

**TURKISH EXIMBANK INC.**  
**IMPLEMENTATION PRINCIPLES OF EXPORT-ORIENTED INVESTMENT**  
**CREDIT PROGRAM**

## **1. PURPOSE AND SUBJECT MATTER**

This Implementation Principles sets out the rules, conditions and follow-up procedures of Turkish Eximbank INC. ("Turkish Eximbank") Export-Oriented Investment Credit to be made available to the export-oriented manufacturers, or manufacturer-exporters in order to finance their investment needs, pursuant to Article 6 of Cabinet Decree (2013/4286) on the Law No 3332.

Under this Implementation Principles, credit extension transactions shall be carried out in accordance with the decisions of Board of Directors or credit committees formed by Board of Directors by taking into account risk level of the borrower according to our Bank.

## **2. DEFINITION AND SCOPE**

Under Program, financing support shall be made available to;

- Turkey-resident export-oriented manufacturers, manufacturer-exporters,
- Companies licensed to deal with manufacturing or trading in the Turkish Free Zones,
- Turkey-resident companies engaged in the services and activities that generate foreign exchange earnings

against the submission of the documents of expense they made or will make for the investments in Turkey, or Free Zones they reside in.

Program will provide financing support to the expenditures relating to the machinery, equipment and components.

- Turkey-resident manufacturer-exporters and export-oriented manufacturers, may borrow this credit if they submit a definite commitment to export against a qualified currency the goods of Turkish origin, or those imported under Inward Processing Regime and used as a part of export good but not qualifying as Turkish-origin within the credit repayment term.
- Free Zone-resident companies can benefit from this Program if they submit a definite commitment to realize sales of the goods of Turkish origin manufactured in the Free Zone, or purchased from Free Zone/Turkey, or those imported under Inward Processing Regime and used as a part of export good but not qualifying as Turkish-origin from Free Zones to other countries.
- Companies engaged in services and activities that generate foreign exchange earnings can benefit from this Program if they submit a commitment to realize and bring foreign exchange earnings to Turkey in exchange for the services and activities that generate foreign exchange earnings.

Goods to be exported/sold must not be a good whose export is restricted with laws, statutory decrees and communiques.

Qualification of the Exporter will be verified via Tax ID, and qualification of Manufacturer via Capacity Report, and (for Free Zone residents) Operating License for manufacturing activities.

The matters not regulated in this Implementation Principles shall be governed by general regulations of Investment Incentive, Export, Tax, Duty and Charge Exclusion, Foreign Exchange, and Free Zones legislation.

### **3. QUALIFIED CURRENCIES**

Convertible currencies as traded by Turkish Central Bank (TCMB) shall be qualified currencies.

### **4. EXCLUDED ACTIVITIES**

Under Program, no credit shall be made available for;

- Transit trade,
- Reexport,
- Barter (Excluding Special Barter),
- Counter Purchase,
- Consigned Export,
- Export under the terms of border trade,
- Export of the goods imported under Temporary Import under Customs Law No 4458,
- Exports to non-bonded warehouses,
- Exports to Free Zones (the part of exports from Turkey to Free Zones which are re-exported to 3rd Parties).

### **5. TAX, DUTY, CHARGE EXCLUSION**

Credits made available to the Turkey-resident companies shall benefit from the tax, duty, charge exclusions as provided by and within the limitations of Credit, Tax, Duty and Charge Exclusion Decree and Communiques under this Decree.

The credits made available to Free Zone-resident companies licensed to manufacturing or trading activities, shall subject to the Expense Taxes Law, Stamp Tax Law, Charges Law and regulations relating to these laws.

Applicable provisions of relevant Decree, Communiques and Circulars shall be applied to the matters regarding the Resource Utilization Fund.

### **6. CREDIT COMMITMENT**

Credit/Sales/Service Commitment means the FOB export/sales or sales of foreign exchange earning service committed to be realized actually until the original repayment date of the credit.

The amount of the commitment which must be realized is

- 1 times, for credits with a term up to 5 years,
  - 1.5 times, for credits with a term longer than 5 years,
- of the total amount of the principal, interests and if any expenses, for foreign currency credits,  
of the amount of principal, for TRY credits.

Export commitment before our Bank will be closed by documenting the export of the good for the working capital and investment credits, and by documenting that the commitments relating to Investment Incentive Certificate (YTB), Inward Processing Permit (DIIB) and Tax, Duty and Charge Exemption Document (VRHIB) are closed for the credits under said documents.

For the Free-Zone resident companies, it means the sales to be made to countries other than Turkey of the goods, manufactured in Free Zone, or purchased from Free Zone or Turkey and committed to be sold within the credit repayment term.

## **7. REVIEW OF CONSULTING FIRM AND TURKISH EXIMBANK**

Our Bank, when necessary at its sole discretion, may hire an independent consulting firm to carry out an evaluation on the feasibility report of the project subject to the credit, on-site controls on all related works, review on the records and documents including expense documents and progress documents, as well as such additional reviews and inspections as it deems necessary. Any kind of the payment to be made to independent consulting firm to be hired by our Bank shall be borne by the credit applicant during submission of the documents.

## **8. PROGRAM LIMIT**

Program limit is the total risk amount in a foreign currency or Turkish Lira that a firm can reach at a certain time under this program.

Program limit is 75 million US Dollars.

The foreign-currency credits to be extended to Turkey-resident firms under Program shall be subject to the conditions and limitations as defined in the Decree (Number 32) on Protection of Value of Turkish Money, and Communiqué regarding the Decree on Protection of Value of Turkish Money (Communiqué Number: 2008/32/34) and the Capital Movements Circular of Turkish Central Bank (TCMB) of 02.05.2018.

## **9. SCOPE OF FINANCING**

In this program, credit will be made available for financing the machinery, equipment and component expenses that require mid to long-term financing due to the permanency or long-term use of said items.

Expenditures that have been made within the 180 days prior to the credit application date shall be eligible to financing under this Program.

This credit cannot be used to finance land, building, vehicle and second-hand equipment acquisitions and purchases as well as construction expenses.

## **10. CREDIT ELIGIBILITY CRITERIA**

In this Program, credits will be made available to the companies which meet the criteria defined in this Implementation Principles as a result of the intelligence and evaluation works of our Bank.

## **11. APPLICATION METHOD**

Company will directly apply to our Bank, together with following documents:

- Credit Request Form (Annex-1),
- Expense Document List (Annex-2) (Expenses must be proven with an invoice certified by a Sworn-In Public Accountant (YMM) / Certified Public Accountant (SMMM). Invoices listed in the Expense Document List can be requested by our Bank for control purposes, when and if necessary.
- Where manufacturer of the export/sales good is different than its exporter/seller, a letter of consent, whose form is provided in the annex, to be obtained by applicant manufacturer from exporter/seller, signed and stamped by relevant exporter/Seller (Annex-3), Notarized signatory circular of the consenting company.
- A copy Capacity Report certified by the relevant chamber as original (Document can also be

retrieved by our Bank from TOBB electronic archive.)

- A copy of the "Manufacturing" or "Trading" License, issued and original-certified by Directorate General of Free Zones, Overseas Investments and Services of Turkish Ministry of Commerce, or certified by relevant Directorates of Free Zone.
- Copy of Investment Incentive Certificate (YTB) (if any),

In addition to these documents, information and documents to be requested for firm financial analysis and intelligence work are required to be submitted to our Bank.

In addition to these documents, our Bank reserves the right to request any kind of information and document that may be found necessary depending on the specific conditions of the firm and the project relating to the credit request. Also, if our Bank hires an independent consulting firm, companies are obliged to provide consulting firm all documents to be requested by it from them.

## **12. GUARANTEE AND DOCUMENTATION**

A primary guarantee will be constitute in 100% amount of the risk that may occur if Company fails to fulfill its obligations of repayment, export commitment and investment commitment (credits disbursed against proforma invoice) in connection with the credit to be made available by our Bank.

In the credits to be extended with KGF Equity Guarantee, amount of credit shall be determined by our Bank by taking into account the guarantee amount to be determined by KGF for the relevant company.

In calculation of the guarantee amount, the highest risk amount that may occur when company fails to fulfill the repayment and export/document commitment liabilities for each term of the credit shall be calculated, which will then be taken into account in the calculation of the guarantee.

The following guarantees may be required for extension of the credit;

- **Bank Letter of Guarantee** - Performance Bond must be received from a bank which has a suitable non-cash credit limit at our Bank. (Annex Form: TM) Performance Bond to be issued in the currency unit of the credit must be issued for at least 15 months, subject to extension at the credit repayment date. If a performance bond is not extended at such credit repayment date, it will be converted into cash.
- **KGF-Equity Guarantee**- The letter of guarantee to be furnished by KGF must align with the credit repayment term, credit amount, currency unit and credit program. (Annex Form: KM) Also, the credit to be extended and guarantee to be furnished must be in full compliance with the protocol signed between our Bank and KGF on the Equity Guarantees, as valid on the date of credit disbursement.

- **Treasury-Backed KGF Guarantee** - The credit to be extended and guarantee to be furnished must be in full compliance with the protocol signed between our Bank and KGF on the Treasury Guarantees, as valid on the date of credit disbursement.
- **In-Kind and Personal Guarantees (Lien, Surety, etc.)** - In the credits to extended in reliance upon Treasury-Backed KGF Guarantee, it is additionally required to obtain at least one personal or legal person guarantee. In addition, type and amount of such additional in-kind and personal guarantee shall be determined by the relevant credit approval authority which extends the credit. No credit shall be extended in reliance upon in-kind and personal guarantees alone without Treasury-Backed KGF Guarantee.

Before disbursement of the credit, prospective borrower must sign General Credit Agreement (Annex Form: GKS) not less than the credit amount.

It will be possible to execute the General Credit Agreement before a notary public, as well as borrower's authorized representatives can sign it before officers of our Bank.

Identification of the real and legal persons (including foreign natural and legal persons) shall be made according to the "Regulation on Measures for Prevention of Laundering Proceeds of Crime and Terrorist Financing" published by MASAK.

Annex Form: TM, Annex Form: GKS and Annex Form: KM, shall be issued after credit request of the company is approved by our Bank.

### 13. RELEASING THE CREDIT

Credit will be disbursed upon the eligible expenditures made within a project are documented. Credit can be released in three ways:

**Payment to Company:** Of the expenditures realized by the company, those found eligible by our Bank will be paid in TRY to a domestic bank account to be notified by the company.

**Direct Payment to Seller:** Where our bank finds it appropriate, the payments of the good purchases can be made by our Bank directly to the bank account of the seller, and account of the credit borrower will be debited. If seller is a Turkey-resident company, the payment will be made in TRY, and, if it is an overseas/Free Zone-resident foreign company, then in the type of foreign currency of the credit. (For foreign currency payments to overseas-resident seller, credit must be disbursed against YTB document.) For payment, it is necessary to submit the copy of the agreement made with seller, and/or proforma invoice.

**Proforma Advance Payment:** Where our bank finds it appropriate, the amounts of the purchasing linked to a proforma invoice can be paid by our Bank in TRY or a foreign currency directly to a bank account to be notified by the company. For payment, it is necessary to submit the copy of the agreement made with seller, and/or proforma invoice.

For the credits made available against proforma invoice, the Expense Document List which lists the original invoice(s) relating to the delivery and purchasing of the investment good(s), as certified by a Sworn-In Public Accountant (YMM)/Certified Public Accountant (SMMM) must be submitted to our Bank not later than 1 year following the credit disbursement date.

Where the borrower fails to submit our Bank the Expense Documents List containing the final invoice(s) despite said investment is completed within said 1 year, and company demands our Bank to grant an extension term on the reasonable grounds, and Credit Allocation Vice General Director evaluates and finds the request acceptable, then company may be granted by our Bank with an extension for a maximum 2 years to submit the Expense Documents List containing the final invoices.

For credits made available against proforma invoices, if the Expense Documents List containing the final invoice(s) have not been submitted to our Bank within the aforementioned terms;

- The existing interest rate of the credit will be increased by 0.25% (25 base point) commencing by the term given for the document submission (including extensions).
- If the investment is not completed within the defined terms, a penalty at the rate of 0.25% of credit amount shall be charged to and collected from company, together with the Banking and Insurance Transaction Tax.
- In case of partial realization of the investment, or non-completion due to the reasonable grounds within the defined terms, General Director of our Bank is authorized to decide if penalty of 0.25% of principal that has not been translated into investment should be imposed.
- Banking and Insurance Transaction Tax, which was previously exempted for the entire accrued term interests of the credit, as well as default penalty relating to Banking and Insurance Transaction Tax shall be charged to and collected from the company.
- For remaining repayments of the credit, entire term interests to be accrued shall become subjected to Banking and Insurance Transaction Tax.

The Letter of Undertaking, provided in Annex-4, shall be obtained from companies which used or will use credit against proforma invoice.

#### **14. TERM EXTENSION AND FORCE MAJEURE**

Borrowers may not claim for a term extension by asserting that they could not conclude entire or a part of production or export due to reasons such as credit remaining short as per the commitment, shortness of the term, inability to procure inputs or goods, domestic and foreign market difficulties, single-sided actions of the buyer, etc. except for the force majeure events.

General provisions of the applicable investment incentive and export legislation shall apply to the force majeure events and certification of such events.

Our Bank may redefine the interest rate to be applied on the credit for which it finds suitable to grant a term extension.

#### **15. DEADLINES TO BRING FOREIGN CURRENCY IN HOMELAND**

Foreign currency obligations shall be fulfilled under the maximum terms as defined in the Decree (Number 32) on Protection of Value of Turkish Money.

#### **16. CLOSING EXPORT/SALES COMMITMENT**

For Turkey-resident companies, their export commitment will be closed when the goods financed by the credit are effectively exported within the original repayment term of the credit.

For the Free Zone-resident companies, their FOB sales commitment must be actually fulfilled within the original and/or such extension term granted to the credit, and will only be closed upon submission of User copy of "Free Zone Transaction Form" (Exit) certified by Free Zone and Customs Offices, showing that goods have been shipped from Free-Zone to a foreign country, Invoice issued to the name of buyer, and Customs Declaration (Transit) relating to said overseas shipping, **for the goods manufactured and exported by Manufacturer in the Free Zone (Manufacturer-exporter),**

User copy of "Free Zone Transaction Form" (Intra-Zone Sales) certified by Free Zone Directorate, showing that goods are sold within the Free-Zone, and the invoice (manufacturer's invoice) enclosed thereof, User copy of "Free Zone Transaction Form" (Exit) certified by Free Zone and Customs Offices, showing that goods have been shipped from Free-Zone to a foreign country, Invoice issued to the name of buyer, and Customs Declaration (Transit) relating to said overseas shipping, **for the goods manufactured in Free Zone, and sold by an international trading company (Free Zone-resident intermediary exporter),**

User copy of "Free Zone Transaction Form" (Entry) certified by Free Zone Directorate, showing that goods are entered the Free-Zone, and the invoice enclosed thereof, User copy of "Free Zone Transaction Form" (Exit) certified by Free Zone and Customs Offices, showing that goods have been shipped from Free-Zone to a foreign country, Invoice issued to the name of buyer, and Customs Declaration (Transit) relating to said overseas shipping, **for the goods purchased from Turkey and sold to a foreign country by an international trading company (Free Zone-resident intermediary exporter),**

Also, no Customs Declaration (Transit) will be required for the shipping to be made from the Free Zone Docks directly to the foreign countries.

It is of essence that export/sales commitment must be fulfilled within the original repayment term of the credit, however, if the credit repayment term is shorter than the maximum terms as prescribed in the "Decree on the Tax, Duty and Charge Exemptions in Export, Transit Trade, Sales and Deliveries Counted as Export and Foreign Exchange Earning Service and Activities" and the relevant communiques, then said commitments can be extended to 3 months after the credit repayment date, but in any case within legal terms, subject to the evaluation of our Bank.

The actual export/sales date shall be taken as the registration date indicated in the "A" field of the Customs Declaration, or if more favorable for the company, closing date of the Customs Declaration as reached via VEDOP System. This date may not be a date prior to credit disbursement date, and later than credit repayment date (excluding credits for which additional shipping term is given). FOB export value shall be taken as basis in the determination of the realization.

For the Free Zone-resident companies, the shipment of a good to another country takes place once Free Zone Customs Enforcement Directorate affixed its seal on the SBIF, and actual export date will be the date in the 14th field of the SBIF. This date may not be a date prior to credit disbursement date, and later than credit repayment date. FOB export/sales value shall be taken as basis in the determination of the realization.

Only for the container export/sales, container loading date shall also be taken as the actual export/sales date. However, in this case, container loading date must be indicated explicitly on the relevant GB/SBIF.

If the type of currency of the credit is different than that is received as export/sales price, then TCMB cross exchange rates effective on the GB/SBIF issuance date will apply to the conversion of the foreign currency of the export/sales price to the credit foreign currency.

The total amount of credit principal, interest, commission and expenses, over the foreign currency of the credit, will be annotated on the User Copy (5th Copy) of SBIF, which is closed and linked to the credit sales commitment, which will not be less than FOB amount minimum credit principal, interest and expenses as certified by GB/SBIF for foreign currency credits, and FOB export commitment of the credit for TRY credits.

For the export/sales commitments, the original company copy of the GB/SBIF and Customs Declaration Information Form (Annex Form:GBBG) and/or Commitment Closure Form (Annex Form: TKF) shall be submitted to our Bank not later than 3 months after repayment of the credit in order to have them counted in the commitment account of the credit. If said documents are available at the TCMB for any reasons, company will also provide the TCMB file reference numbers, along with the photocopies of these documents.

### **Group Company**

The export carried out by the group companies which fall in the definition of "Group company" as provided for in the "Communique (Export-2008/6) on Tax, Duty and Charge Exemptions in Export, Transit Trade, Sales and Deliveries Counted As Export" can be used in the closing of the export/sales commitment, provided that said group relation exists on the both credit disbursement date and date of closing of relevant export commitment.

### **Pre-Paid Foreign Currency**

It is possible to have exports based on prepaid foreign currency or "red clause" letter of credit counted in the credit commitment by inserting required notes on the company copy of the GB, providing that it is realized after the credit disbursement date.

### **Free Zone**

The following documents are required for the Turkey-resident companies to have their exports from Turkish Free Zones counted in the export commitment of relevant credit;

- Free Zone Transaction Form, Customs Declaration and relevant invoices, regarding the entry to the Free Zone,
- Free Zone Transaction Form which confirms that firm residing in Free Zone (outside Turkey) sells to the third party,
- Declaration of the Company, certified by relevant Free Zone Directorate, to the effect that the relevant goods are manufactured in the Free Zone.

A note to the effect that "it is counted in the export credit commitment" will be inserted on the customs declaration (original) and user original copy of the Free Zone Transaction Form, among these documents.

If the good sold to a free zone are used as a machine/equipment, registered fixtures, or a part of them, in the Free Zone-resident facilities, it is possible to close the export commitment via said sales, provided that it is certified.

Necessary documents to have said sales counted in the export commitment are as follows;

- Free Zone Transaction Form Certified by Free Zone Directorates,
- Initial Status Document,
- Customs Declaration,
- Minute jointly issued by and between Free Zone Customs Directorate and Free Zone Directorate

### **Sales Made to Those not Residing in Turkey**

The sales that are made under the "Permit for VAT Export Exception to Sales to Non-Resident Aliens via Special Invoice" (Exclusion Permit) obtained from relevant tax offices and "Permit Document" issued under exclusion granted to non-resident alien passengers can be counted in the credit export commitments provided that the relevant invoices are certified by the Exporters' Associations<sup>1</sup> and authorized Exit Customs Directorates. For the sales realized in the form of Special Invoice and Passenger Accompanied Baggage, it will be mandatory to submit Currency Purchase Document, and a note relating to export commitment will be inserted on both documents.



**Special Barter**

Exports in the scope of Special Barter (without counter purchase) can be used in the closing of the export credit commitments, irrespective of the country both in exports and imports.

**Freight**

Provided that export/sales transport is carried out by a local company and this is proven by the relevant freight invoice, CF export amount shall also be counted in the credit commitment. However, as the transport is a service export, freight monies are brought to Turkey and purchased by the exporter must be certified with a Currency Purchase Document, and the foreign currency amount corresponding to the freight must be annotated on said document.

**Export-Conditioned Delivery**

If the borrower is a Turkey-resident manufacturer, sales invoice issued to the name of exporter at the stage of export-conditioned delivery, and the exporter's statement will be required, and the amount to be counted in the commitment will never exceed the amount of foreign currency that corresponds to the invoiced amount. TCMB exchange sell rate effective on the invoice date shall be used for calculation of the foreign currency amount.

**Sales-Conditioned Delivery**

If the borrower is a Free Zone-resident manufacturer and delivers the goods to a seller residing in the same Free Zone and having a Trading License, then sales invoice issued to the name of seller, and consent letter of the seller will be required to be submitted, and the amount to be counted in the commitment shall not exceed foreign currency amount that corresponds to the invoiced amount.

Also, the goods specified in the sales invoice issued by manufacturer and the SBIF must also one of those that are indicated in Capacity Report of the manufacturer.

**Export of the Good Imported Under Inward Processing Regime**

GBs submitted to our Bank, and relating to non-Turkey-origin export products (which Field 34 "Origin Country" writes a code other than "052-Turkey") but subjected to inward processing regime, whose Regime Field writes "3151-Reexport of the good subjected to Inward processing regime conditional exemption system" or "3152- Reexport of the good subjected to the inward processing regime other than those specified in Code 51" can be used for closing export commitment.

**17. EXPORTS NOT COUNTED IN THE COMMITMENT ACCOUNTS**

Exports in the scope of our Bank's International Credit/Guarantee Programs and exports counted in the commitment under other Export Credit Programs, and sales made by Turkey-resident companies to free zone for re-selling to third parties, and counted in the commitments, and sales of the Free Zone-resident companies to Turkey and other Free Zones in Turkey may not be used to close the export/sales commitment of the credits used as part of this program.

**18. DEFAULTS/NON-PAYMENT**

A default interest to be calculated over 1.2 times of the credit contract interest rate shall apply to the defaults or non-payment of the credit principal installment, term interests and interest and similar charges to be applied by our Bank in the form of penalty.

Our Bank reserves the right to not extend new credits to the companies who failed to repay credit on relevant due dates.

## **19. PARTIAL/COMPLETE NON-FULFILLMENT OF COMMITMENT**

In case of partial or complete unfulfillment of the export/foreign currency commitment at the original repayment date within other conditions, then a commitment penalty shall be imposed upon the unfulfilled part of the commitment.

Commitment penalty will be the sum of;

- 20% of the total interest applied to the credit, for the credits with a term up to 5 years,
- 30% of the total interest applied to the credits with a term longer than 5 years,

and, if any, amounts of previously exempted tax, charge, commission, etc. and default penalties.

Our Bank reserves right to evaluate the new credit applications of the companies which has not closed their export commitment accounts within the terms as defined in this Implementation Principles.

## **20. INTEREST SUPPORT**

For the credits made available under Investment Incentive Certificate, interest support will be provided to company, at the request of company, under the Cabinet Decree (2012/3305) on Government Supports in Investments Interest support application will be implemented according to the provisions of Interest Support Application Protocol between our Bank and Turkish Ministry of Economy. Pursuant to the provisions of said protocol, interest support, in any case, shall be applied for a maximum five years commencing on the disbursement date, according to the initial repayment plan. If it is found out that credit is used for the purposes other than intended purposes, this shall be reported to Turkish Ministry of Commerce, and entire interest support paid to such borrower until such date shall be collected by Turkish Ministry of Commerce in accordance with the provisions of Public Claims Collection Procedures Law No 6183.

## **21. SPECIAL PROVISIONS ON FOREIGN CURRENCY CREDIT DISBURSEMENT**

## **22. CREDIT REPAYMENT TERM**

Repayment term options of the credit programs are announced on the website of our Bank. Credit repayment term shall commence on the date when the credit is credited by our Bank to the account of borrower.

If a repayment date of the credit principal installments and/or term interests falls on a weekend or public holiday (including half business days as announced legally during a calendar year), then repayment date will be first next business day.

If the credit benefits from the interest support as defined in Article 20 above, then repayment dates of credit principals and interests shall be defined so that they will fall on the first business day following the twenty-first day of March, June, September and December according to the Interest Support Application Protocol between our Bank and Turkish Ministry of Economy.

## **23. FOREIGN CURRENCY TYPE**

Foreign Currency Credit will be made available in US Dollar and EURO.

## **24. INTEREST RATE**

Interest rates to be applied to the credit is determined and announced by our Bank. Our Bank is unilaterally authorized to change the interest rates.

Interest rates to be applied to the credits shall be determined on the basis of the interest rate effective on the credit disbursement date.

For the US Dollar credits; USD LIBOR to be used in the calculation of 1st Term interest rate is the ICE USD LIBOR interbank US Dollar benchmark (base) interest rates as determined and published by Intercontinental Exchange (ICE) on [www.theice.com](http://www.theice.com) every day at 11:00 AM (London), or published on the related pages of the data distribution platform such as Bloomberg/Reuters. The LIBOR to be used in the calculation of the interest of the subsequent term is the ICE USD LIBOR interbank US Dollar benchmark (base) interest rates as determined and published by Intercontinental Exchange (ICE) on [www.theice.com](http://www.theice.com) every day at 11:00 AM (London), or published on the related pages of the data distribution platform such as Bloomberg/Reuters, pertaining to the date of the prior interest collection.

For Euro credits, EURIBOR is the EMMI EURIBOR interbank Euro benchmark (base) interest rate, as determined and published by European Money Markets Institute (EMMI) on the website [www.emmi-benchmarks.eu](http://www.emmi-benchmarks.eu) every day at 11:00 AM ("Brussels"), or published on the related pages of the data distribution platform such as Bloomberg/Reuters.

If disbursement or repayment day falls on a holiday at abroad, then LIBOR/EURIBOR of the previous business day will be used in the calculation of the interest rate to be applied to the credit.

If LIBOR01 or EURIBOR to be used in the calculation of credit interest rate are negative, these values will be taken zero (0).

## **25. DISBURSEMENT**

The credit disbursement will be made upon our Bank receives from the applicant the Annex-2 Expense Document List (Certified by a Sworn-In Public Accountant (YMM) / Certified Public Accountant (SMMM) stamped and signed by the signatory authorities of the company by taking account of the particularities of existing credit agreement, and activity being done. Credit disbursement conditions shall be notified to company together with the credit approval on the transaction basis.

After approval of the credit and institution of the guarantees, companies shall decide and notify our Bank the credit release method that they prefer.

Credit can be transferred in foreign currency or TRY to account of the borrower at the bank indicated in the credit request form.

Exchange rate to be used in the calculation of Turkish Lira equivalent of the credit include USD Dollar and EURO buy rates as determined by our Bank at 11:00 AM on the disbursement day.

If Direct Payment to Seller is chosen, payment will be transferred in TRY or in a foreign currency to the account of seller/service provider.

Credit disbursement receipts will be sent to borrower.

## 26. REPAYMENT

Repayment of term interests of the credit will commence on 6th month following the credit disbursement date. For subsequent terms, corresponding interests will be applied and collected in periods of 6 months over the credit risk balances on the relevant dates. In calculation of the interest, the year shall be taken as 360 days in the fixed aliquot.

Credit principal will be repaid will be paid in equal installment every 6 months commencing at the end of principal grace period, according to the principal grace period starting by the credit disbursement date.

Our Bank will notify borrower, prior to credit repayment date, about the total repayment including principal installment and interests as of the interim or final repayment date.

It is essential that principal and interests are repaid to our Bank in the credit's foreign currency type (USD Dollar, EURO, British Pound, and Japanese Yen).

Credit, as a whole or in part, can be repaid earlier. In this case, borrower is obliged to notify our Bank not later than 5 (five) business days prior to day on which it will make credit repayment.

For early repayments, calculation of the credit interest shall consider the spread effective on the disbursement date for the original repayment term as specified in the credit request form. For early repayments in the 1st term, interest rate on the disbursement date, and, for other terms, interest rate defined for relevant term will be used.

If the credit benefits from the interest support, then repayment dates of credit principals and interests shall be defined by our Bank so that they will fall on the first business day following the twenty-first day of March, June, September and December.

If Company will repay the amount notified by our Bank;

**in Turkish Lira**, then borrower will first notify our Bank via fax the bank/banks via which it will repay principal installments and/or term interests not later than two business days prior to interest payment/full repayment date/repayment date, and pay them to TIC Account No 0016 of Turkish Eximbank in EFT System on the interest payment / full repayment / repayment date.

For TRY repayments, exchange rate to be used in the calculation of Turkish Lira equivalent of the principal installments and interests include USD Dollar and Euro sell rates as determined by our Bank at 11:00 AM on the disbursement day.

For the foreign currency credits against YTB, if repayment is made in TRY, then foreign currency sales document will be issued by our Bank.

**in a Foreign Currency**, then borrower will first notify our Bank via fax the bank/banks via which it will repay foreign-currency equivalent of principal installments and/or term interests not later than three business days prior to interest payment/full repayment date/repayment date, and pay them to our Bank's Account at a Respondent Bank notified by our Bank to borrower on the interest payment / full repayment / repayment date. Where the amounts that are late transferred to our accounts at Correspondents, payment value date can be corrected (back-value) to reflect correct value date.

For the foreign currency repayments, foreign currency export monies shall be transferred to correspondent accounts of our Bank on the credit full repayment date and/or repayment date provided that transaction date is not later than 2 (two) days prior to credit principal interest full repayment date/repayment date.

## **27. SPECIAL PROVISIONS ON USING TURKISH LIRA**

## **28. CREDIT REPAYMENT TERM**

Repayment term options of the credit programs are announced on the website of our Bank. Credit repayment term shall commence on the date when the credit is credited by our Bank to the account of borrower.

If a repayment date of the credit principal installments and/or term interests falls on a weekend or public holiday (including half business days as announced legally during a calendar year), then repayment date will be first next business day.

If the credit benefits from the interest support, then repayment dates of credit principals and interests shall be defined so that they will fall on the first business day following the twenty-first day of March, June, September and December according to the Interest Support Application Protocol between our Bank and Turkish Ministry of Economy.

## **29. INTEREST RATE**

Interest rates to be applied to the credit is determined and announced by our Bank. Our Bank is unilaterally authorized to change the interest rates.

Interest rates to be applied to the credits shall be determined on the basis of the interest rate effective on the credit disbursement date.

Where a variable interest rate is applied to a credit, the calculation of the 1st term interest of the credit will be based on the TRLIBOR published in the TRLIBOR01 page of Reuters Screen, calculated by The Banks Association of Turkey, effective on the value date of the credit disbursement date. For the subsequent terms, TRLIBOR, published on TRLIBOR01 page of Reuters Screen on the value date of previous interest collection will be used in the calculation of the interest.

## **30. DISBURSEMENT**

The credit disbursement will be made upon our Bank receives from the applicant the Annex-2 Expense Document List (Certified by a Sworn-In Public Accountant (YMM) / Certified Public Accountant (SMMM) stamped and signed by the signatory authorities of the company by taking account of the particularities of existing credit agreement, and activity being done. Credit disbursement conditions shall be notified to company together with the credit approval on the transaction basis.

After approval of the credit and institution of the guarantees, companies shall decide and notify our Bank the credit release method, as given in Article 13, that they prefer.

Credit amount will be transferred to the company's account at the bank indicated in the credit request form. (For direct payments to seller, borrower will be requested to provide us the account details of the seller.)

Credit disbursement receipts will be sent to borrower.

## **31. REPAYMENT**

Repayment of term interests of the credit will commence on 6th month following the credit disbursement date. For subsequent terms, corresponding interests will be applied and collected in periods of 6 months over the credit risk balances on the relevant dates. In calculation of the interest, the year shall be taken as 360 days in the fixed aliquot.

Credit principal will be repaid will be paid in equal installment every 6 months commencing at the end of principal grace period, according to the principal grace period starting by the credit disbursement date.

If the credit benefits from the interest support as defined in Article 20 above, then repayment dates of credit principals and interests shall be defined by our Bank so that they will fall on the first business day following the twenty-first day of March, June, September and December.

Credit, as a whole or in part, can be repaid earlier. In this case, borrower is obliged to notify our Bank not later than 5 (five) business days prior to day on which it will make credit repayment.

For early repayments, calculation of the credit interest shall consider the spread effective on the disbursement date for the original repayment term as specified in the credit request form. For early repayments in the 1st term, interest rate on the disbursement date, and, for other terms, interest rate defined for relevant term will be used.

Our Bank will notify borrower, prior to credit repayment date, about the total repayment including principal installment and interests as of the interim or final repayment date.

Borrower will notify our Bank via fax the bank/banks via which it will repay the amount consisting of the principal installments and/or term interests not later than two business day prior to repayment date, and will repay them to TIC Account No 0016 of Our Bank in EFT System on the interest payment / credit payment / repayment date.

### 32. EFFECTIVESS

These Principles apply to the credits to be disbursed as of 08.10.2021 pursuant to the General Directorate Approval No E-89940035-100-45292 of 08.10.2021.

#### ANNEXES:

Credit Request Form	Annex-1
Expense Document List	Annex-2
Letter of Consent	Annex-3
Letter of Undertaking	Annex-4

<b>ANNEX FORM:</b>	
Letter of Guarantee	TM
KGF Credit Repayment Guarantee Letter	KM
General Credit Agreement	GKS
Customs Declaration Information Form	GBBF
Commitment Closing	TKF