

2020

ANNUAL REPORT



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INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Türkiye İhracat Kredi Bankası A.Ş.

1) Opinion

We have audited the annual report of Türkiye İhracat Kredi Bankası A.Ş. (the "Bank") for the period of 1 January 2020 – 31 December 2020.

In our opinion, the unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Bank are presented fairly and consistent, in all material respects, with the audited full set unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

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

3) Our Auditor's Opinion on the Full Set Unconsolidated Financial Statements

We have expressed an unqualified opinion in our auditor's reports dated 26 February 2021 on the full set unconsolidated financial statements of the Bank for the period of 1 January 2020 – 31 December 2020.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Bank is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Bank for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the unconsolidated financial statements. The development of the Bank and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Bank,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation, and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1,2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , "Regulation on Accounting Applications for Banks 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 Agency ("BRSA"), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations, on whether the unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Bank's audited unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Yaşar Bivas.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Yaşar Bivas, ÜMMİM
Partner

26 February 2021
İstanbul, Türkiye

Presentation

Corporate Profile

Export Credit Bank of Turkey (Turk Eximbank) is the only official export credit agency in Turkey.

For more than 30 years, Turk Eximbank has been accompanying exporters and contractors in their journeys, supporting the creation of a more competitive, productive and profitable export portfolio, and contributing to the generation of stable FC income by encouraging penetration into new markets. Classified as a Development and Investment Bank, Turk Eximbank is the official export credit agency in Turkey, and combines credit, insurance and guarantee services under a single roof.

In addition to domestic and international credit (buyer) programs, the Bank provides cash and non-cash financing to exporters through insurance and guarantee programs. Domestic credits are offered to exporters, available in short-, medium- and long-term options for fulfilment of pre- or post-shipment needs for the exports of goods and services. Lending is made also through commercial banks and other finance companies, as well as credit programs directly extended by the Bank. Program requirements of pre-shipment export credit include export commitment liability, whereas under the post-shipment credit, exporters can have their credit sales discounted to make use of the Bank's financing facilities. Short Term Export Credit Insurance insures short- and medium-term receivables arising from commodity and service exports against commercial and/or political risks. The Bank also provides insurance cover for short-term receivables arising from the domestic operations of exporters and group companies with the Domestic Receivables Insurance. Today the Bank insures exports to 238 countries with its insurance programs.

Turk Eximbank offers service with 20 branches and 11 liaison offices. Headquartered in İstanbul (Asian Side), the Bank has 20 units covering Central Anatolia, Marmara and Aegean Regional Directorates and Merkez, Çorlu, İstanbul Odakule, Maltepe, Gebze, Bursa, İstanbul European Side, Ankara, Gaziantep, Trabzon, Kayseri, Konya, İskenderun, Eskişehir, Adana, İzmir, Antalya, Manisa, Denizli and Mersin branches, and 11 liaison offices in Samsun, Aegean Region Chamber of Industry, Aegean Exporters' Associations, İzmir Kemalpaşa Organized Industry Zone, Aydın, Erzurum, Kahramanmaraş, Hatay, Sakarya, İstanbul Asian Side Organized Industrial Site and İnegöl.

Out of 711 employees on Turk Eximbank's payroll, 7 hold PhD, 345 master's degrees, 257 bachelor's degrees, 25 associate degrees and 255 of them are proficient in at least one foreign language.

Sustainability at Turk Eximbank

Turk Eximbank believes that sustainable exports is of the utmost importance in the rapidly changing world that is confronted with numerous issues from climate change to socioeconomic inequality.

Within this framework, the Bank launched the “Sustainability, Environmental and Social Risk Management” Project to carry out all of its activities in line with sustainability principles and to shape its governance structure on the center of these principles. In the same direction, the Sustainability Principles, Environmental and Social Impact Policy, Climate Change Adaptation and Mitigation Policy were approved based on the Board of Directors decision dated 06 September 2019.

Accordingly, the Environmental and Social Risk Model is applied for the following loan applications although they are not included in “Turk Eximbank Unfunded Activities List” in order to assess the environmental and social risks stemming from the Bank’s lending and insurance transactions and for their effective management in line with the Bank’s strategy:

- All investment loan, medium- and long-term insurance and international loans applications, in which Turk Eximbank’s share is USD 10 million or higher and which have a term of 24 months or longer,
- Investment loan, medium- and long-term insurance and international loan applications, in which Turk Eximbank’s share is below USD 10 million, which have a term of 24 months or longer, which are located within/near sensitive zones or which present a high probability of significant human rights impacts within the scope of the operation,
- Loan applications in the threshold amount and at the terms stipulated in the related agreements within the framework of disbursements from subordinated funds secured from, or with the guarantee of, supranational institutions such as MIGA, World Bank (IBRD), the Council of Europe Development Bank (CEB), Islamic Development Bank and ICIEC.

Financial Highlights

Within the frame of its mission to provide financing support to exports being a specialized bank, Turk Eximbank does not target profit maximization.

TURK EXIMBANK IN FIGURES

Balance Sheet Accounts (TL thousand)	2020	2019
Loans	178,253,907	142,892,035
Total Assets	204,227,274	162,883,112
Loans Borrowed	160,630,694	127,584,542
Securities Issued (Net)	22,953,260	18,791,531
Subordinated Loans	4,463,576	4,025,854
Money Market Loans	1,375,566	-
Equity	11,413,457	9,080,224
Paid-in Capital	9,270,000	7,160,000

Profit-Loss Statement Accounts (TL thousand)	2020	2019
Interest Income	5,011,499	4,856,159
Interest Income on Loans	4,229,188	4,341,340
Interest Expenses	-3,788,554	-3,741,609
Net Interest Income	1,222,945	1,114,550
Net Commissions and Other Operating Income	239,271	183,021
Expected Credit Losses	-369,469	-132,997
Personnel Expenses	-260,866	-225,572
Other Operating Expenses	-151,054	-133,974
Net Profit for the Period	1,511,388	1,431,635

Turk Eximbank's summary financial statements for 2016-2020 are presented on page 71.

Summary Activity Indicators

Credit Activities (USD million)*

	2020	2019
Short-Term Credit Activities		
Total Short-Term Credits	21,606	25,155
Short-Term TL Credits	2,564	1,829
Short-Term FX Credits	19,042	23,326
Medium- and Long-Term Credit Activities		
Medium- and Long-Term Credits	6,892	1,523
Total Credit Activities		
Total Credits	28,498	26,679

* The amounts allocated include credits with extended terms.

Turk Eximbank's Insurance Activities (USD million)

Short-Term Credit Insurance		
Insured Shipment	17,098	17,267
Medium- and Long-Term Export Credit Insurance		
Covered Transaction Amount	43	163
Total Insurance Activities		
Claims Paid	33	20
Total Insurance	17,141	17,430

Turk Eximbank's Total Support (USD million)

Total Credit/Insurance/Guarantee Support	45,639	44,109
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Chairman’s Message

Stepping into 2020, the world was just outstripping trade wars and Brexit, two major events that negatively affected global trade in previous years. However, the emergence of the pandemic left us confronted with a new environment of uncertainty. The world trade shrank rapidly from the second quarter of the year due to the ramifications of the pandemic. As the world was handed a deteriorated global supply chain and a rapid downturn of growth, all countries began introducing expansionary measures in their monetary and fiscal policies, within the frame of which we witnessed rate cuts by all world economies. Although unlimited asset purchases by central banks led to excessive liquidity in the worldwide marketplace on another front, deteriorated risk perception and uncertainties kept the liquidity from being channeled to impact sectors and regions that would drive recovery.

In the last quarter of the year, we saw global growth estimations revised upwards owing to the positive ambience created by the successful results of vaccination. In this last quarter, the shrinkage improved from 6% to 4%. Even the subsequent second wave anticipations did not lead to a shrinkage of a magnitude of the initial one. In terms of global trade, we can suggest that the worst is over.

Our country began experiencing the impacts of the pandemic with the restrictions initiated in March 2020. In connection with the restrictions, our exports declined significantly in April and May. The 4.5% growth rate we attained in the first quarter was reversed to the negative zone in the second quarter, resulting in 10% contraction of our economy. However, with the normalization steps initiated all over the world in May and June, coupled with the postponed demand that kicked in, we captured a strong positive momentum both in our economy and in our exports in the third quarter. Our country ranked among the fastest-recovering economies in the world with a 6.7% growth rate in the third quarter, enabled by the measures adopted for the business world along with the health-related measures. In the light of lead indicators, I am of the opinion that we will register positive growth for the whole year. 2020 year-end exports figure that was realized at USD 169.5 billion that surpassed the New Economy Program (NEP) exports target of USD 165.9 billion substantiates that.

Despite the pandemic-induced downsizing of global trade and significant contraction of our major export markets led by the European Union, our country maintained its share within world trade and achieved important results thanks to its endeavors spent amid such negative circumstances and the successful strategies devised. This is best exemplified by the post-Brexit free trade deal signed with the UK, one of our leading export markets, which safeguarded our advantageous trade.

With the help of the steps it has taken to mitigate the negative impacts of the pandemic, Turk Eximbank increased its total support volume by 4% as compared with the previous year, by extending cash loans worth USD 28.5 billion and insurance support worth USD 17.1 billion adding up to USD 45.6 billion in 2020.

As always, exports will remain as the top priority for our country’s development and growth through this patch. We acknowledge the importance our industrialists, exporters, manufacturers and SMEs have for our country’s development with the quick steps they will take and innovative approaches they will adopt in the face of global developments, and we will continue and further increase our efforts to support them.

With this understanding, Turk Eximbank will keep standing by our exporters also in 2021 with the strength it draws from our state and the support of our government, and will bring its total support volume above USD 50 billion.

Rıza Tuna TURAGAY

Deputy Chairman of the Board of Directors

General Manager's Message

OUR EXPORTS MAINTAINED ITS PACE DESPITE THE PANDEMIC CONDITIONS

We left behind a tough year that saw significant declines in the world trade resulting from the decelerations suffered by global economies due to the epidemic that broke out in China by end-2019 and quickly spread across the world. In a pandemic-dominated 2020, our country registered an exports volume worth USD 169.5 billion. As Turk Eximbank, we continue to work and mobilize all our resources and capabilities to render this strong exports performance sustainable. To this backdrop of persisting uncertainties tainting the world economy, the importance of exports for our country's macroeconomic stability became even more evident. It is vital to finance high added-value exportation in order to achieve the exports volume that will drive sustainable growth. Turk Eximbank undertakes a key role in terms of converting our country's manufacturing strength into exportation. The greatest supporter of exporters, Turk Eximbank will keep offering ever-increasing and diversifying financing and export credit insurance facilities to exporters on one hand, while continuing to back them with the purpose of presenting them with competitive advantage through incentive mechanisms aimed at increasing our exporters' shares in international trade on the other.

TURK EXIMBANK KEPT STANDING BY THE EXPORTERS ALSO THROUGH THIS PERIOD

As Turk Eximbank, we assumed all kinds of responsibility falling upon us for consistent continuance of exports and for keeping our exporters unharmed in this period during which world economies came almost to a halt, and we helped our exports and exporters capture their deserved position thanks to the supports extended by our Government and our Central Bank.

During 2020, our Bank produced solutions for diverse financing needs of our exporters. Three new products we have introduced serve as an important indicator of the fact that 2020 has been a productive year for us in spite of all the challenging conditions it has presented. For the first time, we have introduced the "Participation Finance Investment Loan" with up to 10-years maturity for exporters and SMEs wishing to work with the principles of participation finance system. Furthermore, under the "Credit Program Based on the Insured Export Receivables", we considered all short-term export receivables of our exporters insured by Turk Eximbank as a pool of credit collateral and began offering financing up to 1 year. Under the "Letter of Guarantee" program, we began catering to the needs for bid bonds, performance bonds, and advance payment bonds of contractors, shipbuilders and investment goods manufacturers.

Our Bank was assigned a grade 1 point higher than our national banking industry by the international rating agencies. As a sign of the trust held in our Bank, we kept supporting our exporters with low-cost funding worth approximately USD 2.8 billion we have borrowed from international markets in the reporting period. Within these funds obtained, two are particularly significant: the resource in the amount of EUR 380 million, 50% of it guaranteed by the International Bank for Reconstruction and Development (IBRD), a member of the World Bank Group, which deal is a first in Turkey and only the second in the world in terms of its structure, and the facility in the amount of USD 100 million secured from the Islamic Development Bank (IDB), which will be on-lent with the participation finance method.

We are helping our exporters and contractors become more competitive in international markets. To this end, we have signed cooperation agreements paving the way for co-financing, co-insurance, guarantee and insurance with the export credit agencies of the relevant countries for the projects they will carry out with their foreign partners in third countries; our initiatives in this vein will continue.

In keeping with our mission of being by the side of our exporters as Turk Eximbank, we are offering service out of 32 different locations made up of 20 branches and 11 liaison offices in order to have direct contact with our exporters, to cater to their needs on-site and faster. Hence, we maintain a presence in our provinces realizing 94 percent of our exports, and sustain our close contact with our exporters. Furthermore, our “Credit Mobile” Project, which is an extension of our “Credit Online” Project in response to the needs and demands, renders our Bank’s services accessible through mobile phones, which will allow us to offer faster service to our exporters. Also ongoing are our initiatives related to business intelligence solutions for monitoring banking services and for their efficient Bank-wide reporting.

A TOTAL OF USD 45.6 BILLION SUPPORT TO EXPORTS

During 2020, Turk Eximbank’s cash lending to our exporters was up by 7 percent to USD 28.5 billion, and we have created a secure sales environment for them by insuring exports worth USD 17.1 billion. Thus, we have increased our Bank’s total support to our exporters by 4% year-over-year to USD 45.6 billion. The ratio of support to exports went up from 24.3 percent to 26.9 percent, and our Bank has been involved in 26.9 of each USD 100-exports. In 2021, on the other hand, we are targeting to bring our total support to above USD 50 billion.

The number of exporter firms extended support by our Bank reached 13,102 in 2020. As Turk Eximbank, we value that a higher number of our SME exporters are being given support, and we are glad that SMEs make up 90% of 953 exporters that made use of the Bank’s supports for the first time ever in the past one year. While SMEs accounted for around 60% of the exporters benefiting from our Bank’s services in 2017, this ratio topped 70% in 2020.

TURK EXIMBANK WILL BE THE BANK GOING CROSS-BORDER AND GROWING TOGETHER WITH OUR EXPORTERS.

Under the strategic transformation project we initiated in 2020 at Turk Eximbank, we have finalized our roadmap to increase our Bank’s contribution to exports in 2021 and thereafter. Focusing on transforming the support we extend to our exporters into higher growth in exports under this comprehensive project, we are targeting to increase our support to exports both on the basis of countries and sectors. While evaluating the effectiveness of the supports we are providing, we also are concentrated on projects that will help us work faster and more efficiently by replicating the dynamism in exports also within our Bank.

We are hoping that trade will be livelier on a global scale in 2021 than it was in 2020. We are fully confident that our country will achieve the USD 184 billion-worth of exports targeted for 2021, and as Turk Eximbank, we will determinedly and steadfastly keep standing by our exporters with all our strength also this year.

Ali GÜNEY

General Manager

Historical Background

Exports gained great importance in Turkey after the introduction of outward-oriented policies in the 1980s. In the process, the mission of supporting exports was undertaken by Turk Eximbank that was established in 1987.

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

The objectives of the Bank, which is the official export credit agency in Turkey, are spelled out as follows:

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

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

Turk Eximbank's role in funding exports has steadily increased over the years. According to the country's liabilities against international institutions regulating the world trade, Turkey had to terminate the direct export incentives, and because of the commitment to comply with the commercial and competition policies of EU and the Customs Union. As a result of these developments, the funding of exports through credit, guarantee and insurance programs has become the most significant stimulant element in terms of increasing the competitiveness of Turkish exports on international markets.

The "Articles of Association and Duties of the Export Credit Bank of Turkey", which has since

been repealed, was prepared to reflect the changes in legislation required regarding the activities of the Bank in line with the Principles Appendix to Decision No. 87/11914 regulating the establishment of the Bank, Turkish Commercial Code No. 6102, the changes in the banking legislation, and global financial and economic developments that have occurred since the Bank's establishment, and was published in the Official Gazette dated 23 February 2013 as an attachment to Decision 2013/4286 of the Board of Ministers. Operating principles of the Bank are currently being determined in accordance with the principles set forth in the appendix of Board of Ministers decision numbered 2013/4286.

In accordance with Article 4/C of the Chartering Law, which was amended by Act No. 3659 and Article 10 of the Law No. 4749, the Ministry of Treasury and Finance covers any losses incurred by Turk Eximbank in its credit, insurance and guarantee transactions arising from political risks.

In accordance with the second paragraph of Article 2 of the Law numbered 3332, the Ministry which the Bank is related to is determined by the decision of the Presidency. In this context, Turk Eximbank has been linked with the Ministry of Commerce based on the Presidency's Memorandum numbered 2018/1 which was in effect by its issuance at the Official Gazette numbered 30479 dated 15 July 2018.

Changes in the Articles of Association

At the Extraordinary General Assembly Meeting of Turk Eximbank convened on 12 January 2017, “Article 7 - Capital of the Bank”, and “Article 8 - Capital Increase” of the Articles of Association were modified. Under the modification made, the Bank switched to the registered capital system and the registered capital ceiling was set as TL 10,000,000,000. Within the specified limit, the Bank’s share capital was increased to TL 9.27 billion based on the Board of Directors decision dated 6 October 2020.

At the Ordinary General Assembly of Turk Eximbank convened on 25 August 2020, “Article 5 – Ministry to which the Bank is Affiliated”, “Article 8 – Increasing the Capital”, “Article 22 – Amending the Articles of Association”, “Article 38 – Formation of the Board” and “Article 39 Responsibilities and Powers of the Supreme Advisory and Credit Guidance Committee” were amended and “Article 8/A – Issuance of Debt Instruments” was inserted in the Articles of Association. Through these alterations, the existing articles were brought into alignment with the legislation that was modified at the time of the transition to the Presidential government system, and the Board of Directors was delegated authority to issue debt instruments.

Apart from the modifications mentioned above, no other changes were made to the Bank’s Articles of Association in 2020.

Capital Structure

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

Turk Eximbank's Position in the Turkish Banking Sector

	TURKISH BANKING SECTOR*	TURK EXIMBANK**
Total Assets	TL 6,108 billion	TL 204 billion
Total Loans***	TL 3,729 billion	TL 179 billion
Loans/Assets (%)	61.1	87.5
NPL Ratio (%)	4.1	0.3
Shareholders' Equity	TL 600.8 billion	TL 11.4 billion
Capital Adequacy Ratio (%)	18.8	20.02
Net Profit	TL 60.0 billion	TL 1.5 billion
Return on Assets (%)	1.1	0.8
Return on Equity (%)	11.6	17.2

* BRSA data as of December 2020.

** Turk Eximbank temporary data as of December 2020.

*** Total loans include NPLs.

Overview of Turk Eximbank's Activities in 2020

Turk Eximbank supports exporters, export-oriented manufacturers, international contractors and entrepreneurs, and companies engaged in FC-earning services with short, medium- and long-term credit, insurance, and guarantee programs.

Being a specialized bank in export financing, Turk Eximbank has embraced it as a primary goal to achieve its predefined targets associated with export finance rather than maximizing profit. However, care is taken to pursue policies that will safeguard a healthy financial structure in keeping with the responsibility of being a bank.

In line with our country's 2023 vision and goals, we continue to steer our activities together with our stakeholders in order to further strengthen our economy and our country.

Within the frame of our new strategy, we carry on with our efforts and initiatives commenced in 2020 with the purpose of;

- Increasing the number of exporter SMEs and exports volume by prioritizing SMEs undertaking high added-value exporting,
- Diversifying guarantees in order to facilitate and increase the support provided to exporters,
- Prioritizing and specializing in growing, competitive, high value-added, and middle-high technology sectors,
- Carrying out initiatives to increase exports in geographies presenting high exports potential and competitive advantage for these prioritized sectors,
- Enabling customer access and transacting substantially on digital channels, eliminating branch-dependency,
- Reaching more exporters through new products and services that will back increased exports and diversify support to exportation.

Domestic Loans

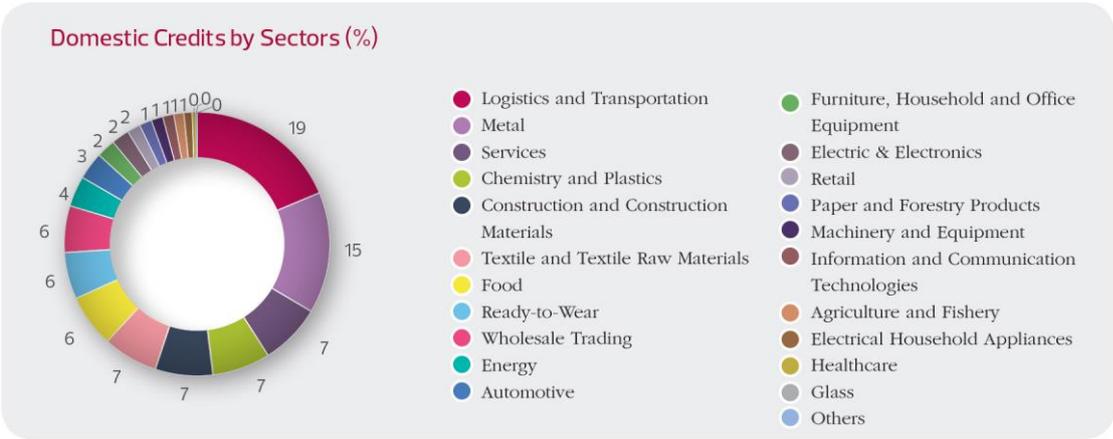
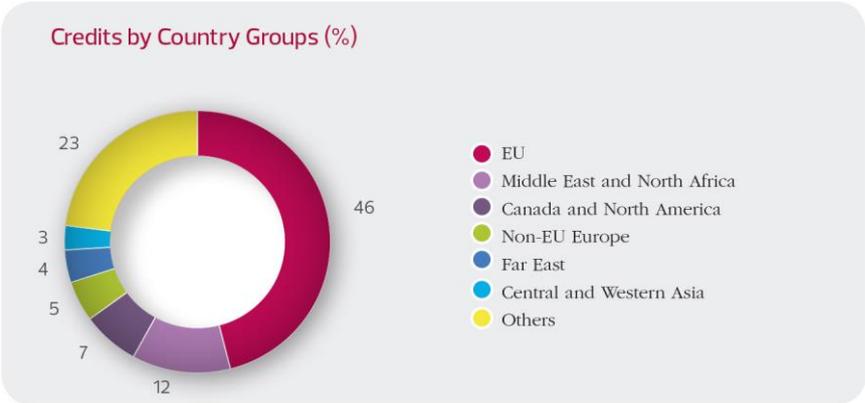
Turk Eximbank supports exporters, export-oriented manufacturers, companies exporting FC-earning services, and international contractors/investors with short- and medium-long-term cash credit programs. The financing support that companies will need during the production process is extended both for pre-shipment and post-shipment periods through cash loans.

In 2020, short term loans extended by Turk Eximbank including maturity extensions totaled USD 21.6 billion, and medium-long term domestic loans totaled USD 6.9 billion.

During 2020, 13,102 firms, which together accounted for a significant share of Turkey's total exports, benefited from Turk Eximbank's loan programs.

Priority was given to SMEs in lending, and TL credits were predominantly used for SME financing. As a result of the privilege offered for additional resource and credit requests of SMEs, TL 12.7 billion in local currency and USD 1.1 billion in foreign currency were allocated, and total SME credits amounted to USD 2.8 billion. Accordingly, 10% of total loans were disbursed to SMEs.

Logistics and transportation sector took the lead with 23% share in the sectoral distribution of short-term loans. In the distribution of loans by country groups, EU countries led with 45.5% share.



Recent Adjustments and Changes in Domestic Credit Programs

- Under the Advanced, Productive, Indigenous Industry (in Turkish: İVME) Financing Package launched by the Ministry of Treasury and Finance in June 2019, USD 48.7 million in loans were disbursed in 2020 to exporters of medium and high technology products and to companies incurring expenses associated with domestically produced investment goods, by making advantageous financing facilities available within the scope of existing credit programs.
- Apart from İVME Financing Packages made available to exporters of high technology products and KGF TL Rediscount Loans, TL loans extended from the Bank’s resources were allocated exclusively to firms that qualify as SMEs, and to Agricultural Sales Cooperatives and Associations. Hence, competitive strengths of SME firms were enhanced.

- The protocol signed by and between our Bank and KGF for Treasury-Backed KGF Guarantee was updated on 09 April 2020, and a new guarantee fund in the amount of TL 20 billion was obtained on the same date. Later, a new guarantee resource was enforced on 27 April 2020 for the financing of companies' increased stock costs during the pandemic.
- A total of TL 7.86 billion was extended in the form of "TL Rediscount Loans", TL 2.97 billion of which was under the scope of the protocol with the KGF.
- Two new financing facilities were developed specifically for women exporters and young entrepreneurs:
 - The credit line for TL 100 million and USD 200 million granted to QNB Finansbank, TEB, Garanti Bank, İşbank and Denizbank is being made available to women-owned export firms in FC terms and with 1-year term. In 2020, a total of USD 470 thousand financing was provided to 11 firms within the scope of this product introduced in March 2019.
 - Under the protocol signed with İşbank and Denizbank, export firms owned by young entrepreneurs are granted 25 bps advantage in FC loans and buyer analyses charge exemptions for a period of 1 year in their insurance policies. A total of USD 352 thousand financing was provided to 7 firms within the scope of this product introduced in May 2019.
- The amendment of 31 December 2018 made to the communiqué concerning the financing of firms in free zones (Export: 2018/10) expanded the scope of rediscount credits. Accordingly, commodity sales and service sales to third countries other than Turkey from free zones can be financed under the Post-Shipment Credit program and Rediscount Credit program, respectively. In this framework, a total of USD 255 million was extended in loans for the financing of firms in free zones under rediscount and other credit programs.
- Development of products based in participation finance was commenced in order to be able to respond to the needs of exporters who are unable to work with our Bank due to their sensitivity regarding participation finance. Accordingly, Participation Finance Investment Loan working with participation finance principles was developed, under which financing worth USD 23 million was provided.
- "Credit Program Based on the Insured Export Receivables" was created for providing financing to companies collateralized by Turk Eximbank "Short-Term Export Insurance Policy", which provides a new credit facility to companies challenged in obtaining guarantee. Credits started to be extended under the program during 2020.
- Letter of guarantee program was introduced for contractors, shipbuilders and domestic manufacturers of investment goods for export, and lending under the program started.

- Agreement was reached with the International Bank for Reconstruction and Development (IBRD) regarding the credit application principles for on-lending the IBRD-guaranteed resource of EUR 380 million secured from international finance institutions. Hence, the said fund is now ready to be utilized by our exporters.
- As part of the measures adopted to eliminate the temporary negative effects of the pandemic upon our companies and our country's foreign trade transactions;
 - TL credit up to 360 days was made available, which was previously available only in the form of FC loans with a maximum maturity of 240 days from the CBRT funds,
 - The maximum term of the CBRT-sourced rediscount credit was increased from 240 days to 720 days,
 - 3-month maturity extension was made available for all CBRT-sourced credits,
 - 6-month maturity extension was made available for all credits extended from our Bank's sources,
 - An additional one year was granted to all companies who were yet to fulfill their export commitments.
- Offered in medium- and long-term, Export-Oriented Working Capital Credit and Export-Oriented Investment Credit programs' maximum limits were increased from USD 50 million to USD 75 million.
- The scope of the Trademark Credit Program was expanded to cover companies with FC-earning services and operations. Furthermore, the expenses incurred for purchasing non-resident foreign brands and for establishing existing Turkish brands abroad were further detailed within the program scope, and the expense items that can be financed under the program were expanded and clarified. In addition, the program limit was increased from EUR 10 million to EUR 75 million.
- Pledge of securities was included within acceptable collaterals for borrowing from our Bank. Accordingly, securities issued by the Republic of Turkey Ministry of Treasury and Finance and by commercial banks began to be received as guarantee for loans.
- Maximum transaction limit, which was previously applied as USD 50 thousand for SMEs and USD 100 thousand for other companies within the rediscount credit program, was eradicated.

Actualizations on the basis of Domestic Loans Programs (USD billion dollars)

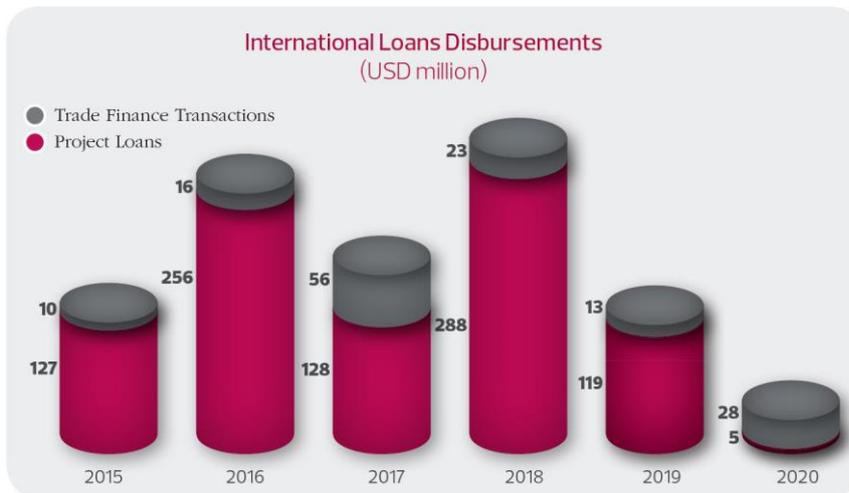
SHORT-TERM DOMESTIC LOANS	21.6
Rediscount Credits Funded by CBRT	19.5
Pre-shipment Export Credits Extended via Commercial and Participation Banks (PSEC) *	1.3
Direct Lending	0.8
MEDIUM-LONG TERM DOMESTIC LOANS	6.9
<i>Rediscount Credits Funded by CBRT</i>	<i>4</i>
<i>Export-Oriented Working Capital and Investment Loans</i>	<i>0.9</i>
TOTAL	28.5

* A minimum portion of 30% of the credit lines allocated to intermediary banks must be disbursed to SMEs; accordingly, PSECs worth USD 1.3 billion were allocated to SMEs during 2020 (83%).

International Loans Programs

International Loans Programs, under which projects undertaken abroad by Turkish contractors and the buyers (public and private) of Turkish goods in foreign countries, are intended to increase Turkey's exports, diversify the goods and services exported, acquire new markets for export goods, increase the share exporters get from international trade, and provide competitive strength and assurance to Turkish firms in international markets. All supports provided under International Loans are in the nature of "buyer's credits" and debtors are directly governments, the buyer country's state-guaranteed public institutions or overseas/domestic banks within the allocated limits.

In 2020, loans made available for project and trade finance transactions in foreign countries under the International Loans Programs totaled USD 35 million.



In an effort to add momentum to International Loans Programs and in turn, to increase exports of Turkish goods and services, revolving loan agreements are made with acceptable banks in foreign countries for overcoming the hardships borrowers experience in getting a state guarantee and for extending support to the private sector's transactions, as well.

In this context, in line with the target of expanding the network of overseas banks and covered countries, credit lines were allocated to three multinational banks (the African Export-Import Bank, ECOWAS Bank for Investment and Development (EBID), and the Eastern and Southern African Trade and Development Bank) in 2020, and the revolving credit agreements are anticipated to be executed in 2021. The cooperation developed with the multinational banks operating in Africa will allow our Bank to cover a substantial portion of the countries in that continent.

During 2020, 42 Letters of Intent were issued for financing projects and goods exports planned to be undertaken by Turkish companies in a total of 18 countries in Africa, Asia and Europe. If the projects/transactions covered by the letters of intent provided to the firms are actually carried out, exports of goods and services ex-Turkey is anticipated to amount to USD 4 billion.

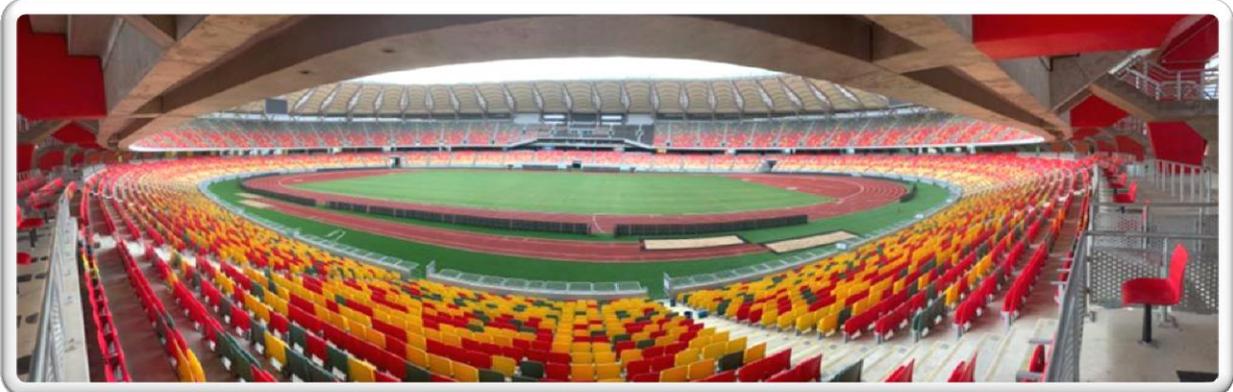
In addition, our Bank participated in the International Working Group on Export Credits set up to negotiate a new set of international common rules on export credits, and in the meetings of the Environment Practitioners Group, Country Risk Experts Group and Shipbuilding Working Group organized under the OECD, and made contributions for the formation of our country's position and opinions.

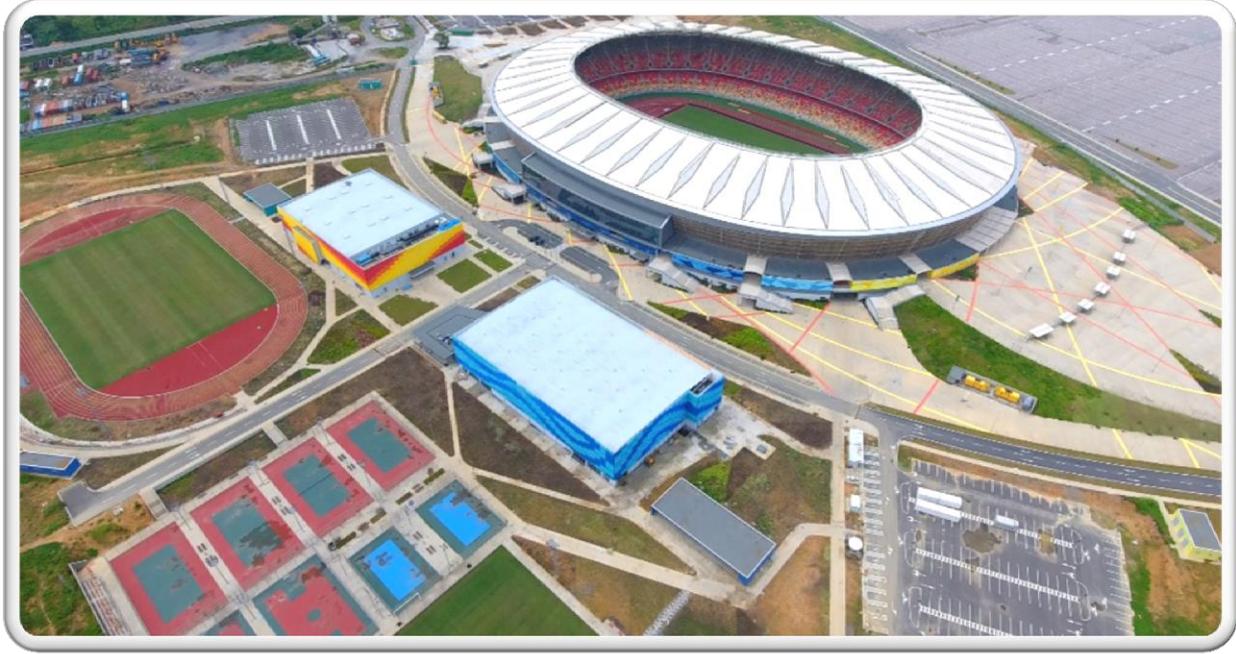
International Loans Programs Realizations on Project/Transaction Basis

Having taken the whole world in a tight grip as of the first quarter of 2020 and given rise to unprecedented economic outcomes, the COVID-19 pandemic restrained buyer credit demands for overseas contracting works due to the worldwide stagnation and restriction of human movement. Notwithstanding, our support to trade finance was carried on with the Buyer's Credits Through Domestic Banks and Buyer's Credits Through Foreign Banks programs.

In this framework, credits in the amount of USD 133 million was allocated for various goods exports ex-Turkey under the credit agreement for the amount of USD 200 million signed in 2018 between the Tunisian Ministry of Development, Investment and International Cooperation and our Bank.

The final disbursement was made in January 2020 for the Japoma Sports Complex in Douala, Cameroon, a multipurpose facility covering a modern stadium seating 50 thousand, Olympic-size swimming pool, indoor gymnasium and other facilities which has been financed with Turk Eximbank’s funds. The loans provided by Turk Eximbank including the final disbursement for the amount of USD 5.5 million in 2020 to the USD 232 million-project reached USD 188.7 million.





Japoma-Douala Sports Complex, Cameroon

In this context, a total of USD 26.7 million financing was provided to 8 transactions for the exports of machinery/equipment and goods in 2020 through Buyer's Credits Through Foreign Banks. During the reporting period, a total financing of USD 1.8 million was provided to 10 export transactions via İşbank and Ziraat Bank through Buyer's Credits Through Domestic Banks during the reporting period.

Within the frame of the Debt Service Suspension Initiative ("the Initiative") launched by the G20 Finance Ministers and Central Bank Governors and the Paris Club in an effort to mitigate the effects of the COVID-19 pandemic on the poorest countries and to free these countries' resources to be allocated for fighting the pandemic, it was agreed to restructure the debt service of the least developed countries between 01 May 2020 and 31 December 2020 to a total of 4 years with a 1-year grace period, and their debt service between 01 January 2021 and 30 June 2021 to a total of 6 years with a 1-year grace period, preserving the net current value. Under the Initiative, the states of Djibouti, Ethiopia, Cameroon, Congo and Senegal applied for the portion that makes up the majority of our credits extended under state guarantee, and their demands are being evaluated in coordination with the Republic of Turkey Ministry of Treasury and Finance. Despite all these negativities, USD 155 million has been collected from our debtors during 2020.

Receivable Insurance

Turk Eximbank boasts being the entity that has initiated export receivables insurance in Turkey and that has established awareness of the need for export credit. Initially introduced to cover solely short-term export receivables against commercial and political risks, the export credit insurance system's scope was broadened in time, and medium- and long-term exports of goods were also included within insurance coverage.

Through its insurance programs, the Bank today provides insurance cover for exports to 238 countries against losses arising from the importer firm and importer's country. In addition, domestic receivables of exporters are protected against commercial risks also through domestic credit insurance as well as export credit insurance.

Moreover, obtaining a credit from financial institutions is facilitated by putting up credit insurance policies as collateral.

During 2020, shipments with a total worth of USD 17.1 billion were insured under Short-Term Export Credit Insurance, Short-Term Domestic Credit Insurance and Medium-Long Term Export Credit Insurance.

During 2020:

- The systemic infrastructure alteration project for achieving increased productivity, efficiency and speed in insurance processes went live in August 2020.
- Upon the launch of the new insurance system, revisions were made to almost every stage of the insurance process such as shipment, premium calculation, limits, indemnification, collection, e-branch, etc. In this framework, risk groups of buyer companies began to be used as a criterion in setting the premiums, buyer limits began to be issued in TL, EUR, GBP currencies in addition to US dollar, and discounts started to be granted in premiums according to the magnitude and performances of insured companies for the purpose of consolidating existing premium discount practices. Claims notifications were reformatted to have two phases for risk monitoring purposes, which are overdue receivable notifications and subsequent claims notifications.
- Short-Term Export Credit Insurance, Short-Term Domestic Credit Insurance, Specific Export Credit Insurance policy wordings were revised in line with the changes in practices and with the operation under the new system.
- A protocol was signed with Vakıf Participation Bank within the scope of the cooperation established between our Bank and other banks for financing the export receivables insured under the Short-Term Export Credit Insurance Program; hence the number of banks established cooperation with reached 19. Accordingly, cumulative credit volume generated to date under the protocols signed amounted to USD 160 million.
- The studies for the creation of rating/scoring models specific to Turk Eximbank addressing domestic and overseas firms that are allocated a credit line within the scope of the Bank's insurance and credit programs and credit line decision models for automated credit line allocation in insurance programs were continued in 2020.
- Under the reinsurance/guarantee cooperation agreements that are being signed between our Bank and the world's leading export credit agencies in order to diversify and increase the non-cash supports extended to our contractor companies undertaking works abroad, our Bank started providing reinsurance/guarantee support to the creditor export support agency pro rata the goods and services export

from Turkey. In this context, our Bank provided reinsurance support in the amount of USD 59.9 million to the UK Export Finance (UKEF) for the Turkish goods and services for phase 1 of the Power Plant Projects that have been extended buyer's credit insurance support by UKEF, in which deal the debtor is the Ministry of Finance of Iraq, under the Cooperation Agreement our Bank signed with UKEF in 2017. This deal represents the first reinsurance support extended by our Bank to another export credit agency for the exports of goods and services ex-Turkey ever since the foundation of our Bank.

Short-Term Export Credit Insurance

The Short-Term Export Credit Insurance Program provides cover for all shipments of exporters up to 360 days against commercial and political risks.

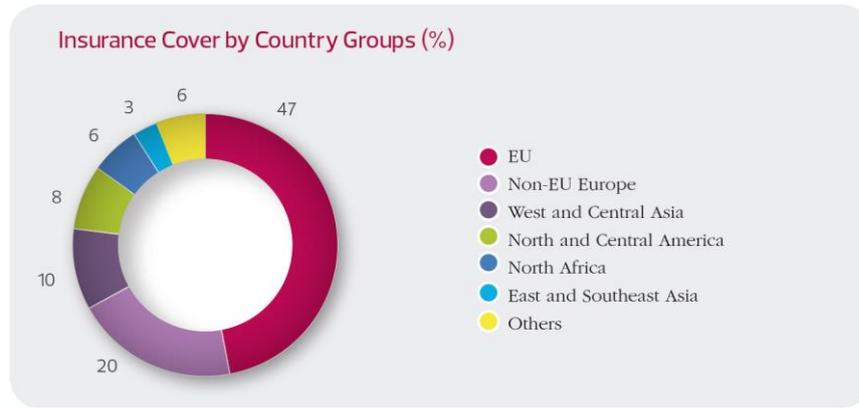
Offered since 1989 by Turk Eximbank, Short-Term Export Credit Insurance became a service recognized and extensively used by exporters in time. As a result, 4,590 export firms were making use of the service as of 2020 year-end.

Under the program, exports worth USD 15.5 billion was provided with insurance cover in 2020, and premiums in the amount of USD 47.9 million were collected for the insured shipments.

In the sectoral distribution of insured shipments, construction and construction products industry and the food industry jointly took the lead with 9% share each, followed, in order, by the ready-to-wear and garment industry and electrical household appliances with respective shares of 8% and 7%.



The regional distribution, however, is topped by European (European Union and non-EU combined) countries with 67% share, whereas Western and Central Asia ranked second with 10% share and North and Central America ranked third with 8% share.



The number of buyers granted consistent limit under the Short-Term Export Credit Insurance Program is 53,954.

In 2020, Turk Eximbank indemnified USD 31.7 million in losses, which arose from shipments to various countries and the receivables from which could not be collected when due, under the Short-Term Export Credit Insurance Program. In the same period, Turk Eximbank recovered a portion of USD 2 million out of the losses indemnified before. The entirety of the recovered amount is linked to receivables indemnified within the frame of commercial risk.

In the reporting period, the Bank continued to cede 60% of the commercial and political (associated with non-OECD countries) risks underwritten within the scope of the Short-Term Export Credit Insurance Program to overseas reinsurers.

Financing can be obtained against Turk Eximbank insurance policy under the protocols signed with Akbank, Aktif Yatırım Bank, Burganbank, Citibank, Denizbank, Fibabank, Finansbank, HSBC, ING Bank, Kuveyt Türk Participation Bank, Şekerbank, Ziraat Bank, Turkland Bank, Türk Ekonomi Bank, Garanti Bank, İşbank, Vakıf Participation Bank, Vakıfbank and Yapı Kredi Bank. A total credit volume of approximately USD 160 million was created to date, with USD 3.8 million of it generated in 2020.

Short-Term Domestic Credit Insurance

Short-Term Domestic Credit Insurance program for exporters and their group companies is another area of insurance that Turk Eximbank is engaged in.

With this program, receivables of exporters and group companies having a Short-Term Export Credit Insurance Policy from credit-sale shipments up to 360 days, which are associated with their domestic operations, are insured against commercial risks within specified limits.

As of year-end 2020, 159 firms' shipments worth USD 1.6 billion were insured. Premiums in the amount of USD 4.4 million was collected for the shipments insured, while claims paid amounted to USD 294 thousand.

Medium- and Long-Term Export Credit Insurance

Exporters' receivables arising from shipments born out of a single sales contract with a term

of up to 18 years in line with OECD rules are provided coverage with Specific Export Credit Insurance Post-Shipment Risk Program. Under the program, sales through overseas subsidiaries can also be insured besides exports of Turkey-origin investment goods and services of export companies.

On the other hand, direct expenses incurred by the exporters for pre-shipment production under the sales agreement executed by and between the exporter and the buyer are insured against commercial and/or political risks within specified limits under the Specific Export Credit Insurance Pre-Shipment Risk Program. The purpose of the program is to prevent or mitigate the potential loss exporters may suffer in the pre-shipment period.

Insurance support provided under the Specific Export Credit Insurance Programs during 2020 totaled USD 43.2 million. Of this amount, USD 24.6 million was insured within the scope of Specific Export Credit Insurance Post-Shipment Risk Policy, and USD 18.6 million within the scope of Specific Export Credit Insurance Pre-Shipment Risk Policy. On the other hand, total claims paid under the Specific Export Credit Insurance Post-Shipment Risk Policy amounted to USD 671 thousand in 2020.

Specific Export Credit Insurance Post-Shipment Policy is accepted as an irrevocable guarantee within the scope of Draft & Letter of Credit Discount Program since 2014, providing exporters with low-cost and convenient financing. The scope of the program was expanded in 2015 so as to include cash against goods shipments as well. Through the program launched under the name “Export Receivables Discount Program”, disbursements continued in 2020.

Under supplementary protocols signed with the banks that have a protocol with our Bank concerning financing of shipments insured under the Short-Term Export Credit Insurance Program, export deals carried out under Medium- and Long-Term Export Credit Insurance Programs can also be financed.

In 2020, the Bank continued to share the risks underwritten within the scope of the medium- and long-term insurance transactions with reinsurers.

Other Insurance Programs

No transactions were realized in 2020 within the scope of the Letter of Credit Confirmation Insurance and Financial Institutions Buyer Credit introduced based on the Board of Directors decisions passed in 2019.

Financing and Treasury

In 2020, Turk Eximbank secured foreign currency funds in the amount of USD 3 billion from international markets and kept offering low-cost financing facilities with various maturities from its fund stock maintained at USD 9.5 billion level, excluding CBRT funds. The Bank increased its total fund stock including credits by 2% year-over-year, including CBRT rediscount facility of USD 15.7 billion, and increased it to USD 25.6 billion. On the other hand, principal repayment by the Bank amounted to approximately USD 3.2 billion during the reporting period.

Developments Regarding the Capital

As approved at the Extraordinary General Assembly convened on 12 January 2017, Turk Eximbank switched to the “Registered Capital System” in accordance with the Turkish Commercial Code no. 6102. The decision was registered with the trade registry and promulgated in the Turkish Trade Registry Gazette issue 9252 dated 30 January 2017.

Accordingly, the Bank’s authorized capital was set as TL 10 billion and the Bank’s Board of Directors was authorized to increase the paid-up capital up to the authorized capital in the five-year period until the end of 2021.

Along this line, the Bank’s paid-up capital was raised from TL 7.16 billion to TL 9.27 billion, which was covered by cash capital transfer of TL 750 million from the Treasury and by offsetting profit reserves in the amount of TL 1.36 billion based on the Board of Directors decision passed on 6 October 2020. Hence, the Bank’s robust capital structure has been preserved.

The 11th Development Plan stipulated capital transfer of TL 10 billion to the Bank by the end of 2023.

Borrowing Transactions

TL funds derived within the scope of paid-in capital and interest collections were used for funding almost the entirety of TL loans disbursed in 2020, excluding Rediscount Credits.

The details about the Bank’s borrowings in 2020 are presented below:

- Turk Eximbank heavily utilized the promissory note rediscount facility of the Central Bank of the Republic of Turkey (CBRT) in 2020. As of 31 December 2020, the balance of these resources including TL Rediscount Credits amounted to USD 15.7 billion.
- The Bank secured USD 330 million from a consortium of banks coordinated by the International Islamic Trade Finance Corporation (ITFC), an affiliate of the Islamic Development Bank.
- The Bank raised EUR 465.5 million and USD 211 million under a 1-year syndicated loan participated by 25 banks.
- The Bank secured EUR 380 million with a 10-year term which is under the counter-guaranty of the Republic of Turkey Ministry of Treasury and Finance and 50% of the principal amount of which is guaranteed by the International Bank for Reconstruction and Development (IBRD), which facility will be put to use towards sustainability and 70% of which will be allocated to the SMEs.
- The Bank obtained EUR 397.9 million and USD 99.8 million under a 1-year syndicated loan participated by 23 banks
- The Bank secured USD 45 million with a 10-year term from the Islamic Development Bank.

- The Bank obtained EUR 25 million with a 2-year term from the Black Sea Trade and Development Bank.
- The Bank raised a fund for EUR 200 million with a 2-year term from the Industrial and Commercial Bank of China (ICBC).
- The amount of loans secured from overseas banks totaled USD 432.2 million in 2020.
- Furthermore, the Bank secured USD 186 million in funds secured through TRS and repurchase transactions.

Fund Management Activities

Turk Eximbank kept a close eye on national and global developments and the difficulties caused by the pandemic, and paid maximum attention to liquidity, interest rate and exchange rate risks management, taking into account such issues as high volatility in interest and exchange rates, global macroeconomic conjuncture, and return-cost balance in 2020.

As part of liquidity management, funds generated through swap, repo transactions and borrowings from money markets were invested in CBRT, Takasbank Money Market and interbank market, and high interest income was achieved.

The ratio liquidity in total assets managed by the Treasury Department, which was kept within the legal limits set out in the BRSA Regulation Concerning Measurement and Evaluation of Liquidity Adequacy of Banks, averaged 11% throughout 2020, and nearly 46% of it was used in the marketable securities portfolio consisting of treasury bills and government bonds.

In the reporting period, the Bank carried on with short- and long-term swap operations for cash flow management and assets and liabilities harmonization purposes. Turk Eximbank's swap operations in 2020 aimed at managing the Bank's FX position and cash flows more effectively and ensuring asset-liability harmony, as well as for arbitrage purposes, were worth USD 37.6 billion, of which USD 37.4 billion was in short-term assets and USD 0.2 billion was kept in long-term assets.

Hedge accounting continued to be implemented in order to prevent fluctuations on the profit and loss statement resulting from interest and cross-currency swaps carried out for harmonizing FC funds secured from overseas markets through bond issuances or other borrowings with the assets composition.

Forwards, options and interest swap transactions were carried on with the purposes of protecting exporters' competitive strength in global markets, and strengthening the ability to manage the exchange rate risk stemming from FC receivables and FC liabilities and the interest rate risk that might arise from interest rate fluctuations. In order to expand interest and exchange rate risk practices, collateral diversity in derivatives was increased, and work was initiated to offer also options strategies and currency/cross-currency swaps to exporters.

International Relations

Turk Eximbank continued to cooperate closely with export credit and insurance agencies and international financial institutions in 2020.

In this context, agreements were signed with the Eastern and Southern African Trade and Development Bank (TDB) and EKF, Denmark's export credit agency, in 2020. There are over fifty cooperation agreements of various content that Turk Eximbank signed in previous years with the export credit and insurance agencies of more than thirty countries, as well as multilateral financial institutions. During 2020, steps continued to be taken for signing new cooperation agreements between Turk Eximbank and multilateral agencies and credit export agencies of other countries, with a particular focus on agreements that will allow co-financing of projects jointly undertaken by Turkish and foreign companies, especially in third countries.

The list of reinsurance cooperation agreements signed in previous years with USEXIM (USA), UKEF (United Kingdom) and BPIFrance (France) to help Turkish exporters and contractor firms become more competitive in international markets further grew in 2020 with the reinsurance agreement signed with Denmark's official credit export agency EKF for financing the projects that will be jointly carried out by Turkish and Danish companies in third countries.

Negotiations were held with the related agencies to sign similar agreements with Austria's OeKB, Sweden's EKN and Hungary's MEHIB export credit agencies.

A general cooperation agreement was signed with the Eastern and Southern African Trade and Development Bank (TDB), a multilateral regional development bank, which will pave the way for co-financing of projects/deals to be undertaken by Turkish companies in TDB-member countries or to be jointly undertaken by member-country and Turkish companies in other countries.

Turk Eximbank continued to attend the meetings of OECD Export Credits Group, which was established to facilitate information and opinion exchange between member countries' related institutions regarding officially supported export credits and of which Turkey became a permanent member in April 1998.

The Bank actively participated in the negotiations for updating the Arrangement on Officially Supported Export Credits which is addressed in the meetings of OECD's Participants to the Arrangement on Officially Supported Export Credits, within which the Bank acquired "invited participant" (observer) status in 2006 and "participant" status in 2018, and which is important for setting the minimum requirements for export credits to be provided by Participant countries.

The International Working Group on Export Credits (IWG) was set up in 2012 under the leadership of the USA and China to discuss a new international arrangement to which non-OECD emerging countries like Brazil, China, South Africa, India, and Russia that are beginning to get significant shares in export credits would be a party and which would redefine the guidelines and standards pertaining to officially supported export credits, and increase transparency and information sharing in export credit-related issues. Turk Eximbank

continued to attend IWG meetings in 2020.

Being a member of the Executive Committee of the Berne Union (the International Union of Credit and Investment Insurers), Turk Eximbank actively participated in the Union's meetings for setting the future strategy and goals. In addition, the Bank continued to take part in the Union's Annual Meetings, seminars and workshops in 2020.

Being a permanent Executive Committee member of Aman Union (DHAMAN [The Arab Investment and Export Credit Guarantee Corporation] and Commercial & Non-commercial Risks Insurers & Reinsurers in Member Countries of the Organization of the Islamic Conference), of which our Bank is a founding member, Turk Eximbank actively took part in the Union's meetings about the Union's governance and strategic goals, and contributed to its activities. In addition, the Bank continued to take part in the Union's Annual Meetings, seminars and workshops in 2020.

Our bank has been a permanent member of the Asian Exim Banks Forum since 2017 and currently holds the term presidency. The 2020 Annual Meeting of the Forum, which was planned to be hosted by our Bank, was postponed to 2021 due to the measures adopted against the COVID-19 pandemic, however, the Technical Working Group meeting hosted by our Bank was held online where annual meeting preparations and technical matters associated with the Forum were discussed.

Information Technology

Turk Eximbank continues to ensure both speed and productivity and to efficiently use resources by backing its service infrastructure with new technologies in the light of the advances in information technology.

E-Transformation Practices

Turk Eximbank gave momentum to electronic transformation processes and gave priority to internal and external process digitalization.

In addition to online banking services offered in insurance transactions, the Internet Banking platform was rendered compatible with mobile devices and launched, whereby our debtor companies can view detailed information about their credit transactions, export commitments and collaterals, and submit their credit application demands.

Phase 1 of the Insurance Transformation Project developed for revamping the insurance infrastructure and managing it by processes was completed and launched; development and improvement for the Project are ongoing. With the Project, online integrations were established with information suppliers and the process of information receiving was accelerated.

In keeping with the priority assigned to process digitalization of financial analysis and credit information, steps were taken for external company integrations, and preparations began for the infrastructure that will make the basis of early warning and monitoring systems.

Work was initiated for renovating both the technical infrastructure and business processes of the accounting system, which will be rolled out in phases and brought to completion during 2021.

In addition to the above;

- Improvements and new product developments for the credit application that runs on process-based architecture and new technologies continued throughout the reporting period. System infrastructure developments were carried out for our Bank's new products, namely Letter of Guarantee, Credit Program Based on the Insured Export Receivables, and Participation Finance Investment Credit, and CBRT-Funded TL Rediscount Credit programs. In addition, a visually rich dashboard was developed and launched for monitoring of targets and realizations by our Regions and branches.
- Necessary work was carried out for self-handling of password reminding and blocking procedures by our customers using our online banking services via our Export Support Services Center.
- Our system was integrated with the CBRT's High Frequency Data Collection System, upon which our Bank's transaction data began to be supplied to the CBRT at hourly intervals. System integration was also made with the Incentive and Support Information System provided by the Ministry of Treasury and Finance.
- The internal Exclusion List application was integrated with our Bank's credit, insurance and other payments systems, thus adding further speed to control processes.
- Initiatives regarding business intelligence solutions were commenced for monitoring of banking services at the executive level and for their Bank-wide effective reporting.
- Necessary practical arrangements were made for such supports extended during the COVID-19 pandemic in the form of credit and buyer's limit maturity extensions, KGF-funded credit packages, and commitment period extensions offered to exporters. At the same time, IP switchboard access mobile application was installed on users' mobile phones to enable Two-Factor Authentication (2FA) and secure voice communication in an effort to strengthen secure remote access for teleworking personnel during the pandemic.
- As part of improving Information Technologies security management, Privileged Access Management (PAM) system was set up to control, manage and monitor access to critical systems.
- Our Bank's server, data storage and backup systems' capacities were increased to safeguard the accuracy and integrity of the data resulting from our Bank's increased business volume.
- Phishing simulation and personnel training platform installation has been completed to raise increased awareness of Information Security among users and to maximize e-mail security.

- New generation firewall system has been introduced at the Disaster Recovery Center in Ankara location as part of security infrastructure strengthening.
- Data classification system was launched within the scope of KVKK (Personal Data Protection Law).
- Efforts for system acquisition and integration for KVKK compliance, as well as for database security, will commence in the first quarter of 2021.
- Necessary compliance work was undertaken in relation to the requirements in the Regulation on Banks' Information Systems and Electronic Banking Services published by the Banking Regulation and Supervision Agency (BRSA) in the Official Gazette issue 31069 dated 15 March 2020.

International Obligations

Work is ongoing to harmonize Turk Eximbank programs with WTO, OECD and EU guidelines, and these rules are taken into consideration in the programs implemented.

International Rules

In the programs it implements, Turk Eximbank must comply with the norms of the World Trade Organization (WTO), the OECD and the EU, as well as with other international regulations in connection with Turkey's obligations in relation to its membership of the WTO, the OECD ECG and OECD Participants Group, and in relation to the agreement of the Customs Union and the EU accession process. Accordingly, work is ongoing to harmonize Turk Eximbank programs with WTO, OECD and EU guidelines, and these rules are taken into consideration in the programs implemented.

In 2020, the Bank continued to attend the meetings of OECD Export Credits Group (ECG) which aims to evaluate policies, identify problems and provide solutions by multilateral discussions on export credits, and closely monitored the developments. In all of its practices, the Bank adheres to the three recommendations that emerged from the studies at these meetings, i.e. OECD Recommendation on Bribery and Officially Supported Export Credits, Recommendation on Environment and Social Due Diligence and Recommendation on Sustainable Lending Practices and Officially Supported Exports Credits.

Upon our country's acquisition of Participant Status in the PG in 2018 where it was an "Invited Participant" (observer) since 2006, it has become part of the decision mechanism for revisions to the OECD Arrangement that sets the rules governing officially supported export credits with maturities over two years provided by the member countries, and all rules associated with export credits became binding upon Turk Eximbank as well. The updating of the Arrangement was addressed as a priority topic in the PG Meetings held in 2020, and the Bank actively participated in related negotiations.

Harmonization with the EU Acquis

The Bank's activities are covered under the "Competition Policy" and "External Relations" chapters of the EU Acquis, with which harmonization is to be achieved.

Pursuant to an EU rule, which states that marketable risks associated with short-term export credit insurance must be incurred by entities that do not receive governmental assistance, all of the Bank's short-term insurance activities will need to be organized under a separate entity within the frame of harmonization efforts with the EU Acquis. With respect to restructuring activities that will come up within the frame of the said EU Directive, it is anticipated that a joint project with all stakeholders will take place in accordance with the instructions of the Ministry of Treasury and Finance.

With respect to the "External Relations" chapter, medium and long term financial supports to be provided by the Bank have been aligned to a large extent with the EU Acquis, which includes OECD Regulation on Officially Supported Export Credits, following the participant status acquired by Turkey in relation to the said Regulation in 2018.

Turk Eximbank's Targets and Activities in 2021

In the period ahead, Turk Eximbank targets to implement a support model allowing increasing competitiveness in exports with a solution-oriented perspective under the guidance of the analyses conducted and strategies devised.

Growing the Contribution to Exports through Strategic Transformation

Plans and strategies for 2021 and thereafter were formulated under the strategic transformation project initiated during 2020. Through data analyses, it is targeted to make use of export financing support more effectively on the basis of countries and sectors alike, without narrowing down their scopes.

Providing Financing Support to More Exporters, and in particular, to the SMEs

Exporter SME companies that are critical with respect to our country's commercial activities present priority also for Turk Eximbank. 2021 is planned to be a period when access is given to a higher number of exporters led by SMEs, support extended to the SMEs is augmented, and fast solutions aligned with exporters' demands are provided.

Ensuring Continuity in Financing Facilities Offered to Exporters

In order to preserve and increase Turkish exporters' competitive strength in products necessitating short-term financing, the Bank will continue to extend short-term export credit and short-term export credit insurance service for fulfilling operating capital needs at the preparation phase for exportation. Weight will also be placed on medium- and long-term credits and export credit insurance and guarantee operations in keeping with the general mission of export finance agencies of developed countries.

In an effort to sharpen exporter's global competitive edge, the Bank's credit programs will continue to be used to support the exportation, production and marketing processes of branded products that are based in innovation and R&D, offer high added-value, and are of the quality to strengthen and establish the "Made in Turkey" image, as well as of products with medium and advanced technology.

Financial support will be ongoing for FC-earning services such as tourism, logistics, consultancy, software, information and communication technologies, ship overhaul and repair. In addition, the Bank will also provide medium- and long-term financing for the operating capital and investment needs of companies engaged in FC-earning services and activities.

For medium- and long-term loans, Turk Eximbank obtains medium- and long-term funds mostly from supranational financial institutions and by bond issues. While efforts are being spent to increase the funds secured from supranational institutions for medium- and long-term loans, funds to be provided from international institutions such as the Council of Europe Development Bank (CEB), International Bank for Reconstruction and Development (IBRD), and Islamic Development Bank will continue to be used for financing our medium- and long-term loans in the period ahead, giving the priority to supporting export-oriented investments in their disbursement.

Diversifying the Types of Collaterals

Collateralization, which is one of the major difficulties for exporters in their access to credits, is a topic on Turk Eximbank's agenda. In 2020, the Bank introduced the Credit Program Based on the Insured Credit Receivables in addition to collateral types put into implementation in previous years. In 2021, it is planned to increase awareness regarding collaterals acceptable to Turk Eximbank besides letters of bank guarantee, and to let exporters benefit from the Bank's credit programs against different collateral instruments of a financial nature.

Developing New Programs

The competition that gradually gets fiercer in international markets constantly increases the importance of guarantee and insurance programs. Accordingly, weight will be given to mechanisms that will provide the exporters, which get the chance to work in an environment free from commercial and political risks thanks to insurance programs, with the opportunity to obtain financing more easily from commercial banks and other financial institutions. Accordingly, meetings were organized with The Banks Association of Turkey, Participation Banks Association of Turkey, and Association of Financial Institutions, and working groups were formed.

2021 plans include the following;

- Launch the Letter of Credit Confirmation Insurance Program to insure the risk of the foreign issuer bank's non-payment of export letters of credit which are confirmed by a domestic bank,
- Transfer the funds of banks and financial institutions offering interest-free banking products to the financing of insured exports, and
- Develop the Political Insurance Risk Program for Overseas Contractors' Services.

In addition, momentum will be given to promotion and marketing activities for the Letter of Guarantee Program, Credit Program Based on the Insured Export Receivables and Participation Finance Investment Credit Program that were enforced during 2020, from which lending started, and the credit programs will be extended.

Cooperation with other export credit agencies, regional and multinational finance institutions will be expanded, and support will be extended to Turkish companies' transactions to be performed abroad within the frame of co-financing, insurance, reinsurance and co-insurance agreements to be executed.

Within the frame of credits provided to projects undertaken in foreign countries, cooperation will be sustained with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and other insurance agencies for obtaining cover against non-repayment risk by borrowing countries.

The Bank will continue to provide "Letters of Intent" in favor of firms planning to engage in new undertakings abroad or targeting to participate in international tenders provided that

the related project is compatible with the Bank's fundamental financing principles.

In an attempt to help exporters get increased share in strategic markets, medium- and long-term financing support at OECD's Commercial Interest Reference Rate (CIRR) will continue for the financing of investment goods exports.

Activities for digital transformation will be ongoing at the Bank also in 2021.

Corporate Governance

Summary Report of the Board of Directors for 2020

Turk Eximbank continued to support Turkish exporters with credit and credit insurance facilities in 2020. In the reporting period, the Bank's total support amounted to USD 45.6 billion. The Bank extended loans worth USD 28.5 billion, of which USD 6.9 billion is medium- and long-term credits. On the other hand, the Bank's credit insurance support amounted to USD 17.1 billion. All of them combined bring the rate of support extended by Turk Eximbank to country's total exports to 26.9% in 2020.

As of year-end 2020, Turk Eximbank's paid-in capital was raised from TL 7.16 billion to TL 9.27 billion, which was covered by cash capital transfer of TL 750 million from the Treasury and by offsetting profit reserves in the amount of TL 1.36 billion.

Currently serving through 20 branches and 11 liaison offices, the Bank's credit customers reached 10,612. The number of insured exporters, on the other hand, reached 4,617. Hence, the total number of customers increased by 4% to 13,102; of these firms, 71% are SMEs.

An overview of 2020 activities...

2020 was a year domineered by the COVID-19 pandemic for Turkey, as it was for the rest of the world. During this period, Turk Eximbank strove to effectively fulfill its part of the duty in the most effective way possible by quickly implementing the necessary measures in an effort to mitigate the economic and financial impacts of the pandemic. As part of the steps taken, maturity extension possibility was offered for credit programs, and was granted to credits with a total worth of USD 4.4 billion in 2020. Within the scope of Rediscount Credits, both medium-term FC credit facilities and also short-term TL credits were made available in addition to short-term FC credits. TL 7.9 billion were disbursed in credits within the scope of TL Rediscount Credits. Under the protocols signed with the KGF, Treasury-backed credit support packages were introduced, and TL 2.9 billion were extended in credits. In addition, export commitment periods and limit maturities assigned to insured buyers were extended.

Despite all the challenges 2020 has presented, credit support increased by 7% year-on-year. The insurance volume slimmed down by 2% in connection with the 6% decline in our country's exports. Total support extended by Turk Eximbank in this period went up by 4% year-on-year to USD 45.6 billion.

With the aim of decreasing exporters' financing costs in the first 3 quarters during which the effects of the pandemic were particularly heavy, single-digit TL lending rates policy was sustained taking into consideration also the CBRT funding cost, and CBRT-funded low-cost TL rediscount credit facility was offered besides the TL credits limited to the Bank's shareholders' equity extended to the SMEs and exporters manufacturing high-technology products. The Bank's TL lending went up by 38% year-over-year and reached USD 2.6 billion.

High demand for Rediscount Credits originating from CBRT, which is an important source of finance for exporters, continued in 2020. Rediscount credits disbursed under the Pre-Shipment and Post-Shipment Rediscount Credit programs amounted to USD 23.5 billion, which accounted for 82.5% of the Bank's total lending volume. The balance of the said fund reached USD 15.8 billion as of 31 December 2020.

The loans disbursed under International Loans Programs in 2020 amounted to USD 35 million, and 42 letters of intent were issued in favor of Turkish companies for projects/export deals to be carried out in 18 countries with goods and services export potential worth USD 4 billion. Within the scope of trade finance transactions, the Bank continued to provide competitive financing options to buyers of the investment goods exporters at “Commercial Interest Reference Rate” (CIRR) within the scope of the support granted by the Ministry of Trade.

During the reporting period, shipments worth USD 17.1 billion were covered under receivable insurance, with short-term export credit insurance representing 90% of it. While premiums collected totaled USD 52.4 million, claims paid amounted to USD 32.7 million.

New Products...

Besides increasing the support in 2020, Turk Eximbank introduced three new products:

- Letter of Guarantee Program was introduced to fulfill the letter of guarantee demands of international contractors and domestic manufacturers of investment goods for export on order-basis.
- Credit Program Based on the Insured Export Receivables has created a collateral pool of export receivables insured by Turk Eximbank and allowed exporters to borrow independently from shipment terms.
- Participation Finance Investment Credit, which works with participation banking principles, was introduced to finance exporters’ financing needs for investment outlays with the murabaha method.

Turk Eximbank continued to obtain funds to be offered to exporters...

Turk Eximbank carried on with its attempts to obtain low-cost funds from supranational institutions abroad such as the World Bank, Islamic Development Bank and Council of Europe Development Bank. In 2020, Turk Eximbank secured foreign currency funds in the amount of USD 3 billion from capital and credit markets for financing exports and export-oriented investments, and thus maintained the fund stock obtained from international markets at USD 9.5 billion level. Additionally, the Bank increased its total fund stock by 2% year-over-year in USD terms to USD 25.6 billion, including subordinated and domestic bond issues in TL, and CBRT rediscount facility of USD 15.7 billion.

Digital Transformation Keeps Up the Momentum ...

While paving the way for becoming a digital bank, Turk Eximbank gave priority to internal and external process digitalization by adding momentum to electronic transformation processes. In this context, the first phase of the systemic infrastructure alteration project for achieving increased productivity, efficiency and speed in insurance processes went live in August 2020. On the other hand, Turk Eximbank Credit Online application launched in 2020 lets exporters access their credit information online.

Major Steps in International Partnerships ...

Turk Eximbank attaches special importance to establish new partnerships and to strengthen the existing links of cooperation in order to maximize the support it lends and to help increase the competitiveness of Turkish exporters and contractors in the international arena. In this framework, a reinsurance contract was signed with Denmark's official credit export agency EKF for financing the projects that will be jointly carried out by Turkish and Danish companies in third countries, and a general cooperation agreement was signed with the Eastern and Southern African Trade and Development Bank (TDB), which will pave the way for co-financing of projects/deals to be undertaken by Turkish companies in TDB-member countries or to be jointly undertaken by member-country and Turkish companies in other countries, in addition to the ones signed in earlier years.

Sustainable Export Policies...

Placing great emphasis on sustainable exports, Turk Eximbank began implementing the "Environmental and Social Risk Model" in order to assess environmental and social risks associated with credit and insurance transactions and to ensure their effective management in alignment with the Bank's strategy.

Explanations about Turk Eximbank's Balance Sheet and Profit & Loss Statement

Turk Eximbank's balance sheet size reached TL 204.2 billion (USD 27.7 billion) as at 31 December 2020.

Turk Eximbank's assets are composed of credits by 87%, liquid assets by 6%, and marketable securities measured at amortized cost and other assets by 7%.

The Bank's loan portfolio reached TL 179 billion, up by 25% in the twelve months to end-December 2020. Of the total credits, 70% (TL 126.1 billion) are short-term credits and 30% (TL 52.9 billion) are medium- and long-term credits. Through effective risk assessment methods pursued, Turk Eximbank works arduously to timely and fully collect its credits. As a result, although a substantial portion of the Bank's funds are channeled to the exports industry in the form of credits, the ratio of non-performing loans (NPL) to total loans is well below the sector's average and stands at 0.3%.

Turk Eximbank's total liabilities were worth TL 204.2 billion. Of these, 6% (TL 11.4 billion) consisted of shareholders' equity, 92% (TL 189.4 billion) of external funds, and 2% (TL 3.4 billion) of provisions and other liabilities.

Out of the Bank's shareholders' equity of TL 11.4 billion, 81% (TL 9.3 billion) pertains to paid-in capital, 6% (TL 632.1 million) to profit reserves and others, and 13% (TL 1.5 billion) to net profit for the period.

TL 189.4 billion of foreign resources used for funding the Bank's assets consisted of TL 115.5 billion in credits sourced by the CBRT, TL 45.1 billion in credits provided from domestic and foreign banks, TL 22.9 billion in marketable securities issued, TL 4.5 billion in subordinated loans, and TL 1.4 billion in borrowings from money markets.

At its Extraordinary General Assembly convened on 12 January 2017, Turk Eximbank switched to the registered capital system and increased the authorized capital to TL 10

billion. The Bank's paid-in capital is currently TL 9.3 billion.

Although special and general provisioning ratio for the Bank for transactions within the scope of the Law governing its establishment is set at zero percent pursuant to "Article 21 - Exemptions" of the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside by Banks", Turk Eximbank sets aside provisions within the frame of Turkish Financial Reporting Standards 9.

The ratio of Turk Eximbank's liquid assets including short term loans to short-term liabilities was registered as 107% as of 31 December 2020.

The credit-weighted composition of Turk Eximbank's balance sheet bears effects also on income. Of the Bank's TL 5,011 million in total interest income, 84% (TL 4,229 million) came from interest earned from credits. On the other hand, the Bank's interest expense was TL 3,789 million since the Bank secures funds by way of borrowing from domestic and overseas money and capital markets and through bond issuances. Of this amount, 55% (TL 2,085 million) was interest paid on borrowings from domestic and international markets, 44% (TL 1,682 million) was interest paid on marketable securities issued and 1% (TL 22 million) was other interest expenses. Hence, net interest income was TL 1,223 million.

The Bank booked a net profit of TL 1,511 million as of 31 December 2020. Therefore, the Bank registered return on assets and return on equity ratios of 0.78% and 16.4%, respectively, and a capital adequacy ratio of 20.02%.

The Bank carries out its operations in accordance with the legislation governing it and the provisions of its Articles of Association, and we hereby present our summary report pertaining for the period ended 31 December 2020 for your review.

Riza Tuna TURAGAY

Deputy Chairman

Nail OLPAK

Member

Ali GÜNEY

Member

Osman ÇELİK

Member

İsmail GÜLLE

Member

Fahriye Alev ARKAN

Member

Board of Directors and Audit Committee

RIZA TUNA TURAGAY

Deputy Chairman of the Board of Directors

Vienna, 1964. Mr. Turagay graduated from the Ankara University Faculty of Political Sciences, Department of Business Administration and completed his master's degree in international Banking and Finance at the University of Birmingham. He began his career in 1987 at the Undersecretariat of the Treasury and Foreign Trade, where he served until 1997 in the positions of Specialist, Branch Manager, Undersecretarial Advisor, and Ministerial Advisor. Mr. Turagay also assumed roles as the Trade Advisor at the T.R. Washington D.C. Embassy from 1997-2000, the Undersecretariat of Foreign Trade Deputy General Manager of Exports, President of the Housing Development Administration, the Vice Chairman of Real Estate Investment Trust Board, Deputy Undersecretary of Customs, Member of the Turkish Export Promotion Center Board, and the Vice Undersecretary of Customs from 2000-2006. He also served in the same period as Member of the TED Board and Member of the Equestrian Federation Board as well as working as Director and Member of the Board at BAT Türkiye, Member of the Exporters' Associations Board, and Member of the Turkish Exporters Assembly (TİM) from 2006 until January 2019. Mr. Turagay was appointed Deputy Minister of Trade on 18 January 2019 and since 5 February 2019 he has been serving as both Member and Deputy Chairman of Turk Eximbank Board of Directors.

ALİ GÜNEY

Member of the Board and General Manager

Rize, 1964. Mr. Güney graduated from Marmara University, Faculty of Economics and Administrative Sciences. He worked in the Fund Management Department of Faisal Finance between 1990 and 1993. He assumed the duty of Assistant Manager in the Fund Management and Treasury Department of İhlas Finance from 1995 until 1999, when he joined Anadolu Finance as Fund Management and Treasury Manager, which position he held until 2005. Mr. Güney functioned as Treasury Manager at Türkiye Finans Participation Bank between 2006 and 2009 and as Deputy General Manager responsible for Treasury and Financial Institutions between 2009 and 2015. He was Deputy General Manager responsible for Treasury and Strategy at Vakıf Participation Bank from 2015 until 2019.

Mr. Güney has been serving as Member of the Board and General Manager of Turk Eximbank since 17 October 2019.

OSMAN ÇELİK

Member of the Board and Member of the Audit Committee

Erzincan, 1964. Mr. Çelik holds a BA in Economics from the Middle East Technical University's Faculty of Economics and Administrative Sciences. He worked as an economist with the State Statistical Institute in 1986 and 1987. He then joined Faisal Finance where he worked as a specialist and chief specialist in the Project Evaluation and Preparation Department from 1988 until 1995. He was Project and Marketing Manager at İhlas Finance from 1995 through 1999, and Deputy General Manager of Anadolu Finance from 2000 through 2005. After functioning as Deputy General Manager of Credits at Türkiye Finans Participation Bank from 2006 to 2013, he then served as Deputy General Manager of Commercial Banking from October 2013 and as General Manager from June 2015. Mr. Çelik was appointed as the former Undersecretary of Treasury as of 29 July 2016. As of 17 October 2018, he has been a member of the Board of Directors of Vakıf Participation Bank.

Having been a Member of the Board since 12 January 2017, and having served as the Chairman of the Board of Turk Eximbank between 21 January 2017 and 13 May 2019, Mr. Çelik has been a member of the Audit Committee since 13 May 2019.

NAİL OLPAK

Member of the Board and Member of the Audit Committee

Burdur, 1961. Mr. Olpak graduated from Istanbul Technical University Faculty of Mechanical Engineering and earned his master's degree from Yıldız Technical University in the field of Energy. He started his career at Umar Makina A. Ş. and after working as Factory Assistant Manager at Özgün A.Ş. he started at Cankurtaran Holding A.Ş. and worked in upper-level management in various levels of the Holding and assumed the position of Vice President of Cankurtaran Holding. He established Nora Elektrik Malzemeleri A.Ş., Pak Yatırım A.Ş. and OMN A.Ş. and is currently the Chairman of the Board of the first two companies, the Board Member of the third company and the Board Member of the subsidiary companies of these companies. Mr. Olpak has served as Board of Directors Chairman for the Foreign Economic Relations Board (DEİK) since 22 September 2017 and also maintains positions as DEİK Chief Executive Officer, World Turkish Business Council President, Istanbul Development Agency Board of Directors Member, Investment Environment Improvement Coordination Council Member, Independent Industrialists and Businessmen's Association (MÜSİAD) High Advisory Committee Member, International Technological Economic and Social Research Foundation Founders' Committee Member, Tourism Development and Education Foundation Board of Trustees Member, Kandilli Club Founding Board of Trustees Member, Science Propagation Foundation Founders' Committee Member, Huzur Hospital Foundation Board of Trustees Member Human Development and Societal Education Foundation Board of Trustees Member, Istanbul Medeniyet University Support Foundation Board of Trustees Member, Mimar Sinan Association of Engineers Member, Mechanical Engineers Chamber Member, ITU Faculty of Mechanical Engineering Advisory Committee Member, and as of 5 March 2020 Turkcell Board of Directors Member.

He also previously worked as the 5th Term General President of Independent Industrialists and Businessmen's Association (MÜSİAD) and the MÜSİAD High Advisory Committee

Chairman, the International Business Forum (IBF) Vice President, B20 Turkey Executive Committee Member, Istanbul Chamber of Commerce (ICC) Assembly Member Istanbul World Trade Center (İDTM) Board of Directors Member, Huzur Hospital Foundation Board of Directors Member Energy Efficiency Association (ENVERDER) Board of Directors Member, Architects and Engineers Group (MMG) Board of Directors Member and High Advisory Committee (YİH) Member, Turkish Japanese University Founding Board Member, Information Commercialization Center Board of Trustees Member, Muallimköy Teknoloji Bölgesi A.Ş. (Informatics Valley) Board Member.

Mr. Olpak has been a member of Turk Eximbank Board of Directors since 26 April 2018, and a member of the Audit Committee since 13 May 2019.

İSMAİL GÜLLE

Member of the Board

Sivas, 1960. Mr. Gülle graduated from Istanbul Technical University Faculty of Electrical Engineering and completed his specialization program at Istanbul University Institute of Business Economics. With his ongoing positions as the Chairman of the Board of Directors and Member of the Board of Trustees of the Ergene-2 Organized Industrial Free Zone, Member of the Board of Directors of the Economic Development Foundation, and Chairman of the Textiles and Raw Materials Sector Board, Mr. Gülle assumed the position of the Chairman of the TİM (Turkish Exporters Assembly) as of 30 June 2018. He established Gülle Entegre Tekstil İşletmeleri A.Ş. and executes the role of Chairman of the Board of Directors of the company. Mr. Gülle has worked as a Member of the Board of Directors between 1999 and 2003 and as the Chairman of the Board of Directors between 2003 and 2018 of the İTHİB (Istanbul Textile and Raw Materials Exporters Association), as a Member of the TİM Sectors Council, as the Vice Chairman of the Assembly of the ISO (Istanbul Chamber of Industry), and as the Chairman of the Board of Directors of the SSIAG (Association of Sivas Industrialists and Businessmen).

He has been a Member of Turk Eximbank Board of Directors since 24 September 2018.

FAHRİYE ALEV ARKAN

Member of the Board

Trabzon, 1952. Ms. Arkan graduated from Ankara University Faculty of Law and completed her law internship in 1976. She started her career that same year at the Ministry of Energy and Natural Resources and served as Consultant Lawyer at the SSI General Directorate. Ms. Arkan joined the State Investment Bank in 1987 and was involved in the restructuring of the State Investment Bank as Turk Eximbank. She has assumed positions as Specialist, Manager, Legal Advisor, and Department Head at Turk Eximbank and served as Deputy General Manager of Insurance and Guarantee Operations between 2 March 1998 and 19 March 2012.

Ms. Arkan has been a Turk Eximbank Board Member since 10 May 2019.

Bülent Aksu served as a Member of the Board of Directors of Turk Eximbank between 10 May 2019 and 13 May 2019, and as the Chairman of the Board between 13 May 2019 and 3 February 2021.

Turk Eximbank Board of Directors held 13 meetings during 2020 and passed 201 decisions, 33 of them interim decisions. All of the meetings took place in İstanbul. Nail Olpak was unable to attend the meeting of January 2020, Fahriye Alev Arkan was absent in the meeting of 13 March 2020, Rıza Tuna Turagay and Fahriye Alev Arkan were absent in the meeting of 27 March 2020, and Fahriye Alev Arkan was absent in the meetings of April 2020 and August 2020, on all occasions with justified excuses.

Executive Committee and Managers of Internal System Units

NECDET KARADENİZ

Deputy General Manager

İğdır, 1959. Mr. Karadeniz holds a BSc. degree in metallurgical engineering from İstanbul Technical University and an MBA from İstanbul University. Having started his professional life in 1987, he held the positions of manager and head of department at Emlakbank, Türkiye Finans Participation Bank, Alternatif Bank and Ziraat Bank, respectively, and joined Turk Eximbank in December 2012.

Appointed as a Deputy General Manager of Turk Eximbank on 26 May 2017, Mr. Karadeniz currently serves as the Deputy General Manager in charge of Credit Allocation.

ENİS GÜLTEKİN

Deputy General Manager

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

Mr. Gültekin was appointed as Deputy General Manager at Turk Eximbank as of 17 December 2013, and served as Acting General Manager between 13 May 2019 and 16 October 2019. Gültekin currently serves as Deputy General Manager responsible for Insurance & International Loans.

HÜSEYİN ŞAHİN

Acting Deputy General Manager

Adıyaman, 1967. Mr. Şahin holds a BA degree in business administration from the Faculty of Economics and Administrative Sciences at Dokuz Eylül University. He started his professional life as an assistant inspector on the Board of Inspectors of Yaşarbank in 1990, where he rose to the positions of Inspector and Head of the Board of Inspectors. Later he held the positions of Deputy General Manager, General Manager and Board of Directors member in various companies engaged in banking, insurance, money and capital markets. Joined Turk Eximbank on 12 November 2012, Mr. Şahin served as the Head of Internal Audit between 1 June 2017 - 22 July 2019. Mr. Şahin was appointed as Deputy General Manager at Turk Eximbank on 22 July 2019 and currently serves as Deputy General Manager responsible for Financial Affairs, Operations and Credit Monitoring.

MUSTAFA ÇAĞRI ALTINDAĞ

Deputy General Manager

Kocaeli, 1977. Mr. Altındağ graduated from İstanbul University, Business Administration (in English) Department and he started his career as an inspector on the Board of Inspectors at Tekstil Bank. Between 2004 and 2010, Mr. Altındağ worked as Marketing Manager, the Head of Finance and Accounting Department at Creditwest Factoring Services A.Ş. and then joined Citibank, where he served as Commercial Banking Customer Relations Manager, Head of Multinational Corporations Department and Corporate Banking Assistant President between 2010 and 2019.

Appointed as Deputy General Manager at Turk Eximbank on 20 December 2019, Mr. Altındağ currently serves as Deputy General Manager in charge of Marketing.

HAKAN UZUN

Deputy General Manager

Kocaeli, 1968. Mr. Uzun graduated from the Mechanical Engineering Department of the Middle East Technical University and received his master's degree from the University of Illinois, USA between 1992- 1995. He started his banking career at Körfezbank in 1996 and served as a senior manager in Treasury and Financial Markets departments in several private banks before working as Group Manager in charge of Treasury at ING Bank Turkey from 2008 until 2011. He worked for Türkiye Finans Participation Bank between 2011 and 2019, where he held the position of Deputy General Manager in charge of Treasury.

Appointed as Deputy General Manager at Turk Eximbank on 20 December 2019, Mr. Uzun currently serves as Deputy General Manager in charge of Treasury & Finance.

ERDEM OKUR

Deputy General Manager

Zonguldak, 1977. Okur graduated from the Middle East Technical University Department of Computer Engineering and received his MBA from Marmara University. He started his business life in 1998, and held positions in Information Technology departments at Aselsan, Garanti Technology, and Akbank, respectively, before joining Turk Eximbank in 2015.

Appointed as Deputy General Manager at Turk Eximbank on 19 July 2019, Mr. Okur currently serves as Deputy General Manager in charge of Technology & Support.

SADIK ÖMER YILBAŞ*

Head of Internal Audit

Elazığ, 1970. Mr. Yılbaş graduated from Gazi University, Department of Public Finance and started his business life at Halkbank in 1993. He worked as an Assistant Inspector at Toprakbank between 1995 and 1997. Having started to work as an Assistant Internal Auditor in the Internal Audit Department of Turk Eximbank on 12 May 1997, Mr. Yılbaş currently serves as Deputy Head of Internal Audit.

* Since 22 July 2019, Sadık Ömer YILBAŞ has been fulfilling his role as unit head in the Internal Audit Department under the title Deputy Head of Internal Audit.

MURAT ŐENOL

Head of Risk Management

Ankara, 1966. Mr. Őenol holds a bachelor’s degree in economics from Hacettepe University, and a master’s degree in capital markets from İstanbul Commerce University. He started his professional career at the Central Bank of the Republic of Turkey in 1988 in the General Directorate of Money Markets and Fund Management. He joined Turk Eximbank in 1995 and worked as Manager in Foreign Trade Companies Credits, Performance Credits and Pre-Shipment Export Credits departments. He was appointed as Chief Risk Officer at Turk Eximbank in 15 July 2011.

ÖZLEM UÇAR

Head of Internal Control

İstanbul, 1981. Ms. Uçar graduated from the Middle East Technical University, Department of Economics and received her master’s degree from the Manchester Business School. She started her business life in 2006 as an Internal Controller at Ziraat Bank, where she later worked as Senior Internal Controller, Internal Control Supervisor and finally as Internal Control and Compliance Department Manager.

Ms. Uçar was appointed as the Head of Internal Control at Turk Eximbank on 31 January 2020, in which position she currently serves.

NERGİS CEVHER

Manager of Regulatory Compliance Department

İsperih, Bulgaria, 1960. Ms. Cevher graduated from the Economics-Insurance Department at Sviŝtov Dr. A. Asenov, Bulgarian Academy of Economics and Finance. Having joined Turk Eximbank in 1989 in the Pre-Shipment Export Credits Department, Nergis Cevher worked as an Assistant Manager in the Credit Control Department, and as a Manager in the Performance Credits and Compliance Department.

Ms. Cevher was appointed as Manager of Compliance Department of Turk Eximbank on 7 July 2015, where she still serves.

Mustafa Ertan Tanrıyakul served as Deputy General Manager in charge of Treasury and Finance between 2 March 1998 and 16 January 2020.

The Committees for Risk Management and Bank Transactions at Turk Eximbank

Audit Committee

Member:	Osman ÇELİK (Member of the Board)
Member:	Nail OLPAK (Member of the Board)

The Audit Committee was established by the decision of the Board of Directors dated 31 October 2006. On behalf of the Board of Directors, the Audit Committee is authorized and responsible for: ensuring the efficiency and adequacy of the internal control, risk management and internal audit systems; monitoring the operations of internal systems, accounting and reporting systems, and the integrity of the information generated by them in compliance with related legislation; and, during the Board of Directors' process of choosing independent auditors, rating institutions, evaluation and support services firms, performing pre-assessment of candidates and regularly monitoring the activities of the selected institutions. The Regulations on the Procedure and Principles of the Operations of the Audit Committee was approved by the Board's decision dated 5 February 2007.

Credit Committee

Chairman:	Ali GÜNEY (General Manager)
Member:	Fahriye Alev ARKAN (Member of the Board)
Member:	Rıza Tuna TURAGAY (Member of the Board)

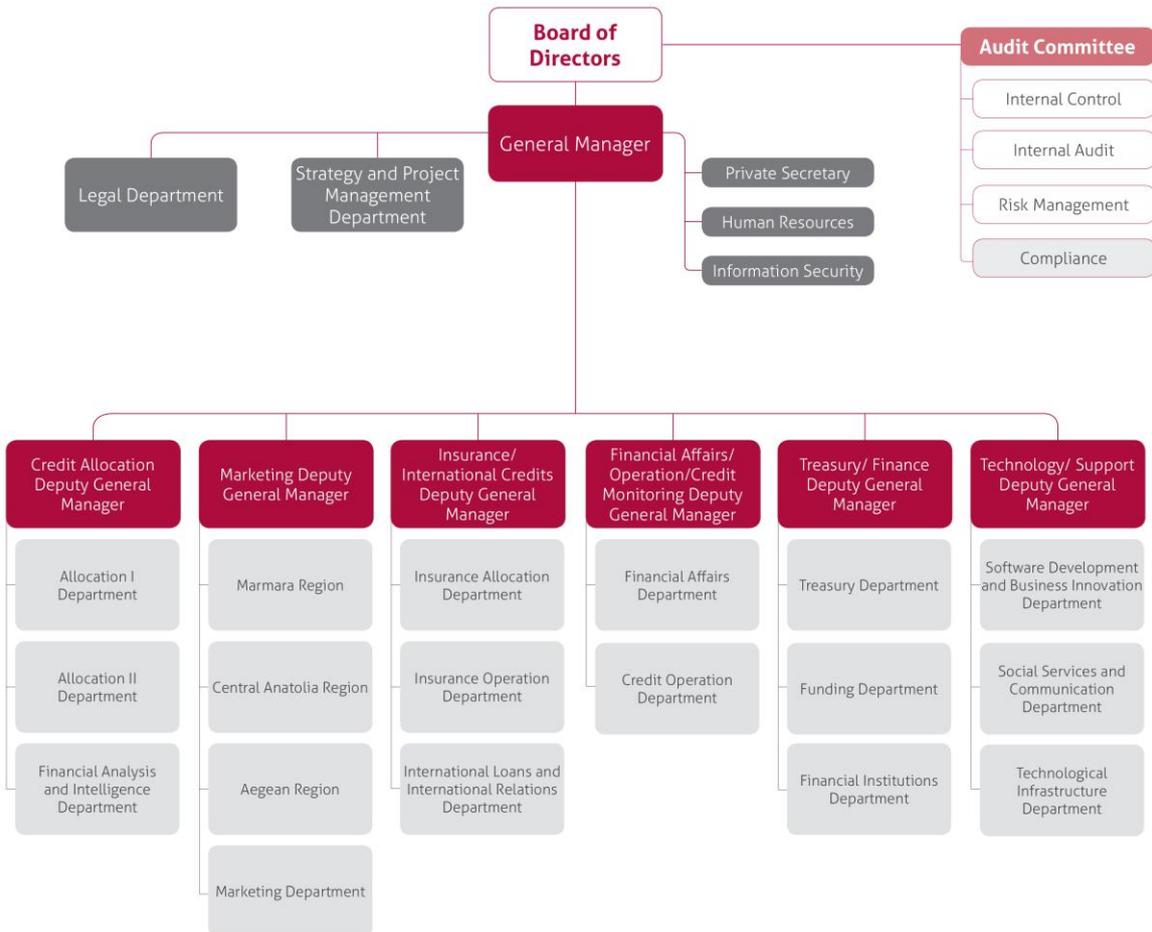
The Credit Committee is vested with the authority to issue to a real or legal person a domestic loan up to ten percent (10%) of the Bank's equities provided that collaterals deemed appropriate by the Board of Directors are created. That kind of authority is limited for different types of guarantees.

The Credit Committee fulfills the said duty delegated thereto by the Board of Directors within the frame of the procedures and principles set out in the applicable legislation in accordance with Article 31 of the Bank's Articles of Association.

Changes in the Organizational Structure

Human Resources Practices

Organization Chart



Organizational Developments

In 2020:

- International Relations Department Head position directly reporting to the Deputy General Manager of Treasury/Finance and Reinsurance Relations positioned under the Insurance Allocation Department Head position directly reporting to the Deputy General Manager of Insurance/International Relations were merged to create the International Relations and Reinsurance Department Head position that directly reports to the Deputy General Manager of Insurance/International Relations.
- Central Branch, Ankara Branch and İzmir Branch units were created under Marmara Region, Central Anatolia Region and Aegean Region respectively, all of which report directly to the Deputy General Manager of Marketing.

- Accounting and Financial Reporting Department was renamed Financial Affairs Department, and the Financial Planning unit, which formerly reported to the Financing and Economic Research Department, now reports thereto.
- Financing and Economic Research Department was closed down.
- Derivatives reporting to the Treasury Department was renamed Derivatives and Assets and Liabilities Management.
- Economic Research, which formerly reported to the Financing and Economic Research Department, now reports to the Treasury Department.
- Structured Finance, Investor and Rating Agency Relations Department was renamed Funding Department and the subordinated units were organized as Structured Borrowing, Borrowing from Financial Institutions, Investor Relations.
- Marmara Region Insurance Marketing and Coordination, Central Anatolia Insurance Marketing and Coordination and Aegean Region Insurance Marketing and Coordination units were created under Marmara Region, Central Anatolia Region and Aegean Regions respectively, all of which report directly to the Deputy General Manager of Marketing.
- Export Support Services Center (İDHM) under the Central Anatolia Region now reports directly to Marketing Coordinator.
- Credit and Treasury Operation Department was renamed Credit Operation Department.
- Credit Operation I and Credit Operation II units under the Credit Operation Department were reorganized as Bank-Sourced Credit Operation, Marmara Region Credit Operation, Central Anatolia Regional Credit Operation and Aegean Region Credit Operation.
- Treasury Operation unit now reports directly to the Deputy General Manager of Treasury/Finance.
- Central Anatolia Region Administrative and Social Affairs and Aegean Region Administrative Social Affairs units were created, which report directly to the Social Affairs and Internal Services unit under the Social Affairs and Communications Department that reports to the Deputy General Manager of Technology/Support.
- The Software Development unit organized under the Software and Business Development Department reporting to the Deputy General Manager of Technology/Support was divided into two as Software Development I and Software Development II, whereas Business Development and Quality Management unit organized in the same manner as above was divided into two as Business Development and Quality Management I and Business Development and Quality Management II.

- Financial Institutions unit under the Financial Institutions Department that reports to the Deputy General Manager of Treasury/Finance was divided into two as Overseas Financial Institutions and Domestic Financial Institutions.
- Marketing Department was created which reports directly to the Deputy General Manager of Marketing, and Marketing Coordinator and Export Support Services Center were subordinated to this newly created Marketing Department.
- Short-Term Overseas Insurance Allocation unit reporting to Insurance Allocation Department was divided into two units as Short-Term Overseas Insurance Allocation I and Short-Term Overseas Insurance Allocation II.
- Strategy and Project Management Department directly reporting to the General Manager position was renamed Strategy Department, and Process and Quality Management, Transformation and Program Management, and Product Management units were subordinated thereto.
- Information Security Unit was established, which reports directly to the General Manager.

Human Resources Policy

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

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

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

The specialized nature of the Bank's operations requires a highly qualified and professional staff, hence career development is very important.

After two years of service, assistant specialists prepare a thesis, and after three years, they take a qualification exam to be appointed as specialists.

In addition, efforts are being spent to build on the qualifications of employees and employee engagement by backing training programs carried out in cooperation with various institutions with e-learning programs.

During 2020, 90 employees left the Bank and 61 new employees were employed.

Financial Information and Assessment on Risk Management

Relations of Turk Eximbank with Its Risk Group

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

Support Services Obtained by Turk Eximbank

Within the scope of the BRSA's "Regulation on Support Services to be Received by Banks" that went into force upon its publication in the Official Gazette issue 28106 dated 5 November 2011, Turk Eximbank received 12 support services detailed below in 2020.

Support Service Provider	Service Received by the Bank
Fineksus Bilişim Çözümleri Ticaret Anonim Şirketi	SWIFT Payment Systems
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Treasury SAP- Basis (SAP Infrastructure)
BTC Bilişim Hizmetleri Anonim Şirketi	Treasury SAP- Basis (SAP Infrastructure)
İnnova Bilişim Çözümleri A.Ş.	Procurement of Software Development Service
İş Yazılım Donanım Elektronik Dan. Telekomünikasyon Kırtasiye Tur. Med. İnş. İth. İhr. San. Tic. Ltd. Şti.	Electronic Document Management System Software Maintenance and Support Services
Datasafe Arşivleme Hizmetleri A.Ş.	Archiving Services
Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş	Mortgage and Pledge Establishment Transactions
Fu Gayrimenkul Yatırım Danışmanlık Anonim Şirketi	Mortgage and Pledge Establishment Transactions
Modefinance SRL	Rating/Scoring and Limit Decision Models
Veripark Yazılım Anonim Şirketi	Internet Branch Applications
Vizyoneks Bilgi Teknolojileri A.Ş.	Procurement of Software, Maintenance and Training Services Required for Developing a New Insurance Application
TSKB Sürdürülebilirlik Danışmanlığı A.Ş. (ESCARUS)	Establishment of our sustainability, environmental and social risk management infrastructure in alignment with international practices and in view of our future needs as well, and fulfillment of the requirements of the credit obtained from the consortium of banks under MIGA's guarantee

Prior to commencement of the support services listed in the table, "Technical Adequacy

Reports” were drawn up showing that the service providers possess the technical equipment, infrastructure, financial strength, experience, know-how and human resource, and satisfy the requirements set out in the applicable legislation, as well as “Risk Management Programs” about the support services to be procured and “Risk Analysis Reports” studying the potential risks that may stem from these services, their management and expected benefits and costs as stipulated in the applicable legislation. As a result of these processes, service agreements were executed with the companies listed in the table above, and services continue to be received therefrom as of the date of this writing.

On another note, an empirical risk assessment study was conducted, which measures the relative severity of the risks that may arise from the qualities of support services providers and the services furnished thereby, based on which support services providers were audited. The assessment made and audits performed produced no findings associated with the procurement of these support services to an extent that would prevent efficient and adequate operation of the Bank’s internal systems or execution of internal control or internal audit activities.

The General Assessment of the Audit Committee for the Year 2020 Regarding Activities and Risk Management, Internal Control and Internal Audit Systems at Turk Eximbank

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

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

Internal Audit

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

Analyzing and evaluating the compliance of the Bank’s activities with the relevant laws, legislation, regulations, decrees, communiqués, instructions and other statutes;

Reviewing and evaluating the functioning, efficiency and adequacy of the Bank’s internal control and risk management systems;

Conducting investigations and examinations of operations, accounts and activities in the Bank’s headquarters units, regional directorates and branches.

The Internal Audit Department performs its activities in an impartial and independent manner using a risk-based approach, with the aim of ensuring that the resources are used efficiently and that all activities make the maximum contribution to the Bank.

The annual audit plans are prepared and implemented using risk assessments of the risk appraisal matrix.

In order to ensure effective continuity of internal audit activities, the Internal Audit Department has performed inspections at the units, branches and representatives of the Bank within the framework of the annual audit plan. The Audit Department reports to the Board of Directors via the Audit Committee, and it monitors the measures taken against inappropriate conduct. In addition, the Board of Directors keeps abreast of the activities of

the Internal Audit Department through its quarterly and annual activity reports submitted via the Audit Committee.

According to the relevant legislation issued by the BRSA, the Bank must present a “management declaration” to its external independent auditors, signed by the Board of Directors for each audit period, concerning the current situation and internal control activities carried out on information systems and banking processes. In this regard, the control and audit activities intended to be the basis of this management declaration were prepared by the Internal Control Department and the Internal Audit Department for information systems and banking processes, and the report prepared was presented to the Board of Directors. The Management Declaration was signed by the Board of Directors on 31 January 2020 and submitted to the external auditor.

The Audit Committee continued its activities in 2020 with the aim of developing the activities of the Bank and adding value to them, and it ensured that the internal control activities that form the basis of the management declaration are performed in a coordinated manner.

Internal Control

The primary objective of the internal control system established at the Bank based on the provisions of the legislation published by the BRSA is to secure the protection of the Bank’s assets; to ensure performance of the Bank’s activities effectively and efficiently and in compliance with the Law, other applicable legislation, internal policies, guidelines and banking customs, and to guarantee the reliability and integrity of accounting and financial reporting system, and timely availability of information.

Main functions of the Internal Control Department include designing the internal control system and internal control activities, and defining how they will be performed in cooperation with the senior managers of related units, contributing to the adoption of internal control culture and discipline by employees at all levels of the Bank, ensuring internal coordination for the establishment and development of the internal control environment, monitoring, examining and controlling by using various methods to verify that the Bank’s operations are carried out securely, and ensuring that the internal control system is maintained as a self-running mechanism by mobilizing related parties for resolving the findings from the aforementioned activities.

The duties of the Internal Control Department are set out in the Internal Control Department Regulation which is approved and enforced by the Board of Directors decision no. 136, dated 20 December 2019.

Within the duties delegated to it, the Internal Control Department performed monitoring, analysis and control activities by observing the matters mentioned below, giving priority to processes and transactions identified based on a risk-focused approach and within the materiality criteria during 2020:

- Existence of approved and up-to-date procedures pertaining to work processes and workflow charts and their accessibility by related individuals,

- Integrity and security of accounting and financial reporting system and information systems, and timely availability of information,
- Functionality of internal communication channels that will ensure communicating the information produced and problems confronted with related individuals,
- Identification of the deficiencies or weaknesses in the design of operation of internal control mechanisms embedded in information systems applications employed in the performance of operations related to banking processes that are comprised of credit, insurance, accounting, financial reporting and payment systems,
- System access authorizations in information systems and banking processes made so as to preclude conflicts of interest by observing separation of functional duties,
- Existence and operation of manual and systemic approval mechanisms associated with critical transactions; whether overall and specific risk limits are being adhered to,
- Usage security of electronic payment systems,
- Implementation of guidelines set regarding the recording, retention and accessibility of documents and assets kept in physical safe deposit boxes and especially the guarantees received,
- Existence and update of business continuity plans consisting of information systems business continuity and emergency and contingency plans,
- Activities related to information systems management at the Bank and at the providers of outsourced services, processes supporting these activities, and compliance of the information systems controls in place with the legislation and internal policies, procedures and standards.

Findings of on-site or distant monitoring, review and controls performed manually or with systematic methods conducted by the Internal Control Department in 2020 on matters such as functioning of internal control mechanisms in units where banking operations are performed, compliance with rules and limitations and existence of required control points in information systems, have been shared with the related units. Instructions on correction of deficiencies and flaws were shared and results of the actions taken by the relevant units were followed up.

The quarterly reports of the Internal Control Department relating internal control activities were presented to the Audit Committee regularly. The control and audit activities concerning information systems and banking processes that form the basis of the Management Declaration to be submitted to the independent auditor were carried out by the Internal Control Department and the Internal Audit Department, and the report produced was presented to the Board of Directors via the Audit Committee.

Risk Management

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

- Defining, measuring, analyzing, managing and monitoring all risks faced by the Bank; developing and researching risk policies and procedures to be approved by the Board of Directors; and
- Performing profit and cost calculations regarding all risks and their manageability in cooperation with related departments, and timely reporting risk data to the Board of Directors via the Audit Committee.

Risk management activities at the Bank are being carried out with the target of bringing the risk management function close to best practices by establishing a risk culture across the Bank and by constantly improving the system and human resource in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks, other applicable regulations, and the BRSA Best Practices Guides.

Within the frame of risk management activities;

Under the Credit Risk, risks arising from cash and non-cash loan transactions are monitored against the regulatory and Bank-specific limits. Commercial bank risk taken directly or indirectly gets the highest share within the credit risk, which is the largest category of the Bank's risk exposure. Therefore, cash and non-cash limits made available to banks are assessed in detail, and updated as needed. In addition, limits are defined on the basis of banks in order to eliminate concentration risk. Credit Risk is reported to the BRSA according to the BRSA's Standard Method.

Market risk is calculated monthly using the Standard Method devised by the BRSA and is considered in the calculation of the Capital Adequacy Ratio. Interest rate and exchange rate risks make up the main elements of the market risk; in order to duly manage these risks, transactions performed in money and capital markets need to be diversified, taking into consideration the instruments, maturity, currency, type of interest and similar parameters. In addition, as almost the entire portfolio subject to market risk is hedged, market risk is very low. The Bank implements hedge accounting principles regarding derivative transactions.

Operational Risk entails identification of risks arising from banking operations, and evaluation and monitoring of controls associated with these risks. An IT risk matrix is created for monitoring and managing IT risks.

Stress Tests section of the Internal Capital Adequacy Assessment Process (ICAAP) and the ICAAP Report were approved by the Audit Committee and the Board of Directors, and was submitted to the BRSA in March. Under ICAAP, Turk Eximbank has adopted maintaining the capital adequacy ratio in the 13%-15% interval as its risk appetite indicator, and embraced the principle that any capital adequacy ratio level below 13% should trigger initiatives to increase the capital.

When preparing Stress Tests, in addition to the standard method, economic capital

calculations are performed regularly using the ratings assigned by international rating agencies to commercial banks to which a transaction limit has been allocated, Probability of Default (PG) and Loss Given Default (LGD) values, given the fact that the Bank extends credits substantially via the commercial banking system. The calculations made are repeated also under stress conditions assuming negative change in PD and increased LGD ratios.

The credit risk stress tests carried out with the internal models indicate that, with its stable and strong capital structure, the Bank can operate free of any problems while under intense stress factors. In addition to credit stress tests, Value-at-Risk calculations were conducted for information purposes for market risk which has a relatively small share in risk weighted assets (0.2%) considering foreign currency and interest stress factors.

In addition to all these activities, reports incorporating scenario analysis of GAP, Duration, Assets and Liabilities management are regularly submitted to the Bank's senior management.

As part of TFRS 9 provision calculations, work continued throughout the year to update the model's parameters (PD, LGD, etc.).

During the reporting period, Capital Adequacy calculations were performed taking into consideration the COVID-19 measures introduced by the BRSA.

Regulatory Compliance

Regulatory Compliance Department follows up regulatory framework in order to ensure compliance of the Bank's operations with the applicable legislation governing the Bank, makes sure that they are captured in internal practices through the announcements and guidance it provides, and evaluates and forms opinions regarding the regulatory compliance of new products and services. The Department represents the Bank in various Working Groups active within the Banks Association of Turkey, takes part in anti-bribery initiatives associated with export credit before OECD, and supports the formulation of related internal policies and procedures. In addition, the Department carries out the activities for putting into practice the regulations in relation to anti money-laundering and prevention of terrorist financing by keeping a close eye on local/international regulations and regulations related to personal data protection. The Department is also assigned with exchanging opinions with regulatory and supervisory authorities, and sharing the opinions received with related units.

Osman ÇELİK

Member of the Audit Committee

Nail OLPAK

Member of the Audit Committee

Risk Management Policies Based on Risk Types

Credit Risk

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

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

Loans are extended within the framework of the authority given to the Board of Directors for achieving the Bank's sub-lending targets as set out in its annual programs.

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

International credits are granted by approval of the Board of Directors and approval of the Minister to whom the Ministry of Treasury and Finance is reporting, according to Article 10 of Act No. 4749 dated 28 March 2002 on the Regulation of Public Finance and Debt Management. Applications for grant loans are made by the ministries of economy and/or finance of related countries to the Ministry of Treasury and Finance and are put into effect upon the approval of the Presidency of Turkey. The limit of a country is restricted by both the maximum risk that can be undertaken and the maximum amount that can be utilized annually.

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

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

Firms and banks' risks and limits are monitored on daily and weekly bases both by the units disbursing the loans and those responsible for risk monitoring, and the same can be tracked

in real-time. The Bank's limits are calculated using Turk Eximbank Domestic Bank Methodology.

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

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

All operations denominated in foreign currency and other derivative transactions of the Bank are carried out under the limits approved by the Board of Directors. Sectoral and regional distributions of credit risks are conducted in parallel with the export composition of Turkey, and this is monitored by the Bank regularly.

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

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

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

Each year, Turk Eximbank cedes the commercial and political risks borne under its insurance programs to a group of domestic and overseas reinsurance companies under renewed agreements. Turk Eximbank holds a certain portion of the aforementioned risks that can be indemnified from its own sources. This portion was 40% in 2020.

Premium rates for Short-Term Export Credit Insurance vary according to criteria such as the risk classification of the buyer's country, payment terms, credit tenor, the legal status and the risk group of the buyer (private or public). The quotation strategy, which is the basis for determining premium rates, is generated taking into account domestic market conditions, international quotations of export credit insurance services, and the size of accumulated losses in past years.

Short-Term Export Credits and Credits for Foreign Currency-Earning Services are granted to companies upon approval by the General Directorate Credit Committee within the guarantee determined by the Board of Directors and maturity and interest rate elements determined by the General Directorate, provided that the credit risk level that can be reached by a given firm will not be exceeded. This authorization is limited to 1% of the Bank's equity.

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

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

Direct lending secured by fundamental collateral amounts to 100% of the principal, interest and export commitment risk of the loan. Fundamental collaterals include letters of bank guarantee, government securities, our Bank's insurance policies, cash and securities pledge, mortgage and KGF guarantees.

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

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

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

Market Risk

Market risk is defined as the probability of loss at the Bank's on- and off-balance-sheet

positions due to price, interest and exchange-rate movements arising from market fluctuations, leading to variations in income statement items and profitability of shareholders' equity.

For measuring its market risk exposure, the Bank calculates the "Exchange Rate Risk" and the "Interest Rate Risk" based on the "Market Risk Measurement Using the Standardized Approach" issued by the BRSA (the Bank is not exposed to any equity position risk). The market risk covering the aggregate interest and exchange rate risks calculated according to the said approach is prepared and reported to the BRSA on a monthly basis, whereas the exchange rate risk calculated according to the "Regulation on Measurement and Implementation of Banks' Net Overall FC Position / Equity Standard Ratio on a Consolidated and Unconsolidated Basis" is calculated and reported to the BRSA on a weekly basis.

Currency Risk

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

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

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

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

Interest Rate Risk

The interest structure (fixed or floating) of interest-sensitive assets and liabilities, and their weight in total assets and liabilities, are evaluated to determine the probable effects of changes in market rates on the Bank's profitability. The Bank's approach is that all assets and liabilities bearing fixed interest rates will be repriced at maturity, and that those bearing floating rates are at the payment terms. By using this approach, the Bank calculates the interest-sensitive gap or surplus for each period (1 month, 1-3 months, 3-12 months, 1-5 years, more than 5 years, etc.) remaining to contractual repricing dates (gapping report). The gapping report is used to predict how the Bank will be affected by the probable market rate changes at any period of time provided that all assets and liabilities sensitive to interest are

sorted according to the interest renewal periods.

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

According to the Risk Management Principles approved by the Board of Directors, the Bank attaches importance to the alignment of assets and liabilities in different currencies at fixed and variable interest rates, and takes care to maintain the fixed/variable rate assets and liabilities mismatch that can be undertaken at a reasonable level, with the purpose of limiting the negative effects interest rate changes might have on the Bank's profitability.

In accordance with the "Regulation on Calculation and Evaluation of Interest Rate Risk Arising from the Banking Accounts with Standard Shock Methods" issued by the BRSA and published in the Official Gazette, issue No. 28034, on 23 August 2011, submission of a report that is intended to act as a stress test by measuring the impact of interest rate shocks (of between +5% and -4% for lira and between +2% and -2% for foreign currencies) on the Bank's balance sheet, has continued in 2020.

According to the circular, the ratio of net present value changes caused by interest rate shocks on the equity of the related month must not exceed 20%. Based on a BRSA decision, compliance with the regulatory limits was not required during the enforcement period of COVID-19 measures.

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

Liquidity Risk

The Bank's overall policy for liquidity risk is to carry a low cost liquidity level at an amount sufficient to meet the potential cash flow needs under various operational conditions. Accordingly, based on existing credit stocks and existing cash, weekly, monthly and annual cash flow statements in Turkish Lira and in foreign currencies are being prepared separately, taking into account liabilities to be paid, estimated credit extensions, credit collections, expected capital inflows and political risk loss provisions and based on the results of the cash flows, additional resource needs and timing is being determined.

Besides liquidity ratios, other balance sheet ratios, amount and term structure of liquid assets and rules for diversification of funding resources are all taken into consideration in liquidity management.

The Bank covers its short-term liquidity needs from short-term credits from domestic and foreign banks and additionally, although its volume is decreasing, short-term funds obtained through repo from CBRT. Long-term liquidity need is provided from medium-long term loans obtained from international institutions such as World Bank and European Investment Bank and funds raised from capital markets through bond issuances.

The Bank tries to fund short-term credit with short-term resources and medium-long term credits with medium-long term resources and reduce the mismatch as much as possible.

In determining the overall limits of liquidity management, minimum liquidity levels and emergency liquidity resources are identified by the Board of Directors of the Bank.

In this context, legal limits as per the “Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks” are considered for liquidity risk in Turkish Lira and foreign currency. In addition, for bank position, investment to be made in Turkish Lira and foreign currency securities exceeding 15% of the Bank’s assets is under the authority of the Board of Directors.

In terms of liquidity, the Bank chooses to use borrowing limits in TL and foreign currency markets as per CBRT and short-term money market borrowing limits from domestic and foreign banks in emergency situations as much as possible.

Moreover, in case of a projection or detection of an emergency situation, “Liquidity Action Plan” which is approved by the Board of Directors is applied.

Liquidity Action Plan was prepared to mitigate risks that may occur due to non-performance of liabilities resulting from liquidity squeeze and to protect rights and interests of the Bank’s shareholders, creditors and all parties which may be affected by the liquidity status and healthy management of operations.

In case of occurrence of a condition or conditions stated in the Article 3 of the Liquidity Action Plan “Conditions that Require the Application of Liquidity Action Plan”, in order to meet the urgent liquidity need, in addition to “Base Ratio to be Used in Measurement of Liquidity Risk” an additional minimum 1% of the Bank’s total assets are maintained as liquid assets. The composition of these assets is determined by Vice Presidency responsible from Treasury (assets as indicated in Article 5 of the Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks).

In addition to legal liquidity obligations, the Bank’s asset and liability items are classified based on their maturities as demand, up to 1 month, 1-3 months, 3-12 months, 1-5 years, 5 year and above, and asset-liability harmony is closely monitored.

First precaution for liquidity need that may arise at an unexpected time is to keep liquid assets and/or short-term assets at a higher amount than the liabilities to be paid in the short term. In this context, the following actions are taken:

- Level of liquid assets are increased and/or
- Maturities of existing liabilities are being lengthened and/or
- New credit requests are met in a limited manner and/or
- Terms of extended credits are shortened and/or
- Limits of financial institutions which the Bank performs transactions with are being monitored and transactions are performed under approved limits when needed.

- Part of the security stock may be liquidated through firm sale or repo.
- Authority to borrow amounts that may increase the liability amount to any one bank or institution to USD 50 million or more is with the Board of Directors, regardless of the maturity.

Operational Risk

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

Within the framework of the BRSA regulations, determination of the appropriate amount of operational risks are calculated on the basis of the “Fundamental Indicator” approach used in capital adequacy calculations.

Operational risk, identification of risks arising from banking operations, evaluation and monitoring of controls related with these risks are conducted under the coordination of Risk Management.

Operational risk management practices are handled in a wide perspective across the Bank and adopted in processes and systems for all operations based on the Bank’s risk profile and complexity of the business model. Accordingly, various different parameters are considered such as overlooking errors and fraud resulting from internal control deficiencies, bank management and employees’ not acting in line with current conditions, errors of the bank management, flaws in information technology systems and losses resulting from external factors such as earthquakes, fires and floods. Operational risk factors are being reviewed periodically.

Operational Risk Management Implementation Principles were prepared within the scope of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks and Guide on the Management of Operational Risk issued by the BRSA.

An operational risk data base was generated and prepared for data entry. IT risk matrix was set up in order to facilitate risk monitoring and management.

Evaluation of Financial Position

Turk Eximbank's total assets reached TL 204.2 billion (USD 27.7 billion) as of 31 December 2020.

Assets

Turk Eximbank's total assets consist of 87.3% loans, 5.7% liquid assets and 7% securities held-to-maturity and other assets.

The Bank's loan portfolio reached TL 179 billion as of the end of 2020, and increased by 25% over the previous year.

Of the total credits, 70.2% (TL 125.6 billion) are short-term credits and 29.8% (TL 53.4 billion) are medium- and long- term credits.

By using appropriate risk management techniques, Turk Eximbank has shown great efforts to collect receivables on time and in full.

Thus, although the Bank extends most of its resources as loans to the export sector, the NPL ratio is low, at 0.3%, when compared to the banking sector average.

Liabilities

Turk Eximbank's liabilities reached TL 204.2 billion as of the end of 2020. Of these, 6% (TL 11.4 billion) was shareholder's equity, 92% (TL 189.4 billion) was funds obtained from domestic and external markets, and 2% (TL 3.4 billion) was provisions and other liabilities.

The Bank's shareholders' equity was TL 11.4 billion, of which 81% (TL 9.3 billion) was paid-up capital, 6% (TL 632 million) was profit reserves and others, and 13% (TL 1.5 billion) was net profit.

The foreign resources amounted to TL 189.4 billion used for funding the Bank's assets consisted of TL 116 billion in credits provided from the Central Bank of the Republic of Turkey, TL 45 billion in credits provided from domestic and foreign banks, TL 23 billion in marketable securities issued, TL 4.5 billion in subordinated loans.

At the Extraordinary General Assembly convened on 12 January 2017, Turk Eximbank switched to the "Registered Capital System" and increased its capital ceiling to TL 10 billion. The Bank's current paid-up capital is TL 9.3 billion.

As per Article 21 entitled Exemptions of "Regulations Concerning the Classification of Credits and Procedures and Principles of the Provisions for These by Banks", the private and general provisioning ratio for the Bank for transactions within the scope of the Law of its Establishment is set at zero percent. However, Turk Eximbank makes provisions within prudent banking principles.

Solvency

The liquid assets-to-short-term liabilities ratio of Turk Eximbank has been realized at 107.2% as of 31 December 2020.

Profit & Loss Statement and Profitability

As the balance of Turk Eximbank is concentrated on credits, its effects can be seen on incomes. Of the Bank's TL 5 billion in total interest income, 84% (TL 4.2 billion) came from interest earned from credits.

On the other hand, the Bank's interest expense was TL 3.8 billion, of which 55% (TL 2.1 billion) was interest paid on borrowings from domestic international money markets, 44% (TL 1.7 billion) was interest paid on marketable securities issued and 1% (TL 22 million) was other interest expenses. Net interest income was TL 1.2 billion.

The Bank's net profit was TL 1.5 billion as of 31 December 2020, yielding return on assets and return on equity ratios of 0.82% and 17.18%, respectively.

Credit Ratings Assigned to Turk Eximbank by International Rating Agencies

The issuer credit ratings assigned to Turk Eximbank by Moody's and Fitch Ratings as of the end of 2020 are as follows:

Fitch Ratings*	
Foreign Currency IDR**	B+/Negative/B
Local Currency IDR **	BB-/Negative/B
National Credit Rating**	AAA (tur)/Stable
Support Rating	4
Support Rating Floor	B+

*Recent revision as of 1 September 2020

** Long-term/Outlook (if available)/Short-term

Moody's*	
Foreign Currency Issuer Rating	B2/ Negative /NP
Local Currency Issuer Rating	B2/ Negative /NP
Senior Unsecured Regular Bond/Debenture Rating	B2/ Negative
Senior Unsecured MTN Program Rating	(P)B2

*Recent revision as of 15 September 2020

** Long-term/Outlook (if available)/Short-term

Financial Indicators for the 2016-2020 Period

Balance Sheet Accounts (TL thousand)	2020	2019	2018	2017	2016
Loans	178,253,907	142,892,035	129,497,250	80,271,104	61,609,764
Total Assets	204,227,274	162,883,112	139,429,094	85,375,189	68,276,314
Loans Borrowed	160,630,694	127,584,542	108,730,948	67,368,670	51,718,845
Securities Issued (Net)	22,953,260	18,791,531	17,178,988	10,279,210	7,827,323
Subordinated Debt Instruments	4,463,576	4,025,854	2,995,130	31,596	88,285
Money Market Loans	1,375,566	-	139,005	152,000	69,000
Equity	11,413,457	9,080,224	7,654,051	5,774,083	5,200,734
Paid-in Capital	9,270,000	7,160,000	6,350,000	4,800,000	3,700,000

Profit-Loss Statement Accounts (TL thousand)	2020	2019	2018	2017	2016
Interest Income	5,011,499	4,856,159	3,391,095	2,238,086	1,643,054
Interest Income on Loans	4,229,188	4,341,340	3,046,371	2,092,254	1,570,550
Interest Expenses	-3,788,554	-3,741,609	-2,531,631	-1,224,198	-784,056
Net Interest Income	1,222,945	1,114,550	859,464	1,013,888	858,998
Net Commissions and Other Operating Income	239,271	183,021	154,632	207,362	156,138
Provisions for Loans	-369,469	-132,997	-81,696	-77,418	-26,305
Personnel Expenses	-260,866	-225,572	-170,115	-132,734	-106,268
Other Operating Expenses	-151,054	-133,974	-102,346	-161,502	-122,768
Net Period Profit	1,511,388	1,431,635	841,802	568,475	421,325

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'
S REPORT ORIGINALLY ISSUED IN TURKISH, SEE NOTE I IN SECTION THREE)

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT AT 31 DECEMBER 2020**



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INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye İhracat Kredi Bankası A.Ş:

A) Audit of Unconsolidated Financial Statements

1) Opinion

We have audited the accompanying unconsolidated financial statements of Türkiye İhracat Kredi Bankası A.Ş. (the "Bank"), which comprise the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2020, and unconsolidated financial performance and unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned regulations.

2) Basis of Opinion

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

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit 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.



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Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures</i></p>	
<p>As disclosed in footnote VI and VII of Section 3; the Bank measured expected credit losses for financial assets by TFRS 9 “Financial Instruments Standards” in financial statements. The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows;</p> <ul style="list-style-type: none"> ▪ Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements ▪ The applications TFRS 9 are complex and comprehensive ▪ The classification of financial instruments based on the Bank’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows ▪ Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses ▪ The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 ▪ Estimations and assumptions used in expected credit losses are new, important and complex ▪ Complex and comprehensive disclosure requirements of TFRS 9. 	<p>Our audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> ▪ Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Bank’s past performance, and local and global practices ▪ Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists ▪ Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices ▪ Testing criteria used for determining the contractual cash flows including interest payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Bank’s business model ▪ Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Bank’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis ▪ Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses ▪ Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis ▪ Evaluation of the assumptions and estimations used for the individually assessed financial assets based on expert judgment ▪ Evaluating the necessity and accuracy of the updates made or required updates after the modeling process ▪ Evaluating the impact of the Covid-19 outbreak, on macroeconomic variables in staging loans and calculating expected credit loss provision, together with important forward estimates and assumptions ▪ Auditing of disclosures related to TFRS 9.



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Key audit matter	How the matter was addressed in our audit
<p>Hedge Accounting</p> <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> <ul style="list-style-type: none"> 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>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 TFRS 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.

4) Other Matter

The financial statements of the Bank as at 31 December 2019 were audited by another audit firm which expressed an unqualified opinion in their reports issued on 28 February 2020.

5) Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the 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 the financial statement that is 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.



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6) *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements*

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Independent Audit Regulation and ISAs 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 Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional scepticism 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 auditor's 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 auditor's 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 auditor's 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) Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 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 and financial statements for the period January 1 – December 31, 2020 are not in compliance with the laws and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Yaşar Bivas.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Yaşar Bivas, SMMM
Partner

26 February 2021
Istanbul, 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 A.Ş. (“TÜRK EXIMBANK”)
AS OF 31 DECEMBER 2020**

Address of the Bank's Management Center: Saray Mah. Ahmet Tevfik İleri Cad. No: 19
34768 Ümraniye / İSTANBUL
The Bank's Telephone: (216) 666 55 00
The Bank's Fax: (216) 666 55 99
The Bank's website: www.eximbank.gov.tr
E-Mail Address for Contact: info@eximbank.gov.tr

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

- GENERAL INFORMATION
- UNCONSOLIDATED FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- 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.

Rıza Tuna TURAGAY
Deputy Chairman of Board
of Directors

Ali GÜNEY
General Manager

Hüseyin ŞAHİN
Deputy General Manager
Responsible for Financial
Reporting

Taner YAVUZ
Head of Financial Affairs

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 Financial Affairs

Tel : (0216) 666 55 88

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TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020

(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 9.270.000 in the current period. The Bank's paid-in-capital committed by the Republic of Turkey Ministry of Treasury and Finance consists of 9.270.000 shares of TL 1 (full TL) 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(*):		
Dep. Chairman of the Board of Directors:	Rıza Tuna TURAGAY	Graduate
Members of the Board of Directors:	Ali GÜNEY	Undergraduate
	Osman ÇELİK	Undergraduate
	Fahriye Alev ARKAN	Undergraduate
	Nail OLPAK	Graduate
	İsmail GÜLLE	Graduate
Audit Committee:	Osman ÇELİK	Undergraduate
	Nail OLPAK	Graduate
General Manager:	Ali GÜNEY	Undergraduate
Assistant General Managers:	Enis GÜLTEKİN	Graduate
	Hakan UZUN	Graduate
	Necdet KARADENİZ	Graduate
	M. Çağrı ALTINDAĞ	Undergraduate
	Erdem OKUR	Graduate
	Hüseyin ŞAHİN	Undergraduate

(*) As of February 3, 2021, the Chairman of the Board of Directors resigned and Deputy Chairman of the Board of Directors acts as the Chairman of the Board of Directors.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020

(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 or entities owning control shares

Name Surname/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
Ministry of Treasury and Finance	9.270.000	100%	9.270.000	-

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 2020

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

ASSETS	Notes	Audited Current Period (31 December 2020)			Audited Prior Period (31 December 2019)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		3.084.507	10.048.023	13.132.530	382.805	11.054.992	11.437.797
1.1 Cash and Cash Equivalents		2.962.846	8.718.584	11.681.430	339.477	9.648.741	9.988.218
1.1.1. Cash and Balances with Central Bank	(1)	268	5.005.314	5.005.582	572	7.320.280	7.320.852
1.1.2. Banks	(4)	1.274.843	3.713.270	4.988.113	339.005	2.328.461	2.667.466
1.1.3. Money Market Placements		1.688.243	-	1.688.243	-	-	-
1.1.4. Expected Credit Losses (-)		508	-	508	100	-	100
1.2 Financial Assets at Fair Value through Profit/Loss		-	153.454	153.454	-	-	-
1.2.1. Government Securities		-	74.901	74.901	-	-	-
1.2.2. Equity Securities		-	-	-	-	-	-
1.2.3. Other Financial Assets		-	78.553	78.553	-	-	-
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income	(6)	95.532	709.777	805.309	37.822	-	37.822
1.3.1. Government Securities		-	668.938	668.938	-	-	-
1.3.2. Equity Securities		95.532	-	95.532	37.822	-	37.822
1.3.3. Other Financial Assets		-	40.839	40.839	-	-	-
1.4 Derivative Financial Assets	(3)	26.129	466.208	492.337	5.506	1.406.251	1.411.757
1.4.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss		26.129	448.655	474.784	5.506	1.259.110	1.264.616
1.4.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	17.553	17.553	-	147.141	147.141
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		18.568.676	170.324.308	188.892.984	11.261.992	138.720.525	149.982.517
2.1 Loans	(7)	16.358.694	162.676.342	179.035.036	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)	2.991.111	7.647.966	10.639.077	2.989.880	4.100.602	7.090.482
2.4.1. Government Securities		2.991.111	7.647.966	10.639.077	2.989.880	4.100.602	7.090.482
2.4.2. Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		781.129	-	781.129	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)		16.761	-	16.761	21.485	-	21.485
VI. INTANGIBLE ASSETS (Net)		10.187	-	10.187	7.122	-	7.122
6.1. Goodwill		-	-	-	-	-	-
6.2. Others		10.187	-	10.187	7.122	-	7.122
VII. INVESTMENT PROPERTY (Net)	(13)	2.111	-	2.111	2.046	-	2.046
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET		-	-	-	-	-	-
X. OTHER ASSETS		1.332.645	840.056	2.172.701	1.017.400	414.745	1.432.145
TOTAL ASSETS		23.014.887	181.212.387	204.227.274	12.692.850	150.190.262	162.883.112

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 2020

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

LIABILITIES	Notes	Audited Current Period (31 December 2020)			Audited Prior Period (31 December 2019)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(3)	7.769.415	152.861.279	160.630.694	-	127.584.542	127.584.542
III. MONEY MARKET FUNDS		-	1.375.566	1.375.566	-	-	-
IV. SECURITIES ISSUED (Net)		263.004	22.690.256	22.953.260	263.654	18.527.877	18.791.531
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		263.004	22.690.256	22.953.260	263.654	18.527.877	18.791.531
V. FUNDS		13	-	13	13	-	13
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		13	-	13	13	-	13
VI. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT/LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	11.443	779.685	791.128	-	106.949	106.949
7.1 Derivative Financial Liabilities Measured at Fair Value through Profit/Loss		11.443	110.787	122.230	-	77.040	77.040
7.2 Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income		-	668.898	668.898	-	29.909	29.909
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	(5)	6.616	5.917	12.533	8.717	8.244	16.961
X. PROVISIONS	(6)	329.341	-	329.341	263.359	-	263.359
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Rights		98.827	-	98.827	96.896	-	96.896
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		230.514	-	230.514	166.463	-	166.463
XI. CURRENT TAX LIABILITY	(7.1)	17.700	-	17.700	18.611	-	18.611
XII. DEFERRED TAX LIABILITY	(7.2)	-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Asset Held for Sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED LOANS		2.998.128	1.465.448	4.463.576	2.996.129	1.029.725	4.025.854
14.1 Borrowings		-	1.465.448	1.465.448	-	1.029.725	1.029.725
14.2 Other Debt Instruments		2.998.128	-	2.998.128	2.996.129	-	2.996.129
XV. OTHER LIABILITIES	(4)	129.541	2.110.465	2.240.006	51.437	2.943.631	2.995.068
XVI. SHAREHOLDERS' EQUITY	(8)	11.347.773	65.684	11.413.457	9.031.225	48.999	9.080.224
16.1 Paid-in Capital		9.270.000	-	9.270.000	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		(16.094)	-	(16.094)	(16.300)	-	(16.300)
16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		83.612	65.684	149.296	28.658	48.999	77.657
16.5 Profit Reserves		498.867	-	498.867	427.232	-	427.232
16.5.1 Legal Reserves		494.199	-	494.199	422.618	-	422.618
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		4.668	-	4.668	4.614	-	4.614
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit/Loss		1.511.388	-	1.511.388	1.431.635	-	1.431.635
16.6.1 Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Period's Net Profit/Los		1.511.388	-	1.511.388	1.431.635	-	1.431.635
TOTAL LIABILITIES		22.872.974	181.354.300	204.227.274	12.633.145	150.249.967	162.883.112

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2020

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

	Notes	Audited Current Period (31 December 2020)			Audited Prior Period (31 December 2019)		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		5.219.830	133.965.688	139.185.518	4.147.298	118.466.125	122.613.423
I. GUARANTEES AND SURETIES	(1.2)	137.621	11.853.257	11.990.878	-	10.891.326	10.891.326
1.1 Letters of guarantee		-	11.040	11.040	-	-	-
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		-	11.040	11.040	-	-	-
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		137.621	11.842.217	11.979.838	-	10.891.326	10.891.326
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		4.372.643	62.390.704	66.763.347	3.914.283	43.811.392	47.725.675
2.1 Irrevocable Commitments		-	1.147.391	1.147.391	-	20.879	20.879
2.1.1 Asset Purchase and Sale Commitments		-	18.109	18.109	-	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		-	1.129.282	1.129.282	-	891	891
2.2 Revocable Commitments		4.372.643	61.243.313	65.615.956	3.914.283	43.790.513	47.704.796
2.2.1 Revocable Loan Granting Commitments		4.372.643	61.243.313	65.615.956	3.914.283	43.790.513	47.704.796
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		709.566	59.721.727	60.431.293	233.015	63.763.407	63.996.422
3.1 Hedging Derivative Financial Instruments		-	54.957.237	54.957.237	-	49.664.792	49.664.792
3.1.1 Transactions for Fair Value Hedge		-	40.242.242	40.242.242	-	34.990.664	34.990.664
3.1.2 Transactions for Cash Flow Hedge		-	14.714.995	14.714.995	-	14.674.128	14.674.128
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		709.566	4.764.490	5.474.056	233.015	14.098.615	14.331.630
3.2.1 Forward Foreign Currency Buy/Sell Transactions		46.352	42.987	89.339	-	-	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		21.814	22.800	44.614	-	-	-
3.2.2 Forward Foreign Currency Transactions-Sell		24.538	20.187	44.725	-	-	-
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		663.214	4.721.503	5.384.717	233.015	14.098.615	14.331.630
3.2.2.1 Foreign Currency Swap-Buy		172.345	2.475.233	2.647.578	-	3.254.071	3.254.071
3.2.2.2 Foreign Currency Swap-Sell		490.869	2.246.270	2.737.139	233.015	3.027.554	3.260.569
3.2.2.3 Interest Rate Swap-Buy		-	-	-	-	3.908.495	3.908.495
3.2.2.4 Interest Rate Swap-Sell		-	-	-	-	3.908.495	3.908.495
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-
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)		21.385.750	312.775.010	334.160.760	5.238.105	165.284.715	170.522.820
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		711.778	3.216.024	3.927.802	741.704	4.105.147	4.846.851
5.1 Marketable Securities		-	49.493	49.493	-	39.923	39.923
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estates		692.488	2.999.818	3.692.306	713.434	3.925.013	4.638.447
5.6 Other Pledged Items		19.290	166.713	186.003	28.270	140.211	168.481
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		20.673.972	309.558.986	330.232.958	4.496.401	161.179.568	165.675.969
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		26.605.580	446.740.698	473.346.278	9.385.403	283.750.840	293.136.243

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF PROFIT OR LOSS
AS AT 31 DECEMBER 2020

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

GELİR VE GİDER KALEMLERİ		Dipnot	Audited Current Period (31 December 2020)	Audited Prior Period (31 December 2019)
I.	INTEREST INCOME	(1)	5.011.499	4.856.159
1.1	Interest Income On Loans		4.229.188	4.341.340
1.2	Interest Income On Reserve Deposits		-	-
1.3	Interest Income On Banks		126.794	158.958
1.4	Interest Income On Money Market Transactions		72.387	3.407
1.5	Interest Income On Securities Portfolio		571.717	348.816
1.5.1	Financial Assets Measured At Fair Value Through Profit or Loss		20.614	-
1.5.2	Financial Assets Measured At Fair Value Reported in Other Comprehensive Income		25.163	-
1.5.3	Financial Assets Measured At Amortised Cost		525.940	348.816
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		11.413	3.638
II.	INTEREST EXPENSE	(2)	3.788.554	3.741.609
2.1	Interest On Deposits		-	-
2.2	Interest On Funds Borrowed		2.084.517	2.255.608
2.3	Interest On Money Market Transactions		151	2.083
2.4	Interest On Securities Issued		1.682.468	1.450.960
2.5	Financial Lease Interest Expenses		2.481	3.024
2.6	Other Interest Expenses		18.937	29.934
III.	NET INTEREST INCOME (I - II)		1.222.945	1.114.550
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		224.416	175.162
4.1	Fees and Commissions Received		573.966	428.486
4.1.1	Non-cash Loans		21	-
4.1.2	Other		573.945	428.486
4.2	Fees and Commissions Paid		(349.550)	(253.324)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(349.550)	(253.324)
V.	DIVIDEND INCOME		89	70
VI.	NET TRADING INCOME/LOSSES (Net)	(3)	844.842	627.029
6.1	Trading Account Income/Losses		10.003	38
6.2	Income/Losses From Derivative Financial Instruments		(1.549.818)	1.133.364
6.3	Foreign Exchange Gains/Losses		2.384.657	(506.373)
VII.	OTHER OPERATING INCOME	(4)	14.766	7.789
VIII.	TOTAL OPERATING PROFIT (III+IV-V+VI+VII+VIII)		2.307.058	1.924.600
IX.	EXPECTED CREDIT LOSSES (-)	(5)	369.469	132.997
X.	OTHER PROVISION EXPENSES (-)	(6)	14.281	422
XI.	PERSONNEL EXPENSES (-)		260.866	225.572
XII.	OTHER OPERATING EXPENSES (-)	(6)	151.054	133.974
XIII.	NET OPERATING PROFIT/LOSS (IX-X-XI)		1.511.388	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)		1.511.388	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)		1.511.388	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)	1.511.388	1.431.635
	Earnings per Share		0,20593	0,21609

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
AS AT 31 DECEMBER 2020

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

	Notes	Audited Current Period (31 December 2020)	Audited Prior Period (31 December 2019)
I. CURRENT PERIOD PROFIT/LOSS		1.511.388	1.431.635
II. OTHER COMPREHENSIVE INCOME		71.845	9.120
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss		206	(8.022)
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		206	(8.022)
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		71.639	17.142
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		87.621	17.376
2.2.3 Gains/losses from Cash Flow Hedges		(15.982)	(234)
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)		1.583.233	1.440.755

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2020
(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 2020)																
I. Balances at Beginning of Period		7.160.000	-	-	-	-	(9.793)	(6.507)	-	28.658	48.999	427.232	1.431.635	-	-	9.080.224
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		7.160.000	-	-	-	-	(9.793)	(6.507)	-	28.658	48.999	427.232	1.431.635	-	-	9.080.224
IV. Total Comprehensive Income		-	-	-	-	-	206	(6.507)	-	87.621	(15.982)	-	-	-	-	1.583.233
V. Capital Increase in Cash		750.000	-	-	-	-	-	-	-	-	-	-	-	-	-	750.000
VI. Capital Increase from Internal Sources		1.360.000	-	-	-	-	-	-	-	-	-	(1.360.000)	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	1.431.635	(1.431.635)	-	-	-
11.1. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	1.431.635	(1.431.635)	-	-	-
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period		9.270.000	-	-	-	-	(9.587)	(6.507)	-	116.279	33.017	498.867	-	-	1.511.388	11.413.457

1 Accumulated Revaluation Increase/Decrease of Fixed Assets

2 Accumulated Remeasurement at 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 AS AT 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					
Prior 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	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital	810.000	-	-	-	-	-	-	-	-	-	(810.000)	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Gain or Loss related to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1.	Dividends	-	-	-	-	-	-	-	-	-	-	835.489	(841.802)	-	-	(6.313)
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.313)
11.3.	Other	-	-	-	-	-	-	-	-	-	-	835.489	(835.489)	-	-	-
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 at 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
AS AT 31 DECEMBER 2020

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

	Notes	Audited Current Period (31 December 2020)	Audited Prior Period (31 December 2019)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	4.502.676	3.664.999
1.1.1	Interest received	4.836.662	4.531.480
1.1.2	Interest paid	(2.080.658)	(2.056.622)
1.1.3	Dividend received	89	70
1.1.4	Fees and commissions received	495.331	369.200
1.1.5	Other income	944.189	441.492
1.1.6	Collections from previously written-off loans and other receivables	364.459	353.257
1.1.7	Payments to personnel and service suppliers	(284.584)	(225.572)
1.1.8	Taxes paid	(218.329)	(196.212)
1.1.9	Other	445.517	447.906
1.2	Changes in operating assets and liabilities	(3.180.113)	6.323.910
1.2.1	Net (increase) decrease in financial assets measured at Fair Value Through Profit or Loss	(109.077)	-
1.2.2	Net (increase) decrease in due from banks	-	-
1.2.3	Net (increase) decrease in loans	(35.670.373)	(13.475.985)
1.2.4	Net (increase) decrease in other assets	(1.198.790)	144.918
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	33.096.987	18.651.072
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	701.140	1.003.905
I.	Net cash flow from banking operations	1.322.563	9.988.909
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities	(2.444.985)	(3.765.370)
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 asset	(3.427)	(3.080)
2.4	Sales of tangible assets	-	154
2.5	Cash paid for purchase of financial assets measured at Fair Value through Other Comprehensive Income	(712.532)	-
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	(1.724.460)	(4.032.405)
2.8	Cash obtained from sale of financial assets measured at amortised cost	-	271.492
2.9	Others	(4.566)	(1.531)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities	(851.423)	(1.885.505)
3.1	Cash obtained from funds borrowed and securities issued	-	3.873.329
3.2	Cash used for repayment of funds borrowed and securities issued	(1.592.373)	(5.744.331)
3.3	Equity instruments issued	-	-
3.4	Dividends paid	-	(6.313)
3.5	Payments for financial leases	(9.050)	(8.190)
3.6	Others	750.000	-
IV.	Effect of translation differences on cash and cash equivalents	3.655.583	1.416.351
V.	Net increase/(decrease) in cash and cash equivalents	1.681.738	5.754.385
VI.	Cash and cash equivalents at beginning of period	9.988.318	4.233.933
VII.	Cash and cash equivalents at end of period	11.670.056	9.988.318

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 2020

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

VII. STATEMENT OF PROFIT DISTRIBUTION	Current Period	Prior Period
	31 December 2020^(*)	31 December 2019
I. DISTRIBUTION OF PROFIT		
1.1. Current Year Income	1.542.233	1.460.852
1.2. Taxes And Duties Payable (-)	30.845	29.217
1.2.1. Corporate Tax (Income tax)	-	-
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and duties	30.845	29.217
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.511.388	1.431.635
1.3. Prior Year Losses (-)	-	-
1.4. First Legal Reserves (-)	-	71.582
1.5. Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	1.360.053
1.6. First Dividend To Shareholders (-)	-	-
1.6.1. To Owners Of Ordinary Shares	-	-
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 (-) ^(*)	-	-
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	-	1.360.053
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	0,2059	0,2161
3.2. To Owners Of Ordinary Shares (%)	20,59	21,61
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 date of the report, distributable net profit for the period has not been shown, as no decision has been made on the distribution of profits for 2020.

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 2020

(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”), standards and interpretations as the names of TAS interpretations and TFRS interpretations published by Public Oversight Accounting and Auditing Standards Authority (“POA”) of Turkey, Turkish Financial Reporting Standards.

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

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

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

The preparation of the 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.

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 XXIII below.

Coronavirus epidemic, which has recently emerged in China, spread to various countries around the world affects global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. As a result of the spread of COVID-19 throughout the world, various measures have been taken in Turkey as well as in the world and still continue to be taken in order to prevent the transmission of the virus. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide. The necessary measures are evaluated by the bank management to keep the negative effects that may arise under control and to live at the minimum level.

3. Additional paragraph for convenience translation to English

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

II. 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 2020, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 7,3647 for US Dollar, TL 9,0512 for Euro, TL 7,1401 for 100 JPY and TL 10,0521 for GBP.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2020

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on forward transactions, options and derivative instruments

The Bank uses derivative financial instruments in order to avoid exposure to foreign currency and interest rate risks. As of the balance sheet date, there are outstanding currency and interest rate swap purchase and sales contracts and forward transactions in TL and foreign currency.

Derivatives are initially recorded with their fair values and related transaction costs as of the contract date are recorded in profit or loss. The following periods of initial reporting, they are measured 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.

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

b.1.) Derivative financial instruments held for hedging

The Bank is hedged with cross currency swaps against cash flow risks arising from foreign currency and Turkish currency floating rate liabilities. In this context, the effective part of the fair value change of the hedging instrument is recorded in the relevant accounts under equity. In the periods when the cash flows of the hedged item affect the profit or loss statement, the profit / loss of the related hedging instrument is also deducted from equity and reflected in the statement of profit or loss.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2020

(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

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.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2020

(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 in the “Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss” under equity.

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.

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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 of the conditions shown below 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 mentioned below depending on the gradual increase in credit risk observed since their initial recognition.

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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.

Based on the decision of BRSA numbered 8948 dated 17 March 2020, 90 days delay for the classification of non-performing loans in the scope of the fourth and fifth articles of Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans can be applied for 180 days until 31 December 2020 for loans that classified in stage 1 and stage 2 within the board of decision as of 17 March 2020 due to disruptions in economic and commercial activities resulting from the COVID-19. In addition, in the decision of the BRSA dated 27 March 2020 and numbered 8970, it was decided to apply the 30-day delay period for the classification of loans in the stage 2 can used 90 days until 31 December 2020 due to the COVID-19 outbreak, and continue to calculate Expected credit losses in accordance with TFRS 9. The Bank applies these decisions of the board. The relevant issue will be valid until 30 June 2021, according to the decision of the BRSA dated 8 December 2020 and numbered 9312. In this context, receivables that cannot be collected for up to 180 days can be classified in the Second Group.

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. In the probability of default 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.

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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.

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.

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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 2020, and 31 December 2019, the Bank does not have any goodwill in its accompanying financial statements.

Implemented yearly amortization rates as follows;

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

XII. Explanations on tangible assets

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

Implemented yearly amortization rates as follows;

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

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

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

XIII. Explanations on investment property

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

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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 explanation of leases. Purpose of the standard is to show the tenant and lessors these procedures in a true manner and to provide appropriate information. As of 1 January 2019 the Bank has started to apply related standard. Mixed method has been used in the application of the 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.

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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:

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) 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:

- a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,
- b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made
- c) 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.

On June 5, 2020, KGK made changes in TFRS 16 "Leases" standard by publishing the Concessions Granted in Lease Payments - "Amendments to TFRS 16 Leases" in relation to COVID-19. With this change, tenants are exempted from the concessions granted to tenants due to COVID-19 in their lease payments, not to assess whether there is a change in lease. The change did not have a significant impact on the financial status or performance of the Bank.

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.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on obligations related to employee rights

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

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

Revised TAS 19 is effective being published on the Official Gazette dated 12 March 2013 by Public Oversight Accounting and Auditing Standards Authority. According to revised TAS 19, once the Actuarial Gains and Losses occur, they are recorded under equity and are not associated with the 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	12,50%	12,10%
Inflation	8,75%	8,20%
Salary increase rate	8,75%	9,20%

As of 31 December 2020, the calculated employment termination obligation amount is TL 26.332 (31 December 2019: TL 30.076). For the period ended 31 December 2020, the Bank also allocated provisions for vacation pay liabilities relating to prior periods amounting to TL 15.995 (31 December 2019 TL 16.420).

The Bank has allocated a provision amounting to TL 35.000 (31 December 2019: TL 31.878) based on the success premium to be paid in January 2021 for the second half of the year and a provision amounting to TL 21.500 (31 December 2019: TL 17.994) for the dividend payable to the employees in 2021 from the profit of 2020.

XVII. Explanations on taxation

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

XVIII. Additional explanations on borrowings

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

The Bank has issued six bonds.

- In September 2014, the Bank issued bonds amounting USD 500 million (TL 3.682.350 TL). 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 a bond with a maturity of five years and a fixed rate of 5,375% amounting to USD 500 million (TL 3.682.350 TL).
- In October 2016, the Bank issued a bond with a maturity of seven years and a fixed rate of 5,375% amounting to USD 500 million (TL 3.682.350 TL).
- In September 2017, the Bank issued a bond with a maturity of five years and a fixed rate of 4,250% amounting to USD 500 million (TL 3.682.350 TL).
- In May 2018, the Bank issued a bond with a maturity of six years and a fixed rate of 6,125% amounting to USD 500 million (TL 3.682.350 TL).
- 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 3.682.350 TL).

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Additional explanations on borrowings(Continued)

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 a domestic 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 1.357.680) 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. The dividend distribution in the Bank is made by the decision of the General Assembly. Dividend distribution for 2019 was carried out in 2020 by the decision of the General Assembly.

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 2020. In accordance with the decision of the Ministry of Economy Money-Credit and Coordination Board dated 2016/8, the interest expense of bank which is corresponding with difference between the bank interest rate and reference commercial interest rate is supported on investment good through exports medium-long-term buyer's loans. These incentives are recognized by adopting an income approach in accordance with TAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

XXII. Explanations on segment reporting

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

XXIII. Explanations on other issues

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

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

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Information about shareholders' equity items

Based on the announcement of BRSA as of 23 March 2020 banks are entitled to use the 2019 year-end exchange rates in calculating of the amount of subject to credit risk while calculation on amounts valued in accordance with TAS and the related specific provision except of monetary and non-monetary items in foreign currency measured in terms of the historical cost in accordance with Regulation on Measurement and Assessment of Capital Adequacy of and if the net valuation differences of the securities owned by the banks before 23 March 2020 in the portfolio of "Fair value through other comprehensive income" are negative, these negative differences may not be taken into account of calculation in accordance with the Regulation on Banks' Equity and used for capital adequacy ratio due to the fluctuations in the financial markets as a result of the COVID-19 epidemic. The Bank takes into account the possibility of using the year-end foreign exchange buying rate, it has not taken into account the other possibility in its calculations dated December 31, 2020

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 2020, the shareholders' equity of the Bank is TL 16.144.583 (31 December 2019: TL 13.152.003) and the capital adequacy standard ratio is 20,02% (31 December 2019: 19,06%).

	Current Period Amount	Amount as per the regulation before 1/1/2014 ^(*)
COMMON EQUITY TIER I CAPITAL	11.403.271	
Paid-in Capital to be Entitled for Compensation after All Creditors	9.270.000	
Share Premium	-	
Reserves	492.361	
Other Comprehensive Income according to Turkish Accounting Standards ("TAS")	149.296	
Profit	1.511.388	
Net Current Period Profit	1.511.388	
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	11.423.045	
Deductions from Common Equity Tier I Capital	19.774	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	
Leasehold Improvements on Operational Leases (-)	-	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	10.187	
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	9.587	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Core Capital Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	

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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	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	19.774	
Total Common Equity Tier I Capital	11.403.271	
ADDITIONAL TIER I CAPITAL	1.357.680	
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	1.357.680	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	1.357.680	
Deductions from Additional Tier 1 Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital (-)	-	
Other items to be defined by the BRSA (-)	-	
Items to be Deducted from Tier 1 Capital during the Transition Period	-	

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

I. Information about shareholders' equity items (Continued)

	Current Period Amount	Amount as per the regulation 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 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 (-)	-	
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	1.357.680	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	12.760.951	
TIER II CAPITAL	3.383.632	
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)	481.873	
Total Deductions from Tier II Capital	3.383.632	
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	3.383.632	
Total Equity (Total Tier I and Tier II Capital)	16.144.583	
The sum of Tier I Capital and Tier II Capital (Total Capital)	16.144.583	
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. (-)	-	

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SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Current Period Amount	Amount as per the regulation 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	16.144.583	
Total Capital (Total of Tier I Capital and Tier II Capital)	16.144.583	
Total Risk Weighted Assets	80.656.129	
CAPITAL ADEQUACY RATIOS		
Common Equity Tier I Capital Ratio (%)	14,14	
Tier I Capital Ratio (%)	15,82	
Capital Adequacy Ratio (%)	20,02	
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	9,64	
Amounts Lower Than Excesses as per Deduction Rules	95.532	
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	95.532	
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)	481.873	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	481.873	
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	-	

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SECTION FOUR (Continued)

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

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment 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	-	
Legal Reserves	427.232	
Other Comprehensive Income according to TAS	77.657	
Profit	1.431.635	
Net Current Period Profit	1.431.635	
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	9.096.524	
Deductions From Common Equity Tier I Capital	23.422	
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	6.507	
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)	7.122	
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	9.793	
Investments in own common equity	-	
Shares obtained against Article 56, Paragraph 4 of the Banking Law	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial institutions where the Banks does not own 10% or less of the Issued share Capital Exceeding the 10% Threshold of above Tier 1 Capital	-	

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

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 ^(*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier 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	-	
The Portion of Net Portion of the Investments in Equity of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issues Share Capital Not Deducted from Tier I Capital	-	
Mortgage Servicing Rights not deductions	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-	
Other Items to be Defined by the BRSA	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier 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 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 (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 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 I Capital during the Transition Period	-	

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

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 ^(*)
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	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	
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)	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 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	3.080.681	
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 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. (-)	-	

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

I. Information about shareholders' equity items (Continued)

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
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 2 nd Paragraph of the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
CAPITAL	13.152.003	
Total capital	13.152.003	
Total risk weighted items	69.016.764	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13,15	
Tier I Capital Adequacy Ratio (%)	14,59	
Capital Adequacy Standard Ratio (%)	19,06	
BUFFERS		
Total buffer requirement	2,50	
Capital conservation buffer requirement (%)	2,50	
Bank specific countercyclical buffer requirement (%)	-	
Systemically important bank buffer requirement (%)	-	
The ratio of Additional Common Equity Tier I 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 (%)	8,65	
Amounts Lower than Excesses as per Deduction Rules	37.822	
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	37.822	
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)	178.922	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	178.922	
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	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-	

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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.

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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 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	Loan that can be Included in Additional Tier I Capital Calculation
Amount considered in equity calculation (As of the latest reporting date - Million TL)	1.357,7
Nominal value of the instrument (Million TL)	1.357,7
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 7 of the Regulation.
Define if subject to requirements of Articles 7 and 8 of the Regulation on Equity of Banks	It has the requirements of article 7 of the Regulation.

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SECTION FOUR (Continued)

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

II. Explanations on 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.

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.

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SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

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 2020, the Bank has restructured loans amounted TL 2.785.260 from standard loans and loans under close monitoring and TL 1.265 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 54% as of 31 December 2020 and 2019, 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 68% as of 31 December 2020 and 2019, 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 56% and 52% as of 31 December 2020 and 2019, 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 69% and 65% as of 31 December 2020 and 2019, respectively.

As of 31 December 2020, 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 2019: 54% and 68%).

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

	Current Period		Prior Period	
	Corporate	Personnel loans	Corporate	Personnel loans
Standard loans	174.649.919	13.235	139.975.615	10.039
Loans under close monitoring	3.881.856	-	2.869.508	-
Loans under follow-up	489.937	89	504.733	20
Gross	179.021.712	13.324	143.349.856	10.059
Expected credit loss	(779.505)	(89)	(466.877)	(20)
Net	178.242.207	13.235	142.882.979	10.039

As of 31 December 2020 and 31 December 2019, 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	3.125.648	2.352.354
Past due 31-60 days	288.568	359.690
Past due 61-90 days	174.473	157.464
Past due 90-180 days ^(*)	293.167	-
Total	3.881.856	2.869.508

^(*) The 90-day delay period for the non-performing loan classification was allowed to be applied as 180 days until 31 December 2020 for the loans classified in the First and Second Groups as of the date of the Board Decision on 17 March 2020. The relevant matter will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312. In this context, receivables that cannot be collected for up to 180 days can be classified in the Second Group.

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SECTION FOUR (Continued)

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

II. Explanations on credit risk (Continued)

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.

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.

Key Sectors / Counterparties	Loans		Provisions
	Impaired (TFRS 9)		Expected Credit Loss
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	1.876	13.330	13.331
Farming and Stockbreeding	1.876	7.992	7.993
Forestry	-	5.322	5.322
Fishery	-	16	16
Manufacturing	2.823.251	401.887	444.456
Mining and Quarrying	16.719	3.330	3.401
Production	2.805.502	398.557	441.054
Electricity, Gas and Water	1.030	-	1
Construction	522.570	23.168	182707
Services	534.159	51.551	53.776
Wholesale and Retail Trade	99.577	30.965	32.998
Accommodation and Dining	206.712	19.648	19.691
Transportation and Telecom.	23.189	18	22
Financial Institutions	-	292	292
Real Estate and Rental Services	-	-	-
Professional Services	13.477	256	391
Educational Services	-	-	-
Health and Social Services	191.204	372	382
Other	-	90	90
Total	3.881.856	490.026	694.360

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

II. Explanations on credit risk (Continued)

As of 31 December 2020, loans granted by the Bank to domestic banks and other financial institutions amount to TL 12.980.432 (31 December 2019: TL 12.253.033). 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:

		Current Period	Prior Period
	Rating Class	Concentration Level (%)	Concentration Level (%)
Low	1-2	%85	%52
Medium	3	%14	%45
High	4	%1	%3

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 2020 and 31 December 2019:

	Current Period	Prior Period
Banks	4.988.113	2.667.466
Interbank money market placements	1.688.243	-
Loans to domestic banks and other financial institutions	12.980.432	12.253.033
Loans to foreign banks and other financial institutions	6.209.649	5.525.873
Loans to companies and individuals	159.844.955	125.581.009
Financial assets at fair value through other comprehensive income	805.309	37.822
Financial assets at fair value through profit or loss	153.454	-
Trading derivative financial assets	26.224	6.328
Financial assets measured at amortised cost	10.639.077	7.090.482
Other assets ^(*)	2.657.686	2.861.105
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	11.990.878	10.891.326
Commitments	-	-
Total	211.984.020	166.914.444

(*) Intangible assets and expected credit losses are not included.

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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 ^(*)																	
		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
	Current Period																		
1	Domestic	16.941.924	-	-	-	-	53.541.352	171.609.950	6.171.818	122.743	204	-	-	-	-	-	95.532	2.170.709	250.654.232
2	European Union Countries	-	-	-	-	-	1.076.316	3.687.070	678.063	-	-	-	-	-	-	-	-	-	5.441.449
3	OECD Countries	-	-	-	-	-	612	1.261.567	209.877	-	-	-	-	-	-	-	-	-	1.472.056
4	Offshore Banking Regions	-	-	-	-	-	-	139.859	22.892	-	-	-	-	-	-	-	-	-	162.751
5	USA, Canada	-	-	-	-	-	226.532	572.836	69.668	-	-	-	-	-	-	-	-	-	869.036
6	Other Countries	5.434.138	-	-	-	-	258.813	2.567.844	319.915	-	-	-	-	-	-	-	-	-	8.580.710
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Undistributed Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Total	22.376.062	-	-	-	-	55.103.625	179.839.126	7.472.233	122.743	204	-	-	-	-	-	95.532	2.170.709	267.180.234

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

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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 ^(*)																	
	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
Prior Period																		
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

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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)	TL	FC	Total
1 Agriculture	-	-	-	-	-	1.170.430	15.765.203	567.381	11.388	19	-	-	-	-	-	-	-	1.620.658	15.893.763	17.514.421
1.1 Farming and Livestock	-	-	-	-	-	803.731	10.825.915	389.619	7.820	13	-	-	-	-	-	-	-	1.112.901	10.914.197	12.027.098
1.2 Forestry	-	-	-	-	-	198.216	2.669.892	96.088	1.929	3	-	-	-	-	-	-	-	274.464	2.691.664	2.966.128
1.3 Fishery	-	-	-	-	-	168.483	2.269.396	81.674	1.639	3	-	-	-	-	-	-	-	233.293	2.287.902	2.521.195
2 Industry	-	-	-	-	-	6.000.612	80.825.739	2.908.871	58.388	97	-	-	-	-	-	-	-	8.308.864	81.484.843	89.793.707
2.1 Mining and Quarry Sector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Manufacturing Industry	-	-	-	-	-	5.527.465	74.452.645	2.679.508	53.784	89	-	-	-	-	-	-	-	7.653.712	75.059.779	82.713.491
2.3 Electric, Gas and Water	-	-	-	-	-	473.147	6.373.094	229.363	4.604	8	-	-	-	-	-	-	-	655.152	6.425.064	7.080.216
3 Construction	5.434.138	-	-	-	-	1.077.380	14.511.854	522.274	10.483	17	-	-	-	-	-	-	-	1.491.815	20.064.331	21.556.146
4 Services	-	-	-	-	-	42.775.487	44.708.385	1.609.029	32.297	54	-	-	-	-	-	95.532	-	10.415.797	78.804.987	89.220.784
4.1 Wholesale and retail trade	-	-	-	-	-	922.265	12.422.528	447.080	8.974	15	-	-	-	-	-	-	-	1.277.033	12.523.829	13.800.862
4.2 Hotel and Restaurant Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3 Transportation and Communications	-	-	-	-	-	2.335.704	31.460.962	1.132.262	22.727	38	-	-	-	-	-	-	-	3.234.180	31.717.513	34.951.693
4.4 Financial Institutions	-	-	-	-	-	39.456.277	-	-	-	-	-	-	-	-	-	95.532	-	5.819.786	33.732.023	39.551.809
4.5 Real Estate and Leasing Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6 Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Training Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.8 Health and Social Services	-	-	-	-	-	61.241	824.895	29.687	596	1	-	-	-	-	-	-	-	84.798	831.622	916.420
5 Other	16.941.924	-	-	-	-	4.079.716	24.027.945	1.864.678	10.187	17	-	-	-	-	-	-	2.170.709	5.833.801	43.261.375	49.095.176
6 Total	22.376.062	-	-	-	-	55.103.625	179.839.126	7.472.233	122.743	204	-	-	-	-	-	95.532	2.170.709	27.670.935	239.509.299	267.180.234

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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	4.439.613	841.838	-	2.480.608	14.614.003
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	40.169.504	1.024.398	1.422.238	6.674.483	5.813.002
Conditional and Unconditional Corporate Receivables	38.509.172	14.699.877	20.967.898	46.309.918	59.352.261
Conditional and Unconditional Retail Receivables	2.517.188	600.141	537.797	2.545.357	1.271.750
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	5.745	2.488	5.568	4.990	103.952
Non-performing Receivables (Net)	204	-	-	-	-
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	95.532	-	-	-	-
Other Receivables(net)	2.170.709	-	-	-	-

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	110.150.256	-	3.246.631	-	8.601.434	3.660.911	73.001.727	-	-	19.774
The amount after credit risk mitigation	111.627.148	-	3.246.631	10.402	12.595.583	2.155.705	69.025.490	-	-	19.774

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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 swap, forward, option. 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	709.566	2.651.341	59.407	2.053.005	737	5.474.056
Forward Transactions	46.352	40.374	2.613	-	-	89.339
Forward Foreign Exchange Purchase Transactions	21.814	20.187	2.613	-	-	44.614
Forward Foreign Exchange Sell Transactions	24.538	20.187	-	-	-	44.725
Swap Transactions	663.214	2.610.967	56.794	2.053.005	737	5.384.717
Swap Money Purchase Transactions FC - TL	172.345	478.706	-	-	-	651.051
Swap Money Purchase Transactions FC-FC		1.984.967	11.560			1.996.527
Swap Money Sale Transactions FC-TL	490.869	147.294				638.163
Swap Money Sale Transactions FC-FC			45.234	2.053.005	737	2.098.976
Swap Interest Purchase Transactions FC-FC	-	-	-	-	-	-
Swap Interest Sale Transactions FC-FC	-	-	-	-	-	-
Option Purchase Transactions	-	-	-	-	-	-
Money Purchase of Options	-	-	-	-	-	-
Money Sale of Options	-	-	-	-	-	-
HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	-	34.273.422	-	20.683.815	-	54.957.237
Forward Transactions	-	-	-	-	-	-
Forward Foreign Exchange Purchase Transactions	-	-	-	-	-	-
Forward Foreign Exchange Sell Transactions	-	-	-	-	-	-
Swap Transactions	-	34.273.422	-	20.683.815	-	54.957.237
Swap Money Purchase Transactions		19.544.022				19.544.022
Swap Money Sale Transactions				20.683.815		20.683.815
Swap Interest Purchase Transactions		7.364.700				7.364.700
Swap Interest Sale Transactions		7.364.700				7.364.700
TOTAL	709.566	36.924.763	59.407	22.736.820	737	60.431.293

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SECTION FOUR (Continued)

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

II. Explanations on currency risk (Continued)

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

Fair value hedge accounting

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” as of the balance sheet date starting from 1 January 2013.

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

	31 December 2020		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Swaps	40.242.242	448.560	7.301
Total	40.242.242	448.560	7.301

⁽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 Bank has subjected 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 4,25% per six months, 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% 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 Bank has signed a partial termination agreement dated 28 February 2020 and 13 May 2020 and has subjected USD 250 million and USD 50 million of this cross currency swap subject to hedge accounting to partial termination, respectively.
- 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 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% 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 2020		Hedged risk	Net fair value of hedged items		Amount of hedge funds
Hedging instrument	Hedged items		Asset	Liability	
Interest rate swaps	Issued securities denominated in USD with fixed interest rate	Fixed interest rate risk	167.620	-	-
Cross Currency Swap Transactions	Fixed interest rate US dollar debt securities	Currency and interest rate risk	280.940	7.301	-

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SECTION FOUR (Continued)

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

ntinued)

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 applies “Cash Flow Hedge” accounting.

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

	31 December 2020		
	Principal ⁽¹⁾	Asset	Liability
Derivative Financial Instruments			
Cross Currency Swap Interest Transactions	14.714.995	17.553	668.898
Total	14.714.995	17.553	668.898

⁽¹⁾ Sum of purchase and sale.

The method for cash flow hedge presented above is explained in the accounting policies mentioned in Section Three, Note III.

The impact of cash flow hedge accounting is summarized below:

31 December 2020					
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 and Interest Rate Risk	17.553	668.898	33.017

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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 period. As of 31 December 2020, the Net Foreign Currency Position/Shareholders' Equity ratio is 0,68 percent and as of 31 December 2019 the ratio is 0,42 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 largescale currency and interest rate changes the Bank calculates capital requirement. First pillar credit for calculation of legal capital adequacy, adding to market and operational risk, interest rate risk in the banking book ("IRRBB") and concentration risk are considered.

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SECTION FOUR (Continued)

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

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 2020	28 December 2020	29 December 2020	30 December 2020	31 December 2020
USD	7,5502	7,4896	7,4272	7,3314	7,3647
AUD	5,7389	5,7048	5,6402	5,6107	5,676
DKK	1,23685	1,2313	1,22254	1,20867	1,21708
SEK	0,91165	0, 9078	0,8991	0,8939	0,89794
CHF	8,47	8,4219	8,3781	8,2981	8,3614
100 JPY	7,2853	7,2381	7,1607	7,0927	7,1401
CAD	5,8606	5,8371	5,793	5,7286	5,7762
NOK	0,87298	0, 86834	0,86178	0,85331	0,86203
GBP	10,209	10,158	10,031	9,9165	10,052
SAR	2,01167	1,99552	1,97885	1,95384	1,96287
EUR	9,2014	9,1598	9,0902	8,989	9,0512
KWD	24,706	24,516	24,304	24,022	24,178
XDR	10,875	10,787	10,697	10,559	10,607
BGN	4,6986	4,6548	4,6388	4,5968	4,6275
100 IRR	0,01798	0,01783	0,01768	0,01746	0,01754
RON	1,8875	1,87907	1,86398	1,84354	1,85865
RUB	0,10249	0,10176	0,10081	0, 09905	0,09844
CNH	1,15749	1,14648	1,13679	1,12199	1,12719

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 2020
USD	7,70688
AUD	5,80247
DKK	1,25996
SEK	0,9209
CHF	8,66804
100 JPY	7,42375
CAD	6,01203
NOK	0,88451
GBP	10,355
SAR	2,0542
EUR	9,37493
KWD	25,259
XDR	11,081
BGN	4,78476
100 IRR	0,01835
RON	1,92387
RUB	0,10392
CNH	1,17817

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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)	5.005.314	-	-	5.005.314
Banks	3.452.324	239.003	21.943	3.713.270
Financial Assets at Fair Value Through Profit or Loss	-	153.454	-	153.454
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	709.777	-	709.777
Loans	102.180.789	60.165.734	329.819	162.676.342
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	5.111.369	2.536.597	-	7.647.966
Derivative Financial Assets for Hedging Purposes (*)	-	167.621	-	167.621
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (*)	125.835	712.874	1.024	839.733
Total Assets	115.875.631	64.685.060	352.786	180.913.477
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds from Interbank Money Market	-	1.375.566	-	1.375.566
Funds Borrowed from Other Financial Institutions (**)	92.096.827	61.916.630	313.270	154.326.727
Marketable Securities Issued (*)	-	22.083.268	-	22.083.268
Miscellaneous Payables	779.795	658.644	7.436	1.445.875
Derivative Financial Liabilities for Hedging Purposes (*)	-	-	-	-
Other Liabilities (*)	195.911	506.751	512	703.174
Total Liabilities	93.072.533	86.540.859	321.218	179.934.610
Net Balance Sheet Position	22.803.098	(21.855.799)	31.568	978.867
Net Off Balance Sheet Position	(22.736.820)	21.860.401	(31.798)	(908.217)
Derivative Assets	-	29.392.582	14.173	29.406.755
Derivative Liabilities	22.736.820	7.532.181	45.971	30.314.972
Non-Cash Loans (***)	2.599.154	9.085.749	168.354	11.853.257
Prior Period				
Total Assets	95.224.999	53.240.245	319.163	148.784.407
Total Liabilities	73.706.616	75.758.808	217.244	149.682.668
Net On 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	204.100	10.687.226	-	10.891.326

(*) In accordance with the provisions of the "Regulation on Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio on a Consolidated and Unconsolidated Basis by Banks Foreign Currency Income Accruals of Derivative Financial Instrument, and hedge accounting records for these accruals (298.587 TL in total) and Foreign Currency Expense Accruals of Derivative Financial Instrument (779.685 TL in total) and hedge accounting records for these accruals (606.988 TL in total for Securities Issued and 33.016 TL reflected in equity in the statement of financial position) and Prepaid Expenses (323 TL) were not taken into account in the currency risk calculation.

(**) Subordinated Debt Instruments are included in the Funds From Other Financial Institutions line.

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

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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 2020 and 31 December 2019 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	3.727	460	(935)	(935)
EUR	6.628	6.628	6.535	6.535
Other foreign currency	(23)	(23)	(85)	(85)
Total	10.332	7.065	5.515	5.515

⁽¹⁾ Effects on equity also include the effects on the profit or loss statement.

As of 31 December 2020 and 31 December 2019, 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.

Since the tables showing the weighted average days to maturity of foreign currency denominated (separate for each currency and their total USD equivalent) and TL assets and liabilities are prepared periodically, the maturity differences between assets and liabilities (mismatch) are determined.

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.

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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	-	-	-	-	-	5.005.582	5.005.582
Banks	4.893.649	-	-	-	-	94.464	4.988.113
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	78.554	74.900	-	153.454
Money Market Placements	1.688.243	-	-	-	-	-	1.688.243
Financial Assets Measured at Fair Value Reported in Other Comprehensive Income	2.755	37.156	40.839	309.081	322.700	92.778	805.309
Loans	14.162.007	36.703.998	95.808.083	31.870.924	-	490.024	179.035.036
Financial Assets Measured at Amortised Cost	-	909.292	2.791.413	2.762.505	4.175.867	-	10.639.077
Other Assets ⁽²⁾	60.687	157.054	274.596	-	-	1.420.123	1.912.460
Total Assets	20.807.341	37.807.500	98.914.931	35.021.064	4.573.467	7.102.971	204.227.274
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	-	-	1.375.566	-	-	-	1.375.566
Miscellaneous Payables	-	-	30.844	-	-	1.531.421	1.562.265
Securities Issued	-	3.990.064	3.625.951	15.337.245	-	-	22.953.260
Other Funds	9.959.343	14.344.634	105.608.589	30.718.128	-	-	160.630.694
Other Liabilities ⁽¹⁾	98.350	349.865	381.194	1.517.630	2.937.898	12.420.552	17.705.489
Total Liabilities	10.057.693	18.684.563	111.022.144	47.573.003	2.937.898	13.951.973	204.227.274
On Balance Sheet Long Position	10.749.648	19.122.937	-	-	1.635.569	-	31.508.154
On Balance Sheet Short Position	-	-	(12.107.213)	(12.551.939)	-	(6.849.002)	(31.508.154)
Off-balance Sheet Long Position	5.966.114	14.648.464	8.986.339	-	-	-	29.600.917
Off-balance Sheet Short Position	(6.307.891)	(15.106.395)	(9.416.090)	-	-	-	(30.830.376)
Total Position	10.407.871	18.665.006	-12.536.964	-12.551.939	1.635.569	-6.849.002	-1.229.459

⁽¹⁾ In other liabilities line the "non-interest bearing" column amounting TL 12.420.552 TL includes equity amounting to TL 11.413.457 and provisions amounting to TL 329.341.

⁽²⁾ In other assets line the "non-interest bearing" column amounting TL 1.420.123 TL includes expected loss provisions amounting to TL (809.542)

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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	-	-	-	-	-	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 Pozisyon	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.

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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 2020, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	GBP	JPY	TL
Current Period					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	1,33	0,10	-	-	17,77
Financial Assets Measured at Fair Value Through Profit/Loss	-	6,18	-	-	-
Interbank Money Market Placements	-	-	-	-	17,40
Financial Assets Measured at FVOCI	-	6,35	-	-	-
Loans	1,17	2,11	1,77	1,26	9,11
Financial Assets Measured at Amortised Cost	1,08	4,91	-	-	9,81
Liabilities					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Money Market Funds	-	2,50	-	-	-
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	5,82	-	-	9,25
Other Funds	0,42	1,39	0,06	0,36	12,54

As of 31 December 2019, 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	2,48	2,21	-	-	17,43
Financial Assets 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	-	-	-	-	-
Due to Money Markets	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	3,31	-	-	-
Other Funds	0,42	1,34	-	-	12,35

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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 the Garanti Faktoring A.Ş shares. At the end of the month shares are valued with the stock market value and the fair value difference is monitored in 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.

As of 17 January 2020, the Bank has participated in JCR Avrasya Derecelendirme A.Ş. with a share of 2,86%. Related transaction is monitored at cost.

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	54.955	74.757	-	-	-	-
4	Total	54.955	74.757	-	-	-	-

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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 95.532 thousand are 100% risk weighted (31 December 2019: Stock investments amounting to TL 37.882 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.

ç) The Bank's main funding is denominated in USD and EUR and TL denominated loans are financed with equity on the liabilities side and in order to avoid to foreign currency risk USD and EUR denominated loans are granted.

d) 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, the risk of sudden absence of deposits and draws are eliminated, which 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. Additionally, In order to meet the urgent liquidity need as specified in the Liquidity Action Plan, liquid asset (Asset in Article 5 of the Regulation on Measurement and Evaluation of Banks' Liquidity Adequacy) which is a minimum of 1 percent of the asset size of the Bank is held to be determined by the Assistant General Manager responsible for the Treasury, in addition to "The Ratio to be taken as a basis in Measuring Liquidity Risk".

e) 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. Our Bank's the results of stress tests are reported to top management and considered on internal bank decisions.

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

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

f) 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 is 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)
27 December 2020	1732,40	1 November 2020	327,70	27 December 2020	1507,69	1 November 2020	250,89

Prior Period							
Week Info	TL+FC (Max)	Week Info	TL+FC (Min)	Week Info	FC (Max)	Week Info	FC (Min)
22 December 2019	808,64	06 October 2019	529,49	22 December 2019	665,29	13 October 2019	419,05

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. On the other hand, in March, when the COVID epidemic started to spread, it was decided by the BRSA that banks would be exempted from their obligations to meet the legal ratios of Liquidity Adequacy Ratios and Liquidity Coverage Ratio until the end of the year within the scope of strengthening the capital and liquidity conditions of the banking system.

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.

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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)		14.255.329	11.789.874
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:		7.680.006	7.680.006
6	Operational deposits		-	-
7	Non-operational deposits		-	-
8	Unsecured funding		7.680.006	7.680.006
9	Secured wholesale funding		-	-
10	Other cash outflows of which:		1.010.548	1.002.352
11	Outflows related to derivative exposures and other collateral requirements		514.177	512.208
12	Outflows related to restructured financial instruments		-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets		496.371	490.144
14	Other revocable off-balance sheet commitments and contractual obligations		-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations		544.817	544.817
16	Total Cash Outflows		9.235.371	9.227.175
Cash Inflows				
17	Secured receivables		-	-
18	Unsecured receivables		11.910.832	8.512.980
19	Other cash inflows		26.197	2.609
20	Total Cash Inflows		11.937.029	8.515.589
			<i>Upper limit applied value</i>	
21	Total HQLA		14.255.329	11.789.874
22	Total Net Cash Outflows		2.325.107	2.497.747
23	Liquidity Coverage Ratio (%)		613,10	472,02

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

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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)

Prior Period	Total Unweighted Value ^(*)		Total Weighted Value ^(*)	
	TL+FC	TL+FC	TL+FC	YP
High-Quality Liquid Assets				
1	Total high-quality liquid assets (HQLA)		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:			
6	Operational deposits			
7	Non-operational deposits			
8	Unsecured funding			
9	Secured wholesale funding			
10	Other cash outflows of which:			
11	Outflows related to derivative exposures and other collateral requirements			
12	Outflows related to restructured financial instruments			
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets			
14	Other revocable off-balance sheet commitments and contractual obligations			
15	Other irrevocable or conditionally revocable off-balance sheet obligations			
16	Total Cash Outflows		7.572.896	7.489.848
Cash Inflows				
17	Secured receivables			
18	Unsecured receivables			
19	Other cash inflows			
20	Total Cash Inflows		10.037.449	8.338.106
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.

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.

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

d) 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.

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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) 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.

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

None.

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SECTION FOUR (Continued)

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

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	5.005.582	-	-	-	-	-	-	5.005.582
Banks	94.464	4.893.649	-	-	-	-	-	4.988.113
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-	78.554	74.900	-	153.454
Money Market Placements	-	1.688.243	-	-	-	-	-	1.688.243
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	2.755	37.156	40.839	309.081	322.700	92.778	805.309
Loans	-	8.745.386	19.706.742	87.325.335	57.887.860	4.879.689	490.024	179.035.036
Financial Assets Measured at Amortised Cost	-	-	909.292	2.791.413	2.762.505	4.175.867	-	10.639.077
Other Assets	-	25.466	20.157	345.841	83.321	17.552	1.420.123	1.912.460
Total Assets	5.100.046	15.355.499	20.673.347	90.503.428	61.121.321	9.470.708	2.002.925	204.227.274
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Other Funds	-	5.876.524	6.133.628	89.304.390	51.153.029	8.163.123	-	160.630.694
Money Market Funds	-	-	-	1.055.618	319.948	-	-	1.375.566
Securities Issued	-	-	3.990.064	3.625.951	15.337.245	-	-	22.953.260
Miscellaneous Payables	-	-	-	30.844	-	-	1.531.421	1.562.265
Other Liabilities ^(2,3,4)	-	29.338	8.613	115.259	1.751.688	3.380.039	12.420.552	17.705.489
Total Liabilities	-	5.905.862	10.132.305	94.132.062	68.561.910	11.543.162	13.951.973	204.227.274
Liquidity Gap	5.100.046	9.449.637	10.541.042	(3.628.634)	(7.440.589)	(2.072.454)	(11.949.048)	-
Net Off Balance Sheet Position	-	12.037	(130)	(644.873)	(135.436)	(461.057)	-	(1.229.459)
Derivative Financial Assets	-	1.554.658	3.703.793	15.097.635	4.798.441	4.446.390	-	29.600.917
Derivative Financial Liabilities	-	1.542.621	3.703.923	15.742.508	4.933.877	4.907.447	-	30.830.376
Non-Cash Loans	-	-	-	-	-	-	11.990.878	11.990.878
Prior Period								
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
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

⁽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 12.420.552 at the "unallocated" column, includes the shareholders' equity amounting to TL 11.413.457, unearned revenue amounting to TL, 610.018, provisions amounting to TL 329.341 and other liabilities amounting to TL 67.736.

⁽⁴⁾ In other liabilities "over 5 years" line, the amount of TL 3.380.039 includes subordinated debt instrument amounting to TL 2.937.898.

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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	160.630.694	5.900.254	14.247.111	81.586.951	51.035.907	9.587.424	-	162.357.647
Funds borrowed from Interbank money market	1.375.566	-	-	1.076.331	336.117	-	-	1.412.448
Marketable securities issued	22.953.260	151.897	3.963.376	4.439.975	16.884.982	-	-	25.440.230
Miscellaneous payables	1.562.264	-	-	30.844	-	-	1.531.420	1.562.264
Other liabilities	5.500.905	17.700	183.527	238.455	3.159.132	3.990.843	2.487.335	10.076.992
Total liabilities	192.022.689	6.069.851	18.394.014	87.372.556	71.416.138	13.578.267	4.018.755	200.849.581

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	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

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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	1.544.597	21.573	1.226.603	-	-	2.792.773
- Inflow	1.558.310	24.445	1.123.957	-	-	2.706.712
Interest rate derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	93.580	165.812	4.645.698	20.039.273	848.747	25.793.110
- Inflow	151.897	269.055	5.019.006	20.005.974	801.204	26.247.136
Interest rate derivatives						
- Outflow	-	3.761.649	147.285	3.980.687	-	7.889.621
- Inflow	-	3.781.314	197.926	4.078.202	-	8.057.442
Total outflow	1.638.177	3.949.034	6.019.586	24.019.960	848.747	36.475.504
Total inflow	1.710.207	4.074.814	6.340.889	24.084.176	801.204	37.011.290

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	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

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SECTION FOUR (Continued)

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. Explanations on leverage ratio

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

The leverage ratio decreased compared to the prior period. The reason is the main capital of the bank grows slower than the related risks, which are the subject of the leverage ratio. Total risk arises from the increase of the foreign currency and the debt that made in the period.

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)	212.888.487	159.764.556
Assets amounts deducted in determining Basel III Tier 1 capital	(18.917)	(11.512)
Total on balance sheet exposures	212.869.570	159.753.044
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	2.860	34.035
The potential amount of credit risk with derivative financial instruments and credit derivatives	1.055.994	1.492.894
The total amount of risk on derivative financial instruments and credit derivatives	1.058.854	1.526.929
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	392.506	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	392.506	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	83.053.365	58.232.915
Adjustments for conversion to credit equivalent amounts	(62.319.590)	(42.922.471)
The total risk of off-balance sheet items	20.733.775	15.310.444
Capital and Total Exposures		
Tier 1 capital	12.182.779	9.913.583
Total exposures	235.054.705	176.590.417
Leverage Ratio		
Leverage ratio	% 5,18	5,61%

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

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SECTION FOUR (Continued)

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

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	1.688.243	-	1.688.243	-
Banks	5.005.582	2.667.466	5.005.582	2.667.466
Financial assets measured at fair value through other comprehensive income	95.532	7.818	95.532	7.818
Financial assets measured at amortised cost	10.639.077	7.090.482	10.293.862	6.883.891
Loans	179.035.036	143.359.915	186.062.386	149.569.981
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds borrowed from other financial institutions	160.630.694	127.584.542	166.418.626	133.909.273
Issued marketable securities ⁽¹⁾	22.953.260	18.527.877	22.886.387	19.186.352
Miscellaneous payables	1.562.264	2.405.274	1.562.264	2.405.274

⁽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				
Derivative financial assets measured at fair value through profit or loss	153.454	-	-	153.454
Financial assets at fair value through other comprehensive income ⁽¹⁾	794.736	-	-	794.736
Derivative financial Assets held for fair value hedges	-	26.224	-	26.224
Derivative Financial Assets for Hedging Purposes	-	466.113	-	466.113
Financial liabilities				
Derivative financial liabilities held for trading	-	114.929	-	114.929
Derivative financial assets held for fair value hedges	-	676.200	-	676.200

⁽¹⁾Refers to the balance of financial assets traded in stock exchanges and monitored within financial assets at fair value through other comprehensive income.

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

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

Prior 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 liabilities held for fair value hedges	-	75.183	-	75.183

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.

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. Risk assessment methodologies for domestic and foreign banks used by the Department of Financial Institutions were revised in 2020 and entered into force after being approved by the Board of Directors.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XI. Information on risk management

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. In addition, daily liquidity is monitored by Risk Management, taking into account the cash inflows and outflows from all product segments.

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 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.

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.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management

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)	76.735.319	66.392.064	6.138.826
2 Of which standardized approach (SA)	76.735.319	66.392.064	6.138.826
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	857.708	724.172	68.617
5 Of which standardized approach for counterparty credit risk (SA-CCR)	857.708	724.172	68.617
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	525.675	142.963	42.054
17 Of which standardized approach (SA)	525.675	142.963	42.054
18 Of which internal model approaches (IMM)	-	-	-
19 Operational Risk	2.537.427	1.757.565	202.994
20 Of which Basic Indicator Approach	2.537.427	1.757.565	202.994
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)	80.656.129	69.016.764	6.452.491

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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
Assets					
Cash and CBRT	5.005.582	5.005.582	-	-	-
Financial assets at fair value through profit/loss	4.987.605	4.988.113	-	-	(508)
Banks	1.688.243	1.688.243	-	-	-
Money market placements	153.454	-	-	286.840	-
Financial assets measured at fair value through other comprehensive income	805.309	1.168.958	-	-	-
Loans	178.253.907	178.545.215	-	-	(291.308)
Factoring receivables	-	-	-	-	-
Financial assets measured at amortised cost	10.639.077	10.639.077	-	-	-
Subsidiaries	-	-	-	-	-
Investment in associates	-	-	-	-	-
Joint ventures	-	-	-	-	-
Lease receivables	-	-	-	-	-
Derivative financial assets held for risk management	492.337	-	492.337	-	-
Tangible assets	16.761	16.761	-	-	-
Intangible assets	10.187	-	-	-	10.187
Investment property	2.111	2.111	-	-	-
Tax asset	-	-	-	-	-
Assets held for sale and discontinued operations	-	-	-	-	-
Other assets	2.172.701	2.200.606	-	-	(27.905)
Total assets	204.227.274	204.254.666	492.337	286.840	(309.534)
Liabilities					
Deposits	-	-	-	-	-
Funds borrowed	160.630.694	-	-	-	160.630.694
Money market funds	1.375.566	-	1.375.566	-	-
Securities issued (net)	22.953.260	-	-	-	22.953.260
Funds	13	-	-	-	13
Derivative financial liabilities	791.128	-	791.128	-	-
Factoring payables	-	-	-	-	-
Lease payables	12.533	-	-	-	12.533
Provisions	329.341	-	-	-	329.341
Current tax liability	17.700	-	-	-	17.700
Liabilities for tangible assets held for sale and related to discontinued operations	-	-	-	-	-
Subordinated loans	4.463.576	-	-	-	4.463.576
Other liabilities	2.240.006	-	-	-	2.240.006
Shareholders' equity	11.413.457	-	-	-	11.413.457
Total liabilities	204.227.274	-	2.166.694	-	202.060.580

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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	204.227.274	204.254.666	-	492.337	286.840	(309.534)
2	Liabilities carrying value amount under regulatory in financial statement	204.227.274	-	-	-	-	-
3	Total net amount scope of financial statement	-	-	-	-	-	-
4	Off-balance sheet amounts	6.001.512	6.001.512	-	-	-	-
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	210.228.786	210.256.178	-	492.337	286.840	(309.534)

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.

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".

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5. Public Disclosures on Credit Risk (Continued)

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	490.026	164.050.981	779.596	163.761.411
2 Debt Securities	-	11.233.625	1.962	11.231.663
3 Off-balance sheet exposures	-	11.280.818	163.063	11.117.755
4 Total	490.026	186.565.424	944.621	186.110.829

5.2. Changes in stock of default loans and debt securities

1	Defaulted loans and debt securities at end of the previous reporting period	506.596
2	Loans and debt securities that have defaulted since the last reporting period	351.148
3	Receivables back to non-defaulted status	-
4	Amounts written off	(1.416)
5	Other changes	(366.302)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	490.026

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.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

5.3 Public Explanations on Credit Risk (Continued)

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 2020, there are restructured or rescheduled loans among the standard loans and loans in close follow-up with a total amount of TL 2.785.260 and there are restructured or rescheduled loans and receivables with a total amount of TL 1.265 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	4.143.975	466.453
EU Countries	110.797	110.797
OECD Countries	19.807	19.807
Off-shore Banking Regions	-	-
USA, Canada	4.623	4.623
Other Countries	92.680	92.680
Total	4.371.882	694.360

Current Period	Non-Performing Loans^(*)	Specific Provision
Agriculture	15.206	13.331
Farming and Stockbreeding	9.868	7.993
Forestry	5.322	5.322
Fishery	16	16
Manufacturing	3.225.138	444.456
Mining and Quarrying	20.049	3.401
Production	3.204.059	441.054
Electricity, Gas and Water	1.030	1
Construction	545.738	182.707
Services	585.710	53.776
Wholesale and Retail Trade	130.542	32.998
Hotel, Food and Beverage services	226.360	19.691
Transportation and Telecom	23.207	22
Financial Institutions	292	292
Real Estate and Rental Services	-	-
Self-employment Services	13.733	391
Educational Services	-	-
Health and Social Services	191.576	382
Other	90	90
Total	4.371.882	694.360

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

As of 31 December 2020, the total of non-performing loans written off from assets is amounting to TL 1.416.

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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)

c) Aging analysis for overdue receivables

Current Period	Past due items (*)
Up to 3 months	3.601.139
3-12 months	227.704
1-5 years	457.019
5 years and over	86.020
Total	4.371.882

(*) 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	2.785.260	4.560
Restructured Non-performing Loans	1.265	1.265
Total	2.786.525	5.825

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	13.376	163.748.035	163.292.053	-	-	-	-
2 Debt securities	11.231.663	-	-	-	-	-	-
3 Total	11.245.039	163.748.035	163.292.053	-	-	-	-
4 Of which defaulted	-	204	-	-	-	-	-

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.

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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	20.449.008	-	17.908.511	-	14.917.140	83,30
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	19.271.666	32.799.152	165.975.148	526	52.603.231	31,69
7	Exposures to corporates	141.551.438	38.287.688	235.598	5.036.443	5.272.041	100
8	Retail exposures	4.328.120	3.144.115	1.480.975	674.707	1.616.762	75
9	Exposures secured by residential property	10.402	-	10.402	-	3.641	35
10	Exposures secured by commercial property	112.341	-	112.341	-	56.170	50
11	Past-due loans	204	-	204	-	102	50
12	Exposures in higher-risk categories	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	2.170.709	-	2.170.709	-	2.170.699	100
17	Equity investments	95.532	-	95.532	-	95.532	100
18	Total	187.989.420	74.230.955	187.989.420	5.711.676	76.735.318	39,62

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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	2.991.370	-	-	-	-	-	14.917.141	-	-	-	17.908.511
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	105.400.573	-	3.231.192	-	10.773.833	-	46.570.076	-	-	-	165.975.674
7	Exposures to corporates	-	-	-	-	-	-	5.272.041	-	-	-	5.272.041
8	Retail exposures	-	-	-	-	-	2.155.682	-	-	-	-	2.155.682
9	Exposures secured by residential property	-	-	-	10.402	-	-	-	-	-	-	10.402
10	Exposures secured by commercial property	-	-	-	-	112.341	-	-	-	-	-	112.341
11	Past-due loans	-	-	-	-	204	-	-	-	-	-	204
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	-	-	-	-	-	-	95.532	-	-	-	95.532
17	Other exposures	10	-	-	-	-	-	2.170.699	-	-	-	2.170.709
18	Total	108.391.953	-	3.231.192	10.402	10.886.378	2.155.682	69.025.489	-	-	-	193.701.096

⁽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.

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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)	1.609	1.025.536		1,40	1.027.145	509.541
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)					1.927.055	331.604
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					26.105	13.053
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						854.198

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	28.179.823	-
4	Total subject to the CVA capital charge	6.234	3.115

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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	1.927.055	-	-	-	-	-	-	-	-
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	1.263.846	-	13.464	1.709.205	23	-	-	-	857.313
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	3.190.901	-	13.464	1.709.205	23	-	-	-	857.313

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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	-	-	-	-	73	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	1.309.134	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	1.309.207	50.000

6.6. Exposures to central counterparties

		Risk Amount After CCF	RWA
1	Total risks arising from transactions with qualified central counterparty		395
2	Regarding the risks arising from transactions in the Central counterpart (excluding the initial guarantee and guarantee fund amount)	-	395
3	(I) Derivative financial instruments	1.975	395
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	-	-

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

None.

6.8. Counterparty credit risk based on credit variety

None.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. Information on risk management (Continued)

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.

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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)	417.837
2	Equity risk (general and specific)	-
3	Foreign exchange risk	107.838
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitizations	-
9	Total	525.675

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

Calculation of the operational risk capital requirement 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	939.479	1.195.959	1.924.446	1.353.294	15	202.994
Value at operational risk (Total*12.5)						2.537.427

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	13.971	%0,09
	TL	(400)	(68.928)	%(0,43)
2	EUR	200	71.571	%0,44
	EUR	(200)	(43.591)	%(0,27)
3	USD	200	(26.296)	%(0,16)
	USD	(200)	38.238	%0,24
	Total (for Negative Shocks)		(74.281)	%(0,46)
	Total (for Positive Shocks)		59.246	%0,37

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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.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

XII. Explanations on operating segments

Information regarding operating segments as of 31 December 2020 and 31 December 2019 has been given in the following table:

Current Period	Corporate Banking	Investment Banking	Undistributed	Total Operations of the Bank
Interest income	4.240.601	770.898	-	5.011.499
Interest income on loans	4.229.188	-	-	4.229.188
Interest received from banks	-	126.794	-	126.794
Interest received from money market transactions	-	72.387	-	72.387
Interest received from marketable securities	-	571.717	-	571.717
Other interest income	11.413	-	-	11.413
Interest expense	(2.103.454)	(1.682.619)	(2.481)	(3.788.554)
Interest on loans borrowed	(2.084.517)	-	-	(2.084.517)
Interest paid for money market transactions	-	(151)	-	(151)
Interest on securities issued	-	(1.682.468)	-	(1.682.468)
Lease interest expenses	-	-	(2.481)	(2.481)
Other interest expenses	(18.937)	-	-	(18.937)
Net fees and commissions income	252.352	(44.917)	16.981	224.416
Fees and commissions received	556.904	-	17.062	573.966
Fees and commissions paid	(304.552)	(44.917)	(81)	(349.550)
Trade profit/ loss (net)	-	(1.539.815)	2.384.657	844.842
Profit/ loss on capital market transactions	-	10.003	-	10.003
Profit /loss on derivative financial transactions	-	(1.549.818)	-	(1.549.818)
Foreign exchange profit/ loss	-	-	2.384.657	2.384.657
Other operating income	14.766	89	-	14.855
Provision for impairment of loan and other receivables	(367.359)	(2.110)	-	(369.469)
Other provisions	-	-	(14.281)	(14.281)
Other operating expenses	-	-	(411.920)	(411.920)
Net period profit	2.036.906	(2.498.474)	1.972.956	1.511.388
Total segment assets	178.255.442	23.770.072	2.201.760	204.227.274
Banks and money market placements	-	11.681.430	-	11.681.430
Financial assets designated at fair value through profit or loss	-	153.454	-	153.454
Financial assets measured at fair value through other comprehensive income	-	805.309	-	805.309
Financial assets measured at amortised cost	-	10.639.077	-	10.639.077
Derivative financial assets measured at fair value through profit/loss	-	474.784	-	474.784
Derivative financial assets measured at fair value through other comprehensive income	-	17.553	-	17.553
Loans	179.035.036	-	-	179.035.036
Tangible assets (net)	-	-	18.872	18.872
Intangible assets (net)	-	-	10.187	10.187
Other assets	-	-	2.172.701	2.172.701
Loan loss provision	(779.594)	(1.535)	-	(781.129)
Total segment liabilities	160.792.859	29.583.530	13.850.885	204.227.274
Funds borrowed and funds	160.630.707	-	-	160.630.707
Borrowings from money markets	-	1.375.566	-	1.375.566
Securities issued	-	22.953.260	-	22.953.260
Subordinated loans	-	4.463.576	-	4.463.576
Derivative financial liabilities measured at fair value through profit/loss	-	122.230	-	122.230
Derivative financial liabilities measured at fair value through other comprehensive income	-	668.898	-	668.898
Provisions	162.152	-	167.189	329.341
Shareholders' equity	-	-	11.413.457	11.413.457
Other liabilities	-	-	2.270.239	2.270.239

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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	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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets

1. Cash equivalents and the account of CBRT

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	10	-	21	-
CBRT	258	5.005.314	551	7.320.280
Other	-	-	-	-
Total	268	5.005.314	572	7.320.280

Account of CBRT

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	258	5.005.314	551	7.320.280
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	258	5.005.314	551	7.320.280

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

Financial Assets at Fair Value through Profit/Loss	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Subject to Repo Transaction	-	74.901	-	-
Financial Assets Given / Blocked as Collateral	-	-	-	-
Total	-	74.901	-	-

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		Prior Period	
	TL	FC	TL	FC
Forward Transactions	761	-	-	-
Swap Transactions	25.368	95	5.506	821
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	26.129	95	5.506	821

3.1.2. Derivative financial instruments held for risk management

Derivative financial instruments held for risk management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges	-	448.560	-	1.258.289
Cash flow hedges	-	-	-	-
Net foreign investment hedges	-	-	-	-
Total	-	448.560	-	1.258.289

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

3.2.1. Derivative financial assets held for trading

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

- I. Explanations and notes related to assets (Continued)**
- 3. Derivative financial assets (Continued)**
- 3.2. Derivative financial assets measured at fair value through other comprehensive income (Continued)**
- 3.2.2. Derivative financial instruments held for risk management**

Derivative Financial Instruments Held for Risk Management	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	17.553	-	147.141
Net Foreign Investment Hedges	-	-	-	-
Total	-	17.553	-	147.141

4. Information on banks and foreign bank accounts

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	1.274.843	3.428.548	339.005	1.270.720
Foreign banks	-	284.722	-	1.057.741
Foreign head offices and branches	-	-	-	-
Total	1.274.843	3.713.270	339.005	2.328.461

Foreign Bank Account

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	46.029	954.040	-	-
USA, Canada	238.027	102.377	-	-
OECD Countries ⁽¹⁾	666	1.324	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	284.722	1.057.741	-	-

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Subject to Repo Transaction	-	439.424	-	-
Financial Assets Given / Blocked as Collateral	-	-	-	-
Total	-	439.424	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

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

	Current Period	Prior Period
Debt Securities		
Quoted to Stock Exchange	709.824	-
Not Quoted	-	-
Share Certificates		
Quoted to Stock Exchange	-	-
Not Quoted	95.532	37.822
Impairment Provision (-)	47	-
Total	805.309	37.822

As of 31 December 2020 and 31 December 2019, financial assets measured at fair value through other comprehensive income of the Bank consist of Garanti Faktoring A.Ş. and Kredi Garanti Fonu A.Ş. with the shareholding percentages of 9,78% and 1,49%, respectively.

In addition, the Bank classifies the Borsa Istanbul A.Ş. (BIST) shares included in its portfolio under Financial Assets at Fair Value Through Other Comprehensive Income.

7. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash Loans	Cash	Non-Cash Loans
Direct Lendings to Shareholders	-	-	-	-
Corporates	-	-	-	-
Individuals	-	-	-	-
Indirect Lendings to Shareholders	-	-	-	-
Loans to Employees	13.324	-	10.059	-
Total	13.324	-	10.059	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

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

	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	The ones whose payment plans have changed	Restructured Refinancing
Cash Loans				
Non-specialized Loans	173.792.950	1.096.596	2.367.600	-
Working capital loans	22.684.473	69.394	1.185.966	-
Export loans	118.967.526	1.013.651	988.019	-
Import loans	-	-	-	-
Loans granted to financial sector	12.980.432	-	-	-
Consumer loans	13.324	-	-	-
Credit cards	-	-	-	-
Other	19.147.195	13.551	193.615	-
Specialized loans	870.204	-	417.660	-
Other receivables	-	-	-	-
Total	174.663.154	1.096.596	2.785.260	-

	Standard Loans	Loans Under Close Monitoring
12 months expected credit loss	85.234	-
Increase in credit risk	-	204.538

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	3.251	889.567
Extended for 3, 4 or 5 Times	481	1.643.791
Extended for More than 5 Times	57	236.952

The Time Extended via the Amendment on Payment Plan	Standard Loans	Loans Under Close Monitoring
0-6 Months	3.039	524.758
6-12 months	331	875.987
1-2 Years	208	444.298
2-5 Years	211	510.638
5 Years and More	-	414.629

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.4. Distribution of loans by maturity structure

Current Period	Standart Loans	Loans Under Close Monitoring	
		Loans and Other Receivables	Restructured Loans
Short-term Loans	124.506.403	266.115	861.803
Medium and Long-term Loans	50.156.751	830.481	1.923.457
Total	174.663.154	1.096.596	2.785.260

Prior Period	Standart Loans	Loans Under Close Monitoring	
		Loans and Other Receivables	Restructured Loans
Short-term Loans	100.539.368	260.058	529.579
Medium and Long-term Loans	39.446.286	352.879	1.726.992
Total	139.985.654	612.937	2.256.571

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.6. 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 2020, the Bank has personnel loans amounting to TL 13.324.

	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	240	13.084	13.324
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	240	13.084	13.324
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	240	13.084	13.324

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.7. Information on commercial installment loans and corporate credit cards

None.

7.8. Distribution of domestic and foreign loans

	Current Period^(*)	Prior Period
Public	10.607.683	9.993.125
Private	167.937.327	132.860.194
Total	178.545.010	142.853.319

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

7.9. Distribution of domestic and foreign loans according to borrowers based on the following table

	Current Period^(*)	Prior Period^(*)
Domestic Loans	172.335.361	137.493.949
Foreign Loans	6.209.649	5.359.370
Total	178.545.010	142.853.319

7.10. Loans granted to investments in associates and subsidiaries

None.

7.11. Information on provisions allocated for defaults (stage three)

	Current Period	Prior Period
Loans with Limited Collectability	11.566	40.202
Loans Doubtful Collectability	4.538	5.737
Uncollectible Loans	473.718	377.364
Total	489.822	423.303

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 Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before Provisions	-	-	1.265
Restructured Loans	-	-	1.265
Prior Period			
Gross Amounts Before Provisions	-	-	5.513
Restructured Loans	-	-	5.513

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

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

7.12.2 Information on the movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with	Receivables with	and Other
	Limited Collectability	Doubtful Collectability	Receivables
Balance at the Beginning of the Period	99.434	27.978	377.341
Additions During the Period	256.729	6	94.413
Transfers from Non-performing Loans			
Accounts	-	38.664	15.997
Transfers to Other Non-Performing Loans			
Accounts	(54.661)	-	-
Collections During the Period	(289.732)	(62.110)	(12.617)
Write-offs	-	-	(1.416)
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the End of the Period	11.770	4.538	473.718
Provisions	(11.566)	(4.538)	(473.718)
Net Balance Sheet Amount	204	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with Limited	Receivables with	and Other
	Collectability	Doubtful Collectability	Receivables
Current Period			
Balance at the End of the Period	11.700	4.538	453.486
Provisions	(11.496)	(4.538)	(453.486)
Net Balance Sheet Amount	204	-	-
Prior 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	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.12. 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)	11.770	4.538	473.426
Specific Provision Amount	(11.566)	(4.538)	(473.426)
Loans Granted to Real Persons and Corporate Entities (Net)	204	-	-
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)	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 and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

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)	-	-	-
Interest Accruals and Rediscounts and Valuation Differences	-	-	-
Provision Amount (-)	-	-	-
Prior Period (Net)	598	1.243	-
Interest Accruals and Rediscounts and Valuation Differences	598	1.243	-
Provision Amount (-)	-	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

7. Information related to loans (Continued)

7.12.6. 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.

7.12.7. 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 measured at amortized cost

As of 31 December 2020, all of the marketable securities classified as financial asset measured at amortized cost are formed of government bonds, foreign currency bonds that are issued domestically and abroad by the Ministry of Treasury and Finance and lease certificates issued 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 amortized cost

Financial assets measured at amortized cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds and Similar Securities	-	1.519.521	-	-
Total	-	1.519.521	-	-

Financial assets measured at amortized cost given as collateral/blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds and Similar Securities	559.151	454.646	601.480	-
Total	559.151	454.646	601.480	-

There are not any financial assets measured at amortised cost held for structured position.

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	2.991.111	6.885.677	2.989.880	4.100.602
Treasury Bonds	-	-	-	-
Other Public Borrowing Bonds	-	762.289	-	-
Total	2.991.111	7.647.966	2.989.880	4.100.602

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and notes related to assets (Continued)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	2.991.111	7.647.966	2.989.880	4.100.602
Traded on the Stock Exchange	2.991.111	7.647.966	2.989.880	4.100.602
Not Traded on the Stock Exchange	-	-	-	-
Impairment Provision (-)	-	-	-	-
Total	2.991.111	7.647.966	2.989.880	4.100.602

8.4 The movement of financial assets measured at amortised cost

i) Financial assets measured at amortised cost

	Current Period	Prior Period
Balance at the beginning of the period	7.090.482	3.249.722
Foreign exchange differences on monetary assets	1.715.963	32.550
Purchases during the year	1.724.460	4.032.405
Disposals through sales and redemptions	-	(271.492)
Increase/Decrease in value impairment provision ⁽¹⁾	108.172	47.297
Balance at the end of the period	10.639.077	7.090.482

⁽¹⁾ Includes changes in interest accruals, TL 1.535 amounting of expected loss provision not included.

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.

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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 2020	22.354	31	4.330	15.440	14.257	56.412
Additions	861	-	-	3.427	-	4.288
Disposals	-	-	-	(15)	-	(15)
Transfers	-	(31)	31	-	-	-
31 December 2020	23.215	-	4.361	18.852	14.257	60.685
Accumulated Depreciation						
1 January 2020	6.948	31	3.339	10.352	14.257	34.927
Current year depreciation	6.460	-	276	2.271	-	9.007
Disposals	-	-	-	(10)	-	(10)
Transfers	-	(31)	31	-	-	-
31 December 2020	13.408	-	3.646	12.613	14.257	43.924
Net book value						
31 December 2020	9.807	-	715	6.239	-	16.761

	Immovables	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

As of 31 December 2020 and 31 December 2019, there is not any impairment in tangible assets.

⁽¹⁾ In the Immovables column, all of the amounts acquired in 2020 and 2019 are due to the inclusion of the right of use of the rented immovables in the balance sheet within the scope of TFRS 16 application

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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 2020, gross book value and accumulated amortization of intangible assets are TL 18.821 and TL 8.634, respectively; at the beginning of the period, the gross book value and the accumulated amortization are TL 14.254 and TL 7.132 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	7.122	7.006
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	4.566	1.531
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 (-)	(1.501)	(1.415)
Net Currency Translation Differences of Foreign Subsidiaries		
Other Changes in the Book Value		
End of the Period	10.187	7.122

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	Prior Period
Cost	4.727	4.566
Depreciation Expense	(2.616)	(2.520)
Net Value at the end of the Period	2.111	2.046

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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities

1. Information on deposits/funds received

The Bank does not accept deposits.

2. Derivative financial liabilities

2.1. Explanations on derivative financial liabilities at fair value through profit or loss

2.1.1. Information on trading derivative financial liabilities

Trading Derivative Financial Liabilities	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	825	-	-	-
Swap Agreements	10.618	103.486	-	31.766
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	11.443	103.486	-	31.766

2.1.2. Information on derivative financial liabilities for hedging purposes

Derivative Financial Liabilities for Hedge	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	7.301	-	45.274
Cash Flow Hedge	-	-	-	-
Net Investment in Foreign Operations Hedge	-	-	-	-
Total	-	7.301	-	45.274

2.2. Information on derivative financial liabilities 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		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	-	668.898	-	29.909
Net Investment in Foreign Operations Hedge	-	-	-	-
Total	-	668.898	-	29.909

3. Information on banks and other financial institutions

3.1. General information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	7.769.415	107.738.177	-	89.645.623
From Domestic Banks and Institutions	-	5.835.364	-	5.277.228
From Foreign Banks, Institutions and Funds	-	39.287.738	-	32.661.691
Total	7.769.415	152.861.279	-	127.584.542

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities (Continued)

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

3.2 Information on maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	7.769.415	120.795.983	-	99.010.274
Medium and Long-Term ^(*)	-	33.530.744	-	29.603.993
Total	7.769.415	154.326.727	-	128.614.267

^(*) Medium and long-term loans include subordinated loans amounting to TL 1.357.680 (31 December 2019: TL 998.220) and interest accruals of these loans amounting to TL 107.768 (31 December 2019: TL 31.505).

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

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

3.3 Additional explanations over areas of concentration of the liabilities of the Bank

As of 31 December 2020 and 31 December 2019, 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	115.507.591	89.645.623
Syndicated loans	26.592.608	19.463.345
World Bank	3.644.021	3.001.196
European Investment Bank	3.135.900	3.151.172
ICBC Macau Ltd.	2.585.905	2.089.623
Islamic Development Bank	2.065.365	1.548.772
ICBC Turkey AŞ	1.814.751	1.491.052
Council of Europe Development Bank	1.510.419	1.375.325
Subordinated loans	1.465.448	1.029.725
Sumitomo Mitsui Banking Corporation Dubai	638.631	294.767
ING DIBA	614.572	527.168
Intesa Sanpaolo İstanbul Şubesi	502.754	674.837
Standard Chartered Bank	391.338	585.041
Citibank Dublin	366.410	295.053
NCB - National Commercial Bank of Saudi Arabia	365.952	-
MUFG Bank	292.820	223.317
Black Sea Trade and Development Bank	226.352	334.710
KT Bank AG	182.746	-
Mizuho Corporate Bank Ltd	180.999	598.581
Türk Bankası LTD	11.560	-
China Development Bank	-	1.189.150
ING European Financial Services	-	667.551
Türkiye Vakıflar Bankası TAO	-	328.180
Bank ABC	-	100.079
Total^(**)	162.096.142	128.614.267

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

(**) The total amount of funds borrowed from financial institutions includes subordinated loans amounting to TL 1.357.680 (31 December 2019: 998.220) and interest accruals of TL 107.768 (31 December 2019: 31.505) related to these loans.

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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 2020:

Funds borrowed	Repayment Amount- USD	Repayment Amount- EUR	Repayment Date
MUFG Bank	36.630	-	3 January 2020
European Investment Bank	-	10.000	6 January 2020
European Investment Bank	1.915	-	13 January 2020
Sumitomo Mitsui Banking Corporation	20.000	-	22 January 2020
European Investment Bank	-	2.375	27 January 2020
European Investment Bank	2.841	-	27 January 2020
Societe Generale Bank	-	93.250	3 February 2020
Council of Europe Development Bank	-	8.333	10 February 2020
European Investment Bank	1.903	-	10 February 2020
World Bank	4.148	-	2 March 2020
World Bank	-	1.110	2 March 2020
Citibank	49.500	-	5 March 2020
Syndication loans	-	5.556	30 March 2020
Syndication loans	10.417	-	30 March 2020
Syndication loans	17.500	-	3 April 2020
Syndication loans	-	61.250	3 April 2020
Syndication loans	-	61.250	3 April 2020
Syndication loans	17.500	-	3 April 2020
European Investment Bank	-	1.471	3 April 2020
Islamic Development Bank	12.096	-	14 April 2020
Syndication loans	133.900	-	21 April 2020
Syndication loans	-	368.500	21 April 2020
Council of Europe Development Bank	-	5.000	27 April 2020
Syndication loans	-	7.143	7 May 2020
Syndication loans	2.143	-	7 May 2020
ING European Financial Services	-	50.000	11 May 2020
Intesa SPA Turkey	-	100.000	12 May 2020
Council of Europe Development Bank	-	5.000	18 May 2020
ING DIBA	-	5.653	4 June 2020
Standard Chartered Bank	-	44.000	4 June 2020
European Investment Bank	-	1.471	17 June 2020
European Investment Bank	-	10.000	19 June 2020
European Investment Bank	-	10.000	22 June 2020
European Investment Bank	-	5.000	22 June 2020
European Investment Bank	-	10.000	22 June 2020
Syndication loans	37.500	-	29 June 2020
Syndication loans	-	14.286	29 June 2020
Sumitomo Mitsui Banking Corporation	29.500	-	30 June 2020
European Investment Bank	-	5.000	30 June 2020
Standard Chartered Bank	-	43.000	6 July 2020
European Investment Bank	-	10.000	6 July 2020
European Investment Bank	1.915	-	13 July 2020
Mizuho Bank	100.000	-	14 July 2020
European Investment Bank	2.841	-	27 July 2020

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

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

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

Funds borrowed	Repayment Amount- USD	Repayment Amount- EUR	Repayment Date
European Investment Bank	-	2.375	27 July 2020
Council of Europe Development Bank	-	8.333	10 August 2020
European Investment Bank	1.903	-	10 August 2020
Council of Europe Development Bank	-	3.125	10 August 2020
Dünya Bankası	4.148	-	1 September 2020
Dünya Bankası	-	1.110	1 September 2020
China Development Bank	200.000	-	21 September 2020
Syndication loans	10.417	-	28 September 2020
Syndication loans	-	5.556	28 September 2020
European Investment Bank	-	1.471	5 October 2020
Syndication loans	50.000	-	9 October 2020
Islamic Development Bank	12.096	-	14 October 2020
Council of Europe Development Bank	-	5.000	26 October 2020
Black Sea Trade and Development Bank	-	50.000	27 October 2020
Syndication loans	-	7.143	9 November 2020
Syndication loans	2.143	-	9 November 2020
ABC International Bank	-	15.000	10 November 2020
ING European Financial Services	-	50.000	11 November 2020
International Islamic Trade Finance Corporation (ITFC)	330.000	-	16 November 2020
Syndication loans	30.755	-	16 November 2020
Council of Europe Development Bank	-	5.000	16 November 2020
Syndication loans	-	472.041	16 November 2020
ING DIBA	-	5.653	4 December 2020
Standard Chartered	-	44.000	15 December 2020
European Investment Bank	-	1.471	17 December 2020
European Investment Bank	-	10.000	21 December 2020
European Investment Bank	-	5.000	21 December 2020
European Investment Bank	-	10.000	22 December 2020
European Investment Bank	-	10.000	22 December 2020
Syndication loans	37.500	-	29 December 2020
Syndication loans	-	14.286	29 December 2020
European Investment Bank	-	5.000	30 December 2020

4. Information regarding securities issued

As of 31 December 2020, the liabilities of the Bank resulting from bond issuances is presented as follows:

Information regarding securities issued	Current Period	Prior Period
Securities Issued	21.853.312	18.078.347
Discount on Issuance of Securities (-)	30.528	68.356
Bond Interest Accrual	1.130.476	781.540
Total	22.953.260	18.791.531

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

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		Prior Period	
	TL	FC	TL	FC
Country Loans- Risk Premiums	-	597.657	-	525.429
Loan Transactions	7.338	48.128	1.233	46.469
Insurance Transactions	5.790	3.548	3.956	69
Political Risk and Loss	-	2.641	-	1.987
Unearned Revenue	-	12.617	-	8.322
Total	13.128	664.591	5.189	582.276

6. Information on lease payables (net)

As of 31 December 2020, all lease transactions of the Bank consist of operating lease transactions.

	Current Period	Prior Period
Lease obligation under the contract	14.306	20.801
Deferred interest expense	(1.773)	(3.840)
Total	12.533	16.961

7. Information on provisions

7.1. Expected credit losses for non-cash loans that are not indemnified or converted into cash or expected credit losses for non-cash loans

	Current Period	Prior Period
Expected credit losses (insurance and non-cash loans)	162.152	133.791

As of 31 December 2020, the Bank has a provision amounting to TL 160.393. (31 December 2019: TL 133.791) for the possible future claims due to the export receivables it insures and TL 1.759 (31 December 2019: None) for letter of guarantees.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities items (Continued)

7. Information on provisions

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	Prior Period
Reserve for employee termination benefits	26.332	30.076
Reserve for success fee	35.000	31.878
Unused vacation	15.995	16.420
Reserve for dividend payment	21.500	17.994
Other	-	528
Total	98.827	96.896

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 230.514 (31 December 2019: TL 166.463), sub-accounts consist of non-cash insurance provisions of TL 162.152 (31 December 2019: TL 133.791), lawsuits and court provisions consist of TL 14.035 and other provisions amounting to TL 54.327 (31 December 2019: TL 32.672).

8. Explanations on tax liability

8.1 Explanations on current tax liability

8.1.1. Information on provision for taxes

None.

8.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate Taxes Payable ⁽¹⁾	-	-
Taxation on Revenue from Securities	-	-
Property Tax	-	-
Banking Insurance Transaction Tax	5.267	7.616
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	763	678
Other	3.721	3.194
Total	9.751	11.488

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

8.1.3. Information on premium payables

	Current Period	Prior Period
Social Security Premiums – Employee	2.864	2.556
Social Security Premiums – Employer	4.432	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	227	205
Unemployment Insurance - Employer	426	382
Other	-	-
Total	7.949	7.123

8.2. Information on deferred tax liability

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations and notes on liabilities (Continued)

9. Information on subordinated debt instruments

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	-	1.465.448	-	1.029.725
Subordinated Loans	-	1.465.448	-	1.029.725
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in the contribution capital calculation	2.998.128	-	2.996.129	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	2.998.128	-	2.996.129	-
Total	2.998.128	1.465.448	2.996.129	1.029.725

10. Information on shareholders' equity

10.1. Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	9.270.000	7.160.000
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	Capital Ceiling
Registered Capital System	9.270.000	10.000.000

The Bank has decided to use the capital stock system that is registered on 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
1 December 2020	2.110.000	750.000	1.360.000	-

10.2.2. Information on the portion added from capital reserves to paid-in capital

There is no portion added from capital reserves to the paid-in 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.

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and notes on liabilities (Continued)

10. Information on shareholders' equity (Continued)

10.3. 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.

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		Prior Period	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	83.612	32.668	28.658	-
Foreign Currency Differences	-	-	-	-
Total	83.612	32.668	28.658	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

I. Explanations on off-balance sheet commitments

1.1 Type and amount of irrevocable commitments

As of 31 December 2020, the Bank has irrevocable commitments amounting to TL 1.147.391 TL (31 December 2019: TL 20.879).

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	Prior Period
Letters of Guarantee	11.040	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for Export Loan Insurance	11.979.838	10.891.326
Total	11.990.878	10.891.326

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

None.

1.3 Total amount of non-cash loans

	Current Period	Prior Period
Non-cash loans given against cash loans	11.040	-
With original maturity of 1 year or less than 1 year	11.040	-
With original maturity of more than 1 year	-	-
Other non-cash loans	11.979.838	10.891.326
Total	11.990.878	10.891.326

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and notes related to off-balance sheet accounts (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	-	-	840	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	-	840	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	4.676	-	-	-	-	-
Services	-	-	5.524	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	5.524	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	137.621	100	11.842.217	100	-	-	10.891.326	100
Total	137.621	100	11.853.257	100	-	-	10.891.326	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	-	11.040	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	137.621	11.842.217	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and notes related to off-balance sheet accounts (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)	5.474.056	6.514.640
Forward Transactions	89.339	-
Swap Transactions	5.384.717	6.514.640
Futures Transactions	-	-
Option Transactions	-	-
Interest Related Derivative Transactions (II)	-	7.816.990
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	7.816.990
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	5.474.056	14.331.630
Types of Hedging Derivative Transactions		
Fair Value Hedges	40.242.242	34.990.664
Cash Flow Hedges	14.714.995	14.674.128
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions (IV)	54.957.237	49.664.792
Total Derivative Transactions (A+B)	60.431.293	63.996.422

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

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 2020 and 31 December 2019, 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 2020, there are legal proceedings outstanding against the Bank amounting to TL 21.759, USD 5.288 and EUR 656 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 274.667, USD 52.615 and EUR 14.495.

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 2020

(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		Prior Period	
	TL	FC	TL	FC
Interest income on Loans				
Short-term Loans	1.016.730	1.591.495	905.467	1.878.274
Medium and Long-term Loans	35.154	1.580.860	32.586	1.521.183
Interest on Loans Under Follow-up	4.644	305	3.830	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	1.056.528	3.172.660	941.883	3.399.457

1.2. Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	-	-	6.386	1.408
Domestic Banks	117.247	5.264	96.128	21.219
Foreign Banks	-	4.283	25	33.792
Headquarters and Branches Abroad	-	-	-	-
Total	117.247	9.547	102.539	56.419

1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	-	20.614	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	25.163	-	-
Financial Assets Measured at Amortized Cost	281.751	244.189	305.157	43.659
Total	281.751	289.966	305.157	43.659

1.4 Information on interest income received from associates and subsidiaries

There is no interest income from associates and subsidiaries.

2. Within the scope of interest expense

2.1 Information on interest expense on borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
CBRT	254.942	624.844	-	933.116
Domestic Banks	75	156.212	45	246.655
Foreign Banks	-	972.181	-	1.044.287
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	76.263	-	31.505
Total	255.017	1.829.500	45	2.255.563

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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 no interest expense given to associates and subsidiaries.

2.3. Interest paid to marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interests paid to marketable securities issued	388.066	1.294.402	371.433	1.079.527

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 are no participation accounts.

3. Information on trading income/loss (Net)

	Current Period	Prior Period
Gain	85.038.322	48.379.526
Trading Gains on Securities	10.003	38
Trading Gains on Derivative Financial Transactions	1.627.465	2.555.968
Foreign Exchange Gains	83.400.854	45.823.520
Loss (-)	84.193.480	47.752.497
Trading Losses on Securities	-	-
Trading Losses from Derivative Financial Transactions	3.177.283	1.422.604
Foreign Exchange Loss	81.016.197	46.329.893

4. Information on other operating income

	Current Period	Prior Period
Other Income from International Loans	1.689	2.101
Rent Income	1.367	1.207
Released Provisions	3.311	240
Income from Sales of Assets	-	154
Other	8.399	4.087
Total	14.766	7.789

5. Explanations on provisions

	Current Period	Prior Period
Expected Credit Loss	369.469	132.997
12 month expected credit loss (Stage 1)	102.969	41.647
Significant increase in credit risk (Stage 2)	199.982	3.402
Non-performing loans (Stage 3)	66.518	87.948
Marketable Securities Impairment Expense (*)	195	-
Financial Assets Measured at Fair Value through Profit or Loss	195	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Financial Assets Measured at Amortised Cost Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	14.035	-
Total	383.699	132.997

(*) Marketable securities impairment expenses and litigation and court provisions are classified under other provision expense

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020

(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	Prior Period
Reserve for Employee Termination Benefits ^(*)	-	-
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	51	422
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	9.101	8.362
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	1.501	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	23.718	20.868
Operational Lease Expenses	-	1
Maintenance Expenses	508	791
Advertisement Expenses	67	11
Other Expenses	23.143	20.065
Loss on Sale of Assets	-	-
Other ^(**)	116.734	103.329
Total	151.105	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.

^(**) The other column under other operating expenses includes BRSA participation share and KOSGEB amounting to TL 82.026

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

The Bank made a partial termination on 28 February 2020 and 12 May 2020 regarding the cross currency swap transaction performed on 5 May 2018. As a result of the interest valuation related to the swap that terminated early, the Counterparty made a payment amounting to TL 161.000 (26.150 thousand USD) and TL 44.000 (6.250 thousand USD) to Eximbank; the related amount is recognized as income under Income/Losses from Derivative Financial Instruments respectively.

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

	Current Period	Prior Period
Insurance Transactions Commission Income	473.221	355.543
Loan Transactions Commission Income	83.683	65.513
Other	17.062	7.430
Fees and Commissions Received	573.966	428.486
Insurance Transactions Commission Expenses	255.783	173.798
Funds Borrowed Commission Expenses	5.301	4.402
Securities Issued Commission Expenses	13.487	13.658
Other	74.979	61.466
Fees and Commissions Paid	349.550	253.324
Net Fees and Commissions Income	224.416	175.162

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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 54.954 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)	(15.982)	(234)

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)	48.999	49.233

Ending Balance	Current Period	Prior Period
Hedging Reserves (Effective portion)	33.017	48.999

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 33.017.

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 2020 profit.

3. Amount transferred to legal reserves

	Current Period	Prior Period
Amount Transferred to Legal Reserves under Dividend Distribution	71.582	43.358

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 2020, the Bank increased its capital amounting to TL 2.110.000 by TL 1.360.000 from internal sources, TL 750.000 TL from cash

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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	21	29
CBRT and other banks	9.988.297	4.235.444
Money market placements	-	-
Banks accrual	-	(1.540)
Total Cash and Cash Equivalents	9.988.318	4.233.933

1.2. Information on the cash and cash equivalents at the end of the period

	Current Period	Prior Period
Cash	5.005.582	7.320.852
Cash	10	21
Central Bank	5.005.572	7.320.831
Cash Equivalents	6.676.356	2.667.466
Banks and other financial institutions	4.988.113	2.667.466
Money market placements	1.688.243	-
Cash and Banks	11.681.938	9.988.318
Banks Accrual	(11.882)	-
Total Cash and Cash Equivalents	11.670.056	9.988.318

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 445.517 (31 December 2019: TL 447.906) 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 701.140 (31 December 2019: TL 1.003.905) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
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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	711			
			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 3 branches in 2020.

VIII. Explanations and notes related to events after balance sheet

None.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 2020.

Moody's 15 September 2020	Fitch Ratings 1 September 2020
Long Term (Foreign and Local Currency) Issuer Rating B2	Long Term Foreign Currency Issuer Rating B+ Negative
Foreign Currency Bond Rating B2	Long Term Local Currency Credit Rating BB- Negative
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 B2	Support Rating Base B+
Long Term Counterparty Risk Assessment B2(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 for the period ended 31 December 2020 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited) and Independent Auditors' Report dated 26 February 2021 is presented before the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

Directory

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ADANA BRANCH	(90 216) 800 76 01	(90 216) 666 59 01	AdanaSube@eximbank.gov.tr	Döşeme Mah. 60101 Sok. No: 1 Adana Sanayi Odası 01130 Seyhan/ADANA
ANTALYA BRANCH	(90 216) 800 76 07	(90 216) 666 59 07	AntalyaSube@eximbank.gov.tr	Topçular Mah. Aspendos Bulv. No: 163 Batı Akdeniz İhracatçıları Birliği Muratpaşa ANTALYA
ANKARA BRANCH	(90 216) 800 76 06	(90 216) 666 59 13	AnkaraSube@eximbank.gov.tr	Oğuzlar Mah. 1377 Cad. No: 11 06520 Balgat, Çankaya / ANKARA
BURSA BRANCH	(90 216) 800 76 16	(90 216) 666 59 16	BursaSube@eximbank.gov.tr	Organize Sanayi Bölgesi Kahverengi Cad. No: 11 Uludağ İhracatçı Birlikleri D Blok Zemin Kat Nilüfer BURSA
ÇORLU BRANCH	(90 216) 800 76 59	(90 216) 666 59 49	CorluSube@eximbank.gov.tr	Zafer Mah. Şehitler Cad. No: 6 Çorlu Ticaret ve Sanayi Odası 2. Kat 59860 Çorlu / TEKİRDAĞ
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ESKİŞEHİR BRANCH	(90 216) 800 76 26	(90 216) 666 59 26	EskisehirSube@eximbank.gov.tr	Eskişehir OSB İsmail, Kanatlı Sok. No: 1, 26110 Odunpazarı Zemin Kat,

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GAZİANTEP BRANCH	(90 216) 800 76 27	(90 216) 666 59 27	GaziantepSube@eximbank.gov.tr	Güneydoğu Anadolu İhracatçı Birlikleri Mücahitler Mah. Şehit Ertuğrul Polat Cad. No: 3 27090 Şehitkamil / GAZİANTEP
GEBZE BRANCH	(90 216) 800 76 41	(90 216) 666 59 40	GebzeSube@eximbank.gov.tr	İnönü Mah. Gebze Güzeller OSB Mah. Aşık Veysel Sok. No:1 Gebze/Kocaeli
İSKENDERUN BRANCH	(90 216) 800 76 31	(90 216) 666 59 31	IskenderunSube@eximbank.gov.tr	Yenişehir Mah. Mareşal Fevzi Çakmak Cad. Nadide Apt. No: 38/B Zemin Kat İskenderun/HATAY
İSTANBUL EUROPEAN SIDE BRANCH	(90 216) 800 76 34	(90 216) 666 59 34	IstanbulAvrupaYakasiSube@eximbank.gov.tr	Dış Ticaret Kompleksi, Çobançeşme Mevkii, Sanayi Cad. B Blok, Yenibosna, Bahçelievler/İSTANBUL
İSTANBUL ODAKULE BRANCH	(90 216) 800 76 33	(90 216) 666 59 33	IstanbulOdakuleSube@eximbank.gov.tr	Meşrutiyet Cad. No: 63, Odakule Plaza Kat: 16 34430 Beyoğlu/İSTANBUL
İZMİR BRANCH	(90 216) 800 76 30	(90 216) 666 59 30	IzmirSube@eximbank.gov.tr	Cumhuriyet Bulv. No: 34 Kat: 3-4-5 35250 Konak İZMİR
KAYSERİ BRANCH	(90 216) 800 76 38	(90 216) 666 59 38	KayseriSube@eximbank.gov.tr	Alsancak Mah. Kocasinan Bulv. No: 161 Kayseri Sanayi Odası 38110 Kocasinan / Kayseri
KONYA BRANCH	(90 216) 800 76 42	(90 332) 352 74 49 (90 216) 666 59 42	KonyaSube@eximbank.gov.tr	Konya Ticaret Odası Vatan Cad. No: 1 Selçuklu KONYA
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HATAY LIAISON OFFICE	(90 326) 285 59 86		eximbankhatay@akib.org.tr	Büyük Dalyan Mah. Nakliyeciler Sitesi İkinci Küme Evler, D Blok Zemin Kat, No:37/3 HATAY
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İZMİR KEMALPAŞA ORGANIZED INDUSTRIAL ZONE LIAISON OFFICE	(90 232) 877 22 36 - 151	(90 232) 877 12 99	eximbankirtibat@kosbi.org.tr	Kemalpaşa OSB Mahallesi Gazi Bulv. Dış Kapı No:189 Kemalpaşa / İZMİR
KAHRAMANMARAŞ LIAISON OFFICE	(90 216) 800 76 46	(90 216) 666 59 46	-	Kahramanmaraş Ticaret ve Sanayi Odası Yönetim Binası İstasyon Mah. İlahiyat Cad. No: 6

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