

**Türkiye İhracat Kredi Bankası Anonim Şirketi**

**Unconsolidated Interim Financial Statements  
As at and for the Six-Month Period Ended  
30 June 2019**

**With Auditor's Review Report Thereon**

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

7 August 2019

*This report includes "Auditor's Review Report"  
comprising 2 pages and; "Financial Statements and  
Related Disclosures and Footnotes" comprising 94  
pages.*



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**Convenience Translation of the Auditor's Review Report Originally Prepared  
and Issued in Turkish to English**

## **AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

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

### *Introduction*

We have reviewed the accompanying unconsolidated balance sheet of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") as at 30 June 2019 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in equity, unconsolidated statement of cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of the such interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

### *Scope of Review*

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



### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 30 June 2019 and the results of its operations and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

### *Report on other legal and regulatory requirements*

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

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

  
Orhan Akova, SMMM  
Partner  
7 August 2019  
Istanbul, Turkey



**Türkiye İhracat Kredi Bankası Anonim Şirketi Unconsolidated Interim Financial Statements As at and For Six-Month Period Ended 30 June 2019**

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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 ON UNCONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES
- AUDITOR’S 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.

**Bülent AKSU**  
Chairman of  
Board of Directors

**Enis GÜLTEKİN**  
Deputy General Manager

**Hüseyin ŞAHİN**  
Deputy Vice President of  
the Financial Reporting

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

**Osman ÇELİK**  
Member of the Board of  
Directors/ Member of the  
Audit Committee

**Nail OLPAK**  
Member of the Board of  
Directors/ Member of the  
Audit Committee

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

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

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**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

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

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

	<b>Name:</b>	<b>Academic Background:</b>
<b>Chairman of the Board of Directors:</b>	Bülent AKSU <sup>(1,3)</sup>	Undergraduate
<b>Chairman of the Board of Directors:</b>	Rıza Tuna TURAGAY <sup>(1,4)</sup>	Graduate
<b>Members of the Board of Directors:</b>	Enis GÜLTEKİN <sup>(1)</sup>	Graduate
	Osman ÇELİK	Undergraduate
	Fahriye Alev ARKAN <sup>(1)</sup>	Undergraduate
	Nail OLPAK <sup>(1)</sup>	Graduate
	Ismail GÜLLE	Graduate
<b>Members of the Audit Committee:</b>	Osman ÇELİK <sup>(5)</sup>	Undergraduate
	Nail OLPAK <sup>(5)</sup>	Graduate
<b>General Manager:</b>	Enis GÜLTEKİN <sup>(2)</sup>	Graduate
<b>Deputy General Managers: <sup>(1)</sup></b>	Ali Koray ERDEN	Graduate
	Necdet KARADENİZ	Graduate
	M.Ertan TANRIYAKUL	Undergraduate
	Erdem OKUR <sup>(6)</sup>	Graduate
	Hüseyin ŞAHİN <sup>(7)</sup>	Undergraduate

<sup>(1)</sup> Has been appointed at the Ordinary General Assembly dated 10 May 2019 to replace other members for 3 years.

<sup>(2)</sup> Has been appointed as Deputy General Manager with the decision of Board of Directors dated 13 May 2019.

<sup>(3)</sup> Has been appointed as Chairman of the Board of Directors with the decision of Board of Directors dated 13 May 2019.

<sup>(4)</sup> Has been appointed as Deputy Chairman of the Board of Directors with the decision of Board of Directors dated 13 May 2019.

<sup>(5)</sup> Has been appointed as Member of the Audit Committee with the decision of Board of Directors dated 13 May 2019.

<sup>(6)</sup> Has been appointed as Deputy General Manager with the decision of Board of Directors dated 19 July 2019.

<sup>(7)</sup> Has been appointed as Deputy General Manager with the decision of Board of Directors dated 19 July 2019.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2019**

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

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

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

Enis GÜLTEKİN is the General Manager, Necdet KARADENİZ is the Deputy General Manager in Charge of Allocation, Hüseyin ŞAHİN is the Deputy General Manager in charge of Financial Affairs / Operations/Risk Monitoring, Mustafa Ertan TANRIYAKUL is the Deputy General Manager responsible from Treasury / Finance, Ali Koray ERDEN is the Deputy General Manager responsible from International Relations/Credit and marketing and Erdem OKUR is the Deputy General Manager responsible from Technology / Support.

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

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

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

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

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

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

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

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

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

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

The Bank does not have any subsidiaries.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Notes	Reviewed Current Period (30 June 2019) <sup>(1)</sup>		Total
		TL	FC	
<b>I. FINANCIAL ASSETS (Net)</b>		<b>726.515</b>	<b>8.309.214</b>	<b>9.035.729</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>695.002</b>	<b>7.221.331</b>	<b>7.916.333</b>
1.1.1. Cash and Balances with Central Bank	(1)	746	5.726.175	5.726.921
1.1.2. Banks	(4)	641.008	1.495.156	2.136.164
1.1.3. Money Market Placements		53.471	-	53.471
1.1.4. Expected Credit Losses (-)		223	-	223
<b>1.2 Financial Assets at Fair Value through Profit/Loss</b>		-	-	-
1.2.1. Government Securities		-	-	-
1.2.2. Equity Securities		-	-	-
1.2.3. Other Financial Assets		-	-	-
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income</b>	(6)	<b>31.467</b>	-	<b>31.467</b>
1.3.1. Government Securities		-	-	-
1.3.2. Equity Securities		31.467	-	31.467
1.3.3. Other Financial Assets		-	-	-
<b>1.4 Derivative Financial Assets</b>	(3)	<b>46</b>	<b>1.087.883</b>	<b>1.087.929</b>
1.4.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss		46	1.008.289	1.008.335
1.4.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	79.594	79.594
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>	(7)	<b>9.820.263</b>	<b>135.107.120</b>	<b>144.927.383</b>
<b>2.1 Loans</b>		<b>7.107.336</b>	<b>134.117.314</b>	<b>141.224.650</b>
<b>2.2 Lease Receivables</b>	(12)	-	-	-
<b>2.3 Factoring Receivables</b>		-	-	-
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(8)	<b>3.112.629</b>	<b>989.806</b>	<b>4.102.435</b>
2.4.1. Government Securities		3.112.629	989.806	4.102.435
2.4.2. Other Financial Assets		-	-	-
<b>2.5 Expected Credit Losses (-)</b>		<b>399.702</b>	-	<b>399.702</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(14)	-	-	-
3.1. Asset Held for Resale		-	-	-
3.2. Assets of Discontinued Operations		-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>		-	-	-
<b>4.1 Associates (Net)</b>	(9)	-	-	-
4.1.1. Associates Consolidated Under Equity Accounting		-	-	-
4.1.2. Unconsolidated Associates		-	-	-
<b>4.2 Subsidiaries (Net)</b>	(10)	-	-	-
4.2.1. Unconsolidated Financial Investments in Subsidiaries		-	-	-
4.2.2. Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-
<b>4.3 Joint Ventures (Net)</b>	(11)	-	-	-
4.3.1. Joint-Ventures Consolidated Under Equity Accounting		-	-	-
4.3.2. Unconsolidated Joint-Ventures		-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>24.559</b>	-	<b>24.559</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>6.421</b>	-	<b>6.421</b>
6.1. Goodwill		-	-	-
6.2. Others		6.421	-	6.421
<b>VII. INVESTMENT PROPERTY (Net)</b>	(13)	<b>2.093</b>	-	<b>2.093</b>
<b>VIII. CURRENT TAX ASSET</b>		-	-	-
<b>IX. DEFERRED TAX ASSET</b>		-	-	-
<b>X. OTHER ASSETS</b>		<b>1.099.350</b>	<b>514.341</b>	<b>1.613.691</b>
<b>TOTAL ASSETS</b>		<b>11.679.201</b>	<b>143.930.675</b>	<b>155.609.876</b>

<sup>(1)</sup> As at 1 January 2019, the Bank has started to apply the impairment provisions of TFRS 9 Financial Instruments. Since the prior period financial statements are presented in the financial statement format which is valid for TFRS 9 exempt banks as announced by BRSA, the prior period financial statements and the related notes have not been restated and have been presented separately.

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



**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Notes	Audited Prior Period (31 December 2018) <sup>(*)</sup>		TOTAL
		TL	FC	
<b>I. FINANCIAL ASSETS (Net)</b>		<b>3.612.291</b>	<b>4.605.562</b>	<b>8.217.853</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>342.040</b>	<b>3.893.433</b>	<b>4.235.473</b>
1.1.1. Cash and Balances with Central Bank	(1)	320	-	320
1.1.2. Banks	(4)	119.071	3.893.433	4.012.504
1.1.3. Money Market Placements		222.649	-	222.649
<b>1.2 Financial Assets at Fair Value through Profit/Loss</b>		-	-	-
1.2.1. Government Securities		-	-	-
1.2.2. Equity Securities		-	-	-
1.2.3. Other Financial Assets		-	-	-
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income</b>	(6)	<b>20.447</b>	-	<b>20.447</b>
1.3.1. Government Securities		-	-	-
1.3.2. Equity Securities		20.447	-	20.447
1.3.3. Other Financial Assets		-	-	-
<b>1.4 Financial Assets Measured at Amortised Cost</b>	(8)	<b>3.249.722</b>	-	<b>3.249.722</b>
1.4.1. Government Securities		3.249.722	-	3.249.722
1.4.2. Other Financial Assets		-	-	-
<b>1.5 Derivative Financial Assets</b>	(3)	<b>82</b>	<b>712.129</b>	<b>712.211</b>
1.5.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss		82	567.969	568.051
1.5.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	144.160	144.160
<b>II. LOANS (Net)</b>	(7)	<b>6.401.551</b>	<b>123.095.699</b>	<b>129.497.250</b>
<b>2.1 Loans</b>		<b>6.292.910</b>	<b>123.095.699</b>	<b>129.388.609</b>
2.1.1. Loans Measured at Amortised Cost		6.292.910	123.095.699	129.388.609
2.1.2. Loans Measured at Fair Value Through Profit or Loss		-	-	-
2.1.3. Loans Measured at Fair Value Through Other Comprehensive		-	-	-
<b>2.2 Lease Receivables</b>	(12)	-	-	-
2.2.1. Financial Lease Receivables		-	-	-
2.2.2. Operational Lease Receivables		-	-	-
2.2.3. Unearned Income (-)		-	-	-
<b>2.3 Factoring Receivables</b>		-	-	-
2.3.1. Factoring Receivables Measured at Amortised Cost		-	-	-
2.3.2. Factoring Receivables Measured at Fair Value Through Profit or Loss		-	-	-
2.3.3. Factoring Receivables Measured at Fair Value Through Other Comprehensive		-	-	-
<b>2.4 Non Performing Receivables</b>		<b>342.508</b>	-	<b>342.508</b>
<b>2.5 Specific Provisions (-)</b>		<b>233.867</b>	-	<b>233.867</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(14)	-	-	-
3.1. Asset Held for Resale		-	-	-
3.2. Assets of Discontinued Operations		-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>		-	-	-
<b>4.1 Associates (Net)</b>	(9)	-	-	-
4.1.1. Associates Consolidated Under Equity Accounting		-	-	-
4.1.2. Unconsolidated Associates		-	-	-
<b>4.2 Subsidiaries (Net)</b>	(10)	-	-	-
4.2.1. Unconsolidated Financial Investments in Subsidiaries		-	-	-
4.2.2. Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-
<b>4.3 Joint Ventures (Net)</b>	(11)	-	-	-
4.3.1. Joint-Ventures Consolidated Under Equity Accounting		-	-	-
4.3.2. Unconsolidated Joint-Ventures		-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>5.807</b>	-	<b>5.807</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>7.006</b>	-	<b>7.006</b>
6.1. Goodwill		-	-	-
6.2. Others		7.006	-	7.006
<b>VII. INVESTMENT PROPERTY (Net)</b>	(13)	<b>2.141</b>	-	<b>2.141</b>
<b>VIII. CURRENT TAX ASSET</b>		-	-	-
<b>IX. DEFERRED TAX ASSET</b>		-	-	-
<b>X. OTHER ASSETS</b>		<b>1.025.396</b>	<b>673.641</b>	<b>1.699.037</b>
<b>TOTAL ASSETS</b>		<b>11.054.192</b>	<b>128.374.902</b>	<b>139.429.094</b>

(\*) As at 1 January 2019, the Bank has started to apply the impairment provisions of TFRS 9 Financial Instruments. Since the prior period financial statements are presented in the financial statement format which is valid for TFRS 9 exempt banks as announced by BRSA, the prior period financial statements and the related notes have not been restated and have been presented separately.

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES	Notes	Reviewed Current Period (30 June 2019) <sup>(*)</sup>		Total
		TL	FC	
<b>I. DEPOSITS</b>	(1)	-	-	-
<b>II. FUNDS BORROWED</b>	(3)	-	122.225.965	122.225.965
<b>III. MONEY MARKET FUNDS</b>		-	-	-
<b>IV. SECURITIES ISSUED (Net)</b>		-	17.870.262	17.870.262
4.1 Bills		-	-	-
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		-	17.870.262	17.870.262
<b>V. FUNDS</b>		13	-	13
5.1 Borrower Funds		-	-	-
5.2 Other		13	-	13
<b>FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT/LOSS</b>				
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	426	195.444	195.870
7.1 Derivative Financial Liabilities Measured at Fair Value through Profit/Loss		426	91.749	92.175
7.2 Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income		-	103.695	103.695
<b>VIII. FACTORING PAYABLES</b>		-	-	-
<b>IX. LEASE PAYABLES</b>	(6)	9.858	9.555	19.413
<b>X. PROVISIONS</b>	(7)	239.754	-	239.754
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Rights		79.276	-	79.276
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		160.478	-	160.478
<b>XI. CURRENT TAX LIABILITY</b>	(7.1)	19.382	-	19.382
<b>XII. DEFERRED TAX LIABILITY</b>	(7.2)	-	-	-
<b>LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>				
13.1 Asset Held for Sale		-	-	-
13.2 Related to discontinued operations		-	-	-
<b>XIV. SUBORDINATED LOANS</b>		2.994.132	989.805	3.983.937
14.1 Borrowings		-	989.805	989.805
14.2 Other Debt Instruments		2.994.132	-	2.994.132
<b>XV. OTHER LIABILITIES</b>	(4)	39.777	2.753.726	2.793.503
<b>XVI. SHAREHOLDERS' EQUITY</b>	(8)	8.229.994	31.783	8.261.777
16.1 Paid-in Capital		6.350.000	-	6.350.000
16.2 Capital Reserves		-	-	-
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		-	-	-
16.3 Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		(8.278)	-	(8.278)
16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		20.030	31.783	51.813
16.5 Profit Reserves		1.237.232	-	1.237.232
16.5.1 Legal Reserves		422.618	-	422.618
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		814.614	-	814.614
16.5.4 Other Profit Reserves		-	-	-
16.6 Profit/Loss		631.010	-	631.010
16.6.1 Prior Periods' Profit/Loss		-	-	-
16.6.2 Current Period's Net Profit/Los		631.010	-	631.010
<b>TOTAL LIABILITIES</b>		<b>11.533.336</b>	<b>144.076.540</b>	<b>155.609.876</b>

<sup>(\*)</sup> As at 1 January 2019, the Bank has started to apply the impairment provisions of TFRS 9 Financial Instruments. Since the prior period financial statements are presented in the financial statement format which is valid for TFRS 9 exempt banks as announced by BRSA, the prior period financial statements and the related notes have not been restated and have been presented separately.

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Prior Period (31 December 2018) <sup>(*)</sup>		
LIABILITIES	Notes	TL	FC	TOTAL
<b>I. DEPOSITS</b>	(1)	-	-	-
<b>II. FUNDS BORROWED</b>	(3)	-	108.730.948	108.730.948
<b>III. MONEY MARKET FUNDS</b>		139.005	-	139.005
<b>IV. SECURITIES ISSUED (Net)</b>		-	17.178.988	17.178.988
4.1 Bills		-	-	-
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		-	17.178.988	17.178.988
<b>V. FUNDS</b>		13	-	13
5.1 Borrower Funds		-	-	-
5.2 Other		13	-	13
<b>VI. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT/LOSS</b>		-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	80	468.775	468.855
7.1 Derivative Financial Liabilities Measured at Fair Value through Profit/Loss		80	378.283	378.363
7.2 Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income		-	90.492	90.492
<b>VIII. FACTORING PAYABLES</b>		-	-	-
<b>IX. LEASE PAYABLES</b>	(6)	-	-	-
9.1 Financial Lease Payables		-	-	-
9.2 Operational Lease Payables		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		-	-	-
<b>X. PROVISIONS</b>	(7)	324.099	-	324.099
10.1 General Loan Loss Provision		130.214	-	130.214
10.2 Restructuring Provisions		-	-	-
10.3 Reserve for Employee Rights		75.397	-	75.397
10.4 Insurance Technical Provisions (Net)		-	-	-
10.5 Other Provisions		118.488	-	118.488
<b>XI. CURRENT TAX LIABILITY</b>	(7.1)	14.752	-	14.752
<b>XII. DEFERRED TAX LIABILITY</b>	(7.2)	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-
13.1 Asset Held for Sale		-	-	-
13.2 Related to discontinued operations		-	-	-
<b>XIV. SUBORDINATED LOANS</b>		2.995.130	-	2.995.130
14.1 Borrowings		-	-	-
14.2 Other Debt Instruments		2.995.130	-	2.995.130
<b>XV. OTHER LIABILITIES</b>	(4)	31.028	1.892.225	1.923.253
<b>XVI. SHAREHOLDERS' EQUITY</b>	(8)	7.604.818	49.233	7.654.051
16.1 Paid-in Capital		6.350.000	-	6.350.000
16.2 Capital Reserves		-	-	-
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		-	-	-
16.3 Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss	(9)	-	-	(9)
16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		11.282	49.233	60.515
16.5 Profit Reserves		401.743	-	401.743
16.5.1 Legal Reserves		379.260	-	379.260
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		22.483	-	22.483
16.5.4 Other Profit Reserves		-	-	-
16.6 Profit/Loss		841.802	-	841.802
16.6.1 Prior Periods' Profit/Loss		-	-	-
16.6.2 Current Period's Net Profit/Los		841.802	-	841.802
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>11.108.925</b>	<b>128.320.169</b>	<b>139.429.094</b>

(\*) As at 1 January 2019, the Bank has started to apply the impairment provisions of TFRS 9 Financial Instruments. Since the prior period financial statements are presented in the financial statement format which is valid for TFRS 9 exempt banks as announced by BRSA, the prior period financial statements and the related notes have not been restated and have been presented separately.

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**  
**AS AT 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed Current Period (30 June 2019)			Audited Prior Period (31 December 2018)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>3.448.241</b>	<b>114.174.961</b>	<b>117.623.202</b>	<b>3.040.292</b>	<b>102.246.431</b>	<b>105.286.723</b>
<b>I. GUARANTEES AND SURETIES</b>	(1.2)	-	<b>9.738.993</b>	<b>9.738.993</b>	-	<b>9.083.093</b>	<b>9.083.093</b>
1 Letters of guarantee		-	-	-	-	-	-
1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.1 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.2 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		-	<b>9 738 993</b>	<b>9 738 993</b>	-	<b>9 083 093</b>	<b>9 083 093</b>
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>3.158.246</b>	<b>43.416.129</b>	<b>46.574.375</b>	<b>2.993.521</b>	<b>35.553.809</b>	<b>38.547.330</b>
2.1 Irrevocable Commitments		-	<b>862</b>	<b>862</b>	-	<b>792</b>	<b>792</b>
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		-	<b>862</b>	<b>862</b>	-	<b>792</b>	<b>792</b>
2.2 Revocable Commitments		<b>3 158 246</b>	<b>43 415 267</b>	<b>46 573 513</b>	<b>2 993 521</b>	<b>35 553 017</b>	<b>38 546 538</b>
2.2.1 Revocable Loan Granting Commitments		<b>3 158 246</b>	<b>43 415 267</b>	<b>46 573 513</b>	<b>2 993 521</b>	<b>35 553 017</b>	<b>38 546 538</b>
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>289.995</b>	<b>61.019.839</b>	<b>61.309.834</b>	<b>46.771</b>	<b>57.609.529</b>	<b>57.656.300</b>
3.1 Hedging Derivative Financial Instruments		-	<b>48 844 586</b>	<b>48 844 586</b>	<b>36 220</b>	<b>43 820 201</b>	<b>43 856 421</b>
3.1.1 Transactions for Fair Value Hedge		-	<b>34 039 662</b>	<b>34 039 662</b>	-	<b>33 685 723</b>	<b>33 685 723</b>
3.1.2 Transactions for Cash Flow Hedge		-	<b>14 804 924</b>	<b>14 804 924</b>	<b>36 220</b>	<b>10 134 478</b>	<b>10 170 698</b>
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		<b>289 995</b>	<b>12 175 253</b>	<b>12 465 248</b>	<b>10 551</b>	<b>13 789 328</b>	<b>13 799 879</b>
3.2.1 Forward Foreign Currency Buy/Sell Transactions		<b>1 159</b>	<b>1 010</b>	<b>2 169</b>	<b>1 891</b>	<b>1 690</b>	<b>3 581</b>
3.2.1.1 Forward Foreign Currency Transactions-Buy		<b>580</b>	<b>505</b>	<b>1 085</b>	<b>947</b>	<b>845</b>	<b>1 792</b>
3.2.2.2 Forward Foreign Currency Transactions-Sell		<b>579</b>	<b>505</b>	<b>1 084</b>	<b>944</b>	<b>845</b>	<b>1 789</b>
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		<b>288 014</b>	<b>12 173 457</b>	<b>12 461 471</b>	-	<b>13 779 200</b>	<b>13 779 200</b>
3.2.2.1 Foreign Currency Swap-Buy		-	<b>3 173 980</b>	<b>3 173 980</b>	-	<b>3 178 271</b>	<b>3 178 271</b>
3.2.2.2 Foreign Currency Swap-Sell		<b>288 014</b>	<b>2 884 495</b>	<b>3 172 509</b>	-	<b>3 297 385</b>	<b>3 297 385</b>
3.2.2.3 Interest Rate Swap-Buy		-	<b>3 057 491</b>	<b>3 057 491</b>	-	<b>3 651 772</b>	<b>3 651 772</b>
3.2.2.4 Interest Rate Swap-Sell		-	<b>3 057 491</b>	<b>3 057 491</b>	-	<b>3 651 772</b>	<b>3 651 772</b>
3.2.3 Foreign Currency, Interest rate and Securities Options		<b>822</b>	<b>786</b>	<b>1 608</b>	<b>8 660</b>	<b>8 438</b>	<b>17 098</b>
3.2.3.1 Foreign Currency Options-Buy		<b>411</b>	<b>393</b>	<b>804</b>	<b>4 330</b>	<b>4 219</b>	<b>8 549</b>
3.2.3.2 Foreign Currency Options-Sell		<b>411</b>	<b>393</b>	<b>804</b>	<b>4 330</b>	<b>4 219</b>	<b>8 549</b>
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)</b>		<b>4.708.869</b>	<b>165.142.894</b>	<b>169.851.763</b>	<b>4.609.798</b>	<b>141.111.476</b>	<b>145.721.274</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>540.063</b>	<b>4.009.486</b>	<b>4.549.549</b>	<b>584.511</b>	<b>3.608.784</b>	<b>4.193.295</b>
5.1 Marketable Securities		-	<b>38 639</b>	<b>38 639</b>	-	<b>35 484</b>	<b>35 484</b>
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estates		<b>511 793</b>	<b>3 862 871</b>	<b>4 374 664</b>	<b>556 241</b>	<b>3 518 192</b>	<b>4 074 433</b>
5.6 Other Pledged Items		<b>28 270</b>	<b>107 976</b>	<b>136 246</b>	<b>28 270</b>	<b>55 108</b>	<b>83 378</b>
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>4.168.806</b>	<b>161.133.408</b>	<b>165.302.214</b>	<b>4.025.287</b>	<b>137.502.692</b>	<b>141.527.979</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>8.157.110</b>	<b>279.317.855</b>	<b>287.474.965</b>	<b>7.650.090</b>	<b>243.357.907</b>	<b>251.007.997</b>

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2019**

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

INCOME AND EXPENSE ITEMS		Notes	Current Period	Current Period
			Reviewed 1 January- 30 June 2019 (*)	Reviewed († 1 April- 30 June 2019 (*)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>2.379.281</b>	<b>1.227.882</b>
1.1	Interest Income On Loans		2.130.424	1.104.794
1.2	Interest Income On Reserve Deposits		-	-
1.3	Interest Income On Banks		79.316	35.669
1.4	Interest Income On Money Market Transactions		1.134	357
1.5	Interest Income On Securities Portfolio		166.930	86.393
1.5.1	Financial Assets Measured At Fair Value Through Profit or Loss		-	-
1.5.2	Financial Assets Measured At Fair Value Reported in Other Comprehensive Income		-	-
1.5.3	Financial Assets Measured At Amortised Cost		166.930	86.393
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		1.477	669
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(2)</b>	<b>1.901.135</b>	<b>969.062</b>
2.1	Interest On Deposits		-	-
2.2	Interest On Funds Borrowed		1.127.154	597.815
2.3	Interest On Money Market Transactions		1.902	642
2.4	Interest On Securities Issued		756.104	361.460
2.5	Other Interest Expenses		1.576	786
2.6	Financial Lease Expenses		14.399	8.359
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>478.146</b>	<b>258.820</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>73.442</b>	<b>45.584</b>
4.1	Fees and Commissions Received		193.122	109.735
4.1.1	Non-cash Loans		-	-
4.1.2	Other		193.122	109.735
4.2	Fees and Commissions Paid		(119.680)	(64.151)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(119.680)	(64.151)
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>70</b>	<b>70</b>
<b>VI.</b>	<b>NET TRADING INCOME/LOSSES (Net)</b>	<b>(3)</b>	<b>305.119</b>	<b>176.884</b>
6.1	Trading Account Income/Losses		-	-
6.2	Income/Losses From Derivative Financial Instruments		369.756	(155.305)
6.3	Foreign Exchange Gains/Losses		(64.637)	332.189
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(4)</b>	<b>2.224</b>	<b>1.308</b>
<b>VIII.</b>	<b>TOTAL OPERATING PROFIT (III+IV-V+VI+VII+VIII)</b>		<b>859.001</b>	<b>482.666</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	<b>(5)</b>	<b>58.834</b>	<b>39.215</b>
<b>X.</b>	<b>OTHER PROVISIONS (-)</b>		<b>5.771</b>	<b>2.314</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>108.701</b>	<b>53.537</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(6)</b>	<b>54.685</b>	<b>29.442</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (IX-X-XI)</b>		<b>631.010</b>	<b>358.158</b>
<b>XIV.</b>	<b>INCOME RESULTED FROM MERGERS</b>		-	-
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-
<b>XVI.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XVII.</b>	<b>OPERATING PROFIT/LOSS BEFORE TAXES (XI+...+XIV)</b>		<b>631.010</b>	<b>358.158</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)</b>		-	-
18.1	Current Tax Charge		-	-
18.2	Deferred Tax Income Effect (+)		-	-
18.3	Deferred Tax Expense Effect (-)		-	-
<b>XIX.</b>	<b>NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)</b>		<b>631.010</b>	<b>358.158</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1	Income From Assets Held For Sale		-	-
20.2	Income From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
20.3	Others		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1	Expenses On Assets Held for Sale		-	-
21.2	Expenses On Sale of Associates, Subsidiaries and Joint-Ventures		-	-
21.3	Others		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXIII.</b>	<b>PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		-	-
23.1	Current Tax Charge		-	-
23.2	Deferred Tax Charge		-	-
23.3	Deferred Tax Income		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXII)</b>		<b>631.010</b>	<b>358.158</b>
<b>XXV.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>		<b>631.010</b>	<b>358.158</b>
	Earnings per Share		0,09937	0,0564

(\*) As at 1 January 2019, the Bank has started to apply the impairment provisions of TFRS 9 Financial Instruments. Since the prior period financial statements are presented in the financial statement format which is valid for TFRS 9 exempt banks as announced by BRSA, the prior period financial statements and the related notes have not been restated and have been presented separately.

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2018**

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

INCOME AND EXPENSE ITEMS		Notes	Prior Period	Prior Period
			Reviewed 1 January- 30 June 2018 (*)	Reviewed (*) 1 April- 30 June 2018 (*)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>1.390.427</b>	<b>742.175</b>
1.1	Interest Income On Loans		1.255.725	667.160
1.2	Interest Income On Reserve Deposits		-	-
1.3	Interest Income On Banks		64.933	41.169
1.4	Interest Income On Money Market Transactions		53.775	24.312
1.5	Interest Income On Securities Portfolio		14.797	8.664
1.5.1	Financial Assets Measured At Fair Value Through Profit or Loss		47	-
1.5.2	Financial Assets Measured At Fair Value Reported in Other Comprehensive Income		-	-
1.5.3	Financial Assets Measured At Amortised Cost		14.750	8.664
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		1.197	870
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(2)</b>	<b>929.205</b>	<b>522.415</b>
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		583.583	328.866
2.3	Interest on Money Market Transactions		326	288
2.4	Interest on Securities Issued		333.540	186.752
2.5	Other Interest Expenses		11.756	6.509
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>461.222</b>	<b>219.760</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>(1.631)</b>	<b>2.213</b>
4.1	Fees and Commissions Received		15.639	12.289
4.1.1	Non-Cash Loans		-	-
4.1.2	Other		15.639	12.289
4.2	Fees and Commissions Paid		(17.270)	(10.076)
4.2.1	Non-Cash Loans		-	-
4.2.2	Other		(17.270)	(10.076)
<b>V.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>79.231</b>	<b>39.580</b>
<b>VI.</b>	<b>DIVIDEND INCOME</b>		<b>-</b>	<b>-</b>
<b>VII.</b>	<b>TRADING INCOME/LOSS (Net)</b>	<b>(3)</b>	<b>(33.681)</b>	<b>29.239</b>
7.1	Trading Gains /Losses on Securities		(69)	-
7.2	Trading Gains /Losses on Derivative Financial Assets		720.984	868.670
7.3	Foreign Exchange Gains /Losses		(754.596)	(839.431)
<b>VIII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(4)</b>	<b>129.544</b>	<b>71.201</b>
<b>IX.</b>	<b>TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>476.223</b>	<b>282.833</b>
<b>X.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>		<b>42.314</b>	<b>30.082</b>
<b>XI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(6)</b>	<b>113.225</b>	<b>58.645</b>
<b>XII.</b>	<b>NET OPERATING PROFIT/(LOSS) (VIII-IX-X)</b>		<b>320.684</b>	<b>194.106</b>
<b>XIII.</b>	<b>INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>
<b>XIV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>OPERATING PROFIT/LOSS BEFORE TAXES (XI+...+XIV)</b>		<b>320.684</b>	<b>194.106</b>
<b>XVII.</b>	<b>PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
17.1	Current Tax Charge		-	-
17.2	Deferred Tax Charge		-	-
<b>XVIII.</b>	<b>NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)</b>		<b>320.684</b>	<b>194.106</b>
<b>XIX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
19.1	Income From Assets Held For Sale		-	-
19.2	Income From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
19.3	Others		-	-
<b>XX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
20.1	Expenses On Assets Held for Sale		-	-
20.2	Expenses On Sale of Associates, Subsidiaries and Joint-Ventures		-	-
20.3	Others		-	-
<b>XXI.</b>	<b>PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>
<b>XXII.</b>	<b>PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
22.1	Current Tax Charge		-	-
22.2	Deferred Tax Charge		-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXII)</b>		<b>-</b>	<b>-</b>
<b>XXIV.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>		<b>320.684</b>	<b>194.106</b>
	Earnings per share (Full TL)		0,06025	0,03388

(\*) As at 1 January 2019, the Bank has started to apply the impairment provisions of TFRS 9 Financial Instruments. Since the prior period financial statements are presented in the financial statement format which is valid for TFRS 9 exempt banks as announced by BRSA, the prior period financial statements and the related notes have not been restated and have been presented separately.

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

Notes	Reviewed Current Period (30 June 2019)	Reviewed Prior Period (30 June 2018)
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>631.010</b>	<b>320.684</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(8.702)</b>	<b>26.182</b>
<b>2.1 Other Income/Expense Items not to be Recycled to Profit or Loss</b>	-	-
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>(8.702)</b>	<b>26.182</b>
2.2.1 Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	8.748	(7.073)
2.2.3 Gains/losses from Cash Flow Hedges	(17.450)	33.255
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>622.308</b>	<b>346.866</b>

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I	Notes										Total Equity
	STATEMENT OF CHANGES IN EQUITY		Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		Profit Reserves		Prior Periods' Profit/Loss	Current Periods' Net Profit/Loss	
	1	2	3	4	5	6	7	8	9	10	11
<b>Current Period 30 June 2019</b>											
II. Balances at Beginning of Period	6.350.000	-	-	-	11.292	49.233	-	401.743	841.802	-	7.654.051
2.1 Correction made as per TAS 8	-	-	(1.771)	-	(8.269)	-	-	-	-	-	(8.269)
2.2 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	6.350.000	-	(1.771)	-	(8.269)	49.233	-	401.743	841.802	-	7.645.782
IV. Total Comprehensive Income	-	-	(6.507)	-	17.450	-	-	-	-	-	17.450
V. Capital Increase from Internal Sources	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Initiation Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	835.489	(841.802)	631.010	631.010
11.1 Dividends	-	-	-	-	-	-	-	-	(15.813)	-	(15.813)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	835.489	(835.489)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (II+IV...+X+XI)</b>	<b>6.350.000</b>	<b>-</b>	<b>(1.771)</b>	<b>-</b>	<b>20.638</b>	<b>31.793</b>	<b>-</b>	<b>1.257.232</b>	<b>-</b>	<b>631.010</b>	<b>8.261.777</b>

1 Accumulated Revaluation Increase/Decrease of Fixed Assets  
2 Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss  
3 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss  
4 Foreign Currency Translation Differences  
5 Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income  
6 Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

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



**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2018**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

Notes	Other Comprehensive Income/Expense Items to be Recycled in Profit or Loss						Current Period's Net Profit/Loss	Total Equity
	1	2	3	4	5	6		
<b>I. Prior Period 30 June 2017</b>								
II. Balance at Beginning of Period	-	-	-	-	21.154	(1.512)	5.774.083	
2.1. Corrections made in accordance with TAS 8	-	(1.565)	1.762	-	-	-	1.762	
2.2. Effect of Changes in Accounting Policies	-	-	1.762	-	-	-	-	
III. Adjusted Balance at Beginning of Period (I+II)	-	(1.565)	1.762	-	21.154	(1.512)	5.775.845	
IV. Total Comprehensive Income	-	-	-	-	(7.073)	33.255	26.182	
V. Capital Increase in Cash	-	-	-	-	-	-	1.000.000	
VI. Capital Increase from Internal Sources	-	-	-	-	-	(550.000)	-	
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-	-	-	-	-	-	
VIII. Convertible Bonds	-	-	-	-	-	-	-	
IX. Subordinated Liabilities	-	-	-	-	-	-	-	
X. Others Changes	-	-	-	-	-	-	-	
XI. Profit Distribution	-	-	-	-	-	-	-	
11.1. Dividends	-	-	-	-	-	-	-	
11.2. Transfers to Reserves	-	-	-	-	-	-	-	
11.3. Other	-	-	-	-	-	-	-	
<b>Balances at end of the period (III+IV...+XI+XII)</b>	-	(1.565)	1.762	-	14.081	31.743	7.118.448	

1 Accumulated (Revaluation Increase)/Decrease of Fixed Assets  
2 Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan  
3 Other (Share) of Investments Valued by Equity Method in Other Comprehensive Income Not Reclassified Through Other Profit or Loss  
4 Foreign Currency Translation Differences  
5 Accumulated (Revaluation and/or Remeasurement Gain)/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income  
6 Other (Cash Flow Hedge Gain)/Loss; Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Reclassified Through Other Profit or Loss

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed Current Period 30 June 2019	Reviewed Prior Period 30 June 2018
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>1.727.883</b>	<b>1.264.771</b>
1.1.1	Interest received	2.248.901	1.352.770
1.1.2	Interest paid	(1.096.909)	(583.371)
1.1.3	Dividend received	70	-
1.1.4	Fees and commissions received	163.972	14.034
1.1.5	Other income	371.980	129.544
1.1.6	Collections from previously written-off loans and other receivables	202.514	7.668
1.1.7	Payments to personnel and service suppliers	(119.525)	(192.456)
1.1.8	Taxes paid	(88.309)	(64.536)
1.1.9	Other	45.189	601.118
<b>1.2</b>	<b>Changes in operating assets and liabilities</b>	<b>4.037.757</b>	<b>(2.591.517)</b>
1.2.1	Net (increase) decrease in financial assets measured at Fair Value Through Profit or Loss	-	3.050
1.2.2	Net (increase) decrease in due from banks	-	-
1.2.3	Net (increase) decrease in loans	(7.333.445)	(1.307.365)
1.2.4	Net (increase) decrease in other assets	8.789	(225.938)
1.2.5	Net increase (decrease) in bank deposit	-	-
1.2.6	Net increase (decrease) in other deposits	-	-
1.2.7	Net increase (decrease) in financial liabilities measured at Fair Value Through Profit or Loss	-	-
1.2.8	Net increase (decrease) in funds borrowed	10.574.964	(1.607.555)
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	787.449	546.291
<b>I.</b>	<b>Net cash flow from banking operations</b>	<b>5.765.640</b>	<b>(1.326.746)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash flow from investing activities</b>	<b>(833.898)</b>	<b>(95.056)</b>
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures	-	-
2.2	Cash obtained from sale of associates, subsidiaries and joint-venture	-	-
2.3	Purchases of tangible asset	(1.844)	(1.871)
2.4	Sales of tangible assets	-	-
2.5	Cash paid for purchase of financial assets measured at Fair Value through Other Comprehensive Income	-	-
2.6	Cash obtained from sale of financial assets measured at Fair Value through Other Comprehensive Income	-	-
2.7	Cash paid for purchase of financial assets measured at amortised cost	(981.630)	(144.311)
2.8	Cash obtained from sale of financial assets measured at amortised cost	149.692	52.198
2.9	Others	(116)	(1.072)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net cash flow from financing activities</b>	<b>(2.223.419)</b>	<b>2.106.132</b>
3.1	Cash obtained from funds borrowed and securities issued	3.617.082	2.352.415
3.2	Cash used for repayment of funds borrowed and securities issued	(5.831.591)	(242.020)
3.3	Equity instruments issued	-	-
3.4	Dividends paid	(6.313)	(4.263)
3.5	Payments for financial leases	(2.597)	-
3.6	Others	-	-
<b>IV.</b>	<b>Effect of translation differences on cash and cash equivalents</b>	<b>974.123</b>	<b>735.090</b>
<b>V.</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3.682.446</b>	<b>1.419.420</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>4.233.933</b>	<b>3.546.284</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of period</b>	<b>7.916.379</b>	<b>4.965.704</b>

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

**SECTION THREE**  
**ACCOUNTING POLICIES**

**I. Basis of presentation**

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

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

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

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

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

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

As of 1 January 2019, the Bank has started to apply the impairment provision of TFRS 9 Financial Instruments (“TFRS 9”) and TFRS 16 Leases.

Information on the effect of the application of the impairment provisions of TFRS 9 Financial Instruments is explained in Note XXIV.

Information on the application of TFRS 16 Leases is explained in Note XIV.

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

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

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

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE PERIOD ENDED 30 JUNE 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

As of 30 June 2019, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 5,7496 for US Dollar, TL 6,5442 for Euro, TL 5,3338 for 100 JPY and TL 7,2859 for GBP.

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

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

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

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

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

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

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

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

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

The Bank notifies in written the relationship between hedging instrument and related account, risk management aims of hedge and strategies and the methods used to measure 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 hedged asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, adjustments made to the value of hedged item using straight-line amortization method within the days to maturity are reflected to "Income/losses from derivative financial instruments" account in the statement of profit or loss.

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

*b.1.) Derivative financial instruments held for hedging*

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

Hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under hedging reserves are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity, are transferred to statement of profit or loss.

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

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

**IV. Explanations on interest income and expenses**

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

**V. Explanations on fee and commission income and expenses**

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

**VI. Explanations on financial assets**

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

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

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

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

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VI. Explanation on financial assets (Continued)**

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

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

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

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

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

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

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

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

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

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

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

**c.) Financial assets measured at amortised cost**

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

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

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

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VI. Explanation on financial assets (Continued)**

**d.) Loans**

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

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

“The Regulation on the Procedures and Principles for the Classification of Loans and Provisions to be Set Aside for this Purpose” has entered into force from 1 January 2018, however, the Bank has taken additional time from the BRSA until 1 January 2019; from this date the Bank started to calculate expected credit loss according to TFRS 9 provisions.

In this context, as of 31 December 2018, the loan provision allocation method, which is allocated within the framework of BRSA's related legislation, has been amended by applying the expected credit loss model with the implementation of TFRS 9. The expected credit loss model is applied to financial assets, such as banks, loans and securities, as well as financial leasing receivables, contractual assets, loan commitments and financial guarantee agreements, at amortized cost or at fair value.

At each reporting date, it is evaluated whether there is a significant increase in the credit risk since the initial recognition of the financial instrument. When making this evaluation, the change in the expected default risk of the financial instrument is used.

The guiding principle of the expected credit loss model is to reflect the overall appearance of an increase or recovery in the credit risk of financial instruments. The amount of the loss provision depends on the degree of the increase in the credit risk from the first issue of the loan. Although the expected credit loss is an estimate of the expected losses from the loan during the life of a financial instrument, the following points are important for the measurement.

- Weighted and unbiased amount according to the probabilities determined by considering possible results,
- Time value of money,
- Reasonable and supportable information on past events, current circumstances and forecasts for future economic conditions that can be obtained at the reporting date without excessive cost and effort.

**Calculation of Expected Credit Loss**

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The allowance for loan losses, which is known as loss reserve or provision, depends on the degree of increase in credit risk.

There are two measurements according to the general approach:

- 12-month Expected Credit Loss (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss Provision (Stage 2) applies when a significant increase in credit risk occurs.
- Lifetime Expected Loss Provision (Stage 3) is applied when the impairment loss occurs.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on impairment of financial assets (Continued)**

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

**Calculation of 12-month expected credit losses (Stage 1)**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Applies to all assets unless there is a significant deterioration in credit quality. 12-month expected loss values are part of the estimated life expectancy loss (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is less than 12 months).

**Significant increase in credit risk (Stage 2)**

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. For stage 1 loans expected loss (provision) amounts are calculated for 1-year and for Stage 2 loans expected loss (provision) is calculated for the remaining life of the loan.

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the second stage are the close monitoring, the number of delay days exceeding 30 days and the Bank's internal early warning system note.

**Non-performing loans (Stage 3/ Specific provision)**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

The Bank considers that there is a default on the relevant debt in the following two cases:

- Objective Default Definition: It means that the debt is overdue by more than 90 days.
- Subjective Default Definition: It means that it is determined the debt will not be paid off.

If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is a overdue payment or number of days.

Collective assessment of financial instruments is based on homogeneous group assets based on portfolio segmentation based on similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods associated with the expected loss calculation approach on a common basis for each phase.

Loans with different types of cash flows or other loans with different characteristics may be subject to individual evaluation rather than aggregate assessment. Individual evaluations, staging, multiple scenario analysis and expected loss estimation principles are carried out in accordance with TFRS 9 requirements. Total cash flows are discounted based on the interest rate of the amount. The net present value of these cash flows is compared with unpaid amounts for each scenario. The expected loss provision estimates are weighted according to the probability of the scenario in order to obtain the final impairment value. The expected credit loss can be defined as the difference between the contractual cash flows due in accordance with the contract and the original effective interest rate expected to be collected and the discounted cash flows. The following situations are taken into account when estimating cash flows:

- All contractual terms of the financial instrument during the life of the financial instrument,
- Cash flows expected to be obtained from collateral sales.



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on impairment of financial assets (Continued)**

The main parameters used in the calculation of expected credit loss are the probability of default, the exposure at default and loss given default.

The probability of default is an estimate of the likelihood of default over a given time horizon. The measurement of expected credit losses requires the estimation of both 1 year probabilities of default and lifetime probabilities of default. In the probability models, the sector information for the corporate portfolio is based on product information for the individual portfolio.

The exposure at default of an instrument is the anticipated outstanding amount owed by the obligor at the time of default. In case of default of the borrower, Loss Given Default has been calculated as dividing expected credit loss to exposure at default. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicators of these estimation models are the Gross Domestic Product (GDP) growth rate and the consumers price index rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations. Behavioral Maturity Calculation Methodology Expected Loss Provision; For loans with a remaining maturity of less than one year, loans with a maturity of more than one year are calculated as one-year for loans with a remaining maturity of more than one year and for lifetime loans (up to maturity date). In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analyzing historical data for products with no real maturity. Expected loss reserve are calculated based on these maturities depending on the type of loan.

**VIII. Explanations on offsetting financial instruments**

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

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

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

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

As of 30 June 2019 and 31 December 2018, the Bank does not have any goodwill in its accompanying financial statements.

Implemented yearly amortization rates as follows;

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

**XII. Explanations on tangible assets**

All tangible assets are initially recognized at cost model in accordance with TAS 16 “Property, Plant and Equipment”. Subsequently acquired tangible assets are carried at cost less accumulated depreciation at the balance sheet date. Depreciation is calculated over the cost of tangible assets 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%

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XII. Explanations on tangible assets (Continued)**

The depreciation charge for items remaining in tangible assets for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in tangible assets. Gains and losses on the disposal of tangible assets 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 tangible assets 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 tangible assets 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 tangible assets.

**XIII. Explanations on investment property**

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

**XIV. Explanations on leases**

"TFRS 16 Leases" Standard has been published in the Official Gazette No. 30393 dated 16 April 2018, and is effective from 1 January 2019. This Standard specifies the principles of recognition of leases into the financial statements, measurement, presentation and ve explanation of leases. Purpose of the standard is to show the tenant and renters these procedures in a true manner and to provide appropriate information. As of 1 January 2019 the Bank has started to apply related standard.

At the beginning of a contract, the Bank evaluates whether the contract is defined as a lease or does include lease transaction. In the event that the contract is transferred for a certain period of time to control the use of the asset defined for a price, this contract is a lease transaction. The Bank, considers the following conditions when assessing whether a contract has transferred its right to control the use of a defined asset for a specified period:

- a) The contract includes defined assets; An entity is generally defined in the contract clearly. However, an asset can be defined as tacit when it is made available to the customer.
- b) In the event that the supplier has an essential right to substitute the asset for the period of use, the entity is not defined.
- c) Customer has the right to obtain almost all of the economic benefits obtained from the use of the asset for the period of use to control the use of a defined asset.
- d) The right to obtain nearly all of the economic benefits that will be derived from the use of the asset identified.
- e) The right to manage the use of the defined asset. The Bank has the right to manage the use of the asset in the following cases:
  - i. The Bank has the right to operate the asset during its use (or directing others to operate the asset in the way they set their own) and the supplier does not have the right to change these operating instructions or the Bank has designed the asset (or certain characteristics of the asset) in advance to determine how and for what purpose the asset will be used during its useful life.
  - ii. The Bank has the right to manage how and for what purpose the asset will be used during its usage period. (Being able to change how the asset will be used for the duration of its use)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIV. Explanations on leases (Continued)**

The Bank reflects a right-of use asset and a lease liability into the financial statements at the effective date of the lease.

*Right-of use asset*

The Bank initially measures the right-of-use asset applying a cost model in the financial statements and it includes the following:

- a) Lease liabilities in the balance sheet, initially measured at the present value,
- b) All lease payment amount before or at the commencement date
- c) All initial direct costs beared by the Bank

When applying the cost method, the right-of use asset:

- a) Accumulated depreciation and accumulated impairment losses are deducted and
- b) Measures the restatement of the lease obligation at the restated cost.

The Bank applies the depreciation terms of TAS 16 Property, Plant and Equipment standard when depreciating the right-of use. The Bank depreciates the right-of asset according to the shorter of its useful life or the lease term, starting from its effective date of lease.

*Lease liability*

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate in case of implicit interest rate cannot be defined easily. As of 1 January 2019, the weighted average of the incremental borrowing interest rates applied to TL and USD lease liabilities presented in the statement of financial position are 24,05% and 8,5% respectively.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable,
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Bank measures the lease liability as indicated below:

- a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,
- b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made
- c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIV. Explanations on leases (Continued)**

The interest on the lease liability for each period of the lease term, is the amount calculated by applying a fixed periodic interest rate to remaining amount of the lease liability. Periodic interest rate, in the case of easily identifiability, is the implied interest rate of lease. The Bank, uses the alternative borrowing interest rate, in the absence of easily identifiability.

After the effective date of lease, the Bank re-measures its lease liability to reflect changes in lease payments. The Bank reflects the re-measured amount of the lease liability as adjustment in right-of use asset in its financial statements.

The Bank determines the revised lease payments related to the remaining lease term according to the revised contractual payments. In this case, the Bank uses an unchanged discount rate.

Leases with a period equal or less than twelve months are evaluated in the scope of the exception given by the standard and payments made according to related contracts are still being accounted as expense in the period of the payments.

	<b>1 January 2019</b>	<b>30 June 2019</b>
Right-of-use assets	20.254	17.993
Lease liabilities	19.611	19.413

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

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

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

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

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Discount ratio	15,50%	15,50%
Inflation	10,00%	10,00%
Salary increase rate	11,00%	11,00%

As of 30 June 2019, the calculated employment termination obligation amount is TL 24.602 (31 December 2018: TL 21.854). For the period ended 30 June 2019, the Bank also provided provision for vacation pay liability relating to prior periods amounting to TL 19.022 (31 December 2018: TL 15.998).

The Bank has allocated a provision amounting to TL 27.292 (31 December 2018: TL 24.869) based on the success premium to be paid in July 2019 for the first half of the year and a provision amounting to TL 8.360 (31 December 2018: TL 12.675) for the dividend payable to the employees in 2020 from the profit of 2019.

**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**

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

The Bank has issued seven bonds.

- In September 2014, the Bank issued bonds amounting USD 500 million (TL 2.874.800). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years.
- In February 2016, the Bank issued bonds amounting USD 500 million (TL 2.874.800). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years.
- In October 2016, the Bank issued bonds amounting USD 500 million (TL 2.874.800). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is seven years.
- In September 2017, the Bank issued a bond with a maturity of five years and a fixed rate of 4,250% amounting USD 500 million (TL 2.874.800).
- In May 2018, the Bank issued a bond with a maturity of six years and a fixed rate of 6,125% amounting to USD 500 million (TL 2.874.800).
- In January 2019, the Bank issued a bond with a maturity of five years and a fixed rate of 8,250% amounting to USD 500 million (TL 2.874.800).

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

Also 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.

On 24 April 2019, the Bank issued Tier II capital amounting EUR 150 million (TL 981.630) with an early redeem option after fifth year of the date of issue.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

As the Bank's total paid-in capital is owned by the Ministry of Treasury and Finance, there is no cost related to share issuance. Profit appropriation of the Bank is resolved at the General Assembly meeting. As of 10 May 2019, dividend distribution for 2018 was approved by Banking Regulation and Supervision Agency and profit distribution was made according to the resolution of the meeting.

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

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

**XXI. Explanations on government grants**

The Bank benefits from the Government Incentive provided by the Ministry of Trade as of 30 June 2019. In accordance with the decision of the Ministry of Economy Money-Credit and Coordination Board dated 2016/8, the interest expense of the Bank which is corresponding with difference between the bank interest rate and reference commercial interest rate is supported on investment good through exports medium-long-term buyer's loans. These incentives are recognized by adopting an income approach in accordance with TAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

**XXII. Explanations on segment reporting**

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

**XXIII. Explanations on other issues**

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

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

**XXIV. Reclassifications**

The following table shows the classification and adjustments for the application of the impairment provisions of TFRS 9 Financial Instruments of 1 January 2019.

<b>ASSETS</b>	<b>31 December 2018</b>	<b>TFRS 9 CLASSIFICATION EFFECT</b>	<b>TFRS 9 MEASUREMENT EFFECT</b>	<b>1 January 2019</b>
Specific Provisions	233.867	(233.867)	-	-
Expected Credit Losses	-	364.081	8.604	372.685
<b>LIABILITIES</b>	<b>31 December 2018</b>	<b>TFRS 9 CLASSIFICATION EFFECT</b>	<b>TFRS 9 MEASUREMENT EFFECT</b>	<b>1 January 2019</b>
General Provisions	130.214	(130.214)	-	-
Other Provisions	118.488	-	(335)	118.153
Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss	-	-	(8.269)	(8.269)

**Equity effects of transition to TFRS 9 impairment application**

As of 1 January 2019, remasurement of provisions TL 8.269 resulting from reversal of the impairment provisions previously recognized in TFRS 9 is reclassified to "Other Capital Reserves" under shareholders' equity.

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

**I. Information about shareholders' equity items**

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

As of 30 June 2019, the shareholders' equity of the Bank is TL 12.305.318 (31 December 2018: TL 10.679.019) and the capital adequacy standard ratio is 19,20% (31 December 2018: 18,66%).

	Current Period	Amount as per the regulation before 1/1/2014 (*)
<b>COMMON EQUITY TIER I CAPITAL</b>	<b>8.255.357</b>	
Paid-in Capital to be Entitled for Compensation after All Creditors	6.350.000	
Share Premium	-	
Reserves	1.237.232	
Other Comprehensive Income according to Turkish Accounting Standards ("TAS")	51.813	
Profit	631.010	
Net Current Period Profit	631.010	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>8.270.055</b>	
<b>Deductions From Common Equity Tier I Capital</b>	<b>14.698</b>	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	6.506	
Leasehold Improvements on Operational Leases (-)	-	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	6.421	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Securitization gains	-	
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	
Net amount of defined benefit plans	1.771	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Core Capital Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	



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

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

	Current Period	Amount as per the regulation before 1/1/2014 (*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Exceeding Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	
Mortgage Servicing Rights not deducted (-)	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	
Other items to be Defined by the BRSA (-)	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>14.698</b>	
<b>Total Common Equity Tier I Capital</b>	<b>8.255.357</b>	
<b>ADDITIONAL TIER I CAPITAL</b>	<b>981.630</b>	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	981.630	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	<b>981.630</b>	
<b>Deductions from Additional Tier I Capital</b>	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier 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>Items to be Deducted from Tier I Capital during the Transition Period</b>	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	

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

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

	Current Period	Amount as per the regulation before 1/1/2014 (*)
<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 Tier I Capital + Additional Tier I Capital)</b>	981.630	
<b>TIER II CAPITAL</b>	<b>9.236.987</b>	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	3.068.331	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	2.901.759	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	-	
<b>Total Deductions from Tier II Capital</b>	166.572	
<b>Deductions from Tier II Capital</b>	<b>3.068.331</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>3.068.331</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>12.305.318</b>	
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>12.305.318</b>	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	
Net Book Values of Movables and Immovable's Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	
Other items to be Defined by the BRSA (-)	-	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

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

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

	Current Period	Amount as per the regulation before 1/1/2014 <sup>(*)</sup>
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 <sup>st</sup> and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
<b>CAPITAL</b>	<b>12.305.318</b>	
Total Capital ( Total of Tier I Capital and Tier II Capital )	12.305.318	
Total Risk Weighted Assets (**)	64.083.256	
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier I Capital Ratio (%)	12,88	
Tier I Capital Ratio (%)	14,41	
Capital Adequacy Ratio (%)	19,20	
<b>BUFFERS</b>		
Bank-specific total Common Equity Tier I Capital Ratio	2,50	
Capital conservation buffer requirement (%)	2,50	
Bank systematic countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8,38	
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	<b>31.467</b>	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	31.467	
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	166.572	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	166.572	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	

<sup>(\*)</sup> Amounts to be considered under transition provisions.

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

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

	Prior Period	Amount as per the regulation before 1/1/2014 (*)
<b>TIER CAPITAL</b>	<b>7.647.045</b>	
Paid in Capital to be Entitled for compensation after all Creditors	6.350.000	
Share Premium	-	
Legal Reserves	401.743	
Other Comprehensive Income according to TAS	62.277	
Profit	841.802	
Net Current Period Profit	841.802	
Prior Years' Profit	-	
Bonus shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
<b>Tier 1 Capital before Deductions</b>	<b>7.655.822</b>	
<b>Deductions from Tier 1 Capital</b>	<b>8.777</b>	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	-	
Leasehold Improvements on Operational Leases	-	
Goodwill and Intangible Assets and Related Deferred Tax Liabilities	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	7.006	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Net defined benefit plan assets	1.771	
Investments in own common equity	-	
Shares obtained against Article 56, Paragraph 4 of the Banking Law	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	

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

	Prior Period	Amount as per the regulation before 1/1/2014 (*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	
Net Deferred tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital	-	
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
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 1 capital</b>	<b>8.777</b>	
<b>Tier Capital</b>	<b>7.647.045</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	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	
<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	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
Total of Net Long Positions of the Direct and Indirect Investments in Additional Tier I Capital of Unconsolidated Banks of Financial Institutions where the Banks owns more than 10% of the Issued Share Capital	-	
Other Items to be Defined by the BRSA	-	
<b>Components to continue to be deducted from Core Capital during transition period</b>	-	

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

	Prior Period	Amount as per the regulation before 1/1/2014 (*)
Goodwill and other Intangible Assets and Related Deferred taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
Net Deferred Tax Assets/Liabilities not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital	-	
<b>Total Deductions from Additional Core Capital</b>	-	
<b>Total Additional Core Capital</b>	-	
<b>Total Core Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>7.647.045</b>	
<b>SUPPLEMENTARY CAPITAL</b>		
Debts Instruments and the Related Issuance Premiums Defined by the BRSA	2.901.759	
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	
General Provisions (Amounts stated in the first paragraph of article 8 of the Regulation on Equities of Banks)	130.214	
<b>Tier II Capital Before</b>	<b>3.031.973</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	-	
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>3.031.973</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>10.679.018</b>	
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>10.679.018</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	-	
Other Items to be Defined by the BRSA	-	
<b>Components to continue to be deducted from Total Core Capital and Supplementary Capital during transition period</b>	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

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

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

	Prior Period	Amount as per the regulation before 1/1/2014 (*)
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 <sup>st</sup> and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
<b>TOTAL CAPITAL</b>	<b>10.679.018</b>	
Total capital	10.679.018	
Total risk weighted items	57.219.464	
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	13,36	
Tier I Capital Adequacy Ratio (%)	13,36	
Capital Adequacy Standard Ratio (%)	18,66	
<b>BUFFERS</b>		
Total buffer requirement	1.875	
Capital conservation buffer requirement (%)	1,875	
Bank specific countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	8,86	
<b>Amounts Lower than Excesses as per Deduction Rules</b>	<b>20.447</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	20.447	
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	-	
<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 (to be implemented between 1 January 2018 and 1 January 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	-	
Portion of the total of net positions of direct or indirect investments made in Additional Tier I and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Banks owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulations on the Equity of Banks	-	

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**SECTION FOUR (Continued)**

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

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



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<b>Information about the instruments to be included in the capital adequacy calculation:</b>	
Issuer	Türkiye İhracat Kredi Bankası A.Ş.
Instrument code (CUSIP, ISIN etc.)	-
Legislation to which the instrument is subject to	BRSA Legislation
<b>Estimated Status in Equity Calculation</b>	
Transitional Basel III rules	No
Eligible at unconsolidated / consolidated	Consolidated and unconsolidated basis is taken into account.
Type of instrument	Tier II Capital
Amount considered in equity calculation (As of the latest reporting date - Million TL)	981,6
Nominal value of the instrument (Million TL)	981,6
Account number in trial balance	34700010
Date of issue of the instrument	24 April 2019
The maturity structure of the instrument (Demand / Forward)	Perpetual
Starting maturity of the instrument	-
Whether the issuer has the right of reimbursement due to BRSA approval	Has an early redemption option at the end of the fifth year
Reimbursement option date, contingent repayment options and refundable amount	The Bank will be able to use the early redemption option based on BRSA approval, five years after the date of issue.
Subsequent reimbursement option dates	-
<b>Interest/Dividend Payments</b>	
Fixed or variable interest/dividend payments	Fixed Coupon
Interest rate and index value for interest rate	4,61% (compound)
Whether there are any restrictions that stop the payment of dividends	None
Fully optional, partially optional or mandatory	None
Whether there is an element that will encourage repayment, such as increase in the interest rate	None
Being cumulative or noncumulative	None
<b>The ability to be converted into shares</b>	
Triggering events / events that can cause a conversion if converted to a stock	None
Full or partial conversion if convertible	None
If convertible, conversion rate	None
If convertible, mandatory convertible or optionally convertible	None
Convertible instrument types if converted to stock	None
Issuer of the debt instrument to be converted if it can be converted into a stock	None
<b>Value reduction feature</b>	
Trigger events / events that will cause a reduction if it has a value reduction feature	Decrease of the ratio of core capital adequacy ratio or consolidated core capital ratio below 5,125 percent.
Total or partial value reduction if value reduction is available	Total or partial
Temporary or permanent if it has a value reduction feature	None
Value increment if the value can be temporarily reduced	Temporary
In which order in terms of the right to take in the case of liquidation (Instrument just above this instrument)	None
Whether subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It does not have requirements of article 8 of the Regulation.
Define if subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It does not have the requirements of article 7 of the Regulation.

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**SECTION FOUR (Continued)**

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

**II. Explanations on currency risk**

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

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

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

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

	TL	USD	GBP	EURO	JPY	Total
<b>TRADING DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>289.995</b>	<b>6.848.984</b>	<b>40.072</b>	<b>5.283.593</b>	<b>2.604</b>	<b>12.465.248</b>
<b>Forward Transactions</b>	<b>1.159</b>	<b>1.010</b>	-	-	-	<b>2.169</b>
Forward Foreign Exchange Purchase Transactions	580	505	-	-	-	1.085
Forward Foreign Exchange Sell Transactions	579	505	-	-	-	1.084
<b>Swap Transactions</b>	<b>288.014</b>	<b>6.847.974</b>	<b>40.072</b>	<b>5.282.807</b>	<b>2.604</b>	<b>12.461.471</b>
Swap Money Purchase Transactions FC - TL	-	287.480	-	-	-	287.480
Swap Money Purchase Transactions FC-FC	-	2.886.500	-	-	-	2.886.500
Swap Money Sale Transactions FC-TL	288.014	-	-	-	-	288.014
Swap Money Sale Transactions FC-FC	-	-	40.072	2.841.819	2.604	2.884.495
Swap Interest Purchase Transactions FC-FC	-	1.836.997	-	1.220.494	-	3.057.491
Swap Interest Sale Transactions FC-FC	-	1.836.997	-	1.220.494	-	3.057.491
<b>Option Purchase Transactions</b>	<b>822</b>	-	-	<b>786</b>	-	<b>1.608</b>
Money Purchase of Options	411	-	-	393	-	804
Money Sale of Options	411	-	-	393	-	804
<b>HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>-</b>	<b>30.375.858</b>	<b>-</b>	<b>18.468.728</b>	<b>-</b>	<b>48.844.586</b>
<b>Forward Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forward Foreign Exchange Purchase Transactions	-	-	-	-	-	-
Forward Foreign Exchange Sell Transactions	-	-	-	-	-	-
<b>Swap Transactions</b>	<b>-</b>	<b>30.375.858</b>	<b>-</b>	<b>18.468.728</b>	<b>-</b>	<b>48.844.586</b>
Swap Money Purchase Transactions	-	18.876.658	-	-	-	18.876.658
Swap Money Sale Transactions	-	-	-	18.468.728	-	18.468.728
Swap Interest Purchase Transactions	-	5.749.600	-	-	-	5.749.600
Swap Interest Sale Transactions	-	5.749.600	-	-	-	5.749.600
<b>TOTAL</b>	<b>289.995</b>	<b>37.224.842</b>	<b>40.072</b>	<b>23.752.321</b>	<b>2.604</b>	<b>61.309.834</b>

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**SECTION FOUR (Continued)**

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

**II. Explanations on currency risk (Continued)**

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

**Fair value hedge accounting**

IFRS 9 permits to defer application of IFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank and its consolidated financial subsidiaries continue to apply hedge accounting in accordance with TAS 39 in this context.

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

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

	30 June 2019		
	Principal <sup>(1)</sup>	Asset	Liability
<b>Derivative Financial Instruments</b>			
Cross currency swap and interest rate swaps	34.039.662	1.006.196	79.314
<b>Total</b>	<b>34.039.662</b>	<b>1.006.196</b>	<b>79.314</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 Note III.

- The bond with the amount of USD 500 million, issued in September 2017 with a maturity of five years and a fixed interest payment rate of 4,250% per six months, is subjected o hedge accounting by cross currency swap transactions in September 2017.
- The bond with the amount of USD 500 million, issued in September 2014 with a maturity of seven years and a fixed interest payment rate of 5,000% per six months, is subjected o hedge accounting by cross currency swap transactions in April 2018.
- In addition, the bond with the amount of USD 500 million issued in May 2018 with a maturity of six years and a fixed interest payment rate of 6,125% per six months, is subjected o hedge accounting by cross currency swap transactions in May 2018.
- The bond with the amount of USD 500 million, issued in January 2019 with a maturity of five years and a fixed interest payment rate of 8,250% per six months, is subjected to hedge accounting by cross currency swap transactions in January 2019.

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

The impact of fair value hedge accounting is summarized below:

30 June 2019		Hedged risk	Net fair value of hedged items		Amount of hedge funds
Hedging instrument	Hedged items		Asset	Liability	
Interest rate swaps	Issued securities denominated in USD with fixed interest rate	Fixed interest rate risk	-	77.484	-
Cross Currency Swap Transactions	Issued securities denominated in USD with fixed interest rate	Currency and interest rate risk	1.006.196	1.830	-

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**SECTION FOUR (Continued)**

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

**II. Explanations on currency risk (Continued)**

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

**Fair value hedge accounting (Continued)**

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

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

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

**Cash flow hedge accounting**

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

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

	30 June 2019		
	Principal <sup>(1)</sup>	Asset	Liability
<b>Derivative Financial Instruments</b>			
Cross Currency Swap Interest Transactions	14.804.924	79.594	103.695
<b>Total</b>	<b>14.804.924</b>	<b>79.594</b>	<b>103.695</b>

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

The method for cash flow hedge presented above is explained in the accounting policy in Section Three, Note III. The impact of cash flow hedge accounting is summarized below:

30 June 2019					
Hedging Instrument	Hedged Asset and Liability	Hedged Risk	Fair value of hedging instrument		Amount at hedging account
			Asset	Liability	
Cross Currency Swap Transactions	Fixed interest rate US Dollar debt securities	Currency Risk	79.594	103.695	31.783

**SECTION FOUR (Continued)**

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

**II. Explanations on currency risk (Continued)**

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

**Cash flow accounting (Continued)**

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

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

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 30 June 2019, the Net Foreign Currency Position/Shareholders' Equity ratio is (0,26) per cent (31 December 2018: 0,12 per cent). Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

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

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

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**SECTION FOUR (Continued)**

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

**II. Explanations on currency risk (Continued)**

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

DATE	24/06/2019	25/06/2019	26/06/2019	27/06/2019	28/06/2019
USD	5,72480	5,81360	5,76530	5,76220	5,74960
AUD	3,97640	4,04680	4,02650	4,03120	4,03390
DKK	0,87224	0,88680	0,87757	0,87754	0,87716
SEK	0,61314	0,62741	0,62236	0,62144	0,61977
CHF	5,85720	5,96450	5,91310	5,88460	5,89820
100JPY	5,32910	5,43040	5,36370	5,32990	5,33380
CAD	4,33800	4,40930	4,38060	4,39060	4,39140
NOK	0,67430	0,68317	0,67766	0,67739	0,67522
GBP	7,28600	7,41700	7,30460	7,30650	7,28590
SAR	1,52617	1,55000	1,53696	1,53638	1,53306
EUR	6,51140	6,61990	6,55050	6,54760	6,54420
KWD	18,86260	19,16150	19,00230	18,99210	18,91940
XDR	7,94200	8,08900	8,02300	8,00720	7,99250
BGN	3,32910	3,38490	3,35000	3,34860	3,34710
100 IRR	0,01363	0,01384	0,01373	0,01372	0,01369
RON	1,37154	1,40239	1,38739	1,38698	1,38345
RUB	0,09098	0,09295	0,09183	0,09151	0,09114
CNH	0,83173	0,84490	0,83718	0,83763	0,83715

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

Currency	Average June 2019
USD	5,80131
AUD	4,02653
DKK	0,87835
SEK	0,61733
CHF	5,87607
100JPY	5,36856
CAD	4,37303
NOK	0,67315
GBP	7,35127
SAR	1,54678
EUR	6,55657
KWD	19,09300
XDR	8,03711
BGN	3,35281
IRR	0,01381
RON	1,38668
RUB	0,09081
CNH	0,84089

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**SECTION FOUR (Continued)**

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

**II. Explanations on currency risk (Continued)**

**7. Information related to Bank's Currency Risk**

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	5.726.175	-	-	5.726.175
Banks	316.176	1.159.022	19.958	1.495.156
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	86.572.045	47.316.277	228.992	134.117.314
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	989.806	-	-	989.806
Derivative Financial Assets for Hedging Purposes (*)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets(**)	139.359	373.630	1.371	514.360
<b>Total Assets</b>	<b>93.743.561</b>	<b>48.848.929</b>	<b>250.321</b>	<b>142.842.811</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions(***)	71.553.028	51.468.489	194.253	123.215.770
Marketable Securities Issued(****)	-	17.440.372	-	17.440.372
Miscellaneous Payables	651.046	1.471.853	8.800	2.131.699
Derivative Financial Liabilities for Hedging Purposes (*)	-	77.485	-	77.485
Other Liabilities	198.934	440.697	3.182	642.813
<b>Total Liabilities</b>	<b>72.403.008</b>	<b>70.898.896</b>	<b>206.235</b>	<b>143.508.139</b>
<b>Net Balance Sheet Position</b>	<b>21.340.553</b>	<b>(22.049.967)</b>	<b>44.086</b>	<b>(665.328)</b>
<b>Net off Balance Sheet Position</b>	<b>(21.310.547)</b>	<b>22.050.638</b>	<b>(42.676)</b>	<b>697.415</b>
Derivative Assets	1.220.887	29.637.740	-	30.858.627
Derivative Liabilities	22.531.434	7.587.102	42.676	30.161.212
Non-Cash Loans(*****)	185.823	9.553.170	-	9.738.993
<b>Prior Period</b>				
Total Assets	74.419.641	53.687.962	266.938	128.374.541
Total Liabilities	60.234.171	67.755.773	201.101	128.191.045
<b>Net on Balance Sheet Position</b>	<b>14.185.470</b>	<b>(14.067.811)</b>	<b>65.837</b>	<b>183.496</b>
<b>Net off Balance Sheet Position</b>	<b>(14.174.523)</b>	<b>14.568.901</b>	<b>(57.441)</b>	<b>336.937</b>
Derivative Assets	2.236.732	25.597.528	1.138.973	28.973.233
Derivative Liabilities	16.411.255	11.028.627	1.196.414	28.636.296
Non-Cash Loans	183.708	8.899.385	-	9.083.093

(\*) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign Currency Income Accruals of Derivative Financial Instruments are not included.

(\*\*) The portion that does not generate an income accrual of TL 19 in Derivative Financial Assets at Fair Value Through Profit and Loss is included in Other Assets

(\*\*\*) Subordinated loans are included here.

(\*\*\*\*) TL 429.890 which is accounted under hedge accounting is not included in Funds Borrowed From Other Financial Institutions

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

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**SECTION FOUR (Continued)**

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

**II. Explanation on currency risk (Continued)**

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

The effect of the Bank's currency positions as of 30 June 2019 and 30 June 2018 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period		Prior Period	
	Gain/(Loss) Effect	Effect on Equity <sup>(1)</sup>	Gain/(Loss) Effect	Effect on Equity <sup>(1)</sup>
USD	67	67	13.746	13.746
EUR	3.001	3.001	1.063	1.063
Other foreign currency	141	141	22	22
<b>Total</b>	<b>3.209</b>	<b>3.209</b>	<b>14.831</b>	<b>14.831</b>

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

As of 30 June 2019 and 30 June 2018, 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. Explanation on interest rate risk**

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

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

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



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

**III. Explanation on interest rate risk (Continued)**

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

*(Periods remaining to repricing dates)*

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	5.726.921	5.726.921
Banks	1.964.175	-	-	-	-	171.989	2.136.164
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	-	-	-	-
Money Market Placement	53.471	-	-	-	-	-	53.471
Financial Assets Measured at Fair Value Reported in Other Comprehensive Income	-	-	-	-	-	31.467	31.467
Loans	20.028.123	33.749.593	85.677.746	1.759.572	9.616	-	141.224.650
Financial Assets Measured at Amortised Cost	32.079	-	92.067	1.000.134	2.978.155	-	4.102.435
Other Assets	158.986	498.173	404.248	12.819	13.703	1.246.839	2.334.768
<b>Total Assets</b>	<b>22.236.834</b>	<b>34.247.766</b>	<b>86.174.061</b>	<b>2.772.525</b>	<b>3.001.474</b>	<b>7.177.216</b>	<b>155.609.876</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	8.589	13.060	-	2.143.132	2.164.781
Securities Issued	3.098.210	8.820.239	5.951.813	-	-	-	17.870.262
Other Funds	14.434.913	24.850.363	82.940.689	-	-	-	122.225.965
Other Liabilities <sup>(1)</sup>	24.208	66.506	133.144	1.045.160	2.949.584	9.130.266	13.348.868
<b>Total Liabilities</b>	<b>17.557.331</b>	<b>33.737.108</b>	<b>89.034.235</b>	<b>1.058.220</b>	<b>2.949.584</b>	<b>11.273.398</b>	<b>155.609.876</b>
On Balance Sheet Long Position	4.679.503	510.658	-	1.714.305	51.890	-	6.956.356
On Balance Sheet Short Position	-	-	(2.860.174)	-	-	(4.096.182)	(6.956.356)
Off-balance Sheet Long Position	6.164.575	11.531.947	12.552.848	610.247	-	-	30.859.617
Off-balance Sheet Short Position	(6.160.836)	(11.205.975)	(12.473.157)	(610.247)	-	-	(30.450.215)
<b>Total Position</b>	<b>4.683.242</b>	<b>836.630</b>	<b>(2.780.483)</b>	<b>1.714.305</b>	<b>51.890</b>	<b>(4.096.182)</b>	<b>409.402</b>

<sup>(1)</sup> In other liabilities line the "non-interest bearing" column amounting TL 9.130.266 includes equity amounting to TL 8.261.777 and provisions amounting to TL 239.754.

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

**III. Explanation on interest rate risk (Continued)**

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

*(Periods remaining to reprising dates)*

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

<sup>(1)</sup> "Non-interest bearing" column of loans is composed of non-performing loans amounting TL 108.641.

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

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

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**SECTION FOUR (Continued)**

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

**III. Explanation on interest rate risk (Continued)**

**2. Average interest rates for monetary financial instruments**

As of 30 June 2019, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	GBP	JPY	TL
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	2,78	2,43	-	-	23,95
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	24,61
Financial Assets Measured at FVOCI	-	-	-	-	-
Loans	1,45	3,65	1,93	1,40	13,28
Financial Assets Measured at Amortised Cost	5,06	-	-	-	10,47
<b>Liabilities</b>					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Money Market Funds	-	-	-	-	21,91
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	3,31	-	-	-
Other Funds	0,40	1,35	-	-	12,54

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

	EUR	USD	GBP	JPY	TL
<b>Prior Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	0,03	1,84	-	-	17,96
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	16,21
Available-for-sale Financial Assets	-	-	-	-	-
Loans	1,46	2,97	1,15	1,54	8,29
Held-to-maturity Investments	-	-	-	-	11,41
<b>Liabilities</b>					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Due to Money Markets	-	-	-	-	18,60
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	5,35	-	-	-
Other Funds	0,52	2,77	1,18	1,71	12,54

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**SECTION FOUR (Continued)**

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

**IV. Explanations on position risk of equity securities**

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

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

The Bank has participated in Credit Guarantee Fund (“CGF”) shares with its 1,49% shares. In the framework of provision in the Capital Markets Law No.6362 Articles of Associations’ which express four percent of capital is transferred without charge subsequent to registration and announcement of articles of association, 15.971.094 units BIST group (C) shares, each one of BIST group C shares being worth 1 Kuruş, total amounting to TL 160 were transferred to the Bank without charge.

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

None.

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

None.

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

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

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

	Portfolio	Realized gains/losses during the period	Revaluation value increases		Unrealized gains/losses		
			Total	Included in supplementary capital	Total	Included in the core capital	Included in supplementary capital
1	Private equity investments	-	-	-	-	-	-
2	Shares quoted to the stock market	-	-	-	-	-	-
3	Other shares	8.748	11.174	-	-	-	-
4	<b>Total</b>	<b>8.748</b>	<b>11.174</b>	-	-	-	-

**SECTION FOUR (Continued)**

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

**IV. Explanations on position risk of equity securities (Continued)**

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

The Bank does not have investment in associates or subsidiaries quoted on BIST. According to credit positions in banking accounts standard approach, stock investments amounting to TL 31.467 are 100% risk weighted (31 December 2018: Stock investments amounting to TL 20.447 are 100% risk weighted).

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

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

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

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

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

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

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

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**SECTION FOUR (Continued)**

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

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

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

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

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

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

Current Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
28 June 2019	524,16	21 April 2019	159,73	28 June 2019	372,65	21 April 2019	92,99

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

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

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

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

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**SECTION FOUR (Continued)**

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

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

**2. Liquidity Coverage Ratio**

Current Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>				
1	Total high-quality liquid assets (HQLA)		8.108.327	5.575.497
<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	14.488.491	14.488.491	8.008.935	8.008.935
9	Secured wholesale funding		-	-
10	Other cash outflows of which:		-	-
11	891.741	891.630	891.740	891.630
12	Outflows related to restructured financial instruments		-	-
13	41.327	33.741	16.530	13.496
14	Other revocable off-balance sheet commitments and contractual obligations		-	-
15	9.804.330	9.804.330	490.216	490.216
16	<b>Total Cash Outflows</b>		<b>9.407.421</b>	<b>9.404.277</b>
<b>Cash Inflows</b>				
17	Secured receivables		-	-
18	17.174.460	15.810.940	10.663.157	9.512.754
19	4.663	4.608	4.662	4.607
20	<b>17.179.123</b>	<b>15.815.548</b>	<b>10.667.819</b>	<b>9.517.361</b>
			<i>Upper limit applied value</i>	
21	<b>Total HQLA</b>		<b>8.108.327</b>	<b>5.575.497</b>
22	<b>Total Net Cash Outflows</b>		<b>2.556.292</b>	<b>2.790.128</b>
23	<b>Liquidity Coverage Ratio (%)</b>		<b>317,19</b>	<b>199,83</b>

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

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

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

**2. Liquidity Coverage Ratio (Continued)**

Prior Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	TL+FC	TL+FC	YP
<b>High-Quality Liquid Assets</b>				
1	Total high-quality liquid assets (HQLA)		2.867.716	453.355
<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	10.737.211	10.662.945	4.780.246	4.705.980
9	Secured wholesale funding			
10	Other cash outflows of which:			
11	Outflows related to derivative exposures and other collateral requirements			
12	Outflows related to restructured financial instruments			
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets			
14	Other revocable off-balance sheet commitments and contractual obligations			
15	Other irrevocable or conditionally revocable off-balance sheet obligations			
16	9.272.627	9.272.627	463.631	463.631
<b>16 Total Cash Outflows</b>			<b>5.458.433</b>	<b>5.378.645</b>
<b>Cash Inflows</b>				
17	Secured receivables			
18	Unsecured receivables			
19	Other cash inflows			
20	17.388.199	15.902.373	11.973.990	10.652.040
<b>20 Total Cash Inflows</b>			<b>11.973.990</b>	<b>10.652.040</b>
<b>21 Total HQLA</b>			<b>2.867.716</b>	<b>453.355</b>
<b>22 Total Net Cash Outflows</b>			<b>1.366.397</b>	<b>1.347.050</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>209,78</b>	<b>33,66</b>

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

**Explanations on liquidity coverage ratio:**

- Due to the low level of complexity of the Bank, cash inflows and outflows have not shown significant fluctuations during the period and cash inflows have been realized above the cash outflows throughout the period.
- The most important items of high quality liquid assets of the Bank, which does not accept deposits due to being a Development and Investment Bank, are the Turkish Lira and foreign currency securities issued by the Treasury of the Republic of Turkey.
- Main funding sources of the Bank are funds from CBRT rediscount loans, short-term loans from domestic and overseas banks, medium and long-term funds borrowed from international organizations like World Bank, European Investment Bank and funds obtained from capital market transactions by issuing debt securities.
- Most of the derivative instruments used for hedging purposes are forward transactions for currency risk and swap transactions within the scope of currency and interest rate risk.



**SECTION FOUR (Continued)**

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

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

**2. Liquidity Coverage Ratio (Continued)**

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

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

None.

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

None.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK**  
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**V. Explanations on liquidity risk and liquidity coverage ratio (Continued)**

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated <sup>(1)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand in Transit, Purchased Cheques) and Balances with the Central Bank	5.726.921	-	-	-	-	-	-	5.726.921
Banks	171.989	1.964.175	-	-	-	-	-	2.136.164
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	-	53.471	-	-	-	-	53.471
Financial Assets Measured at Fair Value Through Other Comprehensive Income	31.467	-	-	-	-	-	-	31.467
Loans <sup>(5)</sup>	-	14.237.736	23.583.986	76.881.359	22.119.792	4.401.777	-	141.224.650
Financial Assets Measured at Amortised Cost	-	32.079	-	92.067	1.000.134	2.978.155	-	4.102.435
Other Assets	-	2.079	14	31	1.062.203	23.602	1.246.839	2.334.768
<b>Total Assets</b>	<b>5.930.377</b>	<b>16.236.069</b>	<b>23.637.471</b>	<b>76.973.457</b>	<b>24.182.129</b>	<b>7.403.534</b>	<b>1.246.839</b>	<b>155.609.876</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Other Funds	-	11.002.108	18.473.063	68.342.374	16.495.371	7.913.049	-	122.225.965
Money Market Funds	-	-	-	-	-	-	-	-
Securities Issued	-	10.250	27.819	49.830	17.782.363	-	-	17.870.262
Miscellaneous Payables	-	-	-	8.589	13.060	-	2.143.132	2.164.781
Other Liabilities <sup>(2)(3)(4)</sup>	-	21.378	5.708	16.037	1.136.170	3.039.309	9.130.266	13.348.868
<b>Total Liabilities</b>	<b>-</b>	<b>11.033.736</b>	<b>18.506.590</b>	<b>68.416.830</b>	<b>35.426.964</b>	<b>10.952.358</b>	<b>11.273.398</b>	<b>155.609.876</b>
<b>Liquidity Gap</b>	<b>5.930.377</b>	<b>5.202.333</b>	<b>5.130.881</b>	<b>8.556.627</b>	<b>(11.244.835)</b>	<b>(3.548.824)</b>	<b>(10.026.559)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>1.470</b>	<b>-</b>	<b>1</b>	<b>508.922</b>	<b>(100.992)</b>	<b>-</b>	<b>409.401</b>
Derivative Financial Assets	-	3.174.783	335	1.837.747	21.631.573	4.215.178	-	30.859.616
Derivative Financial Liabilities	-	(3.173.313)	(335)	(1.837.746)	(21.122.651)	(4.316.170)	-	30.450.215
Non-Cash Loans	-	-	-	-	-	-	9.738.993	9.738.993
<b>Prior Period</b>								
Total Assets	151.023	12.223.773	20.503.952	73.696.129	22.572.840	8.458.745	1.822.632	139.429.094
Total Liabilities	-	8.042.337	16.387.021	65.935.418	25.244.499	13.935.764	9.884.055	139.429.094
<b>Liquidity Gap</b>	<b>151.023</b>	<b>4.181.436</b>	<b>4.116.931</b>	<b>7.760.711</b>	<b>(2.671.659)</b>	<b>(5.477.019)</b>	<b>(8.061.423)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(355)</b>	<b>-</b>	<b>(5.933)</b>	<b>316.019</b>	<b>(9.009)</b>	<b>-</b>	<b>300.722</b>
Derivative Financial Assets	-	1.069.998	68.788	7.215.113	14.062.780	6.561.832	-	28.978.511
Derivative Financial Liabilities	-	1.070.353	68.788	7.221.046	13.746.761	6.570.841	-	28.677.789
Non-Cash Loans	-	-	-	-	-	-	9.083.093	9.083.093

- (1) Assets such as tangible assets and intangible assets, investments, subsidiaries, office supply inventory, prepaid expenses, miscellaneous receivables and other assets are classified in this column.
- (2) Liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as equity, provisions, miscellaneous payables are classified in this column.
- (3) In other liabilities line the amount of TL 9.130.266 at the "unallocated" column, includes the shareholders' equity amounting to TL 8.261.777 and provisions amounting to TL 239.754.
- (4) In other liabilities over 5 year line, the amount of TL 3.039.309 includes subordinated debt instrument amounting to TL 2.994.132.

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

**VI. Explanations on leverage ratio**

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

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

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

Bank has unconsolidated financial reports, there is no financial reporting on the consortium since there are no partnerships or subsidiaries.

**c) The leverage ratio table is presented below:**

	<b>Current Period<sup>(*)</sup></b>	<b>Prior Period<sup>(*)</sup></b>
<b>On-Balance Sheet Items</b>		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	155.828.875	135.696.541
Assets amounts deducted in determining Basel III Tier 1 capital	(8.298)	(8.597)
Total on balance sheet exposures	155.820.577	135.687.944
<b>Derivative exposures and credit derivatives</b>		
Replacement cost associated with derivative financial instruments and credit derivatives	25.858	4.437
The potential amount of credit risk with derivative financial instruments and credit derivatives	1.817.355	1.560.093
The total amount of risk on derivative financial instruments and credit derivatives	1.843.213	1.564.530
<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)	-	72
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	72
<b>Off-Balance Sheet Items</b>		
Gross notional amount of off-balance sheet items	59.461.134	48.909.511
Adjustments for conversion to credit equivalent amounts	(44.658.126)	(35.866.731)
The total risk of off-balance sheet items	14.803.008	13.042.780
<b>Capital and Total Exposures</b>		
Tier 1 Capital	9.130.333	7.546.481
Total Exposures	172.466.798	150.295.326
<b>Leverage Ratio</b>		
Leverage Ratio	5,29%	5,02%

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

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

**VII. Information on Risk Management**

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

**1. Overview of risk weighted amounts**

		Risk Weighted Amount		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
<b>1</b>	<b>Credit risk (excluding counterparty credit risk) (CCR)</b>	<b>61.409.970</b>	<b>54.834.343</b>	<b>4.912.798</b>
2	Of which standardized approach (SA)	61.409.970	54.834.343	4.912.798
3	Of which internal rating-based (IRB) approach	-	-	-
<b>4</b>	<b>Counterparty credit risk</b>	<b>799.971</b>	<b>821.105</b>	<b>63.997</b>
5	Of which standardized approach for counterparty credit risk (SA-CCR)	799.971	821.105	63.997
6	Of which internal model method (IMM)	-	-	-
<b>7</b>	<b>Equity positions in banking book under basic risk weighting or internal rating-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8</b>	<b>Equity investments in funds – look-through approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Equity investments in funds – mandate-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10</b>	<b>Equity investments in funds – 1250% weighted risk approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11</b>	<b>Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12</b>	<b>Securitization positions in banking accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
<b>16</b>	<b>Market risk</b>	<b>115.750</b>	<b>116.788</b>	<b>9.260</b>
17	Of which standardized approach (SA)	115.750	116.788	9.260
18	Of which internal model approaches (IMM)	-	-	-
<b>19</b>	<b>Operational Risk</b>	<b>1.757.565</b>	<b>1.447.228</b>	<b>140.605</b>
20	Of which Basic Indicator Approach	1.757.565	1.447.228	140.605
21	Of which Standardized approach (SA)	-	-	-
22	Of which Advanced measurement approach	-	-	-
<b>23</b>	<b>The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>Floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>64.083.256</b>	<b>57.219.464</b>	<b>5.126.660</b>

**2. Credit quality of assets**

		Gross carrying values (according to TAS)		Allowances/ Impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	391.313	140.833.337	361.490	140.863.160
2	Debt Securities	-	4.102.435	-	4.102.435
3	Off- balance sheet exposures	-	-	-	-
<b>4</b>	<b>Total</b>	<b>391.313</b>	<b>144.935.772</b>	<b>361.490</b>	<b>144.965.595</b>

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

**VII. Information on Risk Management**

**3. Changes in stock of defaulted loans and debt securities**

1	<b>Defaulted loans and debt securities at the end of the previous reporting period</b>	<b>342.508</b>
2	Loans and debt securities that have defaulted since the last reporting period	251.956
3	Returned to non-defaulted status	-
4	Amounts written off	(637)
5	Other changes	(202.514)
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>391.313</b>

**4. Credit risk mitigation techniques- overview**

	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which secured amount
1	Loans	14.226	140.848.934	140.615.296	-	-	-
2	Debt Securities	4.102.435	-	-	-	-	-
3	<b>Total</b>	<b>4.116.661</b>	<b>140.848.934</b>	<b>140.615.296</b>	-	-	-
4	Of which defaulted	-	29.823	-	-	-	-

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

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

Risk classes		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM	RWA and RWA density		
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
1	Exposures to central governments or central banks	14.859.413	207.266	12.718.501	-	9.545.030	75,05
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	13.825.725	22.599.158	137.732.909	431	43.730.062	31,75
7	Exposures to corporates	118.984.761	31.087.060	-	4.242.276	4.242.276	100,00
8	Retail exposures	4.809.777	2.419.884	2.028.266	627.220	1.991.615	75,00
9	Exposures secured by residential property	35.273	-	35.273	-	20.377	57,77
10	Exposures secured by commercial real estate	337.369	-	337.369	-	168.685	50,00
11	Past-due loans	29.823	-	29.823	-	39.769	133,35
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other receivables	1.640.701	-	1.640.701	-	1.640.691	100,00
17	Investment in equities	31.467	-	31.467	-	31.467	100,00
18	<b>Total</b>	<b>154.554.309</b>	<b>56.313.368</b>	<b>154.554.309</b>	<b>4.869.927</b>	<b>61.409.972</b>	<b>38,52</b>

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**(Continued)**

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

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

	Risk classes/ Risk weight	0%	10%	20%	35%	50% <sup>(1)</sup>	75%	100%	150%	200%	Other risk weights	Total risk <sup>(2)</sup>
1	Exposures to central governments central banks	3.173.471	-	-	-	-	-	9.545.030	-	-	-	12.718.501
2	Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral Development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	88.310.867	-	1.587.815	-	8.844.319	-	38.990.340	-	-	-	137.733.341
7	Exposures to corporates	-	-	-	-	-	-	4.242.275	-	-	-	4.242.275
8	Retail exposures	1	-	-	-	-	2.655.486	-	-	-	-	2.655.487
9	Exposures secured by residential property	-	-	-	21.669	-	3.244	10.360	-	-	-	35.273
10	Exposures secured by commercial estate	-	-	-	-	337.369	-	-	-	-	-	337.369
11	Past-due loans	-	-	-	-	3.207	-	3.517	23.099	-	-	29.823
12	Higher-risk categories by the Age Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	31.467	-	-	-	31.467
17	Other receivables	10	-	-	-	-	-	1.640.691	-	-	-	1.640.701
18	<b>Total</b>	<b>91.484.349</b>	<b>-</b>	<b>1.587.815</b>	<b>21.669</b>	<b>9.184.895</b>	<b>2.658.730</b>	<b>54.463.680</b>	<b>23.099</b>	<b>-</b>	<b>-</b>	<b>159.424.237</b>

<sup>(1)</sup> Secured by real estate

<sup>(2)</sup> After credit conversion factor (CCF) and credit risk mitigation (CRM)

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

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

**7. Analysis of counterparty credit risk exposure by approach**

		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardized Approach (for derivatives)	23.053	1.584.374		1,40	1.607.427	794.184
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit						
6	Total						794.184



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

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

**8. Credit valuation adjustment (CVA) capital charge**

		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardized CVA capital charge	30.859.224	-
4	Total subject to the CVA capital charge	11.579	5.787

**9. Standard approach risk classes and CCR by risk weights**

Risk weights	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
<b>Risk classes</b>									
Claims from central governments and central banks	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	31.778	1.587.225	4	-	-	-	799.971
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>31.778</b>	<b>1.587.225</b>	<b>4</b>	-	-	-	<b>799.971</b>

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

**10. Composition of collateral for CCR exposure**

	Derivative financial instruments guarantees				Other transactions guarantees	
	Guarantees received		Guarantees received		Guarantees received	Guarantees received
	Reserved	Reserved	Reserved	Reserved		
Cash – domestic currency	-	-	-	-	-	50
Cash – foreign currency	-	-	-	-	58	-
Government bonds/ bills- domestic	-	-	-	-	-	-
Government bonds/ bills- other	-	-	-	-	-	-
Public institutions bonds/ bills	-	-	-	-	-	-
Corporate bonds/ bills	-	-	-	-	-	-
Stock	-	-	-	-	-	-
Other guarantees	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>58</b>	<b>50</b>

**11. Exposures to central counterparties (CCP)**

None.

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

None.

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

None.

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

None.

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

None.

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

None.

**17. Counterparty credit risk of credit derivatives**

None.

**18. Risk weighted assets under the Internal Model Method**

None.

**VIII. Explanations on Securitization**

**1. Securitization positions in banking accounts**

None.

**2. Securitization positions in trading accounts**

None.

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

None.

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**SECTION FOUR (Continued)**

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

**IX. Explanations on Market Risk**

**Standard approach**

		<b>RWA</b>
	Outright products	
1	Interest rate risk (general and specific)	83.275
2	Stock risk (general and specific)	-
3	Foreign exchange risk	31.987
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	488
7	Scenario approach	-
8	Securitization	-
9	<b>Total</b>	<b>115.750</b>

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

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

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

	Current Period	
	TL	FC
Cash/Foreign currency	10	-
CBRT	736	5.726.175
Other	-	-
<b>Total</b>	<b>746</b>	<b>5.726.175</b>

	Prior Period	
	TL	FC
Cash/Foreign currency	29	-
CBRT	291	-
Other	-	-
<b>Total</b>	<b>320</b>	<b>-</b>

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

	Current Period	
	TL	FC
Unrestricted Demand Deposits	736	5.726.175
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	-
<b>Total</b>	<b>736</b>	<b>5.726.175</b>

	Prior Period	
	TL	FC
Unrestricted Demand Deposits	291	-
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	-
<b>Total</b>	<b>291</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**

None.

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**SECTION FIVE (Continued)**

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

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

**3. Derivative financial assets**

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

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

	Current Period	
	TL	FC
Forward Transactions	46	-
Swap Transactions	-	2.089
Futures Transactions	-	-
Options	-	5
Other	-	-
<b>Total</b>	<b>46</b>	<b>2.094</b>

	Prior Period	
	TL	FC
Forward Transactions	82	-
Swap Transactions	-	337
Futures Transactions	-	-
Options	-	24
Other	-	-
<b>Total</b>	<b>82</b>	<b>361</b>

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

Derivative financial instruments held for risk management	Current Period	
	TL	FC
Fair value hedges	-	1.006.195
Cash flow hedges	-	-
Net foreign investment hedges	-	-
<b>Total</b>	<b>-</b>	<b>1.006.195</b>

Derivative financial instruments held for risk management	Prior Period	
	TL	FC
Fair value hedges	-	567.608
Cash flow hedges	-	-
Net foreign investment hedges	-	-
<b>Total</b>	<b>-</b>	<b>567.608</b>

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

**3.2.1. Derivative financial assets held for trading**

None.

**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)**  
**3. Derivative financial assets (Continued)**  
**3.2. Derivative financial Assets Measured at Fair Value through Other Comprehensive Income (Continued)**  
**3.2.2. Derivative financial instruments held for risk management**

Derivative Financial Instruments Held for Risk Management	Current Period	
	TL	FC
Fair Value Hedges	-	-
Cash Flow Hedges	-	79.594
Net Foreign Investment Hedges	-	-
<b>Total</b>	-	<b>79.594</b>

Derivative Financial Instruments Held for Risk Management	Prior Period	
	TL	FC
Fair Value Hedges	-	-
Cash Flow Hedges	-	144.160
Net Foreign Investment Hedges	-	-
<b>Total</b>	-	<b>144.160</b>

- 4. Information on banks and foreign bank accounts**

	Current Period	
	TL	FC
<b>Banks</b>		
Domestic banks	641.008	601.820
Foreign banks	-	893.336
Foreign head offices and branches	-	-
<b>Total</b>	<b>641.008</b>	<b>1.495.156</b>

	Prior Period	
	TL	FC
<b>Banks</b>		
Domestic banks	119.071	184.170
Foreign banks	-	3.709.263
Foreign head offices and branches	-	-
<b>Total</b>	<b>119.071</b>	<b>3.893.433</b>

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

None.

**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)**

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

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

	<b>Current Period</b>
Debt Securities	
Quoted to Stock Exchange	-
Not Quoted	-
Share Certificates	
Quoted to Stock Exchange	-
Not Quoted	31.467
Impairment Provision (-)	-
<b>Total</b>	<b>31.467</b>

*ii) Available for sale financial assets*

	<b>Prior Period</b>
Debt Securities	
Quoted to Stock Exchange	-
Not Quoted	-
Share Certificates	
Quoted to Stock Exchange	-
Not Quoted	20.447
Impairment Provision (-)	-
<b>Total</b>	<b>20.447</b>

As of 30 June 2019 and 31 December 2018, financial assets measured at fair value through other comprehensive income of the Bank consist of Garanti Faktoring AŞ and Kredi Garanti Fonu AŞ with the shareholding percentages of 9,78% and 1,49%, respectively. On 25 January 2019, the Bank also participated in the capital of the Ulusal Derecelendirme Anonim Şirketi with TL 2.273.

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

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**SECTION FIVE (Continued)**

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

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

**7. Information related to loans**

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

	Current Period	
	Cash	Non-Cash Loans
Direct Lendings to Shareholders	-	-
Corporates	-	-
Individuals	-	-
Indirect Lendings to Shareholders	-	-
Loans to Employees	14.226	-
<b>Total</b>	<b>14.226</b>	<b>-</b>

	Prior Period	
	Cash	Non-Cash Loans
Direct Lendings to Shareholders	-	-
Corporates	-	-
Individuals	-	-
Indirect Lendings to Shareholders	-	-
Loans to Employees	15.407	-
<b>Total</b>	<b>15.407</b>	<b>-</b>

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

	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Loans and Other Receivables	The ones whose payment plans have changed	Other
<b>Cash Loans</b>				
<b>Non-specialized Loans</b>	<b>138.098.933</b>	<b>430.811</b>	<b>1.514.690</b>	<b>-</b>
Working capital loans	-	-	-	-
Export Loans	112.276.653	359.741	1.438.895	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	11.422.317	-	-	-
Consumer Loans	14.226	-	-	-
Credit Cards	-	-	-	-
Other	14.385.737	71.070	75.795	-
<b>Specialized Loans</b>	<b>521.000</b>	<b>3.860</b>	<b>264.043</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>138.619.933</b>	<b>434.671</b>	<b>1.778.733</b>	<b>-</b>

	Standard Loans	Loans Under Close Monitoring
12-Month expected credit losses	33.574	-
Significant Increase in Credit Risk	-	4.080



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**SECTION FIVE (Continued)**

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

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

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

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

<b>Number of Amendments Related to the Extension of the Payment Plan</b>	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>
Extended for 1 or 2 Times	635.632	729.923
Extended for 3, 4 or 5 Times	320.677	401.942
Extended for More than 5 Times	522.360	646.868

<b>The Time Extended via the Amendment on Payment Plan</b>	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>
0-6 Months	90.697	58.809
6 - 12 months	484.397	496.360
1-2 Years	865.361	1.181.336
2-5 Years	38.214	42.228
5 Years and More	-	-

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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 consumer loans, personal credit cards, personnel loans and personnel credit cards**

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

As of 30 June 2019, the Bank granted personnel loans amounting to TL 14.226.

	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>Retail Credit Cards – TL</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Retail Credit Cards – FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Personel Loans-TP</b>	<b>118</b>	<b>14.108</b>	<b>14.226</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	118	14.108	14.226
<b>Personnel Loans - FC-indexed</b>	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personel Loans-YP</b>	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personel Credit Cards -TP</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Personel Credit Cards-YP</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Deposit Accounts– TL (Real Persons)</b>	-	-	-
<b>Deposit Accounts– FC (Real Persons)</b>	-	-	-
<b>Total</b>	<b>118</b>	<b>14.108</b>	<b>14.226</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)**
- 7. Information related to loans (Continued)**
- 7.5. Information on commercial installment loans and corporate credit cards**  
None.
- 7.6. Distribution of domestic and foreign loans**

	<b>Current Period<sup>(*)</sup></b>
Domestic Loans	135.545.276
Foreign Loans	5.288.061
<b>Total</b>	<b>140.833.337</b>

(\*) Non-performing loans are not included.

	<b>Prior Period</b>
Domestic Loans	124.782.526
Foreign Loans	4.606.083
<b>Total</b>	<b>129.388.609</b>

- 7.7. Loans granted to investments in associates and subsidiaries**  
None.
- 7.8. Specific provisions accounted for loans**

	<b>Current Period</b>
Loans with Limited Collectability	4.503
Loans Doubtful Collectability	6.513
Uncollectible Loans	350.474
<b>Total</b>	<b>361.490</b>

	<b>Prior Period</b>
Loans and Receivables with Limited Collectability	1.715
Loans and Receivables with Doubtful Collectability	248
Uncollectible Loans and Receivables	231.904
<b>Total</b>	<b>233.867</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)**

**7.9. Information on non-performing loans (Net)**

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

None.

**7.9.2 Information on the movement of total non-performing loans**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</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	8.575	1.242	332.691
Additions During the Period	231.264	-	20.057
Transfers from Non-performing Loans Accounts	-	8.575	1.242
Transfers to Other Non-Performing Loans Accounts	(8.575)	(1.242)	-
Collections During the Period	(199.635)	-	(2.879)
Write-offs	-	-	(637)
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the End of the Period <sup>(1)</sup>	31.629	8.575	350.474
Provisions	(4.503)	(6.513)	(350.474)
<b>Net Balance Sheet Amount</b>	<b>27.126</b>	<b>2.062</b>	<b>-</b>

<sup>(1)</sup> Non performing loans rediscouts amounting to TL 634 are not included.

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</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</b>			
Balance at the End of the Period	29.548	8.574	309.986
Provisions	(3.873)	(6.513)	(309.986)
Net Balance Sheet Amount	25.675	2.061	-
<b>Prior Period</b>			
Balance at the End of the Period	8.575	1.242	198.658
Provisions	(1.715)	(248)	(69.770)
Net Balance Sheet Amount	6.860	994	128.888

**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)**

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

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</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)</b>			
Loans Granted to Real Persons and Corporate Entities (Gross)	32.264	8.575	350.182
Specific Provision Amount	(4.503)	(6.513)	(350.182)
Loans Granted to Real Persons and Corporate Entities (Net)	27.761	2.062	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans (Net)	-	-	-
<b>Prior Period (Net)</b>			
Loans Granted to Real Persons and Corporate Entities (Gross)	70.257	82.192	141.490
Specific Provision Amount	(14.052)	(75.343)	(102.042)
Loans Granted to Real Persons and Corporate Entities (Net)	56.205	6.849	39.448
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

**7.9.5. Information on interest accruals, valuation differences and related provisions calculated for non-performing loans by the banks that allocate the expected loan loss according to TFRS 9**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Current Period (Net)</b>	<b>635</b>	-	-
Interest accruals and valuation differences	635	-	-
Provision (-)	-	-	-
<b>Prior Period (Net)</b>	-	-	-
Interest accruals and valuation differences	-	-	-
Provision (-)	-	-	-

**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)**

**8. Explanations on financial assets at amortized cost**

As of 30 June 2019, all of the marketable securities of the Bank classified under trading and financial assets at amortized cost categories are treasury bills.

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

*i) Financial assets measured at amortised cost*

Financial assets measured at amortised cost subject to repo transactions:

	Current Period	
	TL	FC
Government bonds and similar marketable securities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

	Prior Period	
	TL	FC
Government bonds and similar marketable securities	175.098	-
<b>Total</b>	<b>175.098</b>	<b>-</b>

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

	Current Period	
	TL	FC
Government bonds and similar marketable securities	521.720	-
<b>Total</b>	<b>521.720</b>	<b>-</b>

	Prior Period	
	TL	FC
Government bonds and similar marketable securities	137.137	-
<b>Total</b>	<b>137.137</b>	<b>-</b>

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

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**SECTION FIVE (Continued)**

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

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

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

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

	Current Period	
	TL	FC
Government Bonds	3.112.629	989.806
Treasury Bills	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>3.112.629</b>	<b>989.806</b>

	Prior Period	
	TL	FC
Government Bonds	3.249.722	-
Treasury Bills	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>3.249.722</b>	<b>-</b>

**8.3 Information on financial assets at amortized cost securities**

	Current Period	
	TL	FC
Debt Securities	3.112.629	989.806
Quoted to Stock Exchange	3.112.629	989.806
Not Quoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>3.112.629</b>	<b>989.806</b>

	Prior Period	
	TL	FC
Debt Securities	3.249.722	-
Quoted to Stock Exchange	3.249.722	-
Not Quoted	-	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>3.249.722</b>	<b>-</b>

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**SECTION FIVE (Continued)**

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

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

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

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

*i) Financial assets measured at amortised cost*

	<b>Current Period</b>
Balance at the beginning of the period	3.249.722
Foreign exchange differences on monetary assets	3.634
Purchases during the year	981.630
Disposals through sales and redemptions <sup>(1)</sup>	(149.692)
Impairment provision <sup>(2)</sup>	17.141
<b>Balance at the end of the period</b>	<b>4.102.435</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> Consists of change in interest accruals.

	<b>Prior Period</b>
Balance at the beginning of the period	180.461
Foreign exchange differences on monetary assets	-
Purchases during the year	3.198.105
Disposals through sales and redemptions <sup>(1)</sup>	(220.654)
Impairment provision <sup>(2)</sup>	91.810
<b>Balance at the end of the period</b>	<b>3.249.722</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> Consists of change in interest accruals.

**9. Following information investments in associates account (net)**

None.

**10. Information on subsidiaries (net)**

There is not any subsidiary.

**11. Information related to the jointly controlled partnerships**

None.

**12. Information on lease receivables (net)**

None.



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

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

**13. Information on investment properties**

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

	<b>Current Period</b>
Cost	4.566
Depreciation Expense	(2.473)
<b>Net Value at the end of the Period</b>	<b>2.093</b>

	<b>Prior Period</b>
Cost	4.566
Depreciation Expense	(2.425)
<b>Net Value at the end of the Period</b>	<b>2.141</b>

**14. Information on property and equipment held for sale purpose and related to discontinued operations and liabilities related with these assets**

None.

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**SECTION FIVE (Continued)**

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

**II. Explanations and notes on liabilities**

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

The Bank does not accept deposits.

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

**2.1. Explanations on fair value hedged derivative financial liabilities**

**2.1.1. Information on Trading Derivative Financial Liabilities**

Trading Derivative Financial Liabilities	Current Period	
	TL	FC
Forward Transactions	45	-
Swap Agreements	381	12.432
Futures Transactions	-	-
Options	-	3
Other	-	-
<b>Total</b>	<b>426</b>	<b>12.435</b>

Trading Derivative Financial Liabilities	Prior Period	
	TL	FC
Forward Transactions	80	-
Swap Agreements	-	129.120
Futures Transactions	-	-
Options	-	4
Other	-	-
<b>Total</b>	<b>80</b>	<b>129.124</b>

**2.1.2. Information on derivative financial liabilities for hedging purposes**

Derivative Financial Liabilities for Hedge	Current Period	
	TL	FC
Fair Value Hedge	-	79.314
Cash Flow Hedge	-	-
Net Investment in Foreign Operations Hedge	-	-
<b>Total</b>	<b>-</b>	<b>79.314</b>

Derivative Financial Liabilities for Hedge	Prior Period	
	TL	FC
Fair Value Hedge	-	249.159
Cash Flow Hedge	-	-
Net Investment in Foreign Operations Hedge	-	-
<b>Total</b>	<b>-</b>	<b>249.159</b>

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

**2.2.1. Information on derivative financial liabilities for hedging purposes**

Derivative Financial Liabilities for Hedge	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	-	103.695
Net Investment in Foreign Operations Hedge	-	-
<b>Total</b>	<b>-</b>	<b>103.695</b>

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**SECTION FIVE (Continued)**

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

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

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

Derivative Financial Liabilities for Hedge	Prior Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	-	90.492
Net Investment in Foreign Operations Hedge	-	-
<b>Total</b>	-	<b>90.492</b>

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

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

	Current Period	
	TL	FC
Borrowings from CBRT	-	81.600.244
From Domestic Banks and Institutions	-	7.792.573
From Foreign Banks, Institutions and Funds	-	32.833.148
<b>Total</b>	-	<b>122.225.965</b>

	Prior Period	
	TL	FC
Borrowings from CBRT	-	75.478.111
From Domestic Banks and Institutions	-	4.874.825
From Foreign Banks, Institutions and Funds	-	28.378.012
<b>Total</b>	-	<b>108.730.948</b>

**3.2 Information on maturity structure of borrowings**

	Current Period	
	TL	FC
Short-Term	-	92.906.012
Medium and Long-Term	-	29.319.953
<b>Total</b>	-	<b>122.225.965</b>

	Prior Period (*)	
	TL	FC
Short-Term	-	84.110.998
Medium and Long-Term	-	24.619.950
<b>Total</b>	-	<b>108.730.948</b>

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**SECTION FIVE (Continued)**

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

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

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

	Current Period	
	TL	FC
Country Loans- Risk Premiums	-	539.877
Securities issued positive price differences	-	-
Loan Transactions	1.813	76.789
Insurance Transactions	3.605	-
Political Risk Loss Account	-	1.858
<b>Total</b>	<b>5.418</b>	<b>618.524</b>

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

**5. Information on lease liabilities (net)**

As of 30 June 2019, the Bank's all lease operations consist of operating lease transactions.

	Current Period
Lease obligation under the contract	24.677
Deferred interest expense	(5.264)
<b>Total</b>	<b>19.413</b>

**6. Information on provisions**

**6.1 Provisions for non-cash loans that are not indemnified or converted into cash or expected losses for non-cash loans**

	Current Period
Expected losses for non-cash loans	127.789

	Prior Period
General reserves for possible losses	97.090

As of 30 June 2019, the Bank recognized provision amounting to TL 127.789 (31 December 2018: TL 97.090) considering probable compensation payments in relation to the insured export receivables.

**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 (Continued)**

**6. Information on provisions (Continued)**

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

Other provisions amounting to TL 160.748 (31 December 2018: TL 118.488), consist of insurance reserve expense amounting to TL 127.789 (31 December 2018: TL 97.090) and other provisions amounting to TL 32.689 (31 December 2018: TL 21.398).

**7. Explanations on tax liability**

**7.1 Explanations on current tax liability**

**7.1.1. Information on provision for taxes**

None.

**7.1.2. Information on taxes payable**

	<b>Current Period</b>
Corporate Taxes Payable <sup>(1)</sup>	-
Taxation on Revenue From Securities	-
Property Tax	-
Banking Insurance Transaction Tax	7.298
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	462
Other	2.091
<b>Total</b>	<b>9.851</b>

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

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

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

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**SECTION FIVE (Continued)**

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

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

**7. Explanations on tax liability (Continued)**

**7.1 Explanations on current tax liability (Continued)**

**7.1.3. Information on premium payables**

	<b>Current Period</b>
Social Security Premiums – Employee	3.449
Social Security Premiums – Employer	5.309
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	262
Unemployment Insurance - Employer	511
Other	-
<b>Total</b>	<b>9.531</b>

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

**7.2. Information on deferred tax liability**

None.

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**SECTION FIVE (Continued)**

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

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

**8. Information on shareholders' equity**

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

	<b>Current Period</b>	<b>Prior Period</b>
Common Stock	6.350.000	6.350.000
Preferred Stock	-	-

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

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital System	6.350.000	10.000.000

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

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

None.

**8.2.2. Capital increases from capital reserves in current period**

None.

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

None.

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

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

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**SECTION FIVE (Continued)**

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

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

**8. Information on shareholders' equity (Continued)**

**8.4. Information on privileges given to shares representing the capital**

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

**8.5. Information on marketable securities value increase fund**

	Current Period	
	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-
Valuation Difference	20.030	-
Foreign Currency Differences	-	-
<b>Total</b>	<b>20.030</b>	<b>-</b>

	Prior Period	
	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-
Valuation Difference	11.282	-
Foreign Currency Differences	-	-
<b>Total</b>	<b>11.282</b>	<b>-</b>



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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 June 2019 the Bank has irrevocable commitments amounting to TL 862 (31 December 2018: TL 792).

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

None.

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

	<b>Current Period</b>
Letters of Guarantee	-
Endorsements	-
Guarantees and bails given for export	-
Guarantees given for Export Loan Insurance	9.738.993
<b>Total</b>	<b>9.738.993</b>

	<b>Prior Period</b>
Letters of Guarantee	-
Endorsements	-
Guarantees and bails given for export	-
Guarantees given for Export Loan Insurance	9.083.093
<b>Total</b>	<b>9.083.093</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</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	9.738.993
<b>Total</b>	<b>9.738.993</b>

	<b>Prior Period</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	9.083.093
<b>Total</b>	<b>9.083.093</b>

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

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

**IV. Explanations on notes related to income statement**

**1. Within the scope of interest income**

**1.1. Information on interest income on loans**

	Current Period	
	TL	FC
Interest income on Loans		
Short-term Loans	384.096	957.771
Medium and Long-term Loans	17.084	770.832
Interest on Loans Under Follow-up	641	-
Premiums Received from Resource Utilization Support Fund	-	-
<b>Total</b>	<b>401.821</b>	<b>1.728.603</b>

	Prior Period	
	TL	FC
Interest income on Loans		
Short-term Loans	242.750	454.209
Medium and Long-term Loans	52.056	506.392
Interest on Loans Under Follow-up	240	78
Premiums Received from Resource Utilization Support Fund	-	-
<b>Total</b>	<b>295.046</b>	<b>960.679</b>

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

	Current Period	
	TL	FC
CBRT	6.387	477
Domestic Banks	36.548	12.094
From Foreign Banks	25	23.785
From Headquarters and Branches Abroad	-	-
<b>Total</b>	<b>42.960</b>	<b>36.356</b>

	Prior Period	
	TL	FC
CBRT	-	-
Domestic Banks	40.238	7.229
From Foreign Banks	27	17.439
From Headquarters and Branches Abroad	-	-
<b>Total</b>	<b>40.265</b>	<b>24.668</b>

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

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

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

**1. Within the scope of interest income (Continued)**

**1.3 Interest income from securities portfolio**

	Current Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Financial Assets Measured at Amortised Cost	158.618	8.312
<b>Total</b>	<b>158.618</b>	<b>8.312</b>

	Prior Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	47	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Financial Assets Measured at Amortised Cost	14.750	-
<b>Total</b>	<b>14.797</b>	<b>-</b>

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

There is not any interest income from associates and subsidiaries.

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

**2.1 Information on interest expense on borrowings**

	Current Period	
	TL	FC
<b>Banks</b>		
CBRT	-	487.117
Domestic Banks	45	149.892
Foreign Banks	-	481.924
Headquarters and Branches Abroad	-	-
Other Institutions	-	8.176
<b>Total</b>	<b>45</b>	<b>1.127.109</b>

	Prior Period	
	TL	FC
<b>Banks</b>		
CBRT	13	239.102
Domestic Banks	8	40.628
Foreign Banks	-	293.932
Headquarters and Branches Abroad	-	-
Other Institutions	-	9.900
<b>Total</b>	<b>21</b>	<b>583.562</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 (Continued)**

**2.2. Information on interest expense given to associates and subsidiaries**

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

**2.3. Interest paid to marketable securities issued**

	Current Period	
	TL	FC
Interests paid to marketable securities issued	180.516	575.588

  

	Prior Period	
	TL	FC
Interests paid to marketable securities issued	-	333.540

**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
<b>Gain</b>	<b>22.067.030</b>
Trading Gains on Securities	-
Trading Gains on Derivative Financial Transactions	1.222.049
Foreign Exchange Gains	20.844.981
<b>Loss (-)</b>	<b>21.761.911</b>
Trading Losses on Securities	-
Trading Losses from Derivative Financial Transactions	852.293
Foreign Exchange Loss	20.909.618

  

	Prior Period
<b>Gain</b>	<b>18.158.935</b>
Trading Gains on Securities	1
Trading Gains on Derivative Financial Transactions	1.358.002
Foreign Exchange Gains	16.800.932
<b>Loss (-)</b>	<b>18.192.616</b>
Trading Losses on Securities	70
Trading Losses from Derivative Financial Transactions	637.018
Foreign Exchange Loss	17.555.528

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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. Information on other operating income**

	<b>Current Period</b>
Premium Income from Export Credit Insurance	-
Income from Reinsurance Companies	-
Other	2.224
<b>Total</b>	<b>2.224</b>

	<b>Prior Period</b>
Premium Income from Export Credit Insurance	100.452
Income from Reinsurance Companies	22.871
Other	6.221
<b>Total</b>	<b>129.544</b>

**5. Loan Provisions**

	<b>Current Period</b>
Expected Credit Loss	58.834
12 month expected credit loss (Stage 1)	30.244
Significant increase in credit risk (Stage 2)	2.455
Non-performing loans (Stage 3)	26.135
Marketable Securities Impairment Expense	-
Financial Assets Measured at Fair Value through Profit or Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
<b>Total</b>	<b>58.834</b>

	<b>Prior Period</b>
Special Provisions	26.217
Loans and Other Receivables with Limited Collectability	746
Loans and Other Receivables with Doubtful Collectability	-
Uncollectible Loans and Receivables	25.471
General Provision Expenses	-
Marketable Securities Impairment Expense	-
Financial Assets Measured at Fair Value through Profit or Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	16.097
<b>Total</b>	<b>42.314</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 (Continued)**

**6. Information related to other operating expenses**

	<b>Current Period</b>
Reserve for Employee Termination Benefits	2.748
Bank Social Aid Provision Fund Deficit Provision	-
Vacation Pay Liability, net	3.024
Impairment Expenses of Tangible Fixed Assets	-
Depreciation Expenses of Tangible Fixed Assets	4.163
Impairment Expenses of Intangible Fixed Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	702
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	8.932
<i>Operational Lease Expenses</i>	1
<i>Maintenance Expenses</i>	356
<i>Advertisement Expenses</i>	9
<i>Other Expenses</i>	8.566
Loss on Sale of Assets	-
Other <sup>(*)</sup>	35.116
<b>Total</b>	<b>54.685</b>

<sup>(\*)</sup> Other operating expenses include tax expenses, share of BRSA and KOSGEB dues amounting to TL 24.549.

	<b>Prior Period</b>
Reserve for Employee Termination Benefits	2.069
Bank Social Aid Provision Fund Deficit Provision	-
Vacation Pay Liability, net	3.263
Impairment Expenses of Tangible Fixed Assets	-
Depreciation Expenses of Tangible Fixed Assets	1.488
Impairment Expenses of Intangible Fixed Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	628
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	18.649
<i>Operational Lease Expenses</i>	3.233
<i>Maintenance Expenses</i>	380
<i>Advertisement Expenses</i>	54
<i>Other Expenses</i>	14.982
Loss on Sale of Assets	-
Other <sup>(*)</sup>	87.128
<b>Total</b>	<b>113.225</b>

<sup>(\*)</sup> Other operating expenses include the premium amount of TL 59.098 paid to reinsurance companies within the scope of short-term export credit insurance.

**SECTION FIVE (Continued)**

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

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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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 5<sup>th</sup> paragraph 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.

**VI. Explanations and notes related to events after balance sheet**

The Bank which is implementing registered capital system decided to increase the paid-in capital from TL 6.350.000 to TL 7.160.000 at the meeting of the Board of Directors on 19 July 2019, and the related formal transactions are continuing.

**SECTION SIX**

**Auditor's Review Report**

**I. Disclosure on auditor's review report**

The unconsolidated financial statements of the Bank as of 30 June 2019 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member firm of KPMG International Cooperative) and the review report dated 7 August 2019 is presented before the accompanying unconsolidated financial statements.

**II. Disclosure and footnotes prepared by independent auditors**

None.



**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

**I. Interim period activity report included chairman of the board of directors and general manager's assessments for the interim activities**

**Eximbank contributed to 25,5% of exports in January - June 2019**

Türk Eximbank has strengthened its support for exports in January - June 2019 period. Thanks to the steps taken;

- In the first six months of 2019, cash loans and insurance support amounted to USD 21.4 billion. Thus, the total financial support provided was 25,5%.
- Credit balance increased by 48% year-on-year in June 2018 and reached TL 141.2 billion in June 2019 from TL 95.4 billion.
- As of May 2019, Türk Eximbank has provided TL 52,9 of export credits for each TL 100 in the banking system.
- In the first half of the year a 5-year Eurobond issuance of USD 500 million (in January), funding of USD 350 million provided from ICBC Turkey (in February), an Islamic syndicated loan of US \$ 380.5 million was provided under the coordination of Islamic Trade Finance Corporation (ITFC), which is the trade finance arm of the Islamic Development Bank (in March), a funding amounting of USD 797.3 million in total provided from 3 different syndicated/subordinated loans in April, borrowings amounting USD 100 million provided from Intesa Sanpaolo in May and EUR 180 million provided from ING and Societe Generale which is guaranteed by ICIEC amounting USD 2.5 billion in total has been made. As a result of these activities, the total foreign exchange debt stock excluding CBRT was realized as 10.1 billion dollars.

Within the scope of International Loans, a total of USD 94.6 million was provided.

**In the first 6 months of 2019, the Service Network has expanded and new products have been put into practice.**

- In line with the expansion of the service network, in January 2019, Iskenderun Contact Office opened and started to provide services. In addition, with the opening of new branches in Istanbul Odakule, Çorlu and Manisa in February and in Maltepe in June, a total of 16 branches and 14 contact offices were opened
- Leasing Loan Program, which was put into practice in February, aims to provide medium and long-term financing for the investments to be made through financial leasing by means of 13 leasing companies.
- It was decided to initiate Working Capital Guarantee and the Guarantee Letter Program; and the Financial Institutions Buyer Loan Insurance Programme was implemented.
- In order to increase their role in the export sector, the exporter developed special financing opportunities for women entrepreneurs and young entrepreneurs. And in June IVME Funding Package was announced and was implemented.
- In order to enable exporters and contractors to be supported in different ways in the international markets, an agreement was signed with Turkish Eximbank and African Trade Insurance Agency (ATI) on joint projects with Africa's insurance and reinsurance in February with the ATI and the African countries and to share informations in Africa.
- Efforts have been continued on the "Turk Eximbank Sustainability Management System" project, which was launched in 2018 and planned to be launched in 2019, with the aim of ensuring compliance with the requirements of international financing sources, developing new products, obtaining access to finance in more favorable conditions and in line with the sustainability principles of all activities within the Bank.

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

**INTERIM ACTIVITY REPORT (Continued)**

**II. Information on Türk Eximbank's Balance Sheet and Statement of Profit or Loss**

The balance sheet of Türk EximBank as of 30 June 2019 is TL 155.6 billion (USD 27.1 billion).

91% of the assets of Türk Eximbank consist of loans, 5% is liquid assets and 3% is financial assets measured at amortised cost, 1% is derivative financial assets and other assets.

The amount of loans provided by the Bank was TL 141.2 billion. Loans increased by 9% compared to the previous year. 70% of total loans consists of short term loans amounting to TL 99.2 billion, 30% of total loans consists of medium and long term loans amounting to TL 42 billion. Through effective risk assessment methods, Türk Eximbank makes an intensive effort to ensure timely and accurate collection of its receivables. Despite the fact that a significant portion of the Bank's resources are provided to the export sector as loans, the ratio of overdue receivables to total loans is 0,3% which is below the sector average.

The total liabilities of Türk Eximbank amounts TL 155.6 billion of this amount, 5% (TL 8.2 billion) is shareholders' equity, 93% (TL144.1 billion) is external funds and 2% (TL 3.3 billion) is provisions and other liabilities.

Of the TL 8.2 billion in total equities, 77% (TL 6.4 billion) belongs to paid in capital, 15% (TL 1.2 billion) belongs capital and profit reserves, 8% (TL 631 million) is net profit of the year.

For funding of assets external funds amounting to TL 144.1 billion, TL 81.600 belongs to loans from the Central Bank of the Republic of Turkey, TL 40.626 million is loans from domestic and foreign banks, TL 17.870 million is from issuance of securities, TL 3.984 million is subordinated debt instruments.

Türk Eximbank started to implement the registered capital system by the decision at the Extraordinary General Assembly meeting held on 12 January 2017 and raised the capital ceiling to TL 10 billion. The nominal capital of the Bank is 6,4 billion TL as of 30 June 2019, and has been fully paid.

"The Regulation on the Procedures and Principles for the Classification of Loans and Provisions" to be set aside for this purpose has entered into force from 1 January 2018, however, the Bank has taken additional time from the BRSA until 1 January 2019; from this date The Bank started to calculate expected credit loss according to separate TFRS 9 rules.

In this context, as of 31 December 2018, the loan provision allocation method, which is allocated within the framework of BRSA's related legislation, has been amended by applying the expected credit impairment model with the implementation of TFRS 9. The total amount of provision calculated in this context is 528 million TL

TFRS 16 Standard related with leasing transactions which was issued by KGK and is effective from 1 January 2019 has been complied with.

As Türk Eximbank's balance sheet is concentrated on loans, its effects can also be seen on income. The total interest income of the Bank is TL 2.379 million and 90% (TL 2.130 million) of which is the interest earned from the loans. On the other hand, the Bank's interest expense amounted to TL 1.901 million, 40% (TL 756 million) of which consists of the interest paid for securities issued; 59% (TL 1.127 million) is interest paid for borrowings from domestic and international markets, 1% (TL 14 million) is other interest expenses. As a result, net interest income is TL 478 million.

The Bank's net profit for the interim period ended 30 June 2019 has amounted to TL 631 million. Accordingly, the Bank's return on assets is 0,86%; and the return on equity is 16,68%.

The financial statements have been prepared in accordance with Article 37 of the Banking Act No. 5411, the regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks (published in issue no. 26333 of the Official Gazette dated 1 November 2006), Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and explanations made by BRSA. The Bank's financial statements have been reviewed by the independent audit company KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("A member firm of KPMG International Cooperative") in line with Turkish Auditing Standards and unmodified conclusion is expressed in the the review report.

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

**INTERIM ACTIVITY REPORT (Continued)**

**III. Information on Türk Eximbank's Balance Sheet and Statement of Profit or Loss(Continued)**

The Bank conducts its operations in line with articles of association and relevant legislation. We hereby present the summary report of reviewed financial statements as of 30 June 2019.

**Enis Gültekin**  
**Deputy General Manager**

**Bülent Aksu**  
**Chairman of the Board**