and Branches Abroad | | - | - | - |
| Total | 432.068 | 1.910.090 | 120.537 | 2.397.511 |

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

As of 30 June 2017 and 31 December 2016, there is not any available-for-sale marketable securities given as collateral.

6. Information on available-for-sale financial assets

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|--------------------------|------------------------------|----------------------------|
| Debt Securities | | |
| Quoted to Stock Exchange | - | - |
| Not Quoted | - | - |
| Share Certificates | | |
| Quoted to Stock Exchange | 23.086 | 16.245 |
| Not Quoted | 5.056 | 4.879 |
| Impairment Provision (-) | - | - |
| Total | 28.142 | 21.124 |

As of 30 June 2017 and 31 December 2016 available for sale financial assets of the Bank consist of Garanti Faktoring A.Ş. and Kredi Garanti Fonu A.Ş. with the shareholding percentages of 9,78% and 1,54%, respectively.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 30.06.2017 | | Prior Period 31.12.2016 | |
|--|------------------------------|-------------------|----------------------------|-------------------|
| | 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 | 9.849 | - | 9.297 | - |
| Total | 9.849 | - | 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 | The ones whose terms and conditions changed | | Loans and Other Receivables | The ones whose terms and conditions changed | |
| | | The ones whose payment plans have changed (extended) | Other | | The ones whose payment plans have changed (extended) | Other |
| Non-Specialized Loans | 62.676.020 | 2.270.834 | - | 244.571 | 185.476 | - |
| Working Capital Loans | - | - | - | - | - | - |
| Export Loans | 49.740.360 | 1.774.524 | - | 212.759 | 162.044 | - |
| Import Loans | - | - | - | - | - | - |
| Loans Granted to Financial Sector | 6.828.566 | 32.297 | - | - | - | - |
| Consumer Loans | 9.849 | - | - | - | - | - |
| Credit Cards | - | - | - | - | - | - |
| Other | 6.097.245 | 464.013 | - | 31.812 | 23.432 | - |
| Specialized Loans | 349.571 | 229.631 | - | 94.785 | 285 | - |
| Other Receivables | - | - | - | - | - | - |
| Total | 63.025.591 | 2.500.465 | - | 339.356 | 185.761 | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

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

| The number of changes in payment plans (extension) | Standard loans and other receivables | Loans under close monitoring and other receivables |
|---|---|---|
| Extended by 1 or 2 times | 1.951.578 | 119.711 |
| Extended 3, 4 or 5 times | 475.249 | 66.050 |
| Extended more than 5 times | 73.638 | - |

| The period of extension through change of payment plan | Standard loans and other receivables | Loans under close monitoring and other receivables |
|---|---|---|
| 0-6 Months | 919.919 | 1.155 |
| 6 - 12 Months | 714.975 | 56.582 |
| 1-2 Years | 226.097 | 87.593 |
| 2-5 Years | 232.740 | 9.361 |
| 5 Years and More | 406.734 | 31.070 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 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 30 June 2017, the Bank granted personnel loans amounting to TL 9.849.

| | 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 | 79 | 9.770 | 9.849 |
| Mortgage Loans | - | - | - |
| Automotive Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | 79 | 9.770 | 9.849 |
| 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 | 79 | 9.770 | 9.849 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

7.4. Information on commercial installment loans and corporate credit cards

None.

7.5. Distribution of domestic and foreign loans

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|----------------|--|--|
| Domestic Loans | 63.975.653 | 59.809.581 |
| Foreign Loans | 2.075.520 | 1.710.880 |
| Total | 66.051.173 | 61.520.461 |

7.6. Loans granted to investments in associates and subsidiaries

None.

7.7. Specific provisions accounted for loans

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|--|--|--|
| Loans and Receivables with Limited Collectability | 16.140 | - |
| Loans and Receivables with Doubtful Collectability | 69.248 | 51.312 |
| Uncollectible Loans and Receivables | 92.472 | 92.472 |
| Total | 177.860 | 143.784 |

7.8. Information on non-performing loans (Net)

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

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

7.8.2 Information on the movement of total non-performing loans

| | Group III | Group IV | Group V |
|--|---------------------------------|--------------------------------|----------------------------|
| | 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 | 31.700 | 14.391 | - |
| Transfers from Non-performing Loans Accounts | - | 57.180 | - |
| Transfers to Other Non-Performing Loans Accounts | (57.180) | - | - |
| Collections During the Period | (1.502) | (1.519) | - |
| Write-offs | - | (2.696) | - |
| Corporate and Commercial Loans | - | - | - |
| Consumer loans | - | - | - |
| Credit cards | - | - | - |
| Other | - | (2.696) | - |
| Balance at the End of the Period | 62.321 | 118.668 | 92.472 |
| Specific Provisions | (16.140) | (69.248) | (92.472) |
| Net Balance Sheet Amount | 46.181 | 49.420 | - |

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

| | Group III | Group IV | Group V |
|-----------------------------------|---------------------------------|--------------------------------|----------------------------|
| | Loans and Other | Loans and Other | Uncollectible Loans |
| | Receivables with Limited | Receivables with | and Other |
| | Collectability | Doubtful Collectability | Receivables |
| Current Period: 30.06.2017 | | | |
| Balance at the End of the Period | 59.796 | 90.962 | 80.255 |
| Specific Provisions | (16.140) | (69.249) | (80.255) |
| Net Balance Sheet Amount | 43.656 | 21.713 | - |
| Prior Period: 31.12.2016 | | | |
| Balance at the End of the Period | 84.706 | 48.523 | 80.255 |
| Specific Provisions | - | (48.523) | (80.255) |
| Net Balance Sheet Amount | 84.706 | - | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

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

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

| | Group III | Group IV | Group V |
|---|--|---|--|
| | Loans and Other Receivables with Limited Collectability | Loans and Other Receivables with Doubtful Collectability | Uncollectible Loans and Other Receivables |
| Current Period (Net) 30.06.2017 | | | |
| Loans Granted to Real Persons and Corporate Entities (Gross) | 62.321 | 118.668 | 92.180 |
| Specific Provision Amount | (16.140) | (69.248) | (92.180) |
| Loans Granted to Real Persons and Corporate Entities (Net) | 46.181 | 49.420 | - |
| 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) 31.12.2016 | | | |
| 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) | - | - | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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

As of 30 June 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 30.06.2017 | | Prior Period 31.12.2016 | |
|---|------------------------------|----------|----------------------------|----------|
| | TL | FC | TL | FC |
| Bonds and similar marketable securities | 162.273 | - | 66.432 | - |
| Total | 162.273 | - | 66.432 | - |

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

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|---|------------------------------|----------------------------|
| Bonds and similar marketable securities | 68.374 | 15.589 |
| Total | 68.374 | 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 30.06.2017 | Prior Period 31.12.2016 |
|------------------------------|------------------------------|----------------------------|
| Government Bonds | 176.634 | 98.549 |
| Treasury Bills | 69.421 | - |
| Other Public Debt Securities | - | - |
| Total | 246.055 | 98.549 |

8.3. Information on held-to-maturity investment securities

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|--------------------------|------------------------------|----------------------------|
| Debt Securities | | |
| Quoted to Stock Exchange | 246.055 | 98.549 |
| Not Quoted | - | - |
| Impairment Provision (-) | - | - |
| Total | 246.055 | 98.549 |

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

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|--|------------------------------|----------------------------|
| Balance at the beginning of the period | 98.549 | 255.968 |
| Foreign exchange differences on monetary assets | - | - |
| Purchases during the year | 198.999 | 18.250 |
| Disposals through sales and redemptions ⁽¹⁾ | (54.895) | (172.196) |
| Impairment provision ⁽²⁾ | 3.402 | (3.473) |
| Balance at the end of the period | 246.055 | 98.549 |

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

⁽²⁾ Includes changes of interest accruals.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

9. Information on 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

| | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|--|------------------------------|---------------|----------------------------|----------------|
| | TL | FC | TL | FC |
| Derivative Financial Assets Held for Cash Flow Hedges | | | | |
| Fair Value Hedge ⁽¹⁾ | 4.412 | 32.556 | 354.757 | 65.274 |
| Cash Flow Hedge | - | 39.073 | - | 40.280 |
| Net Investment in Abroad Hedge | - | - | - | - |
| Total | 4.412 | 71.629 | 354.757 | 105.554 |

⁽¹⁾ Explained in Section 4 Note II.

14. Information on investment properties

Istanbul service building which was previously accounted as tangible asset has been re-classified to investment property account in accordance with TAS 40 after the building is leased to the Promotion Agency of Turkey.

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|------------------------------------|------------------------------|----------------------------|
| Cost | 4.566 | 4.566 |
| Depreciation Expense | (2.282) | (2.235) |
| Net value of the period end | 2.284 | 2.331 |

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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

1. Information on deposits/ funds received

The Bank does not accept deposits.

2. Table of negative differences for trading derivative financial liabilities

| Trading Derivative Financial Liabilities | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|--|------------------------------|----------------|----------------------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 113 | - | 50 | - |
| Swap Agreements | 151 | 204.032 | 167 | 41.101 |
| Futures Transactions | - | - | - | - |
| Options | - | 208 | - | 4 |
| Other | - | - | - | - |
| Total | 264 | 204.240 | 217 | 41.105 |

As of 30 June 2017, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2016: None).

3. Information on banks and other financial institutions

3.1 General information on banks and other financial institutions

| | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|--|------------------------------|-------------------|----------------------------|-------------------|
| | TL | FC | TL | FC |
| Borrowings from CBRT | 150.000 | 33.770.444 | - | 32.184.331 |
| From Domestic Banks and Institutions | - | 2.164.590 | - | 1.153.938 |
| From Foreign Banks, Institutions and Funds | - | 19.487.610 | - | 18.380.576 |
| Total | 150.000 | 55.422.644 | - | 51.718.845 |

3.2 Information on maturity structure of borrowings

| | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|----------------------|------------------------------|-------------------|----------------------------|-------------------|
| | TL | FC | TL | FC |
| Short-Term | 150.000 | 40.911.912 | - | 39.307.351 |
| Medium and Long-Term | - | 14.569.606 | - | 12.499.779 |
| Total | 150.000 | 55.481.518 | - | 51.807.130 |

Medium and long-term loans include subordinated loans amounting to TL 58.666 (31 December 2016: TL 88.045) and interest accruals amounting to TL 208 (31 December 2016: TL 240).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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. 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 the Balance Sheet, although not exceeding 10% of the total balance sheet, is detailed below.

| | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|---|------------------------------|----------------|----------------------------|----------------|
| | TL | FC | TL | FC |
| Positive price differences on securities issued | - | 23.467 | - | 30.192 |
| Country Loans- Risk Premiums | - | 180.411 | - | 152.004 |
| Insurance Transactions | 4.108 | - | 2.048 | - |
| Loan Transactions | 873 | 14.321 | 292 | 6.298 |
| Political Risk Loss Account | - | 988 | - | 957 |
| Other | 1.121 | 120.827 | 1.158 | 1.397 |
| Total | 6.102 | 340.014 | 3.498 | 190.848 |

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

None.

6. Negative differences table related to hedging derivative financial liabilities

| Derivative Financial Assets Held for Cash Flow Hedges | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|--|------------------------------|----------------|----------------------------|----------------|
| | TL | FC | TL | FC |
| Fair Value Hedge ⁽¹⁾ | 143.890 | 109.686 | 1.515 | 149.014 |
| Cash Flow Hedge | - | - | - | - |
| Hedge of Net Investment in Foreign Operations | - | - | - | - |
| Total | 143.890 | 109.686 | 1.515 | 149.014 |

⁽¹⁾ Explained in Section 4 Note 2.

7. Information on provisions

7.1. Information on general provisions

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|--|------------------------------|----------------------------|
| 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 |

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

7. Information on other provisions (Continued)

7.3. Information on other provisions

7.3.1. Information on provisions for probable risks

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|-------------------------------|--|--|
| Provisions for Probable Risks | 54.315 | 38.331 |

As of 30 June 2017, the Bank recognized provisions amounting to TL 54.315 considering probable compensation payments in relation to the export receivables (31 December 2016: TL 38.331).

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

Other provisions amounting to TL 69.920 is comprised of insurance reserve expense amounting to TL 54.315 and other provisions amounting to TL 15.605.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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. Explanations on tax liability

8.1 Explanations on current tax liability

8.1.1. Information on provision for taxes

None.

8.1.2. Information on taxes payable

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|--|--|--|
| Corporate Taxes Payable ⁽¹⁾ | - | - |
| Taxation on Revenue From Securities | 13 | 6 |
| Property Tax | - | - |
| Banking Insurance Transaction Tax | 2.668 | 2.628 |
| Foreign Exchange Transaction Tax | - | - |
| Value Added Tax Payable | 271 | 297 |
| Other | 1.471 | 1.531 |
| Total | 4.423 | 4.462 |

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

8.1.3. Information on premium payables

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|---|--|--|
| Social Security Premiums – Employee | 1.183 | 817 |
| Social Security Premiums – Employer | 3.582 | 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 | 139 | 102 |
| Unemployment Insurance - Employer | 280 | 204 |
| Other | - | - |
| Total | 5.184 | 3.778 |

8.2. Information on deferred tax liability

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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. Information on shareholders' equity

9.1. Presentation of paid-in capital

| | Current Period 30.06.2017 | Prior Period 31.12.2016 |
|-----------------|--|--|
| Common Stock | 3.700.000 | 3.700.000 |
| Preferred Stock | - | - |

9.2 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 | Capital Ceiling |
|-----------------------|------------------------|------------------------|
| Share Capital System | 3.700.000 | 10.000.000 |

The Bank has decided to implement share capital system at Extraordinary General Meeting held on 12 January 2017. The relevant decision has been registered in the trade registry and has been announced in the Turkish Trade Registry Gazette dated 30 January 2017 and numbered 9252.

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

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

9.2.2. 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.

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

None.

9.3. 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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. Information on shareholders' equity (Continued)

9.4. Information on privileges given to shares representing the capital

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

9.5. Information on marketable securities value increase fund

| | Current Period 30.06.2017 | | Prior Period 31.12.2016 | |
|--|------------------------------|----------|----------------------------|----------|
| | TL | FC | TL | FC |
| From Investments in Associates, Subsidiaries and Joint Ventures | 7.810 | - | 7.633 | - |
| Valuation Difference | 11.168 | - | 4.327 | - |
| Foreign Currency Differences | - | - | - | - |
| Total | 18.978 | - | 11.960 | - |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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

I. Explanations on off-balance sheet commitments

1.1 Type and amount of irrevocable commitments

As 30 June 2017 the Bank has irrevocable commitments amounting to TL 1.211.225 (31 December 2016: TL 2.920.904).

1.2 The nature and amount of the possible losses and commitments arising from off-balance sheet items including the following:

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 30.06.2017 | Prior Period 30.06.2016 |
|--|--|--|
| Letter of guarantee | - | - |
| Endorsements | - | - |
| Guarantees and bails given for export | - | - |
| Guarantees given for export loan insurance | 4.971.070 | 3.863.578 |
| Total | 4.971.070 | 3.863.578 |

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

None.

1.2 Total amount of non-cash loans

| | Current Period 30.06.2017 | Prior Period 30.06.2016 |
|--|--|--|
| 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 | 4.971.070 | 3.863.578 |
| Total | 4.971.070 | 3.863.578 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 30.06.2017 | | Prior Period 30.06.2016 | |
|--|------------------------------|----------------|----------------------------|----------------|
| | TL | FC | TL | FC |
| Interest income on Loans | | | | |
| Short-term Loans | 310.878 | 226.803 | 296.460 | 145.241 |
| Medium and Long-term Loans | 41.889 | 354.074 | 39.926 | 219.716 |
| Interest on Loans Under Follow-up | 83 | - | 105 | - |
| Premiums Received from Resource Utilization Support Fund | - | - | - | - |
| Total | 352.850 | 580.877 | 336.491 | 364.957 |

1.2. Information on interest income from banks

| | Current Period 30.06.2017 | | Prior Period 30.06.2016 | |
|---------------------------------------|------------------------------|--------------|----------------------------|--------------|
| | TL | FC | TL | FC |
| CBRT | - | 1 | - | - |
| Domestic Banks | 17.217 | 4.546 | 21.985 | 1.117 |
| From Foreign Banks | 116 | 3.485 | 1.330 | 789 |
| From Headquarters and Branches Abroad | - | - | - | - |
| Total | 17.333 | 8.032 | 23.315 | 1.906 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

1. Within the scope of interest income (Continued)

1.3 Information on interest income on marketable securities

| | Current Period 30.06.2017 | | Prior Period 30.06.2016 | |
|--|------------------------------|----------|----------------------------|----------|
| | TL | FC | TL | FC |
| From Trading Financial Assets | 661 | - | 544 | - |
| From Financial Assets at Fair Value through Profit or Loss | - | - | - | - |
| From Available-for-Sale Financial Assets | - | - | - | - |
| From Held-to-Maturity Investments | 6.866 | - | 13.757 | - |
| Total | 7.527 | - | 14.301 | - |

1.4 Information on interest income received from associates and subsidiaries

There is not any interest income from associates and subsidiaries.

2. Within the scope of interest expense

2.1 Information on interest expense on borrowings

| | Current Period 30.06.2017 | | Prior Period 30.06.2016 | |
|----------------------------------|------------------------------|----------------|----------------------------|----------------|
| | TL | FC | TL | FC |
| Banks | 6.216 | 289.513 | 158 | 141.736 |
| CBRT | 6.211 | 102.524 | - | 54.586 |
| Domestic Banks | 5 | 12.434 | 158 | 6.031 |
| Foreign Banks | - | 174.555 | - | 81.119 |
| Headquarters and Branches Abroad | - | - | - | - |
| Other Institutions | - | 7.465 | - | 505 |
| Total | 6.216 | 296.978 | 158 | 142.241 |

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 30.06.2017 | | Prior Period 30.06.2016 | |
|--|------------------------------|---------|----------------------------|---------|
| | TL | FC | TL | FC |
| Interests paid to marketable securities issued | - | 219.410 | - | 164.487 |

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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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)

3. Information on trading income/loss (Net)

| | Current Period 30.06.2017 | Prior Period 30.06.2016 |
|---|--|--|
| Profit | 10.032.036 | 4.316.220 |
| Trading Gains on Securities | 3 | 9 |
| Trading Gains on Derivative Financial Transactions | 139.705 | 179.342 |
| Foreign Exchange Gains | 9.892.328 | 4.136.869 |
| Loss (-) | 10.109.826 | 4.477.541 |
| Trading Losses on Securities | 9 | - |
| Trading Losses from Derivative Financial Transactions | 663.176 | 366.199 |
| Foreign Exchange Loss | 9.446.641 | 4.111.342 |

4. Explanations on other operating income

In the current period, the Bank recognized premium income amounting to TL 70.379 (30 June 2016: TL 49.917) commission taken from reinsurance companies amounting to TL 16.023 (30 June 2016: TL 8.762) within the frame of Short Term Export Credit Insurance.

In the interim period ended 30 June 2017, TL 530 from cancellation of non-performing receivables, TL 5.633 related with export credit insurance operations and TL 3.708 from other accounts have been recognized in other operating income.

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

| | Current Period 30.06.2017 | Prior Period 30.06.2016 |
|---|--|--|
| Specific Provisions for Loans and Other Receivables | 34.606 | 5.410 |
| Group III Loans and Receivables | 3.706 | - |
| Group IV Loans and Receivables | 30.900 | 5.410 |
| Group V. Loans and Receivables | - | - |
| Doubtful receivables such as fees, commissions and other receivables | - | - |
| General Provision Expenses | - | - |
| Provision Expense for Probable Risks | 15.983 | 10.848 |
| Marketable Securities Impairment Expense | 1.279 | 14 |
| Financial Assets at Fair Value through Profit or Loss | 1.279 | 14 |
| 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 | 51.868 | 16.272 |

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 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 30.06.2017 | Prior Period 31.12.2016 |
|--|--|--|
| Personnel Expenses | 66.227 | 51.851 |
| Reserve for Employee Termination benefits | 1.801 | 1.552 |
| Bank Social Aid Provision Fund Deficit Provision | - | - |
| Vacation Pay Liability, net | 1.560 | 1.388 |
| Impairment Expenses of Tangible Fixed Assets | - | - |
| Depreciation Expenses of Tangible Fixed Assets | 2.248 | 2.468 |
| Impairment Expenses of Intangible Fixed Assets | - | - |
| Impairment Expenses of Goodwill | - | - |
| Amortization Expenses of Intangible Assets | 492 | 307 |
| 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 | 14.586 | 12.104 |
| Operational Lease Expenses | 2.892 | 2.522 |
| Maintenance Expenses | 319 | 204 |
| Advertisement Expenses | 17 | 13 |
| Other Expenses | 11.358 | 9.365 |
| Loss on Sale of Assets | - | - |
| Other ⁽¹⁾ | 58.292 | 38.562 |
| Total | 145.206 | 108.232 |

⁽¹⁾ Other operating expenses include the premium amount of TL 39.040 (30 June 2016: TL 25.115) 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 INTERIM PERIOD ENDED 30 JUNE 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 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.

5.1 Explanations and notes related to events after balance sheet

None.

SECTION SIX

AUDITORS' REVIEW REPORT

I. Explanations on auditors' review report

The unconsolidated financial statements as of and for the period ended 30 June 2017 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of KPMG). The auditors' review report dated 10 August 2017 has been presented in front of the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditors

None.

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. General Information about activities of the Bank

Acceleration of World and Turkish Economies is being observed

Although economic growth and acceleration of trade have been observed in 2017, structural problems such as slow down of increase at efficiency, income inequality have subsisted. That is why it is expected that normalization process of monetary policies would be cautious, moderate and slow. Within this context Turkish economy,

- Has grown by 5% in first quarter of 2017,
- Export has been increased by 8,2% in first six months.

For the following period;

- Source of increase at export would be European Union,
- Upside movement of Euro/Dollar parity would continue to contribute to export,
- Shipment to Iraq and Russia, which was declined in line with geopolitical risks, would recover,
- Due to all these reasons, it is forecasted that Medium Term Programme target at export would be realized fluently.

Strong increase was realized in first half of the year by the support of Eximbank

While Turkish economy has attracted attention with its economic growth performance, despite all hardships that were experienced in the world economy, Türk Eximbank made a swift entry to 2017. By the help of actions that were taken;

- Cash credit and insurance support provided in the first half of 2017 increased by 15% in terms of foreign currency and reached at the level of USD 18,8 billion,
- As a result provided proportion of financial support with respect to export increased by 1,2 points and reached the level of 24,2% of export,
- Credit balance by the end of June has grown by 34%,

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

- TL 41,6 of each TL 100 amount of export credit in the banking system was issued by Türk Eximbank,
- As the sign of trust towards Turkey and Türk Eximbank, USD 1,8 billion worth fund was provided from various geographical locations.

Effectiveness of the Bank is increasing in line with structural transformation

In order to increase effectiveness of the Bank with its expanding role and responsibilities and meet expectations of exporters, actions that would lead to structural transformations were taken and there will be continuity to take these actions. In this regards,

- Through reorganization of Türk Eximbank, allocation, operation and marketing units have been empowered,
- Apart from letter of guarantee, the Bank becomes capable of providing credit to exporters directly by the help of KGF Portfolio Guarantee System
- In order to reach exporters directly, liaison offices in Adana, Bursa, Denizli were converted to branches,
- With support of the Ministry of Economy, practices such as Compensation Support for Export Credit Insurance, Incentive Recipient Loan were implemented,
- Cooperation agreements with the United Kingdom, Italy and Belgium Export Support Associations (UKEF, SACE, Credendo), Russian-Kyrgyz Development Fund and the Asian Infrastructure Investment Bank were signed in order to lead up for providing support in various ways to our exporters in international market. Besides, new job opportunities will be ensured for our exporters and contractors who operate in foreign countries through cooperation agreements that will be signed with Export Support Associations of France, Japan and Hungary until the end of this year.

During the remainder of the year:

- Expansion of organizational network of the Bank through covering first 20 cities with respect to export is aimed. In line with this target during the remainder of the year, through opening five new branches in Konya, Kayseri, Antalya, Istanbul European side and Istanbul Anatolian side, total branch number will be increased up to 11.

In the following period as an addition to increase at financial support provided for export and overseas projects, accretion at service speed and quality is aimed through innovative products such as providing guarantee opportunities, commodity based financing, faster service with global data supply for export receivable insurance service.

II. Summary of Financial Data about Activity Results with respect to the period of Interim Activity Report that covers comments of Chairman of the Executive Board and General Manager about Interim Activities

Summary of Financial Data about the Activity Results as of 30 June 2017

| Selected Data from Balance Sheet | (30/06/2017) | (31/12/2016) | Change (%) |
|---|---------------------|---------------------|-------------------|
| Total Assets | 70.697.568 | 68.276.314 | 3,6 |
| Loans and Receivables (Net) | 66.146.774 | 61.609.764 | 7,4 |
| Marketable Securities (Net) | 285.257 | 130.351 | 118,8 |
| Receivables from Money Market | 286.136 | 368.160 | (22,3) |
| Banks | 2.342.158 | 2.518.048 | (7,0) |
| Funds Borrowed | 55.631.518 | 51.807.130 | 7,4 |
| Marketable Securities Issued (Net) | 7.871.159 | 7.827.323 | 0,6 |
| Provisions | 253.197 | 230.229 | 10,0 |
| Shareholder's Equity | 5.475.851 | 5.200.734 | 5,3 |
| Period Net Profit/ Loss | 271.897 | 421.325 | (35,5) |

As of 30 June 2017, assets of Türk Eximbank have been realized as TL 70,7 billion (USD 20,1 billion) with 3,6% increase compared to the end of last year.

As of 30 June 2017, balance of loans was realized as TL 66 billion with 7,4% increase compared to the end of last year and this figure refers to 94% of assets. Short-term credits were TL 41 billion (62% of credits), mid and long term credits TL 25 billion (38% of loans). Ratio of non-performing loans compared to total loans was 0,4%, which was lower than sector average.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

III. Summary of Financial Data about Activity Results with respect to the period of Interim Activity Report that covers comments of Chairman of the Executive Board and General Manager about Interim Activities

Liabilities comprise of TL 63,7 billion external resources (90% of liabilities), TL 5,5 billion shareholders' equity (7,7% of liabilities), TL 1,5 billion provisions and other liabilities (2,3%).

| Income Statement items | (30/06/2017) | (31/12/2016) | Change (%) |
|--|---------------------|---------------------|-------------------|
| Interest Income | 973.276 | 741.593 | 31,2 |
| Interest income on Loans | 933.727 | 701.448 | 33,1 |
| Interest expenses | 526.979 | 317.021 | 66,2 |
| Interest expense on funds borrowed | 303.194 | 153.118 | 113,2 |
| Interest expenses on securities issued | 219.410 | 164.487 | 33,4 |
| Period Net Profit | 271.897 | 215.532 | 26,2 |

In current period, increase of extension of loans of Türk Eximbank does have an effect on incomes. Total interest income of the Bank is TL 973 million and 96% of this income that refers to TL 934 million was earned through interest on loans. Interest expenses are TL 527 million and interests that were accrued as a result of funds borrowed from international financial markets and issued marketable securities constitute most of this expense amount. Interest expenses on marketable securities which are TL 291 million refers to 42% of the total and interests paid for funds borrowed from local and international markets are TL 302 million that refers to 57% of the sum.

As of 30 June 2017, period profit of the Bank is TL 272 million and this points out 26% increase compared to previous year's same period.

Primary ratios about financial status and performance of the Bank stated below:

| Selected Ratios | (30/06/2017) | (31/12/2016) | Change (%) |
|--|---------------------|---------------------|-------------------|
| Capital Adequacy Ratio (%) | 15,1 | 13,4 | 16,7 |
| Loans / Assets (%) | 93,6 | 90,2 | 92,9 |
| Non-performing Loans / Total Loans (%) | 0,4 | 0,4 | 0,3 |
| Return on Assets (%) | 0,8 | 0,8 | 0,9 |
| Return on Equity (%) | 10,5 | 8,8 | 9,1 |
| Financial Leverage = External Resources / Total Assets | 92,3 | 92,4 | 90,6 |
| Financial Capability = Equity / External Resources | 8,4 | 8,2 | 10,4 |
| Current Ratio = Current Assets / Short Term External Resources | 106,6 | 106,7 | 105,3 |
| Cash Ratio = Liquid Assets / Short Term External Resources | 5,7 | 8,3 | 6,3 |
| Net Interest Income / Total Operating Income | 95,2 | 126,9 | 124,9 |

Capital Adequacy of the Bank is 15,1%, Return on Assets is 0,8%; Return on Equity is 10,5%.

Activities of the Bank are in line with regulations and provisions of the main contract and summary report with respect to financial statements for the period that ended as at 30 June 2017 is respectfully submitted for your evaluations.

Adnan YILDIRIM
Deputy General Manager

Osman ÇELİK
Chairman of the Executive Board