

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'  
S REPORT ORIGINALLY ISSUED IN TURKISH, SEE NOTE 1 IN SECTION THREE)

# **TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**

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



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## INDEPENDENT AUDITOR'S REPORT

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

### **A) Audit of Unconsolidated Financial Statements**

#### *1) Opinion*

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

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

#### *2) Basis of Opinion*

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

#### *3) Key Audit Matters*

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



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



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

*4) Other Matter*

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

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

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

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

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

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

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

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

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



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

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

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

#### **B) Report on Other Legal and Regulatory Requirements**

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2020 are not in compliance with the laws and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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



Yaşar Bivas, SMMM  
Partner

26 February 2021  
Istanbul, Turkey



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

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş. (“TÜRK EXIMBANK”)  
AS OF 31 DECEMBER 2020**

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

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

- GENERAL INFORMATION
- UNCONSOLIDATED FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- INFORMATION RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

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

**Rıza Tuna TURAGAY**  
Deputy Chairman of Board  
of Directors

**Ali GÜNEY**  
General Manager

**Hüseyin ŞAHİN**  
Deputy General Manager  
Responsible for Financial  
Reporting

**Taner YAVUZ**  
Head of Financial Affairs

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

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

Contact information of the personnel in charge for addressing questions about this financial report:

Name-Surname/Title: Taner YAVUZ/ Head of Financial Affairs

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**SECTION ONE****GENERAL INFORMATION**

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

**SECTION TWO****UNCONSOLIDATED FINANCIAL STATEMENTS**

|      |  |    |
|------|--|----|
| I.   | Balance sheet.....   | 3  |
| II.  | Statement of off-balance sheet items .....                       | 5  |
| III. | Statement of profit or loss.....                                 | 6  |
| IV.  | Statement of profit or loss and other comprehensive income ..... | 7  |
| V.   | Statement of changes in equity .....                             | 8  |
| VI.  | Statement of cash flows .....                                    | 10 |
| VII. | Statement of profit distribution .....                           | 11 |

**SECTION THREE****ACCOUNTING POLICIES**

|        |   |    |
|--------|---|----|
| I.     | Basis of presentation.....  | 12 |
| II.    | Strategy for use of financial instruments and foreign currency transactions.....                                  | 12 |
| III.   | Explanations on forward transactions, options and other derivative instruments .....                              | 13 |
| IV.    | Explanations on interest income and expenses.....   | 14 |
| V.     | Explanations on fee and commission income and expenses .....  | 14 |
| VI.    | Explanations on financial assets .....  | 14 |
| VII.   | Explanations on impairment of financial assets .....  | 16 |
| VIII.  | Explanations on offsetting financial instruments .....  | 18 |
| IX.    | Explanations on sale and repurchase agreements and securities lending transactions .....                          | 18 |
| X.     | Explanations on assets held for sale and discontinued explanations on liabilities related with these assets ..... | 18 |
| XI.    | Explanations on goodwill and other intangible assets .....  | 19 |
| XII.   | Explanations on tangible assets .....   | 19 |
| XIII.  | Explanations on investment property .....   | 19 |
| XIV.   | Explanations on leases.....   | 20 |
| XV.    | Explanations on provisions and contingent liabilities .....   | 21 |
| XVI.   | Explanations on obligations related to employee rights .....  | 22 |
| XVII.  | Explanations on taxation.....   | 22 |
| XVIII. | Additional explanations on borrowings .....   | 22 |
| XIX.   | Explanations on issuance of share certificates .....  | 23 |
| XX.    | Explanations on avalized drafts and acceptances .....   | 23 |
| XXI.   | Explanations on government grants .....   | 23 |
| XXII.  | Explanations on segment reporting .....   | 23 |
| XXIII. | Explanations on other issues.....   | 23 |

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

|       |  |    |
|-------|--|----|
| I.    | Information about shareholders' equity items .....                                 | 24 |
| II.   | Explanations on credit risk .....  | 34 |
| III.  | Explanations on currency risk .....  | 42 |
| IV.   | Explanations on interest rate risk .....   | 58 |
| V.    | Explanations on position risk of equity securities .....                           | 52 |
| VI.   | Explanations on liquidity risk and liquidity coverage ratio .....                  | 53 |
| VII.  | Explanations on leverage ratio .....   | 61 |
| VIII. | Presentation of financial assets and liabilities at their fair values .....        | 62 |
| IX.   | Explanations on activities carried out on behalf and account of other parties..... | 63 |
| X.    | Information on risk management .....   | 63 |
| XI.   | Explanations on securitization .....   | 78 |
| XII.  | Explanations on operating segments .....   | 79 |

**SECTION FIVE****INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**

|       |   |     |
|-------|---|-----|
| I.    | Explanations and notes related to assets.....                           | 81  |
| II.   | Explanations and notes on liabilities .....                             | 94  |
| III.  | Explanations and notes related to off-balance sheet accounts .....      | 103 |
| IV.   | Explanations on notes related to statement of profit or loss .....      | 106 |
| V.    | Explanations and notes related to changes in shareholders' equity ..... | 109 |
| VI.   | Explanations and notes related to statement of cash flows .....         | 110 |
| VII.  | Explanations and notes related to Bank's risk group.....                | 111 |
| VIII. | Explanations and notes related to events after balance sheet .....      | 111 |

**SECTION SIX****OTHER EXPLANATIONS**

|    |  |     |
|----|--|-----|
| I. | Summary information about the Bank's credit ratings from international credit rating agencies..... | 112 |
|----|--|-----|

**SECTION SEVEN****INDEPENDENT AUDIT REPORT**

|     |   |     |
|-----|---|-----|
| I.  | Explanations on the independent auditors' report .....        | 112 |
| II. | Explanations and notes prepared by independent auditors ..... | 112 |



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

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

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

The Bank has implemented the registered capital system and the upper limit of registered capital of the Bank is TL 10.000.000. The total share capital of the Bank is TL 9.270.000 in the current period. The Bank's paid-in-capital committed by the Republic of Turkey Ministry of Treasury and Finance consists of 9.270.000 shares of TL 1 (full TL) nominal each.

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

|   | <b>Name:</b>       | <b>Academic Background:</b> |
|---|--------------------|-----------------------------|
| <b>Chairman of the Board of Directors(*):</b>   |                    |                             |
| <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                    |
|   | İsmail 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               |

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

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

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

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

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

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

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

**IV. Information on the shareholders or entities owning control shares**

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

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

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

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

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

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

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

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

The Bank does not have any subsidiaries.

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS AT 31 DECEMBER 2020**

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

| ASSETS   | Notes       | Audited<br>Current Period<br>(31 December 2020) |                    |                    | Audited<br>Prior Period<br>(31 December 2019) |                    |                    |
|--|-------------|---|--------------------|--------------------|---|--------------------|--------------------|
|  |             | TL  | FC                 | Total              | TL  | FC                 | Total              |
| <b>I. FINANCIAL ASSETS (Net)</b>   |             | <b>3.084.507</b>                                | <b>10.048.023</b>  | <b>13.132.530</b>  | <b>382.805</b>                                | <b>11.054.992</b>  | <b>11.437.797</b>  |
| <b>1.1 Cash and Cash Equivalents</b>   |             | <b>2.962.846</b>                                | <b>8.718.584</b>   | <b>11.681.430</b>  | <b>339.477</b>                                | <b>9.648.741</b>   | <b>9.988.218</b>   |
| 1.1.1. Cash and Balances with Central Bank   | (1)         | 268   | 5.005.314          | 5.005.582          | 572   | 7.320.280          | 7.320.852          |
| 1.1.2. Banks   | (4)         | 1.274.843                                       | 3.713.270          | 4.988.113          | 339.005                                       | 2.328.461          | 2.667.466          |
| 1.1.3. Money Market Placements   |             | 1.688.243                                       | -                  | 1.688.243          | -   | -                  | -                  |
| 1.1.4. Expected Credit Losses (-)  |             | 508   | -                  | 508                | 100   | -                  | 100                |
| <b>1.2 Financial Assets at Fair Value through Profit/Loss</b>                                |             | <b>-</b>  | <b>153.454</b>     | <b>153.454</b>     | <b>-</b>                                      | <b>-</b>           | <b>-</b>           |
| 1.2.1. Government Securities   |             | -   | 74.901             | 74.901             | -   | -                  | -                  |
| 1.2.2. Equity Securities   |             | -   | -                  | -                  | -   | -                  | -                  |
| 1.2.3. Other Financial Assets  |             | -   | 78.553             | 78.553             | -   | -                  | -                  |
| <b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income</b>        | <b>(6)</b>  | <b>95.532</b>                                   | <b>709.777</b>     | <b>805.309</b>     | <b>37.822</b>                                 | <b>-</b>           | <b>37.822</b>      |
| 1.3.1. Government Securities   |             | -   | 668.938            | 668.938            | -   | -                  | -                  |
| 1.3.2. Equity Securities   |             | 95.532  | -                  | 95.532             | 37.822  | -                  | 37.822             |
| 1.3.3. Other Financial Assets  |             | -   | 40.839             | 40.839             | -   | -                  | -                  |
| <b>1.4 Derivative Financial Assets</b>   | <b>(3)</b>  | <b>26.129</b>                                   | <b>466.208</b>     | <b>492.337</b>     | <b>5.506</b>                                  | <b>1.406.251</b>   | <b>1.411.757</b>   |
| 1.4.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss             |             | 26.129  | 448.655            | 474.784            | 5.506   | 1.259.110          | 1.264.616          |
| 1.4.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income |             | -   | 17.553             | 17.553             | -   | 147.141            | 147.141            |
| <b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>                                 |             | <b>18.568.676</b>                               | <b>170.324.308</b> | <b>188.892.984</b> | <b>11.261.992</b>                             | <b>138.720.525</b> | <b>149.982.517</b> |
| <b>2.1 Loans</b>   | <b>(7)</b>  | <b>16.358.694</b>                               | <b>162.676.342</b> | <b>179.035.036</b> | <b>8.739.992</b>                              | <b>134.619.923</b> | <b>143.359.915</b> |
| 2.2. Lease Receivables   | (12)        | -   | -                  | -                  | -   | -                  | -                  |
| 2.3. Factoring Receivables   |             | -   | -                  | -                  | -   | -                  | -                  |
| <b>2.4 Financial Assets Measured at Amortised Cost</b>                                       | <b>(8)</b>  | <b>2.991.111</b>                                | <b>7.647.966</b>   | <b>10.639.077</b>  | <b>2.989.880</b>                              | <b>4.100.602</b>   | <b>7.090.482</b>   |
| 2.4.1. Government Securities   |             | 2.991.111                                       | 7.647.966          | 10.639.077         | 2.989.880                                     | 4.100.602          | 7.090.482          |
| 2.4.2. Other Financial Assets  |             | -   | -                  | -                  | -   | -                  | -                  |
| <b>2.5 Expected Credit Losses (-)</b>  |             | <b>781.129</b>                                  | <b>-</b>           | <b>781.129</b>     | <b>467.880</b>                                | <b>-</b>           | <b>467.880</b>     |
| <b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>                 | <b>(14)</b> | <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>           |
| <b>4.1 Associates (Net)</b>  | <b>(9)</b>  | <b>-</b>  | <b>-</b>           | <b>-</b>           | <b>-</b>                                      | <b>-</b>           | <b>-</b>           |
| 4.1.1. Associates Consolidated Under Equity Accounting                                       |             | -   | -                  | -                  | -   | -                  | -                  |
| 4.1.2. Unconsolidated Associates   |             | -   | -                  | -                  | -   | -                  | -                  |
| <b>4.2 Subsidiaries (Net)</b>  | <b>(10)</b> | <b>-</b>  | <b>-</b>           | <b>-</b>           | <b>-</b>                                      | <b>-</b>           | <b>-</b>           |
| 4.2.1. Unconsolidated Financial Investments in Subsidiaries                                  |             | -   | -                  | -                  | -   | -                  | -                  |
| 4.2.2. Unconsolidated Non-Financial Investments in Subsidiaries                              |             | -   | -                  | -                  | -   | -                  | -                  |
| <b>4.3 Joint Ventures (Net)</b>  | <b>(11)</b> | <b>-</b>  | <b>-</b>           | <b>-</b>           | <b>-</b>                                      | <b>-</b>           | <b>-</b>           |
| 4.3.1. Joint-Ventures Consolidated Under Equity Accounting                                   |             | -   | -                  | -                  | -   | -                  | -                  |
| 4.3.2. Unconsolidated Joint-Ventures   |             | -   | -                  | -                  | -   | -                  | -                  |
| <b>V. TANGIBLE ASSETS (Net)</b>  |             | <b>16.761</b>                                   | <b>-</b>           | <b>16.761</b>      | <b>21.485</b>                                 | <b>-</b>           | <b>21.485</b>      |
| <b>VI. INTANGIBLE ASSETS (Net)</b>   |             | <b>10.187</b>                                   | <b>-</b>           | <b>10.187</b>      | <b>7.122</b>                                  | <b>-</b>           | <b>7.122</b>       |
| 6.1. Goodwill  |             | -   | -                  | -                  | -   | -                  | -                  |
| 6.2. Others  |             | 10.187  | -                  | 10.187             | 7.122   | -                  | 7.122              |
| <b>VII. INVESTMENT PROPERTY (Net)</b>  | <b>(13)</b> | <b>2.111</b>                                    | <b>-</b>           | <b>2.111</b>       | <b>2.046</b>                                  | <b>-</b>           | <b>2.046</b>       |
| <b>VIII. CURRENT TAX ASSET</b>   |             | <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>1.332.645</b>                                | <b>840.056</b>     | <b>2.172.701</b>   | <b>1.017.400</b>                              | <b>414.745</b>     | <b>1.432.145</b>   |
| <b>TOTAL ASSETS</b>  |             | <b>23.014.887</b>                               | <b>181.212.387</b> | <b>204.227.274</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 31 DECEMBER 2020**

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

| LIABILITIES  | Notes | Audited<br>Current Period<br>(31 December 2020) |                    |                    | Audited<br>Prior Period<br>(31 December 2019) |                    |                    |
|--|-------|---|--------------------|--------------------|---|--------------------|--------------------|
|  |       | TL  | FC                 | Total              | TL  | FC                 | Total              |
| <b>I. DEPOSITS</b>   | (1)   | -   | -                  | -                  | -   | -                  | -                  |
| <b>II. FUNDS BORROWED</b>  | (3)   | 7.769.415                                       | 152.861.279        | 160.630.694        | -   | 127.584.542        | 127.584.542        |
| <b>III. MONEY MARKET FUNDS</b>   |       | -   | 1.375.566          | 1.375.566          | -   | -                  | -                  |
| <b>IV. SECURITIES ISSUED (Net)</b>   |       | 263.004   | 22.690.256         | 22.953.260         | 263.654                                       | 18.527.877         | 18.791.531         |
| 4.1 Bills  |       | -   | -                  | -                  | -   | -                  | -                  |
| 4.2 Asset Backed Securities  |       | -   | -                  | -                  | -   | -                  | -                  |
| 4.3 Bonds  |       | 263.004   | 22.690.256         | 22.953.260         | 263.654                                       | 18.527.877         | 18.791.531         |
| <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)   | 11.443  | 779.685            | 791.128            | -   | 106.949            | 106.949            |
| 7.1 Derivative Financial Liabilities Measured at Fair Value through Profit/Loss                                |       | 11.443  | 110.787            | 122.230            | -   | 77.040             | 77.040             |
| 7.2 Derivative Financial Liabilities Measured at Fair Value through Other Comprehensive Income                 |       | -   | 668.898            | 668.898            | -   | 29.909             | 29.909             |
| <b>VIII. FACTORING PAYABLES</b>  |       | -   | -                  | -                  | -   | -                  | -                  |
| <b>IX. LEASE PAYABLES</b>  | (5)   | 6.616   | 5.917              | 12.533             | 8.717   | 8.244              | 16.961             |
| <b>X. PROVISIONS</b>   | (6)   | 329.341   | -                  | 329.341            | 263.359                                       | -                  | 263.359            |
| 10.1 Restructuring Provisions  |       | -   | -                  | -                  | -   | -                  | -                  |
| 10.2 Reserve for Employee Rights   |       | 98.827  | -                  | 98.827             | 96.896  | -                  | 96.896             |
| 10.3 Insurance Technical Provisions (Net)  |       | -   | -                  | -                  | -   | -                  | -                  |
| 10.4 Other Provisions  |       | 230.514   | -                  | 230.514            | 166.463                                       | -                  | 166.463            |
| <b>XI. CURRENT TAX LIABILITY</b>   | (7.1) | 17.700  | -                  | 17.700             | 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>   |       | 2.998.128                                       | 1.465.448          | 4.463.576          | 2.996.129                                     | 1.029.725          | 4.025.854          |
| 14.1 Borrowings  |       | -   | 1.465.448          | 1.465.448          | -   | 1.029.725          | 1.029.725          |
| 14.2 Other Debt Instruments  |       | 2.998.128                                       | -                  | 2.998.128          | 2.996.129                                     | -                  | 2.996.129          |
| <b>XV. OTHER LIABILITIES</b>   | (4)   | 129.541   | 2.110.465          | 2.240.006          | 51.437  | 2.943.631          | 2.995.068          |
| <b>XVI. SHAREHOLDERS' EQUITY</b>   | (8)   | 11.347.773                                      | 65.684             | 11.413.457         | 9.031.225                                     | 48.999             | 9.080.224          |
| 16.1 Paid-in Capital   |       | 9.270.000                                       | -                  | 9.270.000          | 7.160.000                                     | -                  | 7.160.000          |
| 16.2 Capital Reserves  |       | -   | -                  | -                  | -   | -                  | -                  |
| 16.2.1 Share Premium   |       | -   | -                  | -                  | -   | -                  | -                  |
| 16.2.2 Share Cancellation Profits  |       | -   | -                  | -                  | -   | -                  | -                  |
| 16.2.3 Other Capital Reserves  |       | -   | -                  | -                  | -   | -                  | -                  |
| 16.3 Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss                         |       | (16.094)  | -                  | (16.094)           | (16.300)                                      | -                  | (16.300)           |
| 16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss                             |       | 83.612  | 65.684             | 149.296            | 28.658  | 48.999             | 77.657             |
| 16.5 Profit Reserves   |       | 498.867   | -                  | 498.867            | 427.232                                       | -                  | 427.232            |
| 16.5.1 Legal Reserves  |       | 494.199   | -                  | 494.199            | 422.618                                       | -                  | 422.618            |
| 16.5.2 Status Reserves   |       | -   | -                  | -                  | -   | -                  | -                  |
| 16.5.3 Extraordinary Reserves  |       | 4.668   | -                  | 4.668              | 4.614   | -                  | 4.614              |
| 16.5.4 Other Profit Reserves   |       | -   | -                  | -                  | -   | -                  | -                  |
| 16.6 Profit/Loss   |       | 1.511.388                                       | -                  | 1.511.388          | 1.431.635                                     | -                  | 1.431.635          |
| 16.6.1 Prior Periods' Profit/Loss  |       | -   | -                  | -                  | -   | -                  | -                  |
| 16.6.2 Current Period's Net Profit/Los   |       | 1.511.388                                       | -                  | 1.511.388          | 1.431.635                                     | -                  | 1.431.635          |
| <b>TOTAL LIABILITIES</b>   |       | <b>22.872.974</b>                               | <b>181.354.300</b> | <b>204.227.274</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 31 DECEMBER 2020**

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

|   | Notes | Audited<br>Current Period<br>(31 December 2020) |                    |                    | Audited<br>Prior Period<br>(31 December 2019) |                    |                    |
|---|-------|---|--------------------|--------------------|---|--------------------|--------------------|
|   |       | TL  | FC                 | TOTAL              | TL  | FC                 | TOTAL              |
| <b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>    |       | <b>5.219.830</b>                                | <b>133.965.688</b> | <b>139.185.518</b> | <b>4.147.298</b>                              | <b>118.466.125</b> | <b>122.613.423</b> |
| <b>I. GUARANTEES AND SURETIES</b>                                       | (1.2) | <b>137.621</b>                                  | <b>11.853.257</b>  | <b>11.990.878</b>  | -   | <b>10.891.326</b>  | <b>10.891.326</b>  |
| 1.1 Letters of guarantee  |       | -   | 11.040             | 11.040             | -   | -                  | -                  |
| 1.1.1 Guarantees Subject to State Tender Law                            |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.1.2 Guarantees Given for Foreign Trade Operations                     |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.1.3 Other Letters of Guarantee  |       | -   | 11.040             | 11.040             | -   | -                  | -                  |
| 1.2 Bank Acceptances  |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.2.1 Import Letter of Acceptance                                       |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.2.2 Other Bank Acceptances  |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.3 Letters of Credit   |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.3.1 Documentary Letters of Credit                                     |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.3.2 Other Letters of Credit   |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.4 Prefinancing Given as Guarantee                                     |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.5 Endorsements  |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.5.1 Endorsements to the Central Bank of the Republic of Turkey        |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.5.2 Other Endorsements  |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.6 Securities Issue Purchase Guarantees                                |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.7 Factoring Guarantees  |       | -   | -                  | -                  | -   | -                  | -                  |
| 1.8 Other Guarantees  |       | 137.621   | 11.842.217         | 11.979.838         | -   | 10.891.326         | 10.891.326         |
| 1.9 Other sureties  |       | -   | -                  | -                  | -   | -                  | -                  |
| <b>II. COMMITMENTS</b>  |       | <b>4.372.643</b>                                | <b>62.390.704</b>  | <b>66.763.347</b>  | <b>3.914.283</b>                              | <b>43.811.392</b>  | <b>47.725.675</b>  |
| 2.1 Irrevocable Commitments   |       | -   | 1.147.391          | 1.147.391          | -   | 20.879             | 20.879             |
| 2.1.1 Asset Purchase and Sale Commitments                               |       | -   | 18.109             | 18.109             | -   | 19.988             | 19.988             |
| 2.1.2 Deposit Purchase and Sales Commitments                            |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.3 Share Capital Commitments to Associates and Subsidiaries          |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.4 Loan Granting Commitments   |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.5 Securities Issue Brokerage Commitments                            |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.6 Commitments for Reserve Deposit Requirements                      |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.7 Commitments for Cheques   |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.8 Tax and Fund Liabilities from Export Commitments                  |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.9 Commitments for Credit Card Limits                                |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.10 Commitments for Credit Cards and Banking Services Promotions     |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.11 Receivables from Short Sale Commitments of Marketable Securities |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.12 Payables for Short Sale Commitments of Marketable Securities     |       | -   | -                  | -                  | -   | -                  | -                  |
| 2.1.13 Other Irrevocable Commitments                                    |       | -   | 1.129.282          | 1.129.282          | -   | 891                | 891                |
| 2.2 Revocable Commitments   |       | 4.372.643                                       | 61.243.313         | 65.615.956         | 3.914.283                                     | 43.790.513         | 47.704.796         |
| 2.2.1 Revocable Loan Granting Commitments                               |       | 4.372.643                                       | 61.243.313         | 65.615.956         | 3.914.283                                     | 43.790.513         | 47.704.796         |
| 2.2.2 Other Revocable Commitments                                       |       | -   | -                  | -                  | -   | -                  | -                  |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                            |       | <b>709.566</b>                                  | <b>59.721.727</b>  | <b>60.431.293</b>  | <b>233.015</b>                                | <b>63.763.407</b>  | <b>63.996.422</b>  |
| 3.1 Hedging Derivative Financial Instruments                            |       | -   | 54.957.237         | 54.957.237         | -   | 49.664.792         | 49.664.792         |
| 3.1.1 Transactions for Fair Value Hedge                                 |       | -   | 40.242.242         | 40.242.242         | -   | 34.990.664         | 34.990.664         |
| 3.1.2 Transactions for Cash Flow Hedge                                  |       | -   | 14.714.995         | 14.714.995         | -   | 14.674.128         | 14.674.128         |
| 3.1.3 Transactions for Foreign Net Investment Hedge                     |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2 Trading Transactions  |       | 709.566   | 4.764.490          | 5.474.056          | 233.015                                       | 14.098.615         | 14.331.630         |
| 3.2.1 Forward Foreign Currency Buy/Sell Transactions                    |       | 46.352  | 42.987             | 89.339             | -   | -                  | -                  |
| 3.2.1.1 Forward Foreign Currency Transactions-Buy                       |       | 21.814  | 22.800             | 44.614             | -   | -                  | -                  |
| 3.2.2 Forward Foreign Currency Transactions-Sell                        |       | 24.538  | 20.187             | 44.725             | -   | -                  | -                  |
| 3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates  |       | 663.214   | 4.721.503          | 5.384.717          | 233.015                                       | 14.098.615         | 14.331.630         |
| 3.2.2.1 Foreign Currency Swap-Buy                                       |       | 172.345   | 2.475.233          | 2.647.578          | -   | 3.254.071          | 3.254.071          |
| 3.2.2.2 Foreign Currency Swap-Sell                                      |       | 490.869   | 2.246.270          | 2.737.139          | 233.015                                       | 3.027.554          | 3.260.569          |
| 3.2.2.3 Interest Rate Swap-Buy  |       | -   | -                  | -                  | -   | 3.908.495          | 3.908.495          |
| 3.2.2.4 Interest Rate Swap-Sell   |       | -   | -                  | -                  | -   | 3.908.495          | 3.908.495          |
| 3.2.3 Foreign Currency, Interest rate and Securities Options            |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.3.1 Foreign Currency Options-Buy                                    |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.3.2 Foreign Currency Options-Sell                                   |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.3.3 Interest Rate Options-Buy                                       |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.3.4 Interest Rate Options-Sell                                      |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.3.5 Securities Options-Buy  |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.3.6 Securities Options-Sell   |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.4 Foreign Currency Futures  |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.4.1 Foreign Currency Futures-Buy                                    |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.4.2 Foreign Currency Futures-Sell                                   |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.5 Interest Rate Futures   |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.5.1 Interest Rate Futures-Buy                                       |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.5.2 Interest Rate Futures-Sell                                      |       | -   | -                  | -                  | -   | -                  | -                  |
| 3.2.6 Other   |       | -   | -                  | -                  | -   | -                  | -                  |
| <b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>                        |       | <b>21.385.750</b>                               | <b>312.775.010</b> | <b>334.160.760</b> | <b>5.238.105</b>                              | <b>165.284.715</b> | <b>170.522.820</b> |
| <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>  |       | <b>711.778</b>                                  | <b>3.216.024</b>   | <b>3.927.802</b>   | <b>741.704</b>                                | <b>4.105.147</b>   | <b>4.846.851</b>   |
| 5.1 Marketable Securities   |       | -   | 49.493             | 49.493             | -   | 39.923             | 39.923             |
| 5.2 Guarantee Notes   |       | -   | -                  | -                  | -   | -                  | -                  |
| 5.3 Commodity   |       | -   | -                  | -                  | -   | -                  | -                  |
| 5.4 Warranty  |       | -   | -                  | -                  | -   | -                  | -                  |
| 5.5 Real Estates  |       | 692.488   | 2.999.818          | 3.692.306          | 713.434                                       | 3.925.013          | 4.638.447          |
| 5.6 Other Pledged Items   |       | 19.290  | 166.713            | 186.003            | 28.270  | 140.211            | 168.481            |
| 5.7 Pledged Items-Depository  |       | -   | -                  | -                  | -   | -                  | -                  |
| <b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>                     |       | <b>20.673.972</b>                               | <b>309.558.986</b> | <b>330.232.958</b> | <b>4.496.401</b>                              | <b>161.179.568</b> | <b>165.675.969</b> |
| <b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>                        |       | <b>26.605.580</b>                               | <b>446.740.698</b> | <b>473.346.278</b> | <b>9.385.403</b>                              | <b>283.750.840</b> | <b>293.136.243</b> |

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

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

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

| GELİR VE GİDER KALEMLERİ |  | Dipnot | Audited<br>Current Period<br>(31 December 2020) | Audited<br>Prior Period<br>(31 December 2019) |
|--------------------------|--|--------|---|---|
| <b>I.</b>                | <b>INTEREST INCOME</b>   | (1)    | <b>5.011.499</b>                                | <b>4.856.159</b>                              |
| 1.1                      | Interest Income On Loans   |        | 4.229.188                                       | 4.341.340                                     |
| 1.2                      | Interest Income On Reserve Deposits  |        | -   | -   |
| 1.3                      | Interest Income On Banks   |        | 126.794   | 158.958                                       |
| 1.4                      | Interest Income On Money Market Transactions                                   |        | 72.387  | 3.407   |
| 1.5                      | Interest Income On Securities Portfolio  |        | 571.717   | 348.816                                       |
| 1.5.1                    | Financial Assets Measured At Fair Value Through Profit or Loss                 |        | 20.614  | -   |
| 1.5.2                    | Financial Assets Measured At Fair Value Reported in Other Comprehensive Income |        | 25.163  | -   |
| 1.5.3                    | Financial Assets Measured At Amortised Cost                                    |        | 525.940   | 348.816                                       |
| 1.6                      | Financial Lease Income   |        | -   | -   |
| 1.7                      | Other Interest Income  |        | 11.413  | 3.638   |
| <b>II.</b>               | <b>INTEREST EXPENSE</b>  | (2)    | <b>3.788.554</b>                                | <b>3.741.609</b>                              |
| 2.1                      | Interest On Deposits   |        | -   | -   |
| 2.2                      | Interest On Funds Borrowed   |        | 2.084.517                                       | 2.255.608                                     |
| 2.3                      | Interest On Money Market Transactions  |        | 151   | 2.083   |
| 2.4                      | Interest On Securities Issued  |        | 1.682.468                                       | 1.450.960                                     |
| 2.5                      | Financial Lease Interest Expenses  |        | 2.481   | 3.024   |
| 2.6                      | Other Interest Expenses  |        | 18.937  | 29.934  |
| <b>III.</b>              | <b>NET INTEREST INCOME (I - II)</b>  |        | <b>1.222.945</b>                                | <b>1.114.550</b>                              |
| <b>IV.</b>               | <b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>                                |        | <b>224.416</b>                                  | <b>175.162</b>                                |
| 4.1                      | Fees and Commissions Received  |        | 573.966   | 428.486                                       |
| 4.1.1                    | Non-cash Loans   |        | 21  | -   |
| 4.1.2                    | Other  |        | 573.945   | 428.486                                       |
| 4.2                      | Fees and Commissions Paid  |        | (349.550)                                       | (253.324)                                     |
| 4.2.1                    | Non-cash Loans   |        | -   | -   |
| 4.2.2                    | Other  |        | (349.550)                                       | (253.324)                                     |
| <b>V.</b>                | <b>DIVIDEND INCOME</b>   |        | <b>89</b>                                       | <b>70</b>                                     |
| <b>VI.</b>               | <b>NET TRADING INCOME/LOSSES (Net)</b>   | (3)    | <b>844.842</b>                                  | <b>627.029</b>                                |
| 6.1                      | Trading Account Income/Losses  |        | 10.003  | 38  |
| 6.2                      | Income/Losses From Derivative Financial Instruments                            |        | (1.549.818)                                     | 1.133.364                                     |
| 6.3                      | Foreign Exchange Gains/Losses  |        | 2.384.657                                       | (506.373)                                     |
| <b>VII.</b>              | <b>OTHER OPERATING INCOME</b>  | (4)    | <b>14.766</b>                                   | <b>7.789</b>                                  |
| <b>VIII.</b>             | <b>TOTAL OPERATING PROFIT (III+IV-V+VI+VII+VIII)</b>                           |        | <b>2.307.058</b>                                | <b>1.924.600</b>                              |
| <b>IX.</b>               | <b>EXPECTED CREDIT LOSSES (-)</b>  | (5)    | <b>369.469</b>                                  | <b>132.997</b>                                |
| <b>X.</b>                | <b>OTHER PROVISION EXPENSES (-)</b>  | (6)    | <b>14.281</b>                                   | <b>422</b>                                    |
| <b>XI.</b>               | <b>PERSONNEL EXPENSES (-)</b>  |        | <b>260.866</b>                                  | <b>225.572</b>                                |
| <b>XII.</b>              | <b>OTHER OPERATING EXPENSES (-)</b>  | (6)    | <b>151.054</b>                                  | <b>133.974</b>                                |
| <b>XIII.</b>             | <b>NET OPERATING PROFIT/LOSS (IX-X-XI)</b>                                     |        | <b>1.511.388</b>                                | <b>1.431.635</b>                              |
| <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 (XI+...+XIV)</b>                         |        | <b>1.511.388</b>                                | <b>1.431.635</b>                              |
| <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 (XVI±XVII)</b>                        |        | <b>1.511.388</b>                                | <b>1.431.635</b>                              |
| <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 (XVIII-XIX)</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 (XX±XXII)</b>        |        | -   | -   |
| <b>XXV.</b>              | <b>NET PROFIT / LOSS (XVII+XXII)</b>   | (8)    | <b>1.511.388</b>                                | <b>1.431.635</b>                              |
|                          | Earnings per Share   |        | 0,20593   | 0,21609                                       |

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**AS AT 31 DECEMBER 2020**

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

|   | Notes | Audited<br>Current Period<br>(31 December<br>2020) | Audited<br>Prior Period<br>(31 December<br>2019) |
|---|-------|--|--|
| <b>I. CURRENT PERIOD PROFIT/LOSS</b>  |       | <b>1.511.388</b>                                   | <b>1.431.635</b>                                 |
| <b>II. OTHER COMPREHENSIVE INCOME</b>   |       | <b>71.845</b>                                      | <b>9.120</b>                                     |
| <b>2.1 Other Income/Expense Items not to be Recycled to Profit or Loss</b>  |       | <b>206</b>   | <b>(8.022)</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   |       | 206  | (8.022)  |
| 2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss   |       | -  | -  |
| 2.1.5 Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss  |       | -  | -  |
| <b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>  |       | <b>71.639</b>                                      | <b>17.142</b>                                    |
| 2.2.1 Translation Differences   |       | -  | -  |
| 2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets<br>Measured at Fair Value through Other Comprehensive Income |       | 87.621   | 17.376   |
| 2.2.3 Gains/losses from Cash Flow Hedges  |       | (15.982)   | (234)  |
| 2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations   |       | -  | -  |
| 2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss   |       | -  | -  |
| 2.2.6 Taxes on Other Comprehensive Income to be Recycled to Profit or Loss  |       | -  | -  |
| <b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>   |       | <b>1.583.233</b>                                   | <b>1.440.755</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 31 DECEMBER 2020**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

| STATEMENT OF CHANGES IN EQUITY                                      | Notes |                  |               |                           |                       | Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss |                |                | Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss |                |               | Profit Reserves | Prior Periods' Profit/Loss | Current Period's Net Profit/Loss | Total Equity |                   |
|---|-------|------------------|---------------|---------------------------|-----------------------|---|----------------|----------------|---|----------------|---------------|-----------------|----------------------------|----------------------------------|--------------|-------------------|
|   |       | Paid-in Capital  | Share Premium | Share Cancellation Profit | Other Capital Reserve | 1   | 2              | 3              | 4   | 5              | 6             |                 |                            |                                  |              |                   |
| <b>Current Period (31 December 2020)</b>                            |       |                  |               |                           |                       |   |                |                |   |                |               |                 |                            |                                  |              |                   |
| I. Balances at Beginning of Period                                  |       | 7.160.000        | -             | -                         | -                     | -   | (9.793)        | (6.507)        | -   | 28.658         | 48.999        | 427.232         | 1.431.635                  | -                                | -            | 9.080.224         |
| II. Correction made as per TAS 8                                    |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| 2.1 Effect of Corrections   |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| 2.2 Effect of Changes in Accounting Policies                        |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| III. Adjusted Balances at Beginning of Period (I+II)                |       | 7.160.000        | -             | -                         | -                     | -   | (9.793)        | (6.507)        | -   | 28.658         | 48.999        | 427.232         | 1.431.635                  | -                                | -            | 9.080.224         |
| IV. Total Comprehensive Income                                      |       | -                | -             | -                         | -                     | -   | 206            | (6.507)        | -   | 87.621         | (15.982)      | -               | -                          | -                                | -            | 1.583.233         |
| V. Capital Increase in Cash   |       | 750.000          | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | 1.511.388                        | -            | 750.000           |
| VI. Capital Increase from Internal Sources                          |       | 1.360.000        | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | (1.360.000)     | -                          | -                                | -            | -                 |
| VII. Capital Reserves from Inflation Adjustments to Paid-in Capital |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| VIII. Convertible Bonds   |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| IX. Subordinated Liabilities  |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| X. Gain or Loss related to Other Changes                            |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| XI. Profit Distribution   |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | 1.431.635       | (1.431.635)                | -                                | -            | -                 |
| 11.1. Dividends   |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| 11.2. Transfers to Reserves   |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | 1.431.635       | (1.431.635)                | -                                | -            | -                 |
| 11.3. Other   |       | -                | -             | -                         | -                     | -   | -              | -              | -   | -              | -             | -               | -                          | -                                | -            | -                 |
| <b>Balances at end of the period</b>                                |       | <b>9.270.000</b> | <b>-</b>      | <b>-</b>                  | <b>-</b>              | <b>-</b>  | <b>(9.587)</b> | <b>(6.507)</b> | <b>-</b>  | <b>116.279</b> | <b>33.017</b> | <b>498.867</b>  | <b>-</b>                   | <b>1.511.388</b>                 | <b>-</b>     | <b>11.413.457</b> |

1 Accumulated Revaluation Increase/Decrease of Fixed Assets

2 Accumulated Remeasurement at Gain/Loss of Defined Benefit Pension Plan

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

4 Foreign Currency Translation Differences

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

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

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



**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2019**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

1 Accumulated Revaluation Increase/Decrease of Fixed Assets

2 Accumulated Remeasurement at Gain/Loss of Defined Benefit Pension Plan

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

4 Foreign Currency Translation Differences

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

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

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

**TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**  
**STATEMENT OF CASH FLOWS**  
**AS AT 31 DECEMBER 2020**

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

|  | Notes   | Audited<br>Current Period<br>(31 December 2020) | Audited<br>Prior Period<br>(31 December 2019) |
|--|---|---|---|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>   |   |   |   |
| <b>1.1</b>                                     | <b>Operating profit before changes in operating assets and liabilities</b>                            | <b>4.502.676</b>                                | <b>3.664.999</b>                              |
| 1.1.1  | Interest received   | 4.836.662                                       | 4.531.480                                     |
| 1.1.2  | Interest paid   | (2.080.658)                                     | (2.056.622)                                   |
| 1.1.3  | Dividend received   | 89  | 70  |
| 1.1.4  | Fees and commissions received   | 495.331   | 369.200                                       |
| 1.1.5  | Other income  | 944.189   | 441.492                                       |
| 1.1.6  | Collections from previously written-off loans and other receivables                                   | 364.459   | 353.257                                       |
| 1.1.7  | Payments to personnel and service suppliers   | (284.584)                                       | (225.572)                                     |
| 1.1.8  | Taxes paid  | (218.329)                                       | (196.212)                                     |
| 1.1.9  | Other   | 445.517   | 447.906                                       |
| <b>1.2</b>                                     | <b>Changes in operating assets and liabilities</b>  | <b>(3.180.113)</b>                              | <b>6.323.910</b>                              |
| 1.2.1  | Net (increase) decrease in financial assets measured at Fair Value Through Profit or Loss             | (109.077)                                       | -   |
| 1.2.2  | Net (increase) decrease in due from banks   | -   | -   |
| 1.2.3  | Net (increase) decrease in loans  | (35.670.373)                                    | (13.475.985)                                  |
| 1.2.4  | Net (increase) decrease in other assets   | (1.198.790)                                     | 144.918                                       |
| 1.2.5  | Net increase (decrease) in bank deposit   | -   | -   |
| 1.2.6  | Net increase (decrease) in other deposits   | -   | -   |
| 1.2.7  | Net increase (decrease) in financial liabilities measured at Fair Value Through Profit or Loss        | -   | -   |
| 1.2.8  | Net increase (decrease) in funds borrowed   | 33.096.987                                      | 18.651.072                                    |
| 1.2.9  | Net increase (decrease) in matured payables   | -   | -   |
| 1.2.10   | Net increase (decrease) in other liabilities  | 701.140   | 1.003.905                                     |
| <b>I.</b>                                      | <b>Net cash flow from banking operations</b>  | <b>1.322.563</b>                                | <b>9.988.909</b>                              |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b> |   |   |   |
| <b>II.</b>                                     | <b>Net cash flow from investing activities</b>  | <b>(2.444.985)</b>                              | <b>(3.765.370)</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   | (3.427)   | (3.080)                                       |
| 2.4  | Sales of tangible assets  | -   | 154   |
| 2.5  | Cash paid for purchase of financial assets measured at Fair Value through Other Comprehensive Income  | (712.532)                                       | -   |
| 2.6  | Cash obtained from sale of financial assets measured at Fair Value through Other Comprehensive Income | -   | -   |
| 2.7  | Cash paid for purchase of financial assets measured at amortised cost                                 | (1.724.460)                                     | (4.032.405)                                   |
| 2.8  | Cash obtained from sale of financial assets measured at amortised cost                                | -   | 271.492                                       |
| 2.9  | Others  | (4.566)   | (1.531)                                       |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b> |   |   |   |
| <b>III.</b>                                    | <b>Net cash flow from financing activities</b>  | <b>(851.423)</b>                                | <b>(1.885.505)</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                                       | (1.592.373)                                     | (5.744.331)                                   |
| 3.3  | Equity instruments issued   | -   | -   |
| 3.4  | Dividends paid  | -   | (6.313)                                       |
| 3.5  | Payments for financial leases   | (9.050)   | (8.190)                                       |
| 3.6  | Others  | 750.000   | -   |
| <b>IV.</b>                                     | <b>Effect of translation differences on cash and cash equivalents</b>                                 | <b>3.655.583</b>                                | <b>1.416.351</b>                              |
| <b>V.</b>                                      | <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>1.681.738</b>                                | <b>5.754.385</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>11.670.056</b>                               | <b>9.988.318</b>                              |

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

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

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

| <b>VII. STATEMENT OF PROFIT DISTRIBUTION</b>                       | <b>Current Period</b>                 | <b>Prior Period</b>     |
|--|---------------------------------------|-------------------------|
|  | <b>31 December 2020<sup>(*)</sup></b> | <b>31 December 2019</b> |
| <b>I. DISTRIBUTION OF PROFIT</b>                                   |                                       |                         |
| 1.1. Current Year Income   | 1.542.233                             | 1.460.852               |
| 1.2. Taxes And Duties Payable (-)                                  | 30.845                                | 29.217                  |
| 1.2.1. Corporate Tax (Income tax)                                  | -                                     | -                       |
| 1.2.2. Income withholding tax                                      | -                                     | -                       |
| 1.2.3. Other taxes and duties                                      | 30.845                                | 29.217                  |
| <b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>                        | <b>1.511.388</b>                      | <b>1.431.635</b>        |
| 1.3. Prior Year Losses (-)   | -                                     | -                       |
| 1.4. First Legal Reserves (-)                                      | -                                     | 71.582                  |
| 1.5. Other Statutory Reserves (-)                                  | -                                     | -                       |
| <b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b> | <b>-</b>                              | <b>1.360.053</b>        |
| 1.6. First Dividend To Shareholders (-)                            | -                                     | -                       |
| 1.6.1. To Owners Of Ordinary Shares                                | -                                     | -                       |
| 1.6.2. To Owners Of Privileged Shares                              | -                                     | -                       |
| 1.6.3. To Owners Of Preferred Shares                               | -                                     | -                       |
| 1.6.4. To Profit Sharing Bonds                                     | -                                     | -                       |
| 1.6.5. To Holders Of Profit And Loss Sharing Certificates          | -                                     | -                       |
| 1.7. Dividends To Personnel (-) <sup>(*)</sup>                     | -                                     | -                       |
| 1.8. Dividends To Board Of Directors (-)                           | -                                     | -                       |
| 1.9. Second Dividend To Shareholders (-)                           | -                                     | -                       |
| 1.9.1. To Owners Of Ordinary Shares                                | -                                     | -                       |
| 1.9.2. To Owners Of Privileged Shares                              | -                                     | -                       |
| 1.9.3. To Owners Of Preferred Shares                               | -                                     | -                       |
| 1.9.4. To Profit Sharing Bonds                                     | -                                     | -                       |
| 1.9.5. To Holders Of Profit And Loss Sharing Certificates          | -                                     | -                       |
| 1.10. Second Legal Reserves (-)                                    | -                                     | -                       |
| 1.11. Statutory Reserves (-)                                       | -                                     | -                       |
| 1.12. Extraordinary Reserves                                       | -                                     | 1.360.053               |
| 1.13. Other Reserves   | -                                     | -                       |
| 1.14. Special Funds  | -                                     | -                       |
| <b>II. DISTRIBUTION OF RESERVES</b>                                |                                       |                         |
| 2.1. Appropriated Reserves   | -                                     | -                       |
| 2.2. Second Legal Reserves (-)                                     | -                                     | -                       |
| 2.3. Dividends To Shareholders (-)                                 | -                                     | -                       |
| 2.3.1. To Owners Of Ordinary Shares                                | -                                     | -                       |
| 2.3.2. To Owners Of Privileged Shares                              | -                                     | -                       |
| 2.3.3. To Owners Of Preferred Shares                               | -                                     | -                       |
| 2.3.4. To Profit Sharing Bonds                                     | -                                     | -                       |
| 2.3.5. To Holders Of Profit And Loss Sharing Certificates          | -                                     | -                       |
| 2.4. Dividends To Personnel (-)                                    | -                                     | -                       |
| 2.5. Dividends To Board Of Directors (-)                           | -                                     | -                       |
| <b>III. EARNINGS PER SHARE</b>                                     |                                       |                         |
| 3.1. To Owners Of Ordinary Shares                                  | 0,2059                                | 0,2161                  |
| 3.2. To Owners Of Ordinary Shares ( % )                            | 20,59                                 | 21,61                   |
| 3.3. To Owners Of Privileged Shares                                | -                                     | -                       |
| 3.4. To Owners Of Privileged Shares ( % )                          | -                                     | -                       |
| <b>IV. DIVIDEND PER SHARE</b>                                      |                                       |                         |
| 4.1. To Owners Of Ordinary Shares                                  | -                                     | -                       |
| 4.2. To Owners Of Ordinary Shares ( % )                            | -                                     | -                       |
| 4.3. To Owners Of Privileged Shares                                | -                                     | -                       |
| 4.4. To Owners Of Privileged Shares ( % )                          | -                                     | -                       |

(\*) As of the date of the report, distributable net profit for the period has not been shown, as no decision has been made on the distribution of profits for 2020.

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

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

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

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

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

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

---

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

*a.1.) Derivative financial assets held for trading*

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

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

The Bank notifies in written the relationship between hedging instrument and related account, risk management aims of hedge and strategies and the methods used to measure the hedge effectiveness. The Bank evaluates the method of hedge whether to be effective on the expected changes in fair values in this process or not or each result of hedge effectiveness whether to be between the range of 80% and 125%.

Changes in fair values of derivative transactions under fair value hedges are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in "Trading Gains/Losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedged asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, adjustments made to the value of hedged item using straight-line amortization method within the days to maturity are reflected to "Income/losses from derivative financial instruments" account in the statement of profit or loss.

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

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

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

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

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

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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*

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

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

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

**IV. Explanations on interest income and expenses**

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

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

**V. Explanations on fee and commission income and expenses**

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

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

**VI. Explanations on financial assets**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VI. Explanation on financial assets (Continued)**

**c.) Financial assets measured at amortised cost**

A financial asset is measured at amortized cost if both of the conditions shown below are met:

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

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

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

**d.) Loans**

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

**VII. Explanations on impairment of financial assets**

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

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

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

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

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

**Calculation of Expected Credit Loss**

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

There are two measurements according to the general approach:

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

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



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

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

**Significant increase in credit risk (Stage 2)**

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

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

**Non-performing loans (Stage 3 / Specific provision)**

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

- Objective Default Definition: It means that the debt is overdue by more than 90 days.
- Subjective Default Definition: It means that it is determined the debt will not be paid off. If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is an overdue payment or number of days. Collective assessment of financial instruments is based on homogeneous group assets based on portfolio segmentation based on similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods associated with the expected loss calculation approach on a common basis for each phase.

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

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

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

The probability of default is an estimate of the likelihood of default over a given time horizon. In the probability of default models, segmentation is based on the sector information for the corporate portfolio and product information for the retail portfolio.

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

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

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

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

---

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

**VIII. Explanations on offsetting financial instruments**

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

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

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

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

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

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

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

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

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

---

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XI. Explanations on goodwill and other intangible assets**

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

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

Implemented yearly amortization rates as follows;

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

**XII. Explanations on tangible assets**

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

Implemented yearly amortization rates as follows;

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

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

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

**XIII. Explanations on investment property**

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

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

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

---

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIV. Explanations on leases**

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

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

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

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

*Right-of use asset*

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

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

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

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

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

*Lease liability*

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

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

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

---

**SECTION THREE (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.

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

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

**SECTION THREE (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       | 12,50%                | 12,10%              |
| Inflation            | 8,75%                 | 8,20%               |
| Salary increase rate | 8,75%                 | 9,20%               |

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

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

**XVII. Explanations on taxation**

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

**XVIII. Additional explanations on borrowings**

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

The Bank has issued six bonds.

- In September 2014, the Bank issued bonds amounting USD 500 million (TL 3.682.350 TL). The bond is subject to annual fixed interest payment of 5,000% every six months and the total maturity is seven years.
- In February 2016, the Bank issued a bond with a maturity of five years and a fixed rate of 5,375% amounting to USD 500 million (TL 3.682.350 TL).
- In October 2016, the Bank issued a bond with a maturity of seven years and a fixed rate of 5,375% amounting to USD 500 million (TL 3.682.350 TL).
- In September 2017, the Bank issued a bond with a maturity of five years and a fixed rate of 4,250% amounting to USD 500 million (TL 3.682.350 TL).
- In May 2018, the Bank issued a bond with a maturity of six years and a fixed rate of 6,125% amounting to USD 500 million (TL 3.682.350 TL).
- In January 2019, the Bank issued a bond with a maturity of five years and a fixed rate of 8,250% amounting to USD 500 million (TL 3.682.350 TL).

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

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

---

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVIII. Additional explanations on borrowings(Continued)**

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

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

In April 2019, the Bank issued Tier II capital amounting EUR 150 million (TL 1.357.680) with an early redeem option after fifth year of the date of issue.

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

**XIX. Explanations on issuance of share certificates**

As the Bank's total paid-in capital is owned by the Ministry of Treasury and Finance, there is no cost related to share issuance. The dividend distribution in the Bank is made by the decision of the General Assembly. Dividend distribution for 2019 was carried out in 2020 by the decision of the General Assembly.

**XX. Explanations on avalized drafts and acceptances**

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

**XXI. Explanations on government grants**

The Bank benefits from the government incentive provided by the Ministry of Trade as of 31 December 2020. In accordance with the decision of the Ministry of Economy Money-Credit and Coordination Board dated 2016/8, the interest expense of bank which is corresponding with difference between the bank interest rate and reference commercial interest rate is supported on investment good through exports medium-long-term buyer's loans. These incentives are recognized by adopting an income approach in accordance with TAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

**XXII. Explanations on segment reporting**

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

**XXIII. Explanations on other issues**

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

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

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

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

**SECTION FOUR**

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

**I. Information about shareholders' equity items**

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

Equity amount and capital adequacy standard ratio are calculated within the framework of "Regulation Regarding Equities of Banks" and "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy". As of 31 December 2020, the shareholders' equity of the Bank is TL 16.144.583 (31 December 2019: TL 13.152.003) and the capital adequacy standard ratio is 20,02% (31 December 2019: 19,06%).

|   | <b>Current Period Amount</b> | <b>Amount as per the regulation before 1/1/2014<sup>(*)</sup></b> |
|---|------------------------------|---|
| <b>COMMON EQUITY TIER I CAPITAL</b>   | <b>11.403.271</b>            |   |
| Paid-in Capital to be Entitled for Compensation after All Creditors   | 9.270.000                    |   |
| Share Premium   | -                            |   |
| Reserves  | 492.361                      |   |
| Other Comprehensive Income according to Turkish Accounting Standards ("TAS")  | 149.296                      |   |
| Profit  | 1.511.388                    |   |
| Net Current Period Profit   | 1.511.388                    |   |
| Prior Period Profit   | -                            |   |
| Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit  | -                            |   |
| <b>Common Equity Tier I Capital Before Deductions</b>   | <b>11.423.045</b>            |   |
| <b>Deductions from Common Equity Tier I Capital</b>   | <b>19.774</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 (-)   | -                            |   |
| Leasehold Improvements on Operational Leases (-)  | -                            |   |
| Goodwill Netted with Deferred Tax Liabilities   | -                            |   |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights   | 10.187                       |   |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)   | -                            |   |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting   | -                            |   |
| Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach   | -                            |   |
| Securitization gains  | -                            |   |
| Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness  | -                            |   |
| Net amount of defined benefit plans   | 9.587                        |   |
| Direct and Indirect Investments of the Bank on its own Tier I Capital (-)   | -                            |   |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)  | -                            |   |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)       | -                            |   |
| Total of Net Long Positions of the Investments in Core Capital Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                            |   |



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

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

**SECTION FOUR (Continued)**

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

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

|   | <b>Current Period Amount</b> | <b>Amount as per the regulation before 1/1/2014 (*)</b> |
|---|------------------------------|---|
| 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>19.774</b>                |   |
| <b>Total Common Equity Tier I Capital</b>   | <b>11.403.271</b>            |   |
| <b>ADDITIONAL TIER I CAPITAL</b>  | <b>1.357.680</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  | 1.357.680                    |   |
| 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>1.357.680</b>             |   |
| <b>Deductions from Additional Tier 1 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 1 Capital (-) | -                            |   |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital (-)                | -                            |   |
| Other items to be defined by the BRSA (-)   | -                            |   |
| <b>Items to be Deducted from Tier 1 Capital during the Transition Period</b>  | <b>-</b>                     |   |

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

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

**SECTION FOUR (Continued)**

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

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

|   | Current Period<br>Amount | Amount as per the<br>regulation<br>before 1/1/2014 <sup>(*)</sup> |
|---|--------------------------|---|
| Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)  | -                        |   |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)  | -                        |   |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)  | -                        |   |
| <b>Total Deductions from Additional Tier I Capital</b>  | -                        |   |
| <b>Total Additional Tier I Capital</b>  | 1.357.680                |   |
| <b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>  | <b>12.760.951</b>        |   |
| <b>TIER II CAPITAL</b>  | <b>3.383.632</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)  | 481.873                  |   |
| <b>Total Deductions from Tier II Capital</b>  | <b>3.383.632</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>3.383.632</b>         |   |
| <b>Total Equity (Total Tier I and Tier II Capital)</b>  | <b>16.144.583</b>        |   |
| <b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>  | <b>16.144.583</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. (-) | -                        |   |

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

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

**SECTION FOUR (Continued)**

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

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

|  | <b>Current Period<br/>Amount</b> | <b>Amount as per<br/>the regulation<br/>before 1/1/2014<sup>(*)</sup></b> |
|--|----------------------------------|---|
| 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>16.144.583</b>                |   |
| Total Capital (Total of Tier I Capital and Tier II Capital)  | 16.144.583                       |   |
| Total Risk Weighted Assets   | 80.656.129                       |   |
| <b>CAPITAL ADEQUACY RATIOS</b>   |                                  |   |
| Common Equity Tier I Capital Ratio (%)   | 14,14                            |   |
| Tier I Capital Ratio (%)   | 15,82                            |   |
| Capital Adequacy Ratio (%)   | 20,02                            |   |
| <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  | 9,64                             |   |
| <b>Amounts Lower Than Excesses as per Deduction Rules</b>  | <b>95.532</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  | <b>95.532</b>                    |   |
| 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)  | 481.873                          |   |
| General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets  | 481.873                          |   |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach  | -                                |   |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets  | -                                |   |
| <b>Debt Instruments Covered by Temporary Article 4<br/>(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   | -                                |   |

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

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

**SECTION FOUR (Continued)**

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

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

|  | <b>Prior Period</b> | <b>Amounts related to treatment before 1/1/2014 <sup>(*)</sup></b> |
|--|---------------------|--|
| <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 | -                   |  |

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

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

**SECTION FOUR (Continued)**

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

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

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

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

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

**SECTION FOUR (Continued)**

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

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

|   | <b>Prior Period</b> | <b>Amounts related to treatment before 1/1/2014 <sup>(*)</sup></b> |
|---|---------------------|--|
| 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. (-) | -                   |  |

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

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

**SECTION FOUR (Continued)**

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

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

|  | <b>Prior Period</b> | <b>Amounts related to treatment before 1/1/2014 (*)</b> |
|--|---------------------|---|
| 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 2 <sup>nd</sup> Paragraph of the 2 <sup>nd</sup> 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. (-)                   | -                   |   |

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

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

**SECTION 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.  |



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

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

**SECTION 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)                          | 1.357,7  |
| Nominal value of the instrument (Million TL)  | 1.357,7  |
| Account number in trial balance   | 34700010   |
| Date of issue of the instrument   | 24 April 2019  |
| The maturity structure of the instrument (Demand / Forward)   | Forward  |
| Starting maturity of the instrument   | 24 April 2019  |
| Whether the issuer has the right of reimbursement due to BRSA approval  | Has an early redemption option at the end of the fifth year  |
| Reimbursement option date, contingent repayment options and refundable amount                                   | The Bank will be able to use the early redemption option based on BRSA approval, five years after the date of issue. |
| Subsequent reimbursement option dates   | -  |
| <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.  |

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

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

---

**SECTION FOUR (Continued)**

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

**II. Explanations on credit risk**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SECTION FOUR (Continued)**

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

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

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

As of 31 December 2020, the Bank has restructured loans amounted TL 2.785.260 from standard loans and loans under close monitoring and TL 1.265 from non-performing loans which have been subject to changes in contract conditions.

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

The proportion of the Bank’s top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 54% and 54% as of 31 December 2020 and 2019, respectively.

The proportion of the Bank’s top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 68% and 68% as of 31 December 2020 and 2019, respectively.

The proportion of the Bank’s top 100 non-cash loan balances (whose risk belongs to the Bank) in total non-cash loans portfolio is 56% and 52% as of 31 December 2020 and 2019, respectively.

The proportion of the Bank’s top 200 non-cash loan balances (whose risk belongs to the Bank) in total non-cash loans portfolio is 69% and 65% as of 31 December 2020 and 2019, respectively.

As of 31 December 2020, the share of cash and non-cash receivable amounts belonging to its top 100 and 200 credit customers in the total cash and non-cash loans are 54% and 68%, respectively (31 December 2019: 54% and 68%).

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

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

As of 31 December 2020 and 31 December 2019, there is not any past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

|                                     | Current Period   | Prior Period     |
|-------------------------------------|------------------|------------------|
| Past due up to 30 days              | 3.125.648        | 2.352.354        |
| Past due 31-60 days                 | 288.568          | 359.690          |
| Past due 61-90 days                 | 174.473          | 157.464          |
| Past due 90-180 days <sup>(*)</sup> | 293.167          | -                |
| <b>Total</b>                        | <b>3.881.856</b> | <b>2.869.508</b> |

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

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

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

**SECTION FOUR (Continued)**

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

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

**Loan rating policy of the Bank**

Risk evaluation of banks and other financial institutions:

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

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

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

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

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

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

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

**SECTION FOUR (Continued)**

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

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

As of 31 December 2020, loans granted by the Bank to domestic banks and other financial institutions amount to TL 12.980.432 (31 December 2019: TL 12.253.033). The concentration levels of the loans to Banks and other financial institutions in accordance with the defined financial analysis groups of the Bank are as follows:

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

The risk evaluation of companies:

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

The Bank's maximum exposure to credit risk as of 31 December 2020 and 31 December 2019:

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

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

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

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

**SECTION FOUR (Continued)**

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

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

**The Risk Profile According to Substantial Regions**

|   |   | Risk Groups <sup>(*)</sup>   |   |  |   |   |   |   |  |   |                            |   |                                     |                          |  |   |               |                         |                    |
|---|---|--|---|--|---|---|---|---|--|---|----------------------------|---|-------------------------------------|--------------------------|--|---|---------------|-------------------------|--------------------|
|   |   | Conditional or Unconditional Receivables from Central Administrations or Central Banks | Conditional or Unconditional Receivables from Regional Administrations or Local Administrations | Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures | Conditional or Unconditional Receivables from Multi-lateral Development Banks | Conditional or Unconditional Receivables from International Organizations | Conditional or Unconditional Receivables from Banks and Intermediary Institutions | Conditional and Unconditional Corporate Receivables | Conditional and Unconditional Retail Receivables | Conditional and Unconditional Receivables Collateralized with Real Estate | Non-performing Receivables | Receivables determined to have high levels of risk by the Board | Securities with Mortgage Guarantees | Securitization Positions | Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables | Investments in the Nature of Collective Investment Organization | Shares        | Other Receivables (net) | Total              |
|   | <b>Current Period</b>                                     |  |   |  |   |   |   |   |  |   |                            |   |                                     |                          |  |   |               |                         |                    |
| 1 | Domestic  | 16.941.924   | -   | -  | -   | -   | 53.541.352  | 171.609.950   | 6.171.818  | 122.743   | 204                        | -   | -                                   | -                        | -  | -   | 95.532        | 2.170.709               | 250.654.232        |
| 2 | European Union Countries                                  | -  | -   | -  | -   | -   | 1.076.316   | 3.687.070   | 678.063  | -   | -                          | -   | -                                   | -                        | -  | -   | -             | -                       | 5.441.449          |
| 3 | OECD Countries  | -  | -   | -  | -   | -   | 612   | 1.261.567   | 209.877  | -   | -                          | -   | -                                   | -                        | -  | -   | -             | -                       | 1.472.056          |
| 4 | Offshore Banking Regions                                  | -  | -   | -  | -   | -   | -   | 139.859   | 22.892   | -   | -                          | -   | -                                   | -                        | -  | -   | -             | -                       | 162.751            |
| 5 | USA, Canada   | -  | -   | -  | -   | -   | 226.532   | 572.836   | 69.668   | -   | -                          | -   | -                                   | -                        | -  | -   | -             | -                       | 869.036            |
| 6 | Other Countries   | 5.434.138  | -   | -  | -   | -   | 258.813   | 2.567.844   | 319.915  | -   | -                          | -   | -                                   | -                        | -  | -   | -             | -                       | 8.580.710          |
| 7 | Affiliate, Subsidiary and Jointly Controlled Partnerships | -  | -   | -  | -   | -   | -   | -   | -  | -   | -                          | -   | -                                   | -                        | -  | -   | -             | -                       | -                  |
| 8 | Undistributed Assets/Liabilities                          | -  | -   | -  | -   | -   | -   | -   | -  | -   | -                          | -   | -                                   | -                        | -  | -   | -             | -                       | -                  |
| 9 | <b>Total</b>  | <b>22.376.062</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>  | <b>-</b>  | <b>55.103.625</b>   | <b>179.839.126</b>                                  | <b>7.472.233</b>                                 | <b>122.743</b>  | <b>204</b>                 | <b>-</b>  | <b>-</b>                            | <b>-</b>                 | <b>-</b>   | <b>-</b>  | <b>95.532</b> | <b>2.170.709</b>        | <b>267.180.234</b> |

<sup>(\*)</sup> EU countries, OECD countries except USA and Canada

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

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

**SECTION FOUR (Continued)**

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

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

**The Risk Profile According to Substantial Regions (Continued)**

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

<sup>(\*)</sup> EU countries, OECD countries except USA and Canada

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

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

**SECTION FOUR (Continued)**

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

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

**The Risk Profile According to Sector or Third Party**

| Sectors and third parties             | Conditional or Unconditional Receivables from Central Administrations or Central Banks | Conditional or Unconditional Receivables from Regional Administrations or Local Administrations | Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures | Conditional or Unconditional Receivables from Multi-lateral Development Banks | Conditional or Unconditional Receivables from International Organizations | Conditional or Unconditional Receivables from Banks and Intermediary Institutions | Conditional and Unconditional Corporate Receivables | Conditional and Unconditional Retail Receivables | Conditional and Unconditional Receivables Collateralized with Real Estate | Non-performing Receivables | Receivables determined to have high levels of risk by the Board | Securities with Mortgage Guarantees | Securitization Positions | Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables | Investments in the Nature of Collective Investment Organization | Shares | Other Receivables (net) | TL         | FC          | Total       |
|---------------------------------------|--|---|--|---|---|---|---|--|---|----------------------------|---|-------------------------------------|--------------------------|--|---|--------|-------------------------|------------|-------------|-------------|
|                                       |  |   |  |   |   |   |   |  |   |                            |   |                                     |                          |  |   |        |                         |            |             |             |
| 1 Agriculture                         | -  | -   | -  | -   | -   | 1.170.430   | 15.765.203  | 567.381  | 11.388  | 19                         | -   | -                                   | -                        | -  | -   | -      | -                       | 1.620.658  | 15.893.763  | 17.514.421  |
| 1.1 Farming and Livestock             | -  | -   | -  | -   | -   | 803.731   | 10.825.915  | 389.619  | 7.820   | 13                         | -   | -                                   | -                        | -  | -   | -      | -                       | 1.112.901  | 10.914.197  | 12.027.098  |
| 1.2 Forestry                          | -  | -   | -  | -   | -   | 198.216   | 2.669.892   | 96.088   | 1.929   | 3                          | -   | -                                   | -                        | -  | -   | -      | -                       | 274.464    | 2.691.664   | 2.966.128   |
| 1.3 Fishery                           | -  | -   | -  | -   | -   | 168.483   | 2.269.396   | 81.674   | 1.639   | 3                          | -   | -                                   | -                        | -  | -   | -      | -                       | 233.293    | 2.287.902   | 2.521.195   |
| 2 Industry                            | -  | -   | -  | -   | -   | 6.000.612   | 80.825.739  | 2.908.871  | 58.388  | 97                         | -   | -                                   | -                        | -  | -   | -      | -                       | 8.308.864  | 81.484.843  | 89.793.707  |
| 2.1 Mining and Quarry Sector          | -  | -   | -  | -   | -   | -   | -   | -  | -   | -                          | -   | -                                   | -                        | -  | -   | -      | -                       | -          | -           | -           |
| 2.2 Manufacturing Industry            | -  | -   | -  | -   | -   | 5.527.465   | 74.452.645  | 2.679.508  | 53.784  | 89                         | -   | -                                   | -                        | -  | -   | -      | -                       | 7.653.712  | 75.059.779  | 82.713.491  |
| 2.3 Electric, Gas and Water           | -  | -   | -  | -   | -   | 473.147   | 6.373.094   | 229.363  | 4.604   | 8                          | -   | -                                   | -                        | -  | -   | -      | -                       | 655.152    | 6.425.064   | 7.080.216   |
| 3 Construction                        | 5.434.138  | -   | -  | -   | -   | 1.077.380   | 14.511.854  | 522.274  | 10.483  | 17                         | -   | -                                   | -                        | -  | -   | -      | -                       | 1.491.815  | 20.064.331  | 21.556.146  |
| 4 Services                            | -  | -   | -  | -   | -   | 42.775.487  | 44.708.385  | 1.609.029  | 32.297  | 54                         | -   | -                                   | -                        | -  | -   | 95.532 | -                       | 10.415.797 | 78.804.987  | 89.220.784  |
| 4.1 Wholesale and retail trade        | -  | -   | -  | -   | -   | 922.265   | 12.422.528  | 447.080  | 8.974   | 15                         | -   | -                                   | -                        | -  | -   | -      | -                       | 1.277.033  | 12.523.829  | 13.800.862  |
| 4.2 Hotel and Restaurant Services     | -  | -   | -  | -   | -   | -   | -   | -  | -   | -                          | -   | -                                   | -                        | -  | -   | -      | -                       | -          | -           | -           |
| 4.3 Transportation and Communications | -  | -   | -  | -   | -   | 2.335.704   | 31.460.962  | 1.132.262  | 22.727  | 38                         | -   | -                                   | -                        | -  | -   | -      | -                       | 3.234.180  | 31.717.513  | 34.951.693  |
| 4.4 Financial Institutions            | -  | -   | -  | -   | -   | 39.456.277  | -   | -  | -   | -                          | -   | -                                   | -                        | -  | -   | 95.532 | -                       | 5.819.786  | 33.732.023  | 39.551.809  |
| 4.5 Real Estate and Leasing Services  | -  | -   | -  | -   | -   | -   | -   | -  | -   | -                          | -   | -                                   | -                        | -  | -   | -      | -                       | -          | -           | -           |
| 4.6 Professional Services             | -  | -   | -  | -   | -   | -   | -   | -  | -   | -                          | -   | -                                   | -                        | -  | -   | -      | -                       | -          | -           | -           |
| 4.7 Training Services                 | -  | -   | -  | -   | -   | -   | -   | -  | -   | -                          | -   | -                                   | -                        | -  | -   | -      | -                       | -          | -           | -           |
| 4.8 Health and Social Services        | -  | -   | -  | -   | -   | 61.241  | 824.895   | 29.687   | 596   | 1                          | -   | -                                   | -                        | -  | -   | -      | -                       | 84.798     | 831.622     | 916.420     |
| 5 Other                               | 16.941.924   | -   | -  | -   | -   | 4.079.716   | 24.027.945  | 1.864.678  | 10.187  | 17                         | -   | -                                   | -                        | -  | -   | -      | 2.170.709               | 5.833.801  | 43.261.375  | 49.095.176  |
| 6 Total                               | 22.376.062   | -   | -  | -   | -   | 55.103.625  | 179.839.126   | 7.472.233  | 122.743   | 204                        | -   | -                                   | -                        | -  | -   | 95.532 | 2.170.709               | 27.670.935 | 239.509.299 | 267.180.234 |



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

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

**SECTION FOUR (Continued)**

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

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

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

| Risk Groups   | Remaining Period to Maturity |            |            |             |                  |
|---|------------------------------|------------|------------|-------------|------------------|
|   | 1 month                      | 1-3 months | 3-6 months | 6-12 months | More than 1 year |
| Conditional or Unconditional Receivables from Central Administrations or Central Banks          | 4.439.613                    | 841.838    | -          | 2.480.608   | 14.614.003       |
| Conditional or Unconditional Receivables from Regional Administrations or Local Administrations | -                            | -          | -          | -           | -                |
| Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures  | -                            | -          | -          | -           | -                |
| Conditional or Unconditional Receivables from Multi-lateral Development Banks                   | -                            | -          | -          | -           | -                |
| Conditional or Unconditional Receivables from International Organizations                       | -                            | -          | -          | -           | -                |
| Conditional or Unconditional Receivables from Banks and Intermediary Institutions               | 40.169.504                   | 1.024.398  | 1.422.238  | 6.674.483   | 5.813.002        |
| Conditional and Unconditional Corporate Receivables   | 38.509.172                   | 14.699.877 | 20.967.898 | 46.309.918  | 59.352.261       |
| Conditional and Unconditional Retail Receivables  | 2.517.188                    | 600.141    | 537.797    | 2.545.357   | 1.271.750        |
| Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages                 | 5.745                        | 2.488      | 5.568      | 4.990       | 103.952          |
| Non-performing Receivables (Net)  | 204                          | -          | -          | -           | -                |
| Receivables determined to have high levels of risk by the Board                                 | -                            | -          | -          | -           | -                |
| Securities with Mortgage Guarantees   | -                            | -          | -          | -           | -                |
| Securitization Positions  | -                            | -          | -          | -           | -                |
| Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables  | -                            | -          | -          | -           | -                |
| Investments in the Nature of Collective Investment Organization                                 | -                            | -          | -          | -           | -                |
| Shares  | 95.532                       | -          | -          | -           | -                |
| Other Receivables(net)  | 2.170.709                    | -          | -          | -           | -                |

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

**Risk Amounts by Risk Weights**

| Risk Weight                              | 0%          | 10% | 20%       | 35%    | 50%        | 75%       | 100%       | 150% | 200% | Mitigation in Shareholders' Equity |
|--|-------------|-----|-----------|--------|------------|-----------|------------|------|------|------------------------------------|
| The amount before credit risk mitigation | 110.150.256 | -   | 3.246.631 | -      | 8.601.434  | 3.660.911 | 73.001.727 | -    | -    | 19.774                             |
| The amount after credit risk mitigation  | 111.627.148 | -   | 3.246.631 | 10.402 | 12.595.583 | 2.155.705 | 69.025.490 | -    | -    | 19.774                             |

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

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

**SECTION FOUR (Continued)**

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

**III. Explanations on currency risk**

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

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

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

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

|   | TL             | USD               | GBP           | EURO              | JPY        | Total             |
|---|----------------|-------------------|---------------|-------------------|------------|-------------------|
| <b>TRADING DERIVATIVE FINANCIAL INSTRUMENTS</b> | <b>709.566</b> | <b>2.651.341</b>  | <b>59.407</b> | <b>2.053.005</b>  | <b>737</b> | <b>5.474.056</b>  |
| <b>Forward Transactions</b>                     | <b>46.352</b>  | <b>40.374</b>     | <b>2.613</b>  | -                 | -          | <b>89.339</b>     |
| Forward Foreign Exchange Purchase Transactions  | 21.814         | 20.187            | 2.613         | -                 | -          | 44.614            |
| Forward Foreign Exchange Sell Transactions      | 24.538         | 20.187            | -             | -                 | -          | 44.725            |
| <b>Swap Transactions</b>                        | <b>663.214</b> | <b>2.610.967</b>  | <b>56.794</b> | <b>2.053.005</b>  | <b>737</b> | <b>5.384.717</b>  |
| Swap Money Purchase Transactions FC - TL        | 172.345        | 478.706           | -             | -                 | -          | 651.051           |
| Swap Money Purchase Transactions FC-FC          |                | 1.984.967         | <b>11.560</b> |                   |            | 1.996.527         |
| Swap Money Sale Transactions FC-TL              | 490.869        | 147.294           |               |                   |            | 638.163           |
| Swap Money Sale Transactions FC-FC              |                |                   | 45.234        | 2.053.005         | 737        | 2.098.976         |
| Swap Interest Purchase Transactions FC-FC       | -              | -                 | -             | -                 | -          | -                 |
| Swap Interest Sale Transactions FC-FC           | -              | -                 | -             | -                 | -          | -                 |
| <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>34.273.422</b> | <b>-</b>      | <b>20.683.815</b> | <b>-</b>   | <b>54.957.237</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>34.273.422</b> | <b>-</b>      | <b>20.683.815</b> | <b>-</b>   | <b>54.957.237</b> |
| Swap Money Purchase Transactions                |                | 19.544.022        |               |                   |            | 19.544.022        |
| Swap Money Sale Transactions                    |                |                   |               | 20.683.815        |            | 20.683.815        |
| Swap Interest Purchase Transactions             |                | 7.364.700         |               |                   |            | 7.364.700         |
| Swap Interest Sale Transactions                 |                | 7.364.700         |               |                   |            | 7.364.700         |
| <b>TOTAL</b>                                    | <b>709.566</b> | <b>36.924.763</b> | <b>59.407</b> | <b>22.736.820</b> | <b>737</b> | <b>60.431.293</b> |

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

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

**SECTION FOUR (Continued)**

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

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

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

**Fair value hedge accounting**

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

The Bank uses “Fair Value Hedge Accounting” as of the balance sheet date starting from 1 January 2013.

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

|   | 31 December 2020         |                |              |
|---|--------------------------|----------------|--------------|
|   | Principal <sup>(1)</sup> | Asset          | Liability    |
| <b>Derivative Financial Instruments</b> |                          |                |              |
| Swaps                                   | 40.242.242               | 448.560        | 7.301        |
| <b>Total</b>                            | <b>40.242.242</b>        | <b>448.560</b> | <b>7.301</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:

| 31 December 2020                 |   | Hedged risk                     | Net fair value of hedged items |           | Amount of hedge funds |
|----------------------------------|---|---------------------------------|--------------------------------|-----------|-----------------------|
| Hedging instrument               | Hedged items  |                                 | Asset                          | Liability |                       |
| Interest rate swaps              | Issued securities denominated in USD with fixed interest rate | Fixed interest rate risk        | 167.620                        | -         | -                     |
| Cross Currency Swap Transactions | Fixed interest rate US dollar debt securities                 | Currency and interest rate risk | 280.940                        | 7.301     | -                     |

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

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

**SECTION FOUR (Continued)**

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

**ntinued)**

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

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

**Fair value hedge accounting (Continued)**

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

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

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

**Cash flow hedge accounting**

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

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

|   | 31 December 2020         |               |                |
|---|--------------------------|---------------|----------------|
|   | Principal <sup>(1)</sup> | Asset         | Liability      |
| <b>Derivative Financial Instruments</b>   |                          |               |                |
| Cross Currency Swap Interest Transactions | 14.714.995               | 17.553        | 668.898        |
| <b>Total</b>                              | <b>14.714.995</b>        | <b>17.553</b> | <b>668.898</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:

| 31 December 2020                 |   |                                 |                                  |           |                           |
|----------------------------------|---|---------------------------------|----------------------------------|-----------|---------------------------|
| Hedging Instrument               | Hedged Asset and Liability                    | Hedged Risk                     | Fair value of hedging instrument |           | Amount at hedging account |
|                                  |   |                                 | Asset                            | Liability |                           |
| Cross Currency Swap Transactions | Fixed interest rate US Dollar debt securities | Currency and Interest Rate Risk | 17.553                           | 668.898   | 33.017                    |

**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 FOUR (Continued)**

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

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

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

**Cash flow accounting (Continued)**

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the cash flow hedge accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with the Bank's risk management policies. The effectiveness tests are performed on a monthly basis. If the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur the net cumulative gain or loss is reclassified from other comprehensive income to "Profit/Losses from Derivative Financial Transactions" account in profit or loss.

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

**3. Policy on foreign currency risk management**

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the period. As of 31 December 2020, the Net Foreign Currency Position/Shareholders' Equity ratio is 0,68 percent and as of 31 December 2019 the ratio is 0,42 percent. Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

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

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

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

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

**SECTION FOUR (Continued)**

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

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

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

| <b>DATE</b>    | <b>25 December<br/>2020</b> | <b>28 December<br/>2020</b> | <b>29 December<br/>2020</b> | <b>30 December<br/>2020</b> | <b>31 December<br/>2020</b> |
|----------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>USD</b>     | 7,5502                      | 7,4896                      | 7,4272                      | 7,3314                      | 7,3647                      |
| <b>AUD</b>     | 5,7389                      | 5,7048                      | 5,6402                      | 5,6107                      | 5,676                       |
| <b>DKK</b>     | 1,23685                     | 1,2313                      | 1,22254                     | 1,20867                     | 1,21708                     |
| <b>SEK</b>     | 0,91165                     | 0,9078                      | 0,8991                      | 0,8939                      | 0,89794                     |
| <b>CHF</b>     | 8,47                        | 8,4219                      | 8,3781                      | 8,2981                      | 8,3614                      |
| <b>100 JPY</b> | 7,2853                      | 7,2381                      | 7,1607                      | 7,0927                      | 7,1401                      |
| <b>CAD</b>     | 5,8606                      | 5,8371                      | 5,793                       | 5,7286                      | 5,7762                      |
| <b>NOK</b>     | 0,87298                     | 0,86834                     | 0,86178                     | 0,85331                     | 0,86203                     |
| <b>GBP</b>     | 10,209                      | 10,158                      | 10,031                      | 9,9165                      | 10,052                      |
| <b>SAR</b>     | 2,01167                     | 1,99552                     | 1,97885                     | 1,95384                     | 1,96287                     |
| <b>EUR</b>     | 9,2014                      | 9,1598                      | 9,0902                      | 8,989                       | 9,0512                      |
| <b>KWD</b>     | 24,706                      | 24,516                      | 24,304                      | 24,022                      | 24,178                      |
| <b>XDR</b>     | 10,875                      | 10,787                      | 10,697                      | 10,559                      | 10,607                      |
| <b>BGN</b>     | 4,6986                      | 4,6548                      | 4,6388                      | 4,5968                      | 4,6275                      |
| <b>100 IRR</b> | 0,01798                     | 0,01783                     | 0,01768                     | 0,01746                     | 0,01754                     |
| <b>RON</b>     | 1,8875                      | 1,87907                     | 1,86398                     | 1,84354                     | 1,85865                     |
| <b>RUB</b>     | 0,10249                     | 0,10176                     | 0,10081                     | 0,09905                     | 0,09844                     |
| <b>CNH</b>     | 1,15749                     | 1,14648                     | 1,13679                     | 1,12199                     | 1,12719                     |

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

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

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

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

**SECTION FOUR (Continued)**

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

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

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

| Current Period   | EURO                | USD                 | Other FC         | Total              |
|--|---------------------|---------------------|------------------|--------------------|
| <b>Assets</b>  |                     |                     |                  |                    |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)       | 5.005.314           | -                   | -                | 5.005.314          |
| Banks  | 3.452.324           | 239.003             | 21.943           | 3.713.270          |
| Financial Assets at Fair Value Through Profit or Loss                      | -                   | 153.454             | -                | 153.454            |
| Interbank Money Market Placements  | -                   | -                   | -                | -                  |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | -                   | 709.777             | -                | 709.777            |
| Loans  | 102.180.789         | 60.165.734          | 329.819          | 162.676.342        |
| Investments in Associates, Subsidiaries and Joint Ventures                 | -                   | -                   | -                | -                  |
| Financial Assets Measured at Amortised Cost                                | 5.111.369           | 2.536.597           | -                | 7.647.966          |
| Derivative Financial Assets for Hedging Purposes (*)                       | -                   | 167.621             | -                | 167.621            |
| Tangible Assets  | -                   | -                   | -                | -                  |
| Intangible Assets  | -                   | -                   | -                | -                  |
| Other Assets (*)   | 125.835             | 712.874             | 1.024            | 839.733            |
| <b>Total Assets</b>  | <b>115.875.631</b>  | <b>64.685.060</b>   | <b>352.786</b>   | <b>180.913.477</b> |
| <b>Liabilities</b>   |                     |                     |                  |                    |
| Bank Deposits  | -                   | -                   | -                | -                  |
| Foreign Currency Deposits  | -                   | -                   | -                | -                  |
| Funds from Interbank Money Market  | -                   | 1.375.566           | -                | 1.375.566          |
| Funds Borrowed from Other Financial Institutions (**)                      | 92.096.827          | 61.916.630          | 313.270          | 154.326.727        |
| Marketable Securities Issued (*)   | -                   | 22.083.268          | -                | 22.083.268         |
| Miscellaneous Payables   | 779.795             | 658.644             | 7.436            | 1.445.875          |
| Derivative Financial Liabilities for Hedging Purposes (*)                  | -                   | -                   | -                | -                  |
| Other Liabilities (*)  | 195.911             | 506.751             | 512              | 703.174            |
| <b>Total Liabilities</b>   | <b>93.072.533</b>   | <b>86.540.859</b>   | <b>321.218</b>   | <b>179.934.610</b> |
| <b>Net Balance Sheet Position</b>  | <b>22.803.098</b>   | <b>(21.855.799)</b> | <b>31.568</b>    | <b>978.867</b>     |
| <b>Net Off Balance Sheet Position</b>                                      | <b>(22.736.820)</b> | <b>21.860.401</b>   | <b>(31.798)</b>  | <b>(908.217)</b>   |
| Derivative Assets  | -                   | 29.392.582          | 14.173           | 29.406.755         |
| Derivative Liabilities   | 22.736.820          | 7.532.181           | 45.971           | 30.314.972         |
| Non-Cash Loans (***)   | 2.599.154           | 9.085.749           | 168.354          | 11.853.257         |
| <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 provisions of the "Regulation on Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio on a Consolidated and Unconsolidated Basis by Banks Foreign Currency Income Accruals of Derivative Financial Instrument, and hedge accounting records for these accruals (298.587 TL in total) and Foreign Currency Expense Accruals of Derivative Financial Instrument (779.685 TL in total) and hedge accounting records for these accruals (606.988 TL in total for Securities Issued and 33.016 TL reflected in equity in the statement of financial position) and Prepaid Expenses (323 TL) were not taken into account in the currency risk calculation.

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

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

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

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

**SECTION FOUR (Continued)**

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

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

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

The effect of the Bank's currency positions as of 31 December 2020 and 31 December 2019 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

|                        | Current Period     |                                 | Prior Period       |                                 |
|------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                        | Gain/(Loss) Effect | Effect on Equity <sup>(1)</sup> | Gain/(Loss) Effect | Effect on Equity <sup>(1)</sup> |
| USD                    | 3.727              | 460                             | (935)              | (935)                           |
| EUR                    | 6.628              | 6.628                           | 6.535              | 6.535                           |
| Other foreign currency | (23)               | (23)                            | (85)               | (85)                            |
| <b>Total</b>           | <b>10.332</b>      | <b>7.065</b>                    | <b>5.515</b>       | <b>5.515</b>                    |

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

As of 31 December 2020 and 31 December 2019, the effect of the appreciation of TL by 10% against other currencies with all other variables held constant on net profit and equity of the Bank is the same as the total amount with a negative sign as presented in the above table.

**IV. Explanation on interest rate risk**

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

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

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



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

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

**SECTION FOUR (Continued)**

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

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

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

*(Periods remaining to repricing dates)*

| Current Period   | Up to 1 Month     | 1-3 Months        | 3-12 Months        | 1-5 Years          | Over 5 Year      | Non-Interest Bearing | Total              |
|--|-------------------|-------------------|--------------------|--------------------|------------------|----------------------|--------------------|
| <b>Assets</b>  |                   |                   |                    |                    |                  |                      |                    |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT  | -                 | -                 | -                  | -                  | -                | 5.005.582            | 5.005.582          |
| Banks  | 4.893.649         | -                 | -                  | -                  | -                | 94.464               | 4.988.113          |
| Financial Assets Measured at Fair Value Through Profit/Loss                    | -                 | -                 | -                  | 78.554             | 74.900           | -                    | 153.454            |
| Money Market Placements  | 1.688.243         | -                 | -                  | -                  | -                | -                    | 1.688.243          |
| Financial Assets Measured at Fair Value Reported in Other Comprehensive Income | 2.755             | 37.156            | 40.839             | 309.081            | 322.700          | 92.778               | 805.309            |
| Loans  | 14.162.007        | 36.703.998        | 95.808.083         | 31.870.924         | -                | 490.024              | 179.035.036        |
| Financial Assets Measured at Amortised Cost                                    | -                 | 909.292           | 2.791.413          | 2.762.505          | 4.175.867        | -                    | 10.639.077         |
| Other Assets <sup>(2)</sup>  | 60.687            | 157.054           | 274.596            | -                  | -                | 1.420.123            | 1.912.460          |
| <b>Total Assets</b>  | <b>20.807.341</b> | <b>37.807.500</b> | <b>98.914.931</b>  | <b>35.021.064</b>  | <b>4.573.467</b> | <b>7.102.971</b>     | <b>204.227.274</b> |
| <b>Liabilities</b>   |                   |                   |                    |                    |                  |                      |                    |
| Bank Deposits  | -                 | -                 | -                  | -                  | -                | -                    | -                  |
| Other Deposits   | -                 | -                 | -                  | -                  | -                | -                    | -                  |
| Money Market Funds   | -                 | -                 | 1.375.566          | -                  | -                | -                    | 1.375.566          |
| Miscellaneous Payables   | -                 | -                 | 30.844             | -                  | -                | 1.531.421            | 1.562.265          |
| Securities Issued  | -                 | 3.990.064         | 3.625.951          | 15.337.245         | -                | -                    | 22.953.260         |
| Other Funds  | 9.959.343         | 14.344.634        | 105.608.589        | 30.718.128         | -                | -                    | 160.630.694        |
| Other Liabilities <sup>(1)</sup>   | 98.350            | 349.865           | 381.194            | 1.517.630          | 2.937.898        | 12.420.552           | 17.705.489         |
| <b>Total Liabilities</b>   | <b>10.057.693</b> | <b>18.684.563</b> | <b>111.022.144</b> | <b>47.573.003</b>  | <b>2.937.898</b> | <b>13.951.973</b>    | <b>204.227.274</b> |
| On Balance Sheet Long Position   | 10.749.648        | 19.122.937        | -                  | -                  | 1.635.569        | -                    | 31.508.154         |
| On Balance Sheet Short Position  | -                 | -                 | (12.107.213)       | (12.551.939)       | -                | (6.849.002)          | (31.508.154)       |
| Off-balance Sheet Long Position  | 5.966.114         | 14.648.464        | 8.986.339          | -                  | -                | -                    | 29.600.917         |
| Off-balance Sheet Short Position   | (6.307.891)       | (15.106.395)      | (9.416.090)        | -                  | -                | -                    | (30.830.376)       |
| <b>Total Position</b>  | <b>10.407.871</b> | <b>18.665.006</b> | <b>-12.536.964</b> | <b>-12.551.939</b> | <b>1.635.569</b> | <b>-6.849.002</b>    | <b>-1.229.459</b>  |

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

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

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

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

**SECTION FOUR (Continued)**

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

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

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

*(Periods remaining to reprising dates)*

| Prior Period   | Up to 1 month     | 1-3 Months        | 3 -12 Months       | 1-5 Years           | Over 5 Year      | Non-Interest Bearing | Total              |
|--|-------------------|-------------------|--------------------|---------------------|------------------|----------------------|--------------------|
| <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.

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

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

**SECTION FOUR (Continued)**

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

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

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

As of 31 December 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   | 1,33 | 0,10 | -    | -    | 17,77 |
| Financial Assets Measured at Fair Value Through Profit/Loss                   | -    | 6,18 | -    | -    | -     |
| Interbank Money Market Placements   | -    | -    | -    | -    | 17,40 |
| Financial Assets Measured at FVOCI  | -    | 6,35 | -    | -    | -     |
| Loans   | 1,17 | 2,11 | 1,77 | 1,26 | 9,11  |
| Financial Assets Measured at Amortised Cost                                   | 1,08 | 4,91 | -    | -    | 9,81  |
| <b>Liabilities</b>  |      |      |      |      |       |
| Bank Deposits   | -    | -    | -    | -    | -     |
| Other Deposits  | -    | -    | -    | -    | -     |
| Money Market Funds  | -    | 2,50 | -    | -    | -     |
| Miscellaneous Payables  | -    | -    | -    | -    | -     |
| Securities Issued   | -    | 5,82 | -    | -    | 9,25  |
| Other Funds   | 0,42 | 1,39 | 0,06 | 0,36 | 12,54 |

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

|   | EUR  | USD  | GBP  | JPY  | TL    |
|---|------|------|------|------|-------|
| <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 |

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

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

**SECTION FOUR (Continued)**

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

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

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

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

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

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

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

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

None.

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

None.

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

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

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

|   | Portfolio                         | Realized gains/losses during the period | Revaluation value increases |                                   | Unrealized gains/losses |                              |                                   |
|---|-----------------------------------|---|-----------------------------|-----------------------------------|-------------------------|------------------------------|-----------------------------------|
|   |                                   |   | Total                       | Included in supplementary capital | Total                   | Included in the core capital | Included in supplementary capital |
| 1 | Private equity investments        | -                                       | -                           | -                                 | -                       | -                            | -                                 |
| 2 | Shares quoted to the stock market | -                                       | -                           | -                                 | -                       | -                            | -                                 |
| 3 | Other shares                      | 54.955                                  | 74.757                      | -                                 | -                       | -                            | -                                 |
| 4 | <b>Total</b>                      | <b>54.955</b>                           | <b>74.757</b>               | -                                 | -                       | -                            | -                                 |

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

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

---

**SECTION FOUR (Continued)**

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

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

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

The Bank does not have investment in associates or subsidiaries quoted on BIST. According to credit positions in banking accounts standard approach, stock investments amounting to TL 95.532 thousand are 100% risk weighted (31 December 2019: Stock investments amounting to TL 37.882 are 100% risk weighted).

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

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

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

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

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

d) In terms of liquidity, the Bank prefers to use borrowing limits from Central Bank, Foreign Exchange markets and other domestic and foreign sources only in emergency situations. In addition, due to the status of the Bank's as an investment and development bank, the risk of sudden absence of deposits and draws are eliminated, which is a significant contribution to the reduction of liquidity risk. In addition, the bank's fundamental liquidity risk reduction techniques are finding the fund first and then providing credit facilities and before amortization of external obligations such as syndicated loans etc., repaying a debt by accumulating money. Additionally, In order to meet the urgent liquidity need as specified in the Liquidity Action Plan, liquid asset (Asset in Article 5 of the Regulation on Measurement and Evaluation of Banks' Liquidity Adequacy) which is a minimum of 1 percent of the asset size of the Bank is held to be determined by the Assistant General Manager responsible for the Treasury, in addition to "The Ratio to be taken as a basis in Measuring Liquidity Risk".

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

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

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

**SECTION FOUR (Continued)**

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

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

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

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

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

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

| Current Period   |             |                 |             |                  |          |                 |          |
|------------------|-------------|-----------------|-------------|------------------|----------|-----------------|----------|
| Week Info        | TL+FC (Max) | Week Info       | TL+FC (Min) | Week Info        | FC (Max) | Week Info       | FC (Min) |
| 27 December 2020 | 1732,40     | 1 November 2020 | 327,70      | 27 December 2020 | 1507,69  | 1 November 2020 | 250,89   |

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

According to the Banking Regulation and Supervision Agency’s 7123 numbered and 12 December 2016 dated decision, unless otherwise stated, the consolidated and non-consolidated total money and foreign money liquidation rates shall be considered zero for development and investment banks. The aforementioned rates are still being reported to the BRSA. On the other hand, in March, when the COVID epidemic started to spread, it was decided by the BRSA that banks would be exempted from their obligations to meet the legal ratios of Liquidity Adequacy Ratios and Liquidity Coverage Ratio until the end of the year within the scope of strengthening the capital and liquidity conditions of the banking system.

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

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

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

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

**SECTION FOUR (Continued)**

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

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

**2. Liquidity Coverage Ratio**

| Current Period                    | Total Unweighted Value <sup>(*)</sup>  |    | Total Weighted Value <sup>(*)</sup> |                  |
|-----------------------------------|--|----|-------------------------------------|------------------|
|                                   | TL+FC  | FC | TL+FC                               | FC               |
| <b>High-Quality Liquid Assets</b> |  |    |                                     |                  |
| 1                                 | Total high-quality liquid assets (HQLA)  |    | 14.255.329                          | 11.789.874       |
| <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:   |    | 7.680.006                           | 7.680.006        |
| 6                                 | Operational deposits   |    | -                                   | -                |
| 7                                 | Non-operational deposits   |    | -                                   | -                |
| 8                                 | Unsecured funding  |    | 7.680.006                           | 7.680.006        |
| 9                                 | Secured wholesale funding  |    |                                     |                  |
| 10                                | Other cash outflows of which:  |    | 1.010.548                           | 1.002.352        |
| 11                                | Outflows related to derivative exposures and other collateral requirements                         |    | 514.177                             | 512.208          |
| 12                                | Outflows related to restructured financial instruments   |    | -                                   | -                |
| 13                                | Payment commitments and other off-balance sheet commitments granted for debts to financial markets |    | 496.371                             | 490.144          |
| 14                                | Other revocable off-balance sheet commitments and contractual obligations                          |    | -                                   | -                |
| 15                                | Other irrevocable or conditionally revocable off-balance sheet obligations                         |    | 544.817                             | 544.817          |
| 16                                | <b>Total Cash Outflows</b>   |    | <b>9.235.371</b>                    | <b>9.227.175</b> |
| <b>Cash Inflows</b>               |  |    |                                     |                  |
| 17                                | Secured receivables  |    | -                                   | -                |
| 18                                | Unsecured receivables  |    | 11.910.832                          | 8.512.980        |
| 19                                | Other cash inflows   |    | 26.197                              | 2.609            |
| 20                                | <b>Total Cash Inflows</b>  |    | <b>11.937.029</b>                   | <b>8.515.589</b> |
|                                   |  |    | <i>Upper limit applied value</i>    |                  |
| 21                                | <b>Total HQLA</b>  |    | 14.255.329                          | 11.789.874       |
| 22                                | <b>Total Net Cash Outflows</b>   |    | <b>2.325.107</b>                    | <b>2.497.747</b> |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>  |    | <b>613,10</b>                       | <b>472,02</b>    |

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

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

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

**SECTION FOUR (Continued)**

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

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

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

| 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:   |       |                                     |                   |
| 6                                 | Operational deposits   |       |                                     |                   |
| 7                                 | Non-operational deposits   |       |                                     |                   |
| 8                                 | Unsecured funding  |       |                                     |                   |
| 9                                 | Secured wholesale funding  |       |                                     |                   |
| 10                                | Other cash outflows of which:  |       |                                     |                   |
| 11                                | Outflows related to derivative exposures and other collateral requirements                         |       |                                     |                   |
| 12                                | Outflows related to restructured financial instruments   |       |                                     |                   |
| 13                                | Payment commitments and other off-balance sheet commitments granted for debts to financial markets |       |                                     |                   |
| 14                                | Other revocable off-balance sheet commitments and contractual obligations                          |       |                                     |                   |
| 15                                | Other irrevocable or conditionally revocable off-balance sheet obligations                         |       |                                     |                   |
| 16                                | <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  |       |                                     |                   |
| 19                                | Other cash inflows   |       |                                     |                   |
| 20                                | <b>Total Cash Inflows</b>  |       | <b>10.037.449</b>                   | <b>8.338.106</b>  |
| 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:

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

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

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

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

d) The Bank distributes funding sources between CBRT, domestic banks and international development and investment banks carefully and in a balanced manner. The Bank's principle to take first quality collaterals such as letters of guarantee. To prevent concentration risk, the Bank monitors the breakdown of the collaterals taken from banks and made policy limit controls to keep the risk up to 20% of each banks' total cash and non-cash loans.



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

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

---

**SECTION FOUR (Continued)**

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

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

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

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

None.

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

None.

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

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

**SECTION FOUR (Continued)**

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

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

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

|  | Demand           | Up to 1 Month     | 1-3 Months        | 3-12 Months        | 1-5 Years          | Over 5 Years       | Unallocated <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 | 5.005.582        | -                 | -                 | -                  | -                  | -                  | -                          | 5.005.582          |
| Banks  | 94.464           | 4.893.649         | -                 | -                  | -                  | -                  | -                          | 4.988.113          |
| Financial Assets Measured at Fair Value through Profit or Loss                       | -                | -                 | -                 | -                  | 78.554             | 74.900             | -                          | 153.454            |
| Money Market Placements  | -                | 1.688.243         | -                 | -                  | -                  | -                  | -                          | 1.688.243          |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income           | -                | 2.755             | 37.156            | 40.839             | 309.081            | 322.700            | 92.778                     | 805.309            |
| Loans  | -                | 8.745.386         | 19.706.742        | 87.325.335         | 57.887.860         | 4.879.689          | 490.024                    | 179.035.036        |
| Financial Assets Measured at Amortised Cost  | -                | -                 | 909.292           | 2.791.413          | 2.762.505          | 4.175.867          | -                          | 10.639.077         |
| Other Assets   | -                | 25.466            | 20.157            | 345.841            | 83.321             | 17.552             | 1.420.123                  | 1.912.460          |
| <b>Total Assets</b>  | <b>5.100.046</b> | <b>15.355.499</b> | <b>20.673.347</b> | <b>90.503.428</b>  | <b>61.121.321</b>  | <b>9.470.708</b>   | <b>2.002.925</b>           | <b>204.227.274</b> |
| <b>Liabilities</b>   |                  |                   |                   |                    |                    |                    |                            |                    |
| Bank Deposits  | -                | -                 | -                 | -                  | -                  | -                  | -                          | -                  |
| Other Deposits   | -                | -                 | -                 | -                  | -                  | -                  | -                          | -                  |
| Other Funds  | -                | 5.876.524         | 6.133.628         | 89.304.390         | 51.153.029         | 8.163.123          | -                          | 160.630.694        |
| Money Market Funds   | -                | -                 | -                 | 1.055.618          | 319.948            | -                  | -                          | 1.375.566          |
| Securities Issued  | -                | -                 | 3.990.064         | 3.625.951          | 15.337.245         | -                  | -                          | 22.953.260         |
| Miscellaneous Payables   | -                | -                 | -                 | 30.844             | -                  | -                  | 1.531.421                  | 1.562.265          |
| Other Liabilities <sup>(2,3,4)</sup>   | -                | 29.338            | 8.613             | 115.259            | 1.751.688          | 3.380.039          | 12.420.552                 | 17.705.489         |
| <b>Total Liabilities</b>   | <b>-</b>         | <b>5.905.862</b>  | <b>10.132.305</b> | <b>94.132.062</b>  | <b>68.561.910</b>  | <b>11.543.162</b>  | <b>13.951.973</b>          | <b>204.227.274</b> |
| <b>Liquidity Gap</b>   | <b>5.100.046</b> | <b>9.449.637</b>  | <b>10.541.042</b> | <b>(3.628.634)</b> | <b>(7.440.589)</b> | <b>(2.072.454)</b> | <b>(11.949.048)</b>        | <b>-</b>           |
| <b>Net Off Balance Sheet Position</b>  | <b>-</b>         | <b>12.037</b>     | <b>(130)</b>      | <b>(644.873)</b>   | <b>(135.436)</b>   | <b>(461.057)</b>   | <b>-</b>                   | <b>(1.229.459)</b> |
| Derivative Financial Assets  | -                | 1.554.658         | 3.703.793         | 15.097.635         | 4.798.441          | 4.446.390          | -                          | 29.600.917         |
| Derivative Financial Liabilities   | -                | 1.542.621         | 3.703.923         | 15.742.508         | 4.933.877          | 4.907.447          | -                          | 30.830.376         |
| Non-Cash Loans   | -                | -                 | -                 | -                  | -                  | -                  | 11.990.878                 | 11.990.878         |
| <b>Prior Period</b>  |                  |                   |                   |                    |                    |                    |                            |                    |
| Total Assets   | 7.457.086        | 12.567.726        | 29.769.544        | 76.866.134         | 26.798.015         | 7.923.193          | 1.501.414                  | 162.883.112        |
| Total Liabilities  | -                | 8.568.561         | 13.479.040        | 85.104.686         | 33.377.759         | 10.043.800         | 12.309.266                 | 162.883.112        |
| <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         |

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

<sup>(2)</sup> 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.

<sup>(3)</sup> In other liabilities, the amount of TL 12.420.552 at the "unallocated" column, includes the shareholders' equity amounting to TL 11.413.457, unearned revenue amounting to TL, 610.018, provisions amounting to TL 329.341 and other liabilities amounting to TL 67.736.

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

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

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

**SECTION FOUR (Continued)**

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

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

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

| Current Period                                   | Book Value         | Demand and up to 1 Month | 1-3 Months        | 3-12 Months       | 1-5 Years         | Over 5 Years      | Unallocated      | Total              |
|--|--------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| <b>Liabilities</b>                               |                    |                          |                   |                   |                   |                   |                  |                    |
| Bank deposits                                    | -                  | -                        | -                 | -                 | -                 | -                 | -                | -                  |
| Other deposits                                   | -                  | -                        | -                 | -                 | -                 | -                 | -                | -                  |
| Funds borrowed from other financial institutions | 160.630.694        | 5.900.254                | 14.247.111        | 81.586.951        | 51.035.907        | 9.587.424         | -                | <b>162.357.647</b> |
| Funds borrowed from Interbank money market       | 1.375.566          | -                        | -                 | 1.076.331         | 336.117           | -                 | -                | <b>1.412.448</b>   |
| Marketable securities issued                     | 22.953.260         | 151.897                  | 3.963.376         | 4.439.975         | 16.884.982        | -                 | -                | <b>25.440.230</b>  |
| Miscellaneous payables                           | 1.562.264          | -                        | -                 | 30.844            | -                 | -                 | 1.531.420        | <b>1.562.264</b>   |
| Other liabilities                                | 5.500.905          | 17.700                   | 183.527           | 238.455           | 3.159.132         | 3.990.843         | 2.487.335        | <b>10.076.992</b>  |
| <b>Total liabilities</b>                         | <b>192.022.689</b> | <b>6.069.851</b>         | <b>18.394.014</b> | <b>87.372.556</b> | <b>71.416.138</b> | <b>13.578.267</b> | <b>4.018.755</b> | <b>200.849.581</b> |

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

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

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

**SECTION FOUR (Continued)**

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

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

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

| Current Period                      | Up to 1 Month    | 1-3 Months       | 3-12 Months      | 1-5 Years         | Over 5 Years   | Total             |
|-------------------------------------|------------------|------------------|------------------|-------------------|----------------|-------------------|
| <b>Derivatives held for trading</b> |                  |                  |                  |                   |                |                   |
| Foreign exchange derivatives        |                  |                  |                  |                   |                |                   |
| - Outflow                           | 1.544.597        | 21.573           | 1.226.603        | -                 | -              | 2.792.773         |
| - Inflow                            | 1.558.310        | 24.445           | 1.123.957        | -                 | -              | 2.706.712         |
| Interest rate derivatives           |                  |                  |                  |                   |                |                   |
| - Outflow                           | -                | -                | -                | -                 | -              | -                 |
| - Inflow                            | -                | -                | -                | -                 | -              | -                 |
| <b>Derivatives held for hedging</b> |                  |                  |                  |                   |                |                   |
| Foreign exchange derivatives        |                  |                  |                  |                   |                |                   |
| - Outflow                           | 93.580           | 165.812          | 4.645.698        | 20.039.273        | 848.747        | 25.793.110        |
| - Inflow                            | 151.897          | 269.055          | 5.019.006        | 20.005.974        | 801.204        | 26.247.136        |
| Interest rate derivatives           |                  |                  |                  |                   |                |                   |
| - Outflow                           | -                | 3.761.649        | 147.285          | 3.980.687         | -              | 7.889.621         |
| - Inflow                            | -                | 3.781.314        | 197.926          | 4.078.202         | -              | 8.057.442         |
| <b>Total outflow</b>                | <b>1.638.177</b> | <b>3.949.034</b> | <b>6.019.586</b> | <b>24.019.960</b> | <b>848.747</b> | <b>36.475.504</b> |
| <b>Total inflow</b>                 | <b>1.710.207</b> | <b>4.074.814</b> | <b>6.340.889</b> | <b>24.084.176</b> | <b>801.204</b> | <b>37.011.290</b> |

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

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

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

**SECTION FOUR (Continued)**

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

**VII. Explanations on leverage ratio**

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

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

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

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

**c) The leverage ratio table is presented below:**

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

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

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

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

**SECTION FOUR (Continued)**

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

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

|  | Carrying Value |              | Fair Value     |              |
|--|----------------|--------------|----------------|--------------|
|  | Current Period | Prior Period | Current Period | Prior Period |
| <b>Financial Assets</b>  |                |              |                |              |
| Due from interbank money market  | 1.688.243      | -            | 1.688.243      | -            |
| Banks  | 5.005.582      | 2.667.466    | 5.005.582      | 2.667.466    |
| Financial assets measured at fair value through other comprehensive income | 95.532         | 7.818        | 95.532         | 7.818        |
| Financial assets measured at amortised cost                                | 10.639.077     | 7.090.482    | 10.293.862     | 6.883.891    |
| Loans  | 179.035.036    | 143.359.915  | 186.062.386    | 149.569.981  |
| <b>Financial Liabilities</b>   |                |              |                |              |
| Bank deposits  | -              | -            | -              | -            |
| Other deposits   | -              | -            | -              | -            |
| Funds borrowed from other financial institutions                           | 160.630.694    | 127.584.542  | 166.418.626    | 133.909.273  |
| Issued marketable securities <sup>(1)</sup>                                | 22.953.260     | 18.527.877   | 22.886.387     | 19.186.352   |
| Miscellaneous payables   | 1.562.264      | 2.405.274    | 1.562.264      | 2.405.274    |

<sup>(1)</sup> Securities traded in the markets are taken into consideration.

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

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

**Fair value measurement classification**

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

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

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

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

| Current Period   | Level 1 | Level 2 | Level 3 | Total   |
|--|---------|---------|---------|---------|
| <b>Financial assets</b>  |         |         |         |         |
| Derivative financial assets measured at fair value through profit or loss        | 153.454 | -       | -       | 153.454 |
| Financial assets at fair value through other comprehensive income <sup>(1)</sup> | 794.736 | -       | -       | 794.736 |
| Derivative financial Assets held for fair value hedges                           | -       | 26.224  | -       | 26.224  |
| Derivative Financial Assets for Hedging Purposes                                 | -       | 466.113 | -       | 466.113 |
| <b>Financial liabilities</b>   |         |         |         |         |
| Derivative financial liabilities held for trading                                | -       | 114.929 | -       | 114.929 |
| Derivative financial assets held for fair value hedges                           | -       | 676.200 | -       | 676.200 |

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

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

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

**SECTION FOUR (Continued)**

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

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

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

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

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

**X. Information on risk management**

**1. The Bank's risk management policy**

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

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

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

Limit checks on both company and bank basis, cash and non-cash collaterals for such loans, account status documents provided for the financial analysis / allocation process and profit / loss statements as a proxy are supervised by the Inspection Board Presidency and the Internal Control Presidency over the selected files. Credit ratings of loans and other receivables are followed up by Credit Monitoring and Follow-up Department. Firms and banks' risks and limits are monitored on a daily and weekly basis, with the units responsible for issuing loans and without risk monitoring. Risk assessment methodologies for domestic and foreign banks used by the Department of Financial Institutions were revised in 2020 and entered into force after being approved by the Board of Directors.

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

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

---

**SECTION FOUR (Continued)**

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

**XI. Information on risk management**

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

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

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

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

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



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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management**

**2. Overview of risk weighted amounts**

|  | Risk Weighted Amount |                   | Minimum Capital Requirements |
|--|----------------------|-------------------|------------------------------|
|  | Current Period       | Prior Period      | Current Period               |
| <b>1 Credit risk (excluding counterparty credit risk) (CCR)</b>  | <b>76.735.319</b>    | <b>66.392.064</b> | <b>6.138.826</b>             |
| 2 Of which standardized approach (SA)  | 76.735.319           | 66.392.064        | 6.138.826                    |
| 3 Of which internal rating-based (IRB) approach  | -                    | -                 | -                            |
| <b>4 Counterparty credit risk</b>  | <b>857.708</b>       | <b>724.172</b>    | <b>68.617</b>                |
| 5 Of which standardized approach for counterparty credit risk (SA-CCR)                                 | 857.708              | 724.172           | 68.617                       |
| 6 Of which internal model method (IMM)   | -                    | -                 | -                            |
| <b>7 Equity positions in banking book under basic risk weighting or internal rating-based approach</b> | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>8 Equity investments in funds – look-through approach</b>   | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>9 Equity investments in funds – mandate-based approach</b>  | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>10 Equity investments in funds – 1250% weighted risk approach</b>                                   | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>11 Settlement risk</b>  | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>12 Securitization positions in banking accounts</b>   | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| 13 Of which IRB ratings-based approach (RBA)   | -                    | -                 | -                            |
| 14 Of which IRB Supervisory formula approach (SFA)   | -                    | -                 | -                            |
| 15 SA/simplified supervisory formula approach (SSFA)   | -                    | -                 | -                            |
| <b>16 Market risk</b>  | <b>525.675</b>       | <b>142.963</b>    | <b>42.054</b>                |
| 17 Of which standardized approach (SA)   | 525.675              | 142.963           | 42.054                       |
| 18 Of which internal model approaches (IMM)  | -                    | -                 | -                            |
| <b>19 Operational Risk</b>   | <b>2.537.427</b>     | <b>1.757.565</b>  | <b>202.994</b>               |
| 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  | -                    | -                 | -                            |
| <b>23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)</b>  | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>24 Floor adjustment</b>   | <b>-</b>             | <b>-</b>          | <b>-</b>                     |
| <b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>80.656.129</b>    | <b>69.016.764</b> | <b>6.452.491</b>             |

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**3. Linkages between Financial Statements and Risk Amounts**

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

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

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**4. Linkages Between Financial Statements and Risk Amounts**

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

|          |   | Total              | Credit Risk        | Securitization Positions | Counterparty credit risk | Market risk    | Not Subject to Capital Requirements or Deducted from Capital |
|----------|---|--------------------|--------------------|--------------------------|--------------------------|----------------|--|
| 1        | Asset carrying value amount under regulatory in financial statement       | 204.227.274        | 204.254.666        | -                        | 492.337                  | 286.840        | (309.534)  |
| 2        | Liabilities carrying value amount under regulatory in financial statement | 204.227.274        | -                  | -                        | -                        | -              | -  |
| 3        | Total net amount scope of financial statement                             | -                  | -                  | -                        | -                        | -              | -  |
| 4        | Off-balance sheet amounts   | 6.001.512          | 6.001.512          | -                        | -                        | -              | -  |
| 5        | Differences in valuations   | -                  | -                  | -                        | -                        | -              | -  |
| 6        | Differences due to different netting rules                                | -                  | -                  | -                        | -                        | -              | -  |
| 7        | Differences due to consideration of provisions                            | -                  | -                  | -                        | -                        | -              | -  |
| 8        | Differences due to prudential filters                                     | -                  | -                  | -                        | -                        | -              | -  |
| <b>9</b> | <b>Risk Amounts</b>   | <b>210.228.786</b> | <b>210.256.178</b> | <b>-</b>                 | <b>492.337</b>           | <b>286.840</b> | <b>(309.534)</b>   |

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

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

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

- Valuation methodologies including a description of the use of market value and model value methodologies.

- Definition of independent price approval processes

- Processes for valuation adjustments or differences. (Includes definition of process and methodology for valuation of trading positions according to the type of financial instrument.)

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

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

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

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

**5. Public Disclosures on Credit Risk**

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

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**5. Public Disclosures on Credit Risk (Continued)**

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

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

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

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

**5.1. Credit quality of assets**

|                               | Gross Carrying Value in Financial Statements<br>Prepared in Accordance with Turkish Accounting Standards (TAS) |                    | Allowances/<br>amortization<br>and<br>impairments | Net Values         |
|-------------------------------|--|--------------------|---|--------------------|
|                               | Defaulted  | Non-defaulted      |   |                    |
| 1 Loans                       | 490.026  | 164.050.981        | 779.596   | 163.761.411        |
| 2 Debt Securities             | -  | 11.233.625         | 1.962   | 11.231.663         |
| 3 Off-balance sheet exposures | -  | 11.280.818         | 163.063   | 11.117.755         |
| <b>4 Total</b>                | <b>490.026</b>   | <b>186.565.424</b> | <b>944.621</b>                                    | <b>186.110.829</b> |

**5.2. Changes in stock of default loans and debt securities**

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

**5.3. Additional Explanation about the Credit Quality of Asset**

*Additional qualitative disclosures about the credit quality of assets*

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

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

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**5.3 Public Explanations on Credit Risk (Continued)**

*Additional Explanation about the Credit Quality of Asset (Continued)*

Loans and other receivables restructured or rescheduled in order to provide liquidity to the borrower and to collect the receivables of the borrower pursuant to the related provisions of the regulation are followed by debt to the relevant loan accounts after the conditions specified in the said Regulation are fulfilled. As of 31 December 2020, there are restructured or rescheduled loans among the standard loans and loans in close follow-up with a total amount of TL 2.785.260 and there are restructured or rescheduled loans and receivables with a total amount of TL 1.265 among the non-performing loans.

*Additional quantitative disclosures about the credit quality of assets*

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

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

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

| <b>Current Period</b>     | <b>Non-Performing Loans<sup>(*)</sup></b> | <b>Specific Provision</b> |
|---------------------------|---|---------------------------|
| Domestic                  | 4.143.975                                 | 466.453                   |
| EU Countries              | 110.797                                   | 110.797                   |
| OECD Countries            | 19.807                                    | 19.807                    |
| Off-shore Banking Regions | -   | -                         |
| USA, Canada               | 4.623                                     | 4.623                     |
| Other Countries           | 92.680                                    | 92.680                    |
| <b>Total</b>              | <b>4.371.882</b>                          | <b>694.360</b>            |

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

<sup>(\*)</sup> Non-performing loans include non-performing loans and loans under close monitoring.

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

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**5. Public Explanations on Credit Risk (Continued)**

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

c) Aging analysis for overdue receivables

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

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

d) Analysis of restructured loans according to making provision

| <b>Current Period</b>                              | <b>Restructured Receivables</b> | <b>Specific Provisions</b> |
|--|---------------------------------|----------------------------|
| Restructured Standard Loans and Other Receivables  | -                               | -                          |
| Loans and Other Receivables Under Close Monitoring | 2.785.260                       | 4.560                      |
| Restructured Non-performing Loans                  | 1.265                           | 1.265                      |
| <b>Total</b>                                       | <b>2.786.525</b>                | <b>5.825</b>               |

**5.4. Credit risk mitigation techniques**

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

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

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

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

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

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

**5.4.4 Risk Decreasing Techniques – General Overview**

|                      | <b>Exposures unsecured</b> | <b>Exposures secured by collateral</b> | <b>Exposures secured by collateral, of which: secured amount</b> | <b>Exposures secured by financial guarantees</b> | <b>Exposures secured by financial guarantees, of which: secured amount</b> | <b>Exposures secured by credit derivatives</b> | <b>Exposures secured by credit derivatives, of which: secured amount</b> |
|----------------------|----------------------------|--|--|--|--|--|--|
| 1 Loans              | 13.376                     | 163.748.035                            | 163.292.053  | -  | -  | -  | -  |
| 2 Debt securities    | 11.231.663                 | -                                      | -  | -  | -  | -  | -  |
| 3 <b>Total</b>       | <b>11.245.039</b>          | <b>163.748.035</b>                     | <b>163.292.053</b>   | -  | -  | -  | -  |
| 4 Of which defaulted | -                          | 204                                    | -  | -  | -  | -  | -  |

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

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**5. Public Explanations on Credit Risk (Continued)**

**5.4. Credit risk mitigation techniques (Continued)**

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

| Risk Groups |  | Exposures before CCF and CRM |                          | Exposures post-CCF and CRM |                          | RWA and RWA density  |                                  |
|-------------|--|------------------------------|--------------------------|----------------------------|--------------------------|----------------------|----------------------------------|
|             |  | On-balance sheet amount      | Off-balance sheet amount | On-balance sheet Amount    | Off-balance sheet amount | Risk-weighted amount | Risk-weighted amount density (%) |
| 1           | Exposures to sovereigns and their central banks                      | 20.449.008                   | -                        | 17.908.511                 | -                        | 14.917.140           | 83,30                            |
| 2           | Exposures to regional and local governments                          | -                            | -                        | -                          | -                        | -                    | -                                |
| 3           | Exposures to administrative bodies and non-commercial entities       | -                            | -                        | -                          | -                        | -                    | -                                |
| 4           | Exposures to multilateral development banks                          | -                            | -                        | -                          | -                        | -                    | -                                |
| 5           | Exposures to international organizations                             | -                            | -                        | -                          | -                        | -                    | -                                |
| 6           | Exposures to banks and securities firms                              | 19.271.666                   | 32.799.152               | 165.975.148                | 526                      | 52.603.231           | 31,69                            |
| 7           | Exposures to corporates  | 141.551.438                  | 38.287.688               | 235.598                    | 5.036.443                | 5.272.041            | 100                              |
| 8           | Retail exposures   | 4.328.120                    | 3.144.115                | 1.480.975                  | 674.707                  | 1.616.762            | 75                               |
| 9           | Exposures secured by residential property                            | 10.402                       | -                        | 10.402                     | -                        | 3.641                | 35                               |
| 10          | Exposures secured by commercial property                             | 112.341                      | -                        | 112.341                    | -                        | 56.170               | 50                               |
| 11          | Past-due loans   | 204                          | -                        | 204                        | -                        | 102                  | 50                               |
| 12          | Exposures in higher-risk categories                                  | -                            | -                        | -                          | -                        | -                    | -                                |
| 13          | Exposures in the form of bonds secured by mortgages                  | -                            | -                        | -                          | -                        | -                    | -                                |
| 14          | Short term exposures to banks, brokerage houses and corporates       | -                            | -                        | -                          | -                        | -                    | -                                |
| 15          | Equity investments in the form of collective investment undertakings | -                            | -                        | -                          | -                        | -                    | -                                |
| 16          | Other exposures  | 2.170.709                    | -                        | 2.170.709                  | -                        | 2.170.699            | 100                              |
| 17          | Equity investments   | 95.532                       | -                        | 95.532                     | -                        | 95.532               | 100                              |
| 18          | <b>Total</b>   | <b>187.989.420</b>           | <b>74.230.955</b>        | <b>187.989.420</b>         | <b>5.711.676</b>         | <b>76.735.318</b>    | <b>39,62</b>                     |

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**5. Public Explanations on Credit Risk (Continued)**

**5.4. Credit risk mitigation techniques (Continued)**

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

|    | Risk Groups/ Risk Weights  | 0%                 | 10%      | 20%              | 35% <sup>(1)</sup> | 50%               | 75%              | 100%              | 150%     | 200%     | Others   | Total risk amount <sup>(2)</sup> |
|----|--|--------------------|----------|------------------|--------------------|-------------------|------------------|-------------------|----------|----------|----------|----------------------------------|
| 1  | Exposures to sovereigns and their central banks                      | 2.991.370          | -        | -                | -                  | -                 | -                | 14.917.141        | -        | -        | -        | 17.908.511                       |
| 2  | Exposures to regional and local governments                          | -                  | -        | -                | -                  | -                 | -                | -                 | -        | -        | -        | -                                |
| 3  | Exposures to administrative bodies and non-commercial entities       | -                  | -        | -                | -                  | -                 | -                | -                 | -        | -        | -        | -                                |
| 4  | Exposures to multilateral development banks                          | -                  | -        | -                | -                  | -                 | -                | -                 | -        | -        | -        | -                                |
| 5  | Exposures to international organizations                             | -                  | -        | -                | -                  | -                 | -                | -                 | -        | -        | -        | -                                |
| 6  | Exposures to banks and securities firms                              | 105.400.573        | -        | 3.231.192        | -                  | 10.773.833        | -                | 46.570.076        | -        | -        | -        | 165.975.674                      |
| 7  | Exposures to corporates  | -                  | -        | -                | -                  | -                 | -                | 5.272.041         | -        | -        | -        | 5.272.041                        |
| 8  | Retail exposures   | -                  | -        | -                | -                  | -                 | 2.155.682        | -                 | -        | -        | -        | 2.155.682                        |
| 9  | Exposures secured by residential property                            | -                  | -        | -                | 10.402             | -                 | -                | -                 | -        | -        | -        | 10.402                           |
| 10 | Exposures secured by commercial property                             | -                  | -        | -                | -                  | 112.341           | -                | -                 | -        | -        | -        | 112.341                          |
| 11 | Past-due loans   | -                  | -        | -                | -                  | 204               | -                | -                 | -        | -        | -        | 204                              |
| 12 | Exposures in higher-risk categories                                  | -                  | -        | -                | -                  | -                 | -                | -                 | -        | -        | -        | -                                |
| 13 | Exposures in the form of bonds secured by mortgages                  | -                  | -        | -                | -                  | -                 | -                | -                 | -        | -        | -        | -                                |
| 14 | Short term exposures to banks, brokerage houses and corporates       | -                  | -        | -                | -                  | -                 | -                | -                 | -        | -        | -        | -                                |
| 15 | Equity investments in the form of collective investment undertakings | -                  | -        | -                | -                  | -                 | -                | -                 | -        | -        | -        | -                                |
| 16 | Equity investments   | -                  | -        | -                | -                  | -                 | -                | 95.532            | -        | -        | -        | 95.532                           |
| 17 | Other exposures  | 10                 | -        | -                | -                  | -                 | -                | 2.170.699         | -        | -        | -        | 2.170.709                        |
| 18 | <b>Total</b>   | <b>108.391.953</b> | <b>-</b> | <b>3.231.192</b> | <b>10.402</b>      | <b>10.886.378</b> | <b>2.155.682</b> | <b>69.025.489</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>193.701.096</b>               |

<sup>(1)</sup> Secured by residential property

<sup>(2)</sup> Exposures post-CCR and CRM

**6. Explanations on counterparty credit risk**

**6.1. Qualitative Explanations on Counterparty credit risk**

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



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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**6. Explanations on counterparty credit risk (Continued)**

**6.2. Counterparty credit risk (CCR) approach analysis**

|   |  | Replacement Cost | Potential Credit Risk | EEPE | Alpha used for computing regulatory EAD | Exposure after Credit Risk Mitigation | Risk Weighted Amounts |
|---|--|------------------|-----------------------|------|---|---------------------------------------|-----------------------|
| 1 | Standardized Approach -CCR (for derivatives)   | 1.609            | 1.025.536             |      | 1,40                                    | 1.027.145                             | 509.541               |
| 2 | Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) |                  |                       | -    | -                                       | -                                     | -                     |
| 3 | Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)              |                  |                       |      |   | 1.927.055                             | 331.604               |
| 4 | Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)       |                  |                       |      |   | 26.105                                | 13.053                |
| 5 | Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions                                       |                  |                       |      |   | -                                     | -                     |
| 6 | <b>Total</b>   |                  |                       |      |   |                                       | <b>854.198</b>        |

**6.3 Credit valuation adjustment (CVA) for capital obligation**

|   |  | Risk Amounts (After use of credit risk mitigation techniques) | Risk Weighted Amounts |
|---|--|---|-----------------------|
|   | Total portfolio value with comprehensive approach CVA capital adequacy |   |                       |
| 1 | (i) Value at Risk component (including the 3*multiplier)               |   | -                     |
| 2 | (ii) Stressed Value at Risk component (including the 3*multiplier)     |   | -                     |
| 3 | Total portfolio value with standardized approach CVA capital charge    | 28.179.823  | -                     |
| 4 | <b>Total subject to the CVA capital charge</b>                         | <b>6.234</b>  | <b>3.115</b>          |

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**6. Explanations on counterparty credit risk (Continued)**

**6.4. CCR Exposures by Risk Class and Risk Weights**

| <b>Risk Weights</b>  | <b>0%</b>        | <b>10%</b> | <b>20%</b>    | <b>50%</b>       | <b>75%</b> | <b>100%</b> | <b>150%</b> | <b>Other</b> | <b>Total Credit Risk</b> |
|--|------------------|------------|---------------|------------------|------------|-------------|-------------|--------------|--------------------------|
| <b>Risk Groups</b>   |                  |            |               |                  |            |             |             |              |                          |
| Conditional and unconditional exposures to sovereigns and their central banks                | 1.927.055        | -          | -             | -                | -          | -           | -           | -            | -                        |
| Conditional and unconditional exposures to regional and local governments                    | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Conditional and unconditional exposures to administrative bodies and non-commercial entities | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Conditional and unconditional exposures to multilateral development banks                    | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Conditional and unconditional exposures to international organizations                       | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Conditional and unconditional exposures to banks and securities firms                        | 1.263.846        | -          | 13.464        | 1.709.205        | 23         | -           | -           | -            | 857.313                  |
| Exposures to corporates  | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Retail exposures   | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Exposures secured by residential property  | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Exposures secured by commercial property   | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Exposures in high-risk categories  | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Exposures in the form of bonds secured by mortgages  | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Securitization positions   | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Short term exposures to banks, brokerage houses and corporates                               | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Equity investments in the form of collective investment undertakings                         | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Equity investments   | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Other Exposures  | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| Other Assets   | -                | -          | -             | -                | -          | -           | -           | -            | -                        |
| <b>Total</b>   | <b>3.190.901</b> | <b>-</b>   | <b>13.464</b> | <b>1.709.205</b> | <b>23</b>  | <b>-</b>    | <b>-</b>    | <b>-</b>     | <b>857.313</b>           |

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**6. Explanations on counterparty credit risk (Continued)**

**6.5. Collateral for CCR**

|                          | Collateral used in derivative transactions |              |                   |              | Collateral used in other transactions |                   |
|--------------------------|--|--------------|-------------------|--------------|---------------------------------------|-------------------|
|                          | Collateral received                        |              | Posted collateral |              | Collateral received                   | Posted collateral |
|                          | Segregated                                 | Unsegregated | Segregated        | Unsegregated |                                       |                   |
| Cash-domestic currency   | -  | -            | -                 | -            | -                                     | 50.000            |
| Cash-foreign currency    | -  | -            | -                 | -            | 73                                    | -                 |
| Domestic sovereign debts | -  | -            | -                 | -            | -                                     | -                 |
| Other sovereign debts    | -  | -            | -                 | -            | 1.309.134                             | -                 |
| Government agency debts  | -  | -            | -                 | -            | -                                     | -                 |
| Corporate debts          | -  | -            | -                 | -            | -                                     | -                 |
| Equity securities        | -  | -            | -                 | -            | -                                     | -                 |
| Other collateral         | -  | -            | -                 | -            | -                                     | -                 |
| <b>Total</b>             | -  | -            | -                 | -            | <b>1.309.207</b>                      | <b>50.000</b>     |

**6.6. Exposures to central counterparties**

|           |   | Risk Amount After CCF | RWA |
|-----------|---|-----------------------|-----|
| <b>1</b>  | <b>Total risks arising from transactions with qualified central counterparty</b>  |                       | 395 |
| 2         | Regarding the risks arising from transactions in the Central counterpart (excluding the initial guarantee and guarantee fund amount)      | -                     | 395 |
| 3         | (I) Derivative financial instruments  | 1.975                 | 395 |
| 4         | (II) Other derivative financial instruments   | -                     | -   |
| 5         | (III) Repo-reverse and repo transactions, credit securities transactions and securities or commodity lending or borrowing transactions    | -                     | -   |
| 6         | (IV) Netting groups to which cross product netting is applied   | -                     | -   |
| 7         | Supervised initial coverage   | -                     |     |
| 8         | Unsupervised initial coverage   | -                     | -   |
| 9         | Amount of paid guarantee funds  | -                     | -   |
| 10        | Undeclared guarantee fund commitment  | -                     | -   |
| <b>11</b> | <b>Total risks arising from non-qualified central counterpart transactions</b>  |                       | -   |
| 12        | Related to the risks arising from the transactions in the central counterpart (excluding the initial guarantee and guarantee fund amount) | -                     | -   |
| 13        | (I) Derivative financial instruments  | -                     | -   |
| 14        | (II) Other derivative financial instruments   | -                     | -   |
| 15        | (III) Repo-reverse and repo transactions, credit securities transactions and securities or commodity lending or borrowing transactions    | -                     | -   |
| 16        | (IV) Netting groups to which cross product netting is applied   | -                     | -   |
| 17        | Supervised initial coverage   | -                     |     |
| 18        | Unsupervised initial coverage   | -                     | -   |
| 19        | Amount of paid guarantee funds  | -                     | -   |
| 20        | Undeclared guarantee fund commitment  | -                     | -   |

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

None.

**6.8. Counterparty credit risk based on credit variety**

None.

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

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

---

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

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

None.

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

None.

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

None.

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

None.

**7.4. Risk Weighted Assets within Internal Model Methodology**

None.

**8. Market Risk Disclosures**

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

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

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

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

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

**SECTION FOUR (Continued)**

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

**X. Information on risk management (Continued)**

**8. Market Risk Explanations (Continued)**

**8.2. Standardized Approach**

|   |   | <b>Risk Weighted Amounts</b> |
|---|---|------------------------------|
|   | Outright Products                         |                              |
| 1 | Interest rate risk (general and specific) | 417.837                      |
| 2 | Equity risk (general and specific)        | -                            |
| 3 | Foreign exchange risk                     | 107.838                      |
| 4 | Commodity risk                            | -                            |
|   | Options                                   |                              |
| 5 | Simplified approach                       | -                            |
| 6 | Delta-plus method                         | -                            |
| 7 | Scenario approach                         | -                            |
| 8 | Securitized assets                        | -                            |
| 9 | <b>Total</b>                              | <b>525.675</b>               |

**8.3. Internal model approach for trading account**

None.

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

None.

**9. Explanations on Operational Risk**

Calculation of the operational risk capital requirement is measured using the Basic Indicator Approach once a year in parallel with domestic regulations.

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

|   | <b>2 PP Amount</b> | <b>1 PP Amount</b> | <b>CP Amount</b> | <b>Total/No. of Years of Positive Gross</b> | <b>Rate (%)</b> | <b>Total</b>     |
|---|--------------------|--------------------|------------------|---|-----------------|------------------|
| Gross Income                                  | 939.479            | 1.195.959          | 1.924.446        | 1.353.294                                   | 15              | 202.994          |
| <b>Value at operational risk (Total*12.5)</b> |                    |                    |                  |   |                 | <b>2.537.427</b> |

**10. The interest rate risk of the banking book items**

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

|   | <b>Currency</b>                    | <b>Applied Shock (+/- x basis point)</b> | <b>Revenue/ Loss</b> | <b>Revenue/Shareholders' Equity – Loss/ Shareholders' Equity</b> |
|---|------------------------------------|--|----------------------|--|
| 1 | TL                                 | 500                                      | 13.971               | %0,09  |
|   | TL                                 | (400)                                    | (68.928)             | %(0,43)  |
| 2 | EUR                                | 200                                      | 71.571               | %0,44  |
|   | EUR                                | (200)                                    | (43.591)             | %(0,27)  |
| 3 | USD                                | 200                                      | (26.296)             | %(0,16)  |
|   | USD                                | (200)                                    | 38.238               | %0,24  |
|   | <b>Total (for Negative Shocks)</b> |  | <b>(74.281)</b>      | <b>%(0,46)</b>   |
|   | <b>Total (for Positive Shocks)</b> |  | <b>59.246</b>        | <b>%0,37</b>   |

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

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

---

**SECTION FOUR (Continued)**

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

**XI. Explanations on securitization**

**1. Securitization pozitions on banking accounts**

None.

**2. Securitization positions in trading accounts**

None.

**3. Securitization positions in banking accounts and related capital requirement**

None.

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

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

**SECTION FOUR (Continued)**

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

**XII. Explanations on operating segments**

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

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

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

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

**SECTION FOUR (Continued)**

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

**XII. Explanations on operating segments (Continued)**

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



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

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

**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and notes related to assets**

**1. Cash equivalents and the account of CBRT**

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

**Account of CBRT**

|                              | Current Period |                  | Prior Period |                  |
|------------------------------|----------------|------------------|--------------|------------------|
|                              | TL             | FC               | TL           | FC               |
| Unrestricted Demand Deposits | 258            | 5.005.314        | 551          | 7.320.280        |
| Unrestricted Time Deposits   | -              | -                | -            | -                |
| Restricted Time Deposits     | -              | -                | -            | -                |
| <b>Total</b>                 | <b>258</b>     | <b>5.005.314</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**

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

**3. Derivative financial assets**

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

**3.1.1. Derivative financial assets held for trading**

|                      | Current Period |           | Prior Period |            |
|----------------------|----------------|-----------|--------------|------------|
|                      | TL             | FC        | TL           | FC         |
| Forward Transactions | 761            | -         | -            | -          |
| Swap Transactions    | 25.368         | 95        | 5.506        | 821        |
| Futures Transactions | -              | -         | -            | -          |
| Options              | -              | -         | -            | -          |
| Other                | -              | -         | -            | -          |
| <b>Total</b>         | <b>26.129</b>  | <b>95</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   | -              | 448.560        | -            | 1.258.289        |
| Cash flow hedges  | -              | -              | -            | -                |
| Net foreign investment hedges                             | -              | -              | -            | -                |
| <b>Total</b>  | <b>-</b>       | <b>448.560</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.

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

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

**SECTION FIVE (Continued)**

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

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

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

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

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

**Foreign Bank Account**

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

<sup>(1)</sup> OECD countries except EU countries, USA and Canada.

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

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

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

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

**SECTION FIVE (Continued)**

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

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

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

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

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

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

**7. Information related to loans**

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

|                                   | <b>Current Period</b> |                       | <b>Prior Period</b> |                       |
|-----------------------------------|-----------------------|-----------------------|---------------------|-----------------------|
|                                   | <b>Cash</b>           | <b>Non-Cash Loans</b> | <b>Cash</b>         | <b>Non-Cash Loans</b> |
| Direct Lendings to Shareholders   | -                     | -                     | -                   | -                     |
| Corporates                        | -                     | -                     | -                   | -                     |
| Individuals                       | -                     | -                     | -                   | -                     |
| Indirect Lendings to Shareholders | -                     | -                     | -                   | -                     |
| Loans to Employees                | 13.324                | -                     | 10.059              | -                     |
| <b>Total</b>                      | <b>13.324</b>         | <b>-</b>              | <b>10.059</b>       | <b>-</b>              |

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

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

**SECTION FIVE (Continued)**

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

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

**7. Information related to loans (Continued)**

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

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

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

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

| Number of Amendments Related to the Extension of the Payment Plan | Standard Loans | Loans Under Close Monitoring |
|---|----------------|------------------------------|
| Extended for 1 or 2 Times   | 3.251          | 889.567                      |
| Extended for 3, 4 or 5 Times                                      | 481            | 1.643.791                    |
| Extended for More than 5 Times                                    | 57             | 236.952                      |

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

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

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

**SECTION FIVE (Continued)**

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

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

**7. Information related to loans (Continued)**

**7.4. Distribution of loans by maturity structure**

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

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

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

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

**SECTION FIVE (Continued)**

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

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

**7. Information related to loans (Continued)**

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

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

As of 31 December 2020, the Bank has personnel loans amounting to TL 13.324.

|  | Short-term | Medium and Long-term | Total         |
|--|------------|----------------------|---------------|
| <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>240</b> | <b>13.084</b>        | <b>13.324</b> |
| Housing Loans                              | -          | -                    | -             |
| Automobile Loans                           | -          | -                    | -             |
| General Purpose Loans                      | -          | -                    | -             |
| Others                                     | 240        | 13.084               | 13.324        |
| <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>240</b> | <b>13.084</b>        | <b>13.324</b> |

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

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

**SECTION FIVE (Continued)**

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

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

**7. Information related to loans (Continued)**

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

None.

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

|              | <b>Current Period<sup>(*)</sup></b> | <b>Prior Period</b> |
|--------------|-------------------------------------|---------------------|
| Public       | 10.607.683                          | 9.993.125           |
| Private      | 167.937.327                         | 132.860.194         |
| <b>Total</b> | <b>178.545.010</b>                  | <b>142.853.319</b>  |

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

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

|                | <b>Current Period<sup>(*)</sup></b> | <b>Prior Period<sup>(*)</sup></b> |
|----------------|-------------------------------------|-----------------------------------|
| Domestic Loans | 172.335.361                         | 137.493.949                       |
| Foreign Loans  | 6.209.649                           | 5.359.370                         |
| <b>Total</b>   | <b>178.545.010</b>                  | <b>142.853.319</b>                |

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

None.

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

|                                   | <b>Current Period</b> | <b>Prior Period</b> |
|-----------------------------------|-----------------------|---------------------|
| Loans with Limited Collectability | 11.566                | 40.202              |
| Loans Doubtful Collectability     | 4.538                 | 5.737               |
| Uncollectible Loans               | 473.718               | 377.364             |
| <b>Total</b>                      | <b>489.822</b>        | <b>423.303</b>      |

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

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

|                                 | <b>III. Group<br/>Loans and Other<br/>Receivables with Limited<br/>Collectability</b> | <b>IV. Group<br/>Loans and Other<br/>Receivables with<br/>Doubtful Collectability</b> | <b>V. Group<br/>Uncollectible Loans<br/>and Other<br/>Receivables</b> |
|---------------------------------|---|---|---|
| <b>Current Period</b>           |   |   |   |
| Gross Amounts Before Provisions | -   | -   | 1.265   |
| Restructured Loans              | -   | -   | 1.265   |
| <b>Prior Period</b>             |   |   |   |
| Gross Amounts Before Provisions | -   | -   | 5.513   |
| Restructured Loans              | -   | -   | 5.513   |

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

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

**SECTION FIVE (Continued)**

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

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

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

**7.12.2 Information on the movement of total non-performing loans**

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

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

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



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

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

**SECTION FIVE (Continued)**

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

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

**7. Information related to loans (Continued)**

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

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

|  | <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 (Net)</b>                                  |  |   |  |
| Loans Granted to Real Persons and Corporate Entities (Gross) | 11.770   | 4.538   | 473.426  |
| Specific Provision Amount                                    | (11.566)   | (4.538)   | (473.426)  |
| Loans Granted to Real Persons and Corporate Entities (Net)   | 204  | -   | -  |
| Banks (Gross)  | -  | -   | 292  |
| Specific Provision Amount                                    | -  | -   | (292)  |
| Banks (Net)  | -  | -   | -  |
| Other Loans (Gross)  | -  | -   | -  |
| Specific Provision Amount                                    | -  | -   | -  |
| Other Loans (Net)  | -  | -   | -  |
| <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)                            | -  | -   | -  |

**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 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 (Net)</b>                                 | -  | -   | -  |
| Interest Accruals and Rediscounts and Valuation Differences | -  | -   | -  |
| 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 (-)  | -  | -   | -  |

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

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

**SECTION FIVE (Continued)**

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

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

**7. Information related to loans (Continued)**

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

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

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

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

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

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

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

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

**8.1. Information on net values and comparative figures, which are subject to repo transactions and given / blocked as collateral**

*i) Financial assets measured at amortized cost*

Financial assets measured at amortized cost subject to repo transactions

|                              | Current Period |                  | Prior Period |    |
|------------------------------|----------------|------------------|--------------|----|
|                              | TL             | FC               | TL           | FC |
| Bonds and Similar Securities | -              | 1.519.521        | -            | -  |
| <b>Total</b>                 | -              | <b>1.519.521</b> | -            | -  |

Financial assets measured at amortized cost given as collateral/blocked

|                              | Current Period |                | Prior Period   |    |
|------------------------------|----------------|----------------|----------------|----|
|                              | TL             | FC             | TL             | FC |
| Bonds and Similar Securities | 559.151        | 454.646        | 601.480        | -  |
| <b>Total</b>                 | <b>559.151</b> | <b>454.646</b> | <b>601.480</b> | -  |

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

|                              | Current Period   |                  | Prior Period     |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | TL               | FC               | TL               | FC               |
| Government Bonds             | 2.991.111        | 6.885.677        | 2.989.880        | 4.100.602        |
| Treasury Bonds               | -                | -                | -                | -                |
| Other Public Borrowing Bonds | -                | 762.289          | -                | -                |
| <b>Total</b>                 | <b>2.991.111</b> | <b>7.647.966</b> | <b>2.989.880</b> | <b>4.100.602</b> |

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

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

**SECTION FIVE (Continued)**

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

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

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

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

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

*i) Financial assets measured at amortised cost*

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

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

**9. Following information investments in associates account (net)**

There is no any associates.

**10. Information on subsidiaries (net)**

There is no any subsidiary.

**11. Information related to the jointly controlled partnerships**

None.

**12. Information on lease receivables (net)**

None.

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

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

**SECTION FIVE (Continued)**

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

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

**13. Explanations on tangible assets**

|                                 | <b>Immovables<sup>(1)</sup></b> | <b>Financial<br/>Leased Assets</b> | <b>Vehicles</b> | <b>Other<br/>Tangibles</b> | <b>Leasehold<br/>Improvements</b> | <b>Total</b>  |
|---------------------------------|---------------------------------|------------------------------------|-----------------|----------------------------|-----------------------------------|---------------|
| <b>Cost</b>                     |                                 |                                    |                 |                            |                                   |               |
| 1 January 2020                  | 22.354                          | 31                                 | 4.330           | 15.440                     | 14.257                            | 56.412        |
| Additions                       | 861                             | -                                  | -               | 3.427                      | -                                 | 4.288         |
| Disposals                       | -                               | -                                  | -               | (15)                       | -                                 | (15)          |
| Transfers                       | -                               | (31)                               | 31              | -                          | -                                 | -             |
| <b>31 December 2020</b>         | <b>23.215</b>                   | <b>-</b>                           | <b>4.361</b>    | <b>18.852</b>              | <b>14.257</b>                     | <b>60.685</b> |
| <b>Accumulated Depreciation</b> |                                 |                                    |                 |                            |                                   |               |
| 1 January 2020                  | 6.948                           | 31                                 | 3.339           | 10.352                     | 14.257                            | 34.927        |
| Current year depreciation       | 6.460                           | -                                  | 276             | 2.271                      | -                                 | 9.007         |
| Disposals                       | -                               | -                                  | -               | (10)                       | -                                 | (10)          |
| Transfers                       | -                               | (31)                               | 31              | -                          | -                                 | -             |
| <b>31 December 2020</b>         | <b>13.408</b>                   | <b>-</b>                           | <b>3.646</b>    | <b>12.613</b>              | <b>14.257</b>                     | <b>43.924</b> |
| <b>Net book value</b>           |                                 |                                    |                 |                            |                                   |               |
| <b>31 December 2020</b>         | <b>9.807</b>                    | <b>-</b>                           | <b>715</b>      | <b>6.239</b>               | <b>-</b>                          | <b>16.761</b> |

|                                 | <b>Immovables</b> | <b>Financial<br/>Leased Assets</b> | <b>Vehicles</b> | <b>Other<br/>Tangibles</b> | <b>Leasehold<br/>Improvements</b> | <b>Total</b>  |
|---------------------------------|-------------------|------------------------------------|-----------------|----------------------------|-----------------------------------|---------------|
| <b>Cost</b>                     |                   |                                    |                 |                            |                                   |               |
| 1 January 2019                  | 1.330             | 127                                | 3.379           | 15.411                     | 14.257                            | 34.504        |
| Additions                       | 21.024            | -                                  | 951             | 2.129                      | -                                 | 24.104        |
| Disposals                       | -                 | (96)                               | -               | (2.100)                    | -                                 | (2.196)       |
| Transfers                       | -                 | -                                  | -               | -                          | -                                 | -             |
| <b>31 December 2019</b>         | <b>22.354</b>     | <b>31</b>                          | <b>4.330</b>    | <b>15.440</b>              | <b>14.257</b>                     | <b>56.412</b> |
| <b>Accumulated Depreciation</b> |                   |                                    |                 |                            |                                   |               |
| 1 January 2019                  | 829               | 127                                | 3.075           | 10.409                     | 14.257                            | 28.697        |
| Current year depreciation       | 6.119             | -                                  | 264             | 1.886                      | -                                 | 8.269         |
| Disposals                       | -                 | (96)                               | -               | (1.943)                    | -                                 | (2.039)       |
| Transfers                       | -                 | -                                  | -               | -                          | -                                 | -             |
| <b>31 December 2019</b>         | <b>6.948</b>      | <b>31</b>                          | <b>3.339</b>    | <b>10.352</b>              | <b>14.257</b>                     | <b>34.927</b> |
| <b>Net book value</b>           |                   |                                    |                 |                            |                                   |               |
| <b>31 December 2019</b>         | <b>15.406</b>     | <b>-</b>                           | <b>991</b>      | <b>5.088</b>               | <b>-</b>                          | <b>21.485</b> |

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

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

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

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

**SECTION FIVE (Continued)**

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

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

**14. Explanations on intangible assets**

The Bank classified computer software licenses under intangible assets.

a) Cost and accumulated amortization at the beginning and end of the period:

As of 31 December 2020, gross book value and accumulated amortization of intangible assets are TL 18.821 and TL 8.634, respectively; at the beginning of the period, the gross book value and the accumulated amortization are TL 14.254 and TL 7.132 respectively.

b) Reconciliation of movements for the current period and the prior period:

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Net Book Value at the Beginning of the Period                             | 7.122                 | 7.006               |
| Internally Generated Amounts  | -                     | -                   |
| Additions due to Mergers, Transfers and Acquisitions                      | 4.566                 | 1.531               |
| Sales and Write-Off   | -                     | -                   |
| Amounts Recorded under Revaluation Fund for Increase or Decrease in Value | -                     | -                   |
| Recorded Impairments in the Statement of Profit or Loss                   | -                     | -                   |
| Cancelled Impairments from Statement of Profit or Loss                    | -                     | -                   |
| Amortization Expense (-)  | (1.501)               | (1.415)             |
| Net Currency Translation Differences of Foreign Subsidiaries              |                       |                     |
| Other Changes in the Book Value   |                       |                     |
| <b>End of the Period</b>  | <b>10.187</b>         | <b>7.122</b>        |

**15. Information on investment properties**

The former Istanbul service building, which had been included in the tangible fixed assets of the Bank, has been leased to the Prime Ministry Investment Support and Promotion Agency and classified as investment property in accordance with TAS 40.

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Cost                                      | 4.727                 | 4.566               |
| Depreciation Expense                      | (2.616)               | (2.520)             |
| <b>Net Value at the end of the Period</b> | <b>2.111</b>          | <b>2.046</b>        |

**16. Information on deferred tax asset**

As stated at Section 3 Note XVII, the Bank is exempt from corporate tax, and accordingly, no deferred tax asset or liability is recognized in the accompanying financial statements.

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

None.

**18. If the other assets' items in the balance sheet exceed 10% of the total of the balance sheet, excluding the off-balance sheet commitments, the sub-accounts constituting at least 20% of these accounts**

None.

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

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

**SECTION FIVE (Continued)**

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

**II. Explanations and notes on liabilities**

**1. Information on deposits/funds received**

The Bank does not accept deposits.

**2. Derivative financial liabilities**

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

**2.1.1. Information on trading derivative financial liabilities**

| Trading Derivative Financial Liabilities | Current Period |                | Prior Period |               |
|--|----------------|----------------|--------------|---------------|
|  | TL             | FC             | TL           | FC            |
| Forward Transactions                     | 825            | -              | -            | -             |
| Swap Agreements                          | 10.618         | 103.486        | -            | 31.766        |
| Futures Transactions                     | -              | -              | -            | -             |
| Options                                  | -              | -              | -            | -             |
| Other                                    | -              | -              | -            | -             |
| <b>Total</b>                             | <b>11.443</b>  | <b>103.486</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                           | -              | 7.301        | -            | 45.274        |
| Cash Flow Hedge                            | -              | -            | -            | -             |
| Net Investment in Foreign Operations Hedge | -              | -            | -            | -             |
| <b>Total</b>                               | <b>-</b>       | <b>7.301</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                            | -              | 668.898        | -            | 29.909        |
| Net Investment in Foreign Operations Hedge | -              | -              | -            | -             |
| <b>Total</b>                               | <b>-</b>       | <b>668.898</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                       | 7.769.415        | 107.738.177        | -            | 89.645.623         |
| From Domestic Banks and Institutions       | -                | 5.835.364          | -            | 5.277.228          |
| From Foreign Banks, Institutions and Funds | -                | 39.287.738         | -            | 32.661.691         |
| <b>Total</b>                               | <b>7.769.415</b> | <b>152.861.279</b> | <b>-</b>     | <b>127.584.542</b> |

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

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

**SECTION FIVE (Continued)**

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

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

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

**3.2 Information on maturity structure of borrowings**

|                                     | Current Period   |                    | Prior Period |                    |
|-------------------------------------|------------------|--------------------|--------------|--------------------|
|                                     | TL               | FC                 | TL           | FC                 |
| Short-Term                          | 7.769.415        | 120.795.983        | -            | 99.010.274         |
| Medium and Long-Term <sup>(*)</sup> | -                | 33.530.744         | -            | 29.603.993         |
| <b>Total</b>                        | <b>7.769.415</b> | <b>154.326.727</b> | <b>-</b>     | <b>128.614.267</b> |

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

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

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

**SECTION FIVE (Continued)**

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

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

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

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

As of 31 December 2020 and 31 December 2019, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

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

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

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



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

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

**SECTION FIVE (Continued)**

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

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

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

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

The Bank performed the following repayments during the year 2020:

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

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

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

**SECTION FIVE (Continued)**

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

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

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

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

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

**4. Information regarding securities issued**

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

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

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

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

**SECTION FIVE (Continued)**

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

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

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

At least 20% of other liabilities item on Balance Sheet, together with the amounts not to exceed 10% of the total balance sheet is provided below.

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

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

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

|                                     | Current Period | Prior Period  |
|-------------------------------------|----------------|---------------|
| Lease obligation under the contract | 14.306         | 20.801        |
| Deferred interest expense           | (1.773)        | (3.840)       |
| <b>Total</b>                        | <b>12.533</b>  | <b>16.961</b> |

**7. Information on provisions**

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

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

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

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

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

**SECTION FIVE (Continued)**

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

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

**7. Information on provisions**

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

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

**7.3. Information on employee benefits provisions**

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

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

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

**8. Explanations on tax liability**

**8.1 Explanations on current tax liability**

**8.1.1. Information on provision for taxes**

None.

**8.1.2. Information on taxes payable**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Corporate Taxes Payable <sup>(1)</sup> | -                     | -                   |
| Taxation on Revenue from Securities    | -                     | -                   |
| Property Tax                           | -                     | -                   |
| Banking Insurance Transaction Tax      | 5.267                 | 7.616               |
| Foreign Exchange Transaction Tax       | -                     | -                   |
| Value Added Tax Payable                | 763                   | 678                 |
| Other                                  | 3.721                 | 3.194               |
| <b>Total</b>                           | <b>9.751</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                   | 2.864                 | 2.556               |
| Social Security Premiums – Employer                   | 4.432                 | 3.980               |
| Bank Social Aid Pension Fund Premiums – Employee      | -                     | -                   |
| Bank Social Aid Pension Fund Premiums – Employer      | -                     | -                   |
| Pension Fund Membership Fee and Provisions - Employee | -                     | -                   |
| Pension Fund Membership Fee and Provisions - Employer | -                     | -                   |
| Unemployment Insurance – Employee                     | 227                   | 205                 |
| Unemployment Insurance - Employer                     | 426                   | 382                 |
| Other   | -                     | -                   |
| <b>Total</b>  | <b>7.949</b>          | <b>7.123</b>        |

**8.2. Information on deferred tax liability**

None.

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

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

**SECTION FIVE (Continued)**

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

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

**9. Information on subordinated debt instruments**

|   | Current Period   |                  | Prior Period     |                  |
|---|------------------|------------------|------------------|------------------|
|   | TL               | FC               | TL               | FC               |
| Debt instruments to be included in the additional capital calculation   | -                | 1.465.448        | -                | 1.029.725        |
| Subordinated Loans  | -                | 1.465.448        | -                | 1.029.725        |
| Subordinated Debt Instruments   | -                | -                | -                | -                |
| Debt instruments to be included in the contribution capital calculation | 2.998.128        | -                | 2.996.129        | -                |
| Subordinated Loans  | -                | -                | -                | -                |
| Subordinated Debt Instruments   | 2.998.128        | -                | 2.996.129        | -                |
| <b>Total</b>  | <b>2.998.128</b> | <b>1.465.448</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    | 9.270.000      | 7.160.000    |
| Preferred Stock | -              | -            |

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

| Capital System            | Paid-in Capital | Capital Ceiling |
|---------------------------|-----------------|-----------------|
| Registered Capital System | 9.270.000       | 10.000.000      |

The Bank has decided to use the capital stock system that is registered on the extraordinary general meeting held on 12 January 2017. The decision has been submitted to the trade register and has been published on Turkey Trade Registry Gazette No. 9252 on 30 January 2017.

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

| Increase Date   | Increase Amount | Cash    | Profit reserves used for increase | Capital reserves used for increase |
|-----------------|-----------------|---------|-----------------------------------|------------------------------------|
| 1 December 2020 | 2.110.000       | 750.000 | 1.360.000                         | -                                  |

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

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

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

None.

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

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

**SECTION FIVE (Continued)**

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

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

**10. Information on shareholders' equity (Continued)**

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

The credit, interest and the foreign currency risk policies of the Bank were determined to minimize the losses that may result from these risks. The Bank aims to obtain a reasonable positive return on equity in real terms in relation with its banking transactions and to protect its equity from the effects of inflation. Accordingly, the Bank does not expect losses that may materially affect its equity. In addition, the free capital of the Bank is high and is getting steadily stronger.

**10.4. Information on privileges given to shares representing the capital**

The common shares of the Bank are owned by the Republic of Turkey Ministry of Treasury and Finance.

**10.5. Information on marketable securities value increase fund**

|   | Current Period |               | Prior Period  |          |
|---|----------------|---------------|---------------|----------|
|   | TL             | FC            | TL            | FC       |
| From Investments in Associates, Subsidiaries and Joint Ventures | -              | -             | -             | -        |
| Valuation Difference  | 83.612         | 32.668        | 28.658        | -        |
| Foreign Currency Differences                                    | -              | -             | -             | -        |
| <b>Total</b>  | <b>83.612</b>  | <b>32.668</b> | <b>28.658</b> | <b>-</b> |

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

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

**SECTION FIVE (Continued)**

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

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

**I. Explanations on off-balance sheet commitments**

**1.1 Type and amount of irrevocable commitments**

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

**1.2 The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:**

None.

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

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Letters of Guarantee                       | 11.040                | -                   |
| Endorsements                               | -                     | -                   |
| Guarantees and bails given for export      | -                     | -                   |
| Guarantees given for Export Loan Insurance | 11.979.838            | 10.891.326          |
| <b>Total</b>                               | <b>11.990.878</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              | 11.040                | -                   |
| With original maturity of 1 year or less than 1 year | 11.040                | -                   |
| With original maturity of more than 1 year           | -                     | -                   |
| Other non-cash loans                                 | 11.979.838            | 10.891.326          |
| <b>Total</b>   | <b>11.990.878</b>     | <b>10.891.326</b>   |

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

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

**SECTION FIVE (Continued)**

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

**III. Explanations and notes related to off-balance sheet accounts (Continued)**

**1. Explanations on off-balance sheet commitments (Continued)**

**1.4. Information on sectorial risk concentrations of non-cash loans**

|                                      | Current Period |            |                   |            | Prior Period |          |                   |            |
|--------------------------------------|----------------|------------|-------------------|------------|--------------|----------|-------------------|------------|
|                                      | TL             | (%)        | FC                | (%)        | TL           | (%)      | FC                | (%)        |
| Agricultural                         | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Farming and Raising livestock        | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Forestry                             | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Fishing                              | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Manufacturing                        | -              | -          | 840               | -          | -            | -        | -                 | -          |
| Mining and Quarrying                 | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Production                           | -              | -          | 840               | -          | -            | -        | -                 | -          |
| Electric, Gas and Water              | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Construction                         | -              | -          | 4.676             | -          | -            | -        | -                 | -          |
| Services                             | -              | -          | 5.524             | -          | -            | -        | -                 | -          |
| Wholesale and Retail Trade           | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Hotel, Food and Beverage Services    | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Transportation and Telecommunication | -              | -          | 5.524             | -          | -            | -        | -                 | -          |
| Financial Institutions               | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Real Estate and Leasing Services     | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Self-employment Services             | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Education Services                   | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Health and Social Services           | -              | -          | -                 | -          | -            | -        | -                 | -          |
| Other                                | 137.621        | 100        | 11.842.217        | 100        | -            | -        | 10.891.326        | 100        |
| <b>Total</b>                         | <b>137.621</b> | <b>100</b> | <b>11.853.257</b> | <b>100</b> | <b>-</b>     | <b>-</b> | <b>10.891.326</b> | <b>100</b> |

**1.5. Information on the non-cash loans classified under Group I and Group II**

|                                     | Group I |            | Group II |    |
|-------------------------------------|---------|------------|----------|----|
|                                     | TL      | FC         | TL       | FC |
| <b>Non-Cash loans</b>               |         |            |          |    |
| Letters of Guarantee                | -       | 11.040     | -        | -  |
| Bank Acceptances                    | -       | -          | -        | -  |
| Letters of Credit                   | -       | -          | -        | -  |
| Endorsements                        | -       | -          | -        | -  |
| Underwriting Commitments            | -       | -          | -        | -  |
| Factoring Guarantees                | -       | -          | -        | -  |
| Other Commitments and Contingencies | 137.621 | 11.842.217 | -        | -  |



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

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

**SECTION FIVE (Continued)**

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

**III. Explanations and notes related to off-balance sheet accounts (Continued)**

**1. Explanations on off-balance sheet commitments (Continued)**

**1.6. Information on derivative transactions**

|  | Current Period    | Prior Period      |
|--|-------------------|-------------------|
| <b>Types of Trading Transactions</b>                         |                   |                   |
| <b>Foreign Currency Related Derivative Transactions: (I)</b> | <b>5.474.056</b>  | <b>6.514.640</b>  |
| Forward Transactions   | 89.339            | -                 |
| Swap Transactions  | 5.384.717         | 6.514.640         |
| Futures Transactions   | -                 | -                 |
| Option Transactions  | -                 | -                 |
| <b>Interest Related Derivative Transactions (II)</b>         | <b>-</b>          | <b>7.816.990</b>  |
| Forward Interest Rate Agreements                             | -                 | -                 |
| Interest Rate Swaps  | -                 | 7.816.990         |
| Interest Rate Options  | -                 | -                 |
| Interest Rate Futures  | -                 | -                 |
| <b>Other Trading Derivative Transactions: (III)</b>          | <b>-</b>          | <b>-</b>          |
| <b>A. Total Trading Derivative Transactions (I+II+III)</b>   | <b>5.474.056</b>  | <b>14.331.630</b> |
| <b>Types of Hedging Derivative Transactions</b>              |                   |                   |
| Fair Value Hedges  | 40.242.242        | 34.990.664        |
| Cash Flow Hedges   | 14.714.995        | 14.674.128        |
| Foreign Currency Investment Hedges                           | -                 | -                 |
| <b>B. Total Hedging Derivative Transactions (IV)</b>         | <b>54.957.237</b> | <b>49.664.792</b> |
| <b>Total Derivative Transactions (A+B)</b>                   | <b>60.431.293</b> | <b>63.996.422</b> |

**1.7. Explanations on credit derivatives and risk of exposure from these derivatives**

Derivative transaction is made for hedging the balance sheet risks to the maximum extent by minimizing the inconsistencies between the assets and liabilities of the Bank. As a result of these transactions, the Bank is exposed to the risk of changes in fair value. As a result of these transactions, there are cross currency swaps and interest swaps against the fixed interest rate bonds issued by the Bank.

Except for derivative financial transactions subjected to hedge accounting, the Bank is also preserved from the risk financially, through but also it has financial derivative instruments recorded as trading derivative assets and trading derivative liabilities. For this purpose, the Bank mainly uses foreign currency and interest rate swaps. With these instruments, the Bank aims to prevent the currency risk and interest rate risk

**1.8. Explanations on contingent assets and liabilities**

The Bank recognizes contingent assets if the probability of the inflow of economic benefits is virtually certain. In case the inflow of economic benefits is probable but not virtually certain, such contingent asset is disclosed.

As of 31 December 2020 and 31 December 2019, there is not any contingent asset.

The Bank recognizes provision for contingent liability when the probability of occurrence is high and the contingent liability can be reliably estimated; if the contingent liability cannot be reliably estimated, the contingent liability is disclosed. When the likelihood of the occurrence of the contingent liability is remote or low, it is disclosed.

In this respect, as of 31 December 2020, there are legal proceedings outstanding against the Bank amounting to TL 21.759, USD 5.288 and EUR 656 as confirmed from the lawyer letter prepared by the legal department of the Bank.

There are legal proceedings outstanding filed by the Bank. These legal proceedings amount to TL 274.667, USD 52.615 and EUR 14.495.

**1.9. Explanations on services in the name of others**

The Bank does not have any custody and deposit activities in the name of real and legal persons.

The Bank also provides insurance to some extent for the export receivables of exporter companies against commercial and political risks under the scope of export loan insurance program.

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

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

**SECTION FIVE (Continued)**

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

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

**1. Within the scope of interest income**

**1.1. Information on interest income on loans**

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

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

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

**1.3 Interest income from securities portfolio**

|  | Current Period |                | Prior Period   |               |
|--|----------------|----------------|----------------|---------------|
|  | TL             | FC             | TL             | FC            |
| Financial Assets Measured at Fair Value through Profit or Loss             | -              | 20.614         | -              | -             |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | -              | 25.163         | -              | -             |
| Financial Assets Measured at Amortized Cost                                | 281.751        | 244.189        | 305.157        | 43.659        |
| <b>Total</b>   | <b>281.751</b> | <b>289.966</b> | <b>305.157</b> | <b>43.659</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               |
| Banks                            |                |                  |              |                  |
| CBRT                             | 254.942        | 624.844          | -            | 933.116          |
| Domestic Banks                   | 75             | 156.212          | 45           | 246.655          |
| Foreign Banks                    | -              | 972.181          | -            | 1.044.287        |
| Headquarters and Branches Abroad | -              | -                | -            | -                |
| Other Institutions               | -              | 76.263           | -            | 31.505           |
| <b>Total</b>                     | <b>255.017</b> | <b>1.829.500</b> | <b>45</b>    | <b>2.255.563</b> |

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

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

**SECTION FIVE (Continued)**

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

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

**2.2. Information on interest expense given to associates and subsidiaries**

There is no interest expense given to associates and subsidiaries.

**2.3. Interest paid to marketable securities issued**

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

**2.4. With respect to deposit and participation accounts**

**2.4.1 Maturity structure of the interest expense on deposits**

The Bank does not accept deposits.

**2.4.2 Maturity structure of the share paid of participation accounts**

There are no participation accounts.

**3. Information on trading income/loss (Net)**

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

**4. Information on other operating income**

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

**5. Explanations on provisions**

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

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

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

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

**SECTION FIVE (Continued)**

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

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

**6. Information related to other operating expenses**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Reserve for Employee Termination Benefits <sup>(*)</sup>                         | -                     | -                   |
| Bank Social Aid Provision Fund Deficit Provision                                 | -                     | -                   |
| Vacation Pay Liability, net  | 51                    | 422                 |
| Impairment Expenses of Tangible Fixed Assets                                     | -                     | -                   |
| Depreciation Expenses of Tangible Fixed Assets                                   | 9.101                 | 8.362               |
| Impairment Expenses of Intangible Fixed Assets                                   | -                     | -                   |
| Impairment Expenses of Goodwill  | -                     | -                   |
| Amortization Expenses of Intangible Assets                                       | 1.501                 | 1.415               |
| Impairment Expenses of Equity Participations for which Equity Method is Applied  | -                     | -                   |
| Impairment Expenses of Assets Held for Sale                                      | -                     | -                   |
| Depreciation Expenses of Assets Held for Sale                                    | -                     | -                   |
| Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations | -                     | -                   |
| <b>Other Operating Expenses</b>  | <b>23.718</b>         | <b>20.868</b>       |
| Operational Lease Expenses   | -                     | 1                   |
| Maintenance Expenses   | 508                   | 791                 |
| Advertisement Expenses   | 67                    | 11                  |
| Other Expenses   | 23.143                | 20.065              |
| Loss on Sale of Assets   | -                     | -                   |
| Other <sup>(**)</sup>  | 116.734               | 103.329             |
| <b>Total</b>   | <b>151.105</b>        | <b>134.396</b>      |

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

<sup>(\*\*)</sup> The other column under other operating expenses includes BRSA participation share and KOSGEB amounting to TL 82.026

**7. Explanation on tax provisions for continuing and discontinued operations**

None.

**8. Explanation on net income/loss for the period**

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

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

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

None.

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

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

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

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

**SECTION FIVE (Continued)**

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

**V. Explanations and notes related to changes in shareholders' equity**

**1. Information about the adjustment related to the application of Financial Instruments Accounting Standards in the current period**

**1.1. The increase after the revaluation of the Financial Assets Measured at Fair Value through Other Comprehensive Income**

The fair value gains of the Financial Assets Measured at Fair Value through Other Comprehensive Income, other than the hedging instruments, amounting to TL 54.954 are recorded under the "Marketable Securities Value Increase Fund" account under equity.

**1.2. Information for the increases in the accounts related to cash flow hedges**

|                                      | <b>Current Period</b> | <b>Prior Period</b> |
|--------------------------------------|-----------------------|---------------------|
| Hedging Reserves (Effective portion) | (15.982)              | (234)               |

**1.2.1 The reconciliation and confirmation for the cash flow hedges accounts at the beginning and end of the period**

| <b>Opening Balance</b>               | <b>Current Period</b> | <b>Prior Period</b> |
|--------------------------------------|-----------------------|---------------------|
| Hedging Reserves (Effective portion) | 48.999                | 49.233              |

| <b>Ending Balance</b>                | <b>Current Period</b> | <b>Prior Period</b> |
|--------------------------------------|-----------------------|---------------------|
| Hedging Reserves (Effective portion) | 33.017                | 48.999              |

**1.2.2. Under the cash flow hedges, the current period charge of the income or loss under equity related with a derivative or a non-derivate financial asset and liability designated as cash flow hedge instruments**

Under the cash flow hedge , the income or loss are related with a derivative or a non-derivate financial asset and liability designated as cash flow hedge instruments recorded under the hedging reserves amounting to TL 33.017.

**1.2.3. Reconciliation of foreign exchange differences at the beginning and end of the period**

None.

**2. Information related to distribution of profit**

**2.1. The amount of dividend declared before the approval date of the financial statements but after the balance**

**2.2. Earnings per share proposed to be distributed to shareholders after the balance sheet date**

Profit distributions are approved by the General Assembly of the Bank. As of the report date, no profit distribution decision has been made by the General Assembly for 2020 profit.

**3. Amount transferred to legal reserves**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Amount Transferred to Legal Reserves under Dividend Distribution | 71.582                | 43.358              |

**4. Information on issuance of share certificates**

**4.1 For all share groups; any restrictions, preferential terms and rights for distribution of dividends and payment of share capital.**

None.

**5. Explanations on other share capital increases**

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

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

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

**SECTION FIVE (Continued)**

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

**VI. Explanations and notes related to statement of cash flows**

**1. Information on the cash and cash equivalents**

**1.1. Information on cash and cash equivalents at the beginning of the period**

The components constituting the cash and cash equivalents and the accounting policies used for the determination of these components:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as “Cash” and interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash equivalents”.

| <b>Beginning of the Period</b>         | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Cash                                   | 21                    | 29                  |
| CBRT and other banks                   | 9.988.297             | 4.235.444           |
| Money market placements                | -                     | -                   |
| Banks accrual                          | -                     | (1.540)             |
| <b>Total Cash and Cash Equivalents</b> | <b>9.988.318</b>      | <b>4.233.933</b>    |

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

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

**1.3. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents**

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL 445.517 (31 December 2019: TL 447.906) mainly consists of fees and commissions paid, foreign exchange losses, other operating income excluding collections from doubtful receivables and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 701.140 (31 December 2019: TL 1.003.905) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

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

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

**SECTION FIVE (Continued)**

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

**VII. Explanations and notes related to the Bank's risk group**

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

**1. Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank**

**Information on the Bank's domestic and foreign branches and foreign representatives of the Bank**

|                                   | <b>Number</b> | <b>Number of Employees</b> |                                 |                     |                                |
|-----------------------------------|---------------|----------------------------|---------------------------------|---------------------|--------------------------------|
| Domestic Branch                   | 20            | 711                        |                                 |                     |                                |
|                                   |               |                            | <b>Country of Incorporation</b> |                     |                                |
| Foreign Representation Office     | -             | -                          | -                               |                     |                                |
|                                   |               |                            |                                 | <b>Total Assets</b> | <b>Statutory Share Capital</b> |
| Foreign branch                    | -             | -                          | -                               | -                   | -                              |
| Off-shore Banking Region Branches | -             | -                          | -                               | -                   | -                              |

**2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure**

The Bank has opened 3 branches in 2020.

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

None.

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

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

**SECTION SIX**  
**OTHER EXPLANATIONS**

**I. Summary information about the Bank's credit ratings from international credit rating agencies**

The ratings given by international rating agencies are as follows as of 31 December 2020.

| <b>Moody's 15 September 2020</b>                                   | <b>Fitch Ratings 1 September 2020</b>                       |
|--|---|
| Long Term (Foreign and Local Currency) Issuer Rating B2            | Long Term Foreign Currency Issuer Rating B+ <b>Negative</b> |
| Foreign Currency Bond Rating B2                                    | Long Term Local Currency Credit Rating BB- <b>Negative</b>  |
| Foreign Currency Bond Rating (Medium Term Issuance Program) (P)B2  | Short Term Foreign Currency Credit Rating B                 |
| Basic Credit Evaluation Note b3                                    | Short Term Local Currency Credit Rating B                   |
| Adjusted Basic Credit Rating b3                                    | Support Note 4  |
| Long Term Counterparty (Foreign and Local Currency) Risk Rating B2 | Support Rating Base B+                                      |
| Long Term Counterparty Risk Assessment B2(cr)                      | National Long Term Credit Rating AAA (tur) <b>Stable</b>    |
| Short Term Issuer Notes (Foreign and Local Currency) NP            |   |
| Other Short Term (P)NP   |   |
| View <b>Negative</b>   |   |

**SECTION SEVEN**

**Independent Auditors' Report**

**I. Explanations on the independent auditors' report**

**1. Explanations on auditors' report**

The unconsolidated financial statements for the period ended 31 December 2020 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited) and Independent Auditors' Report dated 26 February 2021 is presented before the unconsolidated financial statements.

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

None.