

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

Türkiye İhracat Kredi Bankası Anonim Şirketi

Unconsolidated Financial Statements

As of and For Year Ended 31 December 2016

With Independent Auditors' Report Thereon

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

24 February 2017

This report includes "Independent Auditors' Report" comprising 3 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 108 pages.



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

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

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

Report on the Unconsolidated Financial Statements

We have audited the unconsolidated balance sheet of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") as at 31 December 2016 and the unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.



Independent Auditors' Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.



Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

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

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member firm of KPMG International Cooperative


Orhan Akova
Partner, SMMM
24 February 2017
Istanbul, Turkey

Additional paragraph for convenience translation to English

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



CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH,
SEE NOTE I.4 IN SECTION THREE

THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE İHRACAT KREDİ BANKASI AŞ (“TÜRK EXIMBANK”)
AS OF 31 DECEMBER 2016

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

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

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

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

24 February 2017

Cavit DAĞDAŞ
Chairman of Board of
Directors

Adnan YILDIRIM
Vice General Manager

Necati YENİARAS
Executive Vice President

Muhittin AKBAŞ
Head of Accounting and
Reporting Unit

İbrahim ŞENEL
Vice Chairman of the Board of
Directors / Member of the Audit
Committee

Raci KAYA
Member of the Board of Directors /
Member of the Audit Committee

Contact information of the personnel in charge for addressing questions about this financial report:
Name-Surname/Title: Muhittin AKBAŞ/ Head of Accounting and Reporting Unit
Telephone Number: (216) 666 55 00
Fax Number: (216) 666 55 99

SECTION ONE

GENERAL INFORMATION

	Page
I. Bank's date of foundation, initial status, history regarding the changes in this status.....	1
II. Explanation about the Bank's capital structure and shareholders who are in charge of the management and/or supervision of the Bank directly or indirectly, changes in these matters throughout the year (if any) and the group that the Bank.....	1
III. Explanation on the board of directors, members of the audit committee, president and executive vice presidents and their shareholding at the Bank, if applicable.....	1
IV. Information on the shareholders owning control shares.....	2
V. Brief information on the Bank's service type and fields of operation.....	2
VI. Short explanation about those entities subject to full consolidation or proportionate consolidation with the differences regarding the consolidation transactions performed in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards, those deducted from the equities or not included in these three methods.....	2
VII. Existing or potential, actual or legal barriers for the immediate transfer of equities among the subsidiaries of the Bank or the repayment of debts.....	2

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

SECTION THREE

ACCOUNTING POLICIES

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

	Page
I. Information about shareholders' equity items	19
II. Explanations on credit risk	26
III. Explanations on currency risk	37
IV. Explanations on interest rate risk	43
V. Share position risk resulting from the banking accounts	47
VI. Explanations on liquidity risk	49
VII. Explanations leverage ratio	57
VIII. Presentation of financial assets and liabilities at their fair values	58
IX. Explanations on activities carried out on behalf and account of other parties	59
X. Targets and policies of risk management	60
XI. Explanations on securitization	75
XII. Explanations on operating segments	76

SECTION FIVE

INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets	78
II. Explanations and notes on liabilities	90
III. Explanations and notes related to off-balance sheet accounts	98
IV. Explanations and notes related to income statement	102
V. Explanations and notes related to changes in shareholders' equity	106
VI. Explanations and notes related to statement of cash flows	107
VII. Explanations and notes related to the Bank's risk group	108
VIII. Explanations and notes related to events after balance sheet date	108

SECTION SIX

INDEPENDENT AUDITORS' REPORT

I. Explanations on independent auditors' report	108
II. Explanations and notes prepared by independent auditors	108

TÜRKİYE İHRACAT KREDİ BANKASI AŞ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION ONE

GENERAL INFORMATION

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

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

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

The total share capital of the Bank is TL 3.700.000.000 (Three billion and seven-hundred million). The Bank's paid-in-capital committed by the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("the Turkish Treasury") consists of 3.700.000.000 shares of TL 1 nominal each.

In the context of decision taken at the Ordinary General Meeting on 22 March 2016, the Bank increased its capital from TL 2.500.000 to TL 3.700.000 by increasing TL 599.657 of TL 1.200.000 from inflation adjustment, TL 439.790 from legal reserves transferred from profit of 2015, TL 160.542 from the reserves and TL 11 from the profit not distributed in the previous years. On 2 May 2016, the capital increase process was completed subsequent to the BRSA's permission dated 28 April 2016.

At the Extraordinary General Assembly held on 12 January 2017, it was decided to apply the registered capital system in the Bank. The relevant decision has been registered in the trade registry and has been announced in the Turkish Trade Registry Gazette numbered 9252, dated 30 January 2017.

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

	<u>Name:</u>	<u>Academic Background:</u>
Chairman of the Board of Directors⁽¹⁾	Cavit DAĞDAŞ ⁽³⁾	Graduate
Vice Chairman of the Board of Directors⁽¹⁾	İbrahim ŞENEL	Undergraduate
Members of the Board of Directors⁽¹⁾:	Adnan YILDIRIM ⁽²⁾	Graduate
	Dr. Raci KAYA	Postgraduate
	Mehmet BÜYÜKEKŞİ	Undergraduate
	Adnan Ersoy ULUBAŞ	Undergraduate
	Zeynep BODUR OKYAY	Undergraduate
	Oğuz SATICI ⁽¹⁾	Undergraduate
	A.Doğan ARIKAN ⁽¹⁾	Undergraduate
Members of the Audit Committee:	İbrahim ŞENEL ⁽³⁾	Graduate
	Dr. Raci KAYA	Postgraduate
	A.Doğan ARIKAN ⁽¹⁾	Undergraduate
General Manager:	Adnan YILDIRIM ⁽²⁾	Graduate
Deputy General Managers:	Necati YENİARAS	Graduate
	Mesut GÜRSOY	Undergraduate
	Enis GÜLTEKİN	Undergraduate
	M.Ertan TANRIYAKUL	Undergraduate
	Ahmet KOPAR	Graduate
	Alaaddin METİN	Undergraduate

(1) In the General Assembly of the Bank held on 22 March 2016, Cavit DAĞDAŞ, İbrahim ŞENEL, Mehmet BÜYÜKEKŞİ, Adnan Ersoy ULUBAŞ, Dr. Raci KAYA and Zeynep BODUR OKYAY were appointed as board members for 3 years, Oğuz SATICI and A.Doğan ARIKAN's board membership's have ended. In the Board of Directors meeting dated 4 April 2016 Cavit DAĞDAŞ was appointed as Chairman of the Board of Directors, İbrahim ŞENEL was appointed as Vice Chairman of the Board of Directors and Dr. Raci KAYA, Mehmet BÜYÜKEKŞİ, Adnan Ersoy ULUBAŞ and Zeynep BODUR OKYAY were appointed as board members.

(2) Dr. Hayrettin Kaplan has resigned from the position of General Manager of the Bank on 25 November 2016 due to his retirement. As of 28 November 2016 Adnan YILDIRIM was appointed as the Deputy General Manager of the Bank by the Ministry of Economy.

(3) In the Extraordinary General Assembly of the Bank held on 12 January 2017, Osman ÇELİK was appointed as the Chairman of the Board of Directors and İbrahim ŞENEL will continue his duty as Vice Chairman of the Board of Directors, Bülent Gökhan GÜNAY was appointed as member of the Audit Committee.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

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

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

IV. Information on the shareholders owning control shares

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion	Upper Limit of Registered Capital
The Turkish Treasury	All	100%	3.700.000	-	10.000.000

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

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

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

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

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

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

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

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

The Bank does not have any subsidiaries.

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
FOR THE YEAR ENDED 31 DECEMBER 2016

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

ASSETS	Notes	CURRENT PERIOD Audited 31 December 2016			PRIOR PERIOD Audited 31 December 2015		
		TP	FC	TOTAL	TP	FC	TOTAL
I. CASH AND BALANCES WITH CENTRAL BANK							
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)	(1)	987	370.004	370.991	1.227	-	1.227
2.1 Trading Financial Assets		12.703	116.578	129.281	11.382	2.923	14.305
2.1.1 Government Debt Securities		12.703	116.578	129.281	11.382	2.923	14.305
2.1.2 Share Certificates		10.678	-	10.678	10.593	-	10.593
2.1.3 Trading Derivative Financial Assets		-	-	-	-	-	-
2.1.4 Other Marketable Securities	(3)	2.025	116.578	118.603	789	2.923	3.712
2.2 Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS							
IV. MONEY MARKETS	(4)	120.537	2.397.511	2.518.048	41.667	122.735	164.402
4.1 Interbank Money Market Placements		368.160	-	368.160	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		368.160	-	368.160	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(6)	21.124	-	21.124	18.051	-	18.051
5.1 Share Certificates		21.124	-	21.124	18.051	-	18.051
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	(7)	8.045.787	53.563.977	61.609.764	6.961.396	36.197.730	43.159.126
6.1 Loans and receivables		7.956.484	53.563.977	61.520.461	6.961.396	36.197.730	43.159.126
6.1.1 Loans to Bank's risk group		-	-	-	-	-	-
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		7.956.484	53.563.977	61.520.461	6.961.396	36.197.730	43.159.126
6.2 Loans under Follow-up		233.087	-	233.087	131.688	-	131.688
6.3 Specific Provisions (-)		(143.784)	-	(143.784)	(131.688)	-	(131.688)
VII. FACTORING RECEIVABLES							
VIII. HELD-TO-MATURITY SECURITIES (Net)	(8.2)	98.549	-	98.549	255.968	-	255.968
8.1 Government Debt Securities		98.549	-	98.549	255.968	-	255.968
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(9)	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	(10)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(11)	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES	(12)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(13)	354.757	105.554	460.311	25.270	79.868	105.138
13.1 Fair Value Hedge		354.757	65.274	420.031	25.270	50.690	75.960
13.2 Cash Flow Hedge		-	40.280	40.280	-	29.178	29.178
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		7.404	-	7.404	13.189	-	13.189
XV. INTANGIBLE ASSETS (Net)		2.759	-	2.759	2.230	-	2.230
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2.759	-	2.759	2.230	-	2.230
XVI. INVESTMENT PROPERTY (Net)	(16)	2.331	-	2.331	-	-	-
XVII. TAX ASSET		-	-	-	-	-	-
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		-	-	-	-	-	-
XVIII. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(18)	-	-	-	-	-	-
18.1 Held for Sale Purpose		-	-	-	-	-	-
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS		521.403	2.166.189	2.687.592	104.841	599.318	704.159
TOTAL ASSETS		9.556.501	58.719.813	68.276.314	7.435.221	37.002.574	44.437.795

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
FOR THE YEAR ENDED 31 DECEMBER 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES	Notes	CURRENT PERIOD Audited 31 December 2016			PRIOR PERIOD Audited 31 December 2015		
		TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS	(1)	-	-	-	-	-	-
1.1 Deposits of Bank's risk group		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(2)	217	41.105	41.322	333	302	635
III. BORROWINGS	(3.1)	-	51.718.845	51.718.845	50.110	32.938.140	32.988.250
IV. MONEY MARKETS		69.000	-	69.000	200.000	-	200.000
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		69.000	-	69.000	200.000	-	200.000
V. MARKETABLE SECURITIES ISSUED (Net)	(4)	-	7.827.323	7.827.323	-	5.088.218	5.088.218
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	7.827.323	7.827.323	-	5.088.218	5.088.218
VI. FUNDS		13	-	13	16	-	16
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		13	-	13	16	-	16
VII. MISCELLANEOUS PAYABLES		12.851	2.734.597	2.747.448	13.096	885.251	898.347
VIII. OTHER LIABILITIES	(5)	3.498	190.848	194.346	4.709	82.971	87.680
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(6)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(7)	1.515	149.014	150.529	32.854	9.969	42.823
11.1 Fair Value Hedge		1.515	149.014	150.529	32.854	9.969	42.823
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(8)	230.229	-	230.229	223.922	-	223.922
12.1 General Loan Loss Provision		130.214	-	130.214	130.214	-	130.214
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		51.383	-	51.383	44.953	-	44.953
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		48.632	-	48.632	48.755	-	48.755
XIII. TAX LIABILITY	(9)	8.240	-	8.240	5.608	-	5.608
13.1 Current Tax Liability		8.240	-	8.240	5.608	-	5.608
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	88.285	88.285	-	121.591	121.591
XVI. SHAREHOLDERS' EQUITY	(11)	5.201.168	(434)	5.200.734	4.780.372	333	4.780.705
16.1 Paid-in capital		3.700.000	-	3.700.000	2.500.000	-	2.500.000
16.2 Capital Reserves		10.477	(434)	10.043	606.992	333	607.325
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		-	-	-	-	-	-
16.2.4 Property and Equipment Revaluation Differences		11.960	-	11.960	8.886	-	8.886
16.2.5 Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation Differences of Investment Property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective portion)		-	(434)	(434)	-	333	333
16.2.9 Value increase of Non-current Asset Held for Sale and Discounted Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		(1.483)	-	(1.483)	598.106	-	598.106
16.3 Profit Reserves		1.069.366	-	1.069.366	1.183.974	-	1.183.974
16.3.1 Legal Reserves		328.050	-	328.050	302.905	-	302.905
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		718.573	-	718.573	858.326	-	858.326
16.3.4 Other Profit Reserves		22.743	-	22.743	22.743	-	22.743
16.4 Profit or Loss		421.325	-	421.325	489.406	-	489.406
16.4.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.4.2 Current Period Profit/Loss		421.325	-	421.325	489.406	-	489.406
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5.526.731	62.749.583	68.276.314	5.311.020	39.126.775	44.437.795

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

	Notes	CURRENT PERIOD			PRIOR PERIOD		
		Audited			Audited		
		31 December 2016			31 December 2015		
		TL	FC	TL	FC	TL	FC
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		6.246.845	45.344.216	51.591.061	4.226.667	22.644.583	26.871.250
I. GUARANTEES AND WARRANTIES	(1.2)	-	3.863.578	3.863.578	-	2.754.481	2.754.481
1.1. Letters of Guarantee		-	-	-	-	-	-
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		-	-	-	-	-	-
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	-	-	-	-	-
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	3.863.578	3.863.578	-	2.754.481	2.754.481
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		2.438.531	17.164.838	19.603.369	1.717.787	8.464.215	10.182.002
2.1. Irrevocable Commitments		-	2.920.904	2.920.904	-	1.051.140	1.051.140
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	2.920.904	2.920.904	-	1.051.140	1.051.140
2.2. Revocable Commitments		2.438.531	14.243.934	16.682.465	1.717.787	7.413.075	9.130.862
2.2.1. Revocable Loan Granting Commitments		2.438.531	14.243.934	16.682.465	1.717.787	7.413.075	9.130.862
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		3.808.314	24.315.800	28.124.114	2.508.880	11.425.887	13.934.767
3.1. Hedging Derivative Financial Instruments		3.547.489	15.952.012	19.499.501	2.356.135	9.416.970	11.773.105
3.1.1. Transactions for Fair Value Hedge		3.511.269	15.881.596	19.392.865	2.319.915	9.358.706	11.678.621
3.1.2. Transactions for Cash Flow Hedge		36.220	70.416	106.636	36.220	58.264	94.484
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		260.825	8.363.788	8.624.613	152.745	2.008.917	2.161.662
3.2.1. Forward Foreign Currency Buy/Sell Transactions		30.368	31.705	62.073	50.150	47.302	97.452
3.2.1.1. Forward Foreign Currency Transactions-Buy		3.764	28.008	31.772	26.765	22.053	48.818
3.2.2.2. Forward Foreign Currency Transactions-Sell		26.604	3.697	30.301	23.385	25.249	48.634
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		229.017	8.330.603	8.559.620	102.595	1.961.615	2.064.210
3.2.2.1. Foreign Currency Swap-Buy		-	3.643.040	3.643.040	102.595	625.232	727.827
3.2.2.2. Foreign Currency Swap-Sell		229.017	3.346.961	3.575.978	-	724.611	724.611
3.2.2.3. Interest Rate Swap-Buy		-	670.301	670.301	-	305.886	305.886
3.2.2.4. Interest Rate Swap-Sell		-	670.301	670.301	-	305.886	305.886
3.2.3. Foreign Currency, Interest rate and Securities Options		1.440	1.480	2.920	-	-	-
3.2.3.1. Foreign Currency Options-Buy		720	740	1.460	-	-	-
3.2.3.2. Foreign Currency Options-Sell		720	740	1.460	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		136.744	18.343.038	18.479.782	113.115	16.878.488	16.991.603
IV. ITEMS HELD IN CUSTODY		-	-	-	-	-	-
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Cheques Received for Collection		-	-	-	-	-	-
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		22.412	203.613	226.025	22.412	172.250	194.662
5.1. Marketable Securities		-	23.661	23.661	-	19.577	19.577
5.2. Guarantee Notes		-	-	-	-	-	-
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		9.400	48.246	57.646	9.400	39.920	49.320
5.6. Other Pledged Items		13.012	131.706	144.718	13.012	112.753	125.765
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		114.332	18.139.425	18.253.757	90.703	16.706.238	16.796.941
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		6.383.589	63.687.254	70.070.843	4.339.782	39.523.071	43.862.853

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

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

INCOME AND EXPENSE ITEMS		Notes	CURRENT PERIOD Audited 1 January - 31 December 2016	PRIOR PERIOD Audited 1 January - 31 December 2015
I.	INTEREST INCOME			
1.1	Interest on loans	(1)	1.643.054	1.193.866
1.2	Interest Received from Reserve Requirements		1.570.550	1.134.114
1.3	Interest Received from Banks		-	-
1.4	Interest Received from Money Market Transactions		38.296	32.433
1.5	Interest Received from Marketable Securities Portfolio		8.286	2.005
1.5.1	Trading Financial Assets		24.934	24.599
1.5.2	Financial Assets Designated at Fair Value Through Profit or (loss)		915	1.698
1.5.3	Available-for-sale Financial Assets		-	-
1.5.4	Held to maturity Investments		-	-
1.6	Financial Lease Income		24.019	22.901
1.7	Other Interest Income		-	-
II.	INTEREST EXPENSE		988	715
2.1	Interest on Deposits	(2)	784.056	482.628
2.2	Interest on Funds Borrowed		-	-
2.3	Interest Expense on Money Market Transactions		398.351	191.166
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		369.261	271.867
III.	NET INTEREST INCOME/EXPENSE (I - II)		16.444	19.595
IV.	NET FEES AND COMMISSIONS INCOME		858.998	711.238
4.1	Fees and Commissions Received		13.856	13.798
4.1.1	Non-cash Loans		34.753	25.475
4.1.2	Other		-	-
4.2	Fees and Commissions Paid		34.753	25.475
4.2.1	Non-cash Loans		20.897	11.677
4.2.2	Other		-	-
V.	DIVIDEND INCOME		20.897	11.677
VI.	TRADING INCOME/LOSS (Net)		-	-
6.1	Trading Gains /Losses on Securities	(3)	(338.470)	(145.196)
6.2	Trading Gains /Losses on Derivative Financial Assets		9	(719)
6.3	Foreign Exchange Gains /Losses		662.142	556.359
VII.	OTHER OPERATING INCOME		(1.000.621)	(700.836)
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)	(4)	142.282	125.702
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		676.666	705.542
X.	OTHER OPERATING EXPENSES (-)	(5)	26.305	24.685
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	(6)	229.036	191.451
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		421.325	489.406
XIII.	PROFIT / (LOSS) ON EQUITY METHOD		-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		421.325	489.406
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)		-	-
16.1	Current Tax Provision		-	-
16.2	Deferred Tax Provision		-	-
XVII.	NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		421.325	489.406
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)		-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)		421.325	489.406
	Earnings/Loss per share (Full TL)		0,11387	0,19576

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS
RECOGNIZED UNDER SHAREHOLDERS EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

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

		CURRENT PERIOD Audited 1 January – 31 December 2016	PRIOR PERIOD Audited 1 January – 31 December 2015
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		Notes	
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS		3.074
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES		(2.487)
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES		-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS		-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value changes)		-
	PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of fair value changes)		(767)
VI.			333
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS		-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS		-
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES		68
X.	NET PROFIT/LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)		(102)
XI.	CURRENT PERIOD PROFIT/LOSS		2.375
11.1	Net change in fair value of marketable securities (Transfer to Profit/Loss)		2.375
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		489.406
11.3	Part of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		(10)
11.4	Other		-
			421.325
XII.	TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD (X±XI)		423.700
			487.150

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
 (Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Differences of AIS and Discontinued Operations	Total Shareholders' Equity
CHANGES IN THE SHAREHOLDERS' EQUITY																	
I.	Opening Balance - 31 December 2015	2,400,000	-	-	-	200,954	-	574,618	620,951	-	427,009	11,303	-	-	-	-	4,314,915
II.	Changes in Accounting Policies according to TMSH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I-II)	2,400,000	-	-	-	200,954	-	574,618	620,951	-	427,009	11,303	-	-	-	-	4,314,915
Changes in the period																	
IV.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Intangible Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	(2,497)	-	-	-	-	(2,497)
VI.	Legal Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	333	-	-	-	333
6.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	333	-	-	-	333
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000
14.1	Cash increase	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	-	-	(100,000)
14.2	Internal Resources	100,000	-	-	-	-	-	(100,000)	-	-	-	-	-	-	-	-	-
XV.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Other	-	-	-	-	-	-	-	(102)	-	-	-	-	-	-	-	(102)
XX.	Current Year Net Profit or Loss	-	-	-	-	21,951	-	303,708	-	489,406	(427,009)	-	-	-	-	-	489,406
20.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfer to Reserves	-	-	-	-	21,951	-	303,708	-	-	(405,659)	-	-	-	-	-	(405,659)
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance	2,500,000	-	-	302,905	-	-	858,326	620,849	489,406	-	8,886	-	-	333	-	4,790,705
Current Period - 31 December 2016																	
I.	Prior Period End Balance	2,500,000	-	-	302,905	-	-	858,326	620,849	-	489,406	8,886	-	-	333	-	4,790,705
Changes in the period																	
II.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Transactions Funds	-	-	-	-	-	-	-	-	-	-	3,074	-	-	-	-	3,074
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Fixed Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	1,200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,200,000
12.1	Cash increase	-	-	-	-	-	-	-	(599,657)	-	-	-	-	-	-	-	(599,657)
12.2	Internal Resources	1,200,000	-	-	-	-	-	(600,343)	-	-	-	-	-	-	-	-	(600,343)
XIII.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Other	-	-	-	-	-	-	-	68	-	-	-	-	-	-	-	68
XVIII.	Current Year Net Profit or Loss	-	-	-	25,145	-	-	460,590	-	(489,406)	-	-	-	-	-	-	(489,406)
18.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfer to Reserves	-	-	-	25,145	-	-	460,590	-	-	(485,735)	-	-	-	-	-	(485,735)
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance	3,700,000	-	-	378,050	-	-	718,573	211,260	421,325	-	11,960	-	-	(434)	-	5,200,734

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

	CURRENT PERIOD Audited 1 January - 31 December 2016	PRIOR PERIOD Audited 1 January - 31 December 2015
Notes		
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit before changes in operating assets and liabilities	3.120.294	2.845.301
1.1.1 Interest received	1.582.438	1.187.437
1.1.2 Interest paid	(745.193)	(466.475)
1.1.3 Dividend received	-	-
1.1.4 Fees and commissions received	34.753	25.475
1.1.5 Other income	804.433	676.003
1.1.6 Collections from previously written-off loans and other receivables	54.854	41.833
1.1.7 Payments to personnel and service suppliers	(126.080)	(90.304)
1.1.8 Taxes paid	(2.632)	(926)
1.1.9 Other	1.517.721	1.472.258
1.2 Changes in operating assets and liabilities	(2.215.799)	(3.744.462)
1.2.1 Net (increase) / decrease in trading securities	(4.143)	38.354
1.2.2 Net (increase) / decrease in fair value through profit/(loss) financial assets	-	-
1.2.3 Net (increase) / decrease in due from banks	-	822
1.2.4 Net (increase) / decrease in loans	(18.389.918)	(11.238.757)
1.2.5 Net (increase) / decrease in other assets	(1.983.319)	(419.158)
1.2.6 Net increase / (decrease) in bank deposits	-	-
1.2.7 Net increase / (decrease) in other deposits	-	-
1.2.8 Net increase / (decrease) in funds borrowed	16.328.408	7.466.019
1.2.9 Net increase / (decrease) in payables	-	-
1.2.10 Net increase / (decrease) in other liabilities	1.833.173	408.258
I. Net cash provided from banking operations	904.495	(899.161)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	155.280	49.293
2.1 Cash paid for acquisition of associates, subsidiaries and joint ventures (Business Partners)	-	-
2.2 Cash obtained from disposal of associates, subsidiaries and joint ventures (Business Partners)	-	-
2.3 Purchases of property and equipment	(14)	(1.641)
2.4 Disposals of property and equipment	3.454	7.402
2.5 Cash paid for purchase of available-for-sale investments	-	-
2.6 Cash obtained from sale of available-for-sale investments	-	-
2.7 Cash paid for purchase of investment securities	(1.8.4)	(160.054)
2.8 Cash obtained from sale of investment securities	(1.8.4)	204.489
2.9 Other	(529)	(903)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	1.487.164	(60.096)
3.1 Cash obtained from funds borrowed and securities issued	1.539.386	-
3.2 Cash used for repayment of funds borrowed and securities issued	(48.551)	(38.746)
3.3 Issued capital instruments	-	-
3.4 Dividends paid	(3.671)	(21.350)
3.5 Payments for finance leases	-	-
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	544.631	9.662
V. Net increase in cash and cash equivalents	3.091.570	(900.302)
VI. Cash and cash equivalents at the beginning of the period	165.629	1.065.931
VII. Cash and cash equivalents at the end of the period	3.257.199	165.629

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

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2016

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

VII. PROFIT DISTRIBUTION STATEMENT		
	Current Period	Prior Period
	31 December 2016^(*)	31 December 2015
I. DISTRUBUTION OF PROFIT		
1.1. Current Year Income	429.923	499.394
1.2. Taxes And Duties Payable (-)	8.598	9.988
1.2.1 Corporate Tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	8.598	9.988
A. NET INCOME FOR THE YEAR (1.1-1.2)	421.325	489.406
1.3. Prior Year Losses (-)	-	-
1.4. First Legal Reserves (-)	-	24.470
1.5. Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	464.936
1.6. First Dividend To Shareholders (-)	-	3.671
1.6.1 To Owners Of Ordinary Shares	-	3.671
1.6.2 To Owners Of Privileged Shares	-	-
1.6.3 To Owners Of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders Of Profit And Loss Sharing Certificates	-	-
1.7. Dividends To Personnel (-) (**)	-	6.178
1.8. Dividends To Board Of Directors (-)	-	-
1.9. Second Dividend To Shareholders (-)	-	-
1.9.1 To Owners Of Ordinary Shares	-	-
1.9.2 To Owners Of Privileged Shares	-	-
1.9.3 To Owners Of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	675
1.11. Statutory Reserves (-)	-	-
1.12. Extraordinary Reserves	-	460.590
1.13. Other Reserves	-	-
1.14. Special Funds	-	-
II. DISTRIBUTION OF RESERVES		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.3. Dividends To Shareholders (-)	-	-
2.3.1 To Owners Of Ordinary Shares	-	-
2.3.2 To Owners Of Privileged Shares	-	-
2.3.3 To Owners Of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders Of Profit And Loss Sharing Certificates	-	-
2.4. Dividends To Personnel (-)	-	-
2.5. Dividends To Board Of Directors (-)	-	-
III. EARNINGS PER SHARE		
3.1. To Owners Of Ordinary Shares	0,1139	0,1958
3.2. To Owners Of Ordinary Shares (%)	11,39	19,58
3.3. To Owners Of Privileged Shares	-	-
3.4. To Owners Of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. To Owners Of Ordinary Shares	-	-
4.2. To Owners Of Ordinary Shares (%)	-	-
4.3. To Owners Of Privileged Shares	-	-
4.4. To Owners Of Privileged Shares (%)	-	-

(*)As of the report date, there is no decision related to 2016 profit distribution, therefore, distributable net profit of the period is not presented.

(**) The amount of dividend distributed to personnel has been provided in 2015 net profit. Therefore, it is not included in profit distribution, but presented for information.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

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

The Bank prepares its legal records, financial statements and underlying documents in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"). In preparing financial statements, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") and related interpretations ("TAS / TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority have been applied.

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

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

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

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

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

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

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

None.

4. 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.

5. Presentation of the information regarding the consolidated affiliates

None.

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

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

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

As of 31 December 2016, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 3,5208 for US dollar, TL 3,7000 for Euro, TL 3,0069 for 100 JPY and TL 4,3207 for GBP.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward transactions, options and derivative instruments

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

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

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

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on interest income and expense

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

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

V. Explanations on fee and commission income and expenses

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

VI. Explanations on financial assets

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

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

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

The government bonds and treasury bills recognized under trading financial assets which are traded on Borsa İstanbul AŞ (“BİST”) are valued with weighted average prices settled on the BİST as of the balance sheet date; and those government bonds and treasury bills traded on the BİST but which are not subject to trading on the 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 trading financial asset is above its amortized cost as of the sale date, the positive difference between the selling price and the amortized cost is recognized as income under trading gains on securities and if the selling price of a trading security is lower than its amortized cost as of the sale date, the negative difference between the selling price and the amortized cost is recognized as expense under trading losses on securities.

Derivative financial instruments are classified as trading financial assets unless they are designated as hedging instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note 2.3 of Section Three.

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continued)

Available-for-sale financial assets are marketable securities other than “Held-to-maturity investments” and “Trading securities”. Available-for-sale financial assets are subsequently remeasured at fair value. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at amortized cost, less provision for impairment.

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

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

VII. Explanations on impairment of financial assets

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

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

VIII. Explanations on offsetting financial instruments

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

XI. Explanations on goodwill and other intangible assets

As of 31 December 2016 and 31 December 2015, the Bank does not have any goodwill in its accompanying financial statements.

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

Implemented yearly amortization rates as follows;

Intangible assets : 33%

XII. Explanations on property and equipment

All property and equipment are initially recognized at cost. Subsequently property and equipment are carried at cost less accumulated depreciation at the balance sheet date. Depreciation is calculated over the cost of property and equipment using the straight-line method over its estimated useful life. There has been no change in the depreciation method during the current period.

The depreciation rates are as follows;

Buildings : 2%

Furniture, fixtures and vehicles : 6-33%

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment (Continued)

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

XIII. Explanations on investment property

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

XIV. Explanations on lease

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

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

XV. Explanations on provisions and contingent liabilities

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

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

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

XVI. Explanations on obligations related to employee rights

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

TL 68 accounted as actuarial valuation difference is recorded under equity, TL 1.453 accounted as service and interest cost is associated with the income statement accounts. Assumptions used in the calculation are shown below.

	Current Period 31.12.2016	Prior Period 31.12.2015
Discount ratio	11,20%	10,65%
Inflation	8,00%	7,65%
Salary increase rate	9,00%	8,65%

As of 31 December 2016, the calculated employment termination obligation amounts to TL 17.050. For the year ended 31 December 2016, the Bank also provided a 100% provision for vacation pay liability relating to prior periods amounting to TL 12.033.

For all year long, the Bank has made provision for principally of success fee amounting TL 14.500 to be paid in January 2017, and dividend to personnel, amounting TL 7.800 to be paid in 2017, from 2016 profit.

XVII. Explanations on taxation

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

XVIII. Additional explanations on borrowings

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

In October 2011, the Bank issued bonds amounting USD 500 million (TL 1.760.400). The bond is subject to annual fixed interest payment of 5,88% every six months and the total maturity is five years and also, the bond issued on April 2012 with an amount of USD 500 million (TL 1.456.600) is subject to biannual fixed payment of 5.88% and its total maturity is seven years. In addition to this bond, there was a bond increase corresponding to USD 250 million (TL 880.200) as of October 2012 and also the bond issued on September 2014 with amount of USD 500 million (TL 1.760.400) which is subject to annual fixed interest payment of 5 per cent every six months and the total maturity is seven years. In February 2016, the Bank has issued bonds amounting USD 500 million (TL 1.760.400) subject to fixed payment of 5.375% and with total maturity of five years. In October 2016, the Bank has issued bonds amounting USD 500 million (TL 1.760.400) that is subject to fixed payment of 5.375% and with its total maturity of five years. The Bank applied hedge accounting for the measurement of derivative financial instruments which are related to the bonds issued and accounted for hedge accounting during this period.

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

The amounts calculated on the basis of related hedge accounting and details about derivatives details are disclosed in fourth section Note III.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on issuance of share certificates

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

XX. Explanations on avalized drafts and acceptances

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

XXI. Explanations on government grants

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

XXII. Explanations on segment reporting

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

XXIII. Explanations on other 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. Information about shareholders' equity items

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

As of 31 December 2016, the shareholders' equity of the Bank is TL 5.326.438 and the capital adequacy standard ratio is 13,41%. Calculations as at 31 December 2015 were made within the scope of abolished regulations, equity amount is 4.945.331 TL and capital adequacy standard ratio is 18.94%. The capital adequacy standard ratio of the Bank is above the minimum ratio determined by the relevant legislation.

	Current Period 31.12.2016	Amount as per the regulation before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL	5.197.328	
Paid-in Capital to be Entitled for Compensation after All Creditors	3.700.000	
Share Premium	-	
Legal Reserves	1.069.366	
Other Comprehensive Income according to TAS	11.960	
Profit	421.325	
Net Current Period Profit	421.325	
Prior Period Profit	-	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	5.202.651	
Deductions From Common Equity Tier I Capital	5.323	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	-	
Leasehold improvements on operational leases (-)	2.185	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1.655	
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	1.483	
Direct and Indirect Investments of the Bank on its own Tier 1 Capital (-)	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Mortgage servicing rights (amount above 10% threshold) (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Information about shareholders' equity items (Continued)

	Current Period 31.12.2016	Amount as per the regulation before 1/1/2014 (*)
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 Evaluation of Capital Adequacy of Banks (-)	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	
Mortgage servicing rights (amount above 10% threshold) (-)	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	
Other items to be defined by the regulator (-)	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	5.323	
Total Common Equity Tier I Capital	5.197.328	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier 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 regulator (-)	-	
Items to be Deducted from Tier I Capital during the Transition Period	1.104	
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 (-)	1.104	
Net Deferred Tax Asset/Liability 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 (-)	-	
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Information about shareholders' equity items (Continued)

	Current Period 31.12.2016	Amount as per the regulation before 1/1/2014 (*)
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	5.196.224	
TIER II CAPITAL	130.214	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	130.214	
Total Deductions from Tier II Capital	130.214	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	
Other items to be Defined by the regulator (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	130.214	
Total Equity (Total Tier I and Tier II Capital)	5.326.438	
Deductions from Total Equity	5.326.438	
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 regulator (-)	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

1. Information about shareholders' equity items (Continued)

	Current Period 31.12.2016	Amount as per the regulation before 1/1/2014 (*)
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 st and 2 nd Paragraph of the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
CAPITAL	5.326.438	
Total Capital (Total of Tier I Capital and Tier II Capital)	5.326.438	
Total Risk Weighted Assets	39.711.831	
CAPITAL ADEQUACY RATIOS		
Common Equity Tier I Capital Ratio (%)	13,09	
Tier I Capital Ratio (%)	13,09	
Capital Adequacy Ratio (%)	13,41	
BUFFERS		
Bank-specific total Common Equity Tier I Capital Ratio	0,625	
Capital Conservation Buffer Ratio (%)	0,625	
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)		
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	8,59	
Amounts Lower Than Excesses as per Deduction Rules	21.124	
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	21.124	
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
Limits for Provisions Used in Tier II Capital Calculation	130.214	
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	130.214	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	-	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	
Debt Instruments Covered by Temporary Article 4		
(effective between 01.01.2018-01.01.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

1. Information about shareholders' equity items (Continued)

	Prior Period 31.12.2015 (*)
TIER CAPITAL	
Paid in Capital to be Entitled for compensation after all Creditors	2.500.000
Share Premium	-
Share Cancellation Profits	-
Legal Reserves	1.783.631
Other Comprehensive Income according to TAS	23.544
Profit	489.406
Net Current Period Profit	489.406
Prior Period Profit	-
Provisions for possible losses	42.008
Bonus shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier 1 Capital before Deductions	4.838.589
Deductions from Tier 1 Capital	22.134
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	15.876
Leasehold Improvements on Operational Leases (-)	5.366
Goodwill and Intangible Assets and Related Deffered Tax Liabilities (-)	892
Net Deffered tax assets/liabilities (-)	-
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Investments in own common equity (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier 1 Capital (-)	-
Net Deffered tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier 1 Capital (-)	-
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Rations 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 Deffered Tax Assets from Temporary Differences (-)	-
Other Items to be Defined by the BRSA (-)	-
Deductions from Tier 1 Capital in cases where there are no adequate Additional Tier 1 or Tier II Capitals (-)	-
Total regulatory adjustments to Tier 1 capital	22.134
Tier Capital	4.816.455
ADDITIONAL CORE CAPITAL	
Preferred Stock not Included in Tier I Capital and the related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional Core Capital before Deductions	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

1. Information about shareholders' equity items (Continued)

	Prior Period 31.12.2015 (*)
Deductions from Core Capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital(-)	-
Total of Net Long Positions of the Investments in the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Direct and Indirect Investments in Additional Tier I Capital of Unconsolidated Banks of Financial Institutions where the Banks owns more than 10% of the Issued Share Capital (-)	-
Other Items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	
	1.338
Goodwill and other Intangible Assets and Related Deferred taxes not deducted from Tier I Capital as per the Temporary Article2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	1.338
Net Deffered Tax Assets/Liabilities not deducted from Tier I Capital as per the Temporary Article2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total Core Capital	4.815.117
Supplementary Capital	
	130.214
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (issued or obtained after 1.1.2014)	-
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (issued or obtained before 1.1.2014)	-
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	130.214
Tier II Capital Before	130.214
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Other Items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	130.214

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

1. Information about shareholders' equity items (Continued)

CAPITAL	4.945.331
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 Astes Acquired against Overdue Receivables and Held for sale but Retained more than Five Years (-)	-
Loans to Banks , Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulations on Measurement and Assessment of the Capital Adequacy Ratios of Banks (-)	-
Other Items to be Defined by the BRSA(-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Banks own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capitals as per the Temporary Article 2, Clause 1 of the Regulations(-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Banks own 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capitals as per the Temporary Article 2, Clause 1 of the Regulations(-)	-
The Portion of Net Long Position of the Investments in Equity items of Unconsolidated Banks and Financial Institutions Where the Banks own 10% or more of the Issued Share Capital of the Net Deffered Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause2 , Paragraph (1) and (2) and Temporary Article 2 Clause 1 of the Regulations (-)	-
EQUITY	4.945.331
Amounts Lower then Excesses as per Deduction Rules	18.051
Remaining Total of the Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital	18.051
Remaining Total of the Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital	-
Remaining Mortgage Servicing Rights	-
Net Deffered Tax Assets arising from Temporary Differences	-

(*) Equity calculation has been changed with "Regulations Regarding the Amendment of the Regulation on Owners' Equity of Banks," which was enacted as of 31 March 2016, and the information given in the previous period was calculated within the scope of abrogated regulations.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk

According to Article No. 25 of the decree (regulating the “Articles of Association” of the Bank) of the Council of Ministers dated 17 June 1987; the scope of the annual operations of the Bank is determined by the Bank’s Annual Program that is approved by the Supreme Advisory and Credit Guidance Committee (“SCLGC”). The SCLGC is chaired by the Prime Minister or State Minister appointed by the Prime Minister and includes executive managers. The Board of Directors of the Bank is authorized to allocate the risk limits of loans and guarantee and insurance premiums to country, sector and commodity groups, within the boundaries of the Annual Program.

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

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

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

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

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

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

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

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

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

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

Non-cash loans turned into cash loans are classified under follow-up accounts with the approval of the Loan Committee. Uncollected non-cash loans are subject to the same risk weights as cash loans and classified under the relevant follow-up accounts in relation to their collateral.

The Bank provides a 100% impairment provision for non-performing loans and other receivables without considering the relevant collaterals in line with a prudent approach.

As of 31 December 2016, the Bank has decided to assign a total of TL 38.331 (31 December 2015: TL 27.825) as free provision for the possible recompensation that may result from exportation.

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

As of 31 December 2016, the Bank has no credits due to redemption plan or any credits due to restructured standard credits or assets. The Bank has a total sum of 2.962.354 TL as standard credits and assets and has a total of TL 42.385 as loans under close monitoring which have been subject to changes in contract.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

The proportion of the Bank's top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 54% and 52% as of 31 December 2016 and 31 December 2015, respectively.

The proportion of the Bank's top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 67% and 67% as of 31 December 2016 and 31 December 2015, respectively.

The proportion of the Bank's top 100 non-cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 58% and 58% as of 31 December 2016 and 31 December 2015, respectively.

The proportion of the Bank's top 200 non-cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 72% and 72% as of 31 December 2016 and 31 December 2015, respectively.

As of 31 December 2016, the share of cash and non-cash receivable amounts belonging to its top 100 and 200 credit customers in the total cash and non-cash loans are 54% and 68%, respectively (31 December 2015: 53% and 68%).

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

	Current Period 31.12.2016		Prior Period 31.12.2015	
	Corporate	Personnel loans	Corporate	Personnel loans
Standard loans	61.278.334	9.297	43.070.241	7.569
Loans under close monitoring	232.830	-	81.316	-
Loans under follow-up	233.087	-	131.688	-
Gross	61.744.251	9.297	43.283.245	7.569
Specific provision	(143.784)	-	(131.688)	-
Net	61.600.467	9.297	43.151.557	7.569

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

As of 31 December 2016 and 31 December 2015, there is not any past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

	Current Period 31.12.2016	Prior Period 31.12.2015
Past due up to 30 days	-	69.963
Past due 30-60 days	603	-
Past due 60-90 days	-	11.353
Total (*)	603	81.316

(*)Represents loans classified under close monitoring that past due up to 90 days. Total amount of loans under close monitoring which was classified in close monitoring with not past due, is TL 230.337.

As of 31 December 2016 and 31 December 2015, the fair value of collaterals held for loans granted by the Bank are as follows:

	Current Period 31.12.2016	Prior Period 31.12.2015
Loans under close monitoring	232.830	81.316
Loans under legal follow-up	233.087	131.688
Total	465.917	213.004

As of 31 December 2016, the Bank does not have any repossessed collaterals (31 December 2015: None).

Loan rating system of the Bank

Risk evaluation of banks and other financial institutions:

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

As of 31 December 2016, loans granted by the Bank to domestic banks and other financial institutions amount to TL 6.637.509 (31 December 2015: TL 5.229.118). The concentration level of the loans to Banks and other financial institutions customers in accordance with the defined financial analysis groups of the Bank are as follows:

		Current Period 31 December 2016	Prior Period 31 December 2015
	Rating Class	Concentration Level (%)	Concentration Level (%)
Low	1-2	65%	67%
Medium	3	23%	25%
High	4	12%	8%

The risk evaluation of companies:

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

As of 31 December 2016 and 31 December 2015, the classification of the loans to banks and other financial institutions and companies and individuals are as follows:

	Current Period 31.12.2016		Prior Period 31.12.2015	
	Loans	Specific Provision (%)	Loans	Specific Provision (%)
Standard loans	99,25%	-	99,51%	-
Loans under close monitoring	0,38%	-	0,19%	-
Loans under follow-up	0,37%	62%	0,30%	100%
Total	100%	0,23%	100%	0,30%

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

The Bank's maximum exposure to credit risk as of 31 December 2016 and 31 December 2015:

	Current Period 31.12.2016	Prior Period 31.12.2015
Banks	2.518.048	164.402
Interbank Money Market Placements	368.160	-
Loans to Domestic Banks and Other Financial Institutions	6.637.509	5.229.118
Loans to Foreign Banks and Other Financial Institutions	1.710.880	742.691
Loans to Companies and Individuals	53.172.072	37.187.317
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	10.678	10.593
Trading Derivative Financial Assets	118.603	3.712
Held-to-Maturity Investments	98.549	255.968
Other Assets	481.435	123.189
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	3.863.578	2.754.481
Commitments	-	-
Total	68.979.512	46.471.471

(1) Except derivative financial assets held for trading.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

The Risk Profile According to Substantial Regions

		Risk Groups (*)																
		Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables with Real Estate	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Corporate Receivables	Investments in the Nature of Collective Investment Organization	Other Receivables (Net)	Total
Current Period																		
1	Domestic	2.240.500	-	-	-	-	20.475.314	56.794.099	2.775.441	16.392	89.303	-	-	-	-	-	2.716.301	85.107.350
2	European Union Countries	-	-	-	-	-	1.817.088	1.514.725	466.366	-	-	-	-	-	-	-	-	3.798.179
3	OECD Countries	-	-	-	-	-	6.769	195.465	48.711	-	-	-	-	-	-	-	-	250.945
4	Offshore Banking Regions	-	-	-	-	-	-	97.003	26.725	-	-	-	-	-	-	-	-	123.728
5	USA, Canada	-	-	-	-	-	55.159	188.268	28.822	-	-	-	-	-	-	-	-	272.249
6	Other Countries	1.615.901	-	-	-	-	24.536	727.598	152.613	-	-	-	-	-	-	-	-	2.520.648
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Undistributed Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	3.856.401	-	-	-	-	22.378.866	59.517.158	3.498.678	16.392	89.303	-	-	-	-	-	2.716.301	92.073.099

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

The Risk Profile According to Substantial Regions

		Risk Groups(*)																
		Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables with Real Estate Mortgages	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Corporate Receivables	Investments in the Nature of Collective Investment Organization	Other Receivables(Net)	Total
1	Prior Period	1,291,666	-	-	-	-	13,520,126	37,422,093	1,288,479	18,084	-	-	-	-	-	-	1,053,143	54,593,591
2	Domestic Countries	-	-	-	-	-	62,915	1,280,181	211,225	-	-	-	-	-	-	-	-	1,554,321
3	OECD Countries	-	-	-	-	-	908	186,333	20,193	-	-	-	-	-	-	-	-	207,434
4	Offshore Banking Regions	-	-	-	-	-	-	93,672	12,379	-	-	-	-	-	-	-	-	106,051
5	USA, Canada	-	-	-	-	-	32,955	154,565	12,765	-	-	-	-	-	-	-	-	200,285
6	Other Countries	640,295	-	-	-	-	102,467	549,385	64,919	-	-	-	-	-	-	-	-	1,357,066
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Undistributed Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	1,931,961	-	-	-	-	13,719,371	39,686,229	1,609,960	18,084	-	-	-	-	-	-	1,053,143	56,018,748

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR (Continued)
INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

The Risk Profile According to Sector or Third Party

Sectors and third parties	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from Inter-national Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional or Unconditional Receivables from Corporate Receivables	Conditional and Unconditional Receivables with Real Estate Mortgages	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Other Receivables (Net)	TL	FC	Total
1 Agriculture	-	-	-	-	-	754.426	5.990.854	298.755	-	9.482	-	-	-	-	-	896.647	6.148.070	7.044.717
1.1 Farming and Livestock	-	-	-	-	-	542.557	4.307.841	209.101	-	6.819	-	-	-	-	-	644.838	4.421.480	5.066.318
1.2 Forestry	-	-	-	-	-	127.622	1.013.301	49.185	-	1.604	-	-	-	-	-	151.680	1.040.032	1.191.712
1.3 Fishery	-	-	-	-	-	84.247	668.912	32.469	-	1.059	-	-	-	-	-	100.129	686.558	786.687
2 Industry	-	-	-	-	-	4.040.818	32.083.639	1.557.325	-	50.797	-	-	-	-	-	4.802.578	32.930.001	37.732.579
2.1 Mining and Quarry Sector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Manufacturing Industry	-	-	-	-	-	3.705.254	29.419.296	1.427.999	-	46.578	-	-	-	-	-	4.403.754	30.195.373	34.599.127
2.3 Electric, Gas and Water	-	-	-	-	-	335.564	2.664.343	129.326	-	4.219	-	-	-	-	-	398.824	2.734.628	3.133.452
3 Construction	1.615.901	-	-	-	-	486.878	3.865.761	187.643	-	6.120	-	-	-	-	-	578.663	5.600.032	6.178.695
4 Services	-	-	-	-	-	15.988.621	12.449.323	604.284	-	19.711	-	-	-	-	21.124	4.405.136	24.677.927	29.083.063
4.1 Wholesale and retail trade	-	-	-	-	-	453.996	3.604.672	174.969	-	5.707	-	-	-	-	-	539.581	3.699.763	4.239.344
4.2 Hotel and Restaurant Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3 Transportation and Communications	-	-	-	-	-	1.084.363	8.695.711	417.912	-	13.632	-	-	-	-	-	1.288.785	8.836.853	10.125.638
4.4 Financial institutions	-	-	-	-	-	14.430.675	-	-	-	-	-	-	-	-	21.124	2.541.605	11.900.194	14.441.799
4.5 Real Estate and Leasing Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6 Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Training Services	-	-	-	-	-	29.587	234.920	11.403	-	372	-	-	-	-	-	35.165	241.117	276.282
4.8 Health and Social Services	-	-	-	-	-	1.108.123	5.126.381	858.671	-	3.193	-	-	-	-	2.695.177	1.224.227	10.809.818	12.034.045
5 Other	2.240.500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Total	3.856.401	-	-	-	-	22.378.666	59.517.158	3.498.678	16.392	89.303	-	-	-	-	2.716.501	11.907.251	80.165.848	92.073.099

TÜRKİYE İHRACAT KREDİ BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

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

Risk Groups	Remaining Period to Maturity				
	1 month	1-3 Months	3-6 Months	6-12 Months	More than 1 Year
Conditional or Unconditional Receivables from Central Administrations or Central Banks	2.163.307	-	10.020	68.182	1.614.891
Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-	-
Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-	-
Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-	-
Conditional or Unconditional Receivables from International Organizations	-	-	-	-	-
Conditional or Unconditional Receivables from Banks and Intermediary Institutions	14.737.737	933.336	1.608.690	3.383.496	1.655.607
Conditional and Unconditional Corporate Receivables	13.122.960	9.405.192	11.785.437	9.219.961	15.983.609
Conditional and Unconditional Retail Receivables	579.458	442.803	488.076	899.125	1.089.217
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	-	-	-	-	16.392
Non-performing Receivables (Net)	32.307	1.893	9.621	-	45.481
Receivables determined to have high levels of risk by the Board	-	-	-	-	-
Securities with Mortgage Guarantees	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	-	-	-	-	-
Investments in the Nature of Collective Investment Organization	-	-	-	-	-
Other Receivables(net)	2.716.302	-	-	-	-

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

Risk Amounts by Risk Weights

Risk Weight	0%	10%	20%	50%	75%	100%	150%	200%	Mitigation in Shareholders' Equity
The amount before credit risk mitigation	169.733	-	1.661.743	11.845.839	2.822.235	56.336.639	89.303	-	6.427
The amount after credit risk mitigation	236.618	-	1.592.857	66.335.523	382.985	4.295.217	80.293	-	6.427

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Credit risk (Continued)

Various Information by Significant Sectors or Counter-Party Types

	Significant Sectors/Counter Parties	Loans		Value Adjustments	Provisions
		Impaired	Non-performed		
1	Agriculture	-	4.046	-	4.046
2	Energy	-	579	-	579
3	Food	-	13.078	-	8.198
4	Textile	-	87.010	-	54.355
5	Paper and Related Products	-	2.215	-	2.215
6	Chemistry and Related Products	-	2.545	-	1.854
7	Metal Industry	-	23.982	-	9.799
8	Ceramic	-	154	-	154
9	Machinery and Equipment	-	38.683	-	4.440
10	Electrical Household Appliances	-	3.600	-	3.600
11	Medical Devices	-	48	-	48
12	Ship	-	39.615	-	39.615
13	Motor Vehicles	-	3.346	-	695
14	Furniture	-	698	-	698
15	Construction	-	250	-	250
16	Wholesale	-	3.556	-	3.556
17	Shipping	-	25	-	25
18	Consulting	-	258	-	258
19	Leather and Leather Products Industry	-	42	-	42
20	Other Manufacturing Industry	-	2.172	-	2.172
21	Other	-	7.185	-	7.185
	Total	-	233.087	-	143.784

Information Regarding Value Adjustments and Change of Credit Provisions

		Opening Balance	Provision amounts allocated within the period	Cancellation of Provisions	Other Adjustments	Ending Balance
1	Specific Provisions	131.688	14.575	(2.479)	-	143.784
2	General Provisions	130.214	-	-	-	130.214

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk

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

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

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

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

	TL	USD	GBP	EUR	JPY
TRADING DERIVATIVE FINANCIAL INSTRUMENTS	260.825	4.299.705	28.517	3.276.400	759.166
Forward Transactions	30.368	31.705	-	-	-
Forward Foreign Exchange Purchase Transactions	3.764	28.008	-	-	-
Forward Foreign Exchange Sell Transactions	26.604	3.697	-	-	-
Swap Transactions	229.017	4.268.000	28.517	3.274.920	759.166
Swap Money Purchase Transactions	-	-	-	-	-
Swap Money Purchase Transactions FC - TL	-	228.852	-	-	-
Swap Money Purchase Transactions FC-FC	-	2.698.546	-	-	715.642
Swap Money Sale Transactions FC-TL	229.017	-	-	-	-
Swap Money Sale Transactions FC-FC	-	-	28.517	3.274.920	43.524
Swap Interest Purchase Transactions FC-FC	-	670.301	-	-	-
Swap Interest Sale Transactions FC-FC	-	670.301	-	-	-
Option Money Purchase Transactions	1.440	-	-	1.480	-
Money Purchase of Options	720	-	-	740	-
Money Sale of Options	720	-	-	740	-
HEDGING DERIVATIVE FINANCIAL ASSETS	3.547.489	15.590.507	-	361.505	-
Forward Transactions	3.511.269	3.760.619	-	-	-
Forward Foreign Exchange Purchase Transactions	-	3.760.619	-	-	-
Forward Foreign Exchange Sell Transactions	3.511.269	-	-	-	-
Swap Transactions	36.220	11.829.888	-	361.505	-
Swap Money Purchase Transactions	-	492.912	-	-	-
Swap Money Sale Transactions	36.220	-	-	361.505	-
Swap Interest Purchase Transactions	-	5.668.488	-	-	-
Swap Interest Sale Transactions	-	5.668.488	-	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk (Continued)

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

As of the balance sheet date, the Bank has used "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.

	31 December 2016		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross currency swap and interest rate swaps	12.120.977	65.274	149.014
Forward foreign currency buy/sell transactions	7.271.888	354.757	1.515
Total	19.392.865	420.031	150.529

⁽¹⁾ Sum of purchase and sale.

The method of derivatives' fair value measurement shown above is explained in the accounting policy in Section Three No 3.

Fair value hedge accounting

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

In addition, the fair value changes resulting from the movements of the libor interest rates of the treasury bills with 5,375 percent fixed interest rate and USD 500 million five-year treasury bills in February 2016 and October 2016 were calculated by using interest rate swap transactions in February 2016 and October 2016 with fair value hedge accounting.

Starting from 31 May 2014, the Bank hedged the possible fair value difference risk of CBRT Rediscount loans amounting to TL 3.276.649 related to interest rate changes with forward transactions by using fair value hedge accounting. Forward transactions have been changed to fair value hedge accounting because the fair value changes related to the TL interest rate are protected against changes in TL interest rate movements due to the rediscount-TL loans.

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

31 December 2016	Hedging instrument	Asset liability hedging	Risk hedge	Fair value of hedged asset		Net fair value of hedging account
				Asset	Liability	
				Interest rate swaps	Fixed interest rate US dollar debt securities	
Forward Transactions	Originated CBT- Rediscount TL Loans	Interest rate risk	354.757	1.515	-	

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk (Continued)

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

Fair value hedge accounting (Continued)

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

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

Cash flow hedge accounting

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

The impact of application cash flow hedge accounting is summarized below:

	31 December 2016		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross Currency Swap Interest Transactions	106.636	40.280	-
Total	106.636	40.280	-

⁽¹⁾ Sum of purchase and sale.

The method of derivatives' cash flow hedge shown above is explained in section three no 3 accounting policy.

The impact of cash flow hedge accounting is summarized below:

31 December 2016					
Hedging Instrument	Hedging Asset and Liability	Risk Hedge	Fair value of hedged asset		Net fair value of hedging account
			Asset	Liability	
Cross Currency Swap Transactions	Fixed interest rate US dollar debt securities	Currency Risk	40.280	-	(434)

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk (Continued)

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

Fair value hedge accounting (Continued)

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

3. Policy on foreign currency risk management

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 31 December 2016, the net foreign Currency Position/Shareholders' Equity ratio is 0,11% (31 December 2015: 0,5%). Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank

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

Fully paid capital by the Turkish Republic Treasury, the Bank's legal capital is evaluated prospectively, in order to protect capital adequacy under the some stress scenario like rapid and large scale currency and interest rate changes the Bank calculates capital requirement. The Bank both within own group and within the all banking system works with shareholders equity and capital ratio which are above the average. First pillar credit for calculation of legal capital adequacy, adding to market and operational risk, interest rate risk (BHFOR) due to second pillar banking calculations and concentration risk are considered.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk (Continued)

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

DATE	26/12/2016	27/12/2016	28/12/2016	29/12/2016	30/12/2016
USD	3,5029	3,5101	3,5298	3,5335	3,5208
AUD	2,5196	2,5238	2,5443	2,5438	2,5420
DKK	0,4928	0,4931	0,4968	0,4967	0,4978
SEK	0,3797	0,3804	0,3831	0,3852	0,3863
CHF	3,4158	3,4118	3,4357	3,4460	3,4413
100JPY	2,9883	2,9914	3,0036	3,0360	3,0069
CAD	2,5919	2,5951	2,6004	2,6120	2,6097
NOK	0,4028	0,4029	0,4058	0,4064	0,4071
GBP	4,3026	4,3108	4,3342	4,3328	4,3207
SAR	0,9337	0,9353	0,9403	0,9414	0,9386
EUR	3,6626	3,6652	3,6939	3,6932	3,7000
KWD	11,4287	11,4485	11,5202	11,5436	11,4984
XDR	4,8676	4,8776	4,9050	4,9102	4,8925
BGN	1,8727	1,8742	4,9050	1,8881	1,8919
IRR	0,0108	0,1086	0,1091	0,1091	0,0109
RON	0,8063	0,8080	0,8136	0,8117	0,8152
RUB	0,5755	0,5767	0,5816	0,0586	0,0580

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

Currency	Average December 2016
USD	3,4924
AUD	2,5639
DKK	0,4952
SEK	0,3789
CHF	3,4328
100JPY	3,0086
CAD	2,6162
NOK	0,4078
GBP	4,3590
SAR	0,9308
EUR	3,6824
KWD	11,4180
XDR	4,8531
BGN	1,8827
IRR	0,0108
RON	0,8148
RUB	0,0564

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk (Continued)

7. Information related to Bank's Currency Risk

Current Period 31 December 2016	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	370.004	-	-	370.004
Banks	382.560	2.006.163	8.788	2.397.511
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans	27.669.329	25.844.659	49.989	53.563.977
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	105.554	-	105.554
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	1.854.896	170.656	140.637	2.166.189
Total Assets	30.276.789	28.127.032	199.414	58.603.235
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	24.342.524	26.635.726	740.595	51.718.845
Marketable Securities Issued	-	7.827.323	-	7.827.323
Miscellaneous Payables	2.287.738	342.654	104.205	2.734.597
Derivative Financial Liabilities for Hedging Purposes	-	149.014	-	149.014
Other Liabilities	5.203	273.280	216	278.699
Total Liabilities	26.635.465	35.227.997	845.016	62.708.478
Net Balance Sheet Position	3.641.324	(7.100.965)	(645.602)	(4.105.243)
Net off Balance Sheet Position	(3.636.425)	7.205.240	643.601	4.212.416
Financial Derivative Assets	740	13.547.726	715.642	14.264.108
Financial Derivative Liabilities	3.637.165	6.342.486	72.041	10.051.692
Non-Cash Loans	52.968	3.810.377	233	3.863.578
Prior Period 31 December 2015				
Total Assets	15.856.735	21.110.467	35.372	37.002.574
Total Liabilities	14.833.344	24.288.450	4.981	39.126.775
Net on Balance Sheet Position	1.023.391	(3.177.983)	30.391	(2.124.201)
Net off Balance Sheet Position	(1.010.867)	3.263.993	(27.843)	2.225.283
Financial Derivative Assets	-	6.825.585	-	6.825.585
Financial Derivative Liabilities	1.010.867	3.561.592	27.843	4.600.302
Non-Cash Loans	8.411	2.746.070	-	2.754.481

⁽¹⁾ In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign Currency Income Accruals of Derivative Financial Instruments TL 116.578 and Foreign Currency Expense Accruals of Derivative Financial Instruments TL 41.105 are not included.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Currency risk (Continued)

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

The effect of the Bank's currency positions as of 31 December 2016 and 31 December 2015 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period 31.12.2016		Prior Period 31.12.2015	
	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾
USD	9.231	10.427	7.712	8.601
EUR	490	490	1.252	1.252
JPY	-	-	-	-
Other foreign currency	(200)	(200)	255	255
Total, net	9.521	10.717	9.220	10.108

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

As of 31 December 2016 and 31 December 2015, the effect of the appreciation of TL by 10% against other currencies with all other variables held constant on net profit and equity of the Bank is the same as the total amount with a negative sign as presented in the above table.

IV. Interest rate risk

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

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

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

As of 31 December 2016, the Bank has hedged the risk between variable interest rate liabilities and fixed interest rate assets with 4 short term, 11 long term interest swaps denominated in USD.

As of 31 December 2016, 9 FC- FC and, 4 FC-TL short-term, and 1 FC- TL and 6 FC-FC long-term currency swap transactions, 1 FC-TL forward and 419 TL-FC forward transactions have been carried out.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. Interest rate risk (Continued)

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

(Periods remaining to reprising dates)

Current Period End 31.12.2016	Up to 1 Month	1 - 3 Months	3 - 12 Months	1- 5 Years	Over 5 Year	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	370.991	370.991
Banks	2.133.055	-	-	-	-	384.993	2.518.048
Financial Assets at Fair Value Through Profit/Loss	118.590	13	-	2.051	8.627	-	129.281
Interbank Money Market Placements	368.160	-	-	-	-	-	368.160
Available-for-sale Financial Assets	-	-	-	-	-	21.124	21.124
Loans ⁽¹⁾	11.352.636	16.689.889	32.995.452	482.484	-	89.303	61.609.764
Held-to-maturity investments	59.395	-	39.154	-	-	-	98.549
Other Assets	44.475	96.426	236.812	82.598	-	2.700.086	3.160.397
Total Assets	14.076.311	16.786.328	33.271.418	567.133	8.627	3.566.497	68.276.314
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	69.000	-	-	-	-	-	69.000
Miscellaneous Payables	-	-	8.780	-	-	2.738.668	2.747.448
Issued Marketable Securities	-	90.558	335.515	6.042.471	1.358.779	-	7.827.323
Funds Borrowed from other Financial Institutions	3.679.258	16.297.728	29.095.987	2.645.872	-	-	51.718.845
Other Liabilities ⁽²⁾	9.232	51.183	189.543	38.416	-	5.625.324	5.913.698
Total Liabilities	3.757.490	16.439.469	29.629.825	8.726.759	1.358.779	8.363.992	68.276.314
Balance Sheet Long Position	10.318.821	346.859	3.641.593	-	-	-	14.307.273
Balance Sheet Short Position	-	-	-	(8.159.626)	(1.350.152)	(4.797.495)	(14.307.273)
Off-balance Sheet Long Position	3.108.334	4.666.413	4.750.032	-	-	-	12.524.779
Off-balance Sheet Short Position	(3.074.717)	(4.667.193)	(4.831.424)	-	-	-	(12.573.334)
Total Position	10.352.438	346.079	3.560.201	(8.159.626)	(1.350.152)	(4.797.495)	(48.555)

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. Interest rate risk (Continued)

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

(Periods remaining to reprising dates)

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. Interest rate risk (Continued)

2. Average interest rates for monetary financial instruments

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

	EUR	USD	JPY	TL
Current Period End 31.12.2016				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	0,40	-	-
Banks	0,09	0,54	-	9,82
Financial Assets at Fair Value Through Profit/Loss	-	-	-	8,30
Interbank Money Market Placements	-	-	-	10,29
Available-for-sale Financial Assets	-	-	-	-
Loans	1,54	2,09	1,68	8,41
Held-to-maturity Investments	-	-	-	10,72
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	8,82
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	5,38	-	-
Funds Borrowed from Other Financial Institutions	0,55	0,98	1,70	-

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. Share position risk resulting from the banking accounts

1. Categorization of the risks by their relations with the earnings indicated in the equities and their purposes including strategic reasons and general information on used accounting techniques along with the assumptions regarding the relevant practices, the factors affecting the evaluation, and significant changes

Being an investee of the Bank, with a share ratio of 9,78%, Garanti Faktoring AŞ shares are listed in the stock exchange. As of the end of the month, these shares are assessed on the basis of their value in the stock exchange and once recognized, they are followed in the account of available-for-sale securities in line with Turkish Accounting Standards.

The Bank has 1,69% share of Credit Guarantee Fund. Following the registration and announcement articles of association of 6362 numbered Capital Markets Board (CMB) in the frame of article “four percent of the capital is assigned to the available member of Borsa İstanbul AŞ (BIST) by bonus issue”, each Borsa İstanbul AŞ (C) group shareholding interest, 1 kurus nominal, 15.971.094 in total, TL 160 amounted share is assigned to the Bank by bonus share issues.

2. The balance sheet value, the fair value and, if the ones listed in the exchange stock have critical difference compared to the fair value, the comparison with the market price

	Share Investments	Comparison		
		The balance sheet value	Fair Value	The balance sheet value
1	Stock Investment Group A	-	-	-
	Listed on stock Exchange	-	-	-
2	Stock Investment Group B	-	-	-
	Listed on stock Exchange	-	-	-
3	Stock Investment Group C	-	-	-
	Listed on stock exchange	-	-	-
	Stock Investment Group	-	-	-

3. Types and amounts of the positions quoted to the stock market, private and equity investments with sufficient diversity and other risks

Garanti Faktoring AŞ shares are included in B Group shares are valued with stock market price and the total sum of these valued shares is TL 16.245 as of the date of the report.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. Share position risk resulting from the banking accounts (Continued)

4. Cumulative gain or loss due to sales and liquidation within the period

There is not any cumulative gain or loss due to sales and liquidation within the period.

5. Total sum of unrealized gain or loss, total revaluation appreciation and the amounts related to those which have been included in the core and supplementary capital

	Portfolio	Gain/ loss realized within the period	Revaluation appreciation		Unrealized gain and loss		
			Total	Those included in supplementary capital	Total	Those included in core capital	Those included in supplementary capital
1	Private equity investments	-	-	-	-	-	-
2	Shares quoted to the stock market	-	6.043	-	-	-	-
3	Other shares	-	-	-	-	-	-
4	Total	-	6.043	-	-	-	-

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 is calculating the credit risk with the standard method. Stock investments are calculated according to the table below.

	Account Balance	Amount subject to credit risk	Capital obligation
Quated Shares	10.202	10.202	816
Unquoted Shares	4.879	4.879	390
Securities increment value	6.043	6.043	484

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk

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

b) The Bank's sole shareholder is the Republic of Turkey Undersecretariat of Treasury. Therefore another partnership 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, Bank prefer 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 investment and participation bank to eliminate the risk of sudden absence of deposits and draws are a significant contribution to the reduction of liquidity risk. As well as resource availability before then and syndicated loans to V. S. type accumulating money before amortization of external liabilities of the bank's liquidity risk mitigation fundamental principles such as the implementation of these techniques are redeemed.

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

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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

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

Current Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
11.11.2016	99,34	7.10.2016	30,26	11.11.2016	93,85	7.10.2016	20,75

Prior Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
27.11.2015	11,35	6.11.2015	4,74	All weeks Between 02.10.2015 01.01.2016	-	All weeks Between 02.10.2015 01.01.2016	-

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

Also Eximbank is subject to the liquidity coverage ratio outlined in Regulations Considering The Calculation And Assessment Of Bank Liquidity Coverage Ratio and the bank is keeping these ratios above the stated limit.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

2. Liquidity Coverage Ratio

		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
Current Period (31.12.2016)					
High-Quality Liquid Assets					
1	Total high-quality liquid assets (HQLA)			600.004	546.181
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	-	-	-	-
6	Operational deposits	-	-	-	-
7	Non-operational deposits	-	-	-	-
8	Unsecured funding	3.509.804	3.509.804	3.509.804	3.509.804
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-	218.070	214.620
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	1.131.953	1.131.739
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	149.549	127.387
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	174.493	174.493
16	Total Cash Outflows			5.183.869	5.158.043
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	6.043.595	4.736.001	6.043.595	4.736.001
19	Other cash inflows	62.858	2.928	62.858	2.928
20	Total Cash Inflows	6.106.453	4.738.929	6.106.453	4.738.929
21	Total HQLA			600.004	546.181
22	Total Net Cash Outflows			1.387.808	1.589.450
23	Liquidity Coverage Ratio (%)			43,23%	34,36%

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

2. Liquidity Coverage Ratio (Continued)

Prior Period (31.12.2015)		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets					
1	Total high-quality liquid assets (HQLA)			57.724	-
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	-	-	-	-
6	Operational deposits	-	-	-	-
7	Non-operational deposits	-	-	-	-
8	Unsecured funding	4.112.767	4.108.482	2.063.047	2.058.761
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	1.003.858	681.653	1.003.857	681.652
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	6.950	4.702	2.780	1.881
14	Other revocable off-balance sheet commitments and contractual obligations	9.771.219	7.686.049	488.560	384.302
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	Total Cash Outflows			3.558.244	3.126.596
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	5.666.804	4.506.735	3.638.772	2.752.493
19	Other cash inflows	931.742	919.637	931.742	919.636
20	Total Cash Inflows	6.598.546	5.426.372	4.570.514	3.672.129
				Max Limit applied values	
21	Total HQLA			57.724	-
22	Total Net Cash Outflows			889.561	782.309
23	Liquidity Coverage Ratio (%)			6,49%	-

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

2. Liquidity Coverage Ratio (Continued)

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

- a) The LCR which has been introduced to ensure banks to preserve sufficient stock of high quality assets to meet their net cash outflows that may occur in the short term is calculated as per the Communiqué on ‘Measurement and Assessment of the Liquidity Coverage Ratio of Banks’. The ratio is directly affected by the level of unencumbered high quality assets which can be liquidated at any time and net cash inflows and outflows arising from the Bank’s assets, liabilities and off-balance sheet transactions.
- b) The Bank’s high quality liquid asset stock primarily consists of cash, the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.
- c) Important funding sources of the Bank are funds from CBRT rediscount loans, short-term loans from domestic and overseas banks, medium and long-term funds borrowed from international organizations like World Bank, JBIC and funds obtained from capital market transactions by issuing debt securities.
- d) Cash flows of derivatives that will taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation
- 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 distribute funding sources between CBRT, domestic banks and international development and investment banks carefully and balanced manner. Bank’s principle to take first quality collaterals like guarantee letters and aval. To prevent concentration risk the bank monitoring the breakdown of the collaterals taken from banks and made policy limit controls for to not take risks up to 20% of each banks’ total cash and non-cash loans.
- f) Taking into account the legal and operational liquidity transfer inhibiting factors, the needed funds and the liquidity risk exposure based on Banks itself, the branches in foreign countries and consolidated partnerships.
None.
- g) Taken in the calculation of liquidity coverage ratio but not included in the disclosure template in the second paragraph and the information regarding the other cash inflows and cash outflows items which are thought to be related to the Bank’s liquidity profile:
None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated ⁽¹⁾	Total
Current Period 31.12.2016								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	370.991	-	-	-	-	-	-	370.991
Banks	384.993	2.133.055	-	-	-	-	-	2.518.048
Financial Assets at Fair Value Through Profit or Loss	-	2.171	12	-	118.470	8.628	-	129.281
Interbank Money Market Placements	-	368.160	-	-	-	-	-	368.160
Available-for-sale Financial Assets	21.124	-	-	-	-	-	-	21.124
Loans ⁽⁴⁾	-	7.568.774	10.987.395	27.633.671	14.468.494	862.127	89.303	61.609.764
Held-to-maturity Investments	-	45.820	-	52.729	-	-	-	98.549
Other Assets	-	44.474	71.032	130.830	105.553	108.422	2.700.086	3.160.397
Total Assets	777.108	10.162.454	11.058.439	27.817.230	14.692.517	979.177	2.789.389	68.276.314
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	448.559	12.128.387	25.535.023	6.668.277	6.938.599	-	51.718.845
Funds From Interbank Money Market	-	69.000	-	-	-	-	-	69.000
Marketable Securities Issued	-	-	90.558	331.532	6.146.454	1.258.779	-	7.827.323
Miscellaneous Payables	-	-	-	8.780	-	-	2.738.668	2.747.448
Other Liabilities ⁽²⁾⁽³⁾	-	9.232	580	43.127	124.665	110.770	5.625.324	5.913.698
Total Liabilities	-	526.791	12.219.525	25.918.462	12.939.396	8.308.148	8.363.992	68.276.314
Liquidity Gap	777.108	9.635.663	(1.161.086)	1.898.768	1.753.121	(7.328.971)	(5.574.603)	-
Net Off-Balance Sheet Position	-	35.891	61.861	151.732	59.655	104.006	-	413.145
Derivative Financial Assets	-	1.011.921	711.136	3.390.049	5.116.642	4.018.063	-	14.247.811
Derivative Financial Liabilities	-	1.015.527	649.265	3.240.378	5.056.986	3.914.147	-	13.876.303
Non-Cash Loans	-	-	-	-	-	-	3.863.578	3.863.578
Prior Period 31.12.2015								
Total Assets	37.314	3.854.708	7.758.240	20.478.017	11.449.875	140.062	719.579	44.437.795
Total Liabilities	-	814.450	10.670.386	18.779.602	5.090.716	3.102.140	5.980.501	44.437.795
Net Liquidity Gap	37.314	3.040.258	(2.912.146)	1.698.415	6.359.159	(2.962.078)	(5.260.922)	-
Net Off-Balance Sheet Position	-	6.163	(2.929)	(90.720)	60.724	1.885	-	(24.877)
Derivative Financial Assets	-	461.562	740.721	3.063.204	2.184.900	504.558	-	6.954.945
Derivative Financial Liabilities	-	455.399	743.650	3.153.924	2.124.176	502.673	-	6.979.822
Non-Cash Loans	-	-	-	-	-	-	2.754.481	2.754.481

- (1) Assets such as property and equipment and intangible assets, investments, subsidiaries, office supply inventory, prepaid expenses, miscellaneous receivables and other assets are classified in this column.
- (2) Liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as equity, provisions, miscellaneous payables are classified in this column.
- (3) In other liabilities line amount of TL 5.625.324 at the "unallocated" column, includes the shareholders' equity amounting to TL 5.200.734 and provisions amounting to TL 230.229.
- (4) Loans consist of net value of non-performing loans at "non-interest bearing" column amounting TL 89.303.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

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

31 December 2016	Book Value	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	51.718.845	6.897.573	9.370.564	24.417.231	6.464.869	4.684.999	-	51.835.236
Funds borrowed from Interbank money market	69.000	69.000	-	-	-	-	-	69.000
Marketable securities issued	7.827.323	-	91.321	341.104	7.455.884	1.949.643	-	9.837.952
Miscellaneous payables	2.747.448	-	-	8.780	-	-	2.738.668	2.747.448
Other liabilities	482.735	9.232	580	43.127	124.665	110.771	194.360	482.735
Total liabilities	62.845.351	6.975.805	9.462.465	24.810.242	14.045.418	6.745.413	2.933.028	64.972.371
Guarantees and commitments	-	-	-	3.863.578	-	-	-	3.863.578

31 December 2015	Book Value	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	32.988.250	593.409	10.668.318	17.258.998	2.891.137	1.748.342	-	33.160.204
Funds borrowed from Interbank money market	200.000	200.000	-	-	-	-	-	200.000
Marketable securities issued	5.088.218	-	36.415	1.699.707	2.797.182	1.529.430	-	6.062.734
Miscellaneous payables	898.347	-	-	5.084	5.085	-	888.178	898.347
Other liabilities	258.353	7.094	2.550	78.619	82.394	-	87.696	258.353
Total liabilities	39.433.168	800.503	10.707.283	19.042.408	5.775.798	3.277.772	975.874	40.579.638
Guarantees and commitments	-	-	-	2.754.481	-	-	-	2.754.481

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. Liquidity risk (Continued)

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

31 December 2016	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	684.958	53.741	61.694	1.966.671	1.652.588	4.419.652
- Inflow	685.339	58.289	97.174	1.868.956	1.455.170	4.164.928
Interest rate derivatives						
- Outflow	-	2.533	681.992	-	-	684.525
- Inflow	-	4.310	678.869	-	-	683.179
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	291.806	655.455	2.582.796	458.332	-	3.988.389
- Inflow	327.330	720.186	2.742.080	536.349	-	4.325.945
Interest rate derivatives						
- Outflow	-	32.312	277.241	4.929.024	1.991.787	7.230.364
- Inflow	-	33.117	282.301	4.807.017	1.949.643	7.072.078
Total outflow	976.764	744.041	3.603.723	7.354.027	3.644.375	16.322.930
Total inflow	1.012.669	815.902	3.800.424	7.212.322	3.404.813	16.246.130

31 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	210.309	13.039	97.069	1.032.440	804.199	2.157.056
- Inflow	211.377	15.382	106.882	1.146.492	781.217	2.261.350
Interest rate derivatives						
- Outflow	44.079	-	265.911	-	-	309.990
- Inflow	43.868	1.231	264.642	-	-	309.741
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	201.390	744.555	1.373.971	-	-	2.319.916
- Inflow	206.490	741.202	1.283.220	-	-	2.230.912
Interest rate derivatives						
- Outflow	-	-	1.622.008	1.621.432	-	3.243.440
- Inflow	-	-	1.639.056	2.038.056	-	3.677.112
Total outflow	455.778	757.594	3.358.959	2.653.872	804.199	8.030.402
Total inflow	461.735	757.815	3.293.800	3.184.548	781.217	8.479.115

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. Leverage ratio

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

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

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

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

None.

c) The leverage ratio table is presented below:

	Current Period ^(*)	Prior Period ^(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including	66.140.749	44.784.646
Assets amounts deducted in determining Basel III Tier 1 capital	(6.456)	(7.874)
Total on balance sheet exposures	66.134.293	44.776.772
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit	9.278	1.621
The potential amount of credit risk with derivative financial instruments and	744.026	191.057
The total amount of risk on derivative financial instruments and credit derivatives	753.304	192.678
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing		
transactions (Excluding on balance sheet items)	-	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	21.815.662	12.578.447
Adjustments for conversion to credit equivalent amounts	(14.005.579)	(8.569.498)
The total risk of off-balance sheet items	7.810.083	4.008.949
Capital and Total Exposures		
Tier 1 Capital	5.176.461	4.764.396
Total Exposures	74.697.680	48.978.399
Leverage Ratio		
Leverage Ratio	6,93%	9,73%

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

In the table below, the book value and fair value of the financial assets and liabilities which are not denominated with their fair values in financial statements of the parent bank are shown.

	Carrying Value		Fair Value	
	Current Period 31.12.2016	Prior Period 31.12.2015	Current Period 31.12.2016	Prior Period 31.12.2015
Financial Assets				
Due From Interbank Money Market ⁽¹⁾	-	-	-	-
Banks ⁽¹⁾	2.518.048	164.402	2.518.048	164.402
Available-for-sale Financial Assets	4.879	4.370	4.879	4.370
Held-to-maturity Investments	98.549	255.968	100.353	262.125
Loans	61.609.764	43.159.126	62.484.286	44.443.714
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	51.807.130	33.309.841	53.509.041	33.572.245
Issued Marketable Securities	7.827.323	5.088.218	8.063.949	6.062.734
Miscellaneous Payables ⁽¹⁾	2.747.448	898.347	2.747.448	898.347

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

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

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

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

Fair value measurement classification

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	10.678	118.603	-	129.281
Available-for-sale financial assets ⁽¹⁾	16.245	-	-	16.245
Derivative financial assets held for fair value hedges	-	460.311	-	460.311
Financial liabilities				
Trading derivative financial liabilities	-	41.322	-	41.322
Derivative financial assets held for fair value hedges	-	150.529	-	150.529

31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	14.305	-	-	14.305
Available-for-sale financial assets ⁽¹⁾	13.681	-	-	13.681
Derivative financial assets held for fair value hedges	-	105.138	-	105.138
Financial liabilities				
Trading derivative financial liabilities	-	635	-	635
Derivative financial assets held for fair value hedges	-	42.823	-	42.823

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

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

The Bank has carried out no transactions on behalf of and account of others and there are not any trust transactions.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management

1. The Bank's risk management policy

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

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

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

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

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

2. Overview of risk weighted amounts

		Risk Weighted Amount		Minimum Capital Requirements
		Current Period 31.12.2016	Prior Period 31.12.2015	Current Period 31.12.2016
1	Credit risk (excluding counterparty credit risk) (CCR)	37.799.302	25.101.653	3.023.944
2	Of which standardized approach (SA)	37.799.302	25.101.653	3.023.944
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	389.925	91.483	31.194
5	Of which standardized approach for counterparty credit risk (SA-CCR)	389.925	91.483	31.194
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under basic risk weighting or internal rating-based approach	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	446.963	97.425	35.757
17	Of which standardized approach (SA)	446.963	97.425	35.757
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	1.075.641	826.104	86.051
20	Of which Basic Indicator Approach	1.075.641	826.104	86.051
21	Of which Standardized approach (SA)	-	-	-
22	Of which Advanced measurement approach	-	-	-
23	The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	39.711.831	26.116.665	3.176.946

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

3. Linkages between Financial Statements and Risk Amounts

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

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	
Assets						
Cash and CBRT	370.991	370.991	-	-	-	-
Financial Assets Held for Trading	129.281	-	118.603	-	10.678	-
Financial Assets At Fair Value Through Profit/Loss	-	-	-	-	-	-
Banks	2.518.048	2.518.048	-	-	-	-
Money Market Placements	368.160	368.160	-	-	-	-
Financial Assets Available-for-Sale	21.124	21.124	-	-	-	-
Loans and Receivables	61.609.764	61.609.764	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Investment Held-to-Maturity	98.549	98.549	-	-	-	-
Subsidiaries	-	-	-	-	-	-
Investment in Associates	-	-	-	-	-	-
Joint-Ventures	-	-	-	-	-	-
Lease Receivables	-	-	-	-	-	-
Derivative Financial Assets Held for Risk Management	460.311	-	460.311	-	-	-
Tangible Assets	7.404	5.218	-	-	-	2.186
Intangible Assets	2.759	-	-	-	-	2.759
Investment Properties	2.331	2.331	-	-	-	-
Tax Asset	-	-	-	-	-	-
Assets Held for Sale and Discontinued Operations	-	-	-	-	-	-
Other Assets	2.687.592	2.687.592	-	-	-	-
Total Assets	68.276.314	67.681.777	578.914	-	10.678	4.945
Liabilities						
Deposits	-	-	-	-	-	-
Derivative Financial Liabilities Held for Trading	41.322	-	41.322	-	-	-
Funds Borrowed	51.718.845	-	-	-	-	51.718.845
Money Market Funds	69.000	-	69.000	-	-	-
Marketable Securities Issued	7.827.323	-	-	-	-	7.827.323
Funds	13	-	-	-	-	13
Miscellaneous Liabilities	2.747.448	-	-	-	-	2.747.448
Other Liabilities	194.346	-	-	-	-	194.346
Factoring Payables	-	-	-	-	-	-
Lease Payables	-	-	-	-	-	-
Derivative Financial Liabilities Held for Risk Management	150.529	-	150.529	-	-	-
Provisions	230.229	-	-	-	-	230.229
Tax Liability	8.240	-	-	-	-	8.240
Assets Held For Sale and Related to Discontinued Operations	-	-	-	-	-	-
Subordinated Debts	88.285	-	-	-	-	88.285
Shareholders' Equity	5.200.734	-	-	-	-	5.200.734
Total Liabilities	68.276.314	-	260.851	-	-	68.015.463

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

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

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

		Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk	Not Subject to Capital Requirements or Deducted from Capital
1	Asset carrying value amount under regulatory in financial statement	68.276.314	67.681.777	-	578.914	10.678	4.945
2	Liabilities carrying value amount under regulatory in financial statement	68.276.314	-	-	-	-	-
3	Total net amount scope of financial statement	-	-	-	-	-	-
4	Off-balance sheet amounts	4.319.340	4.319.340	-	-	-	-
5	Differences in valuations	-	-	-	-	-	-
6	Differences due to different netting rules	-	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-	-
9	Risk Amounts	72.595.654	72.001.117	-	578.914	10.678	4.945

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk

A letter of guarantee from commercial banks, warranty etc. for the loans the Bank uses. As well as the principle of receiving first quality guarantee. For this reason, the "institutional receivables" risk category is largely transformed into "receivables from banks and intermediary institutions".

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

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

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

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

5.1. Credit quality of assets

	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values
	Defaulted	Non-defaulted		
1 Loans	233.087	61.779.329	402.652	61.609.764
2 Debt Securities	-	110.950	1.723	109.227
3 Off-balance sheet exposures	-	-	-	-
4 Total	233.087	61.890.279	404.375	61.718.991

5.2. Changes in stock of default loans and debt securities

1	Defaulted loans and debt securities at end of the previous reporting period	131.688
2	Loans and debt securities that have defaulted since the last reporting period	161.067
3	Receivables back to non-defaulted status	-
4	Amounts written off	(4.814)
5	Other changes	(54.854)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	233.087

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk

5.3. Additional Explanation about the Credit Quality of Asset

Additional qualitative disclosures about the credit quality of assets

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

In case the credit borrower is not exercised within 90 days following the occurrence of diligence, the overdue receivable is classified in the following loans according to the "Regulation on the Procedures and Principles for the Classification of Loans and the Provisions to be Forwarded". In accordance with the related regulation, provision is made based on the credit classes over the remainder of the main debt of the loan after consideration of the credit guarantees.

In addition, despite the fact that in accordance with Article 13 entitled "Exceptions to the Procedures and Principles for the Determination of the Qualifications of Credits and Other Receivables in Banks and the Provisions to be Shared", the specific and general provision rates for the transactions to be carried out under the Bank's Establishment Law are taken as zero percent, The Bank allocates provisions within prudent banking principles.

Loans and other receivables restructured or rescheduled in order to provide liquidity to the borrower and to collect the receivables of the borrower pursuant to the related provisions of the regulation are followed by debt to the relevant loan accounts after the conditions specified in the said Regulation are fulfilled. As of 31 December 2016, there are no restructured or rescheduled loans among the non-performing loans and there receivables are restructured or rescheduled loans and receivables with a total amount of TL 3.004.739 among standart loans and loans in close follow-up.

Additional quantitative disclosures about the credit quality of assets

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

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

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

Current Period	Non-Performing Loans (*)	Specific Provision
Domestic	465.917	143.784
EU Countries	-	-
OECD Countries	-	-
Off-shore Banking Regions	-	-
USA, Canada	-	-
Other Countries	-	-
Total	465.917	143.784

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk

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

Current Period	Non-Performing Loans (*)	Specific Provision
Agriculture	40.711	4.046
Farming and Stockbreeding	12.841	3.676
Forestry	27.515	15
Fishery	355	355
Manufacturing	413.502	128.464
Mining and Quarrying	579	579
Production	412.923	127.885
Electricity, Gas and Water	-	-
Construction	250	250
Services	5.236	4.806
Wholesale and Retail Trade	3.556	3.556
Hotel, Food and Beverage services	-	-
Transportation and Telecom	455	25
Financial Institutions	292	292
Real Estate and Rental Services	308	308
Self-employment Services	625	625
Educational Services	-	-
Health and Social Services	-	-
Other	6.218	6.218
Total	465.917	143.784

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

As of 31 December 2016, the total of non-performing loans written off from assets is amounting to TL 4.814.

c) Aging Analysis for overdue receivables

Current Period	Past due items (*)
Up to 3 months	238.805
3-12 months	108.047
1-5 years	576
5 years and over	118.489
Total	465.917

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

d) Analysis of restructured loans according to making provision

Current Period	Restructured Receivables
Restructured Standard Loans and Other Receivables	2.962.354
Loans and Other Receivables Under Close Monitoring	42.385
Restructured Non-performing Loans	-
Total	3.004.739

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk

5.4. Credit risk mitigation techniques

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

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

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

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

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

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

5.4.4 Risk Decreasing Techniques – General Overview

	Exposures unsecured	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	9.297	61.600.467	61.520.174	-	-	-	-
2 Debt securities	37.715	71.512	65.000	-	-	-	-
3 Total	47.012	61.671.979	61.585.174	-	-	-	-
4 Of which defaulted	-	89.303	-	-	-	-	-

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk

5.4. Credit risk mitigation techniques (Continued)

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

Risk Groups		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet Amount	Off-balance sheet amount	Risk-weighted amount	Risk-weighted amount density (%)
1	Exposures to sovereigns and their central banks	2.085.404	1.700.799	2.155.501	19.821	1.037.911	47,71
2	Exposures to regional and local governments	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and securities firms	9.990.223	11.534.466	62.694.983	2.387.551	32.078.269	49,29
7	Exposures to corporates	50.337.671	9.179.487	-	1.538.281	1.538.281	100,00
8	Retail exposures	2.446.483	1.052.195	9.297	373.687	287.239	75,00
9	Exposures secured by residential property	16.392	-	16.392	-	16.392	100,00
10	Exposures secured by commercial property	-	-	-	-	-	-
11	Past-due loans	89.303	-	89.303	-	124.945	139,91
12	Exposures in higher-risk categories	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	2.695.177	-	2.695.177	-	2.695.141	100,00
17	Equity investments	21.124	-	21.124	-	21.124	100,00
18	Total	67.681.777	23.466.947	67.681.777	4.319.340	37.799.302	52,50

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

5. Public Explanations on Credit Risk

5.4. Credit risk mitigation techniques (Continued)

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

	Risk Groups/ Risk Weights	0%	10%	20%	50% ⁽¹⁾	75%	100%	150%	200%	Others	Total risk amount ⁽²⁾
1	Exposures to sovereigns and their central banks	99.500	-	-	2.075.822	-	-	-	-	-	2.175.322
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and securities firms	-	-	1.583.733	63.474.555	-	24.246	-	-	-	65.082.534
7	Exposures to corporates	-	-	-	-	-	1.538.281	-	-	-	1.538.281
8	Retail exposures	-	-	-	-	382.984	-	-	-	-	382.984
9	Exposures secured by residential property	-	-	-	-	-	16.392	-	-	-	16.392
10	Exposures secured by commercial property	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	9.010	-	-	80.293	-	-	89.303
12	Exposures in higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
16	Equity investments	-	-	-	-	-	21.124	-	-	-	21.124
17	Other exposures	36	-	-	-	-	2.695.141	-	-	-	2.695.177
18	Total	99.536	-	1.583.733	65.559.387	382.984	4.295.184	80.293	-	-	72.001.117

⁽¹⁾ Secured by residential property

⁽²⁾ Exposures post-CCF and CRM

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

6. Explanations on counterparty credit risk

6.1. Qualitative Explanations on Counterparty credit risk

For transactions made with foreign banks, the amount and the maturity limit are established by the resolution of the Board of Directors. Limits are checked by Treasury Department. The majority of transactions that create counterparty risk in the bank are money and interest swaps and forward transactions intended for hedging purposes.

6.2. Counterparty credit risk (CCR) approach analysis

		Replacement Cost	Potential Credit Risk	EEPE	Alpha used for computing regulatory EAD	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
1	Standardized Approach -CCR (for derivatives)	10.537	766.654		1,40	776.192	385.750
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					66.117	223
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					169	34
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						386.007

6.3 Credit valuation adjustment (CVA) for capital obligation

		Risk Amounts (After use of credit risk mitigation techniques)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at Risk component (including the 3*multiplier)		
2	(ii) Stressed Value at Risk component (including the 3*multiplier)		
3	Total portfolio value with standardized approach CVA capital charge	14.268.592	-
4	Total subject to the CVA capital charge	7.789	3.892

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

6. Explanations on counterparty credit risk

6.4. CCR Exposures by Risk Class and Risk Weights

Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
Risk Groups									
Conditional and unconditional exposures to sovereigns and their central banks	70.197	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and securities firms	68.885	-	9.125	776.135	-	33	-	-	389.925
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization pozitions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other Exposures	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Total	139.082	-	9.125	776.135	-	33	-	-	389.925

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

6. Explanations on counterparty credit risk (Continued)

6.5. Collateral for CCR

	Collateral used in derivative transactions				Collateral used in other transactions	
	Collateral received		Posted collateral		Collateral received	Posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	65.000	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	65.000	-

6.6. Exposures to central counterparties

		Risk Amount After CCF	RWA
1	Total risks arising from transactions with qualified central counterparty		26
2	Regarding the risks arising from transactions in the Central counterpart (excluding the initial guarantee and guarantee fund amount)	-	-
3	(I) Derivative financial instruments	-	-
4	(II) Other derivative financial instruments	-	-
5	(III) Repo-reverse and repo transactions, credit securities transactions and securities or commodity lending or borrowing transactions	-	26
6	(IV) Netting groups to which cross product netting is applied	-	-
7	Supervised initial coverage	-	
8	Unsupervised initial coverage	-	-
9	Amount of paid guarantee funds	-	-
10	Undeclared guarantee fund commitment	-	-
11	Total risks arising from non-qualified central counterpart transactions		-
12	Related to the risks arising from the transactions in the central counterpart (excluding the initial guarantee and guarantee fund amount)	-	-
13	(I) Derivative financial instruments	-	-
14	(II) Other derivative financial instruments	-	-
15	(III) Repo-reverse and repo transactions, credit securities transactions and securities or commodity lending or borrowing transactions	-	-
16	(IV) Netting groups to which cross product netting is applied	-	-
17	Supervised initial coverage	-	
18	Unsupervised initial coverage	-	-
19	Amount of paid guarantee funds	-	-
20	Undeclared guarantee fund commitment	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

- X. Targets and policies of risk management (Continued)**
- 6. Explanations on counterparty credit risk (Continued)**
- 6.7. Counterparty credit risk based on risk class and probability of default**
None.
- 6.8. Counterparty credit risk based on credit variety**
None.
- 7. Change Table of Risk Weighted Amounts Based on Internal Ratinging (IDF) Approach**
None.
- 7.1. Internal Ratinging (IDF) Portfolio and Default Probability credit risk amounts based on interval**
None.
- 7.2. Effect of Credit Derivatives Used as Internal Ratinging (IDF) Credit Risk Mitigation Technique on Risk Weighted Amount**
None.
- 7.3. Specialized loans based on Internal Ratinging (IDF) and stock investments subject to simple risk weighting approach**
None.
- 7.4. Risk Weighted Assets within Internal Model Methodology**
None.
- 8. Market Risk Explanations**
- 8.1. Qualitative information to be disclosed to the public regarding market risk**

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Targets and policies of risk management (Continued)

8. Market Risk Explanations (Continued)

8.2. Standardized Approach

		Risk Weighted Amounts
	Outright Products	
1	Interest rate risk (general and specific)	264.025
2	Equity risk (general and specific)	-
3	Foreign exchange risk	182.550
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	388
7	Scenario approach	-
8	Securitizations	-
9	Total	446.963

8.3. Internal model approach for trading account

None.

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

None.

9. Explanations on Operational Risk

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

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

	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	402.983	618.962	699.082	3/3	15	86.051
Value at operational risk (Total*12.5)						1.075.641

10. The interest rate risk of the banking book items

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

	Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
1	TL	500	(97.182)	(1,82)%
	TL	(400)	83.659	1,57%
2	EUR	200	(11.250)	(0,21)%
	EUR	(200)	1.379	0,03%
3	USD	200	150.330	2,82%
	USD	(200)	(164.315)	(3,08)%
	Total (for Negative Shocks)		(79.277)	(1,48)%
	Total (for Positive Shocks)		41.898	(0,79)%

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

- XI. Explanations on Securitization**
- 1. Securitization positions on banking accounts**
None.
 - 2. Securitization positions in trading accounts**
None.
 - 3. Securitization positions in banking accounts and related capital requirement**
None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (continued)

XII. Explanations on operating segments

Information regarding operating segments as of 31 December 2016 and 31 December 2015 has been given in the following table:

Current Period 31.12.2016	Corporate Banking	Investment Banking	Undistributed	Total Operations of the Bank
Interest income	1.571.538	71.516	-	1.643.054
Interest income on loans	1.570.550	-	-	1.570.550
Interest received from banks	-	38.296	-	38.296
Interest received from money market transactions	-	8.286	-	8.286
Interest received from marketable securities	-	24.934	-	24.934
Other interest income	988	-	-	988
Interest expense	(414.795)	(369.261)	-	(784.056)
Interest on loans borrowed	(398.351)	-	-	(398.351)
Interest of repo transactions	-	-	-	-
Interest paid for money market transactions	-	-	-	-
Interest on securities issued	-	(369.261)	-	(369.261)
Other interest expenses	(16.444)	-	-	(16.444)
Net fees and commissions income	34.753	(20.897)	-	13.856
Fees and commissions received	34.753	-	-	34.753
Fees and commissions paid	-	(20.897)	-	(20.897)
Trade profit/ loss (net)	-	662.151	(1.000.621)	(338.470)
Profit/ loss on capital market transactions	-	9	-	9
Profit /loss on derivative financial transactions	-	662.142	-	662.142
Foreign exchange profit/ loss	-	-	(1.000.621)	(1.000.621)
Other operating income	142.282	-	-	142.282
Provision for impairment of loan and other receivables	(13.348)	(924)	(12.033)	(26.305)
Other operating expenses	-	-	(229.036)	(229.036)
Net period profit	1.320.430	342.585	(1.241.690)	421.325
Total segment assets	61.609.764	3.595.473	3.071.077	68.276.314
Financial assets designated at fair value through profit or loss	-	10.678	-	10.678
Trading derivative financial receivables	-	118.603	-	118.603
Receivables from banks and money markets	-	2.886.208	-	2.886.208
Available for sale financial assets	-	21.124	-	21.124
Loans and receivables	61.609.764	-	-	61.609.764
Held-to-maturity investments	-	98.549	-	98.549
Derivative financial debts with an aim of hedging	-	460.311	-	460.311
Property and equipment (net)	-	-	7.404	7.404
Intangible assets (net)	-	-	2.759	2.759
Other assets	-	-	3.060.914	3.060.914
Total segment liabilities	51.985.976	7.937.645	8.352.693	68.276.314
Trading derivative financial liabilities	-	41.322	-	41.322
Loans and funds received	51.807.130	-	-	51.807.130
Borrowings from money markets	-	69.000	-	69.000
Securities issued	-	7.827.323	-	7.827.323
Provisions	178.846	-	51.383	230.229
Equity	-	-	5.200.734	5.200.734
Other liabilities	-	-	3.100.576	3.100.576

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XII. Explanations on operating segments (Continued)

Prior Period 31.12.2015	Corporate Banking	Investment Banking	Undistributed	Total Operations of the Bank
Interest income	1.134.829	59.037	-	1.193.866
Interest income on loans	1.134.114	-	-	1.134.114
Interest received from banks	-	32.433	-	32.433
Interest received from money market transactions	-	2.005	-	2.005
Interest received from marketable securities	-	24.599	-	24.599
Other interest income	715	-	-	715
Interest expense	(191.213)	(291.415)	-	(482.628)
Interest on loans borrowed	(191.166)	-	-	(191.166)
Interest paid for repo transactions	-	(19.548)	-	(19.548)
Interest paid for money market transactions	-	-	-	-
Interest on securities issued	-	(271.867)	-	(271.867)
Other interest expenses	(47)	-	-	(47)
Net fees and commissions income	25.475	(11.677)	-	13.798
Fees and commissions received	25.475	-	-	25.475
Fees and commissions paid	-	(11.677)	-	(11.677)
Trade profit/ loss (net)	-	555.640	(700.836)	(145.196)
Profit/ loss on capital market transactions	-	(719)	-	(719)
Profit /loss on derivative financial transactions	-	556.359	-	556.359
Foreign exchange profit/ loss	-	-	(700.836)	(700.836)
Other operating income	125.702	-	-	125.702
Provision for impairment of loan and other receivables	(9.199)	(541)	(14.945)	(24.685)
Other operating expenses	-	-	(191.451)	(191.451)
Net period profit	1.085.594	311.044	(907.232)	489.406
Total segment assets	43.159.126	559.091	719.578	44.437.795
Financial assets designated at fair value through profit or loss	-	10.593	-	10.593
Trading derivative financial receivables	-	3.712	-	3.712
Receivables from banks and money markets	-	165.629	-	165.629
Available for sale financial assets	-	18.051	-	18.051
Loans and receivables	43.159.126	-	-	43.159.126
Held-to-maturity investments	-	255.968	-	255.968
Derivative financial debts with an aim of hedging	-	105.138	-	105.138
Property and equipment (net)	-	-	13.189	13.189
Intangible assets (net)	-	-	2.230	2.230
Other assets	-	-	704.159	704.159
Total segment liabilities	33.288.810	5.288.853	5.860.132	44.437.795
Trading derivative financial liabilities	-	635	-	635
Loans and funds received	33.109.841	-	-	33.109.841
Borrowings from money markets	-	200.000	-	200.000
Securities issued	-	5.088.218	-	5.088.218
Provisions	178.969	-	44.953	223.922
Equity	-	-	4.780.705	4.780.705
Other liabilities	-	-	1.034.474	1.034.474

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets

1. Cash equivalents and the account of the CBRT

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Cash/Foreign currency	36	-	29	-
CBRT	951	370.004	1.198	-
Other	-	-	-	-
Total	987	370.004	1.227	-

Information related to the account of the CBRT

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Demand Unrestricted Account	951	370.004	1.198	-
Time Unrestricted Account	-	-	-	-
Time Restricted Account	-	-	-	-
Total	951	370.004	1.198	-

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

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Financial assets under repo transactions	4.242	-	6.986	-
Financial assets given as collateral/ blocked	-	-	-	-
Total	4.242	-	6.986	-

3. Positive differences table related to trading derivative financial assets

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Forward Transactions	1.758	-	413	-
Swap Transactions	267	116.574	376	2.923
Futures Transactions	-	-	-	-
Options	-	4	-	-
Other	-	-	-	-
Total	2.025	116.578	789	2.923

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and notes related to assets (Continued)**
4. Information on banks and foreign bank accounts

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Banks				
Domestic	120.537	1.302.475	41.667	73.845
Foreign	-	1.095.036	-	48.890
Head Quarters and Branches Abroad	-	-	-	-
Total	120.537	2.397.511	41.667	122.735

Foreign Bank Account

	Unrestricted Amount		Restricted Amount	
	Current Period 31.12.2016	Prior Period 31.12.2015	Current Period 31.12.2016	Prior Period 31.12.2015
European Union Countries	1.033.072	15.027	-	-
USA, Canada	55.195	32.955	-	-
OECD Countries ⁽¹⁾	6.769	908	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	1.095.036	48.890	-	-

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

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

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

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Debt Securities		
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates		
Quoted to Stock Exchange	16.245	13.681
Not Quoted	4.879	4.370
Impairment Provision (-)	-	-
Total	21.124	18.051

As of 31 December 2016 and 31 December 2015 available for sale financial assets of the Bank consist of Garanti Faktoring AŞ and Kredi Garanti Fonu AŞ with the shareholding percentages of 9,78% and 1,69%, respectively.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans

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

	Current Period 31.12.2016		Prior Period 31.12.2015	
	Cash loans	Non-cash Loans	Cash loans	Non-cash Loans
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	9.297	-	7.569	-
Total	9.297	-	7.569	-

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	Loans and Other Receivables		Loans and Other Receivables	Restructured Loans and Other Receivables	
		The ones whose payment plans have changed (extended)	Other		The ones whose payment plans have changed (extended)	Other
Non-specialized Loans	57.842.381	2.804.109	-	190.015	42.385	-
Working capital loans	-	-	-	-	-	-
Export Loans	46.109.233	2.229.205	-	183.207	41.210	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	6.598.400	39.109	-	-	-	-
Consumer Loans	9.297	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	5.125.451	535.795	-	6.808	1.175	-
Specialized Loans	482.896	158.245	-	430	-	-
Other Receivables	-	-	-	-	-	-
Total	58.325.277	2.962.354	-	190.445	42.385	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

Number of Amendments Related to the Extension of the Payment Plan	Standard loans and other receivables	Loans under close monitoring and other receivables
Extended for 1 or 2 Times	2.634.102	-
Extended for 3, 4 or 5 Times	313.383	30.624
Extended for More than 5 Times	14.869	11.761

The Time Extended via the Amendment on Payment Plan	Standard loans and other receivables	Loans under close monitoring and other receivables
0-6 Months	1.720.897	-
6 - 12 months	586.516	11.761
1-2 Years	147.644	-
2-5 Years	307.576	-
5 Years and More	199.721	30.624

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

	Standard loans and other receivables		Loans under close monitoring and other receivables	
	Loans and Other Receivables	Loans and Other Receivables	Loans and Other Receivables	Restructured Loans and Other Receivables
Short-term Loans and other receivables	36.912.872	1.668.352	15.544	10.586
Non-specialized Loans	36.848.557	1.544.476	15.114	10.586
Specialized Loans	63.876	123.876	430	-
Other Receivables	439	-	-	-
Medium and Long-term Loans and Other Receivables	21.412.405	1.294.002	174.901	31.799
Non-specialized Loans	15.868.373	723.838	168.093	30.624
Specialized Loans	419.020	34.369	-	-
Other Receivables	5.125.012	535.795	6.808	1.175

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

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

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

As of 31 December 2016, the Bank granted personnel loans amounting to TL 9.297.

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Consumer Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	9.297	-	9.297
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	9.297	-	9.297
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credit Deposit Account-TL (Real Person)	-	-	-
Credit Deposit Account-FC (Real Person)	-	-	-
Total	9.297	-	9.297

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.6. Information on commercial installment loans and corporate credit cards

None.

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Public	3.707.478	2.150.857
Private	57.812.983	41.008.269
Total	61.520.461	43.159.126

7.8. Distribution of domestic and foreign loans

	Current Period 31.12.2016	Prior Period 31.12.2015
Domestic Loans	59.809.581	42.402.710
Foreign Loans	1.710.880	756.416
Total	61.520.461	43.159.126

7.9. Loans granted to investments in associates and subsidiaries

None.

7.10. Specific provisions accounted for loans

	Current Period 31.12.2016	Prior Period 31.12.2015
Loans and Receivables with Limited Collectability	-	-
Loans and Receivables with Doubtful Collectability	51.312	39.216
Uncollectible Loans and Receivables	92.472	92.472
Total	143.784	131.688

7.11. Information on non-performing loans (Net)

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Balance at the Beginning of the Period	-	39.216	92.472
Additions During the Period	140.440	20.627	-
Transfers from Non-performing Loans Accounts	-	-	-
Transfers to Other Non-Performing Loans Accounts	-	-	-
Collections During the Period	(51.137)	(3.717)	-
Write-offs	-	(4.814)	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	(4.814)	-
Balance at the End of the Period	89.303	51.312	92.472
Specific Provisions	-	(51.312)	(92.472)
Net Balance Sheet Amount	89.303	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period: 31.12.2016			
Balance at the End of the Period	84.706	48.523	89.794
Specific Provisions	-	(48.523)	(89.794)
Net Balance Sheet Amount	84.706	-	-
Prior Period: 31.12.2015			
Balance at the End of the Period	-	38.162	80.232
Specific Provisions	-	(38.162)	(80.232)
Net Balance Sheet Amount	-	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net) 31.12.2016			
Loans Granted to Real Persons and Corporate Entities (Gross)	89.303	51.312	92.472
Specific Provision Amount	-	(51.312)	(92.472)
Loans Granted to Real Persons and Corporate Entities (Net)	89.303	-	-
Banks (Gross)	-	-	-
Specific Provision Amount	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other loans and receivables (Net)	-	-	-
Prior Period (Net) 31.12.2015			
Loans Granted to Real Persons and Corporate Entities (Gross)	-	39.216	92.180
Specific Provision Amount	-	(39.216)	(92.180)
Loans Granted to Real Persons and Corporate Entities (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.11.6. Explanations on the write-off policy

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

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

8. Held-to-maturity investments

As of 31 December 2016, all of the marketable securities of the Bank classified under trading and held-to-maturity categories are government bonds and treasury bills.

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

Held-to-maturity investments subject to repo transactions:

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Government bonds and similar marketable securities	66.432	-	202.689	-
Total	66.432	-	202.689	-

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Government bonds and similar marketable securities	15.589	12.643
Total	15.589	12.643

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

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Government Bonds	98.549	255.968
Treasury Bills	-	-
Other Public Debt Securities	-	-
Total	98.549	255.968

8.3. Information on held-to-maturity investment securities

	Current Period 31.12.2016	Prior Period 31.12.2015
Debt Securities		
Quoted to Stock Exchange	98.549	255.968
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	98.549	255.968

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

8. Held-to-maturity investments (Continued)

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Balance at the beginning of the period	255.968	296.954
Foreign exchange differences on monetary assets	-	5.613
Purchases during the year	18.250	160.054
Disposals through sales and redemptions ⁽¹⁾	(172.196)	(204.489)
Impairment provision ⁽²⁾	(3.473)	(2.164)
Balance at the end of the period	98.549	255.968

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

⁽²⁾ Consisted of interest accruals.

9. Following information investments in associates account (net)

None.

10. Information on subsidiaries (net)

There is not any subsidiary.

11. Information related to the jointly controlled partnerships

None

12. Information on lease receivables (net)

None.

13. Positive differences table related to hedging derivative financial assets

Derivative Financial Assets Held for Cash Flow Hedges	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Fair Value Hedge ⁽¹⁾	354.757	65.274	25.270	50.690
Cash Flow Hedge	-	40.280	-	29.178
Net Investment in Abroad Hedge ⁽¹⁾	-	-	-	-
Total	354.757	105.554	25.270	79.868

⁽¹⁾ Explained in section four note 3.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

14. Explanations on property and equipment

	Immovables	Tangibles- Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2015	9.619	287	2.956	8.597	14.257	35.716
Additions	-	-	-	1.641	-	1.641
Disposals	(3.483)	(160)	-	(18)	-	(3.661)
Transfers	-	-	-	-	-	-
31 December 2015	6.136	127	2.956	10.220	14.257	33.696
Accumulated Depreciation						
1 January 2014	5.036	287	1.302	5.498	5.827	17.950
CY depreciation	140	-	571	1.099	3.064	4.874
Disposals	(2.141)	(160)	-	(16)	-	(2.317)
Transfers	-	-	-	-	-	-
31 December 2015	3.035	127	1.873	6.581	8.891	20.507
Net book value						
31 December 2015	3.101	-	1.083	3.639	5.366	13.189

	Immovables	Tangibles- Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2016	6.136	127	2.956	10.220	14.257	33.696
Additions	-	-	423	1.168	-	1.591
Disposals	-	-	-	(170)	-	(170)
Transfers	(4.566)	-	-	-	-	(4.566)
31 December 2016	1.570	127	3.379	11.218	14.257	30.551
Accumulated Depreciation						
1 January 2015	3.035	127	1.873	6.581	8.891	20.507
CY depreciation	125	-	605	1.135	3.180	5.045
Disposals	-	-	-	(170)	-	(170)
Transfers	(2.235)	-	-	-	-	(2.235)
31 December 2016	925	127	2.478	7.546	12.071	23.147
Net book value						
31 December 2016	645	-	901	3.672	2.186	7.404

As of 31 December 2016 and 31 December 2015, there is not any impairment in property and equipment.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

15. Explanations on intangible assets

The Bank classified computer software licenses under intangible assets.

Useful life of intangible assets is estimated as three years and the depreciation rate is 33,33% in accordance with the Tax Procedural Law.

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

As of 31 December 2016, the cost and the accumulated amortization of intangible assets are TL 6.104 and TL 3.345, respectively; at the beginning of the period, the gross book value and the accumulated amortization are TL 4.911 and TL 2.681, respectively.

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Net Book Value at the Beginning of the Period	2.230	1.875
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	1.193	903
Sales and Write-Off	-	-
Amounts Recorded under Revaluation Fund for Increase or Decrease in Value	-	-
Recorded Impairments in the Income Statement	-	-
Cancelled Impairments from Income Statement	-	-
Amortization Expense (-)	(664)	(548)
Net Currency Translation Differences of Foreign Subsidiaries	-	-
Other Changes in the Book Value	-	-
Net Book Value at the End of the Period	2.759	2.230

16. Information on investment properties

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Cost	4.566	-
Depreciation Expense	(2.235)	-
Net Value at the end of the Period	2.331	-

17. Information on deferred tax asset

As stated at Section 3 Note 2.16, the Bank is exempt from corporate tax, and accordingly, no deferred tax asset or liability is recognized in the accompanying financial statements.

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

None.

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items

1. Information on deposits/ funds received

The Bank does not accept deposits.

2. Table of negative differences for trading derivative financial liabilities

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Trading Derivative Financial Liabilities				
Forward Transactions	50	-	308	-
Swap Agreements	167	41.101	25	302
Futures Transactions	-	-	-	-
Options	-	4	-	-
Other	-	-	-	-
Total	217	41.105	333	302

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

As of 31 December 2016, the Bank does not have deferred day one profits and losses (31 December 2015: None).

3. Information on banks and other financial institutions

3.1. General information on banks and other financial institutions

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Borrowings from CBRT	-	32.184.331	-	22.588.506
From Domestic Banks and Institutions	-	1.153.938	50.110	999.589
From Foreign Banks, Institutions and Funds	-	18.380.576	-	9.350.045
Total	-	51.718.845	50.110	32.938.140

3.2. Information on maturity structure of borrowings

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Short-Term	-	39.307.351	50.110	28.318.685
Medium and Long-Term	-	12.499.779	-	4.741.046
Total	-	51.807.130	50.110	33.059.731

Medium and long-term loans include subordinated loans amounting to TL 88.045 (31 December 2015: TL 121.402) and interest accruals amounting to TL 240 (31 December 2015: TL 189).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- II. Explanations and notes on liabilities items (Continued)**
3. Information on banks and other financial institutions (Continued)
a. Additional explanations over areas of concentration of the liabilities of the Bank

As of 31 December 2016 and 31 December 2015, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

Funds borrowed	Current Period 31.12.2016 (*)	Prior Period 31.12.2015 (*)
CBRT Loans	32.184.331	22.588.506
Syndicated loans	8.541.338	4.315.374
European Investment Bank	2.488.295	1.532.590
International Islamic Trade Finance Corporation (ITFC)	1.360.398	-
World Bank	807.625	704.126
ING European Financial Services	742.023	638.160
Vida Finance	716.146	-
Islamic Development Bank	599.851	-
Mizuho Corporate Bank Ltd	556.064	478.185
HSBC London	451.026	133.073
Citibank Dublin	406.070	244.923
ING DIBA	397.411	-
Bank of Tokyo Mitsubishi Turkey	370.773	318.655
Avrupa Konseyi Kalkınma Bankası	370.000	159.113
Standard Chartered Bank	353.092	291.992
ABC International	339.900	418.736
Commercial Bank of Qatar	248.508	129.771
Bank of Tokyo Mitsubishi London	184.038	-
Emirates NBD	163.003	72.936
Doha Bank	141.630	218.830
Garanti International	111.692	29.192
Subordinated Loans	88.285	121.591
Banka Kombetare Tregtare Sh. A.	74.020	-
İşbank AG	37.589	-
Ziraat Bank International	37.020	-
Credite Europe N.V.	37.002	111.455
ICBC	-	146.662
ING Bank NV	-	159.217
ING Bank A.Ş.	-	23.866
Türkiye Sınai Kalkınma Bankası	-	95.488
Türkiye Kalkınma Bankası	-	50.111
Akbank	-	127.289
Total	51.807.130	33.109.841

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

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

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

The Bank performed the following repayments during the year 2016:

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Date
Citibank	10.000.000	-	04.01.2016
Avrupa Yatırım Bankası	1.914.559	-	13.01.2016
ABC International Bank	-	41.949.153	13.01.2016
Doha Bank	15.000.000	-	20.01.2016
Avrupa Yatırım Bankası	1.903.235	-	10.02.2016
ABC International Bank	-	22.447.183	19.02.2016
Dünya Bankası	4.148.051	1.109.760	01.03.2016
Syndication Loans	87.000.000	499.000.000	02.03.2016
Avrupa Yatırım Bankası	-	1.470.588	04.04.2016
Subordinated Loans	8.333.000	-	15.04.2016
Citibank	24.000.000	-	03.05.2016
Standard Chartered Bank	50.000.000	-	03.05.2016
ABC International Bank	-	33.000.000	11.05.2016
Commercial Bank of Qatar	14.500.000	-	16.05.2016
GarantiBank International N.V	10.000.000	-	18.05.2016
Standard Chartered Bank	50.000.000	-	23.05.2016
Doha Bank	25.000.000	-	24.05.2016
Credit Europe N.V.	-	35.000.000	24.05.2016
Mizuho Bank	-	50.000.000	27.05.2016
Emirates NBD	25.000.000	-	31.05.2016
ING Bank N.V.	-	50.000.000	07.06.2016
HSBC London	15.000.000	-	08.06.2016
Doha Bank	25.000.000	-	17.06.2016
Avrupa Yatırım Bankası	-	1.470.588	17.06.2016
Commercial Bank of Qatar	11.867.230	-	21.06.2016
International Islamic Trade Finance Corporation (ITFC)	350.000.000	-	11.07.2016
Avrupa Yatırım Bankası	1.914.559	-	13.07.2016
Syndication Loans	51.000.000	229.909.091	18.07.2016
Commercial Bank of Qatar	10.000.000	-	19.07.2016
Citibank	10.000.000	-	25.07.2016
Commercial Bank of Qatar	18.000.000	-	27.07.2016
Commercial Bank of Qatar	7.000.000	-	01.08.2016
ICBC London	38.649.912	-	09.08.2016
Avrupa Yatırım Bankası	1.903.235	-	10.08.2016
ICBC London	11.350.088	-	16.08.2016
Dünya Bankası	4.148.051	1.109.760	01.09.2016
HSBC London	15.183.774	-	01.09.2016
Mizuho Bank	-	100.000.000	02.09.2016
MIGA Syndication Loans	10.416.667	5.555.556	28.09.2016
Avrupa Yatırım Bankası	-	1.470.588	03.10.2016
Subordinated Loans	8.333.000	-	14.10.2016
International Islamic Trade Finance Corporation (ITFC)	50.000.000	-	18.10.2016
ABC International Bank	15.000.000	-	20.10.2016
Bank of Tokyo Mitsubishi Turkey	-	100.000.000	03.11.2016

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

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

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

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Date
Citibank	20.000.000	-	04.11.2016
HSBC London	15.179.311	-	07.11.2016
ABC International Bank	12.000.000	-	16.11.2016
Doha Bank	10.000.000	-	21.11.2016
Citibank	20.000.000	-	15.12.2016
ABC International Bank	10.000.000	-	15.12.2016
Avrupa Yatırım Bankası	-	1.470.588	19.12.2016

4. Information regarding securities issued

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

Information regarding securities issued	Current Period 31.12.2016	Prior Period 31.12.2015
Securities Issued	7.921.800	5.098.100
Discount on Issuance of Securities (-)	200.721	64.862
Bond Interest Accrual	106.244	54.980
Total	7.827.323	5.088.218

In April 2012, the Bank issued bonds amounting USD 500 million (TL 1.760.400). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

In October 2012, the Bank issued bonds amounting USD 250 million (TL 880.200). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

In September 2014, the Bank issued bonds amounting USD 500 million (TL (1.760.400)). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years.

In February 2016, the Bank issued bonds amounting USD 500 million (TL 1.760.400). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years.

In September 2016, the Bank issued bonds amounting USD 500 million (TL (1.760.400)). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is seven years.

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

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

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Securities issued positive price differences	-	152.004	-	41.950
Country Loans- Risk Premiums	-	30.192	-	36.084
Insurance Transactions	292	6.298	450	-
Iraq Loan followed on behalf of Turkish Treasury	2.048	-	2.471	-
Political Risk Loss Account	-	957	-	738
Other	1.158	1.397	1.788	4.199
Total	3.498	190.848	4.709	82.971

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

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

None.

7. Negative differences table related to hedging derivative financial liabilities

Derivative Financial Assets Held for Cash Flow Hedges	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Fair Value Hedge	1.515	149.014	32.854	9.969
Cash Flow Hedge	-	-	-	-
Net Investment in Abroad Hedge	-	-	-	-
Total	1.515	149.014	32.854	9.969

(1) Explained in Section Four note 4.3

8. Information on provisions

8.1. Information on general provisions

	Current Period 31.12.2016	Prior Period 31.12.2015
General Provisions	130.214	130.214
Provisions for Group I. Loans and Receivables	126.575	126.575
- Allocated for the ones whose payment term was extended	10.173	10.173
Provisions for Group II. Loans and Receivables	2.407	2.407
- Allocated for the ones whose payment term was extended	2.190	2.190
Provisions for Non Cash Loans	985	985
Other	247	247

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

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

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

None.

8.4. Information on other provisions

8.4.1. Information on provisions for probable risks

	Current Period 31.12.2016	Prior Period 31.12.2015
Provisions for Probable Risks	38.331	42.008

In accordance with the decision of the Executive Committee, as there is not any improvement in the collection of the receivables amounting to USD 4.868.428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarme and Ministry of Defense under the scope of Russian Federation Deferred Loan for the last six years, the Bank has provided 100% additional impairment provision.

As of 31 December 2016, the Bank recognized provisions amounting to TL 38.331 (31 December 2015: TL 27.825) considering probable compensation payments in relation to the export receivables.

Accordingly, the sum of the provisions recognized by the Bank amounts to TL 38.331 as of 31 December 2016 (31 December 2015: TL 42.008).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

8. Information on provisions (Continued)

8.4. Information on other provisions

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

Other provisions amounting to TL 48.632, consist of insurance reserve expense amounting to TL 38.331 and other provisions amounting to TL 10.301.

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Information on provision for taxes

None.

9.1.2. Information on taxes payable

	Current Period 31.12.2016	Prior Period 31.12.2015
Corporate Taxes Payable ⁽¹⁾	-	-
Taxation on Revenue From Securities	6	8
Property Tax	-	-
Banking Insurance Transaction Tax	2.628	1.408
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	297	161
Other	1.531	1.154
Total	4.462	2.731

(1) As stated at Section 3 Note 17 the Bank is exempt from corporate tax.

9.1.3. Information on premium payables

	Current Period 31.12.2016	Prior Period 31.12.2015
Social Security Premiums – Employee	817	724
Social Security Premiums – Employer	2.655	1.920
Bank Social Aid Pension Fund Premiums – Employee	-	-
Bank Social Aid Pension Fund Premiums – Employer	-	-
Pension Fund Membership Fee and Provisions - Employee	-	-
Pension Fund Membership Fee and Provisions - Employer	-	-
Unemployment Insurance – Employee	102	78
Unemployment Insurance - Employer	204	155
Other	-	-
Total	3.778	2.877

9.2. Information on deferred tax liability

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

10. Information on subordinated loans

Date	Number	Maturity	Interest Rate	Institution
23.07.2001	1	17 year	Six Months LIBOR + 0,75	Turkish Treasury (World Bank Sourced)

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	88.285	-	121.591
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	88.285	-	121.591

11. Information on shareholders' equity

11.1. Presentation of paid-in capital

	Current Period 31.12.2016	Prior Period 31.12.2015
Common Stock	3.700.000	2.500.000
Preferred Stock	-	-

In the context of decision taken at the Ordinary General Meeting on 22 March 2016, the Bank increased its capital from TL 2.500.000 to TL 3.700.000 by increasing TL 599.657 of TL 1.200.000 from inflation adjustment, TL 439.790 from legal reserves transferred from profit of 2015, TL 160.542 from the reserves and TL 11 from the profit not distributed in the previous years. On 2 May 2016, the capital increase process was completed in response to the BRSA's permission dated 28 April 2016.

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

Capital System	Paid-in Capital	Ceiling
Registered Capital System	3.700.000	10.000.000

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

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

Increase Date	Increase Amount	Cash	Issued of income reserves for increasing	Issued of Capital reserves for increasing
02.05.2016	1.200.000	-	11	1.199.989

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

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

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

The Bank has not any capital commitment as of 31 December 2016 and the total share capital of the Bank amounting to TL 3.700.000 is fully paid.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

11. Information on shareholders' equity (Continued)

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

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

11.4. Information on privileges given to shares representing the capital

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

11.5. Information on marketable securities value increase fund

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	7.633	-	-	-
Valuation Difference	4.327	-	8.886	-
Foreign Currency Differences	-	-	-	-
Total	11.960	-	8.886	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

As of 31 December 2016 the Bank has irrevocable commitment amounting TL 2.920.904 i (31 December 2015: TL 1.051.140).

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

None.

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Letters of Guarantee	-	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for Export Loan Insurance	3.863.578	2.754.481
Total	3.863.578	2.754.481

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

None.

1.2.3. Total amount of non-cash loans

	Current Period 31.12.2016	Prior Period 31.12.2015
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 ⁽¹⁾	3.863.578	2.754.481
Total	3.863.578	2.754.481

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Current Period 31.12.2016				Prior Period 31.12.2015			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Transportation and	-	-	-	-	-	-	-	-
Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	3.863.578	100	-	-	2.754.481	100
Total	-	-	3.863.578	100	-	-	2.754.481	100

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

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash loans				
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	3.863.578	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

1.5. Information on derivative transactions

	Current Period 31.12.2016	Prior Period 31.12.2015
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	7.284.011	1.549.890
Forward Transactions	62.073	97.452
Swap Transactions	7.219.018	1.452.438
Futures Transactions	-	-
Option Transactions	2.920	-
Interest Related Derivative Transactions (II)	1.340.602	611.772
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	1.340.602	611.772
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions:⁽¹⁾ (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	8.624.613	2.161.662
Types of Hedging Derivative Transactions		
Fair Value Hedges	19.392.865	11.678.621
Cash Flow Hedges	106.636	94.484
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions (4)	19.499.501	11.773.105
Total Derivative Transactions (A+B)	28.124.114	13.934.767

(1) Includes currency and interest swap transactions.

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

Derivative transactions processes in terms of (hedging) maximum protection of the balance sheet risks by minimizing mismatches between assets and liabilities of the Bank's. As a result of these transactions, the Bank is exposed to the risk of changes in fair value. As a result of the actions taken, fixed-rate bonds against the cross-currency swaps and interest rate swaps issued by the Bank are available.

Except for derivative financial transactions subjected to hedge accounting, the Bank is not only preserved from the risk financially, but also it has financial derivative instruments recorded as trading derivative assets and trading derivative liabilities. For this purposes the Bank mainly uses foreign currency and interest rate swaps. With these instruments, the Bank aims to prevent the currency risk and interest rate risk.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

1.7. Explanations on contingent assets and liabilities

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

As of 31 December 2016 and 31 December 2015, there is not any contingent assets.

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

In this respect, as of 31 December 2016, there are 136 legal proceedings outstanding against the Bank amounting to USD 5.990 thousand, EUR 31 thousand and TL 616 thousand as confirmed from the lawyer letter prepared by the legal department of the Bank.

In addition, there are 240 legal proceedings outstanding filed by the Bank. These legal proceedings amount to TL 192 thousand, USD 33 thousand and EUR 10 thousand.

1.8. Explanations on services in the name of others

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and notes related to income statement

1. Within the scope of interest income

1.1. Information on interest income on loans

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Interest income on the Loans				
Short-term Loans	622.874	355.427	455.451	276.943
Medium and Long-term Loans	81.282	510.554	73.531	328.175
Interest on Loans Under Follow-up	195	218	4	10
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	704.351	866.199	528.986	605.128

1.2. Information on interest income from banks

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
CBRT	-	839	-	-
Domestic Banks	29.463	4.001	30.313	1.897
From Foreign Banks	1.778	2.215	142	81
From Headquarters and Branches Abroad	-	-	-	-
Total	31.241	7.055	30.455	1.978

1.3. Information on interest income on marketable securities

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
From Trading Financial Assets	915	-	1.643	55
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	-	-	-	-
From Held-to-Maturity Investments	24.019	-	22.090	811
Total	24.934	-	23.733	866

1.4. Information on interest income received from associates and subsidiaries

There is not any interest income from associates and subsidiaries.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2. Within the scope of interest expense

2.1 Information on interest expense on borrowings

	Current Period 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Banks				
CBRT	-	152.449	-	76.086
Domestic Banks	158	12.903	117	6.745
Foreign Banks	-	231.609	411	107.807
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	1.232	-	-
Total	158	398.193	528	190.638

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 31.12.2016		Prior Period 31.12.2015	
	TL	FC	TL	FC
Interests paid to marketable securities issued	-	369.261	-	271.867

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 31.12.2016	Prior Period 31.12.2015
Gain	13.680.479	7.569.083
Trading Gains on Securities	9	74
Trading Gains on Derivative Financial Transactions	1.212.604	718.499
Foreign Exchange Gains	12.467.866	6.850.510
Loss (-)	14.018.949	7.714.279
Trading Losses on Securities	-	793
Trading Losses from Derivative Financial Transactions	550.462	162.140
Foreign Exchange Loss	13.468.487	7.551.346

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Explanations on other operating income

In the current period, the Bank recorded premium income amounting to TL 100.537 (31 December 2015: TL 90.032) within the frame of Short Term Export Credit Insurance, commission taken from reinsurance companies amounting to TL 22.956 (31 December 2015: TL 22.369) adjustment on previous years expenses amounting to TL 3.996 (31 December 2015: TL 6.740) and regarding domestic export credit insurance transactions amounting to TL 7.044 (31 Aralık 2015: TL 3.490)

Except for the matters above, there is not any extraordinary case or an important matter in other operating income that may result with a material effect on the net period income for the years 2016 and 2015.

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Specific Provisions for Loans and Other Receivables	13.347	9.199
Group III Loans and Receivables	-	-
Group IV Loans and Receivables	13.347	9.199
Group V. Loans and Receivables	-	-
Doubtful receivables such as fees, commissions and other receivables	-	-
General Provision Expenses	-	-
Provision Expense for Probable Risks	12.034	13.677
Marketable Securities Impairment Expense	924	1.809
Financial Assets at Fair Value through Profit or Loss	924	1.809
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	26.305	24.685

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

6. Information related to other operating expenses

	Current Period 31.12.2016	Prior Period 31.12.2015
Personnel Expenses	106.268	88.894
Reserve for Employee Termination benefits	1.453	1.262
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	1.478	1.097
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	5.045	4.876
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	664	548
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-	-
Other Operating Expenses	24.789	20.877
Operational Lease Expenses	5.191	4.620
Maintenance Expenses	595	345
Advertisement Expenses	36	23
Other Expenses	18.967	15.889
Loss on Sale of Assets	-	-
Other ⁽¹⁾	89.339	73.897
Total	229.036	191.451

(1) Other operating expenses include the premium amount of TL 58.063 (31 December 2015: TL 50.858) paid to reinsurance companies within the scope of short-term export credit insurance.

7. Explanation on tax provisions for continuing and discontinued operations

None.

8. Explanation on net income/loss for the period

8.1. If the nature, size and the reoccurrence rate of the income and expense resulting from the ordinary banking activities are important to explain the performance of the Bank in the current period, the nature and the amount of these transactions

Not needed.

8.2. If the changes in the estimates of the financial statement accounts may affect the profit/loss in the following periods, related periods and the necessary information

None.

8.3. If the other accounts in the income statement exceed 10% of the total of the income statement, the sub-accounts constituting at least 20% of these accounts

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1.1. The increase after the revaluation of the available-for-sale investments

The fair value gains of the available-for-sale investments, other than the hedging instruments, amounting to TL 11.960 are recorded under the "Marketable Securities Value Increase Fund" account under equity.

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Hedging Reserves (Effective portion)	(767)	333

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Opening Balance		
Hedging Reserves (Effective portion)	333	-

	Current Period 31.12.2016	Prior Period 31.12.2015
Ending Balance		
Hedging Reserves (Effective portion)	(434)	333

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

When protected from cash flow risk, a derivative designated as a hedging instrument and (434) TL hedge funds (effective portion) are recorded in equity as to the gain or loss on non-derivative financial assets and liabilities.

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

None.

2. Information related to distribution of profit

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

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

Profit distributions are approved by the General Assembly of the Bank. As of the report date, no profit distribution decision has been made by the General Assembly for 2016 profit.

3. Amount transferred to legal reserves

	Current Period 31.12.2016	Prior Period 31.12.2015
Amount transferred to Legal Reserves under Dividend Distribution	25.145	21.951

4. Information on issuance of share certificates

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

None.

5. Explanations on other share capital increases

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations and notes related to statement of cash flows

1. Information on the cash and cash equivalents

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

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

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

Beginning of the Period	31.12.2016	31.12.2015
Cash and effectives	36	41
Interbank Money Market Placements	2.889.003	990.785
Money market placements	368.160	75.105
Total Cash and Cash Equivalents	3.257.199	1.065.931

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

	Current Period 31.12.2016	Prior Period 31.12.2015
Cash	370.991	1.227
Cash and effectives	36	29
Central Bank	370.955	1.198
Cash Equivalents	2.886.208	164.402
Banks and other financial institutions	2.518.048	164.402
Money market placements	368.160	-
Cash and Banks	3.257.199	165.629
Banks Accrual	-	-
Total Cash and Cash Equivalents	3.257.199	165.629

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

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL 1.517.721 (31 December 2015: TL 1.472.258) mainly consists of fees and commissions paid, foreign exchange losses, other operating income excluding collections from doubtful receivables and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 1.833.173 (31 December 2015: TL 408.258) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

	Number	Number of Employees			
Domestic Branch	4	631			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore Banking Region Branches	-	-	-	-	-

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

VIII. Explanations and notes related to events after balance sheet

In the Extraordinary General Assembly held on 12 January 2017, the Chairman of the Board of Directors of the Bank, Osman Çelik, was elected as the Chairman of the Board of Directors instead of Cavit Dağdaş. Bülent Gökhan Günay has been appointed as a member of the Audit Committee replacing İbrahim Şenel, who currently serves as Deputy Chairman of the Bank.

At the same Extraordinary General Meeting, it was decided to apply the registered capital system in the Bank. The relevant decision has been registered in the trade register and has been announced in the Turkish Trade Registry Gazette No. 9252 dated 30 January 2017.

SECTION SIX

INDEPENDENT AUDITORS' REPORT

I. Explanations on independent auditors' report

1. Explanations on auditors' report

The unconsolidated financial statements as of and for the period ended 31 December 2016 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative, a Swiss entity). The auditors' report dated 24 February 2017 has been presented in the instruction of the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditors

None.