

Türkiye İhracat Kredi Bankası Anonim Şirketi

Unconsolidated Interim Financial Statements
As at and for the Nine-Month Period Ended
30 September 2018

With Auditors' Review Report Thereon

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

12 November 2018

*This report includes "Auditors' Review Report"
comprising 2 pages and; "Financial Statements and
Related Disclosures and Footnotes" comprising 84
pages.*



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

AUDITORS' REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") as at 30 September 2018 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in equity, unconsolidated statement of cash flows for the nine-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of the such interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 30 September 2018 and the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other legal and regulatory requirements

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

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



Örfan Akova, SMMİM
Partner

12 November 2018
Istanbul, Turkey

Additional paragraph for convenience translation to English:

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



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

**Türkiye İhracat Kredi Bankası Anonim Şirketi
Unconsolidated Interim Financial Statements
As at and For Nine-Month Period Ended
30 September 2018**

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- AUDITORS’ REVIEW REPORT
- INTERIM ACTIVITY REPORT

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

Osman ÇELİK
Chairman of
Board of Directors

Adnan YILDIRIM
Deputy General Manager

Hüseyin ÇELİK
Vice President of the
Financial Reporting

Muhittin AKBAŞ
Head of Accountin and
Reporting Unit

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

İşinsu KESTELLİ
Member of the Board of
Directors/ Member of the
Audit Committee

Contact information of the personnel in charge for addressing questions about this financial report:
Name-Surname/Title: Muhittin AKBAŞ/ Head of Accounting and Reporting Unit
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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2018

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

	Name:	Academic Background:
Chairman of the Board of Directors:	Osman ÇELİK	Undergraduate
Vice President of the Board of Directors:	İbrahim ŞENEL	Undergraduate
Members of the Board of Directors:	Adnan YILDIRIM	Graduate
	İşinsu KESTELLİ	Undergraduate
	Bülent Gökhan GÜNAY	Graduate
	Nail OLPAK ⁽³⁾	Graduate
	İsmail GÜLLE ⁽⁴⁾	Graduate
Members of the Audit Committee:	Bülent Gökhan GÜNAY	Graduate
	İşinsu KESTELLİ ⁽²⁾	Undergraduate
General Manager:	Adnan YILDIRIM	Graduate
Deputy General Managers: ⁽¹⁾	Hüseyin ÇELİK	Undergraduate
	Ali Koray ERDEN ⁽¹⁾	Graduate
	Necdet KARADENİZ	Graduate
	Enis GÜLTEKİN	Undergraduate
	M.Ertan TANRIYAKUL	Graduate
	Ahmet KOPAR	

⁽¹⁾ Ali Koray ERDEN, one of the deputy general managers, has been appointed as of 5 March 2018.

⁽²⁾ Dr. Raci KAYA has resigned from the position of Member of Board of Directors of the Bank in the Ordinary General Assembly Meeting on 30 March 2018. As of 9 April 2018, Mehmet BÜYÜKEKŞİ was appointed as the Member of the Audit Committee of the Bank. On 1 October 2018, İşinsu KESTELLİ has been appointed as a member of the Audit Committee in place of the Mehmet BÜYÜKEKŞİ, who resigned from the Board of Directors at the Extraordinary General Assembly Meeting held on 24 September 2018.

⁽³⁾ Nail OLPAK, a member of the Bank's Board of Directors, has been appointed as of 9 May 2018.

⁽⁴⁾ İsmail GÜLLE has been appointed as a Board member in place of Mehmet BÜYÜKEKŞİ who resigned from the Board of Directors in the Extraordinary General Assembly Meeting held on 24 September 2018.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2018

(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)

Adnan YILDIRIM is the General Manager, Necdet KARADENİZ is the Deputy General Manager in Charge of Credit / Insurance, Enis GÜLTEKİN is the Deputy General Manager in charge of Credit and Insurance Marketing, Hüseyin ÇELİK is the Deputy General Manager in charge of Financial Affairs / Operations, Mustafa Ertan TANRIYAKUL is the Deputy General Manager responsible from Treasury / Finance, Ali Koray ERDEN is the Deputy General Manager responsible from International Relations and Credits and Ahmet KOPAR is the Deputy General Manager responsible from Technology / Support.

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

IV. Information on the shareholders owning control shares

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

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

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

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

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

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

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

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

The Bank does not have any subsidiaries.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2018

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

ASSETS	Notes	CURRENT PERIOD		
		Reviewed ^(*)	FC	Total
		TL		
I. FINANCIAL ASSETS (Net)		4.011.556	4.012.568	8.024.124
1.1 Cash and Cash Equivalents		694.779	3.470.007	4.164.786
1.1.1. Cash and Balances with Central Bank	(1)	115	2.751.217	2.751.332
1.1.2. Banks	(4)	435.801	718.790	1.154.591
1.1.3. Money Market Placements		258.863	-	258.863
1.2 Financial Assets at Fair Value through Profit/Loss		-	-	-
1.2.1. Government Securities		-	-	-
1.2.2. Equity Securities		-	-	-
1.2.3. Other Financial Assets		-	-	-
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income	(6)	22.235	-	22.235
1.3.1. Government Securities		-	-	-
1.3.2. Equity Securities		22.235	-	22.235
1.3.3. Other Financial Assets		-	-	-
1.4 Financial Assets Measured at Amortised Cost	(8)	3.271.325	-	3.271.325
1.4.1. Government Securities		3.271.325	-	3.271.325
1.4.2. Other Financial Assets		-	-	-
1.5 Derivative Financial Assets	(3)	23.217	542.561	565.778
1.5.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss		23.217	393.403	416.620
1.5.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	149.158	149.158
II. LOANS (Net)	(7)	5.948.585	127.343.632	133.292.217
2.1 Loans		5.829.289	127.343.632	133.172.921
2.1.1. Loans Measured at Amortised Cost		5.829.289	127.343.632	133.172.921
2.1.2. Loans Measured at Fair Value Through Profit or Loss		-	-	-
2.1.3. Loans Measured at Fair Value Through Other Comprehensive		-	-	-
2.2 Lease Receivables	(12)	-	-	-
2.2.1. Financial Lease Receivables		-	-	-
2.2.2. Operational Lease Receivables		-	-	-
2.2.3. Unearned Income (-)		-	-	-
2.3 Factoring Receivables		-	-	-
2.3.1. Factoring Receivables Measured at Amortised Cost		-	-	-
2.3.2. Factoring Receivables Measured at Fair Value Through Profit or Loss		-	-	-
2.3.3. Factoring Receivables Measured at Fair Value Through Other Comprehensive		-	-	-
2.4 Non Performing Receivables		347.619	-	347.619
2.5 Specific Provisions (-)		228.323	-	228.323
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(14)	-	-	-
3.1. Asset Held for Resale		-	-	-
3.2. Assets of Discontinued Operations		-	-	-
IV. OWNERSHIP INVESTMENTS (Net)		-	-	-
4.1 Associates (Net)	(9)	-	-	-
4.1.1. Associates Consolidated Under Equity Accounting		-	-	-
4.1.2. Unconsolidated Associates		-	-	-
4.2 Subsidiaries (Net)	(10)	-	-	-
4.2.1. Unconsolidated Financial Investments in Subsidiaries		-	-	-
4.2.2. Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-
4.3 Joint Ventures (Net)	(11)	-	-	-
4.3.1. Joint-Ventures Consolidated Under Equity Accounting		-	-	-
4.3.2. Unconsolidated Joint-Ventures		-	-	-
V. TANGIBLE ASSETS (Net)		5.859	-	5.859
VI. INTANGIBLE ASSETS (Net)		6.787	-	6.787
6.1. Goodwill		-	-	-
6.2. Others		6.787	-	6.787
VII. INVESTMENT PROPERTY (Net)	(13)	2.165	-	2.165
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSET		-	-	-
X. OTHER ASSETS		1.011.565	965.068	1.976.633
TOTAL ASSETS		10.986.517	132.321.268	143.307.785

^(*) In accordance with TFRS 9 Financial Instruments, which became effective as of 1 January 2018, the formats of the financial statements of the Bank have been changed in the current period financial statements formats. The financial statements of the current period have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to These Financial Statements". In accordance with the transition provisions, the prior period financial statements and notes are not restated and are presented separately.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2018

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

ASSETS	Notes	PRIOR PERIOD		TOTAL
		TL	FC	
		Audited ^(*)		
		(31 December 2017)		
I. CASH AND BALANCES WITH CENTRAL BANK	(1)	260	631.932	632.192
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)		16.959	10.304	27.263
2.1 Trading Financial Assets		16.959	10.304	27.263
2.1.1 Government Debt Securities		11.710	-	11.710
2.1.2 Share Certificates		-	-	-
2.1.3 Derivative Financial Assets Held for Trading	(3)	5.249	10.304	15.553
2.1.4 Other Marketable Securities		-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-
2.2.1 Government Debt Securities		-	-	-
2.2.2 Share Certificates		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other Marketable Securities		-	-	-
III. BANKS	(4)	191.882	1.890.519	2.082.401
IV. MONEY MARKETS		831.691	-	831.691
4.1 Interbank Money Market Placements		-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		831.691	-	831.691
4.3 Receivables from Reverse Repurchase Agreements		-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(6)	30.318	-	30.318
5.1 Share Certificates		30.318	-	30.318
5.2 Government Debt Securities		-	-	-
5.3 Other Marketable Securities		-	-	-
VI. LOANS AND RECEIVABLES	(7)	9.091.148	71.179.956	80.271.104
6.1 Loans and receivables		8.988.646	71.179.956	80.168.602
6.1.1 Loans to Bank's risk group		-	-	-
6.1.2 Government Debt Securities		-	-	-
6.1.3 Other		8.988.646	71.179.956	80.168.602
6.2 Loans under Follow-up		294.231	-	294.231
6.3 Specific Provisions (-)		191.729	-	191.729
VII. FACTORING RECEIVABLES		-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(8)	180.461	-	180.461
8.1 Government Debt Securities		180.461	-	180.461
8.2 Other Marketable Securities		-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(9)	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-
9.2 Unconsolidated		-	-	-
9.2.1 Financial Investments in Associates		-	-	-
9.2.2 Non-Financial Investments in Associates		-	-	-
X. SUBSIDIARIES (Net)	(10)	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
XI. JOINT VENTURES (Net)	(11)	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-
11.2 Unconsolidated		-	-	-
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-
XII. FINANCIAL LEASE RECEIVABLES	(12)	-	-	-
12.1 Financial Lease Receivables		-	-	-
12.2 Operating Lease Receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned Income (-)		-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(13)	77.064	56.542	133.606
13.1 Fair Value Hedge		77.064	12.857	89.921
13.2 Cash Flow Hedge		-	43.685	43.685
13.3 Foreign Net Investment Hedge		-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(14)	5.430	-	5.430
XV. INTANGIBLE ASSETS (Net)	(15)	6.055	-	6.055
15.1 Goodwill		-	-	-
15.2 Other		6.055	-	6.055
XVI. INVESTMENT PROPERTY (Net)	(16)	2.236	-	2.236
XVII. TAX ASSET		-	-	-
17.1 Current Tax Asset		-	-	-
17.2 Deferred Tax Asset		-	-	-
ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		90	-	90
18.1 Held for Sale Purpose	(18)	90	-	90
18.2 Related to Discontinued Operations		-	-	-
XIX. OTHER ASSETS		525.689	646.653	1.172.342
TOTAL ASSETS		10.959.283	74.415.906	85.375.189

^(*) In accordance with TFRS 9 Financial Instruments, which became effective as of 1 January 2018 the formats of the financial statements of the Bank have been changed in the current period financial statements formats. The financial statements of the current period have been prepared in accordance with the "Communiqué Related to publicly Announced Financial Statements of Banks and Explanations and Notes Related to These Financial Statements". In accordance with the transition provisions, the prior period financial statements and notes are not restated and are presented separately.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2018

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

		CURRENT PERIOD Reviewed ^(*) (30 September 2018)			
LIABILITIES	Notes	TL	FC	Total	
I. DEPOSITS	(1)	-	-	-	
II. FUNDS BORROWED	(3)	500.000	110.168.643	110.668.643	
III. MONEY MARKET FUNDS		384.851	-	384.851	
IV. SECURITIES ISSUED (Net)		-	19.264.659	19.264.659	
4.1 Bills		-	-	-	
4.2 Asset Backed Securities		-	-	-	
4.3 Bonds		-	19.264.659	19.264.659	
V. FUNDS		13	-	13	
5.1 Borrower Funds		-	-	-	
5.2 Other		13	-	13	
VI. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT/LOSS		-	-	-	
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	23.535	801.592	825.127	
7.1 Derivative Financial Liabilities Measured at Fair Value through Profit/Loss		23.535	634.980	658.515	
7.2 Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income		-	166.612	166.612	
VIII. FACTORING PAYABLES		-	-	-	
IX. LEASE PAYABLES	(5)	-	-	-	
9.1 Financial Lease Payables		-	-	-	
9.2 Operational Lease Payables		-	-	-	
9.3 Other		-	-	-	
9.4 Deferred Financial Lease Expenses (-)		-	-	-	
X. PROVISIONS	(6)	321.884	-	321.884	
10.1 General Loan Loss Provision		130.214	-	130.214	
10.2 Restructuring Provisions		-	-	-	
10.3 Reserve for Employee Rights		56.974	-	56.974	
10.4 Insurance Technical Provisions (Net)		-	-	-	
10.5 Other Provisions		134.696	-	134.696	
XI. CURRENT TAX LIABILITY	(7.1)	13.616	-	13.616	
XII. DEFERRED TAX LIABILITY	(7.2)	-	-	-	
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	
13.1 Asset Held for Sale		-	-	-	
13.2 Related to discontinued operations		-	-	-	
XIV. SUBORDINATED LOANS		2.904.663	-	2.904.663	
14.1 Borrowings		-	-	-	
14.2 Other Debt Instruments		2.904.663	-	2.904.663	
XV. OTHER LIABILITIES	(4)	30.316	1.522.430	1.552.746	
XVI. SHAREHOLDERS' EQUITY	(8)	7.343.577	28.006	7.371.583	
16.1 Paid-in Capital		6.350.000	-	6.350.000	
16.2 Capital Reserves		-	-	-	
16.2.1 Share Premium		-	-	-	
16.2.2 Share Cancellation Profits		-	-	-	
16.2.3 Other Capital Reserves		-	-	-	
16.3 Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		197	-	197	
16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		13.070	28.006	41.076	
16.5 Profit Reserves		401.743	-	401.743	
16.5.1 Legal Reserves		379.260	-	379.260	
16.5.2 Status Reserves		-	-	-	
16.5.3 Extraordinary Reserves		22.483	-	22.483	
16.5.4 Other Profit Reserves		-	-	-	
16.6 Profit/Loss		578.567	-	578.567	
16.6.1 Prior Periods' Profit/Loss		-	-	-	
16.6.2 Current Period's Net Profit/Los		578.567	-	578.567	
TOTAL LIABILITIES		11.522.455	131.785.330	143.307.785	

^(*)In accordance with TFRS 9 Financial Instruments, which became effective as of 1 January 2018, the formats of the financial statements of the Bank have been changed in the current period financial statements formats. The financial statements of the current period have been prepared in accordance with the "Communiqué Related to publicly Announced Financial Statements of Banks and Explanations and Notes Related to These Financial Statements". In accordance with the transition provisions, the prior period financial statements and notes are not restated and are presented separately.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2018

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

LIABILITIES	Notes	PRIOR PERIOD Audited ^(*) (31 December 2017)		
		TL	FC	TOTAL
I. DEPOSITS	(1)	-	-	-
1.1 Deposits of Bank's risk group		-	-	-
1.2 Other		-	-	-
II. HELD FOR TRADING DERIVATIVE FINANCIAL LIABILITIES		22.300	362.051	384.351
III. BORROWINGS	(3.1)	-	67.368.670	67.368.670
IV. DUE TO MONEY MARKETS		152.000	-	152.000
4.1 Funds from Interbank Money Market		-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		14.000	-	14.000
4.3 Funds Provided Under Repurchase Agreements		138.000	-	138.000
V. MARKETABLE SECURITIES ISSUED (Net)	(4)	-	10.279.210	10.279.210
5.1 Bills		-	-	-
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		-	10.279.210	10.279.210
VI. FUNDS		13	-	13
6.1 Borrower funds		-	-	-
6.2 Other		13	-	13
VII. MISCELLANEOUS PAYABLES		16.610	649.204	665.814
VIII. OTHER LIABILITIES		6.566	246.219	252.785
IX. FACTORING PAYABLES	(5)	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(6)	-	-	-
10.1 Financial Lease Payables		-	-	-
10.2 Operational Lease Payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(7)	11.244	177.042	188.286
11.1 Fair Value Hedge		11.244	177.042	188.286
11.2 Cash Flow Hedge		-	-	-
11.3 Foreign Net Investment Hedge		-	-	-
XII. PROVISIONS	(8)	268.419	-	268.419
12.1 General Loan Loss Provision		130.214	-	130.214
12.2 Restructuring Provisions		-	-	-
12.3 Reserve for Employee Rights		60.253	-	60.253
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		77.952	-	77.952
XIII. TAX LIABILITY	(9)	9.962	-	9.962
13.1 Current Tax Liability		9.962	-	9.962
13.2 Deferred Tax Liability		-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
14.1 Held for Sale Purpose		-	-	-
14.2 Related to Discontinued Operations		-	-	-
XV. SUBORDINATED LOANS	(10)	-	31.596	31.596
XVI. SHAREHOLDERS' EQUITY	(11)	5.775.595	(1.512)	5.774.083
16.1 Paid-in capital		4.800.000	-	4.800.000
16.2 Capital Reserves		19.589	(1.512)	18.077
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Marketable Securities Valuation Differences		21.154	-	21.154
16.2.4 Property and Equipment Revaluation Differences		-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-
16.2.6 Revaluation Differences of Investment Property		-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-
16.2.8 Hedging Funds (Effective portion)		-	(1.512)	(1.512)
16.2.9 Value increase of Non-current Asset Held for Sale and Discounted Operations		-	-	-
16.2.10 Other Capital Reserves		(1.565)	-	(1.565)
16.3 Profit Reserves		387.531	-	387.531
16.3.1 Legal Reserves		349.896	-	349.896
16.3.2 Status Reserves		-	-	-
16.3.3 Extraordinary Reserves		37.635	-	37.635
16.3.4 Other Profit Reserves		-	-	-
16.4 Profit or Loss		568.475	-	568.475
16.4.1 Prior Years' Profit/Loss		-	-	-
16.4.2 Current Period Profit/Loss		568.475	-	568.475
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6.262.709	79.112.480	85.375.189

^(*) In accordance with TFRS 9 Financial Instruments, which became effective as of 1 January 2018, the formats of the financial statements of the Bank have been changed in the current period financial statements formats. The financial statements of the current period have been prepared in accordance with the "Communiqué Related to publicly Announced Financial Statements of Banks and Explanations and Notes Related to These Financial Statements". In accordance with the transition provisions, the prior period financial statements and notes are not restated and are presented separately.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 30 SEPTEMBER 2018

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

	Notes	CURRENT PERIOD			PRIOR PERIOD		
		Reviewed (30 September 2018)	Reviewed (30 September 2018)	Reviewed (30 September 2018)	Audited (31 December 2017)	Audited (31 December 2017)	Audited (31 December 2017)
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		3.724.417	129.928.780	133.653.197	7.818.753	70.608.092	78.426.845
I. GUARANTEES AND SURETIES	(1.2)	-	10.118.943	10.118.943	-	6.241.263	6.241.263
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		-	10.118.943	10.118.943	-	6.241.263	6.241.263
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		3.024.417	43.042.278	46.066.695	2.811.553	20.900.292	23.711.845
2.1 Irrevocable Commitments		-	14.062	14.062	-	14.819	14.819
2.1.1 Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		-	-	-	-	-	-
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10 Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	14.062	14.062	-	14.819	14.819
2.2 Revocable Commitments		3.024.417	43.028.216	46.052.633	2.811.553	20.885.473	23.697.026
2.2.1 Revocable Loan Granting Commitments		3.024.417	43.028.216	46.052.633	2.811.553	20.885.473	23.697.026
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		700.000	76.767.559	77.467.559	5.007.200	43.466.537	48.473.737
3.1 Hedging Derivative Financial Instruments		36.220	50.118.902	50.155.122	3.988.955	20.820.190	24.809.145
3.1.1 Transactions for Fair Value Hedge		-	38.493.200	38.493.200	3.952.735	20.744.690	24.697.425
3.1.2 Transactions for Cash Flow Hedge		36.220	11.625.702	11.661.922	36.220	75.500	111.720
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		663.780	26.648.657	27.312.437	1.018.245	22.646.347	23.664.592
3.2.1 Forward Foreign Currency Buy/Sell Transactions		200.068	243.354	443.422	255.974	236.994	492.968
3.2.1.1 Forward Foreign Currency Transactions-Buy		100.393	121.316	221.709	127.099	119.554	246.653
3.2.2.2 Forward Foreign Currency Transactions-Sell		99.675	122.038	221.713	128.875	117.440	246.315
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		451.012	26.391.839	26.842.851	762.271	22.409.353	23.171.624
3.2.2.1 Foreign Currency Swap-Buy		451.012	8.127.873	8.578.885	-	7.874.969	7.874.969
3.2.2.2 Foreign Currency Swap-Sell		-	8.651.820	8.651.820	762.271	7.468.982	8.231.253
3.2.2.3 Interest Rate Swap-Buy		-	4.806.073	4.806.073	-	3.532.701	3.532.701
3.2.2.4 Interest Rate Swap-Sell		-	4.806.073	4.806.073	-	3.532.701	3.532.701
3.2.3 Foreign Currency, Interest rate and Securities Options		12.700	13.464	26.164	-	-	-
3.2.3.1 Foreign Currency Options-Buy		6.350	6.732	13.082	-	-	-
3.2.3.2 Foreign Currency Options-Sell		6.350	6.732	13.082	-	-	-
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)		4.164.633	143.994.727	148.159.360	3.678.180	71.025.814	74.703.994
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		507.144	4.134.934	4.642.078	343.372	1.906.616	2.249.988
5.1 Marketable Securities		-	40.400	40.400	-	25.369	25.369
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		478.874	3.813.272	4.292.146	326.160	1.702.075	2.028.235
5.6 Other Pledged Items		28.270	281.262	309.532	17.212	179.172	196.384
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		3.657.489	139.859.793	143.517.282	3.334.808	69.119.198	72.454.006
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		7.889.050	273.923.507	281.812.557	11.496.933	141.633.906	153.130.839

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

INCOME AND EXPENSE ITEMS		Notes	Current Period Reviewed (*) (1 Jan-30 Sept 2018)	Current Period Reviewed (*) (1 July-30 Sept 2018)
I.	INTERST INCOME	(1)	2.451.001	1.060.574
1.1	Interest Income On Loans		2.261.466	1.005.741
1.2	Interest Income On Reserve Deposits		-	-
1.3	Interest Income On Banks		95.656	30.723
1.4	Interest Income On Money Market Transactions		64.160	10.385
1.5	Interest Income On Securities Portfolio		27.693	12.896
1.5.1	Financial Assets Measured At Fair Value Through Profit or Loss		47	-
1.5.2	Financial Assets Measured At Fair Value Reported in Other Comprehensive Income		-	-
1.5.3	Financial Assets Measured At Amortised Cost		27.646	12.896
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		2.026	829
II.	INTEREST EXPENSE	(2)	1.772.878	843.673
2.1	Interest On Deposits		-	-
2.2	Interest On Funds Borrowed		1.098.187	514.604
2.3	Interest On Money Market Transactions		674	348
2.4	Interest On Securities Issued		655.227	321.687
2.5	Other Interest Expenses		18.790	7.034
III.	NET INTEREST INCOME (I - II)		678.123	216.901
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		(14.690)	(13.059)
4.1	Fees and Commissions Received		30.262	14.623
4.1.1	Non-cash Loans		-	-
4.1.2	Other		30.262	14.623
4.2	Fees and Commissions Paid		(44.952)	(27.682)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(44.952)	(27.682)
V.	PERSONNEL EXPENSES (-)		123.107	43.876
VI.	DIVIDEND INCOME		-	-
VII.	NET TRADING INCOME/LOSSES (Net)	(3)	84.854	118.535
7.1	Trading Account Income/Losses		(69)	-
7.2	Income/Losses From Derivative Financial Instruments		983.060	262.076
7.3	Foreign Exchange Gains/Losses		(898.137)	(143.541)
VIII.	OTHER OPERATING INCOME	(4)	208.943	79.399
IX.	TOTAL OPERATING PROFIT (III+IV-V+VI+VII+VIII)		834.123	357.900
X.	EXPECTED CREDIT LOSSES (-)	(5)	78.176	35.862
XI.	OTHER OPERATING EXPENSES (-)	(6)	177.380	64.155
XII.	NET OPERATING PROFIT/LOSS (IX-X-XI)		578.567	257.883
XIII.	INCOME RESULTED FROM MERGERS		-	-
XIV.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XVI.	OPERATING PROFIT/LOSS BEFORE TAXES (XI+...+XIV)		578.567	257.883
XVII.	PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)		-	-
17.1	Current Tax Charge		-	-
17.2	Deferred Tax Income Effect (+)		-	-
17.3	Deferred Tax Expense Effect (-)		-	-
XVIII.	NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)		578.567	257.883
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
19.1	Income From Assets Held For Sale		-	-
19.2	Income From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
19.3	Others		-	-
XX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
20.1	Expenses On Assets Held for Sale		-	-
20.2	Expenses On Sale of Associates, Subsidiaries and Joint-Ventures		-	-
20.3	Others		-	-
XXI.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
22.1	Current Tax Charge		-	-
22.2	Deferred Tax Charge		-	-
XXIII.	NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXII)		-	-
XXIV.	NET PROFIT/LOSS (XVII+XXII)		578.567	257.883
	Earnings per Share		0,10206	0,04181

(*) In accordance with TFRS 9 Financial Instruments, which became effective as of 1 January 2018, the formats of the financial statements of the Bank have been changed in the current period financial statements formats. The financial statements of the current period have been prepared in accordance with the "Communiqué Related to publicly Announced Financial Statements of Banks and Explanations and Notes Related to These Financial Statements". In accordance with the transition provisions, the prior period financial statements and notes are not restated and are presented separately.

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

INCOME AND EXPENSE ITEMS		Notes	Prior Period Reviewed ^(*) (1 Jan-30 Sept 2017)	Prior Period Reviewed ^(*) (1 July-30 Sept 2017)
I.	INTEREST INCOME	(1)	1.548.251	574.975
1.1	Interest on Loans		1.474.615	540.888
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks		41.831	16.466
1.4	Interest Received from Money Market Transactions		16.558	10.302
1.5	Interest Received from Marketable Securities Portfolio		14.547	7.020
1.5.1	Held for Trading Financial Assets		1.079	418
1.5.2	Financial Assets Designated at Fair Value Through Profit or (loss)		-	-
1.5.3	Available-for-Sale Financial Assets		-	-
1.5.4	Held to Maturity Investments		13.468	6.602
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		700	299
II.	INTEREST EXPENSE	(2)	835.257	308.278
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		498.534	195.340
2.3	Interest Expense on Money Market Transactions		47	-
2.4	Interest on Securities Issued		328.517	109.107
2.5	Other Interest Expenses		8.159	3.831
III.	NET INTEREST INCOME/EXPENSE (I - II)		712.994	266.697
IV.	NET FEES AND COMMISSIONS INCOME		1.594	310
4.1	Fees and Commissions Received		16.197	5.606
4.1.1	Non-Cash Loans		-	-
4.1.2	Other		16.197	5.606
4.2	Fees and Commissions Paid		(14.603)	(5.296)
4.2.1	Non-Cash Loans		-	-
4.2.2	Other		(14.603)	(5.296)
V.	DIVIDEND INCOME		-	-
VI.	TRADING INCOME/LOSS (Net)	(3)	(174.671)	(96.881)
6.1	Trading Gains /Losses on Securities		(6)	-
6.2	Trading Gains /Losses on Derivative Financial Assets		(795.917)	(272.446)
6.3	Foreign Exchange Gains /Losses		621.252	175.565
VII.	OTHER OPERATING INCOME	(4)	149.451	50.271
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		689.368	220.397
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	59.727	7.859
X.	OTHER OPERATING EXPENSES (-)	(6)	217.754	72.548
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		411.887	139.990
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	PROFIT / (LOSS) ON EQUITY METHOD		-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		411.887	139.990
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)		411.887	139.990
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)		411.887	139.990
	Earnings/Loss per share (Full TL)		0,08581	0,01232

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE NINE-MONTH INTERIM PERIOD ENDED
30 SEPTEMBER 2018

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

		CURRENT PERIOD Reviewed ^(*) 30 September 2018
		Notes
I.	CURRENT PERIOD PROFIT/LOSS	578.567
II.	OTHER COMPREHENSIVE INCOME	21.434
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	-
2.1.1	Revaluation Surplus on Tangible Assets	-
2.1.2	Revaluation Surplus on Intangible Assets	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-
2.1.5	Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	21.434
2.2.1	Translation Differences	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(8.084)
2.2.3	Gains/losses from Cash Flow Hedges	29.518
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-
2.2.6	Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)	600.001

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME /EXPENSE ITEMS
RECOGNIZED UNDER EQUITY
FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		PRIOR PERIOD Reviewed(*) Notes 30 September 2017
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	14.557
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS / (Effective part of the fair value changes)	(798)
VI.	PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS / (Effective part of fair value changes)	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	-
X.	NET PROFIT/LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY	13.759
XI.	CURRENT PERIOD PROFIT/LOSS	411.887
11.1	Net change in fair value of marketable securities (Transfer to Profit/Loss)	-
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.3	Part of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.4	Other	411.887
XII.	TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD	425.646

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Notes	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss					Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss					Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Lo	Total Shareholders' Equity	
		Paid-in Capital	Share Premium	Share Cancellation Profit	Other Capital Reserve	1	2	3	4	5	6					
Current Period^(*) 30 September 2018																
I.	Balances at Beginning of Period	4.800.000	-	-	-	-	(1.565)	-	21.154	(1.512)	387.531	568.475	-	-	5.774.083	
II.	Correction made as per TAS 8	-	-	-	-	-	-	1.762	-	-	-	-	-	-	1.762	
2.1	Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	1.762	-	-	-	-	-	-	1.762	
III.	Adjusted Balances at Beginning of Period (I+II)	4.800.000	-	-	-	-	(1.565)	1.762	-	21.154	(1.512)	387.531	568.475	-	5.775.845	
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	(8.084)	29.518	-	-	-	21.434	
V.	Capital Increase in Cash	1.000.000	-	-	-	-	-	-	-	-	-	-	-	-	1.000.000	
VI.	Capital Increase from Internal Sources	550.000	-	-	-	-	-	-	-	-	-	(550.000)	-	-	-	
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Others Changes	-	-	-	-	-	-	-	-	-	-	-	-	578.567	578.567	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	564.212	(568.475)	-	-	(4.263)	
11.1.	Dividends	-	-	-	-	-	-	-	-	-	-	(4.263)	-	-	(4.263)	
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	564.212	(564.212)	-	-	-	
11.3.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at end of the period (III+IV...+X+XI)		6.350.000	-	-	-	-	(1.565)	1.762	-	13.070	28.006	401.743	-	578.567	7.371.583	

1 Accumulated Revaluation Increase/Decrease of Fixed Assets

2 Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan

3 Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

4 Foreign Currency Translation Differences

5 Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income

6 Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I. Prior Period^(*) 30 September 2017																
Prior Period End Balance	3.700.000	-	-	-	328.050	-	718.573	21.260	-	421.325	11.960	-	-	(434)	-	5.200.734
Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	14.557	-	-	-	-	14.557
IV. Hedging Transactions Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	(798)	-	(798)
4.1 Cash flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(798)	-	(798)
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	1.100.000	-	-	-	-	-	(1.077.257)	(22.743)	-	-	-	-	-	-	-	-
12.1 Cash increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources	1.100.000	-	-	-	-	-	(1.077.257)	(22.743)	-	-	-	-	-	-	-	-
XIII. Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid-in-capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Year Net Profit or Loss	-	-	-	-	-	-	-	-	411.887	-	-	-	-	-	-	411.887
XVIII. Profit Distribution	-	-	-	-	21.846	-	396.319	-	-	(421.325)	-	-	-	-	-	(3.160)
18.1 Dividends Paid	-	-	-	-	-	-	-	-	-	(3.160)	-	-	-	-	-	(3.160)
18.2 Transfers to Reserves	-	-	-	-	21.846	-	396.319	-	-	(418.165)	-	-	-	-	-	-
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period End Balance	4.800.000	-	-	-	349.896	-	37.635	(1.483)	411.887	-	26.517	-	-	(1.232)	-	5.623.220

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	CURRENT PERIOD Reviewed ^(*) 30 September 2018
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	1.474.851
1.1.1	Interest received	2.203.396
1.1.2	Interest paid	(1.003.133)
1.1.3	Dividend received	-
1.1.4	Fees and commissions received	26.186
1.1.5	Other income	175.443
1.1.6	Collections from previously written-off loans and other receivables	16.244
1.1.7	Payments to personnel and service suppliers	(282.566)
1.1.8	Taxes paid	(98.351)
1.1.9	Other	437.632
1.2	Changes in operating assets and liabilities	(4.162.530)
1.2.1	Net (increase) decrease in financial assets measured at Fair Value Through Profit or Loss	3.050
1.2.2	Net (increase) decrease in due from banks	-
1.2.3	Net (increase) decrease in loans	(9.810.184)
1.2.4	Net (increase) decrease in other assets	(556.686)
1.2.5	Net increase (decrease) in bank deposit	-
1.2.6	Net increase (decrease) in other deposits	-
1.2.7	Net increase (decrease) in financial liabilities measured at Fair Value Through Profit or Loss	-
1.2.8	Net increase (decrease) in funds borrowed	4.723.722
1.2.9	Net increase (decrease) in matured payables	-
1.2.10	Net increase (decrease) in other liabilities	1.477.568
I.	Net cash flow from banking operations	(2.687.679)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash flow from investing activities	(3.074.319)
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures	-
2.2	Cash obtained from sale of associates, subsidiaries and joint-venture	-
2.3	Purchases of tangible asset	(2.285)
2.4	Sales of tangible assets	-
2.5	Cash paid for purchase of financial assets measured at FVOCI	-
2.6	Cash obtained from sale of financial assets measured at FVOCI	-
2.7	Cash paid for purchase of financial assets measured at amortised cost	(8.4)
2.8	Cash obtained from sale of financial assets measured at amortised cost	(8.4)
2.9	Others	(1.677)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash flow from financing activities	4.472.033
3.1	Cash obtained from funds borrowed and securities issued	4.988.558
3.2	Cash used for repayment of funds borrowed and securities issued	(512.262)
3.3	Equity instruments issued	-
3.4	Dividends paid	(4.263)
3.5	Payments for financial leases	-
3.6	Others	-
IV.	Effect of translation differences on cash and cash equivalents	1.908.467
V.	Net increase/(decrease) in cash and cash equivalents	618.502
VI.	Cash and cash equivalents at beginning of period	3.546.284
VII.	Cash and cash equivalents at end of period	4.164.786

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	PRIOR PERIOD Reviewed ^(*) 30 September 2017
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit before changes in operating assets and liabilities		2.646.129
1.1.1 Interest received		1.486.888
1.1.2 Interest paid		(489.768)
1.1.3 Dividend received		-
1.1.4 Fees and commissions received		14.274
1.1.5 Other income		149.451
1.1.6 Collections from previously written-off loans and other receivables		4.755
1.1.7 Payments to personnel and service suppliers		(127.793)
1.1.8 Taxes paid		(3.139)
1.1.9 Other		1.641.461
1.2 Changes in operating assets and liabilities		(3.152.651)
1.2.1 Net (increase) / decrease in trading securities		7.613
1.2.2 Net (increase) / decrease in fair value through profit/(loss) financial assets		-
1.2.3 Net (increase) / decrease in due from banks		-
1.2.4 Net (increase) / decrease in loans		(13.763.483)
1.2.5 Net (increase) / decrease in other assets		(49.991)
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		11.009.741
1.2.9 Net increase / (decrease) in payables		-
1.2.10 Net increase / (decrease) in other liabilities		(356.531)
I. Net cash provided from banking operations		506.522
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		(150.440)
2.1 Cash paid for acquisition of associates, subsidiaries and joint ventures (Business Partners)		-
2.2 Cash obtained from disposal of associates, subsidiaries and joint ventures (Business Partners)		-
2.3 Purchases of property and equipment		(1.111)
2.4 Disposals of property and equipment		778
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		(215.050)
2.8 Cash obtained from sale of investment securities		67.752
2.9 Other		(2.809)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		1.387.380
3.1 Cash obtained from funds borrowed and securities issued		1.727.800
3.2 Cash used for repayment of funds borrowed and securities issued		(337.260)
3.3 Issued capital instruments		-
3.4 Dividends paid		(3.160)
3.5 Payments for finance leases		-
3.6 Other		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		223.406
V. Net increase in cash and cash equivalents		953.824
VI. Cash and cash equivalents at the beginning of the period		3.257.199
VII. Cash and cash equivalents at the end of the period		4.211.023

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2018

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

SECTION THREE
ACCOUNTING POLICIES

I. Basis of presentation

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

The Bank prepares its legal records, financial statements and underlying documents in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”), other explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”). Turkish Accounting Standards / Turkish Financial Reporting Standards and additions and comments (“TAS/TFRS”) published by Public Oversight, Accounting and Auditing Standards Authority (“POA”) are taken as basis for preparation of financial statements.

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

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

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

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

TFRS 15 Revenue from Contracts with Customers (“TFRS 15”) standard provides single and comprehensive model and guidance regarding recognition of revenue and replaces TAS 18 Revenue standard. The standard is in effect starting from 1 January 2018 and does not have significant impact on the accounting policies, financial position and performance of the Bank.

The Bank has complied with the provisions of TFRS 9 Financial Instruments (“TFRS 9”), effective from 1 January 2018, regarding the classification and measurement of financial assets and is exempt from the impairment provisions. The current period financial statements of the Bank are presented in the financial statement format which is valid for TFRS 9 exempt banks as announced by BRSA.

Besides, the adoption process continues regarding TFRS 16 Leases (“TFRS 16”) which will be in effect starting from 1 January 2019.

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 XXIV below.

3. Additional paragraph for convenience translation to English

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

As of 30 September 2018, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 6.0117 for US Dollar, TL 6.9814 for Euro, TL 5.2943 for 100 JPY and TL 7.8495 for GBP.

III. Explanations on forward transactions, options and derivative instruments

Accounting policies applied as of 1 January 2018

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

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

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

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

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

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

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

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

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Accounting policies applied as of 1 January 2018 (Continued)

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

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

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

Accounting policies applied before 1 January 2018

a.) Derivative financial instruments held for trading

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

IV. Explanations on interest income and expenses

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

V. Explanations on fee and commission income and expenses

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

VI. Explanations on financial assets

Accounting policies applied as of 1 January 2018

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanation on financial assets (Continued)

Accounting policies applied as of 1 January 2018 (Continued)

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

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

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

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

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

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

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

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

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

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

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

c.) Financial assets measured at amortised cost

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanation on financial assets (Continued)

Accounting policies applied as of 1 January 2018 (Continued)

d.) Loans

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

Accounting policies applied before 1 January 2018

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

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 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.

b.) Available-for-sale Financial Assets

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.

c.) Investments Held to Maturity

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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” “As per Article 21 entitled “Exceptions”, “Regulation on the Procedures and Principles for Determination of Classifications of Loans Provisions to be Set Aside” published in the Official Gazette 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”.

The Bank has exemption from the provisions for impairment of TFRS 9 effective from 1 January 2018, in line with the permission of BRSA numbered 101.02.02.-E.347 and dated 8 January 2018. The Bank will assess whether the impairment requirements will be implemented or not after completion of TFRS 9 compliance and transition process.

The Bank may reserve specific provision for receivables secured by 1st and 2nd Group collaterals in the Regulation from non-performing loans and receivables, up to 20% which is first stage specific reserve ratio in the Regulation, for receivables secured by 3rd, 4th and 5th Group collaterals in the Regulation and unsecured receivables, up to 100%.

VIII. Explanations on offsetting financial instruments

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

XI. Explanations on goodwill and other intangible assets

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

As of 30 September 2018 and 31 December 2017, the Bank does not have any goodwill in its accompanying financial statements.

Implemented yearly amortization rates as follows;

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

XII. Explanations on tangible assets

All property and equipment are initially recognized at cost model in accordance with TAS 16 “Property, Plant and Equipment”. Subsequently acquired property and equipment are carried at cost less accumulated depreciation at the balance sheet date. Depreciation is calculated over the cost of property and equipment using the straight-line method over its estimated useful life. There has been no change in the depreciation method during the current period.

The depreciation rates are as follows;

Buildings	:	2%
Furniture, fixtures and vehicles	:	6-33%

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on tangible assets (Continued)

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

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

XIII. Explanations on investment property

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

XIV. Explanations on leases

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 TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on obligations related to employee rights

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

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

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

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

As of 30 September 2018, the calculated employment termination obligation amount is TL 22.219 (31 December 2017: TL 19.116). As at 30 September 2018, the Bank also provided provision for vacation pay liability relating to prior periods amounting to TL 15.378 (31 December 2017 TL 13.733).

The Bank has allocated a provision amounting to TL 10.945 (31 December 2017: TL 17.806) based on the success premium to be paid in January 2019 for the second half of the year and a provision amounting to TL 8.432 (31 December 2017: TL 9.598) for the dividend payable to the employees in 2019 from the profit of 2018.

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

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

The Bank has issued seven bonds. In April 2012, the Bank issued bonds amounting USD 500 million (TL 3.005.850). 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 has increased the amount of bonds amounting to USD 250 million (TL 1.502.925) with respect to the bonds issued in April 2012. In September 2014, the Bank issued bonds amounting USD 500 million (TL 3.005.850). 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 3.005.850). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years. In October 2016, the Bank issued bonds amounting USD 500 million (3.005.850). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is seven years. In September 2017, the Bank issued a bond with a maturity of five years and a fixed rate of 4,250% amounting USD 500 million (TL 3.005.850). In May 2018, the Bank issued a bond with a maturity of six years and a fixed rate of 6,125% amounting to USD 500 million (TL 3.005.850). 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.

In September 2018, the Bank issued subordinated debt instrument amounting TL 2,901,759 with a maturity of ten years with an early redeem option after fifth year of the date of issue.

In addition, within the first two quarters of 2018, the Bank has applied hedge accounting on Rediscount Credit Programs for the exchange rate risk of the foreign currency risk arising from the fixed rate TL loans extended by the CBRT through the floating rate foreign currency denominated loans. Amounts with respect to this calculation have been transferred to related accounts. As of 30 September 2018, there are no transactions in this scope.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on issuance of share certificates

As the Bank's total paid-in capital is owned by the Ministry of Treasury and Finance, there is no cost related to share issuance. Profit appropriation of the Bank is resolved at the General Assembly meeting. As of 30 March 2018, dividend distribution for 2017 was approved by Banking Regulation and Supervision Agency and profit distribution was made according to the resolution of the meeting.

XX. Explanations on avalized drafts and acceptances

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

XXI. Explanations on government grants

The Bank benefits from the Government Incentive provided by the Ministry of Trade as of 30 September 2018. In accordance with the decision of the Ministry of Economy Money-Credit and Coordination Board dated 2016/8, the interest expense of bank which is corresponding with difference between the bank interest rate and reference commercial interest rate is supported on investment good through exports medium-long-term buyer's loans. These incentives are recognized by adopting an income approach in accordance with TAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

XXII. Explanations on segment reporting

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

XXIII. Explanations on other issues

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

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

TFRS 15 Revenue from Contracts with Customers standard provides single and comprehensive model and guidance regarding recognition of revenue and replaces TAS 18 Revenue standard. The standard is effective starting from 1 January 2018 and does not have significant impact on the financial position and performance of the Bank.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIV. Reclassifications

Reclassifications and remeasurements for the first time application of TFRS 9 Financial Instruments standard as at 1 January 2018 are presented below.

ASSETS	31 December 2017	TFRS 9 Reclassification Effect	TFRS 9 Measurement Effect	1 January 2018
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	27.263	(24.169)	-	3.094
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	30.318	-	30.318
Available-for-Sale Financial Assets	30.318	(30.318)	-	-
Financial Assets Measured at Amortised Cost	-	189.077	1.762	190.839
Investments Held to Maturity	180.461	(180.461)	-	-
Derivative Financial Assets	-	149.159	-	149.159
Derivative financial instruments held for risk management	133.606	(133.606)	-	-
LIABILITIES	31 December 2017	TFRS 9 Reclassification Effect	TFRS 9 Measurement Effect	1 January 2018
Derivative Financial Liabilities Held for Trading	384.351	(384.351)	-	-
Derivative Financial Liabilities	-	572.637	-	572.637
Miscellaneous Payables	665.814	(665.814)	-	-
Other External Funds	252.785	(252.785)	-	-
Other Liabilities	-	918.599	-	918.599
Derivative Financial Liabilities Held For Hedging Purpose	188.286	(188.286)	-	-
Securities Value Decrease Fund	21.154	(21.154)	-	-
Hedging Reserves (effective portion)	(1.512)	1.512	-	-
Other Capital Reserves	(1.565)	1.565	-	-
Other Comprehensive Income/Expense Items not to be Recycled to Profit and Loss	-	(1.565)	1.762	197
Other Comprehensive Income/Expense Items to be Recycled to Profit and Loss	-	19.642	-	19.642

Effects on equity with TFRS 9 transition

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standard published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not restated, it is stated that the difference between the book value of 1 January 2018 at the date of application has to be reflected in the opening balances on equity.

The difference amounting to TL 1.762 which is an income between the provision for impairment of the previous period of the Bank and the provision for loss that is measured in accordance with TFRS 9 impairment model as of 1 January 2018 is classified as "Prior Period Net Income/(Loss)" in shareholders' equity.

Since the previous categories under TAS 39 have been excluded from use, the Bank also reclassified financial assets in accordance with TFRS 9 and there is no equity effect of these classification transactions.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Information about shareholders' equity items

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

As of 30 September 2018, the shareholders' equity of the Bank is TL 10.396.769 (31 December 2017: TL 5.897.781) and the capital adequacy standard ratio is 19,75% (31 December 2017: 13,55%). The capital adequacy standard ratio of the Bank is above the minimum ratio determined by the relevant legislation.

	Current Period	Amount as per the regulation before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL	7.364.796	
Paid-in Capital to be Entitled for Compensation after All Creditors	6.350.000	
Share Premium	-	
Reserves	401.743	
Other Comprehensive Income according to Turkish Accounting Standards ("TAS")	42.838	
Profit	578.567	
Net Current Period Profit	578.567	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	7.373.148	
Deductions From Common Equity Tier I Capital	8.352	
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 (-)	-	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	6.787	
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	1.565	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Core Capital Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	

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

I. Information about shareholders' equity items (Continued)

	Current Period	Amount as per the regulation before 1/1/2014 (*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Exceeding Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	
Mortgage Servicing Rights not deducted (-)	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	
Other items to be Defined by the BRSA (-)	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	8.352	
Total Common Equity Tier I Capital	7.364.796	
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 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital (-)	-	
Other items to be defined by the BRSA (-)	-	
Items to be Deducted from Tier 1 Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	

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

I. Information about shareholders' equity items (Continued)

	Current Period	Amount as per the regulation before 1/1/2014 (*)
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)	7.364.796	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2.901.759	
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	3.031.973	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	3.031.973	
Total Equity (Total Tier I and Tier II Capital)	10.396.769	
The sum of Tier I Capital and Tier II Capital (Total Capital)	10.396.769	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	
Net Book Values of Movables and Immovable's Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	
Other items to be Defined by the BRSA (-)	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

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

I. Information about shareholders' equity items (Continued)

	Current Period	Amount as per the regulation before 1/1/2014 ^(*)
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	10.396.769	
Total Capital (Total of Tier I Capital and Tier II Capital)	10.396.769	
Total Risk Weighted Assets ^(**)	52.634.735	
CAPITAL ADEQUACY RATIOS		
Common Equity Tier I Capital Ratio (%)	13,99	
Tier I Capital Ratio (%)	13,99	
Capital Adequacy Ratio (%)	19,75	
BUFFERS		
Bank-specific total Common Equity Tier I Capital Ratio	1,875	
Capital conservation buffer requirement (%)	1,875	
Bank systematic countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,49	
Amounts Lower Than Excesses as per Deduction Rules	22.235	
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	22.235	
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		
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	130.214	
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 1 January 2018-1 January 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	-	

^(*) Amounts to be considered under transition provisions.

^(**) As per the BRSA announcement on 13 August 2018, the higher of arithmetic averages of the Central Bank of Turkey's spot purchase exchange rates for 252 working days before the reporting date and the spot purchase exchange rate used in preparation of financial statements as of 30 June 2018, is considered in the calculation of Turkish Lira equivalent of credit risk exposures in foreign currencies

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

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
TIER CAPITAL	5.768.777	
Paid in Capital to be Entitled for compensation after all Creditors	4.800.000	
Share Premium	-	
Legal Reserves	387.531	
Other Comprehensive Income according to TAS	21.154	
Profit	568.475	
Net Current Period Profit	568.475	
Prior Years' Profit	-	
Bonus shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Tier 1 Capital before Deductions	5.777.160	
Deductions from Tier 1 Capital	8.383	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	1.512	
Leasehold Improvements on Operational Leases	462	
Goodwill and Intangible Assets and Related Deferred Tax Liabilities	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4.844	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Net defined benefit plan assets	1.565	
Investments in own common equity	-	
Shares obtained against Article 56, Paragraph 4 of the Banking Law	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	

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

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 ^(*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier 1 Capital	-	
Net Deferred tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier 1 Capital	-	
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
The Portion of Net Portion of the Investments in Equity of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issues Share Capital Not Deducted from Tier I Capital	-	
Mortgage Servicing Rights not deductions	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-	
Other Items to be Defined by the BRSA	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier 1 or Tier II Capitals	-	
Total regulatory adjustments to Tier 1 capital	8.383	
Tier Capital	5.768.777	
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	
Additional Core Capital before Deductions	-	
Deductions from Core Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
Total of Net Long Positions of the Direct and Indirect Investments in Additional Tier I Capital of Unconsolidated Banks of Financial Institutions where the Banks owns more than 10% of the Issued Share Capital	-	
Other Items to be Defined by the BRSA	-	
Components to continue to be deducted from Core Capital during transition period	1.211	

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

1. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
Goodwill and other Intangible Assets and Related Deferred taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	1.211	
Net Deferred Tax Assets/Liabilities not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital	-	
Total Deductions from Additional Core Capital	-	
Total Additional Core Capital	-	
Total Core Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	5.767.566	
SUPPLEMENTARY CAPITAL	130.214	
Debts Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	
General Provisions (Amounts stated in the first paragraph of article 8 of the Regulation on Equities of Banks)	130.214	
Tier II Capital Before	130.214	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Other Items to be Defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	130.214	
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.897.781	
The sum of Tier I Capital and Tier II Capital (Total Capital)	5.897.781	
Loans Granted against the Article 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for sale but Retained more than Five Years	-	
Other Items to be Defined by the BRSA	-	
Components to continue to be deducted from Total Core Capital and Supplementary Capital during transition period	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

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

1. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL	5.897.781	
Total capital	5.897.781	
Total risk weighted items	43.525.396	
CAPITAL ADEQUACY RATIOS	-	
Core Capital Adequacy Ratio (%)	13,25	
Tier I Capital Adequacy Ratio (%)	13,25	
Capital Adequacy Standard Ratio (%)	13,55	
BUFFERS		
Total buffer requirement	1.250	
Capital conservation buffer requirement (%)	1,250	
Bank specific countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	8,75	
Amounts Lower than Excesses as per Deduction Rules	30.318	
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	30.318	
Remaining Total of the Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
Limits related to provisions considered in Tier II calculation	130.214	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	130.214	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4	-	
(to be implemented between 1 January 2018 and 1 January 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

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SECTION FOUR (Continued)

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

II. Explanations on 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. The majority of the Bank's foreign currency assets are denominated in US Dollars and Euros, and their funding is realized in US Dollar and Euro borrowings.

	TL	USD	GBP	EURO	JPY	Total
TRADING DERIVATIVE FINANCIAL INSTRUMENTS	663.780	13.294.429	70.646	10.756.095	2.527.487	27.312.437
Forward Transactions	200.068	243.354	-	-	-	443.422
Forward Foreign Exchange Purchase Transactions	100.393	121.316	-	-	-	221.709
Forward Foreign Exchange Sell Transactions	99.675	122.038	-	-	-	221.713
Swap Transactions	451.012	13.046.687	70.646	10.747.019	2.527.487	26.842.851
Swap Money Purchase Transactions FC - TL	451.012	-	-	-	-	451.012
Swap Money Purchase Transactions FC-FC	-	5.587.727	-	1.280.103	1.260.043	8.127.873
Swap Money Sale Transactions FC-TL	-	450.878	-	-	-	450.878
Swap Money Sale Transactions FC-FC	-	-	70.646	6.862.854	1.267.444	8.200.944
Swap Interest Purchase Transactions FC-FC	-	3.504.041	-	1.302.031	-	4.806.072
Swap Interest Sale Transactions FC-FC	-	3.504.041	-	1.302.031	-	4.806.072
Option Purchase Transactions	12.700	4.388	-	9.076	-	26.164
Money Purchase of Options	6.350	2.194	-	4.538	-	13.082
Money Sale of Options	6.350	2.194	-	4.538	-	13.082
HEDGING DERIVATIVE FINANCIAL ASSETS	36.220	34.884.378	-	15.234.524	-	50.155.122
Forward Transactions	-	-	-	-	-	-
Forward Foreign Exchange Purchase Transactions	-	-	-	-	-	-
Forward Foreign Exchange Sell Transactions	-	-	-	-	-	-
Swap Transactions	36.220	34.884.378	-	15.234.524	-	50.155.122
Swap Money Purchase Transactions	-	15.526.704	-	-	-	15.526.704
Swap Money Sale Transactions	36.220	-	-	15.234.524	-	15.270.744
Swap Interest Purchase Transactions	-	9.678.837	-	-	-	9.678.837
Swap Interest Sale Transactions	-	9.678.837	-	-	-	9.678.837
TOTAL	700.000	48.178.807	70.646	25.990.619	2.527.487	77.467.559

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SECTION FOUR (Continued)

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

II. Explanations on currency risk (Continued)

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

Fair value hedge accounting

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

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

	30 September 2018		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross currency swap and interest rate swaps	38.493.200	309.811	428.973
Forward foreign currency buy/sell transactions	-	-	-
Total	38.493.200	309.811	428.973

⁽¹⁾ Sum of purchase and sale.

The method of derivatives’ fair value measurement shown above is explained in the accounting policy in Section Three Note III.

Starting from 1 January 2013, the Bank has hedged USD 610 million portion of debt securities from total possible fair value effects of changes in fair value arising from Libor interest rates with 5,375% and 5,875% fixed interest rate amounting USD 500 million and USD 750 million, with 5 years and 7 years of maturity respectively by using interest rate swaps in 2012 and 2013. Total amount of USD debt securities issued with 5,875% fixed interest rate and maturity of 7 years is USD 750 million and cross currency swap transactions were made by the Bank for the remaining portion of USD 140 million in 2012. Due to changes in fair value arising from movements in market interest rate, starting from 13 August 2015, USD 120 million of the portion is subjected to fair value hedge and USD 20 million of the portion is subjected to cash flow hedge accounting of the total the remaining amount USD 140 million. The bond, issued in September 2014 with a maturity of seven years and a fixed interest payment rate of 5,000% per six months, is subjected o hedge accounting by cross currency swap transactions in April 2018. In addition, the bond issued in May 2018 with a maturity of six years and a fixed interest payment rate of 6,125% per six months, is subjected o hedge accounting by cross currency swap transactions in May 2018.

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

The impact of fair value hedge accounting is summarized below:

30 September 2018					
Hedging instrument	Hedged items	Hedged risk	Net fair value of hedged items		Amount of hedge funds
			Asset	Liability	
Interest rate swaps	Issued securities denominated in USD with fixed interest rate	Fixed interest rate risk	309.811	428.973	-
Forward transactions	Originated CBRT-Rediscount TL Loans	Currency and interest rate risk	-	-	-

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SECTION FOUR (Continued)

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

II. Explanations on currency risk (Continued)

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

Fair value hedge accounting (Continued)

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

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

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

Cash flow hedge accounting

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

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

	30 September 2018		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross Currency Swap Interest Transactions	11.661.922	149.158	166.612
Total	11.661.922	149.158	166.612

⁽¹⁾ Sum of purchase and sale.

The method for cash flow hedge presented above is explained in Section Three, No III accounting policy. The impact of cash flow hedge accounting is summarized below:

30 September 2018					
Hedging Instrument	Hedged Asset and Liability	Hedged Risk	Fair value of hedging instrument		Amount at hedging account
			Asset	Liability	
Cross Currency Swap Transactions	Fixed interest rate US Dollar debt securities	Currency Risk	90.356	-	667
Cross Currency Swap Transactions	Floating interest rate US Dollar borrowings	Currency Risk	58.802	166.612	27.339

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SECTION FOUR (Continued)

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

II. Explanations on currency risk (Continued)

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

Cash flow accounting (Continued)

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

3. Policy on foreign currency risk management

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 30 September 2018, the Net Foreign Currency Position/Shareholders' Equity ratio is 0,14 per cent (31 December 2017: (0,26) per cent). Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

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

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

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SECTION FOUR (Continued)

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

II. Explanations on currency risk (Continued)

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

DATE	24/09/2018	25/09/2018	26/09/2018	27/09/2018	28/09/2018
USD	6,25420	6,12210	6,11920	6,08190	6,01170
AUD	4,54560	4,43420	4,43950	4,39420	4,33920
DKK	0,98429	0,96591	0,96542	0,95428	0,93666
SEK	0,71044	0,69800	0,69521	0,68806	0,67812
CHF	6,51340	6,34150	6,33850	6,27520	6,16020
100JPY	5,55350	5,42030	5,42110	5,39790	5,29430
CAD	4,83360	4,72060	4,72200	4,65870	4,62010
NOK	0,76725	0,75338	0,75388	0,74804	0,73706
GBP	8,19110	8,04510	8,04860	7,97220	7,84950
SAR	1,66756	1,63204	1,63161	1,62171	1,60299
EUR	7,34120	7,20390	7,19920	7,11460	6,98140
KWD	20,65460	20,21830	20,20870	20,07890	19,82100
XDR	8,78840	8,59730	8,59140	8,53410	8,42900
BGN	3,75400	3,68380	3,68140	3,63900	3,57100
100 IRR	0,01489	0,01458	0,01457	0,01448	0,01431
RON	1,57584	1,54602	1,54420	1,52582	1,49668
RUB	0,0945	0,0930	0,0931	0,0923	0,0916
CNH	0,9119	0,8915	0,8897	0,8843	0,8733

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 September 2018
USD	6,32210
AUD	4,55231
DKK	0,98825
SEK	0,70587
CHF	6,52959
100JPY	5,64384
CAD	4,84728
NOK	0,76624
GBP	8,24690
SAR	1,68551
EUR	7,36860
KWD	20,86800
XDR	8,85411
BGN	3,76809
IRR	0,01505
RON	1,58540
RUB	0,09358
CNH	0,92208

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SECTION FOUR (Continued)

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

II. Explanations on currency risk (Continued)

7. Information related to Bank's Currency Risk

Current Period	EURO	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	977.396	1.773.821	-	2.751.217
Banks	40.292	659.967	18.531	718.790
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	76.082.510	51.015.824	245.298	127.343.632
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Derivative Financial Assets for Hedging Purposes ^(*)	-	458.969	-	458.969
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	594.113	370.533	422	965.068
Total Assets	77.694.311	54.279.114	264.251	132.237.676
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	56.171.832	53.822.279	174.532	110.168.643
Marketable Securities Issued	-	19.264.659	-	19.264.659
Miscellaneous Payables	522.303	483.729	10.573	1.016.605
Derivative Financial Liabilities for Hedging Purposes ^(*)	-	595.585	-	595.585
Other Liabilities	172.080	361.371	380	533.831
Total Liabilities	56.866.215	74.527.623	185.485	131.579.323
Net Balance Sheet Position	20.828.096	(20.248.509)	78.766	658.353
Net off Balance Sheet Position	(20.817.275)	20.662.831	(78.047)	(232.491)
Derivative Assets	2.586.672	34.420.819	1.260.043	38.267.534
Derivative Liabilities	23.403.947	13.757.988	1.338.090	38.500.025
Non-Cash Loans	361.285	9.757.234	424	10.118.943
Prior Period				
Total Assets	41.146.025	33.061.660	197.917	74.405.602
Total Liabilities	31.404.044	46.409.339	937.046	78.750.429
Net on Balance Sheet Position	9.741.981	(13.347.679)	(739.129)	(4.344.827)
Net off Balance Sheet Position	(9.737.749)	13.415.681	737.799	4.415.731
Derivative Assets	1.157.790	21.985.782	797.562	23.941.134
Derivative Liabilities	10.895.539	8.570.101	59.763	19.525.403
Non-Cash Loans	167.820	6.073.168	275	6.241.263

^(*) "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 amounting TL 83.592 and Foreign Currency Expense Accruals of Derivative Financial Instruments amounting TL 206.007 are not included.

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SECTION FOUR (Continued)

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

II. Explanation on currency risk (Continued)

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

The effect of the Bank's currency positions as of 30 September 2018 and 30 September 2017 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period		Prior Period	
	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾
USD	41.432	41.432	10.753	10.753
EUR	1.082	1.082	525	525
Other foreign currency	72	72	83	83
Total	42.586	42.586	11.361	11.361

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

As of 30 September 2018 and 30 September 2017, the effect of the appreciation of TL by 10% against other currencies with all other variables held constant on net profit and equity of the Bank is the same as the total amount with a negative sign as presented in the above table.

III. Explanation on interest rate risk

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

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

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

As of 30 September 2018, the compatibility of 11 interest rate swaps and floating rate assets with fixed-rate liabilities and 13 basis swap transactions and interest payment periods of floating rate transactions, tried to be brought to the same basis.

As of 30 September 2018, 20 short-term and 12 long-term FC-FC money swaps and 1 FC-TL long-term money swap transaction, 3 FC-TL short-term money swap transactions, 6 TL-FC forward transactions and 5 FC-TL forward, 8 short term option transactions have been carried out.

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SECTION FOUR (Continued)

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

III. Explanation on interest rate risk (Continued)

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

(Periods remaining to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	2.751.332	2.751.332
Banks	1.060.824	-	-	-	-	93.767	1.154.591
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	-	-	-	-
Money Market Placement	258.863	-	-	-	-	-	258.863
Financial Assets Measured at Fair Value Reported in Other Comprehensive Income	-	-	-	-	-	22.235	22.235
Loans ⁽¹⁾	21.101.181	39.479.420	72.086.965	485.452	19.903	119.296	133.292.217
Financial Assets Measured at Amortised Cost	26.445	68.256	184.405	102.655	2.889.564	-	3.271.325
Other Assets	222.170	182.791	143.160	3.328	14.329	1.991.444	2.557.222
Total Assets	22.669.483	39.730.467	72.414.530	591.435	2.923.796	4.978.074	143.307.785
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	384.851	-	-	-	-	-	384.851
Miscellaneous Payables	5.801	-	11.989	-	-	1.021.819	1.039.609
Securities Issued	7.436.606	3.064.182	8.763.871	-	-	-	19.264.659
Other Funds	17.536.947	41.009.850	52.121.846	-	-	-	110.668.643
Other Liabilities ⁽²⁾	323.878	311.943	3.103.810	591	3.184	8.206.617	11.950.023
Total Liabilities	25.688.083	44.385.975	64.001.516	591	3.184	9.228.436	143.307.785
On Balance Sheet Long Position	-	-	8.413.014	590.844	2.920.612	-	11.924.470
On Balance Sheet Short Position	(3.018.600)	(4.655.508)	-	-	-	(4.250.362)	(11.924.470)
Off-balance Sheet Long Position	14.476.480	13.203.568	10.494.223	651.016	-	-	38.825.287
Off-balance Sheet Short Position	(14.288.747)	(13.389.693)	(10.312.814)	(651.016)	-	-	(38.642.270)
Total Position	(2.830.867)	(4.841.633)	8.594.423	590.844	2.920.612	(4.250.362)	183.017

⁽¹⁾ "Non-interest bearing" column of loans is composed of non-performing receivables amounting TL 119.296.

⁽²⁾ In other liabilities line the "non-interest bearing" column amounting TL 8.206.617 includes equity amounting to TL 7.371.583 and provisions amounting to TL 321.884.

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

III. Explanation on interest rate risk (Continued)

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

(Periods remaining to reprising dates)

Prior Period	Up to 1 month	1-3 Months	3 -12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	632.192	632.192
Banks	2.032.663	-	-	-	-	49.738	2.082.401
Financial Assets Measured at Fair Value Through Profit/Loss	905	4.281	12.270	1.191	8.616	-	27.263
Money Market Placements	831.691	-	-	-	-	-	831.691
Available-for-sale Financial Assets	-	-	-	-	-	30.318	30.318
Loans ⁽¹⁾	12.812.621	22.428.887	44.493.552	433.542	-	102.502	80.271.104
Held-to-maturity Investments	-	17.208	142.161	21.092	-	-	180.461
Other Assets	3.376	35.284	94.946	-	-	1.186.153	1.319.759
Total Assets	15.681.256	22.485.660	44.742.929	455.825	8.616	2.000.903	85.375.189
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	152.000	-	-	-	-	-	152.000
Miscellaneous Payables	-	-	11.602	180	-	654.032	665.814
Securities Issued	-	3.732.210	4.565.724	1.981.276	-	-	10.279.210
Other Funds	9.012.558	24.195.582	34.160.530	-	-	-	67.368.670
Other Liabilities ⁽²⁾	48.575	137.965	142.998	284.657	-	6.295.300	6.909.495
Total Liabilities	9.213.133	28.065.757	38.880.854	2.266.113	-	6.949.332	85.375.189
On Balance Sheet Long Position	6.468.123	-	5.862.075	-	8.616	-	12.338.814
On Balance Sheet Short Position	-	(5.580.097)	-	(1.810.288)	-	(4.948.429)	(12.338.814)
Off-balance Sheet Long Position	4.567.045	8.366.756	6.646.202	4.488.231	-	-	24.068.234
Off-balance Sheet Short Position	(4.604.812)	(8.417.130)	(6.622.786)	(4.760.776)	-	-	(24.405.504)
Total Pozisyon	6.430.356	(5.630.471)	5.885.491	(2.082.833)	8.616	(4.948.429)	(337.270)

⁽¹⁾ "Non-interest bearing" column of loans is composed of non-performing loans amounting TL 102.502.

⁽²⁾ In other liabilities line the "non-interest bearing" column amounting TL 6.295.300, includes equity amounting to TL 5.774.083 and provisions amounting to TL 268.419, other liabilities amounting to TL 252.785 and funds amounting to TL 13.

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SECTION FOUR (Continued)

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

III. Explanation on interest rate risk (Continued)

2. Average interest rates for monetary financial instruments

As of 30 September 2018, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	GBP	JPY	TL
Current Period					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	-	1,70	-	-	16,30
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	15,78
Financial Assets Measured at FVOCI	-	-	-	-	-
Loans	1,46	2,82	1,46	1,09	7,93
Financial Assets Measured at Amortised Cost	-	-	-	-	12,75
Liabilities					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Money Market Funds	-	-	-	-	16,96
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	5,35	-	-	-
Other Funds	0,51	2,72	1,18	1,71	25,50

As of 31 December 2017, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	GBP	JPY	TL
Prior Period					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	0,01	1,09	-	-	11,95
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-	8,49
Interbank Money Market Placements	-	-	-	-	13,26
Available-for-sale Financial Assets	-	-	-	-	-
Loans	1,27	2,29	1,30	0,98	8,78
Held-to-maturity Investments	-	-	-	-	11,57
Liabilities					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Due to Money Markets	-	-	-	-	12,18
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	5,18	-	-	-
Other Funds	0,53	1,28	1,18	1,70	-

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SECTION FOUR (Continued)

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

IV. Explanations on position risk of equity securities

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

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

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

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

None.

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

None.

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

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

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

	Portfolio	Realized gains/losses during the period	Revaluation value increases		Unrealized gains/losses		
			Total	Included in supplementary capital	Total	Included in the core capital	Included in supplementary capital
1	Private equity investments	-	-	-	-	-	-
2	Shares quoted to the stock market	-	-	-	-	-	-
3	Other shares	-	6.977	-	-	-	-
4	Total	-	6.977	-	-	-	-

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SECTION FOUR (Continued)

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

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

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

The Bank does not have investment in associates or subsidiaries quoted on BIST. According to credit positions in banking accounts standard approach, stock investments amounting to TL 22.235 are 100% risk weighted (31 December 2017: Stock investments amounting to TL 30.318 are 100% risk weighted).

V. Explanations on liquidity risk and liquidity coverage ratio

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

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

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

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

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

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

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SECTION FOUR (Continued)

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

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

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

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

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

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

Current Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
28 September 2018	237,73	14 September 2018	2,77	28 September 2018	149,97	21 September-14 September-7 September-31 August 2018	0,00

Prior Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
8 December 2017	94,22	15 December 2017	58,73	8 December 2017	91,04	15 December 2017	53,86

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

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

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

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SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio

Current Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				
1	Total high-quality liquid assets (HQLA)		841.608	643.315
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	8.915.367	8.911.576	4.740.319	4.736.529
9	Secured wholesale funding			
10	Other cash outflows of which:			
11	Outflows related to derivative exposures and other collateral requirements			
12	Outflows related to restructured financial instruments			
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets			
14	Other revocable off-balance sheet commitments and contractual obligations			
15	Other irrevocable or conditionally revocable off-balance sheet obligations			
16	Total Cash Outflows		5.413.157	5.395.315
Cash Inflows				
17	Secured receivables			
18	Unsecured receivables			
19	Other cash inflows			
20	Total Cash Inflows		8.987.221	7.986.462
21	Total HQLA		841.608	643.315
22	Total Net Cash Outflows		1.362.568	1.353.317
23	Liquidity Coverage Ratio (%)		61,77	47,54

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

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

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

2. Liquidity Coverage Ratio (Continued)

Prior Period	Total Unweighted Value ^(*)		Total Weighted Value ^(*)	
	TL+FC	TL+FC	TL+FC	YP
High-Quality Liquid Assets				
1	Total high-quality liquid assets (HQLA)		615.186	590.769
Cash Outflows				
2	Retail deposits and deposits from small business customers, of which:		-	-
3	Stable deposits		-	-
4	Less stable deposits		-	-
5	Unsecured wholesale funding, of which:		-	-
6	Operational deposits		-	-
7	Non-operational deposits		-	-
8	Unsecured funding		6.572.323	2.869.366
9	Secured wholesale funding		6.491.306	2.836.959
10	Other cash outflows of which:		-	-
11	Outflows related to derivative exposures and other collateral requirements		20.338	9.246
12	Outflows related to restructured financial instruments		-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets		264.508	105.803
14	Other revocable off-balance sheet commitments and contractual obligations		-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations		5.689.840	284.491
16	Total Cash Outflows		3.279.998	3.325.498
Cash Inflows				
17	Secured receivables		-	-
18	Unsecured receivables		10.777.787	4.800.873
19	Other cash inflows		25.363	7.499
20	Total Cash Inflows		10.803.150	7.266.203
21	Total HQLA		615.186	590.769
22	Total Net Cash Outflows		821.044	809.919
23	Liquidity Coverage Ratio (%)		74,93	72,94

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

Explanations on liquidity coverage ratio:

a) Due to the low level of complexity of the Bank, cash inflows and outflows have not shown significant fluctuations during the period and cash inflows have been realized above the cash outflows throughout the period.

b) The most important items of high quality liquid assets of the Bank, which does not accept deposits due to being a Development and Investment Bank, are the Turkish Lira and foreign currency securities issued by the Treasury of the Republic of Turkey.

c) Main funding sources of the Bank are funds from CBRT rediscount loans, short-term loans from domestic and overseas banks, medium and long-term funds borrowed from international organizations like World Bank, European Investment Bank and funds obtained from capital market transactions by issuing debt securities.

d) Most of the derivative instruments used for hedging purposes are forward transactions for currency risk and swap transactions within the scope of currency and interest rate risk.

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SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio (Continued)

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

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

None.

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

None.

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SECTION FOUR (Continued)

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash on Hand in Transit, Purchased Cheques) and Balances with the Central Bank	2.751.332	-	-	-	-	-	-	2.751.332
Banks	93.767	1.060.824	-	-	-	-	-	1.154.591
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	258.863	-	-	-	-	-	258.863
Financial Assets Measured at Fair Value Through Other Comprehensive Income	22.235	-	-	-	-	-	-	22.235
Loans ⁽⁵⁾	-	12.235.975	25.292.505	65.618.996	24.431.412	5.594.033	119.296	133.292.217
Financial Assets Measured at Amortised Cost	-	26.445	68.256	184.405	102.655	2.889.564	-	3.271.325
Other Assets	-	87.352	78	153.746	190.957	133.645	1.991.444	2.557.222
Total Assets	2.867.334	13.669.459	25.360.839	65.957.147	24.725.024	8.617.242	2.110.740	143.307.785
Liabilities								
Bank Deposits								
Other Deposits	-	-	-	-	-	-	-	-
Other Funds	-	11.139.635	23.319.865	50.861.274	15.987.923	9.359.946	-	110.668.643
Money Market Funds	-	384.851	-	-	-	-	-	384.851
Securities Issued	-	-	-	4.605.356	8.763.871	5.895.432	-	19.264.659
Miscellaneous Payables	-	5.801	-	11.989	-	-	1.021.819	1.039.609
Other Liabilities ⁽²⁾⁽³⁾⁽⁴⁾	-	40.811	6.428	219.243	173.928	3.302.996	8.206.617	11.950.023
Total Liabilities	-	11.571.098	23.326.293	55.697.862	24.925.722	18.558.374	9.228.436	143.307.785
Liquidity Gap	2.867.334	2.098.361	2.034.546	10.259.285	(200.698)	(9.941.132)	(7.117.696)	-
Net Off Balance Sheet Position	-	64.426	(107)	(13.951)	256.101	(123.452)	-	183.017
Derivative Financial Assets	-	6.387.738	514.704	8.421.125	13.024.846	10.476.874	-	38.825.287
Derivative Financial Liabilities	-	6.323.312	514.811	8.435.076	12.768.745	10.600.326	-	38.642.270
Non-Cash Loans	-	-	-	-	-	-	10.118.943	10.118.943
Prior Period								
Total Assets	712.248	10.685.573	14.599.595	37.430.255	16.593.847	4.065.016	1.288.655	85.375.189
Total Liabilities	-	6.620.275	17.205.857	29.546.046	18.651.028	6.402.651	6.949.332	85.375.189
Liquidity Gap	712.248	4.065.298	(2.606.262)	7.884.209	(2.057.181)	(2.337.635)	(5.660.677)	-
Net Off-Balance Sheet Position	-	(37.768)	(1.009)	(27.849)	(70.435)	(200.208)	-	(337.269)
Derivative Financial Assets	-	4.389.619	2.436.923	2.873.036	10.133.136	4.235.520	-	24.068.234
Derivative Financial Liabilities	-	4.427.387	2.437.932	2.900.885	10.203.571	4.435.728	-	24.405.503
Non-Cash Loans	-	-	-	-	-	-	6.241.263	6.241.263

- (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 the amount of TL 8.206.617 at the "unallocated" column, includes the shareholders' equity amounting to TL 7.371.581 and provisions amounting to TL 321.884.
- (4) In other liabilities over 5 year line, the amount of TL 3.302.996 includes subordinated debt instrument amounting to TL 2.904.663.
- (5) Loans consist of net value of non-performing receivable at "non-interest bearing" column amounting TL 119.296.

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SECTION FOUR (Continued)

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

VI. Explanations on leverage ratio

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

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

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

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

c) The leverage ratio table is presented below:

	Current Period^(*)	Prior Period^(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	135.682.134	86.641.182
Assets amounts deducted in determining Basel III Tier 1 capital	(8.181)	(7.677)
Total on balance sheet exposures	135.673.953	86.633.505
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	(6.449)	(3.572)
The potential amount of credit risk with derivative financial instruments and credit derivatives	1.543.336	880.260
The total amount of risk on derivative financial instruments and credit derivatives	1.536.887	876.688
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	6.217	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	6.217	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	53.994.467	30.895.174
Adjustments for conversion to credit equivalent amounts	(39.292.169)	(22.030.481)
The total risk of off-balance sheet items	14.702.298	8.864.693
Capital and Total Exposures		
Tier 1 Capital	7.272.429	5.711.057
Total Exposures	151.919.355	96.374.886
Leverage Ratio		
Leverage Ratio	4,84%	5,93%

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

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

VII. Information on Risk Management

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

1. Overview of risk weighted amounts

		Risk Weighted Amount		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	50.302.240	41.308.618	4.024.179
2	Of which standardized approach (SA)	50.302.240	41.308.618	4.024.179
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	765.853	418.596	61.268
5	Of which standardized approach for counterparty credit risk (SA-CCR)	765.853	418.596	61.268
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	119.413	551.225	9.553
17	Of which standardized approach (SA)	119.413	551.225	9.553
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	1.447.229	1.246.957	115.779
20	Of which Basic Indicator Approach	1.447.229	1.246.957	115.779
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)	52.634.735	43.525.396	4.210.779

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

None.

3. Risk weighted assets under the Internal Model Method

None.

4. Change in market risk-weighted assets according to the internal model approach

None.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets

1. Cash equivalents and the account of the CBRT

	Current Period	
	TL	FC
Cash/Foreign currency	18	-
CBRT	97	2.751.217
Other	-	-
Total	115	2.751.217

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

Information related to the account of the CBRT

	Current Period	
	TL	FC
Unrestricted Demand Deposits	97	-
Unrestricted Time Deposits	-	2.751.217
Restricted Time Deposits	-	-
Total	97	2.751.217

	Prior Period	
	TL	FC
Unrestricted Demand Deposits	234	-
Unrestricted Time Deposits	-	631.932
Restricted Time Deposits	-	-
Total	234	631.932

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	
	TL	FC
Financial assets under repo transactions	-	-
Financial assets given as collateral/ blocked	-	-
Total	-	-

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

3. Derivative financial assets

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

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

	Current Period	
	TL	FC
Forward Transactions	23.126	-
Swap Transactions	91	83.338
Futures Transactions	-	-
Options	-	254
Other	-	-
Total	23.217	83.592

	Prior Period	
	TL	FC
Forward Transactions	5.249	-
Swap Transactions	-	10.304
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	5.249	10.304

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

Derivative financial instruments held for risk management	Current Period	
	TL	FC
Fair value hedges	-	309.811
Cash flow hedges	-	-
Net foreign investment hedges	-	-
Total	-	309.811

Derivative financial instruments held for risk management	Prior Period	
	TL	FC
Fair value hedges	77.064	12.857
Cash flow hedges	-	-
Net foreign investment hedges	-	-
Total	77.064	12.857

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

3.2.1. Derivative financial assets held for trading

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

3. Derivative financial assets (Continued)

3.2. Derivative financial Assets Measured at Fair Value through Other Comprehensive Income (Continued)

3.2.2. Derivative financial instruments held for risk management

Derivative Financial Instruments Held for Risk Management	Current Period	
	TL	FC
Fair Value Hedges	-	-
Cash Flow Hedges	-	149.158
Net Foreign Investment Hedges	-	-
Total	-	149.158

Derivative Financial Instruments Held for Risk Management	Prior Period	
	TL	FC
Fair Value Hedges	-	-
Cash Flow Hedges	-	43.685
Net Foreign Investment Hedges	-	-
Total	-	43.685

4. Information on banks and foreign bank accounts

	Current Period	
	TL	FC
Banks		
Domestic banks	435.801	1.929
Foreign banks	-	716.861
Foreign head offices and branches	-	-
Total	435.801	718.790

	Prior Period	
	TL	FC
Banks		
Domestic banks	191.882	794.378
Foreign banks	-	1.096.141
Foreign head offices and branches	-	-
Total	191.882	1.890.519

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

As of 30 September 2018 and 31 December 2017, there are not any financial assets measured at fair value through other comprehensive income given as collateral.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

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

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

	Current Period
Debt Securities	
Quoted to Stock Exchange	-
Not Quoted	-
Share Certificates	
Quoted to Stock Exchange	-
Not Quoted	22.235
Impairment Provision (-)	-
Total	22.235

ii) Available for sale financial assets

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

As of 30 September 2018 and 31 December 2017, financial assets measured at fair value through other comprehensive income of the Bank consist of Garanti Faktoring AŞ and Kredi Garanti Fonu AŞ with the shareholding percentages of 9,78% and 1,54%, respectively.

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

7. Information related to loans

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

	Current Period	
	Cash	Non-Cash Loans
Direct Lendings to Shareholders	-	-
Corporates	-	-
Individuals	-	-
Indirect Lendings to Shareholders	-	-
Loans to Employees	15.160	-
Total	15.160	-

	Prior Period	
	Cash	Non-Cash Loans
Direct Lendings to Shareholders	-	-
Corporates	-	-
Individuals	-	-
Indirect Lendings to Shareholders	-	-
Loans to Employees	10.081	-
Total	10.081	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Loans and Other Receivables	Restructured	Other
			The ones whose payment plans have changed	
Cash Loans				
Non-specialized Loans	131.271.742	323.376	607.370	-
Working capital loans	-	-	-	-
Export Loans	103.871.484	234.887	480.630	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	12.020.845	-	-	-
Consumer Loans	15.160	-	-	-
Credit Cards	-	-	-	-
Other	15.364.253	88.489	126.740	-
Specialized Loans	722.370	2.102	245.961	-
Other Receivables	-	-	-	-
Total	131.994.112	325.478	853.331	-

	Standard Loans	Loans Under Close Monitoring
General Provisions	127.807	2.407

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

Number of Amendments Related to the Extension of the Payment Plan	Standard Loans	Loans Under Close Monitoring
Extended for 1 or 2 Times	1.238.770	252.319
Extended for 3, 4 or 5 Times	480.782	263.790
Extended for More than 5 Times	1.252.827	337.222

The Time Extended via the Amendment on Payment Plan	Standard Loans	Loans Under Close Monitoring
0-6 Months	1.905.933	203.545
6 - 12 months	1.065.890	649.786
1-2 Years	556	-
2-5 Years	-	-
5 Years and More	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

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

As of 30 September 2018, the Bank granted personnel loans amounting to TL 15.160.

	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	-	-	-
Retail Credit Cards – TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Retail Credit Cards – FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personel Loans-TP	215	14.945	15.160
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	215	14.945	15.160
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personel Loans-YP	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personel Credit Cards -TP	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personel Credit Cards-YP	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Deposit Accounts– TL (Real Persons)	-	-	-
Deposit Accounts– FC (Real Persons)	-	-	-
Total	215	14.945	15.160

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.5. Information on commercial installment loans and corporate credit cards

None.

7.6. Distribution of domestic and foreign loans

	Current Period
Domestic Loans	128.510.283
Foreign Loans	4.662.638
Total	133.172.921

	Prior Period
Domestic Loans	77.741.390
Foreign Loans	2.427.212
Total	80.168.602

7.7. Loans granted to investments in associates and subsidiaries

None.

7.8. Specific provisions accounted for loans

	Current Period
Loans with Limited Collectability	13.615
Loans Doubtful Collectability	-
Uncollectible Loans	214.708
Total	228.323

	Prior Period
Loans and Receivables with Limited Collectability	14.052
Loans and Receivables with Doubtful Collectability	75.343
Uncollectible Loans and Receivables	102.334
Total	191.729

7.9. Information on non-performing loans (Net)

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

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

7.9.2 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	70.257	82.192	141.782
Additions During the Period	34.357	-	35.928
Transfers from Non-performing Loans Accounts	-	-	105.367
Transfers to Other Non-Performing Loans Accounts	(23.175)	(82.192)	-
Collections During the Period	(13.363)	-	(2.881)
Write-offs	-	-	(653)
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the End of the Period	68.076	-	279.543
Provisions	(13.615)	-	(214.708)
Net Balance Sheet Amount	54.461	-	64.835

7.9.3 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			
Balance at the End of the Period	66.243	-	162.716
Provisions	(13.248)	-	(101.555)
Net Balance Sheet Amount	52.995	-	61.161
Prior Period			
Balance at the End of the Period	68.421	72.086	125.720
Provisions	(13.684)	(67.440)	(88.974)
Net Balance Sheet Amount	54.737	4.646	36.746

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross)	68.076	-	279.251
Specific Provision Amount	(13.615)	-	(214.416)
Loans Granted to Real Persons and Corporate Entities (Net)	54.461	-	64.835
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross)	70.257	82.192	141.490
Specific Provision Amount	(14.052)	(75.343)	(102.042)
Loans Granted to Real Persons and Corporate Entities (Net)	56.205	6.849	39.448
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

8. Explanations on financial assets at amortized cost

As of 30 September 2018, all of the marketable securities of the Bank classified under trading and financial assets at amortized cost categories are treasury bills.

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

i) Financial assets measured at amortised cost

Financial assets measured at amortised cost subject to repo transactions:

	Current Period	
	TL	FC
Government bonds and similar marketable securities	592.246	-
Total	592.246	-

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

	Current Period	
	TL	FC
Government bonds and similar marketable securities	381.761	-
Total	381.761	-

ii) Held- to- maturity investments

Held-to-maturity investments subject to repo transactions:

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

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

	Prior Period	
	TL	FC
Government bonds and similar marketable securities	27.383	-
Total	27.383	-

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

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

i) Financial assets measured at amortised cost

	Current Period	
	Government Bonds	3.271.325
Treasury Bills	-	-
Other Public Debt Securities	-	-
Total	3.271.325	-

ii) Held- to- maturity investments

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

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

8.3 Information on financial assets at amortized cost securities

i) Financial assets measured at amortised cost

	Current Period
Debt Securities	
Quoted to Stock Exchange	3.271.325
Not Quoted	-
Impairment Provision (-)	-
Total	3.271.325

ii) Held- to- maturity investments

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

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

i) Financial assets measured at amortised cost

	Current Period
Balance at the beginning of the period	180.461
Foreign exchange differences on monetary assets	-
Purchases during the year	3.198.105
Disposals through sales and redemptions ⁽¹⁾	(127.748)
Impairment provision ⁽²⁾	20.507
Balance at the end of the period	3.271.325

⁽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⁾ Consists of change in interest accruals.

ii) Held- to- maturity Investments

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

⁽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⁾ Consists of change in interest accruals.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

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. Information on investment properties

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

	Current Period
Cost	4.566
Depreciation Expense	(2.401)
Net Value at the end of the Period	2.165

	Prior Period
Cost	4.566
Depreciation Expense	(2.330)
Net Value at the end of the Period	2.236

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

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities

1. Information on deposits/funds received

The Bank does not accept deposits.

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

2.1. Explanations on fair value hedged derivative financial liabilities

2.1.1. Information on Trading Derivative Financial Liabilities

Trading Derivative Financial Liabilities	Current Period	
	TL	FC
Forward Transactions	23.146	-
Swap Agreements	389	205.791
Futures Transactions	-	-
Options	-	216
Other	-	-
Total	23.535	206.007

Trading Derivative Financial Liabilities	Prior Period	
	TL	FC
Forward Transactions	4.893	-
Swap Agreements	17.407	362.051
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	22.300	362.051

2.1.2. Information on derivative financial liabilities for hedging purposes

Derivative Financial Liabilities for Hedge	Current Period	
	TL	FC
Fair Value Hedge	-	428.973
Cash Flow Hedge	-	-
Net Investment in Foreign Operations Hedge	-	-
Total	-	428.973

Derivative Financial Liabilities for Hedge	Prior Period	
	TL	FC
Fair Value Hedge	11.244	177.042
Cash Flow Hedge	-	-
Net Investment in Foreign Operations Hedge	-	-
Total	11.244	177.042

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

2.2.1. Information on derivative financial liabilities for hedging purposes

Derivative Financial Liabilities for Hedge	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	-	166.612
Net Investment in Foreign Operations Hedge	-	-
Total	-	166.612

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

3. Information on banks and other financial institutions

3.1 General information on banks and other financial institutions

	Current Period	
	TL	FC
Borrowings from CBRT	500.000	72.240.868
From Domestic Banks and Institutions	-	4.881.192
From Foreign Banks, Institutions and Funds	-	33.046.583
Total	500.000	110.168.643

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

3.2 Information on maturity structure of borrowings

	Current Period	
	TL	FC
Short-Term	500.000	82.605.938
Medium and Long-Term	-	27.562.705
Total	500.000	110.168.643

	Prior Period (*)	
	TL	FC
Short-Term	-	50.630.137
Medium and Long-Term	-	16.770.129
Total	-	67.400.266

(*) As of 31 December 2017 medium and long-term loans include subordinated loans amounting to TL 31.487 and interest accruals amounting to TL 109.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities (Continued)

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

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

	Current Period	
	TL	FC
Country Loans- Risk Premiums	-	446.961
Securities issued positive price differences	-	11.300
Loan Transactions	1.741	37.485
Insurance Transactions	3.733	-
Political Risk Loss Account	-	-
Total	5.474	495.746

	Prior Period	
	TL	FC
Country Loans- Risk Premiums	-	214.930
Securities issued positive price differences	-	18.024
Loan Transactions	433	11.315
Insurance Transactions	4.427	-
Political Risk Loss Account	-	1.101
Other	1.706	849
Total	6.566	246.219

5. Information on lease receivables (net)

None.

6. Information on provisions

6.1. Information on general provisions

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

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

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

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

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities (Continued)

6. Information on provisions (Continued)

6.3. Information on other provisions

6.3.1. General reserves for possible losses

	Current Period
General Reserves for Possible Losses	105.069

	Prior Period
General Reserves for Possible Losses	65.097

As of 30 September 2018, the Bank recognized provision amounting to TL 105.069 (31 December 2017: TL 65.097) considering probable compensation payments in relation to the insured export receivables.

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

Other provisions amounting to TL 134.696, consist of insurance reserve expense amounting to TL 105.069 (31 December 2017: TL 12.855) and other provisions amounting to TL 29.627 (31 December 2017: TL 12.855).

7. Explanations on tax liability

7.1 Explanations on current tax liability

7.1.1. Information on provision for taxes

None.

7.1.2. Information on taxes payable

	Current Period
Corporate Taxes Payable(1)	-
Taxation on Revenue From Securities	20
Property Tax	-
Banking Insurance Transaction Tax	3.665
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	486
Other	2.332
Total	6.503

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

7. Explanations on tax liability (Continued)

7.1 Explanations on current tax liability (Continued)

7.1.3. Information on premium payables

	Current Period
Social Security Premiums – Employee	2.540
Social Security Premiums – Employer	3.999
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	191
Unemployment Insurance - Employer	383
Other	-
Total	7.113

	Prior Period
Social Security Premiums – Employee	736
Social Security Premiums – Employer	3.344
Bank Social Aid Pension Fund Premiums – Employee	-
Bank Social Aid Pension Fund Premiums – Employer	-
Pension Fund Membership Fee and Provisions - Employee	-
Pension Fund Membership Fee and Provisions - Employer	-
Unemployment Insurance – Employee	119
Unemployment Insurance - Employer	240
Other	-
Total	4.439

7.2. Information on deferred tax liability

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities (Continued)

8. Information on shareholders' equity

8.1. Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	6.350.000	4.800.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital System	6.350.000	10.000.000

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

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

Increase Date	Increase Amount	Cash	Profit reserves used for increase	Capital reserves used for increase
17 May 2018	1.550.000	1.000.000	550.000	-

8.2.2. Capital increases from capital reserves in current period

None.

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

None.

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

8. Information on shareholders' equity (Continued)

8.4. Information on privileges given to shares representing the capital

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

8.5. Information on marketable securities value increase fund

	Current Period	
	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-
Valuation Difference	13.070	-
Foreign Currency Differences	-	-
Total	13.070	-

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

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Explanations on off-balance sheet commitments

1.1 Type and amount of irrevocable commitments

As 30 September 2018 the Bank has irrevocable commitments amounting to TL 14.062 (31 December 2017: TL 14.819).

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
Letters of Guarantee	-
Endorsements	-
Guarantees and bails given for export	-
Guarantees given for Export Loan Insurance	10.118.943
Total	10.118.943

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

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

None.

1.3 Total amount of non-cash loans

	Current Period
Non-cash loans given against cash loans	
With original maturity of 1 year or less than 1 year	-
With original maturity of more than 1 year	-
Other non-cash loans	10.118.943
Total	10.118.943

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

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations on notes related to income statement

1. Within the scope of interest income

1.1. Information on interest income on loans

	Current Period	
	TL	FC
Interest income on Loans		
Short-term Loans	326.213	906.263
Medium and Long-term Loans	70.853	957.788
Interest on Loans Under Follow-up	89	260
Premiums Received from Resource Utilization Support Fund	-	-
Total	397.155	1.864.311

	Prior Period	
	TL	FC
Interest income on Loans		
Short-term Loans	499.491	365.957
Medium and Long-term Loans	64.637	544.403
Interest on Loans Under Follow-up	118	9
Premiums Received from Resource Utilization Support Fund	-	-
Total	564.246	910.369

1.2. Information on interest income from banks

	Current Period	
	TL	FC
CBRT	-	369
Domestic Banks	55.484	11.018
From Foreign Banks	106	28.679
From Headquarters and Branches Abroad	-	-
Total	55.590	40.066

	Prior Period	
	TL	FC
CBRT	-	1
Domestic Banks	29.593	6.888
From Foreign Banks	264	5.085
From Headquarters and Branches Abroad	-	-
Total	29.857	11.974

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Within the scope of interest income (Continued)

1.3 Interest income from securities portfolio

	Current Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	47	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Financial Assets Measured at Amortised Cost	27.646	-
Total	27.693	-

	Prior Period	
	TL	FC
Financial Assets Held for Trading	1.079	-
Financial Assets Valued at Fair Value Through Profit	-	-
Financial Assets Available-for-Sale	-	-
Investments Held-to-Maturity	13.468	-
Total	14.547	-

1.4 Information on interest income received from associates and subsidiaries

There is not any interest income from associates and subsidiaries.

2. Within the scope of interest expense

2.1 Information on interest expense on borrowings

	Current Period	
	TL	FC
Banks		
CBRT	13	476.856
Domestic Banks	181	74.470
Foreign Banks	-	530.574
Headquarters and Branches Abroad	-	-
Other Institutions	-	16.093
Total	194	1.097.993

	Prior Period	
	TL	FC
Banks		
CBRT	9.718	171.638
Domestic Banks	5	25.845
Foreign Banks	3	283.231
Headquarters and Branches Abroad	-	-
Other Institutions	-	8.094
Total	9.726	488.808

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

2.2. Information on interest expense given to associates and subsidiaries

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

2.3. Interest paid to marketable securities issued

	Current Period	
	TL	FC
Interests paid to marketable securities issued	2.904	652.323

	Prior Period	
	TL	FC
Interests paid to marketable securities issued	-	328.517

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
Gain	75.627.100
Trading Gains on Securities	1
Trading Gains on Derivative Financial Transactions	2.197.967
Foreign Exchange Gains	73.429.132
Loss (-)	75.542.246
Trading Losses on Securities	70
Trading Losses from Derivative Financial Transactions	1.214.907
Foreign Exchange Loss	74.327.269

	Prior Period
Gain	13.874.383
Trading Gains on Securities	3
Trading Gains on Derivative Financial Transactions	296.550
Foreign Exchange Gains	13.577.830
Loss (-)	14.049.054
Trading Losses on Securities	9
Trading Losses from Derivative Financial Transactions	1.092.467
Foreign Exchange Loss	12.956.578

4. Information on other operating income

	Current Period
Premium Income from Export Credit Insurance	161.928
Income from Reinsurance Companies	38.007
Other	9.008
Total	208.943

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Information on other operating income (continued)

	Prior Period
Premium Income from Export Credit Issurance	115.620
Income from Reinsurance Companies	23.960
Other	9.871
Total	149.451

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

4. Information on other operating income (Continued)

5. Loan Provisions

	Current Period
Specific Provisions for Loans and Other Receivables	37.624
Group III Loans and Receivables	4.632
Group IV Loans and Receivables	-
Group V. Loans and Receivables	32.992
General Provision Expenses	-
Marketable Securities Impairment Expense	-
Financial Assets Measured at Fair Value through Profit or Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	40.552
Total	78.176

	Prior Period
Special Provisions	42.248
Loans and Other Receivables with Limited Collectability	3.579
Loans and Other Receivables with Doubtful Collectability	30.017
Uncollectible Loans and Receivables	8.652
General Provision Expenses	-
Free Provision Expense for Possible Risks	15.939
Marketable Securities Impairment Expense	1.540
Financial Assets Measured at Fair Value through Profit or Loss	1.540
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Total	59.727

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to other operating expenses

	Current Period
Personnel Expenses ^(*)	123.107
Reserve for Employee Termination Benefits	3.103
Bank Social Aid Provision Fund Deficit Provision	-
Vacation Pay Liability, net	1.943
Impairment Expenses of Tangible Fixed Assets	-
Depreciation Expenses of Tangible Fixed Assets	2.017
Impairment Expenses of Intangible Fixed Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	945
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	29.275
<i>Operational Lease Expenses</i>	5.389
<i>Maintenance Expenses</i>	493
<i>Advertisement Expenses</i>	57
<i>Other Expenses</i>	23.336
Loss on Sale of Assets	-
Other ^(**)	140.097
Total	300.487

(*) Personnel expenses, which are not included in other operating expenses in the statement of profit or loss, are included in this tabulation.

(**) Other operating expenses include the premium amount of TL 93.263 (30 September 2017: TL 58.540) paid to reinsurance companies within the scope of short-term export credit insurance.

	Prior Period
Personnel Expenses	99.702
Reserve for Employee Termination Benefits	2.701
Bank Social Aid Provision Fund Deficit Provision	-
Vacation Pay Liability, net	1.331
Impairment Expenses of Tangible Fixed Assets	-
Depreciation Expenses of Tangible Fixed Assets	2.929
Impairment Expenses of Intangible Fixed Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	779
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	21.845
<i>Operational Lease Expenses</i>	4.303
<i>Maintenance Expenses</i>	537
<i>Advertisement Expenses</i>	34
<i>Other Expenses</i>	16.971
Loss on Sale of Assets	-
Other ^(*)	88.467
Total	217.754

(*) Other operating expenses include the premium amount of TL 58.540 paid to reinsurance companies within the scope of short-term export credit insurance.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

7. Explanation on tax provisions for continuing and discontinued operations

None.

8. Explanation on net income/loss for the period

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

Not needed.

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

None.

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

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

V. Explanations and notes related to Bank's risk group

In accordance with the 5th paragraph of article 49 of the Banking Law No. 5411, the Bank does not have any shareholding which it controls directly or indirectly and with which it constitutes a risk group.

VI. Explanations and notes related to events after balance sheet

None.

SECTION SIX

Auditors' Review Report

I. Disclosure on auditors' review report

The unconsolidated financial statements of the Bank as of 30 September 2018 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member firm of KPMG International Cooperative) and the review report dated 12 November 2018 is presented before the accompanying unconsolidated financial statements.

II. Disclosure and footnotes prepared by independent auditors

None.

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SECTION SEVEN

INTERIM ACTIVITY REPORT

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

Strong Increase in Eximbank Supports in January-September 2018 Period

Türk Eximbank has strengthened support for export between the period January - September 2018. Thanks to the steps taken;

- In the first nine months of 2018, cash loan and insurance support increased by 6% in foreign currency and reached to USD 30.5 billion, thus The total financial support provided is 25% of exports.
- The loan balance increased by 76,8% on an annual basis and rose from TL 75.4 billion in September 2017 to TL 133.3 billion in September 2018.
- As of August 2018, Türk Eximbank provided 48 TL of export credit amount of each 100 TL in the banking system.
- As a sign of trust in Turkey and the Turkish Eximbank, syndicated loan amounting to 659 million dollar was obtained in April and Eurobonds amounting to 500 million dollars was issued in May 2018. Under the MIGA guarantee, funds with a maturity of 10 years and USD 550 million were provided. Also approximately USD 600 million of funding was obtained from supranational institutions such as ITFC, World Bank and Council of European Dev. Bank the Bank (CEB). During the same period, bilateral loans amounting to USD 581 million were provided. As a result of these activities, the total debt stock, excluding the CBRT resource, was realized as 9.4 billion dollars.

E-Transformation Enhances the Bank's Efficiency

With increasing duties and responsibilities, steps have been taken and are being taken to increase the effectiveness of the Bank and to meet exporters' demands. In this context,

- Electronic Guarantee Letter Platform pilot application was launched on 4 July 2018 with the protocol signed with the Credit Registration Bureau and Vakıfbank.
- As part of the rediscount credits under the e-bond application on 20 July 2018, the loan documents, which are traded in physical environment between the CBRT and Türk Eximbank, have been transferred to the electronic environment and both the credit approvals and the process tracking have been started to be realized through the system and the transaction speed has been increased significantly.
- Electronic Document Management System, which was put into operation as of 24 September 2018, has been transferred to the electronic environment.

At the beginning of 2018, the Central Branch started to provide services in line with the direct access to exporters reaching a total of 12 branches. In addition, 7 new liaison offices were opened in 2018, including liaison offices in Aydın, Çorlu and Erzurum, which opened in August and September, and a total of 14 liaison offices were reached.

In 2018, Eximbank expanded its international cooperation network by signing a contract with France's BpiFrance and Japan's JBIC institutions and multinational Ecovas Bank in order to pave the way to support the exporters in different ways in international market.

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SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

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

The balance sheet of Türk EximBank as of 30 September 2018 is TL 143.3 billion (USD 23.8 billion).

93% of the assets of Türk Eximbank consist of loans, 3% is liquid assets and 2% is financial assets measured at amortised cost, 2% is derivative financial assets and other assets.

The amount of loans provided by the Bank was TL 133.3 billion. Loans increased by 66% compared to the previous year. 63% of total loans consists of short term loans amounting to TL 84.4 billion, 37% of total loans consists of medium and long term loans amounting to TL 48,8 billion. Through effective risk assessment methods, Türk Eximbank makes an intensive effort to ensure timely and accurate collection of its receivables. Despite the fact that a significant portion of the Bank's resources are provided to the export sector as loans, the ratio of overdue receivables to total loans is 0.3% which is below the sector average.

The total liabilities of Türk Eximbank amounts TL 143.3 billion of this amount, 5% (TL 7.4 billion) is shareholders' equity, 93% (TL133.2 billion) is external funds and 2% (TL 2.7 billion) is provisions and other liabilities.

Of the TL 7.4 billion in total equities, 86% (TL 6.4 billion) belongs to paid in capital, 6% (TL 443 million) belongs capital and profit reserves, 8% (TL 579 million) is net profit of the year.

For funding of assets external funds amounting to TL 133.2 billion, TL 72.741 belongs to loans from the Central Bank of the Republic of Turkey, TL 37.928 million is loans from domestic and foreign banks, TL 19.265 million is from issuance of securities, TL 2.095 million is subordinated debt instruments and TL 385 million is from money market funds.

Türk Eximbank started to implement the registered capital system by the decision at the Extraordinary General Assembly meeting held on 12 January 2017 and raised the capital ceiling to TL 10 billion. The nominal capital of the Bank is 6,4 billion TL as of 30 September 2018, and has been fully paid.

As per Article 21 entitled "Exceptions", "Regulation on the Procedures and Principles for Determination of Classifications of Loans Provisions to be Set Aside", the special and general provisioning rates shall be considered as zero for the transactions carried by Türk Eximbank. Nonetheless, Türk Eximbank allocates provisions within prudential banking principles.

As of 30 September 2018, the coverage ratio of liquid assets-to-short-term liabilities of Türk Eximbank has reached to 106%.

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SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

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

As Türk Eximbank's balance sheet is concentrated on loans, its effects can also be seen on income. The total interest income of the Bank is TL 2.451 million and 92% (TL 2.261 million) of which is the interest earned from the loans. On the other hand, the Bank's interest expense amounted to TL 1.773 million, 37% (TL 655 million) of which consists of the interest paid for securities issued; 62% (TL 1.098 million) is interest paid for borrowings from domestic and international markets, 1% (TL 19 million) is other interest expenses. As a result, net interest income is TL 678 million.

The Bank's net profit for the interim period ended 30 September 2018 has amounted to TL 579 million. Accordingly, the Bank's return on assets is 0.68%; and the return on equity is 11.4%.

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

The Bank conducts its operations in line with articles of association and relevant legislation. We hereby present the summary report of reviewed financial statements as of 30 September 2018.

Adnan Yıldırım
General Manager

Osman Çelik
Chairman of the Board