



Türkiye İhracat Kredi Bankası Anonim Şirketi

Unconsolidated Financial Statements
As At and For The Nine-Month Period Ended
30 September 2017

With Auditors' Review Report Thereon

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

8 November 2017

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



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

AUDITORS' REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") as at 30 September 2017 and the unconsolidated income statement, unconsolidated statement of income and expense items recognized under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the nine-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of the such interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on Accounting Applications for banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 30 September 2017 and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other legal and regulatory requirements

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

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

Orhan Akova, SMMM
Partner

8 November 2017
Istanbul, Turkey

Additional paragraph for convenience translation to English:

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



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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş. (“TÜRK EXIMBANK”)
AS OF 30 SEPTEMBER 2017**

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

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

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

Osman ÇELİK
Chairman of Board of
Directors

Adnan YILDIRIM
Deputy General
Manager

Hüseyin ÇELİK
Vice President of the
Financial Reporting

Muhittin AKBAŞ
Head of Accounting
and Reporting Unit

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

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

Contact information of the personnel in charge for addressing questions about this financial report:
Name-Surname/Title: Muhittin AKBAŞ/ Head of Accounting and Reporting Unit
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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE
GENERAL INFORMATION

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

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

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

The Bank implement the registered capital system and the upper limit of registered capital of the Bank is TL 10.000.000 (ten billion).

The total share capital of the Bank is TL 4.800.000 (four billion and eight-hundred million). The Bank's paid-incapital committed by the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("the Turkish Treasury") consists of 4.800.000.000 shares of TL 1 nominal each (full TL amount).

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

	Name:	Academic Background:
Chairman of the Board of Directors:	Osman ÇELİK	Undergraduate
Vice President of the Board of Directors:	İbrahim ŞENEL	Undergraduate
Members of the Board of Directors:	Adnan YILDIRIM Dr. Raci KAYA Mehmet BÜYÜKEKŞİ İşinsu KESTELLİ Bülent GÖKHAN GÜNAY	Graduate Postgraduate Undergraduate Undergraduate Graduate
Members of the Audit Committee:	Bülent GÖKHAN GÜNAY Dr. Raci KAYA	Graduate Postgraduate
General Manager:	Adnan YILDIRIM	Graduate
Deputy General Managers ⁽³⁾:	Hüseyin ÇELİK ⁽²⁾ Necdet KARADENİZ ⁽¹⁾ Enis GÜLTEKİN M.Ertan TANRIYAKUL Ahmet KOPAR	Undergraduate Graduate Graduate Undergraduate Graduate

⁽¹⁾ Mesut GÜRİSOY, one of the deputy general managers, retired as of 24 March 2017. Necdet KARADENİZ was appointed deputy general manager as of 26 May 2017.

⁽²⁾ Necati YENİARAS, one of the deputy general managers, resigned on 2 May 2017. Hüseyin ÇELİK was appointed deputy general manager as of 29 May 2017.

⁽³⁾ Alaaddin METİN, one of the deputy general managers, retired as of 18 July 2017.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Deputy General Manager is Adnan YILDIRIM, Assistant General Manager responsible for Credit / Insurance Allocation is Necdet KARADENİZ, Assistant General Manager responsible for Credit / Insurance Marketing is Enis GÜLTEKİN, Assistant General Manager of Financial Affairs / Operations is Hüseyin ÇELİK, Assistant General Manager Responsible for Treasury / Finance is Mustafa Ertan TANRIYAKUL, Assistant General Manager responsible for Technology / HR / Support is Ahmet KOPAR.

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

IV. Information on the shareholders owning control shares

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
The Turkish Treasury	All	100%	4.800.000	-

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

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

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

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

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

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

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

The Bank does not have any subsidiary.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Notes	CURRENT PERIOD Reviewed 30 September 2017			PRIOR PERIOD Audited 31 December 2016		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(1)	139	586.502	586.641	987	370.004	370.991
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)		22.340	35.970	58.310	12.703	116.578	129.281
2.1 Trading Financial Assets		22.340	35.970	58.310	12.703	116.578	129.281
2.1.1 Government Debt Securities		10.799	-	10.799	10.678	-	10.678
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading	(3)	11.541	35.970	47.511	2.025	116.578	118.603
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(4)	472.373	1.829.643	2.302.016	120.537	2.397.511	2.518.048
IV. MONEY MARKETS		1.322.366	-	1.322.366	368.160	-	368.160
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		1.322.366	-	1.322.366	368.160	-	368.160
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(6)	35.682	-	35.682	21.124	-	21.124
5.1 Share Certificates		35.682	-	35.682	21.124	-	21.124
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	(7)	9.174.593	66.205.043	75.379.636	8.045.787	53.563.977	61.609.764
6.1 Loans and Receivables		9.072.049	66.205.043	75.277.092	7.956.484	53.563.977	61.520.461
6.1.1 Loans to Bank's Risk Group		-	-	-	-	-	-
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		9.072.049	66.205.043	75.277.092	7.956.484	53.563.977	61.520.461
6.2 Loans Under Follow-up		287.792	-	287.792	233.087	-	233.087
6.3 Specific Provisions (-)		(185.248)	-	(185.248)	(143.784)	-	(143.784)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(8.2)	253.991	-	253.991	98.549	-	98.549
8.1 Government Debt Securities		253.991	-	253.991	98.549	-	98.549
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(9)	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	(10)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(11)	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	(12)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(13)	8.914	76.812	85.726	354.757	105.554	460.311
13.1 Fair Value Hedge		8.914	37.630	46.544	354.757	65.274	420.031
13.2 Cash Flow Hedge		-	39.182	39.182	-	40.280	40.280
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		5.479	-	5.479	7.404	-	7.404
XV. INTANGIBLE ASSETS (Net)		5.167	-	5.167	2.759	-	2.759
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		5.167	-	5.167	2.759	-	2.759
XVI. INVESTMENT PROPERTY (Net)	(14)	2.260	-	2.260	2.331	-	2.331
XVII. TAX ASSET		-	-	-	-	-	-
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		-	-	-	-	-	-
XVIII. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		90	-	90	-	-	-
18.1 Held for Sale Purpose	(15)	90	-	90	-	-	-
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS		532.813	547.457	1.080.270	521.403	2.166.189	2.687.592
TOTAL ASSETS		11.836.207	69.281.427	81.117.634	9.556.501	58.719.813	68.276.314

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES	Notes	CURRENT PERIOD Reviewed 30 September 2017			PRIOR PERIOD Audited 31 December 2016		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
1 1 Deposits of Bank's Risk Group		-	-	-	-	-	-
1 2 Other		-	-	-	-	-	-
II. HELD FOR TRADING DERIVATIVE FINANCIAL LIABILITIES	(2)	1.791	281.009	282.800	217	41.105	41.322
III. BORROWINGS	(3 1)	150.000	63.805.028	63.955.028	-	51.718.845	51.718.845
IV. DUE TO MONEY MARKETS		181.500	-	181.500	69.000	-	69.000
4 1 Funds from Interbank Money Market		-	-	-	-	-	-
4 2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4 3 Funds Provided Under Repurchase Agreements		181.500	-	181.500	69.000	-	69.000
V. MARKETABLE SECURITIES ISSUED (Net)		-	9.722.338	9.722.338	-	7.827.323	7.827.323
5 1 Bills		-	-	-	-	-	-
5 2 Asset Backed Securities		-	-	-	-	-	-
5 3 Bonds		-	9.722.338	9.722.338	-	7.827.323	7.827.323
VI. FUNDS		13	-	13	13	-	13
6 1 Borrower Funds		-	-	-	-	-	-
6 2 Other		13	-	13	13	-	13
VII. MISCELLANEOUS PAYABLES		18.691	544.346	563.037	12.851	2.734.597	2.747.448
VIII. OTHER LIABILITIES	(4)	5.609	225.969	231.578	3.498	190.848	194.346
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(5)	-	-	-	-	-	-
10 1 Financial Lease Payables		-	-	-	-	-	-
10 2 Operational Lease Payables		-	-	-	-	-	-
10 3 Other		-	-	-	-	-	-
10 4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(6)	121.441	112.469	233.910	1.515	149.014	150.529
11 1 Fair Value Hedge		121.441	112.469	233.910	1.515	149.014	150.529
11 2 Cash Flow Hedge		-	-	-	-	-	-
11 3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(7)	253.095	-	253.095	230.229	-	230.229
12 1 General Loan Loss Provision		130.214	-	130.214	130.214	-	130.214
12 2 Restructuring Provisions		-	-	-	-	-	-
12 3 Reserve for Employee Rights		49.169	-	49.169	51.383	-	51.383
12 4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12 5 Other Provisions		73.712	-	73.712	48.632	-	48.632
XIII. TAX LIABILITY	(8)	11.379	-	11.379	8.240	-	8.240
13 1 Current Tax Liability		11.379	-	11.379	8.240	-	8.240
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	(3 2)	-	59.736	59.736	-	88.285	88.285
XVI. SHAREHOLDERS' EQUITY	(9)	5.624.452	(1.232)	5.623.220	5.201.168	(434)	5.200.734
16 1 Paid-in capital		4.800.000	-	4.800.000	3.700.000	-	3.700.000
16 2 Capital Reserves		25.034	(1.232)	23.802	10.477	(434)	10.043
16 2 1 Share Premium		-	-	-	-	-	-
16 2 2 Share Cancellation Profits		-	-	-	-	-	-
16 2 3 Marketable Securities Valuation Differences		-	-	-	-	-	-
16 2 4 Property and Equipment Revaluation Differences		26.517	-	26.517	11.960	-	11.960
16 2 5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16 2 6 Investment Property Revaluation Differences		-	-	-	-	-	-
16 2 7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16 2 8 Hedging Funds (Effective portion)		-	(1.232)	(1.232)	-	(434)	(434)
16 2 9 Value Increase of Non-Current Asset Held for Sale and Discounted Operations		-	-	-	-	-	-
16 2 10 Other Capital Reserves		(1.483)	-	(1.483)	(1.483)	-	(1.483)
16 3 Profit Reserves		387.531	-	387.531	1.069.366	-	1.069.366
16 3 1 Legal Reserves		349.896	-	349.896	328.050	-	328.050
16 3 2 Status Reserves		-	-	-	-	-	-
16 3 3 Extraordinary Reserves		37.635	-	37.635	718.573	-	718.573
16 3 4 Other Profit Reserves		-	-	-	22.743	-	22.743
16 4 Profit or Loss		411.887	-	411.887	421.325	-	421.325
16 4 1 Prior Years' Profit/Loss		-	-	-	-	-	-
16 4 2 Current Period Profit/Loss		411.887	-	411.887	421.325	-	421.325
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6.367.971	74.749.663	81.117.634	5.526.731	62.749.583	68.276.314

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 30 SEPTEMBER 2017

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

	Notes	CURRENT PERIOD Reviewed 30 September 2017			PRIOR PERIOD Audited 31 December 2016		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		8.819.203	64.100.810	72.920.013	6.246.845	45.344.216	51.591.061
I. GUARANTEES AND WARRANTIES	(1 2)	-	5.204.586	5.204.586	-	3.863.578	3.863.578
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		-	5 204 586	5 204 586	-	3 863 578	3 863 578
1 9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS		3.056.174	19.595.996	22.652.170	2.438.531	17.164.838	19.603.369
2 1 Irrevocable Commitments		8 000	38 687	46 687	-	2 920 904	2 920 904
2 1 1 Asset Purchase and Sale Commitments		8 000	-	8 000	-	-	-
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		-	38 687	38 687	-	2 920 904	2 920 904
2 2 Revocable Commitments		3 048 174	19 557 309	22 605 483	2 438 531	14 243 934	16 682 465
2 2 1 Revocable Loan Granting Commitments		3 048 174	19 557 309	22 605 483	2 438 531	14 243 934	16 682 465
2 2 2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		5.763.029	39.300.228	45.063.257	3.808.314	24.315.800	28.124.114
3 1 Hedging Derivative Financial Instruments		4 443 540	20 011 704	24 455 244	3 547 489	15 952 012	19 499 501
3 1 1 Transactions for Fair Value Hedge		4 407 320	19 940 662	24 347 982	3 511 269	15 881 596	19 392 865
3 1 2 Transactions for Cash Flow Hedge		36 220	71 042	107 262	36 220	70 416	106 636
3 1 3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3 2 Trading Transactions		1 319 489	19 288 524	20 608 013	260 825	8 363 788	8 624 613
3 2 1 Forward Foreign Currency Buy/Sell Transactions		6 236	5 825	12 061	30 368	31 705	62 073
3 2 1 1 Forward Foreign Currency Transactions-Buy		2 587	3 410	5 997	3 764	28 008	31 772
3 2 2 2 Forward Foreign Currency Transactions-Sell		3 649	2 415	6 064	26 604	3 697	30 301
3 2 2 Swap Transactions Related to Foreign Currency and Interest Rates		1 305 459	19 274 907	20 580 366	229 017	8 330 603	8 559 620
3 2 2 1 Foreign Currency Swap-Buy		-	7 062 915	7 062 915	-	3 643 040	3 643 040
3 2 2 2 Foreign Currency Swap-Sell		1 305 459	5 978 790	7 284 249	229 017	3 346 961	3 575 978
3 2 2 3 Interest Rate Swap-Buy		-	3 116 601	3 116 601	-	670 301	670 301
3 2 2 4 Interest Rate Swap-Sell		-	3 116 601	3 116 601	-	670 301	670 301
3 2 3 Foreign Currency Interest rate and Securities Options		7 794	7 792	15 586	1 440	1 480	2 920
3 2 3 1 Foreign Currency Options-Buy		3 897	3 896	7 793	720	740	1 460
3 2 3 2 Foreign Currency Options-Sell		3 897	3 896	7 793	720	740	1 460
3 2 3 3 Interest Rate Options-Buy		-	-	-	-	-	-
3 2 3 4 Interest Rate Options-Sell		-	-	-	-	-	-
3 2 3 5 Securities Options-Buy		-	-	-	-	-	-
3 2 3 6 Securities Options-Sell		-	-	-	-	-	-
3 2 4 Foreign Currency Futures		-	-	-	-	-	-
3 2 4 1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3 2 4 2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3 2 5 Interest Rate Futures		-	-	-	-	-	-
3 2 5 1 Interest Rate Futures-Buy		-	-	-	-	-	-
3 2 5 2 Interest Rate Futures-Sell		-	-	-	-	-	-
3 2 6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		3.012.038	67.084.173	70.096.211	136.744	18.343.038	18.479.782
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		106.042	657.484	763.526	22.412	203.613	226.025
5 1 Marketable Securities		-	23 871	23 871	-	23 661	23 661
5 2 Guarantee Notes		-	-	-	-	-	-
5 3 Commodity		-	-	-	-	-	-
5 4 Warranty		-	-	-	-	-	-
5 5 Immovable		33 580	474 650	508 230	9 400	48 246	57 646
5 6 Other Pledged Items		72 462	158 963	231 425	13 012	131 706	144 718
5 7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		2.905.996	66.426.689	69.332.685	114.332	18.139.425	18.253.757
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		11.831.241	131.184.983	143.016.224	6.383.589	63.687.254	70.070.843

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

INCOME AND EXPENSE ITEMS	Notes	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		Reviewed 1 January - 30 September 2017	Reviewed 1 January - 30 September 2016	Reviewed 1 July - 30 September 2017	Reviewed 1 July - 30 September 2016
I. INTEREST INCOME	(1)	1.548.251	1.165.285	574.975	423.692
1 1 Interest on loans		1.474.615	1.109.903	540.888	408.455
1 2 Interest Received from Reserve Requirements		-	-	-	-
1 3 Interest Received from Banks		41.831	31.256	16.466	6.035
1 4 Interest Received from Money Market Transactions		16.558	2.419	10.302	2.160
1 5 Interest Received from Marketable Securities Portfolio		14.547	21.162	7.020	6.861
1 5 1 Held for Trading Financial Assets		1.079	915	418	371
1 5 2 Financial Assets Designated at Fair Value Through Profit or (Loss)		-	-	-	-
1 5 3 Available-for-Sale Financial Assets		-	-	-	-
1 5 4 Held to Maturity Investments		13.468	20.247	6.602	6.490
1 6 Financial Lease Income		-	-	-	-
1 7 Other Interest Income		700	545	299	181
II. INTEREST EXPENSE	(2)	835.257	523.374	308.278	206.353
2 1 Interest on Deposits		-	-	-	-
2 2 Interest on Funds Borrowed		498.534	251.483	195.340	109.084
2 3 Interest Expense on Money Market Transactions		47	-	-	-
2 4 Interest on Securities Issued		328.517	258.035	109.107	93.548
2 5 Other Interest Expenses		8.159	13.856	3.831	3.721
III. NET INTEREST INCOME/EXPENSE (I - II)		712.994	641.911	266.697	217.339
IV. NET FEES AND COMMISSIONS INCOME		1.594	11.102	310	1.196
4 1 Fees and Commissions Received		16.197	25.718	5.606	7.697
4 1 1 Non-cash Loans		-	-	-	-
4 1 2 Other		16.197	25.718	5.606	7.697
4 2 Fees and Commissions Paid		(14.603)	(14.616)	(5.296)	(6.501)
4 2 1 Non-Cash Loans		-	-	-	-
4 2 2 Other		(14.603)	(14.616)	(5.296)	(6.501)
V. DIVIDEND INCOME		-	-	-	-
VI. TRADING INCOME/LOSS (Net)	(3)	(174.671)	(252.102)	(96.881)	(90.781)
6 1 Trading Gains /Losses on Securities		(6)	9	-	-
6 2 Trading Gains /Losses on Derivative Financial Assets		(795.917)	(118.303)	(272.446)	68.554
6 3 Foreign Exchange Gains /Losses		621.252	(133.808)	175.565	(159.335)
VII. OTHER OPERATING INCOME	(4)	149.451	99.373	50.271	32.494
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		689.368	500.284	220.397	160.248
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	59.727	15.576	7.859	(696)
X. OTHER OPERATING EXPENSES (-)	(6)	217.754	164.708	72.548	56.476
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		411.887	320.000	139.990	104.468
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
PROFIT/(LOSS) FROM CONTINUED OPERATIONS		-	-	-	-
XV. BEFORE TAXES (XI+XII+XIII+XIV)		411.887	320.000	139.990	104.468
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)		-	-	-	-
16 1 Current Tax Provision		-	-	-	-
16 2 Deferred Tax Provision		-	-	-	-
XVII. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		411.887	320.000	139.990	104.468
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18 1 Income from Non-current Assets Held for Sale		-	-	-	-
18 2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-
18 3 Other Income from Discontinued Operations		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19 1 Expenses for Non-current Assets Held for Sale		-	-	-	-
19 2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-
19 3 Other Expenses from Discontinued Operations		-	-	-	-
XX. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)		-	-	-	-
XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-	-	-
21 1 Current Tax Provision		-	-	-	-
21 2 Deferred Tax Provision		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)		411.887	320.000	139.990	104.468
Earnings per share (TL Full)		0.08581	0.08649	0.01232	0.02823

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS
ACCOUNTED UNDER SHAREHOLDERS EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		CURRENT PERIOD Reviewed 1 January – 30 September 2017	PRIOR PERIOD Reviewed 1 January – 30 September 2016
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY			
	Notes		
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	14.557	2.064
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value changes)	(798)	(1.596)
VI.	PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of fair value changes)	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-	-
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	-	-
X.	NET PROFIT/LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY	13.759	468
XI.	CURRENT PERIOD PROFIT/LOSS	411.887	320.000
11.1	Net change in fair value of marketable securities (Transfer to Profit/Loss)	-	-
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3	Part of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4	Other	411.887	320.000
XII.	TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD	425.646	320.468

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Notes	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Share Obtained from Investments	Hedging Reserve	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
CHANGES IN THE SHAREHOLDERS' EQUITY																	
I	Opening Balance - 30 September 2016	2,500,000	-	-	-	302,905	-	850,326	620,849	-	409,406	8,886	-	-	333	-	4,780,705
II	Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III	Effects of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV	Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V	Open Balance (Paid-in Capital)	2,500,000	-	-	-	302,905	-	850,326	620,849	-	409,406	8,886	-	-	333	-	4,780,705
VI	Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII	Income/Expense due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII	Effect of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV	Capital Increase	1,200,000	-	-	-	-	-	(600,343)	(599,657)	-	-	-	-	-	-	-	2,064
XV	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,596)
XVI	Share Cancellations	1,200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,596)
XVII	Share Premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX	Paid-in-capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI	Current Year Net Profit or Loss	-	-	-	-	25,145	-	460,590	-	320,000	(489,406)	-	-	-	-	-	320,000
XXII	Profit Distribution	-	-	-	-	-	-	-	-	-	(3,071)	-	-	-	-	-	(3,071)
XXIII	Dividends Paid	-	-	-	-	-	-	-	-	-	(185,735)	-	-	-	-	-	-
XXIV	Transfer to Reserves	-	-	-	-	-	-	360,590	-	-	-	-	-	-	-	-	-
XXV	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance		3,700,000	-	-	-	328,050	-	710,573	21,192	320,000	-	10,950	-	-	(1,262)	-	5,075,502
CHANGES IN THE SHAREHOLDERS' EQUITY																	
I	Current Period - 30 September 2017	3,700,000	-	-	-	328,050	-	710,573	21,260	-	421,325	11,960	-	-	(434)	-	5,200,724
II	Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III	Effects of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV	Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V	Open Balance (Paid-in Capital)	3,700,000	-	-	-	328,050	-	710,573	21,260	-	421,325	11,960	-	-	(434)	-	5,200,724
VI	Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII	Income/Expense due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXII	Effect of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXIII	Capital Increase	1,100,000	-	-	-	-	-	(1,077,257)	(22,743)	-	-	-	-	-	-	-	14,557
XXIV	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(798)
XXV	Share Cancellations	1,100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(798)
XXVI	Share Premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXVII	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXVIII	Paid-in-capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXIX	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXX	Current Year Net Profit or Loss	-	-	-	-	21,846	-	396,319	-	411,887	(421,325)	-	-	-	-	-	411,887
XXXI	Profit Distribution	-	-	-	-	-	-	-	-	-	(3,160)	-	-	-	-	-	(3,160)
XXXII	Dividends Paid	-	-	-	-	-	-	-	-	-	(418,165)	-	-	-	-	-	(418,165)
XXXIII	Transfer to Reserves	-	-	-	-	21,846	-	396,319	-	-	-	-	-	-	-	-	-
XXXIV	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance		4,800,000	-	-	-	349,896	-	377,625	(1,483)	411,887	-	26,517	-	-	(1,232)	-	5,622,220

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	CURRENT PERIOD Reviewed 1 January - 30 September 2017	PRIOR PERIOD Reviewed 1 January - 30 September 2016
Notes		
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	2.646.129	1.056.434
1.1.1 Interest received	1.486.888	1.137.173
1.1.2 Interest paid	(489.768)	(399.972)
1.1.3 Dividend received	-	-
1.1.4 Fees and commissions received	14.274	25.718
1.1.5 Other income	149.451	99.382
1.1.6 Collections from previously written-off loans and other receivables	4.755	34.890
1.1.7 Payments to personnel and service suppliers	(127.793)	(102.040)
1.1.8 Taxes paid	(3.139)	(1.525)
1.1.9 Other	1.611.461	262.808
1.2 Changes in operating assets and liabilities	(3.152.651)	537.778
1.2.1 Net (increase) / decrease in trading securities	7.613	3.847
1.2.2 Net (increase) / decrease in fair value through profit or loss financial assets	-	-
1.2.3 Net (increase) / decrease in due from banks	-	(1.098)
1.2.4 Net (increase) / decrease in loans	(13.763.483)	(10.006.354)
1.2.5 Net (increase) / decrease in other assets	(49.991)	(1.444.211)
1.2.6 Net increase / (decrease) in bank deposits	-	-
1.2.7 Net increase / (decrease) in other deposits	-	-
1.2.8 Net increase / (decrease) in funds borrowed	11.009.741	10.860.113
1.2.9 Net change in due debt	-	-
1.2.10 Net increase / (decrease) in other liabilities	(356.531)	1.125.481
I. Net cash provided from banking operations	(506.522)	1.594.212
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(150.440)	50.382
2.1 Cash paid for acquisition of associates, subsidiaries and joint ventures (Business Partners)	-	-
2.2 Cash obtained from disposal of associates, subsidiaries and joint ventures (Business Partners)	-	-
2.3 Purchases of property and equipment	(1.111)	(4.214)
2.4 Disposals of property and equipment	778	2.803
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	(1.84)	(18.250)
2.8 Cash obtained from sale of investment securities	(1.84)	70.713
2.9 Other	(2.809)	(670)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	1.387.380	1.417.532
3.1 Cash obtained from funds borrowed and securities issued	1.727.800	1.445.491
3.2 Cash used for repayment of funds borrowed and securities issued	(337.260)	(24.288)
3.3 Issued capital instruments	-	-
3.4 Dividends paid	(3.160)	(3.671)
3.5 Payments for finance leases	-	-
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	223.406	135.719
V. Net increase in cash and cash equivalents	953.824	3.197.845
VI. Cash and cash equivalents at the beginning of the period	3.257.199	165.629
VII. Cash and cash equivalents at the end of the period	4.211.023	3.363.474

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE
ACCOUNTING POLICIES

I. Basis of presentation

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

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

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

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

The financial statements are prepared in TL 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 hedging purposes.

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

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

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

3. Additional paragraph for convenience translation to English

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

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

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

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

As at 30 September 2017, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 3,5521 for US Dollar, TL 4,1893 for TL Euro, 3,1588 for 100 JPY and TL 4,7612 for GBP.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward transactions, options and derivative instruments

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

As at the balance sheet date, there are outstanding currency and interest rate swap purchase and sales contracts and forward and option 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 hedge purpose or not and to the content of hedged item.

The Bank notifies in written the relationship between hedging instrument and related hedged item, risk management aims of hedge and strategies and the methods using to measure 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 hedged asset or liability. The difference in fair values of derivative transactions fair value hedge is shown in "Trading Gains/Losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedged asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, corrections made to the value of hedged item 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 hedges its cash flow risk arising from floating-rate liabilities in foreign currency and TL by cross-currency swaps. In this context, the fair value changes of the effective portion of the hedging instruments are accounted under the "hedge funds" account within equity. In the period in which the cash flows affect the income statement for the hedged item, the hedging instrument relating to the profit/loss is extracted from equity and recognized in the income statement.

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

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

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

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on interest income and expense

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

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

V. Explanations on fee and commission income and expenses

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

VI. Explanations on financial assets

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

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

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

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

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

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continued)

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

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

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

VII. Explanations on impairment of financial assets

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

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

VIII. Explanations on offsetting financial instruments

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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.

XI. Explanations on goodwill and other intangible assets

As of 30 September 2017 and 31 December 2016, the Bank does not have any goodwill in its accompanying financial statements.

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

Implemented yearly amortization rates as follows;

Intangible assets : 33%

XII. Explanations on property and equipment

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

The depreciation rates are as follows;

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment (Continued)

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

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

XIII. Explanations on investment property

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

XIV. Explanations on lease

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

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

XV. Explanations on provisions and contingent liabilities

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on obligations related to employee rights

According to laws in force, the Bank is responsible for making a lump sum payment to laid-off workers because of retirement or resignation and behaviors specified in the Labor Law.

Liabilities of severance pay and leave entitlements are calculated by taking into account the provisions of the "Turkey Accounting Standards Related to Employee Benefits" ("TAS 19") by the Bank.

According to the statues at large, the Bank supposed to make certain lump-sum payment to employees who terminated due to retirement, resignation and conditions other than the behaviors stated in the Labor Code.

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

	Current Period	Prior Period
Discount ratio	11,20%	11,20%
Inflation	8,00%	8,00%
Salary increase rate	9,00%	9,00%

As of 30 September 2017, the calculated employment termination obligation amounts to TL 19.751 (31 December 2016: TL 17.050). For the period ended 30 September 2017, the Bank also provided 100% provision for vacation pay liability relating to prior period amounting to TL 12.709 (31 December 2016: TL 12.033).

The Bank has made provision for principally of success fee relating to second half of the year amounting TL 9.461 (31 December 2016: TL 9.461) to be paid in January 2018, and dividend to personnel, amounting TL 7.248 (31 December 2016: TL 7.800) to be paid in 2018, from 2017 profit.

XVII. Explanations on taxation

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

XVIII. Additional explanations on borrowings

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

The Bank has issued six bonds in April 2012, the Bank issued bond amounting USD 500 million (TL 1.776.050) which is subject to annual fixed interest payment of 5,875 per cent every six months and the total maturity is seven years. The Bank issued an additional bond in October 2012 related to the bond issued in April 2012, with amount of USD 250 million (TL 888.025). The Bank issued bond in September 2014 with amount of USD 500 million (TL 1.776.050) which is subject to annual fixed interest payment of 5 per cent every six months and the total maturity is seven years. The Bank issued bond in February 2016 with amount of USD 500 million (TL 1.776.050) which is subject to annual fixed interest payment of 5,375 per cent and the total maturity is five years. The Bank issued bond in October 2016 with amount of USD 500 million (TL 1.776.050) which is subject to annual fixed interest payment of 5,375 per cent and the total maturity is seven years. The Bank issued bond in September 2017 with amount of USD 500 million (TL 1,776,050) which is subject to annual fixed interest payment of 4,250 per cent and the total maturity is five years. In this period, the Bank has made hedge accounting for the valuation of derivative financial instruments for the securities issued and transfers the amounts calculated in this framework to related accounts.

Moreover, the Bank grants fixed rate TL loans that were provided as part of the FC funds with floating rate by Rediscount Credit Programs of the CBRT. Hedge accounting has been designated to hedge the currency risk and the amounts calculated in this context are reflected to related accounts.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on issuance of share certificates

As the Bank's total paid-in capital is owned by the Turkish Treasury, there is no cost related to share issuance. The profit share is distributed by the decision of the General Assembly of the Bank. Banking Regulation and Supervision Agency approved the dividend payment for profit of 2016, and the dividend payment was approved at the ordinary general assembly meeting held on 2 May 2017, and dividend payment is performed in reference to the general assembly resolution.

XX. Explanations on avalized drafts and acceptances

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

XXI. Explanations on government grants

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

XXII. Explanations on segment reporting

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

XXIII. Explanations on other matters

The Bank does not accept deposits. The Bank has been mandated to export loan operations, export loan insurance and export grants. Furthermore, 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Information about shareholders' equity items

Equity and capital adequacy ratio is calculated in the framework of "Regulation on Equities of Banks" and "Regulation on Measurement and Evaluation of Banks' Capital Adequacy".

As of 30 September 2017, the shareholders' equity of the Bank is TL 5.747.580 (31 December 2016: TL 5.326.438) and the capital adequacy ratio is 14,48% (31 December 2016: 13,41%).

	Current Period Amount	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL	5.618.399	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	4.800.000	
Share issue premiums	-	
Reserves	387.531	
Gains recognized under equity as per TAS	26.517	
Profit	411.887	
Current period profit	411.887	
Prior years' profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	5.625.935	
Deductions from Common Equity Tier 1 Capital	7.536	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.232	
Improvement costs for operating leasing	687	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4.134	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Net defined benefit plan assets	1.483	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Current Period Amount	Amounts related to treatment before 1/1/2014 (*)
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
of which: mortgage servicing rights	-	
of which: deferred tax assets arising from temporary differences	-	
Other specific regulatory adjustments	-	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
Total regulatory adjustments to Common equity Tier 1	7.536	
Common Equity Tier 1 Capital (CET1)	5.618.399	
ADDITIONAL TIER 1 CAPITAL	-	
Preferred stock not included in common equity and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial		
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Components to continue to be deducted from Core Capital during transition period	1.033	

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I. Information about shareholders' equity items (Continued)

	Current Period Amount	Amounts related to treatment before 1/1/2014 (*)
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	1.033	
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	5.617.366	
TIER II CAPITAL	130.214	
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	130.214	
Tier II Capital Before Deductions	130.214	
Deductions From Tier II Capital	-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	130.214	
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.747.580	
Deductions from Total Capital	5.747.580	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57. Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	-	
Components to continue to be deducted from Total Core Capital and Supplementary Capital during transition period	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital. Additional Tier 1 capital. Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Current Period Amount	Amounts related to treatment before 1/1/2014 (*)
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital. Additional Tier 1 capital. Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
TOTAL CAPITAL	5.747.580	
Total capital	5.747.580	
Total risk weighted items	39.705.967	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	14.15	
Tier 1 Capital Adequacy Ratio (%)	14.15	
Capital Adequacy Standard Ratio (%)	14.48	
BUFFERS		
Total buffer requirement	1.25	
Capital conservation buffer requirement (%)	1.25	
Bank specific countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	9.65	
Amounts below the thresholds for deduction		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	35.682	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	130.214	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	130.214	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4		
(to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

*: The amount will be taken into consideration under the transitional provisions

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SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Prior Period Amount	Amounts related to treatment before 1/1/2014 (*)
TIER CAPITAL	5.197.328	
Paid in Capital to be Entitled for compensation after all Creditors	3.700.000	
Share Premium	-	
Legal Reserves	1.069.366	
Other Comprehensive Income according to TAS	11.960	
Profit	421.325	
Net Current Period Profit	421.325	
Prior Years' Profit	-	
Bonus shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Tier 1 Capital before Deductions	5.202.651	
Deductions from Tier 1 Capital	5.323	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	-	
Leasehold Improvements on Operational Leases	2.185	
Goodwill and Intangible Assets and Related Deferred Tax Liabilities	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.655	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Net defined benefit plan assets	1.483	
Investments in own common equity	-	
Shares obtained against Article 56, Paragraph 4 of the Banking Law	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	

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SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Prior Period Amount	Amounts related to treatment before 1/1/2014 (*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier 1 Capital	-	
Net Deferred tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier 1 Capital	-	
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2. Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
The Portion of Net Portion of the Investments in Equity of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issues Share Capital Not Deducted from Tier I Capital	-	
Mortgage Servicing Rights not deductions	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-	
Other Items to be Defined by the BRSA	-	
Deductions from Tier 1 Capital in cases where there are no adequate Additional Tier 1 or Tier II Capitals	-	
Total regulatory adjustments to Tier 1 capital	5.323	
Tier Capital	5.197.328	
ADDITIONAL CORE CAPITAL	-	
Preferred Stock not Included in Tier I Capital and the related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	
Additional Core Capital before Deductions	-	
Deductions from Core Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
Total of Net Long Positions of the Direct and Indirect Investments in Additional Tier I Capital of Unconsolidated Banks of Financial Institutions where the Banks owns more than 10% of the Issued Share Capital	-	
Other Items to be Defined by the BRSA	-	
Components to continue to be deducted from Core Capital during transition period	1.104	

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

I. Information about shareholders' equity items (Continued)

	Prior Period Amount	Amounts related to treatment before 1/1/2014 (*)
Goodwill and other Intangible Assets and Related Deferred taxes not deducted from Tier I Capital as per the Temporary Article2. Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	1.104	
Net Deferred Tax Assets/Liabilities not deducted from Tier I Capital as per the Temporary Article2. Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital	-	
Total Deductions from Additional Core Capital	-	
Total Additional Core Capital	-	
Total Core Capital	5.196.224	
SUPPLEMENTARY CAPITAL		
	130.214	
Debts Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debts Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	
General Provisions (Amounts stated in the first paragraph of article 8 of the Regulation on Equities of Banks)	130.214	
Tier II Capital Before	130.214	
Deductions from Tier II Capital		
	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Other Items to be Defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	130.214	
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.326.438	
The sum of Tier I Capital and Tier II Capital (Total Capital)	5.326.438	
Loans Granted against the Article 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57. Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for sale but Retained more than Five Years	-	
Other Items to be Defined by the BRSA	-	
Components to continue to be deducted from Total Core Capital and Supplementary Capital during transition period	-	
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	-	

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SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Prior Period Amount	Amounts related to treatment before 1/1/2014 (*)
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	-	
TOTAL CAPITAL	5.326.438	
Total capital	5.326.438	
Total risk weighted items	39.711.831	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13.09	
Tier I Capital Adequacy Ratio (%)	13.09	
Capital Adequacy Standard Ratio (%)	13.41	
BUFFERS		
Total buffer requirement	0.625	
Capital conservation buffer requirement (%)	0.625	
Bank specific countercyclical buffer requirement (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	8.59	
Amounts Lower than Excesses as per Deduction Rules	21.124	
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	21.124	
Remaining Total of the Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
Limits related to provisions considered in Tier II calculation	-	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	130.214	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	130.214	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4	-	
(to be implemented between 1 January 2018 and 1 January 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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SECTION FOUR (Continued)

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

II. Currency risk

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

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

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

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

	TL	USD	GBP	EUR	JPY
TRADING DERIVATIVE FINANCIAL INSTRUMENTS	1.319.489	10.401.037	28.567	8.105.539	753.381
Forward Transactions	6.236	5.825	-	-	-
Forward Foreign Exchange Purchase Transactions	2.587	3.410	-	-	-
Forward Foreign Exchange Sell Transactions	3.649	2.415	-	-	-
Swap Transactions	1.305.459	10.395.212	28.567	8.097.747	753.381
Swap Money Purchase Transactions FC-TL	-	1.312.501	-	-	-
Swap Money Purchase Transactions FC-FC	-	4.998.621	-	-	751.794
Swap Money Sale Transactions FC-TL	1.305.459	-	-	-	-
Swap Money Sale Transactions FC-FC	-	-	28.567	5.948.635	1.587
Swap Interest Purchase Transactions FC-FC	-	2.042.045	-	1.074.556	-
Swap Interest Sale Transactions FC-FC	-	2.042.045	-	1.074.556	-
Option Money Purchase Transactions	7.794	-	-	7.792	-
Money Purchase of Options	3.897	-	-	3.896	-
Money Sale of Options	3.897	-	-	3.896	-
HEDGING DERIVATIVE FINANCIAL ASSETS	4.443.540	17.850.574	-	2.161.130	-
Forward Transactions	4.407.320	4.139.468	-	-	-
Forward Foreign Exchange Purchase Transactions	-	4.139.468	-	-	-
Forward Foreign Exchange Sell Transactions	4.407.320	-	-	-	-
Swap Transactions	36.220	13.711.106	-	2.161.130	-
Swap Money Purchase Transactions	-	2.273.344	-	-	-
Swap Money Sale Transactions	36.220	-	-	2.161.130	-
Swap Interest Purchase Transactions	-	5.718.881	-	-	-
Swap Interest Sale Transactions	-	5.718.881	-	-	-

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SECTION FOUR (Continued)

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

II. Currency risk (Continued)

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

Fair value hedge accounting

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

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

	30 September 2017		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross currency swap and interest rate swaps	15.801.194	37.630	112.469
Forward foreign currency buy/sell transactions	8.546.788	8.914	121.441
Total	24.347.982	46.544	233.910

⁽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 III.

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 of 5 years and USD 610 million with maturity of 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 of 7 years. Remaining risk amount to USD 140 million hedged with cross currency swaps in year 2012 but starting from 13 August 2015, this remaining portion is subject to fair value hedge accounting. In September 2014, the Bank issued 5% fixed interest rate debt securities with seven years maturity amounting USD 500 million and they are not subject to fair value hedge accounting.

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

Starting from 31 May 2014, the Bank hedged the possible fair value risk of CBRT Rediscount loans amounting to TL 4.161.853 as of 30 September 2017 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 hedge fair value risk of the TL 4.155.379 denominated CBRT Rediscount Loans related to changes in interest rates.

The impact of fair value hedge accounting is summarized below:

30 September 2017		Hedged risk	Net fair value of hedged items		Amount of hedge funds
Hedging instrument	Hedged items		Asset	Liability	
Interest rate swaps	Issued securities denominated in USD with fixed interest rate		Fixed interest rate risk	37.630	
Forward transactions	Originated CBT-Rediscount TL Loans	Interest rate risk	8.914	121.441	-

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SECTION FOUR (Continued)

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

II. Currency risk (Continued)

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

Fair value hedge accounting (Continued)

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

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in fair values of derivative transactions subject to 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, the adjustments made to the carrying value (amortized cost) of the hedged item, are amortized with the straight line method within the time to maturity and recognized in the Derivative Transaction Gains/Losses account in the income statement.

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 in the “Derivative Financial Transactions Gains/Losses” account by using straight line method of amortization.

Cash Flow Hedge Accounting

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

Derivative financial instruments used for cash flow hedge accounting are cross currency swap interest transactions.

	30 September 2017		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross Currency Swap Buy / Sale Transactions	107.262	39.182	-
Total	107.262	39.182	-

⁽¹⁾ Sum of purchase and sale.

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

The impact of cash flow hedge accounting is summarized below:

30 September 2017		Risk hedged	Net fair value of hedging account		Amount of hedge funds
Hedging Instrument	Asset liability hedging		Asset	Liability	
Cross Currency Swap	Issued securities denominated in USD with fixed interest rate	Currency risk	39.182	-	(1.232)

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

II. Currency risk (Continued)

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

Cash flow hedge accounting (Continued)

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

3. Foreign currency risk management policy

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the period. As of 30 September 2017, the net Foreign Currency Position/Shareholders' Equity ratio is 0,12% (31 December 2016: 0,11%). Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

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

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

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SECTION FOUR (Continued)

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

II. Currency risk (Continued)

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

DATE	25/09/2017	26/09/2017	27/09/2017	28/09/2017	29/09/2017
USD	3,5242	3,5394	3,5568	3,5777	3,5521
AUD	2,8046	2,8032	2,7942	2,7981	2,7870
DKK	0,5642	0,5620	0,5620	0,5651	0,5629
SEK	0,4400	0,4378	0,4370	0,4388	0,4377
CHF	3,6265	3,6470	3,6540	3,6736	3,6597
100 JPY	3,1399	3,1670	3,1565	3,1709	3,1588
CAD	2,8557	2,8569	2,8728	2,8633	2,8584
NOK	0,4508	0,4507	0,4495	0,4492	0,4470
GBP	4,7633	4,7704	4,7629	4,7902	4,7612
SAR	0,9397	0,9438	0,9484	0,9540	0,9472
EUR	4,1973	4,1807	4,1817	4,2056	4,1893
KWD	11,6850	11,7276	11,7736	11,8388	11,7580
XDR	5,0139	5,0175	5,0293	5,0474	5,0145
BGN	2,1459	2,1373	2,1380	2,1497	2,1423
100 IRR	0,0105	0,0105	0,0105	0,0106	0,0105
RON	0,9126	0,9089	0,9090	0,9145	0,9103
CNY	0,5326	0,5337	0,5358	0,5360	0,5342
RUB	0,0612	0,0615	0,0614	0,0613	0,0613

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

Currency	September 2017 Average
USD	3,4789
AUD	2,7717
DKK	0,5569
SEK	0,4344
CHF	3,6124
100 JPY	3,1377
CAD	2,8320
NOK	0,4436
GBP	4,6408
SAR	0,9276
EUR	4,1439
KWD	11,5340
XDR	4,9408
BGN	2,1186
100 IRR	0,0104
RON	0,9008
CNY	0,5292
RUB	0,0603

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SECTION FOUR (Continued)

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

II. Currency risk (Continued)

7. Information related to Bank's Currency Risk

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	586.502	-	-	586.502
Banks	55.653	1.765.614	8.376	1.829.643
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans	39.699.429	26.386.100	119.514	66.205.043
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	76.812	-	76.812
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	310.261	237.052	144	547.457
Total Assets	40.651.845	28.465.578	128.034	69.245.457
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	32.226.280	30.730.879	847.869	63.805.028
Marketable Securities Issued	-	9.722.338	-	9.722.338
Miscellaneous Payables	272.480	271.181	685	544.346
Derivative Financial Liabilities for Hedging Purposes	-	112.469	-	112.469
Other Liabilities	38.070	246.107	296	284.473
Total Liabilities	32.536.830	41.082.974	848.850	74.468.654
Net on Balance Sheet Position	8.115.015	(12.617.396)	(720.816)	(5.223.197)
Net off Balance Sheet Position	(8.109.765)	12.724.929	721.640	5.336.804
Financial Derivative Assets	1.078.452	20.488.270	751.794	22.318.516
Financial Derivative Liabilities	9.188.217	7.763.341	30.154	16.981.712
Non-Cash Loans	135.833	5.068.496	257	5.204.586
Prior Period				
Total Assets	30.276.789	28.127.032	199.414	58.603.235
Total Liabilities	26.635.465	35.227.997	845.016	62.708.478
Net on Balance Sheet Position	3.641.324	(7.100.965)	(645.602)	(4.105.243)
Net off Balance Sheet Position	(3.636.425)	7.205.240	643.601	4.212.416
Financial Derivative Assets	740	13.547.726	715.642	14.264.108
Financial Derivative Liabilities	3.637.165	6.342.486	72.041	10.051.692
Non-Cash Loans	52.968	3.810.377	233	3.863.578

⁽¹⁾ Based on provisions of "Regulation about consolidated and unconsolidated basis calculation and implementation of foreign currency net general position/ equity standard ratio by banks", derivative financial instruments foreign currency rediscount income amounting to TL 35 970 and financial derivative rediscount expense amounting to TL 281 009 are not taken into consideration on foreign currency risk calculation.

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SECTION FOUR (Continued)

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

II. Currency risk (Continued)

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

The effect of the Bank's currency positions as of 30 September 2017 and 30 September 2016 on net profit and equity under the assumption of evaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period		Prior Period	
	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾
USD	10.753	10.753	6.771	6.771
EUR	525	525	(440)	(440)
Other foreign currency	83	83	(51)	(51)
Total, net	11.361	11.361	6.280	6.280

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

As of 30 September 2017 and 30 September 2016, the effect of the appreciation of TL by 10% against other currencies with all other variables held constant on net profit and equity of the Bank is the same as the total amount with a negative sign as presented in the above table.

III. Interest rate risk

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

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

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

As of 30 September 2017, the Bank has hedged the risk between variable interest rate liabilities and fixed interest rate assets with 28 interest rate swaps (12 short-term and 16 long-term interest rate swaps) denominated in foreign currency.

As of 30 September 2017, there have been 16 short-term and 8 long-term FC-FC currency swaps, 1 FC-TL long-term currency swap, 31 FC-TL short-term currency swaps, 364 TL-FC forward transactions, 2 FC-TL forward transactions and 4 option transactions.

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SECTION FOUR (Continued)

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

III. Interest rate risk (Continued)

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

(Periods remaining to reprising dates)

Current Period	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	-	-	-	-	-	586.641	586.641
Banks	2.254.884	-	-	-	-	47.132	2.302.016
Financial Assets at Fair Value Through Profit/Loss	31.688	7.160	2.246	8.466	8.750	-	58.310
Interbank Money Market Placements	1.322.366	-	-	-	-	-	1.322.366
Available-for-sale Financial Assets	-	-	-	-	-	35.682	35.682
Loans ⁽¹⁾	6.535.683	21.713.768	46.639.247	380.961	7.433	102.544	75.379.636
Held-to-maturity investments	29.884	71.329	131.263	21.515	-	-	253.991
Other Assets	62.696	1.548	21.484	-	-	1.093.264	1.178.992
Total Assets	10.237.201	21.793.805	46.794.240	410.942	16.183	1.865.263	81.117.634
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	181.500	-	-	-	-	-	181.500
Miscellaneous Payables	4.299	-	4.299	4.299	-	550.140	563.037
Issued Marketable Securities	4.378.693	-	3.501.537	1.842.108	-	-	9.722.338
Funds Borrowed from other Financial Institutions	7.852.665	20.245.830	35.856.533	-	-	-	63.955.028
Other Liabilities ⁽²⁾	165.398	63.338	136.450	221.605	1.034	6.107.906	6.695.731
Total Liabilities	12.582.555	20.309.168	39.498.819	2.068.012	1.034	6.658.046	81.117.634
Balance Sheet Long Position	-	1.484.637	7.295.421	-	15.149	-	8.795.207
Balance Sheet Short Position	(2.345.354)	-	-	(1.657.070)	-	(4.792.783)	(8.795.207)
Off-balance Sheet Long Position	8.120.979	3.493.282	8.262.245	2.448.493	-	-	22.324.999
Off-balance Sheet Short Position	(8.060.769)	(3.554.375)	(8.459.052)	(2.664.062)	-	-	(22.738.258)
Total Position	(2.285.144)	1.423.544	7.098.614	(1.872.639)	15.149	(4.792.783)	(413.259)

⁽¹⁾ In loans line the "non-interest bearing" column amounting to TL 102.544 consists of the net value of the loans under follow up.

⁽²⁾ In other liabilities line the "non-interest bearing" column amounting TL 6.107.906 includes equity amounting to TL 5.623.220 and provisions amounting to TL 253.095.

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SECTION FOUR (Continued)

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

III. Interest rate risk (Continued)

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

(Periods remaining to reprising dates)

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

⁽¹⁾ In loans line the "non-interest bearing" column amounting to TL 89.303 consists of the net value of the loans under follow up.

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

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

III. Interest rate risk (Continued)

2. Average interest rates for monetary financial instruments

As of 30 September 2017, average interest rates applied to monetary financial instruments are shown below.

	EUR	USD	GBP	JPY	TL
Current Period					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	0,02	1,04	-	-	11,82
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-	8,44
Interbank Money Market Placements	-	-	-	-	13,03
Available-for-sale Financial Assets	-	-	-	-	-
Loans	1,25	2,25	1,39	1,00	8,63
Held-to-maturity Investments	-	-	-	-	11,39
Liabilities					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	11,79
Miscellaneous Payables	-	-	-	-	-
Issued Marketable Securities	-	5,18	-	-	-
Funds Borrowed from Other Financial Institutions	0,55	1,27	1,18	1,70	9,25

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

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

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SECTION FOUR (Continued)

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

IV. Equity position risk arising from banking

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

The Bank owns 9,78% of Garanti Faktoring A.Ş shares and the detail of shares are shown below.

Share Group	Privilege Type	Rate (%)	Amount
A	Privileged	7.56	6.006
B	Non-privileged	2.22	1.767

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

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

None.

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

None.

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

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

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

	Portfolio	Realized gains/losses during the period	Revaluation value increases		Unrealized gains/ losses		
			Total	Included in supplementary capital	Total	Included in the core capital	Included in supplementary capital
1	Private equity investments	-	-	-	-	-	-
2	Shares traded on the stock market	-	-	-	-	-	-
3	Other shares	-	20.424	-	-	-	-
4	Total	-	20.424	-	-	-	-

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SECTION FOUR (Continued)

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

6. **Explanation about capital requirements on the basis of stock investments depending upon capital requirements' calculation method which was chosen by the Bank among allowed approaches on "Communique on Calculation of Risk Weighted Exposure Amount for Credit Risk Calculation of the Amount Subject to Credit Risk by Internal-rating Based Approaches".**

Credit risk is calculated based on standard method. The breakdown of the capital requirement amounts on the basis of equity shown in the table.

	Amount	Amount subject to credit risk	Capital requirement
Quoted to Stock Exchange			
Not Quoted	15.258	15.258	1.221
Impairment in securities	20.424	20.424	1.634

V. Explanations on liquidity risk management and liquidity coverage ratio

With regard to liquidity risk, banks describe the following.

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

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

c) The Bank meets its short term liquidity demand from domestic and foreign banks, and long-term liquidity demand from international institutions like the World Bank or Japan Bank for International Cooperation ("JBIC") through medium-long term funds and issued marketable securities and trying to reduce mismatches related to this issue.

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

e) In terms of liquidity, the Bank prefers to use borrowing limits from the Central Bank, foreign exchange markets and other domestic and foreign sources only in emergency situations. In addition, due to the status of the bank as an investment and development bank to eliminate the risk of sudden absence of deposits and draws are a significant contribution to the reduction of liquidity risk. In addition, finding resources before lending loans and liquidity risk mitigation techniques such as the principle that amortization of external liabilities like syndicated loans before maturity dates are the Bank's fundamental Liquidity Risk mitigation techniques.

f) Stress tests are made by the end of the year, within the frame of Regulation on Internal Capital Adequacy Assessment Process and BRSA best practice guidelines and then sent to BRSA at the end of March of the following year. The stress test results are also reported to senior management and considered on the Bank's domestic decisions.

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SECTION FOUR (Continued)

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

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

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

In this context:

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

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

Current Period							
Week Info	TL+FC (Maximum)	Week Info	TL+FC (Minimum)	Week Info	FC (Maximum)	Week Info	FC (Minimum)
1 September 2017	85,20	21 July 2017	1,39	29 September 2017	71,47	21 July 2017/ 28 July 2017/ 4 August 2017	0,00

Prior Period							
Week Info	TL+FC (Maximum)	Week Info	TL+FC (Minimum)	Week Info	FC (Maximum)	Week Info	FC (Minimum)
11 November 2016	99,34	7 October 2016	30,26	11 November 2016	93,85	7 October 2016	20,75

In accordance with BRSA resolution dated 12 December 2016 and numbered 7123, it has been decided to apply zero percent at consolidated and non-consolidated total and foreign currency liquidity coverage ratios for development and investment banks and continue to report the stated rates to the BRSA.

However, the Bank is subject to liquidity adequacy ratio mentioned in the text of the Regulation on Measurement and Assessment of Liquidity Adequacy of Banks and holds these rates above the legal limits.

In consideration of the description above, Eximbank is subject to relevant application due to its investment and development bank status. Due to the Bank's only activity is providing loans for exporters, for more effective usage of its sources, rather than keeping them inactive, the Bank 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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SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio

Current Period		Total Unweighted Value (Average) ⁽¹⁾		Total Weighted Value (Average) ⁽¹⁾	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)			355.285	311.192
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	Other unsecured funding	5.079.072	5.078.962	2.598.112	2.598.002
9	Secured funding				
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	49.963	18.643	49.963	18.643
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	635.922	633.270	254.368	253.308
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	5.018.436	5.018.436	250.921	250.921
16	TOTAL CASH OUTFLOWS			3.153.364	3.120.874
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	7.435.429	5.738.803	4.969.301	3.634.752
19	Other cash inflows	8.369	6.013	8.369	6.012
20	TOTAL CASH INFLOWS	7.443.798	5.744.816	4.977.670	3.640.764
				<i>Max limit applied values</i>	
21	TOTAL HQLA			355.285	311.192
22	TOTAL NET CASH OUTFLOWS			788.341	780.218
23	LIQUIDITY COVERAGE RATIO (%)			45,07	39,89

⁽¹⁾ The average of last three months' liquidity coverage ratio calculated by weekly simple averages

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SECTION FOUR (Continued)

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

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

2. Liquidity coverage ratio (Continued)

Prior Period	Total Unweighted Value (Average) ⁽¹⁾		Total Weighted Value (Average) ⁽¹⁾	
	TL+FC	FC	TL+FC	TL+FC
HIGH-QUALITY LIQUID ASSETS				
1	Total high-quality liquid assets (HQLA)		600.004	546.181
CASH OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:			
3	Stable deposits	-	-	-
4	Less stable deposits	-	-	-
5	Unsecured wholesale funding, of which:			
6	Operational deposits	-	-	-
7	Non-operational deposits	-	-	-
8	Other unsecured funding	3.509.804	3.509.804	3.509.804
9	Secured funding			
10	Other cash outflows of which:			
11	Outflows related to derivative exposures and other collateral requirements	218.070	214.620	218.070
12	Outflows related to restructured financial instruments	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	1.131.953	1.131.739	1.131.953
14	Other revocable off-balance sheet commitments and contractual obligations	149.549	127.387	149.549
15	Other irrevocable or conditionally revocable off-balance sheet obligations	174.493	174.493	174.493
16	TOTAL CASH OUTFLOWS		5.183.869	5.158.043
CASH INFLOWS				
17	Secured receivables	-	-	-
18	Unsecured receivables	6.043.595	4.736.001	6.043.595
19	Other cash inflows	62.858	2.928	62.858
20	TOTAL CASH INFLOWS	6.106.453	4.738.929	6.106.453
			<i>Max Limit applied values</i>	
21	TOTAL HQLA		600.004	546.181
22	TOTAL NET CASH OUTFLOWS		1.387.808	1.589.450
23	LIQUIDITY COVERAGE RATIO (%)		43,23	34,36

⁽¹⁾ The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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

- Cash inflows and outflows do not have significant fluctuations because the Bank is less complex and cash inflows are higher than cash outflows during the period.
- 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.
- 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.
- The most important items in derivatives held for hedging purposes are forwards for currency risks and swap transactions within the scope of interest rate risk.

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SECTION FOUR (Continued)

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

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

2. Liquidity coverage ratio (Continued)

e. The Bank distributes funding sources between CBRT, domestic banks and international development and investment banks carefully and in a balanced manner. The Bank's principle to take first quality collaterals like guarantee letters and aval. To prevent concentration risk the bank monitoring the breakdown of the collaterals taken from banks and made policy limit controls for to not take risks up to 20% of each banks' total cash and non-cash loans.

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

None.

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

None.

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SECTION FOUR (Continued)

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	586.641	-	-	-	-	-	-	586.641
Banks	47.132	2.254.884	-	-	-	-	-	2.302.016
Financial Assets at Fair Value Through Profit or Loss	-	31.673	37	2.260	7.124	17.216	-	58.310
Interbank Money Market Placements	-	1.322.366	-	-	-	-	-	1.322.366
Available-for-sale Financial Assets	35.682	-	-	-	-	-	-	35.682
Loans	-	1.659.706	14.697.161	40.215.337	16.083.120	2.621.768	102.544	75.379.636
Held-to-maturity Investments	-	29.884	71.329	131.263	21.515	-	-	253.991
Other Assets	-	-	1.548	7.366	64.396	12.418	1.093.264	1.178.992
Total Assets	669.455	5.298.513	14.770.075	40.356.226	16.176.155	2.651.402	1.195.808	81.117.634
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	6.720.460	12.476.252	31.695.900	8.998.813	4.063.603	-	63.955.028
Funds From Interbank Money Market	-	181.500	-	-	-	-	-	181.500
Marketable Securities Issued	-	-	-	-	7.970.173	1.752.165	550.140	9.722.338
Miscellaneous Payables	-	4.299	-	4.299	4.299	-	6.107.906	563.037
Other Liabilities ^{(2),(3)}	-	61.461	52.359	84.449	169.651	219.905	6.658.046	6.695.731
Total Liabilities	-	6.967.720	12.528.611	31.784.648	17.142.936	6.035.673	(5.462.238)	81.117.634
Liquidity Gap	669.455	(1.669.207)	2.241.464	8.571.578	(966.781)	(3.384.271)	-	-
Net Off Balance Sheet Position	-	8.447	(68.139)	(182.232)	(39.908)	(131.427)	-	(413.259)
Derivative Financial Assets	-	3.609.812	1.136.230	4.068.206	7.749.274	5.761.477	-	22.324.999
Derivative Financial Liabilities	-	3.601.365	1.204.369	4.250.438	7.789.182	5.892.904	5.204.586	22.738.258
Non-Cash Loans	-	-	-	-	-	-	-	5.204.586
Prior Period								
Total Assets	777.108	10.162.454	11.058.439	27.817.230	14.692.517	979.177	2.789.389	68.276.314
Total Liabilities	-	526.791	12.219.525	25.918.462	12.939.396	8.308.148	8.363.992	68.276.314
Net Liquidity Gap	777.108	9.635.663	(1.161.086)	1.898.768	1.753.121	(7.328.971)	(5.574.603)	-
Net Off-Balance Sheet Position	-	(3.606)	61.871	149.671	59.656	103.916	-	371.508
Derivative Financial Assets	-	1.011.921	711.136	3.390.049	5.116.642	4.018.063	-	14.247.811
Derivative Financial Liabilities	-	1.015.527	649.265	3.240.378	5.056.986	3.914.147	-	13.876.303
Non-Cash Loans	-	-	-	-	-	-	3.863.578	3.863.578

⁽¹⁾ Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as property and equipment and intangible assets, prepaid expenses, miscellaneous receivables and other assets are classified in this column.

⁽²⁾ Liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as shareholders' equity, provisions and miscellaneous payables are classified in this column.

⁽³⁾ In other liabilities line amount of TL 6.107.906 at the "unallocated" column, includes the shareholders' equity amounting to TL 5.623.220 and provisions amounting to TL 253.095 mainly.

⁽⁴⁾ In loans line the "Unallocated" column amounting to TL 102.544 consists of the book value of the loans under follow up.

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SECTION FOUR (Continued)

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

VI. Leverage Ratio

a) Information on Points Cause to Difference between Leverage Ratios of Current and Prior Period

Because of the increasing volume of the balance sheet and a higher increase in Tier 1 Capital, the leverage ratio of the Bank has slightly increase compared to previous year. However, it is still above of 3% Basel and BRSA standards. In the following periods, it is probable that there will be an increase in leverage ratio and capital adequacy as well as withdrawal in exchange rates.

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

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

c) Disclosure Table of Leverage Ratio

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	76.167.214	66.140.749
Deductions from Tier 1 capital	(6.652)	(6.456)
Total on balance sheet exposures	76.160.562	66.134.293
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit	(9.039)	9.278
The potential amount of credit risk with derivative financial instruments and	806.972	744.026
The total amount of risk on derivative financial instruments and credit derivatives	797.933	753.304
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	26.941.568	21.815.662
(Correction amount due to multiplication with credit conversation rates)	(19.644.230)	(14.005.579)
The total risk of off-balance sheet items	7.297.338	7.810.083
Capital and Total Exposures		
Tier 1 Capital	5.567.196	5.176.461
Total Exposures	84.255.833	74.697.680
Leverage Ratio		
Leverage Ratio	6.61%	6.93%

⁽¹⁾ Three-month average of the amounts in Leverage Ratio table.

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SECTION FOUR (Continued)

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

VII. Information on Risk Management

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

1. Overview of Risk Weighted Average (RWA)

	Risk Weighted Amount		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	37.579.836	37.799.302	3.006.387
2 Standardized approach (SA)	37.579.836	37.799.302	3.006.387
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	489.113	389.925	39.129
5 Standardized approach for counterparty credit risk (SA-CCR)	489.113	389.925	39.129
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	390.062	446.963	31.205
17 Standardized approach (SA)	390.062	446.963	31.205
18 Internal model approaches (IMM)	-	-	-
19 Operational risk	1.246.956	1.075.641	99.756
20 Basic Indicator Approach	1.246.956	1.075.641	99.756
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	39.705.967	39.711.831	3.176.477

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SECTION FOUR (Continued)

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

VII. Information on Risk Management (Continued)

2. Movement table of risk weighted assets under the internal valuation approach

The Bank does not use internal evaluation approach.

3. Movement in risk weighted assets related to counterparty credit risk within the internal model method

The internal model method is not used in the bank.

4. Market risk movement table of risk weighted assets by internal model approach

The internal model method is not used in the bank.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets

1. Cash equivalents and the account of the CBRT

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	35	-	36	-
CBRT	104	586.502	951	370.004
Other	-	-	-	-
Total	139	586.502	987	370.004

Information related to the account of the CBRT

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand Unrestricted Account	104	-	951	-
Time Unrestricted Account	-	586.502	-	370.004
Time Restricted Account	-	-	-	-
Total	104	586.502	951	370.004

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		Prior Period	
	TL	FC	TL	FC
Financial assets subjected to repo transactions	-	-	4.242	-
Financial assets given as collateral/ blocked	10.799	-	-	-
Total	10.799	-	4.242	-

3. Positive differences table related to trading derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	152	-	1.758	-
Swap Transactions	11.389	35.843	267	116.574
Futures Transactions	-	-	-	-
Options	-	127	-	4
Other	-	-	-	-
Total	11.541	35.970	2.025	116.578

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

4. Information on banks and foreign bank accounts

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	422.373	1.002.231	120.537	1.302.475
Foreign	50.000	827.412	-	1.095.036
Head Quarters and Branches Abroad	-	-	-	-
Total	472.373	1.829.643	120.537	2.397.511

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

As of 30 September 2017 and 31 December 2016, there is not any available-for-sale marketable securities given as collateral.

6. Information on available-for-sale financial assets

	Current Period	Prior Period
Debt Securities		
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates		
Quoted to Stock Exchange	-	-
Not Quoted	35.682	21.124
Impairment Provision (-)	-	-
Total	35.682	21.124

As of 30 September 2017 and 31 December 2016 available for sale financial assets of the Bank consist of Garanti Faktoring A.Ş. and Kredi Garanti Fonu A.Ş. with the shareholding percentages of 9,78% and 1,54%, respectively.

In addition, Borsa Istanbul A.Ş. (BIST) shares in the Bank portfolio are recognized in financial assets available for sale.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans

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

	Current Period		Prior Period	
	Cash loans	Non-cash Loans	Cash loans	Non-cash Loans
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	9.629	-	9.297	-
Total	9.629	-	9.297	-

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	The ones whose terms and conditions changed		Loans and Other Receivables	The ones whose terms and conditions changed	
		The ones whose payment plans have changed (extended)	Other		The ones whose payment plans have changed (extended)	Other
Non-Specialized Loans	72.689.962	1.369.579	-	210.244	323.218	-
Working Capital Loans	-	-	-	-	-	-
Export Loans	55.104.204	898.344	-	198.859	225.796	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	7.200.318	9.817	-	-	-	-
Consumer Loans	9.629	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	10.375.811	461.418	-	11.385	97.422	-
Specialized Loans	374.675	149.916	-	41.691	117.807	-
Other Receivables	-	-	-	-	-	-
Total	73.064.637	1.519.495	-	251.935	441.025	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
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- I. Explanations and notes related to assets (Continued)**
- 7. Information related to loans (Continued)**
- 7.2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled (Continued)**

The number of changes in payment plans (extension)	Standard loans and other receivables	Loans under close monitoring and other receivables
Extended by 1 or 2 times	326.837	12.331
Extended 3, 4 or 5 times	410.493	119.249
Extended more than 5 times	782.165	309.445

The period of extension through change of payment plan	Standard loans and other receivables	Loans under close monitoring and other receivables
0-6 Months	565.410	49.147
6-12 Months	350.530	161.849
1-2 Years	603.555	222.253
2-5 Years	-	7.776
5 Years and More	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

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

As of 30 September 2017, the Bank granted personnel loans amounting to TL 9.629.

	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	73	9.556	9.629
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	73	9.556	9.629
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	73	9.556	9.629

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets(Continued)

7. Information related to loans (Continued)

7.4. Information on commercial installment loans and corporate credit cards

None.

7.5. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	73.207.827	59.809.581
Foreign Loans	2.069.265	1.710.880
Total	75.277.092	61.520.461

7.6. Loans granted to investments in associates and subsidiaries

None.

7.7. Specific provisions accounted for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	14.073	-
Loans and Receivables with Doubtful Collectability	68.842	51.312
Uncollectible Loans and Receivables	102.333	92.472
Total	185.248	143.784

7.8. Information on non-performing loans (Net)

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

None.

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(Continued)

- I. Explanations and notes related to assets (Continued)
7. Information related to loans (Continued)
7.8. Information on non-performing loans (Net) (Continued)
7.8.2 Information on the movement of total non-performing loans

	Group III	Group IV	Group V
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with Limited	Receivables with	and Other
	Collectability	Doubtful Collectability	Receivables
Balance at the Beginning of the Period	89.303	51.312	92.472
Additions During the Period	41.083	21.713	-
Transfers from Non-performing Loans Accounts	-	8.561	49.310
Transfers to Other Non-Performing Loans Accounts	(57.871)	-	-
Collections During the Period	(2.195)	(2.560)	-
Write-offs	-	(3.336)	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	(3.336)	-
Balance at the End of the Period	70.320	75.690	141.782
Specific Provisions	(14.073)	(68.842)	(102.333)
Net Balance Sheet Amount	56.247	6.848	39.449

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

	Group III	Group IV	Group V
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with Limited	Receivables with	and Other
	Collectability	Doubtful Collectability	Receivables
Current Period:			
Balance at the End of the Period	68.475	65.344	125.720
Specific Provisions	(23.382)	(60.698)	(88.974)
Net Balance Sheet Amount	45.093	4.646	36.746
Prior Period:			
Balance at the End of the Period	84.706	48.523	80.255
Specific Provisions	-	(48.523)	(80.255)
Net Balance Sheet Amount	84.706	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and notes related to assets (Continued)
7. Information related to loans (Continued)
7.8. Information on non-performing loans (Net) (Continued)
7.8.4. Information on the gross and net amounts of the non-performing loans according to types of borrowers

	Group III	Group IV	Group V
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)	56.247	6.848	39.449
Loans Granted to Real Persons and Corporate Entities (Gross)	70.320	75.690	141.490
Specific Provision Amount	(14.073)	(68.842)	(102.041)
Loans Granted to Real Persons and Corporate Entities (Net)	56.247	6.848	39.449
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)	89.303	-	-
Loans Granted to Real Persons and Corporate Entities (Gross)	89.303	51.312	92.180
Specific Provision Amount	-	(51.312)	(92.180)
Loans Granted to Real Persons and Corporate Entities (Net)	89.303	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

8. Held-to-maturity investments

As of 30 September 2017, all of the marketable securities of the Bank classified under trading and held-to-maturity categories are government bonds and treasury bills.

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

Held-to-maturity investments subject to repo transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds and similar marketable securities	181.685	-	66.432	-
Total	181.685	-	66.432	-

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

	Current Period	Prior Period
Bonds and similar marketable securities	54.340	15.589
Total	54.340	15.589

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

8.2 Information on held-to-maturity government debt securities

	Current Period	Prior Period
Government Bonds	182.662	98.549
Treasury Bills	71.329	-
Other Public Debt Securities	-	-
Total	253.991	98.549

8.3 Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities		
Quoted to Stock Exchange	253.991	98.549
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	253.991	98.549

8.4 The movement of held-to-maturity investment securities

	Current Period	Prior Period
Balance at the beginning of the period	98.549	255.968
Foreign exchange differences on monetary assets	-	-
Purchases during the year	215.050	18.250
Disposals through sales and redemptions ⁽¹⁾	(67.752)	(172.196)
Impairment provision ⁽²⁾	8.144	(3.473)
Balance at the end of the period	253.991	98.549

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

⁽²⁾ Includes changes of interest accruals.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

9. Information on investments in associates account (net)

None.

10. Information on subsidiaries (net)

There is not any subsidiary.

11. Information related to the jointly controlled partnerships

None.

12. Information on lease receivables (net)

None.

13. Positive differences table related to hedging derivative financial assets

Derivative Financial Assets Held for Cash Flow Hedges	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge ⁽¹⁾	8.914	37.630	354.757	65.274
Cash Flow Hedge	-	39.182	-	40.280
Net Investment in Abroad Hedge	-	-	-	-
Total	8.914	76.812	354.757	105.554

⁽¹⁾ Explained in Section 4 Note II.

14. Information on investment properties

Istanbul service building which was previously accounted as tangible asset has been re-classified to investment property account in accordance with TAS 40 after the building is leased to the Investment Support and Promotion Agency of Turkey.

	Current Period	Prior Period
Cost	4.566	4.566
Depreciation Expense	(2.306)	(2.235)
Net value of the period end	2.260	2.331

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

	Current Period	Prior Period
Cost	90	-
Depreciation Expense	-	-
Net value of the period end	90	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities

1. Information on deposits/ funds received

The Bank does not accept deposits.

2. Table of negative differences for trading derivative financial liabilities

Trading Derivative Financial Liabilities	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	163	-	50	-
Swap Agreements	1.628	280.898	167	41.101
Futures Transactions	-	-	-	-
Options	-	111	-	4
Other	-	-	-	-
Total	1.791	281.009	217	41.105

As of 30 September 2017, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2016: None).

3. Information on banks and other financial institutions

3.1 General information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	150.000	40.417.775	-	32.184.331
From Domestic Banks and Institutions	-	2.234.204	-	1.153.938
From Foreign Banks, Institutions and Funds	-	21.153.049	-	18.380.576
Total	150.000	63.805.028	-	51.718.845

3.2 Information on maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	150.000	48.559.643	-	39.307.351
Medium and Long-Term	-	15.305.121	-	12.499.779
Total	150.000	63.864.764	-	51.807.130

Medium and long-term loans include subordinated loans amounting to TL 59.228 (31 December 2016: TL 88.045) and interest accruals amounting to TL 508 (31 December 2016: TL 240).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

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

Other liabilities item in the balance sheet, although not exceeding 10% of the total balance sheet, is detailed below.

	Current Period		Prior Period	
	TL	FC	TL	FC
Positive price differences on securities issued	-	20.344	-	30.192
Country Loans- Risk Premiums	-	190.438	-	152.004
Insurance Transactions	3.979	-	2.048	-
Loan Transactions	288	14.553	292	6.298
Political Risk Loss Account	-	-	-	957
Other	1.342	634	1.158	1.397
Total	5.609	225.969	3.498	190.848

5. Information on liabilities arising from financial leasing transactions (Net)

None.

6. Negative differences table related to hedging derivative financial liabilities

Derivative Financial Assets Held for Cash Flow Hedges	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge ⁽¹⁾	121.441	112.469	1.515	149.014
Cash Flow Hedge	-	-	-	-
Hedge of Net Investment in Foreign Operations	-	-	-	-
Total	121.441	112.469	1.515	149.014

⁽¹⁾ Explained in Section 4 Note 2.

7. Information on provisions

7.1. Information on general provisions

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

7. Information on other provisions (Continued)

7.3. Information on other provisions

7.3.1. Information on provisions for probable risks

	Current Period	Prior Period
Provisions for Probable Risks	54.270	38.331

As of 30 September 2017, the Bank recognized provisions amounting to TL 54.270 considering probable insurance compensation payments in relation to the export receivables (31 December 2016: TL 38.331).

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

Other provisions amounting to TL 73.712 (31 December 2016: TL 48.632) are comprised of insurance reserve expense amounting to TL 54.270 (31 December 2016: TL 38.331) and other provisions amounting to TL 19.442 (31 December 2016: TL 10.301).

8. Explanations on tax liability

8.1 Explanations on current tax liability

8.1.1. Information on provision for taxes

None.

8.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate Taxes Payable ⁽¹⁾	-	-
Taxation on Revenue From Securities	14	6
Property Tax	-	-
Banking Insurance Transaction Tax	2.500	2.628
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	843	297
Other	2.272	1.531
Total	5.629	4.462

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

8.1.3. Information on premium payables

	Current Period	Prior Period
Social Security Premiums – Employee	1.307	817
Social Security Premiums – Employer	3.979	2.655
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	154	102
Unemployment Insurance - Employer	310	204
Other	-	-
Total	5.750	3.778

8.2. Information on deferred tax liability

None.

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SECTION FIVE (Continued))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities items (Continued)

9. Information on shareholders' equity

9.1. Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	4.800.000	3.700.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Capital Ceiling
Registered Share Capital System	4.800.000	10.000.000

The Bank has decided to adopt registered share capital system at Extraordinary General Meeting held on 12 January 2017. The relevant decision has been registered in the trade registry and has been announced in the Turkish Trade Registry Gazette dated 30 January 2017 and numbered 9252.

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

Date	Amount	Cash	Income Reserves Subject to Increase	Capital Reserves Subject to Increase
28 August 2017	1.100.000	-	1.100.000	-

The Bank has increased capital by TL 1.100.000 to be covered by internal resources within the framework of the registered share capital system that was implemented in 2017. The transaction has been announced in the Turkish Trade Registry Gazette dated 28 August 2017 and numbered 9398.

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

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

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

None.

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- II. Explanations and notes on liabilities items (Continued)
9. Information on shareholders' equity (Continued)
- 9.4. Information on privileges given to shares representing the capital
The common shares of the Bank are owned by the Treasury.
- 9.5. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	26.517	-	11.960	-
Foreign Currency Differences	-	-	-	-
Total	26.517	-	11.960	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

1. Explanations on off-balance sheet commitments

1.1 Type and amount of irrevocable commitments

As 30 September 2017 the Bank has irrevocable commitments amounting to TL 46.687 (31 December 2016: TL 2.920.904).

1.2 The nature and amount of the possible losses and commitments arising from off-balance sheet items including the following:

None.

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

	Current Period	Prior Period
Letter of guarantee	-	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for export loan insurance	5.204.586	3.863.578
Total	5.204.586	3.863.578

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

None.

1.2.3 Total amount of non-cash loans

	Current Period	Prior Period
Non-cash loans given against cash loans		
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	5.204.586	3.863.578
Total	5.204.586	3.863.578

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and notes related to income statement

1. Within the scope of interest income

1.1. Information on interest income on loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income on Loans				
Short-term Loans	499.491	365.957	465.239	236.172
Medium and Long-term Loans	64.637	544.403	60.858	347.370
Interest on Loans Under Follow-up	118	9	149	115
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	564.246	910.369	526.246	583.657

1.2. Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	-	1	-	320
Domestic Banks	29.593	6.888	25.766	2.171
From Foreign Banks	264	5.085	1.593	1.406
From Headquarters and Branches Abroad	-	-	-	-
Total	29.857	11.974	27.359	3.897

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

1. Within the scope of interest income (Continued)

1.3 Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	1.079	-	915	-
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	-	-	-	-
From Held-to-Maturity Investments	13.468	-	20.247	-
Total	14.547	-	21.162	-

1.4 Information on interest income received from associates and subsidiaries

There is not any interest income from associates and subsidiaries.

2. Within the scope of interest expense

2.1 Information on interest expense on borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
CBRT	9.718	171.638	-	95.369
Domestic Banks	5	25.845	158	9.728
Foreign Banks	3	283.231	-	146.228
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	8.094	-	-
Total	9.726	488.808	158	251.325

2.2. Information on interest expense given to associates and subsidiaries

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

2.3. Interest paid to marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interests paid to marketable securities issued	-	328.517	-	258.035

2.4. With respect to deposit and participation accounts

2.4.1 Maturity structure of the interest expense on deposits

The Bank does not accept deposits.

2.4.2 Maturity structure of the share paid of participation accounts

There is not any participation account.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

3. Information on trading income/loss (Net)

	Current Period	Prior Period
Profit	13.874.383	7.057.235
Trading Gains on Securities	3	9
Trading Gains on Derivative Financial Transactions	296.550	240.131
Foreign Exchange Gains	13.577.830	6.817.095
Loss (-)	14.049.054	7.309.337
Trading Losses on Securities	9	-
Trading Losses from Derivative Financial Transactions	1.092.467	358.434
Foreign Exchange Loss	12.956.578	6.950.903

4. Explanations on other operating income

In the current period, the Bank recognized premium income amounting to TL 115.620 (30 September 2016: TL 75.202) and commission from reinsurance companies amounting to TL 23.960 (30 September 2016: TL 14.604) within the frame of Short Term Export Credit Insurance.

In the interim period ended 30 September 2017, TL 784 from cancellation of non-performing receivables, TL 3.931 related with export credit insurance operations and TL 5.156 from other accounts have been recognized in other operating income.

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	42.248	6.398
Group III. Loans and Receivables	3.579	-
Group IV. Loans and Receivables	30.017	6.398
Group V. Loans and Receivables	8.652	-
Doubtful receivables such as fees, commissions and other receivables	-	-
General Provision Expenses	-	-
Provision Expense for Probable Risks	15.939	8.754
Marketable Securities Impairment Expense	1.540	424
Financial Assets at Fair Value through Profit or Loss	1.540	424
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	59.727	15.576

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

6. Information related to other operating expenses

	Current Period	Prior Period
Personnel Expenses	99.702	79.059
Reserve for Employee Termination benefits	2.701	2.237
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	1.331	1.225
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	2.929	3.763
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	779	476
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-	-
Other Operating Expenses	21.845	18.170
Operational Lease Expenses	4.303	3.545
Maintenance Expenses	537	425
Advertisement Expenses	34	28
Other Expenses	16.971	14.172
Loss on Sale of Assets	-	-
Other ⁽¹⁾	88.467	59.778
Total	217.754	164.708

⁽¹⁾ Other operating expenses include the premium amount of TL 58.540 (30 September 2016: TL 33.644) paid to reinsurance companies within the scope of short-term export credit insurance.

7. Explanation on tax provisions for continuing and discontinued operations

None.

8. Explanation on net income/loss for the period

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

Not needed.

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

None.

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

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

1.1 Explanations and notes related to events after balance sheet

None.

SECTION SIX

AUDITORS' REVIEW REPORT

I. Explanations on auditors' review report

The unconsolidated financial statements as of and for the period ended 30 September 2017 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of KPMG). The auditors' review report dated 8 November 2017 has been presented in front of the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditors

None.

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. General Information about activities of the Bank

Strong Increase was Released in January-September 2017 Period

Turkey's exports, despite the volatility seen in the global economy, have been attracting attention due to the contribution of exports to growth performance, while Türk Eximbank has strengthened its support for exports in 2017. By the help of actions that were taken;

- In the first nine months of 2017, the cash credit and insurance support increased by 17% in foreign currency and reached USD 28.7 billion,
- Thus, the export ratio of total offered financial support increased by 2 percentage points at the end of 2016, reached 25% of exports,
- The credit balance has grown by 42% on annual basis and raised from TL 53.2 billion in September 2016 to TL 75.4 billion in September 2017,
- TL 45 of each TL 100 amount of export credit in the banking system was issued by Türk Eximbank,
- As the sign of trust towards Turkey and Türk Eximbank, during the first nine months of the year, USD 3.3 billion of funds were provided from different geographies, including the USD 500 million eurobond issue in September.

Effectiveness of the Bank is increasing in line with structural transformation

With the increasing duties and responsibilities, important steps have been taken and on to ensure structural transformation to enhance the Bank's effectiveness and meet exporters' demands. In this context,

- Through reorganization of Türk Eximbank, allocation, operation and marketing units have been empowered,
- In addition to the bank letter of guarantee, with the KGF Portfolio Guarantee System, direct credit has become available for the exporters,
- In order to reach exporters directly, liaison offices in Adana, Bursa, Denizli were converted to branches,
- With support of the Ministry of Economy, practices such as Compensation Support for Export Credit Insurance, Incentive Recipient Loan were implemented,

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SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

- Cooperation agreements have been signed with UK, Italy, Belgium and South Korea Export Support Organizations (UKEF, SACE, Credendo, K-Sure) in order to lead up for providing support in various ways to our exporters in international market. Exports of France, Japan, Hungary and Thailand until the end of the year Cooperation agreements that will also be signed with the Support Organizations (BpiFrance, JBIC, MEHIB, Thailand Eximbank) and new business opportunities will be opened for our exporters and contractors doing business abroad.

During the remainder of the year:

- Expansion of organizational network of the Bank through covering first 20 cities with respect to export is aimed. In line with this target during the remainder of the year, through opening five new branches in Konya, Kayseri, Antalya, Istanbul European side and Istanbul Anatolian side, total branch number will be increased up to 11. In addition, contact points will be opened in the large Organize Industrial Zones where the exporters are concentrated. As of September 2017, a liaison office was opened in the Aegean Region Chamber of Industry, Kemalpaşa Organized Industrial Zone, Manisa Organize Industrial Zone and Eskişehir Chamber of Commerce and the total number of liaison offices was increased to 6.

In the following period as an addition to increase at financial support provided for export and overseas projects, in addition to new programs such as commodity-based financing, investment insurance and financial institutions export credit insurance, with the Global Data Provide within the scope of export receivable insurance, in other words, the information required for insurance transactions is taken from a single global data source, it is also aimed to complete the work to provide on-site limit facilities and thus to increase the speed and quality of the services provided.

I. Summary of Financial Data about Activity Results with respect to the period of Interim Activity Report that covers comments of Chairman of the Executive Board and General Manager about Interim Activities

Summary of Financial Data about the Activity Results as of 30 September 2017

Selected Data from Balance Sheet	Current Period	Prior Period	Change (%)
Total Assets	81.117.634	68.276.314	18,8
Loans and Receivables (Net)	75.379.636	61.609.764	22,4
Marketable Securities (Net)	300.472	130.351	130,5
Receivables from Money Market	1.322.366	368.160	259,2
Banks	2.302.016	2.518.048	(8,6)
Funds Borrowed	64.014.764	51.807.130	23,6
Marketable Securities Issued (Net)	9.722.338	7.827.323	24,2
Provisions	253.095	230.229	9,9
Shareholder's Equity	5.623.220	5.200.734	8,1
Period Net Profit/ Loss	411.887	421.325	(2,2)

As of 30 September 2017, assets of Türk Eximbank have been realized as TL 81,1 billion (USD 22,8 billion) with 18,8% increase compared to the end of last year.

As of 30 September 2017, balance of loans was realized as TL 75 billion with 22,4% increase compared to the end of last year and this figure refers to 93% of assets. Short-term credits were TL 48 billion (64% of credits), mid and long term credits TL 27 billion (36% of loans). Ratio of non-performing loans compared to total loans was 0,4%, which was lower than sector average.

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SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

II. Summary of Financial Data about Activity Results with respect to the period of Interim Activity Report that covers comments of Chairman of the Executive Board and General Manager about Interim Activities

Liabilities comprise of TL 73,9 billion external resources (91,1% of liabilities), TL 5,6 billion shareholders' equity (6,9% of liabilities), TL 1,6 billion provisions and other liabilities (2%).

Income Statement items	Current Period	Prior Period	Change (%)
Interest Income	1.548.251	1.165.285	32.9
Interest income on Loans	1.474.615	1.109.903	32.9
Interest expenses	835.257	523.374	59.6
Interest expense on funds borrowed	498.534	251.483	98.2
Interest expenses on securities issued	328.517	258.035	27.3
Period Net Profit	411.887	320.000	28.7

In current period, increase of extension of loans of Türk Eximbank does have an effect on incomes. Total interest income of the Bank is TL 1.548 million and 95% of this income that refers to TL 1.474 million was earned through interest on loans. Interest expenses are TL 835 million and interests that were accrued as a result of funds borrowed from international financial markets and issued marketable securities constitute most of this expense amount. Interest expenses on marketable securities which are TL 328 million refer to 39% of the total and interests paid for funds borrowed from local and international markets are TL 498 million that refers to 60% of the sum.

As of 30 September 2017, period profit of the Bank is TL 412 million and this points out 29% increase compared to previous year's same period.

Primary ratios about financial status and performance of the Bank stated below:

Selected Ratios	30 September 2017	31 December 2016	30 September 2016
Capital Adequacy Ratio (%)	14.5	13.4	15.6
Loans / Assets (%)	92.9	90.2	90.0
Non-performing Loans / Total Loans (%)	0.4	0.4	0.4
Return on Assets (%)	0.7	0.8	0.8
Return on Equity (%)	10.6	8.8	9.1
Financial Leverage = External Resources / Total Assets	93.1	92.4	91.4
Financial Capability = Equity / External Resources	7.4	8.2	9.4
Current Ratio = Current Assets / Short Term External Resources	106.5	106.7	108.7
Cash Ratio = Liquid Assets / Short Term External Resources	8.6	8.3	9.7
Net Interest Income / Total Operating Income	103.4	126.9	128.3

Capital Adequacy of the Bank is 14,5%, Return on Assets is 0,7%; Return on Equity is 10,6%.

Activities of the Bank are in line with regulations and provisions of the main contract and summary report with respect to financial statements for the period that ended as at 30 September 2017 is respectfully submitted for your evaluations.

Adnan YILDIRIM
Deputy General Manager

Osman ÇELİK
Chairman of the Executive Board