



**Resolutely
towards the goal...**

Annual Report 2015



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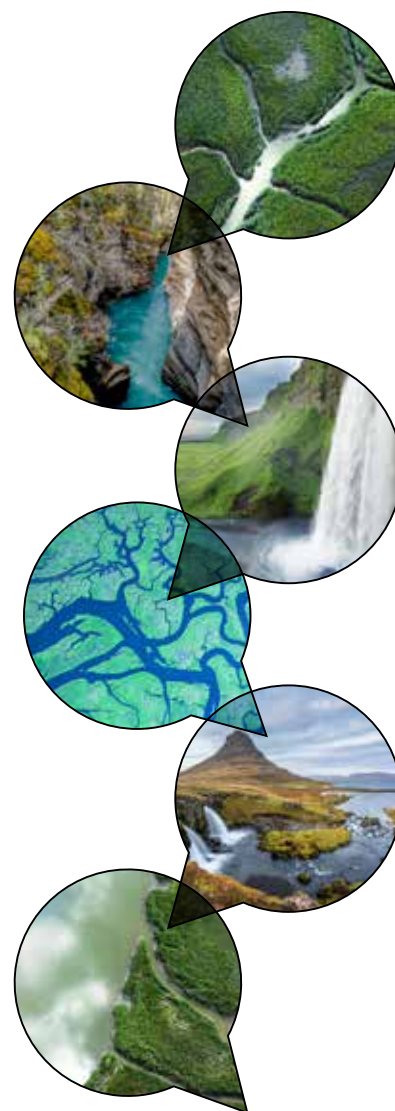
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Abbreviations

AFI	Association of Financial Institutions
BRSA	Banking Regulation and Supervision Agency
CBRT	Central Bank of Republic of Turkey
CEB	Council of Europe Development Bank
DHAMAN	Arab Investment and Export Credit Guarantee Corporation
EBRD	European Bank for Reconstruction and Development
ECG	Export Credits and Credit Guarantees Group
EIB	European Investment Bank
EU	European Union
EUR	Euro
GNP	Gross National Product
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit
IDB	Islamic Development Bank
IIF	The Institute of International Finance
IMF	The International Monetary Fund
ITFC	The International Islamic Trade Finance Corporation
JBIC	Japan Bank for International Cooperation
MIGA	Multilateral Investment Guarantee Agency
NPL	Non-Performing Loans
OECD	Organisation for Economic Co-operation and Development
PDA	Priority Development Areas
PSEC-FX	Pre-shipment Foreign Currency Export Credits
PSEC-TL	Pre-shipment Turkish Lira Export Credit
PSRC	Post-shipment Rediscount Credit
SDIF	Savings Deposit Insurance Fund
SME	Small and Medium Sized Enterprises
TİM	Turkish Exporters Assembly
TL	Turkish Lira
UAE	United Arab Emirates
USD	US Dollar
WTO	World Trade Organization



Resolutely
towards the
goal...

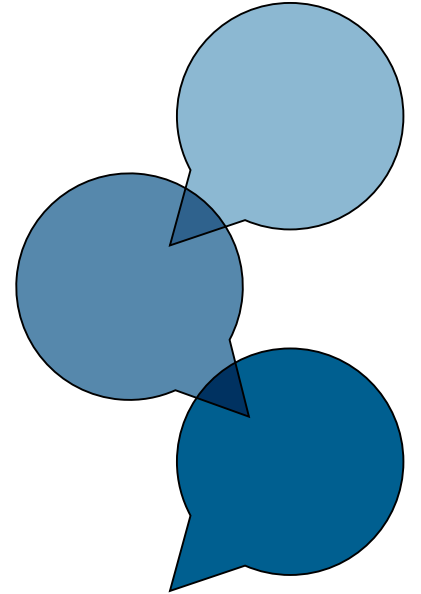
Every river aspires to reach the sea...

Turk Eximbank stands by every company born in this land and nourished by its abundance in their efforts to reach international markets.

The products and services provided by Turk Eximbank support entrepreneurs. They help them to overcome every difficulty posed by markets and competitors and to venture into new territories.

Turk Eximbank is a trusted business partner. Through the long-term customer relationships that it develops it not only helps companies achieve their goals but also creates increasingly more enduring value for the Turkish economy.

Turk Eximbank is committed to working with all its might in its ongoing efforts to enable Turkey to achieve its 2023 export goals.







Support to overcome difficulties

Compliance Opinion

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITOR'S REPORT RELATED TO ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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

Report on the Audit of Board of Directors' Annual Report Based on Standards on Auditing

We have audited the accompanying annual report of Türkiye İhracat Kredi Bankası Anonim Şirketi (the "Bank"), for the year ended 31 December 2015.

Board of Directors' Responsibility for the Annual Report

In accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and "Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 in accordance with "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of the Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of the annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC and the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314, whether the consolidated and unconsolidated financial information included in the accompanying annual report is consistent with the financial statements of the Bank and provides fair presentation.

We conducted our audit in accordance with the Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the consolidated and unconsolidated financial statements and provide fair presentation.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information included in the Board of Directors' annual report is consistent, in all material respects, with the audited consolidated and unconsolidated financial statements and provides a fair presentation.

Report on Other Regulatory Requirements

In accordance with the third clause of the Article 402 of TCC, no material issue has come to our attention that shall be reported about the Bank's ability to continue as a going concern in accordance with TAS 570 Going Concern.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

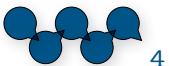
A member of KPMG International Cooperative



Orhan Akova, SMMM

Partner

Istanbul, 12 February 2016



Corporate Profile

Türkiye İhracat Kredi Bankası AŞ (Turk Eximbank) is the only official export credit agency in Turkey.

Founded in 1987, Turk Eximbank's performance enabled it to quickly join the ranks of the world's top twenty issuers of export financing even though it was set up nearly half a century later than its COFACE (France), Euler Hermes (Germany), SACE (Italy), Atradius (Netherlands), ECGD (UK), and similar peers.

Today, Turk Eximbank serves exporters with exactly the same systems deployed by those in the most advanced countries. The bank supplies an extensive lineup of financing products to international contractors, investors, shippers, tourism operators, and other cross-border businesses. Furthermore unlike the export credit agencies of many other countries, Turk Eximbank's ability to combine credit, guarantee, and insurance products under the same roof allows it to provide its customers with fully-integrated service.

As the first financial institution in Turkey to provide export credit insurance, Turk Eximbank fostered awareness of the concept and promoted its widespread adoption. Turk Eximbank insurance programs today provide Turkish exporters that ship goods to 238 countries with coverage against their commercial (importer) and political (importing country) risks. Besides, a domestic credit insurance program introduced in the last quarter of 2013 also provides Turk Eximbank's exporter customers with commercial risk coverage on their domestic receivables as well.

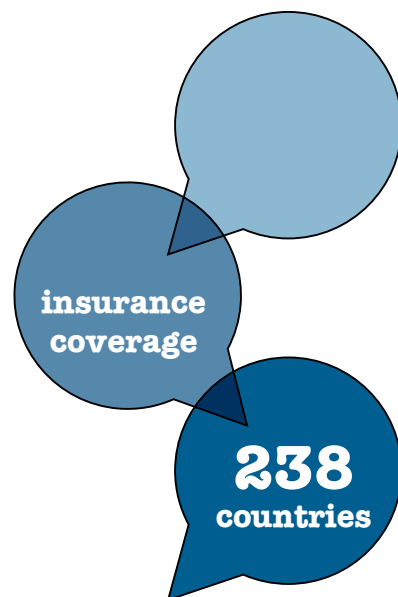
Headquartered in Istanbul, Turk Eximbank conducts its operations through its Istanbul headquarters, Ankara and Aegean Regional Directorates and its Gaziantep branch, which replaced a liaison office in that city in 2015. The bank also has liaison offices in Adana, Antalya, Bursa, Denizli, Istanbul, Kayseri, Konya, Samsun, and Trabzon. Besides providing exporters with information about and promoting Turk Eximbank programs, all non-headquarters units identify problems that may be encountered and forward them along with suggested solutions to headquarters. Both the Aegean Regional and the Ankara departments have full authority to conduct operations under the bank's Foreign Trade Companies Short-Term Export, Pre-Export, Pre-Export for SMEs, Rediscount, International Transportation & Marketing, and Free Zone Pre-Export credit programs. The Ankara unit additionally is authorized to supply Tourism, Participation to Overseas Trade Fairs, Post-Shipment Rediscount, The Bridge Credit-Program for Overseas Contracting Services, EIB, Export-Oriented Working Capital, and Export-Oriented Investment credit and to insure exporters' international shipments.

Seeking to reach out to an increasingly broader audience of exporters, especially those located in parts of the country where the industrial base is advanced and export potential is high, Turk Eximbank opened its liaison offices in Denizli and Kayseri in 2004. These were followed by additional offices in Adana, Bursa, and Trabzon (2006), Konya (2012), Istanbul-European Side (2013), Samsun (2014), and Antalya (2015). All these offices provide local exporters with information about Turk Eximbank export credit programs, products, and services and they give them guidance in the preparation, documentation, and submission of credit applications.

Turk Eximbank employs highly-qualified human resources because of the nature of the duties the Bank must perform. As of end-2015 the bank had 541 people on its payroll, of whom 67 worked in the Ankara Regional Directorate, 22 in the Aegean Regional Directorate, 4 in the Gaziantep Branch, and a total of 21 in the Adana, Antalya, Bursa, Denizli, Istanbul, Kayseri, Konya, Samsun, and Trabzon liaison offices. Five of Turk Eximbank's employees have PhD, 143 master's degrees, 279 bachelor's degrees, and 22 associate degrees; 210 of them are proficient in at least one foreign language.

Turk Eximbank's financial performance remained strong in 2015.

Continuing to support Turkish exporters, last year Turk Eximbank supplied them with more than USD 30 billion in support.



Turk Eximbank insurance programs today provide Turkish exporters that ship goods to 238 countries with coverage against their commercial (importer) and political (importing country) risks.





Support to give courage





Financial Summary

TURK EXIMBANK IN FIGURES

Balance Sheet Accounts (TL thousand)

	2015	2014
Loans	43,159,126	31,889,864
Total Assets	44,437,795	33,742,277
Loans Borrowed	33,109,841	24,387,152
Funds Provided under Repurchase Agreements	200,000	220,064
Securities Issued (Net)	5,088,218	4,054,191
Equity	4,780,705	4,314,915
Paid-up Capital	2,500,000	2,400,000

Profit-Loss Statement Accounts (TL thousand)

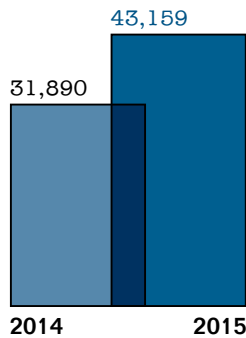
	2015	2014
Interest Income	1,193,866	962,847
Interest Income on Loans	1,134,114	886,588
Interest Expenses	(482,628)	(333,491)
Net Interest Income	711,238	629,356
Other Operating Income	125,702	124,812
Provisions for Loans and Other Receivables	(24,685)	(18,905)
Other Operating Expenses	(191,451)	(173,214)
Net Term Profit	489,406	427,009

Summarized financial statements of Turk Eximbank for the years 2011-2015 are given on page 86.

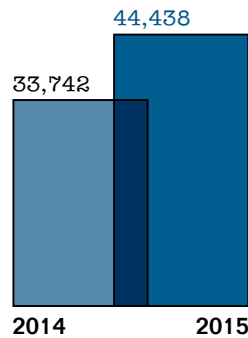
35.3%
Growth in
loans

In 2015, Turk Eximbank achieved to sustain its strong financial performance.

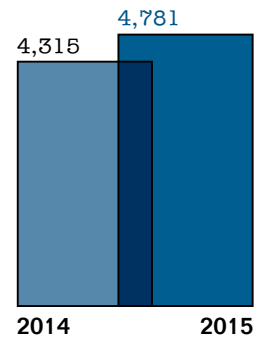
Loans (TL million)



Total Assets (TL million)



Equity (TL million)



Activity Indicators

Credit Activities (USD million)

Short-Term Credit Activities

	2015	2014
Total Short-Term Credits	17,908	18,500
Short-Term TL Credits	3,830	3,916
Short-Term FX Credits	14,078	14,584

Medium And Long-Term Credit Activities

	2015	2014
Medium and Long-Term Credits	2,289	1,603

Total Credit Activities

	2015	2014
Total Credits	20,197	20,103

Insurance Activities (USD million)

Short-Term Credit Insurance

	2015	2014
Covered Shipments	10,056	10,995
Risk Volume Undertaken (Total Commitments)	6,675	9,035
Claims Paid	14.1	27.1

Medium And Long-Term Export Credit Insurance

	2015	2014
Covered Transaction Amount	16	8

Total Insurance Activities

	2015	2014
Total Insurance	10,072	11,003

Turk Eximbank's Total Support (USD million)


	2015	2014
Total Credit/Insurance/Guarantee Support	30,269	31,106

30
USD billion

Turk Eximbank's support for Turkish exporters continues to increase. Total credit support exceeded USD 30 billion in 2015.







Support to discover new markets



Message from the Chairman

Global economic review

Today's global economic system of interconnecting commercial and financial linkages is such that events taking place anywhere in the world can also affect other countries as well. That is why, in order to make sounder macroeconomic appraisals of a country nowadays, it is necessary to accurately gauge expectations about the global economy and to correctly understand the ways in which that country is connected to the global system.

As the process of recovering from the global economic crisis continues to unfold, the monetary policies of developed countries have diverged from one another. One of the most important issues debated in the world economy in 2015 was the US Federal Reserve Bank's normalization of its monetary policy and when and how it would raise its targeted policy interest rate. Although the Fed began pushing up rates late in the year, expectations that it would go on doing so repeatedly and consistently weakened during the early months of 2016. Indeed officials frequently emphasized that the Fed's interest rate hike decisions would be contingent on yet-to-be-announced national economic data and international economic and financial developments.

Elsewhere, the European Central Bank and the Bank of Japan continued to support their own economies by means of expansionist monetary policies. In Europe the ECB continued to provide the economy with liquidity support by both prolonging and expanding its asset-buying program while bolstering the progress of deposit interest rates into negative territory. The unconventional monetary policy of central banks' paying negative interest on excess reserves began to spread to many developed countries. In Japan, where the central bank was striving to boost economic activity through its own expansionist policies and some interest rates dipped into negative territory in early 2016, the economic impact of these efforts is still being watched closely.

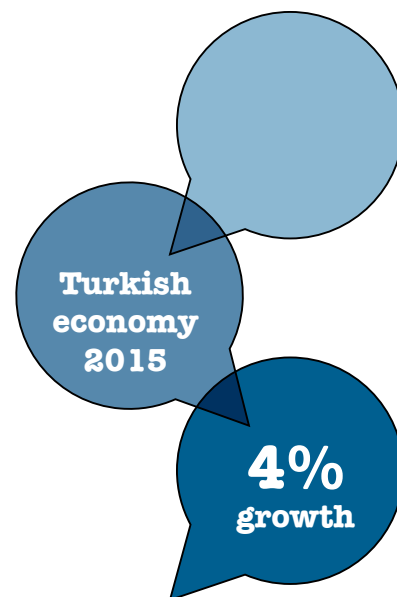
Despite all the efforts to support economies around the world through a variety of policies, the fact is that overall global growth performance has yet to achieve desired levels. The apparent inadequacy of this diversity of monetary policies and practices exacerbates worries about the global economy as a whole. Currently available figures indicate that global growth was just 3.1% year-on in 2015; meanwhile the IMF announced it had revised its 2016 projection downward to 3.2%.

Judging by a review of international organizations' economic reports, one can say that global growth has fallen short of its potential, that the global outlook for 2016 is not very positive, and that the world's economy is fraught with risks that have the potential to affect different countries and country groups in different ways.

Despite recent hints that commodity prices may be on the rise again, their current and intractably low levels are adversely affecting Latin American and other commodity-exporting countries. The likelihood that oil prices are also going to remain depressed in the medium term fuels worries about petroleum-exporting countries' budget balances and commitments to fixed exchange rates. The ongoing slowdown in China meanwhile prompts concerns that Far Eastern and other developing countries whose economies are closely tied to China's are going to suffer from its malaise as well. Although the Japanese economy appears to have benefited somewhat from "Abenomics", the most recently released economic figures strengthen doubts especially about the government's policies' ability to increase inflation. As for the global economy as a whole, its recovery could easily be derailed by such risks as the advent of presidential elections in the US in the fall, the approaching "Brexit" referendum in the UK, the possibility that international capital flows will be diverted away from emerging markets as financial support conditions grow tighter, and an uptick in regional geopolitical tensions.

The Turkish economy performed successfully in 2015 with a 4% rate of growth.

With the global economy still insufficiently strong in 2015, the Turkish economy registered a 4% rate of year-on growth. It is especially remarkable that this performance was achieved in an environment of financial volatility that engulfed developing countries on the one hand and of heightened geopolitical risks and especially tough global competition on the other.



In 2015, the Turkish economy registered a 4% rate of year-on growth.



The currencies of most developing countries suffered from the financial market volatilities of 2015: the Turkish lira for example lost 12.5% of its value against a EUR 0.50 + USD 0.50 basket. This depreciation seriously affected firms' costs while also pushing up inflation to 8.8%, above the central bank's target for the year. Under such conditions Turkey's 4% rate of year-on growth was fundamentally driven by strong domestic demand.

Indeed Turkey's exports fell by 8.7% year-on and weighed in at USD 143.9 billion in value in 2015. Much of that decline can be attributed to exchange-rate parity movements however: a substantial volume of Turkey's exports are denominated in euros, the value of which currency fell against the US dollar. Exports also suffered from geopolitical tensions with two of the country's important markets: Iraq and Russia.

Turkey's imports, which were already in decline owing to macroprudential measures that were taken in 2014, fell by 14.4% and amounted to USD 207.2 billion in 2015. While much of this likewise stemmed from USD/EUR parity movements, low oil prices significantly reduced the bill for the country's energy imports. In the event, Turkey's foreign trade deficit shrank by 25.2% in 2015 to USD 63.3 billion.

The improvement in the foreign trade balance played a big role in reducing Turkey's current account deficit by USD 11.4 billion to USD 32.1 billion, or about 4.5% of GDP in 2015. This improvement in the current account was frustrated somewhat by weak tourism revenues and by the loss of much shuttle trade owing especially to problems with Iraq and Russia.

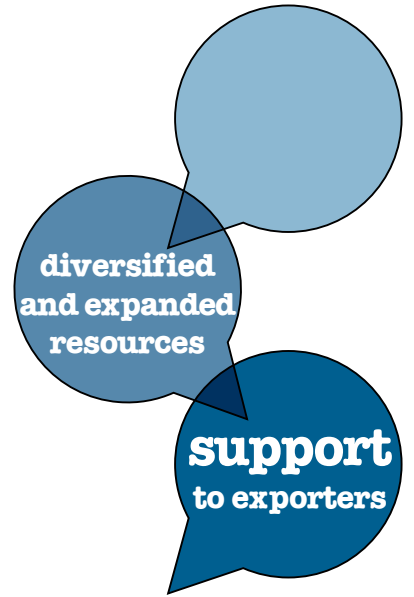
Turning now to the outlook for 2016, the Turkish economy is projected to grow by 4.5% year-on owing to renewed exports to the EU on the one hand and to an increase in the minimum wage on the other. Expectations are that the EUR/USD parity will remain relatively unchanged and that domestic demand will remain strong, the outcome of which will be to exert some upward pressure on inflation. The "2016 Action Plan" whose aim is to address some of the country's structural problems is expected to boost the economy's medium-term competitive strength and growth potential.

The growing strategic importance of Turk Eximbank

Increasingly stiffer competition in global markets and financing terms made more onerous by risks seriously hinder Turkish exporters' freedom of movement in existing markets and force them to venture into new markets instead. The improvements in exports that can result from supporting exporters and facilitating their efforts are important from the standpoint of balanced economic growth. That being so, Turk Eximbank will continue to help Turkish exporters to address their need for financing with suitably-priced cash-loan solutions while also providing them with opportunities to do business in existing markets and enter new ones without unbearable exposure to risk. Through our medium- and long-term credit programs we will also be supporting investments that increase branding and boosting export-oriented manufacturing capacity as Turk Eximbank's contribution to Turkey's efforts to shift the composition of its exports towards goods and services with high added value.

To sum up, we are making a concerted effort to diversify and expand our resources in order to increase our financial support to Turkish exporters. Our aim in this as always is to support the country's exports ever more by removing the obstacles resulting from ongoing global market volatilities and regional tensions.

Cavit DAĞDAŞ
Chairman of the Board of Directors



We are making a concerted effort to diversify and expand our resources in order to increase our support Turkish exporters.

Message from the CEO

Last year's decision by the US Federal Reserve Bank to raise interest rates contributed to increases in the external financing costs of developing countries while depressed commodity prices and excessive financial market volatility worsened risk perceptions about emerging economies, many of which are likely also to be adversely affected by China's slowdown. Neither was the picture much better for the developed economies, which appeared unable to escape from the low-growth spiral in which they were trapped. US economic growth remained well below pre-crisis levels while the eurozone found itself having to contend with slow growth, unemployment, weak demand, and deflation risk.

One interpretation of the European sovereign debt crisis is that it was the second stage of a global economic crisis that began with the subprime mortgage crisis in the United States in 2008. According to this interpretation, the recent downturns and declines in exports being experienced in developing countries represent the third stage of that process. In this view, the surge in liquidity brought about by the introduction of unconventional monetary policies in the immediate aftermath of the global crisis are fueling high levels of indebtedness in those countries. The conclusion is that these markets' 2016-related risks have been increased and that one needs to be cautious not only about China, which is the underlying cause of the latest downturn, but also about developing countries that have close economic and commercial ties with China.

In such an environment as this then, the 4% growth that the Turkish economy registered in 2015 should be seen as something of an achievement. As for 2016, Turkey's external demand can be expected to pick up somewhat in response to even a modest recovery in European markets though political tensions with Russia and ongoing uncertainties in Iraq will continue to pose risks.

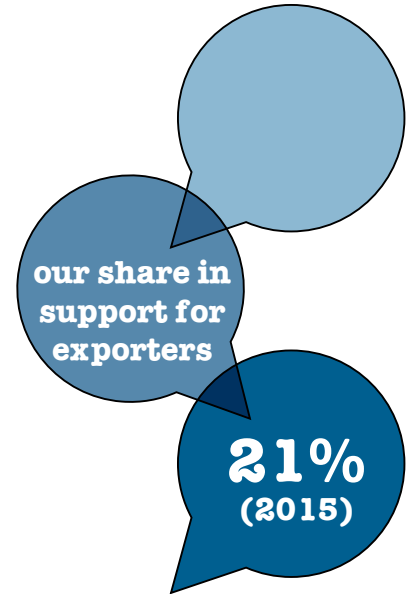
Export-sector financial support up by 26% to TL 72.5 billion in 2015...

In a year rife with global uncertainties, Turk Eximbank made a significant effort to increase both the quantity and the quality of the support that it provides to Turkish exporters. Our bank's cash loans in 2015 were up by 35% year-on and reached TL 43.2 billion. Its support in the form of export credit insurance increased by 15% to TL 29.3 billion. As a consequence of this, our combined export financing support grew by 26% and reached TL 75.5 billion in 2015, a year in which Turk Eximbank boosted its own support for Turkey's exports to 21% of the total.

Turk Eximbank continues to grow...

In line with the proactive policies to which we have been adhering in order to increase the financial support we provide to the country's exporters, in 2015 we continued our efforts to diversify our lending and insurance programs, to address exporters' needs more quickly, and to reach out to more exporters. As a result of this, the bank's total assets continued to grow: in the twelve months to end-2015, they increased by 32% and reached TL 44.4 billion. A significant contributor to this growth was a 35% year-on rise in loans, which topped TL 43 billion. Because nearly all of the financing that Turk Eximbank supplied was channeled towards exporters, the share of such loans in the bank's overall balance sheet reached 97% last year.

Seeking to constantly expand our total lending, we explored ways in which to increase our resources by tapping national and international capital markets for suitably-priced funding. One outcome of this was a 24% rise in the borrowings that we then use to finance exports: they topped TL 38 billion in 2015. The ability to sustain such borrowing of course depends entirely on the soundness of one's financial structure. Last year Turk Eximbank posted a profit of TL 489 million, 15% higher than what it was in 2014. All this profit is being retained by the bank in order to increase its paid-in capital.



In 2015 Turk Eximbank boosted its own support for Turkey's exports to 21% of the total.



CBRT-supplied rediscount credit remains an important source of financing for Turkey's exporters...

Extensive use continued to be made of the rediscount credit provided by the central bank as a way for our bank to quickly meet exporters' needs for reasonably-priced short-term financing. In view of exporters' increasingly stronger demand for this product, CBRT raised the rediscount limit assigned to Turk Eximbank to USD 15 billion in January last year. The scope of such lending was also expanded, as a result of which rediscount credit can now be used not just for exports but also to finance foreign-currency earning services such as tourism, healthcare, consultancy, software development, engineering, and transportation.

Discussions with the Association of Financial Leasing, Factoring and Financing Companies were completed last year and in March our bank began supplying post-shipment rediscount credit through factoring companies. As a result of this agreement, bills which exporters assign to factors and which the factors then endorse over to Turk Eximbank now qualify for CBRT rediscounting. This means that even firms that are not themselves customers of our bank can now quickly and conveniently take advantage of the best-priced credit available on the market through the factoring companies with which they work. Credit limits have so far been assigned to 13 of the 17 factoring companies currently active in the market.

As of end-2015, the total volume of Turk Eximbank rediscount credit placements amounted to TL 22.4 billion, a figure that corresponded to 52% of all such lending under this program.

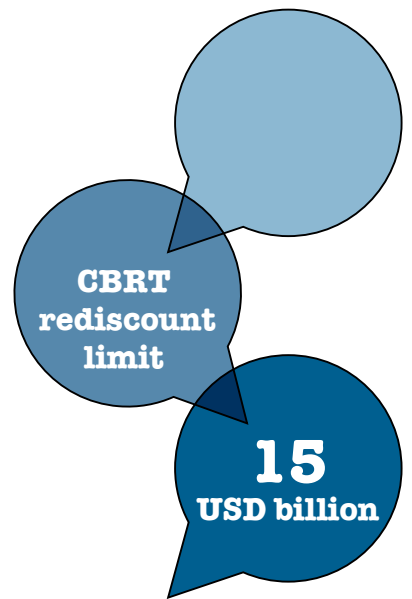
Expanded medium- and long-term lending opportunities for exporters...

Besides providing short-term credit support, Turk Eximbank also seeks to enlarge the scope of its support for Turkey's export trade and exporters by lengthening the maturity of its lendings. One way in which it has begun to do this is through the export-oriented investment and working capital credit support that it provides to firms that want to finance investments to begin exporting or to increase their existing export capacity. These loans come with repayment terms of up to seven years. Another Turk Eximbank product of this nature is intended to finance the acquisition of internationally-recognized brands in order to support the shift of Turkey's exports towards higher-added-value goods and services. These loans come with repayment terms of up to ten years. One outcome of these programs is that the share of medium- and long-term lendings in our overall portfolio has been steadily increasing in recent years: in 2014 it was 24%; in 2015 it was 35%. This too is evidence that our bank's efforts to expand its medium- and long-term support to export industries have begun to bear fruit.

Concurrent with this we have also been striving to increase the medium- and long-term funding that we obtain from national and international money and capital markets in order to finance such lending. Besides short-term syndicated loans and bilateral loans, we have begun to secure substantial volumes of medium- and long-term resources through bond issues and from supranational organizations. One example of the latter is a ten-year syndicated loan in the amount of USD 297.5 million and consisting of EUR and USD components that was underwritten by MIGA, a member of the World Bank Group. Two EUR 100 million credit agreements—one for eight years and one for seven—have also been signed with EIB and CEB.

Increasing the diversity of buyer credits...

In situations where the potential buyer of a Turkish exporter's goods has trouble financing the purchase, Turk Eximbank may also supply credit to the importer as well. By lending to exporters' customers, Turk Eximbank helps to create and support demand for their goods. Turk Eximbank's international trade financing portfolio has expanded significantly over the last two years as the bank seeks to increase Turkish exporters' competitiveness especially in the sale of high value-added products.



CBRT raised the rediscount limit assigned to Turk Eximbank to USD 15 billion in January 2015.

Message from the CEO

Two programs of this nature that were developed in 2014 were revised last year in line with exporters' requests so as to make the programs more flexible and responsive to their needs. Turk Eximbank's existing "Bill of Exchange / Letter of Credit Discount Program" was expanded so as to include export receivables which have not been linked to any payment instrument and it was relaunched as the "Turk Eximbank Export Receivables Discounting Program", from which Turkish exporters and their international buyers may now benefit. The other newly-revised financing facility is the "Turk Eximbank Domestic Banks Buyer's Credit Program", under which banks that are based in Turkey may extend, through their branches, subsidiaries, and correspondents based in other countries, credit to buyers who want to import goods from Turkey. In this case the revisions consisted of easing credit disbursement and repayment terms and of extending maturities by up to ten years. As a result of such changes, the demand for financing under both programs has increased.

Last year Turk Eximbank continued to support Turkish contractors doing business abroad through its International Project Financing Program. Under this program, projects undertaken by Turkish firms in other countries receive financing on terms of up to ten years either with Turkish Treasury guarantees or within the framework of limits which Turk Eximbank allocates to banks in those countries based on its own analysis and assessment of their reputability. African countries in particular are emerging as an increasingly more important market in this business line. In addition to a project in Ethiopia, the biggest undertaking that the bank has financed so far in a foreign country, Turk Eximbank is also financing a number of projects in Ghana, Senegal, and (most recently), Congo.

In the twelve months to end-2015, the total volume of buyer's credit extended by Turk Eximbank increased by 93% and reached TL 767 million.

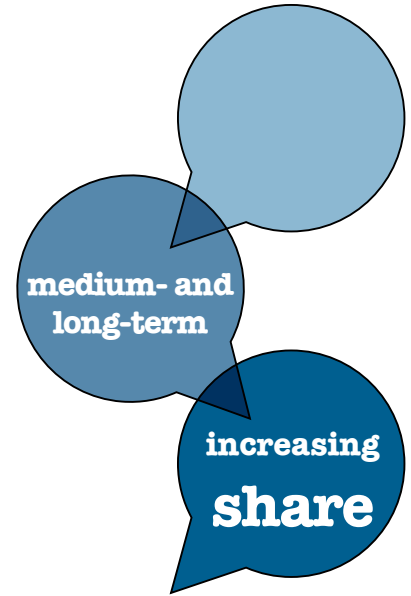
Credit insurance allows exporters to defend their existing market shares and to break into new markets...

In addition to its ongoing credit programs and facilities, Turk Eximbank supports Turkey's exporters by providing them with credit insurance which, by covering their risks, helps them to defend their existing market shares, to enter new and unfamiliar markets confidently, and to increase their competitive strength by offering their buyers more attractive payment terms. At a time when global market risks in general are still high, exporters can also secure a significant competitive advantage for themselves by assigning their receivables to Turk Eximbank, thereby freeing themselves of the risk that they might not get paid. Another way in which Turk Eximbank continues to help exporters to significantly reduce their risk exposure is by providing insurance coverage on their both domestic and international receivables.

In line with Turk Eximbank's goal of increasing the share of high-value-added goods in the country's exports and similar to what it is doing in its cash loans, our bank is also seeking to increase the medium- and long-term credit insurance and guarantee facilities. The acceptance of bills of exchange covered by the Export Receivables Discounting Program as guarantees has significantly boosted demand in the Specific Export Credit Insurance Program in recent years, with the value of shipments covered by that program increasing more than sixfold in the last two years alone. In line with exporters' requests, the scope of the Specific Export Credit Insurance Program was also expanded last year so that it now covers exported services and re-exported goods as well as normally exported goods.

Export-sector financial support to increase by 18% to TL 85.8 billion in 2016...

Given the current state of the global economy and the headaches that it causes especially for emerging economies, the sustainability of the increases in a country's export performance is really the crucial issue. As Turk Eximbank we are well aware of the important role that we play in the financing of Turkey's exports. In keeping with this, our objective therefore must be to increase and ensure the uninterrupted flow of support



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to export industries by further diversifying the cash loan and non-cash insurance and guarantee products that we provide in the future as well. To achieve this we need to expand the support that we give to exporters, to reach new exporters, and to introduce new credit and insurance programs.

With this overall goal in mind, we plan to provide a total of TL 85.8 billion worth of support to Turkish exporters in 2016, of which TL 49.5 billion will consist of cash loans and TL 36.3 billion of credit insurance and guarantees. These targets will enable us to keep the level of our support for Turkish exports in the 21-22% range.

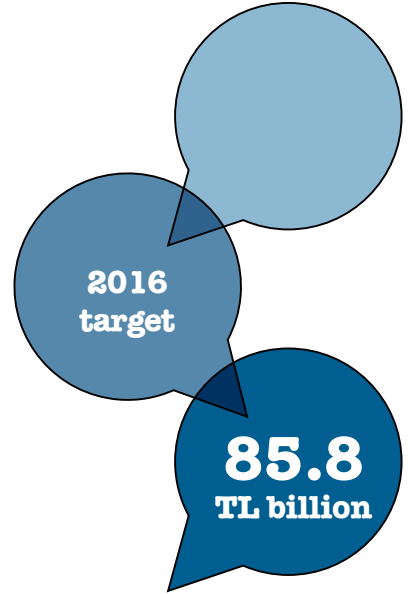
One of the ways in which we will do this is by providing exporters with financing support by allowing Turk Eximbank insurance policies to be accepted as a guarantee by factoring companies. Beginning in 2016, bank customers who hold short-term export insurance policies issued by Turk Eximbank will be able to use those policies as a guarantee to cover financing that they receive from the factoring company, to which they will also assign any claims for compensation arising to themselves under those policies. Thus the scope of the collaboration to channel Turkish banking sector resources into export financing with Turk Eximbank's guarantee that initially began with eighteen commercial banks and continued with the inclusion of the Credit Guarantee Fund will have been expanded to cover factoring companies too. As a result, more of our country's exporters will have access to suitably-priced guarantees and financing. Moreover by including factoring companies in this program the exporters' shipments to buyers in 238 countries—a threefold increase over the previous number—will be covered against commercial and political risks. This will allow exporters who work with these factoring companies to operate in a much broader range of markets without having to worry about their exposure to such risks.

The most recent development in our international buyer's credit programs is an agreement that we signed in April 2016 with the Export-Import Bank of the United States (Ex-Im Bank), under which the two of us will begin providing joint financing (covered by US government guarantees) for projects that Turkish and US firms undertake together in third countries. Under this program, the financing that commercial banks provide to finance exports of any goods or services from the United States and/or Turkey will be covered by Ex-Im Bank guarantees, with our bank providing counter-guarantees to Ex-Im Bank covering the portions attributable to Turkish firms. This is another way in which Turk Eximbank enhances Turkish exporters' competitiveness by giving them access to suitably-priced financing.

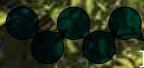
On the other hand, in 2016 we will continue to keep a close watch on developments in such areas as the regulatory framework, infrastructure, technology, and informatics in order to reduce credit- and insurance-related red tape in our ongoing efforts to ensure that exporters have convenient, fast, and easily-understandable access to our financing services. We will also be expanding our widely-used online insurance functions. In addition, our newly-introduced credit module and SAP Treasury & Risk Management systems that are currently undergoing testing will be finalized and made accessible to users.

As we do all of these things our goal is to create synergy by taking into account the needs and suggestions of Turkish exporters, foreign-currency earning firms, and international contractors. We also intend to give additional emphasis to providing financial support to undertakings whose goal is to increase the contributions that high-added-value and high-tech products make to Turkey's exports.


Hayrettin KAPLAN
CEO



We plan to provide a total of TL 85.8 billion worth of financial support to Turkish exporters in 2016, of which TL 49.5 billion will consist of cash loans and TL 36.3 billion of credit insurance and guarantees.





Support to make progress



Historical Background

Turk Eximbank was established in 1987 as Turkey's official export credit agency and began to implement its programs at the beginning of 1988.

In the early 1980s, traditional import substitution policies began being replaced by foreign-oriented policies and thereafter exportation gained a high degree of importance to the Turkish economy. The task of supporting exports within this reorganization process was undertaken by Turk Eximbank, established in 1987.

Turk Eximbank was chartered by the Board of Ministers through Decision No. 87/11914, following the order of Law No. 3332 dated 31 March 1987 by maintaining the juridical and legal personality of the State Investment Bank. In effect, according to the charter, Turk Eximbank took over the State Investment Bank's credit, funding, support, insurance, guarantees of goods and services, exports and imports, overseas contracting services, manufacturing and sales of domestic investment goods, and foreign investments, but at the same time it was transformed into a joint stock company subject to the provisions of the Private Law of the State Investment Bank. Turk Eximbank was established in 1987 as the official export credit agency, according to international classifications, and started to implement its programs at the beginning of 1988.

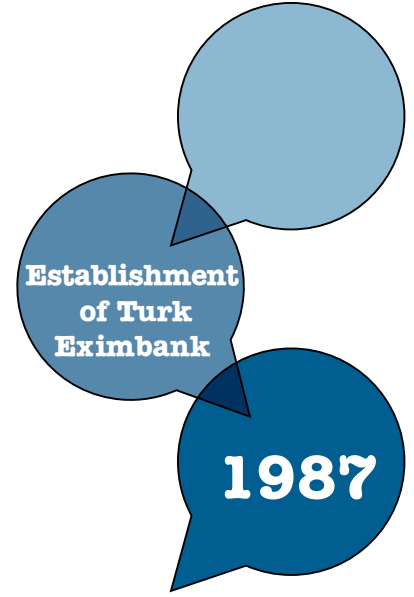
The "Principles Regarding Establishment and Duties of the Export Credit Bank of Turkey", which has since been repealed, was prepared to reflect the changes in legislation required regarding the activities of the Bank in line with the Principles Appendix to Decision No. 87/11914 regulating the establishment of the Bank, Turkish Commercial Code No. 6102, banking legislation, and global financial and economic developments that have occurred since the Bank's establishment, and was published in the Official Gazette dated 23 February 2013 as an attachment to Decision 2013/4286 of the Board of Ministers.

As the sole official export credit agency in Turkey, Turk Eximbank plays an especially important role through its policies in support of exports. The Bank's main objectives are:

- Increasing the volume of exports;
- Diversification of export goods and services;
- Developing new export markets;
- Increasing the exporters' share of international trade and providing necessary support for their initiatives;
- Gaining competitiveness and bringing assurance to exporters, overseas contractors and investors on the international markets; and
- Promoting and supporting the production and sale of investment goods for export through overseas investments.

As a means of aiding export development, Turk Eximbank offers specialized financial services to exporters, export-oriented manufacturers, and overseas investors and contractors through a variety of short-, medium- and long-term cash and non-cash credit, insurance and guarantee programs.

In accordance with Article 4/C of the Chartering Law, which was amended by Act No. 3659 and Article 10 of the Law No. 4749, the Undersecretariat of the Treasury covers any



Turk Eximbank was established in 1987 as the official export credit agency, according to international classifications.

losses incurred by Turk Eximbank in its credit, insurance and guarantee transactions arising from political risks.

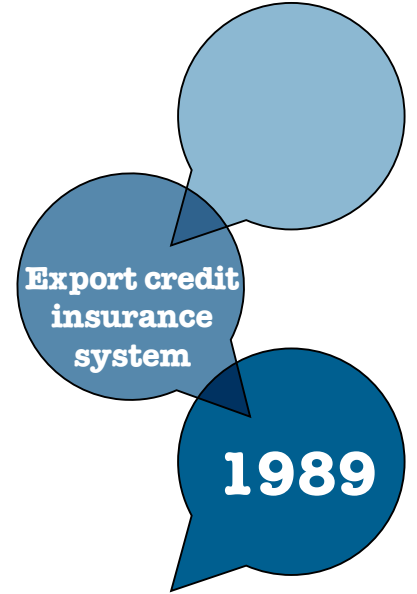
Turk Eximbank has played a critical role in funding export activities. The two most important reasons for this are, first, to eliminate the direct export incentives implemented in previous years in accordance with the liabilities against international institutions regulating the World Trade of Turkey, and second, due to the commitment of Turkey concerning harmonization with the commercial and competitive policies of the EU as well as of the Customs Union established in 1996. As a result of these developments, the funding of exports through credit, guarantee and insurance programs has become the most significant stimulant in the market in terms of increasing the competitiveness of Turkish exports on international markets.

The export credit insurance system that gained currency in Turkey at the end of the 1950s was re-introduced by Turk Eximbank in 1989. The system was initially designed to provide cover against commercial and political risks only for short-term export claims, but its scope was later expanded to cover medium- and long-term goods and services claims.

The operational framework of Turk Eximbank according to its "Establishment Principles and Charter" is shaped by its annual programs. These programs, which the Executive Board must follow, enter into force by decision of the Supreme Advisory and Credit Guidance Committee. The committee is chaired by the Prime Minister or Minister with whom the Bank is affiliated and includes as members:

- The Undersecretary of the Ministry of Science, Industry and Technology,
- The Undersecretary of the Ministry of Economy,
- The Undersecretary of the Ministry of Customs and Trade,
- The Undersecretary of the Ministry of Development,
- The Undersecretary of the Ministry of Finance,
- The Undersecretary of the Treasury,
- The President of the Central Bank of the Republic of Turkey,
- The Chairman and Deputy Chairman of the Board of Directors, and
- The Chief Executive Officer of Turk Eximbank.

Within the framework of the objectives of the annual programs, whether generally or related to country- or sector-specific groups, Turk Eximbank's Board of Directors and its General Directorate are authorized to carry out assignments within the limits of a range of credit transaction, guarantee and insurance programs.



The export credit insurance system was introduced by Turk Eximbank in 1989.





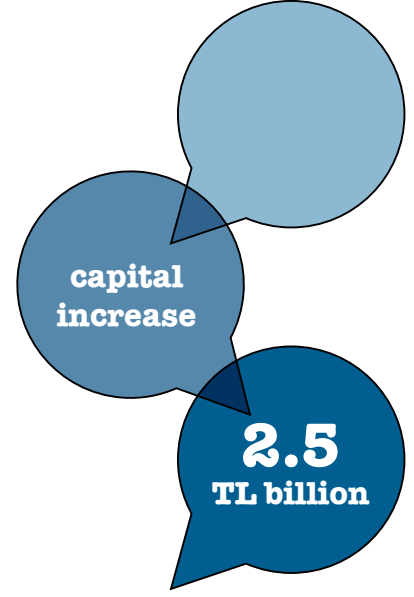
Support to sustain growth



Changes in the Articles of Association

At the General Assembly held on 30 March 2015, the authorized capital stock of Turk Eximbank was increased from TL 2.4 billion to TL 2.5 billion and a number of other changes were made in its articles of association within the constraints of regulations as indicated below.

- Article 3 (“Headquarters”) was amended to reflect a change that had been made in the bank’s address of record by means of an administrative decision. Article 9 (“Organs of the bank”) was amended to make it clear that the charter’s enumeration of the bank’s organs does not delimit them and that new committees can be set up.
- Articles 10 (“General assembly”) and 11 (“Duties and authorities of the general assembly”) were amended to clarify what issues are to be included in general meeting agendas. Article 21 (“Approval of the balance sheet and acquittal of fiduciary responsibility”) was amended to make it clear (1) that a general assembly decision to approve a defective balance sheet does not automatically result in an acquittal and (2) that once granted, no acquittal can be rescinded by another general assembly decision.
- Article 27 (“Duties and authorities of the board of directors”) was amended to make it clear (1) that under the bank’s governing statute the board of directors is empowered to take decisions on all matters other than those explicitly granted to the general assembly, (2) that restructuring falls within the scope of the board of directors’ authorities, and (3) that the board of directors may delegate its authorities by means of an internal directive issued pursuant to the last provision of article 371 of the bank’s’ governing statute. Article 28 (“Board of directors meetings”) was amended to clarify principles pertaining to changes in board meeting agendas. Article 32 (“Auditing the bank”) was amended to set out principles pertaining to bank audits.
- Previously existing articles 31 (“Credit committee”) and 32 (“Audit committee”) were combined into a single article 31 (“Committees”), resulting in the removal of article 32 from the charter; and a provision in the last clause of article 27 allowing the board of directors to delegate its authorities to a general manager was removed from that article and added to article 35 (“Duties and authorities of the general manager”) instead.



The authorized capital stock of Turk Eximbank was increased from TL 2.4 billion to TL 2.5 billion

Capital Structure

The Undersecretariat of Treasury holds all of the Bank’s shares. Neither the chair nor the members of the Board of Directors nor the general manager nor any assistant general manager owns shares in the bank.

Relations with Export Sector

Turk Eximbank meets the financial needs of export sectors in line with the developments taking place in the global and Turkish economies. When doing so, the bank serves extensive lineup of customers ranging from domestic manufacturers to international contractors and carriers and from those involved in the tourism industry to those providing foreign currency-earning services such as software and project development and consultancy.

Since its establishment, Turk Eximbank has been constantly introducing new credit-programs that address the demands and needs of exporters while making changes in existing programs in order to provide customers with the financing that they need in line with the developments taking place in the global and Turkish economies.

Turk Eximbank conducts its operations in close collaboration with real-sector actors. Believing that it is necessary not only to address the real sector's financing problems, the bank also examines and identifies its existing structural problems and develops remedial policies accordingly. In this context, Turk Eximbank actively engages with all export-industry agencies and organizations in order to come up with long-term solutions. The bank also plays an effective role in the identification and resolution of problems by consulting with industry representatives.

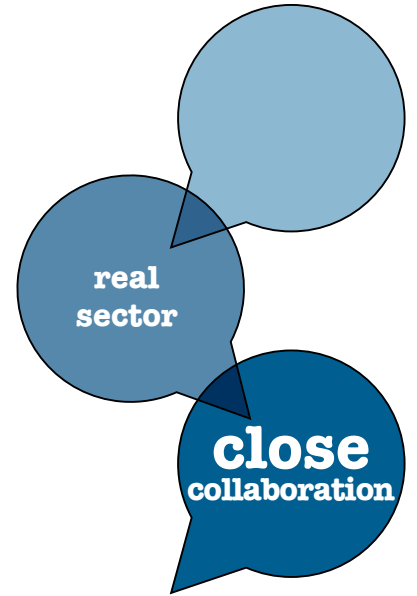
Every company residing in Turkey and conducting merchandise and services exports can benefit from Turk Eximbank's programs. In the conduct of its export-financing activities, Turk Eximbank treats all sectors equally. The composition of Turk Eximbank's credit portfolio is broadly representative of the overall sectoral distribution of Turkey's export trade.

In keeping with the "customer oriented" component of the bank's vision and strategies, Turk Eximbank directors and specialists visit exporter firms in order both to promote its credit and insurance programs and to obtain exporters' views and opinions. They also attend and inform exporters at meetings and seminars organized around the country by the Ministry of Economy, the Small and Medium Enterprises Development Organization, the Union of Chambers and Commodity Exchanges of Turkey, local and regional chambers of commerce and industry, the Turkish Exporters Assembly, and exporters' associations etc.

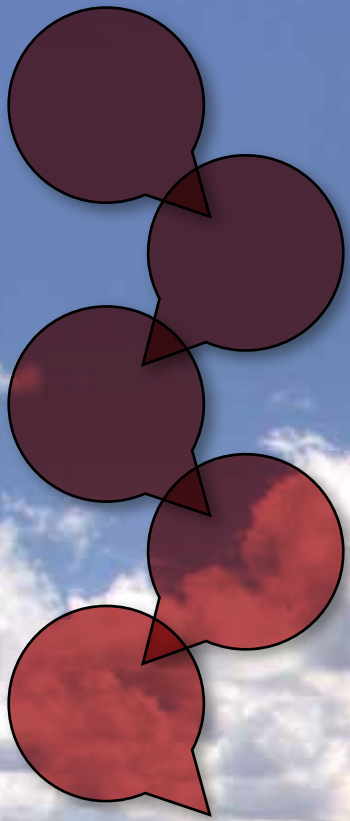
Turk Eximbank also conducts meetings and organizes events promoting the bank's programs in parts of the country where small- and medium-sized businesses are especially active.

In line with its goal of helping the national economy achieve a more balanced structure and especially of eliminating inter-regional inequalities, Turk Eximbank believes it is necessary to give special importance to investments in so-called "priority development areas" (PDA).

Thus in the conduct of all of its credit-placement decisions and operations, precedence is given to PDA-based firms. Similarly the intermediary banks with which Turk Eximbank works are obliged to extend at least 5% of the Pre-shipment Turkish Lira Export Credit limits assigned to them as loans to PDA-based firms, which are also entitled to borrow at discounted interest rates.



Turk Eximbank conducts its operations in close collaboration with real-sector actors.



Support to achieve goals



Turk Eximbank's Position in the Turkish Banking Sector

Turk Eximbank's return on assets ratio was 1.1% as of end-2015 while its return on equity amounted ratio to 11.4%. The bank's capital adequacy ratio was around 19% as of the same date.

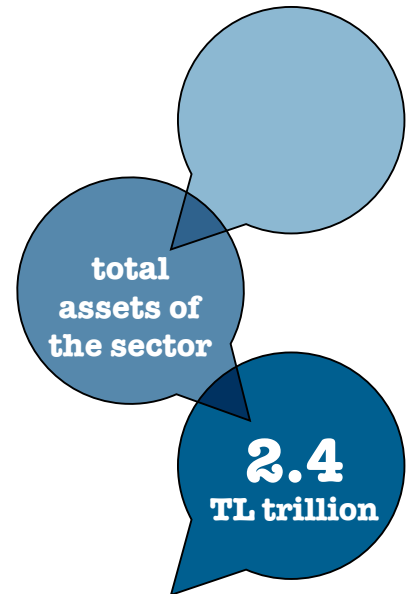
As the sole official export credit agency, supporting exports and other foreign currency-earning transactions is one of Turk Eximbank's core missions. One of the ways in which the bank fulfills that mission is through export credit transactions, which provide export sector with low-cost financing; another is to take part in the "international credit and guarantee programs" aimed at developing economic and political relations between Turkey and other countries and in the "export credit insurance" programs whose aim is to cover export sector exposure to political and commercial risks.

In addition to Law No. 3332 regulating its establishment and terms of operations, the Bank is also subject to Banking Law No. 5411. According to Banking Law No. 5411, Turk Eximbank is classified as a "development and investment banking group" and represents this group in the Board of Directors of the Banks Association of Turkey. The Bank conforms to internationally accepted rules and regulations set forth by organizations such as WTO, OECD and the EU, and operates in accordance with the obligations arising from Turkey's membership in the WTO, the OECD Export Credits and Credit Guarantees Group and from the Customs Union between Turkey and the EU. The Bank is a full member of the International Association of Export Credit and Investment Insurance Companies (Berne Union), with which it has a close relationship in the area of export credit insurance activities. In this respect, the Bank differs from commercial banks, participation banks, and other development and investment banks in the sector.

The Turkish banking sector in 2015

Global markets in 2015 suffered from volatilities caused by the US Federal Reserve Bank's decision to raise its benchmark interest rate as the US economy's recovery gained traction, by the European Central Bank's decision to expand the scope and to extend the duration of its asset-buying program, by slipping growth rates in China's and other developing countries' economies, by depressed commodity prices, by the increasingly greater impact of Russian sanctions not just on that country's economy but on those of other countries in the region as well, by heightened geopolitical risks, and by increased diplomatic polarization over the Syrian civil war.

Despite the increase in global market risks, the Turkish banking sector's capital structure remained sound in 2015 and its growth potential continued to attract the attention of international banking groups. Thus it was for example that the sale of a block of shares in one large-scale Turkish bank transformed a foreign shareholder's minority stake into a controlling one; all of the shares in one privately-owned bank were sold to a foreign bank; a majority stake in a privately-owned investment bank was sold to another foreign bank; and it was announced that an agreement had been reached to sell all of the shares in a privately-owned bank belonging to an international group to another foreign bank and that the transfer of ownership would take place once the deal had been approved by authorities. Meanwhile a new participation bank belonging to a publicly-owned bank commenced operation; a BRSA license was issued to set up another new participation bank; a participation bank license issued by that agency was rescinded when the applicants decided to retract it; and a decision was made to transfer a participation bank to the SDIF.



In the twelve months to end-2015, the Turkish banking sector's total assets grew by 18% and reached TL 2.4 trillion.

The Turkish banking sector continues to grow...

In the twelve months to end-2015, the Turkish banking sector's total assets grew by 18% and reached TL 2.4 trillion while its total credits also increased by around 20% to TL 1.5 trillion. As a result of these developments, share of total credits in total assets increased by one percentage point over what it was in 2014 and it stood at 63% as of 31 December 2015.

While 47% of the sector's total lendings consisted of corporate loans, retail and SME credits accounted for 27% and 26% shares respectively. Export credits in the sector increased by 24% in 2015 and amounted to TL 115.4 billion as of December 2015. With the sector experiencing a 31% rise in its non-performing loans, which amounted to TL 47.5 billion last year, the percentage of its loans going sour was up marginally from 2.8% in 2014 to 3.1% in 2015. NPL sales and write-offs once again helped rein in the impairment in the sector's asset quality.

The securities portfolio of the sector grew by 9% and reached TL 330 billion in 2015. The share of the securities portfolio in the sector's total assets slipped slightly from 15.1% in 2014 to 14.0% in 2015, this was mainly because the growth in the sector's total assets outpaced the growth in its portfolio investments.

Structural changes in external funding...

While the Turkish banking sector's total deposits increased by 18% and reached TL 1.2 trillion in 2015, their share of total foreign resources fell from 60% in December 2014 to 59% in December 2015. This shift was accompanied by a slight uptick in the loan-to-deposit ratio of 122% in 2014 to 123% in 2015.

The total value of the syndicated loans on the sector's books, USD 19.7 billion as of end-2015, increased by 5% on US-dollar basis but by 32% on Turkish-lira basis. Turkish banks appeared not to have any problems in getting their syndications renewed.

Capital structure remains sound...

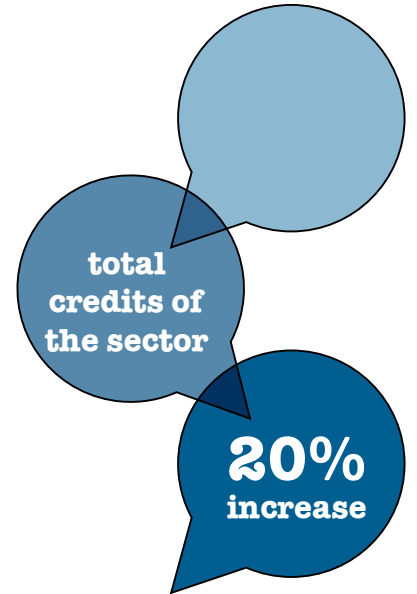
Accompanied by the growth in its paid-in capital and BRSA restrictions on dividend payments, the sector's shareholders' equity grew by 13% and reached TL 262.2 billion as of end-2015.

In December 2014 the sector's capital adequacy ratio was 16.3%. Although it was down somewhat to 15.6% twelve months later, it was still higher than the BRSA-mandated target.

Net current profit is increasing while average profitability is decreasing...

At end-2015 the Turkish banking sector showed a net current profit of TL 26.1 billion, 6% higher than at end-2014.

The sector's average return on assets ratio, which was 1.3% in December 2014, was 1.2% in December 2015. Its return on equity similarly slipped from 12.3% to 11.3% during the same twelve-month period.



Total credits of the Turkish banking sector increased by around 20% to TL 1.5 trillion.

¹ Export credits consist of export credits, discount and documentary bills and export guaranteed investment credits.

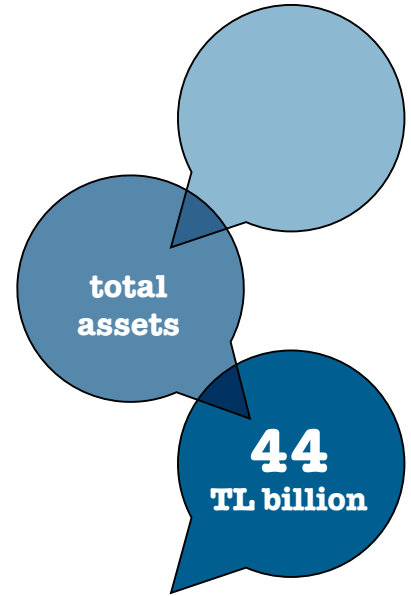
Turk Eximbank's Position in the Sector

Turk Eximbank's total assets increased by 32% in 2015 and reached TL 44.4 billion in value. This growth boosted the bank's ranking among the 52 financial institutions (including participation banks) that make up the Turkish banking sector from 14th in 2014 to 12th in 2015. The bank's loan portfolio similarly increased by 35% during the same twelve-month period and reached TL 43.2 billion in value, a rate of growth that outpaced the overall sector average. Three factors contributed mainly to this performance: the first is that Turk Eximbank is able to offer relatively attractive interest rates; the second was a substantial increase in the rediscount credit limit which the Central Bank of Turkey (CBRT) assigned to Turk Eximbank; the third was a hefty rise in Turk Eximbank's medium- and long-term lendings. Hence Turk Eximbank managed to provide 36% of all of the export financing supplied by the Turkish banking sector in 2015.

As of December 2015, Turk Eximbank's loan-to-asset ratio was 97%. While this is one of the highest ratios of any bank in Turkey, the bank's 0.3% NPL ratio is also one of the sector's lowest. Turk Eximbank's non-performing loans were 100% provisioned as of end-2015.

Turk Eximbank's total equity increased by 11% year-on in 2015 and reached TL 4.8 billion. The bank's capital adequacy ratio, which was 24.15% in 2014, was down to 19% in 2015.

In 2015 Turk Eximbank generated a net profit of TL 489.4 million, 15% higher than what it was in 2014. The bank's return on assets and return on equity ratios were 1.1% and 11.4% respectively.



Turk Eximbank's total assets increased by 32% in 2015 and reached TL 44.4 billion in value.

The Assessment of the Activities of Turk Eximbank in 2015

Turk Eximbank supports exporters, export-oriented manufacturers, international contractors and entrepreneurs, and firms supplying foreign currency-earning services with short-, medium-, and long-term credit, insurance, and guarantee programs.

Loans

Turk Eximbank supplies firms with low-cost, short-term, pre-shipment financing both directly and through intermediary banks. In order to help boost Turkey's export trade by making it easier for the exporters to enter new and/or targeted markets by offering their buyers more favorable terms, export receivables are discounted.

In 2015 Turk Eximbank supplied TL 48,381 million (USD 17.9 billion) worth of short-term Turkish-lira and foreign-currency credit.

Of this short-term lending, 21% consisted of Turkish-lira and 79% consisted of foreign-currency loans.

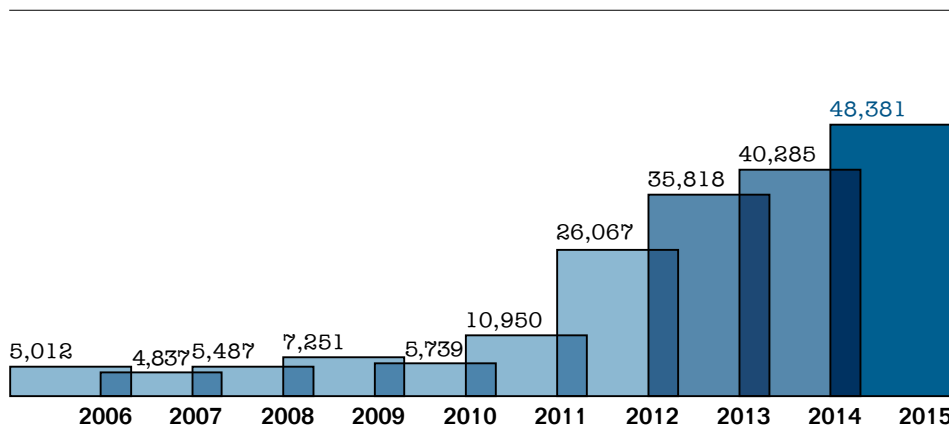
Rediscount credits made up the largest share of short-term credits at 78%, while Pre-shipment Export Credits (PECs), which were disbursed via intermediary commercial banks, made up a 13% share.

A total of 5,489 firms, which together accounted for a significant share of Turkey's overall exports, benefited from Turk Eximbank's short-term export credit programs during 2015.

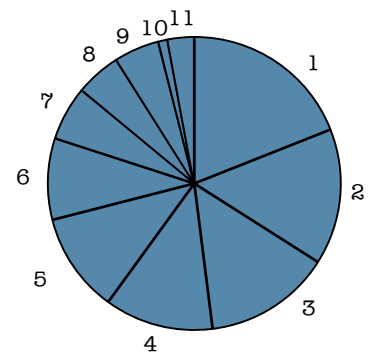
The sectoral distribution of the bank's short-term lending shows that the biggest (19%) share went to firms in the textiles, ready-to-wears, and leather goods sector while EU countries ranked first among country groups with a 51% share of the total.

In all of the bank's lending programs, priority was given to firms based in so-called "priority development areas" (PDA) and to small- and medium-sized enterprises (SME). As a result of this policy of giving precedence to supplying them with funding, the total volume of Turk Eximbank lending to SMEs amounted to TL 9 billion (USD 3.3 billion) in 2015. This means that 18.5% of the bank's short-term export credit was lent to firms in this group, which also accounted for 77% of the firms that benefited from Turk Eximbank's short-term credit programs. The bank continued to support foreign trade companies through lending practices that encourage SMEs in a particular business line to join forces and set one up.

Short-Term Credits (TL million)

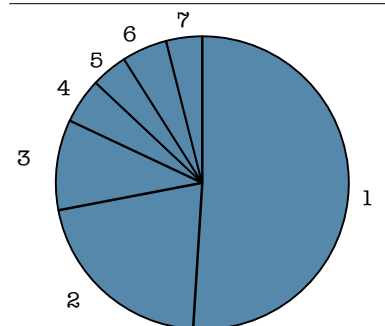


Sectoral Distribution of Short-Term Credits (%)



1	Textile/Ready-to-wear/Leather	19
2	Iron-Steel	15
3	Machinery/Electrical Devices	14
4	Mining Products / Metal Goods	12
5	Food/Agriculture/Livestock	11
6	Motor Vehicles	9
7	Plastic and Rubber	6
8	Chemistry	5
9	Glass/Ceramic	5
10	Paper, Cardboard and Products	1
11	Other	3

Distribution of Short-Term Credits by Country Groups (%)



1	European Union	51
2	Middle East/North Africa	21
3	Canada/North America	10
4	Europe out of EU	5
5	Far East	4
6	Central and West Asia	5
7	Other	4

The Assessment of the Activities of Turk Eximbank in 2015

Recent Adjustments and Revisions

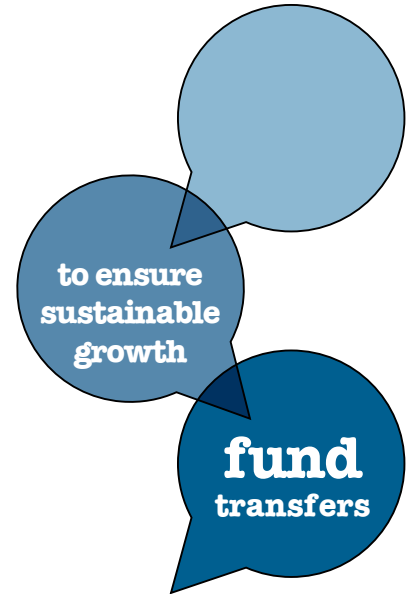
Based on feedback from existing and potential customers, several improvements were made last year in the bank's lending practices.

In order to mitigate the possible adverse effects of a global crisis on the real sector in Turkey and to ensure the sustainability of economic growth, fund transfers continued in accordance with the demands and needs of the export sector throughout the year.

In this context, arrangements have been made regarding interest rates, maturities and limits in order to meet the needs of exporters through more favorable conditions. The interest rate discounts offered on export credit demands that are covered under the Short-Term Export Credit Insurance Program have been continued.

Developments in domestic lending in 2015

- A change was made in the International Contractor Services Bridge Financing program that allows Turkish contractors firms to borrow against their accrued but as yet uncollected receivables from funded projects even though the projects themselves have been suspended.
- Another revision was made in the accreditation process to speed up the handling of term extension requests from firms having cashflow problems.
- The scope of the Post-Shipment Rediscount Credit (PSRC) program, which makes use of CBRT resources, was expanded so as to allow lending through factoring companies as well. Lending through factoring companies assigned Turk Eximbank limits also began last year.
- The 0.5% blocking imposed on domestic bank loans made under the PSRC program with domestic banks' acceptances was abolished.
- The maximum maturity of short-term foreign currency loans was extended to 720 days; the interest rates on FX loans were reduced by 0.75 percentage points in all terms; the rates on existing loans made to SME and under other reduced-rate programs were lowered by 0.50 percentage points; interest rate reductions in the 0.55-0.75 percentage point range were also made on other medium- and long-term FX loans in the first quarter of 2015.
- A change was made in the Export Finance Intermediation Loan (EFIL-IV) program, which makes use of funding supplied by the World Bank, that allows ship and yacht-building sector firms of which loan repayments were not realized to defer final repayment by up to two years.



In order to ensure the sustainability of economic growth, fund transfers continued in accordance with the demands and needs of the export sector throughout the year.

Realizations Based on the Credit Programs

Short-term domestic lending programs

Turk Eximbank allocates short-term export credit to exporters and export-oriented manufacturers, especially in order to meet their financing needs at the pre-shipment stage. These credits are extended either in lira or in foreign currency, either directly by Turk Eximbank or via other banks.

Credits Extended Via Commercial Banks

PSECs, including both the Pre-Shipment Turkish Lira Export Credit (PSEC-TL) and the Pre-Shipment Foreign Currency Export Credits (PSEC-FX), are credit facilities covering all sectors and providing financial support to exporters starting from the early stages of production. The maximum maturity on PSEC-TL and PSEC-FX loans are 360 and 720 days respectively.

During 2015, Turk Eximbank lent a total of TL 3,114 million (USD 1,151 million) under the PSEC-TL program and USD 1,191 million (TL 3,236 million) under the PSEC-FX program. In the case of both programs, intermediary banks are obliged to lend at least 30% of their assigned credit limits to SMEs. During 2015, a total of TL 4,120 million (USD 1,513 million) was lent to those firms through PSEC programs.

Credits Extended Directly

Turk Eximbank's pre-export credit programs are intended to provide loans to exporters and manufacturer-exporters during the pre-export preparatory stage. During 2015, the bank extended USD 437 million (TL 161 million) as Pre-Export FX financing and TL 1,532 million (USD 574 million) as Pre-Export TL financing.

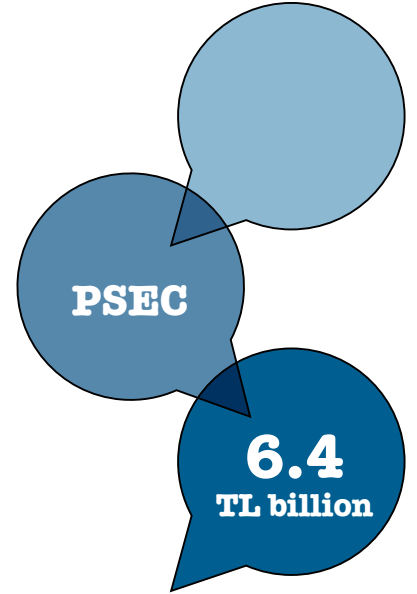
Under Pre-export Credit for SMEs Programs, the bank extended a combined total of TL 1,094 million (USD 400 million) consisting of TL 852 million (USD 312 million) as Pre-export TL Credit for SMEs and USD 88 million (TL 242 million) as Pre-export FX Credit for SMEs.

Credits Funded by CBRT

CBRT has granted Turk Eximbank a USD 15 billion limit which is used to provide rediscount credit to exporters, export-oriented manufacturers and foreign-currency earning services firms in all sectors in the pre-shipment stage to meet their financing requirements against an export commitment.

In 2015 Turk Eximbank supplied USD 12,149 million (TL 32,883 million) worth of financial support under the Rediscount Credit-FX Program and TL 4,588 million (USD 1,735 million) under the Rediscount Credit-TL Program. The combined total under both programs was thus USD 13,885 million (TL 37,471 million).

Under the PSRC program, a total of USD 350 million (USD 960 million) of credit was provided during 2015.



In 2015 Turk Eximbank lent a total of TL 6.4 billion under the PSEC program.

The Assessment of the Activities of Turk Eximbank in 2015

Medium- and long-term domestic credit programs

Besides the short-term export credit financing programs discussed above, Turk Eximbank also runs a number of complementary medium- and long-term programs that are in the nature of project finance.

The Overseas Chain Stores Investment Credit Program is intended to finance investments that will contribute to the creation of a favorable "Made In Turkey" brand image through the international branding of Turkish products, investments in stores and shopping malls to be built in other countries, and investments to create fashions and entrench Turkish brands.

The Ship Building & Export Financing Program aims to support Turkey's shipbuilding industry in its efforts to take a bigger share of international markets. Under this program, the bank issues letters of guarantee for shipbuilding and export projects covering the project-owner's advances and progress payments. Turk Eximbank also supports this sector by means of a variety of cash loan products as well.

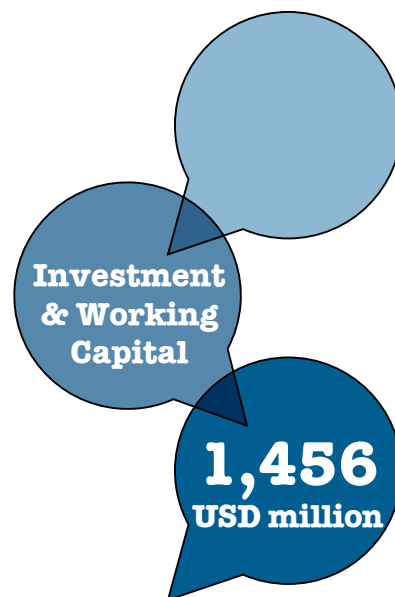
The Specific Export Credit Program is intended to provide short- and medium-term financing for the goods and services projects of export-oriented manufacturers in Turkey and of international contractors which Turk Eximbank deems to be meritable but which cannot otherwise be financed under the bank's existing programs.

The Trademark Credit Program aims to provide financing for Turkish-based firms' acquisitions of new non-resident brands (ie brands to be registered in other countries) and of their acquisition of existing brands, companies, and/or brand-related stores, installations, etc; for their international venture and entrenchment projects aimed at enhancing the image of Turkish goods/brands, at creating fashions, and at ensconcing Turkish brands.

Under this program, firms are provided with two long-term options for financing their branding investments in other countries: a seven-year loan with a two-year grace period on the repayment of principal and a ten-year loan with a three-year grace period on the repayment of principal. During 2015, Turk Eximbank supplied a total of EUR 19.6 million of trademark credit financing for projects involving the acquisition of three separate brands.

The Export-Oriented Investment & Working Capital Credit Programs aim at providing finance for machinery, equipment, and other capital goods and as working capital needed by manufacturers and manufacturer-exporters who produce goods which are associated with the exportation of Turkish products. Working capital credit is provided to companies seeking to develop their export operations and is offered with three different term options (three, four, and five years), with repayments not beginning until the second year. Investment credit is provided to firms with four different term options (four, five, six, and seven years), with repayments not beginning until the second or third year. During 2015, Turk Eximbank extended a total of USD 1,456 million worth of credit under these programs.

The EIB Credit Program is intended to provide fixed-capital investment and working capital financing for the exports and foreign-currency earning services of SMEs that operate in the areas of manufacturing, tourism, and services. These loans are covered by an agreement between Turk Eximbank and the EIB. During 2015, a total of USD 251 million worth of financing was provided to SMEs under this program. Medium- and long-term investment and working capital credit is also provided to exporters out of a EUR 250 million line of credit supplied to Turk Eximbank by MIGA, a member of the World Bank Group.



Under the Export-Oriented Investment & Working Capital Credit Programs Turk Eximbank extended a total of USD 1,456 million worth of credit in 2015.

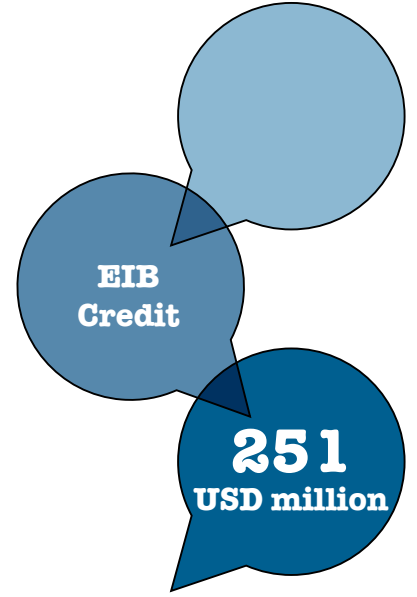
The Tourism Credit Program aims to strengthen privately-owned Turkish airlines, travel agencies, and tourism enterprises whose core business activity is accommodation services in international markets and to contribute to Turkey's balance of payments by increasing the tourism-sector foreign currency receipts earned from such services. During 2015, Turk Eximbank extended a total of USD 59 million (TL 160 million) as credit under this program.

The International Transportation & Marketing Credit Program aims to reduce the shipping costs of exporters by addressing the financing needs of firms engaged in the international transportation. During 2015, Turk Eximbank extended a total of USD 53 million (TL 143 million) as credit under this program.

The Credit Program for Participating in Overseas Trade Fairs aims to support firms' participation in international fairs and exhibitions as part of their efforts to increase market share, to enter new and targeted markets, to learn about new technologies and products, and to contribute to the growth and development of exports. During 2015, Turk Eximbank extended a total of USD 55 thousand (TL 141 thousand) as credit under this program.

The Letter of Guarantee Program for Overseas Contractors' Services aims to support Turkish contractors in their efforts to strengthen their positions in existing markets and to venture into new markets by providing letters of guarantee for projects that they have undertaken or will undertake in other countries.

The Bridge Credit Program for Overseas Contractor Services aims to mitigate the impact of financial crises on the Turkish contracting industry and to protect Turkish contractors' investments and their long-term competitive strength in other countries' markets by keeping construction sites and mobilization-engine parks functioning. During 2015, Turk Eximbank extended a total of USD 32 million (TL 84 million) as credit under this program.



During 2015, a total of USD 251 million worth of financing was provided under the EIB Credit Program.

The Assessment of the Activities of Turk Eximbank in 2015

International credits programs

Turkish exporters' and international contractors' efforts to venture into new markets and to strengthen their positions in existing ones are encouraged by means of Turk Eximbank international credits programs which have been diversified through an innovative perspective that also takes into account the transformation process which the global economy is undergoing.

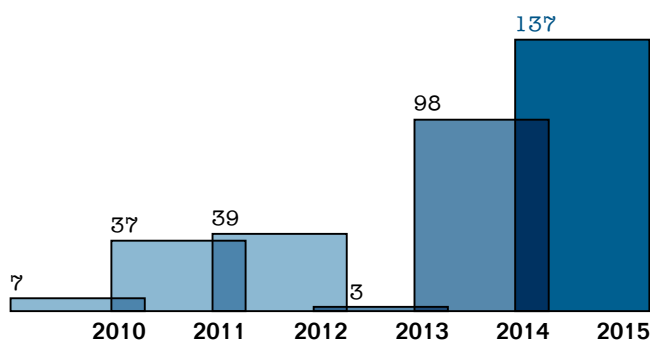
The global economic crisis that began in 2008 wrought changes in economic conditions which not only led to expectations of low rates of growth and high rates of unemployment throughout the world but also made export credit agencies even more strategically vital for national economies. With the emergence of the need for countries to make changes in their export support policies, it became a priority concern of Turk Eximbank to supply Turkish exporters with diversified, attractive, and practical products capable of giving them a competitive advantage in international markets. Today the bank conducts its operations through its international credits programs whose "collaborative competition" approach has ousted the "destructive competition" attitudes of the past.

International credits programs are in the nature of buyer's credit, under which a range of financing options are provided to the customers of Turkish firms which are exporting goods to them or which are undertaking projects in other countries. In 2014 Turk Eximbank's international lending operations underwent a thoroughgoing revision as a result of which the bank's International Trade Finance and International Project Finance units were set up in order to achieve a more function-oriented structure. Both units made noteworthy progress in their respective business lines in 2015. Turkish exporters' and international contractors' efforts to venture into new markets and to strengthen their positions in existing ones are encouraged by means of Turk Eximbank international lending programs which have been diversified through an innovative perspective that also takes into account the transformation process which the global economy is undergoing. The aim of this strategy is to make effective use of programs to support Turkey's sustainable growth especially in high added-value export industries and increase the competitive strength of international contractors in national markets around the world.



Turk Eximbank, conducts its operations through its international credits programs with a "collaborative competition" approach.

International Credit Disbursements (2010-2015, USD million)



In order to accelerate international credits programs and increase the trade volumes of Turkish goods and services and in view of the difficulties inherent in getting state guarantees, one of Turk Eximbank's goals in 2015 was to allocate more credit limits to recognized reputable banks. In line with this, last year credit limits amounting in aggregate to USD 71 million were allocated to three banks to finance Turkish companies' projects and exports:

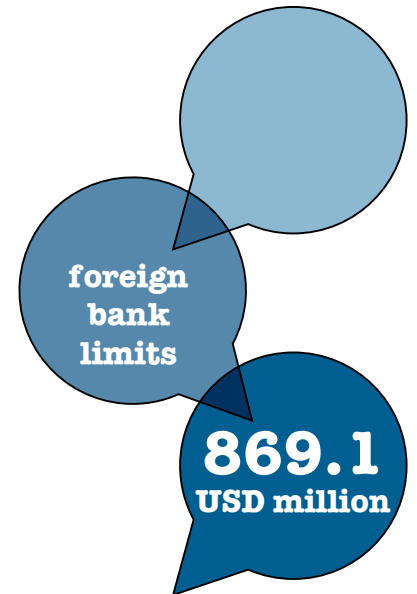
- USD 29 million to Pashabank based in Azerbaijan
- USD 40 million to Sterling Bank PLC based in Nigeria
- USD 2 million to Creditwest Bank based in the Turkish Republic of Northern Cyprus.

These additions have brought the number of foreign banks which have been allocated credit limits by Turk Eximbank to 21 and the combined total of those limits to USD 869.1 million.

During 2015, Turk Eximbank extended a total of USD 137 million as credit under its international credits programs.

Last year Turk Eximbank issued 91 letters of intent pertaining to the financing of projects and business deals which Turkish firms planned to undertake in 35 countries in Africa, Asia, and Europe. Under these letters, the bank declared its intentions to supply a total of USD 12.9 billion worth of credit to finance payments for goods and services to be exported from Turkey.

The amounts transferred from the Undersecretariat of Treasury to Turk Eximbank within the scope of political risk, the Bank transfers the collections from countries to the Undersecretariat of Treasury. In this context USD 4.8 million was transferred in total in 2015.



The additions in 2015 have brought the number of foreign banks which have been allocated credit limits by Turk Eximbank to 21 and the combined total of those limits to USD 869.1 million.

The Assessment of the Activities of Turk Eximbank in 2015

Realizations Based on Programs in 2015

International Project Credit programs

- On 7 July 2014 a project finance agreement was signed with Ethiopian Railways for the Awash-Woldia Railway Project being undertaken in that country. With a total value of USD 300 million, this is the biggest project finance deal undertaken by Turk Eximbank so far. As of end-2015, USD 80.4 million worth of this line of credit had been used and disbursements continue to be made.
- On 28 September 2012 a USD 135.9 million credit agreement was signed with the Ghana Ministry of Finance and Economic Planning to finance potable water projects in three of that country's cities. As of end-2015, USD 69.9 million worth of this line of credit had been used and disbursements continue to be made.
- On 4 November 2013 a EUR 48.5 million credit agreement was signed with the Senegal Ministry of Finance and Economy to finance the Dakar International Conference Center Project in that country. As of end-2015, EUR 45.3 million worth of this line of credit had been used and disbursements continue to be made.
- On 12 November 2013 a USD 9.6 million credit agreement was signed with Belarusbank to finance the Aquapark Hotel Project in that country. As of end-2015, USD 9.2 million worth of this line of credit had been used, disbursements of which had ceased as of 12 July 2015.
- Last year procedures were completed for the approval of EUR 197.5 million worth of financing to be provided by Turk Eximbank for the construction, in the Republic of Congo, of the Brazzaville International Business Center, the total project cost of which is EUR 280 million. Negotiations on technical issues are currently being conducted with the Congo Ministry of Economy, Finance, Budget, and Public Assets.
- In 2014 procedures were completed for the approval of EUR 101 million worth of financing to be provided by Turk Eximbank to the Ghana Ministry of Finance and Economic Planning to finance the construction of a prefabricated hospital in that country. Provision of financing is awaiting endorsement of the project's financial terms and conditions and the project's inclusion in the list of financeable projects under the IMF's economic program in Ghana.
- On 18 December 2015 the Cameroon Ministry of Economy, Planning, and Rural Development applied Turk Eximbank for a loan to finance its Douala Stadium Project, the total investment cost of which is USD 232 million. Approval procedures will be initiated after the submission of the feasibility report needed to determine the amount of credit required.
- Negotiations are currently in progress under a memorandum of understanding signed with the Pakistan Ministry of Finance and Economic Relations for the financing of the Nagdar and Dowarian hydroelectric power plant projects in that country.
- Negotiations are currently in progress concerning the signing of agreements under which Turk Eximbank will be cooperating with developed countries' export credit agencies in the provision of project finance in third countries.



Within the framework of the International Credits Programs, total amount of credit risk exposure at year-end 2015 was USD 598.3 million.

International project finance credit risk exposure: Project totals and cumulative disbursements as of 31 December 2015

Country & Borrower	Project	Total loan (USD mn)	Cumulative disbursement (USD mn)
BELARUS			
Belarusbank (State-guaranteed)	Oktyabrskaya Hotel Project	50.99	50.91
Belarusbank	Aquapark Hotel Project	9.63	9.18
GHANA			
Ministry of Finance and Economic Planning	Potable Water Project	135.96	69.97
ETHIOPIA			
Ethiopian Railways	Awash-Woldia Railway Project	300.00	80.41
TOTAL (USD mn)		496.58	210.47

Country & Borrower	Project	Total loan (EUR mn)	Cumulative disbursement (EUR mn)
SENEGAL			
Ministry of Finance and Economy	Dakar International Conference Center Project	48.5	45.35
SUDAN			
Ministry of Finance and National Economy	North Khartoum Emergency Water Supply Project	8.68	8.46
Ministry of Finance and National Economy	Al-Halfaia Bridge Project	14.81	14.81
Ministry of Finance and National Economy	North Khartoum Sewerage Project	21.13	21.12
TOTAL		93.12	89.73
GRAND TOTAL* (USD mn)		598.29	598.29

* Loans governed by contracts denominated in euros are valued at the EUR/USD rate in effect on 31 December 2015.



Within the framework of the International Credits Programs, total amount of credit disbursements at year-end 2015 USD 308.5 million.

The Assessment of the Activities of Turk Eximbank in 2015

International trade finance programs

Expanding the disbursement territory through new and revamped credit programs...

- Two international trade finance programs that were introduced in 2014 were revised last year in line with exporters' requests in order to improve the programs and to make them more flexible.
- The bank's international trade finance product portfolio has been considerably expanded during the last two years in order to give Turkish exporters an advantage over their foreign rivals by strengthening their ability to make sales on medium- and long-term credit terms, especially when exporting Turkey's high added-value goods. Given the continued fragility of the global economy, it is likely that their buyers will be in greater need of even more convenient payment terms in the period ahead.

Export Receivables Discount Program

- In line with feedback from exporters concerning the Turk Eximbank Bill & Letter of Credit Discounting Program, it was realized that the receivables of a large number of firms which had made sales on credit were not (or could not be) linked with any sort of payment vehicle. For this reason and also to give Turkish products a competitive advantage in all markets, that program was revised and relaunched in 2015 as the "Export Receivables Discount Program", by means of which forward-dated export receivables may be discounted even if they are undocumented. Both Turkish exporters and foreign buyers may benefit from this new program.

Under this program, discounting is provided for export receivables that are covered by Turk Eximbank's Specific Export Credit Insurance Post-Shipment Risk Program. Discounting is also available for export receivables that are covered by forward-dated export letters of credit which have been issued, endorsed, or reissued by non-resident banks to which credit limits have been allocated by the Turk Eximbank Board of Directors. During 2015, Turk Eximbank extended a total of USD 3.7 million worth of credits under this program for five shipments sent to the United Arab Emirates, France, Moldova, Romania, and Russia.

Domestic Bank Buyer's Credit

- The credit is extended through the branches, subsidiaries, or correspondents of banks that are residents of Turkey to importers who are resident in another country and who want to import goods from Turkey. Last year a number of revisions were made in the principles governing this program in order to simplify its disbursement and repayment processes while the maximum allowable term was increased from seven years to ten. During 2015, Turk Eximbank extended a total of USD 6.1 million worth of financing under this program for five different export transactions.



The disbursement territory continually expands through new and revamped credit programs.

Foreign Bank Buyer's Credit

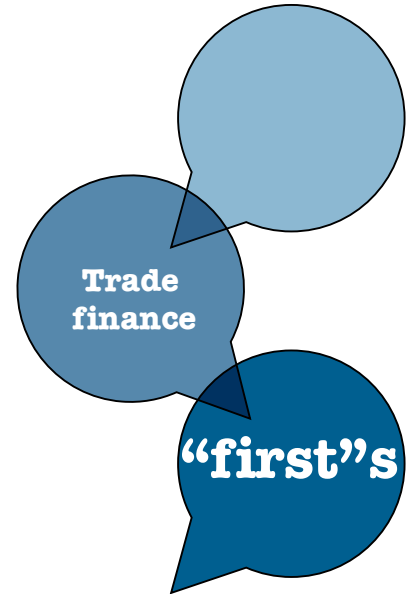
- The credit is extended through foreign banks which have been allocated credit limits by Turk Eximbank to exporters who are resident in another country and who want to import goods from Turkey. Last year's additions to the list of foreign banks to which credit limits have been allocated by Turk Eximbank consisted of Pashabank (Azerbaijan), Development Bank of Mongolia (Mongolia), Khan Bank (Mongolia), Demir Kyrgyz International Bank (Kyrgyzstan), Credit Europe Bank (Russia), Creditwest Bank (TRNC), and Sterling Bank (Nigeria), with which revolving international trade finance credit agreements were signed.
- As of end-2015, the number of international trade finance credit agreements which Turk Eximbank had entered into with non-resident financial institutions was twelve banks in nine countries, while the aggregate value of those agreements reached USD 169.6 million. Negotiations are currently in progress concerning international trade finance agreements with two more banks. Last year Turk Eximbank made its first disbursement (amounting to USD 73 thousand) under this newly-activated program.

Transactions with State Guarantee

- Having received an enquiry from the Djibouti Ministry of Economy, Finance & Planning about financing for USD 11.8 million worth of capital goods to be exported to that country, in December 2015 the Turk Eximbank Board of Directors approved the allocation of about USD 10 million for the deal. Disbursements are currently being made under this agreement.

2015: A year of firsts in foreign trade finance...

- The discounting of a letter of credit issued by a bank based in Russia under the Turk Eximbank Export Receivables Discount Program was the first instance of buyer's credit extended through L/C discounting.
- A Kosovo deal under the Turk Eximbank Domestic Bank Buyer's Credit Program was the first instance of buyer's credit extended to a Balkan country through a bank based in Turkey.
- A line of credit granted under the Turk Eximbank Foreign Bank Buyer's Credit Program was the first instance of buyer's credit extended directly by a bank in another country to finance foreign trade.



For Turk Eximbank
2015 is a year of
“first”s in foreign
trade finance.

The Assessment of the Activities of Turk Eximbank in 2015

Risk analysis and evaluation

Under the heading of risk analysis and evaluation domestic and foreign banks are analyzed and the creditworthiness of firms is investigated and analyzed; based on the findings of such analyses, assessment reports are written up and firms with credit exposure are monitored.

Company Information & Analysis Department

Firms are analyzed on the basis both of their published year-end and intermediary financial statements and of currently-available intelligence about them. 3,600 "Creditworthiness & Analysis" reports were prepared and issued in 2015 with a 48% year-on rise in such documentation.

Bank Analysis Department

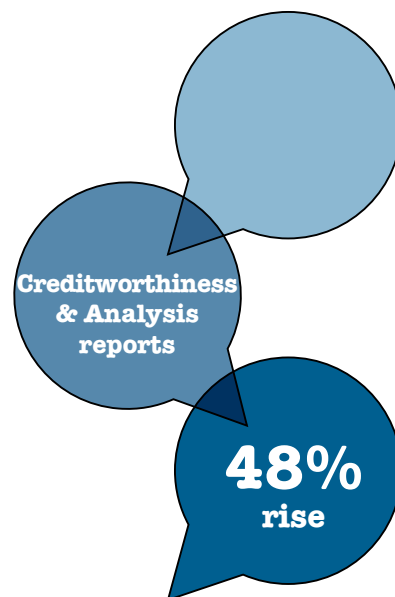
Turk Eximbank determines cash credit limits for the credits it extends via the banking system and non-cash credit limits for the letters of guarantee and bills of guarantee for credit programs offered by banks in order to constitute the warranty that is allocated directly to the beneficiary firms, and treasury operation limits for each bank. In this context, the limits of each bank are determined through financial analysis and risk assessment studies. In 2015, a total of USD 4.6 billion additional credit limit was allocated to domestic banks for cash and non-cash credit and treasury transactions.

In addition to the foregoing, Turk Eximbank has also been allocating cash credit limits to factoring companies since the end of 2014 and therefore has also been regularly analyzing and monitoring both the leasing sector's performance and the leasing companies to which limits have been allocated. There are currently 69 companies active in the Turkish leasing industry, of which 17 provide export and import factoring products and services. During 2015, Turk Eximbank granted cash credit limits to another 8 factoring companies, thereby bringing the total number with which the bank works to 13.

Additionally, 15 analysis reports on 11 foreign banks have been prepared according to the Foreign Bank Analysis Model, which was developed in line with the aim of assigning credit limits to foreign-based state or private banks that are operating under the framework of the International Credits Program in 2015.

Risk Monitoring Department

Turk Eximbank's "Credit Monitoring Department" has been reorganized as the "Risk Monitoring Department" so that the bank's exposure to both domestic credit risk and to risks arising from domestic firms that take out credit insurance can be tracked by the same unit.



3,600
"Creditworthiness
& Analysis" reports
were prepared and
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such documentation.

Credit Insurance

Turk Eximbank offers credit insurance which covers, within specified limits, export receivables against commercial and political risks and also the domestic receivables of exporters and group companies against commercial risks.

Export receivables are insured against commercial and political risks within certain limits by means of export credit insurance programs, which is one of Turk Eximbank's main areas of activity. An additional advantage of these programs is that it enables exporters to obtain funding from financial institutions at favorable terms through the insurance policies.

Short-Term Export Credit Insurance

The Turk Eximbank Short-Term Export Credit Insurance Program provides exporters with commercial and political risk coverage for up to 360 days on all shipments that they make during the one-year policy.

Since its original introduction by Turk Eximbank in 1989, short-term export credit insurance has become the bank's best-known and most widely-used product among Turkish exporters. As of end-2015, 2,080 exporters were Turk Eximbank short-term export credit insurance policyholders; in the nearly three decades since the program's inception, 10,961 exporters have been a short-term export credit insurance policyholder at least once.

Coverage under the program has been provided for 238 countries since 1 April 2012. In 2015, insurance coverage was provided for exports whose aggregate value amounted to USD 9.4 billion while the premiums collected amounted to USD 31.5 million.

A sectoral distribution of the exports insured in 2015 shows that the biggest (28%) share consisted of policies on machinery, electrical equipment, metal goods. In terms of regional distribution EU countries were the leading market, with a 58% share.

During 2015 10,547 new buyers were registered under the Turk Eximbank Short-Term Export Credit Insurance Program, thereby bringing the total number as of year-end to 213,569. The number of active buyers among total buyers is 37,317 and the number of buyers allocated with a consistent credit limit is 27,108.

Within the scope of Short-Term Export Credit Insurance in 2015, Turk Eximbank paid out USD 12.6 million worth of claims arising from shipments to various countries. The entire amount of said claims was paid out due to commercial losses.

During 2015, Turk Eximbank recovered USD 1.7 million of the former claims paid.

Of that amount, USD 1,425 million was related to the receivables issued within the commercial risks; only USD 256 thousand of it was concerned with receivables whose political risks had been realized.

Turk Eximbank continued to cede 60% of the commercial and political risks borne under the Short-Term Export Credit Insurance Program to domestic and overseas reinsurance firms during 2015 for the countries that are not members of the OECD.



As of end-2015, 2,080 exporters were Turk Eximbank short-term export credit insurance policyholders.

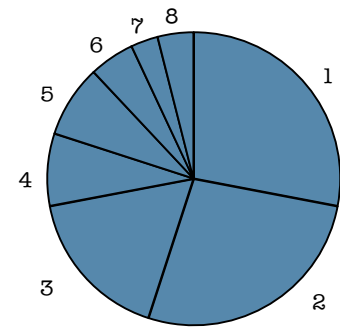
The Assessment of the Activities of Turk Eximbank in 2015

Besides channeling commercial banking system resources into export finance with Turk Eximbank guarantees in order to expand the opportunities for such financing, Turk Eximbank also seeks to act as an effective export credit agency that provides export financing through insurance and guarantee programs comparable to those in other developed countries. In line with both goals, Turk Eximbank has signed credit protocols with commercial banks such as Citibank, Yapı Kredi Bankası, HSBC Bank, Ziraat Bankası, Garanti Bankası, Aktif Yatırım Bankası, Finansbank, Burgan Bank, Türk Ekonomi Bankası, Akbank, ING Bank, İş Bankası, Fibabanka, Denizbank, Asya Katılım Bankası, Alternatifbank, Şekerbank, and Vakıflar Bankası and entered into an agreement with the Credit Guarantee Fund. As of end-2015, the number of such financial institutions was 19. Last year some USD 12 million worth of financing was provided under these agreements, thereby bringing the total volume of such export financing to about USD 82 million since the program's inception.

Turk Eximbank accepts short-term export credit insurance policies as primary collateral. Since the introduction of this program, the bank has provided financing for USD 753 million worth of shipments, nearly half (USD 353 million) of which took place in 2015 alone.

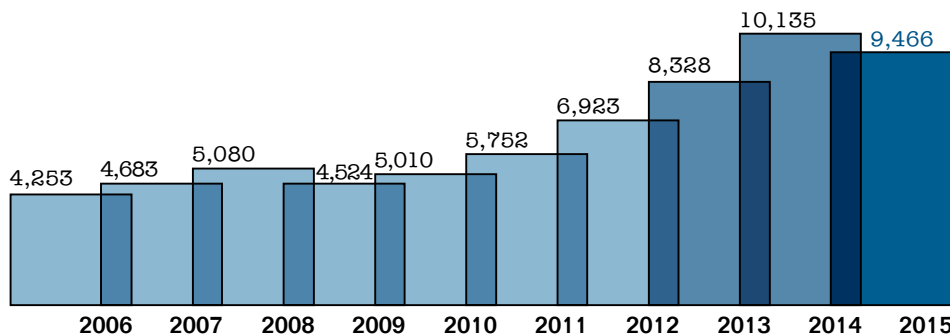
The short-term export credit insurance general policy has been revised both to reflect recent changes in the legal framework and to make them more explicit and understandable based on feedback from policyholders concerning their need. Under this revision free trade zones are included in the policy.

Sectoral Distribution of Shipments Insured within the Scope of Short-Term Export Credit Insurance (%)



1 Machinery/Electrical Devices/Metal Goods	28
2 Textile/Ready-to-wear/Leather	27
3 Chemistry Industry, Plastic and Rubber Products	17
4 Land-Based Industrial Products	8
5 Food/Agriculture/Livestock	8
6 Motor Vehicles	5
7 Mining	3
8 Others	4

Amount of Shipments Insured within the Scope of Short-Term Export Credit Insurance (USD million)



Short-Term Domestic Credit Insurance

Another branch of Turk Eximbank's insurance business line consists of short-term domestic credit insurance, which is intended for exporters and group companies.

The Turk Eximbank Short-Term Domestic Credit Insurance Program was inaugurated in 2013 as a pilot project pursuant to a Board of Directors decision passed on June 25th of that year. Under this program, commercial risk coverage is provided to exporters and their group companies for up to 360 days on all credit-sale shipments which are associated with their domestic operations.

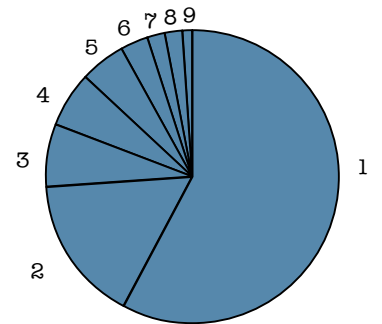
As of end-2015, 49 firms had availed themselves of this service and insurance coverage had been provided for USD 590 million worth of goods shipped to 6,999 buyers. As of the same date, USD 2.5 million had been collected as premiums on the insured shipments.

Medium- & Long-Term Export Credit Insurance

The Turk Eximbank Specific Export Credit Insurance Post-Shipment Risk Program provides coverage for exporters' receivables from credit-sale shipments which they make with repayment terms of up to 18 years. While coverage under this program is subject to certain conditions (such as there must be a single contract of sale and the minimum repayment terms must comply with OECD rules concerning such matters), support is provided for the exportation of any and all manner of goods and services that originate in Turkey. Revisions continued to be made in the program in 2015 in line with current needs.

During 2015, Turk Eximbank Specific Export Credit Insurance Post-Shipment Risk Program coverage was provided for shipments worth a total of USD 15.8 million that were made to 13 buyers in Azerbaijan, Kenya, Russia, Zambia, Romania, UAE, South Africa, Belarus, Moldova, France, and the USA. A total of USD 385 thousand worth of premiums were collected on the insured shipments.

Sectoral Distribution of Shipments Insured within the Scope of Short-Term Export Credit Insurance by Country Groups (%)



1 European Union	58
2 Middle East/North Africa	16
3 North and Central America	7
4 Other European Countries	6
5 Far East	5
6 Central and West Asia	3
7 South America	2
8 Africa	2
9 Japan and Oceania	1

The Assessment of the Activities of Turk Eximbank in 2015

In 2013 Turk Eximbank's specific export credit insurance post-shipment risk policy underwent a revision which made it possible to provide exporters with low-cost and convenient financing owing to its acceptability as an irrevocable guarantee under the Draft & Letter Of Credit Discount Program that was developed in coordination with the Turk Eximbank International Credit Department. The scope of that program was expanded in 2015 so as to include cash-on-delivery shipments as well. One consequence of this change was a tremendous increase in the interest shown by exporters in the bank's "Export Receivables Discount Program" last year.

Under annexes to the agreements which Turk Eximbank has signed with Aktif Yatırım Bankası, Finansbank, Turk Ekonomi Bankası, ING Bank, Akbank, Denizbank, Fibabanka, İş Bankası, and Garanti Bankası, concerning export insurance under the bank's Short-Term Export Credit Insurance Program, it has now become possible to finance medium and long-term export transactions that were carried out under the Short-Term Export Credit Insurance Programs.

Within the scope of the Medium-and Long- Term Export Credit Insurance transactions, in 2015 the Bank continued implementation by adding risks to the reinsurance agreement in compliance with special consent from its reinsurance companies.

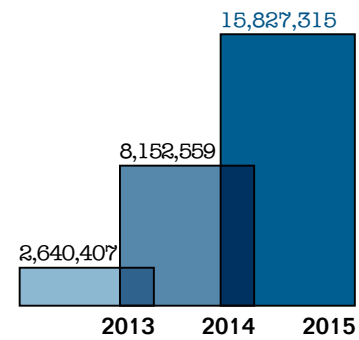
The scope of the Turk Eximbank Specific Export Credit Insurance Post-Shipment Risk Program has also been expanded so as to provide coverage both for services associated with exported goods and for re-exported goods.

Turk Eximbank's specific export credit insurance post-shipment risk policy has been revised both to reflect recent changes in the legal framework and in implementation and to make the texts more explicit and understandable based on feedback from policyholders. The policy's implementation principles have also been updated accordingly.

General developments in insurance programs

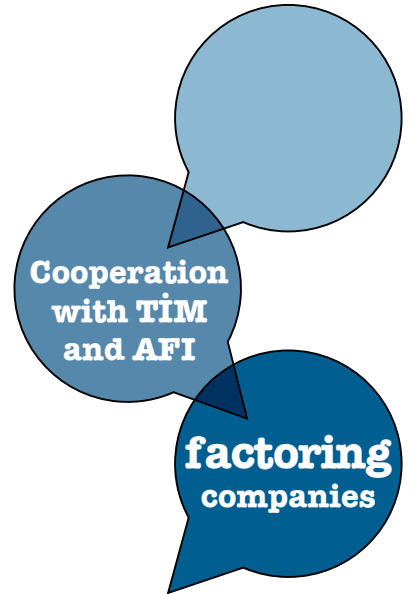
- Efforts continued to be made during 2015 to further develop and diversify the bank's insurance programs. The policies for short-term export credit insurance and for short-term domestic credit insurance, which used to be limited to one year, can now be issued on an unlimited basis.
- As the sole official export credit agency in Turkey, Turk Eximbank keeps a close watch on developments taking place both in technology and legal frameworks and among its peers around the world. The bank continues, with no loss of momentum, its efforts to reduce the paperwork of credit and insurance and provide fast and accessible operations in activities. One of the studies conducted in this regard, the "Online Banking Project" which it inaugurated for firms in 2014. Studies on the development of this internet branch continued last year with the addition of new features that allow firms to see if they owe anything on their existing policies, to pay such obligations with a credit card, and to change the status and access rights of their designated users. Hard-copy statements concerning policyholders' premiums, accounts, outstanding balances, etc stopped being dispatched by post around midyear 2015; only electronic-format statements are sent by email now.
- Having entered into discussions with software developers concerning revisions to be made in the bank's online insurance software, the process of tendering the contracts

Amount of Shipments Insured within the Scope of Specific Export Credit Insurance (USD million)



was finalized in December 2015. These system enhancements are intended both to minimize the work that requires manual intervention and to speed up the firms' access to policy-related functions.

- Within the scope of the Short-Term Export Credit Insurance, the Bank continued to insure the prices of goods manufactured by affiliates of the insured companies holding at least 50% of the capital in 2015.
- In line with requests from exporters and policyholders, implementation of insurance for all shipments intended for certain buyers within the scope of the Short-Term Export Credit Insurance continued in 2015.
- To increase service quality and meet the increasing demands and expectations of exporters within the scope of the Short-Term Export Credit Insurance Program, the 50% discount over current premium rates in the List of Country Conditions and Premium Rates continued to be applied to certain buyer companies with high credibility and low risk in the information report in 2015.
- Within the scope of the Post- Shipment Rediscount Credit Program, in which the Short-Term Export Credit Insurance Policy is used as the primary security, upon the demand of some insured companies, the "Application for Global Buyers" is continued by receiving the Advice Letter containing the original signatures of the export company and buyer company concerning the transfer of the export receivables to the Bank at the beginning and for one time, instead of receiving for shipment and each credit applications in 2015.
- By cooperating with the Turkish Exporters Assembly and the Association of Financial Institutions, an arrangement has been made for financing insured shipment receivables by factoring companies to the companies located in the countries covered by our insurance with a maximum 360-day term. Details concerning the implementation of this program are currently being worked out.
- The protocol being made with the commercial banks was revised to enable the factoring companies to be the loss-payer on the buyer companies of the insurance policy without receiving an approval from the Bank for each transaction and submitted to the Turkish Factoring Association. This revision has been submitted to the Association of Financial Institutions for its consideration. Details concerning the implementation are currently being worked out.
- Within the scope of short-, medium-and long-term transactions, and in order to extend the support given to Turkish exporters and entrepreneurs in 2015, cooperation with export credit and insurance companies in various countries is being continued.



By cooperating with the Turkish Exporters Assembly and the Association of Financial Institutions, an arrangement has been made for financing insured shipment receivables by factoring companies to the companies located in the countries covered by our insurance with a maximum 360-day term.

The Assessment of the Activities of Turk Eximbank in 2015

Funding and treasury operations

Turk Eximbank diversified its resource structure in order to generate a wider range of resources for funding exports and export-oriented investments.

Developments in capital

In April 2015, Turk Eximbank's nominal capital was increased from TL 2.4 billion to TL 2.5 billion. In this regard, the nominal capital was paid off by transferring TL 100 million from 2014 profits to the capital.

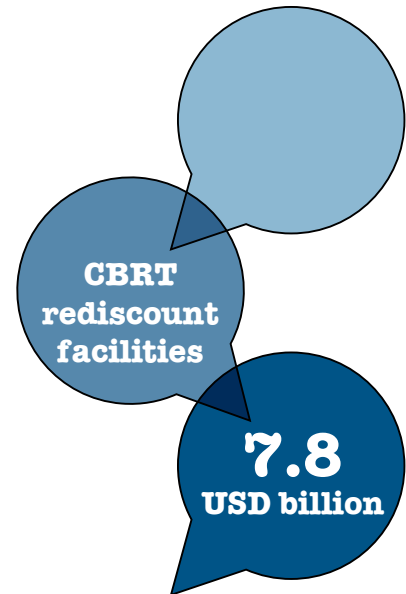
Funding Transactions

For the funding of its 2015 Turkish lira lending operations, Turk Eximbank made use of:

- Paid-up capital
- Interest collections
- Turkish lira funds by CBRT within the scope of Rediscount Credits that are extended to the exporters in TL as well as in foreign currency.

Details concerning the bank's FX borrowings in 2015 are presented below.

- Turk Eximbank utilized the rediscount facility of CBRT. As of 31 December 2015, the outstanding balance of these resources amounted to USD 7.8 billion.
- A one-year syndicated EUR+USD loan (total value EUR 580 million) was raised from a consortium consisting of 29 international banks in March.
- A ten-year syndicated EUR+USD loan (total value USD 297.5 million) was raised from a consortium of banks in May. This loan is covered by the MIGA guarantee and includes an initial grace period of 1.5 years.
- In June the bank obtained an eight-year EUR 100 million loan from EIB. This loan is covered by the guarantee of the Undersecretariat of Treasury and includes a three-year initial grace period.
- In July the bank obtained a syndicated EUR+USD loan (total value EUR 500 million) in two (1-year and 2-year) tranches. Twenty-six banks took part in the syndication. A singular feature of this loan is that 45% of it (worth about EUR 224 million) is repayable over a two-year period. This is the first such deal of its kind.
- The bank obtained USD 350 million worth of funding from a consortium of banks lead-managed by the International Islamic Trade Finance Corporation, an autonomous entity within the IDB.
- In October the bank received the first EUR 50 million part of a seven-year EUR 100 million loan granted by CEB. This loan is covered by the guarantee of the Undersecretariat of Treasury.
- In November the bank obtained a EUR 200 million collateralized loan from ING Bank NV. This five-year loan, which includes a three-year initial grace period, is being collateralized by ING Bank and Turk Eximbank export receivables and is the first example of such deal in Turkey.



As of 31 December 2015, the outstanding balance of the rediscount facilities allocated by CBRT to Turk Eximbank amounted to USD 7.8 billion in value.

- Other loans received in 2015 amounted to USD 767 million in value and are summarized in the chart below.

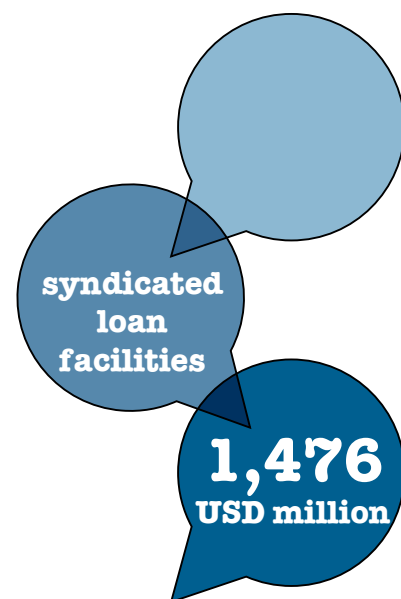
Mizuho Bank Ltd	EUR 150 mn (total)
ABC International Bank Plc	EUR 97.4 mn + USD 37 mn
Bank of Tokyo Mitsubishi UFJ Turkey AŞ	EUR 100 mn
Standard Chartered Bank, London	USD 100 mn (total)
Citibank Europe Plc, Dublin	USD 84 mn (total)
Doha Bank	USD 75 mn (total)
ICBC, London	USD 60 mn (total)
ING Bank NV	EUR 50 mn
HSBC Bank Plc, London	USD 45.4 mn (total)
Commercial Bank of Qatar	USD 44.4 mn (total)
Credit Europe Bank NV	EUR 35 mn
Emirates NBD	USD 25 mn
Garanti International Bank, Amsterdam	USD 10 mn

Fund management activities

The liquidity volume managed by the Treasury Department, which was kept within the legal limits laid out in the BRSA Regulation Concerning Measurement and the Evaluation of Liquidity Adequacy of Banks, stood at TL 1.2 billion in 2015, of which TL 0.3 billion was used in the security portfolio, consisting of treasury bonds and state bonds.

Having wound up its asset-buying program in 2014 after it became apparent that its employment targets were being reached, the US Federal Reserve Bank announced a moderate hike in interest rates in late 2015 in response to strong signals all year long that the US economy's recovery had taken hold. In Europe meanwhile, the European Central Bank was taking action to support economic activity and to stave off deflation. While ECB lowered its own interest rates by 10 basis points and extended the duration of its own monetary expansion program in 2015, in Turkey, the CBRT adhered to its own tight-monetary policy stance.

During 2015, Turk Eximbank kept a close watch on national and global developments in its efforts to give maximum attention to achieve effective liquidity and asset & liability management and to exploit high-yield investment alternatives while taking into account such issues as high volatility in interest and exchange rates and severe levels of global risk. Turkish-lira resources derived from mainly by FX/TL swaps and repo generated high yields by being invested in both the Takasbank Money Market and the interbank market. Proactive FX forward operations were conducted in order to effectively manage the exchange rate risk exposure which the bank incurred on account of borrowing from CBRT on a FX basis but lending to exporters on a TL basis. Hedge-accounting techniques were deployed when booking these transactions. Last year the bank also continued its practice of making use of hedge-accounting when booking the interest rate swaps that it engaged in order to achieve a better match between its own asset structure and the FX-denominated resources that it secured through its bond issues in international markets.



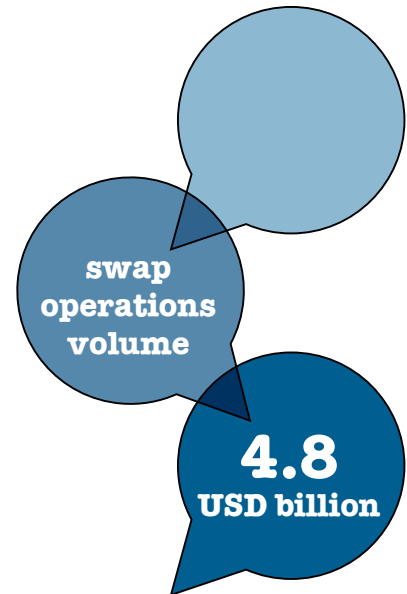
In 2015 the total of syndicated loan facilities extended to Turk Eximbank amounted USD 1,476 million.

The Assessment of the Activities of Turk Eximbank in 2015

Of Turk Eximbank's USD 4.8 billion worth of swap operations last year, only USD 0.3 billion were in long-term assets while the remaining USD 4.5 billion were kept in short-term assets in order to manage the bank's FX position more effectively and to enable the exporters to utilize the FX credits they demand. The volume of "forward foreign-currency purchase/sale" transactions continued in 2015 within the scope of foreign currency management and was realized at USD 1.8 billion.

In 2011 Turk Eximbank introduced exchange rate risk-based derivative products which could be used by exporters to protect their competitive strength in global markets. The scope of these products was expanded last year with the introduction of both exchange-rate put and exchange-rate call options.

To keep pace with the rapid increase in business and corresponding growth in the bank's balance sheet, the Turk Eximbank Treasury Department expanded the volume of assets channeled into investment while substantially increasing the number of transactions conducted both on its own account and on behalf of back-office units. Treasury Risk Management software that was purchased was commissioned last year. This software has integrated the bank's IT system with the Reuters, Bloomberg, OTAS and other trading platforms which are widely used in the conduct of treasury operations and allows many things which used to be done manually to be done online. It has also significantly enhanced the effectiveness and speed of operations between the Treasury and back-office units.



The swap operations executed in order to manage the bank's FX position more effectively and to enable the exporters to utilize the FX credits they demand amounted to USD 4.8 billion in 2015.

International relations

Turk Eximbank continued to work closely with export credit and insurance agencies and international financial institutions in 2015.

Turk Eximbank is an active member of both the Berne Union and the Aman Union. Turk Eximbank participated in meetings, seminars, and other similar organizations held by them in 2015.

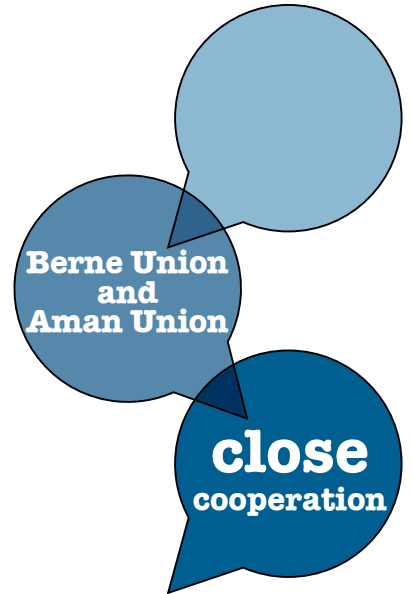
A Turk Eximbank delegation attended the 2015 General Assembly of the Berne Union that took place in Shanghai on 2-7 November 2015. A delegation also attended the 2015 General Assembly of the Aman Union in Muscat on 7-9 December 2015, a gathering whose executive committee was headed by Turk Eximbank CEO Hayrettin Kaplan.

Turk Eximbank signed an agreement with CAGEX, the Algerian government's export credit and insurance agency, under which the two have begun to share their insurance-related knowledge and experience. Another agreement was signed with World Business Capital Inc, a US-based financial institution that focuses especially on cross-border SME financing, to finance capital goods exports from Turkey to the United States.

Close cooperation was maintained with export credit and insurance agencies and international financial institutions within the framework of cooperation agreements signed with US Eximbank (USA); EDC (Canada); COFACE (France); Euler-Hermes (Germany); ECGD (UK); ONDD (Belgium); ASHRA (Israel); Eximbank of China, SINOSURE, and TEBC (China); Czech Export Bank (Czech Republic); Hungarian Export-Import Bank (Hungary); MECIB and MEXIM (Malaysia); Bancomext (Mexico); NEXI (Japan); SID (Slovenia); KUKE (Poland); EDBI and EGFI (Iran); ECGE and Export Development Bank of Egypt (Egypt); Eximbanka SR (Slovakia); Eximbank Romania (Romania); Eximbank of Russia and Vnesheconombank (Russia); KSURE (South Korea); EKF (Denmark); HBOR (Croatia); MBDP (Macedonia); JLGJ (Jordan); GARANT and OeKB (Austria); SACE (Italy); CAGEX (Algeria); and also international agencies such as ICIEC, DHAMAN, MIGA, the Asian Development Bank, and EBRD.

The Bank's relationships with the OECD Export Credits and Credit Guarantees Group (as a member since April 1998) and the OECD Participants Group (as an observer since November 2006) continued, and the arrangements regarding officially supported export credits were followed up on. Both groups aim to establish a level playing field among export credit agencies in compliance with the OECD Arrangement and other international regulations and to facilitate the exchange of information. Regulations of officially supported export credits were monitored.

Turk Eximbank officially represents Turkey at the meetings of the International Working Group on Export Credits (IWG) during which it makes contributions that are compatible with Turkey's needs and interests. IWG was set up in 2012 under an agreement between the USA and China to discuss a new international arrangement for setting guidelines and standards pertaining to officially-supported export credits and for increasing transparency and information-sharing in export credit-related issues which was outside the OECD and which, owing to the increasingly greater involvement in export credits, non-OECD countries like Brazil, China, South Africa, India, and Russia might also have a say.



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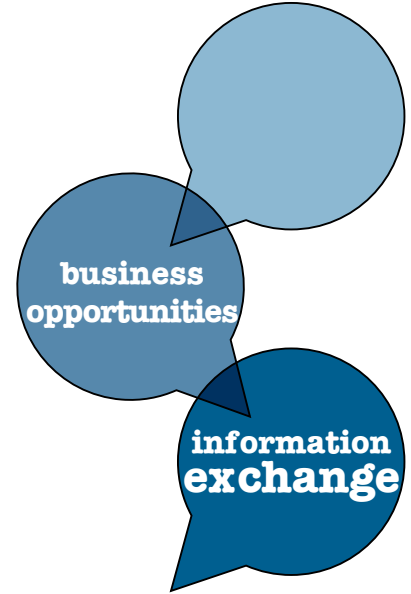
The Assessment of the Activities of Turk Eximbank in 2015

Turk Eximbank participated in the annual meetings of the Berne Union, the Aman Union, CreditAlliance, Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank (ADFIM), IIF, the World Bank, EIB, IMF, OECD, EBRD, ITFC, the Asian Development Bank and IDB, and maintained top-level contacts with these institutions concerning its funding activities on international markets, its foreign credit activities and its reinsurers during the year.

Turk Eximbank representatives attended the Asian Export Credit Agencies Forum for the first time the 21st round of which was hosted by the Japan Bank for International Cooperation in Tokyo from November 30th to December 4th last year. During this gathering, Turk Eximbank's participation in the forum was unanimously approved by member countries.

Within the framework of Turk Eximbank's international credits and insurance programs, close cooperation has been maintained with other export credit agencies to finance projects undertaken by Turkish and foreign contractors collectively in a third country.

Besides strengthening its relations with foreign commercial and investment banks in regard to its treasury and funding operations, Turk Eximbank maintained close relations in 2015 with the IBRD, EIB, MIGA and ITFC. In this framework, bilateral business opportunities have been evaluated during international meetings with the above-mentioned institutions.



Turk Eximbank maintained close relations in 2015 with the IBRD, EIB, MIGA and ITFC.

Information technologies

Turk Eximbank continues to improve both the speed and the efficiency of its operations and the effectiveness of its resource utilization by supporting its service infrastructure with innovations made possible by advances in information technology. Turk Eximbank's IT infrastructure is managed so as to ensure its effective, uninterrupted, valid, and secure operation.

Both the bank's operations and the Data Backup Center's switching processes were subjected to comprehensive testing in line with the Turk Eximbank Business Continuity Management Plan.

Recognizing that the bank's existing data storage and backup systems were insufficient to cope with projects currently in development or being planned, both their capacity and performance were upgraded.

Wi-Fi infrastructure at headquarters, Ankara Regional, and Aegean Regional office units was renewed as part of the ongoing project to improve Turk Eximbank's wireless network capabilities.

IT infrastructure support was provided during the renovation and relocation of the Antalya liaison office.

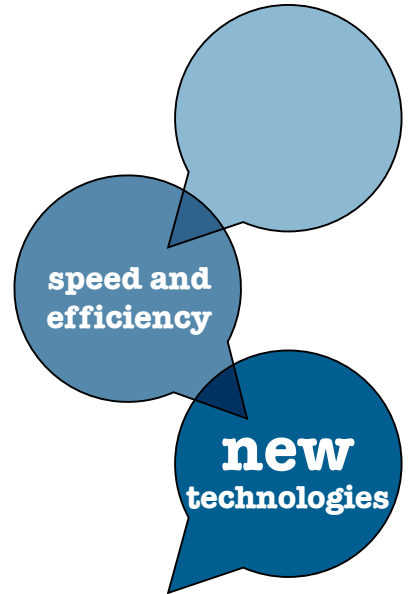
As part of the Electronic Document Management System Project, a pilot application was prepared and tested to receive, display, compose, and send packages of electronically-signed and communicated electronic-format documents and correspondence. The use of this system became mandatory among all public agencies in Turkey in March 2016.

Other IT activities carried out all year long in 2015 included developing and updating operational units' efficiency in line with changes in existing practices and newly-introduced ones; ensuring existing and new-system compatibility in the conduct of transformation projects; ensuring system compatibility when unscheduled additions and developments are made; intensively testing newly-delivered and commissioned systems; supporting operational units' testing activities; providing IT support for quality management system functions and for internal and external auditing functions; and providing scope and technical analysis support for insurance, risk management, and financing transformation projects.

In this regard:

- A change was made in customer ID numbers to make them compatible with the insurance buyer analysis fee algorithm and new credit-scoring project.
- Online banking insurance online payment and PSEC applications were commissioned.
- The Turk Eximbank Treasury Risk Management Project was completed and commissioned.
- The new credit-scoring project neared completion; end-user testing has begun.
- A factoring application was commissioned.
- Scope and technical infrastructure analyses for the Insurance Transformation Project were completed, as were also pre-tendering activities.
- A firm and credit monitoring module was developed.
- The capabilities of the SWIFT integration infrastructure were improved.
- For the Receipt Mechanism Project that will be used in the new credit-scoring project and subsequently expanded to encompass all operations, all the receipt templates submitted by Accounting were entered into the system and tested.

During 2015, a total of 7,051 incidents/requests were received by the Turk Eximbank IT Office via the corporate intranet over which hardware, software, and service-related issues are managed. 73% of these tickets were resolved in less than 24 hours' time. Last year 2,853 software development/update requests were also received, of which 2,063 have been finalized so far. Of the closed tickets, 27% were resolved in less than 24 hours; 28% in more than 24 hours but less than one week; and 26% in more than a week but less than a month.



Turk Eximbank continues to improve both the speed and the efficiency of its operations and the effectiveness of its resource utilization by supporting its service infrastructure with innovations made possible by advances in information technology.

Targets and Activities of Turk Eximbank in the Forthcoming Period

Turk Eximbank intends to support the export and foreign-currency-earning services through guarantee and insurance programs and medium- and long-term credit programs in the forthcoming period.

Goals for the forthcoming period

Turk Eximbank intends to place more emphasis on guarantee and insurance programs as well as medium- and long-term trade and project finance in the forthcoming period within the framework of its new vision.

Giving greater weight to medium- and long-term financing programs and to export credit insurance and guarantees

Turk Eximbank has formulated a new vision and strategies which acknowledge that it is one of the institutions most responsible for achieving the country's goal of USD 500 billion worth of exports/year by 2023, the 100th anniversary of the founding of the Turkish Republic. In line with its vision and strategies, Turk Eximbank will be giving greater weight to medium- and long-term loans, to export credit insurance, and to guarantee operations in line with its new vision and in keeping with the overall mission of developed countries' export financing agencies in the period ahead. At the same time however, the bank will also continue to provide short-term export credit and short-term export credit insurance during the pre-export stage in order to safeguard and increase the competitive strength of Turkish exporters in products which are in need of short-term financing.

In the Trademark Credit program, special measures will be taken in terms of contributions to be made to Turkey's strategy based on export of goods and services with high added-value in international trade in the forthcoming period. In this regard, the aim is to increase the disbursement amount by improving financing options to support increased purchasing of brands, especially those operating in foreign countries.

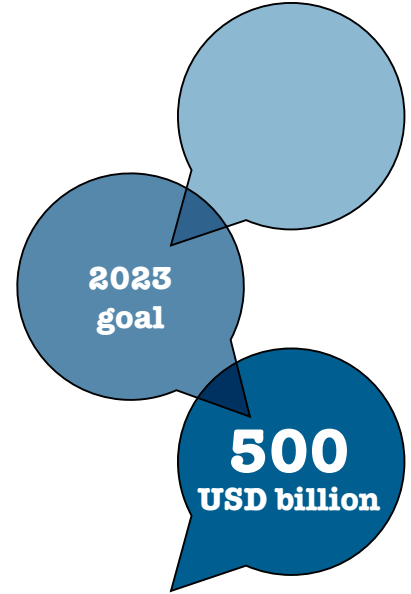
Considering the advantages of the credits extended by the Bank to exporter companies with medium-and long-term options, the plan is to improve the conditions of medium-and long-term credits further and increase the disbursement volume. For medium- and long-term credits, resources obtained from foreign financial institutions for medium-and long-term financing are also used, in addition to the Bank's own resources. In the forthcoming period, it is foreseen that the resources provided from international institutions for medium-and long-term credits will increase.

Developing and diversifying credit insurance programs

In order to channel the resources of the commercial banking system into export finance with Turk Eximbank guarantees so as to expand the opportunities for such financing, Turk Eximbank will be continuing its efforts to work with factoring companies in a collaboration similar to the one that it initiated for the first time in 2008 with commercial banks.

In 2016 Turk Eximbank will be seeking to further expand the scope of the Short-Term Domestic Credit Insurance Program that it has introduced as a pilot project.

Having introduced a turnover-based policy as a result of its discussions with and analysis of the operations of the world's leading insurers, one of Turk Eximbank's 2016 goals will be to offer such policies as an alternative to the existing comprehensive and limited-buyer policies that it is already making available to exporters.



Turk Eximbank has formulated a new vision and strategies which acknowledge that it is one of the institutions most responsible for achieving the country's goal of USD 500 billion worth of exports/year by 2023.

In order for the credit insurance demands of the export sector to be met rapidly and adequately, the internet banking application put into use in 2014 will continue its mission in 2016 as “user-friendly” for both users and implementers.

The installation of a new insurance software module will allow both the insurance system and its users to benefit from the latest advances of the technology.

Turk Eximbank has signed agency agreements with ICIEC and DHAMAN under which the bank will be promoting the services offered by both agencies’ programs to encourage their use by Turkish exporters and contractors.

Preparation studies will continue for the process of gradually transitioning from a shipment-based premium calculation system to a turnover-based premium calculation system in 2016.

By establishing efficient rating and scoring models, the Bank aims to be able to prepare its own information reports. In this regard, a domestic scoring system is to be completed by mid-2016 to provide automatic limits up to certain amounts, and an overseas rating and scoring system is to be completed by the end of the year. To this end, studies will be initiated in 2016 and pilot implementations conducted to provide automatic limits (discretionary limit) up to certain amounts in the second half of 2016.

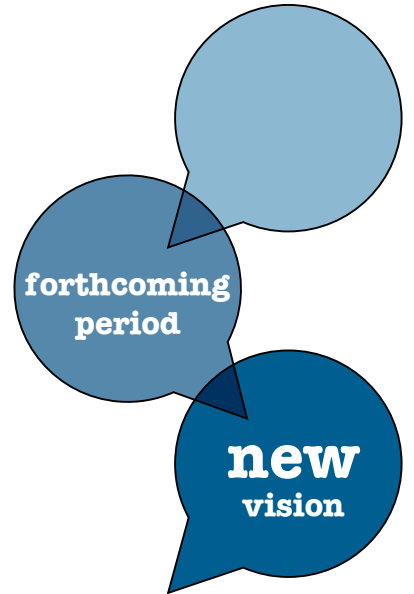
In order both to develop new products and to make revisions in insufficiently used ones so as to make them more practicable, studies will be carried out on the feasibility of Financing Insurance for Foreign Financial Institutions, Indemnity Bond (Surety Bond), Insurance for Services, Pre-Shipment Export Credit Insurance, and Investment Insurance products.

The bank also plans to work on its currently underused International Contracting Services Political Risk Insurance Policy and International Contracting Services Unfair Calling of Bonds Policy products in 2016.

Objectives of International Credits

A variety of structural problems such as aging populations in developed countries are making emerging economies increasingly more important to the sustainability of global economic growth. However the cost of infrastructure projects which are being planned in developing countries and which are likely to require goods and services to be imported from many other countries substantially is likely to exceed the amount of risk that any single export support agency will be willing to accept. The implication of this is that collaboration among different export support agencies in satisfying the demand for financing that developing countries need for their infrastructure will play a big role in fostering sustainable growth.

Through its international lending programs and by cooperating with the export credit agencies and financial institutions of developed countries within the framework of its “collaborative competition” approach, Turk Eximbank will support Turkish exporters with diversified, attractive, and practical products capable of giving them a competitive advantage in international markets. Studies will also begin on the formulation of a legal framework needed to increase the flexibility of Turk Eximbank’s operational scope and to empower it in competitive markets.



Turk Eximbank intends to place more emphasis on guarantee and insurance programs as well as medium- and long-term trade and project finance in the forthcoming period within the framework of its new vision.

Targets and Activities of Turk Eximbank in the Forthcoming Period

In order to boost the “medium- and long-term guarantee” aspect of its international credit activities, studies have begun on developing the content of such guarantees and on updating guarantee-related agreements and other mandatory documentation. This will support the exportation of Turkish goods and services by making it possible for buyers in other countries to obtain credit from other financial institutions under more favorable terms because it is backed by Turk Eximbank guarantees.

One way in which Turk Eximbank will be more proactive in the provision of financing for projects in other countries is by extending lines of credit to international banks. Ways in which the bank can increase its financing of private-sector projects in other countries will also be explored.

Because medium- and long-term insurance policies are as yet not very familiar in Turkey, efforts will be made to publicize them. Efforts will also be made to increase awareness of the Turk Eximbank Export Receivables Discount Program under which a particular export insurance policy can be used as collateral in order to discount export receivables before they are due.

Turk Eximbank will continue to represent Turkey at the International Working Group on Export Credits and OECD group meetings in order to play a more active role among official export credit agencies, to share knowledge and experience with them, and to have a say in decisions that are made concerning official export credits. In this context, Turk Eximbank will be hosting the 33rd meeting of the OECD Environmental Specialists Group when it is held in October 2016.

Compliance studies will begin concerning the provision of funding received from IDB as credit under the Turk Eximbank International Project Finance Program in a manner that is compatible with Islamic finance models as stipulated by IDB.

Independent of the country limits, within the framework of Law No. 4749, and provided that Turk Eximbank’s revenue losses are compensated by the Undersecretariat of the Turkish Treasury, as well as in light of the Bank’s being appointed by the government, the Bank may extend concessional or similar type of credits in 2015.



One way in which Turk Eximbank will be more proactive in the provision of financing for projects in other countries is by extending lines of credit to international banks.

International Obligations

Turk Eximbank must act in compliance with WTO, OECD and EU norms as well as other international regulations in its programs.

International rules

Turk Eximbank, within its programs, must comply with the norms of the WTO, the OECD and the EU, as well as with other international regulations arising from Turkey's obligations in relation to its membership of the WTO, the OECD ECG and OECD Participants Group, and in relation to the agreement of the Customs Union and the EU accession process. Violation of these increasingly challenging rules and regulations prompts subsidy and anti-dumping investigations, and, in cases where those investigations are concluded unfavorably, leads to sanctions such as anti-dumping tax and countervailing duties. In this context, the process of adjusting Turk Eximbank's programs to adhere to the regulations of the EU, the WTO and the OECD is being carried out, and these rules are taken into account in the programs implemented.

Turk Eximbank activities at OECD ECG

Combating the bribery of foreign public officials in international business transactions:

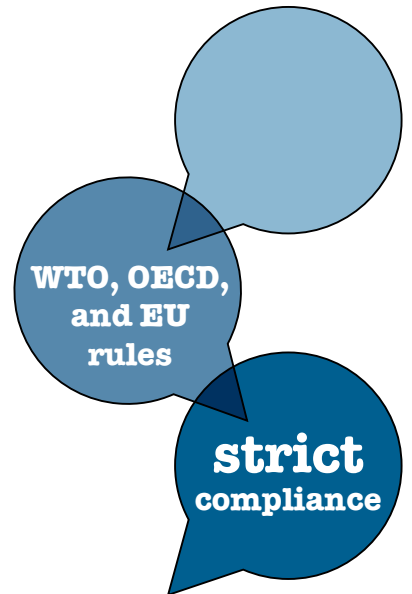
- Application guidelines concerning rules to be followed by Turk Eximbank in line with an advisory resolution passed by the OECD Ministerial Council on 14 December 2006 were prepared and published in 2007. The bank is closely monitoring the ECG's activities on this issue.
- Environmental guidelines: The Environmental Guidelines of the Bank were modified according to the Recommendation Decisions, which were revised in 2007 and became effective with the approval of the OECD Council of Ministers in February 2008. The Environmental Guidelines of Turk Eximbank were revised in accordance with the OECD's Recommendation Decision in 2012.
- Officially Supported Export Credits within the Framework of Sustainable Lending Practices to Low-Income Countries (LICs): The "Principles and Guidelines for the Promotion of Sustainable Lending Practices to LICs for Officially Supported Export Credits" entered into force upon the reaching of consensus of the OECD ECG in 2008. These principles will be binding upon the concessional loans to be allocated in collaboration with the Undersecretariat of the Treasury within the scope of the tasks to be assigned to Turk Eximbank..

Harmonization with the EU Acquis

The Bank's activities are covered under the "Competition Policy" and "External Relations" chapters of the EU Acquis.

Competition Policy: Owing to their expertise-demanding nature, all short, medium-, and long-term export credit insurance matters have hitherto been the responsibility of Turk Eximbank. One consequence of the EU Acquis harmonization process is compliance with a rule which states that the marketable risks associated with short-term export credit insurance must be incurred by entities that do not receive state assistance. This means that all of Turk Eximbank's short-term insurance transactions are going to have to be transferred to some other entity. The restructuring involved in complying with this EU directive will be carried out in line with the Undersecretariat of the Treasury's instructions and guidance. Turk Eximbank envisages the formation of a separate insurer with the involvement of other insurance companies, banks, and the Turkish Exporters Assembly.

External Relations: Under the headings of the technical issues related to medium- and long-term insurance operations and of transactions which may be co-insured together with the export support agencies of other OECD members, work will be carried out in order to harmonize Turkish national legislation with EU directives governing the mutual obligations of parties involved in such matters.



Consideration is given to WTO, OECD, and EU rules in the implementation of Turk Eximbank's lending and other programs. Work is currently in progress to bring the bank's programs into compliance with such rules.

Board of Directors and Auditors



CAVİT DAĞDAŞ

Chairman

Siirt, 1955. Mr. Dağdaş holds a BS in Mathematics from Boğaziçi University, an MSC in Statistics from Gazi University and an MA in Economics from Western Michigan University, US. For many years Mr. Dağdaş held positions in the public sector, including those of Research Assistant in the Department of Statistics of Basic Sciences Faculty of Gazi University, Assistant General Manager to the State Planning Organization and Counselor at the Central Bank of the Republic of Turkey. He started his duties as Deputy Undersecretary of the Treasury in August 2004. Cavit Dağdaş has been taking charge as Acting Treasury Undersecretariat since 01 September 2014. A member of the Board of Directors of Turk Eximbank since 06 January 2005, Mr. Dağdaş has been appointed as Vice Chairman of the Board of Directors of Turk Eximbank on 08 January 2008 and has been serving as the Chairman of the Board since 25 May 2015.



İBRAHİM ŞENEL

Vice Chairman of the Board and Member of the Audit Committee

Tokat, 1966. Mr. Şenel holds a BA in Economics from Ankara University. After functioning as an Assistant Specialist at the State Planning Organization between 1989 and 1991, he started working at the Undersecretariat of Treasury and Foreign Trade in 1991. From 2003 to 2007, he also served as Head of Department and Deputy Director General of Exports, and as Deputy Commercial Counselor in Baku. He was Deputy Undersecretary at the Undersecretariat of Customs from 2007 to 2009, Director General of Exports from 2009 to 2011, and Deputy Undersecretary at the Ministry of Economy from 2011 to 2014. He has been serving as the Undersecretary of the Ministry of Economy since 8 January 2014. In tandem, he also functions as a member of the General Assembly and of the Technical Committee of the Turkish Standards Institution, and a member of the State Aids Monitoring and Supervision Board.

Having succeeded Ziya Altunyalız, the Board member who resigned on 10 February 2015, Mr. Şenel has been a member of the Board of Directors of Turk Eximbank since 18 March 2015. Mr. Şenel has been appointed as a member of the Audit Committee of Turk Eximbank on 16 September 2015, and has also been serving as the Vice Chairman of the Board since 25 May 2015.



HAYRETTİN KAPLAN

Member of the Board and General Manager

Mersin 1963. Mr. Kaplan holds a degree in Economics from Marmara University's Faculty of Economics and Administrative Sciences. After earning a master's degree in Economics at Northeastern University in Boston, Massachusetts, US, he received a Ph.D. from the School of Banking and Insurance Institute at Marmara University. Mr. Kaplan started his professional career as Undersecretariat of the Treasury in 1987, Board of Sworn Bank Auditors as an Assistant Sworn Bank Auditor (1987-90), and later became Chief Sworn Bank Auditor (1990-2000). He served as Assistant General Manager at Türkiye Finans Katılım Bankası (2000-06), as President of the Black Sea Trade and Development Bank (2006-July 2010) and as a member of the Board at Ziraat Bankası A.Ş. (July 2010-February 2011). He was appointed as Chief Executive Officer of Turk Eximbank on 11 February 2011 and serves as a member of the Board of Directors. On 19 April 2013 he was appointed Head of the Credit Committee at Turk Eximbank.



A. DOĞAN ARIKAN

Member of the Board and Member of the Audit Committee

Ankara, 1949. Mr. Arıkan graduated from Middle East Technical University, Department of Business Administration. He started his professional career in 1972 in the Turkish State Meteorological Service, working as Chief System Analyst and Acting Assistant Manager of Research and Development. He worked at İş Bankası A.Ş. as Assistant Inspector and Inspector and served in various departments, including as Assistant General Manager in the Second Credits Department at the same bank. Mr. Arıkan was the Chief Executive Officer of Mepa Dış Ticaret ve Pazarlama A.Ş. and İzmir Demir Çelik Sanayii A.Ş. He was the Chief Executive Officer of Şişecam between June 2000 to October 2009. Mr. Arıkan has been a member of the Board of Directors and Deputy Chairman at Anadolu Insurance Company since November 2009. Mr. Arıkan was appointed as a member of the Board of Directors of Turk Eximbank on 12 February 2008, as a member of the Audit Board in Turk Eximbank on 14 December 2009, and as a member of Credit Committee at Turk Eximbank on 19 April 2013.



MEHMET BÜYÜKEKEŞİ

Member of the Board

Gaziantep, 1961. Mr. Büyükekeşi graduated from the Faculty of Architecture, Yıldız Technical University in 1984. He received a degree in Business Administration and English Language Education at Marmara University and in England. He still conducts the following duties: Turkish Exporters Assembly Presidency, Turk Eximbank Board Member, Turkish Airlines Board Member, Istanbul Chamber of Commerce Assembly Member, Istanbul Development Agency Board Member, Istanbul Leather and Leather Products Exporters' Association Board Member, Ziyilan Group of Companies Board. He has been a member of the board at the Turkish Leather Foundation; Vice Chairman of Turkey Exporters' Association for five years; Founder Chairman and Board Member of Turkish Footwear Industry Research, Development and Education Foundation between 1997 and 2008; Chairman of Turkish Shoes Industrialists' Association and Istanbul Leather and Leather Products Exporters' Association between 2000-2006; Board Member of Istanbul Chamber of Industry for eight years; Board Member of the Turkey Leather Foundation for six years; member of TOBTİM International Business Centers, of the Corporation of TOBB-BİS Organized Industrial and Technology Regions, and of Turkish DO&CO. He has been a member of the Board of Directors in Turk Eximbank since 24 October 2002.



ADNAN ERSOY ULUBAŞ

Member of the Board

Afyon, 1966. Mr. Ulubaş graduated from the Faculty of Economics at Anadolu University. He is the founder, Board Member and Chairman of several private companies, and has been a member of the Assembly of the Kayseri Chamber of Industry, the Vice President and Accountant of the Turkish Exporters Assembly. Mr. Ulubaş is currently Deputy Chairman and Coordinator at the Mediterranean Exporters Unions and Chairman of the Board of Directors of the Ferrous and Non-Ferrous Metals Exporters' Association under the Mediterranean Exporters Union. Mr. Ulubaş has been a member of the Board of Directors in Turk Eximbank since 26 February 2003.



OĞUZ SATICI

Member of the Board

Istanbul, 1965. Mr. Satıcı holds a BS in Management from Washington International University. He has been President of the Turkish Exporters Assembly, a Board Member of the Economic Development Foundation and Chairman of the Board of Directors of Istanbul Textile and Raw Material Exporters' Association. Mr. Satıcı was also Assembly Member of the Istanbul Chamber of Industry and Istanbul Chamber of Commerce. He continues with duties at Global Holding as an Independent Board Member. Mr. Satıcı has been a member of the Board of Directors of Turk Eximbank since 12 March 2002 and of the Credit Committee at Turk Eximbank since 19 April 2013.

Ziya Altınyıldız resigned from his duties as a member on the Board of Directors of Turk Eximbank on 10 February 2015, and was replaced by Economy Ministry Undersecretary İbrahim Şenel, who took office on 18 March 2015.

In the Turk Eximbank General Assembly meeting held on 22 March 2016, Hatice Zeynep Bodur Okyay and Raci Kaya have been appointed to succeed Oğuz Satıcı and A. Doğan Arıkan. Raci Kaya was assigned as a member of the Audit Committee on 04 April 2016.

The Board of Directors of Turk Eximbank held 13 meetings in 2015, 10 in Istanbul and three in Ankara. The Board of Directors has also passed 159 decisions, of which two were interim decisions. Of these Board of Directors meetings, 11 were held with full participation of all members, one with two excused absences and one other with one excused absence.

Senior Management and Senior Management of Internal Systems



MESUT GÜRSOY

Assistant General Manager

Aksaray, Ortaköy, 1963. Mr. Gürsoy graduated from the Business Administration Department of the Faculty of Political Sciences at the University of Ankara. He started his professional career at the Development Bank of Turkey as a Financial Analyst and joined Turk Eximbank in September 1993. Mr. Gürsoy served in different positions in the Project Evaluation and Country Credits Departments before being appointed as Manager of the Izmir Branch in July 2004. Mr. Gürsoy was appointed as Assistant General Manager in charge of Credits on 15 July 2011.



ENIS GÜLTEKİN

Assistant General Manager

Kars, Sankamış, 1976. Mr. Gültekin graduated from the Department of Public Finance of the Faculty of Political Sciences at Ankara University, and received his master's degree from the Finance Department of Illinois University in the US. He started his professional career as an Assistant Specialist at Turk Eximbank in 1998, and served on the Board of Sworn in Bank Auditors at the Undersecretariat of the Treasury in 1999, then on the Board of Sworn in Bank Auditors in the Banking Regulatory and Supervision Agency, and became the chief auditor. Mr. Gültekin was appointed as the Assistant General Manager in charge of Insurance transactions at Turk Eximbank on 17 December 2013.



ALAADDIN METİN

Assistant General Manager

Antalya, Göçük, 1964. Mr. Metin graduated from the Economics Department of the Faculty of Political Sciences at the University of Ankara. He started his professional career as an Assistant Specialist in the State Investment Bank and worked at various posts in the Information Department after the bank was transformed into Turk Eximbank in 1987. After the establishment of the Risk Analysis and Evaluation Division in July 2007, he was appointed as Head of Division. Mr. Metin was appointed as Assistant General Manager in charge of International Credits on 15 July 2011.



ERTAN TANRIYAKUL

Assistant General Manager

Istanbul, 1962. Mr. Tanriyakul graduated from the Economics Department at the Middle East Technical University. He started his professional career at the Project Evaluation Department of the State Investment Bank as Assistant Specialist, and worked in Credit Analysis and Treasury Departments after the Bank was transformed into Turk Eximbank in 1987, serving until 1992, until he took charge as Manager and Head of Department in the Finance Department, responsible for national and international borrowing during the 1992-98 period. Mr. Tanriyakul was appointed as Assistant General Manager on 02 March 1998 and is currently in charge of Treasury, Funding, Risk Analysis, Evaluation as Assistant General Manager.



NECATİ YENİARAS

Assistant General Manager

Kars, 1962. Mr. Yeniaras graduated from the Faculty of Economics and Administrative Sciences at the Gazi University and received his masters degree in Economics from the Gazi University. He started his professional career in the accounting department of a private company and became Accounting Manager at the same company. He served in different positions at the Development Bank of Turkey, and was also an Economic Advisor to the State Minister in charge of Economy. Mr. Yeniaras was appointed to Turk Eximbank as Assistant General Manager on 01 October 1997. He was appointed as Assistant General Manager on 08 March 2010, and was the Assistant General Manager and member of the Board of Directors until 11 February 2011. Mr. Yeniaras is currently the Assistant General Manager in charge of IT, Accounting Transactions and Reporting, Research and Coordination.



AHMET KOPAR

Assistant General Manager

Elazığ, 1955. Mr. Kopar graduated from the Department of Mathematical Engineering at the Karadeniz Technical University and received his master's degree in Statistics from the Academy of Economical and Commercial Sciences, Ankara. He started his professional career as a Programmer in the Turkish State Meteorological Service, and joined Turk Eximbank in May 1987. Mr. Kopar served in different positions at the Information Technology Department before being appointed as the Head of Information Technology Department on October 2000. Mr. Kopar was appointed as Assistant General Manager at Turk Eximbank on 15 July 2011 and is still in charge of Support Services as Assistant General Manager.

Senior Management and Senior Management of Internal Systems



MUSTAFA TAYLAN ÖKTEM

Chairman of the Board of Inspectors

Iskenderun, 1973. Mr. Öktem graduated from Çukurova University's Faculty of Economics and Administrative Sciences Department of Economy. Starting his professional life as Assistant Inspector at Toprakbank Supervisory Board in 1997, Öktem worked as Inspector, President of Supervisory Board and Branch Director at Asya Participation Bank as of 2003. He joined Turk Eximbank on 12 May 2014.



MURAT ŞENOL

Head of Risk Management

Ankara, 1966. Mr. Şenol graduated from the Economics Department of Hacettepe University. He started his professional career at the Central Bank of the Republic of Turkey in 1988 in the General Directorate of Money Markets and Fund Management. He joined Turk Eximbank in 1995 and worked as Manager in the PSECs, Foreign Trade Companies Short-Term Export Credits and Pre-Export Credits Departments. He was appointed as Chief Risk Officer at Turk Eximbank in 15 July 2011.



A. NİHAT PULAK

Head of Internal Control

Ankara, 1960. Mr. Pulak graduated from the Business Administration Department at the Academy of Economical and Commercial Sciences in Ankara. He started his professional life at Kutlutaş Ltd in 1981, and his banking career at Interbank A.Ş. (Uluslararası Endüstri ve Ticaret Bankası) in 1985. He joined Turk Eximbank as Manager of the Training Department in 1989, and has also worked as Manager in the Credits, Budgeting and Financial Planning fields. Mr. Pulak was appointed as Head of Internal Control on 15 July 2011.



NERGİS CEVHER

Head of Compliance Department

Isperih, Bulgaria, 1960. Ms. Cevher graduated from the Economics-Insurance Department at Sviştov Dr. A. Asenov, Bulgarian Academy of Economics and Finance. Having joined Turk Eximbank in 1989 in the Pre-Shipment Export Credits Unit, Nergis Cevher worked as an Assistant Manager in the Credit Control Department, and as a Manager in the Performance Credits and Compliance Department. Mrs. Cevher was appointed as Head of Compliance Department of Turk Eximbank on 07 July 2015, in which position she still serves.

The Committees for Risk Management and Bank Transactions at Turk Eximbank

Audit Committee

Member : Ibrahim ŞENEL (Vice Chairman of the Board)

Member : A. Doğan ARIKAN (Member of the Board)*

The Audit Committee was established by the decision of the Board of Directors dated 31 October 2006. On behalf of the Board of Directors, the Audit Committee is authorized and responsible for: ensuring the efficiency and adequacy of the internal control, risk management and internal audit systems; monitoring the operations of internal systems, accounting and reporting systems, and the integrity of the information generated by them in compliance with related legislation; and, during the Board of Directors' process of choosing independent auditors, rating institutions, evaluation and support services firms, performing pre-assessment of candidates and regularly monitoring the activities of the selected institutions. The Regulations on the Procedure and Principles of the Operations of the Audit Committee was approved by the Board's decision dated 05 February 2007.

Executive Committee

Chairman: Hayrettin KAPLAN (General Manager)

Member: Mesut GÜRSOY (Assistant General Manager in charge of Credits)

Member: Enis GÜLTEKİN (Assistant General Manager in charge of Insurance)

Member: Alaaddin METİN (Assistant General Manager in charge of International Credits)

Member: Ertan TANRIYAKUL (Assistant General Manager in charge of Funding)

Member: Necati YENİARAS (Assistant General Manager in charge of Coordination/ Technology)

Member: Ahmet KOPAR (Assistant General Manager in charge of Support Services)

The Executive Committee was established by the Board of Directors Decree No. 97/17-70, dated 06 August 1997. The main function of the Committee is to negotiate the issues to be submitted to the Board of Directors for approval. It also analyzes and evaluates draft arrangements on credit principles as well as technical and administrative issues. The main responsibilities of this Committee are: to manage assets and liabilities; to submit eligible credit applications of both domestic and overseas projects to the Board of Directors for approval; and to carry out duties assigned by the Board of Directors. Reports on the balance sheet, income statement, financial structure, placement and funding activities are submitted to the Board of Directors at least quarterly.

Credit Committees

Credit Committee **

Chairman: Hayrettin KAPLAN (General Manager)

Member: Oğuz SATICI (Member of the Board)

Member: A. Doğan ARIKAN (Member of the Board)

The credit committee is vested with the authority to issue a credit up to a maximum of 10% of the bank equities to a natural or legal person, and carries out duties assigned by the Board of Directors within the framework of the procedures and principles stated in the legislation in line with Article 31 of the Bank's Articles of Association.

* In the Turk Eximbank's General Assembly meeting held on 22 March 2016, Raci Kaya has been appointed to succeed A. Doğan ARIKAN. Raci KAYA has been assigned as a member of the Audit Committee on 04 April 2016.

** The members of the Credit Committee are A. Ersoy ULUBAŞ and Raci KAYA effective 25 April 2016.

The Committees for Risk Management and Bank Transactions at Turk Eximbank

General Directorate Credit Committee

Chairman: Hayrettin KAPLAN (General Manager)

Member: Mesut GÜRSOY (Assistant General Manager in charge of Credits)

Member: Alaaddin METİN (Assistant General Manager in charge of International Credits)

Member: Head of Relevant Department/Regional Director/Branch Director.

The General Directorate Credit Committee is vested with the authority to issue credit up to a maximum 1% of the bank equities, limited to the credits provided with 100% first-class warranties. These include letters of guarantee issued by the banks, surety and guarantees, domestic bank confirmation to the irrevocable letter of credit, Credit Guarantee Fund (CGF) guarantees, Bank Overdraft Account Declarations, the transfer or deposit of the claims of the natural and legal persons in the public institutions, the transfer of the rights stemmed or to be stemmed within the scope of the Short-Term Export Credit Insurance Policy or the Specific Export Credit Insurance Post-Shipment Risk Policy of the Bank related to the export amounts or insured export claims guarantee, security, surety, acceptance, endorsement, confirmation or Bank Overdraft Account Declarations to be issued by factoring companies operating in Turkey and having limits from the Bank, other deposits classified among the Determination of the Nature of Credits and Other Receivables and the First Group of Deposits specified in the Regulations regarding the Procedures and Principles of the Provisions for These by Banks.

Unit Credit Allocation Committee

Chairman: Mesut GÜRSOY (Assistant General Manager in charge of Credits),

Alaaddin METİN (Assistant General Manager in charge of International Credits)

Member: Head of Relevant Department/Regional Director/ Branch Director.

Member: Head of Relevant Department Manager/ Regional Director/Assistant Branch Director.

This Committee is vested with the authority to issue credit up to a maximum of nine per thousand of the bank equities (90% of authorization of the General Directorate that equals to 1% of the bank equities), limited to the credits provided with 100% first-class warranties. These include letters of guarantee issued by the banks, surety and guarantees, domestic bank confirmation to the irrevocable letter of credit, CGF guarantees, Bank Overdraft Account Declarations, the transfer or deposit of the claims of the natural and legal persons in the public institutions, the transfer of the rights stemmed or to be stemmed within the scope of the Short-Term Export Credit Insurance Policy or Specific Export Credit Insurance Post-Shipment Risk Policy of the Bank related to the export amounts or insured export claims guarantee, security, surety, acceptance, endorsement, confirmation or Bank Overdraft Account Declarations to be issued by factoring companies operating in Turkey and having limits from the Bank, other deposits classified among the Determination of the Nature of Credits and Other Receivables and the First Group of Deposits specified in the Regulations regarding the Procedures and Principles of the Provisions for These by Banks.

Summary Report for 2015 Submitted by the Board of Directors to the General Assembly of Türkiye İhracat Kredi Bankası AŞ (Turk Eximbank)

The global economy is sluggish and its appearance remains weak and fragile...

The issues having the greatest impact on the global economy last year were the onset of monetary policy renormalization in the United States, the slowdown in China's economy, and persistently low commodity prices. Despite a modest recovery in the world's developed countries, the global economy is still held back by emerging economies' vulnerabilities. Global growth in 2015 is therefore very likely to have been something less than what it was in 2014.

As the recovery in the US economy gained traction in 2015, the US Federal Reserve Bank announced a 25 basis-point increase in interest rates that brought them into the 0.25-0.50% range. The Fed also frequently emphasized that it would continue to gradually raise interest rates in the period ahead in a manner consistent with the general economic outlook. From this statement it is to be understood that close attention is going to be given not just to employment and inflation indicators but also to global economic and financial developments. Thus although the expectation that inflation is approaching its target and that job market figures remain robust will strengthen the Fed's resolve to remain on its rate-hike path, the appreciation of the US dollar against other currencies and the effect that has on the country's exports on the one hand and the continued listlessness of the global economy on the other could easily forestall more rate increases.

In December the European Central Bank announced that the asset-buying program it had previously launched to support growth and inflation would be expanded and extended at least until March 2017 while a ten basis-point reduction tipped the ECB deposit rate into the negative realm at -0.30%. Even though ECB measures and policies have benefited the eurozone's overall recovery somewhat, the recuperation appears to be manifesting itself to different degrees in different countries. Meanwhile although the economic risks posed by Greece appear to have been eased somewhat by a variety of programs and agreements, they have not abated entirely.

Depressed commodity prices since midyear 2014 have been adversely affecting many commodity-exporters, especially Latin American ones. Countries with significant current account deficits are likely to suffer from the Fed's monetary policy renormalization because it will make it harder for them to finance those deficits and also make it costlier (in terms of their own currencies) to service their existing USD-denominated debt. Elsewhere, the slowdown in China looks set to frustrate the efforts of many developing countries, especially those in the Far East, whose own economies are closely linked to its own.

Although Japan's economy has been showing some improvement as it continues to respond to "Abenomics", the latest economic figures have increased concerns about inflation, which the government's program still appears incapable of kickstarting properly. In an unexpected turn of events, the Bank of Japan also sent its own deposit rate into negative territory.

The upshot is that the appearance of the global economy, which has yet to find its way out of the Great Recession, is significantly unbalanced and shows great variation from country to country. Financial market turbulence spawned in the wake of the Fed's monetary policy renormalization and first interest rate hike, the slowdown in the Chinese economy, stagnant

Summary Report for 2015 Submitted by the Board of Directors to the General Assembly of Türkiye İhracat Kredi Bankası AŞ (Turk Eximbank)

or falling commodity prices, chronically weak global demand, sustained losses in the value of developing countries' currencies, and regional geopolitical tensions all continue to pose serious risks at this time. The near-term risks on the horizon with the potential to hamper the global economy on the other hand are the UK's "Brexit" referendum in June, US presidential and congressional elections in November, and a sudden surge of geopolitical tensions at any time in any of the world's many hotspots.

The Turkish economy

The Turkish economy grew by 3.4% in the first nine months of 2015. While the growth during this period was largely driven by domestic demand, some balance was restored to its composition when exports began making a modestly positive contribution towards it once again in the third quarter. Leading indicators from the rest of the year are such as to confirm the continuation of the moderate increase in consumption outlays. It seems likely at fourth quarter that net exports continued to make a positive contribution to growth and that overall growth in the Turkish economy in 2015 is expected on the order of 3.7%.

On a USD basis, Turkey's exports were down by 8.7% and weighed in at USD 143.9 billion in value last year. However much of this decline can be attributed to the weakness of the euro, in which the greater part of the country's exports are denominated, against the dollar on the one hand and to significant contractions in Turkish exporters' Iraqi and Russian markets on the other. Turkey's imports, which were already in decline owing to macroprudential measures taken in 2014, continued to fall owing on the one hand to a smaller energy bill resulting from cheaper oil and on the other to the same EUR/USD parity movements. With imports down by 14.4% year-on and amounting to USD 207.2 billion in value, Turkey's foreign trade deficit therefore shrank by 25.2% and was USD 63.3 billion last year.

Because imports fell faster than exports did, the contraction in the foreign trade deficit also played a significant role by helping to mend the current account deficit, which shrank by 26.1% year-on to around USD 32.2 billion in 2015.

Notwithstanding the support provided by low oil and commodity prices, inflation followed a somewhat erratic course in 2015 and closed the year at 8.81%, owing mainly to the weakness of the Turkish lira and to high food prices.

Turk Eximbank continued to provide export sector with financing support in 2015...

Turk Eximbank extended a total of USD 20.2 billion worth of financial support to Turkey's exporters in 2015. Even after exchange rate parity effects are factored out, the year-on rate of increase is still 8.2%. An examination of Turk Eximbank-supplied credit reveals a shift away from dollar contracts in favor of those denominated in euros and liras: the bank's USD loans were down by 9.4% last year while its EUR and TL lendings grew by rates of 47.4% and 19.9% respectively. During 2015 Turk Eximbank supplied credit to a total of 5,719 firms, of which 4,375 (76%) qualified as "small- and medium-sized enterprises".

The total value of all shipments covered by Turk Eximbank's Short-Term Credit Insurance Program in 2015 was USD 10.1 billion. This corresponds to a year-on rise on the order of 2.2% when exchange rate parity effects are accounted for. Last year the bank collected

USD 34 million worth of premiums in the conduct of all of its insurance programs while the number of firms actively making use of their allocated limits was around 44 thousand.

Taking into account the strong interest shown by exporters in Turk Eximbank rediscounting as a major source of financing of late, the CBRT raised the export rediscount limit allocated to Turk Eximbank from USD 14 billion to USD 15 billion in January. As a result of rule changes, Turk Eximbank's rediscounting resources can now be lent through factoring companies and are available to foreign currency-earning service providers too. In the twelve months to end-2015, a total of USD 14.2 billion worth of financing was provided in the form of Turk Eximbank rediscount credit, one consequence of which was that such credit accounted for a 79.5% share of all of the bank's short-term lending last year. The Participation Bank Pre-Shipment FX Export Credit Program that was introduced in 2014 also continued to give more exporters access to Turk Eximbank resources in 2015.

Having undergone a restructuring in 2014, Turk Eximbank's international credit programs were witness to significant growth and development in 2015. The discounting of a letter of credit issued by a bank headquartered in Russia under the Turk Eximbank Export Receivables Discount Program was the first instance of buyer's credit extended through L/C discounting while a deal under the bank's Domestic Banks Buyer's Credit Program involving an importer in Kosovo was the first time that buyer's credit whose risk was assumed by a Turkish-based bank was extended to a firm in a Balkan country. Another loan extended under the Turk Eximbank Foreign Bank Buyer's Credit Program was the first example of trade finance in which the buyer's credit was assumed directly by a bank based in another country.

In order to support the increased sale of Turkish goods and services abroad and in view of the difficulties inherent in getting state-level guarantees, one of Turk Eximbank's goals in 2015 was to assign more credit limits to recognized reputable banks. As a result of these efforts, credit limits amounting in aggregate to USD 71 million were assigned to three banks located in Azerbaijan, Nigeria, and TRNC. These additions brought the number of foreign banks which have been assigned credit limits by Turk Eximbank to 21 and the combined total of those limits to USD 869.1 million.

Of all of Turk Eximbank's insurance programs, its Short-Term Export Credit Insurance Program is the one for which demand is the greatest. The bank's Domestic Credit Insurance Program, which was introduced in 2013 and provides coverage for exporters' domestic receivables, likewise attracted considerable attention. In order to make it easier for exporters to put up their guarantees, in 2015 Turk Eximbank also continued to accept its short-term export credit insurance policies as collateral for the CBRT-sourced post-shipment rediscount credit financing that it supplies. Last year about USD 353 million worth of Turk Eximbank support was provided for shipments covered by the bank's Post-Shipment Rediscount Credit Program.

Last year a number of changes were made in Turk Eximbank's insurance programs to make them more convenient for exporters. The policies for short-term export credit insurance and for short-term domestic credit insurance, which used to be limited to one year, can now be issued on an unlimited basis while the insurance modules of the bank's online branch, which was opened in 2014, were further developed with the addition of new capabilities last year.

Summary Report for 2015 Submitted by the Board of Directors to the General Assembly of Türkiye İhracat Kredi Bankası AŞ (Turk Eximbank)

In 2015 Turk Eximbank's nominal capital was increased from TL 2.4 billion to TL 2.5 billion, a total of USD 3,161 million worth of funding was obtained from international markets, and debt repayments amounting to USD 1,728 million were made.

Explanations about the Balance Sheet and Income Statement Items of Turk Eximbank

Turk Eximbank's total assets reached TL 44.4 billion (USD 15.3 billion) as of the end of 2015.

Turk Eximbank's total assets consist of 97% loans, 1% liquid assets, and 2% securities held to-maturity and other assets.

The Bank's loan portfolio reached TL 43.2 billion in 2015, with loans increasing by 35% over the previous year. Of the total credits, 65% are short-term credits amounting to TL 27.9 billion, and 35% are medium- and long-term credits amounting to TL 15.3 billion. Great efforts have been made to collect the receivables of Turk Eximbank on time and in full, through efficient risk assessment methods that were applied. Thus, although the Bank extends most of its resources as loans to the export sector, the ratio of NPLs is 0.3%, which is low compared to the banking sector average.

Of the TL 44.4 billion in total liabilities of Turk Eximbank, 11% consists of equities totaling TL 4.8 billion, 86% is foreign resources totaling TL 38.4 billion, and 3% is provisions and other liabilities totaling TL 1.2 billion.

Of the TL 4.8 billion in total equities, 52% (TL 2.5 billion) belongs to paid-up capital, 38% (TL 1.8 billion) belongs to capital and profit reserves, and 10% (TL 489 million) belongs to net term profit.

For funding of assets: Of the TL 38.4 billion in real foreign resources, TL 22.589 billion belongs is credits based in the Central Bank of the Republic of Turkey, TL 5.088 million is exported securities, TL 6.084 million is credits extended from domestic and foreign banks, TL 4.315 million is syndication credits, TL 122 million is subordinated debts and TL 200 million is funds from Repo transactions.

The Bank's nominal capital, which was TL 2.5 billion as of 31 December 2015, was fully paid-up.

As per Article 13, entitled "Exemptions of Regulations Concerning the Determination of the Natures of Credits and Other Receivables of Banks and Procedures and Principles of the Provisions for these by Banks", although the private and general provisioning ratio for the Bank for the transaction is determined as zero percent, Turk Eximbank makes provisions within prudent banking principles.

The liquid assets-to-short-term liabilities ratio of Turk Eximbank was realized at 100% as of 31 December 2015.

As the balance of Turk Eximbank is concentrated on credits, its effects can be seen on incomes. Of the Bank's TL 1,194 million in total interest income, TL 1,134 million (95%) came from interest earned from credits. On the other hand, the Bank's interest expense was TL 483 million, of which 56% (TL 272 million) was interest paid to marketable

securities issued, 40% (TL 191 million) was interest paid on borrowings from domestic and international money markets through funding and bond issue, and 4% (TL 20 million) was other interest expenses. Net interest income was TL 711 million.

The Bank's net profit was TL 489 million as of 31 December 2015. Therefore, return on assets and return on equity ratios were 1.1% and 11.4%, respectively.

The Bank's financial statements have been audited by the independent auditing company Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (part of consultancy KPMG) in line with International Auditing Standards and the audit was finalized without any critique on 12 February 2016. The financial statements have been prepared in accordance with Article 37 of Banking Law No. 5411, the Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks (published in issue No. 28333 of the Official Gazette dated 01 November 2006), Turkish Accounting Standards, Turkish Financial Reporting Standards, and other legislation related to accounting and financial reporting published by the BRSA and the BRSA comments, as well as in accordance with the Bank's accounting records.

In line with the Bank's Articles of Association and relevant legislation, we hereby present the summary report of audited financial statements as of 31 December 2015.

Cavit DAĞDAŞ
Chairman

İbrahim ŞENEL
Vice Chairman

Hayrettin KAPLAN
Member

Oğuz SATICI
Member

Mehmet BÜYÜKEKŞİ
Member

Adnan Ersoy ULUBAŞ
Member

A. Doğan ARIKAN
Member

Organizational Activities

Organizational Developments

The following took place within the frame of the reorganization undertaken at Turk Eximbank in 2015:

- The office of the Assistant General Manager in charge of Technology/Support was renamed as the office of the Assistant General Manager in charge of Support Services,
- The office of the Assistant General Manager in charge of Coordination was renamed as the office of the Assistant General Manager in charge of Coordination/Technology,
- The IT Division and its units System Development Department and IT Department were affiliated to the office of the Assistant General Manager in charge of Coordination/Technology,
- The Credit Risk Monitoring Department under the Risk Analysis and Assessment Division was renamed as Risk Monitoring Department,
- Insurance Analysis/Allocation and Reinsurance Division was set up under the office of the Assistant General Manager in charge of Insurance,
- Insurance and Guarantee Analysis Division was renamed as Insurance and Guarantee Transactions Division,
- Buyer's Risk Assessment Department, Domestic Allocation Department, Medium-Term Insurance/Guarantee and Reinsurance Department, and Financial Analysis and Information Department were affiliated to the Insurance Analysis/Allocation and Reinsurance Transactions Division,
- Customer Relations Management Department, Indemnity Department, Insurance Collection Department, Operations and Reporting Department and Buyer's Risk Monitoring Department were affiliated to the Insurance and Guarantee Transactions Division,
- Izmir Branch under the office of the Assistant General Manager in charge of Credits was transformed into Aegean Regional Directorate,
- Adana, Denizli, Gaziantep, Kayseri, Konya, Samsun and Trabzon liaison offices were affiliated to the Marketing Department,
- The Legislation Department under the Legal Affairs and Legislation Division was renamed as Compliance Department and affiliated to the Audit Committee,
- The Legal Affairs and Legislation Division was renamed as the Legal Affairs Division,
- Gaziantep Liaison Office was shut down and Gaziantep Branch started operating under the office of the Assistant General Manager in charge of Credits,
- Antalya Liaison Office was set up under the Marketing Department.

Human Resources Practices

Human Resources Policy

The Bank's human resources policy is executed according to the general principles dictated in the Bank's Articles of Association and Human Resources Regulations.

The main principles of the Bank's human resources policy are as follows:

1. To employ an efficient number of competent, exceptionally skilled, creative and inquisitive personnel who have a capacity for analytical thinking, for the execution of the Bank's activities in order to reach its goals;
2. To take special care in recruiting and authorizing personnel according to principles of equity and under equal conditions, determining the recruitment criteria in writing by use of titles, and applying these criteria;
3. To provide personnel with an equal-opportunity work environment in which they can utilize and improve their abilities and qualifications;
4. To establish an employee personal rights and wage system that increases personnel motivation and encourages them to work at the Bank, allowing the Bank to employ manpower with qualifications and numbers required by the service.

There are 10 different ranks (titles) within Turk Eximbank. The specialized nature of the Bank's operations requires a highly qualified and professional staff, hence career development is very important. After two years of service, assistant specialists prepare a thesis, and after three years, they take a qualification exam to be appointed as specialists. In 2015, 41 personnel were recruited and 24 personnel resigned.

Training Studies

The Bank's training policy reflects an understanding of how to improve both the theoretical and practical knowledge and skills of its personnel regarding their duties, thereby changing their attitudes in a positive way through the principles of efficiency, savings and effectiveness in their services.

Training needs analyses are performed each year to consider the qualifications of the Bank's personnel and units, and a plan is established to determine in what ways and from which resources their training needs will be met. Within this framework, trainings were either held in-house or received through outside professional institutions. In addition, the Bank may send personnel abroad for the same purpose.

In line with the training needs of the Bank's departments, it benefits from the training given in the periodic training catalogs prepared and through seminars and conferences on current subjects. In addition, the relevant training facilities of other well-qualified and specialized private training institutions are utilized, and the attendance of the Bank's personnel at these facilities is enforced. In 2015, 454 personnel attended 179 training programs, with 1,102 participants in total.

Human Resources Practices

Regarding foreign language training, training programs were put into use for English, French, Italian and Spanish in 2015. A total of 115 personnel utilized this foreign language training of which 16 was general class and 24 was private class. Within the scope of the internship program of the Bank, 33 students (three high school students and 30 university students) served an internship at the General Directorate and the Aegean District Office during the semester and summer periods in 2015.

Public Relations

News about the Bank is announced to the public by disclosure to the press. Press reflections, a daily economic news bulletin and monthly e-bulletins are prepared and presented for the use of employees.

By examining applications for knowledge acquisition and applications for the Prime Ministry Communications Center, the results are prepared in line with the statements of the relevant departments and are presented to the applicants. By participating in the "Monthly Export Figures" meetings held by TİM, exporting companies are informed about the programs offered at the Bank.

Brochures indicating the activities of the bank were designed and printed, and the annual report was presented and distributed at meetings, events and various organizations. Through package agreements for telephone and data lines, usage properties were improved and more discounted prices began to be applied.

Paper consumption was reduced through the distribution of incoming papers in electronic form. Training programs and summits regarding EBYS (Electronic Document Management System) will be attended in 2016.

Regular progress was ensured by recording the in-house and external paper flow.

Relations of Turk Eximbank with its Risk Group

Turk Eximbank does not have a Risk Group, since the Bank is fully owned by the Turkish Treasury and does not have subsidiaries or affiliates which it controls, either directly or indirectly.

Support Services Obtained by Turk Eximbank

Within the scope of the BRSA's "Regulation on Support Services to be Received by Banks" that went into force upon its publication in the Official Gazette issue 28106 dated 05 November 2011, Turk Eximbank received four support services detailed below in 2015.

Support Service Provider	Service Received by the Bank
Fineksus Bileşim Çözümleri Ticaret A.Ş. (FINEKSUS)	SWIFT Service Bureau GWCP & DRCP and SWIFT Alliance System Support and Consultancy Services
ELC Stratejik Bilgi Sistemleri ve Yönetim Dan. Eğitim Yazılım Pazarlama San. Tic. Ltd. Şti.	Treasury Risk Management Software Installation Service Treasury Risk Management Software Development Service Treasury Risk Management Software Consultancy Service
V.R.P. Veri Raporlama Programlama Bilişim Yazılım ve Dan. Hiz. Tic. A.Ş. (VERIPARK)	Development and Support Service for the Online Branch Application
Reisswolf Arşiv Yönetimi A.Ş.	Archive Management Service: Storage and Retention Services for the Bank's Archived Files

Financial Information and Assessment on Risk Management

The General Assessment of the Audit Committee for the Year 2015 Regarding Activities and Risk Management, Internal Control and Internal Audit Systems at Turk Eximbank does not have a Risk Turk Eximbank

As the sole official export credit agency in Turkey, Turk Eximbank supports the export sector with its credit, guarantee and insurance programs through non-profit activities. However, the Bank also seeks to ensure the most appropriate rate of return in order to maintain its capital and financial strength, and it complies with broadly accepted banking and investment principles in all its activities. In this regard, while conducting its legal function, which is "to provide financial support to the export sector", the Bank maintains its risk level without weakening its financial strength.

As per the provisions of the legislation issued by the BRSA regarding Banking Law No. 5411, necessary organizational changes were made at the Bank on 31 October 2006, internal systems of the Bank were established with their current status, and an Audit Committee was established. The Internal Audit, Internal Control and Risk Management departments carry out their activities under the supervision of the Audit Committee, which consists of two Board members appointed by the Board of Directors.

Internal Audit

The Internal Audit Department carries out its responsibilities to the Board of Directors via the Audit Committee, which was established to perform the supervisory and regulatory obligations of the Board of Directors and to perform the following tasks within the framework of Audit Committee Regulation issued in line with the principles established within the scope of the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process:

- Analyzing the compliance of the Bank's activities with the relevant laws, legislation, regulations, decrees, communiqués, instructions and other statutes;
- Reviewing and evaluating the efficiency and adequacy of the Bank's internal control and risk management systems;
- Conducting investigations and examinations of operations, accounts and activities in the Bank's headquarters units, branches and liaison offices;

Internal Audit activities have been performed in an impartial and independent manner using a risk-based approach, with the aim of ensuring that the current resources are used efficiently and that all activities make the maximum contribution to the Bank. The annual audit plans are prepared and implemented using risk assessments of the risk appraisal report. In order to ensure effective continuity of internal audit activities, the Internal Audit Department has performed inspections at the units, branches and representatives of the Bank within the framework of the annual audit plan. The Audit Department reports to the Board of Directors by way of the Audit Committee and to the related senior management, and it monitors the measures taken against inappropriate conduct. In addition, the Board of Directors keeps abreast of the activities of the Internal Audit Department through its quarterly and annual activity reports submitted via the Audit Committee.

According to the relevant legislation issued by the BRSA, the Bank must present a "management declaration" to its external independent auditors, signed by the Board of Directors for each audit period, concerning the current situation and internal control activities carried out on information systems and banking processes. In this regard,

the control and audit activities intended to be the basis of this management declaration were prepared by the Internal Control Department and the Internal Audit Department for information systems and banking processes, and the report prepared was presented to the Board of Directors. The Management Declaration was signed by the Board of Directors on 19 January 2015 and submitted to the external auditor on the same date.

The five-person Audit Committee continued its activities in 2015 with the aim of developing the activities of the Bank and adding value to them, and it ensured that the internal control activities that form the basis of the management declaration are performed in a coordinated manner.

Internal Control

The Internal Control System was established regarding the legislation provisions issued by the BRSA to protect the Bank's assets and to ensure that the Bank's activities are carried out in compliance with the laws, relevant legislation, in-house policies, rules and banking instructions efficiently and effectively; to secure the reliability and integrity of accounting and financial reporting systems; and to ensure that the information is obtained accurately. Within the scope of this system, the duties of the Department of Internal Control, established to monitor and control the activities of the executive units by developing various control mechanisms, are defined as follows within the framework of the Department of Internal Control Regulation and the Department of Internal Control Application Principles, and came into effect upon approval from the Board of Directors:

- To control communication channels and information systems in the Bank,
- To produce classifications of functional duties;
- To carry out the primary activities of the Bank; and
- To ensure the compliance of accounting and financial reporting systems with both internal and general rules and practices.

The Internal Control Department, within the scope of its tasks, carried out its activities in 2015 by giving priority to the process and procedures within the framework of the materiality criteria as determined by a risk-oriented perspective.

Within this context, credit, insurance, treasury, payment systems (SWIFT, EFT, RPS), and accounting and financial reporting processes were controlled regularly throughout the year. In the course of these activities, individual permissions to access the system modules and screens and to create accounting entries were checked with consideration of conformity to the duties of the related personnel. In addition, the principle of separation of functional tasks (data entry, control, approval) and the checkpoints of the several transaction limits were audited in terms of their presence and mechanisms.

The quarterly reports of the Internal Control Department relating internal control activities were presented to the Audit Committee regularly.

The control and audit activities that form the basis of the management declaration were prepared by the Internal Control Department and the Internal Audit Department for information systems and banking processes, and the report prepared was presented to the Board of Directors.

During the routine examination, control and monitoring activities in 2015, and as a result of the manual examinations and systemic screen tests of banking processes carried out for

Financial Information and Assessment on Risk Management

the preparatory studies for the Declaration of Management, there are no findings that pose risks for the Bank.

Risk Management

According to the Charter and Procedures of the Risk Management Department approved by the Board of Directors, the Risk Management Department is responsible for:

- Defining, measuring, analyzing, managing and monitoring all risks faced by the Bank;
- Developing and researching risk policies and procedures to be approved by the Board of Directors; and
- Computing profits and costs regarding all risks and management of such, together with related line departments, and reporting the results to the Audit Committee and Senior Management.

Risk management activities

Credit Risk: Risks arising from lending and guarantee transactions within the limits imposed by law and by the Bank's own policies were monitored. Since the greatest risk category to which the Bank was exposed was domestic and overseas bank credits, the internal rating system for banks was used in the measurement of the banks' limits. Credit Risk is reported to the BRSA according to the BRSA's Standard Method.

Market Risk: Market risk is calculated monthly using the Standard Method devised by the BRSA and is considered in the calculation of the Capital Adequacy Ratio. In addition, as almost the entire portfolio subject to market risk is hedged, market risk is very low. The Bank implements hedge accounting principles regarding derivative transactions.

Operational Risk: Risks arising from banking activities are identified, assessed and monitored. An IT risk matrix was created for monitoring and managing the IT risks.

In addition, reports consisting of scenario analysis such as gap analysis, Duration, Ratio and Asset-Liability and Stress Tests were submitted to the upper management of the Bank.

Stress Tests: In addition to the Standard Method, and since Turk Eximbank provides credit mainly through the commercial banking system, the economic capital figures are regularly calculated through the ratings given by international rating agencies to the commercial banks to which we have allocated credits. Also regularly calculated are Possibility of Default (PD) and Loss Given Default (LGD). These calculations are renewed under stress factors including scenarios where PDs change negatively and LGDs increase sharply.

The credit risk stress tests carried out with the Internal Models indicate that, with its stable and strong capital structure, the Bank can operate free of any problems while under intense stress factors.

Arrangements Introduced within the frame of BASEL Requirements

The Bank has completed the technical infrastructure for the reports on Capital Adequacy, Capital Conservation Buffer, Bank-Specific Countercyclical Capital Buffer, Leverage and Equity requirements that went into force under Basel III.

In 2015, the Bank continued to submit reports regarding the market, credit, and operational risks and on Capital Adequacy and Equity to the BRSA within the frame of Basel-II Requirements that officially took effect as of 01 July 2012. In addition, the Bank achieved full compliance with all legal limits and ratios stipulated by the requirements. Moreover, a smooth transition was made to the new requirements concerning Liquidity, Leverage, Capital Adequacy and Equity that were introduced by the BRSA within the scope of the transition to Basel-III. Within this frame, the BRSA resolved that the Liquidity Coverage Ratio (LCR), a Basel-III requirement, be implemented as zero percent for 2015 until 2016 for development and investment banks due to their different structures. The said practice was extended over 2016, as well. Also ongoing was the reporting of the Standard Ratio of Banking Book Interest Rate Risk, which started to be reported from September 2011 within the frame of the Second Pillar of Basel-II as per the BRSA circular dated 23 August 2011, and which is used to measure the sensitivity of the bank's balance sheet to interest rate shocks. The ratio, which is legally required to be 20% maximum, remained at very low levels in 2015, as it did in 2014, owing to the Bank's solid equity and the balanced composition of assets and liabilities.

Risk Report forms launched with the BRSA letter no. 22361 dated 19 September 2014 were readied to be submitted based on system improvements undertaken in 2015.

Best Practice Guides

The work for achieving alignment with the Best Practice Guides the BRSA published to secure full compliance with Basel standards under the Regulatory Consistency Assessment Programme (RCAP) is carried out in coordination with the relevant units.

Internal Capital Adequacy Assessment Process (ICAAP)

The Stress Tests section of the Internal Capital Adequacy Assessment Process (ICAAP) Report that banks are obliged to submit under the BRSA "Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks" published in the Official Gazette issue 29057 dated 11 July 2014 was delivered in January, whereas the ICAAP Report, approved by the Audit Committee and the Board of Directors, was delivered to the BRSA by the Risk Management Division in March. The technical infrastructure was brought to completion for the reports concerning Capital Adequacy, Capital Conservation Buffer, Bank-Specific Countercyclical Capital Buffer, Leverage and Equity requirements that were launched by Basel-III. The Bank did not have any problems in achieving compliance with these ratios that started to be reported to the BRSA from January 2014.



A. Doğan ARIKAN
Member of the Audit Committee



İbrahim ŞENEL
Member of the Audit Committee

Evaluation of Financial Position

Turk Eximbank's total assets reached TL 44.4 billion (USD 15.2 billion) as of 31 December 2015.

Assets

Turk Eximbank's total assets consist of 97% loans, 1% liquid assets and 2% securities held to-maturity and other assets.

The Bank's loan portfolio reached TL 43.2 billion as of the end of 2015, and increased by 35% over the previous year. Of the total credits, 65% (TL 27.9 billion) are short-term credits and 35% (TL 15.3 billion) are medium- and long- term credits. By using appropriate risk management techniques, Turk Eximbank has shown great efforts to collect receivables on time and in full. Thus, although the Bank extends most of its resources as loans to the export sector, the NPLs ratio is low, at 0.3%, when compared to the banking sector average. The Bank provides a 100% allowance for NPLs.

Liabilities

Turk Eximbank's liabilities reached TL 44.4 billion as of the end of 2015. Of these, 11% (TL 4.8 billion) was shareholder's equity, 86% (TL 38.4 billion) was funds obtained from domestic and external markets, and 3% (TL 1.2 billion) was provisions and other liabilities.

The Bank's shareholders' equity was TL 4.8 billion, of which 52% (TL 2.5 billion) was paid-up capital, 37% (TL 1.8 billion) was capital reserves and profit reserves, and 10% (TL 489 million) was net profit.

The TL 38,398 million in real foreign resources used for funding the Bank's assets consisted of TL 22,589 million worth of credits provided from the Central Bank of the Republic of Turkey, TL 5,088 million in marketable securities issued, TL 6,084 million credits provided from domestic and foreign banks, TL 4,315 million in syndicated credits, TL 122 million in subordinated credits and TL 200 million in funds provided under repurchase agreements.

The Bank's nominal capital, which was TL 2.5 billion as of 31 December 2015, was fully paid-up.

As per Article 13 implemented by BRSA, entitled "Exemptions of Regulations Concerning the Determination of Natures of Credits and Other Receivables of Banks and Procedures and Principles of the Provisions for These by Banks", although the private and general provisioning ratio for the Bank for the transaction is set at zero percent, Turk Eximbank makes provisions within prudent banking principles.

Solvency

The liquid assets-to-short-term liabilities ratio of Turk Eximbank has been realized at 100% as of 31 December 2015.

Profit & Loss Statement and Profitability

As the balance of Turk Eximbank is concentrated on credits, its effects can be seen on incomes. Of the Bank's TL 1,194 million in total interest income, 95% (TL 1,134 million) came from interest earned from credits. On the other hand, the Bank's interest expense was TL 483 million, of which 56% (TL 272 million) was interest paid on marketable securities issued and 40% (TL 191 million) was interest paid on borrowings from domestic and international money markets through funding and bond issue. Other interest expenses were

TL 20 million and net interest income was TL 711 million.

The Bank's net profit was TL 489 million as of 31 December 2015, yielding return on assets and return on equity ratios of 1.1% and 11.4%, respectively.

Risk Management Policies Based on Risk Types

Credit Risk

Credit risk indicates the failure of a borrower to fulfill its capital, interest payments and other obligations, the failure of an institution exporting securities to fulfill its obligations in cash credits, and losses arising from indemnity payment by the Bank to a financing institution afforded with a guarantee or to an exporter, contractor or institution afforded with insurance cover in non-cash credits.

The risk weights of the Bank's assets are determined within the boundaries of the regulations of the BRSA.

The framework of the annual activities of Türkiye İhracat Kredi Bankası A.Ş. is set out in the Law Concerning the Transformation of Devlet Yatırım Bankası into Türkiye İhracat Kredi Bankası A.Ş., dated 25 March 1987; the Law dated 26 September 1990 and Law No. 3659 amending Law No. 3332; other relevant legislation; regulations regarding bank activities; and the Turk Eximbank Annual Program, approved by the Supreme Advisory and Credit Guidance Committee (SCLGC) as per Article 25 of Decree No. 87/11914 (regulating the "Articles of Association" of the Bank) of the Council of Ministers dated 21 August 1987. The SCLGC is chaired by the Prime Minister, or the Minister, with whom the Bank is affiliated, and other members are the executives of related government departments.

Loans are extended under various credit programs within the framework of the authority given to the Board of Directors by the SCLGC for the realization of the Bank's objectives as set out in its annual programs.

Losses sustained by Turk Eximbank due to political risks undertaken for the sake of credit, guarantee and insurance activities are covered by the Undersecretariat of the Treasury according to Article 4/C, added to Law No. 3332 under Law No. 3659 and Law No. 4749 on the Regulation of Public Finance and Debt Management dated 28 March 2002. The Decree on the Credit, Guarantee and Insurance Support Provided by Türkiye İhracat Kredi Bankası Anonim Şirketi went into force by the Council of Ministers Decree dated 15 July 2009 and numbered 2009/15198.

The limits of international credits are set by the Annual Programs within the foreign economic policy of Turkey by SCLGC and are approved by the Council of Ministers. International credits are granted by approval of the Board of Directors and approval of the Minister to whom the Undersecretariat of the Treasury is reporting, according to Article 10 of Act No. 4749 dated 28 March 2002 on the Regulation of Public Finance and Debt Management. Applications for grant loans are made by the ministries of economy and/or finance of related countries to the Turkish Treasury and are put into effect upon the approval of the Council of Ministers of Turkey. The limit of a country is restricted by both the maximum risk that can be undertaken and the maximum amount that can be utilized annually.

The fundamental collateral of the international credits is the sovereign guarantee of the counter country or the guarantee of banks that Turk Eximbank accepts as accredited. Sovereign guarantee letters are regulated by the Finance or Economy Ministry related to the counter country legislations. Letters of Guarantee cover the principal, interest and all other obligations of the borrower and are valid until the maturity date. In addition to state guarantees, additional guarantees such as debt notes may be requested depending on the status of the debtor and project, the "comfort letter", and the "deposit account" issued by the authorities of the relevant countries.

Risk Management Policies Based on Risk Types

The Bank reviews various reports of the OECD on country risk classification, reports of the members of the Berne Union, and reports of independent credit rating institutions, as well as the financial statements of banks and the country reports prepared by the Bank during the assessment and review of loans granted.

The risks and limits of companies and banks are monitored by both loan and risk analysis departments on a daily and weekly basis.

The risk ratings of banks are determined by analyzing financial and other indicators, such as the group to which a bank belongs, the shareholders of a bank, whether a bank is part of a financial holding company, the situation of a bank's sister companies, whether a bank is a foreign bank, the situation of the ultimate parent company, ratings issued by international rating agencies, and evaluation of subjective criterion like management quality and information from the press.

Besides the financial and organizational information given by companies, the Bank receives intelligence from other sources (such as the Risk Centralization Records of the Central Bank of the Republic of Turkey, the Turkish Trade Registry Gazettes, the registration information from the Chamber of Commerce, other companies in the same sector, etc.) for proof and for detailed research on companies. At the same time, the Bank takes into consideration the overall situation of the sector of the company in question; the economic and political circumstances of foreign target markets; and the advantages and disadvantages of the company compared to domestic and/or foreign competing companies. If the company is a subsidiary of a holding company or is a member of a group of companies, the bank loans of the group and the scenarios which may affect the activities of the group are investigated and the risk of the whole group is considered while analyzing the company.

All operations denominated in foreign currency and other derivative transactions of the Bank are carried out under the limits approved by the Board of Directors.

Sectoral and regional distributions of credit risks are conducted in parallel with the export composition of Turkey, and this is monitored by the Bank regularly.

Guarantees that are indemnified are converted to loans by decision of the Credit Committee. They are weighted as overdue loans and then recorded as "non-performing loans items" and classified according to their collateral.

Turk Eximbank is not obliged to conform to Article 54 of Banking Law No. 5411 on loan limits. Nevertheless, the Bank obeys the general credit limit constraints mentioned in the Banking Law (on single customer risk, affiliated customers group risk, etc.). As per guaranteeing policy, since credits are mostly extended based on the risk of the domestic bank, the Bank can undertake risk of up to 20% of the cash and non-cash total credit risk amount, excluding treasury transactions for a single bank, in order to fulfill its mission to provide credits depending on the economic conjuncture.

Turk Eximbank's short-, medium-and long-term credit programs are carried out with respect to financial conditions (terms, interest rates, collaterals, etc.) and procedures approved by the Board of Directors. Cost of funds, maturity of the transaction, structure of the collateral and variation in market interest rates are taken into consideration. The Bank's mission to provide financing opportunities with costs that will lead exporters to gain competitive advantages in existing markets and risky or new countries is also considered during the process of pricing loans.

Each year, Turk Eximbank cedes the commercial and political risks borne under its Short-term Export Credit Insurance Program to a group of domestic and overseas reinsurance companies under renewed agreements. Turk Eximbank holds a certain portion of the aforementioned risks that can be indemnified from its own sources. This portion was 40% in 2015.

Premium rates for Short-Term Export Credit Insurance vary according to criteria such as the risk classification of the buyer's country, payment terms, credit length and the legal status of the buyer (private or public). The premium rates increase as the risk classification of the buyer's country rises and/or as the payment terms are longer. The premium rates are revised regularly and are valid after being approved by the Board of Directors. The quotation strategy, which is the basis for determining premium rates, is generated taking into account domestic market conditions, international quotations of export credit insurance services, and the size of accumulated losses in past years.

Short-term Export Credits and Credits for Foreign Currency Earning Services are granted to companies upon approval by the Credit Committee of the General Directorate within the limits and conditions determined by the Board of Directors. This authorization is limited to 1% of the Bank's equity.

The major collateral required for the Pre-Shipment Export Credits Program is the Debtor Bank's Current Account Undertaking Contract, similar to a comprehensive bond, issued by intermediary commercial banks in accordance with their respective credit limits allocated by the Bank.

The short-term credits and guarantee limits (local-currency and foreign-currency) of such intermediary banks are also approved by the Board of Directors. These limits can be changed under restrictions determined by the Board of Directors.

Direct lending secured by fundamental collateral amounts to 100% of the principal, interest and export commitment risk of the loan. Fundamental collateral is generally secured in the form of letter of bank guarantees, government securities and Credit Guarantee Fund guarantees.

In the Bank's annual program, within the framework of the insurance and buyers' credit facilities including foreign risk, the limit of a country implies the "maximum limit that can be undertaken", and the exposure limit of a country implies "maximum amount that can be utilized annually".

Within the framework of the authority given by the Board of Directors, up to the authorized amount of buyers' limits are granted by the underwriting department. The higher amounts are granted directly by the Board of Directors.

The maximum amount of credit risk to which the Bank may be exposed is indicated in the Application Principles of relevant credits, and these amounts are determined by the decision of the Board of Directors.

Taking into consideration the Provisioning Regulations of the Bank:

The Bank sets aside 100% provision specifically for non-performing receivables (the Bank is exempted from the regulation regarding general provisions);

- For its insurance activities, the Bank additionally sets aside fixed collateral of an amount determined with the approval of the relevant Minister, and sets aside variable collateral

Risk Management Policies Based on Risk Types

out of the definite rate of the premium income. In addition, in case of claims payments, the Bank sets aside specific provisions based on the coverage rate indicated in the insurance policy out of quota Bank's share.

- The Bank sets aside provisions for probable risks for the insurance activities.

Market Risk

Market risk is defined as the probability of loss at the Bank's on- and off-balance-sheet positions due to price, interest and exchange-rate movements arising from market fluctuations, leading to variations in income statement items and profitability of shareholders' equity.

For the purpose of protecting against market risk to which the Bank may be exposed as a result of its financial activities, all tradable local- and foreign-currency security portfolios are evaluated against the current market rates on a daily basis ("mark to market"). To limit possible losses due to market risk, the Bank's Board of Directors has set limits on the maximum position amounts that can be undertaken, maximum transaction amounts and the stop-loss levels. The limits are applied to all kinds of trading operations conducted in both lira and foreign currency, including the bond portfolio.

The market risk portion of the Capital Adequacy Analysis Form covering "interest risk" and "exchange rate risks" (Turk Eximbank has no equity position), is calculated by using the "Standard Method and Market Risk Measurement Method" put forward by the BRSA. "Exchange rate risk" is reported weekly, and "market risk", including both exchange and interest rate risks, are reported monthly.

Currency Risk

The Bank's foreign exchange positions are monitored daily. All positions are managed by authorized personnel within the limits set out in the Risk Management Principles approved by the Bank's Board of Directors, considering the market developments and expectations.

The Bank gives high importance to implementing the strategy of matching its assets and liabilities in terms of currency, maturity and interest. In this framework, debt management is pursued in accordance with the Bank's asset structure to the greatest possible extent. In cases where this is not possible, the Bank tries to achieve a matching strategy using the appropriate types of swap transactions (cross-currency swaps, interest swaps or currency swaps) or by changing the asset structure of the Bank in such ways as may be possible under the given conditions.

The Bank follows a balanced strategy with respect to exchange rate risk between assets and liabilities.

The exchange rate risk for each currency is monitored separately and on a daily basis. The effects of the Bank's activities and of market conditions on the Bank's positions are closely monitored, and the necessary measures are taken promptly. Due to foreign currency denominated credits, the lira against foreign currency and the foreign currency against foreign currency operations are heavily used on a daily basis so as to manage foreign currency exposure.

Interest Rate Risk

The interest structure (fixed or floating) of interest-sensitive assets and liabilities, and their weight in total assets and liabilities, are evaluated to determine the probable effects of changes in market rates on the Bank's profitability. The Bank's approach is that all assets and liabilities bearing fixed interest rates will be repriced at maturity, and that those bearing floating rates are at the payment terms. By using this approach, the Bank calculates the interest-sensitive gap or surplus for each period (1 months, 1-3 months, 3-6 months, 6-12 months, more than 12 months, etc.) remaining to contractual repricing dates (gapping report). The gapping report is used to predict how the Bank will be affected by the probable market rate changes at any period of time provided that all assets and liabilities sensitive to interest are sorted according to the interest renewal periods.

Maturity mismatches are monitored periodically for dollar-denominated assets and liabilities (separately in all foreign currencies and with the total in dollars), and lira-denominated assets and liabilities are monitored via tables showing weighted averages of days to maturity, which are prepared periodically.

The Bank places high importance on matching the fixed and floating interest-bearing assets and liabilities for each currency separately according to the Risk Management Principles approved by the Board of Directors. There is a 20% ratio restriction on floating/fixed interest-bearing assets and liabilities mismatches to total assets, in order to limit the negative impacts of rate changes on the Bank's profitability.

Currently the Bank matches medium- and long-term floating interest-bearing foreign currency denominated assets to fixed interest-bearing liabilities denominated in another foreign currency by interest rate and cross-currency swaps. In addition, interest rate swaps have been used to cover the mismatch between medium- and long-term fixed-rate-bearing liabilities and medium- and long-term fixed-interest assets.

In accordance with the "Regulation on Calculation and Evaluation of Interest Rate Risk Arising from the Banking Accounts with Standard Shock Methods" issued by the BRSA and published in the Official Gazette, issue No. 28034, on 23 August 2011, submission of a report that is intended to act as a stress test by measuring the impact of interest rate shocks (of between +5% and -4% for lira and between +2% and -2% for foreign currencies) on the Bank's balance sheet, has continued in 2015.

According to the circular, the ratio of net present value changes caused by interest rate shocks on the equity of the related month should not exceed 20%.

The standard ratio of the interest rate of banking book items risk remains well below the legal limit owing to the Bank's solid equity structure and the very low share of fixed-rate products within assets and liabilities.

Liquidity Risk

The Bank's cash flows are prepared under positive, neutral and negative scenarios taking into account the collection of loans and prospective funds for better liquidity management. The Bank's Board of Directors determines the minimum liquidity levels and urgent liquidity sources.

Risk Management Policies Based on Risk Types

The Bank meets its short-term liquidity needs via domestic and foreign banks, and meets its long-term liquidity needs via international institutions like the World Bank or Japan Bank for International Cooperation through medium-and long-term funds and issued marketable securities.

The Bank tries to match short-term loans with short-term borrowings and long-term loans with long-term borrowings, and tries to minimize the maturity mismatch of assets and liabilities.

The Bank prepares weekly, monthly and annual cash flow forecasts in lira and foreign currency separately by considering the debt payment obligations, estimated loan grants, loan collections, possible capital additions and political risk loss compensations as well as the current loan stocks and cash balances. The Bank determines the need and timing of additional funds based on the results of these cash flow forecasts.

Operational Risk

Operational risk is defined as the probability of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Within the framework of the BRSA regulations, determination of the appropriate amount of operational are calculated on the basis of the "Basic Indicator" approach used in capital adequacy calculations since.

Support Services

Detailed "Risk Analysis Reports" and "Risk Management Program" related to these services, which concern the services stated by the independent audit firms responsible for the audit of Turk Eximbank that fall under the scope of the "Regulation on Support Services to be Received by Banks" published in the Official Gazette issue 28106 dated 5 November 2011 were prepared by the Risk Management Department and submitted to the Board of Directors with the approval of the Audit Committee in November. In addition, "Support Services Evaluation Report" concerning the support services received throughout the year have been jointly prepared by the Internal Systems units and submitted to the Board of Directors via the Audit Committee in December.

Credit Ratings Assigned to Turk Eximbank by International Rating Agencies

The issuer credit ratings assigned to the Bank by Moody's, Standard & Poor's and Fitch Ratings as of the end of 2015 are as follows:

	Foreign Currency		Local Currency	
	Long-term	Short-term	Long-term	Short-term
Standard & Poor's	BB+ (Negative outlook)	B	BBB- (Negative outlook)	A-3
Moody's	Baa3 (Negative outlook)			
Fitch Ratings	BBB- (Stable outlook)	F3	BBB (Stable outlook)	F3

Financial Indicators for the 2011-2015 Period

Balance Sheet Accounts (TL thousand)

	2015	2014	2013	2012	2011
Loans	43,159,126	31,889,864	23,035,036	13,352,060	8,065,619
Total Assets	44,437,795	33,742,277	24,809,762	15,468,467	9,660,063
Loans Borrowed	33,109,841	24,387,152	17,286,700	9,108,492	4,494,296
Funds Provided under Repurchase Agreements	200,000	220,064	163,945	10,006	333,452
Securities Issued (Net)	5,088,218	4,054,191	2,604,828	2,238,610	960,419
Equity	4,780,705	4,314,915	3,901,865	3,675,364	3,647,256
Paid-up Capital	2,500,000	2,400,000	2,200,000	2,000,000	2,000,000

Profit-Loss Statement Accounts (TL thousand)

	2015	2014	2013	2012	2011
Interest Income	1,193,866	962,847	603,088	573,737	313,359
Interest Income on Loans	1,134,114	886,588	546,059	467,415	231,230
Interest Expenses	(482,628)	(333,491)	(218,900)	(178,037)	(48,869)
Net Interest Income	711,238	629,356	384,188	395,700	264,490
Other Operating Income	125,702	124,812	86,838	88,270	82,778
Provisions for Loans and Other Receivables	(24,685)	(18,905)	(36,653)	(61,565)	(81,321)
Other Operating Expenses	(191,451)	(173,214)	(139,573)	(141,051)	(73,744)
Net Period Profit	489,406	427,009	245,927	221,191	230,256

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Financial Statements
as of and for Year Ended 31 December 2015
with Independent Auditors' Report Thereon

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

Türkiye İhracat Kredi Bankası A.Ş.
Independent Auditors' Report



**Akis Bağımsız Denetim ve
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Mali Müşavirlik A.Ş.**
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To the Board of Directors of Türkiye İhracat Kredi Bankası Anonim Şirketi,

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated financial statements of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2015 and the unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Unconsolidated Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Türkiye İhracat Kredi Bankası A.Ş.
Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2015 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

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



Orhan Akova, SMMM
Partner

12 February 2016
Istanbul, Turkey

Additional paragraph for convenience translation to English

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

Türkiye İhracat Kredi Bankası A.Ş.

The Unconsolidated Financial Report of Türkiye İhracat Kredi Bankası AŞ (“Türk Eximbank”) As of 31 December 2015

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

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

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

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

12 February 2016

Cavit DAĞDAŞ
Chairman of Board of Directors

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

A. Doğan ARIKAN
Member of the Board of Directors/
Member of the Audit Committee

Hayrettin KAPLAN
General Manager

Necati YENİARAS
Executive Vice President

Muhittin AKBAŞ
Head of Accounting and Reporting Unit

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

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

Telephone Number: (216) 666 55 00

Fax Number: (216) 666 55 99

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

SECTION ONE

GENERAL INFORMATION

1.1 Reporting period along with the information on the trading name of the Bank, the address of the head office, the website address and e-mail address

The commercial title of the Bank:	Türkiye İhracat Kredi Bankası AŞ
The Bank's head office address:	Saray Mahallesi Ahmet Tevfik İleri Cad., No:19 34768 Ümraniye/İSTANBUL
The Bank's telephone and fax numbers:	Telephone: (0216) 666 55 00 Facsimile: (0216) 666 55 99
The Bank's web site:	www.eximbank.gov.tr
The Bank's e-mail address:	info@eximbank.gov.tr
Reporting period:	1 January - 31 December 2015

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

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

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

The total share capital of the Bank is TL 2.500.000.000 (two billion and five-hundred million). The Bank's paid-in-capital committed by the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("the Turkish Treasury") consists of 2.500.000.000 shares of TL 1 nominal each.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

1.4 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: ⁽¹⁾	Cavit DAĞDAŞ	Post Graduate
Vice Chairman of the Board of Directors ⁽¹⁾ :	Ibrahim ŞENEL	Graduate
Members of the Board of Directors ⁽¹⁾ :	Dr. Hayrettin KAPLAN	Postgraduate
	Oğuz SATICI	Undergraduate
	Mehmet BÜYÜKEKŞİ	Undergraduate
	Adnan Ersoy ULUBAŞ	Undergraduate
	A. Doğan ARIKAN	Undergraduate
Members of the Audit Committee:	Ibrahim Şenel	Graduate
	A. Doğan ARIKAN	Undergraduate
General Manager:	Dr. Hayrettin KAPLAN	Postgraduate
Deputy General Managers:	Necati YENİARAS	Graduate
	Mesut GÜRSOY	Undergraduate
	Enis GÜLTEKİN	Undergraduate
	M. Ertan TANRIYAKUL	Undergraduate
	Ahmet KOPAR	Graduate
	Alaaddin METİN	Undergraduate

⁽¹⁾In the General Assembly of the Bank held on 30 March 2015, Ministry of Economy Undersecretary Ibrahim ŞENEL was appointed as board member, due to the resignation of Ziya ALTUNYALDIZ on 10 February 2015 and it is resolved other board members to continue with their duties. In the Board of Directors meeting numbered 15/06 and dated 25 May 2015, Deputy Chairman of the Board of Directors Cavit DAĞDAŞ was appointed as the Chairman of the Board of Directors and Board Member Ibrahim ŞENEL was appointed as the Vice Chairman of the Board.

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

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

1.5 Information on the shareholders owning control shares

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
The Turkish Treasury	All	100%	2.500.000	-

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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

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

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

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

1.7 Organisation of the information stated in the financial report in "thousand Turkish Lira"

Amounts in the financial statements and the accompanying explanations and notes are expressed in thousands of Turkish Lira unless otherwise stated.

1.8 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.

1.9 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.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance sheet
- II. Off-balance sheet items
- III. Income statement
- IV. Statements of income and expense items accounted under shareholders' equity
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows
- VII. Statement of profit distribution

Unconsolidated Balance Sheet (Statement of Financial Position)

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

ASSETS	Notes (Section V)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 31.12.2015			PRIOR PERIOD 31.12.2014		
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH AND BALANCES WITH CENTRAL BANK	(1.1)	1.227	-	1.227	289	-	289
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)		11.382	2.923	14.305	45.793	26.131	71.924
2.1 Trading Financial Assets		11.382	2.923	14.305	45.793	26.131	71.924
2.1.1 Government Debt Securities		10.593	-	10.593	42.599	8.684	51.283
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading	(1.3)	789	2.923	3.712	3.194	17.447	20.641
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	(1.4)	41.667	122.735	164.402	348.053	643.306	991.359
IV. MONEY MARKET PLACEMENTS		-	-	-	75.105	-	75.105
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	75.105	-	75.105
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(1.6)	18.051	-	18.051	20.538	-	20.538
5.1 Share Certificates		18.051	-	18.051	20.538	-	20.538
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(1.7)	6.961.396	36.197.730	43.159.126	6.395.207	25.494.657	31.889.864
6.1 Loans		6.961.396	36.197.730	43.159.126	6.395.207	25.494.657	31.889.864
6.1.1 Loans to Bank's Risk Group		-	-	-	-	-	-
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		6.961.396	36.197.730	43.159.126	6.395.207	25.494.657	31.889.864
6.2 Loans under Follow-up		131.688	-	131.688	127.478	-	127.478
6.3 Specific Provisions (-)		(131.688)	-	(131.688)	(127.478)	-	(127.478)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(1.8)	255.968	-	255.968	249.381	47.573	296.954
8.1 Government Debt Securities		255.968	-	255.968	249.381	47.573	296.954
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(1.9)	-	-	-	-	-	-
9.1 Accounted for Under Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	(1.10)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(1.11)	-	-	-	-	-	-
11.1 Accounted for Under Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES	(1.12)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(1.13)	25.270	79.868	105.138	81.360	10.242	91.602
13.1 Fair Value Hedge		25.270	50.690	75.960	81.360	10.242	91.602
13.2 Cash Flow Hedge		-	29.178	29.178	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(1.14)	13.189	-	13.189	17.766	-	17.766
XV. INTANGIBLE ASSETS (Net)	(1.15)	2.230	-	2.230	1.875	-	1.875
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2.230	-	2.230	1.875	-	1.875
XVI. INVESTMENT PROPERTY (Net)	(1.16)	-	-	-	-	-	-
XVII. TAX ASSET		-	-	-	-	-	-
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset	(1.17)	-	-	-	-	-	-
XVIII. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(1.18)	-	-	-	-	-	-
18.1 Assets Held for Sale		-	-	-	-	-	-
18.2 Assets Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(1.19)	104.841	599.318	704.159	36.212	248.789	285.001
TOTAL ASSETS		7.435.221	37.002.574	44.437.795	7.271.579	26.470.698	33.742.277

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

Unconsolidated Balance Sheet (Statement of Financial Position)

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

LIABILITIES	Notes (Section V)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 31.12.2015			PRIOR PERIOD 31.12.2014		
		TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS	(2.1)	-	-	-	-	-	-
1.1 Deposits of Bank's risk group		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2.2)	333	302	635	345	1.915	2.260
III. BORROWINGS	(2.3.1)	50.110	32.938.140	32.988.250	-	24.251.343	24.251.343
IV. MONEY MARKETS		200.000	-	200.000	220.064	-	220.064
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		-	-	-	-	-	-
V. MARKETABLE SECURITIES ISSUED (Net)	(2.3.3)	-	5.088.218	5.088.218	-	4.054.191	4.054.191
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	5.088.218	5.088.218	-	4.054.191	4.054.191
VI. FUNDS		16	-	16	16	-	16
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		16	-	16	16	-	16
VII. MISCELLANEOUS PAYABLES		13.096	885.251	898.347	31.243	460.833	492.076
VIII. OTHER LIABILITIES	(2.4)	4.709	82.971	87.680	3.999	61.216	65.215
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(2.5)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(2.6)	32.854	9.969	42.823	1.544	17.394	18.938
11.1 Fair Value Hedge		32.854	9.969	42.823	1.544	17.394	18.938
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
XII. PROVISIONS	(2.7)	223.922	-	223.922	182.768	-	182.768
12.1 General Loan Loss Provision		130.214	-	130.214	130.214	-	130.214
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		44.953	-	44.953	24.224	-	24.224
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		48.755	-	48.755	28.330	-	28.330
XIII. TAX LIABILITY	(2.7.5)	5.608	-	5.608	4.682	-	4.682
13.1 Current Tax Liability		5.608	-	5.608	4.682	-	4.682
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	(2.7.7)	-	121.591	121.591	-	135.809	135.809
XVI. SHAREHOLDERS' EQUITY	(2.7.8)	4.780.372	333	4.780.705	4.314.905	10	4.314.915
16.1 Paid-in capital		2.500.000	-	2.500.000	2.400.000	-	2.400.000
16.2 Capital Reserves		606.992	333	607.325	609.581	10	609.591
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		8.886	-	8.886	11.373	10	11.383
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation Differences of Investment Property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective portion)		-	333	333	-	-	-
16.2.9 Value increase of Non-current Asset Held for Sale and Discounted Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		598.106	-	598.106	598.208	-	598.208
16.3 Profit Reserves		1.183.974	-	1.183.974	878.315	-	878.315
16.3.1 Legal Reserves		302.905	-	302.905	280.954	-	280.954
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		858.326	-	858.326	574.618	-	574.618
16.3.4 Other Profit Reserves		22.743	-	22.743	22.743	-	22.743
16.4 Profit or Loss		489.406	-	489.406	427.009	-	427.009
16.4.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.4.2 Current Year Profit/Loss		489.406	-	489.406	427.009	-	427.009
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5.311.020	39.126.775	44.437.795	4.759.566	28.982.711	33.742.277

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

Unconsolidated Off-Balance Sheet Items

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

	Notes (Section V)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 31.12.2015			PRIOR PERIOD 31.12.2014		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		4.226.667	22.644.583	26.871.250	3.987.989	15.791.381	19.779.370
I. GUARANTEES AND WARRANTIES	(3.2)	-	2.754.481	2.754.481	-	1.613.307	1.613.307
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		-	2.754.481	2.754.481	-	1.613.307	1.613.307
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		1.717.787	8.464.215	10.182.002	1.471.671	4.962.387	6.434.058
2.1. Irrevocable Commitments		-	1.051.140	1.051.140	-	-	-
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	1.051.140	1.051.140	-	-	-
2.2. Revocable Commitments		1.717.787	7.413.075	9.130.862	1.471.671	4.962.387	6.434.058
2.2.1. Revocable Loan Granting Commitments		1.717.787	7.413.075	9.130.862	1.471.671	4.962.387	6.434.058
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		2.508.880	11.425.887	13.934.767	2.516.318	9.215.687	11.732.005
3.1. Hedging Derivative Financial Instruments		2.356.135	9.416.970	11.773.105	2.204.803	7.404.051	9.608.854
3.1.1. Transactions for Fair Value Hedge		2.319.915	9.358.706	11.678.621	2.204.803	7.404.051	9.608.854
3.1.2. Transactions for Cash Flow Hedge		36.220	58.264	94.484	-	-	-
3.1.3. Transactions for Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Trading Transactions		152.745	2.008.917	2.161.662	311.515	1.811.636	2.123.151
3.2.1. Forward Foreign Currency Buy/Sell Transactions		50.150	47.302	97.452	9.669	24.887	34.556
3.2.1.1. Forward Foreign Currency Transactions-Buy		26.765	22.053	48.818	7.273	10.197	17.470
3.2.1.2. Forward Foreign Currency Transactions-Sell		23.385	25.249	48.634	2.396	14.690	17.086
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		102.595	1.961.615	2.064.210	296.446	1.781.663	2.078.109

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

Unconsolidated Off-Balance Sheet Items

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

	Notes (Section V)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 31.12.2015			PRIOR PERIOD 31.12.2014		
		TL	FC	TOTAL	TL	FC	TOTAL
3.2.2.1. Foreign Currency Swap-Buy		102.595	625.232	727.827	-	811.596	811.596
3.2.2.2. Foreign Currency Swap-Sell		-	724.611	724.611	296.446	498.113	794.559
3.2.2.3. Interest Rate Swap-Buy		-	305.886	305.886	-	235.977	235.977
3.2.2.4. Interest Rate Swap-Sell		-	305.886	305.886	-	235.977	235.977
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	5.400	5.086	10.486
3.2.3.1. Foreign Currency Options-Buy		-	-	-	2.700	2.543	5.243
3.2.3.2. Foreign Currency Options-Sell		-	-	-	2.700	2.543	5.243
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		113.115	16.878.488	16.991.603	104.157	17.115.698	17.219.855
IV. ITEMS HELD IN CUSTODY		-	-	-	-	-	-
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Cheques Received for Collection		-	-	-	-	-	-
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		22.412	172.250	194.662	22.412	198.124	220.536
5.1. Marketable Securities		-	19.577	19.577	-	15.624	15.624
5.2. Guarantee Notes		-	-	-	-	-	-
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		9.400	39.920	49.320	9.400	83.565	92.965
5.6. Other Pledged Items		13.012	112.753	125.765	13.012	98.935	111.947
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILLS OF EXCHANGE AND COLLATERALS		90.703	16.706.238	16.796.941	81.745	16.917.574	16.999.319
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		4.339.782	39.523.071	43.862.853	4.092.146	32.907.079	36.999.225

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

Unconsolidated Income Statement

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

INCOME AND EXPENSE ITEMS	Notes (Section V)	THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01.01.2015-31.12.2015)	PRIOR PERIOD (01.01.2014-31.12.2014)
I. INTEREST INCOME	(4.1)	1.193.866	962.847
1.1 Interest on loans		1.134.114	886.588
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks		32.433	29.564
1.4 Interest Received from Money Market Transactions		2.005	15.034
1.5 Interest Received from Marketable Securities Portfolio		24.599	29.164
1.5.1 Trading Financial Assets		1.698	8.609
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		22.901	20.555
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		715	2.497
II. INTEREST EXPENSE	(4.2)	482.628	333.491
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		191.166	153.580
2.3 Interest Expense on Money Market Transactions		-	-
2.4 Interest on Securities Issued		271.867	166.677
2.5 Other Interest Expenses		19.595	13.234
III. NET INTEREST INCOME/EXPENSE (I - II)		711.238	629.356
IV. NET FEES AND COMMISSIONS INCOME		13.798	29.779
4.1 Fees and Commissions Received		25.475	35.365
4.1.1 Non-cash Loans		-	-
4.1.2 Other		25.475	35.365
4.2 Fees and Commissions Paid		(11.677)	(5.586)
4.2.1 Non-cash Loans		-	-
4.2.2 Other		(11.677)	(5.586)
V. DIVIDEND INCOME	(4.4)	-	-
VI. TRADING INCOME/LOSS (Net)	(4.5)	(145.196)	(164.819)
6.1 Trading Gains/Losses on Securities		(719)	(4.294)
6.2 Trading Gains/Losses on Derivative Financial Assets		556.359	41.309
6.3 Foreign Exchange Gains/Losses		(700.836)	(201.834)
VII. OTHER OPERATING INCOME	(4.6)	125.702	124.812
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		705.542	619.128
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(4.7)	24.685	18.905
X. OTHER OPERATING EXPENSES (-)	(4.8)	191.451	173.214
XI. NET OPERATING INCOME/LOSS (VIII-IX-X)		489.406	427.009
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII. INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV. INCOME/LOSS ON NET MONETARY POSITION		-	-
XV. PROFIT/LOSS BEFORE TAXES ON INCOME FROM CONTINUED OPERATIONS (XI+.....+XIV)	(4.9)	489.406	427.009
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUED OPERATIONS (±)		-	-
16.1 Current Tax Provision		-	-
16.2 Deferred Tax Provision		-	-
XVII. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		489.406	427.009
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		-	-
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		-	-
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)	(4.10)	489.406	427.009
Earnings/Loss per share		0,19576	0,18165

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

Unconsolidated Statement of Income and Expense Items Accounted Under Shareholders' Equity

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

	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD Audited (01.01.2015 - 31.12.2015)	PRIOR PERIOD Audited (01.01.2014 - 31.12.2014)
INCOME AND EXPENSE ITEMS UNDER SHAREHOLDERS' EQUITY		
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(2.487)	3.187
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)	333	-
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	(102)	(1.045)
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	-	-
X. NET PROFIT/LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(2.256)	2.142
XI. CURRENT YEAR PROFIT/LOSS	489.406	427.009
11.1 Net change in fair value of marketable securities (Transfer to Profit/Loss)	(10)	(25)
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	489.416	427.034
XII. TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD (X±XI)	487.150	429.151

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

Unconsolidated Statement of Changes in Shareholders' Equity

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

THOUSANDS OF TURKISH LIRA								
CHANGES IN SHAREHOLDERS' EQUITY		Notes (Section V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves
PRIOR PERIOD (31/12/2014)								
I.	Prior Period Opening Balance		2.200.000	-	-	-	268.093	-
II.	Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-
III.	New Balance (I+II)		2.200.000	-	-	-	268.093	-
Changes in the period								
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-
VI.	Hedging Transactions		-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-
6.2	Foreign Net Investment Hedge		-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
X.	Foreign Exchange Differences		-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets		-	-	-	-	-	-
XIII.	Effect of Changes in Equity of Investments in Associates		-	-	-	-	-	-
XIV.	Capital Increase		200.000	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-
14.2	Internal Resources		200.000	-	-	-	-	-
XV.	Share Premium		-	-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-	-
XVII.	Paid-in-capital inflation adjustment difference		-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-
XIX.	Current Year Net Profit or Loss		-	-	-	-	-	-
XX.	Profit Distribution		-	-	-	-	12.861	-
20.1	Dividends Paid		-	-	-	-	-	-
20.2	Transfer to Reserves		-	-	-	-	12.861	-
20.3	Other		-	-	-	-	-	-
Period End Balance (III+IV+V+.....+XVIII+XIX+XX)			2.400.000	-	-	-	280.954	-
CURRENT PERIOD (31/12/2015)								
I.	Prior Period End Balance		2.400.000	-	-	-	280.954	-
Changes in the period								
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-
IV.	Hedging Transactions Funds		-	-	-	-	-	-
4.1	Cash flow Hedge		-	-	-	-	-	-
4.2	Foreign Net Investment Hedge		-	-	-	-	-	-
V.	Property and Equipment Revaluation Differences		-	-	-	-	-	-
VI.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-
IX.	Changes due to the disposal of assets		-	-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-	-
XI.	Effect of Changes in Equity of Investments in Associates		-	-	-	-	-	-
XII.	Capital Increase		100.000	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-
12.2	Internal Resources		100.000	-	-	-	-	-
XIII.	Share Premium		-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-
XV.	Paid-in-capital inflation adjustment difference		-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-
XVII.	Current Year Net Profit or Loss		-	-	-	-	-	-
XVIII.	Profit Distribution		-	-	-	-	21.951	-
18.1	Dividends Paid		-	-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	-	21.951	-
18.3	Other		-	-	-	-	-	-
Period End Balance (I+II+III+....+XVI+XVII+XVIII)			2.500.000	-	-	-	302.905	-

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

THOUSANDS OF TURKISH LIRA

	Extraordinary Reserves	Other Profit Reserves	Current Year Net Profit/(Loss)	Prior Years Net Profit/(Loss)	Marketable Securities Value Increase Fund	Property and Equipment and Intangible Fixed Assets Revaluation Fund	Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures	Revaluation Surplus on Hedging Funds	Assets Held for Sale and Discontinued Operations	Total Shareholders' Equity
	557.628	621.996	-	245.927	8.221	-	-	-	-	3.901.865
	-	-	-	-	-	-	-	-	-	-
	557.628	621.996	-	245.927	8.221	-	-	-	-	3.901.865
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	3.162	-	-	-	-	3.162
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	(200.000)	-	-	-	-	-	-	-	-	-
	(200.000)	-	-	-	-	-	-	-	-	-
	-	(1.045)	-	-	-	-	-	-	-	(1.045)
	-	-	427.009	-	-	-	-	-	-	427.009
	216.990	-	-	(245.927)	-	-	-	-	-	(16.076)
	-	-	-	(17.946)	-	-	-	-	-	(17.946)
	215.120	-	-	(227.981)	-	-	-	-	-	-
	1.870	-	-	-	-	-	-	-	-	1.870
	574.618	620.951	427.009	-	11.383	-	-	-	-	4.314.915
	574.618	620.951	-	427.009	11.383	-	-	-	-	4.314.915
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(2.497)	-	-	-	-	(2.497)
	-	-	-	-	-	-	333	-	-	333
	-	-	-	-	-	-	333	-	-	333
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	(100.000)	-	-	-	-	-	-	-	-	-
	(100.000)	-	-	-	-	-	-	-	-	-
	-	(102)	-	-	-	-	-	-	-	(102)
	-	-	489.406	-	-	-	-	-	-	489.406
	383.708	-	-	(427.009)	-	-	-	-	-	(21.350)
	-	-	-	(21.350)	-	-	-	-	-	(21.350)
	383.708	-	-	(405.659)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	858.326	620.849	489.406	-	8.866	-	-	333	-	4.780.705

Unconsolidated Statement of Cash Flows

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

	Notes (Section V)	THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2015-31/12/2015)	PRIOR PERIOD (01/01/2014-31/12/2014)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit before changes in operating assets and liabilities		2.845.301	849.244
1.1.1 Interest received		1.187.437	937.768
1.1.2 Interest paid		(466.475)	(316.073)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		25.475	35.365
1.1.5 Other income		676.003	166.254
1.1.6 Collections from previously written-off loans and other receivables		41.833	31.351
1.1.7 Payments to personnel and service suppliers		(90.304)	(94.143)
1.1.8 Taxes paid		(926)	(774)
1.1.9 Other		1.472.258	89.496
1.2 Changes in operating assets and liabilities		(3.744.462)	(1.831.531)
1.2.1 Net (increase)/decrease in trading securities		38.354	65.993
1.2.2 Net (increase)/decrease in fair value through profit/(loss) financial assets		-	-
1.2.3 Net (increase)/decrease in due from banks		822	(762)
1.2.4 Net (increase)/decrease in loans		(11.238.757)	(8.842.226)
1.2.5 Net (increase)/decrease in other assets		(419.158)	7.631
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		7.466.019	6.909.780
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		408.258	28.053
I. Net cash provided from banking operations		(899.161)	(982.287)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		49.293	(2.998)
2.1 Cash paid for acquisition of associates, subsidiaries and joint ventures		-	-
2.2 Cash obtained from disposal of associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment	(1.14)	(1.641)	(1.388)
2.4 Disposals of property and equipment		7.402	167
2.5 Cash paid for purchase of available-for-sale investments		-	-
2.6 Cash obtained from sale of available-for-sale investments		-	-
2.7 Cash paid for purchase of investment securities	(1.8.4)	(160.054)	(1.961)
2.8 Cash obtained from sale of investment securities	(1.8.4)	204.489	1.961
2.9 Other		(903)	(1.777)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(60.096)	1.004.981
3.1 Cash obtained from funds borrowed and securities issued		-	1.058.200
3.2 Cash used for repayment of funds borrowed and securities issued		(38.746)	(35.273)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(21.350)	(17.946)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		9.662	26.910
V. Net increase in cash and cash equivalents		(900.302)	46.606
VI. Cash and cash equivalents at the beginning of the year	(6.1.2)	1.065.931	1.019.325
VII. Cash and cash equivalents at the end of the year	(6.1.2)	165.629	1.065.931

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

Unconsolidated Statement of Profit Distribution

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

	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD 31.12.2015 ^(*)	PRIOR PERIOD 31.12.2014
I. STATEMENT OF PROFIT DISTRIBUTION		
1.1 CURRENT YEAR INCOME	499.394	435.723
1.2 TAXES AND DUTIES PAYABLE (-)	9.988	8.714
1.2.1 Corporate Tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	9.988	8.714
A. NET INCOME FOR THE YEAR (1.1-1.2)	489.406	427.009
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	21.350
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	405.659
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	21.350
1.6.1 To Owners of Ordinary Shares	-	21.350
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-) ^(**)	-	6.000
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	601
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES (-)	-	383.708
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	0,1958	0,1817
3.2 TO OWNERS OF ORDINARY SHARES (%)	19,58	18,17
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

^(*)As at report date, no resolution has been decided regarding about 2015 profit distribution. Accordingly, net profit available for distribution has not been presented.

^(**)Dividends to personnel which is added to 2014 net profit as a provision not sentenced in profit distribution, only shown in the table for information.

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

SECTION THREE

ACCOUNTING POLICIES

1 Basis of presentation

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

The Bank prepares its financial statements and underlying documents in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA").

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

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

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

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

1.2 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 2.1 to 2.23 below.

1.3 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.

2 Explanations on accounting policies

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

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

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

As of 31 December 2015, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 2,9132 for US dollar, TL 3,1821 for Euro, TL 2,4196 for 100 JPY and TL 4,3194 for GBP.

2.2 Presentation of the information regarding the consolidated affiliates

None.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

2.3 Explanations on forward transactions, options and derivative instruments

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

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

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

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

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

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

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

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

2.4 Explanations on interest income and expense

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

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

2.5 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.

2.6 Explanations on financial assets

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

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

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

The government bonds and treasury bills recognized under trading financial assets which are traded on Borsa İstanbul AŞ ("BIST") are valued with weighted average prices settled on the BIST as of the balance sheet date; and those government bonds and treasury bills traded on the BIST but which are not subject to trading on the BIST as of the balance sheet date are valued with weighted average prices at the latest trading date.

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

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

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

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

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

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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

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

2.7 Explanations on loans and receivables

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

2.8 Explanations on impairment of financial assets

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

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

2.9 Explanations on offsetting financial instruments

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

2.10 Explanations on sales and repurchase agreements and securities lending transactions

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

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

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

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

2.12 Explanations on goodwill and other intangible assets

As of 31 December 2015 and 31 December 2014, the Bank does not have any goodwill in its accompanying financial statements.

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

Implemented yearly amortization rates as follows;

Intangible assets: 33%

2.13 Explanations on property and equipment

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

The depreciation rates are as follows;

Buildings: 2-3%

Furniture, fixtures and vehicles: 6-33%

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

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.

2.14 Explanations on lease

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

2.15 Explanations on provisions and contingent liabilities

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

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

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

2.16 Explanations on obligations related to employee rights

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

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

Revised TAS 19 are effective being published on the Official Gazette dated 12 March 2013 by Public Oversight Accounting and Auditing Standards Authority. According to revised TAS 19, once the Actuarial Gains and Losses occur, they are recorded under equity and are not associated with the income statement. Benefit costs arising interest cost due to being 1 year more closer to the payment of benefit and service cost as a result of given service by employee are required to be shown in income statement. TL 102 accounted as actuarial valuation difference is recorded under equity, TL 1.262 accounted as service and interest cost is associated with the income statement accounts. Assumptions used in the calculation are shown below.

	Current Period 31.12.2015	Prior Period 31.12.2014
Discount ratio	10,65%	9,40%
Inflation	7,65%	6,40%
Salary increase rate	8,65%	7,40%

As of 31 December 2015, the calculated employment termination obligation amounts to TL 15.565. For the year ended 31 December 2015, the Bank also provided a 100% provision for vacation pay liability relating to prior periods amounting to TL 11.020.

For all year long, the Bank has made provision for principally of success fee amounting TL 11.518 to be paid in January 2016, and dividend to personnel, amounting TL 6.750 to be paid in 2016, from 2015 profit.

2.17 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.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

2.18 Additional explanations on borrowings

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

In October 2011, the Bank issued bonds amounting USD 500 million (TL 1.456.600). The bond is subject to annual fixed interest payment of 5,38% every six months and the total maturity is five years and also, the bond issued on April 2012 with an amount of USD 500 million (TL 1.456.600) is subject to biannual fixed payment of 5.88% and its total maturity is seven years. In addition to this bond, there was a bond increase corresponding to USD 250 million (TL 728.300) as of October 2012 and also the bond issued on September 2014 with amount of USD 500 million (TL 1.456.600) which is subject to annual fixed interest payment of 5 per cent every six months and the total maturity is seven years. The Bank applied hedge accounting for the measurement of derivative financial instruments which are related to the bonds issued and accounted for hedge accounting during this period.

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

The amounts calculated on the basis of related hedge accounting and details about derivatives details are disclosed in fourth section Note 5.2.

2.19 Explanations on issuance of share certificates

As the Bank's total paid-in capital is owned by the Turkish Treasury, there is no cost related to share issuance. Profit appropriation of the Bank is resolved at the General Assembly meeting. As of 30 March 2015, dividend distribution for 2014 was approved by Banking Regulation and Supervision Agency.

2.20 Explanations on avalized drafts and acceptances

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

2.21 Explanations on government grants

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

2.22 Explanations on segment reporting

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

2.23 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 Fund management (Treasury) operations.

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

1 Capital adequacy ratio

1.1 Information related to capital adequacy ratio

As of the balance sheet date, the capital adequacy ratio of the Bank is 18.94%.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

1.2 Measurement methods used in the determination for capital adequacy ratio

For the calculation of the capital adequacy ratio, the Bank classifies the risk weighted assets and non-cash loans according to the risk weights defined by the regulations and calculates "Total risk weighed assets" which is the sum of market risk on securities and the Bank's currency risk. The standard method is used for credit and market risk while the basic indicator approach is applied for the calculation of operational risk.

Thousand (TL)	RISK WEIGHTS											
	BANK											
	0%	10%	20%	20% Not Rated	50% Guaranteed with Real Estate Mortgages	50%	50% Not Rated	75%	100%	100% Not Rated	150%	200%
THE AMOUNT TAKEN AS A BASIS OF CREDIT RISK (TOTALS)	975.045	-	-	1.620.952	13.563	765.601	42.039.191	331.491	730.032	2.412.010	-	-
Conditional or Unconditional Receivables from Central Administrations or Central Banks	457.436	-	-	-	-	765.601	-	-	-	-	-	-
Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-	-	-	-	-	-	-	-	-
Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-	-	-
Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-
Conditional or Unconditional Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-
Conditional or Unconditional Receivables from Banks and Intermediary Institutions	194.500	-	-	1.620.952	-	-	42.039.191	-	-	21.162	-	-
Conditional and Unconditional Corporate Receivables	-	-	-	-	-	-	-	-	-	2.386.327	-	-
Conditional and Unconditional Retail Receivables	-	-	-	-	-	-	-	331.491	-	-	-	-
Conditional and Unconditional Receivables Collateralized with Real Estates	-	-	-	-	13.563	-	-	-	-	4.521	-	-
Non-performing Receivables (Net)	-	-	-	-	-	-	-	-	-	-	-	-
Receivables determined to have high levels of risk by the Board	-	-	-	-	-	-	-	-	-	-	-	-
Securities with Mortgage Guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Securitization Positions	-	-	-	-	-	-	-	-	-	-	-	-
Short Term Receivables from Banks and Intermediary Institutions and Short Term Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Investments in the Nature of Collective Investment Organisation	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables (Net)	323.109	-	-	-	-	-	-	-	730.032	-	-	-

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

1.3 Summary information related to capital adequacy ratio

	Current Period 31.12.2015	Prior Period 31.12.2014
Summary information related to capital adequacy ratio		
A Capital Liability Required for Credit Risk (Amount Subject to Credit Risk*0.08) (ASCR)	2.009.922	1.411.587
B Amount Subject to Market risk (ASMR)	13.323	17.809
C Amount Subject to Operational Risk (ASOR)	66.088	51.298
Shareholders' Equity	4.945.331	4.463.152
Shareholders' Equity/((ASCR+ASMR+ASOR)*12.5) *100	18,94	24,11
Core Capital/((ASCR+ASMR+ASOR)*12.5) *100	18,44	23,41
Supplementary Capital/((ASCR+ASMR+ASOR)*12.5) *100	18,44	23,42

1.4 Information about shareholders' equity items

	Current Period 31.12.2015	Prior Period 31.12.2014
TIER CAPITAL	4.816.455	4.334.438
Paid in Capital to be Entitled for compensation after all Creditors	2.500.000	2.400.000
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	1.783.631	1.477.972
Other Comprehensive Income according to TAS	23.544	25.708
Profit	489.406	427.009
Net Current Period Profit	489.406	427.009
Prior Period Profit	-	-
Provisions for possible losses	42.008	28.330
Bonus shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	-
Tier 1 Capital before Deductions	4.838.589	4.359.019
Deductions from Tier 1 Capital	22.134	24.581
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	15.876	15.774
Leasehold Improvements on Operational Leases (-)	5.366	8.432
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	892	375
Net Deferred tax assets/liabilities (-)	-	-
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Investments in own common equity (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier 1 Capital (-)	-	-
Net Deferred tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier 1 Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios 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 1 Capital in cases where there are no adequate Additional Tier 1 or Tier II Capitals (-)	-	-
Total regulatory adjustments to Tier 1 capital	22.134	24.581
Tier Capital	4.816.455	4.334.438

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

	Current Period 31.12.2015	Prior Period 31.12.2014
ADDITIONAL CORE CAPITAL	-	-
Preferred Stock not Included in Tier I Capital and the related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Core Capital	-	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	-
Total of Net Long Positions of the Investments in the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Direct and Indirect Investments in Additional Tier I Capital of Unconsolidated Banks of Financial Institutions where the Banks owns more than 10% of the Issued Share Capital (-)	-	-
Other Items to be Defined by the BRSA (-)	-	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-	-
Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-
Deductions from Core Capital	1.338	1.500
Goodwill and other Intangible Assets and Related Deferred taxes not deducted from Tier I Capital as per the Temporary Article2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	1.338	1.500
Net Deferred Tax Assets/Liabilities not deducted from Tier 1 Capital as per the Temporary Article2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Core Capital	4.815.117	4.332.938
Supplementary Capital	130.214	130.214
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (issued or obtained after 1.1.2014)	-	-
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (issued or obtained before 1.1.2014)	-	-
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	130.214	130.214
Tier II Capital Before	130.214	130.214
Deductions from Tier II Capital	-	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other Items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	130.214	130.214

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

	Current Period 31.12.2015	Prior Period 31.12.2014
CAPITAL	4.945.331	4.463.152
Loans Granted against the Article 50 and 51 of the Banking Law (-)	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for sale but Retained more than Five Years (-)	-	-
Loans to Banks , Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-	-
Deductions as per the Article 20, Clause 2 of the Regulations on Measurement and Assessment of the Capital Adequacy Ratios of Banks (-)	-	-
Other Items to be Defined by the BRSA (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Banks own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capitals as per the Temporary Article 2, Clause 1 of the Regulations (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Banks own 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capitals as per the Temporary Article 2, Clause 1 of the Regulations (-)	-	-
The Portion of Net Long Position of the Investments in Equity items of Unconsolidated Banks and Financial Institutions Where the Banks own 10% or more of the Issued Share Capital of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause2 , Paragraph (1) and (2) and Temporary Article 2 Clause 1 of the Regulations (-)	-	-
EQUITY	4.945.331	4.463.152
Amounts Lower than Excesses as per Deduction Rules	18.051	20.538
Remaining Total of the Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital	18.051	20.538
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	-	-

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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2 Market risk

The market risk means the possibility of damage arising from interest, exchange and price changes due to the fluctuations in financial markets affecting the Bank's on and off balance positions and as a result of this, the possible changes occurring in the Bank's income and expense items along with its return on equity. The Bank marks to market all its Turkish Lira and foreign currency marketable security positions as a result of its daily financial activities in order to be able to hedge market risk (mark to market).

In order to limit any probable losses from market risk, the Bank applies a maximum daily transaction and stop/loss limits for all trading Turkish lira and foreign currency transactions including marketable security transactions; such limits are approved by the Board of Directors of the Bank calculates an amount subject to market risk, including "Currency Risk" and "Interest Rate Risk (The Bank does not carry common stock position) in the Capital Adequacy Analysis Form in accordance with "Communiqué Related to Market Risk Measurement by Standard Method" ("Standard Method") issued by BRSA. In accordance with such method, currency risk is calculated on a weekly basis and market risk including both "currency risk" and "interest risk" is calculated on a monthly basis.

2.1 Information on market risk

	AMOUNT
(I) Capital to be Employed for General Market Risk - Standard Method	2.618
(II) Capital to be Employed for Specific Risk - Standard Method	-
Capital Liability Required for Specific Risk regarding Securitisation Positions - Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	5.176
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-
(VII) Capital Liability Calculated for Credit Risk of Counter-Party - Standard Method	5.529
(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	13.323
(X) Amount Subject to Market Risk (12,5xVIII) or (12,5xIX)	166.538

2.2 Market risk table of calculated month-end market risk during the year

	Current Period 31.12.2015			Prior Period 31.12.2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	9.316	14.166	988	22.056	33.990	12.162
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	4.854	10.106	12	104.343	123.577	4.815
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Operational Risk	50	260	-	84	219	-
Counterparty Credit Risk	3.720	6.258	776	1.324	2.714	559
Total Amount Subject to Risk	224.250	384.875	22.200	1.597.588	2.006.250	219.200

3 Credit risk

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

The Bank is not subject to the clauses stated in Article No. 77 of the Banking Law number 5411. However, the Bank applies general loan restrictions stated in the 54th article of the Banking Law.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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

In line with the Bank's limits, forward and swap transactions are performed with the banks. There are not any control limits regarding the option transactions. For interest swaps and cross currency (money and interest) swaps, guaranteed transactions are performed by applying cash blockage. Because these tools are assessed daily through current rates (market to market) in the market, the credit risk undertaken is managed with the potential risks arising due to the market movements.

In line with the objective regarding the principles of related law and establishment conditions, Turkish Eximbank is not exposed to high market risk due to the fact that the Bank provides a significant part of its resources to meet the export sector's credit need. And also, in the view of the fact that the market risk will increase due to the conditions where there is lack of market depth and effectiveness regarding the derivatives, these derivatives on the market basis are performed with the exporters and all of them are closed through applying reverse transactions in the interbank market and/or via derivatives exchange (hedging is performed) as a general strategy to minimize the relevant risks. In accordance with this, it is thought that the Bank has undertaken minimal risk just for the put option transactions and does not benefit from mitigating its total risks by terminating future, option, and similar contracts in a short time for the cases where the credit risk reaches a high level.

On the other hand, because there is not any forward transaction for the exporters, considering that the Bank is not currently exposed to any "credit and settlement" risk (although the Bank meets the requirement, the counter party avoids meeting it) and providing that the said service will be performed, the guarantee will be requested from the exporters to mitigate the credit risk and by considering the time differences in the markets to eliminate the settlement risk, the Bank will carry out its payment to the exporters on the next working day following their timely payment and the limit of the exporters will be decreased on the transaction amount basis till the related transaction is finalized. Moreover, for the "hedge" transactions of the Bank, the above mentioned principles are applied, the limits of the Bank for which transactions are carried out are decreased on the transaction amount basis, and the liabilities of the Bank, other than exceptional cases, are performed on the first working day on which the transaction is finalized.

In accordance with the collateralization policy of the Bank, short, medium and long-term lending is based on the domestic banks' risks.

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

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

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

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

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

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

Each year, 60% of 90% of the commercial and politic risks that emerge in the Short Term Export Insurance Program is transferred to international reinsurance companies under renewed agreements.

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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

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

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

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

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

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

In accordance with the decision of the Executive Committee, as there has been no improvement in the collection of the receivables amounting to USD 4.868.428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarme and Ministry of Defense under the scope of Russian Federation Deferred Loan, the Bank has provided 100% additional impairment provision of the TL equivalent amounting to TL 14.183 (31 December 2014: TL 11.319) as of 31 December 2015.

As of 31 December 2015, the Bank recognised provisions amounting to TL 27.825 (31 December 2014: TL 17.012) considering probable compensation payments in relation to the insured export receivables.

As of 31 December 2015, even though the Bank does not have credits restructured in the accounts of standard credits and other receivables and linked to a redemption plan, it has credits corresponding to TL 699.648 and has applied changes in their terms of contracts which are under standard credits and other receivables accounts along with the ones amounting to TL 65.929 under close monitoring and other receivables accounts

For transactions in the frame of the Law No. 3332 dated 25 March 1987, "General and special provision rates are considered to be zero" clause according to Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No.26333 dated 1 November 2006 exemptions entitled article 13, although the Bank is within the exemption up to date by prudence within the scope of statute transaction occurs and within the context of exemption as of 1 January 2013, the Bank applied to BRSA and in accordance with the confirmation from BRSA, general provision amount of TL 62.475 was cancelled which had been made as a provision till 30 June 2013. As of 31 December 2015, the general provision is amounting to TL 130.214 as noted in Note 2.7.1. (31 December 2014: TL 130.214).

As of 31 December 2015 Bank general provision amount amounting to TL 130.214 (31 December 2014:130.214) as described in Note 2.7.1.

The proportion of the Bank's top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 52% and 56% as of 31 December 2015 and 2014, respectively.

The proportion of the Bank's top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 67% and 71% as of 31 December 2015 and 2014, respectively.

The proportion of the Bank's top 100 non-cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 58% and 62% as of 31 December 2015 and 2014, respectively.

The proportion of the Bank's top 200 non-cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 72% and 76% as of 31 December 2015 and 2014, respectively.

As of 31 December 2015 and 2014, the share of cash and non-cash receivable amounts belonging to its top 100 and 200 credit customers in the total balance sheet and the assets monitored under off-balance sheets are 53% and 68%, respectively (31 December 2014: 56% and 71%).

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

	Current Period 31.12.2015		Prior Period 31.12.2014	
	Corporate	Personnel loans	Corporate	Personnel loans
Standard loans	43.070.241	7.569	31.862.969	6.017
Loans under close monitoring	81.316	-	20.878	-
Loans under legal follow-up	131.688	-	127.478	-
Gross	43.283.245	7.569	32.011.325	6.017
Specific provision	(131.688)	-	(127.478)	-
Net	43.151.557	7.569	31.883.847	6.017

As of 31 December 2015 and 2014, there is not any past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

	Current Period 31.12.2015	Prior Period 31.12.2014
Past due up to 30 days	69.963	-
Past due 30-60 days	-	546
Past due 60-90 days	11.353	20.332
Total	81.316	20.878

As of 31 December 2015 and 2014, the fair value of collaterals held for loans granted by the Bank are as follows:

	Current Period 31.12.2015	Prior Period 31.12.2014
Loans under close monitoring	81.316	20.878
Loans under legal follow-up	131.688	127.478
Total	213.004	148.356

As of 31 December 2015, the Bank does not have any repossessed collaterals (31 December 2014: None).

Loan rating system of the Bank

Risk evaluation of banks and other financial institutions:

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

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

As of 31 December 2015, loans granted by the Bank to domestic banks and other financial institutions amount to TL 5.229.118 (31 December 2014: TL 4.366.618). The concentration level of the loans to Banks and other financial institutions customers in accordance with the defined financial analysis groups of the Bank are as follows:

	Rating Class	Current Period 31 December 2015 Concentration Level (%)	Prior Period 31 December 2014 Concentration Level (%)
Low	1-2	67%	61%
Medium	3	25%	17%
High	4	8%	21%

The risk evaluation of companies:

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

1. As of 31 December 2015 and 2014, the classification of the loans to Banks and other financial institutions and companies and individuals are as follows:

	Current Period 31.12.2015		Prior Period 31.12.2014	
	Loans	Specific Provision (%)	Loans	Specific Provision (%)
Standard loans	99,51%	-	99,53%	-
Loans under close monitoring	0,19%	-	0,07%	-
Loans under legal follow-up	0,30%	100%	0,40%	100%
Total	100%	0,30%	100%	0,40%

2. The Bank's maximum exposure to credit risk as of 31 December 2015 and 2014:

	Current Period 31.12.2015	Prior Period 31.12.2014
Banks	164.402	991.359
Interbank Money Market Placements	-	75.105
Loans to Domestic Banks and Other Financial Institutions	5.229.118	4.366.618
Loans to Foreign Banks and Other Financial Institutions	742.691	397.076
Loans to Companies and Individuals	37.187.317	27.126.170
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	10.593	51.283
Trading Derivative Financial Assets	3.712	20.641
Held-to-Maturity Investments	255.968	296.954
Other Assets	123.189	112.140
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	2.754.481	1.613.307
Commitments	-	-
Total	46.471.471	35.050.653

⁽¹⁾ Except derivative financial assets held for trading.

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

The Risk Profile According to Substantial Regions

	Risk Groups							Conditional and Unconditional Corporate Receivables
	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions		
Current Period								
1 Domestic	1.291.666	-	-	-	-	13.520.126	37.422.093	
2 European Union Countries ⁽¹⁾	-	-	-	-	-	62.915	1.280.181	
3 OECD Countries ⁽¹⁾	-	-	-	-	-	908	186.333	
4 Offshore Banking Regions	-	-	-	-	-	-	93.672	
5 USA, Canada	-	-	-	-	-	32.955	154.565	
6 Other Countries	640.295	-	-	-	-	102.467	549.385	
7 Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	
8 Undistributed Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	
9 Total	1.931.961	-	-	-	-	13.719.371	39.686.229	

⁽¹⁾ EU countries, OECD countries except USA and Canada⁽²⁾ Assets and liabilities allocated to groups without a consistent basis

	Risk Groups							Conditional and Unconditional Corporate Receivables
	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions		
Prior Period								
1 Domestic	501.390	-	-	-	-	5.622.038	26.549.272	
2 European Union Countries ⁽¹⁾	-	-	-	-	-	45.145	781.475	
3 OECD Countries ⁽¹⁾	-	-	-	-	-	455	105.060	
4 Offshore Banking Regions	-	-	-	-	-	-	38.768	
5 USA, Canada	-	-	-	-	-	5.724	78.159	
6 Other Countries	293.524	-	-	-	-	103.554	302.474	
7 Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	
8 Undistributed Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	
9 Total	794.914	-	-	-	-	5.776.916	27.855.208	

⁽¹⁾ EU countries, OECD countries except USA and Canada⁽²⁾ Assets and liabilities allocated to groups

Risk Groups										
Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Collateralized with Real Estate	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Other Receivables (Net)	Total	
1.288.479	18.084	-	-	-	-	-	-	1.053.143	54.593.591	
211.225	-	-	-	-	-	-	-	-	1.554.321	
20.193	-	-	-	-	-	-	-	-	207.434	
12.379	-	-	-	-	-	-	-	-	106.051	
12.765	-	-	-	-	-	-	-	-	200.285	
64.919	-	-	-	-	-	-	-	-	1.357.066	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
1.609.960	18.084	-	-	-	-	-	-	1.053.143	58.018.748	

Risk Groups										
Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Other Receivables (Net)	Total	
684.259	14.432	-	-	-	-	-	-	573.285	33.944.676	
131.431	-	-	-	-	-	-	-	-	958.051	
8.709	-	-	-	-	-	-	-	-	114.224	
4.522	-	-	-	-	-	-	-	-	43.290	
6.271	-	-	-	-	-	-	-	-	90.154	
34.640	-	-	-	-	-	-	-	-	734.192	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
869.832	14.432	-	-	-	-	-	-	573.285	35.884.587	

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The Risk Profile According to Sector or Third Party

	Sectors and third parties	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables
1	Agriculture	-	-	-	-	-	1.686.407	4.721.784
1.1	Farming and Livestock	-	-	-	-	-	1.527.241	4.276.133
1.2	Forestry	-	-	-	-	-	159.166	445.651
1.3	Fishery	-	-	-	-	-	-	-
2	Industry	-	-	-	-	-	11.008.842	30.823.730
2.1	Mining and Quarry Sector	-	-	-	-	-	274.761	769.304
2.2	Manufacturing Industry	-	-	-	-	-	10.734.081	30.054.426
2.3	Electric, Gas and Water	-	-	-	-	-	-	-
3	Construction	640.295	-	-	-	-	-	-
4	Services	-	-	-	-	-	164.402	-
4.1	Wholesale and retail trade	-	-	-	-	-	-	-
4.2	Hotel and Restaurant Services	-	-	-	-	-	-	-
4.3	Transportation and Communications	-	-	-	-	-	-	-
4.4	Financial institutions	-	-	-	-	-	164.402	-
4.5	Real Estate and Leasing Services	-	-	-	-	-	-	-
4.6	Real Estate and Leasing Services	-	-	-	-	-	-	-
4.7	Training Services	-	-	-	-	-	-	-
4.8	Health and Social Services	-	-	-	-	-	-	-
5	Other	1.291.666	-	-	-	-	859.720	4.140.715
6	Total	1.931.961	-	-	-	-	13.719.371	39.686.229

Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitized Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Other Receivables (Net)	TL	FC	Total
161.753	-	-	-	-	-	-	-	40.946	1.098.979	5.511.911	6.610.890
146.486	-	-	-	-	-	-	-	37.081	995.255	4.991.686	5.986.941
15.267	-	-	-	-	-	-	-	3.865	103.724	520.225	623.949
-	-	-	-	-	-	-	-	-	-	-	-
1.055.921	-	-	-	-	-	-	-	267.287	7.174.119	35.981.661	43.155.780
26.354	-	-	-	-	-	-	-	6.671	179.054	898.036	1.077.090
1.029.567	-	-	-	-	-	-	-	260.616	6.995.065	35.083.625	42.078.690
-	18.084	-	-	-	-	-	-	-	-	658.379	658.379
-	-	-	-	-	-	-	-	-	41.667	122.735	164.402
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	41.667	122.735	164.402
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
392.286	-	-	-	-	-	-	-	744.910	941.717	6.487.580	7.429.297
1.609.960	18.084	-	-	-	-	-	-	1.053.143	9.256.482	48.762.266	58.018.748

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

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

Risk Groups	Remaining Period to Maturity				
	1 month	1-3 Months	3-6 Months	6-12 Months	More than 1 Year
Conditional or Unconditional Receivables from Central Administrations or Central Banks	839.384	-	13.247	291.806	787.524
Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-	-
Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-	-
Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-	-
Conditional or Unconditional Receivables from International Organisations	-	-	-	-	-
Conditional or Unconditional Receivables from Banks and Intermediary Institutions	8.371.401	469.210	783.876	2.847.247	1.247.637
Conditional and Unconditional Corporate Receivables	4.532.010	6.341.947	9.725.252	7.102.277	11.984.743
Conditional and Unconditional Retail Receivables	242.829	157.929	233.434	428.028	547.740
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	-	-	-	-	18.084
Non-performing Receivables (net)	-	-	-	-	-
Receivables determined to have high levels of risk by the Board	-	-	-	-	-
Securities with Mortgage Guarantees	-	-	-	-	-
Securitisations Positions	-	-	-	-	-
Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	-	-	-	-	-
Investments in the Nature of Collective Investment Organisation	-	-	-	-	-
Other Receivables (net)	-	-	-	-	1.053.143

There are not any companies assigned for credit rating or export credit.

Risk Amounts by Risk Weights

Risk Weight	0%	10%	20%	50%	75%	100%	150%	200%
The amount before credit risk mitigation	780.545	0	682.858	6.062.114	1.477.845	39.884.523	0	0
The amount after credit risk mitigation	975.045	0	1.620.952	42.818.355	331.491	3.142.042	0	0

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

Various Information by Significant Sectors or Counter-Party Types

	Significant Sectors/Counter Parties	Loans		Value Adjustments	Provisions
		Impaired	Non-performed		
1	Agriculture	-	2.898	-	2.898
2	Energy	-	576	-	576
3	Food	-	3.183	-	3.183
4	Textile	-	41.567	-	41.567
5	Paper and Related Products	-	773	-	773
6	Chemistry and Related Products	-	78	-	78
7	Metal Industry	-	666	-	666
8	Ceramic	-	4	-	4
9	Machinery and Equipment	-	1.746	-	1.746
10	Electrical Household Appliances	-	810	-	810
11	Medical Devices	-	4	-	4
12	Ship	-	39.622	-	39.622
13	Motor Vehicles	-	471	-	471
14	Furniture	-	172	-	172
15	Construction	-	123	-	123
16	Wholesale	-	33	-	33
17	Shipping	-	18	-	18
18	Consulting	-	256	-	256
19	Leather and Leather Products Industry	-	38	-	38
20	Other Manufacturing Industry	-	7	-	7
21	Other	-	38.643	-	38.643
	Total	-	131.688	-	131.688

Information Regarding Value Adjustments and Change of Credit Provisions

		Opening Balance	Provision amounts allocated within the period	Cancellation of Provisions	Other Adjustments	Ending Balance
1	Specific Provisions	127.478	9.228	5.018	-	131.688
2	General Provisions	130.214	-	-	-	130.214

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

Information regarding the credit risk of counter-party

a) Transaction limits for the credit risk of counter-party are determined by the Board of Directors and monitored by the Treasury Directorate. The allocation and distribution of internal capital are not performed.

b) In accordance with the limits of the bank, forward and swap transactions are maintained with other banks. There are not any control limits regarding the option transactions. For interest swaps and cross currency swaps, guaranteed transactions are performed through applying cash blockage.

c) There is not any policy regarding the reverse trend risk.

d) The guarantee is not received for the derivatives and repo transactions stated in the credit risk of the counter-party.

e) In the table of "Quantitative Information regarding the Counter-Party Risk", gross positive fair value is indicated. Because the "Standard Method" and the "Internal Model Method" indicated in the fourth and fifth sections of Appendix-2 of the regulation on the Measurement and Evaluation of Capital Adequacy are not used, there are not any offsetting transactions.

f) "Valuation Method According to Positive Fair Value" stated in the third section of Appendix-2 of the regulation on the Measurement and Evaluation of Capital Adequacy is practiced.

g) There are not this kind of transactions.

h) There are not this kind of transactions.

i) Because "Internal Model Method" indicated in the fourth and fifth sections of Appendix-2 of the regulation on the Measurement and Evaluation of Capital Adequacy is not practiced, a value cannot be estimated.

Quantitative Information regarding the Counter-Party Risk

	Amount
Agreements on the basis of Interest Rate	4.451.944
Agreements on the basis of Exchange Rate	2.503.000
Agreements on the basis of Commodity	-
Agreements on the basis of Share	-
Other	-
Gross Positive Fair Value	187.350
Benefits of Offsetting	-
Offset Current Risk Amount	-
Guarantees Held	-
Net Position Regarding Derivatives	-

The capital requirement is not calculated via a risk measurement model which is allowed to be used. There is not any model for the use of risk measurement.

4 Operational risk

The Bank practices basic indicator approach for the calculation of operational risk. According to this method, the operational risk is calculated once per a year.

The information on the realization of the basic indicator method is as follows:

	2 Payment Amount	1 Payment Amount	Current Value Amount	Total/Number of Year regarding Positive Gross Income	Ratio (%)	Total
Gross income	299.822	402.983	618.962	3/3	15	66.088
The Amount Taken as a Basis of the Operational Risk (Total*12.5)						826.104

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5 Currency risk

5.1 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.

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

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

	TL	USD ⁽¹⁾	GBP ⁽¹⁾	EUR ⁽¹⁾	JPY ⁽¹⁾
TRADING DERIVATIVE FINANCIAL INSTRUMENTS	152.745	439.760	5.300	219.969	204.606
Forward Transactions	50.150	15.140	650	-	16.060
Forward Foreign Exchange Purchase Transactions	26.765	7.570	-	-	-
Forward Foreign Exchange Sell Transactions	23.385	7.570	650	-	16.060
Swap Transactions	102.595	424.620	4.650	219.969	188.546
Swap Money Purchase Transactions	102.595	-	-	-	-
Swap Money Purchase Transactions FC - TL	-	-	-	-	-
Swap Money Purchase Transactions FC-FC	-	214.620	-	-	-
Swap Money Sale Transactions FC-TL	-	-	-	32.000	-
Swap Money Sale Transactions FC-FC	-	-	4.650	187.969	188.546
Swap Interest Purchase Transactions FC-FC	-	105.000	-	-	-
Swap Interest Sale Transactions FC-FC	-	105.000	-	-	-
Option Money Purchase Transactions	-	-	-	-	-
Money Purchase of Options	-	-	-	-	-
Money Sale of Options	-	-	-	-	-
HEDGING DERIVATIVE FINANCIAL ASSETS	2.356.135	3.125.795	-	97.704	-
Forward Transactions	2.319.915	765.795	-	-	-
Forward Foreign Exchange Purchase Transactions	-	765.795	-	-	-
Forward Foreign Exchange Sell Transactions	2.319.915	-	-	-	-
Swap Transactions	36.220	2.360.000	-	97.704	-
Swap Money Purchase Transactions	-	140.000	-	-	-
Swap Money Sale Transactions	36.220	-	-	97.704	-
Swap Interest Purchase Transactions	-	1.110.000	-	-	-
Swap Interest Sale Transactions	-	1.110.000	-	-	-

⁽¹⁾ Amounts shown in original currencies.

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As of the balance sheet date, the Bank has used "Fair Value Hedge Accounting" starting from 1 January 2013.

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

	31 December 2015		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross currency swap and interest rate swaps	7.127.792	50.690	9.969
Forward foreign currency buy/sell transactions	4.550.829	25.270	32.854
Total	11.678.621	75.960	42.823

⁽¹⁾ Sum of purchase and sale.

The method of derivatives' fair value measurement shown above is explained in the accounting policy in Section Three No 2.3.

Fair value hedge accounting

Starting from 1 January 2013, the Bank has hedged the possible fair value effects of changes in libor interest rates on 5,375% and 5,875% fixed interest rate debt securities amounting USD 500 million with maturity 5 years and USD 610 million with maturity 7 years funding by using interest rate swaps. USD debt securities issued in total amount to USD 750 million with 5,875% fixed interest rate and maturity 7 years by the Bank. Remaining risk amount to USD 140 million hedged with cross currency swaps in year 2012 but this remaining portion is not subject to fair value hedge accounting. Starting from September 2014, the Bank issued 5% fixed interest rate debt securities with seven years maturity amounting USD 500 million (1.456.600 TL) and they are not subject to fair value hedge accounting.

Starting from 31 May 2014, the Bank hedged the possible fair value difference risk of CBRT Rediscount loans amount to TL 2.167.895 related to interest rate changes with forward transactions by using fair value hedge accounting. Changes in the fair value of forward transactions related to TL interest rate risks hedges fair value risk of the TL denominated CBRT Rediscount Loans related to changes in interest rates.

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

31 December 2015					
Hedging instrument	Asset liability hedging	Risk hedge	Fair value of hedged asset	Net fair value of hedging account	
				Asset	Liability
Interest rate swaps	Fixed interest rate US dollar debt securities	Fixed interest rate risk	2.714	50.690	9.969
Forward Transactions	Originated CBT-Rediscount TL Loans	Interest rate risk	(4.244)	25.270	32.854

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%.

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

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

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

Cash flow hedge accounting

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

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

	31 December 2015		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross Currency Swap Interest Transactions	94.484	29.178	-
Total	94.484	29.178	-

⁽¹⁾ Sum of purchase and sale.

The method of derivatives' cash flow hedge shown above is explained in section three no 2.3 accounting policy.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

The impact of cash flow hedge accounting is summarised below:

31 December 2015					
Hedging Instrument	Asset liability hedging	Risk Hedge	Fair value of hedged asset	Net fair value of hedging account	
				Asset	Liability
Cross Currency Swap	Fixed interest rate USD debt securities	Currency risk	(333)	29.178	-

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.

5.3 Policy on foreign currency risk management

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 31 December 2015, the net foreign Currency Position/Shareholders' Equity ratio is 0,5% (31 December 2014: 0,5%). Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

5.4 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	25/12/2015	28/12/2015	29/12/2015	30/12/2015	31/12/2015
USD	2,9106	2,9192	2,9085	2,9083	2,9132
AUD	2,1207	2,1188	2,1142	2,1202	2,1307
DKK	0,4278	0,4291	0,4283	0,4262	0,4264
SEK	0,3466	0,3478	0,3492	0,3479	0,3467
CHF	2,9454	2,9529	2,9477	2,9315	2,9391
JPY	2,4186	2,4206	2,4155	2,4147	2,4196
CAD	2,1082	2,1045	2,0933	2,0991	2,0973
NOK	0,3346	0,3357	0,3353	0,3319	0,3307
GBP	4,3575	4,3554	4,3278	4,3086	4,3194
SAR	0,7757	0,7779	0,7754	0,7747	0,7761
EUR	3,1825	3,2027	3,1953	3,1799	3,1821
KWD	9,5870	9,6185	9,5864	9,5794	9,5955
XDR	4,0434	4,0554	4,0437	4,0399	4,0403
BGN	1,6270	1,6374	1,6340	1,6257	1,6268
IRR	0,0098	0,0098	0,0098	0,0098	0,0098
RON	0,7020	0,7091	0,7035	0,7002	0,7039
RUB	0,0414	0,0408	0,0400	0,0398	0,0395

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

Currency	Average December 2015
USD	2,9161
AUD	2,1145
DKK	0,4253
SEK	0,3433
CHF	2,9288
JPY	2,3962
CAD	2,1296
NOK	0,3354
GBP	4,3712
SAR	0,7770
EUR	3,1726
KWD	9,5985
XDR	4,0396
BGN	1,6221
IRR	0,0098
RON	0,7043
RUB	0,0416

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

5.6 Information related to Bank's Currency Risk

Current Period 31 December 2015	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	-	-	-	-
Banks	12.851	106.599	3.285	122.735
Financial Assets at Fair Value Through Profit or Loss	-	2.918	5	2.923
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans	15.330.721	20.834.951	32.058	36.197.730
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	79.868	-	79.868
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	513.163	86.131	24	599.318
Total Assets	15.856.735	21.110.467	35.372	37.002.574
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	14.175.231	18.757.985	4.924	32.938.140
Marketable Securities Issued	-	5.088.218	-	5.088.218
Miscellaneous Payables	656.498	228.751	2	885.251
Derivative Financial Liabilities for Hedging Purposes	-	9.969	-	9.969
Other Liabilities	1.615	203.527	55	205.197
Total Liabilities	14.833.344	24.288.450	4.981	39.126.775
Net on Balance Sheet Position	1.023.391	(3.177.983)	30.391	(2.124.201)
Net off Balance Sheet Position	(1.010.867)	2.856.146	(27.843)	1.817.436
Financial Derivative Assets	-	6.417.737	-	6.417.737
Financial Derivative Liabilities	1.010.867	3.561.591	27.843	4.600.301
Non-Cash Loans	8.411	2.746.070	-	2.754.481
Prior Period 31 December 2014				
Total Assets	8.911.238	17.527.086	32.374	26.470.698
Total Liabilities	8.061.796	20.915.398	5.517	28.982.711
Net on Balance Sheet Position	849.442	(3.388.312)	26.857	(2.512.013)
Net off Balance Sheet Position	(493.626)	3.060.646	(15.257)	2.551.763
Financial Derivative Assets	3.306	5.880.419	-	5.883.725
Financial Derivative Liabilities	496.932	2.819.773	15.257	3.331.962
Non-Cash Loans	4.860	1.608.447	-	1.613.307

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

The effect of the Bank's currency positions as of 31 December 2015 and 2014 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period 31.12.2015		Prior Period 31.12.2014	
	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾
USD	(33.072)	(32.184)	(33.905)	(32.767)
EUR	1.252	1.252	35.582	35.582
YEN	-	-	-	-
Other foreign currency	255	255	1.160	1.160
Total, net	(31.565)	(30.677)	2.837	3.975

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

As of 31 December 2015 and 2014, 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.

6 Interest rate risk

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

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

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

As of 31 December 2015, the Bank has hedged the risk between variable interest rate liabilities and fixed interest rate assets with 20 interest swaps denominated in USD.

As of 31 December 2015, 19 FC- FC and, 2 FC-TL short-term, and 1 TL-FC, 2 FC-FC long-term currency swap transactions and 392 FC-TL forward transactions have been carried out.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

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

(Periods remaining to reprising dates)

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

(Periods remaining to reprising dates)

Prior Period End 31.12.2014	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	-	-	-	-	-	289	289
Banks	980.520	-	-	-	-	10.839	991.359
Financial Assets at Fair Value Through Profit or Loss	9.270	237	42.073	1.964	18.380	-	71.924
Interbank Money Market Placements	75.105	-	-	-	-	-	75.105
Available-for-sale Financial Assets	-	-	-	-	-	20.538	20.538
Loans	6.289.033	9.537.730	15.431.701	631.400	-	-	31.889.864
Held-to-maturity Investments	59.164	47.573	187.164	3.053	-	-	296.954
Other Assets	27.934	32.881	20.545	10.242	-	304.642	396.244
Total Assets	7.441.026	9.618.421	15.681.483	646.659	18.380	336.308	33.742.277
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	220.064	-	-	-	-	-	220.064
Miscellaneous Payables	-	96	13.783	-	-	478.197	492.076
Marketable Securities Issued	-	1.172.409	2.835.089	46.693	-	-	4.054.191
Funds Borrowed From Other Financial Institutions	1.495.144	12.046.493	10.709.706	-	-	-	24.251.343
Other Liabilities ⁽¹⁾	5.802	1.075	154.811	-	-	4.562.915	4.724.603
Total Liabilities	1.721.010	13.220.073	13.713.389	46.693	-	5.041.112	33.742.277
Balance Sheet Long Position	5.720.016	-	1.968.094	599.966	-	-	8.288.076
Balance Sheet Short Position	-	(3.601.652)	-	-	18.380	(4.704.804)	(8.288.076)
Off-balance Sheet Long Position	1.187.357	858.629	3.847.712	-	-	-	5.893.698
Off-balance Sheet Short Position	(1.158.180)	(835.102)	(3.845.025)	-	-	-	(5.838.307)
Total Position	5.749.193	(3.578.125)	1.970.781	599.966	18.380	(4.704.804)	55.391

⁽¹⁾ In other liabilities line the "non-interest bearing" column amounting TL 4.562.915, includes equity amounting to TL 4.314.915 and provisions amounting to TL 182.768.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

6.2 Average interest rates for monetary financial instruments

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

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

As of 31 December 2014, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	YEN	TL
Prior Period End 31.12.2014				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	0,36	0,43	-	9,95
Financial Assets at Fair Value Through Profit/Loss	-	4,57	-	5,89
Interbank Money Market Placements	-	-	-	10,15
Available-for-sale Financial Assets	-	-	-	-
Loans	1,85	1,69	2,11	7,58
Held-to-maturity Investments	-	6,81	-	10,09
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	3,78	-	-
Funds Borrowed from Other Financial Institutions	0,91	0,65	-	-

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

6.3 Interest rate risk resulting from the banking accounts

6.3.1 Measurement frequency of the interest rate risk with important estimations including the ones relating to the quality of the interest rate resulting from banking accounts, advance loan repayment and movements of the deposits other than the time deposits

The ratio regarding interest rate risk resulting from the banking accounts are calculated once in a month and sent to BRSA.

6.3.2 The table below divided into different currencies presents the economic value differences resulting from the fluctuations in the interest rates in accordance with "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method"

	Currency	Applied Shock (+/- basis point) ⁽¹⁾	Gains/Losses	Gains/Equities- Losses/Equities
1	TL	500	(107.610)	(2,18) %
	TL	(400)	93.263	1,89%
2	EUR	200	(9.982)	(0,20) %
	EUR	(200)	1.572	0,03%
3	USD	200	128.080	2,59%
	USD	(200)	(144.744)	(2,93) %
	Total (For Negative Shocks)		(49.909)	(1,01) %
	Total (For Positive Shocks)		10.488	0,21 %

⁽¹⁾ There are separate lines for each shock that has a different direction and severity applied to the currency.

6.4 Share position risk resulting from the banking accounts

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

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

The Bank has 1,75% share of Credit Guarantee Fund. Following the registration and announcement articles of association of 6362 numbered Capital Markets Board (CMB) in the frame of article "four percent of the capital is assigned to the available member of Borsa İstanbul AŞ (BİST) by bonus issue", each Borsa İstanbul AŞ (C) group shareholding interest, 1 kurus nominal, 15.971.094 in total, TL 160 amounted share is assigned to the Bank by bonus issues.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

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

	Share Investments	Comparison		
		The balance sheet value	Fair Value	The balance sheet value
1	Stock Investment Group A	-	-	-
	Listed on stock Exchange	-	-	-
2	Stock Investment Group B	13.681	13.681	13.681
	Listed on stock Exchange	13.681	13.681	13.681
3	Stock Investment Group C	-	-	-
	Listed on stock exchange	-	-	-
	Stock Investment Group	-	-	-

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

Garanti Faktoring AŞ shares are included in B Group shares are valued with stock market price and the total sum of these valued shares is TL 13.681 as of the date of the report.

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

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

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

Portfolio	Gain/loss realised within the period	Revaluation appreciation		Unrealised gain and loss		
		Total	Those included in supplementary capital	Total	Those included in core capital	Total
1 Private equity investments	-	-	-	-	-	-
2 Shares quoted to the stock market	-	(2.487)	-	-	-	-
3 Other shares	-	-	-	-	-	-
4 Total	-	(2.487)	-	-	-	-

7 Liquidity risk

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

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

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c) The Bank meets its short term liquidity demand from domestic and foreign banks, and long-term liquidity demand from international institutions like the World Bank or Japan Bank for International Cooperation ("JBIC") through medium-long term funds and issued marketable securities and trying to reduce mismatches related to this issue.

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

e) In terms of liquidity, Bank prefer to use borrowing limits from Central bank, Foreign Exchange markets and other domestic and foreign sources only in emergency situations. In addition, due to the status of the bank's investment and participation bank to eliminate the risk of sudden absence of deposits and draws are a significant contribution to the reduction of liquidity risk. As well as resource availability before then and syndicated loans to V. S. type accumulating money before amortization of external liabilities of the bank's liquidity risk mitigation fundamental principles such as the implementation of these techniques are redeemed.

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

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

In this context:

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

(2) Liquidity Coverage Ratio (%) Max and Minimum Weeks

Current Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
27.11.2015	11,35	6.11.2015	4,74	All weeks Between 02.10.2015 01.01.2016	0	All weeks Between 02.10.2015 01.01.2016	0
Prior Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
3.10.2014	74,13	2.1.2015	22,40	14.11.2014	45,66	02.01.2015	11,14

As of 1 January 2014 weekly liquidity coverage ratio application is started with a one year transition period. Until 1 January 2015, there will be no compliance control for proportional limit. Later on 29 December 2014 in accordance with the BRSA and Central Bank's opinion on the basis of the development and requirements of the liquidity coverage ratio of total minimum investment banks as well as foreign currency would be implemented at zero percent until 2016. Yet the application referred to in the previous sentence, according to the article dated 04/01/2016 from the BRSA will continue until 2017.

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

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For the Year Ended 31 December 2015

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

Current Period (31.12.2015)	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				
1 Total high-quality liquid assets (HQLA)			57.724	
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:				
3 Stable deposits				
4 Less stable deposits				
5 Unsecured wholesale funding, of which:				
6 Operational deposits				
7 Non-operational deposits				
8 Unsecured funding	4.112.767	4.108.482	2.063.047	2.058.761
9 Secured wholesale funding				
10 Other cash outflows of which:				
11 Outflows related to derivative exposures and other collateral requirements	1.003.858	681.653	1.003.857	681.652
12 Outflows related to restructured financial instruments				
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	6.950	4.702	2.780	1.881
14 Other revocable off-balance sheet commitments and contractual obligations	9.771.219	7.686.049	488.560	384.302
15 Other irrevocable or conditionally revocable off-balance sheet obligations				
16 Total Cash Outflows			3.558.244	3.126.596
Cash Inflows				
17 Secured receivables				
18 Unsecured receivables	5.666.804	4.506.735	3.638.772	2.752.493
19 Other cash inflows	931.742	919.637	931.742	919.636
20 Total Cash Inflows	6.598.546	5.426.372	4.570.514	3.672.129
			Max Limit applied values	
21 Total HQLA			57.724	0
22 Total Net Cash Outflows			889.561	782.309
23 Liquidity Coverage Ratio (%)			6,49%	0,00%

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

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

Prior Period (31.12.2014)	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				
1 Total high-quality liquid assets (HQLA)			180.460	106.965
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	2.760.829	2.760.829	1.163.052	1.163.052
9 Secured wholesale funding				
10 Other cash outflows of which:				
11 Outflows related to derivative exposures and other collateral requirements	4.566	-	5.269	-
12 Outflows related to restructured financial instruments				
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	9.949	7.095	5.254	3.541
14 Other revocable off-balance sheet commitments and contractual obligations	6.055.111	4.448.642	303.161	222.598
15 Other irrevocable or conditionally revocable off-balance sheet obligations				
16 Total Cash Outflows			1.476.736	1.389.191
Cash Inflows				
17 Secured receivables				
18 Unsecured receivables	5.074.689	3.597.504	3.561.259	2.352.429
19 Other cash inflows	7.315	639.047	6.846	639.465
20 Total Cash Inflows	5.082.004	4.236.551	3.568.105	2.991.894
			Max Limit applied values	
21 Total HQLA			180.460	106.965
22 Total Net Cash Outflows			369.184	347.298
23 Liquidity Coverage Ratio (%)			48,88%	30,80%

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

a) The LCR which has been introduced to ensure banks to preserve sufficient stock of high quality assets to meet their net cash outflows that may occur in the short term is calculated as per the Communiqué on "Measurement and Assessment of the Liquidity Coverage Ratio of Banks". The ratio is directly affected by the level of unencumbered high quality assets which can be liquidated at any time and net cash inflows and outflows arising from the Bank's assets, liabilities and off-balance sheet transactions.

b) The Bank's high quality liquid asset stock primarily consists of cash, the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.

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

d) Cash flows of derivatives that will be taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation

e) Total amount of funds borrowed from a single counterparty or a risk group is closely and instantaneously monitored, taking liquidity concentration limits into account.

Bank distribute funding sources between CBRT, domestic banks and international development and investment banks carefully and balanced manner. Bank's principle to take first quality collaterals like guarantee letters and aval. To prevent concentration risk the bank monitoring the breakdown of the collaterals taken from banks and made policy limit controls for to not take risks up to 20% of each banks' total cash and non-cash loans.

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

None.

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

None.

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

7.1 Groupings of assets and liabilities on the remaining period to maturity

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated ⁽¹⁾	Total
Current Period 31.12.2015								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	1.227	-	-	-	-	-	-	1.227
Banks	18.036	146.366	-	-	-	-	-	164.402
Financial Assets at Fair Value Through Profit or Loss	-	679	287	431	1.962	10.946	-	14.305
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-sale Financial Assets	18.051	-	-	-	-	-	-	18.051
Loans	-	3.699.937	7.744.013	20.309.902	11.276.158	129.116	-	43.159.126
Held-to-maturity Investments	-	-	-	157.332	98.636	-	-	255.968
Other Assets	-	7.726	13.940	10.352	73.119	-	719.579	824.716
Total Assets	37.314	3.854.708	7.758.240	20.478.017	11.449.875	140.062	719.579	44.437.795
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	607.356	10.667.836	17.247.401	2.833.651	1.632.006	-	32.988.250
Funds From Interbank Money Market	-	200.000	-	-	-	-	-	200.000
Marketable Securities Issued	-	-	-	1.448.498	2.169.586	1.470.134	-	5.088.218
Miscellaneous Payables	-	-	-	5.084	5.085	-	888.178	898.347
Other Liabilities ⁽²⁾	-	7.094	2.550	78.619	82.394	-	5.092.323	5.262.980
Total Liabilities	-	814.450	10.670.386	18.779.602	5.090.716	3.102.140	5.980.501	44.437.795
Liquidity Gap	37.314	3.040.258	(2.912.146)	1.698.415	6.359.159	(2.962.078)	(5.260.922)	-
Net Off Balance Sheet Position	-	6.163	(2.929)	(90.720)	60.724	1.885	-	(24.877)
Derivative Financial Assets	-	461.562	740.721	3.063.204	2.184.900	504.558	-	6.954.945
Derivative Financial Liabilities	-	455.399	743.650	3.153.924	2.124.176	502.673	-	6.979.822
Non-Cash Loans	-	-	-	-	-	-	2.754.481	2.754.481
Prior Period 31.12.2014								
Total Assets	31.666	6.583.414	7.624.485	13.781.147	5.324.741	92.182	304.642	33.742.277
Total Liabilities	-	288.842	10.987.198	11.645.902	3.598.116	2.181.107	5.041.112	33.742.277
Net Liquidity Gap	31.666	6.294.572	(3.362.713)	2.135.245	1.726.625	(2.088.925)	(4.736.470)	-
Net Off-Balance Sheet Position	-	29.177	23.528	(10.517)	13.203	-	-	55.391
Derivative Financial Assets	-	1.030.426	823.756	1.133.391	2.906.125	-	-	5.893.698
Derivative Financial Liabilities	-	1.001.249	800.228	1.143.908	2.892.922	-	-	5.838.307
Non-Cash Loans	-	-	-	-	-	-	1.613.307	1.613.307

⁽¹⁾ Assets and liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as property and equipment and intangible assets, investments, subsidiaries, office supply inventory, prepaid expenses, miscellaneous receivables and other assets and shareholders' equity, provisions and miscellaneous payables, are classified in this column.

⁽²⁾ In other liabilities line amount of TL 5.092.323 at the "unallocated" column, includes the shareholders' equity amounting to TL 4.780.705 and provisions amounting to TL 223.922.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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

31 December 2015	Book Value	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	32.988.250	593.409	10.668.318	17.258.998	2.891.137	1.748.342	-	33.160.204
Funds borrowed from Interbank money market	200.000	200.214	-	-	-	-	-	200.214
Marketable securities issued	5.088.218	-	36.415	1.699.707	2.797.182	1.529.430	-	6.062.734
Miscellaneous payables	898.347	-	-	5.084	5.085	-	888.178	898.347
Other liabilities	258.353	7.094	2.550	78.619	82.394	-	87.696	258.353
Total liabilities	39.433.168	800.717	10.707.283	19.042.408	5.775.798	3.277.772	975.874	40.579.852
Guarantees and commitments				2.754.481				2.754.481

31 December 2014	Book Value	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	24.251.343	55.725	10.979.232	11.621.748	670.799	1.046.794	-	24.374.298
Funds borrowed from Interbank money market	220.064	220.121	-	-	-	-	-	220.121
Marketable securities issued	4.054.191	-	29.061	194.013	3.559.713	1.278.695	-	5.061.482
Miscellaneous payables	492.076	-	96	13.783	-	-	478.197	492.076
Other liabilities	226.920	5.012	1.075	41.792	113.809	-	65.232	226.920
Total liabilities	29.244.594	280.858	11.009.464	11.871.336	4.344.321	2.325.489	543.429	30.374.897
Guarantees and commitments				1.613.307				1.613.307

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

7.3 The undiscounted cash inflows and outflows of derivatives of the Bank

31 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	210.309	13.039	97.069	1.032.440	804.199	2.157.056
- Inflow	211.377	15.382	106.882	1.146.492	781.217	2.261.351
Interest rate derivatives						
- Outflow	44.079	-	265.911	-	-	309.990
- Inflow	43.868	1.231	264.642	-	-	309.741
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	201.390	744.555	1.373.971	-	-	2.319.916
- Inflow	206.490	741.202	1.283.220	-	-	2.230.911
Interest rate derivatives						
- Outflow	-	-	1.622.008	1.621.432	-	3.243.440
- Inflow	-	-	1.639.056	2.038.056	-	3.677.112
Total outflow	455.778	757.594	3.358.959	2.653.872	804.199	8.030.402
Total inflow	461.735	757.815	3.293.800	3.184.548	781.217	8.479.115

31 December 2014	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	478.493	7.162	21.825	689.754	-	1.197.234
- Inflow	482.037	7.266	25.600	717.885	-	1.232.788
Interest rate derivatives						
- Outflow	-	47.277	194.014	-	-	241.291
- Inflow	283	45.602	193.685	-	-	239.570
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	577.389	782.627	857.700	-	-	2.217.716
- Inflow	605.469	806.765	843.594	-	-	2.255.828
Interest rate derivatives						
- Outflow	-	-	122.650	2.966.450	-	3.089.100
- Inflow	-	-	145.988	2.934.545	-	3.080.533
Total outflow	1.055.882	837.066	1.196.189	3.656.204	-	6.745.341
Total inflow	1.087.789	859.633	1.208.867	3.652.430	-	6.808.719

7.4 Securitization position

None.

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

7.5 Credit risk mitigation techniques

7.5.1 Offsettings related to the processes and policies for offsetting on and off balance sheet and the level of offsetting applied by the bank

On the side of assets in the balance sheet, offsetting is applied by deducting the provisions for impairment of the trading securities and the held to maturity securities. On the side of liabilities, offsetting is applied by deducting the amounts recognized in the security issuance differences from the securities issued. Other than that, the transactions of the type mentioned in the communiqué regarding loan risk mitigation techniques, such as on balance sheet offsetting and private offsetting agreements are not performed.

7.5.2 Practices related to valuation and management of guarantees

Bank guarantee letters received are not subject to any valuation. As long as the company has a short position, the Bank's guarantee letter is kept in the company's file. In the event that the term of Bank's guarantee letter becomes shorter than the loan's term in any way, the relevant company is contacted and asked to replace the guarantee letter with the one which has a longer term. It is noted whether the company takes back the guarantee letter on the same day when it pays its debt to Türk Eximbank through an intermediary bank. Expertise valuation is performed for commercial real estate mortgages.

7.5.3 Types of main guarantees received

Domestic bank confirmation given to irrevocable letter of credit, Credit Guarantee Fund bailment, Bank Overdraft Covenant, pledge and assignment of natural and legal persons' remuneration receivables in terms of public sector, guarantee, bailment, aval, admission, confirmation, endorsement or Bank Overdraft Covenant given by Factoring Companies operated in Turkey which has credit limit in the Eximbank, other guarantees classified in Group 1 Guarantees in Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables regulation.

7.5.4 Main guarantors and counter-party of loan derivatives and related credit rating

The main guarantor in relation to the political risk is the government. 60% of the commercial risk arising from insurance transactions is transferred to reinsurance.

7.5.5 Information regarding the market with credit reduction or credit risk concentration

The share of risk amount of cash credit, guarantee and insurance extended to a country, bank or company within the total cash, guarantee and insurance risk balances is indicated in percentage. The borrowers listed among the first 200 in risk ranking are monitored closely by practice units. Risk Management Directorate may propose to lower down the limit for cash credit, guarantee and insurance facilities provided to any borrower in order to prevent risk concentration.

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Based on the following table;

- 1) Total risk relating to each of the risk groups after on and off balance sheet offsetting which was guaranteed after making volatility adjustments, through a considerable guarantee,
- 2) Total risk amounts relating to each of the risk groups and guaranteed with guarantees or loan derivatives after on and off balance sheet offsetting.

7.5.6 Guarantees according to risk groups

Risk group	Amount	Financial Guarantees	Other/Material Guarantees	Guarantees and Loan Derivatives
Contingent or other receivables from central administrations or central banks	1.097.731	-	-	640.295
Contingent or other receivables from banks and intermediary institutions	6.847.440	194.500	-	5.383.739
Contingent or other corporate receivables	38.393.644	-	-	36.007.317
Contingent or other retail receivables	1.477.845	-	-	1.146.354
Contingent or Other Receivables Guaranteed with Real Estate Mortgages	18.084	-	18.084	-
Other Receivables (Net)	1.053.141	-	-	-
Total	48.887.885	194.500	18.084	43.177.705

7.6 Targets and policies of risk management

7.6.1 Strategies and practices relating to risk management

Acting as the Turkish government's major export incentive instrument, Türk Eximbank promotes export through credit, guarantee and insurance programs. The Bank abides by the generally accepted banking and investment principles in all of its operations. The Bank does not carry out any profit-oriented activities, endeavours to achieve a proper return rate in order to maintain its capital and financial power, and follows generally accepted banking and investment principles in all its operations. Accordingly, the Bank maintains the level of risk which it should assume while performing its legal functions, defined as "providing financial support to the export sector", with an approach that would not weaken its financial power.

7.6.2 Structure and organization of risk management system

Practice units bear the ultimate responsibility in risk management. The risk management unit is affiliated with the board of directors through the audit committee. Personnel regulation of the risk management division states that risk management personnel may not be involved in executive activities.

7.6.3 Scope and nature of risk reporting and measurement systems

Credit risk, market risk, equity, and capital adequacy are reported to BRSA on a monthly basis according to the standard method. Operational risk report is issued annually according to the basic indicator approach.

7.6.4 Risk protection and mitigation policies and processes relating to continuous control of effectiveness of such policies

The Bank is not obliged to conform to Article 54 on loan limits of Banking Law No. 5411. Nevertheless, the Bank obeys the general loan limits constraints (like single customer loan limits or related customers' group limits) mentioned in the Banking Law. According to collateralization policy, in order to fulfill the lending mission, depending on the economic conjuncture the Bank can be undertake risks up to 20% of the total risk exposures for cash and non-cash loans, except treasury operations for a single bank.

Even though the Bank has a very limited foreign currency position due to its general exchange rate policy (almost long position), another principle adopted by Türk Eximbank within the scope of categorizing exchange rate risk is applying the legal ratio related to the exchange rate risk, which is calculated by dividing the foreign currency net position by equity ratio as 10% while the said ratio is maximum 20% in the Turkish banking system. The Bank's positions which are exposed to exchange rate risk are monitored daily; and authorized personnel can perform transactions within the limits defined according to the risk management principles which are approved by the Board of Directors, considering the realizations and expectations in the market. The basic principle for foreign currency assets and liabilities is to secure a balance between currency, maturity and interest type at the highest possible level. 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.

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In line with the Risk Management Principles approved by the Board of Directors, the Bank regards it as important to achieve balance in assets and liabilities in different foreign currencies with fixed and floating interest rates and pursues to maintain the level of asset and liability imbalance with fixed/floating interest rate below 20% of the balance sheet size in order to limit possible negative effects of interest rate changes to the Bank's profitability. The interest sensitive amount (gapping report) is determined by currency types at the related maturity intervals (1 month, 1-3 months, 3-12 months, 1-5 years and over 5 years) as of the period remaining to reprising date, considering the reprising of TL and foreign currency-denominated interest sensitive assets and liabilities at maturity date (for fixed rate) or at interest payment dates (for floating rate). By classifying interest sensitive assets and liabilities according to their reprising dates, the Bank's exposure to possible variations in market interest rates are determined. The Bank determines maturity mismatches of assets and liabilities by analysing the weighted average days to maturity of TL and foreign currency-denominated (for each currency and their US equivalent) assets and liabilities periodically.

In order to mitigate the interest rate risk arising due to the maturity differences between Türk Eximbank's assets and liabilities, derivative transactions such as interest rate swaps or currency-interest swap can be performed through approval of the Board of Directors when the market conditions are suitable. To manage the interest rate risk, the Bank adopted the policy of matching interest rates in assets and liabilities by creating assets with mid-long maturity and fixed interest rate for some of its mid-long maturity liabilities and accordingly, created a foreign securities portfolio.

The Bank's cash flows are prepared under positive, neutral and negative scenarios, taking into account the collection of loans and prospective additional funds for better liquidity management. On the other hand, the Board of Directors of the Bank determines the minimum liquidity levels and urgent liquidity sources in order to fulfil short-term liabilities. The Bank meets its short-term liquidity demand from domestic and foreign banks, and long-term liquidity demand from international institutions like the World Bank or Japan Bank for International Cooperation ("JBIC") through medium long-term funds and issued marketable securities such as bills and bonds. The Bank tries to match short-term loans with short-term borrowings and long-term loans with long-term borrowings and tries to minimise the maturity mismatch of assets and liabilities. As the weighted average of remaining days to maturity of funds is slightly higher than the weighted average of remaining days to maturity of placement and the loans, the Bank is hedged against the frequent roll-over risk of the assets, which contributes to its liquidity management. On the other hand, the Bank is willing to use borrowing limits in Turkish Lira and the foreign currency market of the CBRT and of domestic and foreign banks, in the case of urgency.

The Bank manages the liquidity risk of TL and foreign currency as per the BRSA Communiqué, "Measurement and Assessment of the Adequacy of Banks' Liquidity". Board of Directors is responsible for keeping the 25% ratio limit for TL and foreign currency denominated marketable securities investments over total assets. On the other hand, for liquidity management it is important to keep the ratio at 20% for fund with maturity more than 1 year over the total funds which have due payment dates in the same year.

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7.7 Leverage Ratio

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

(2) The Bank does not prepared consolidated financial statements.

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)	44.784.646	32.873.943
Assets amounts deducted in determining Basel III Tier 1 capital	(7.874)	(10.540)
Total on balance sheet exposures	44.776.772	32.863.403
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	1.621	66
The potential amount of credit risk with derivative financial instruments and credit derivatives	191.057	55.392
The total amount of risk on derivative financial instruments and credit derivatives	192.678	55.458
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	-	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	12.578.447	1.526.091
Adjustments for conversion to credit equivalent amounts	(8.569.498)	-
The total risk of off-balance sheet items	4.008.949	1.526.091
Capital and Total Exposures		
Tier 1 Capital	4.764.396	4.284.073
Total Exposures	48.978.399	34.444.952
Leverage Ratio		
Leverage Ratio	10%	12%

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

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7.8 Presentation of financial assets and liabilities at their fair values

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

	Carrying Value		Fair Value	
	Current Period 31.12.2015	Prior Period 31.12.2014	Current Period 31.12.2015	Prior Period 31.12.2014
Financial Assets				
Due From Interbank Money Market ⁽¹⁾	-	75.105	-	75.105
Banks ⁽¹⁾	164.402	991.359	164.402	991.359
Available-for-sale Financial Assets	4.370	4.370	4.370	4.370
Held-to-maturity Investments	255.968	296.954	262.125	305.280
Loans	43.159.126	31.889.864	44.443.714	32.761.029
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	33.309.841	24.607.216	33.572.245	24.650.073
Issued Marketable Securities	5.088.218	4.054.191	6.062.734	4.054.191
Miscellaneous Payables ⁽¹⁾	898.347	492.076	898.347	492.076

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

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

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

Fair value measurement classification

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

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

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

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

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

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	71.924	-	-	71.924
Available-for-sale financial assets ⁽¹⁾	16.168	-	-	16.168
Derivative financial assets held for fair value hedges	-	91.602	-	91.602
Financial liabilities				
Trading derivative financial liabilities	-	2.260	-	2.260
Derivative financial assets held for fair value hedges	-	18.938	-	18.938

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

7.9 Explanations on activities carried out on behalf and account of other parties

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

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

7.10 Explanations on operating segments

Information regarding operating segments as of 31 December 2015 and 2014 has been given in the following table:

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

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

Prior Period 31.12.2014	Corporate Banking	Investment Banking	Undistributed	Total Operations of the Bank
Interest income	889.085	73.762	-	962.847
Interest income on loans	886.588	-	-	886.588
Interest received from banks	-	29.564	-	29.564
Interest received from money market transactions	-	15.034	-	15.034
Interest received from marketable securities	-	29.164	-	29.164
Other interest income	2.497	-	-	2.497
Interest expense	(153.613)	(179.878)	-	(333.491)
Interest on loans borrowed	(153.580)	-	-	(153.580)
Interest paid for repo transactions	-	(13.201)	-	(13.201)
Interest paid for money market transactions	-	-	-	-
Interest on securities issued	-	(166.677)	-	(166.677)
Other interest expenses	(33)	-	-	(33)
Net fees and commissions income	35.365	(5.586)	-	29.779
Fees and commissions received	35.365	-	-	35.365
Fees and commissions paid	-	(5.586)	-	(5.586)
Trade profit/loss (net)	-	37.015	(201.834)	(164.819)
Profit/loss on capital market transactions	-	(4.294)	-	(4.294)
Profit/loss on derivative financial transactions	-	41.309	-	41.309
Foreign exchange profit/loss	-	-	(201.834)	(201.834)
Other operating income	124.812	-	-	124.812
Provision for impairment of loan and other receivables	(11.398)	(15)	(7.492)	(18.905)
Other operating expenses	-	-	(173.214)	(173.214)
Net period profit	884.251	(74.702)	(382.540)	427.009
Total segment assets	31.889.864	1.547.771	304.642	33.742.277
Financial assets designated at fair value through profit or loss	-	51.283	-	51.283
Trading derivative financial receivables	-	20.641	-	20.641
Receivables from banks and money markets	-	1.066.753	-	1.066.753
Available for sale financial assets	-	20.538	-	20.538
Loans and receivables	31.889.864	-	-	31.889.864
Held-to-maturity investments	-	296.954	-	296.954
Derivative financial debts with an aim of hedging	-	91.602	-	91.602
Property and equipment (net)	-	-	17.766	17.766
Intangible assets (net)	-	-	1.875	1.875
Other assets	-	-	285.001	285.001
Total segment liabilities	24.545.696	4.276.515	4.920.266	33.742.477
Trading derivative financial liabilities	-	2.260	-	2.260
Loans and funds received	24.387.152	-	-	24.387.152
Borrowings from money markets	-	220.064	-	220.064
Securities issued	-	4.054.191	-	4.054.191
Provisions	158.544	-	24.224	182.768
Equity	-	-	4.314.315	4.314.315
Other liabilities	-	-	581.727	581.727

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

1 Explanations and notes related to assets

1.1 Cash equivalents and the account of the CBRT

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Cash/Foreign currency	29	-	41	-
CBRT	1.198	-	248	-
Other	-	-	-	-
Total	1.227	-	289	-

1.1.1 Information related to the account of the CBRT

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Demand Unrestricted Account	1.198	-	248	-
Time Unrestricted Account	-	-	-	-
Time Restricted Account	-	-	-	-
Total	1.198	-	248	-

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

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Financial assets under repo transactions	6.986	-	-	-
Financial assets given as collateral/blocked	-	-	-	-
Total	6.986	-	-	-

1.3 Positive differences table related to trading derivative financial assets

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Forward Transactions	413	-	252	151
Swap Transactions	376	2.923	2.942	17.160
Futures Transactions	-	-	-	-
Options	-	-	-	136
Other	-	-	-	-
Total	789	2.923	3.194	17.447

1.4 Information on banks and foreign bank accounts

Bank account

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Banks				
Domestic	41.667	73.845	348.053	628.075
Foreign	-	48.890	-	15.231
Head Quarters and Branches Abroad	-	-	-	-
Total	41.667	122.735	348.053	643.306

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

Foreign Bank Account

	Unrestricted Amount		Restricted Amount	
	Current Period 31.12.2015	Prior Period 31.12.2014	Current Period 31.12.2015	Prior Period 31.12.2014
European Union Countries	15.027	9.051	-	-
USA, Canada	32.955	5.725	-	-
OECD Countries ⁽¹⁾	908	455	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	48.890	15.231	-	-

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

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

As of 31 December 2015 and 2014, there is not any available-for-sale marketable securities given as collateral.

1.6 Information on available-for-sale financial assets

	Current Period 31.12.2015	Prior Period 31.12.2014
Debt Securities	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates	18.051	20.538
Quoted to Stock Exchange	13.681	16.168
Not Quoted	4.370	4.370
Impairment Provision (-)	-	-
Total	18.051	20.538

As of 31 December 2015 and 31 December 2014 available for sale financial assets of the Bank consist of Garanti Faktoring AŞ and Kredi Garanti Fonu AŞ with the shareholding percentages of 9,78% and 1,75%, respectively.

1.7 Information related to loans

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

	Current Period 31.12.2015		Prior Period 31.12.2014	
	Cash loans	Non-cash Loans	Cash loans	Non-cash Loans
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	7.569	-	6.017	-
Total	7.569	-	6.017	-

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	Loans and Other Receivables		Loans and Other Receivables	Restructured Loans and Other Receivables	
		The ones whose payment plans have changed (extended)	Other		The ones whose payment plans have changed (extended)	Other
Non-specialized Loans	41.914.031	583.020	-	15.511	65.946	-
Working capital loans	-	-	-	-	-	-
Export Loans	33.042.633	304.380	-	15.511	57.075	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	5.279.516	1.762	-	-	-	-
Consumer Loans	7.569	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	3.584.313	276.878	-	-	8.871	-
Specialized Loans	529.564	50.699	-	355	-	-
Other Receivables	-	-	-	-	-	-
Total	42.443.595	633.719	-	15.866	65.946	-

	Standard loans and other receivables	Loans under close monitoring and other receivables
The number of changes in payment plans (extension)	631.859	67.521
The ones extended for once or twice	402.494	39.291
The ones extended three, four or five times	229.365	28.230
The ones extended more than five times	-	-

The period of extension through change of payment plan	Standard loans and other receivables	Loans under close monitoring and other receivables
0-6 Months	61.893	6.179
6-12 months	7.762	33.112
1-2 Years	110.369	-
2-5 Years	228.258	-
5 Years and More	223.576	28.230

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

	Standard loans and other receivables		Loans under close monitoring and other receivables	
	Loans and Other Receivables	Restructured Loans and Other Receivables	Loans and Other Receivables	Restructured Loans and Other Receivables
Short-term Loans and other receivables	27.757.705	81.463	10.135	14.564
Non-specialized Loans	27.620.948	38.804	9.780	14.564
Specialized Loans	136.757	42.659	355	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	14.685.890	552.256	5.731	51.382
Non-specialized Loans	14.293.083	544.216	5.731	51.382
Specialized Loans	392.807	8.040	-	-
Other Receivables	-	-	-	-

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

1.7.4 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 31 December 2015, the Bank granted personnel loans amounting to TL 7.569.

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Consumer Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	124	7.445	7.569
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	124	7.445	7.569
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credit Deposit Account-TL (Real Person)	-	-	-
Credit Deposit Account-FC (Real Person)	-	-	-
Total	124	7.445	7.569

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

1.7.5 Information on commercial installment loans and corporate credit cards

None.

1.7.6 Distribution of loans according to borrowers based on the following table

	Current Period 31.12.2015	Prior Period 31.12.2014
Public ⁽¹⁾	2.150.857	1.513.444
Private	41.008.269	30.376.420
Total	43.159.126	31.889.864

⁽¹⁾ Includes country loans granted to foreign government entities amounting to TL 742.691 (31 December 2014: TL 397.076).

1.7.7 Distribution of domestic and foreign loans

	Current Period 31.12.2015	Prior Period 31.12.2014
Domestic Loans	42.402.710	31.484.321
Foreign Loans	756.416	405.543
Total	43.159.126	31.889.864

1.7.8 Loans granted to investments in associates and subsidiaries

None.

1.7.9 Specific provisions accounted for loans

	Current Period 31.12.2015	Prior Period 31.12.2014
Loans and Receivables with Limited Collectability	-	-
Loans and Receivables with Doubtful Collectability	39.216	32.212
Uncollectible Loans and Receivables	92.472	95.266
Total	131.688	127.478

1.7.10 Information on non-performing loans (Net)

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

None.

1.7.10.2 Information on the movement of total non-performing loans

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Balance at the Beginning of the Period	-	32.212	95.266
Additions During the Period	35.283	13.125	-
Transfers from Non-performing Loans Accounts	-	-	-
Transfers to Other Non-Performing Loans Accounts	-	-	-
Collections During the Period	(35.283)	(3.756)	(2.794)
Write-offs	-	(2.365)	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	(2.365)	-
Balance at the End of the Period	-	39.216	92.472
Specific Provisions	-	(39.216)	(92.472)
Net Balance Sheet Amount	-	-	-

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period: 31.12.2015			
Balance at the End of the Period	-	38.162	80.232
Specific Provisions	-	(38.162)	(80.232)
Net Balance Sheet Amount	-	-	-
Prior Period: 31.12.2014			
Balance at the End of the Period	-	31.211	83.047
Specific Provisions	-	(31.211)	(83.047)
Net Balance Sheet Amount	-	-	-

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period (Net) 31.12.2015			
Loans Granted to Real Persons and Corporate Entities (Gross)	-	39.216	92.180
Specific Provision Amount	-	(39.216)	(92.180)
Loans Granted to Real Persons and Corporate Entities (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other loans and receivables (Net)	-	-	-
Prior Period (Net) 31.12.2014			
Loans Granted to Real Persons and Corporate Entities (Gross)	-	32.212	94.974
Specific Provision Amount	-	(32.212)	(94.274)
Loans Granted to Real Persons and Corporate Entities (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

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

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

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

1.7.10.6 Explanations on the write-off policy

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

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

1.8 Held-to-maturity investments

As of 31 December 2015, all of the marketable securities of the Bank classified under trading and held-to-maturity categories are government bonds and treasury bills.

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

Held-to-maturity investments subject to repo transactions:

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Government bonds and similar marketable securities	202.689	-	205.939	-
Total	202.689	-	205.939	-

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

	Current Period 31.12.2015	Prior Period 31.12.2014
Government bonds and similar marketable securities	12.643	12.640
Total	12.643	12.640

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

1.8.2 Information on held-to-maturity government debt securities

	Current Period 31.12.2015	Prior Period 31.12.2014
Government Bonds	255.968	296.954
Treasury Bills	-	-
Other Public Debt Securities	-	-
Total	255.968	296.954

1.8.3 Information on held-to-maturity investment securities

	Current Period 31.12.2015	Prior Period 31.12.2014
Debt Securities		
Quoted to Stock Exchange	255.968	296.954
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	255.968	296.954

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

1.8.4 The movement of held-to-maturity investment securities

	Current Period 31.12.2015	Prior Period 31.12.2014
Balance at the beginning of the period	296.954	238.371
Foreign exchange differences on monetary assets	5.613	54.749
Purchases during the year	160.054	1.961
Disposals through sales and redemptions ⁽¹⁾	(204.489)	(1.961)
Impairment provision ⁽²⁾	(2.164)	3.834
Balance at the end of the period	255.968	296.954

⁽¹⁾ There is not any disposal through sales. The amount shown at the disposals through sales and redemptions line represents only the redemption amount of securities.⁽²⁾ Consisted of interest accruals.**1.9 Following information investments in associates account (net)**

None.

1.10 Information on subsidiaries (net)

There is not any subsidiary.

1.11 Information related to the jointly controlled partnerships

None

1.12 Information on lease receivables (net)

None.

1.13 Positive differences table related to hedging derivative financial assets

Derivative Financial Assets Held for Cash Flow Hedges	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Fair Value Hedge ⁽¹⁾	25.270	50.690	81.360	10.242
Cash Flow Hedge	-	29.178	-	-
Net Investment in Abroad Hedge ⁽¹⁾	-	-	-	-
Total	25.270	79.868	81.360	10.242

⁽¹⁾ Explained in section four note 5.2.**1.14 Explanations on property and equipment**

	Immovables	Tangibles- Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2014	5.055	287	2.286	7.919	14.257	29.804
Additions	-	-	670	718	-	1.388
Disposals	-	-	-	(40)	-	(40)
Transfers	4.564	-	-	-	-	4.564
31 December 2014	9.619	287	2.956	8.597	14.257	35.716
Accumulated Depreciation						
1 January 2014	2.887	287	944	5.072	2.548	11.738
CY depreciation	116	-	358	426	3.279	4.179
Disposals	-	-	-	-	-	-
Transfers	2.033	-	-	-	-	2.033
31 December 2014	5.036	287	1.302	5.498	5.827	17.950
Net book value						
31 December 2014	4.583	-	1.654	3.099	8.430	17.766

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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

As of 31 December 2015 and 2014, there is not any impairment in property and equipment.

1.15 Explanations on intangible assets

The Bank classified computer software licenses under intangible assets.

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

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

As of 31 December 2015, the cost and the accumulated amortization of intangible assets are TL 4.911 and TL 2.681, respectively; at the beginning of the period, the gross book value and the accumulated amortization are TL 4.008 and TL 2.133, respectively.

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

	Current Period 31.12.2015	Prior Period 31.12.2014
Net Book Value at the Beginning of the Period	1.875	540
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	903	1.780
Sales and Write-Off	-	-
Amounts Recorded under Revaluation Fund for Increase or Decrease in Value	-	-
Recorded Impairments in the Income Statement	-	-
Cancelled Impairments from Income Statement	-	-
Amortization Expense (-)	(548)	(445)
Net Currency Translation Differences of Foreign Subsidiaries	-	-
Other Changes in the Book Value	-	-
Net Book Value at the End of the Period	2.230	1.875

1.16 Information on investment properties

None.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

1.17 Information on deferred tax asset

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

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

None.

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

None.

2 Explanations and notes on liabilities items

2.1 Information on deposits/funds received

The Bank does not accept deposits.

2.2 Table of negative differences for trading derivative financial liabilities

Trading Derivative Financial Liabilities	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Forward Transactions	308	-	30	45
Swap Agreements	25	302	315	1.737
Futures Transactions	-	-	-	-
Options	-	-	-	133
Other	-	-	-	-
Total	333	302	345	1.915

As of 31 December 2015, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2014: None).

As of 31 December 2015, the Bank does not have deferred day one profits and losses (31 December 2014: None).

2.3 Information on banks and other financial institutions

2.3.1 General information on banks and other financial institutions

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Borrowings from CBRT	-	22.588.506	-	19.241.050
From Domestic Banks and Institutions	50.110	999.589	-	357.529
From Foreign Banks, Institutions and Funds	-	9.350.045	-	4.652.764
Total	50.110	32.938.140	-	24.251.343

2.3.2 Information on maturity structure of borrowings

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Short-Term	50.110	28.318.685	-	22.553.779
Medium and Long-Term	-	4.741.046	-	1.833.373
Total	50.110	33.059.731	-	24.387.152

Medium and long-term loans include subordinated loans amounting to TL 121.402 (31 December 2014: TL 135.632) and interest accruals amounting to TL 189 (31 December 2014: TL 177).

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

2.3.3 Additional explanations over areas of concentration of the liabilities of the Bank

As of 31 December 2015 and 2014, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

Funds borrowed	Current Period 31.12.2015	Prior Period 31.12.2014
Syndicated loans	4.315.374	1.798.723
Subordinated loans	121.591	135.809
World Bank	704.126	601.612
CBRT Loans	22.588.506	19.241.050
European Investment Bank	1.532.590	1.060.972
European Council Participation Bank	159.113	-
Bank of Tokyo Mitsubishi: London	-	282.984
Bank of Tokyo Mitsubishi: Turkey	318.655	-
Mizuho Corporate Bank Ltd	478.185	283.431
Citibank Dublin	244.923	185.992
Doha Bank	218.830	139.598
Standard Chartered Bank	291.992	-
ABC International	418.736	-
Commercial Bank of Qatar	129.771	-
Garanti International	29.192	-
Credite Europe N.V.	111.455	-
Emirates NBD	72.936	-
HSBC London	133.073	-
ICBC	146.662	-
International Islamic Trade Finance Corporation (ITFC)	-	465.010
ING European Financial Services	638.160	-
ING Bank NV	159.217	-
National Bank of Kuwait	-	34.981
J.P. Morgan Chase Bank	-	156.990
ING Bank A.Ş.	23.866	-
Türkiye Sınai Kalkınma Bankası	95.488	-
Türkiye Kalkınma Bankası	50.111	-
Akbank	127.289	-
Total	33.109.841	24.387.152

The Bank used syndicated loan facilities at an amount EUR 499 million and USD 87 million at 4 March 2015 and EUR 229,9 million and USD 51 million at 17 July 2014 with a maturity of one year and EUR 100 million and USD 80 million with a maturity of two years. In addition, as of 31 December 2015, under the guarantee of the MIGA agreement (Multilateral Investment Guarantee Agency), EUR 100 million and USD 187,5 million syndicated loan used. Total balance of these syndicated borrowings amount to TL 4.299.471 and interest accruals on these borrowings amount to TL 15.903.

As of 31 December 2015, USD 200 million of the Fiscal and Public Sector Adaptation Credit with a maturity of 15 April 2018, provided by the International Bank for Reconstruction and Development Bank (World Bank) to Turkish Treasury in accordance with the agreement signed on 12 July 2001, is transferred to the Bank for the development and support of the export oriented real sector and the amount of the borrowing is TL 121.402. The interest accrual on these funds borrowed amount to TL 189 the total balance amounts to TL 121.591 as of 31 December 2015.

The outstanding balances of the two lines of credit from the World Bank as at 31 December 2015 amounts to TL 544.022 (equivalent of USD 186.744) and TL 158.981 (equivalent of EUR 49.961). Total interest accrual on these borrowings amounts to TL 1.214 and the total amount of borrowing amounts to TL 704.126.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

The Bank obtained credit from CBRT within the framework of "Short Term Export Receivables Discount Loan" and "Pre-shipment Rediscount Loan" programs amounting to TL 22.588.506 as at 31 December 2015.

The balance of the loan granted by European Investment Bank as 31 December 2015 is TL 1.528.069, interest accrual on that borrowing amounts to TL 4.521 and its total balance is TL 1.532.590.

The balance of the loan granted by Council of Europe Development Bank as of 31 December 2015 is TL 159.105, interest accrual on that borrowing amounts to TL 8 and its total balance is TL 159.113.

The balance of the 1 year maturity loan granted by Bank of Tokyo Mitsubishi Turkey is TL 318.210 (equivalent of EUR 100 million), interest accrual on that borrowing amounts to TL 445 and its total balance is TL 318.655.

The balance of the 1 year maturity two loans granted by Mizuho Corporate Bank Ltd is TL 477.315 (equivalent of EUR 150 million), interest accrual on these borrowings amount to TL 870 and its total balance is TL 478.185.

The balance of the 1 year maturity loan granted by Citibank Dublin is TL 244.709 equivalent of USD 84 million), interest accrual on that borrowing amounts to TL 214 and its total balance is TL 244.923.

The total balance of four loans granted by Doha Bank is TL 218.490 (equivalent of USD 75 million), interest accrual on these borrowings amount to TL 340 and its total balance is TL 218.830.

The total balance of four loans granted by Standard Chartered Bank is TL 291.320 (equivalent of USD 100 million), interest accrual on these borrowings amount to TL 672 and its total 291.992.

The total balance of two loans granted by ABC International is TL 417.713 (equivalent of EUR 97,4 million and USD 37 million), interest accrual on these borrowings amount to TL 1.023 and its total 418.736.

The total balance of three loans granted by Commercial Bank of Qatar is TL 129.251 (equivalent of USD 100 million), interest accrual on these borrowings amount to TL 521 and its total 129.771.

The balance of the 1 year maturity loan granted by Garanti International N.V. is TL 29.132 (equivalent of 10 million), interest accrual on that borrowing amounts to TL 60 and its total 29.192.

The balance of the 1 year maturity loan by Credite Europe N.V. is TL 111.374 (equivalent of 35 million EUR); interest accrual on that borrowings amounts to TL 81 and total balance is TL 111.455.

The balance of the 1 year maturity loan by Emirates NBD is TL 72.830 (equivalent of 25 million USD); interest accrual on that borrowings amounts to TL 105 and total balance is TL 72.936.

The outstanding balances of the two lines of credit from the ICBC is TL 145.660 (Equivalent of 50 million USD); interest accrual on these borrowings amounts to TL 1.002 and total balance is TL 146.662.

The balance of loan by ING European Financial Services is TL 636.420 (equivalent of 200 million EUR); interest accrual on that borrowings amounts to TL 1.740 and total balance is TL 638.160.

The balance of the 1 year maturity loan by ING Bank NV is TL 159.105 (equivalent of 50 million EUR); interest accrual on that borrowings amounts to TL 112 and total balance is TL 159.217.

The outstanding balances of the three lines of credit from the HSBC is TL 132.152 (Equivalent of 45 million USD); interest accrual on these borrowings amounts to TL 921 and total balance is TL 133.073.

The balance of the maturity from the 18 December 2015 to the 18 January 2016, loan granted by ING Bank Türkiye as of 31 December 2015 is TL 23.866 (Equivalent of 7,5 million EUR); interest accrual on that borrowing amounts to TL 0,74.

The balance of the maturity from the 18 December 2015 to the 18 January 2016, loan granted by Akbank Türkiye as of 31 December 2015 is TL 127.284 (Equivalent of 40 million EUR); interest accrual on that borrowing amounts to TL 4,95.

The balance of the maturity from the 21 December 2015 to the 18 January 2016, loan granted by Turkey Industrial Development Bank as of 31 December 2015 is TL 95.463 (Equivalent of 30 million EUR); interest accrual on that borrowing amounts to TL 24,79.

The balance of the maturity from the 25 December 2015 to the 11 January 2016, loan granted by Turkey Development Bank as of 31 December 2015 is TL 50 million; interest accrual on that borrowing amounts to TL 110,35 and total balance is TL 50 million

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

The Bank performed the following repayments during the year 2015:

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Date
Syndicated Loans	10.000.000	293.000.000	27.02.2015
World Bank	4.148.051	1.109.760	02.03.2015
Doha Bank	25.000.000		17.03.2015
Subordinated Loans	8.333.000		15.04.2015
National Bank of Kuwait	15.000.000		21.05.2015
European Investment Bank		1.470.588	17.06.2015
Citibank	15.000.000		22.06.2015
Doha Bank	15.000.000		23.06.2015
International Islamic Trade Finance Corporation (ITFC)	200.000.000		29.06.2015
Syndicated Loans	16.800.000	319.000.000	16.07.2015
Citibank	20.000.000		16.07.2015
ICBC	9.945.705.70		12.08.2015
World Bank	4.148.051	1.109.760	01.09.2015
Mizuho Bank		100.000.000	03.09.2015
J.P. Morgan Chase Bank	67.500.000		18.09.2015
European Investment Bank		1.470.588	05.10.2015
Subordinated Loans	8.333.000		15.10.2015
Citibank	15.000.000		30.10.2015
Bank of Tokyo Mitsubishi		100.000.000	04.11.2015
Doha Bank	20.000.000		19.11.2015
Citibank	15.000.000		03.12.2015
Citibank	15.000.000		14.12.2015
European Investment Bank		1.470.588	
International Islamic Trade Finance Corporation (ITFC)	350.000.000		30.12.2015

The liability of the Bank resulting from bond issuance at 2011, 2012 and 2014 is presented as follows:

Information regarding securities issued	Current Period 31.12.2015	Prior Period 31.12.2014
Securities Issued	5.098.100	4.068.575
Discount on Issuance of Securities (-)	64.862	58.286
Bond Interest Accrual	54.980	43.902
Total	5.088.218	4.054.191

In October 2011, the Bank issued bonds amounting USD 500 million (TL 1.456.600). The bond is subject to annual fixed interest payment of 5,375% every five months and the total maturity is five years.

In April 2012, the Bank issued bonds amounting USD 500 million (TL 1.456.600). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

In October 2012, the Bank issued bonds amounting USD 250 million (TL 728.300). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

In September 2014, the Bank issued bonds amounting USD 500 million (TL 1.456.600). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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

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

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Securities issued positive price differences	-	36.084	-	37.658
Country Loans- Risk Premiums	-	41.950	-	1.719
Insurance Transactions	2.471	-	1.354	-
Iraq Loan followed on behalf of Turkish Treasury	151	-	151	-
Political Risk Loss Account	-	738	-	549
Other	2.087	4.199	2.494	21.290
Total	4.709	82.971	3.999	61.216

2.5 Information on liabilities arising from financial leasing transactions (net)

None.

2.6 Negative differences table related to hedging derivative financial liabilities

Derivative Financial Assets Held for Cash Flow Hedges	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Fair Value Hedge	32.854	9.969	1.544	17.394
Cash Flow Hedge	-	-	-	-
Net Investment in Abroad Hedge	-	-	-	-
Total	32.854	9.969	1.544	17.394

⁽¹⁾ Explained in Section Four note 5.2

2.7 Information on provisions

2.7.1 Information on general provisions

	Current Period 31.12.2015	Prior Period 31.12.2014
General Provisions	130.214	130.214
Provisions for Group I. Loans and Receivables	126.575	126.575
- Allocated for the ones whose payment term was extended	10.173	10.173
Provisions for Group II. Loans and Receivables	2.407	2.407
- Allocated for the ones whose payment term was extended	2.190	2.190
Provisions for Non Cash Loans	985	985
Other	247	247

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

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

2.7.3 Specific provisions for non-cash loans that are not liquidated

None.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

2.7.4 Information on other provisions

2.7.4.1 Information on provisions for probable risks

	Current Period 31.12.2015	Prior Period 31.12.2014
Provisions for Probable Risks	42.008	28.330

In accordance with the decision of the Executive Committee, as there is not any improvement in the collection of the receivables amounting to USD 4.868.428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarmerie and Ministry of Defense under the scope of Russian Federation Deferred Loan for the last six years, the Bank has provided 100% additional impairment provision of the TL equivalent amounting to TL 14.183 as of 31 December 2015 (31 December 2014: TL 11.318).

As of 31 December 2015, the Bank recognized provisions amounting to TL 27.825 (31 December 2014: TL 17.012) considering probable compensation payments in relation to the export receivables.

Accordingly, the sum of the provisions recognized by the Bank amounts to TL 42.008 as of 31 December 2015 (31 December 2014: TL 28.330).

2.7.4.2 Information on other provisions exceeding 10% of total provisions

Other provisions amounting to TL 48.755, consist of free provisions for Russian Federation amounting to TL 14.183, insurance reserve expense amounting to TL 27.825 and other provisions amounting to TL 6.747.

2.7.5 Explanations on tax liability

2.7.5.1 Explanations on current tax liability

2.7.5.1.1 Information on provision for taxes

None.

2.7.5.1.1 Information on taxes payable

	Current Period 31.12.2015	Prior Period 31.12.2014
Corporate Taxes Payable ⁽¹⁾	-	-
Taxation on Revenue From Securities	8	22
Property Tax	-	-
Banking Insurance Transaction Tax	1.408	941
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	161	140
Other	1.154	1.041
Total	2.731	2.144

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

2.7.5.2 Information on premium payables

	Current Period 31.12.2015	Prior Period 31.12.2014
Social Security Premiums - Employee	724	785
Social Security Premiums - Employer	1.920	1.548
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	78	68
Unemployment Insurance - Employer	155	137
Other	-	-
Total	2.877	2.538

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

2.7.5.3 Information on deferred tax liability

None.

2.7.6 Information on non-current liabilities on assets held for sale and discontinued operations

None.

2.7.7 Information on subordinated loans

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

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	121.591	-	135.809
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	121.591	-	135.809

2.7.8 Information on shareholders' equity

2.7.8.1 Presentation of paid-in capital

	Current Period 31.12.2015	Prior Period 31.12.2014
Common Stock	2.500.000	2.400.000
Preferred Stock	-	-

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

The registered share capital system is not applied.

2.7.8.3 Information on the share capital increase during the period and their sources

Increase Date	Increase Amount	Cash	Issued of income reserves for increasing	Issued of Capital reserves for increasing
20.04.2015	100.000	-	100.000	-

The Bank increased its capital to TL 2.500.000 by TL 100.000. The capital increase is made by the amount of profit reserves in 2015 and pre-2014. The increase is published in the Official Gazette No. 8804 dated 20 April 2014.

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

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

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

The Bank has not any capital commitment as of 31 December 2015 and the total share capital of the Bank amounting to TL 2.500.000 is fully paid.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

2.7.8.6 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.

2.7.8.7 Information on privileges given to shares representing the capital

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

2.7.8.8 Information on marketable securities value increase fund

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	8.886	-	11.373	10
Foreign Currency Differences	-	-	-	-
Total	8.886	-	11.373	10

3 Explanations and notes related to off-balance sheet accounts

Explanations on off-balance sheet commitments

3.1 Type and amount of irrevocable commitments

As of 31 December 2015 and 2014, there is not any irrevocable commitment of the Bank.

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

	Current Period 31.12.2015	Prior Period 31.12.2014
Letters of Guarantee	-	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for Export Loan Insurance	2.754.481	1.613.307
Total	2.754.481	1.613.307

3.3 Revocable, irrevocable guarantees and other similar commitments and contingencies

There is not any revocable and irrevocable guarantee. Details of other similar commitments and contingencies are stated above in (3.2).

3.4 Total amount of non-cash loans

	Current Period 31.12.2015	Prior Period 31.12.2014
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans ⁽¹⁾	2.754.481	1.613.307
Total	2.754.481	1.613.307

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

3.5 Information on sectorial risk concentrations of non-cash loans

	Current Period 31.12.2015				Prior Period 31.12.2014			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	2.754.481	100	-	-	1.613.307	100
Total	-	-	2.754.481	100	-	-	1.613.307	100

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

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash loans				
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	2.754.481	-	-

Notes to the Unconsolidated Financial Statements

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

3.7 Information on derivative transactions

	Current Period 31.12.2015	Prior Period 31.12.2014
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	1.549.890	1.651.197
Forward Transactions	97.452	34.556
Swap Transactions	1.452.438	1.606.155
Futures Transactions	-	-
Option Transactions	-	10.486
Interest Related Derivative Transactions (II)	611.772	471.954
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	611.772	471.954
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions:⁽¹⁾ (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	2.161.662	2.123.151
Types of Hedging Derivative Transactions		
Fair Value Hedges	11.678.621	9.608.854
Cash Flow Hedges	94.484	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions (4)	11.773.105	9.608.854
Total Derivative Transactions (A+B)	13.934.767	11.732.005

⁽¹⁾Includes currency and interest swap transactions.

3.7.1 Explanations on credit derivatives and risk of exposure from these derivatives

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

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

3.8 Explanations on contingent assets and liabilities

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

As of 31 December 2015 and 2014, there is not any contingent assets.

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

In this respect, as of 31 December 2015, there are 151 legal proceedings outstanding against the Bank amounting to USD 5.940 and TL 616 as confirmed from the lawyer letter prepared by the legal department of the Bank.

In addition, there are 2 legal proceedings outstanding filed by the Bank. These legal proceedings amount to TL 36 thousand and EUR 23 thousand.

3.9 Explanations on services in the name of others

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

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

4 Explanations and notes related to income statement

4.1 Within the scope of interest income

4.1.1 Information on interest income on loans

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Interest income on the Loans				
Short-term Loans	455.451	276.943	376.213	264.116
Medium and Long-term Loans	73.531	328.175	101.247	144.429
Interest on Loans Under Follow-up	4	10	500	83
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	528.986	605.128	477.960	408.628

4.1.2 Information on interest income from banks

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
CBRT	-	-	-	-
Domestic Banks	30.313	1.897	26.772	2.610
From Foreign Banks	142	81	56	126
From Headquarters and Branches Abroad	-	-	-	-
Total	30.455	1.978	26.828	2.736

4.1.3 Information on interest income on marketable securities

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
From Trading Financial Assets	1.643	55	3.242	5.367
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	-	-	-	-
From Held-to-Maturity Investments	22.090	811	17.437	3.118
Total	23.733	866	20.679	8.485

4.1.4 Information on interest income received from associates and subsidiaries

There is not any interest income from associates and subsidiaries.

4.2 Within the scope of interest expense

4.2.1 Information on interest expense on borrowings

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Banks				
CBRT	-	76.086	-	88.644
Domestic Banks	117	6.745	-	3.932
Foreign Banks	411	107.807	-	60.113
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	891
Total	528	190.638	-	153.580

4.2.2 Information on interest expense given to associates and subsidiaries

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

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

4.2.3 Interest paid to marketable securities issued

	Current Period 31.12.2015		Prior Period 31.12.2014	
	TL	FC	TL	FC
Interests paid to marketable securities issued	-	271.867	-	166.677

4.3 With respect to deposit and participation accounts

4.3.1 Maturity structure of the interest expense on deposits

The Bank does not accept deposits.

4.3.2 Maturity structure of the share paid of participation accounts

There is not any participation account.

4.4 Information on dividend income

None.

4.5 Information on trading income/loss (Net)

	Current Period 31.12.2015	Prior Period 31.12.2014
Income	7.569.083	3.865.646
Trading Gains on Securities	74	248
Trading Gains on Derivative Financial Transactions	718.499	222.337
Foreign Exchange Gains	6.850.510	3.643.061
Loss (-)	7.714.279	4.030.465
Trading Losses on Securities	793	4.542
Trading Losses from Derivative Financial Transactions	162.140	181.028
Foreign Exchange Loss	7.551.346	3.844.895

4.6 Explanations on other operating income

In the current period, the Bank recorded premium income amounting to TL 90.032 (31 December 2014: TL 71.096), commission taken from reinsurance companies amounting to TL 22.369 (31 December 2014: TL 19.488) within the frame of Short Term Export Credit Insurance, adjustment on previous years expenses amounting to TL 6.740 (31 December 2014: TL 29.884), and revenues from sale of real property amounting to TL 3.490 to other operating income account.

Except for the matters above, there is not any extraordinary case or an important matter in other operating income that may result with a material effect on the net period income for the years 2015 and 2014.

Notes to the Unconsolidated Financial Statements

For the Year Ended 31 December 2015

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

4.7 Provision expenses related to loans and other receivables of the Bank

	Current Period 31.12.2015	Prior Period 31.12.2014
Specific Provisions for Loans and Other Receivables	9.199	11.398
Group III Loans and Receivables	-	-
Group IV Loans and Receivables	9.199	11.398
Group V. Loans and Receivables	-	-
Doubtful receivables such as fees, commissions and other receivables	-	-
General Provision Expenses	-	-
Provision Expense for Probable Risks	13.677	7.382
Marketable Securities Impairment Expense	1.809	125
Financial Assets at Fair Value through Profit or Loss	1.809	125
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	24.685	18.905

4.8 Information related to other operating expenses

	Current Period 31.12.2015	Prior Period 31.12.2014
Personnel Expenses	88.894	77.378
Reserve for Employee Termination benefits	1.262	1.064
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	1.097	1.163
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	4.874	4.179
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	548	445
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	20.877	18.972
Operational Lease Expenses	4.620	3.765
Maintenance Expenses	345	654
Advertisement Expenses	23	88
Other Expenses	15.889	14.465
Loss on Sale of Assets	-	-
Other ⁽¹⁾	73.899	71.077
Total	191.451	173.214

⁽¹⁾ Other operating expenses include the premium amount of TL 50.858 (31 December 2014: TL 45.372) paid to reinsurance companies within the scope of short-term export credit insurance.

4.9 Explanation on tax provisions for continuing and discontinued operations

None.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

4.10 Explanation on net income/loss for the period for continued and discontinued operations

None.

4.11 Explanation on net income/loss for the period

4.11.1 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.

4.11.2 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.

4.12 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.

5 Explanations and notes related to changes in shareholders' equity

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

5.1.1 The increase after the revaluation of the available-for-sale investments

The fair value gains of the available-for-sale investments, other than the hedging instruments, amounting to TL 8.886 are recorded under the "Marketable Securities Value Increase Fund" account under equity.

5.1.2 Information for the increases in the accounts related to cash flow hedges

	Current Period 31.12.2015	Prior Period 31.12.2014
Hedge Funds (effective part)	333	-

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

	Current Period 31.12.2015	Prior Period 31.12.2014
Beginning of period		
Hedge Funds (effective part)	-	-

	Current Period 31.12.2015	Prior Period 31.12.2014
Period end		
Hedge Funds (effective part)	333	-

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

For the purpose of Cash flow hedging, TL 333 booked as Hedging Fund (effective part) designated as hedged item related to gain or loss derivative and non-derivative financial asset and liability

5.1.2.3 Reconciliation of foreign exchange differences at the beginning and end of the period

None.

5.2 Information related to distribution of profit

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

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

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

Profit distributions are approved by the General Assembly of the Bank. As of the report date, no profit distribution decision has been made by the General Assembly for 2015 profit.

5.3 Amount transferred to legal reserves

	Current Period 31.12.2015	Prior Period 31.12.2014
Amount transferred to Legal Reserves under Dividend Distribution	21.951	12.861

5.4 Information on issuance of share certificates

5.4.1 For all share groups; any restrictions, preferential terms and rights for distribution of dividends and payment of share capital.

None.

5.5 Explanations on other share capital increases

None.

6 Explanations and notes related to statement of cash flows

6.1 Information on the cash and cash equivalents

6.1.1 Information on cash and cash equivalents at the beginning of the period

The components constituting the cash and cash equivalents and the accounting policies used for the determination of these components:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash" and interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash equivalents".

Beginning of the Period	31.12.2015	31.12.2014
Cash in TL and Foreign Currency	41	20
Interbank Money Market Placements	990.785	1.019.365
Money market placements	75.105	-
Total Cash and Cash Equivalents	1.065.931	1.019.385

6.1.2 Information on the cash and cash equivalents at the end of the period

	Current Period 31.12.2015	Prior Period 31.12.2014
Cash	1.227	289
Cash in TL and Foreign Currency	29	41
Demand Deposits in Banks	1198	248
Cash Equivalents	164.402	1.066.464
Banks and other financial institutions	164.402	991.359
Money market placements	-	75.105
Cash and Banks	165.629	1.066.753
Banks Accrual	-	(822)
Total Cash and Cash Equivalents	165.629	1.065.931

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2015

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

6.1.3 Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to TL 1.472.258 (31 December 2014: TL 89.496) mainly consists of fees and commissions paid, foreign exchange losses, other operating income excluding collections from doubtful receivables and other operating expenses excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 408.258 (31 December 2014: TL 28.053) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

6.2 Explanations and notes related to Bank's risk group

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

6.2.1 Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank

Information on the Bank's domestic and foreign branches and foreign representatives of the Bank

	Number	Number of Employees		
Domestic Branch	3	541		
			Country of Incorporation	
Foreign Representation Office	-	-	-	
			Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-
Off-shore Banking Region Branches	-	-	-	-

6.2.2 Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure

In this period, Banks' board of directors has taken decision at 11 December 2015 numbered 143 for establishing new branch in Gaziantep, newly opened Gaziantep branch has been registered in the trade register on 28 December 2015.

7 Explanations and notes related to events after balance sheet

None.

SECTION SIX

INDEPENDENT AUDITORS' REPORT

1 Explanations on independent auditors' report

1.1 Explanations on auditors' report

The unconsolidated financial statements as of and for the period ended 31 December 2015 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative, a Swiss entity). The auditors' report dated 12 February 2016 has been presented in front of the unconsolidated financial statements.

1.2 Explanations and notes prepared by independent auditors

None.

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