

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

Türkiye İhracat Kredi Bankası Anonim Şirketi

Unconsolidated Financial Statements

As of and For the Year Ended 31 December 2019

With Independent Auditors' Report Thereon

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

28 February 2020

This report includes "Independent Auditors' Report" comprising 6 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 125 pages.



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye İhracat Kredi Bankası Anonim Şirketi

A) Audit of Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of Türkiye İhracat Kredi Bankası Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2019 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We declare that we are independent of the Bank in accordance with the Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the POA's Code of Ethics and other regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VII of the unconsolidated financial statements.

Key audit matter	How the matter is addressed in our audit
<p>As of 31 December 2019, loans measured at amortised cost comprise 88% of the Bank's assets.</p> <p>The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard") starting from 1 January 2019.</p> <p>The Bank applies the "expected credit loss model" starting from 1 January 2019 which contains significant assumptions and estimates in determining the impairment of financial assets in accordance with the Standard.</p> <p>The significant assumptions and estimates of the Bank's management are as follows:</p> <ul style="list-style-type: none"> - significant increase in credit risk; - incorporating the forward looking macroeconomic information in calculation of credit risk; and - design and implementation of expected credit loss model. <p>The determination of the impairment of loans measured at amortised cost depends on the (i) credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p>	<p>The audit procedures for expected credit loss included below:</p> <ul style="list-style-type: none"> • Testing the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and testing impairment procedures with the involvement of information risk management specialists. • To examine the Bank's contractual cash flow tests prepared by the Bank for financial assets and checking the compliance of the loan contracts selected through sampling with hold to collect business model. • To evaluate the adequacy of the subjective and objective criteria that are defined in the Bank's impairment accounting policy compared with the Regulation and Standard. • To evaluate the Bank's model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialists. • To perform loan reviews for selected loan samples which include a detailed examination of loan files and classification control. In this context, to evaluate the current status of the loan customer by including prospective information and macroeconomic variables.



<p>The Bank calculates expected credit losses on both individual and collective basis.</p> <p>Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations are reflected by macroeconomic models.</p> <p>Impairment on loans measured at amortised cost was considered to be one of the key audit matters, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.</p>	<ul style="list-style-type: none">• To evaluate the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis.• To test the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. To test the expected credit loss calculation through recalculation. To examine the models used for the calculation of the risk parameters and recalculate the risk parameters.• To assess the macroeconomic models which are used to reflect forward looking expectations and testing the effect of the risk parameters by recalculation method.• To evaluate the qualitative assessments which are used in determining the significant increase in credit risk.• To evaluate the adequacy of the financial statement disclosures related to impairment of loans.
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Hedge accounting

The details of accounting policies and significant estimates and assumptions of hedge accounting are presented in Section III, No: III of the unconsolidated financial statements.

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Bank applies fair value hedge transactions to manage fixed interest rate risk due to securities issued at fixed rate with interest rate swap transactions.</p> <p>The Bank applies cash flow hedge transactions to manage foreign currency risk due to securities issued at fixed rate and loans and advances at floating rate with cross-currency swap transactions.</p> <p>The criteria for the application of the hedge accounting include defining, documenting and regularly testing the effectiveness of the hedge accounting transactions. Due to the fact that hedge accounting has complex structure and requires technical calculations, we considered this to be one of the key audit matters.</p>	<p>The audit procedures for testing hedge accounting included below;</p> <ul style="list-style-type: none">• To examine the documentation and appropriateness of hedging relationships of cash flow hedge and fair value hedge transactions.• To take into account the objective of the hedge accounting and its compliance with IFRS requirements. To test the management's assessment of effectiveness, measuring ineffectiveness and appropriateness of accounting records.• To understand and test the hedge accounting controls, hedging relationship, the effectiveness controls at inception and at subsequent periods.• To evaluate the adequacy of the unconsolidated financial statement disclosures related to hedge accounting.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I of Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated 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 unconsolidated financial statements and IFRS.

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

Orhan Akova, SMMM
Partner

28 February 2020
İstanbul, Turkey



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 AŞ (“TÜRK EXIMBANK”)
AS OF 31 DECEMBER 2019

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

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

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

Bülent AKSU
Chairman of
Board of Directors

Ali GÜNEY
Deputy General Manager

Hüseyin ŞAHİN
Vice President of the
Financial Reporting

Taner YAVUZ
Head of Accountin and
Reporting Unit

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

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

Contact information of the personnel in charge for addressing questions about this financial report:
Name-Surname/Title: Taner YAVUZ/ Head of Accounting and Reporting Unit
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SECTION ONE
GENERAL INFORMATION

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

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Balance sheet.....	3
II.	Statement of off balance sheet items.....	7
III.	Statement of profit or loss.....	8
IV.	Statement of profit or loss and other comprehensive income.....	10
V.	Statement of changes in equity	11
VI.	Statement of cash flows.....	13
VII.	Statement of profit distribution.....	14

SECTION THREE
ACCOUNTING POLICIES

I.	Basis of presentation	15
II.	Strategy for use of financial instruments and foreign currency transactions.....	16
III.	Explanations on forward transactions, options and other derivative instruments	16
IV.	Explanations on interest income and expenses.....	17
V.	Explanations on fee and commission income and expenses.....	17
VI.	Explanations on financial assets.....	17
VII.	Explanations on impairment of financial assets.....	19
VIII.	Explanations on offsetting financial instruments.....	21
IX.	Explanations on sale and repurchase agreements and securities lending transactions.....	21
X.	Explanations on assets held for sale and discontinued explanations on liabilities related with these assets	21
XI.	Explanations on goodwill and other intangible assets	22
XII.	Explanations on tangible assets.....	22
XIII.	Explanations on investment property	22
XIV.	Explanations on leases	23
XV.	Explanations on provisions and contingent liabilities	24
XVI.	Explanations on obligations related to employee rights.....	25
XVII.	Explanations on taxation.....	25
XVIII.	Additional explanations on borrowings.....	26
XIX.	Explanations on issuance of share certificates.....	26
XX.	Explanations on avalized drafts and acceptances	26
XXI.	Explanations on government grants.....	26
XXII.	Explanations on segment reporting.....	26
XXIII.	Explanations on other issues.....	27
XXIV.	Explanations on accounting policy changes	27

SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I.	Information about shareholders' equity items	28
II.	Explanations on credit risk.....	38
III.	Explanations on currency risk.....	47
IV.	Explanations on interest rate risk.....	53
V.	Explanations on position risk of equity securities	57
VI.	Explanations on liquidity risk and liquidity coverage ratio.....	58
VII.	Explanations on leverage ratio	66
VIII.	Presentation of financial assets and liabilities at their fair values	67
IX.	Explanations on activities carried out on behalf and account of other parties	67
X.	Information on risk management	68
XI.	Explanations on securitization	83
XII.	Explanations on operating segments.....	84

SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Explanations and notes related to assets	86
II.	Explanations and notes on liabilities.....	101
III.	Explanations and notes related to off-balance sheet accounts.....	112
IV.	Explanations on notes related to statement of profit or loss.....	116
V.	Explanations and notes related to changes in shareholders' equity.....	122
VI.	Explanations and notes related to statement of cash flows.....	123
VII.	Explanations and notes related to Bank's risk group.....	124
VIII.	Explanations and notes related to events after balance sheet	124

SECTION SIX
OTHER EXPLANATIONS

I.	Summary information about the Bank's credit ratings from international credit rating agencies	125
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SECTION SEVEN
INDEPENDENT AUDITORS' REPORT

I.	Explanations on the independent auditors' report	125
II.	Explanations and notes prepared by independent auditors.....	125

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

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

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

The Bank has implemented the registered capital system and the upper limit of registered capital of the Bank is TL 10.000.000. The total share capital of the Bank is TL 7.160.000. The Bank's paid-in-capital committed by the Republic of Turkey Ministry of Treasury and Finance consists of 7.160.000 shares of TL 1 nominal each.

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

	Name:	Academic Background:
Chairman of the Board of Directors:	Bülent AKSU ^(1,2)	Undergraduate
Dep. Chairman of the Board of Directors:	Rıza Tuna TURAGAY ^(1,3)	Graduate
Members of the Board of Directors:	Ali GÜNEY Osman ÇELİK Fahriye Alev ARKAN ⁽¹⁾ Nail OLPAK İsmail GÜLLE	Undergraduate Undergraduate Undergraduate Graduate Graduate
Members of the Audit Committee:	Osman ÇELİK ⁽⁴⁾ Nail OLPAK ⁽⁴⁾	Undergraduate Graduate
General Manager:	Ali GÜNEY ⁽⁷⁾	Undergraduate
Assistant General Managers: ⁽¹⁾	Enis GÜLTEKİN Hakan UZUN ⁽⁸⁾ Necdet KARADENİZ M. Çağrı ALTINDAĞ ⁽⁸⁾ Erdem OKUR ⁽⁵⁾ Hüseyin ŞAHİN ⁽⁶⁾	Graduate Graduate Graduate Undergraduate Graduate Undergraduate

⁽¹⁾ Have been appointed at the Ordinary General Assembly dated 10 May 2019 to replace other members for 3 years.

⁽²⁾ Has been appointed as Chairman of the Board of Directors with the decision of Board of Directors dated 13 May 2019.

⁽³⁾ Has been appointed as Deputy Chairman of the Board of Directors with the decision of Board of Directors dated 13 May 2019.

⁽⁴⁾ Have been appointed as Members of the Audit Committee with the decision of Board of Directors dated 13 May 2019.

⁽⁵⁾ Has been appointed as Deputy General Manager with the decision of Board of Directors dated 19 July 2019.

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

⁽⁷⁾ Has been appointed as General Manager with the decision of Board of Directors dated 17 October 2019.

⁽⁸⁾ Has been appointed as Deputy General Manager on 20 December 2019.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Ali GÜNEY is the General Manager, Necdet KARADENİZ is the Deputy General Manager in Charge of Allocation, M. Çağrı ALTINDAĞ is the Deputy General Manager in charge of Marketing, Hüseyin ŞAHİN is the Deputy General Manager in charge of Financial Affairs / Operations/Risk Monitoring, Hakan UZUN is the Deputy General Manager responsible from Treasury / Finance, Enis GÜLTEKİN is the Deputy General Manager responsible from Insurance/International Loans and Erdem OKUR is the Deputy General Manager responsible from Technology / Support.

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

IV. Information on the shareholders owning control shares

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
Ministry of Treasury and Finance	7.160.000	100%	7.160.000	-

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

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

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

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

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

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

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

The Bank does not have any subsidiaries.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2019

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

ASSETS	Notes	Current Period Audited (31 December 2019) ^(*)		
		TL	FC	Total
I. FINANCIAL ASSETS (Net)		382.805	11.054.992	11.437.797
1.1 Cash and Cash Equivalents		339.477	9.648.741	9.988.218
1.1.1. Cash and Balances with Central Bank	(1)	572	7.320.280	7.320.852
1.1.2. Banks	(4)	339.005	2.328.461	2.667.466
1.1.3. Money Market Placements		-	-	-
1.1.4. Expected Credit Losses (-)		100	-	100
1.2 Financial Assets at Fair Value through Profit/Loss		-	-	-
1.2.1. Government Securities		-	-	-
1.2.2. Equity Securities		-	-	-
1.2.3. Other Financial Assets		-	-	-
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income	(6)	37.822	-	37.822
1.3.1. Government Securities		-	-	-
1.3.2. Equity Securities		37.822	-	37.822
1.3.3. Other Financial Assets		-	-	-
1.4 Derivative Financial Assets	(3)	5.506	1.406.251	1.411.757
1.4.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss		5.506	1.259.110	1.264.616
1.4.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	147.141	147.141
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		11.261.992	138.720.525	149.982.517
2.1 Loans	(7)	8.739.992	134.619.923	143.359.915
2.2 Lease Receivables	(12)	-	-	-
2.3 Factoring Receivables		-	-	-
2.4 Financial Assets Measured at Amortised Cost	(8)	2.989.880	4.100.602	7.090.482
2.4.1. Government Securities		2.989.880	4.100.602	7.090.482
2.4.2. Other Financial Assets		-	-	-
2.5 Expected Credit Losses (-)		467.880	-	467.880
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(14)	-	-	-
3.1 Asset Held for Resale		-	-	-
3.2 Assets of Discontinued Operations		-	-	-
IV. OWNERSHIP INVESTMENTS (Net)		-	-	-
4.1 Associates (Net)	(9)	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-
4.1.2 Unconsolidated Associates		-	-	-
4.2 Subsidiaries (Net)	(10)	-	-	-
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-
4.3 Joint Ventures (Net)	(11)	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-
V. TANGIBLE ASSETS (Net)		21.485	-	21.485
VI. INTANGIBLE ASSETS (Net)		7.122	-	7.122
6.1 Goodwill		-	-	-
6.2 Others		7.122	-	7.122
VII. INVESTMENT PROPERTY (Net)	(13)	2.046	-	2.046
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSET		-	-	-
X. OTHER ASSETS		1.017.400	414.745	1.432.145
TOTAL ASSETS		12.692.850	150.190.262	162.883.112

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2019

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2019

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

LIABILITIES	Notes	Current Period Audited (31 December 2019) ^(*)		Total
		TL	FC	
I. DEPOSITS	(1)	-	-	-
II. FUNDS BORROWED	(3)	-	127.584.542	127.584.542
III. MONEY MARKET FUNDS		-	-	-
IV. SECURITIES ISSUED (Net)		263.654	18.527.877	18.791.531
4.1 Bills		-	-	-
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		263.654	18.527.877	18.791.531
V. FUNDS		13	-	13
5.1 Borrower Funds		-	-	-
5.2 Other		13	-	13
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT/LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	-	106.949	106.949
7.1 Derivative Financial Liabilities Measured at Fair Value through Profit/Loss		-	77.040	77.040
7.2 Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income		-	29.909	29.909
VIII. FACTORING PAYABLES		-	-	-
IX. LEASE PAYABLES	(5)	8.717	8.244	16.961
X. PROVISIONS	(6)	263.359	-	263.359
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Rights		96.896	-	96.896
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		166.463	-	166.463
XI. CURRENT TAX LIABILITY	(7.1)	18.611	-	18.611
XII. DEFERRED TAX LIABILITY	(7.2)	-	-	-
LIABILITIES FOR TANGIBLE ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
13.1 Asset Held for Sale		-	-	-
13.2 Related to discontinued operations		-	-	-
XIV. SUBORDINATED LOANS		2.996.129	1.029.725	4.025.854
14.1 Borrowings		-	1.029.725	1.029.725
14.2 Other Debt Instruments		2.996.129	-	2.996.129
XV. OTHER LIABILITIES	(4)	51.437	2.943.631	2.995.068
XVI. SHAREHOLDERS' EQUITY	(8)	9.031.225	48.999	9.080.224
16.1 Paid-in Capital		7.160.000	-	7.160.000
16.2 Capital Reserves		-	-	-
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		-	-	-
16.3 Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		(16.300)	-	(16.300)
16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		28.658	48.999	77.657
16.5 Profit Reserves		427.232	-	427.232
16.5.1 Legal Reserves		422.618	-	422.618
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		4.614	-	4.614
16.5.4 Other Profit Reserves		-	-	-
16.6 Profit/Loss		1.431.635	-	1.431.635
16.6.1 Prior Periods' Profit/Loss		-	-	-
16.6.2 Current Period's Net Profit/Los		1.431.635	-	1.431.635
TOTAL LIABILITIES		12.633.145	150.249.967	162.883.112

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

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2019

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

LIABILITIES	Notes	PRIOR PERIOD Audited (31 December 2018) ^(*)		TOTAL
		TL	FC	
I. DEPOSITS	(1)	-	-	-
II. FUNDS BORROWED	(3)	-	108.730.948	108.730.948
III. MONEY MARKET FUNDS		139.005	-	139.005
IV. SECURITIES ISSUED (Net)		-	17.178.988	17.178.988
4.1 Bills		-	-	-
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		-	17.178.988	17.178.988
V. FUNDS		13	-	13
5.1 Borrower Funds		-	-	-
5.2 Other		13	-	13
VI. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT/LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	80	468.775	468.855
7.1 Derivative Financial Liabilities Measured at Fair Value through Profit/Loss		80	378.283	378.363
7.2 Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income		-	90.492	90.492
VIII. FACTORING PAYABLES		-	-	-
IX. LEASE PAYABLES	(5)	-	-	-
9.1 Financial Lease Payables		-	-	-
9.2 Operational Lease Payables		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		-	-	-
X. PROVISIONS	(6)	324.099	-	324.099
10.1 General Loan Loss Provision		130.214	-	130.214
10.2 Restructuring Provisions		-	-	-
10.3 Reserve for Employee Rights		75.397	-	75.397
10.4 Insurance Technical Provisions (Net)		-	-	-
10.5 Other Provisions		118.488	-	118.488
XI. CURRENT TAX LIABILITY	(7.1)	14.752	-	14.752
XII. DEFERRED TAX LIABILITY	(7.2)	-	-	-
XIII. LIABILITIES FOR TANGIBLE ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
13.1 Asset Held for Sale		-	-	-
13.2 Related to discontinued operations		-	-	-
XIV. SUBORDINATED LOANS		2.995.130	-	2.995.130
14.1 Borrowings		-	-	-
14.2 Other Debt Instruments		2.995.130	-	2.995.130
XV. OTHER LIABILITIES	(4)	31.028	1.892.225	1.923.253
XVI. SHAREHOLDERS' EQUITY	(8)	7.604.818	49.233	7.654.051
16.1 Paid-in Capital		6.350.000	-	6.350.000
16.2 Capital Reserves		-	-	-
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		-	-	-
16.3 Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		(9)	-	(9)
16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		11.282	49.233	60.515
16.5 Profit Reserves		401.743	-	401.743
16.5.1 Legal Reserves		379.260	-	379.260
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		22.483	-	22.483
16.5.4 Other Profit Reserves		-	-	-
16.6 Profit/Loss		841.802	-	841.802
16.6.1 Prior Periods' Profit/Loss		-	-	-
16.6.2 Current Period's Net Profit/Los		841.802	-	841.802
TOTAL LIABILITIES		11.108.925	128.320.169	139.429.094

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

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2019

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

	Notes	CURRENT PERIOD Audited (31 December 2019)			PRIOR PERIOD Audited (31 December 2018)		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		4.147.298	118.466.125	122.613.423	3.040.292	102.246.431	105.286.723
I. GUARANTEES AND SURETIES	(1.2)	-	10.891.326	10.891.326	-	9.083.093	9.083.093
1.1 Letters of guarantee		-	-	-	-	-	-
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		-	-	-	-	-	-
1.2 Bank Acceptances		-	-	-	-	-	-
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	-	-	-	-	-
1.3.1 Documentary Letters of Credit		-	-	-	-	-	-
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	10.891.326	10.891.326	-	9.083.093	9.083.093
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		3.914.283	43.811.392	47.725.675	2.993.521	35.553.809	38.547.330
2.1 Irrevocable Commitments		-	20.879	20.879	-	792	792
2.1.1 Asset Purchase and Sale Commitments		-	19.988	19.988	-	-	-
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		-	891	891	-	792	792
2.2 Revocable Commitments		3.914.283	43.790.513	47.704.796	2.993.521	35.553.017	38.546.538
2.2.1 Revocable Loan Granting Commitments		3.914.283	43.790.513	47.704.796	2.993.521	35.553.017	38.546.538
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		233.015	63.763.407	63.996.422	46.771	57.609.529	57.656.300
3.1 Hedging Derivative Financial Instruments		-	49.664.792	49.664.792	36.220	43.820.201	43.856.421
3.1.1 Transactions for Fair Value Hedge		-	34.990.664	34.990.664	-	33.685.723	33.685.723
3.1.2 Transactions for Cash Flow Hedge		-	14.674.128	14.674.128	36.220	10.134.478	10.170.698
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		233.015	14.098.615	14.331.630	10.551	13.789.328	13.799.879
3.2.1 Forward Foreign Currency Buy/Sell Transactions		-	-	-	1.891	1.690	3.581
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	-	-	947	845	1.792
3.2.2 Forward Foreign Currency Transactions-Sell		-	-	-	944	845	1.789
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		233.015	14.098.615	14.331.630	-	13.779.200	13.779.200
3.2.2.1 Foreign Currency Swap-Buy		-	3.254.071	3.254.071	-	3.178.271	3.178.271
3.2.2.2 Foreign Currency Swap-Sell		233.015	3.027.554	3.260.569	-	3.297.385	3.297.385
3.2.2.3 Interest Rate Swap-Buy		-	3.908.495	3.908.495	-	3.651.772	3.651.772
3.2.2.4 Interest Rate Swap-Sell		-	3.908.495	3.908.495	-	3.651.772	3.651.772
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	8.660	8.438	17.098
3.2.3.1 Foreign Currency Options-Buy		-	-	-	4.330	4.219	8.549
3.2.3.2 Foreign Currency Options-Sell		-	-	-	4.330	4.219	8.549
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)		5.238.105	165.284.715	170.522.820	4.609.798	141.111.476	145.721.274
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		741.704	4.105.147	4.846.851	584.511	3.608.784	4.193.295
5.1 Marketable Securities		-	39.923	39.923	-	35.484	35.484
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estates		713.434	3.925.013	4.638.447	556.241	3.518.192	4.074.433
5.6 Other Pledged Items		28.270	140.211	168.481	28.270	55.108	83.378
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		4.496.401	161.179.568	165.675.969	4.025.287	137.502.692	141.527.979
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		9.385.403	283.750.840	293.136.243	7.650.090	243.357.907	251.007.997

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

INCOME AND EXPENSE ITEMS		Notes	Current Period Audited (1 January- 31 December 2019)^(*)
I.	INTEREST INCOME	(1)	4.856.159
1.1	Interest Income On Loans		4.341.340
1.2	Interest Income On Reserve Deposits		-
1.3	Interest Income On Banks		158.958
1.4	Interest Income On Money Market Transactions		3.407
1.5	Interest Income On Securities Portfolio		348.816
1.5.1	Financial Assets Measured At Fair Value Through Profit or Loss		-
1.5.2	Financial Assets Measured At Fair Value Reported in Other Comprehensive Income		-
1.5.3	Financial Assets Measured At Amortised Cost		348.816
1.6	Financial Lease Income		-
1.7	Other Interest Income		3.638
II.	INTEREST EXPENSE	(2)	3.741.609
2.1	Interest On Deposits		-
2.2	Interest On Funds Borrowed		2.255.608
2.3	Interest On Money Market Transactions		2.083
2.4	Interest On Securities Issued		1.450.960
2.5	Financial Lease Interest Expenses		3.024
2.6	Other Interest Expenses		29.934
III.	NET INTEREST INCOME (I - II)		1.114.550
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		175.162
4.1	Fees and Commissions Received		428.486
4.1.1	Non-cash Loans		-
4.1.2	Other		428.486
4.2	Fees and Commissions Paid		(253.324)
4.2.1	Non-cash Loans		-
4.2.2	Other		(253.324)
V.	DIVIDEND INCOME		70
VI.	NET TRADING INCOME/LOSSES (Net)	(3)	627.029
6.1	Trading Account Income/Losses		38
6.2	Income/Losses From Derivative Financial Instruments		1.133.364
6.3	Foreign Exchange Gains/Losses		(506.373)
VII.	OTHER OPERATING INCOME	(4)	7.789
VIII.	TOTAL OPERATING PROFIT (III+IV-V+VI+VII+VIII)		1.924.600
IX.	EXPECTED CREDIT LOSSES (-)	(5)	132.997
X.	OTHER PROVISION EXPENSES (-)		422
XI.	PERSONNEL EXPENSES (-)		225.572
XII.	OTHER OPERATING EXPENSES (-)	(6)	133.974
XIII.	NET OPERATING PROFIT/LOSS (IX-X-XI)		1.431.635
XIV.	INCOME RESULTED FROM MERGERS		-
XV.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-
XVII.	OPERATING PROFIT/LOSS BEFORE TAXES (XI+...+XIV)		1.431.635
XVIII.	PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	(7)	-
18.1	Current Tax Charge		-
18.2	Deferred Tax Income Effect (+)		-
18.3	Deferred Tax Expense Effect (-)		-
XIX.	NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)		1.431.635
XX.	INCOME FROM DISCONTINUED OPERATIONS		-
20.1	Income From Assets Held For Sale		-
20.2	Income From Sale of Associates, Subsidiaries and Joint-Ventures		-
20.3	Others		-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
21.1	Expenses On Assets Held for Sale		-
21.2	Expenses On Sale of Associates, Subsidiaries and Joint-Ventures		-
21.3	Others		-
XXII.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)		-
XXIII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-
23.1	Current Tax Charge		-
23.2	Deferred Tax Income Effect (+)		-
23.3	Deferred Tax Expense Effect (-)		-
XXIV.	NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XX±XXII)		-
XXV.	NET PROFIT / LOSS (XVII+XXII)	(8)	1.431.635
	Earnings per Share		0,21609

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

INCOME AND EXPENSE ITEMS		Notes	Prior Period Audited (1 January – 31 December 2018) ^(*)
I.	INTEREST INCOME	(1)	3.391.095
1.1	Interest on Loans		3.046.371
1.2	Interest Received from Reserve Requirements		-
1.3	Interest Received from Banks		157.809
1.4	Interest Received from Money Market Transactions		70.775
1.5	Interest Income On Securities Portfolio		113.491
1.5.1	Financial Assets Measured At Fair Value Through Profit or Loss		47
1.5.3	Financial Assets Measured At Fair Value Reported in Other Comprehensive Income		-
1.5.4	Financial Assets Measured At Amortised Cost		113.444
1.6	Financial Lease Income		-
1.7	Other Interest Income		2.649
II.	INTEREST EXPENSE	(2)	2.531.631
2.1	Interest on Deposits		-
2.2	Interest on Funds Borrowed		1.526.741
2.3	Interest Expense on Money Market Transactions		928
2.4	Interest on Securities Issued		958.449
2.5	Other Interest Expenses		45.513
III.	NET INTEREST INCOME/EXPENSE (I - II)		859.464
IV.	NET FEES AND COMMISSIONS INCOME		143.826
4.1	Fees and Commissions Received		350.141
4.1.1	Non-Cash Loans		-
4.1.2	Other		350.141
4.2	Fees and Commissions Paid		(206.315)
4.2.1	Non-Cash Loans		-
4.2.2	Other		(206.315)
V.	PERSONNEL EXPENSES (-)		170.115
VI.	DIVIDEND INCOME		151
VII.	NET TRADING INCOME/LOSSES (Net)	(3)	181.863
7.1	Trading Gains /Losses on Securities		(69)
7.2	Trading Gains /Losses on Derivative Financial Assets		1.317.819
7.3	Foreign Exchange Gains /Losses		(1.135.887)
VIII.	OTHER OPERATING INCOME	(4)	10.655
IX.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.025.844
X.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(5)	81.696
XI.	OTHER OPERATING EXPENSES (-)	(6)	102.346
XII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		841.802
XIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIV.	PROFIT / (LOSS) ON EQUITY METHOD		-
XV.	GAIN / (LOSS) ON NET MONETARY POSITION		-
XVI.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		841.802
XVII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(7)	-
17.1	Current Tax Charge		-
17.2	Deferred Tax Income Effect (+)		-
17.3	Deferred Tax Expense Effect (-)		-
XVIII.	NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		841.802
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-
19.1	Income from Non-current Assets Held for Sale		-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-
19.3	Other Income from Discontinued Operations		-
XX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
20.1	Expenses for Non-current Assets Held for Sale		-
20.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-
20.3	Other Expenses from Discontinued Operations		-
XXI.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)		-
XXII.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-
22.1	Current Tax Provision		-
22.2	Deferred Tax Provision		-
XXIII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)		-
XXIV.	NET PROFIT / LOSS (XVII+XXII)	(8)	841.802
	Earnings/Loss per share (Full TL)		0,14413

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	Audited Current Period (31 December 2019)	Audited Prior Period (31 December 2018)
I.	CURRENT PERIOD PROFIT/LOSS	1.431.635	841.802
II.	OTHER COMPREHENSIVE INCOME	9.120	40.667
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	(8.022)	(206)
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(8.022)	(206)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5	Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	17.142	40.873
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	17.376	(9.872)
2.2.3	Gains/losses from Cash Flow Hedges	(234)	50.745
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	-	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)	1.440.755	882.469

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

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

STATEMENT OF CHANGES IN EQUITY	Notes					Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity	
		Paid-in Capital	Share Premium	Share Cancellation Profit	Other Capital Reserve	1	2	3	4	5	6					
Current Period (31 December 2019)																
I. Balances at Beginning of Period		6.350.000	-	-	-	-	(1.771)	1.762	-	11.282	49.233	401.743	841.802	-	-	7.654.051
II. Correction made as per TAS 8		-	-	-	-	-	-	(8.269)	-	-	-	-	-	-	-	(8.269)
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	III-XXIV	-	-	-	-	-	-	(8.269)	-	-	-	-	-	-	-	(8.269)
III. Adjusted Balances at Beginning of Period (I+II)		6.350.000	-	-	-	-	(1.771)	(6.507)	-	11.282	49.233	401.743	841.802	-	-	7.645.782
IV. Total Comprehensive Income		-	-	-	-	-	(8.022)	-	-	17.376	(234)	-	-	-	-	9.120
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		810.000	-	-	-	-	-	-	-	-	-	(810.000)	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	835.489	(841.802)	-	1.431.635	1.431.635
11.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	(6.313)	-	-	(6.313)
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	835.489	(835.489)	-	-	-
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period		7.160.000	-	-	-	-	(9.793)	(6.507)	-	28.658	48.999	427.232	-	1.431.635	-	9.080.224

1 Accumulated Revaluation Increase/Decrease of Fixed Assets

2 Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan

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

4 Foreign Currency Translation Differences

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

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

STATEMENT OF CHANGES IN EQUITY	Notes					Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity	
		Paid-in Capital	Share Premium	Share Cancellation Profit	Other Capital Reserve	1	2	3	4	5	6					
I. Prior Period (31 December 2018)																
II. Balances at Beginning of Period		4.800.000	-	-	-	-	(1.565)	-	-	21.154	(1.512)	387.531	568.475	-	-	5.774.083
2.1 Correction made as per TAS 8		-	-	-	-	-	-	1.762	-	-	-	-	-	-	-	1.762
2.2 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	1.762	-	-	-	-	-	-	-	1.762
III. Adjusted Balances at Beginning of Period (I+II)		4.800.000	-	-	-	-	(1.565)	1.762	-	21.154	(1.512)	387.531	568.475	-	-	5.775.845
IV. Total Comprehensive Income		-	-	-	-	-	(206)	-	-	(9.872)	50.745	-	-	-	-	40.667
V. Capital Increase in Cash		1.000.000	-	-	-	-	-	-	-	-	-	-	-	-	-	1.000.000
VI. Capital Increase from Internal Sources		550.000	-	-	-	-	-	-	-	-	-	(550.000)	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	564.212	(568.475)	-	841.802	841.802
11.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	(4.263)	-	-	(4.263)
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	564.212	(564.212)	-	-	-
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period		6.350.000	-	-	-	-	(1.771)	1.762	-	11.282	49.233	401.743	-	841.802	-	7.654.051

1 Accumulated Revaluation Increase/Decrease of Fixed Assets

2 Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan

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

4 Foreign Currency Translation Differences

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	Audited Current Period (31 December 2019)	Audited Prior Period (31 December 2018)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		3.664.999	3.354.565
1.1.1 Interest received		4.531.480	3.287.387
1.1.2 Interest paid		(2.056.622)	(1.455.142)
1.1.3 Dividend received		70	151
1.1.4 Fees and commissions received		369.200	345.509
1.1.5 Other income		441.492	1.328.474
1.1.6 Collections from previously written-off loans and other receivables	(7.9.2)	353.257	48.255
1.1.7 Payments to personnel and service suppliers		(225.572)	(184.576)
1.1.8 Taxes paid		(196.212)	(132.051)
1.1.9 Other		447.906	116.558
1.2 Changes in operating assets and liabilities		6.323.910	(5.906.489)
1.2.1 Net (increase) decrease in financial assets measured at Fair Value Through Profit or Loss		-	3.050
1.2.2 Net (increase) decrease in due from banks		-	-
1.2.3 Net (increase) decrease in loans		(13.475.985)	(38.981.217)
1.2.4 Net (increase) decrease in other assets		144.918	(264.480)
1.2.5 Net increase (decrease) in bank deposit		-	-
1.2.6 Net increase (decrease) in other deposits		-	-
1.2.7 Net increase (decrease) in financial liabilities measured at Fair Value Through Profit or Loss		-	-
1.2.8 Net increase (decrease) in funds borrowed		18.651.072	32.442.137
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		1.003.905	894.021
I. Net cash flows from banking operations		9.988.909	(2.551.924)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flows from investing activities		(3.765.370)	(2.982.434)
2.1 Cash paid for purchase of associates, subsidiaries and joint ventures		-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint ventures		-	-
2.3 Purchases of tangible assets		(3.080)	(2.745)
2.4 Sales of tangible assets		154	-
2.5 Cash paid for purchase of financial assets measured at Fair Value through Other Comprehensive Income		-	-
2.6 Cash obtained from sale of financial assets measured at Fair Value through Other Comprehensive Income		-	-
2.7 Cash paid for purchase of financial assets measured at amortised cost	(8.4)	(4.032.405)	(3.198.105)
2.8 Cash obtained from sale of financial assets measured at amortised cost	(8.4)	271.492	220.654
2.9 Others		(1.531)	(2.238)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities		(1.885.505)	5.159.435
3.1 Cash obtained from funds borrowed and securities issued		3.873.329	4.988.558
3.2 Cash used for repayment of funds borrowed and securities issued		(5.744.331)	(824.860)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(6.313)	(4.263)
3.5 Payments for financial leases		(8.190)	-
3.6 Others		-	1.000.000
IV. Effect of translation differences on cash and cash equivalents		1.416.351	1.062.572
V. Net increase/(decrease) in cash and cash equivalents		5.754.385	687.649
VI. Cash and cash equivalents at beginning of period		4.233.933	3.546.284
VII. Cash and cash equivalents at end of period		9.988.318	4.233.933

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2019

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

VII. STATEMENT OF PROFIT DISTRIBUTION	Current Period 31 December 2019 ^(*)	Prior Period 31 December 2018
I. DISTRUBUTION OF PROFIT		
1.1. Current Year Income	1.460.852	858.982
1.2. Taxes And Duties Payable (-)	29.217	17.180
1.2.1. Corporate Tax (Income tax)	-	-
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and duties	29.217	17.180
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.431.635	841.802
1.3. Prior Year Losses (-)	-	-
1.4. First Legal Reserves (-)	-	43.358
1.5. Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	539.111
1.6. First Dividend To Shareholders (-)	-	6.313
1.6.1. To Owners Of Ordinary Shares	-	6.313
1.6.2. To Owners Of Privileged Shares	-	-
1.6.3. To Owners Of Preferred Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.7. Dividends To Personnel (-) (**)	-	12.718
1.8. Dividends To Board Of Directors (-)	-	-
1.9. Second Dividend To Shareholders (-)	-	-
1.9.1. To Owners Of Ordinary Shares	-	-
1.9.2. To Owners Of Privileged Shares	-	-
1.9.3. To Owners Of Preferred Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	-
1.11. Statutory Reserves (-)	-	-
1.12. Extraordinary Reserves	-	792.131
1.13. Other Reserves	-	-
1.14. Special Funds	-	-
II. DISTRIBUTION OF RESERVES		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.3. Dividends To Shareholders (-)	-	-
2.3.1. To Owners Of Ordinary Shares	-	-
2.3.2. To Owners Of Privileged Shares	-	-
2.3.3. To Owners Of Preferred Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders Of Profit And Loss Sharing Certificates	-	-
2.4. Dividends To Personnel (-)	-	-
2.5. Dividends To Board Of Directors (-)	-	-
III. EARNINGS PER SHARE		
3.1. To Owners Of Ordinary Shares	0,2161	0,1441
3.2. To Owners Of Ordinary Shares (%)	21,61	14,41
3.3. To Owners Of Privileged Shares	-	-
3.4. To Owners Of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. To Owners Of Ordinary Shares	-	-
4.2. To Owners Of Ordinary Shares (%)	-	-
4.3. To Owners Of Privileged Shares	-	-
4.4. To Owners Of Privileged Shares (%)	-	-

(*) As of the report date, there is no decision related to 2019 profit distribution, therefore, distributable net profit for period is not presented.

(**) The amount of dividend distributed to personnel has been provided in 2018 net profit. Therefore, it is not included in profit distribution, but presented for information.

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 31 DECEMBER 2019

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

SECTION THREE
ACCOUNTING POLICIES

I. Basis of presentation

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

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

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

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

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

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

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

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

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

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

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

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

3. Additional paragraph for convenience translation to English

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

As of 31 December 2019, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 5,9407 for US Dollar, TL 6,6548 for Euro, TL 5,4611 for 100 JPY and TL 7,8049 for GBP.

III. Explanations on forward transactions, options and derivative instruments

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

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

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

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

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

a.1.) Derivative financial assets held for trading

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

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

The Bank notifies in written the relationship between hedging instrument and related account, risk management aims of hedge and strategies and the methods used 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 hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in “Trading Gains/Losses on derivative financial instruments” account. In the balance sheet, change in fair value of hedged asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, adjustments made to the value of hedged item using straight-line amortization method within the days to maturity are reflected to “Income/losses from derivative financial instruments” account in the statement of profit or loss.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

(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 (Continued)

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

b.1.) Derivative financial instruments held for hedging

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

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

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

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

IV. Explanations on interest income and expenses

Interest income is accounted by applying the effective interest rate to the gross value of the financial asset according to the effective interest method determined in TFRS 9.

The interest amount is calculated over the net value of the non-performing loan and is accounted in the related interest income accounts.

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.

Fees and commissions other than those that are an integral part of the effective interest rate of financial instruments are accounted in accordance with TFRS 15 standard.

VI. Explanations on financial assets

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanation on financial assets (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VI. Explanation on financial assets (Continued)

c.) Financial assets measured at amortised cost

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

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

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

Purchase and sale transactions of these financial assets are recorded and derecognised according to the “delivery date”. The Bank’s financial assets measured at amortized cost portfolio includes government bonds and eurobonds which is issued abroad by the Ministry of Turkish Republic Treasury and Finance.

d.) Loans

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

VII. Explanations on impairment of financial assets

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

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

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

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

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

Calculation of Expected Credit Loss

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

There are two measurements according to the general approach:

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment of financial assets (Continued)

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

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. Applies to all assets unless there is a significant deterioration in credit quality. 12-month expected loss values are part of the estimated life expectancy loss (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is less than 12 months).

Significant increase in credit risk (Stage 2)

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. For stage 1 loans expected loss (provision) amounts are calculated for 1-year and for Stage 2 loans expected loss (provision) is calculated for the remaining life of the loan. The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the second stage are the close monitoring, the number of delay days exceeding 30 days and the Bank's internal early warning system note.

Non-performing loans (Stage 3/ Specific provision)

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized. The Bank considers that there is a default on the relevant debt in the following two cases:

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

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

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

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

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

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

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

The exposure at default of an instrument is the anticipated outstanding amount owed by the obligor at the time of default.

In case of default of the borrower, Loss Given Default has been calculated as dividing expected credit loss to exposure at default. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment of financial assets (Continued)

Macroeconomic expectations: While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicators of these estimation models are the Gross Domestic Product (GDP) growth rate and the consumers price index rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

Behavioral Maturity Calculation Methodology: Expected Loss Provision; For loans in stage 1 with a remaining maturity of less than one year, loans with a maturity of more than one year are calculated as one-year for loans with a remaining maturity of more than one year and in stage 2 for lifetime of loans (up to maturity date). In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analyzing historical data for products with no real maturity. Expected loss reserve are calculated based on these maturities depending on the type of loan.

Accounting policies applied before 1 January 2019

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

The Bank is exempted from the general and specific provisions in accordance with Article 13 “Exceptions” “As per Article 21 entitled “Exceptions”, “Regulation on the Procedures and Principles for Determination of Classifications of Loans Provisions to be Set Aside” published in the Official Gazette which says “specific and general provision rates for transactions made in accordance with Law No: 3332 dated 25 March 1987 are considered as zero percent”.

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

VIII. Explanations on offsetting financial instruments

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

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XI. Explanations on goodwill and other intangible assets

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

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

Implemented yearly amortization rates as follows;

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

XII. Explanations on tangible assets

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

The depreciation rates are as follows;

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

The depreciation charge for items remaining in tangible assets for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in tangible assets. Gains and losses on the disposal of tangible assets are booked to the statement of profit or loss items 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 statement of profit or loss. Expenditures for the repair and renewal of tangible assets are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized over the cost of the tangible asset. The capital expenditures include the cost components that increase the useful life, capacity of the asset or quality of the product or that decrease the costs.

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

XIII. Explanations on investment property

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leases

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

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

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

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

Right-of use asset

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

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

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

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

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

Lease liability

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate in case of implicit interest rate cannot be defined easily. These rates applied to TL and USD lease liabilities are 24,05% and 8,5% respectively.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on leases (Continued)

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

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

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

- Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,
- Measures the lease liability by reducing the carrying amount to reflect the lease payments made
- It measures the book value to reflect re-evaluations and restructurings, or to reflect the revised essence of fixed lease payments.

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

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

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

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

	1 January 2019	31 December 2019
Right-of-use assets	20.254	14.932
Lease liabilities	19.611	16.961

XV. Explanations on provisions and contingent liabilities

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

(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

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

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

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

	Current Period	Prior Period
Discount ratio	12,10%	15,50%
Inflation	8,20%	10,00%
Salary increase rate	9,20%	11,00%

As of 31 December 2019, the calculated employment termination obligation amount is TL 29.849 (31 December 2018: TL 21.854). For the year ended 31 December 2019, the Bank also provided provision for vacation pay liability relating to prior periods amounting to TL 16.420 (31 December 2018 TL 15.998).

The Bank has allocated a provision amounting to TL 31.878 (31 December 2018: TL 24.869) based on the success premium to be paid in January 2020 for the second half of the year and a provision amounting to TL 17.994 (31 December 2018: TL 12.675) for the dividend payable to the employees in 2020 from the profit of 2019.

XVII. Explanations on taxation

According to Act number 3332 and article 4/b of Act number 3659, dated 25 March 1987 and 26 September 1990, respectively, the Bank is exempt from Corporate Tax. Due to the 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Additional explanations on borrowings

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

The Bank has issued seven bonds.

- In September 2014, the Bank issued bonds amounting USD 500 million (TL 2.970.350). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years.
- In February 2016, the Bank issued bonds amounting USD 500 million (TL 2.970.350) The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years.
- In October 2016, the Bank issued bonds amounting USD 500 million (TL 2.970.350). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is seven years.
- In September 2017, the Bank issued a bond with a maturity of five years and a fixed rate of 4,250% amounting USD 500 million (TL 2.970.350).
- In May 2018, the Bank issued a bond with a maturity of six years and a fixed rate of 6,125% amounting to USD 500 million (TL 2.970.350).
- In January 2019, the Bank issued a bond with a maturity of five years and a fixed rate of 8,250% amounting to USD 500 million (TL 2.970.350).

Also the Bank has applied hedge accounting relating to the measurement of derivative financial instruments for its securities issued stated above, and has recognized the amounts calculated in this context.

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

In April 2019, the Bank issued Tier II capital amounting EUR 150 million (TL 891.105) with an early redeem option after fifth year of the date of issue.

In September 2019, the Bank has issued a bond with a maturity of three years and floating interest rates amounting to TL 256.247.

XIX. Explanations on issuance of share certificates

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

XX. Explanations on avalized drafts and acceptances

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

XXI. Explanations on government grants

The Bank benefits from the government incentive provided by the Ministry of Trade as of 31 December 2019. In accordance with the decision of the Ministry of Economy Money-Credit and Coordination Board dated 2016/8, the interest expense of bank which is corresponding with difference between the bank interest rate and reference commercial interest rate is supported on investment good through exports medium-long-term buyer’s loans. These incentives are recognized by adopting an income approach in accordance with TAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”.

XXII. Explanations on segment reporting

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on other issues

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

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

XXIV. Explanations on accounting policy changes

The following table shows the classification and adjustments for the application of the impairment provisions of TFRS 9 Financial Instruments and the impact of TFRS 16 Leases as of 1 January 2019.

	31 DECEMBER 2018	TFRS 9 CLASSIFICATION EFFECT	TFRS 9 MEASUREMENT EFFECT	TFRS 16 TRANSITION EFFECT	1 JANUARY 2019
ASSETS					
Specific Provisions	233.867	(233.867)	-	-	-
Expected Credit Losses	-	364.081	8.604	-	372.685
Tangible Assets	5.807	-	-	20.254	26.061
LIABILITIES					
General Provisions	130.214	(130.214)	-	-	-
Other Provisions	118.488	-	(335)	-	118.153
Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss	-	-	(8.269)	-	(8.269)
Lease Payables	-	-	-	20.254	20.254

Equity effects of transition to TFRS 9 impairment application

As of 1 January 2019, remeasurement of provisions amounting TL 8.269 resulting from reversal of the impairment provisions previously recognized in TFRS 9 is reclassified to “Other comprehensive income/expense items not to be reclassified to profit or loss” under shareholders’ equity.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Information about shareholders' equity items

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

As of 31 December 2019, the shareholders' equity of the Bank is TL 13.152.003 (31 December 2018: TL 10.679.018) and the capital adequacy standard ratio is 19,06% (31 December 2018: 18,66%).

	Current Period	Amount as per the regulation before 1/1/2014^(*)
COMMON EQUITY TIER I CAPITAL	9.073.102	
Paid-in Capital to be Entitled for Compensation after All Creditors	7.160.000	
Share Premium	-	
Reserves	427.232	
Other Comprehensive Income according to Turkish Accounting Standards ("TAS")	77.657	
Profit	1.431.635	
Net Current Period Profit	1.431.635	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	9.096.524	
Deductions From Common Equity Tier I Capital	23.422	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	6.507	
Leasehold Improvements on Operational Leases (-)	-	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	7.122	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Securitization gains	-	
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	
Net amount of defined benefit plans	9.793	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Core Capital Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

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 as per the regulation before 1/1/2014 (*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Exceeding Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	
Mortgage Servicing Rights not deducted (-)	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	
Other items to be Defined by the BRSA (-)	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	23.422	
Total Common Equity Tier I Capital	9.073.102	
ADDITIONAL TIER I CAPITAL	998.220	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	998.220	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	998.220	
Deductions from Additional Tier I Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital (-)	-	
Other items to be defined by the BRSA (-)	-	
Items to be Deducted from Tier I Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

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 as per the regulation before 1/1/2014 ^(*)
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	998.220	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	10.071.322	
TIER II CAPITAL	3.080.681	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2.901.759	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	178.922	
Total Deductions from Tier II Capital	3.080.681	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	3.080.681	
Total Equity (Total Tier I and Tier II Capital)	13.152.003	
The sum of Tier I Capital and Tier II Capital (Total Capital)	13.152.003	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	
Net Book Values of Movables and Immovable's Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	
Other items to be Defined by the BRSA (-)	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

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 as per the regulation before 1/1/2014^(*)
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
CAPITAL	13.152.003	
Total Capital (Total of Tier I Capital and Tier II Capital)	13.152.003	
Total Risk Weighted Assets (**)	69.016.764	
CAPITAL ADEQUACY RATIOS		
Common Equity Tier I Capital Ratio (%)	13,15	
Tier I Capital Ratio (%)	14,59	
Capital Adequacy Ratio (%)	19,06	
BUFFERS		
Bank-specific total Common Equity Tier I Capital Ratio	2,50	
Capital conservation buffer requirement (%)	2,50	
Bank systematic countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8,65	
Amounts Lower Than Excesses as per Deduction Rules	37.822	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	37.822	
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	178.922	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	178.922	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	

(*) Amounts to be considered under transition provisions.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier 1 Capital	-	
Net Deferred tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier 1 Capital	-	
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
The Portion of Net Portion of the Investments in Equity of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issues Share Capital Not Deducted from Tier I Capital	-	
Mortgage Servicing Rights not deductions	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-	
Other Items to be Defined by the BRSA	-	
Deductions from Tier 1 Capital in cases where there are no adequate Additional Tier 1 or Tier II Capitals	-	
Total Deductions from Common Equity Tier I Capital	8.777	
Total Common Equity Tier I Capital	7.647.045	
ADDITIONAL TIER I 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 Tier I Capital before Deductions	-	
Deductions from Additional Tier 1 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	-	
Items to be Deducted from Tier 1 Capital during the Transition Period	-	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
CAPITAL	10.679.018	
Total capital	10.679.018	
Total risk weighted items	57.219.464	
CAPITAL ADEQUACY RATIOS	-	
Core Capital Adequacy Ratio (%)	13,36	
Tier 1 Capital Adequacy Ratio (%)	13,36	
Capital Adequacy Standard Ratio (%)	18,66	
BUFFERS		
Total buffer requirement	1,875	
Capital conservation buffer requirement (%)	1,875	
Bank specific countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
The ratio of Additional Common Equity Tier 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 (%)	8,86	
Amounts Lower than Excesses as per Deduction Rules	20.447	
Remaining Total of the Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital	20.447	
Remaining Total of the Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
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	-	

(*) Amounts to be considered under transition provisions.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

Information about the instruments to be included in the capital adequacy calculation:	
Issuer	Türkiye İhracat Kredi Bankası AŞ
Instrument code (CUSIP, ISIN etc.)	TRSEXIM92818
Legislation to which the instrument is subject to	BRSA ve CMB Legislation
Estimated status in equity calculation	
Since 1 January 2015, being subjected to consideration by reducing it by 10%	No
Eligible at unconsolidated / consolidated	Consolidated and unconsolidated basis is taken into account.
Type of instrument	Private Sector Bond
Amount considered in equity calculation (As of the latest reporting date – TL Million)	2.902
Nominal value of the instrument (TL Million)	2.902
Account number in trial balance	3460110
Date of issue of the instrument	27 September 2018
The maturity structure of the instrument (Demand / Forward)	Forward
Starting maturity of the instrument	27 September 2018
Whether the issuer has the right of reimbursement due to BRSA approval	Has an early redemption option at the end of the fifth year
Reimbursement option date, contingent repayment options and refundable amount	The Bank will be able to use the early redemption option based on BRSA approval, five years after the date of issue.
Subsequent reimbursement option dates	-
Interest/dividend payments	
Fixed or variable interest/dividend payments	Fixed Coupon
Interest rate and index value for interest rate	12,5449%
Whether there are any restrictions that stop the payment of dividends	None
Fully optional, partially optional or mandatory	None
Whether there is an element that will encourage repayment, such as increase in the interest rate	None
Being cumulative or noncumulative	None
The ability to be converted into shares	
Triggering events / events that can cause a conversion if converted to a stock	None
Full or partial conversion if convertible	None
If convertible, conversion rate	None
If convertible, mandatory convertible or optionally convertible	None
Convertible instrument types if converted to stock	None
Issuer of the debt instrument to be converted if it can be converted into a stock	None
Value reduction feature	
Trigger events / events that will cause a reduction if it has a value reduction feature	None
Total or partial value reduction if value reduction is available	None
Temporary or permanent if it has a value reduction feature	None
Value increment if the value can be temporarily reduced	None
In which order in terms of the right to take in the case of liquidation (Instrument just above this instrument)	After borrowings before additional Tier-1 capital
Whether subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It has the requirements of article 8 of the Regulation.
Define if subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It does not have the requirements of article 7 of the Regulation.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

Information about the instruments to be included in the capital adequacy calculation:	
Issuer	Türkiye İhracat Kredi Bankası A.Ş.
Instrument code (CUSIP, ISIN etc.)	-
Legislation to which the instrument is subject to	BRSA ve CMB Legislation
Estimated status in equity calculation	
Since 1 January 2015, being subjected to consideration by reducing it by 10%	No
Eligible at unconsolidated / consolidated	Consolidated and unconsolidated basis is taken into account.
Type of instrument	Private Sector Bonds
Amount considered in equity calculation (As of the latest reporting date - Million TL)	998,2
Nominal value of the instrument (Million TL)	998
Account number in trial balance	34700010
Date of issue of the instrument	24 April 2019
The maturity structure of the instrument (Demand / Forward)	Forward
Starting maturity of the instrument	24 April 2019
Whether the issuer has the right of reimbursement due to BRSA approval	Has an early redemption option at the end of the fifth year
Reimbursement option date, contingent repayment options and refundable amount	The Bank will be able to use the early redemption option based on BRSA approval, five years after the date of issue.
Subsequent reimbursement option dates	-
Interest/dividend payments	
Fixed or variable interest/dividend payments	Fixed Coupon
Interest rate and index value for interest rate	4,61% (Compound)
Whether there are any restrictions that stop the payment of dividends	None
Fully optional, partially optional or mandatory	None
Whether there is an element that will encourage repayment, such as increase in the interest rate	None
Being cumulative or noncumulative	None
The ability to be converted into shares	
Triggering events / events that can cause a conversion if converted to a stock	None
Full or partial conversion if convertible	None
If convertible, conversion rate	None
If convertible, mandatory convertible or optionally convertible	None
Convertible instrument types if converted to stock	None
Issuer of the debt instrument to be converted if it can be converted into a stock	None
Value reduction feature	
Trigger events / events that will cause a reduction if it has a value reduction feature	Capital adequacy ratio or Consolidated Capital adequacy rate to fall below 5,125 percent
Total or partial value reduction if value reduction is available	Totally or partially
Temporary or permanent if it has a value reduction feature	Temporary
Value increment if the value can be temporarily reduced	None
In which order in terms of the right to take in the case of liquidation (Instrument just above this instrument)	After borrowings before additional Tier-1 capital
Whether subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It has the requirements of article 8 of the Regulation.
Define if subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It does not have the requirements of article 7 of the Regulation.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

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

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

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

The Bank provides expected credit loss for loans and other receivables in accordance with TFRS 9.

In accordance with article 4/C, which was added to the Law No. 3332 regulating the establishment of Türk Eximbank by the Law No. 3659, with the Article 10 of the Law on the Regulation of Public Finance and Debt Management numbered 4749, and pursuant to the Council of Ministers Decree No. 2009/15198, amended by the Council of Ministers Decision no 2013/5148; Receivables arising from the political risks of Turk Eximbank due to credit, insurance and guarantee activities and debts related to debt deferment are reported to the Ministry of Treasury and Finance by the end of September each year.

As of 31 December 2019, the Bank has restructured loans amounted TL 2.045.470 from standard loans and loans under close monitoring and TL 5.513 from non-performing loans which have been subject to changes in contract conditions.

Although the Bank has an exception of provision practices in accordance within the Article 21 entitled "Exceptions", "Regulation on the Procedures and Principles for Determination of Classifications of Loans Provisions to be Set Aside (Regulation)" published in the Official Gazette no. 29750 and dated 22 June 2016 which says "specific and general provision rates for transactions made in accordance with Law No: 3332 dated 25 March 1987 are considered as zero percent", the Bank calculates impairment and expected loss provision within the framework of TFRS 9.

The proportion of the Bank's top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 54% and 52% as of 31 December 2019 and 2018, respectively.

The proportion of the Bank's top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 68% and 66% as of 31 December 2019 and 2018, respectively.

The proportion of the Bank's top 100 non-cash loan balances (whose risk belongs to the Bank) in total non-cash loans portfolio is 52% and 56% as of 31 December 2019 and 2018, respectively.

The proportion of the Bank's top 200 non-cash loan balances (whose risk belongs to the Bank) in total non-cash loans portfolio is 65% and 70% as of 31 December 2019 and 2018, respectively.

As of 31 December 2019, the share of cash and non-cash receivable amounts belonging to its top 100 and 200 credit customers in the total cash and non-cash loans are 54% and 68%, respectively (31 December 2018: 52% and 66%).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

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

	Current Period		Prior Period	
	Corporate	Personnel loans	Corporate	Personnel loans
Standard loans	139.975.637	10.011	128.694.566	15.407
Loans under close monitoring	2.869.510	-	678.636	-
Loans under follow-up	504.737	20	342.508	-
Gross	143.349.884	10.031	129.715.710	15.407
Expected credit loss	(466.875)	(22)		
Spesific provisions			(233.867)	-
Net	142.883.009	10.009	129.481.843	15.407

As of 31 December 2019 and 31 December 2018, there is not any past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

	Current Period	Prior Period
Past due up to 30 days	2.352.356	52.996
Past due 31-60 days	359.690	516.931
Past due 61-90 days	157.464	108.709
Total	2.869.510	678.636

Loan rating policy of the Bank

Risk evaluation of banks and other financial institutions:

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

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

Based on financial analysis groups of banks and other financial institutions, evaluation of some subjective criteria such as shareholding structure, firms of the group if they belong to a group, developments related to the center in foreign bank status, notes received from international rating agencies, management quality and information obtained from media ultimate risk groups are determined.

	Loans		Provisions
	Impaired (IFRS 9)		Expected Credit Loss
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	61.100	7.623	7.817
Farming and Stockbreeding	61.100	6.144	6.338
Forestry	-	304	304
Fishery	-	1.175	1.175
Manufacturing	1.845.303	412.426	340.200
Mining and Quarrying	27.983	3.438	3.476
Production	1.812.870	408.988	336.706
Electricity, Gas and Water	4.450	-	18
Construction	356.940	4.098	746
Services	590.344	58.036	56.969
Wholesale and Retail Trade	412.962	57.726	56.570
Accommodation and Dining	19.851	-	51
Transportation and Telecom.	4.619	18	36
Financial Institutions	-	292	292
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	-	-	-
Health and Social Services	152.912	-	20
Other	15.821	22.574	22.590
Total	2.869.508	504.757	428.322

As of 31 December 2019, loans granted by the Bank to domestic banks and other financial institutions amount to TL 12.253.033 (31 December 2018: TL 10.977.261). The concentration levels of the loans to Banks and other financial institutions in accordance with the defined financial analysis groups of the Bank are as follows:

	Rating Class	Current Period	Prior Period
		Concentration Level (%)	Concentration Level (%)
Low	1-2	52%	58%
Medium	3	45%	40%
High	4	3%	2%

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

The risk evaluation of companies:

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

The Bank's maximum exposure to credit risk as of 31 December 2019 and 31 December 2018:

	Current Period	Prior Period
Banks	2.667.466	4.012.504
Interbank money market placements	-	222.649
Loans to domestic banks and other financial institutions	12.253.033	10.977.261
Loans to foreign banks and other financial institutions	5.525.873	4.426.830
Loans to companies and individuals	125.581.009	114.092.979
Financial assets at fair value through profit or loss	-	-
Trading derivative financial assets	6.328	443
Financial assets measured at amortised cost	7.090.482	3.249.722
Other assets	1.449.579	732.215
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	10.891.326	9.083.093
Commitments	-	-
Total	165.465.096	146.797.696

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

The Risk Profile According to Substantial Regions

		Risk Groups ^(*)																	
	Current Period	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Collateralized with Real Estate	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Shares	Other Receivables (net)	Total
1	Domestic	14.453.934	-	-	-	-	39.513.296	142.067.837	6.421.195	259.970	83.293	-	-	-	-	-	37.822	1.456.151	204.293.498
2	European Union Countries	-	-	-	-	-	2.421.953	4.410.199	866.661	-	-	-	-	-	-	-	-	-	7.698.813
3	OECD Countries	-	-	-	-	-	1.324	640.936	101.058	-	-	-	-	-	-	-	-	-	743.318
4	Offshore Banking Regions	-	-	-	-	-	-	271.279	58.516	-	-	-	-	-	-	-	-	-	329.795
5	USA, Canada	-	-	-	-	-	102.376	464.906	73.316	-	-	-	-	-	-	-	-	-	640.598
6	Other Countries	5.114.970	-	-	-	-	110.903	2.352.833	309.551	-	-	-	-	-	-	-	-	-	7.888.257
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Undistributed Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	19.568.904	-	-	-	-	42.149.852	150.207.990	7.830.297	259.970	83.293	-	-	-	-	-	37.822	1.456.151	221.594.279

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

The Risk Profile According to Substantial Regions (Continued)

		Risk Groups ⁽¹⁾																	
	Prior Period	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Collateralized with Real Estate	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Shares	Other Receivables (net)	Total
1	Domestic	4.135.086	-	-	-	-	30.724.883	127.960.315	5.649.954	412.626	108.641	-	-	-	-	-	20.447	1.707.015	170.718.967
2	European Union Countries	-	-	-	-	-	2.848.218	3.740.936	635.267	-	-	-	-	-	-	-	-	-	7.224.421
3	OECD Countries	-	-	-	-	-	2.110	551.393	62.437	-	-	-	-	-	-	-	-	-	615.940
4	Offshore Banking Regions	-	-	-	-	-	-	201.600	43.932	-	-	-	-	-	-	-	-	-	245.532
5	USA, Canada	-	-	-	-	-	2.506.742	370.160	49.957	-	-	-	-	-	-	-	-	-	2.926.859
6	Other Countries	4.329.230	-	-	-	-	76.791	1.877.659	245.639	-	-	-	-	-	-	-	-	-	6.529.319
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Undistributed Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	8.464.316	-	-	-	-	36.158.744	134.702.063	6.687.186	412.626	108.641	-	-	-	-	-	20.447	1.707.015	188.261.038

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

The Risk Profile According to Sector or Third Party

	Sectors and third parties	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Collateralized with Real Estate	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Shares	Other Receivables (net)	Total	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations
1	Agriculture	-	-	-	-	-	1.286.114	14.045.691	635.372	25939	8.311	-	-	-	-	-	-	-	961.853	15.039.574	16.001.427
1.1	Farming and Livestock	-	-	-	-	-	785.192	8.575.108	387.904	15836	5.074	-	-	-	-	-	-	-	587.226	9.181.888	9.769.114
1.2	Forestry	-	-	-	-	-	331.536	3.620.718	163.787	6687	2.142	-	-	-	-	-	-	-	247.948	3.876.922	4.124.870
1.3	Fishery	-	-	-	-	-	169.386	1.849.865	83.681	3416	1.095	-	-	-	-	-	-	-	126.679	1.980.764	2.107.443
2	Industry	-	-	-	-	-	6.556.912	71.608.254	3.239.272	132245	42.371	-	-	-	-	-	-	-	4.903.753	76.675.301	81.579.054
2.1	Mining and Quarry Sector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.3	Industry	-	-	-	-	-	5.915.368	64.601.931	2.922.334	119306	38.225	-	-	-	-	-	-	-	4.423.958	69.173.206	73.597.164
2.3	Electric, Gas and Water	-	-	-	-	-	641.544	7.006.323	316.938	12939	4.146	-	-	-	-	-	-	-	479.795	7.502.095	7.981.890
3	Construction	5.114.970	-	-	-	-	1.099.377	12.006.339	543.119	22.173	7.104	-	-	-	-	-	-	-	822.197	17.970.885	18.793.082
4	Services	-	-	-	-	-	30.740.466	32.197.909	1.456.505	59463	19.051	-	-	-	-	-	37.822	-	5.162.757	59.348.459	64.511.216
4.1	Wholesale and retail trade	-	-	-	-	-	903.115	9.862.945	446.160	18215	5.836	-	-	-	-	-	-	-	675.417	10.560.854	11.236.271
4.2	Hotel and Restaurant Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3	Transportation and Communications	-	-	-	-	-	1.993.875	21.775.174	985.022	40214	12.884	-	-	-	-	-	-	-	1.491.169	23.316.000	24.807.169
4.4	Financial institutions	-	-	-	-	-	27.792.218	-	-	-	-	-	-	-	-	-	37.822	-	2.957.836	24.872.204	27.830.040
4.5	Real Estate and Leasing Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6	Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7	Training Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.8	Health and Social Services	-	-	-	-	-	51.258	559.790	25.323	1034	331	-	-	-	-	-	-	-	38.335	599.401	637.736
5	Other	14.453.934	-	-	-	-	2.466.983	20.349.797	1.956.029	20150	6.456	-	-	-	-	-	-	1.456.151	4.789.075	35.920.425	40.709.500
6	Total	19.568.904	-	-	-	-	42.149.852	150.207.990	7.830.297	259.970	83.293	-	-	-	-	-	37.822	1.456.151	16.639.635	204.954.644	221.594.279

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

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

Risk Groups	Remaining Period to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	More than 1 year
Conditional or Unconditional Receivables from Central Administrations or Central Banks	9.850.148	1.444.922	-	1.559.011	6.714.823
Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-	-
Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-	-
Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-	-
Conditional or Unconditional Receivables from International Organizations	-	-	-	-	-
Conditional or Unconditional Receivables from Banks and Intermediary Institutions	28.294.336	832.078	1.825.778	5.586.062	5.611.598
Conditional and Unconditional Corporate Receivables	32.460.669	27.409.074	34.256.414	29.780.914	26.300.919
Conditional and Unconditional Retail Receivables	2.085.620	703.009	1.146.329	2.211.948	1.683.391
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	6.287	22.278	5.335	46.347	179.723
Non-performing Receivables (Net)	35.496	23.206	-	5.151	19.440
Receivables determined to have high levels of risk by the Board	-	-	-	-	-
Securities with Mortgage Guarantees	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	-	-	-	-	-
Investments in the Nature of Collective Investment Organization	-	-	-	-	-
Shares	37.822	-	-	-	-
Other Receivables(net)	1.456.151	-	-	-	-

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

Risk Amounts by Risk Weights

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Mitigation in Shareholders' Equity
The amount before credit risk mitigation	93.163.716	-	1.429.360	-	6.474.063	4.690.325	62.590.709	75.212	-	23.422
The amount after credit risk mitigation	93.438.201	-	1.429.360	16.878	12.075.895	2.856.592	58.531.248	75.212	-	23.422

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

III. Explanations on currency risk

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

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

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

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

	TL	USD	GBP	EURO	JPY	Total
TRADING DERIVATIVE FINANCIAL INSTRUMENTS	233.015	8.588.819	95.610	5.407.027	7.159	14.331.630
Forward Transactions	-	-	-	-	-	-
Forward Foreign Exchange Purchase Transactions	-	-	-	-	-	-
Forward Foreign Exchange Sell Transactions	-	-	-	-	-	-
Swap Transactions	233.015	8.588.819	95.610	5.407.027	7.159	14.331.630
Swap Money Purchase Transactions FC - TL	-	237.628	-	-	-	237.628
Swap Money Purchase Transactions FC-FC	-	3.016.443	-	-	-	3.016.443
Swap Money Sale Transactions FC-TL	233.015	-	-	-	-	233.015
Swap Money Sale Transactions FC-FC	-	-	95.610	2.924.785	7.159	3.027.554
Swap Interest Purchase Transactions FC-FC	-	2.667.374	-	1.241.121	-	3.908.495
Swap Interest Sale Transactions FC-FC	-	2.667.374	-	1.241.121	-	3.908.495
Option Purchase Transactions	-	-	-	-	-	-
Money Purchase of Options	-	-	-	-	-	-
Money Sale of Options	-	-	-	-	-	-
HEDGING DERIVATIVE FINANCIAL ASSETS	-	31.136.542	-	18.528.250	-	49.664.792
Forward Transactions	-	-	-	-	-	-
Forward Foreign Exchange Purchase Transactions	-	-	-	-	-	-
Forward Foreign Exchange Sell Transactions	-	-	-	-	-	-
Swap Transactions	-	31.136.542	-	18.528.250	-	49.664.792
Swap Money Purchase Transactions	-	19.255.142	-	-	-	19.255.142
Swap Money Sale Transactions	-	-	-	18.528.250	-	18.528.250
Swap Interest Purchase Transactions	-	5.940.700	-	-	-	5.940.700
Swap Interest Sale Transactions	-	5.940.700	-	-	-	5.940.700
TOTAL	233.015	39.725.361	95.610	23.935.277	7.159	63.996.422

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

III. Explanations on currency risk (Continued)

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

Fair value hedge accounting

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

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

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

	31 December 2019		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Swaps	34.990.664	1.258.289	45.274
Total	34.990.664	1.258.289	45.274

⁽¹⁾ Sum of purchase and sale.

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

- The bond with the amount of USD 500 million, issued in September 2017 with a maturity of five years and a fixed interest payment rate of 4.250% per six months, is subjected to hedge accounting by cross currency swap transactions in September 2017.
- The bond with the amount of USD 500 million, issued in September 2014 with a maturity of seven years and a fixed interest payment rate of 5.000% per six months, is subjected to hedge accounting by cross currency swap transactions in April 2018.
- The bond with the amount of USD 500 million issued in May 2018 with a maturity of six years and a fixed interest payment rate of 6.125% per six months, is subjected to hedge accounting by cross currency swap transactions in May 2018.
- The bond with the amount of USD 500 million, issued in January 2019 with a fixed interest payment rate of 8.250% per six months, is subjected to hedge accounting by cross currency swap transactions in January 2019.

Also, changes in fair value of USD debt securities, issued in February 2016 and in October 2016 amounting to USD 500 million, with 5 years and 7 years maturities, respectively, with 5.000% and 5.375% fixed interest rates, arising from fluctuation in Libor interest rates are hedged by applying fair value hedge accounting with interest rate swap transactions.

The impact of fair value hedge accounting is summarized below:

31 December 2019					
Hedging instrument	Hedged items	Hedged risk	Net fair value of hedged items		Amount of hedge funds
			Asset	Liability	
Interest rate swaps	Issued securities denominated in USD with fixed interest rate	Fixed interest rate risk	-	42.036	-
Cross Currency Swap Transactions	Fixed interest rate US dollar debt securities	Currency and interest rate risk	1.258.289	3.238	

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

III. Explanations on currency risk (Continued)

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

Fair value hedge accounting (Continued)

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

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

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the fair value hedge accounting in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way in accordance with the Bank’s risk management policies. Effectiveness tests were chosen among methods allowed within the context of TAS 39 in accordance with the Bank’s risk management policies. The Bank’s assumptions, which used for determining fair values of derivative instruments, were used while calculating fair value of hedged items on the effectiveness tests. The effectiveness tests are performed and effectiveness of risk relations are measured on a monthly basis. The effectiveness tests are performed rewardingly at the beginning of risk relations. If the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, in the context of the fair value hedge, adjustments on the carrying value of the hedged item is reflected on the on “Profit/Losses from Derivative Financial Transactions” account by using straight line method of amortization.

Cash flow hedge accounting

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

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

	31 December 2019		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross Currency Swap Interest Transactions	14.674.128	147.141	29.909
Total	14.674.128	147.141	29.909

⁽¹⁾ Sum of purchase and sale.

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

31 December 2019					
Hedging Instrument	Hedged Asset and Liability	Hedged Risk	Fair value of hedging instrument		Amount at hedging account
			Asset	Liability	
Cross Currency Swap Transactions	Fixed interest rate US Dollar debt securities	Currency Risk	147.141	29.909	48.999

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

III. Explanations on currency risk (Continued)

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

Cash flow accounting (Continued)

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the cash flow hedge accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with the Bank's risk management policies. The effectiveness tests are performed on a monthly basis. If the 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/Losses from Derivative Financial Transactions account in profit or loss.

There is no reclassified amount from equity to profit or loss statement from discontinued hedging transactions in the current period.

3. Policy on foreign currency risk management

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 31 December 2019, the Net Foreign Currency Position/Shareholders' Equity ratio is 0,42 percent and as of 31 December 2018 the ratio is 0,12 percent. Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

III. Explanations on currency risk (Continued)

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

DATE	25 December 2019	26 December 2019	27 December 2019	30 December 2019	31 December 2019
USD	5,92880	5,92880	5,92730	5,94070	5,94070
AUD	4,10450	4,10870	4,12010	4,15020	4,16380
DKK	0,87957	0,88006	0,88351	0,89050	0,89114
SEK	0,61885	0,63048	0,62955	0,63715	0,63500
CHF	6,03750	6,04670	6,05200	6,10370	6,12890
100 JPY	5,42050	5,40850	5,40250	5,43950	5,46110
CAD	4,50620	4,50760	4,52090	4,54320	4,55400
NOK	0,66295	0,66582	0,66719	0,67433	0,67392
GBP	7,68310	7,70090	7,72680	7,79240	7,80490
SAR	1,57971	1,57975	1,57927	1,58330	1,58343
EUR	6,56850	6,57270	6,59530	6,64880	6,65480
KWD	19,52830	19,52830	19,53630	19,59330	19,59330
XDR	8,16160	8,16510	8,16540	8,19940	8,21480
BGN	3,35970	3,36160	3,37220	3,39990	3,40440
100 IRR	0,01412	0,01412	0,01411	0,01414	0,01414
RON	1,37260	1,37492	1,37953	1,39029	1,39110
RUB	0,09610	0,09598	0,09553	0,09604	0,09581
CNH	0,84824	0,84683	0,84664	0,85024	0,85273

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

Currency	Average December 2019
USD	5,84697
AUD	4,02337
DKK	0,86944
SEK	0,61883
CHF	5,94574
100 JPY	5,35507
CAD	4,43745
NOK	0,64710
GBP	7,66093
SAR	1,55874
EUR	6,49471
KWD	19,25700
XDR	8,05968
BGN	3,32091
100 IRR	0,01392
RON	1,35881
RUB	0,09301
CNH	0,83334

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

III. Explanations on currency risk (Continued)

7. Information related to Bank's Currency Risk

Current Period	EURO	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	7.320.280	-	-	7.320.280
Banks	240.788	2.062.967	24.706	2.328.461
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	84.555.560	49.776.576	287.787	134.619.923
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	3.041.179	1.059.423	-	4.100.602
Derivative Financial Assets for Hedging Purposes ⁽¹⁾	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽²⁾	67.192	341.279	6.670	415.141
Total Assets	95.224.999	53.240.245	319.163	148.784.407
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions ⁽³⁾	72.900.005	55.503.070	211.192	128.614.267
Marketable Securities Issued ⁽⁴⁾	-	18.055.374	-	18.055.374
Miscellaneous Payables	649.491	1.705.945	5.919	2.361.355
Derivative Financial Liabilities for Hedging Purposes ⁽¹⁾	-	42.036	-	42.036
Other Liabilities	157.120	452.383	133	609.636
Total Liabilities	73.706.616	75.758.808	217.244	149.682.668
Net Balance Sheet Position	21.518.383	(22.518.563)	101.919	(898.261)
Net off Balance Sheet Position	(21.453.035)	22.509.213	(102.769)	953.409
Derivative Assets	1.241.121	31.117.287	-	32.358.408
Derivative Liabilities	22.694.156	8.608.074	102.769	31.404.999
Non-Cash Loans ⁽⁵⁾	204.100	10.687.226	-	10.891.326
Prior Period				
Total Assets	74.419.641	53.687.962	266.938	128.374.541
Total Liabilities	60.234.171	67.755.773	201.101	128.191.045
Net on Balance Sheet Position	14.185.470	(14.067.811)	65.837	183.496
Net off Balance Sheet Position	(14.174.523)	14.568.901	(57.441)	336.937
Derivative Assets	2.236.732	25.597.528	1.138.973	28.973.233
Derivative Liabilities	16.411.255	11.028.627	1.196.414	28.636.296
Non-Cash Loans	183.708	8.899.385	-	9.083.093

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

⁽²⁾ The portion that does not generate an income accrual of TL 396 in Derivative Financial Assets at Fair Value Through Profit and Loss is included in Other Assets.

⁽³⁾ Subordinated loans are included here.

⁽⁴⁾ TL 472.503 which is accounted under hedge accounting is not included in Marketable Securities Issued.

⁽⁵⁾ Not included in the net off-balance sheet position.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

III. Explanation on currency risk (Continued)

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

The effect of the Bank's currency positions as of 31 December 2019 and 31 December 2018 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period		Prior Period	
	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾	Gain/(Loss) Effect	Effect on Equity ⁽¹⁾
USD	(935)	(935)	50.109	50.109
EUR	6.535	6.535	1.095	1.095
Other foreign currency	(85)	(85)	840	840
Total	5.515	5.515	52.044	52.044

⁽¹⁾ Effect on equity also includes effect on profit or loss.

As of 31 December 2019 and 31 December 2018, the effect of the appreciation of TL by 10% against other currencies with all other variables held constant on net profit and equity of the Bank is the same as the total amount with a negative sign as presented in the above table.

IV. Explanation on interest rate risk

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

IV. Explanation on interest rate risk (Continued)

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

(Periods remaining to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	7.320.852	7.320.852
Banks	2.569.054	-	-	-	-	98.412	2.667.466
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value Reported in Other Comprehensive Income	-	-	-	-	-	37.822	37.822
Loans	15.989.166	40.470.246	85.908.922	476.235	8.750	506.596	143.359.915
Financial Assets Measured at Amortised Cost	-	-	-	3.392.552	3.697.930	-	7.090.482
Other Assets	239.589	636.099	508.680	13.231	14.158	994.818	2.406.575
Total Assets	18.797.809	41.106.345	86.417.602	3.882.018	3.720.838	8.958.500	162.883.112
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	14.699	14.699	-	2.375.876	2.405.274
Securities Issued	-	263.654	-	18.527.877	-	-	18.791.531
Other Funds	12.373.897	20.101.866	95.108.779	-	-	-	127.584.542
Other Liabilities ⁽¹⁾	43.370	38.113	52.045	1.086.217	2.948.631	9.933.389	14.101.765
Total Liabilities	12.417.267	20.403.633	95.175.523	19.628.793	2.948.631	12.309.265	162.883.112
On Balance Sheet Long Position	6.380.542	20.702.712	-	-	772.207	-	27.855.461
On Balance Sheet Short Position	-	-	(8.757.921)	(15.746.775)	-	(3.350.765)	(27.855.461)
Off-balance Sheet Long Position	3.372.885	294.065	4.683.756	19.901.345	4.106.357	-	32.358.408
Off-balance Sheet Short Position	(3.379.382)	(294.065)	(4.612.943)	(19.215.116)	(4.136.508)	-	(31.638.014)
Total Position	6.374.045	20.702.712	(8.687.108)	(15.060.546)	742.056	(3.350.765)	720.394

⁽¹⁾ In other liabilities line the "non-interest bearing" column amounting TL 9.933.390 TL includes equity amounting to TL 9.080.224 and provisions amounting to TL 263.359.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

IV. Explanation on interest rate risk (Continued)

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

(Periods remaining to reprising dates)

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

⁽¹⁾ “Non-interest bearing” column of loans is composed of non-performing loans amounting TL 108.641.

⁽²⁾ In other liabilities line the “non-interest bearing” column amounting TL 8.504.196, includes equity amounting to TL 7.654.051 and provisions amounting to TL 324.099.

⁽³⁾ In other liabilities line the “1-3 months” column amounting TL 3.108.978 includes subordinated debt instrument amounting to TL 2.995.130 as the main item.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

IV. Explanation on interest rate risk (Continued)

2. Average interest rates for monetary financial instruments

As of 31 December 2019, 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	2,48	2,21	-	-	17,43
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Measured at FVOCI	-	-	-	-	-
Loans	1,44	3,54	2,07	1,41	13,73
Financial Assets Measured at Amortised Cost	4,40	6,14	-	-	10,29
Liabilities					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Money Market Funds	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	3,31	-	-	-
Other Funds	0,42	1,34	-	-	12,35

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

V. Explanations on position risk of equity securities

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

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

The Bank has participated in Credit Guarantee Fund (“CGF”) shares with its 1,49% shares.

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

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

None.

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

None.

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

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

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

	Portfolio	Realized gains/losses during the period	Revaluation value increases		Unrealized gains/losses		
			Total	Included in supplementary capital	Total	Included in the core capital	Included in supplementary capital
1	Private equity investments	-	-	-	-	-	-
2	Shares quoted to the stock market	-	-	-	-	-	-
3	Other shares	17.376	19.802	-	-	-	-
4	Total	17.376	19.802	-	-	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

The Bank does not have investment in associates or subsidiaries quoted on BIST. According to credit positions in banking accounts standard approach, stock investments amounting to TL 37.822 are 100% risk weighted (31 December 2018: Stock investments amounting to TL 20.447 are 100% risk weighted).

VI. Explanations on liquidity risk and liquidity coverage ratio

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

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

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

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

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

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

Current Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
22 December 2019	808,64	6 October 2019	529,49	22 December 2019	665,29	13 October 2019	419,05

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

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

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

In this period, liquidity coverage rates have increased considerably due to the increase in high quality liquid asset stocks. However, the fact that Türk Eximbank has a mission to support exports should not be kept out of sight. Within this framework and within the scope of BRSA’s facility for investment and development banks, the focus is on export support aim rather than compliance with the related ratios.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio

Current Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				
1	Total high-quality liquid assets (HQLA)		12.822.753	10.416.284
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:	11.511.921	11.511.921	5.265.822
6	Operational deposits	-	-	-
7	Non-operational deposits	-	-	-
8	Unsecured funding	11.511.921	11.511.921	5.265.822
9	Secured wholesale funding			
10	Other cash outflows of which:	2.124.143	1.917.923	1.805.726
11	Outflows related to derivative exposures and other collateral requirements	1.593.451	1.592.517	1.593.450
12	Outflows related to restructured financial instruments	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	530.692	325.406	212.276
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	10.026.974	10.026.974	501.348
16	Total Cash Outflows		7.572.896	7.489.848
Cash Inflows				
17	Secured receivables	-	-	-
18	Unsecured receivables	15.556.953	13.682.976	10.029.648
19	Other cash inflows	7.801	6.011	7.801
20	Total Cash Inflows	15.564.754	13.688.987	10.037.449
			<i>Upper limit applied value</i>	
21	Total HQLA		12.822.753	10.416.284
22	Total Net Cash Outflows		1.898.419	1.877.657
23	Liquidity Coverage Ratio (%)		675,44	554,75

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio (Continued)

		Total Unweighted Value ^(*)		Total Weighted Value ^(*)	
Prior Period		TL+FC	TL+FC	TL+FC	YP
High-Quality Liquid Assets					
1	Total high-quality liquid assets (HQLA)			2.867.716	453.355
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:	10.737.211	10.662.945	4.780.246	4.705.980
6	Operational deposits	-	-	-	-
7	Non-operational deposits	-	-	-	-
8	Unsecured funding	10.737.211	10.662.945	4.780.246	4.705.980
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	356.938	350.637	119.636	209.034
11	Outflows related to derivative exposures and other collateral requirements	119.636	114.633	119.636	114.633
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	237.302	236.004	94.920	94.401
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	9.272.627	9.272.627	463.631	463.631
16	Total Cash Outflows			5.458.433	5.378.645
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	17.375.185	15.894.294	11.960.977	10.643.961
19	Other cash inflows	13.014	8.079	13.013	8.079
20	Total Cash Inflows	17.388.199	15.902.373	11.973.990	10.652.040
				<i>Upper limit applied value</i>	
21	Total HQLA			2.867.716	453.355
22	Total Net Cash Outflows			1.366.397	1.347.050
23	Liquidity Coverage Ratio (%)			209,78	33,66

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

Explanations on liquidity coverage ratio:

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

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio (Continued)

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

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

None.

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash on Hand in Transit, Purchased Cheques) and Balances with the Central Bank	7.320.852	-	-	-	-	-	-	7.320.852
Banks	98.412	2.569.054	-	-	-	-	-	2.667.466
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	37.822	-	-	-	-	-	-	37.822
Loans ⁽⁵⁾	-	9.992.741	29.769.544	76.790.235	22.117.816	4.182.983	506.596	143.359.915
Financial Assets Measured at Amortised Cost	-	-	-	-	3.392.552	3.697.930	-	7.090.482
Other Assets	-	5.931	-	75.899	1.287.647	42.280	994.818	2.406.575
Total Assets	7.457.086	12.567.726	29.769.544	76.866.134	26.798.015	7.923.193	1.501.414	162.883.112
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Other Funds	-	8.522.972	13.431.270	85.003.603	13.556.506	7.070.191	-	127.584.542
Money Market Funds	-	-	-	-	-	-	-	-
Securities Issued	-	11.767	38.045	63.418	18.678.301	-	-	18.791.531
Miscellaneous Payables	-	-	-	14.699	14.699	-	2.375.876	2.405.274
Other Liabilities ⁽²⁾⁽³⁾⁽⁴⁾	-	33.822	9.725	22.966	1.128.253	2.973.609	9.933.390	14.101.765
Total Liabilities	-	8.568.561	13.479.040	85.104.686	33.377.759	10.043.800	12.309.266	162.883.112
Liquidity Gap	7.457.086	3.999.165	16.290.504	(8.238.552)	(6.579.744)	(2.120.607)	(10.807.852)	-
Net Off Balance Sheet Position	-	(6.497)	-	70.813	686.229	(30.151)	-	720.394
Derivative Financial Assets	-	3.372.885	294.065	4.683.756	19.901.345	4.106.357	-	32.358.408
Derivative Financial Liabilities	-	3.379.382	294.065	4.612.943	19.215.116	4.136.508	-	31.638.014
Non-Cash Loans	-	-	-	-	-	-	10.891.326	10.891.326
Prior Period								
Total Assets	151.023	12.223.773	20.503.952	73.696.129	22.572.840	8.458.745	1.822.632	139.429.094
Total Liabilities	-	8.042.337	16.387.021	65.935.418	25.244.499	13.935.764	9.884.055	139.429.094
Liquidity Gap	151.023	4.181.436	4.116.931	7.760.711	(2.671.659)	(5.477.019)	(8.061.423)	-
Net Off-Balance Sheet Position	-	(355)	-	(5.933)	316.019	(9.009)	-	300.722
Derivative Financial Assets	-	1.069.998	68.788	7.215.113	14.062.780	6.561.832	-	28.978.511
Derivative Financial Liabilities	-	1.070.353	68.788	7.221.046	13.746.761	6.570.841	-	28.677.789
Non-Cash Loans	-	-	-	-	-	-	9.083.093	9.083.093

(1) Assets such as tangible and intangible assets, investments, subsidiaries, office supply inventory, prepaid expenses, miscellaneous receivables and other assets are classified in this column.

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

(3) In other liabilities, the amount of TL 9.933.390 at the "unallocated" column, includes the shareholders' equity amounting to TL 9.080.224, unearned revenue amounting to TL 533.484, provisions amounting to TL 263.359 and other liabilities amounting to TL 56.323.

(4) In other liabilities "over 5 years" line, the amount of TL 2.973.609 includes subordinated debt instrument amounting to TL 2.943.701.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

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

Current Period	Book Value	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	127.584.542	8.699.632	26.618.559	72.469.128	14.330.322	8.078.858	-	130.196.499
Funds borrowed from Interbank money market	-	-	-	-	-	-	-	-
Marketable securities issued	18.791.531	122.527	293.296	757.555	23.807.375	-	-	24.980.753
Miscellaneous payables	2.405.274	-	-	29.398	-	-	2.375.876	2.405.274
Other liabilities	4.914.591	18.611	182.484	218.771	1.651.492	4.353.869	820.588	7.245.815
Total liabilities	153.695.938	8.840.770	27.094.339	73.474.852	39.789.189	12.432.727	3.196.464	164.828.341

Prior Period	Book Value	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	108.730.948	7.951.516	16.446.783	62.074.467	15.816.589	9.344.219	-	111.633.575
Funds borrowed from Interbank money market	139.005	139.181	-	-	-	-	-	139.181
Marketable securities issued	17.178.988	-	193.054	4.573.081	12.588.088	2.720.902	-	20.075.125
Miscellaneous payables	1.397.220	-	-	17.361	-	-	1.379.859	1.397.220
Other liabilities	4.328.882	16.891	182.140	326.516	1.682.693	4.897.848	850.145	7.956.233
Total liabilities	131.775.043	8.107.588	16.821.977	66.991.425	30.087.370	16.962.969	2.230.004	141.201.334

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	3.260.569	-	-	-	-	3.260.569
- Inflow	3.254.070	-	-	-	-	3.254.070
Interest rate derivatives						
- Outflow	137.299	308.263	3.554.899	-	-	4.000.461
- Inflow	125.382	319.159	3.537.098	-	-	3.981.639
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	68.342	125.997	1.815.629	16.452.233	1.468.144	19.930.345
- Inflow	122.527	233.054	2.322.132	18.410.530	1.516.988	22.605.231
Interest rate derivatives						
- Outflow	-	92.415	256.595	6.512.428	-	6.861.438
- Inflow	-	79.828	239.484	6.499.496	-	6.818.808
Total outflow	3.466.210	526.675	5.627.123	22.964.661	1.468.144	34.052.813
Total inflow	3.501.979	632.041	6.098.714	24.910.026	1.516.988	36.659.748

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	938.350	4.078	1.296.861	290.027	2.578.420	5.107.736
- Inflow	937.995	4.081	1.310.427	646.816	2.720.902	5.620.221
Interest rate derivatives						
- Outflow	134.674	72.957	1.121.817	2.500.747	-	3.830.195
- Inflow	135.459	98.669	1.091.454	2.497.438	-	3.823.020
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	-	91.515	2.091.995	8.359.658	1.823.650	12.366.818
- Inflow	-	185.172	2.420.372	9.326.406	1.855.059	13.787.009
Interest rate derivatives						
- Outflow	-	87.603	3.601.775	6.229.716	-	9.919.094
- Inflow	-	70.950	3.528.324	6.060.558	-	9.659.832
Total outflow	1.073.024	256.153	8.112.448	17.380.148	4.402.070	31.223.843
Total inflow	1.073.454	358.872	8.350.577	18.531.218	4.575.961	32.890.082

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

VII. Explanations on leverage ratio

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

The leverage ratio increased compared to the prior period. The reason is that the main capital of the bank grows faster than the related risks, which are the subject of the leverage ratio. Major capital increase arises from the issuance of primary subordinated debt instrument.

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

The Bank has unconsolidated financial reporting however, there is no consolidated financial reporting since there is no subsidiaries or associates.

c) The leverage ratio table is presented below:

	Current Period^(*)	Prior Period^(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	159.764.556	135.696.541
Assets amounts deducted in determining Basel III Tier 1 capital	(11.512)	(8.597)
Total on balance sheet exposures	159.753.044	135.687.944
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	34.035	4.437
The potential amount of credit risk with derivative financial instruments and credit derivatives	1.492.894	1.560.093
The total amount of risk on derivative financial instruments and credit derivatives	1.526.929	1.564.530
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	-	72
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	72
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	58.232.915	48.909.511
Adjustments for conversion to credit equivalent amounts	(42.922.471)	(35.866.731)
The total risk of off-balance sheet items	15.310.444	13.042.780
Capital and Total Exposures		
Tier 1 capital	9.913.583	7.546.481
Total exposures	176.590.417	150.295.326
Leverage Ratio		
Leverage ratio	5,61%	5,02%

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets				
Due from interbank money market	-	222.649	-	222.649
Banks	2.667.466	4.012.504	2.667.466	4.012.504
Financial assets measured at fair value through other comprehensive income	7.818	5.056	7.818	5.056
Financial assets measured at amortised cost	7.090.482	3.249.722	6.883.891	2.600.786
Loans	143.359.915	129.497.250	149.569.981	137.988.569
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds borrowed from other financial institutions	127.584.542	108.730.948	133.909.273	114.790.755
Issued marketable securities ⁽¹⁾	18.527.877	17.178.988	19.186.352	16.600.759
Miscellaneous payables	2.405.274	1.397.220	2.405.274	1.397.220

⁽¹⁾ Securities traded in the markets are taken into consideration.

The fair values of financial assets measured at amortized cost are determined as Level 1 for presentation purposes.

The fair values of the loans and funds provided from other financial institutions for presentation purposes have been determined as Level 2.

Fair value measurement classification

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income ⁽¹⁾	30.004	-	-	30.004
Derivative financial assets measured at fair value through profit or loss	-	6.327	-	6.327
Derivative financial assets held for fair value hedges	-	1.405.430	-	1.405.430
Financial liabilities				
Derivative financial liabilities held for trading	-	31.766	-	31.766
Derivative financial assets held for fair value hedges	-	75.183	-	75.183

⁽¹⁾ Represents the balance of Garanti Faktoring AŞ which is quoted on BIST and accounted under financial assets measured at fair value through other comprehensive income.

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

The Bank does not carry out transactions on behalf of and account of others and there are not any trust transactions.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management

1. The Bank's risk management policy

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

Eximbank supports exporters, export oriented manufacturers and exporters with contractors, entrepreneurs and foreign exchange earning companies operating with short, medium and long term cash / non-cash loans, insurance and guarantee programs. The bank applies the principle of obtaining a first quality guarantee such as a guarantee letter from a commercial bank for loans the Bank is using. Cash, non-cash credit and treasury transaction limits for guarantee letters and warranties issued by the banks to constitute the guarantees of the credits granted by the banks through Türk Eximbank and the loans granted directly to the firm are determined and monitored within the framework of financial analysis and risk assessment studies of domestic banks. In order to avoid the risk of concentration, the bank-based distribution of collateral is monitored closely and the policy of undertaking risk up to 20% of total cash and non-cash total credit risk, except treasury transactions for a single bank, is followed by limit controls. In order to carry out the activities at the optimum level, a risk appetite framework integrated with the budget process has been established considering the risk capacity of the Bank by the Board of Directors of the Bank and thus, it was ensured that the right risk position was taken.

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

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

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

The capital adequacy standard ratio is calculated by distributing risk weighted assets and non-cash loans according to the risk weight ratios in the relevant legislation. The standard method for credit and market risk and the basic indicator approach for operational risk are calculated. While calculating the Liquidity Coverage Ratio from the liquidity metrics, the action plans prepared within the Liquidity Action Plan are also taken into account for monitoring the Bank's medium-long term liquidity balance.

The Risk Assessment Report and the overall risk are regularly reported to the top management. Moreover, risks arising from treasury transactions, Bank's direct and indirect total risks are monitored daily by the relevant units and reported to the management. Risk Analysis Report is being prepared according to the "Regulation on Banks to Receive Support Services" published in the Official Gazette dated 5 November 2011 and numbered 28106, sets out the general policies and principles of the services that are included/will be included in the support service that the Bank receives and it is presented to the Board of Directors through the Audit Committee once a year.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

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

The stress tests, the Regulation on Internal Systems of Banks and the Internal Capital Adequacy Assessment Process text, and the BRSA Good Practice Guidelines, are made at the end of the year and sent to the BRSA until the end of March of the following year. The results of the stress test at the Bank are also reported to the upper management and are taken into account in the bank's internal decisions. Within the scope of ICAAP, credit risk, market risk and operational risk as well as interest rate risk arising from banking accounts, reinvestment risk, non-repayment risk, optionality risk, duration-convexity, value-at-risk analysis, concentration risk on the basis of country and bank accepted as collateral within the scope of credit risk and liquidity risk assessments are included in the calculation of legal capital requirement.

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

2. Overview of risk weighted amounts

		Risk Weighted Amount		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	66.392.064	54.834.343	5.311.365
2	Of which standardized approach (SA)	66.392.064	54.834.343	5.311.365
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	724.172	821.105	57.934
5	Of which standardized approach for counterparty credit risk (SA-CCR)	724.172	821.105	57.934
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under basic risk weighting or internal rating-based approach	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	142.963	116.788	11.437
17	Of which standardized approach (SA)	142.963	116.788	11.437
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	1.757.565	1.447.228	140.605
20	Of which Basic Indicator Approach	1.757.565	1.447.228	140.605
21	Of which Standardized approach (SA)	-	-	-
22	Of which Advanced measurement approach	-	-	-
23	The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	69.016.764	57.219.464	5.521.341

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

3. Linkages between Financial Statements and Risk Amounts

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

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and CBRT	7.320.852	7.320.852	-	-	-	-
Financial assets at fair value through profit/loss	-	-	-	-	-	-
Banks	2.667.366	2.667.466	-	-	-	(100)
Money market placements	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	37.822	37.822	-	-	-	-
Loans	142.892.035	142.936.612	-	-	-	(44.577)
Factoring receivables	-	-	-	-	-	-
Financial assets measured at amortised cost	7.090.482	7.090.482	-	-	-	-
Subsidiaries	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-
Joint ventures	-	-	-	-	-	-
Lease receivables	-	-	-	-	-	-
Derivative financial assets held for risk management	1.411.757	-	1.411.757	-	-	-
Tangible assets	21.485	21.485	-	-	-	-
Intangible assets	7.122	-	-	-	-	7.122
Investment property	2.046	2.046	-	-	-	-
Tax asset	-	-	-	-	-	-
Assets held for sale and discontinued operations	-	-	-	-	-	-
Other assets	1.432.145	1.432.599	-	-	-	(454)
Total assets	162.883.112	161.509.364	1.411.757	-	-	(38.009)
Liabilities						
Deposits	-	-	-	-	-	-
Funds borrowed	127.584.542	-	-	-	-	127.584.542
Money market funds	-	-	-	-	-	-
Securities issued (net)	18.791.531	-	-	-	-	18.791.531
Funds	13	-	-	-	-	13
Derivative financial liabilities	106.949	-	106.949	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	16.961	-	-	-	-	16.961
Provisions	263.359	-	-	-	-	263.359
Current tax liability	18.611	-	-	-	-	18.611
Liabilities for tangible assets held for sale and related to discontinued operations	-	-	-	-	-	-
Subordinated loans	4.025.854	-	-	-	-	4.025.854
Other liabilities	2.995.068	-	-	-	-	2.995.068
Shareholders' equity	9.080.224	-	-	-	-	9.080.224
Total liabilities	162.883.112	-	106.949	-	-	162.776.163

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

4. Linkages Between Financial Statements and Risk Amounts

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

		Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk	Not Subject to Capital Requirements or Deducted from Capital
1	Asset carrying value amount under regulatory in financial statement	162.883.112	161.509.364	-	1.411.757	-	(38.009)
2	Liabilities carrying value amount under regulatory in financial statement	162.883.112	-	-	-	-	-
3	Total net amount scope of financial statement	-	-	-	-	-	-
4	Off-balance sheet amounts	5.446.109	5.446.109	-	-	-	-
5	Differences in valuations	-	-	-	-	-	-
6	Differences due to different netting rules	-	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-	-
9	Risk Amounts	168.329.221	166.955.473	-	1.411.757	-	(38.009)

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

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

c) According to the prudent valuation principles and bases in Annex-3 attached to the Regulation on Measurement and Evaluation of Capital Adequacy of Banks, banks define systems and controls to ensure the prudence and reliability of valuation estimates. Descriptions include the following.

- Valuation methodologies including a description of the use of market value and model value methodologies.
- Definition of independent price approval processes
- Processes for valuation adjustments or differences. (Includes definition of process and methodology for valuation of trading positions according to the type of financial instrument.)

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

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

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

Financial assets measured at amortised costs are valued by internal rate of return.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5. Public Disclosures on Credit Risk

The Bank applies the principle which is accepting first group guarantee like letter of guarantee from commercial banks, warranty etc. for its loans. For this reason, the “institutional receivables” risk category is largely transformed into “receivables from banks and intermediary institutions”.

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

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

Limit checks on both company and bank basis, cash and non-cash collaterals for such loans, account status documents provided for the financial analysis / allocation process, and profit / loss statements as an annex are selected and audited by the Inspection Board Presidency and Internal Control Presidency. Credit ratings of loans and other receivables are followed up by Credit Monitoring and Follow-up Department. Firms and banks’ risks and limits are monitored on a daily and weekly basis, by the units responsible from issuing loans and risk monitoring.

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

5.1. Credit quality of assets

	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values
	Defaulted	Non-defaulted		
1 Loans	506.596	142.853.319	466.897	142.893.018
2 Debt Securities	-	7.090.482	983	7.089.499
3 Off-balance sheet exposures	-	10.891.326	134.243	10.757.083
4 Total	506.596	160.835.127	602.123	160.739.600

5.2. Changes in stock of default loans and debt securities

1	Defaulted loans and debt securities at end of the previous reporting period	342.508
2	Loans and debt securities that have defaulted since the last reporting period	523.694
3	Receivables back to non-defaulted status	-
4	Amounts written off	(8.190)
5	Other changes	(351.416)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	506.596

5.3. Additional Explanation about the Credit Quality of Asset

Additional qualitative disclosures about the credit quality of assets

Due to the fact that loan debt is not performed or cannot be paid by the debtor in the loan repayment period, the loans that are not paid in due period are considered as overdue receivables in terms of accounting practices.

With the transition to TFRS 9, the impairment model and expected loss provision calculation methodology used by the Bank in determining the provisions for its financial assets and overdue receivables are explained in the Section III Note VII.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

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

Loans and other receivables restructured or rescheduled in order to provide liquidity to the borrower and to collect the receivables of the borrower pursuant to the related provisions of the regulation are followed by debt to the relevant loan accounts after the conditions specified in the said Regulation are fulfilled. As of 31 December 2019, there are restructured or rescheduled loans among the standard loans and loans in close follow-up with a total amount of TL 2.227.699 and there are restructured or rescheduled loans and receivables with a total amount of TL 5.513 among the non-performing loans.

Additional quantitative disclosures about the credit quality of assets

- a) According to the geographical area of the receivables, according to the sector and according to the remaining maturity.

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

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

Current Period	Non-Performing Loans^(*)	Specific Provision
Domestic	3.248.132	302.189
EU Countries	58.580	58.580
OECD Countries	1.540	1.540
Off-shore Banking Regions	-	-
USA, Canada	2.055	2.055
Other Countries	63.958	63.958
Total	3.374.265	428.322

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

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

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

Current Period	Non-Performing Loans (*)	Specific Provision
Agriculture	68.723	7.817
Farming and Stockbreeding	67.244	6.338
Forestry	304	304
Fishery	1.175	1.175
Manufacturing	2.257.729	340.200
Mining and Quarrying	31.421	3.476
Production	2.221.858	336.706
Electricity, Gas and Water	4.450	18
Construction	361.038	746
Services	648.380	56.969
Wholesale and Retail Trade	470.688	56.570
Hotel, Food and Beverage services	19.851	51
Transportation and Telecom	4.637	36
Financial Institutions	292	292
Real Estate and Rental Services	-	-
Self-employment Services	-	-
Educational Services	-	-
Health and Social Services	152.912	20
Other	38.395	22.590
Total	3.374.265	428.322

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

As of 31 December 2019, the total of non-performing loans written off from assets is amounting to TL 8.190.

- c) Aging analysis for overdue receivables

Current Period	Past due items (*)
Up to 3 months	2.905.620
3-12 months	160.079
1-5 years	205.336
5 years and over	103.230
Total	3.374.265

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

- d) Analysis of restructured loans according to making provision

Current Period	Restructured Receivables	Specific Provisions
Restructured Standard Loans and Other Receivables	-	-
Loans and Other Receivables Under Close Monitoring	2.227.699	4.187
Restructured Non-performing Loans	5.513	5.513
Total	2.233.212	9.700

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5.4. Credit risk mitigation techniques

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

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

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

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

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

Cash and non-cash loan and treasury transaction limits for guarantee letters and avors issued by the banks to constitute the guarantee of the credits granted by the banks through Eximbank and the loans granted directly to the firm are determined and monitored within the framework of financial analysis and risk assessment studies of domestic banks. In order to avoid the risk of concentration, the bank-based distribution of collateral is monitored closely and the policy of undertaking risk up to 20% of total cash and non-cash credit risk, except treasury transactions for a single bank, is followed by limit controls. Concentration risk measurements are made on the basis of banks that give collateral and loan customers by applying Herfindahl-Hirschman method in the stress test report sent to the BRSA every year.

5.4.4 Risk Decreasing Techniques – General Overview

	Exposures unsecured	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	10.059	142.882.959	142.390.654	-	-	-	-
2 Debt securities	7.089.499	-	-	-	-	-	-
3 Total	7.099.558	142.882.959	142.390.654	-	-	-	-
4 Of which defaulted	-	83.293	-	-	-	-	-

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5.4. Credit risk mitigation techniques (Continued)

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

Risk Groups		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet Amount	Off-balance sheet amount	Risk-weighted amount	Risk-weighted amount density (%)
1	Exposures to sovereigns and their central banks	19.526.282	42.622	17.279.480	-	14.014.565	81,11
2	Exposures to regional and local governments	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and securities firms	15.557.187	25.124.752	140.203.026	446	43.711.011	31,18
7	Exposures to corporates	119.714.933	30.493.057	61.388	4.719.461	4.780.849	100
8	Retail exposures	4.873.726	2.956.571	2.128.234	726.202	2.140.827	75
9	Exposures secured by residential property	28.162	-	28.162	-	16.652	59,13
10	Exposures secured by commercial property	231.808	-	231.808	-	115.904	50
11	Past-due loans	83.293	-	83.293	-	118.304	142,03
12	Exposures in higher-risk categories	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	1.456.151	-	1.456.151	-	1.456.130	100
17	Equity investments	37.822	-	37.822	-	37.822	100
18	Total	161.509.364	58.617.002	161.509.364	5.446.109	66.392.064	39,77

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5. Public Explanations on Credit Risk (Continued)

5.4. Credit risk mitigation techniques (Continued)

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

	Risk Groups/ Risk Weights	0%	10%	20%	35% ⁽¹⁾	50%	75%	100%	150%	200%	Others	Total risk amount ⁽²⁾
1	Exposures to sovereigns and their central banks	3.264.915	-	-	-	-	-	14.014.565	-	-	-	17.279.480
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and securities firms	90.173.265	-	1.396.746	-	10.403.599	-	38.229.862	-	-	-	140.203.472
7	Exposures to corporates	-	-	-	-	-	-	4.780.849	-	-	-	4.780.849
8	Retail exposures	-	-	-	-	-	2.854.436	-	-	-	-	2.854.436
9	Exposures secured by residential property	-	-	-	16.878	-	2.156	9.128	-	-	-	28.162
10	Exposures secured by commercial property	-	-	-	-	231.808	-	-	-	-	-	231.808
11	Past-due loans	-	-	-	-	5.189	-	2.892	75.212	-	-	83.293
12	Exposures in higher-risk categories	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Equity investments	-	-	-	-	-	-	37.822	-	-	-	37.822
17	Other exposures	21	-	-	-	-	-	1.456.130	-	-	-	1.456.151
18	Total	93.438.201	-	1.396.746	16.878	10.640.596	2.856.592	58.531.248	75.212	-	-	166.955.473

⁽¹⁾ Secured by residential property

⁽²⁾ Exposures post-CCR and CRM

6. Explanations on counterparty credit risk

6.1. Qualitative Explanations on Counterparty credit risk

For transactions made with foreign banks, the amount and the maturity limit are established by the resolution of the Board of Directors. Limits are checked by Treasury Department. The majority of transactions that create counterparty risk in the Bank are money, interest swaps and forward transactions intended for hedging purposes. Fair value appraisal method is used in determining the amount subject to counterparty risk in accordance with the principles stated in Appendix-2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. There is no reverse trend risk due to counterparty credit risk policies. The Central Counterparty Risk is calculated by taking into account the tables which are revised by Takasbank if repo transactions are performed and containing the values that the banks will use in calculating the capital liability for the risks related to the qualified transactions they have made with the Central Counterparties.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

6. Explanations on counterparty credit risk (Continued)

6.2. Counterparty credit risk (CCR) approach analysis

		Replacement Cost	Potential Credit Risk	EEPE	Alpha used for computing regulatory EAD	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
1	Standardized Approach -CCR (for derivatives)	29.136	1.429.021		1,40	1.458.157	719.298
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						719.298

6.3 Credit valuation adjustment (CVA) for capital obligation

		Risk Amounts (After use of credit risk mitigation techniques)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at Risk component (including the 3*multiplier)		-
2	(ii) Stressed Value at Risk component (including the 3*multiplier)		-
3	Total portfolio value with standardized approach CVA capital charge	32.358.408	-
4	Total subject to the CVA capital charge	9.756	4.874

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

6. Explanations on counterparty credit risk (Continued)

6.4. CCR Exposures by Risk Class and Risk Weights

Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
Risk Groups									
Conditional and unconditional exposures to sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and securities firms	-	-	32.614	1.435.299	-	-	-	-	724.172
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other Exposures	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Total	-	-	32.614	1.435.299	-	-	-	-	724.172

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

6. Explanations on counterparty credit risk (Continued)

6.5. Collateral for CCR

	Collateral used in derivative transactions				Collateral used in other transactions	
	Collateral received		Posted collateral		Collateral received	Posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	50.000
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	50.000

6.6. Exposures to central counterparties

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

6. Explanations on counterparty credit risk (Continued)

6.7. Counterparty credit risk based on risk class and probability of default

None.

6.8. Counterparty credit risk based on credit variety

None.

7. Change Table of Risk Weighted Amounts Based on Internal Rating (IRB) Approach

None.

7.1. Internal Rating (IRB) Portfolio and Default Probability credit risk amounts based on interval

None.

7.2. Effect of Credit Derivatives Used as Internal Rating (IRB) Credit Risk Mitigation Technique on Risk Weighted Amount

None.

7.3. Specialized loans based on Internal Rating (IRB) and stock investments subject to simple risk weighting approach

None.

7.4. Risk Weighted Assets within Internal Model Methodology

None.

8. Market Risk Disclosures

8.1. Qualitative information to be disclosed to the public regarding market risk

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

8. Market Risk Explanations (Continued)

8.2. Standardized Approach

		Risk Weighted Amounts
	Outright Products	
1	Interest rate risk (general and specific)	85.638
2	Equity risk (general and specific)	-
3	Foreign exchange risk	57.325
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitizations	-
9	Total	142.963

8.3. Internal model approach for trading account

None.

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

None.

9. Explanations on Operational Risk

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

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

	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	676.666	939.479	1.195.959	937.368	15	140.605
Value at operational risk (Total*12.5)						1.757.565

10. The interest rate risk of the banking book items

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

	Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
1	TL	500	(11.169)	(0,08)%
	TL	(400)	(52.621)	(0,40)%
2	EUR	200	30.608	0,23%
	EUR	(200)	3.136	0,02%
3	USD	200	(27.672)	(0,21)%
	USD	(200)	40.066	0,30%
	Total (for Negative Shocks)		(9.419)	(0,08)%
	Total (for Positive Shocks)		(8.233)	(0,06)%

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XI. Explanations on securitization

1. Securitization pozitions on banking accounts

None.

2. Securitization positions in trading accounts

None.

3. Securitization positions in banking accounts and related capital requirement

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XII. Explanations on operating segments

Information regarding operating segments as of 31 December 2019 and 31 December 2018 has been given in the following table:

Current Period	Corporate Banking	Investment Banking	Undistributed	Total Operations of the Bank
Interest income	4.344.978	511.181	-	4.856.159
Interest income on loans	4.341.340	-	-	4.341.340
Interest received from banks	-	158.958	-	158.958
Interest received from money market transactions	-	3.407	-	3.407
Interest received from marketable securities	-	348.816	-	348.816
Other interest income	3.638	-	-	3.638
Interest expense	(2.285.542)	(1.453.043)	(3.024)	(3.741.609)
Interest on loans borrowed	(2.255.608)	-	-	(2.255.608)
Interest paid for money market transactions	-	(2.083)	-	(2.083)
Interest on securities issued	-	(1.450.960)	-	(1.450.960)
Lease interest expenses	-	-	(3.024)	(3.024)
Other interest expenses	(29.934)	-	-	(29.934)
Net fees and commissions income	199.932	(31.099)	6.329	175.162
Fees and commissions received	421.056	-	7.430	428.486
Fees and commissions paid	(221.124)	(31.099)	(1.101)	(253.324)
Trade profit/ loss (net)	-	1.133.402	(506.373)	627.029
Profit/ loss on capital market transactions	-	38	-	38
Profit /loss on derivative financial transactions	-	1.133.364	-	1.133.364
Foreign exchange profit/ loss	-	-	(506.373)	(506.373)
Other operating income	7.789	70	-	7.859
Provision for impairment of loan and other receivables	(131.863)	(1.134)	-	(132.997)
Other provisions	-	-	(422)	(422)
Other operating expenses	-	-	(359.546)	(359.546)
Net period profit	2.135.294	159.377	(863.036)	1.431.635
Total segment assets	142.893.018	18.527.296	1.462.798	162.883.112
Banks and money market placements	-	9.988.218	-	9.988.218
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets measured at fair value through other comprehensive income	-	37.822	-	37.822
Financial assets measured at amortised cost	-	7.090.482	-	7.090.482
Derivative financial assets measured at fair value through profit/loss	-	1.264.616	-	1.264.616
Derivative financial assets measured at fair value through other comprehensive income	-	147.141	-	147.141
Loans	143.359.915	-	-	143.359.915
Tangible assets (net)	-	-	23.531	23.531
Intangible assets (net)	-	-	7.122	7.122
Other assets	-	-	1.432.145	1.432.145
Loan loss provision	(466.897)	(983)	-	(467.880)
Total segment liabilities	127.718.346	22.924.334	12.240.432	162.883.112
Funds borrowed and funds	127.584.555	-	-	127.584.555
Borrowings from money markets	-	-	-	-
Securities issued	-	18.791.531	-	18.791.531
Subordinated loans	-	4.025.854	-	4.025.854
Derivative financial liabilities measured at fair value through profit/loss	-	77.040	-	77.040
Derivative financial liabilities measured at fair value through other comprehensive income	-	29.909	-	29.909
Provisions	133.791	-	129.568	263.359
Shareholders' equity	-	-	9.080.224	9.080.224
Other liabilities	-	-	3.030.640	3.030.640

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XII. Explanations on operating segments (Continued)

Prior Period	Corporate Banking	Investment Banking	Undistributed	Total Operations of the Bank
Interest income	3.049.020	342.075	-	3.391.095
Interest income on loans	3.046.371	-	-	3.046.371
Interest received from banks	-	157.809	-	157.809
Interest received from money market transactions	-	70.775	-	70.775
Interest received from marketable securities	-	113.491	-	113.491
Other interest income	2.649	-	-	2.649
Interest expense	(1.572.254)	(959.377)	-	(2.531.631)
Interest on loans borrowed	(1.526.741)	-	-	(1.526.741)
Interest paid for money market transactions	-	(928)	-	(928)
Interest on securities issued	-	(958.449)	-	(958.449)
Other interest expenses	(45.513)	-	-	(45.513)
Net fees and commissions income	164.354	(11.261)	(9.267)	143.826
Fees and commissions received	347.799	-	2.342	350.141
Fees and commissions paid	(183.445)	(11.261)	(11.609)	(206.315)
Trade profit/ loss (net)	-	1.317.750	(1.135.887)	181.863
Profit/ loss on capital market transactions	-	(69)	-	(69)
Profit/loss on derivative financial transactions	-	1.317.819	-	1.317.819
Foreign exchange profit/ loss	-	-	(1.135.887)	(1.135.887)
Other operating income	10.655	-	-	10.655
Provision for impairment of loan and other receivables	(49.703)	-	(31.993)	(81.696)
Other operating expenses	-	-	(102.346)	(102.346)
Net period profit	1.602.072	689.187	(1.449.457)	841.802
Total segment assets	129.497.250	8.217.533	1.714.311	139.429.094
Banks and money market placements	-	4.235.153	320	4.235.473
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets measured at fair value through other comprehensive income	-	20.447	-	20.447
Financial assets measured at amortised cost	-	3.249.722	-	3.249.722
Derivative financial assets measured at fair value through profit/loss	-	568.051	-	568.051
Derivative financial assets measured at fair value through other comprehensive income	-	144.160	-	144.160
Loans	129.497.250	-	-	129.497.250
Tangible assets (net)	-	-	5.807	5.807
Intangible assets (net)	-	-	7.006	7.006
Other assets	-	-	1.701.178	1.701.178
Total segment liabilities	108.861.175	17.786.848	12.781.071	139.429.094
Funds borrowed and funds	108.730.961	-	-	108.730.961
Borrowings from money markets	-	139.005	-	139.005
Securities issued	-	17.178.988	-	17.178.988
Derivative financial liabilities measured at fair value through profit/loss	-	378.363	-	378.363
Derivative financial liabilities measured at fair value through other comprehensive income	-	90.492	-	90.492
Provisions	130.214	-	193.885	324.099
Shareholders' equity	-	-	7.654.051	7.654.051
Other liabilities	-	-	4.933.135	4.933.135

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets

1. Cash equivalents and the account of the CBRT

	Current Period	
	TL	FC
Cash/Foreign currency	21	-
CBRT	551	7.320.280
Other	-	-
Total	572	7.320.280

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

Information related to the account of the CBRT

	Current Period	
	TL	FC
Unrestricted Demand Deposits	551	7.320.280
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	-
Total	551	7.320.280

	Prior Period	
	TL	FC
Unrestricted Demand Deposits	291	-
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	-
Total	291	-

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

3. Derivative financial assets

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

3.1.1. Derivative financial assets held for trading

	Current Period	
	TL	FC
Forward Transactions	-	-
Swap Transactions	5.506	821
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	5.506	821

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

3.1.2. Derivative financial instruments held for risk management

	Current Period	
	TL	FC
Derivative financial instruments held for risk management		
Fair value hedges	-	1.258.289
Cash flow hedges	-	-
Net foreign investment hedges	-	-
Total	-	1.258.289

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

3.2. Derivative financial assets measured at fair value through other comprehensive income

3.2.1. Derivative financial assets held for trading

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

3. Derivative financial assets (Continued)

3.2. Derivative financial assets measured at fair value through other comprehensive income (Continued)

3.2.2. Derivative financial instruments held for risk management

Derivative Financial Instruments Held for Risk Management	Current Period	
	TL	FC
Fair Value Hedges	-	-
Cash Flow Hedges	-	147.141
Net Foreign Investment Hedges	-	-
Total	-	147.141

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

4. Information on banks and foreign bank accounts

	Current Period	
	TL	FC
Banks		
Domestic banks	339.005	1.270.720
Foreign banks	-	1.057.741
Foreign head offices and branches	-	-
Total	339.005	2.328.461

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

Foreign Bank Account

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	954.040	1.186.202	-	-
USA, Canada	102.377	2.520.951	-	-
OECD Countries ⁽¹⁾	1.324	2.110	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	1.057.741	3.709.263	-	-

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

5. With net values and comparison, financial assets measured at fair value through other comprehensive income subject to repo transactions and given as collateral/blocked

None.

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

	Current Period
Debt Securities	
Quoted to Stock Exchange	-
Not Quoted	-
Share Certificates	
Quoted to Stock Exchange	-
Not Quoted	37.822
Impairment Provision (-)	-
Total	37.822

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

As of 31 December 2019 and 31 December 2018, financial assets measured at fair value through other comprehensive income of the Bank consist of Garanti Faktoring AŞ and Kredi Garanti Fonu AŞ with the shareholding percentages of 9,78% and 1,49%, respectively.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans

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

	Current Period	
	Cash	Non-Cash Loans
Direct Lendings to Shareholders	-	-
Corporates	-	-
Individuals	-	-
Indirect Lendings to Shareholders	-	-
Loans to Employees	10.059	-
Total	10.059	-

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

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

	Standard Loans	Loans Under Close Monitoring		
		Loans and Other Receivables	Restructured	
			The ones whose payment plans have changed	Refinancing
Cash Loans				
Non-specialized Loans	139.493.895	611.799	1.996.401	-
Working capital loans	-	-	-	-
Export loans	112.971.475	588.498	1.598.087	-
Import loans	-	-	-	-
Loans granted to financial sector	12.537.818	-	-	-
Consumer loans	10.059	-	-	-
Credit cards	-	-	-	-
Other	13.974.543	23.301	398.314	-
Specialized loans	489.916	1.138	260.170	-
Other receivables	-	-	-	-
Total	139.983.811	612.937	2.256.571	-

	Standard Loans	Loans Under Close Monitoring
12 months expected credit loss	38.574	-
Increase in credit risk	-	5.019

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

Number of Amendments Related to the Extension of the Payment Plan	Standard Loans	Loans Under Close Monitoring
Extended for 1 or 2 Times	1.169.028	1.438.512
Extended for 3, 4 or 5 Times	235.641	754.784
Extended for More than 5 Times	21.951	63.275

The Time Extended via the Amendment on Payment Plan	Standard Loans	Loans Under Close Monitoring
0-6 Months	712.604	635.641
6 - 12 months	266.564	536.806
1-2 Years	114.490	439.772
2-5 Years	241.099	483.486
5 Years and More	91.863	160.866

7.4. Distribution of loans by maturity structure

Current Period	Standart Loans	Loans Under Close Monitoring	
		Loans and Other Receivables	Restructured Loans
Short-term Loans	100.537.525	260.058	529.579
Medium and Long-term Loans	39.446.286	352.879	1.726.992
Total	139.983.811	612.937	2.256.571

Prior Period	Standart Loans	Loans Under Close Monitoring	
		Loans and Other Receivables	Restructured Loans
Short-term Loans	88.437.875	10.310	48.689
Medium and Long-term Loans	40.272.098	272.719	346.918
Total	128.709.973	283.029	395.607

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

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

As of 31 December 2019, the Bank granted personnel loans amounting to TL 10.059.

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards – TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Retail Credit Cards – FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personel Loans-TP	22	10.037	10.059
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	22	10.037	10.059
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personel Loans-YP	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personel Credit Cards -TP	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personel Credit Cards-YP	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Deposit Accounts– TL (Real Persons)	-	-	-
Deposit Accounts– FC (Real Persons)	-	-	-
Total	22	10.037	10.059

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.7. Information on commercial installment loans and corporate credit cards

None.

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

	Current Period^(*)
Public	9.993.125
Private	132.860.194
Total	142.853.319

^(*) Non-performing loans and non-performing loans' rediscount amounts are not included.

	Prior Period
Public	3.628.447
Private	125.760.162
Total	129.388.609

7.9. Distribution of domestic and foreign loans

	Current Period^(*)
Domestic Loans	137.493.949
Foreign Loans	5.359.370
Total	142.853.319

^(*) Non-performing loans and non-performing loans' rediscount amounts are not included.

	Prior Period
Domestic Loans	124.782.526
Foreign Loans	4.606.083
Total	129.388.609

7.10. Loans granted to investments in associates and subsidiaries

None.

7.11. Specific provisions accounted for loans

	Current Period
Loans with Limited Collectability	40.202
Loans Doubtful Collectability	5.737
Uncollectible Loans	377.364
Total	423.303

	Prior Period
Loans and Receivables with Limited Collectability	1.715
Loans and Receivables with Doubtful Collectability	248
Uncollectible Loans and Receivables	231.904
Total	233.867

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.12. Information on non-performing loans (Net)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before Provisions	-	-	5.513
Restructured Loans	-	-	5.513
Prior Period			
Gross Amounts Before Provisions	958	-	-
Restructured Loans	958	-	-

7.12.2 Information on the movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Balance at the Beginning of the Period	8.575	1.242	332.691
Additions During the Period	476.714	-	46.980
Transfers from Non-performing Loans Accounts	-	26.746	10.594
Transfers to Other Non-Performing Loans Accounts	(37.340)	-	-
Collections During the Period	(348.515)	(10)	(4.732)
Write-offs	-	-	(8.190)
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the End of the Period	99.434	27.978	377.343
Provisions	(40.202)	(5.737)	(377.364)
Net Balance Sheet Amount	59.232	22.241	(21)

(*) Non-performing loans' rediscount amounting to TL 1.841 is not included in non-performing loans balance.

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period			
Balance at the End of the Period	98.875	26.161	356.752
Provisions	(39.907)	(5.685)	(356.752)
Net Balance Sheet Amount	58.968	20.476	-
Prior Period			
Balance at the End of the Period	8.575	1.242	198.658
Provisions	(1.715)	(248)	(69.770)
Net Balance Sheet Amount	6.860	994	128.888

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross) (*)	99.434	27.978	377.051
Specific Provision Amount	(40.202)	(5.737)	(377.072)
Loans Granted to Real Persons and Corporate Entities (Net)	59.232	22.241	(21)
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross)	8.575	1.242	332.399
Specific Provision Amount	(1.715)	(248)	(231.612)
Loans Granted to Real Persons and Corporate Entities (Net)	6.860	994	100.787
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

(*) Non-performing loans' rediscount amounting to TL 1.841 is not included in non-performing loans balance.

7.12.5. Information on interest accruals, rediscounts and valuation differences and their equivalents calculated by banks allocating expected credit loss according to TFRS 9

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)	598	1.243	-
Interest Accruals and Rediscounts and Valuation Differences	598	1.243	-
Provision Amount (-)	-	-	-
Prior Period (Net)	-	-	-
Interest Accruals and Rediscounts and Valuation Differences	-	-	-
Provision Amount (-)	-	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

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

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

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

7.12.6. Explanations on the write-off policy

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

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

8. Explanations on financial assets at amortized cost

As of 31 December 2019, all of the securities classified as the financial asset measured by the Bank's amortized cost are from government bonds and T.C. Foreign currency bonds are issued abroad and domestically by the Ministry of Treasury and Finance.

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

i) Financial assets measured at amortised cost

Financial assets measured at amortised cost subject to repo transactions:

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

	Prior Period	
	TL	FC
Government bonds and similar marketable securities	175.098	-
Total	175.098	-

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

	Current Period	
	TL	FC
Government bonds and similar marketable securities	601.480	-
Total	601.480	-

	Prior Period	
	TL	FC
Government bonds and similar marketable securities	427.154	-
Total	427.154	-

There are not any financial assets measured at amortised cost held for structured position.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

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

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

	Current Period	
	TL	FC
Government Bonds	2.989.880	4.100.602
Treasury Bonds	-	-
Other Public Borrowing Bonds	-	-
Total	2.989.880	4.100.602

	Prior Period	
	TL	FC
Government Bonds	3.249.722	-
Treasury Bonds	-	-
Other Public Borrowing Bonds	-	-
Total	3.249.722	-

8.3 Information on financial assets at amortized cost securities

	Current Period	
	TL	TL
Debt Securities	2.989.880	4.100.602
Traded on the Stock Exchange	2.989.880	4.100.602
Not Traded on the Stock Exchange	-	-
Impairment Provision (-)	-	-
Total	2.989.880	4.100.602

	Prior Period	
	TL	TL
Debt Securities	3.249.722	-
Traded on the Stock Exchange	3.249.722	-
Not Traded on the Stock Exchange	-	-
Impairment Provision (-)	-	-
Total	3.249.722	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

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

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

i) Financial assets measured at amortised cost

	Current Period
Balance at the beginning of the period	3.249.722
Foreign exchange differences on monetary assets	32.550
Purchases during the year	4.032.405
Disposals through sales and redemptions ⁽¹⁾	(271.492)
Increase in value impairment provision ⁽²⁾	47.297
Balance at the end of the period	7.090.482

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

⁽²⁾ Consists of change in interest accruals.

	Prior Period
Balance at the beginning of the period	180.461
Foreign exchange differences on monetary assets	-
Purchases during the year	3.198.105
Disposals through sales and redemptions ⁽¹⁾	(220.654)
Increase in value impairment provision ⁽²⁾	91.810
Balance at the end of the period	3.249.722

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

⁽²⁾ Consists of change in interest accruals.

9. Following information investments in associates account (net)

There is no any associates.

10. Information on subsidiaries (net)

There is no any subsidiary.

11. Information related to the jointly controlled partnerships

None.

12. Information on lease receivables (net)

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

13. Explanations on tangible assets

	Immovables⁽¹⁾	Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2019	1.330	127	3.379	15.411	14.257	34.504
Additions	21.024	-	951	2.129	-	24.104
Disposals	-	(96)	-	(2.100)	-	(2.196)
Transfers	-	-	-	-	-	-
31 December 2019	22.354	31	4.330	15.440	14.257	56.412
Accumulated Depreciation						
1 January 2019	829	127	3.075	10.409	14.257	28.697
Current year depreciation	6.119	-	264	1.886	-	8.269
Disposals	-	(96)	-	(1.943)	-	(2.039)
Transfers	-	-	-	-	-	-
31 December 2019	6.948	31	3.339	10.352	14.257	34.927
Net book value						
31 December 2019	15.406	-	991	5.088	-	21.485

	Immovables	Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2018	1.108	127	3.379	12.947	14.257	31.818
Additions	-	-	-	2.745	-	2.745
Disposals	-	-	-	(281)	-	(281)
Transfers	222	-	-	-	-	222
31 December 2018	1.330	127	3.379	15.411	14.257	34.504
Accumulated Depreciation						
1 January 2018	669	127	2.838	8.959	13.795	26.388
Current year depreciation	25	-	237	1.834	462	2.558
Disposals	-	-	-	(384)	-	(384)
Transfers	135	-	-	-	-	(283)
31 December 2018	829	127	3.075	10.409	14.257	28.697
Net book value						
31 December 2018	501	-	304	5.002	-	5.807

As of 31 December 2019 and 31 December 2018, there is not any impairment in tangible assets.

(1) The total amount of TL 21.024 acquired in 2019 in the Immovables column results from recognition of the right of use of the properties rented within the scope of TFRS 16 within the balance sheet. Depreciation amounting to TL 6.119 consists of depreciation of the immovables owned by the Bank amounting to TL 27 and depreciation of immovables that have right to use amounting to TL 6.092.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

14. Explanations on intangible assets

The Bank classified computer software licenses under intangible assets.

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

As of 31 December 2019, the cost and the accumulated amortization of intangible assets are TL 14.254 and TL 7.132, respectively; at the beginning of the period, the gross book value and the accumulated amortization are TL 12.724 and TL 5.718, respectively.

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

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	7.006	6.055
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	1.531	2.238
Sales and Write-Off	-	-
Amounts Recorded under Revaluation Fund for Increase or Decrease in Value	-	-
Recorded Impairments in the Statement of Profit or Loss	-	-
Cancelled Impairments from Statement of Profit or Loss	-	-
Amortization Expense (-)	(1.415)	(1.287)
Net Currency Translation Differences of Foreign Subsidiaries		
Other Changes in the Book Value		
End of the Period	7.122	7.006

15. Information on investment properties

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

	Current Period
Cost	4.566
Depreciation Expense	(2.520)
Net Value at the end of the Period	2.046

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

16. Information on deferred tax asset

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

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

None.

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities

1. Information on deposits/funds received

The Bank does not accept deposits.

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

2.1. Explanations on fair value hedged derivative financial liabilities

2.1.1. Information on trading derivative financial liabilities

Trading Derivative Financial Liabilities	Current Period	
	TL	FC
Forward Transactions	-	-
Swap Agreements	-	31.766
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	-	31.766

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

2.1.2. Information on derivative financial liabilities for hedging purposes

Derivative Financial Liabilities for Hedge	Current Period	
	TL	FC
Fair Value Hedge	-	45.274
Cash Flow Hedge	-	-
Net Investment in Foreign Operations Hedge	-	-
Total	-	45.274

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

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

2.2.1. Information on derivative financial liabilities for hedging purposes

Derivative Financial Liabilities for Hedge	Current Period	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	-	29.909
Net Investment in Foreign Operations Hedge	-	-
Total	-	29.909

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

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

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

3. Information on banks and other financial institutions

3.1 General information on banks and other financial institutions

	Current Period	
	TL	FC
Borrowings from CBRT	-	89.645.623
From Domestic Banks and Institutions	-	5.277.228
From Foreign Banks, Institutions and Funds	-	32.661.691
Total	-	127.584.542

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

3.2 Information on maturity structure of borrowings

	Current Period	
	TL	FC
Short-Term	-	99.010.274
Medium and Long-Term (*)	-	29.603.993
Total	-	128.614.267

(*) As of 31 December 2019, medium and long-term loans include subordinated loans amounting to TL 998.220 (31 December 2018: None) and interest accruals amounting to TL 31.505 (31 December 2018: None).

	Prior Period	
	TL	FC
Short-Term	-	84.110.998
Medium and Long-Term	-	24.619.950
Total	-	108.730.948

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

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

3.3 Additional explanations over areas of concentration of the liabilities of the Bank

As of 31 December 2019 and 31 December 2018, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

Funds borrowed	Current Period^(*)	Prior Period^(*)
CBRT	89.645.623	75.478.111
Syndicated loans	19.463.345	16.418.592
European Investment Bank	3.151.172	3.412.531
World Bank	3.001.196	2.731.911
ICBC Macau Ltd.	2.089.623	-
Islamic Development Bank	1.548.772	1.441.676
ICBC Turkey AŞ	1.491.052	1.321.087
Council of Europe Development Bank	1.375.325	966.464
China Development Bank	1.189.150	1.057.032
Subordinated loans	1.029.725	-
Intesa Sanpaolo İstanbul Şubesi	674.837	609.260
ING European Financial Services	667.551	1.211.316
Mizuho Corporate Bank Ltd	598.581	621.317
Standard Chartered Bank	585.041	529.256
ING DIBA	527.168	546.854
Black Sea Trade and Development Bank	334.710	303.667
Türkiye Vakıflar Bankası TAO	328.180	293.231
Citibank Dublin	295.053	132.939
Sumitomo Mitsui Banking Corporation Dubai	294.767	124.235
MUFG Bank	223.317	64.985
Bank ABC	100.079	-
MUFG Bank Turkey	-	605.310
Abu Dhabi Commercial Bank	-	264.274
First Abu Dhabi	-	181.293
Commercial Bank of Qatar	-	148.544
HSBC London	-	145.498
Emirates NBD	-	121.565
Total	128.614.267	108.730.948

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

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

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

The Bank performed the following repayments during the year 2019:

	Repayment Amount- USD	Repayment Amount- EUR	Repayment Date
European Investment Bank	-	10.000	7 January 2019
European Investment Bank	1.915	-	14 January 2019
Citibank Dublin	25.000	-	28 January 2019
European Investment Bank	2.841	-	28 January 2019
European Investment Bank	-	2.375	28 January 2019
European Investment Bank	1.903	-	11 February 2019
MUFG Bank Turkey	12.255	-	22 February 2019
World Bank	-	1.110	1 March 2019
World Bank	4.148	-	1 March 2019
Syndication loans	10.417	-	28 March 2019
Syndication loans	-	5.556	28 March 2019
Syndication loans	20.500	-	2 April 2019
Syndication loans	-	179.250	2 April 2019
Syndication loans	20.500	-	2 April 2019
Syndication loans	-	179.250	2 April 2019
European Investment Bank	-	1.471	3 April 2019
Sumitomo Mitsui Banking Corporation Dubai	23.500	-	24 April 2019
Bond	750.000	-	24 April 2019
Council of Europe Development Bank	-	5.000	26 April 2019
Intesa Sanpaolo İstanbul Şubesi	-	100.000	13 May 2019
HSBC London	27.501	-	13 May 2019
ING European Financial Services	-	50.000	13 May 2019
Council of Europe Development Bank	-	5.000	16 May 2019
Mizuho Corporate Bank Ltd	60.000	-	22 May 2019
Commercial Bank of Qatar	28.000	-	28 May 2019
Standard Chartered Bank	50.000	-	31 May 2019
First Abu Dhabi	-	30.000	11 June 2019
ING DIBA	-	5.653	11 June 2019
European Investment Bank	-	1.471	17 June 2019
Standard Chartered Bank	50.000	-	17 June 2019
European Investment Bank	-	10.000	19 June 2019
Abu Dhabi Commercial Bank	50.000	-	20 June 2019
European Investment Bank	-	5.000	20 June 2019
European Investment Bank	-	5.000	28 June 2019
European Investment Bank	-	10.000	8 July 2019
Mizuho Corporate Bank Ltd	-	50.000	11 July 2019
European Investment Bank	1.915	-	15 July 2019
Emirates NBD	-	20.000	25 July 2019
European Investment Bank	2.841	-	29 July 2019
European Investment Bank	-	2.375	29 July 2019
Council of Europe Development Bank	-	8.333	8 August 2019
European Investment Bank	1.903	-	9 August 2019
World Bank	-	1.110	2 September 2019
World Bank	4.148	-	3 September 2019

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

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

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

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Date
Syndicated loans	-	5.556	30 September 2019
Syndicated loans	10.417	-	30 September 2019
European Investment Bank	-	1.471	3 October 2019
Syndicated loans	-	465.000	9 October 2019
Syndicated loans	26.400	-	9 October 2019
Islamic Development Bank	12.096	-	15 October 2019
Council of Europe Development Bank	-	5.000	28 October 2019
ING European Financial Services	-	50.000	11 November 2019
Council of Europe Development Bank	-	5.000	18 November 2019
MUFG Bank Turkey	-	100.000	22 November 2019
International Islamic Trade Finance Corporation (ITFC)	380.500	-	26 November 2019
ING DIBA	-	5.653	4 December 2019
European Investment Bank	-	1.471	17 December 2019
European Investment Bank	-	10.000	19 December 2019
European Investment Bank	-	5.000	20 December 2019
European Investment Bank	-	10.000	23 December 2019
Syndicated loans	-	14.286	30 December 2019
Syndicated loans	37.500	-	30 December 2019
European Investment Bank	-	5.000	30 December 2019
Syndicated loans	-	93.250	31 December 2019

4. Information regarding securities issued

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

Information regarding securities issued	Current Period	Prior Period
Securities Issued	18.078.347	17.160.325
Discount on Issuance of Securities (-)	68.356	319.005
Bond Interest Accrual	781.540	337.668
Total	18.791.531	17.178.988

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

4. Information regarding securities issued (Continued)

In September 2014, the Bank issued bonds amounting USD 500 million (TL 2.970.350). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years.

In February 2016, the Bank issued bonds amounting USD 500 million (TL 2.970.350). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years.

In October 2016, the Bank issued bonds amounting USD 500 million (TL 2.970.350). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years.

In September 2017, the Bank issued bonds amounting USD 500 million (TL 2.970.350). The bond is subject to annual fixed interest payment of 4,250% every six months and the total maturity is seven years.

In May 2018, the Bank issued bonds amounting USD 500 million (TL 2.970.350). The bond is subject to annual fixed interest payment of 6,125% every six months and the total maturity is five years.

In January 2019, the Bank issued bonds amounting USD 500 million (TL 2.970.350). The bond is subject to annual fixed interest payment of 8,250% every six months and the total maturity is six years.

In September 2019, the Bank issued bonds amounting TL 256 million. The bond is subject to variable interest payments every six months and the total maturity is three years.

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

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

	Current Period	
	TL	FC
Country Loans- Risk Premiums	-	525.429
Securities issued positive price differences	-	-
Loan Transactions	1.233	46.469
Insurance Transactions	3.956	69
Political Risk Loss Account	-	1.987
Unearned Revenue	-	8.322
Total	5.189	582.276

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

6. Information on lease payables (net)

As of 31 December 2019, all lease transactions of the Bank consist of operating lease transactions.

	Current Period
Lease obligation under the contract	20.801
Deferred interest expense	(3.840)
Total	16.961

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

7. Information on provisions

7.1. Expected credit losses for non-cash loans that are not indemnified or converted into cash

	Current Period
Expected credit losses for non-cash loans	133.791

	Prior Period
General reserve allocated for possible risks	97.090

As of 31 December 2019, the Bank has a provision amounting to TL 133.791 (31 December 2018: TL 97.090), considering the possible future claims due to the export receivables it insures.

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.

7.3. Information on employee benefits provisions

	Current Period
Reserve for employee termination benefits	30.076
Reserve for success fee	31.878
Unused vacation	16.420
Reserve for dividend payment	17.994
Other	528
Total	96.896

	Prior Period
Reserve for employee termination benefits	19.116
Reserve for success fee	17.806
Unused vacation	13.733
Reserve for dividend payment	9.598
Total	60.253

7.4. Other provisions, If other provisions exceed 10% of total provisions, the names and amounts of the sub-accounts causing the overdraft

Other provisions consist of TL 166.463 (31 December 2018: TL 118.488), sub-accounts consist of non-cash insurance provisions of TL 133.791 (31 December 2018: TL 97.090) and other provisions amounting to TL 32.672 (31 December 2018: TL 21.398).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

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
Corporate Taxes Payable ⁽¹⁾	-
Taxation on Revenue From Securities	-
Property Tax	-
Banking Insurance Transaction Tax	7.616
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	678
Other	3.194
Total	11.488

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

8. Explanations on tax liability (Continued)

8.1 Explanations on current tax liability (Continued)

8.1.3. Information on premium payables

	Current Period
Social Security Premiums – Employee	2.556
Social Security Premiums – Employer	3.980
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	205
Unemployment Insurance - Employer	382
Other	-
Total	7.123

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

8.2. Information on deferred tax liability

None.

9. Information on subordinated debt instruments

	Current Period	
	TL	FC
Debt instruments to be included in the additional capital calculation	-	1.029.725
Subordinated Loans	-	1.029.725
Subordinated Debt Instruments	-	-
Debt instruments to be included in the contribution capital calculation	2.996.129	-
Subordinated Loans	-	-
Subordinated Debt Instruments	2.996.129	-
Total	2.996.129	1.029.725

	Prior Period	
	TL	FC
Debt instruments to be included in the additional capital calculation	-	-
Subordinated Loans	-	-
Subordinated Debt Instruments	-	-
Debt instruments to be included in the contribution capital calculation	2.995.130	-
Subordinated Loans	-	-
Subordinated Debt Instruments	2.995.130	-
Total	2.995.130	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities (Continued)

10. Information on shareholders' equity

10.1. Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	7.160.000	6.350.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital System	7.160.000	10.000.000

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

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

Increase Date	Increase Amount	Cash	Profit reserves used for increase	Capital reserves used for increase
29 August 2019	810.000	-	810.000	-

10.2.2. Capital increases from capital reserves in current period

There is no portion added from the capital reserves to the capital in the current period.

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

None.

10.3. 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. 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.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

10. Information on shareholders' equity (Continued)

10.4. Information on privileges given to shares representing the capital

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

10.5. Information on marketable securities value increase fund

	Current Period	
	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-
Valuation Difference	28.658	-
Foreign Currency Differences	-	-
Total	28.658	-

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Explanations on off-balance sheet commitments

1.1 Type and amount of irrevocable commitments

As at 31 December 2019, the Bank has irrevocable commitments amounting to TL 20.879 (31 December 2018: TL 792).

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

None.

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

	Current Period
Letters of Guarantee	-
Endorsements	-
Guarantees and bails given for export	-
Guarantees given for Export Loan Insurance	10.891.326
Total	10.891.326

	Prior Period
Letters of Guarantee	-
Endorsements	-
Guarantees and bails given for export	-
Guarantees given for Export Loan Insurance	9.083.093
Total	9.083.093

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

None.

1.3 Total amount of non-cash loans

	Current Period
Non-cash loans given against cash loans	
With original maturity of 1 year or less than 1 year	-
With original maturity of more than 1 year	-
Other non-cash loans	10.891.326
Total	10.891.326

	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	9.083.093
Total	9.083.093

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Transportation and	-	-	-	-	-	-	-	-
Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	10.891.326	100	-	-	9.083.093	100
Total	-	-	10.891.326	100	-	-	9.083.093	100

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

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash loans				
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	10.891.326	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1.6. Information on derivative transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	6.514.640	6.496.335
Forward Transactions	-	3.581
Swap Transactions	6.514.640	6.475.656
Futures Transactions	-	-
Option Transactions	-	17.098
Interest Related Derivative Transactions (II)	7.816.990	7.303.544
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	7.816.990	7.303.544
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	14.331.630	13.799.879
Types of Hedging Derivative Transactions		
Fair Value Hedges	34.990.664	33.685.723
Cash Flow Hedges	14.674.128	10.170.698
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions (IV)	49.664.792	43.856.421
Total Derivative Transactions (A+B)	63.996.422	57.656.300

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

Derivative transaction is made for hedging the balance sheet risks to the maximum extent by minimizing the inconsistencies between the assets and liabilities of the Bank. As a result of these transactions, the Bank is exposed to the risk of changes in fair value. As a result of these transactions, there are cross currency swaps and interest swaps against the fixed interest rate bonds issued by the Bank.

Except for derivative financial transactions subjected to hedge accounting, the Bank is also preserved from the risk financially, through but also it has financial derivative instruments recorded as trading derivative assets and trading derivative liabilities. For this purpose, the Bank mainly uses foreign currency and interest rate swaps. With these instruments, the Bank aims to prevent the currency risk and interest rate risk.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

1.8. Explanations on contingent assets and liabilities

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

As of 31 December 2019 and 31 December 2018, there is not any contingent asset.

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

In this respect, as of 31 December 2019, there are legal proceedings outstanding against the Bank amounting to TL 20.720 and USD 576 thousand as confirmed from the lawyer letter prepared by the legal department of the Bank.

There are legal proceedings outstanding filed by the Bank. These legal proceedings amount to TL 254.056, USD 59.424 and EUR 12.440.

1.9. Explanations on services in the name of others

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations on notes related to statement of profit or loss

1. Within the scope of interest income

1.1. Information on interest income on loans

	Current Period	
	TL	FC
Interest income on Loans		
Short-term Loans	905.467	1.878.274
Medium and Long-term Loans	32.586	1.521.183
Interest on Loans Under Follow-up	3.830	-
Premiums Received from Resource Utilization Support Fund	-	-
Total	941.883	3.399.457

	Prior Period	
	TL	FC
Interest income on Loans		
Short-term Loans	441.873	1.239.916
Medium and Long-term Loans	85.385	1.278.781
Interest on Loans Under Follow-up	156	260
Premiums Received from Resource Utilization Support Fund	-	-
Total	527.414	2.518.957

1.2. Information on interest income from banks

	Current Period	
	TL	FC
CBRT	6.386	1.408
Domestic Banks	96.128	21.219
Foreign Banks	25	33.792
Headquarters and Branches Abroad	-	-
Total	102.539	56.419

	Prior Period	
	TL	FC
CBRT	-	517
Domestic Banks	94.037	13.918
Foreign Banks	219	49.118
Headquarters and Branches Abroad	-	-
Total	94.256	63.553

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations on notes related to statement of profit or loss (Continued)

1. Within the scope of interest income (Continued)

1.3 Interest income from securities portfolio

	Current Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Financial Assets Measured at Amortised Cost	305.157	43.659
Total	305.157	43.659

	Prior Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	47	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Financial Assets Measured at Amortised Cost	113.444	-
Total	113.491	-

1.4 Information on interest income received from associates and subsidiaries

There is not any interest income from associates and subsidiaries.

2. Within the scope of interest expense

2.1 Information on interest expense on borrowings

	Current Period	
	TL	FC
Banks		
CBRT	-	933.116
Domestic Banks	45	246.655
Foreign Banks	-	1.044.287
Headquarters and Branches Abroad	-	-
Other Institutions	-	31.505
Total	45	2.255.563

	Prior Period	
	TL	FC
Banks		
CBRT	1.076	657.748
Domestic Banks	326	118.473
Foreign Banks	-	733.025
Headquarters and Branches Abroad	-	-
Other Institutions	-	16.093
Total	1.402	1.525.339

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to statement of profit or loss (Continued)

2.2. Information on interest expense given to associates and subsidiaries

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

2.3. Interest paid to marketable securities issued

	Current Period	
	TL	FC
Interests paid to marketable securities issued	371.433	1.079.527

	Prior Period	
	TL	FC
Interests paid to marketable securities issued	93.371	865.078

2.4. With respect to deposit and participation accounts

2.4.1 Maturity structure of the interest expense on deposits

The Bank does not accept deposits.

2.4.2 Maturity structure of the share paid of participation accounts

There is not any participation account.

3. Information on trading income/loss (Net)

	Current Period
Gain	48.379.526
Trading Gains on Securities	38
Trading Gains on Derivative Financial Transactions	2.555.968
Foreign Exchange Gains	45.823.520
Loss (-)	47.752.497
Trading Losses on Securities	-
Trading Losses from Derivative Financial Transactions	1.422.604
Foreign Exchange Loss	46.329.893

	Prior Period
Gain	98.331.385
Trading Gains on Securities	1
Trading Gains on Derivative Financial Transactions	2.622.384
Foreign Exchange Gains	95.709.000
Loss (-)	98.149.522
Trading Losses on Securities	70
Trading Losses from Derivative Financial Transactions	1.304.565
Foreign Exchange Loss	96.844.887

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to statement of profit or loss (Continued)

4. Information on other operating income

	Current Period
Other Revenues Related to International Loans	2.101
Rent Income	1.207
Released Reserves	240
Income from Sales of Assets	154
Other	4.087
Total	7.789

	Prior Period
Other Revenues Related to International Loans	395
Rent Income	859
Released Reserves	6.889
Income from Sales of Assets	1.770
Other	743
Total	10.655

5. Loan Provisions

	Current Period
Expected Credit Loss	132.997
12 month expected credit loss (Stage 1)	41.647
Significant increase in credit risk (Stage 2)	3.402
Non-performing loans (Stage 3)	87.948
Marketable Securities Impairment Expense	-
Financial Assets Measured at Fair Value through Profit or Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Financial Assets Measured at Amortised Cost	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Total	132.997

	Prior Period
Special Provisions	49.703
Loans and Other Receivables with Limited Collectability	1.721
Loans and Other Receivables with Doubtful Collectability	248
Uncollectible Loans and Receivables	47.734
General Provision Expenses	-
Marketable Securities Impairment Expense	-
Financial Assets Measured at Fair Value through Profit or Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	31.993
Total	81.696

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and notes related to statement of profit or loss (Continued)

6. Information related to other operating expenses

	Current Period
Reserve for Employee Termination Benefits ^(*)	-
Bank Social Aid Provision Fund Deficit Provision	-
Vacation Pay Liability, net	422
Impairment Expenses of Tangible Fixed Assets	-
Depreciation Expenses of Tangible Fixed Assets	8.362
Impairment Expenses of Intangible Fixed Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	1.415
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Sale	-
Depreciation Expenses of Assets Held for Sale	-
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-
Other Operating Expenses	20.868
<i>Operational Lease Expenses</i>	1
<i>Maintenance Expenses</i>	791
<i>Advertisement Expenses</i>	11
<i>Other Expenses</i>	20.065
Loss on Sale of Assets	-
Other ^(**)	103.329
Total	134.396

^(*) The amount of severance pay and accumulated vacation allowance shown in other provisions that are not included in other operating expenses in the profit or loss statement are also included in this table.

^(**) Other under the other operating expenses include BRSA participation share amounting to TL 68.765 and KOSGEB dues.

	Prior Period
Reserve for Employee Termination Benefits ^(*)	2.532
Bank Social Aid Provision Fund Deficit Provision	-
Vacation Pay Liability, net	2.564
Impairment Expenses of Tangible Fixed Assets	-
Depreciation Expenses of Tangible Fixed Assets	2.558
Impairment Expenses of Intangible Fixed Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	1.287
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Sale	-
Depreciation Expenses of Assets Held for Sale	-
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-
Other Operating Expenses	24.509
<i>Operational Lease Expenses</i>	7.375
<i>Maintenance Expenses</i>	684
<i>Advertisement Expenses</i>	57
<i>Other Expenses</i>	16.393
Loss on Sale of Assets	-
Other ^(**)	68.896
Total	102.346

^(*) The amount of severance pay and accumulated vacation allowance shown in other provisions that are not included in other operating expenses in the profit or loss statement are also included in this table.

^(**) Other under the other operating expenses include BRSA participation share amounting to TL 42.363 and KOSGEB dues.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and notes related to statement of profit or loss (Continued)

7. Explanation on tax provisions for continuing and discontinued operations

None.

8. Explanation on net income/loss for the period

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

Not needed.

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

None.

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

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1.1. The increase after the revaluation of the Financial Assets Measured at Fair Value through Other Comprehensive Income

The fair value gains of the Financial Assets Measured at Fair Value through Other Comprehensive Income, other than the hedging instruments, amounting to TL 17.376 are recorded under the "Marketable Securities Value Increase Fund" account under equity.

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

	Current Period	Prior Period
Hedging Reserves (Effective portion)	(234)	50.745

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

Opening Balance	Current Period	Prior Period
Hedging Reserves (Effective portion)	49.233	(1.512)

Ending Balance	Current Period	Prior Period
Hedging Reserves (Effective portion)	48.999	49.233

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

Under the cash flow hedge , the income or loss are related with a derivative or a non-derivate financial asset and liability designated as cash flow hedge instruments recorded under the hedging reserves amounting to TL 48.999.

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

None.

2. Information related to distribution of profit

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

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

Profit distributions are approved by the General Assembly of the Bank. As of the report date, no profit distribution decision has been made by the General Assembly for 2019 profit.

3. Amount transferred to legal reserves

	Current Period	Prior Period
Amount Transferred to Legal Reserves under Dividend Distribution	43.358	29.364

4. Information on issuance of share certificates

4.1 For all share groups; any restrictions, preferential terms and rights for distribution of dividends and payment of share capital.

None.

5. Explanations on other share capital increases

In 2019, the Bank increased its capital by TL 810.000 from internal sources.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and notes related to statement of cash flows

1. Information on the cash and cash equivalents

1.1. Information on cash and cash equivalents at the beginning of the period

The components constituting the cash and cash equivalents and the accounting policies used for the determination of these components:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as “Cash” and interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash equivalents”.

Beginning of the Period	Current Period	Prior Period
Cash	29	26
CBRT and other banks	4.235.444	2.714.567
Money market placements	-	831.691
Banks accrual	(1.540)	-
Total Cash and Cash Equivalents	4.233.933	3.546.284

1.2. Information on the cash and cash equivalents at the end of the period

	Current Period	Prior Period
Cash	7.320.852	320
Cash	21	29
Central Bank	7.320.831	291
Cash Equivalents	2.667.466	4.235.153
Banks and other financial institutions	2.667.466	4.012.504
Money market placements	-	222.649
Cash and Banks	9.988.318	4.235.473
Banks Accrual	-	(1.540)
Total Cash and Cash Equivalents	9.988.318	4.233.933

1.3. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL 447.906 (31 December 2018: TL 116.558) mainly consists of fees and commissions paid, foreign exchange losses, other operating income excluding collections from doubtful receivables and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 1.003.905 (31 December 2018: TL 894.021) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. Explanations and notes related to the Bank's risk group

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

1. Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank

Information on the Bank's domestic and foreign branches and foreign representatives of the Bank

	Number	Number of Employees			
Domestic Branch	20	740			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore Banking Region Branches	-	-	-	-	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure

The Bank has opened 7 branches in 2019.

VIII. Explanations and notes related to events after balance sheet

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

SECTION SIX
OTHER EXPLANATIONS

I. Summary information about the Bank's credit ratings from international credit rating agencies

The ratings given by international rating agencies are as follows as of 31 December 2019.

Moody's 18 June 2019		Fitch Ratings 12 November 2019		
Long Term (Foreign and Local Currency) Issuer Rating	B2	Long Term Foreign Currency Issuer Rating	B+	Stable
Foreign Currency Bond Rating	B2	Long Term Local Currency Credit Rating	BB-	Stable
Foreign Currency Bond Rating (Medium Term Issuance Program)	(P)B2	Short Term Foreign Currency Credit Rating	B	
Basic Credit Evaluation Note	b3	Short Term Local Currency Credit Rating	B	
Adjusted Basic Credit Rating	b3	Support Note	4	
Long Term Counterparty (Foreign and Local Currency) Risk Rating	B1	Support Rating Base	B+	
Long Term Counterparty Risk Assessment	B1(cr)	National Long Term Credit Rating	AAA (tur)	Stable
Short Term Issuer Notes (Foreign and Local Currency)	NP			
Other Short Term	(P)NP			
View	Negative			

SECTION SEVEN
INDEPENDENT AUDITORS' REPORT

I. Explanations on the independent auditors' report

1. Explanations on auditors' report

The unconsolidated financial statements as of and for the year ended 31 December 2019 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative, a Swiss entity). The auditors' report dated 28 February 2020 has been presented in the introduction of the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditors

None.