



Recent Developments and Financial Updates

Investor Presentation

March 2020

No	Agenda
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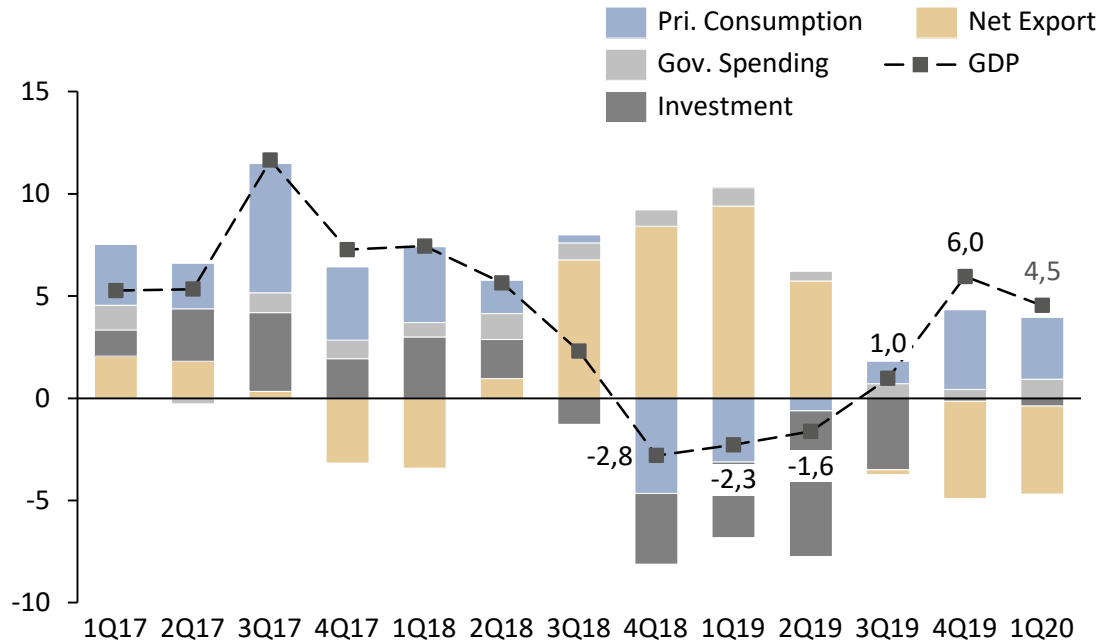
1	Economic Outlook
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2	Financial Outlook
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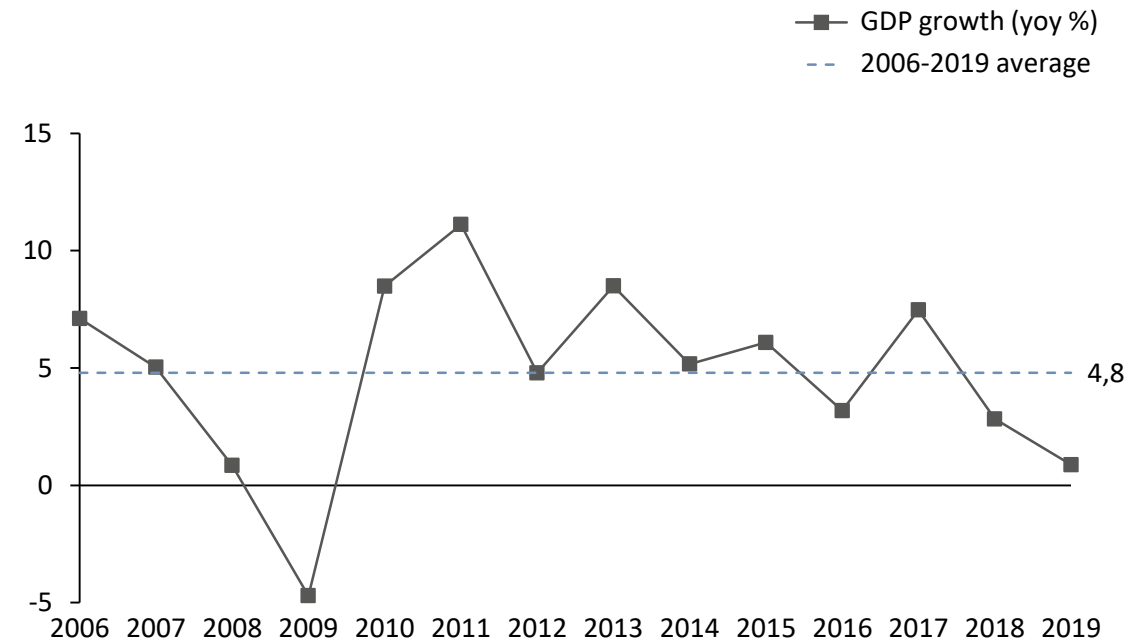
1 | Economic Outlook

Turkey's Economic Performance

Contribution to GDP Growth (pp)



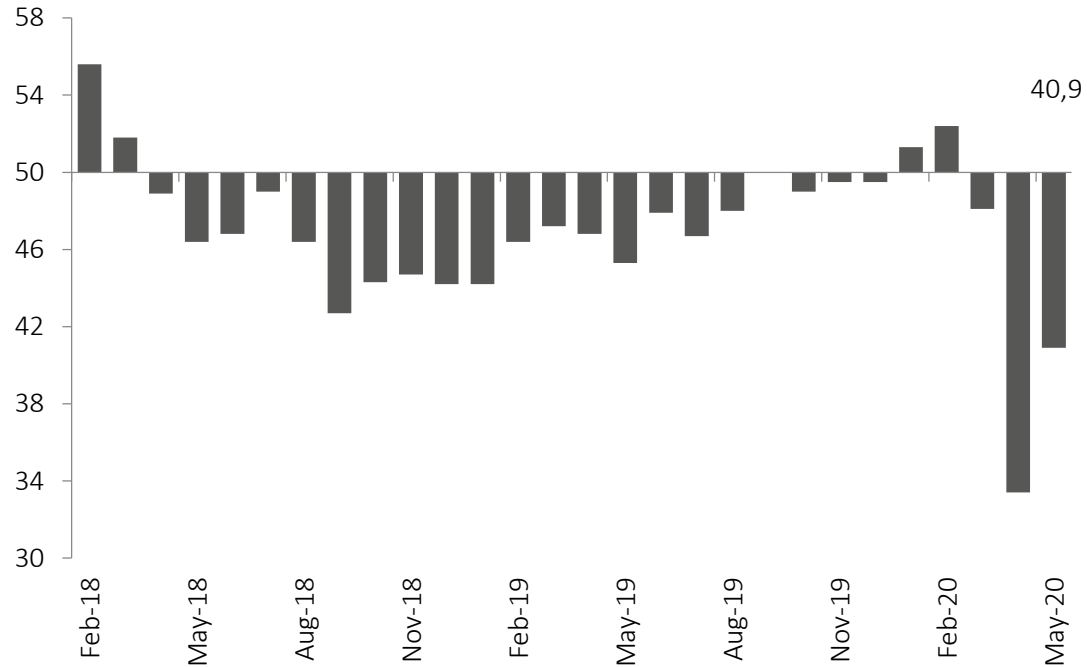
LT GDP Growth (pp)



- In 2019 GDP grew by a rate of 0,9%, lower than Turkey's long-run average (2006-2019). Growth was driven by net exports by 3,6 pp.
- In the first quarter of 2020, Turkish economy grew by 4,5% thanks to pre-covid19 period.
- It is expected that Turkish economy would record a positive growth in 2020.

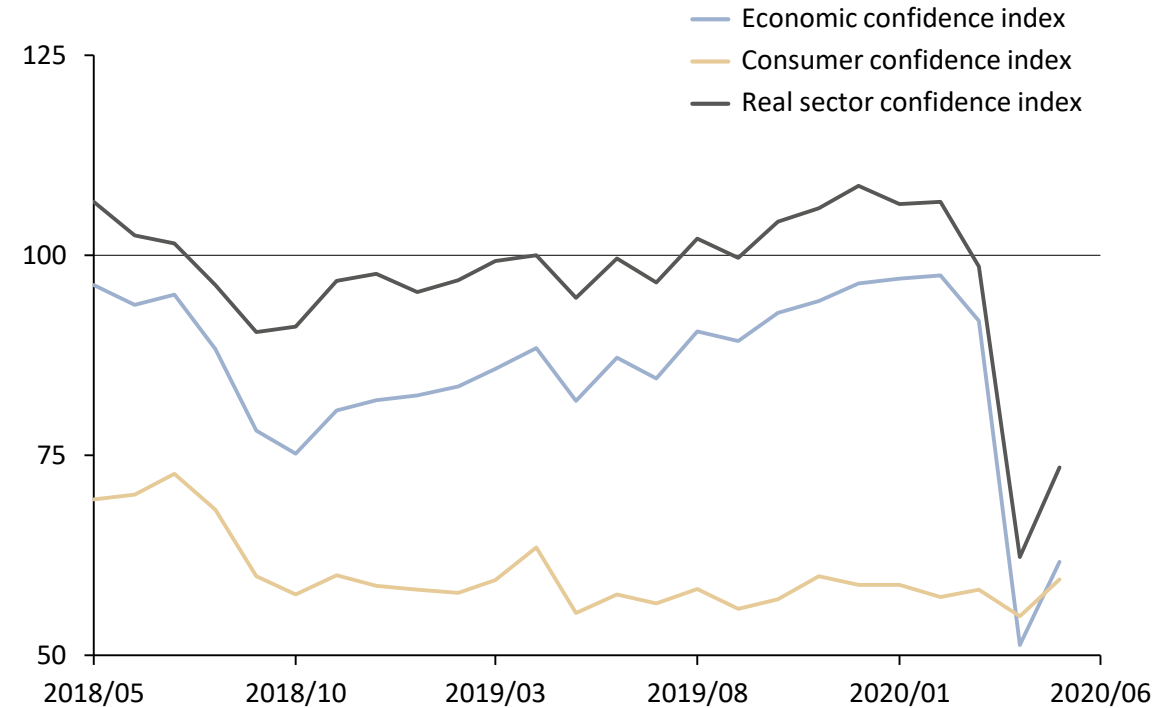
Leading Indicators

Manufacturing Purchasing Managers' Index



- In May 2020, the PMI for the manufacturing sector recovered rapidly to 40,9 after the shock of covid-19

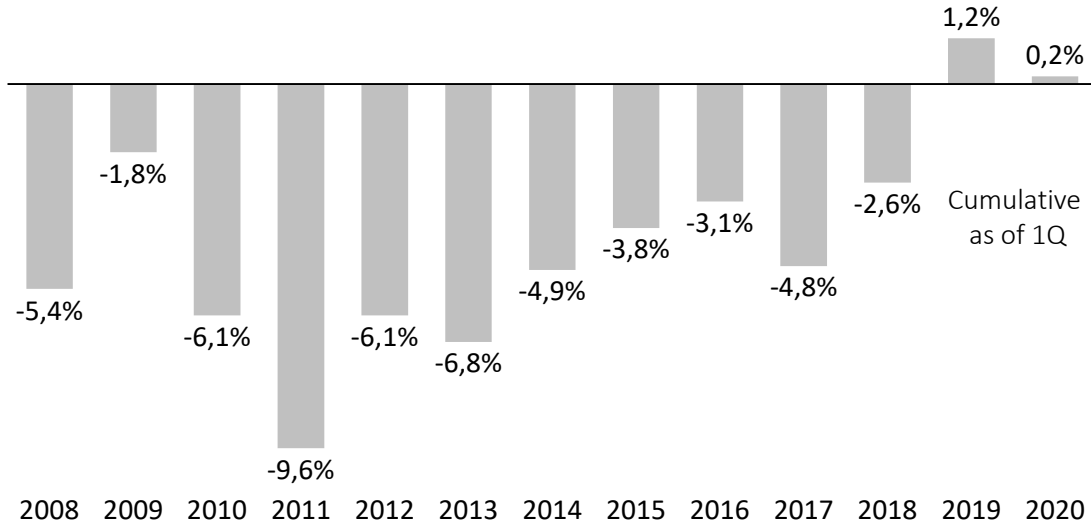
Confidence Indices



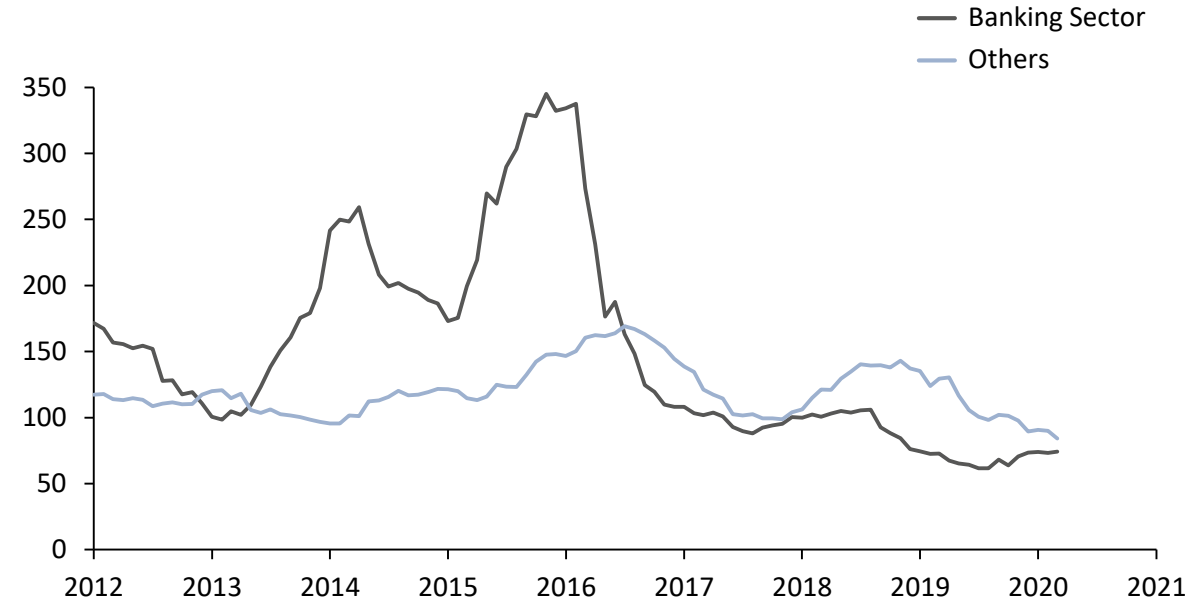
- Confidence indexes implies first signs of recovery

Balance of Payments

Current Account Balance (% of GDP)



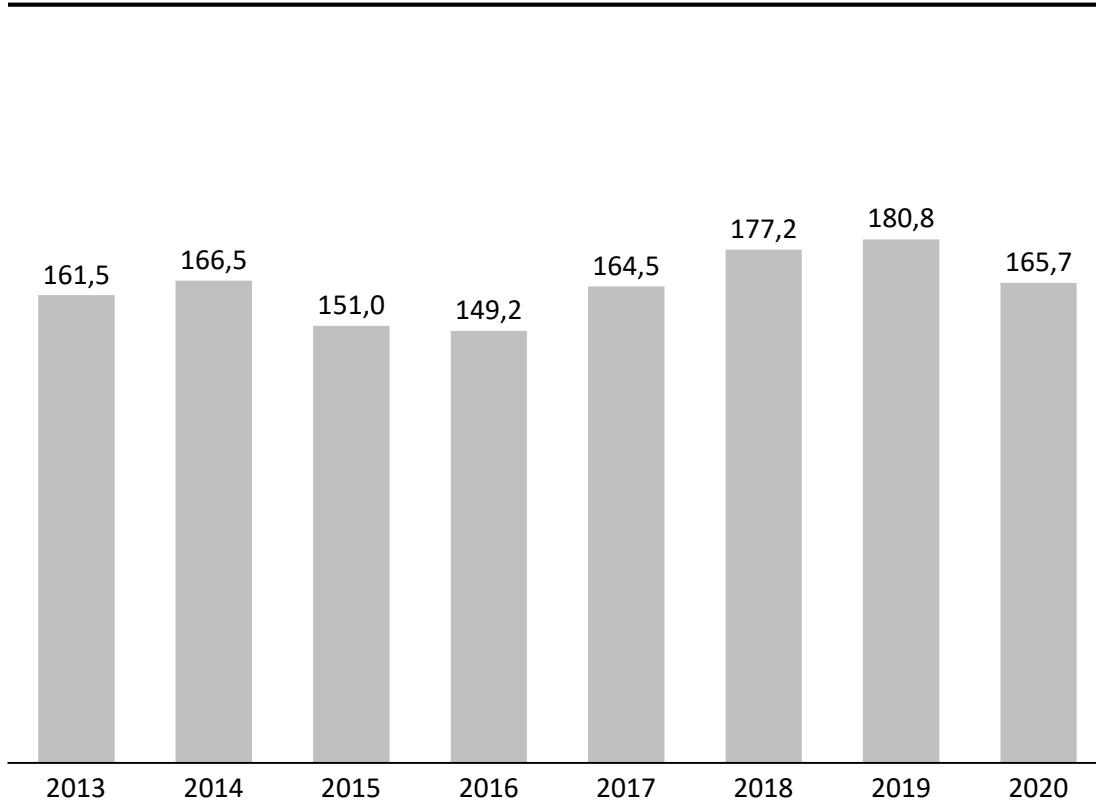
Long Term External Debt Roll-over Ratio (%)



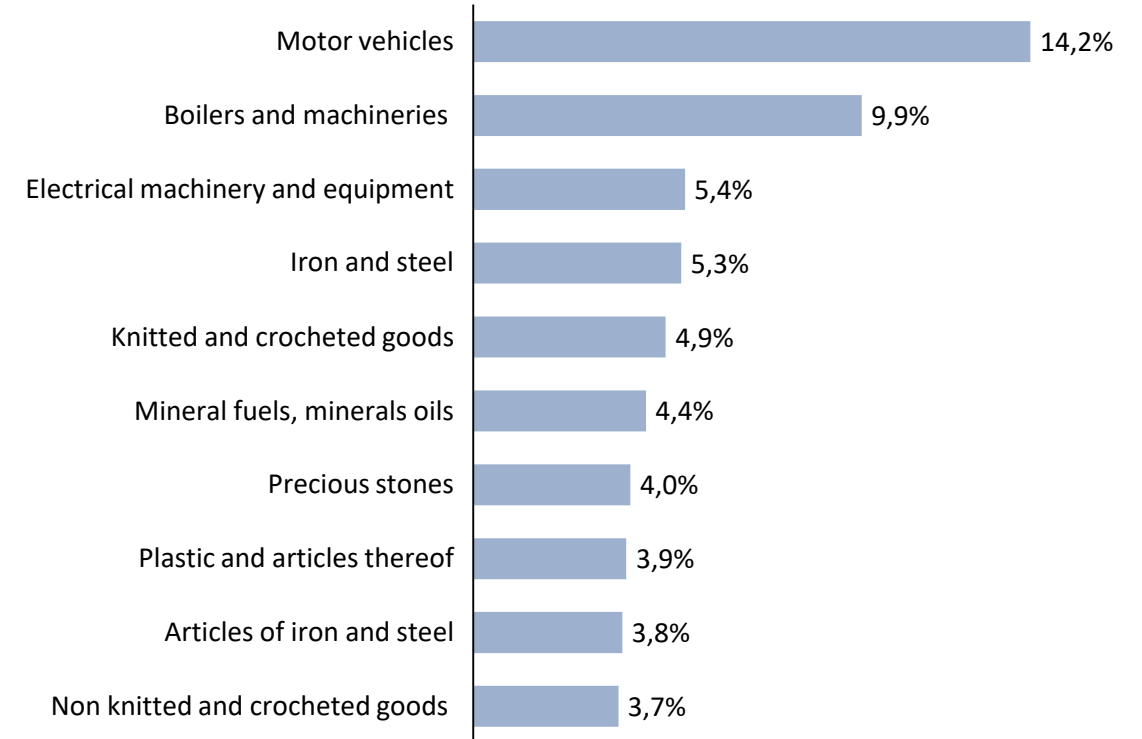
- Current account surplus to GDP was at 1,2% as of 2019.
- In first quarter of 2020, 12-month cumulative current account surplus to GDP ratio declined 0,2%.
- 12-month cumulative long-term roll-over ratio of the banking sector and other sectors is 74% and 84% respectively.

Foreign Trade

Exports (USD BN, GTS¹)



Export of Goods (as of April 2020, Annualized)

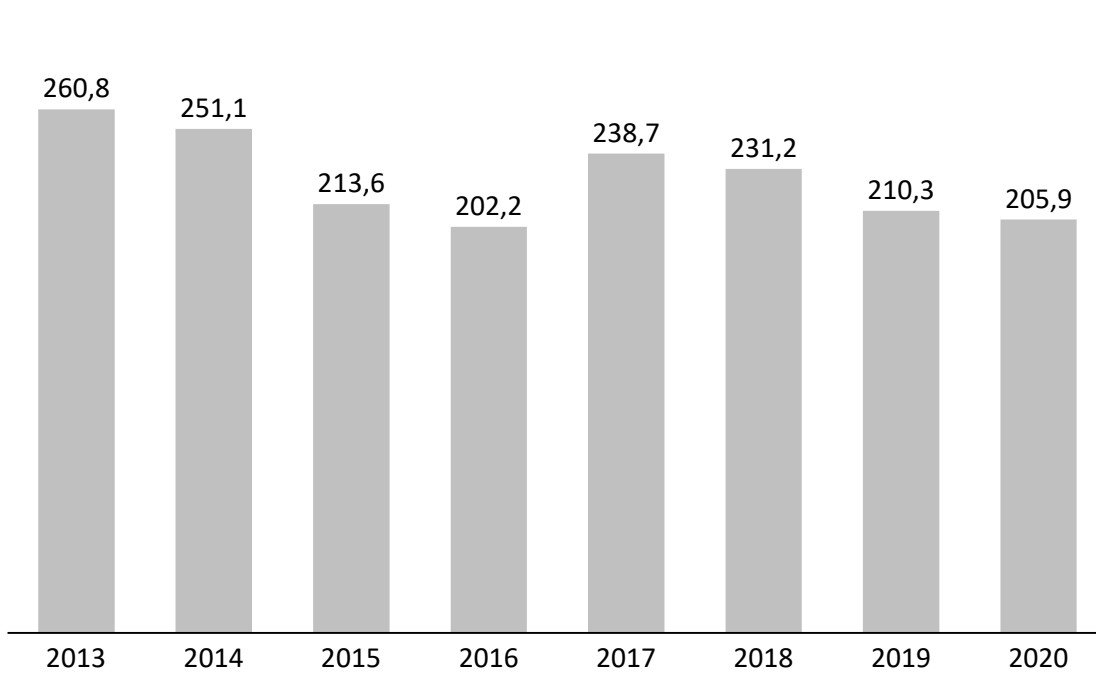


(1) General Trade System (GTS)

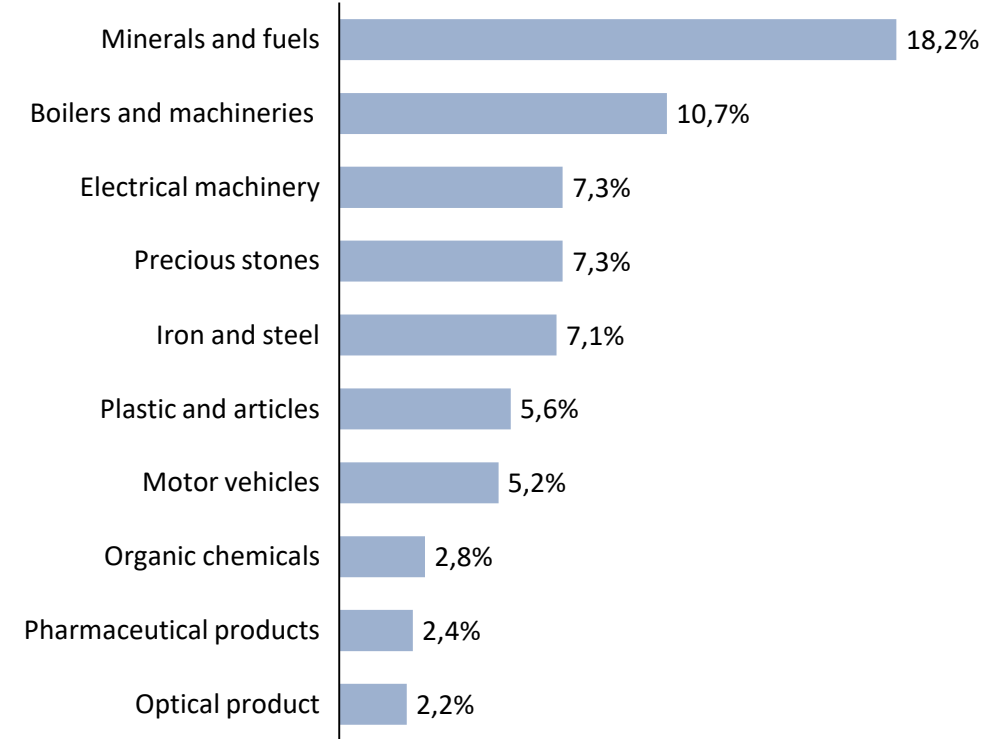
Source: Ministry of Trade, Turkstat

Foreign Trade

Imports (USD BN, GTS¹)



Import of Goods (as of April 2020, Annualized)



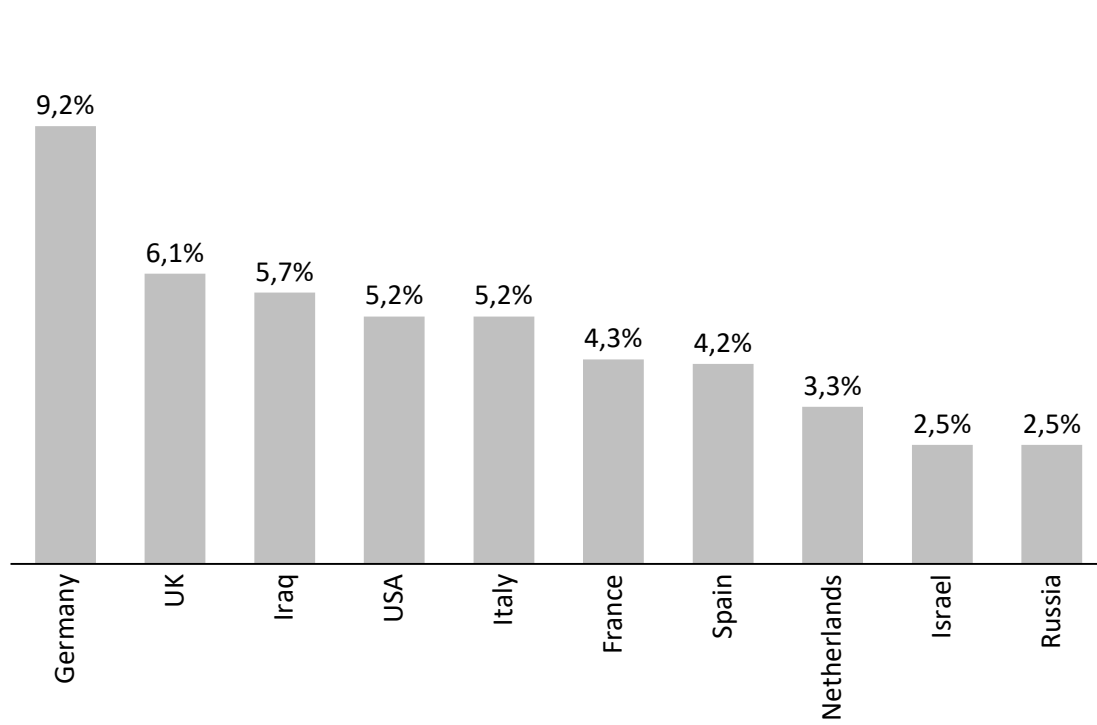
(1) General Trade System (GTS)

Source: Ministry of Trade, Turkstat

Foreign Trade

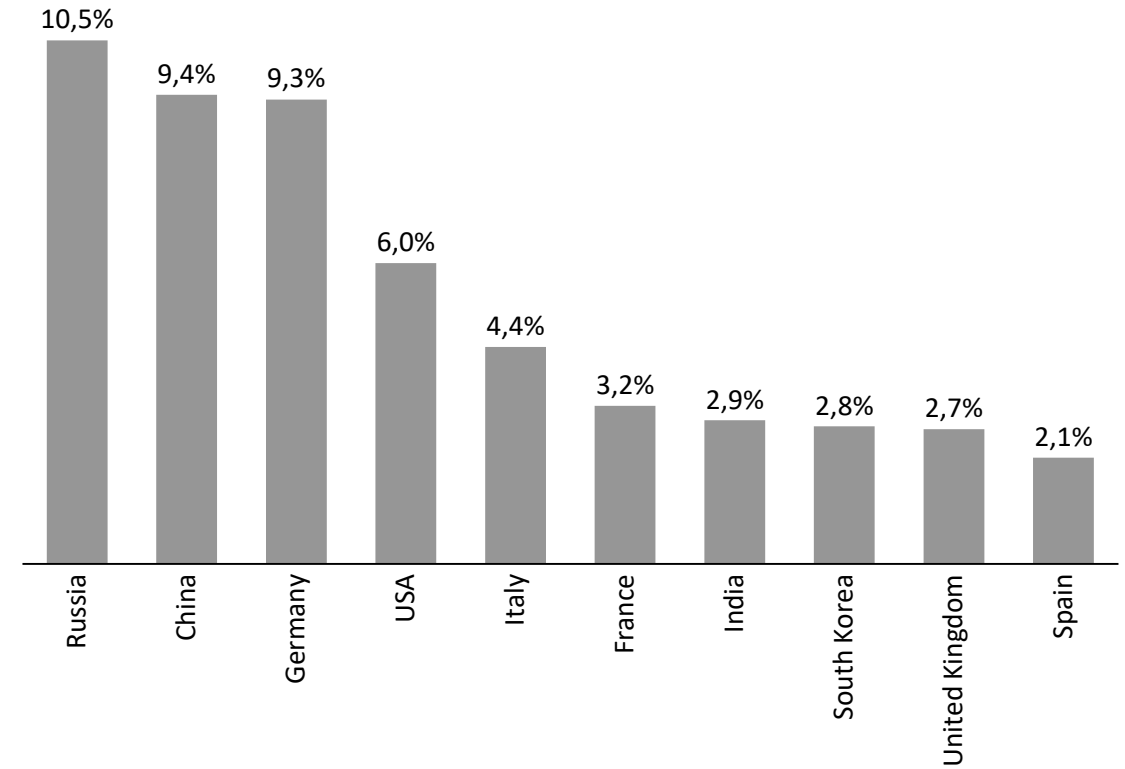
Export – Top 10 Markets

as of April 2020, Annualized - Share



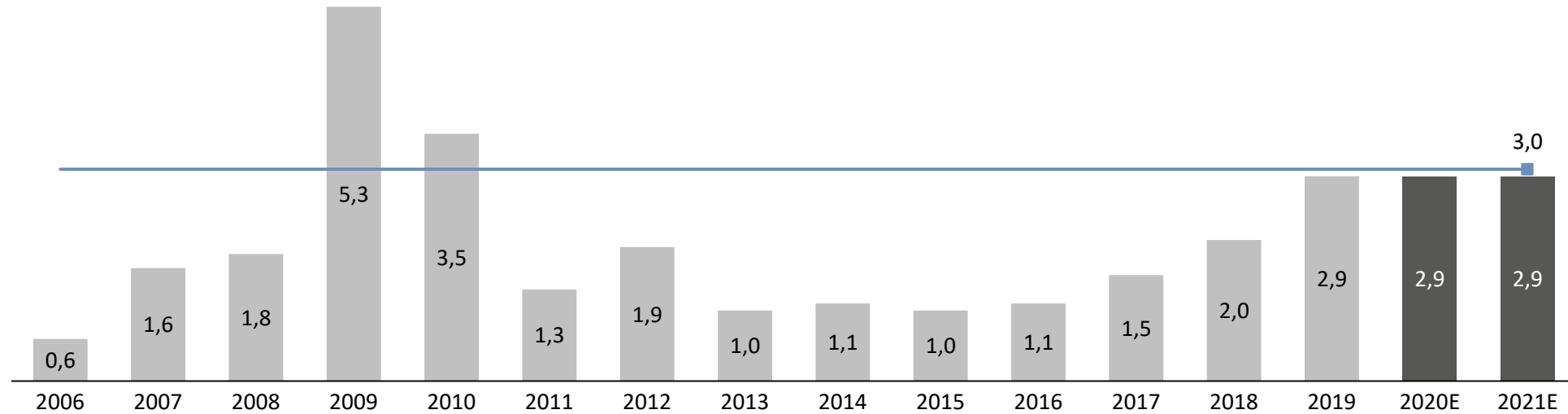
Import – Top 10 Markets

as of April 2020, Annualized - Share



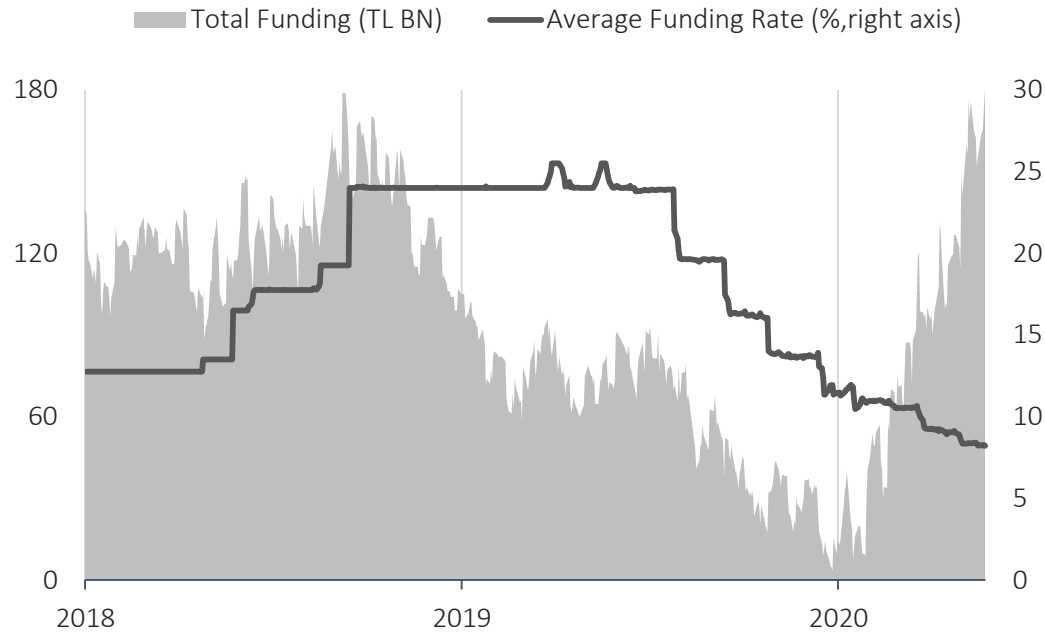
Central Government Budget Deficit (% of GDP)

■ Central Government Budget Deficit (% of GDP)
■ NEP Forecast
— Maastricht Criteria



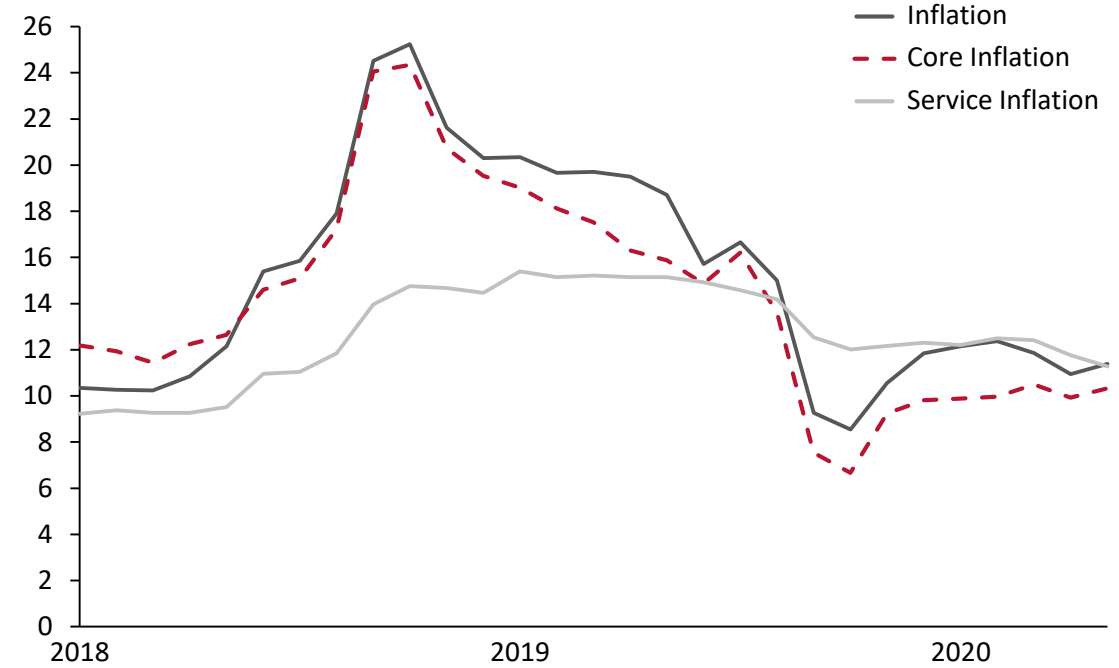
- In 2019, budget realizations were in line with the estimates of the New Economy Program (NEP).

CBRT Funding Amount and Avg. Funding Rate



- CBRT lowered its policy interest rate (one-week repo rate) from 8,75% to 8,25% in May meeting.
- With this decision, since the July 2019, CBRT's total interest rate cuts reached 1,575 bps.

Annual CPI Inflation (%)

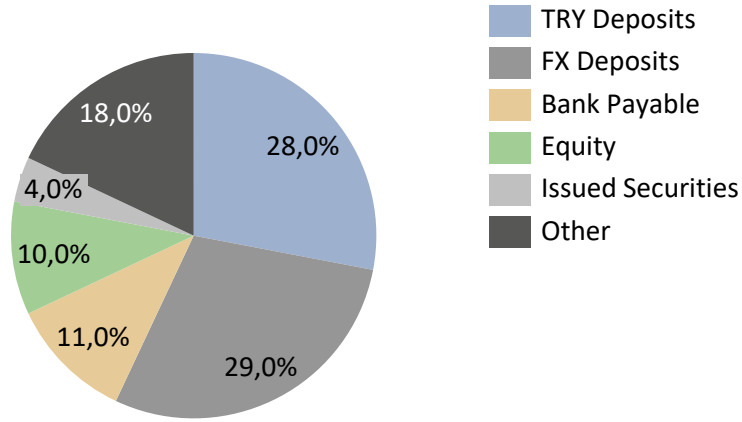


- In addition to the fall in the policy rate, decline in inflation expectations and improvement in the banking sector liquidity resulted in significant decreases in loan and deposit rates, thus boosting credit growth.
- Annual CPI inflation became 11,39% in May.

Banking Sector

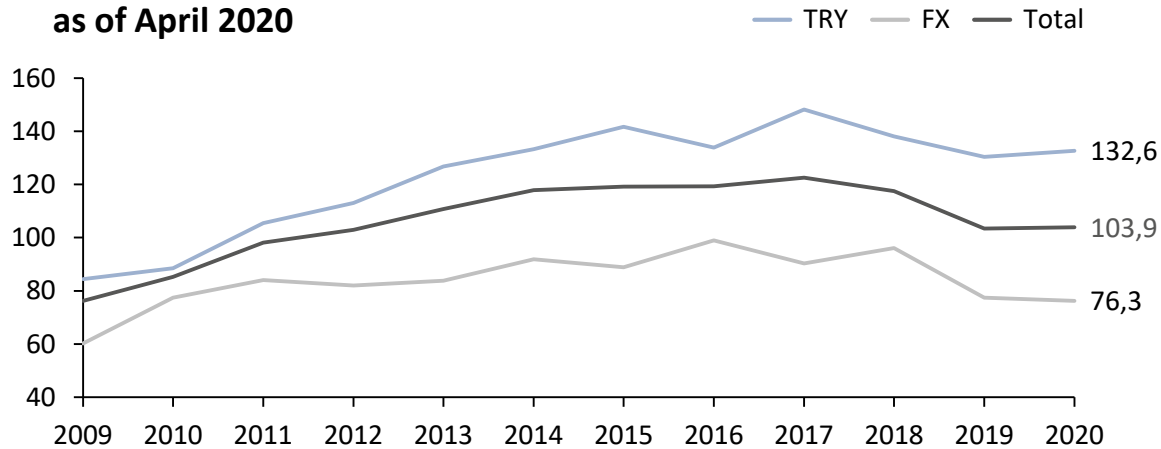
Composition of Banking System Liabilities

as of April 2020



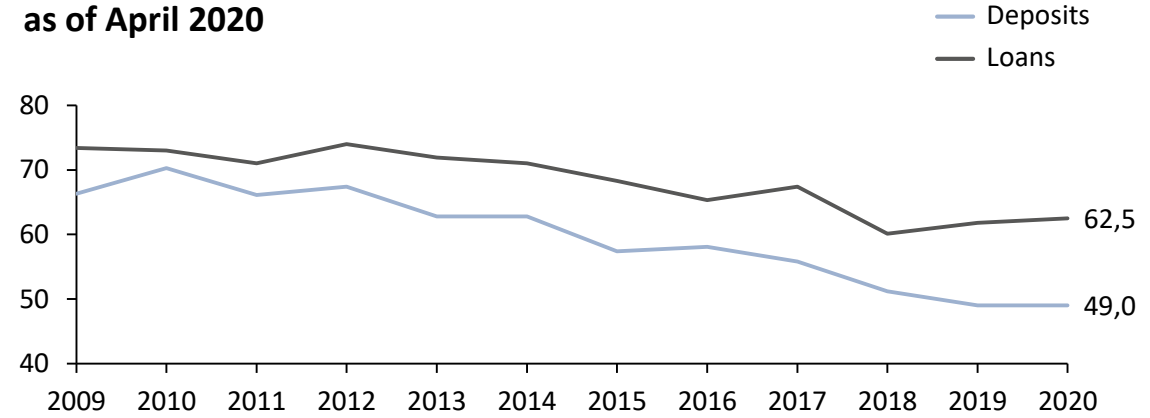
Loan to Deposit Ratio - LDR (%)

as of April 2020



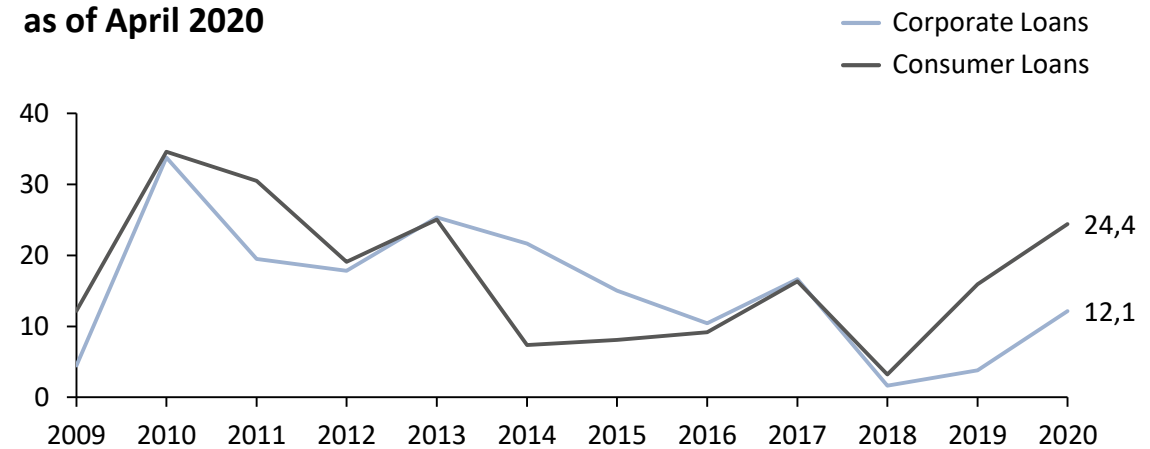
The Share of TRY in Loans and Deposits (%)

as of April 2020



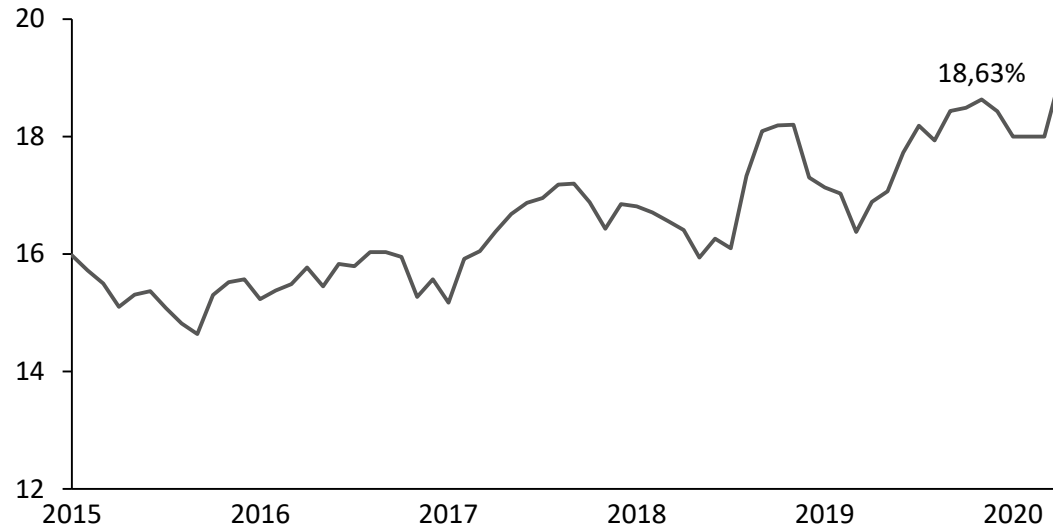
Loan to Deposit Ratio - LDR (%)

as of April 2020



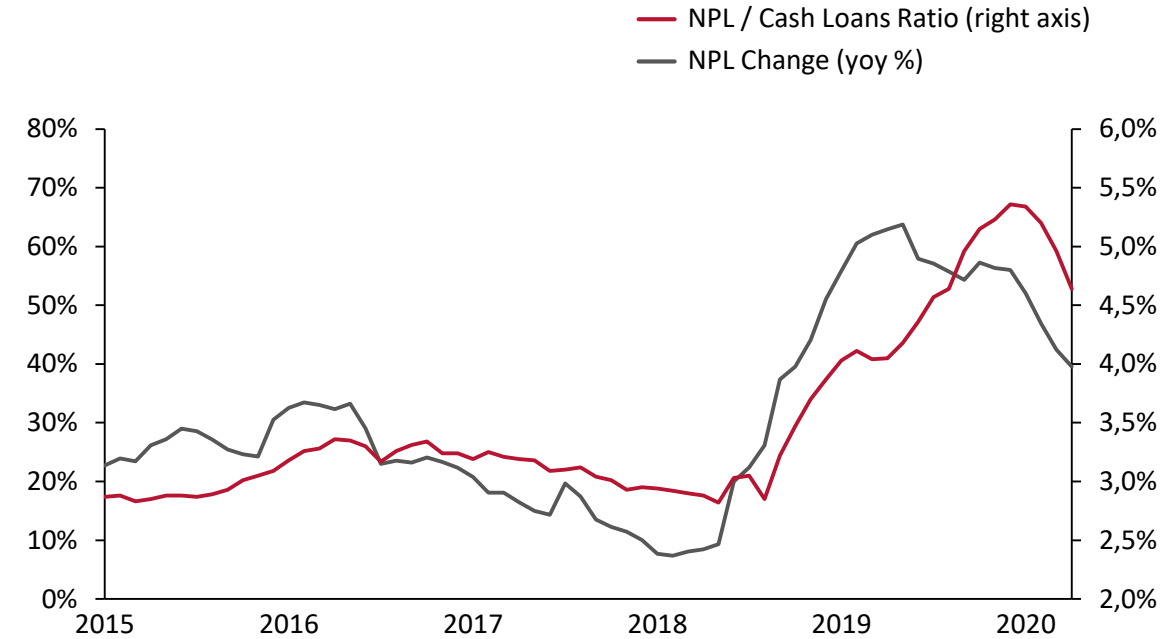
Banking Sector Capital

Capital Adequacy Ratio



- The sector maintained a strong capital base, with a capital adequacy ratio in compliance with Basel III at 18.65% according to the BRSA as of April 2020

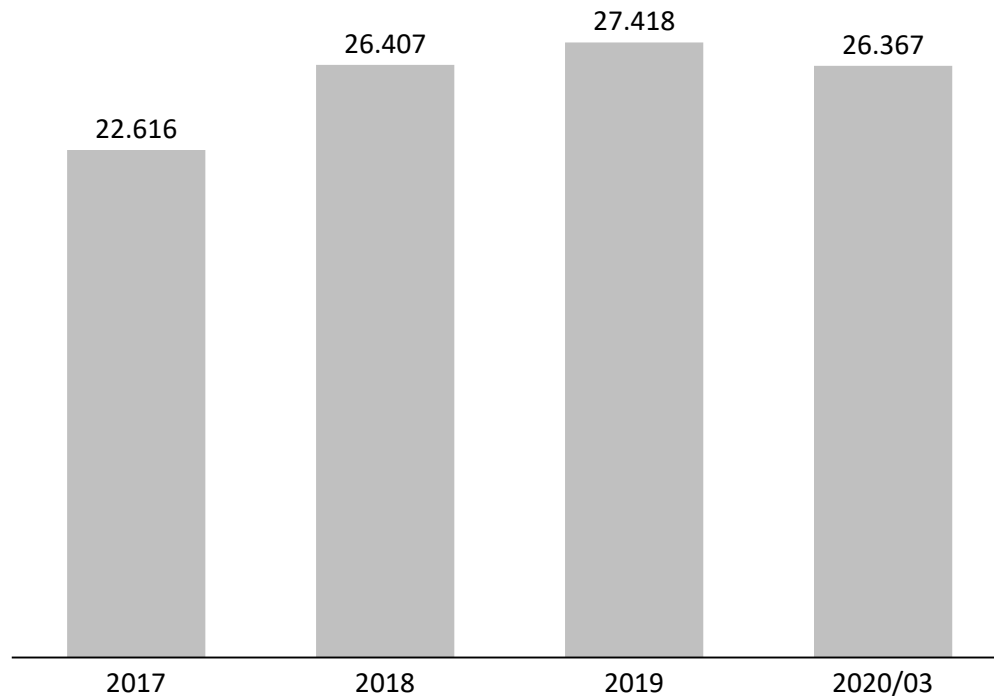
Non Performing Loans To Cash Loans Ratio



- NPL's have improved thanks to government actions.

2 | Financial Outlook

Total Asset Size of Türk Eximbank (USD M)

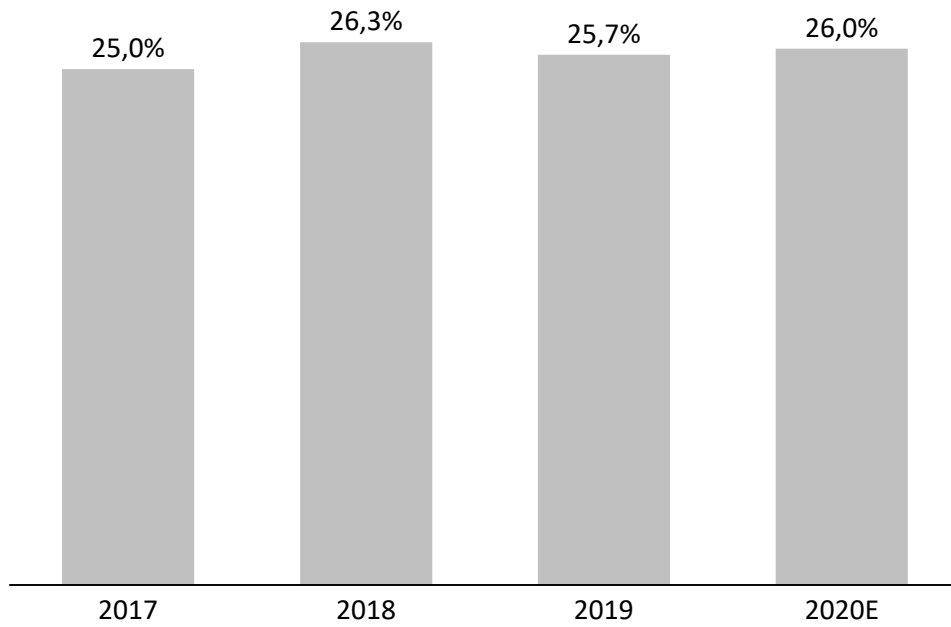


- The official Export Credit Agency of Turkey
- 100% ownership by the Ministry of Treasury & Finance
- Turk Eximbank supports the Turkish Economy as part of the government's export-led growth policy. In the first quarter of 2020, it supported 25,1% of Turkish exports
- Easy access to credit programs for exporters via 18 branches and 11 liaison offices in addition to headquarters in Istanbul and three regional directorates
- Involved in both direct lending and insurance/guarantee activities, Türk Eximbank aims to offer a “one-stop shop”

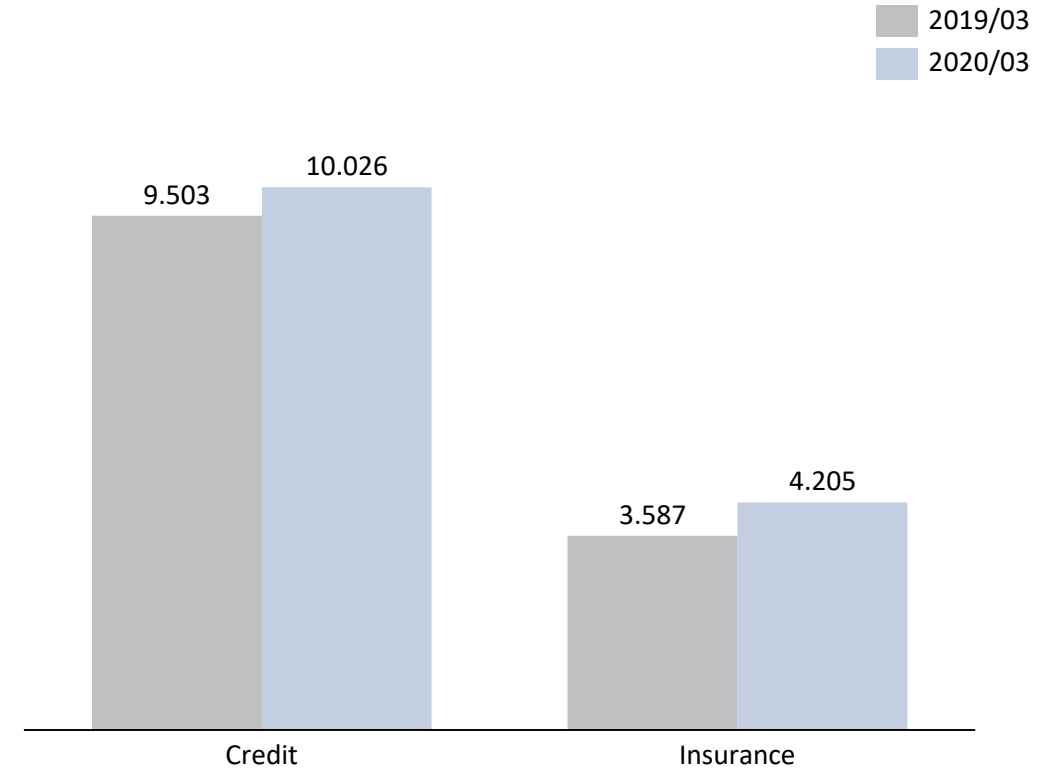
Note: Exchange rate: USD/TRY 6,5666 (2020/03), 5,9407 (2019/12), 5,2801 (2018/12), 3,7750 (2017/12)

Source: Türk Eximbank 2017, 2018, 2019 BRSA Financial Reports and internal accounts as of 31 March 2020

Financial Support To Total Export



Number Of Companies



- Losses incurred by Türk Eximbank under the credit, guarantee and insurance programs due to political risk are covered by the Ministry of Treasury & Finance
- Exempt from Corporate Tax and Stamp Tax
- Exempt from reserve requirement ratio
- The Ministry of Treasury & Finance guarantee for borrowings from supranational institutions such as World Bank and EIB
- In August 2019, Türk Eximbank's paid-in capital has been increased with retained earnings (TRY810M) from TRY6,35BN to TRY7,16BN
- Rated B2 (negative) by Moody's; B+ (stable) by Fitch

Short, Medium & Long Term Export Credits

Short Term Export Credits

- Central Bank's rediscount facility accounting for 63% of total loans as of 31 March 2020
- Short-term indirect lending via 29 of Turkey's 53 banks
- Direct short-term credits – collateralized by Turkish banks or Credit Guarantee Fund

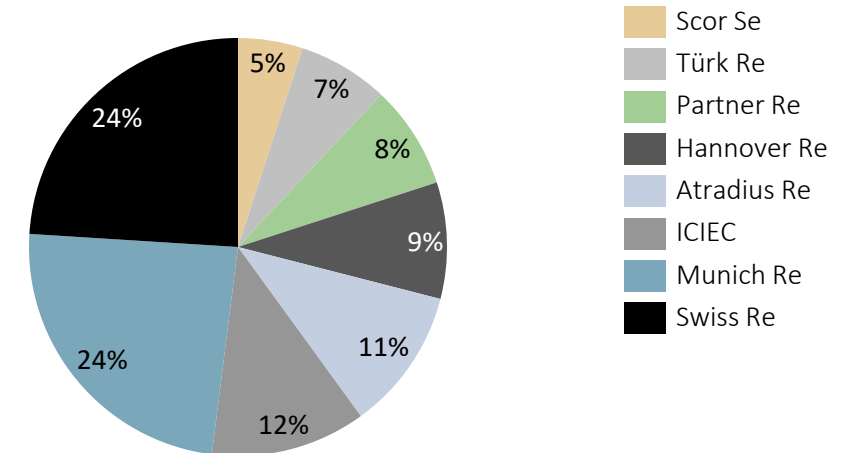
Medium and Long Term Export Credits

- Accounting for 30% of total loans as of 31 March 2020
- Buyers' Credits to the importing countries of Turkish goods and services comply with OECD Arrangement rules
- Fixed Capital Investment and Working Capital Loans

Insurance

- Export credit insurance against commercial and political risks
- Holding 40% of the commercial risks out of 90% shipment coverage amounting to USD1.719M¹ as of 31 March 2020

Reinsurance Panel 2020



(1) "Other Guarantees" under off-balance sheet commitments (Exchange rate: USD/TL 6,5666)

Project Loans - Examples

Ethiopia Awash – Woldia Railway Project USD300M



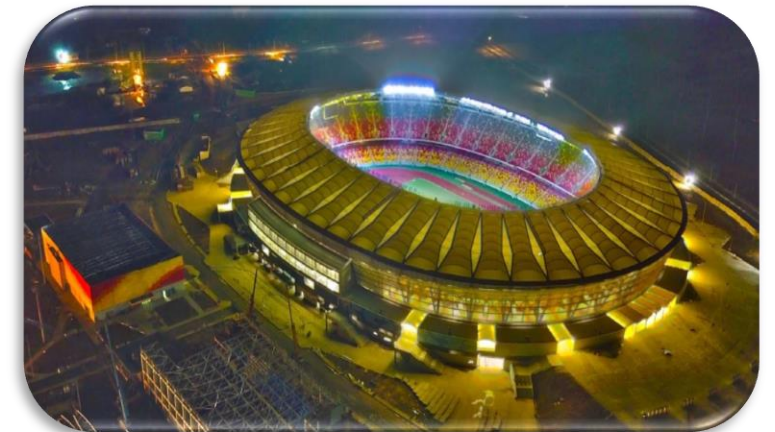
Senegal, Market of National Interest and Truck Station Project USD88,9M



Senegal, Dakar International Conference Center EUR48,5M

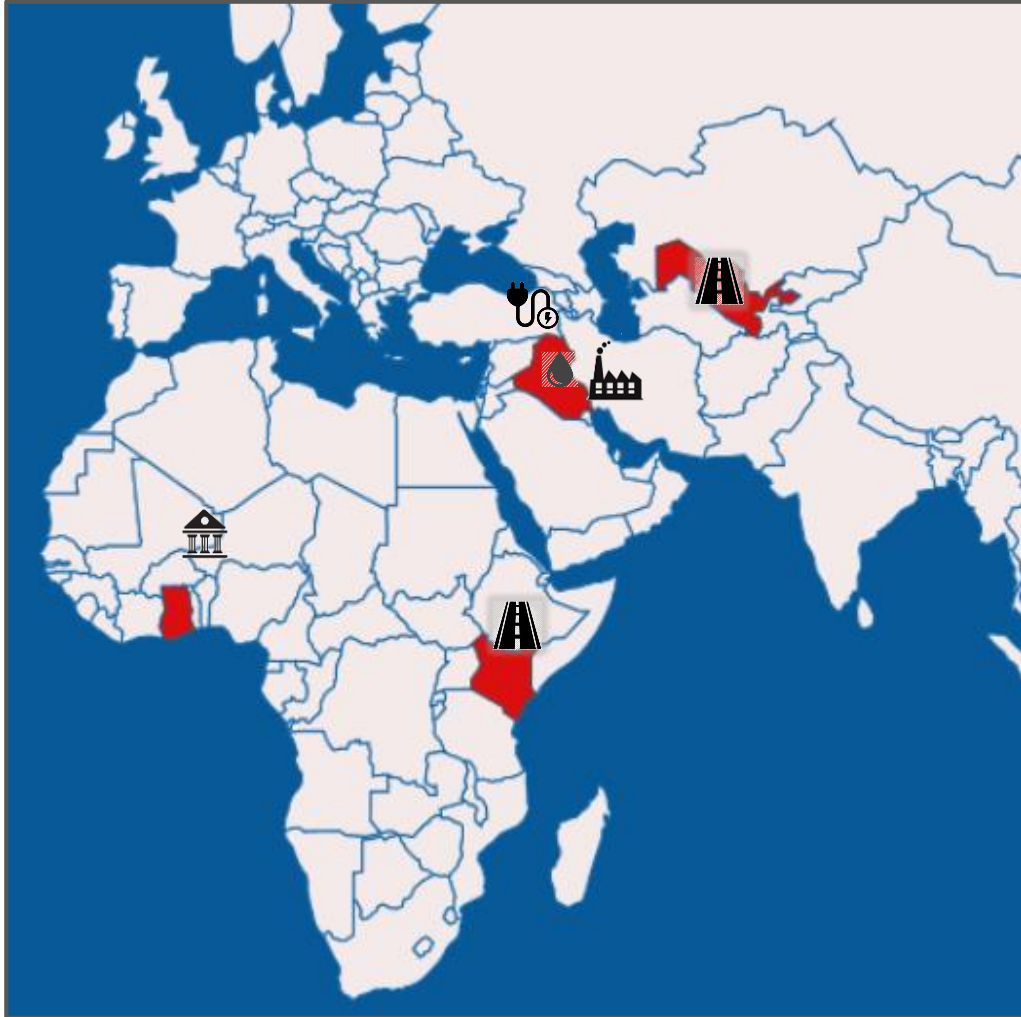


Senegal Business Hotel, Expo Center and Multi-Functional Sports Center Project EUR134M



Cameroon Japoma Douala Sports Center Project USD190,4M

International Loans – Projects in the Pipeline

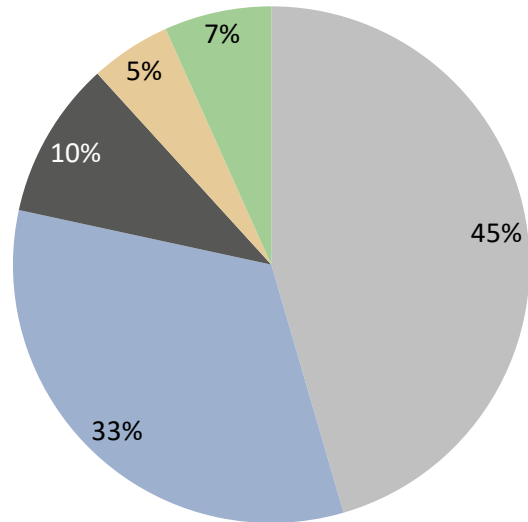


Country	Guarantee Type	Project Type	Currency	Project Amount (M)	Loan Amount (M)
North Macedonia	Sovereign	Natural Gas Distribution Project	EUR	300,0	204,0
	Bank	Kelete Cement Plant Project	USD	269,7	206,0
Turkmenistan	Bank	Koytendag Cement Plant	USD	278,5	212,2
	Sovereign	Ahals Cement Plant	EUR	250,0	210,0
Ukraine	Sovereign	Kremenchuk Bridge Project	USD	400,0	136,0
TOTAL			USD	1565,1	1018,5

Product and Country Diversification (in Total Loan Volumes)

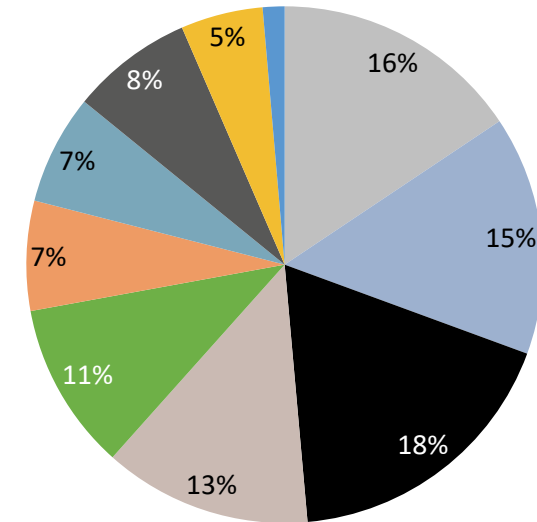
By Destination

- EU
- Other
- Middle East & North Africa
- United States and Canada
- Other European Countries



By Sector

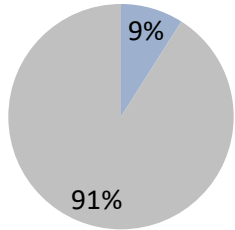
- Metal
- Textile/ Ready-to-Wear/ Leather
- Logistics and Transportation
- Wholesale Trade and Services
- Other
- Food/ Agr./ Livestock
- Chemicals and Plastics
- Construction and Construction Products
- Motor Vehicles
- Machinery / El. Appliances



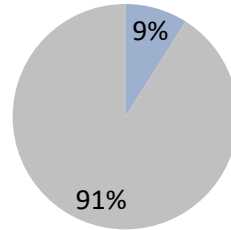
Credit Risk Overview

Loans by Customer Segment/Type

31 December 2019



31 March 2020

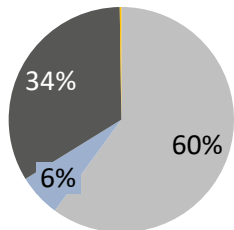


■ Domestic FIs ■ Corporate Customers other than FIs (Guaranteed by banks)
■ Foreign FIs

- 20 largest clients represent 26,6% of the loan portfolio as of 31 March 2020 (25,6% as of 31 December 2019)
- Top 20 country risk exposures under export credit insurance programs constituted 69% of total insurance exposure as of 31 March 2020 (66% in 2019)

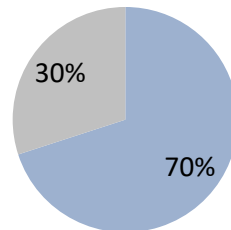
Loans by Currency / Maturity / Direct-Indirect Lending (31 March 2020)

Currency Distribution



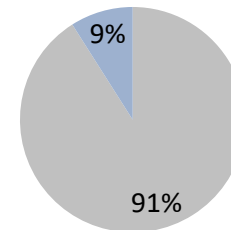
■ Euro ■ USD
■ TL ■ Other FC

Maturity Distribution¹



■ Short Term
■ Medium and Long Term

Direct/Indirect Lending



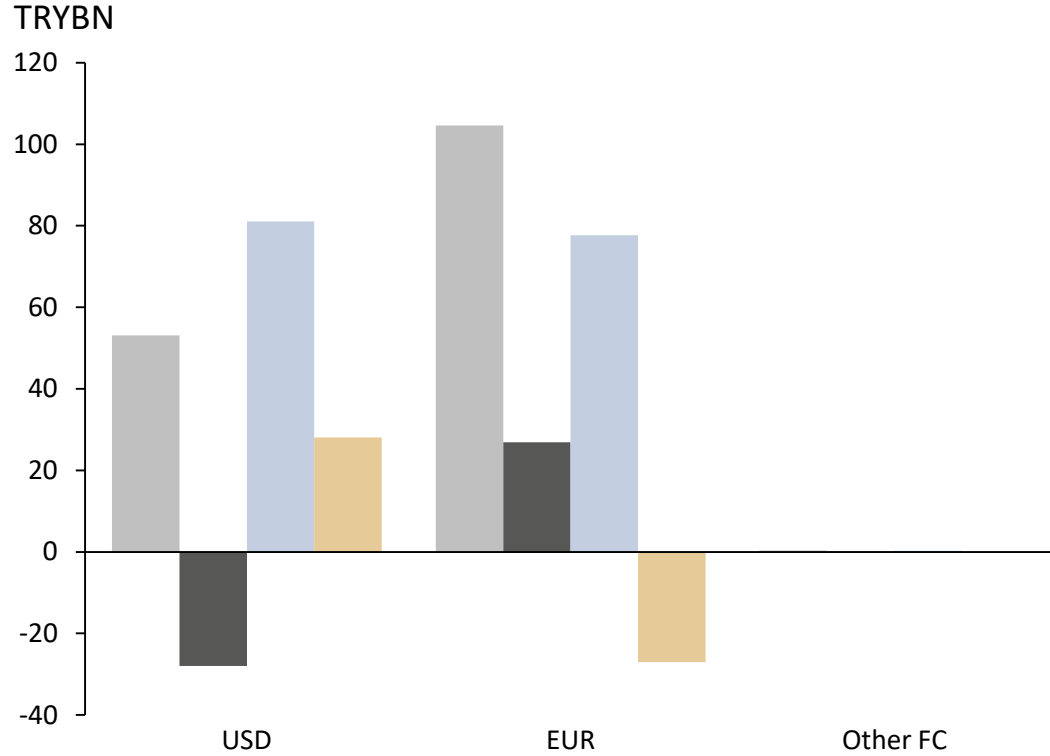
■ Direct Credits
■ Indirect credits

- 94% of loans are Foreign Currency denominated (6% TRY loans)
- 60% and 34% of total loans are denominated in EUR and USD respectively

(1) 0-12 months, Medium & Long Term: 1 year +

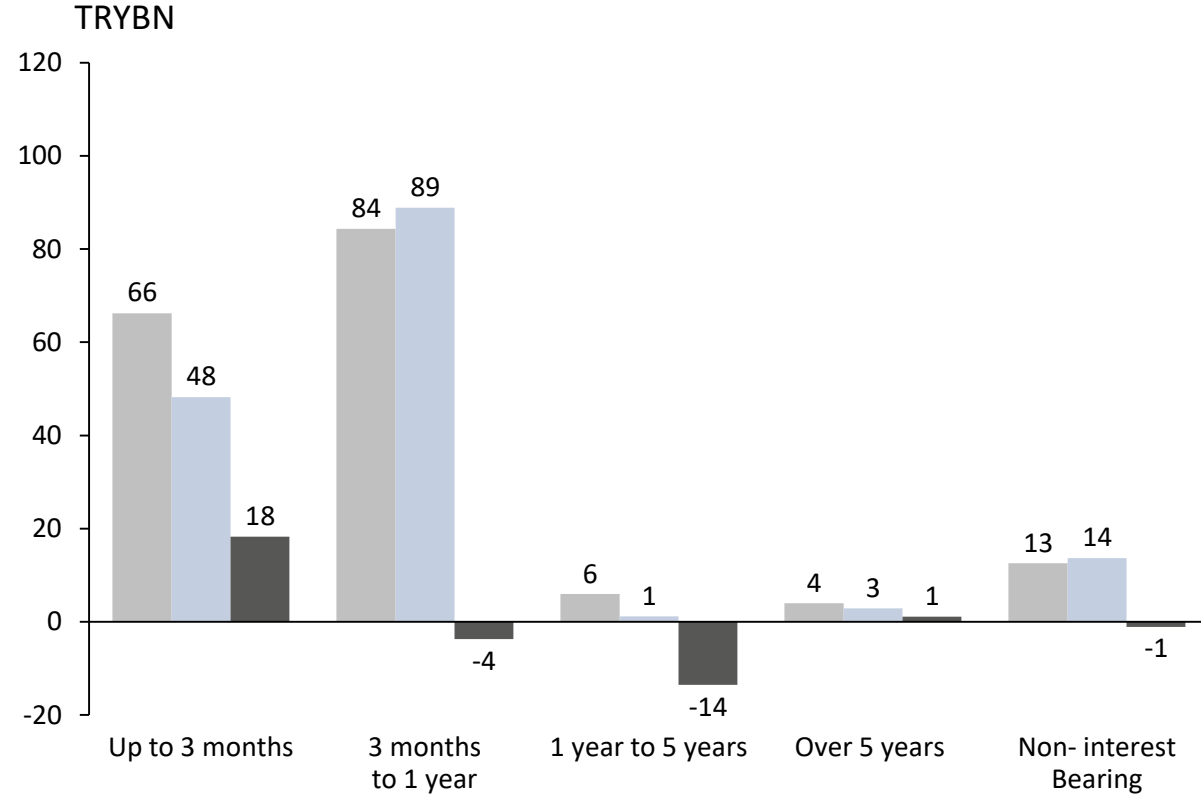
Currency and Interest Rate Risk

Currency Risk



Total Assets
 Total Liabilities
 Net Balance Sheet Position
 Net Off-Balance Sheet Position

Interest Rate Risk (Repricing Analysis)¹



Total Assets
 Total Liabilities
 Total Position of the Bank (Including Off-Balance Sheet Position)

(1) Amounts of the Bank's assets and liabilities, classified in terms of periods remaining to contractual repricing dates

Strong Risk Management Culture

Market Risk

- TRY assets (excluding Rediscount TRY credits) funded by equity
- Maintaining conservative net foreign exchange position ratio (close to square FX position)
- Assets and liabilities matching via cross-currency swaps, interest rate swaps or currency swaps
- Maximum 20% restriction regarding the ratio of floating / fixed interest-bearing assets and liabilities mismatches

Liquidity Risk

- Liquidity cushion – liquidity ratio regularly reported to BRSA
- Short-term nature of receivables and even distribution of the receivables within a year

Credit Risk

- Short-term export credits - collateralized by Turkish banks or Credit Guarantee Fund
- 100% of political risk loss indemnification by the Ministry of Treasury & Finance for Buyer's Credits under sovereign guarantee
- 60% of commercial risk of export credit insurance transferred to reinsurers
- As per guaranteeing policy, since credits are mostly extended based on the risk of the domestic bank, the Bank can undertake risk of up to 20% of the cash and non-cash total credit risk amount for a single bank

Operational and Legal Risk

- Effective internal audit systems and IT system and independent external audit of these systems
- Legal risk minimised by using standard forms of documentation

TRY M	2017	2018	2019	1Q20
Total Assets	85.375	139.429	162.883	173.142
Loans And Advances	80.271	129.497	142.893	147.913
Total Equity	5.774	7.654	9.080	9.590
CAR	13,55%	18,66%	19,06%	19,05%
Av. Liquid Assets / Av. Total Assets ¹	4,2%	4,2%	6,2%	7,3%
Net Profit	568	842	1.432	497
Aggregate Net Margin On Total Interest Earning Assets ²⁻⁵	1,0%	0,95%	1,2%	1,5% ⁽⁵⁾
Return On Average Assets (ROAA) ³⁻⁵	0,8%	0,8%	0,9%	1,2% ⁽⁵⁾
Return On Average Equity (ROAE) ³⁻⁵	10,9%	13,1%	18,7%	21,9% ⁽⁵⁾
NPL / Gross Loans ⁴	0,4%	0,3%	0,4%	0,3%

Employees: 732 (as of 31 March 2020)

(1) Liquid assets consist of cash and due from banks, money market placements, financial assets held for trading and financial assets available for sale.

(2) Aggregate net margin on total interest earning assets is calculated as the Bank's total of net interest income and trading profit/loss divided by the average balance of the Bank's total interest earning assets during the applicable period.

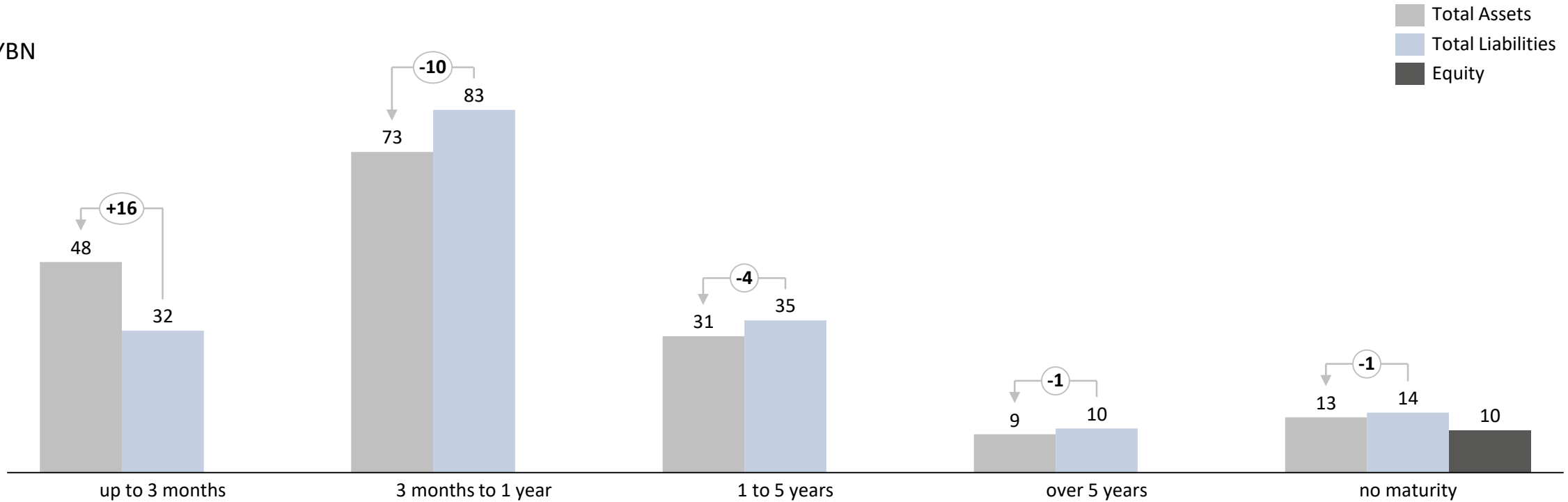
(3) ROAA and ROAE are calculated as net profit for the period divided by average total assets and average equity for the period, respectively

(4) Ratio is calculated as non-performing receivables (also expressed as loans under follow-up) divided by loans (net) as at the relevant date.

(5) ROAA, ROAE and Aggregate Net Margin on Total Interest Earning Assets figures are annualized as of 31 March 2020.

Strong Liquidity Risk Management Policy Limited Maturity Mismatch

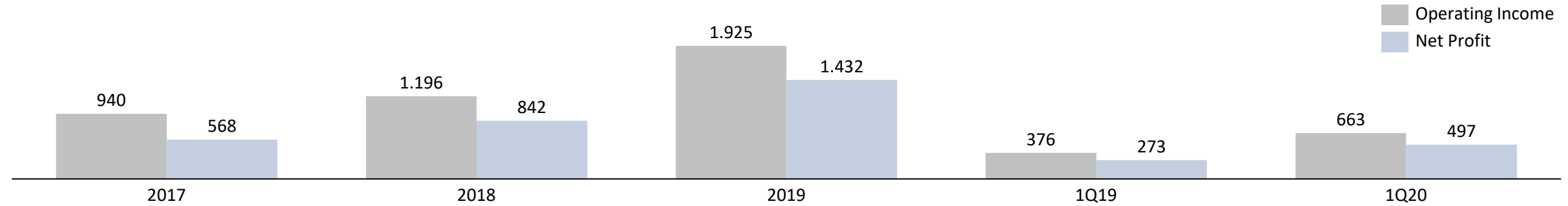
TRYBN



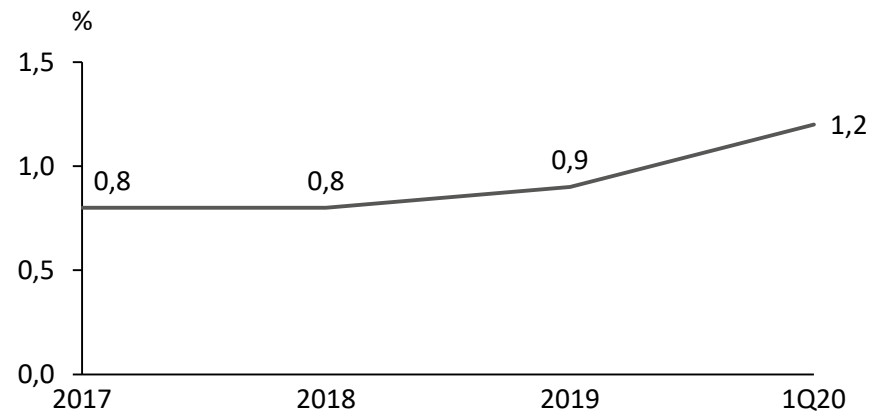
- Limited maturity mismatch
- Average Remaining Maturity of Total Loans: 367 days as of 31 March 2020
- Average Remaining Maturity of Interest Bearing Liabilities: 535 days as of 31 March 2020

Solid Profitability Despite Policy Objectives

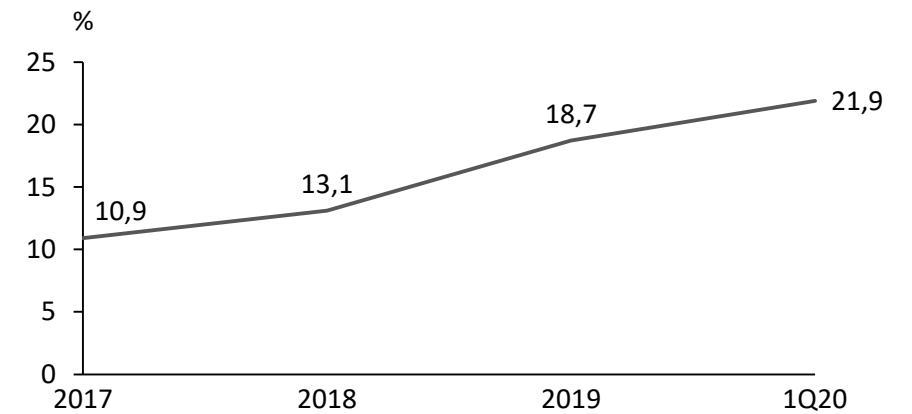
Profit Evaluation (TRY M)



Return on Average Assets



Return on Average Equity

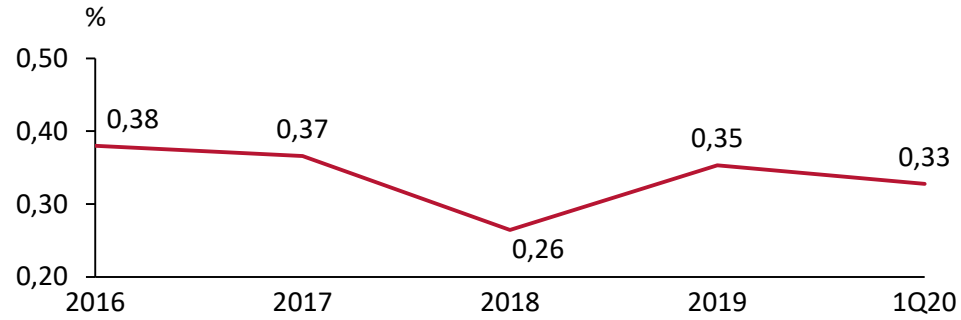


Note: In accordance with standard ratios. Group grade 1 consists of the lowest and 4 of the highest risk profile banks and financial institutions

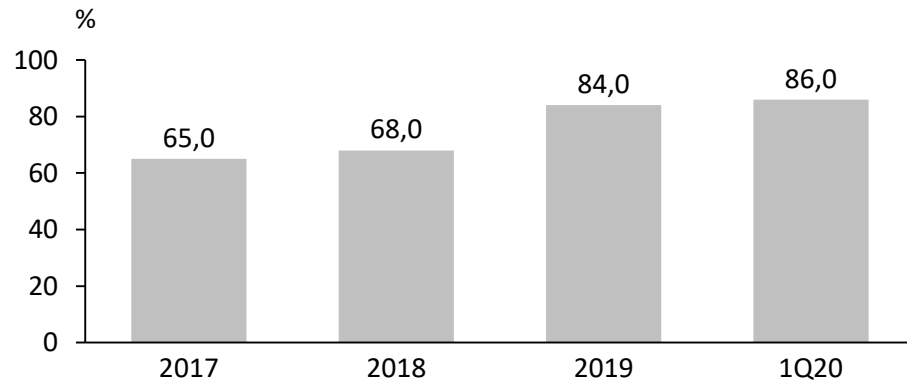
Source: Türk Eximbank 2019/12 BRSA Financial Report

High Credit Quality and Sound Lending Portfolio

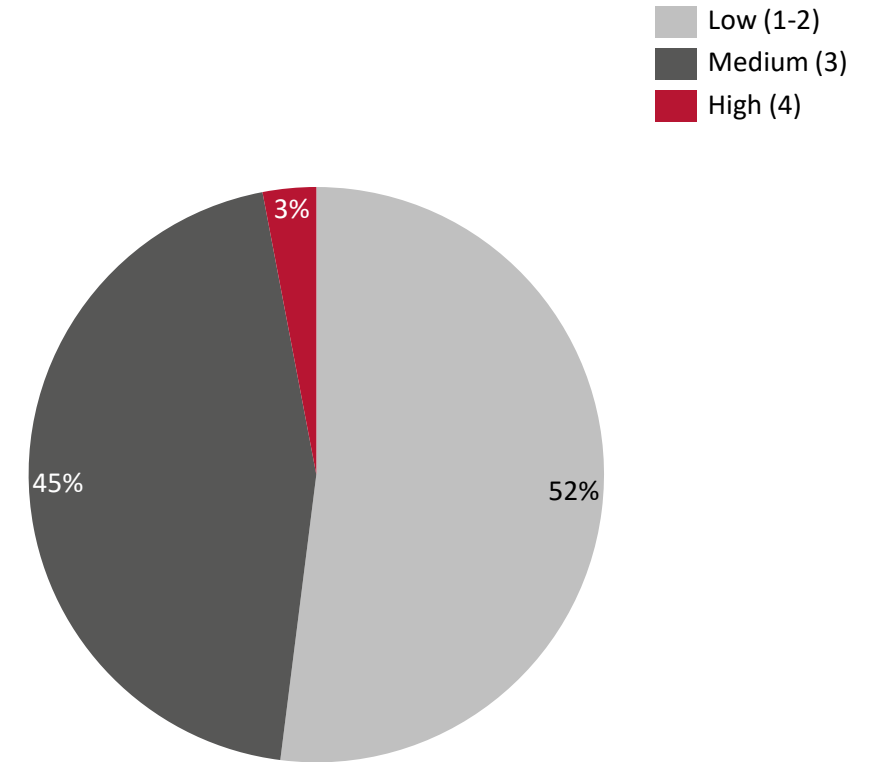
NPLs/Total Loans



NPL Coverage Ratio



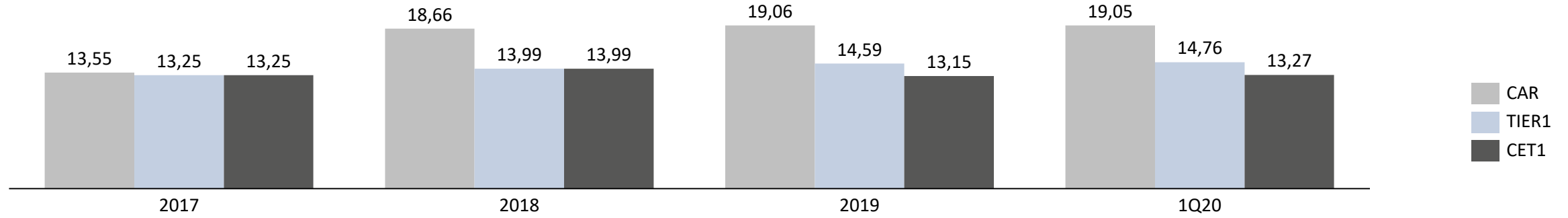
Indirect Lending Portfolio by Int. Risk Rating¹



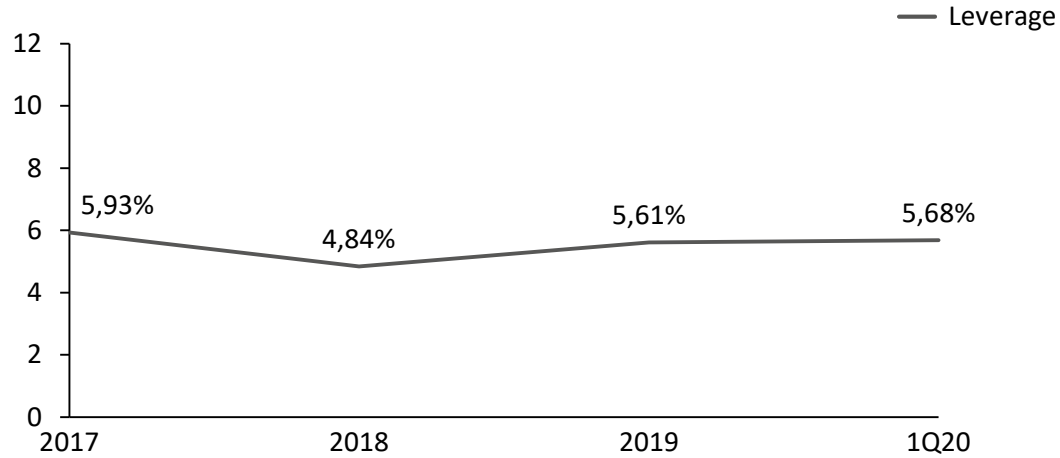
- Low (1-2)
- Medium (3)
- High (4)

(1) In accordance with standard ratios. Group grade 1 consists of the lowest and 4 of the highest risk profile banks and financial institutions

Capital Ratios (%)

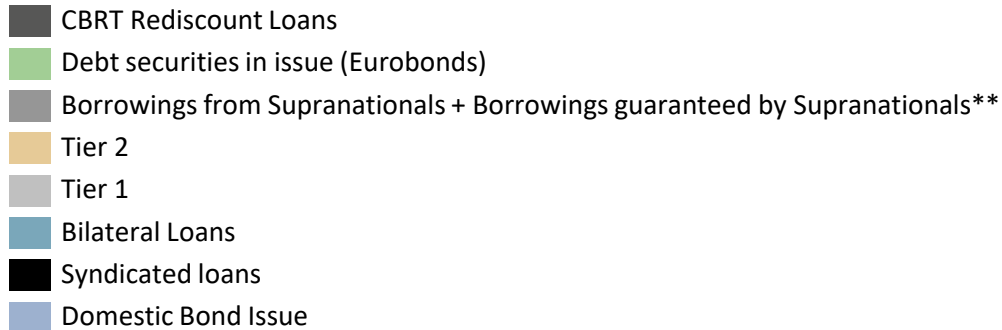
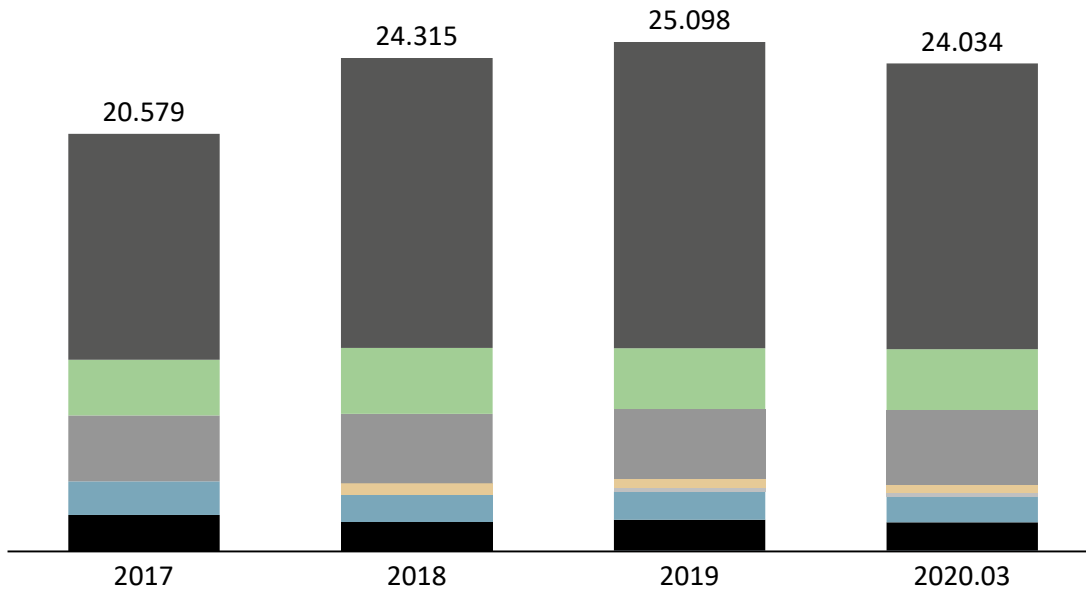


Leverage (%)



Funding Structure & Objectives

Sources of Funding (USD BN)*



Funding Objectives

- Increase average tenor of funding to match tenor of assets
- Diversify the funding sources in order to further optimize funding mix
- Further develop an liquid international bond yield curve

Funding Objectives

- As of the end of March 2020 debt stock consisted of:
 - CBRT Loans: USD14,1BN
 - Other Loans: USD10BN
- TRY2,9BN Tier 2 domestic issuance in 2018
- EUR150M Tier I domestic loan
- Ongoing support from supranational

* Türk Eximbank's period-end buying exchange rates are used: USD/TL 6,5666 (2020/03), 5,9407 (2019/12), 5,2801 (2018/12), 3,7750 (2017/12)

**Includes borrowings from supranational institutions such as ITFC, IDB, EIB, IBRD, BSTDB, WB, CEB and guaranteed borrowings from MIGA, ICIEC

A light gray world map is centered in the background of the image. The map shows the outlines of continents and oceans.

TÜRK
EXIMBANK