

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS AND LIMITED REVIEW 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 LIMITED REVIEW  
REPORT AT 30 SEPTEMBER 2020**

(Convenience translation of the auditor's report originally issued in Turkish, See Note I of Section three)

## Review Report on Unconsolidated Interim Financial Information

To the Board of Directors of Türkiye İhracat Kredi Bankası A.Ş:

### Introduction

We have reviewed the unconsolidated statement of financial position of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") at September 30, 2020 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated of interim financial information in accordance with 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 ("BRSA") and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by BRSA Legislation; together referred as "BRSA Accounting and Financial Reporting Legislation". Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of Türkiye İhracat Kredi Bankası A.Ş. at September 30, 2020 and the results of its operations and its unconsolidated cash flows for the nine-month period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

### **Report on other regulatory requirements arising from legislation**

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

### **Other Matter**

The financial statements of the Bank as at 31 December 2019 and 30 September 2019 were audited and reviewed by another audit firm which expressed an unqualified opinion and an unqualified conclusion in their reports issued on 28 February 2020 and 11 November 2019, respectively.

### **Additional paragraph for convenience translation to English**

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with “BRSA Accounting and Financial Reporting Legislation” and the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Yaşar Hıvas, SMMM  
Partner

10 November 2020  
Istanbul, Turkey



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

THE UNCONSOLIDATED NINE-MONTH FINANCIAL REPORT OF  
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş. (“TÜRK EXIMBANK”)  
AS OF 30 SEPTEMBER 2020

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The unconsolidated nine-months 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
- THE LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

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

**Bülent AKSU**  
Chairman of  
Board of Directors

**Ali GÜNEY**  
Deputy General Manager

**Hüseyin ŞAHİN**  
Vice President of 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

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**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020**

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

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**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

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

	<b>Name:</b>	<b>Academic Background:</b>
<b>Chairman of the Board of Directors:</b>	Bülent AKSU	Undergraduate
<b>Dep. Chairman of the Board of Directors:</b>	Rıza Tuna TURAGAY	Graduate
<b>Members of the Board of Directors:</b>	Ali GÜNEY	Undergraduate
	Osman ÇELİK	Undergraduate
	Fahriye Alev ARKAN	Undergraduate
	Nail OLPK	Graduate
	Ismail GÜLLE	Graduate
<b>Audit Committee:</b>	Osman ÇELİK	Undergraduate
	Nail OLPK	Graduate
<b>General Manager:</b>	Ali GÜNEY	Undergraduate
<b>Assistant General Managers:</b>	Enis GÜLTEKİN	Graduate
	Hakan UZUN	Graduate
	Necdet KARADENİZ	Graduate
	M. Çağrı ALTINDAĞ	Undergraduate
	Erdem OKUR	Graduate
	Hüseyin ŞAHİN	Undergraduate

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**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 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	7.160.000	100%	7.160.000	-

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

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

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

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

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

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

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

The Bank does not have any subsidiaries.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 30 SEPTEMBER 2020**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Notes	Reviewed Current Period (30 September 2020)			Audited Prior Period (31 December 2019)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>3.522.843</b>	<b>11.681.651</b>	<b>15.204.494</b>	<b>382.805</b>	<b>11.054.992</b>	<b>11.437.797</b>
1.1 Cash and Cash Equivalents		3.413.520	9.785.566	13.199.086	339.477	9.648.741	9.988.218
1.1.1. Cash and Balances with Central Bank	(1)	917	7.718.373	7.719.290	572	7.320.280	7.320.852
1.1.2. Banks	(4)	1.156.224	2.067.193	3.223.417	339.005	2.328.461	2.667.466
1.1.3. Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		187	-	187	100	-	100
1.2 Financial Assets at Fair Value through Profit/Loss		-	231.550	231.550	-	-	-
1.2.1. Government Securities		-	71.742	71.742	-	-	-
1.2.2. Equity Securities		-	-	-	-	-	-
1.2.3. Other Financial Assets		-	159.808	159.808	-	-	-
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income	(6)	100.351	496.571	596.922	37.822	-	37.822
1.3.1. Government Securities		-	453.818	453.818	-	-	-
1.3.2. Equity Securities		100.351	-	100.351	37.822	-	37.822
1.3.3. Other Financial Assets		-	42.753	42.753	-	-	-
1.4 Derivative Financial Assets	(3)	8.972	1.167.964	1.176.936	5.506	1.406.251	1.411.757
1.4.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss		8.972	1.149.450	1.158.422	5.506	1.259.110	1.264.616
1.4.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	18.514	18.514	-	147.141	147.141
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>16.552.394</b>	<b>174.769.484</b>	<b>191.321.878</b>	<b>11.261.992</b>	<b>138.720.525</b>	<b>149.982.517</b>
2.1 Loans	(7)	14.242.673	166.971.949	181.214.622	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)	2.919.855	7.797.535	10.717.390	2.989.880	4.100.602	7.090.482
2.4.1. Government Securities		2.919.855	7.797.535	10.717.390	2.989.880	4.100.602	7.090.482
2.4.2. Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		610.134	-	610.134	467.880	-	467.880
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Asset Held for Resale		-	-	-	-	-	-
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>18.749</b>	<b>-</b>	<b>18.749</b>	<b>21.485</b>	<b>-</b>	<b>21.485</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>8.752</b>	<b>-</b>	<b>8.752</b>	<b>7.122</b>	<b>-</b>	<b>7.122</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		8.752	-	8.752	7.122	-	7.122
<b>VII. INVESTMENT PROPERTY (Net)</b>		<b>1.975</b>	<b>-</b>	<b>1.975</b>	<b>2.046</b>	<b>-</b>	<b>2.046</b>
<b>VIII. CURRENT TAX ASSET</b>	(13)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. OTHER ASSETS</b>		<b>1.311.222</b>	<b>588.379</b>	<b>1.899.601</b>	<b>1.017.400</b>	<b>414.745</b>	<b>1.432.145</b>
<b>TOTAL ASSETS</b>		<b>21.415.935</b>	<b>187.039.514</b>	<b>208.455.449</b>	<b>12.692.850</b>	<b>150.190.262</b>	<b>162.883.112</b>

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 30 SEPTEMBER 2020**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES	Notes	Reviewed Current Period (30 September 2020)			Audited Prior Period (31 December 2019)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
<b>II. FUNDS BORROWED</b>	(3)	6.571.492	159.170.261	165.741.753	-	127.584.542	127.584.542
<b>III. MONEY MARKET FUNDS</b>		-	-	-	-	-	-
<b>IV. SECURITIES ISSUED (Net)</b>		256.993	23.943.038	24.200.031	263.654	18.527.877	18.791.531
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		256.993	23.943.038	24.200.031	263.654	18.527.877	18.791.531
<b>V. FUNDS</b>		13	-	13	13	-	13
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		13	-	13	13	-	13
<b>VI. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT/LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	1.905	377.348	379.253	-	106.949	106.949
7.1 Derivative Financial Liabilities Measured at Fair Value through Profit/Loss		1.905	75.181	77.086	-	77.040	77.040
7.2 Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income		-	302.167	302.167	-	29.909	29.909
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES</b>	(5)	7.444	7.412	14.856	8.717	8.244	16.961
<b>X. PROVISIONS</b>	(6)	307.469	-	307.469	263.359	-	263.359
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Rights		81.938	-	81.938	96.896	-	96.896
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		225.531	-	225.531	166.463	-	166.463
<b>XI. CURRENT TAX LIABILITY</b>	(7.1)	16.884	-	16.884	18.611	-	18.611
<b>XII. DEFERRED TAX LIABILITY</b>	(7.2)	-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Asset Held for Sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED LOANS</b>		2.907.569	1.458.680	4.366.249	2.996.129	1.029.725	4.025.854
14.1 Borrowings		-	1.458.680	1.458.680	-	1.029.725	1.029.725
14.2 Other Debt Instruments		2.907.569	-	2.907.569	2.996.129	-	2.996.129
<b>XV. OTHER LIABILITIES</b>	(4)	125.732	3.016.145	3.141.877	51.437	2.943.631	2.995.068
<b>XVI. SHAREHOLDERS' EQUITY</b>	(8)	10.247.677	39.387	10.287.064	9.031.225	48.999	9.080.224
16.1 Paid-in Capital		7.160.000	-	7.160.000	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		(16.300)	-	(16.300)	(16.300)	-	(16.300)
16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		88.432	39.387	127.819	28.658	48.999	77.657
16.5 Profit Reserves		1.858.867	-	1.858.867	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		1.364.668	-	1.364.668	4.614	-	4.614
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit/Loss		1.156.678	-	1.156.678	1.431.635	-	1.431.635
16.6.1 Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Period's Net Profit/Los		1.156.678	-	1.156.678	1.431.635	-	1.431.635
<b>TOTAL LIABILITIES</b>		<b>20.443.178</b>	<b>188.012.271</b>	<b>208.455.449</b>	<b>12.633.145</b>	<b>150.249.967</b>	<b>162.883.112</b>

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 30 SEPTEMBER 2020**

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

	Notes	Reviewed Current Period (30 September 2020)			Audited Prior Period (31 December 2019)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		5.908.167	142.812.428	148.720.595	4.147.298	118.466.125	122.613.423
<b>I. GUARANTEES AND SURETIES</b>	(1.2)	1.239	10.770.037	10.771.276	-	10.891.326	10.891.326
1.1 Letters of guarantee		-	5.826	5.826	-	-	-
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		-	5.826	5.826	-	-	-
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		1.239	10.764.211	10.765.450	-	10.891.326	10.891.326
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		4.747.458	65.315.945	70.063.403	3.914.283	43.811.392	47.725.675
2.1 Irrevocable Commitments		-	1.212.683	1.212.683	-	20.879	20.879
2.1.1 Asset Purchase and Sale Commitments		-	-	-	-	19.988	19.988
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		-	-	-	-	-	-
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10 Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	1.212.683	1.212.683	-	891	891
2.2 Revocable Commitments		4.747.458	64.103.262	68.850.720	3.914.283	43.790.513	47.704.796
2.2.1 Revocable Loan Granting Commitments		4.747.458	64.103.262	68.850.720	3.914.283	43.790.513	47.704.796
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		1.159.470	66.726.446	67.885.916	233.015	63.763.407	63.996.422
3.1 Hedging Derivative Financial Instruments		-	57.521.211	57.521.211	-	49.664.792	49.664.792
3.1.1 Transactions for Fair Value Hedge		-	41.822.590	41.822.590	-	34.990.664	34.990.664
3.1.2 Transactions for Cash Flow Hedge		-	15.698.621	15.698.621	-	14.674.128	14.674.128
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		1.159.470	9.205.235	10.364.705	233.015	14.098.615	14.331.630
3.2.1 Forward Foreign Currency Buy/Sell Transactions		1.051	996	2.047	-	-	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	996	996	-	-	-
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.051	-	1.051	-	-	-
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		1.158.419	9.204.239	10.362.658	233.015	14.098.615	14.331.630
3.2.2.1 Foreign Currency Swap-Buy		-	5.152.688	5.152.688	-	3.254.071	3.254.071
3.2.2.2 Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3 Interest Rate Swap-Buy		1.158.419	4.051.551	5.209.970	233.015	3.027.554	3.260.569
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>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		12.139.215	236.196.817	248.336.032	5.238.105	165.284.715	170.522.820
<b>IV. ITEMS HELD IN CUSTODY</b>		-	-	-	-	-	-
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		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		792.675	4.809.723	5.602.398	741.704	4.105.147	4.846.851
5.1 Marketable Securities		-	52.203	52.203	-	39.923	39.923
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estates		773.385	4.634.327	5.407.712	713.434	3.925.013	4.638.447
5.6 Other Pledged Items		19.290	123.193	142.483	28.270	140.211	168.481
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		11.346.540	231.387.094	242.733.634	4.496.401	161.179.568	165.675.969
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		18.047.382	379.009.245	397.056.627	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 30 SEPTEMBER 2020**

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

INCOME and EXPENSE ITEMS		Notes	Reviewed	Reviewed	Reviewed	Reviewed
			Current Period 1 January - 30 September 2020	Current Period 1 July - 30 September 2020	Prior Period 1 January - 30 September 2019	Prior Period 1 July - 30 September 2019
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	3,721,421	1,318,376	3,578,510	1,199,229
1.1	Interest Income on Loans		3,202,494	1,086,963	3,199,875	1,069,451
1.2	Interest Income on Reserve Deposits		-	-	-	-
1.3	Interest Income on Banks		64,956	37,753	120,143	40,827
1.4	Interest Income on Money Market Transactions		35,291	29,180	3,274	2,140
1.5	Interest Income on Securities Portfolio		409,231	160,347	252,818	85,888
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		6,316	2,537	-	-
1.5.2	Financial Assets Measured at Fair Value Reported in Other Comprehensive Income		10,166	9,338	-	-
1.5.3	Financial Assets Measured at Amortised Cost		392,749	148,172	252,818	85,888
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		9,449	4,133	2,400	923
<b>II.</b>	<b>INTEREST EXPENSE</b>	(2)	2,881,369	1,011,864	2,815,393	914,258
2.1	Interest on Deposits		-	-	-	-
2.2	Interest on Funds Borrowed		1,611,340	555,436	1,697,602	570,448
2.3	Interest on Money Market Transactions		130	18	1,939	37
2.4	Interest on Securities Issued		1,254,728	453,906	1,091,402	335,298
2.5	Financial Lease Expenses		1,933	610	2,322	746
2.6	Other Interest Expenses		13,238	1,894	22,128	7,729
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		840,052	306,512	763,117	284,971
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		128,153	41,699	117,915	44,473
4.1	Fees and Commissions Received		358,048	135,117	299,261	106,139
4.1.1	Non-cash Loans		11	6	-	-
4.1.2	Other		358,037	135,111	299,261	106,139
4.2	Fees and Commissions Paid		(229,895)	(93,418)	(181,346)	(61,666)
4.2.1	Non-cash Loans		-	-	-	-
4.2.2	Other		(229,895)	(93,418)	(181,346)	(61,666)
<b>V.</b>	<b>DIVIDEND INCOME</b>		89	-	70	-
<b>VI.</b>	<b>NET TRADING INCOME/LOSSES (Net)</b>	(3)	697,739	143,759	486,284	181,165
6.1	Trading Account Income/Losses		6,808	1,734	-	-
6.2	Income/Losses from Derivative Financial Instruments		(737,433)	(1,167,819)	1,403,399	1,033,643
6.3	Foreign Exchange Gains/Losses		1,428,364	1,309,844	(917,115)	(852,478)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>		8,345	3,648	3,811	1,587
<b>VIII.</b>	<b>TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>	(4)	1,674,378	495,618	1,371,197	512,196
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	(5)	202,179	45,890	77,251	18,417
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(6)	34,089	9,796	5,823	52
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		177,955	64,171	164,305	55,604
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(6)	103,477	33,386	79,577	24,892
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		1,156,678	342,375	1,044,241	413,231
<b>XIV.</b>	<b>INCOME RESULTED FROM MERGERS</b>		-	-	-	-
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-	-	-
<b>XVI.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII.</b>	<b>OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)</b>		1,156,678	342,375	1,044,241	413,231
<b>XVIII.</b>	<b>PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)</b>	(7)	-	-	-	-
18.1	Current Tax Charge		-	-	-	-
18.2	Deferred Tax Income Effect (+)		-	-	-	-
18.3	Deferred Tax Expense Effect (-)		-	-	-	-
<b>XIX.</b>	<b>NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>		1,156,678	342,375	1,044,241	413,231
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from Assets Held for Sale		-	-	-	-
20.2	Income from Sale of Associates, Subsidiaries and Joint-Ventures		-	-	-	-
20.3	Others		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1	Expenses on Assets Held for Sale		-	-	-	-
21.2	Expenses on Sale of Associates, Subsidiaries and Joint-Ventures		-	-	-	-
21.3	Others		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)</b>		-	-	-	-
<b>XXIII.</b>	<b>PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1	Current Tax Charge		-	-	-	-
23.2	Deferred Tax Income Effect (+)		-	-	-	-
23.3	Deferred Tax Expense Effect (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXV.</b>	<b>NET PROFIT / LOSS (XIX+XXIV)</b>		1,156,678	342,375	1,044,241	413,231
	Earnings per Share		0.16155	0.04782	0.16202	0.06265

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 30 SEPTEMBER 2020**

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

	Notes	Reviewed Current Period (30 September 2020)	Reviewed Prior Period (30 September 2019)
<b>I. CURRENT PERIOD PROFIT/LOSS</b>		<b>1.156.678</b>	<b>1.044.241</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>		<b>50.162</b>	<b>12.645</b>
<b>2.1 Other Income/Expense Items not to be Recycled to Profit or Loss</b>		-	-
2.1.1 Revaluation Surplus on Tangible Assets		-	-
2.1.2 Revaluation Surplus on Intangible Assets		-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses		-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss		-	-
2.1.5 Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss		-	-
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>		<b>50.162</b>	<b>12.645</b>
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		47.650	15.743
2.2.3 Gains/losses from Cash Flow Hedges		2.512	(3.098)
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		-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>		<b>1.206.840</b>	<b>1.056.886</b>

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 30 SEPTEMBER 2020**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

STATEMENT OF CHANGES IN EQUITY		Notes								
		1	2	3	4	5	6	Prior Period's Profit/Loss	Current Period's Net Profit/Loss	Total Equity
		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						
I.	Current Period (30 September 2020)									
II.	Balance at Beginning of Period									9.980.224
2.1	Correction made as per IAS 6									
2.2	Effect of Changes in Accounting Policies		(9.793)	(6.507)		28.658	48.999	1.431.635		
III.	Adjusted Balance at Beginning of Period (4+1)									
IV.	Total Comprehensive Income		(9.793)	(6.507)		28.658	48.999	1.431.635	1.156.676	9.980.224
V.	Capital Increase in Cash	7.160.000				47.650	2.512			1.206.640
VI.	Capital Increase from Internal Sources									
VII.	Capital Reserves from Initial 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		
11.1.	Dividends									
11.2.	Transfer to Reserves							1.431.635		
11.3.	Other									
	Balance at end of the period	7.160.000	(9.793)	(6.507)		76.308	51.511	1.858.867	1.156.676	10.287.064

- 1 Accumulated Revaluation Increase/Decrease of Fixed Assets  
2 Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan  
3 Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)  
4 Foreign Currency Translation Differences  
5 Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income  
6 Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	STATEMENT OF CHANGES IN EQUITY						Total Equity
	Notes						
	Other Comprehensive Income/Expenses Items not to be Recycled to Profit or Loss		Other Comprehensive Income/Expenses Items to be Recycled to Profit or Loss				
	1	2	3	4	5	6	
I. Balance at beginning of period							
II. Additions at beginning of period							
III. Adjustments made as per TAS 8							
IV. Effect of corrections							
V. Effect of changes in accounting policies							
VI. Adjusted balance at beginning of period (t-1)							
VII. Total Comprehensive Income							
VIII. Capital Increase in Cash							
IX. Capital Increase from Internal Sources							
X. Capital Reserves from Inflation Adjustments to Paid-in Capital							
XI. Convertible Bonds							
XII. Subordinated Liabilities							
XIII. Gain or Loss related to Other Changes							
XIV. Profit Distribution							
XV. Dividends							
XVI. Transfers to Reserves							
XVII. Other							
Balance at end of the period							
		(1,771)	(6,507)		27,025	46,135	1,044,241
							8,696,355

- 1 Accumulated Revaluation Increase/Decrease of Fixed Assets
- 2 Accumulated Remeasurement of Gain/Loss of Defined Benefit Pension Plan
- 3 Other (Shares) of Investments Valued by Equity Method in Other Comprehensive Income Not Reclassified 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 30 SEPTEMBER 2020**

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

	Notes	Reviewed Current Period (30 September 2020)	Reviewed Prior Period (30 September 2019)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>I.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>3.998.202</b>	<b>2.867.071</b>
1.1.1	Interest received	3.684.311	3.323.072
1.1.2	Interest paid	(1.457.662)	(1.514.434)
1.1.3	Dividend received	89	70
1.1.4	Fees and commissions received	301.080	254.516
1.1.5	Other income	940.905	1.407.210
1.1.6	Collections from previously written-off loans and other receivables	340.189	229.980
1.1.7	Payments to personnel and service suppliers	(194.980)	(186.464)
1.1.8	Taxes paid	(167.624)	(138.024)
1.1.9	Other	551.894	(508.855)
<b>I.2</b>	<b>Changes in operating assets and liabilities</b>	<b>(921.718)</b>	<b>9.461.478</b>
1.2.1	Net (increase) decrease in financial assets measured at Fair Value Through Profit or Loss	(212.605)	-
1.2.2	Net (increase) decrease in due from banks	-	-
1.2.3	Net (increase) decrease in loans	(38.034.027)	(5.251.016)
1.2.4	Net (increase) decrease in other assets	(923.076)	177.634
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	38.048.517	12.993.735
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	199.473	1.541.125
<b>I.</b>	<b>Net cash flow from banking operations</b>	<b>3.076.484</b>	<b>12.328.549</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash flow from investing activities</b>	<b>(2.229.619)</b>	<b>(985.669)</b>
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	(3.111)	(2.081)
2.4	Sales of tangible assets	-	-
2.5	Cash paid for purchase of financial assets measured at Fair Value through Other Comprehensive Income	(499.326)	(2.273)
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)	(1.160.368)
2.8	Cash obtained from sale of financial assets measured at amortised cost	-	180.292
2.9	Others	(2.722)	(1.239)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net cash flow from financing activities</b>	<b>(1.362.322)</b>	<b>(2.810.763)</b>
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	(1.355.549)	(6.671.683)
3.3	Equity instruments issued	-	-
3.4	Dividends paid	-	(6.313)
3.5	Payments for financial leases	(6.773)	(6.096)
3.6	Others	-	-
<b>IV.</b>	<b>Effect of translation differences on cash and cash equivalents</b>	<b>3.723.362</b>	<b>668.442</b>
<b>V.</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3.207.905</b>	<b>9.200.559</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>9.988.318</b>	<b>4.233.933</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of period</b>	<b>13.196.223</b>	<b>13.434.492</b>

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

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**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 30 September 2020, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 7,7680 for US Dollar, TL 9,1126 for Euro, TL 7,3550 for 100 JPY and TL 9,9555 for GBP.



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**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.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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.

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**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 marketable securities 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, foreign currency bonds which are issued at home and abroad by the Ministry of Turkish Republic Treasury and Finance and lease certificates which are issued 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 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.

**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).

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on impairment of financial assets (Continued)**

**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.

**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.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on impairment of financial assets (Continued)**

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.

**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 30 September 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**

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.

	<b>Current Period</b>	<b>Prior Period</b>
Discount ratio	12,10%	12,10%
Inflation	8,20%	8,20%
Salary increase rate	9,20%	9,20%

As of 30 September 2020, the calculated employment termination obligation amount is TL 34.403 (31 December 2019: TL 29.849). For the period ended 30 September 2020, the Bank also allocated provisions for vacation pay liabilities relating to prior periods amounting to TL 18.592 (31 December 2019 TL 16.420).

The Bank has allocated a provision amounting to TL 15.743 (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 13.200 (31 December 2019: TL 17.944) 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 3<sup>rd</sup> 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.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVIII. Additional explanations on borrowings**

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

The Bank has issued six bonds.

- In September 2014, the Bank issued bonds amounting USD 500 million (TL 3.884.200 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 3.884.200 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 3.884.200 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 3.884.200 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 3.884.200 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 3.884.200 TL).

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 1.366.890) 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 30 September 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.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XXIII. Explanations on other issues**

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

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

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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 September 30, 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 30 September 2020, the shareholders' equity of the Bank is TL 14.868.789 (31 December 2019: TL 13.152.003) and the capital adequacy standard ratio is 21,53% (31 December 2019: 19,06%).

	Current Period Amount	Amount as per the regulation before 1/1/2014 <sup>(*)</sup>
<b>COMMON EQUITY TIER I CAPITAL</b>	<b>10.278.312</b>	
Paid-in Capital to be Entitled for Compensation after All Creditors	7.160.000	
Share Premium	-	
Reserves	1.852.361	
Other Comprehensive Income according to Turkish Accounting Standards ("TAS")	139.942	
Profit	1.156.678	
Net Current Period Profit	1.156.678	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>10.308.981</b>	
<b>Deductions from Common Equity Tier I Capital</b>	<b>30.669</b>	
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 (-)	12.124	
Leasehold Improvements on Operational Leases (-)	-	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	8.752	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Securitization gains	-	
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	
Net amount of defined benefit plans	9.793	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Core Capital Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
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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 (-)	-	
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>30.669</b>	
<b>Total Common Equity Tier I Capital</b>	<b>10.278.312</b>	
<b>ADDITIONAL TIER I CAPITAL</b>	<b>1.366.890</b>	
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	1.366.890	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	<b>1.366.890</b>	
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital (-)	-	
Other items to be defined by the BRSA (-)	-	
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	<b>-</b>	

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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 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions from Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	<b>1.366.890</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>11.645.202</b>	
<b>TIER II CAPITAL</b>	<b>3.223.587</b>	
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)	321.828	
<b>Total Deductions from Tier II Capital</b>	<b>3.223.587</b>	
<b>Deductions from Tier II Capital</b>	-	
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>3.223.587</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>14.868.789</b>	
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>14.868.789</b>	
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 (-)	-	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	-	
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)**

	Current Period Amount	Amount as per the regulation before 1/1/2014 <sup>(*)</sup>
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 <sup>st</sup> and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
<b>CAPITAL</b>	<b>14.868.789</b>	
Total Capital (Total of Tier I Capital and Tier II Capital)	14.868.789	
Total Risk Weighted Assets	69.057.616	
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier I Capital Ratio (%)	14,88	
Tier I Capital Ratio (%)	16,86	
Capital Adequacy Ratio (%)	21,53	
<b>BUFFERS</b>		
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	10,38	
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	<b>100.351</b>	
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	100.351	
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	-	
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	321.828	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	321.828	
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	-	
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)</b>		
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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**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 (*)
<b>COMMON EQUITY TIER I CAPITAL</b>	<b>9.073.102</b>	
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	-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>9.096.524</b>	
<b>Deductions From Common Equity Tier I Capital</b>	<b>23.422</b>	
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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**SECTION FOUR (Continued)**

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

**I. Information about shareholders' equity items (Continued)**

	Prior Period	Amounts related to treatment before 1/1/2014 (*)
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier 1 Capital	-	
Net Deferred tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier 1 Capital	-	
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	
The Portion of Net Portion of the Investments in Equity of Unconsolidated Banks and Financial Institutions where the Bank own 10% or more of the Issues Share Capital Not Deducted from Tier I Capital	-	
Mortgage Servicing Rights not deductions	-	
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-	
Other Items to be Defined by the BRSA	-	
Deductions from Tier 1 Capital in cases where there are no adequate Additional Tier 1 or Tier II Capitals	-	
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>23.422</b>	
<b>Total Common Equity Tier I Capital</b>	<b>9.073.102</b>	
<b>ADDITIONAL TIER I CAPITAL</b>	<b>998.220</b>	
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)	-	
<b>Additional Tier I Capital before Deductions</b>	<b>998.220</b>	
Deductions from Additional Tier 1 Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Core Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
Total of Net Long Positions of the Direct and Indirect Investments in Additional Tier I Capital of Unconsolidated Banks of Financial Institutions where the Banks owns more than 10% of the Issued Share Capital	-	
Other Items to be Defined by the BRSA	-	
Items to be Deducted from Tier 1 Capital during the Transition Period	-	

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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	-	
<b>Total Deductions from Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	<b>998.220</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>10.071.322</b>	
<b>TIER II CAPITAL</b>	<b>3.080.681</b>	
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	
<b>Total Deductions from Tier II Capital</b>	<b>3.080.681</b>	
<b>Deductions from Tier II Capital</b>	-	
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>3.080.681</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>13.152.003</b>	
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>13.152.003</b>	
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	-	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	-	
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 <sup>st</sup> and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
<b>CAPITAL</b>	<b>13.152.003</b>	
Total capital	13.152.003	
Total risk weighted items	69.016.764	
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	13,15	
Tier I Capital Adequacy Ratio (%)	14,59	
Capital Adequacy Standard Ratio (%)	19,06	
<b>BUFFERS</b>		
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	
<b>Amounts Lower than Excesses as per Deduction Rules</b>	<b>37.822</b>	
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	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
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	-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
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)**

<b>Information about the instruments to be included in the capital adequacy calculation:</b>	
Issuer	Türkiye İhracat Kredi Bankası AŞ
Instrument code (CUSIP, ISIN etc.)	TRSEXIM92818
Legislation to which the instrument is subject to	BRSA ve CMB Legislation
<b>Estimated status in equity calculation</b>	
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	-
<b>Interest/dividend payments</b>	
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.
<b>The ability to be converted into shares</b>	
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.
<b>Value reduction feature</b>	
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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**SECTION FOUR (Continued)**

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

**I. Information about shareholders' equity items (Continued)**

<b>Information about the instruments to be included in the capital adequacy calculation:</b>	
Issuer	Türkiye İhracat Kredi Bankası A.Ş.
Instrument code (CUSIP, ISIN etc.)	-
Legislation to which the instrument is subject to	BRSA Legislation
<b>Estimated status in equity calculation</b>	
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)	1.367
Nominal value of the instrument (Million TL)	1.367
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	-
<b>Interest/dividend payments</b>	
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.
<b>The ability to be converted into shares</b>	
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.
<b>Value reduction feature</b>	
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 currency risk**

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

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

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

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

	TL	USD	GBP	EURO	JPY	Total
<b>TRADING DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>1.159.470</b>	<b>5.152.688</b>	<b>60.729</b>	<b>3.991.818</b>	<b>-</b>	<b>10.364.705</b>
<b>Forward Transactions</b>	<b>1.051</b>	<b>-</b>	<b>996</b>	<b>-</b>	<b>-</b>	<b>2.047</b>
Forward Foreign Exchange Purchase Transactions	-	-	996	-	-	996
Forward Foreign Exchange Sell Transactions	1.051	-	-	-	-	1.051
<b>Swap Transactions</b>	<b>1.158.419</b>	<b>5.152.688</b>	<b>59.733</b>	<b>3.991.818</b>	<b>-</b>	<b>10.362.658</b>
Swap Money Purchase Transactions FC - TL	-	1.165.200	-	-	-	1.165.200
Swap Money Purchase Transactions FC-FC	-	3.987.488	-	-	-	3.987.488
Swap Money Sale Transactions FC-TL	1.158.419	-	-	-	-	1.158.419
Swap Money Sale Transactions FC-FC	-	-	59.733	3.991.818	-	4.051.551
Swap Interest Purchase Transactions FC-FC	-	-	-	-	-	-
Swap Interest Sale Transactions FC-FC	-	-	-	-	-	-
<b>Option Purchase Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Money Purchase of Options	-	-	-	-	-	-
Money Sale of Options	-	-	-	-	-	-
<b>HEDGING DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>-</b>	<b>36.415.310</b>	<b>-</b>	<b>21.105.901</b>	<b>-</b>	<b>57.521.211</b>
<b>Forward Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forward Foreign Exchange Purchase Transactions	-	-	-	-	-	-
Forward Foreign Exchange Sell Transactions	-	-	-	-	-	-
<b>Swap Transactions</b>	<b>-</b>	<b>36.415.310</b>	<b>-</b>	<b>21.105.901</b>	<b>-</b>	<b>57.521.211</b>
Swap Money Purchase Transactions	-	20.879.310	-	-	-	20.879.310
Swap Money Sale Transactions	-	-	-	21.105.901	-	21.105.901
Swap Interest Purchase Transactions	-	7.768.000	-	-	-	7.768.000
Swap Interest Sale Transactions	-	7.768.000	-	-	-	7.768.000
<b>TOTAL</b>	<b>1.159.470</b>	<b>41.567.998</b>	<b>60.729</b>	<b>25.097.719</b>	<b>-</b>	<b>67.885.916</b>

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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 swaps and forward transactions.

	30 September 2020		
	Principal <sup>(1)</sup>	Asset	Liability
<b>Derivative Financial Instruments</b>			
Swaps	41.822.590	1.148.388	6.829
<b>Total</b>	<b>41.822.590</b>	<b>1.148.388</b>	<b>6.829</b>

<sup>(1)</sup> 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:

30 September 2020				Net fair value of hedged items		Amount of hedge funds
Hedging instrument	Hedged items	Hedged risk	Asset	Liability		
Interest rate swaps	Issued securities denominated in USD with fixed interest rate	Fixed interest rate risk	178.885	-	-	
Cross Currency Swap Transactions	Fixed interest rate US dollar debt securities	Currency and interest rate risk	969.503	6.829	-	



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**SECTION FOUR (Continued)**

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

**II. Explanations on currency risk (Continued)**

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

**Fair value hedge accounting (Continued)**

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

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.

	30 September 2020		
	Principal <sup>(1)</sup>	Asset	Liability
<b>Derivative Financial Instruments</b>			
Cross Currency Swap Interest Transactions	15.698.621	18.514	302.167
<b>Total</b>	<b>15.698.621</b>	<b>18.514</b>	<b>302.167</b>

<sup>(1)</sup> 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:

30 September 2020		Hedged Risk	Fair value of hedging instrument		Amount at hedging account
Hedging Instrument	Hedged Asset and Liability		Asset	Liability	
Cross Currency Swap Transactions	Fixed interest rate US Dollar debt securities	Currency and Interest Rate Risk	18.514	302.167	51.511

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**SECTION FOUR (Continued)**

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

**II. Explanations on currency risk (Continued)**

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

**Cash flow accounting (Continued)**

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the cash flow hedge accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with the Bank's risk management policies. The effectiveness tests are performed on a monthly basis. If the 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 30 September 2020, the Net Foreign Currency Position/Shareholders' Equity ratio is 0,62 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)**

**II. Explanations on currency risk (Continued)**

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

DATE	24 September 2020	25 September 2020	28 September 2020	29 September 2020	30 September 2020
USD	7,68090	7,50670	7,73130	7,81230	7,76800
AUD	5,41500	5,31250	5,44440	5,54600	5,52930
DKK	1,20379	1,17741	1,20756	1,22573	1,22389
SEK	0,85037	0,82576	0,84811	0,86478	0,86423
CHF	8,31000	8,11270	8,32580	8,45760	8,42790
100 JPY	7,29330	7,12250	7,33780	7,39970	7,35500
CAD	5,73760	5,61920	5,77050	5,84140	5,79490
NOK	0,80808	0,78965	0,80822	0,82487	0,82131
GBP	9,77780	9,59660	9,89220	10,06300	9,95550
SAR	2,04780	2,00136	2,06124	2,08278	2,07097
EUR	8,96050	8,76480	8,99070	9,12480	9,11260
KWD	25,03550	24,48370	25,20800	25,49710	25,32770
XDR	10,81320	10,54020	10,85090	10,98880	10,93190
BGN	4,58010	4,47200	4,59590	4,66240	4,65150
100 IRR	0,01829	0,01787	0,01841	0,01860	0,01850
RON	1,83824	1,79590	1,84245	1,87179	1,87014
RUB	0,09957	0,09772	0,09834	0,09813	0,09859
CNH	1,12597	1,10130	1,13289	1,14525	1,14078

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

Currency	Average September 2020
USD	7,51956
AUD	5,44031
DKK	1,19171
SEK	0,85099
CHF	8,22273
100 JPY	7,12407
CAD	5,69013
NOK	0,82395
GBP	9,75277
SAR	2,00476
EUR	8,86775
KWD	24,55800
XDR	10,62400
BGN	4,52884
100 IRR	0,01790
RON	1,82416
RUB	0,09901
CNH	1,10384

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

**II. Explanations on currency risk (Continued)**

**7. Information related to Bank's Currency Risk**

Current Period	EURO	USD	Other FC	Total
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	7.718.373	-	-	7.718.373
Banks	1.534.858	502.423	29.912	2.067.193
Financial Assets at Fair Value Through Profit or Loss	-	231.550	-	231.550
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	496.571	-	496.571
Loans	106.052.854	60.645.290	273.805	166.971.949
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	5.135.777	2.661.758	-	7.797.535
Derivative Financial Assets for Hedging Purposes (*)	-	178.885	-	178.885
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	69.762	504.868	13.749	588.379
<b>Total Assets</b>	<b>120.511.624</b>	<b>65.221.345</b>	<b>317.466</b>	<b>186.050.435</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds from Interbank Money Market	-	-	-	-
Funds Borrowed from Other Financial Institutions (**)	94.196.392	66.181.467	251.082	160.628.941
Marketable Securities Issued (***)	-	23.182.875	-	23.182.875
Miscellaneous Payables	952.910	1.346.233	4.851	2.303.994
Derivative Financial Liabilities for Hedging Purposes (*)	-	-	-	-
Other Liabilities	211.049	495.299	1.091	707.439
<b>Total Liabilities</b>	<b>95.360.351</b>	<b>91.205.874</b>	<b>257.024</b>	<b>186.823.249</b>
<b>Net Balance Sheet Position</b>	<b>25.151.273</b>	<b>(25.984.529)</b>	<b>60.442</b>	<b>(772.814)</b>
<b>Net Off Balance Sheet Position</b>	<b>(25.097.719)</b>	<b>26.031.998</b>	<b>(58.737)</b>	<b>875.542</b>
Derivative Assets	-	33.799.998	996	33.800.994
Derivative Liabilities	25.097.719	7.768.000	59.733	32.925.452
Non-Cash Loans (****)	131.513	10.637.079	1445	10.770.037
<b>Prior Period</b>				
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
<b>Net On Balance Sheet Position</b>	<b>21.518.383</b>	<b>(22.518.563)</b>	<b>101.919</b>	<b>(898.261)</b>
<b>Net Off Balance Sheet Position</b>	<b>(21.453.035)</b>	<b>22.509.213</b>	<b>(102.769)</b>	<b>953.409</b>
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 principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Standard Ratio on a Consolidated and Unconsolidated Basis", Foreign Currency Income Accruals of Derivative Financial Instruments and hedge accounting entries related to these accruals and Foreign Currency Expense Accruals of Derivative Financial Instruments and hedge accounting entries related to these accruals are not included in currency risk calculations.

(\*\*) Subordinated loans are included to Funds from Financial Institutions line.

(\*\*\*) TL 760.163 which is accounted under hedge accounting for Marketable Securities Issued is not included.

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

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

**II. Explanation on currency risk (Continued)**

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

The effect of the Bank's currency positions as of 30 September 2020 and 30 September 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 <sup>(1)</sup>	Gain/(Loss) Effect	Effect on Equity <sup>(1)</sup>
USD	5.959	4.747	(990)	(990)
EUR	5.355	5.355	(2.562)	(2.562)
Other foreign currency	171	171	(440)	(440)
<b>Total</b>	<b>11.485</b>	<b>10.273</b>	<b>(3.992)</b>	<b>(3.992)</b>

<sup>(1)</sup> Effects on equity also include the effects on the profit or loss statement.

As of 30 September 2020 and 30 September 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.

**III. Explanation on interest rate risk**

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

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)**

**III. Explanation on interest rate risk (Continued)**

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

*(Periods remaining to repricing dates)*

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	7.719.290	7.719.290
Banks	3.084.740	-	-	-	-	138.677	3.223.417
Financial Assets Measured at Fair Value Through Profit/Loss	-	-	-	83.127	148.423	-	231.550
Money Market Placements	2.256.566	-	-	-	-	-	2.256.566
Financial Assets Measured at Fair Value Reported in Other Comprehensive Income	-	-	23.278	341.752	131.541	100.351	596.922
Loans	22.202.376	41.928.147	83.445.601	33.163.610	-	474.888	181.214.622
Financial Assets Measured at Amortised Cost	-	-	990.088	5.551.484	4.175.818	-	10.717.390
Other Assets	168.184	238.468	770.284	-	-	1.318.756	2.495.692
<b>Total Assets</b>	<b>27.711.866</b>	<b>42.166.615</b>	<b>85.229.251</b>	<b>39.139.973</b>	<b>4.455.782</b>	<b>9.751.962</b>	<b>208.455.449</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	-	-	-	-	-	-	-
Miscellaneous Payables	-	14.610	11.802	11.802	-	2.379.602	2.417.816
Securities Issued	-	-	7.994.737	16.205.294	-	-	24.200.031
Other Funds	14.727.774	39.623.124	79.445.993	31.944.862	-	-	165.741.753
Other Liabilities <sup>(1)</sup>	63.859	134.581	206.890	1.467.976	2.903.938	11.318.605	16.095.849
<b>Total Liabilities</b>	<b>14.791.633</b>	<b>39.772.315</b>	<b>87.659.422</b>	<b>49.629.934</b>	<b>2.903.938</b>	<b>13.698.207</b>	<b>208.455.449</b>
On Balance Sheet Long Position	12.920.233	2.394.300	-	-	1.551.844	-	16.866.377
On Balance Sheet Short Position	-	-	(2.430.171)	(10.489.961)	-	(3.946.245)	(16.866.377)
Off-balance Sheet Long Position	8.652.172	8.939.128	16.209.695	-	-	-	33.800.995
Off-balance Sheet Short Position	(8.688.290)	(9.239.924)	(16.156.707)	-	-	-	(34.084.921)
<b>Total Position</b>	<b>12.884.115</b>	<b>2.093.504</b>	<b>(2.377.183)</b>	<b>(10.489.961)</b>	<b>1.551.844</b>	<b>(3.946.245)</b>	<b>(283.926)</b>

<sup>(1)</sup> In other liabilities line the "non-interest bearing" column amounting TL 11.318.605 TL includes equity amounting to TL 10.287.064 and provisions amounting to TL 307.469.

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**SECTION FOUR (Continued)**

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

**III. Explanation on interest rate risk (Continued)**

**1. Interest rate sensitivity of assets, liabilities and off-balance sheet items (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
<b>Assets</b>							
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
<b>Total Assets</b>	<b>18.797.809</b>	<b>41.106.345</b>	<b>86.417.602</b>	<b>3.882.018</b>	<b>3.720.838</b>	<b>8.958.500</b>	<b>162.883.112</b>
<b>Liabilities</b>							
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 <sup>(1)</sup>	43.370	38.113	52.045	1.086.217	2.948.631	9.933.389	14.101.765
<b>Total Liabilities</b>	<b>12.417.267</b>	<b>20.403.633</b>	<b>95.175.523</b>	<b>19.628.793</b>	<b>2.948.631</b>	<b>12.309.265</b>	<b>162.883.112</b>
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)
<b>Total Pozisyon</b>	<b>6.374.045</b>	<b>20.702.712</b>	<b>(8.687.108)</b>	<b>(15.060.546)</b>	<b>742.056</b>	<b>(3.350.765)</b>	<b>720.394</b>

<sup>(1)</sup> 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)**

**III. Explanation on interest rate risk (Continued)**

**2. Average interest rates for monetary financial instruments**

As of 30 September 2020, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	GBP	JPY	TL
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-
Banks	0,66	-	0,06	-	11,77
Financial Assets Measured at Fair Value Through Profit/Loss	-	6,12	-	-	-
Interbank Money Market Placements	-	-	-	-	12,24
Financial Assets Measured at FVOCI	-	6,28	-	-	-
Loans	1,16	2,33	1,94	1,26	9,20
Financial Assets Measured at Amortised Cost	1,52	4,93	-	-	9,82
<b>Liabilities</b>					
Bank Deposits	-	-	-	-	-
Other Deposits	-	-	-	-	-
Money Market Funds	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Securities Issued	-	5,82	-	-	9,25
Other Funds	0,40	1,58	0,48	0,06	12,54

As of 31 December 2019, average interest rates applied to monetary financial instruments are shown below;

	EUR	USD	GBP	JPY	TL
<b>Prior Period</b>					
<b>Assets</b>					
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
<b>Liabilities</b>					
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)**

**IV. Explanations on position risk of equity securities**

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

The Bank owns 9,78% of 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	47.650	79.576	-	-	-	-
4	<b>Total</b>	<b>47.650</b>	<b>79.576</b>	-	-	-	-

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

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

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

The Bank does not have investment in associates or subsidiaries quoted on BIST. According to credit positions in banking accounts standard approach, stock investments amounting to TL 100.351 thousand are 100% risk weighted (31 December 2019: Stock investments amounting to TL 37.822 are 100% risk weighted).

**V. Explanations on liquidity risk and liquidity coverage ratio**

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

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

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

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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**(Continued)**

**V. 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)
2 August 2020	899,38	20 September 2020	560,66	2 August 2020	777,13	20 September 2020	474,03

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

**2. Liquidity Coverage Ratio**

Current Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>				
1	Total high-quality liquid assets (HQLA)		16.780.639	14.250.756
<b>Cash Outflows</b>				
2	Retail deposits and deposits from small business customers, of which:		-	-
3	Stable deposits		-	-
4	Less stable deposits		-	-
5	Unsecured wholesale funding, of which:		7.710.304	7.571.699
6	Operational deposits		-	-
7	Non-operational deposits		-	-
8	Unsecured funding		7.710.304	7.571.699
9	Secured wholesale funding		-	-
10	Other cash outflows of which:		1.387.296	1.383.150
11	Outflows related to derivative exposures and other collateral requirements		936.151	935.432
12	Outflows related to restructured financial instruments		-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets		451.145	447.718
14	Other revocable off-balance sheet commitments and contractual obligations		-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations		544.941	544.941
16	<b>Total Cash Outflows</b>		<b>9.642.541</b>	<b>9.499.790</b>
<b>Cash Inflows</b>				
17	Secured receivables		-	-
18	Unsecured receivables		14.417.662	11.086.482
19	Other cash inflows		8.620	7.281
20	<b>Total Cash Inflows</b>		<b>14.426.282</b>	<b>11.093.763</b>
			<i>Upper limit applied value</i>	
21	<b>Total HQLA</b>		<b>16.780.639</b>	<b>14.250.756</b>
22	<b>Total Net Cash Outflows</b>		<b>2.413.571</b>	<b>2.377.883</b>
23	<b>Liquidity Coverage Ratio (%)</b>		<b>695,26</b>	<b>599,30</b>

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

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

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

**2. Liquidity Coverage Ratio (Continued)**

Prior Period	Total Unweighted Value <sup>(*)</sup>		Total Weighted Value <sup>(*)</sup>	
	TL+FC	TL+FC	TL+FC	YP
<b>High-Quality Liquid Assets</b>				
1	Total high-quality liquid assets (HQLA)		12.822.753	10.416.284
<b>Cash Outflows</b>				
2	Retail deposits and deposits from small business customers, of which:			
3	Stable deposits	-	-	-
4	Less stable deposits	-	-	-
5	Unsecured wholesale funding, of which:		5.265.822	5.265.822
6	Operational deposits	-	-	-
7	Non-operational deposits	-	-	-
8	Unsecured funding	11.511.921	11.511.921	5.265.822
9	Secured wholesale funding			
10	Other cash outflows of which:		1.805.726	1.722.678
11	Outflows related to derivative exposures and other collateral requirements		1.593.451	1.592.517
12	Outflows related to restructured financial instruments		-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets		212.276	130.162
14	Other revocable off-balance sheet commitments and contractual obligations		-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations		501.348	501.348
16	<b>Total Cash Outflows</b>		<b>7.572.896</b>	<b>7.489.848</b>
<b>Cash Inflows</b>				
17	Secured receivables		-	-
18	Unsecured receivables		10.029.648	8.332.096
19	Other cash inflows		7.801	6.010
20	<b>Total Cash Inflows</b>		<b>10.037.449</b>	<b>8.338.106</b>
			<i>Upper limit applied value</i>	
21	<b>Total HQLA</b>		<b>12.822.753</b>	<b>10.416.284</b>
22	<b>Total Net Cash Outflows</b>		<b>1.898.419</b>	<b>1.877.657</b>
23	<b>Liquidity Coverage Ratio (%)</b>		<b>675,44</b>	<b>554,75</b>

<sup>(\*)</sup> 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:**

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

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated <sup>(1)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand in Transit, Purchased Cheques) and Balances with the Central Bank	7.719.290	-	-	-	-	-	-	7.719.290
Banks	138.677	3.084.740	-	-	-	-	-	3.223.417
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-	83.127	148.423	-	231.550
Money Market Placements	-	2.256.566	-	-	-	-	-	2.256.566
Financial Assets Measured at Fair Value Through Other Comprehensive Income	100.351	-	-	23.278	341.752	131.541	-	596.922
Loans	-	15.282.384	30.189.111	71.117.311	59.156.018	4.994.912	474.886	181.214.622
Financial Assets Measured at Amortised Cost	-	-	-	990.088	5.551.484	4.175.818	-	10.717.390
Other Assets	-	8.972	-	283.268	866.182	18.514	1.318.756	2.495.692
<b>Total Assets</b>	<b>7.958.318</b>	<b>20.632.662</b>	<b>30.189.111</b>	<b>72.413.945</b>	<b>65.998.563</b>	<b>9.469.208</b>	<b>1.793.642</b>	<b>208.455.449</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Other Funds	-	12.118.743	24.894.105	68.949.081	50.297.192	9.482.632	-	165.741.753
Money Market Funds	-	-	-	-	-	-	-	-
Securities Issued	-	-	-	7.737.744	16.462.287	-	-	24.200.031
Miscellaneous Payables	-	-	14.610	11.802	11.802	-	2.379.602	2.417.816
Other Liabilities <sup>(2,3,4)</sup>	-	33.156	1.325	61.854	1.700.605	2.980.304	11.318.605	16.095.849
<b>Total Liabilities</b>	<b>-</b>	<b>12.151.899</b>	<b>24.910.040</b>	<b>76.760.481</b>	<b>68.471.886</b>	<b>12.462.936</b>	<b>13.698.207</b>	<b>208.455.449</b>
<b>Liquidity Gap</b>	<b>7.958.318</b>	<b>8.480.763</b>	<b>5.279.071</b>	<b>(4.346.536)</b>	<b>(2.473.323)</b>	<b>(2.993.728)</b>	<b>(11.904.565)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>(7.466)</b>	<b>-</b>	<b>92.712</b>	<b>(101.570)</b>	<b>(267.602)</b>	<b>-</b>	<b>(283.926)</b>
Derivative Financial Assets	-	3.999.140	-	8.922.544	15.924.400	4.954.911	-	33.800.995
Derivative Financial Liabilities	-	4.006.606	-	8.829.832	16.025.970	5.222.513	-	34.084.921
Non-Cash Loans	-	-	-	-	-	-	10.770.037	10.770.037
<b>Prior Period</b>								
<b>Total Assets</b>	<b>7.457.086</b>	<b>12.567.726</b>	<b>29.769.544</b>	<b>76.866.134</b>	<b>26.798.015</b>	<b>7.923.193</b>	<b>1.501.414</b>	<b>162.883.112</b>
<b>Total Liabilities</b>	<b>-</b>	<b>8.568.561</b>	<b>13.479.040</b>	<b>85.104.686</b>	<b>33.377.759</b>	<b>10.043.800</b>	<b>12.309.266</b>	<b>162.883.112</b>
<b>Liquidity Gap</b>	<b>7.457.086</b>	<b>3.999.165</b>	<b>16.290.504</b>	<b>(8.238.552)</b>	<b>(6.579.744)</b>	<b>(2.120.607)</b>	<b>(10.807.852)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(6.497)</b>	<b>-</b>	<b>70.813</b>	<b>686.229</b>	<b>(30.151)</b>	<b>-</b>	<b>720.394</b>
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 11.318.605 at the "unallocated" column, includes the shareholders' equity amounting to TL 10.287.064, unearned revenue amounting to TL, 652.683, provisions amounting to TL 307.469 and other liabilities amounting to TL 71.389.

(4) In other liabilities "over 5 years" line, the amount of TL 2.980.304 includes subordinated debt instrument amounting to TL 2.903.938.

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

**VI. 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:**

	<b>Current Period<sup>(*)</sup></b>	<b>Prior Period<sup>(*)</sup></b>
<b>On-Balance Sheet Items</b>		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	204.878.974	159.764.556
Assets amounts deducted in determining Basel III Tier 1 capital	(18.182)	(11.512)
Total on balance sheet exposures	204.860.792	159.753.044
<b>Derivative exposures and credit derivatives</b>		
Replacement cost associated with derivative financial instruments and credit derivatives	3.972	34.035
The potential amount of credit risk with derivative financial instruments and credit derivatives	1.067.524	1.492.894
The total amount of risk on derivative financial instruments and credit derivatives	1.071.496	1.526.929
<b>Investment securities or commodity collateral financing transactions</b>		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	-	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	-
<b>Off -Balance Sheet Items</b>		
Gross notional amount of off-balance sheet items	78.511.835	58.232.915
Adjustments for conversion to credit equivalent amounts	(59.731.871)	(42.922.471)
The total risk of off-balance sheet items	18.779.964	15.310.444
<b>Capital and Total Exposures</b>		
Tier 1 capital	11.451.267	9.913.583
Total exposures	224.712.252	176.590.417
<b>Leverage Ratio</b>		
Leverage ratio	%5,10	5,61%

<sup>(\*)</sup> Three-month average of the amounts in Leverage Ratio table.

**VII. 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.



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**SECTION FOUR (Continued)**

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

**VIII. Information on risk management**

**1. Overview of risk weighted amounts**

	Risk Weighted Amount		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	
1	<b>Credit risk (excluding counterparty credit risk) (CCR)</b>	65.410.383	66.392.064	5.232.831
2	Of which standardized approach (SA)	65.410.383	66.392.064	5.232.831
3	Of which internal rating-based (IRB) approach	-	-	-
4	<b>Counterparty credit risk</b>	501.656	724.172	40.132
5	Of which standardized approach for counterparty credit risk (SA-CCR)	501.656	724.172	40.132
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	<b>Market risk</b>	608.150	142.963	48.652
17	Of which standardized approach (SA)	608.150	142.963	48.652
18	Of which internal model approaches (IMM)	-	-	-
19	<b>Operational Risk</b>	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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>69.057.616</b>	<b>69.016.764</b>	<b>5.524.609</b>

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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	907	7.718.373	551	7.320.280
Other	-	-	-	-
<b>Total</b>	<b>917</b>	<b>7.718.373</b>	<b>572</b>	<b>7.320.280</b>

**Account of CBRT**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	907	7.718.373	551	7.320.280
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
<b>Total</b>	<b>907</b>	<b>7.718.373</b>	<b>551</b>	<b>7.320.280</b>

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

None.

**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	-	-	-	-
Swap Transactions	8.972	1.062	5.506	821
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>8.972</b>	<b>1.062</b>	<b>5.506</b>	<b>821</b>

**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	-	1.148.388	-	1.258.289
Cash flow hedges	-	-	-	-
Net foreign investment hedges	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.148.388</b>	<b>-</b>	<b>1.258.289</b>

**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	-	18.514	-	147.141
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	-	<b>18.514</b>	-	<b>147.141</b>

**4. Information on banks and foreign bank accounts**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic banks	1.156.224	1.461.107	339.005	1.270.720
Foreign banks	-	606.086	-	1.057.741
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>1.156.224</b>	<b>2.067.193</b>	<b>339.005</b>	<b>2.328.461</b>

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

None.

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

	Current Period	Prior Period
<b>Debt Securities</b>		
Quoted to Stock Exchange	496.571	-
Not Quoted	-	-
<b>Share Certificates</b>		
Quoted to Stock Exchange	-	-
Not Quoted	100.351	37.822
Impairment Provision (-)	-	-
<b>Total</b>	<b>596.922</b>	<b>37.822</b>

As of 30 September 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.

As of 17 January 2020, the Bank has participated in JCR Avrasya Derecelendirme A.Ş. with a share of 2,86%.

All of the debt securities included in the financial assets at fair value through other comprehensive income portfolio consists of government bonds.

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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**

**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	12.378	-	10.059	-
<b>Total</b>	<b>12.378</b>	<b>-</b>	<b>10.059</b>	<b>-</b>

**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	Restructured	Refinancing
Cash Loans			The ones whose payment plans have changed	
Non-specialized Loans	177.267.817	672.868	1.824.552	-
Working capital loans	-	-	-	-
Export loans	144.313.684	555.134	1.618.800	-
Import loans	-	-	-	-
Loans granted to financial sector	13.621.979	-	-	-
Consumer loans	12.378	-	-	-
Credit cards	-	-	-	-
Other	19.319.776	117.734	205.752	-
Specialized loans	618.468	273.819	82.212	-
Other receivables	-	-	-	-
<b>Total</b>	<b>177.886.285</b>	<b>946.687</b>	<b>1.906.764</b>	<b>-</b>

	Standard Loans	Loans Under Close Monitoring
12 months expected credit loss (*)	108.720	-
Increase in credit risk	-	24.992

(\*) Expected loss provisions of financial assets measured at amortized cost are not included.

**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	5.540	1.593.106
Extended for 3, 4 or 5 Times	575	992.950
Extended for More than 5 Times	123	109.613

The Time Extended via the Amendment on Payment Plan	Standard Loans	Loans Under Close Monitoring
0-6 Months	5.263	861.464
6-12 months	338	590.966
1-2 Years	285	383.372
2-5 Years	236	575.179
5 Years and More	116	284.688

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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)**

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

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

As of 30 September 2020, the Bank has personnel loans amounting to TL 12.378.

	Short-term	Medium and Long-term	Total
<b>Consumer Loans-TL</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards – TL</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Retail Credit Cards – FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Personel Loans-TP</b>	<b>295</b>	<b>12.083</b>	<b>12.378</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	295	12.083	12.378
<b>Personnel Loans - FC-indexed</b>	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personel Loans-YP</b>	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personel Credit Cards -TP</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Personel Credit Cards-YP</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Deposit Accounts– TL (Real Persons)</b>	-	-	-
<b>Deposit Accounts– FC (Real Persons)</b>	-	-	-
<b>Total</b>	<b>295</b>	<b>12.083</b>	<b>12.378</b>

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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)**

**7.5. Information on commercial installment loans and corporate credit cards**

None.

**7.6. Distribution of domestic and foreign loans**

	<b>Current Period<sup>(*)</sup></b>	<b>Prior Period</b>
Public	174.064.774	137.493.949
Private	6.674.962	5.359.370
<b>Total</b>	<b>180.739.736</b>	<b>142.853.319</b>

<sup>(\*)</sup>Non-performing loans and non-performing loans' accrual amounts are not included.

**7.7. Loans granted to investments in associates and subsidiaries**

None.

**7.8. Information on provisions allocated for defaults (stage three)**

	<b>Current Period</b>	<b>Prior Period</b>
Loans with Limited Collectability	26.057	40.202
Loans Doubtful Collectability	8.511	5.737
Uncollectible Loans	440.256	377.364
<b>Total</b>	<b>474.824</b>	<b>423.303</b>

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectability</b>	<b>Loans and Other Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period</b>			
Gross Amounts Before Provisions	18.307	3.966	1.265
Restructured Loans	18.307	3.966	1.265
<b>Prior Period</b>			
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. Information related to loans (Continued)  
7.9. Information on non-performing loans (Net) (Continued)  
7.9.2 Information on the movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Balance at the Beginning of the Period	99.434	27.978	377.341
Additions During the Period	252.755	6	58.962
Transfers from Non-performing Loans Accounts	-	38.664	15.997
Transfers to Other Non-Performing Loans Accounts	(54.661)	-	-
Collections During the Period	(271.424)	(58.137)	(10.628)
Write-offs	-	-	(1.416)
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the End of the Period <sup>(1)</sup>	26.104	8.511	440.256
Provisions	(26.057)	(8.511)	(440.256)
<b>Net Balance Sheet Amount</b>	<b>47</b>	<b>-</b>	<b>-</b>

(1) Non-performing loans' accruals amounting to TL 15 is not included in non-performing loans balance.

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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)**

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
<b>Current Period</b>			
Balance at the End of the Period	26.047	8.511	419.810
Provisions	(26.047)	(8.511)	(419.810)
Net Balance Sheet Amount	-	-	-
<b>Prior Period</b>			
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	-

**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
<b>Current Period (Net)</b>			
Loans Granted to Real Persons and Corporate Entities (Gross) (*)	26.104	8.511	439.964
Specific Provision Amount	(26.057)	(8.511)	(439.964)
Loans Granted to Real Persons and Corporate Entities (Net)	47	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans (Net)	-	-	-
<b>Prior Period (Net)</b>			
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)	-	-	-

(\*) Non-performing loans' accruals amounting to TL 15 is not included in non-performing loans balance.



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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)**

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and with Limited Collectability</b>	<b>Loans and with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Current Period (Net)</b>	-	15	-
Interest Accruals and Rediscounts and Valuation Differences	-	15	-
Provision Amount (-)	-	-	-
<b>Prior Period (Net)</b>	<b>598</b>	<b>1.243</b>	-
Interest Accruals and Rediscounts and Valuation Differences	598	1.243	-
Provision Amount (-)	-	-	-

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

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

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

**7.9.6. Explanations on the write-off policy**

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

Write-off of the non-performing loans and receivables is considered, during the legal follow-up process concerning the collection of receivables.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I Explanations and notes related to assets (Continued)**

**8. Explanations on financial assets measured at amortized cost**

As of 30 September 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	-	-	-	-
<b>Total</b>	-	-	-	-

Financial assets measured at amortized cost given as collateral/blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds and Similar Securities	386.227	5.116.167	601.480	-
<b>Total</b>	<b>386.227</b>	<b>5.116.167</b>	<b>601.480</b>	-

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	2.919.855	7.000.522	2.989.880	4.100.602
Treasury Bonds	-	-	-	-
Other Public Borrowing Bonds	-	797.013	-	-
<b>Total</b>	<b>2.919.855</b>	<b>7.797.535</b>	<b>2.989.880</b>	<b>4.100.602</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I Explanations and notes related to assets (Continued)**

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

**8.3 Information on financial assets measured at amortized cost**

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	2.919.855	7.797.535	2.989.880	4.100.602
Traded on the Stock Exchange	2.919.855	7.797.535	2.989.880	4.100.602
Not Traded on the Stock Exchange	-	-		
Impairment Provision (-)	-	-		
<b>Total</b>	<b>2.919.855</b>	<b>7.797.535</b>	<b>2.989.880</b>	<b>4.100.602</b>

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

*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	1.886.847	32.550
Purchases during the year	1.724.460	4.032.405
Disposals through sales and redemptions <sup>(1)</sup>	-	(271.492)
Increase in value impairment provision <sup>(2)</sup>	15.601	47.297
<b>Balance at the end of the period</b>	<b>10.717.390</b>	<b>7.090.482</b>

<sup>(1)</sup> The amount shown in the disposals through sales and redemptions line represents only the redemption amount of securities. There are no disposals through sales in the current period.

<sup>(2)</sup> Includes changes in interest accruals.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and notes related to assets (Continued)**

**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.

**13. 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 Office of the Turkish Presidency Investment Support and Promotion Agency and classified as investment property in accordance with TAS 40.

	<b>Current Period</b>	<b>Prior Period</b>
Cost	4.566	4.566
Depreciation Expense	(2.591)	(2.520)
<b>Net Value at the end of the Period</b>	<b>1.975</b>	<b>2.046</b>

**14. 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.

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

None.

**16. 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	5	-	-	-
Swap Agreements	1.900	68.352	-	31.766
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1.905</b>	<b>68.352</b>	<b>-</b>	<b>31.766</b>

**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	-	6.829	-	45.274
Cash Flow Hedge	-	-	-	-
Net Investment in Foreign Operations Hedge	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6.829</b>	<b>-</b>	<b>45.274</b>

**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	-	302.167	-	29.909
Net Investment in Foreign Operations Hedge	-	-	-	-
<b>Total</b>	<b>-</b>	<b>302.167</b>	<b>-</b>	<b>29.909</b>

**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	6.571.492	109.281.434	-	89.645.623
From Domestic Banks and Institutions	-	4.925.409	-	5.277.228
From Foreign Banks, Institutions and Funds	-	44.963.418	-	32.661.691
<b>Total</b>	<b>6.571.492</b>	<b>159.170.261</b>	<b>-</b>	<b>127.584.542</b>

**3.2. Information on maturity structure of borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	6.571.492	126.129.777	-	99.010.274
Medium and Long-Term (*)	-	34.499.164	-	29.603.993
<b>Total</b>	<b>6.571.492</b>	<b>160.628.941</b>	<b>-</b>	<b>128.614.267</b>

(\*) Medium and long-term loans include subordinated loans amounting to TL 1.366.890 (31 December 2019: TL 998.220) and interest accruals of these loans amounting to TL 91.790 (31 December 2019: TL 31.505).

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

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and notes on liabilities items (Continued)**

**4. Information regarding securities issued**

As of 30 September 2020, the liabilities of the Bank resulting from bond issuances is presented as follows:

<b>Information regarding securities issued</b>	<b>Current Period</b>	<b>Prior Period</b>
Securities Issued	23.027.777	18.078.347
Discount on Issuance of Securities (-)	36.780	68.356
Bond Interest Accrual	1.209.034	781.540
<b>Total</b>	<b>24.200.031</b>	<b>18.791.531</b>

In September 2014, the Bank issued bonds amounting USD 500 million (TL 3.884.000). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years.

In February 2016, the Bank issued bonds amounting USD 500 million (TL 3.884.000). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years.

In October 2016, the Bank issued bonds amounting USD 500 million (TL 3.884.000). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is seven years.

In September 2017, the Bank issued bonds amounting USD 500 million (TL 3.884.000). The bond is subject to annual fixed interest payment of 4,250% every six months and the total maturity is five years.

In May 2018, the Bank issued bonds amounting USD 500 million (TL 3.884.000). The bond is subject to annual fixed interest payment of 6,125% every six months and the total maturity is six years.

In January 2019, the Bank issued bonds amounting USD 500 million (TL 3.884.000). The bond is subject to annual fixed interest payment of 8,250% every six months and the total maturity is five years.

In September 2019, the Bank issued a three-year bond with a total amount of TL 256 million and variable interest payments every six months.

**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.

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Country Loans- Risk Premiums	-	638.788	-	525.429
Loan Transactions	7.362	52.771	1.233	46.469
Insurance Transactions	3.233	6.407	3.956	69
Debts for the public institutions	-	-	-	1.987
Unearned Revenue	-	14.185	-	8.322
<b>Total</b>	<b>10.595</b>	<b>712.151</b>	<b>5.189</b>	<b>582.276</b>

**6. Information on lease payables (net)**

As of 30 September 2020, all lease transactions of the Bank consist of operating lease transactions.

	<b>Current Period</b>	<b>Prior Period</b>
Lease obligation under the contract	17.192	20.801
Deferred interest expense	(2.336)	(3.840)
<b>Total</b>	<b>14.856</b>	<b>16.961</b>

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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**

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

	<b>Current Period</b>	<b>Prior Period</b>
Expected credit losses (insurance and non-cash loans)	149.746	133.791

As of 30 September 2020, the Bank has a provision amounting to TL 149.340 (31 December 2019: TL 133.791) for the possible future claims due to the export receivables it insures and TL 406 (31 December 2019: None) for letter of guarantees.

**7.2. Other provisions, If other provisions exceed 10% of total provisions, the names and amounts of the sub-accounts causing the overdraft**

Other provisions amounts to TL 225.531 (31 December 2019: TL 166.463), and consists of non-cash provisions amounting to TL 149.746 (31 December 2019: TL 133.791), litigation and court provisions amounting to TL 11.735 and other provisions amounting to TL 64.050 (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**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Taxes Payable <sup>(1)</sup>	-	-
Taxation on Revenue from Securities	23	-
Property Tax	-	-
Banking Insurance Transaction Tax	4.343	7.616
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	65	678
Other	2.748	3.194
<b>Total</b>	<b>7.179</b>	<b>11.488</b>

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

**8.1.3. Information on premium payables**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums – Employee	3.520	2.556
Social Security Premiums – Employer	5.392	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	274	205
Unemployment Insurance - Employer	519	382
Other	-	-
<b>Total</b>	<b>9.705</b>	<b>7.123</b>

**8.2. Information on deferred tax liability**

None.

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**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	-	1.458.680	-	1.029.725
Subordinated Loans	-	1.458.680	-	1.029.725
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in the contribution capital calculation	2.907.569	-	2.996.129	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	2.907.569	-	2.996.129	-
<b>Total</b>	<b>2.907.569</b>	<b>1.458.680</b>	<b>2.996.129</b>	<b>1.029.725</b>

**10. Information on shareholders' equity**

**10.1. Presentation of paid-in capital**

	Current Period	Prior Period
Common Stock	7.160.000	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	7.160.000	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**

None.

**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	88.432	(12.124)	28.658	-
Foreign Currency Differences	-	-	-	-
<b>Total</b>	<b>88.432</b>	<b>(12.124)</b>	<b>28.658</b>	<b>-</b>

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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 30 September 2020, the Bank has irrevocable commitments amounting to TL 1.212.683 (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**

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee	5.826	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for Export Loan Insurance	10.765.450	10.891.326
<b>Total</b>	<b>10.771.276</b>	<b>10.891.326</b>

**1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies**

None.

**1.3 Total amount of non-cash loans**

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans given against cash loans		
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	10.771.276	10.891.326
<b>Total</b>	<b>10.771.276</b>	<b>10.891.326</b>

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**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	679.968	1.251.485	650.641	1.392.254
Medium and Long-term Loans	32.722	1.233.903	22.454	1.133.112
Interest on Loans Under Follow-up	4.111	305	1.414	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>716.801</b>	<b>2.485.693</b>	<b>674.509</b>	<b>2.525.366</b>

**1.2. Information on interest income from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	-	-	6.386	1.408
Domestic Banks	56.546	4.375	66.549	16.762
Foreign Banks	-	4.035	25	29.013
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>56.546</b>	<b>8.410</b>	<b>72.960</b>	<b>47.183</b>

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

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations on notes related to statement of profit or loss (Continued)**

**1. Within the scope of interest income (Continued)**

**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	-	6.316	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	10.166	-	-
Financial Assets Measured at Amortized Cost	210.494	182.255	233.332	19.486
<b>Total</b>	<b>210.494</b>	<b>198.737</b>	<b>233.332</b>	<b>19.486</b>

**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
<b>Banks</b>				
CBRT	119.212	552.349	-	699.868
Domestic Banks	75	124.142	45	196.218
Foreign Banks	-	755.277	-	783.069
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	60.285	-	18.402
<b>Total</b>	<b>119.287</b>	<b>1.492.053</b>	<b>45</b>	<b>1.697.557</b>

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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	291.497	963.231	274.438	816.964

**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
<b>Gain</b>	<b>54.583.382</b>	<b>39.608.610</b>
Trading Gains on Securities	6.808	-
Trading Gains on Derivative Financial Transactions	1.815.372	2.574.656
Foreign Exchange Gains	52.761.202	37.033.954
<b>Loss (-)</b>	<b>53.885.643</b>	<b>39.122.326</b>
Trading Losses on Securities	-	-
Trading Losses from Derivative Financial Transactions	2.552.805	1.171.257
Foreign Exchange Loss	51.332.838	37.951.069

**4. Information on other operating income**

	Current Period	Prior Period
Cancelled Provisions	5.025	236
Rent Income	1.011	865
Other Income from International Loans	-	734
Income from Sales of Assets	-	-
Other	2.309	1.976
<b>Total</b>	<b>8.345</b>	<b>3.811</b>

**5. Explanations on provisions**

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>202.179</b>	<b>77.251</b>
12 month expected credit loss (Stage 1)	121.688	31.060
Significant increase in credit risk (Stage 2)	21.218	3.102
Non-performing loans (Stage 3)	59.273	43.089
<b>Marketable Securities Impairment Expense (*)</b>	<b>15.481</b>	<b>-</b>
Financial Assets Measured at Fair Value through Profit or Loss	15.481	-
Financial Assets Measured at Fair Value through Other Comprehensive	-	-
<b>Investments in Associates, Subsidiaries and Financial Assets Measured at</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	11.735	-
<b>Total</b>	<b>229.395</b>	<b>77.251</b>

(\*) Marketable securities impairment expenses and litigation and court provisions are classified under other provision expenses in income statement.

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**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**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Termination Benefits (*)	4.554	4.122
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	2.319	1.701
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	6.772	6.311
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	1.092	1.056
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	17.025	13.803
<i>Operational Lease Expenses</i>	-	1
<i>Maintenance Expenses</i>	355	497
<i>Advertisement Expenses</i>	63	9
<i>Other Expenses</i>	16.607	13.296
Loss on Sale of Assets	-	-
Other (**)	78.588	58.407
<b>Total</b>	<b>110.350</b>	<b>85.400</b>

(\*) 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 amounting to TL 31.348 and KOSGEB dues amounting to TL 23.605.

**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**

None.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**V. 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.

**VI. Explanations and notes related to events after balance sheet**

None.

**SECTION SIX**

**Limited Review Report**

**I. Explanations on the limited review report**

The unconsolidated financial statements for the period ended 30 September 2020 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited) and Limited Review Report dated 10 November 2020 is presented before the unconsolidated financial statements.

**II. Explanations and notes prepared by independent auditor**

None.

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**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

**I. Interim period activity report including the assessments on interim activities of the chairman of the board of directors and general manager of the Bank**

**Between January – September 2020 Eximbank contributed %28<sup>1</sup> of export.**

Türk Eximbank January – September 2020 still contributes export. These are the steps;

- In the first nine months of 2020, cash loans and insurance support amounted to USD 33,7 billion. Thus, the total financial support provided was 28%.
- Loan balance increased by 26,4% on an annual basis and reached TL 181,2 billion.
- Türk Eximbank has provided TL 49<sup>2</sup> of export loans for each TL 100 in the banking system.
- The total foreign exchange debt stock excluding CBRT was realized as USD 9,5 billion.
- Fitch Ratings has confirmed the long-term local currency rating of the Bank at the level of BB- on September 01, 2020 and changes its outlook from stable to negative; and revised its outlook from stable to negative by affirming its long-term foreign currency rating at B + level. The rating agency has confirmed the Bank's short-term local and foreign currency ratings at level B, its support rating at level 4, its support rating base at B+ level, and its national long-term credit rating at AAA(tur) level and its outlook as stable.
- Moody's did not make any changes to the Bank's long-term domestic and foreign currency issuer ratings (B2), foreign currency bond rating (B2), foreign currency medium-term export program bond rating ((P)B2), basic credit assessment and adjusted basic credit assessment ratings (b3), short-term credit ratings (NP) and, if any, outlook (negative) on September 15, 2020, and revised long-term domestic and foreign currency counter-party risk notes from B1 to B2 and long-term counter-party risk assessment rating from B1(cr) to B2(cr).
- Within the scope of International Loans, a total of USD 32,7 million was provided.

**In the first 9 months of 2020, the new loan opportunities have been expanded**

- In order to expand the branch network, efforts have been made to open a new branch on the European Side of Istanbul and in Kahramanmaraş, and it was submitted to the Board of Directors and approved.
- Within the scope of the main protocol signed between Türk Eximbank and Kredi Garanti Fonu on 09 April 2020, the "Eximbank Credit Support Package" and the "Stock Financing Support Package" were implemented. With the Eximbank Credit Support package, wage payments to employees of our exporters, payments related to commercial debts, rent payments, domestic goods and services purchases and public institution payments were included in the scope of support. With the Stock Financing Support, exporters who had to move their stocks due to cancellations of orders and decrease in demand under current conditions were provided with financing for their stock financing needs. With the commitment to continuity of employment through the CBRT sourced Rediscount Credits, the cost rates in the loans offered to exporters with a 1-year maturity were determined based on the CBRT policy rate.
- Under the leadership of MUFG Bank Ltd., a syndicated loan of 678 million dollars was obtained with the participation of international banks. With the new additions after the signature on May 14, 2020, the syndicated loan volume was increased to 723 million dollars. With this loan volume, the renewal rate was at the level of 134%.

<sup>1</sup> According to the data of the Ministry of Trade, exports are 118 billion dollars in the period January-September 2020.

<sup>2</sup> The most recent data is as of August 2020.



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**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

- I. Interim period activity report including the assessments on interim activities of the chairman of the board of directors and general manager of the Bank (Continued)**
- To be evaluated within the scope of the sustainability process of Turkish Eximbank and 70% to be used by SMEs; The counter-guarantee of the Ministry of Treasury and Finance and the 50% principal guarantee of the International Bank for Reconstruction and Development (IBRD) with a total of 10-year maturity of 2 years non-refundable amount of 380 million Euros, 6-month Euribor +% within the scope of the agreement signed on June 26, 2020 It was provided with a total cost of 2.83
  - A resource of 100 million dollars has been obtained from the Islamic Development Bank. It can be used up to 10 years for the investment needs of our exporters.
  - Participation Finance Investment Loan, which works with Participation Finance System principles, has been put into practice.
  - Within the scope of the “Foreign Letter of Guarantee Credit Program”, 2 letters of guarantee in total worth of 750 thousand dollars were given in June for the first time.
  - With the “Loan Program Based on the Guarantee of Insured Receivables”, for the first time, exporters' all short-term receivables guaranteed with the Turkish Eximbank insurance policy were accepted as a pool collateral for the first time and a 1-year maturity of 694 thousand dollars was provided.
  - In line with the demands of the companies for loan repayments due until June 30, 2020;
    - 3 months for loans extended from CBRT resources,
    - 6 months for loans made available from our own resources,
    - 6 months for SÖİKmaturity extension opportunity has been introduced. In addition, these maturity extensions are not considered within the scope of restructuring for companies.
- After June 30, the maturity extension requests of loans granted from the Bank's resources continue to be evaluated.
- Rediscount Credits with open commitment risk and Rediscount Credits used from 18 March 2020 to 30 June 2020 were given an additional 12-month commitment closing period, and the commitment closing period was increased from 24 months to 36 months.
  - For other export credits, an additional period of 12 months has been granted to the Ministry within 3 months from the end of the document term for certified credits, and to Turk Eximbank within 1 month from the expiry of the exception for undocumented credits to be valid until December 31, 2020.
  - In this period, the New Insurance Project (NIP), which was initiated in 2016 in order to increase the satisfaction of exporters with insurance services, was accelerated and put into use on 17 August 2020. Thus, the screens and workflows used in insurance transactions were renewed from end to end.

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**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**I. Interim period activity report including the assessments on interim activities of the chairman of the board of directors and general manager of the Bank (Continued)**

- “Türk Eximbank Sustainability Management System”, which was initiated in 2018 in order to comply with the requirements of international financing resources, develop new products, provide access to finance under more favorable conditions, and to carry out all activities within the Bank in accordance with the principles of sustainability, was announced by our Board of Directors on September 6, 2019 and it was put into operation with the decision numbered 98. With the aforementioned decision, a Sustainability Committee and a Sustainability Subcommittee were established; The Head of the Financial Affairs Department was appointed as the Head of the Sustainability Committee as the Head of the General Directorate, the Sustainability Committee Coordinator and the Head of the Sustainability Subcommittee in April 2020; Türk Eximbank Sustainability Policies have been approved. One Sustainability Committee meeting and five Sustainability Subcommittee meetings were held in the July-September 2020 period. Sub-committee members were given training on Sustainability and Climate Change. The deficiencies in the Sustainability Management System were identified and efforts were made to eliminate these deficiencies. An instruction for compliance with environmental and social standards, which is one of the terms of the 380 million euro loan package to be used within the scope of the World Bank, was prepared and a training was held on the World Environment Day. In addition, an environmental and social questionnaire has been developed for the working capital loans to be used from this source. Meetings were held with companies in order to work with Environmental and Social Independent Consultants. A party contract that determines the responsibilities of independent consultant firms and exporters has been prepared by the bank. Within the scope of the New Loan Programs Promotion and Information meeting, a presentation on sustainability, environmental and social risk assessment was made, and questions from the branches on the subject were answered. The Sustainability Working Group meeting was held and a roadmap was prepared for the preparation of sustainability-related studies (CDP report, Sustainability report, Integrated Management System certificates, etc.). Within the scope of the loan to be made available from Asya Infrastructure Investment Bank (AIIB), environmental and social risk assessment analysis question sets related to environmental and social issues were answered and the required documents related to the subject were forwarded to Asya Infrastructure Investment Bank.

Awareness raising activities have been carried out on Turkish Eximbank within the scope of its direct effects.

- Within the scope of sustainability, different posters were designed and hung in appropriate places in the Head Office Building of Türk Eximbank.
- The visual with the theme "Start From Your Office, Reflect It To Your Life" was published on the Türk Eximbank Intranet website to raise awareness.
- The draft Turkish Eximbank Sustainability Bulletin, containing information from the units, has been prepared.
- Visuals have been prepared for use on computers despite the possibility of using them.
- The Sustainability Committee was informed within the scope of the ongoing studies.

**Türk Eximbank's Establishment and Principles Have Been Amended**

In the Official Gazette dated 04 April 2020 and numbered 31089 "Principles Regarding the Amendment of the Principles Regarding the Establishment and Duties of Türkiye İhracat Kredi Bankası A.Ş." (Decision Number: 2366) was published. Accordingly, changes have been made in the following 4 items:

- ITEM 5 – (1). The ministry in which the bank is related to is the ministry that is of interest to the President.
- ITEM 18 – (1) The General Manager is appointed and dismissed by the Bank's Board of Directors. (2) The conditions specified in the Banking Law are sought in order to be appointed as the General Manager.

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**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**I. Interim period activity report including the assessments on interim activities of the chairman of the board of directors and general manager of the Bank (Continued)**

- ITEM 20 – (1) The Supreme Advisory and Credits Referral Board consists of Deputy Minister of Treasury and Finance, Deputy Minister of Commerce, Deputy Minister of Industry and Technology, Chairman of the Central Bank of the Republic of Turkey and Vice President of Strategy and Budget under the chairmanship of the relevant Minister of the Bank. The Chairman of the Board of Directors of the Bank and the Deputy Chairman of the Board of Directors and the General Manager are natural members of the Board.
- ITEM 27 – (1) These Principles are executed by the President.

**The Ordinary General Assembly meeting of Turk Eximbank was held on 25 August 2020 and the Articles of Association of the Bank were amended:**

The Ordinary General Assembly meeting of the Bank took place on 25 August 2020. With the decision of the General Assembly the amendments in the Articles of Association of the Bank to comply with the Presidential government system and the changing legislation

- Article 5, titled the ministry to which the bank is related, states that "The Ministry to which the bank is related is the ministry it is concerned with by the Presidency"
- Article 8 titled Increasing the Capital "The capital of the Bank can be increased up to the registered capital ceiling by the decision of the Board of Directors in accordance with the provisions of the relevant Legislation. The permission to increase the capital given to the Board of Directors up to the registered capital ceiling is for five years, starting in 2017 and ending in 2021. In order for the Board of Directors to take a capital increase decision after 2021; it is obligatory to obtain authorization from the General Assembly for a new period by obtaining permission from the General Directorate of Internal Trade of the Ministry of Commerce for a previously permitted ceiling or a new amount. In case of failure to obtain the said authorization, the Bank is deemed to have left the Registered Capital System. Management Board's decisions regarding the capital increase will be announced in Turkey Trade Registry Gazette. "
- Article 22 titled amendment of the articles of association "The provisions of the Banking Law and Turkish Commercial Code are applied for the amendments to the Articles of Association."
- Establishment of the Board (High Advisory and Credits Guidance Board) article 38 titled "High Advisory and Credits Guidance Board consists of the members specified in the relevant legislation."
- Article 39, titled Duties and Authorities of the High Advisory and Credits Guidance Board, "The High Advisory and Credits Guidance Committee notifies the Bank's decisions regarding the purpose and fields of activity of the Bank to be taken into consideration in practice. The secretariat services of the Board are carried out by the Bank. Other duties and powers of the Board are determined by the relevant legislation."

as amended and titled Issuance of debt instruments to the Articles of Association, "The Bank may issue all kinds of debt instruments that provide borrowing opportunities specified and defined in the Capital Market legislation. The Board of Directors of the Bank is authorized in the issuance of debt instruments." 8 / A item was added.

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**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

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

The balance sheet of Türk Eximbank as of 30 September 2020 is TL 209 billion (USD 26.9 billion).

87% of the assets of Türk Eximbank consist of loans, 7% consists of liquid assets and 5% consists of financial assets measured at amortised cost, 1% consists of derivative financial assets and other assets.

The amount of loans provided by the Bank has amounted to TL 181,2 billion. Loans have increased by 26,4% compared to the previous year end. 70% of loans consists of short term loans amounting to TL 126 billion, 30% of total loans consists of medium and long term loans amounting to TL 55,2 billion. Through effective risk assessment methods, Türk Eximbank makes an intensive effort to ensure timely and accurate collection of its receivables. Despite the fact that a significant portion of the Bank's resources are provided to the export sector as loans, the ratio of overdue receivables to total loans is 0,3% which is very much below the sector average.

5% (TL 209 billion) of the the total liabilities of Türk Eximbank amounting to TL 10.3 billion is shareholders' equity, 93% (TL 194,8 billion) is foreign currency external funds and 2% (TL 3,9 billion) is provisions and other liabilities.

70% (TL 10,3 billion) of the shareholders' equity amounting to TL 7,2 billion belongs to paid in capital, 18% (TL 1,9 billion) belongs to capital and profit reserves, and 12% (TL 1,2 billion) is net profit of the period.

Realized external funds amounting to TL 194.8 billion used for the funding of assets consists of loans from the Central Bank of the Republic of Turkey amounting to TL 109.3 billion, loans from domestic and foreign banks amounting to TL 56.4 billion, securities issued amounting to TL 24.7 billion, subordinated debt instruments amounting to TL 4.4 billion.

Türk Eximbank started to implement the registered capital system by the decision made at the Extraordinary General Assembly meeting held on 12 January 2017 and raised the capital ceiling to TL 10 billion. The paid-in capital of the Bank is TL 7,2 billion as of 30 September 2020.

As Türk Eximbank's balance sheet is concentrated on loans, its effects can also be seen on income. The total interest income of the Bank is TL 3.7 billion and 86% (TL 3.2 billion) of this amount is the interest earned from loans. On the other hand, since the Bank creates funds by money market debt in domestic and overseas markets and with marketable securities issued, the Bank's interest expense amounts to TL 2.9 billion, 56% (TL 1.6 billion) of this amount consists of the interest paid for marketable securities issued; 44% (TL 1.3 billion) consists of the interest paid for borrowings from domestic and international markets.

The Bank's net profit for the period ended 30 September 2020 has amounted to TL 1.2 billion. Accordingly, the Bank's return on assets is 0,8%; and the return on equity is 18,3%.

**Ali GÜNEY**  
**General Manager**

**Bülent AKSU**  
**Chairman of the Board**