



**Türkiye İhracat Kredi Bankası Anonim Şirketi**

**Unconsolidated Financial Statements**

As at and For Nine-Month Period Ended

30 September 2016

With Auditors' Review Report Thereon

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

11 November 2016

*This report includes "Auditors' Review Report"  
comprising 2 pages and; "Unconsolidated Financial  
Statements and Related Disclosures and Footnotes"  
comprising 68 pages.*



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**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 statement of financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") as at 30 September 2016 and the unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the nine-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 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 the 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 is not present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 30 September 2016 and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and 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



11 November 2016  
Istanbul, Turkey

### *Additional paragraph for convenience translation to English*

The accounting principles summarized in Note 1 to Section 3, may differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.



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

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş. (“TÜRK EXIMBANK”)  
AS OF 30 SEPTEMBER 2016**

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE BANK
- 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.

**Cavit DAĞDAŞ**  
Chairman of Board of  
Directors

**Hayrettin KAPLAN**  
Deputy General  
Manager

**Necati YENİARAS**  
Vice President of the  
Financial Reporting

**Muhittin AKBAŞ**  
Head of Accounting  
and Reporting Unit

**İbrahim ŞENEL**  
Vice President 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:

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**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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**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).

The Bank decided to increase its capital to TL 3.700.000 from TL 2.500.000 at Ordinary General Assembly dated 22 March 2016. Total capital increase is amount to TL 1.200.000 and TL 599.657 of this increase is funded from inflation adjustment difference, TL 439.790 is funded from reserves that has been transferred from 2015 profit, TL 160.542 is funded from reserves and TL 11 is funded from prior year's undistributed income. The capital increase is completed on 2 May 2016 based on BRSA's permission which is dated 28 April 2016.

**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>
<b>Chairman of the Board of Directors:</b> <sup>(1)</sup>	Cavit DAĞDAŞ	Graduate
<b>Vice President of the Board of Directors:</b> <sup>(1)</sup>	İbrahim ŞENEL	Undergraduate
<b>Members of the Board of Directors:</b> <sup>(1)</sup>	Dr. Hayrettin KAPLAN	Postgraduate
	Dr. Raci KAYA	Postgraduate
	Mehmet BÜYÜKEKŞİ	Undergraduate
	Zeynep BODUR OKYAY	Undergraduate
	Adnan Ersoy ULUBAŞ	Undergraduate
	Oğuz SATICI <sup>(1)</sup>	Undergraduate
	A.Doğan ARIKAN <sup>(1)</sup>	Undergraduate
<b>Members of the Audit Committee:</b>	İbrahim ŞENEL	Graduate
	Dr. Raci KAYA	Postgraduate
	A.Doğan ARIKAN <sup>(1)</sup>	Undergraduate
<b>General Manager:</b>	Dr. Hayrettin KAPLAN	Postgraduate
<b>Deputy General Managers:</b>	Necati YENİARAS	Graduate
	Mesut GÜRSOY	Undergraduate
	Enis GÜLTEKİN	Undergraduate
	M.Ertan TANRIYAKUL	Undergraduate
	Ahmet KOPAR	Graduate
	Alaaddin METİN	Undergraduate

- (1) At the Bank's Ordinary General Assembly dated 22 March 2016, Cavit DAĞDAŞ, İbrahim ŞENEL, Mehmet BÜYÜKEKŞİ, Adnan Ersoy ULUBAŞ, Dr. Raci KAYA and Zeynep BODUR OKYAY have been elected to board of directors for 3 years. Oğuz SATICI and A. Doğan ARIKAN's board memberships have ended. On the Board of Directors' meeting dated 4 April 2016, Cavit DAĞDAŞ has been elected for the Chairman of the Board of Directors, İbrahim ŞENEL for Vice Chairman of the Board of Directors and for the member of Audit Committee, Dr. Raci KAYA for member of the Board of Directors and for the member of Audit Committee, Mehmet BÜYÜKEKŞİ, Adnan Ersoy ULUBAŞ and Zeynep BODUR OKYAY for members of the Board of Directors.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2016**

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

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

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

General Manager of the Bank is Dr. Hayrettin KAPLAN, Deputy General Manager responsible for Loans of the Bank is Mesut GÜR SOY, Deputy General Manager responsible for Accounting Transactions and Reporting, Information Technologies and Economic Research is Necati YENİARAS (Information Technology, Financial Affair, Coordination), Deputy General Manager responsible for Social Affairs and Communication, Human Resources and Board of Examination of the Bank is Ahmet KOPAR (Support Services), Deputy General Manager responsible for Insurance and Guarantee Operations of the Bank is Enis GÜLTEKİN, Deputy General Manager responsible for International Loans of the Bank is Alaaddin METİN and Deputy General Manager responsible for Risk Analysis and Assessment, Finance and Treasury Operations of the Bank is Mustafa Ertan TANRIYAKUL.

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

**IV. Information on the shareholders owning control shares**

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
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 subsidiaries.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 30 SEPTEMBER 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Notes	CURRENT PERIOD			PRIOR PERIOD		
		Reviewed			Audited		
		30 September 2016			31 December 2015		
		TP	FC	TOTAL	TP	FC	TOTAL
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	(1)	1.159	405.855	407.014	1.227	-	1.227
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)</b>		12.964	33.145	46.109	11.382	2.923	14.305
2.1 Trading Financial Assets		12.964	33.145	46.109	11.382	2.923	14.305
2.1.1 Government Debt Securities		11.178	-	11.178	10.593	-	10.593
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets	(3)	1.786	33.145	34.931	789	2.923	3.712
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		-	-	-	-	-	-
<b>III. BANKS</b>	(4)	138.258	2.568.863	2.707.121	41.667	122.735	164.402
<b>IV. MONEY MARKETS</b>		250.437	-	250.437	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		250.437	-	250.437	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	(6)	20.114	-	20.114	18.051	-	18.051
5.1 Share Certificates		20.114	-	20.114	18.051	-	18.051
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	(7)	8.575.234	44.616.184	53.191.418	6.961.396	36.197.730	43.159.126
6.1 Loans and receivables		8.480.573	44.616.184	53.096.757	6.961.396	36.197.730	43.159.126
6.1.1 Loans to Bank's risk group		-	-	-	-	-	-
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		8.480.573	44.616.184	53.096.757	6.961.396	36.197.730	43.159.126
6.2 Loans under Follow-up		231.496	-	231.496	131.688	-	131.688
6.3 Specific Provisions (-)		(136.835)	-	(136.835)	(131.688)	-	(131.688)
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	(8.2)	208.273	-	208.273	255.968	-	255.968
8.1 Government Debt Securities		208.273	-	208.273	255.968	-	255.968
8.2 Other Marketable Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(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		-	-	-	-	-	-
<b>X. SUBSIDIARIES (Net)</b>	(10)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. JOINT VENTURES (Net)</b>	(11)	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII. FINANCIAL LEASE RECEIVABLES</b>	(12)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	(13)	15.054	79.496	94.550	25.270	79.868	105.138
13.1 Fair Value Hedge		15.054	51.197	66.251	25.270	50.690	75.960
13.2 Cash Flow Hedge		-	28.299	28.299	-	29.178	29.178
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>		8.031	-	8.031	13.189	-	13.189
<b>XV. INTANGIBLE ASSETS (Net)</b>		2.424	-	2.424	2.230	-	2.230
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2.424	-	2.424	2.230	-	2.230
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(14)	2.355	-	2.355	-	-	-
<b>XVII. TAX ASSET</b>		-	-	-	-	-	-
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		-	-	-	-	-	-
<b>XVIII. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
18.1 Held for Sale Purpose	(15)	-	-	-	-	-	-
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		434.852	1.713.679	2.148.531	104.841	599.318	704.159
<b>TOTAL ASSETS</b>		9.669.155	49.417.222	59.086.377	7.435.221	37.002.574	44.437.795

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 SEPTEMBER 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES	Notes	CURRENT PERIOD Reviewed			PRIOR PERIOD Audited		
		30 September 2016			31 December 2015		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
1.1 Deposits of Bank's risk group		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	654	33.294	33.948	333	302	635
<b>III. BORROWINGS</b>	(3.1)	-	44.454.204	44.454.204	50.110	32.938.140	32.988.250
<b>IV. MONEY MARKETS</b>		160.000	-	160.000	200.000	-	200.000
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	200.000	-	200.000
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	6.810.871	6.810.871	-	5.088.218	5.088.218
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	6.810.871	6.810.871	-	5.088.218	5.088.218
<b>VI. FUNDS</b>		13	-	13	16	-	16
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		13	-	13	16	-	16
<b>VII. MISCELLANEOUS PAYABLES</b>		13.231	1.916.969	1.930.200	13.096	885.251	898.347
<b>VIII. OTHER LIABILITIES</b>	(4)	4.782	211.410	216.192	4.709	82.971	87.680
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>	(5)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	(6)	50.642	2.901	53.543	32.854	9.969	42.823
11.1 Fair Value Hedge		50.642	2.901	53.543	32.854	9.969	42.823
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(7)	222.249	-	222.249	223.922	-	223.922
12.1 General Loan Loss Provision		130.214	-	130.214	130.214	-	130.214
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		43.604	-	43.604	44.953	-	44.953
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		48.431	-	48.431	48.755	-	48.755
<b>XIII. TAX LIABILITY</b>	(8)	7.133	-	7.133	5.608	-	5.608
13.1 Current Tax Liability		7.133	-	7.133	5.608	-	5.608
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(3.2)	-	100.522	100.522	-	121.591	121.591
<b>XVI. SHAREHOLDERS' EQUITY</b>	(9.1)	5.098.765	(1.263)	5.097.502	4.780.372	333	4.780.705
16.1 Paid-in capital		3.700.000	-	3.700.000	2.500.000	-	2.500.000
16.2 Capital Reserves		9.399	(1.263)	8.136	606.992	333	607.325
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		10.950	-	10.950	8.886	-	8.886
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation Differences of Investment Property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective portion)		-	(1.263)	(1.263)	-	333	333
16.2.9 Value increase of Non-current Asset Held for Sale and Discounted Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		(1.551)	-	(1.551)	598.106	-	598.106
16.3 Profit Reserves		1.069.366	-	1.069.366	1.183.974	-	1.183.974
16.3.1 Legal Reserves		328.050	-	328.050	302.905	-	302.905
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		718.573	-	718.573	858.326	-	858.326
16.3.4 Other Profit Reserves		22.743	-	22.743	22.743	-	22.743
16.4 Profit or Loss		320.000	-	320.000	489.406	-	489.406
16.4.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.4.2 Current Period Profit/Loss		320.000	-	320.000	489.406	-	489.406
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5.557.469</b>	<b>53.528.908</b>	<b>59.086.377</b>	<b>5.311.020</b>	<b>39.126.775</b>	<b>44.437.795</b>

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 SEPTEMBER 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	CURRENT PERIOD Reviewed 30 September 2016		PRIOR PERIOD Audited 31 December 2015			
		TL	FC	TL	FC		
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>6.495.650</b>	<b>36.863.639</b>	<b>43.359.289</b>	<b>4.226.667</b>	<b>22.644.583</b>	<b>26.871.250</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1.2)	-	<b>3.065.198</b>	<b>3.065.198</b>	-	<b>2.754.481</b>	<b>2.754.481</b>
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		-	3.065.198	3.065.198	-	2.754.481	2.754.481
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>2.232.034</b>	<b>13.022.317</b>	<b>15.254.351</b>	<b>1.717.787</b>	<b>8.464.215</b>	<b>10.182.002</b>
2.1 Irrevocable Commitments		-	2.114.281	2.114.281	-	1.051.140	1.051.140
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		-	2.114.281	2.114.281	-	1.051.140	1.051.140
2.2 Revocable Commitments		2.232.034	10.908.036	13.140.070	1.717.787	7.413.075	9.130.862
2.2.1 Revocable Loan Granting Commitments		2.232.034	10.908.036	13.140.070	1.717.787	7.413.075	9.130.862
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>4.263.616</b>	<b>20.776.124</b>	<b>25.039.740</b>	<b>2.508.880</b>	<b>11.425.887</b>	<b>13.934.767</b>
3.1 Hedging Derivative Financial Instruments		3.970.107	14.246.227	18.216.334	2.356.135	9.416.970	11.773.105
3.1.1 Transactions for Fair Value Hedge		3.933.887	14.186.167	18.120.054	2.319.915	9.358.706	11.678.621
3.1.2 Transactions for Cash Flow Hedge		36.220	60.060	96.280	36.220	58.264	94.484
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		293.509	6.529.897	6.823.406	152.745	2.008.917	2.161.662
3.2.1 Forward Foreign Currency Buy/Sell Transactions		41.288	40.420	81.708	50.150	47.302	97.452
3.2.1.1 Forward Foreign Currency Transactions-Buy		20.654	20.210	40.864	26.765	22.053	48.818
3.2.2.2 Forward Foreign Currency Transactions-Sell		20.634	20.210	40.844	23.385	25.249	48.634
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		252.221	6.489.477	6.741.698	102.595	1.961.615	2.064.210
3.2.2.1 Foreign Currency Swap-Buy		-	2.861.290	2.861.290	102.595	625.232	727.827
3.2.2.2 Foreign Currency Swap-Sell		252.221	2.607.167	2.859.388	-	724.611	724.611
3.2.2.3 Interest Rate Swap-Buy		-	510.510	510.510	-	305.886	305.886
3.2.2.4 Interest Rate Swap-Sell		-	510.510	510.510	-	305.886	305.886
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-
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>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>148.653</b>	<b>19.319.623</b>	<b>19.468.276</b>	<b>113.115</b>	<b>16.878.488</b>	<b>16.991.603</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		-	-	-	-	-	-
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		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>22.412</b>	<b>180.023</b>	<b>202.435</b>	<b>22.412</b>	<b>172.250</b>	<b>194.662</b>
5.1 Marketable Securities		-	20.181	20.181	-	19.577	19.577
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		9.400	41.150	50.550	9.400	39.920	49.320
5.6 Other Pledged Items		13.012	118.692	131.704	13.012	112.753	125.765
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>126.241</b>	<b>19.139.600</b>	<b>19.265.841</b>	<b>90.703</b>	<b>16.706.238</b>	<b>16.796.941</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>6.644.303</b>	<b>56.183.262</b>	<b>62.827.565</b>	<b>4.339.782</b>	<b>39.523.071</b>	<b>43.862.853</b>

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 SEPTEMBER 2016**  
(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 September 2016	Reviewed 1 January - 30 September 2015	Reviewed 1 July - 30 September 2016	Reviewed 1 July - 30 September 2015
<b>I. INTEREST INCOME</b>	(1)	1,165,285	883,704	423,692	331,582
1.1 Interest on loans		1,109,903	839,866	408,455	317,712
1.2 Interest Received from Reserve Requirements		-	-	-	-
1.3 Interest Received from Banks		31,256	22,968	6,035	8,208
1.4 Interest Received from Money Market Transactions		2,419	2,005	2,160	-
1.5 Interest Received from Marketable Securities Portfolio		21,162	18,410	6,861	5,455
1.5.1 Trading Financial Assets		915	1,616	371	419
1.5.2 Financial Assets Designated at Fair Value Through Profit or (loss)		-	-	-	-
1.5.3 Available-for-sale Financial Assets		-	-	-	-
1.5.4 Held to maturity Investments		20,247	16,794	6,490	5,036
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		545	455	181	207
<b>II. INTEREST EXPENSE</b>	(2)	523,374	362,166	206,353	138,667
2.1 Interest on Deposits		-	-	-	-
2.2 Interest on Funds Borrowed		251,483	138,090	109,084	57,016
2.3 Interest Expense on Money Market Transactions		-	-	-	-
2.4 Interest on Securities Issued		258,035	208,996	93,548	77,221
2.5 Other Interest Expenses		13,856	15,080	3,721	4,430
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		641,911	521,538	217,339	192,915
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		11,102	7,123	1,196	(1,916)
4.1 Fees and Commissions Received		25,718	15,317	7,697	1,589
4.1.1 Non-cash Loans		-	-	-	-
4.1.2 Other		25,718	15,317	7,697	1,589
4.2 Fees and Commissions Paid		(14,616)	(8,194)	(6,501)	(3,505)
4.2.1 Non-cash Loans		-	-	-	-
4.2.2 Other		(14,616)	(8,194)	(6,501)	(3,505)
<b>V. DIVIDEND INCOME</b>		-	-	-	-
<b>VI. TRADING INCOME/LOSS (Net)</b>	(3)	(252,102)	(98,010)	(90,781)	(38,513)
6.1 Trading Gains /Losses on Securities		9	(692)	-	-
6.2 Trading Gains /Losses on Derivative Financial Assets		(118,303)	616,855	68,554	270,221
6.3 Foreign Exchange Gains /Losses		(133,808)	(714,173)	(159,335)	(308,734)
<b>VII. OTHER OPERATING INCOME</b>	(4)	99,373	81,871	32,494	29,127
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		500,284	512,522	160,248	181,613
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(5)	15,576	21,597	(696)	9,926
<b>X. OTHER OPERATING EXPENSES (-)</b>	(6)	164,708	144,732	56,476	45,983
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		320,000	346,193	104,468	125,704
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XIII. PROFIT / (LOSS) ON EQUITY METHOD</b>		-	-	-	-
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)</b>		320,000	346,193	104,468	125,704
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>		-	-	-	-
16.1 Current Tax Provision		-	-	-	-
16.2 Deferred Tax Provision		-	-	-	-
<b>XVII. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>		320,000	346,193	104,468	125,704
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
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		-	-	-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
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		-	-	-	-
<b>XX. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)</b>		-	-	-	-
<b>XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
<b>XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)</b>		-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>		<b>320,000</b>	<b>346,193</b>	<b>104,468</b>	<b>125,704</b>
Earnings/Loss per share (Full TL)		0,08649	0,13850	0,02820	0,05030

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 SEPTEMBER 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		Notes	CURRENT PERIOD Reviewed 30 September 2016	PRIOR PERIOD Reviewed 30 September 2015
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS		2.064	(2.730)
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)		(1.596)	1.382
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 (I+II+...+IX)		468	(1.348)
XI.	CURRENT PERIOD PROFIT/LOSS		320.000	346.193
11.1	Net change in fair value of marketable securities (Transfer to Profit/Loss)		-	(10)
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		320.000	346.203
XII.	TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD (X±XI)		320.468	344.845

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 SEPTEMBER 2016**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		CURRENT PERIOD Reviewed 1 January - 30 September 2016	PRIOR PERIOD Reviewed 1 January - 30 September 2015
	Notes		
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit before changes in operating assets and liabilities</b>		<b>1.056.434</b>	<b>2.389.857</b>
1.1.1 Interest received		1.137.173	842.102
1.1.2 Interest paid		(399.972)	(314.120)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		25.718	15.317
1.1.5 Other income		99.382	495.271
1.1.6 Collections from previously written-off loans and other receivables		34.890	9.855
1.1.7 Payments to personnel and service suppliers		(102.040)	(69.869)
1.1.8 Taxes paid		(1.525)	(1.152)
1.1.9 Other		262.808	1.412.453
<b>1.2 Changes in operating assets and liabilities</b>		<b>537.778</b>	<b>(2.620.720)</b>
1.2.1 Net (increase) / decrease in trading securities		3.847	34.940
1.2.2 Net (increase) / decrease in fair value through profit/(loss) financial assets		-	-
1.2.3 Net (increase) / decrease in due from banks		(1.098)	819
1.2.4 Net (increase) / decrease in loans		(10.006.354)	(12.488.894)
1.2.5 Net (increase) / decrease in other assets		(1.444.211)	(316.883)
1.2.6 Net increase / (decrease) in bank deposits		-	-
1.2.7 Net increase / (decrease) in other deposits		-	-
1.2.8 Net increase / (decrease) in funds borrowed		10.860.113	9.775.436
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		1.125.481	373.862
<b>I. Net cash provided from banking operations</b>		<b>1.594.212</b>	<b>(230.863)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>50.382</b>	<b>76.073</b>
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		(4.214)	(4.636)
2.4 Disposals of property and equipment		2.803	3.560
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	(1.8.4)	(18.250)	(95.772)
2.8 Cash obtained from sale of investment securities	(1.8.4)	70.713	173.489
2.9 Other		(670)	(568)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>1.417.532</b>	<b>(40.723)</b>
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		(24.288)	(19.373)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(3.671)	(21.350)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>135.719</b>	<b>26.898</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>3.197.845</b>	<b>(168.615)</b>
<b>VI. Cash and cash equivalents at the beginning of the period</b>		<b>165.629</b>	<b>1.065.931</b>
<b>VII. Cash and cash equivalents at the end of the period</b>		<b>3.363.474</b>	<b>897.316</b>

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

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**SECTION THREE**

**ACCOUNTING POLICIES**

**I. Basis of presentation**

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

The Bank prepares its 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 as Turkish Lira (“TL”) in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, available-for-sale financial assets whose fair value can be reliably measured, derivative financial assets and liabilities held for trading purpose and derivative financial assets and liabilities held for cash flow hedges.

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 below.

**3. Additional paragraph for convenience translation to English**

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

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

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

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

As of 30 September 2016, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 3,0030 for US dollar, TL 3,3589 for Euro, TL 2,9765 for 100 JPY and TL 3,8877 for GBP.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**III. Explanations on forward transactions, options and derivative instruments**

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

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

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

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

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

The Bank is protected from 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 extracted from equity and recognized in the income statement.

In cash flow hedge accounting, if it is not continued to hedge because of termination, realization, sale, stop hedging and inefficient hedge effectiveness of hedging instruments, hedge oriented account amounts that realized under shareholders' equity will transferred to profit/loss accounts.

The Bank classifies its derivative instruments except for derivatives held for 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.



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

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

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

The government bonds and treasury bills recognized under trading financial assets which are traded on Borsa İstanbul 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.

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**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 value. Banks are accounted for at cost-based loans at amortized cost, they are classified as short and long-term loans, open and covered. FX type loans are recognized at fixed prices and are revalued with the Bank’s spot foreign exchange buying rate at the end of the period.

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

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

The Bank is exempted from the general and specific provisions in accordance with Article 13 “Exceptions” of The Regulation on Principles and Procedures Related to the Determination of the Qualifications of Banks’ Loans and Other Receivables and Provisioning for these Loans and Other Receivables which says specific and general provision rates for transactions made in accordance with Law No: 3332 dated 25 March 1987 are considered as zero percent.

**VIII. Explanations on offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously. Otherwise, no offsetting is made in relation with the financial assets and liabilities.

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

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

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

Assets which meet the criteria to be classified as held for sale are measured by the book value and no more amortization is made for these assets; and these assets are shown separately on the balance sheet. In order to classify an asset as an asset held for sale, the related asset (or the group of assets to be disposed of) should be able to be sold immediately and the probability of sale for such assets (or group of assets to be disposed of), should be high under current conditions. In order for the sale to be highly probable, a plan should have been made by the suitable management for the sale of the asset (or group of assets to be disposed of) and an active program should have been started to determine the buyers and to carry out the plan.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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 September 2016 and 31 December 2015, 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%

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**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 on accompanying unconsolidated financial statements at cost less accumulated depreciation and impairment. Investment properties are depreciated in accordance with the useful life principles with straight-line depreciation method. Gains and losses resulted from disposal of investment properties or withdrawn from service of a tangible asset are determined as the difference between sales proceeds and the carrying amount of the asset and included in the income statement.

**XIV. Explanations on lease**

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

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

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

Provisions and contingent liabilities except for the specific and general provisions recognized for loans and other receivables are accounted in accordance with "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

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

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

**XVI. Explanations on obligations related to employee rights**

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

Obligations related to employee termination and vacation rights are calculated for in accordance with "Turkish Accounting Standard for Employee Benefits" ("TAS 19").

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVI. Explanations on obligations related to employee rights (Continued)**

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 behaviours 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 are 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.

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>31.12.2015</b>
Discount ratio	10,65%	10,65%
Inflation	7,65%	7,65%
Salary increase rate	8,65%	8,65%

As of 30 September 2016, the calculated employment termination obligation amounts to TL 17.992. For the period ended 30 September 2016, the Bank also provided a 100% provision for vacation pay liability relating to prior periods amounting to TL 11.780.

For all year long, the Bank has made provision for principally of success fee amounting TL 7.412 to be paid in September 2016, and dividend to personnel, amounting TL 6.420 to be paid in 2017, from 2016 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 3<sup>rd</sup> 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 four bonds. In October 2011, the Bank issued bonds amounting USD 500 million (TL 1.501.500). The bond is subject to annual fixed interest payment of 5,38 per cent every six months and the total maturity is five years and also, the bond issued on April 2012 with an amount of USD 500 million (TL 1.501.500) is subject to biannual fixed payment of 5,88 per cent and its total maturity is seven years. In addition to this bond, there was a bond increase corresponding to USD 250 million (TL 750.750) as of October 2012, bond issued on September 2014 with amount of USD 500 million (TL 1.501.500) which is subject to annual fixed interest payment of 5 per cent every six months and the total maturity is seven years and also the bond issued on February 2016 with amount of USD 500 million (TL 1.501.500) which is subject to annual fixed interest payment of 5,375 per cent 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.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIX. Explanations on issuance of share certificates**

As the Bank's total paid-in capital is owned by the Turkish Treasury, there is no cost related to share issuance. Profit distribution of the Bank is resolved at the General Assembly meeting. As of 22 March 2016, dividend distribution for 2015 was approved by Banking Regulation and Supervision Agency.

**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. On the other hand, 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.

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**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".

The Bank's equity is TL 5.223.575 and capital adequacy ratio is 15,13% as at 30 September 2016. 31 December 2015 calculation is made within the framework of the repealed regulations, equity has been TL 4.945.331 and capital adequacy ratio has been 18,94%. The Bank's capital adequacy ratio is well over the minimum rate set by the relevant legislation.

	Current Period 30.09.2016 Amount	Amounts related to treatment before 1/1/2014 (*)
<b>Common Equity Tier 1 capital</b>	<b>5.094.330</b>	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.700.000	
Share issue premiums	-	
Reserves	1.069.366	
Gains recognized in equity as per TAS	10.950	
Profit	320.000	
Current period profit	320.000	
Prior period profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>5.100.316</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>5.986</b>	
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	2.981	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.454	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are 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	-	
Defined-benefit pension fund net assets	1.551	
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	-	

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**SECTION FOUR (Continued)**

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

**I. Information about shareholders' equity items (Continued)**

	Current Period 30.09.2016 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	-	
National 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	5.986	
Common Equity Tier 1 capital (CET1)	5.094.330	
<b>ADDITIONAL TIER 1 CAPITAL</b>		
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)	-	
<b>Additional Tier I Capital before Deductions</b>		
<b>Deductions from Additional Tier I Capital</b>		
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	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>	<b>969</b>	



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

**I. Information about shareholders' equity items (Continued)**

	Current Period 30.09.2016 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 (-)	969	
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 (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>5.093.361</b>	
<b>TIER II CAPITAL</b>	<b>130.214</b>	
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	
<b>Tier II Capital Before Deductions</b>	<b>130.214</b>	
<b>Deductions From Tier II Capital</b>	-	
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>130.214</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.223.575</b>	
<b>Deductions from Total Capital</b>	<b>5.223.575</b>	
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	-	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	
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	-	

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**SECTION FOUR (Continued)**

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

**I. Information about shareholders' equity items (Continued)**

	Current Period 30.09.2016 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	-	
<b>TOTAL CAPITAL</b>	<b>5.223.575</b>	
Total capital	5.223.575	
Total risk weighted items	34.520.688	
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	14,76%	
Tier 1 Capital Adequacy Ratio (%)	14,76%	
Capital Adequacy Standard Ratio (%)	15,13%	
<b>BUFFERS</b>		
Total buffer requirement	0,62%	
Capital conservation buffer requirement (%)	0,62%	
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	10,26%	
<b>Amounts below the thresholds for deduction</b>		
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	20.114	
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	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
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	-	
<b>Debt instruments subjected to Article 4</b>		
<b>(to be implemented between January 1, 2018 and January 1, 2022)</b>		
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 amounts will be taken into consideration under the transitional provisions

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

**I. Information about shareholders' equity items (Continued)**

	<b>Prior Period 31.12.2015(*)</b>
<b>TIER CAPITAL</b>	
Paid in Capital to be Entitled for compensation after all Creditors	2.500.000
Share Premium	-
Share Cancellation Profits	-
Legal Reserves	1.783.631
Other Comprehensive Income according to TAS	23.544
Profit	489.406
Net Current Period Profit	489.406
Prior Period Profit	-
Provisions for possible losses	42.008
Bonus shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
<b>Tier 1 Capital before Deductions</b>	<b>4.838.589</b>
<b>Deductions from Tier 1 Capital</b>	<b>22.134</b>
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	15.876
Leasehold Improvements on Operational Leases (-)	5.366
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	892
Net Deferred tax assets/liabilities (-)	-
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Investments in own common equity (-)	-
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 (-)	-
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(-)	-

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

**I. Information about shareholders' equity items (Continued)**

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 I or Tier II Capitals (-)	-
<b>Total regulatory adjustments to Tier I capital</b>	<b>22.134</b>
<b>Tier Capital</b>	<b>4.816.455</b>
<b>ADDITIONAL CORE CAPITAL</b>	
Preferred Stock not Included in Tier I Capital and the related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014 )	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014 )	-
<b>Additional Core Capital before Deductions</b>	-
<b>Deductions from Core Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Core Capital(-)	-
Total of Net Long Positions of the Investments in 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 (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
<b>Total Deductions from Additional Core Capital</b>	-
<b>Total Additional Core Capital</b>	-
<b>Deductions from Core Capital</b>	
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 Rations of Banks (-)	1.338
Net Deferred Tax Assets/Liabilities not deducted from Tier I Capital as per the Temporary Article2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Rations of Banks (-)	-
<b>Total Core Capital</b>	<b>4.815.117</b>
<b>Supplementary Capital</b>	<b>130.214</b>
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (issued or obtained after 1.1.2014)	-
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (issued or obtained before 1.1.2014)	-
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	130.214
Tier II Capital Before	130.214
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank 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	-
<b>Total Tier II Capital</b>	<b>130.214</b>

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**SECTION FOUR (Continued)**

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

**I. Information about shareholders' equity items (Continued)**

<b>CAPITAL</b>	<b>4.945.331</b>
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 (-)	-
Loans to Banks , Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulations on Measurement and Assessment of the Capital Adequacy Ratios of Banks (-)	-
Other Items to be Defined by the BRSA(-)	-
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(-)	-
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 (-)	-
<b>EQUITY</b>	<b>4.945.331</b>
<b>Amounts Lower than Excesses as per Deduction Rules</b>	<b>18.051</b>
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	18.051
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	-

(\*)Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from 31 March 2016, the information given in the prior period has been calculated pursuant to former regulation.

**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 denominated in USD and Euro and they are funded by USD and Euro debts.

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**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)**

	TL	USD	GBP	EUR	JPY
<b>TRADING DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>293,509</b>	<b>3,105,058</b>	<b>18,079</b>	<b>2,664,613</b>	<b>742,147</b>
<b>Forward Transactions</b>	<b>41,288</b>	<b>40,420</b>	-	-	-
Forward Foreign Exchange Purchase Transactions	20,654	20,210	-	-	-
Forward Foreign Exchange Sell Transactions	20,634	20,210	-	-	-
<b>Swap Transactions</b>	<b>252,221</b>	<b>3,064,638</b>	<b>18,079</b>	<b>2,664,613</b>	<b>742,147</b>
Swap Money Purchase Transactions	-	-	-	-	-
Swap Money Purchase Transactions FC - TL	-	177,177	-	75,575	-
Swap Money Purchase Transactions FC-FC	-	1,866,441	-	33,689	708,407
Swap Money Sale Transactions FC-TL	252,221	-	-	-	-
Swap Money Sale Transactions FC-FC	-	-	18,079	2,555,349	33,740
Swap Interest Purchase Transactions FC-FC	-	510,510	-	-	-
Swap Interest Sale Transactions FC-FC	-	510,510	-	-	-
<b>Option Money Purchase Transactions</b>	-	-	-	-	-
Money Purchase of Options	-	-	-	-	-
Money Sale of Options	-	-	-	-	-
<b>HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>3,970,107</b>	<b>13,918,049</b>	-	<b>328,178</b>	-
<b>Forward Transactions</b>	<b>3,933,887</b>	<b>3,827,969</b>	-	-	-
Forward Foreign Exchange Purchase Transactions	-	3,827,969	-	-	-
Forward Foreign Exchange Sell Transactions	3,933,887	-	-	-	-
<b>Swap Transactions</b>	<b>36,220</b>	<b>10,090,080</b>	-	<b>328,178</b>	-
Swap Money Purchase Transactions	-	420,420	-	-	-
Swap Money Sale Transactions	36,220	-	-	328,178	-
Swap Interest Purchase Transactions	-	4,834,830	-	-	-
Swap Interest Sale Transactions	-	4,834,830	-	-	-

**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 swaps.

	30 September 2016		
	Principal <sup>(1)</sup>	Asset	Liability
<b>Derivative Financial Instruments</b>			
Cross currency swap and interest rate swaps	10,358,198	51,197	2,901
Forward foreign currency buy/sell transactions	7,761,856	15,054	50,642
<b>Total</b>	<b>18,120,054</b>	<b>66,251</b>	<b>53,543</b>

<sup>(1)</sup> 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.

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**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)**

Starting from 1 January 2013, the Bank has hedged the possible fair value effects of changes in libor interest rates on 5,375% and 5,875% fixed interest rate debt securities amounting USD 500 million with maturity 5 years and USD 610 million with maturity 7 years funding by using interest rate swaps. USD debt securities issued in total amount to USD 750 million with 5,875% fixed interest rate and maturity 7 years by the Bank. Remaining risk amount to USD 140 million hedged with cross currency swaps in year 2012 but starting from 13 August 2015 this remaining portion is subject to fair value hedge accounting. On 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 on February 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.

Starting from 31 May 2014, the Bank hedged the possible fair value difference risk of CBRT Rediscount loans amount to TL 3.994.710 as of 30 September 2016 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 hedges fair value risk of the TL denominated CBRT Rediscount Loans related to changes in interest rates.

The impact of application fair value hedge accounting is summarized below:

30 September 2016					
Hedging instrument	Asset liability hedging	Risk hedge	Fair value of hedged asset	Net fair value of hedging account	
				Asset	Liability
Interest rate swaps	Issued securities denominated in USD with fixed interest rate	Fixed interest rate risk	12.915	51.197	2.901
Forward Transactions	Originated CBT- Rediscount TL Loans	Interest rate risk	6.770	15.054	50.642

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

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in "Trading gains and losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortized cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts.

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

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**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**

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 September 2016		
	Principal <sup>(1)</sup>	Asset	Liability
<b>Derivative Financial Instruments</b>			
Cross Currency Swap Sale Transactions	96.280	28.299	-
<b>Total</b>	<b>96.280</b>	<b>28.299</b>	<b>-</b>

<sup>(1)</sup> Sum of purchase and sale.

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

The impact of cash flow hedge accounting is summarized below:

30 September 2016					
Hedging Instrument	Asset liability hedging	Risk Hedge	Fair value of hedged asset	Net fair value of hedging account	
				Asset	Liability
Cross Currency Swap	Issued securities denominated in USD with fixed interest rate	Currency risk	(1.263)	28.299	-

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

**3. Policy on foreign currency risk management**

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the period. As of 30 September 2016, the net foreign Currency Position/Shareholders’ Equity ratio is 0,7% (31 December 2015: 0,5%). 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 is evaluated prospectively, in order to protect capital adequacy under the some stress scenario like rapid and large scale currency and interest rate changes the Bank calculates capital requirement. The Bank both within own group and within the all banking system works with shareholders equity and capital ratio which are above the average. First pillar credit for calculation of legal capital adequacy, adding to market and operational risk, interest rate risk due to second pillar banking calculations and concentration risk are considered.



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**SECTION FOUR (Continued)**

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

**II. 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	26.09.2016	27.09.2016	28.09.2016	29.09.2016	30.09.2016
USD	2,9845	2,9677	2,9764	2,9896	3,0030
AUD	2,2701	2,2789	2,2841	2,2918	2,2823
DKK	0,4498	0,4480	0,4471	0,4501	0,4508
SEK	0,3490	0,3479	0,3463	0,3488	0,3488
CHF	3,0771	3,0671	3,0606	3,0786	3,1036
100JPY	2,9658	2,9506	2,9528	2,9445	2,9765
CAD	2,2644	2,2479	2,2516	2,2832	2,2793
NOK	0,3667	0,3672	0,3663	0,3712	0,3716
GBP	3,8596	3,8485	3,8711	3,8901	3,8877
SAR	0,7955	0,7912	0,7932	0,7961	0,7992
EUR	3,3531	3,3375	3,3315	3,3540	3,3589
KWD	9,8923	9,8431	9,8654	9,9158	9,9536
XDR	4,1473	4,1239	4,1360	4,1543	4,1730
BGN	1,7143	1,7065	1,7029	1,7152	1,7168
IRR	0,0099	0,0099	0,0099	0,0099	0,0100
RON	0,7526	0,7502	0,7479	0,7534	0,7533
RUB	0,0465	0,0466	0,0465	0,0473	0,0474

- 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	September 2016 Average
USD	2,9626
AUD	2,2542
DKK	0,4457
SEK	0,3468
CHF	3,0403
100JPY	2,9097
CAD	2,2650
NOK	0,3611
GBP	3,8886
SAR	0,7896
EUR	3,3194
KWD	9,8188
XDR	4,1168
BGN	1,6970
IRR	0,0099
RON	0,7454
RUB	0,0460

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**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**

<b>Current Period 30.09.2016</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	117.562	288.293	-	<b>405.855</b>
Banks	565.674	2.001.469	1.720	<b>2.568.863</b>
Financial Assets at Fair Value Through Profit or Loss <sup>(*)</sup>	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans	21.498.096	23.092.194	25.894	<b>44.616.184</b>
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	79.496	-	<b>79.496</b>
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	1.456.887	160.023	96.769	<b>1.713.679</b>
<b>Total Assets</b>	<b>23.638.219</b>	<b>25.621.475</b>	<b>124.383</b>	<b>49.384.077</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	19.229.425	24.504.585	720.194	<b>44.454.204</b>
Marketable Securities Issued	-	6.810.871	-	<b>6.810.871</b>
Miscellaneous Payables	1.571.405	284.286	61.278	<b>1.916.969</b>
Derivative Financial Liabilities for Hedging Purposes	-	2.901	-	<b>2.901</b>
Other Liabilities	67.529	243.133	7	<b>310.669</b>
<b>Total Liabilities</b>	<b>20.868.359</b>	<b>31.845.776</b>	<b>781.479</b>	<b>53.495.614</b>
<b>Net on Balance Sheet Position</b>	<b>2.769.860</b>	<b>(6.224.301)</b>	<b>(657.096)</b>	<b>(4.111.537)</b>
<b>Net off Balance Sheet Position</b>	<b>(2.774.262)</b>	<b>6.292.008</b>	<b>656.588</b>	<b>4.174.334</b>
Financial Derivative Assets	109.265	11.657.558	708.406	12.475.229
Financial Derivative Liabilities	2.883.527	5.365.550	51.818	8.300.895
Non-Cash Loans	11.150	3.053.838	210	3.065.198
<b>Prior Period 31.12.2015</b>				
Total Assets	15.856.735	21.110.467	35.372	37.002.574
Total Liabilities	14.833.344	24.288.450	4.981	39.126.775
<b>Net on Balance Sheet Position</b>	<b>1.023.391</b>	<b>(3.177.983)</b>	<b>30.391</b>	<b>(2.124.201)</b>
<b>Net off Balance Sheet Position</b>	<b>(699.964)</b>	<b>2.953.090</b>	<b>(27.843)</b>	<b>2.225.283</b>
Financial Derivative Assets	-	6.825.585	-	6.825.585
Financial Derivative Liabilities	699.964	3.872.495	27.843	4.600.302
Non-Cash Loans	8.411	2.746.070	-	2.754.481

<sup>(\*)</sup> 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 (TL 33.145) and financial derivative rediscount expense (TL 33.294) are not taken into consideration on foreign currency risk calculation.

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**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 September 2016 and 31 December 2015 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period 30.09.2016		Prior Period 31.12.2015	
	Gain/(Loss) Effect	Effect on Equity <sup>(1)</sup>	Gain/(Loss) Effect	Effect on Equity <sup>(1)</sup>
USD	6.771	6.771	7.463	8.601
EUR	(440)	(440)	1.252	1.252
JPY	-	-	-	-
Other foreign currency	(51)	(51)	255	255
<b>Total, net</b>	<b>2.950</b>	<b>2.950</b>	<b>8.970</b>	<b>10.108</b>

<sup>(1)</sup> Effect on equity also includes effect on net profit.

As of 30 September 2016 and 31 December 2015, 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 liability with floating and fixed interests in order to restrict negative effects of interest rate changes on the Bank's profitability.

As of 30 September 2016, the Bank has hedged the risk between variable interest rate liabilities and fixed interest rate assets with 22 interest swaps (12 short-term and 10 long-term interest swaps) denominated in USD.

As of 30 September 2016, there have been 7 short-term and 5 long-term FC-FC currency swaps, 11 FC-TL short-term, 1 FC-TL long-term currency swaps, 505 TL-FC forward transactions and 2 FC-TL forward transactions.

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**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 End 30.09.2016	Up to 1 Month	1 - 3 Months	3 - 12 Months	1- 5 Years	Over 5 Year	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	407.014	407.014
Banks	2.403.802	-	-	-	-	303.319	2.707.121
Financial Assets at Fair Value Through Profit/Loss	34.791	141	-	2.043	9.134	-	46.109
Interbank Money Market Placements	250.437	-	-	-	-	-	250.437
Available-for-sale Financial Assets	-	-	-	-	-	20.114	20.114
Loans	3.140.531	20.760.148	28.832.433	363.645	-	94.661	53.191.418
Held-to-maturity investments	75.824	108.992	23.457	-	-	-	208.273
Other Assets	44.049	36.947	13.554	-	-	2.161.341	2.255.891
<b>Total Assets</b>	<b>5.949.434</b>	<b>20.906.228</b>	<b>28.869.444</b>	<b>365.688</b>	<b>9.134</b>	<b>2.986.449</b>	<b>59.086.377</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	160.000	-	-	-	-	-	160.000
Miscellaneous Payables	-	4.994	6.712	-	-	1.918.494	1.930.200
Issued Marketable Securities	65.902	1.532.156	194.717	5.018.096	-	-	6.810.871
Funds Borrowed from other Financial Institutions	1.278.026	18.792.426	24.355.818	27.934	-	-	44.454.204
Other Liabilities <sup>(1)</sup>	130.180	15.169	49.796	-	-	5.535.957	5.731.102
<b>Total Liabilities</b>	<b>1.634.108</b>	<b>20.344.745</b>	<b>24.607.043</b>	<b>5.046.030</b>	<b>-</b>	<b>7.454.451</b>	<b>59.086.377</b>
Balance Sheet Long Position	4.315.326	-	4.262.401	(4.680.342)	-	-	3.897.385
Balance Sheet Short Position	-	561.483	-	-	9.134	(4.468.002)	(3.897.385)
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)
<b>Total Position</b>	<b>4.348.943</b>	<b>560.703</b>	<b>4.181.009</b>	<b>(4.680.342)</b>	<b>9.134</b>	<b>(4.468.002)</b>	<b>(48.555)</b>

(1) In other liabilities line the "non-interest bearing" column amounting TL 5.535.957 includes equity amounting to TL 5.097.502 and provisions amounting to TL 222.249.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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**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 31.12.2015	Up to 1 month	1-3 Months	3 -12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	1.227	1.227
Banks	146.366	-	-	-	-	18.036	164.402
Financial Assets at Fair Value Through Profit or Loss	678	287	2.747	1.963	8.630	-	14.305
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	-	18.051	18.051
Loans	5.876.095	11.989.871	24.590.526	693.138	9.496	-	43.159.126
Held-to-maturity Investments	59.399	-	186.633	9.936	-	-	255.968
Other Assets	679	287	2.747	-	-	821.003	824.716
<b>Total Assets</b>	<b>6.083.217</b>	<b>11.990.445</b>	<b>24.782.653</b>	<b>705.037</b>	<b>18.126</b>	<b>858.317</b>	<b>44.437.795</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	200.000	-	-	-	-	-	200.000
Miscellaneous Payables	-	-	5.084	5.085	-	888.178	898.347
Marketable Securities Issued	-	-	3.560.744	57.340	1.470.134	-	5.088.218
Funds Borrowed From Other Financial Institutions	2.983.845	12.326.037	17.678.368	-	-	-	32.988.250
Other Liabilities <sup>(1)</sup>	7.094	2.562	161.001	-	-	5.092.323	5.262.980
<b>Total Liabilities</b>	<b>3.190.939</b>	<b>12.328.599</b>	<b>21.405.197</b>	<b>62.425</b>	<b>1.470.134</b>	<b>5.980.501</b>	<b>44.437.795</b>
Balance Sheet Long Position	2.892.278	-	3.377.456	642.612	-	-	6.912.346
Balance Sheet Short Position	-	(338.154)	-	-	(1.452.008)	(5.122.184)	(6.912.346)
Off-balance Sheet Long Position	461.561	871.815	5.621.568	-	-	-	6.954.944
Off-balance Sheet Short Position	(455.399)	(874.744)	(5.649.679)	-	-	-	(6.979.822)
<b>Total Position</b>	<b>2.898.440</b>	<b>(341.083)</b>	<b>3.349.345</b>	<b>642.612</b>	<b>(1.452.008)</b>	<b>(5.122.184)</b>	<b>(24.878)</b>

(1) In other liabilities line the "non-interest bearing" column amounting TL 5.092.323 includes equity amounting to TL 4.780.705 and provisions amounting to TL 223.922.

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**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 September 2016, average interest rates applied to monetary financial instruments are shown below.

	EUR	USD	GBP	JPY	TL
<b>Current Period 30.09.2016</b>					
<b>Assets</b>					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	0,09	0,54	-	-	9,97
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-	8,26
Interbank Money Market Placements	-	-	-	-	12,07
Available-for-sale Financial Assets	-	-	-	-	-
Loans	1,55	2,05	1,39	1,89	8,52
Held-to-maturity Investments	-	-	-	-	10,83
<b>Liabilities</b>					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	8,82
Miscellaneous Payables	-	-	-	-	-
Issued Marketable Securities	-	5,38	-	-	-
Funds Borrowed from Other Financial Institutions	0,54	0,92	1,70	1,12	-

As of 31 December 2015, average interest rates applied to monetary financial instruments are shown below.

	EUR	USD	JPY	TL
<b>Prior Period 31.12.2015</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	0,30	0,36	-	10,77
Financial Assets at Fair Value Through Profit/Loss	-	4,44	-	6,02
Interbank Money Market Placements	-	-	-	10,30
Available-for-sale Financial Assets	-	-	-	-
Loans	1,68	1,80	1,93	7,91
Held-to-maturity Investments	-	6,81	-	10,00
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	10,11
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	5,35	-	-
Funds Borrowed from Other Financial Institutions	0,61	0,64	-	11,35

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**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 1,69% shares. In the framework of sentence in 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 unit BIST group C shares each one of BIST group C shares being worth 1 Kuruş, total amounting to TL 160 was 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	15.235	15.235	15.235
	Listed	15.235	15.235	15.235
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 with valued amount at report date is TL 15.235.

**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	-	15.235	-	-	-	-
3	Other shares	-	-	-	-	-	-
4	<b>Total</b>	-	<b>15.235</b>	-	-	-	-

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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**SECTION FOUR (Continued)**

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

**IV. Equity position risk arising from banking (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 below.

	Amount	Amount subject to credit risk	Capital requirement
Quoted to Stock Exchange	10.202	10.202	816
Not Quoted	4.879	4.879	390
Impairment in securities	5.033	5.033	402

**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.



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**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)
30.09.2016	26,92	15.07.2016	4,85	30.09.2016	21,73	All weeks between 08.07.2016 23.09.2016	-

Prior Period							
Week Info	TL+FC (Maximum)	Week Info	TL+FC (Minimum)	Week Info	FC (Maximum)	Week Info	FC (Minimum)
27.11.2015	11,35	6.11.2015	4,74	All weeks between 02.10.2015 01.01.2016	-	All weeks between 02.10.2015 01.01.2016	-

As of 1 January 2014 weekly liquidity coverage ratio application is started with a one year transition period. Until 1 January 2015, there will be no compliance control for proportional limit. Later on 29 December 2014 in accordance with the BRSA and the Central Bank's opinion on the basis of the development and requirements of the liquidity coverage ratio of total minimum investment banks as well as foreign currency would be implemented at zero percent until 2016. Yet the application referred to in the previous sentence, according to the article dated 4 January 2016 from the BRSA will continue until 2017. 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, to more effective usage of its sources, rather than keeping them inactive, 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.

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**(Continued)**

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

**2. Liquidity Coverage Ratio**

		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
<b>Current Period (30.09.2016)</b>					
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	Total high-quality liquid assets (HQLA)			72.387	13.379
<b>CASH OUTFLOWS</b>					
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	3.840.275	3.840.275	1.941.742	1.941.742
9	Secured funding			-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	62.421	45.262	62.421	45.262
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	2.306.604	2.306.192	922.641	922.476
14	Other revocable off-balance sheet commitments and contractual obligations	12.122.191	10.197.252	606.109	509.862
15	Other irrevocable or conditionally revocable off-balance sheet obligations	3.000.975	3.000.975	150.048	150.048
16	<b>TOTAL CASH OUTFLOWS</b>			<b>3.682.961</b>	<b>3.569.390</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	6.243.561	5.042.487	4.205.724	3.357.603
19	Other cash inflows	3.160	2.030	3.160	2.030
20	<b>TOTAL CASH INFLOWS</b>	<b>6.246.721</b>	<b>5.044.517</b>	<b>4.208.884</b>	<b>3.359.633</b>
				<b>Max Limit applied values</b>	
21	<b>TOTAL HQLA</b>			<b>72.387</b>	<b>13.379</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>950.963</b>	<b>1.081.847</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>7,61%</b>	<b>1,24%</b>

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

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**(Continued)**

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

**2. Liquidity coverage ratio (Continued)**

Prior Period (31.12.2015)		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	Total high-quality liquid assets (HQLA)			57.724	-
<b>CASH OUTFLOWS</b>					
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	4.112.767	4.108.482	2.063.047	2.058.761
9	Secured funding			-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	1.003.858	681.653	1.003.857	681.652
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	6.950	4.702	2.780	1.881
14	Other revocable off-balance sheet commitments and contractual obligations	9.771.219	7.686.049	488.560	384.302
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			<b>3.558.244</b>	<b>3.126.596</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	5.666.804	4.506.735	3.638.772	2.752.493
19	Other cash inflows	931.742	919.637	931.742	919.636
20	<b>TOTAL CASH INFLOWS</b>	<b>6.598.546</b>	<b>5.426.372</b>	<b>4.570.514</b>	<b>3.672.129</b>
				<b>Max Limit applied values</b>	
21	<b>TOTAL HQLA</b>			<b>57.724</b>	<b>-</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>889.561</b>	<b>782.309</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>6,49%</b>	<b>-</b>

(\*) 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:

a) 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.

b) 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.

c) 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.

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**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)**

d) 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.

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.

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**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 <sup>(1)</sup>	Total
<b>Current Period 30.09.2016</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	407.014	-	-	-	-	-	-	407.014
Banks	303.319	2.403.802	-	-	-	-	-	2.707.121
Financial Assets at Fair Value Through Profit or Loss	-	1.760	141	-	35.074	9.134	-	46.109
Interbank Money Market Placements	-	250.437	-	-	-	-	-	250.437
Available-for-sale Financial Assets	20.114	-	-	-	-	-	-	20.114
Loans	-	950.067	15.305.725	24.556.368	11.595.862	688.735	94.661	53.191.418
Held-to-maturity Investments	-	-	108.992	69.293	29.988	-	-	208.273
Other Assets	-	153	10.916	13.555	69.926	-	2.161.341	2.255.891
<b>Total Assets</b>	<b>730.447</b>	<b>3.606.219</b>	<b>15.425.774</b>	<b>24.639.216</b>	<b>11.730.850</b>	<b>697.869</b>	<b>2.256.002</b>	<b>59.086.377</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	310.394	12.964.101	22.467.019	5.377.741	3.334.949	-	44.454.204
Funds From Interbank Money Market	-	160.000	-	-	-	-	-	160.000
Marketable Securities Issued	-	65.916	1.534.156	214.617	4.996.182	-	-	6.810.871
Miscellaneous Payables	-	-	4.994	-	6.712	-	1.918.494	1.930.200
Other Liabilities <sup>(2)(3)</sup>	-	53.945	13.627	43.692	52.742	31.139	5.535.957	5.731.102
<b>Total Liabilities</b>	<b>-</b>	<b>590.255</b>	<b>14.516.878</b>	<b>22.725.328</b>	<b>10.433.377</b>	<b>3.366.088</b>	<b>7.454.451</b>	<b>59.086.377</b>
<b>Liquidity Gap</b>	<b>730.447</b>	<b>3.015.964</b>	<b>908.896</b>	<b>1.913.888</b>	<b>1.297.473</b>	<b>(2.668.219)</b>	<b>(5.198.449)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>								
Derivative Financial Assets	-	856.089	2.033.494	1.283.838	1.128.827	1.848.286	-	7.150.534
Derivative Financial Liabilities	-	878.489	2.063.627	1.336.653	1.046.321	1.873.426	-	7.198.516
Non-Cash Loans	-	-	-	-	-	-	3.065.198	3.065.198
<b>Prior Period 31.12.2015</b>								
Total Assets	37.314	3.854.708	7.758.240	20.478.017	11.449.875	140.062	719.579	44.437.795
Total Liabilities	-	814.450	10.670.386	18.779.602	5.090.716	3.102.140	5.980.501	44.437.795
<b>Net Liquidity Gap</b>	<b>37.314</b>	<b>3.040.258</b>	<b>(2.912.146)</b>	<b>1.698.415</b>	<b>6.359.159</b>	<b>(2.962.078)</b>	<b>(5.260.922)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>6.163</b>	<b>(2.929)</b>	<b>(90.720)</b>	<b>60.724</b>	<b>1.885</b>	<b>-</b>	<b>(24.877)</b>
Derivative Financial Assets	-	461.562	740.721	3.063.204	2.184.900	504.558	-	6.954.945
Derivative Financial Liabilities	-	455.399	743.650	3.153.924	2.124.176	502.673	-	6.979.822
Non-Cash Loans	-	-	-	-	-	-	2.754.481	2.754.481

- (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, investments, subsidiaries, office supply inventory, prepaid expenses, miscellaneous receivables and other assets are classified in this column.
- (2) Liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as shareholders' equity, provisions and miscellaneous payables are classified in this column.
- (2) In other liabilities line amount of TL 5.535.957 at the "unallocated" column, includes the shareholders' equity amounting to TL 5.097.502 and provisions amounting to TL 222.249.

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**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**

Leverage ratio has decreased based on the last year-end because of the increase on the balance sheet and insurance volume but it is still above the 3% which is standard of Basel and BRSA.

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

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

None.

**c) Disclosure Table of Leverage Ratio**

	<b>Current Period</b> <b>30.09.2016<sup>(*)</sup></b>	<b>Prior Period</b> <b>31.12.2015<sup>(*)</sup></b>
<b>On-Balance Sheet Items</b>		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	57.370.284	44.784.646
Deductions from Tier 1 capital	(7.145)	(7.874)
Total on balance sheet exposures	57.363.139	44.776.772
<b>Derivative exposures and credit derivatives</b>		
Replacement cost associated with derivative financial instruments and credit	972	1.621
The potential amount of credit risk with derivative financial instruments and	634.464	191.057
The total amount of risk on derivative financial instruments and credit derivatives	635.436	192.678
<b>Investment securities or commodity collateral financing transactions</b>		
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	-	-
<b>Off-Balance Sheet Items</b>		
Gross notional amount of off-balance sheet items	18.058.982	12.578.447
(Correction amount due to multiplication with credit conversation rates)	(11.264.689)	(8.569.498)
The total risk of off-balance sheet items	6.794.293	4.008.949
<b>Capital and Total Exposures</b>		
Tier 1 Capital	5.050.885	4.764.396
Total Exposures	64.792.868	48.978.399
<b>Leverage Ratio</b>		
Leverage Ratio	7,80%	9,73%

<sup>(\*)</sup> Three-month average of the amounts in Leverage Ratio table.

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**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 RWA**

	Risk Weighted Amount		Minimum capital requirement
	Current Period 30.09.2016	Prior Period 31.12.2015	Current Period 30.09.2016
<b>1 Credit risk (excluding counterparty credit risk) (CCR)</b>	<b>32.960.508</b>	<b>25.101.653</b>	<b>2.636.840</b>
2 Standardized approach (SA)	32.960.508	25.101.653	2.636.840
3 Internal rating-based (IRB) approach	-	-	-
<b>4 Counterparty credit risk</b>	<b>313.251</b>	<b>91.483</b>	<b>25.060</b>
5 Standardized approach for counterparty credit risk (SA-CCR)	313.251	91.483	25.060
6 Internal model method (IMM)	-	-	-
7 <b>Basic risk weight approach to internal models equity position in the banking account</b>	-	-	-
8 <b>Investments made in collective investment companies – look-through approach</b>	-	-	-
9 <b>Investments made in collective investment companies – mandate-based approach</b>	-	-	-
10 <b>Investments made in collective investment companies - 1250% weighted risk approach</b>	-	-	-
11 <b>Settlement risk</b>	-	-	-
12 <b>Securitization positions in banking accounts</b>	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
<b>16 Market risk</b>	<b>171.288</b>	<b>97.425</b>	<b>13.703</b>
17 Standardized approach (SA)	171.288	97.425	13.703
18 Internal model approaches (IMM)	-	-	-
<b>19 Operational risk</b>	<b>1.075.641</b>	<b>826.104</b>	<b>86.051</b>
20 Basic Indicator Approach	1.075.641	826.104	86.051
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 <b>The amount of the discount threshold under the equity (subject to a 250% risk weight)</b>	-	-	-
24 <b>Floor adjustment</b>	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>34.520.688</b>	<b>26.116.665</b>	<b>2.761.654</b>

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**SECTION FOUR (Continued)**

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

**VII. Information on Risk Management (Continued)**

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

None.

**3. Internal ratings based (IRB) credit risk amounts based on range of portfolio and default propability**

None.

**4. Internal ratings based (IRB) approach market risk change in risk weighted amounts table**

None.



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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

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

**1. Cash equivalents and the account of the CBRT**

	Current Period 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Cash/Foreign currency	20	-	29	-
CBRT	1.139	405.855	1.198	-
Other	-	-	-	-
<b>Total</b>	<b>1.159</b>	<b>405.855</b>	<b>1.227</b>	<b>-</b>

**Information related to the account of the CBRT**

	Current Period 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Demand Unrestricted Account	1.139	405.855	1.198	-
Time Unrestricted Account	-	-	-	-
Time Restricted Account	-	-	-	-
<b>Total</b>	<b>1.139</b>	<b>405.855</b>	<b>1.198</b>	<b>-</b>

**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 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Financial assets subject to repo transactions	-	-	6.986	-
Financial assets given as collateral/ blocked	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6.986</b>	<b>-</b>

**3. Positive differences table related to trading derivative financial assets**

	Current Period 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Forward Transactions	488	-	413	-
Swap Transactions	1.298	33.145	376	2.923
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1.786</b>	<b>33.145</b>	<b>789</b>	<b>2.923</b>

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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**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 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Banks				
Domestic	128.258	1.808.982	41.667	73.845
Foreign	10.000	759.881	-	48.890
Head Quarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>138.258</b>	<b>2.568.863</b>	<b>41.667</b>	<b>122.735</b>

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

As of 30 September 2016 and 31 December 2015, there is not any available-for-sale marketable securities given as collateral.

**6. Information on available-for-sale financial assets**

	Current Period 30.09.2016	Prior Period 31.12.2015
Debt Securities		
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates		
Quoted to Stock Exchange	15.235	13.681
Not Quoted	4.879	4.370
Impairment Provision (-)	-	-
<b>Total</b>	<b>20.114</b>	<b>18.051</b>

As of 30 September 2016 and 31 December 2015 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 1,69%, respectively.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**7. Information related to loans**

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

	Current Period 30.09.2016		Prior Period 31.12.2015	
	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	8.967	-	7.569	-
<b>Total</b>	<b>8.967</b>	<b>-</b>	<b>7.569</b>	<b>-</b>

**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
<b>Non-Specialized Loans</b>	<b>51.024.193</b>	<b>1.338.065</b>	-	<b>107.172</b>	<b>59.878</b>	-
Working Capital Loans	-	-	-	-	-	-
Export Loans	40.578.247	389.500	-	104.907	48.397	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	5.485.439	524.911	-	-	-	-
Consumer Loans	8.967	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	4.951.540	423.654	-	2.265	11.481	-
<b>Specialized Loans</b>	<b>505.431</b>	<b>61.651</b>	-	<b>367</b>	-	-
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>51.529.624</b>	<b>1.399.716</b>	<b>-</b>	<b>107.539</b>	<b>59.878</b>	<b>-</b>

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**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)**

<b>The number of changes in payment plans (extension)</b>	<b>Standard loans and other receivables</b>	<b>Loans under close monitoring and other receivables</b>
Extended by 1 or 2 times	1.098.755	27.418
Extended 3, 4 or 5 times	286.093	22.348
Extended more than 5 times	14.868	10.112

<b>The period of extension through change of payment plan</b>	<b>Standard loans and other receivables</b>	<b>Loans under close monitoring and other receivables</b>
0-6 Months	460.154	-
6 - 12 months	384.626	37.530
1-2 Years	106.868	-
2-5 Years	259.644	-
5 Years and More	188.424	22.348

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**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 September 2016, the Bank granted personnel loans amounting to TL 8.967.

	Short-term	Medium and Long-term	Total
<b>Consumer Loans-TL</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Consumer Credit Cards-FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TL</b>	62	8.905	8.967
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	62	8.905	8.967
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Credit Cards-FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Credit Deposit Account-TL (Real Person)</b>	-	-	-
<b>Credit Deposit Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>62</b>	<b>8.905</b>	<b>8.967</b>

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**7. Information related to loans (Continued)**

**7.4. Information on commercial installment loans and corporate credit cards**

None.

**7.5. Distribution of domestic and foreign loans**

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>31.12.2015</b>
Domestic Loans	51.734.332	42.402.710
Foreign Loans	1.362.425	756.416
<b>Total</b>	<b>53.096.757</b>	<b>43.159.126</b>

**7.6. Loans granted to investments in associates and subsidiaries**

None.

**7.7. Specific provisions accounted for loans**

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>31.12.2015</b>
Loans and Receivables with Limited Collectibility	-	-
Loans and Receivables with Doubtful Collectibility	44.363	39.216
Uncollectible Loans and Receivables	92.472	92.472
<b>Total</b>	<b>136.835</b>	<b>131.688</b>

**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.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**7. Information related to loans (Continued)**

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

**7.8.2. Information on the movement of total non-performing loans**

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and Other Receivables with Limited Collectability</b>	<b>Loans and Other Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Other Receivables</b>
Balance at the Beginning of the Period	-	39.216	92.472
Additions During the Period	126.994	10.667	-
Transfers from Non-performing Loans Accounts	-	-	-
Transfers to Other Non-Performing Loans Accounts	-	-	-
Collections During the Period	32.333	2.557	-
Write-offs	-	2.963	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	2.963	-
Balance at the End of the Period	94.661	44.363	92.472
Specific Provisions	-	44.363	92.472
<b>Net Balance Sheet Amount</b>	<b>94.661</b>	-	-

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and Other Receivables with Limited Collectability</b>	<b>Loans and Other Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period: 30.09.2016</b>			
Balance at the End of the Period	93.777	41.286	80.254
Specific Provisions	-	(41.286)	(80.254)
<b>Net Balance Sheet Amount</b>	<b>93.777</b>	-	-
<b>Prior Period: 31.12.2015</b>			
Balance at the End of the Period	-	38.162	80.232
Specific Provisions	-	(38.162)	(80.232)
<b>Net Balance Sheet Amount</b>	-	-	-

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**7. Information related to loans (Continued)**

**7.8. 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**

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and Other Receivables with Limited Collectability</b>	<b>Loans and Other Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period (Net) 30.09.2016</b>			
Loans Granted to Real Persons and Corporate Entities (Gross)	94.661	44.363	92.180
Specific Provision Amount	-	(44.363)	(92.180)
Loans Granted to Real Persons and Corporate Entities (Net)	94.661	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other loans and receivables (Net)	-	-	-
<b>Prior Period (Net) 31.12.2015</b>			
Loans Granted to Real Persons and Corporate Entities (Gross)	-	39.216	92.180
Specific Provision Amount	-	(39.216)	(92.180)
Loans Granted to Real Persons and Corporate Entities (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-



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**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 September 2016, 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 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Bonds and similar marketable securities	156.537	-	202.689	-
<b>Total</b>	<b>156.537</b>	<b>-</b>	<b>202.689</b>	<b>-</b>

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

	Current Period 30.09.2016	Prior Period 31.12.2015
Bonds and similar marketable securities	22.734	12.643
<b>Total</b>	<b>22.734</b>	<b>12.643</b>

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

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

	Current Period 30.09.2016	Prior Period 31.12.2015
Government Bonds	208.273	255.968
Treasury Bills	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>208.273</b>	<b>255.968</b>

**8.3. Information on held-to-maturity investment securities**

	Current Period 30.09.2016	Prior Period 31.12.2015
Debt Securities		
Quoted to Stock Exchange	208.273	255.968
Not Quoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>208.273</b>	<b>255.968</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**8. Held-to-maturity investments (Continued)**

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

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>31.12.2015</b>
Balance at the beginning of the period	255.968	296.954
Foreign exchange differences on monetary assets	335	5.613
Purchases during the year	18.251	160.054
Disposals through sales and redemptions <sup>(1)</sup>	(70.713)	(204.489)
Impairment provision <sup>(2)</sup>	4.432	(2.164)
<b>Balance at the end of the period</b>	<b>208.273</b>	<b>255.968</b>

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

<sup>(2)</sup> Consisted of interest accruals.

**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**

<b>Derivative Financial Assets Held for Cash Flow Hedges</b>	<b>Current Period</b> <b>30.09.2016</b>		<b>Prior Period</b> <b>31.12.2015</b>	
	TL	FC	TL	FC
Fair Value Hedge <sup>(1)</sup>	15.054	51.197	25.270	50.690
Cash Flow Hedge	-	28.299	-	29.178
Net Investment in Abroad Hedge <sup>(1)</sup>	-	-	-	-
<b>Total</b>	<b>15.054</b>	<b>79.496</b>	<b>25.270</b>	<b>79.868</b>

(1) Explained in Section 4 Note II.

**14. Information on investment properties**

Istanbul Service building which is previously accounted as tangible asset is classified to investment property account in accordance with TAS 40 after the building is leased to the Promotion Agency of Turkey.

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

None.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and notes on liabilities**

**1. Information on deposits/ funds received**

The Bank does not accept deposits.

**2. Table of negative differences for trading derivative financial liabilities**

	Current Period 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
<b>Trading Derivative Financial Liabilities</b>				
Forward Transactions	468	-	308	-
Swap Agreements	186	33.294	25	302
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>654</b>	<b>33.294</b>	<b>333</b>	<b>302</b>

As of 30 September 2016, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2015: None).

**3. Information on banks and other financial institutions**

**3.1. General information on banks and other financial institutions**

	Current Period 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Borrowings from CBRT	-	28.164.704	-	22.588.506
From Domestic Banks and Institutions	-	1.046.425	50.110	999.589
From Foreign Banks, Institutions and Funds	-	15.243.075	-	9.350.045
<b>Total</b>	<b>-</b>	<b>44.454.204</b>	<b>50.110</b>	<b>32.938.140</b>

**3.2. Information on maturity structure of borrowings**

	Current Period 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Short-Term	-	34.493.094	50.110	28.318.685
Medium and Long-Term	-	10.061.632	-	4.741.046
<b>Total</b>	<b>-</b>	<b>44.554.726</b>	<b>50.110</b>	<b>33.059.731</b>

Medium and long-term loans include subordinated loans amounting to TL 100.120 (31 December 2015: TL 121.402) and interest accruals amounting to TL 402 (31 December 2015: TL 189).

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**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 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Positive price differences on securities issued	-	28.613	-	36.084
Country Loans- Risk Premiums	-	112.730	-	41.950
Insurance Transactions	2.408	-	2.471	-
Loan Transactions	1.153	69.694	450	-
Political Risk Loss Account	-	-	-	738
Other	1.221	373	1.788	4.199
<b>Total</b>	<b>4.782</b>	<b>211.410</b>	<b>4.709</b>	<b>82.971</b>

**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 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Fair Value Hedge <sup>(1)</sup>	50.642	2.901	32.854	9.969
Cash Flow Hedge	-	-	-	-
Net Investment in Abroad Hedge	-	-	-	-
<b>Total</b>	<b>50.642</b>	<b>2.901</b>	<b>32.854</b>	<b>9.969</b>

(1) Explained in Section 4 Note 2.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and notes on liabilities items (Continued)**

**7. Information on provisions**

**7.1. Information on general provisions**

	<b>Current Period 30.09.2016</b>	<b>Prior Period 31.12.2015</b>
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.

**7.3. Information on other provisions**

**7.3.1. Information on provisions for probable risks**

	<b>Current Period 30.09.2016</b>	<b>Prior Period 31.12.2015</b>
Provisions for Probable Risks	35.052	42.008

In accordance with the decision of the Executive Committee, as there is not any improvement in the collection of the receivables amounting to USD 4.868.428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarmerie and Ministry of Defense under the scope of Russian Federation Deferred Loan, the Bank has provided 100% additional impairment provision. Based on Bank's Board of Directors' decision no:22 dated 22 February 2016, the amount has been written off, also at Ordinary General Assembly Meeting information related this issue was presented to shareholders and it was documented in General Assembly Meeting Minutes.

As of 30 September 2016, the Bank recognized provisions amounting to TL 35.052 (31 December 2015: TL 27.825) considering probable compensation payments in relation to the export receivables.

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

Other provisions amounting to TL 48.431 is comprised of insurance reserve expense amounting to TL 35.052 and other provisions amounting to TL 13.379.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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**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**

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>31.12.2015</b>
Corporate Taxes Payable <sup>(1)</sup>	-	-
Taxation on Revenue From Securities	16	8
Property Tax	-	-
Banking Insurance Transaction Tax	1.315	1.408
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	199	161
Other	1.255	1.154
<b>Total</b>	<b>2.785</b>	<b>2.731</b>

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

**8.1.3. Information on premium payables**

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>31.12.2015</b>
Social Security Premiums – Employee	1.092	724
Social Security Premiums – Employer	2.905	1.920
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	117	78
Unemployment Insurance - Employer	234	155
Other	-	-
<b>Total</b>	<b>4.348</b>	<b>2.877</b>

**8.2. Information on deferred tax liability**

None.

**9. Information on shareholders' equity**

**9.1. Presentation of paid-in capital**

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>31.12.2015</b>
Common Stock	3.700.000	2.500.000
Preferred Stock	-	-

The Bank decided to increase its capital to TL 3.700.000 at Ordinary General Assembly meeting dated 22 March 2016. Total capital has been increased by TL 1.200.000 and TL 599.657 of this increase has been funded from inflation adjustment difference, TL 439.790 has been funded from reserves that has been transferred from 2015 profit, TL 160.542 has been funded from reserves and TL 11 has been funded from prior year's undistributed income. The capital increase has been completed on 2 May 2016 based on BRSA's permission which is dated 28 April 2016.

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**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)**

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

The registered share capital system is not applied

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

Increase Date	Increase Amount	Cash	Increased Profit Reserves	Increased Capital Reserves
-	-	-	-	-

**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.**  
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**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 30.09.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	10.950	-	8.886	-
Foreign Currency Differences	-	-	-	-
<b>Total</b>	<b>10.950</b>	<b>-</b>	<b>8.886</b>	<b>-</b>



**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**1. Explanations on off-balance sheet commitments**

**1.1. Type and amount of irrevocable commitments**

As of 30 September 2016 the Bank has irrevocable commitments amounting to TL 2.114.281 (31 December 2015: TL 1.051.140).

**1.2. Aşağıdakiler dahil nazım hesap kalemlerinden kaynaklanan muhtemel zararların ve taahhütlerin yapısı ve tutarı:**

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**

	<b>Current Period 30.09.2016</b>	<b>Prior Period 31.12.2015</b>
Letter of guarantee	-	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for export loan insurance	3.065.198	2.754.481
<b>Total</b>	<b>3.065.198</b>	<b>2.754.481</b>

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

None.

**1.3. Total amount of non-cash loans**

	<b>Current Period 30.09.2015</b>	<b>Prior Period 31.12.2015</b>
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	3.065.198	2.754.481
<b>Total</b>	<b>3.065.198</b>	<b>2.754.481</b>

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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**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 30.09.2016		Prior Period 30.09.2015	
	TL	FC	TL	FC
Interest income on the Loans				
Short-term Loans	465.239	236.172	337.633	212.783
Medium and Long-term Loans	60.858	347.370	54.236	235.203
Interest on Loans Under Follow-up	149	115	4	7
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>526.246</b>	<b>583.657</b>	<b>391.873</b>	<b>447.993</b>

**1.2. Information on interest income from banks**

	Current Period 30.09.2016		Prior Period 30.09.2015	
	TL	FC	TL	FC
CBRT	-	320	-	-
Domestic Banks	25.766	2.171	21.386	1.447
From Foreign Banks	1.593	1.406	82	53
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>27.359</b>	<b>3.897</b>	<b>21.468</b>	<b>1.500</b>

**1.3. Information on interest income on marketable securities**

	Current Period 30.09.2016		Prior Period 30.09.2015	
	TL	FC	TL	FC
From Trading Financial Assets	915	-	1.561	55
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	-	-	-	-
From Held-to-Maturity Investments	20.247	-	15.983	811
<b>Total</b>	<b>21.162</b>	<b>-</b>	<b>17.544</b>	<b>866</b>

**1.4. Information on interest income received from associates and subsidiaries**

There is not any interest income from associates and subsidiaries.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**2. Within the scope of interest expense**

**2.1. Information on interest expense on borrowings**

	Current Period 30.09.2016		Prior Period 30.09.2015	
	TL	FC	TL	FC
Banks				
CBRT	-	95.369	-	57.910
Domestic Banks	158	9.728	7	3.790
Foreign Banks	-	146.228	411	75.155
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	817
<b>Total</b>	<b>158</b>	<b>251.325</b>	<b>418</b>	<b>137.672</b>

**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 30.09.2016		Prior Period 30.09.2015	
	TL	FC	TL	FC
Interests paid to marketable securities issued	-	258.035	-	208.996

**2.4. With respect to deposit and participation accounts**

**2.4.1. Maturity structure of the interest expense on deposits**

The Bank does not accept deposits.

**2.4.2. Maturity structure of the share paid of participation accounts**

There is not any participation account.

**3. Information on trading income/loss (Net)**

	Current Period 30.09.2016	Prior Period 30.09.2015
<b>Profit</b>	<b>7.057.235</b>	<b>6.006.488</b>
Trading Gains on Securities	9	69
Trading Gains on Derivative Financial Transactions	240.131	762.168
Foreign Exchange Gains	6.817.095	5.244.251
<b>Loss (-)</b>	<b>7.309.337</b>	<b>6.104.498</b>
Trading Losses on Securities	-	761
Trading Losses from Derivative Financial Transactions	358.434	145.313
Foreign Exchange Loss	6.950.903	5.958.424

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**4. Explanations on other operating income**

In the current period, the Bank recognized premium income amounting to TL 75.202 (30 September 2015: TL 58.571), commission taken from reinsurance companies amounting to TL 14.604 (30 September 2015: TL 12.506) within the frame of Short Term Export Credit Insurance.

In the interim period ended 30 September 2016, TL 1.289 from free provisions for possible risks, TL 1.250 from cancellation of non-performing receivables, TL 3.423 related with export credit insurance operations and TL 1.592 from other accounts have been recognized in other operating income.

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

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>30.09.2015</b>
Specific Provisions for Loans and Other Receivables	6.398	6.465
Group III Loans and Receivables	-	-
Group IV Loans and Receivables	6.398	6.465
Group V. Loans and Receivables	-	-
Doubtful receivables such as fees, commissions and other receivables	-	-
General Provision Expenses	-	-
Provision Expense for Probable Risks	8.754	13.471
Marketable Securities Impairment Expense	424	1.661
Financial Assets at Fair Value through Profit or Loss	424	1.661
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	-	-
<b>Total</b>	<b>15.576</b>	<b>21.597</b>

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**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**

	<b>Current Period</b> <b>30.09.2016</b>	<b>Prior Period</b> <b>30.09.2015</b>
Personnel Expenses	79.059	68.379
Reserve for Employee Termination benefits	2.237	1.877
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	1.225	689
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	3.763	3.645
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	476	394
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	18.170	14.714
Operational Lease Expenses	3.545	3.242
Maintenance Expenses	425	267
Advertisement Expenses	28	22
Other Expenses	14.172	11.183
Loss on Sale of Assets	-	-
Other <sup>(1)</sup>	59.778	55.034
<b>Total</b>	<b>164.708</b>	<b>144.732</b>

(1) Other operating expenses include the premium amount of TL 33.644 (30 September 2015: TL 35.885) 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.

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**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.

**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 September 2016 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member of KPMG International Cooperative, a Swiss entity). The auditors' review report dated 11 November 2016 has been presented in front of the unconsolidated financial statements.

**II. Explanations and notes prepared by independent auditors**

None.

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**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

In accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” that have been published by Banking Regulation and Supervision Agency (BRSA), our evaluations regarding the interim activity report is as follows.

**Moderate rebalancing in world economy**

Even downside risks gained importance in the first half of 2016, moderate and persistent recovery signals has been observed in the third quarter, thus, growth prospects for world economy announced by IMF in June remained the same in October, 3,1 and 3,4 percent, for 2016 and 2017 respectively. Despite the unchanged growth prospects, it has been underlined that emerging countries will contribute more to the global growth.

Due to timely intervention of developed countries’ central banks, markets resisted against Brexit pressure which is one of the biggest risks projected for third quarter of 2016. With the help of the expansionary policies, risk appetite has increased, thereby capital flows to emerging countries have continued and upward price movement in asset markets have been observed. In addition, the modest increase in commodity prices has seen as a positive development for commodity exporting countries.

In the forthcoming period, in low growth and low inflation environment consensus has been achieved about policies of developed countries’ central banks, particularly FED. Accordingly, the UK, Japan and Eurozone central banks have increased their quantitative easing and also gave signals about more expansion if needed. Furthermore, there is a consensus that FED’s interest rate hike will be slower.

The steps taken by the central banks has relieved the markets. On the other hand these steps has increased the share of government bonds treated in the negative territory has increased, thus another risk factor has been created. The shares of European banks has not shown an increase despite the increasing risk appetite and declining profitability of these banks, suggests another risk factor.

**Turkish Economy**

Turkey recorded 3,1 percent growth in the second quarter of 2016, thus grew by 3,9 percent in the first half of the year. Besides, Turkey is expected to grow by 3,3 percent at the end of the year according to IMF World Economic Outlook report and 3,2 percent according to the Medium Term Program. Considering the downward trend in capacity utilization rate, it can be assessed that growth performance of Turkey will be below the expectations in the third quarter.

According to August figure, annualized exports declined by 4,6 percent and realized as USD 141.6 billion. While imports decreased by 12 percent to USD 197 billion. As a result, the foreign trade deficit decreased by 26,4 percent to USD 55.4 billion. Besides export growth figure has tended to rebound since January. Parity effect has an important role in this rebound. In line with these developments export-import coverage ratio has increased to 71 percent. Considering real exports, positive growth performance has been continued. Coupled with improving relations with Russia and continued stability in exports to Euro Area, it can be expected a recovery in exports in the forthcoming period.

The decline in the foreign trade deficit has also an effect on the current account balance and as of end-August, the annualized current account deficit realized as USD 31 billion with USD 11 billion decrease in year over year basis. An important factor reducing the current account deficit is the decline in energy prices. Decreasing tourism revenues due to geopolitical risks has been a boosting factor of current account deficit. On the other hand, diminishing current account deficit could be balanced by stabilization of oil prices. Although there has been an outflow in short term sources, long term inflows has exceeded the current account deficit.

The volatility in food prices during the year led to a similar course in inflation. Inflation, which rose to 8,8 percent in July, declined to 7,3 percent at the end of September. Structurally, the downward trend in service inflation has continued since the beginning of the year.

As of end-August 2016, the growth rate of bank loans was realized as 5,1 percent for consumer loans and 10,1 percent for commercial loans. As a result of the measures taken by our government, an increase in the growth rate of the loans in the upcoming period could be observed.

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**Total financial support to exporters exceeded TL 77 billion in the period of January-September 2016**

Türk Eximbank provided TL77.2 billion worth of export credits and credit insurance to the exporters in the first nine months of 2016, indicating a yearly increase rate of 16%. As a result of this performance, Türk Eximbank supported the 23% of the total exports of the country in that period.

In January-September period of 2016, our bank provided TL 34.4 billion worth of short term and TL18.8 billion medium and long term cash credits to the exporters. Thus, the total of cash credits has reached to TL 53.2 billion with an annual increase rate of 20% in this period.

On the other hand, cash credits within the scope of international credit programs reached to USD 225 million as of September 30, 2016. Turk Eximbank has been concentrating on the international credit programs in order to reinforce her competitiveness against export credit agencies of developed countries in line with the needs and demands of Turkish exporters. Accordingly, we started to negotiate with Kamerun to provide a loan amounting USD 190 million. In addition, we signed a loan agreement with Djibouti amounting USD 10.8 million to finance the Geothermal Drilling RIG and Related Equipment export within the context of International Trade Finance (state guaranteed) Programs.

Within the scope of Export Credit Insurance Program under which the export receivables are insured against political and commercial risks, more than TL 24 billion worth of shipments were insured in the first nine months of the year, with an increase rate of 9% on an annual basis.

In order to address Turkish exporters' increasing financial needs with decent lending rates, we have continued our efforts to receive predominantly medium and long term funds from international markets. Within this context, USD 4.5 billion worth of funds were acquired from the overseas credit and capital markets in the period of January-September of 2016. Besides, USD 2.4 billion of debt were paid in the same period.

**Explanations regarding the Balance Sheet and Income Statement items of Türk Eximbank**

Türk Eximbank's total assets realized as TL 59.1 billion (USD 19.7 billion) as of September 30, 2016.

The Bank's total assets consisted of 90% loans, 6% liquid assets and 4% securities held to maturity and other assets.

The loan portfolio of the Bank reached TL 53.1 billion as of September 30, 2016, with total loans increasing by 23% as compared to year-end 2015. Of the total loans, 65% (TL 34.3 billion) were short-term and 35% (TL 18.8 billion) were medium- and long-term loans. Great efforts have been made to collect the receivables of Türk Eximbank on time and in full, through efficient risk assessment methods that were applied. Thus, although the Bank extends most of its resources as loans to exporters, the ratio of NPL's is 0,44%, which is low compared to the banking sector average.

Of the TL 59.1 billion in total liabilities of Türk Eximbank, 8,6% consisted of equities totalling TL 5.1 billion, 87,2% was foreign resources amounting TL 51.5 billion, and 4,2% was provisions and other liabilities totalling TL 2.5 billion.

Of the TL 5.1 billion in total equities, 73% (TL 3.7 billion) belong to paid-in capital, 21% (TL 1.1 billion) belong to capital and profit reserves, and 6% (TL 320 million) belong to net term profit.

For funding of the assets: of the TL 51.5 billion in foreign resources, TL 28.165 million was credits funded from the Central Bank of the Republic of Turkey's resources, TL 9.275 million was loans obtained from domestic and international banks, TL 6.811 million was bonds issued in capital markets, TL 7.015 million was syndication loans, TL 101 million was subordinated loan and TL 160 million was funds from repo transactions.

The Bank's nominal capital, which was TL 3.7 billion as of September 30, 2016, was fully paid-up.

As per Article 21 entitled "Exemptions" of the "Regulation Concerning the Determination of the Nature of Credits and Other Receivables, and Procedures and Principles of the Provisions for These by Banks", although, the general and special provisioning ratio for Türk Eximbank for its transactions is determined as 0%, the Bank makes provisions according to prudent banking principles.

The liquid assets (which includes the short-term loans) to short-term liabilities ratio of Türk Eximbank was 108% as of September 30, 2016.



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As the balance sheet of Turk Eximbank is concentrated on credits, its effects can be seen on income. Of the Bank's TL 1.165 million in total interest income, TL 1.110 million (95%) came from interest earned from credits. On the other hand, the Bank's interest expense was TL 523 million, of which 49% (TL 258 million) was interest paid to bonds issued in international capital markets, 48% (TL 252 million) was interest paid on borrowings from domestic and international banks, and 3% (TL 14 million) was other interest expenses. Therefore, net interest income realized as TL 642 million.

Net profit of the Bank reached TL 320 million as of September 30, 2016. Therefore, return on assets and return on equity ratios were 0,54% and 6,7%, respectively.

Turk Eximbank's financial statements have been audited by the independent auditing company Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of KPMG international cooperative) in line with International Auditing Standards and the audit was finalized without any critique. The financial statement have been prepared in accordance with the Article 37 of the Banking Law numbered 5411, the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks (published in issue numbered 26333 of the Official Gazette dated November 1, 2006), Turkish Accounting Standards, Turkish Financial Reporting Standards any other legislation related to accounting and financial reporting published by the BRSA and BRSA's comments, as well as in accordance with the Bank's accounting records.

In line with the Bank's Articles of Association and relevant legislation, we hereby present the summary report of financial statements as of September 30, 2016.

**Hayrettin KAPLAN**  
General Manager

**Cavit DAĞDAŞ**  
Chairman of Board  
of Directors