



**TÜRK EXIMBANK**  
EXPORT CREDIT BANK OF TURKEY

Annual Report 2009

## TURKISH TILE ART

Turkish Tile Working History begins with Karahanlilar which is the first muslim Turks in Anatolia. For many centuries these jeweled-colored tiles have been used in the stunning architecture that is part of Turkey's cultural heritage. From a thousand year Seljucks used tile working at architecture. Ottomans also continued this tradition and tile-making reached its aesthetic peak in the 16th century. It occupied a very important place in Ottoman architectural decoration and embellished mosques, medreses (theological schools), tombs and palaces.

After the porcelain production had started during the reign of Sultan Abdülhamid II, tile industry started to produce more utensils than architectural tiles. From dinner tables as plates, trays and glasses, to oil lamps, and architecture ornaments, tile has been started to be widely used in Turkish culture.

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CONVENIENCE TRANSLATION OF THE REPORT ON COMPLIANCE OF ANNUAL REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

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

We have audited the compliance and consistency of the financial information included in the annual report of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") as of 31 December 2009 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Company's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the audited financial statements and explanatory notes.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Law No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is consistent with the audited financial statements and explanatory notes and free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information represented in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Türkiye İhracat Kredi Bankası A.Ş. at 31 December 2009 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors' report and the independent auditor's report originally issued by us in Turkish and is consistent with the audited financial statements and explanatory notes originally issued in Turkish.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers

Z. Alper Önder, SMMM  
Partner

Istanbul, 20 May 2010



Export Credit Bank of Turkey (Türk Eximbank), which was established in 1987, is the sole official export credit agency in Turkey. The Bank is a fully state-owned bank acting as the Turkish government's major export incentive vehicle in Turkey's sustainable export strategy. As Turkey's official export credit agency, Türk Eximbank has been mandated to support foreign trade and Turkish contractors/investors operating overseas. Türk Eximbank is making rapid progress towards fulfilling its mission and taking its place amongst export credit agencies in the world.

The Bank currently supports Turkish exporters, contractors and investors through various credit, guarantee and insurance programs similar to export credit agencies of developed countries. However, it is different in that, it is one of the few export credit agencies in the world which engages in direct lending activities as well as implementing insurance and guarantee schemes within the same institution. Currently Türk Eximbank offers a total of 30 different programs, 23 of which are loan and 7 are insurance/guarantee programs.

Türk Eximbank has introduced export credit insurance to Turkish exporters in 1989. Currently, Türk Eximbank provides cover for Turkish exporters, against commercial and political risks by offering a variety of insurance programs for their exports to 204 countries.

Apart from its Head Office in Ankara, Türk Eximbank has two branches, one in İstanbul and the other in İzmir, and six liaison offices in Denizli, Kayseri, Gaziantep, Bursa, Adana and Trabzon. Opened in 1994 and 1995 respectively, the İstanbul and İzmir branches aim at providing better service to the dynamic export sector and carrying out certain transactions. These branches also provide information to exporters regarding the Bank's programs, find solutions to problems on the spot and convey their suggestions to the Headquarters.

Türk Eximbank has opened liaison offices in Kayseri and Denizli in 2004, Gaziantep in 2005, and Bursa, Adana and Trabzon in 2006; six of the industrialized provinces with high export potential. These offices give exporters information on Türk Eximbank's programs, and provide help for their credit applications.

The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff. As a result, the contribution of the Bank's very few, but competent and exceptionally skilled personnel are very important. As of end-2009, Türk Eximbank employs a total of 382 personnel, 22 in the İstanbul and 11 in the İzmir branches, and a total of 7 personnel in the liaison offices. 5 personnel have a Ph.D. degree, 76 have a post-graduate degree, and 181 have a graduate degree, 30 have an associate degree. 130 employees have a second language.

**Turkey's official export credit agency, Türk Eximbank, acts as the Turkish government's major export incentive vehicle in Turkey's sustainable export strategy.**



Ankara Head Office



İstanbul Branch

**31.26%**

In 2009, total assets of Eximbank increased by 31.26% year-on-year and reached TL 6.49 billion.

**Major Balance Sheet Accounts**  
(TL thousand)

	2009	2008
Loans	3,908,666	4,004,961
Total Assets	6,488,070	4,942,922
Loans Borrowed	2,025,884	1,150,311
Shareholders' Equity	3,656,670	2,938,967
Total Paid-in Share Capital	2,000,000	1,326,336

**Major Income Statement Accounts**  
(TL thousand)

	2009	2008
Interest Income	437,972	468,073
Interest Income on Loans	323,090	356,350
Interest Expenses	(50,725)	(46,626)
Net Interest Income	387,247	421,447
Other Operating Income	35,007	32,507
Provisions for Loans and Other Claims	(55,635)	(25,624)
Other Operating Expenses	(58,370)	(69,443)
Net Income	342,488	371,031

Financial highlights for the 2005-2009 period are given on page 51.

**Loans** (TL thousand)

2009		3,908,666
2008		4,004,961

**Shareholders' Equity** (TL thousand)

2009		3,656,670
2008		2,938,967

**Net Income** (TL thousand)

2009		342,488
2008		371,031

**Credit Activities**

<b>Short-Term Credit Activities (TL thousand)</b>		
	<b>2009</b>	<b>2008</b>
Total Short-Term Credits	7,251,066	5,486,715
Short-Term TL Export Credits	3,020,763	3,993,195
Short-Term FX Export Credits	4,230,303	1,493,520

<b>Medium and Long-Term Credit Activities (USD million)</b>		
	<b>2009</b>	<b>2008</b>
Medium and Long-Term Credits	149.7	3.7

**Insurance Activities**

<b>Short-Term Export Credit Insurance (USD million)</b>		
	<b>2009</b>	<b>2008</b>
Total Covered Shipments	4,524	5,080
Total Buyer Limit Approvals (Total Commitments)	5,330	5,219
Claims Paid	10.1	6.5

<b>Medium and Long-Term Export Credit Insurance (USD million)</b>		
	<b>2009</b>	<b>2008</b>
Total Commitments	-	1.1

**32.16%**

In 2009, short term credits of Eximbank increased by 32.16% year-on-year and reached TL 7.3 billion.

**Total Credit/Insurance/Guarantees (USD million)**



**Total Short-Term Credits (TL thousand)**



**Short-Term Export Credit Insurance (USD million)**





**In an environment in which positive developments in the Turkish economy are gaining momentum but risks still exist at the international level, we as Türk Eximbank will continue to give increasingly greater support to Turkey's exporters and other FX-earning service providers.**

Despite the trend towards recovery that began in its last quarter of 2009 and even continued into the first quarter of 2010, 2009 was a year in which the effects of the global economic crisis were sorely felt. In the EU, Turkey's most important export market, economic contraction was on the order of 4.1% in 2009 while the world economy as a whole shrank by 0.6%. Worldwide trade in goods declined by 23% to about USD 12 trillion in value. This represents the biggest single year-on-year contraction experienced at any time since the end of the Second World War.

In such an environment Turkish economy could not help but be adversely affected as well. Thus there were significant declines in exports resulting from depressed external demand while rampant uncertainties adversely affected economic activity by delaying investment and consumption decisions. After having registered many years of uninterrupted growth since 2002, the Turkish economy began to contract in the last quarter of 2008. This trend continued largely unabated until the last quarter of 2009, when even a 6% rate of growth driven by positive developments that began in the third quarter of the year and gained increasing momentum in the fourth were unable to overcome a net year-on contraction of 4.7% in the Turkish economy. Turkish exporters were inevitably and unavoidably affected by these difficult times. The value of Turkish exports dropped by almost 23% year-on-year to USD 102 billion as of end-2009.

Without question the most important cause of the decline witnessed in Turkey's exports was the serious contraction in global demand that was brought on by the crisis. When we look at the impact of that crisis on individual countries however, one observes that developed economies appear to have suffered more than emerging ones. The severe effects of the crisis in EU countries, to which nearly half of Turkey's exports are sent, and a more than 4% rate of "negative growth" overall there led to a serious 25% contraction in such countries' external demand. Thus

our exports to EU countries were down 26% year-on-year and were worth about USD 47 billion. Thanks to the superior efforts of Turkey's exporters, attempts were made at least to partially offset the distresses in EU markets by means of a market diversification strategy. In that respect, the 27% or so rise that was registered in exports to North African countries in particular was a most gratifying development.

Also quite gratifying was the shift that was observed among Turkish exporters towards market diversification during this difficult period. When a national economy such as ours is integrated into the global economy, the more one's export markets are diversified the less one's export earnings are affected by contractions in international demand such as we experienced in 2008 and 2009. The increase witnessed in the number of countries that Turkey exports to and the increased shares that African and neighboring countries have in our exports are important steps towards achieving sustainable growth in Turkey's export. Even during this difficult period, Turkish exporters succeeded in remaining above the psychologically crucial threshold of a hundred billion dollars worth of exports a year.

In addition to the contraction in demand in Turkey's export markets, the decline witnessed in the global demand for commodities and thus in commodity prices was also a significant contributor to the drop in Turkish exports. Less-costly oil, petroleum derivatives, and iron & steel translated into export revenue losses for many countries, including Turkey. To put this in more specific terms, while it is true that the value of Turkey's exports was down by about 23% year-on in 2009, when measured on a volume basis, the reductions were generally in the 8% to 10% range. In that respect, we may say that our exports maintained their market share even under tough conditions. Considering that reclaiming a lost market is harder than finding a new one, the situation is by no means as alarming as it might seem at first sight.



The global economy is expected to resume growing in 2010. This will impact favorably on world trade and consequently on Turkey's exports as well. Although the financial crisis struck the world's economies more or less simultaneously, it is already clear that the process of recovery is showing regional differences. On the basis of international organizations' growth projections, the USA will exhibit a growth performance close to its long-term average in 2010. The recovery in Europe by contrast is expected to take place at a more "restrained" pace than is the case in the USA. Among the emerging economies, economic recovery is expected to be noticeably faster thanks to strong domestic demand and to relatively sounder financial services sectors.

A point that must never be forgotten as the world economy returns to the path of growth is that international trade can be quite sensitive to even minuscule changes in global growth. In that respect, there could very well be a surge in global trade much greater than any improvements in global growth. Thus although projections put a 4.2% rate of growth in the global economy in 2010, they also posit a 9.5% rise in the worldwide trade in goods. That in turn implies that there may be opportunities lying just ahead. In the context of the USD 500 billion/year export target that has been set for 2023, the time to discover the lessons taught by recent events and to take them to heart is now.

The global economic crisis has changed all of the old balances in international trade. Under the new rules, not only has competition increased but its terms have also changed. The opportunities and the challenges confronting Turkey's export industries under these new conditions need to be identified. Two of our basic goals at this time should be to increase the added value of our exports on the one hand and to expand our market shares in target sectors and countries while also increasing our country market diversification on the other. In this way, exports will serve as the engines of Turkey's industry, production, investment, and employment. Along with rises in exports we will also see rapid increases in industrial output, in capacity utilization rates, and in growth figures.

Turkey's ability to increase its external trade in parallel with the growth in global trade in the period ahead will make a very important contribution to the country's efforts to achieve a newly accelerated growth process.

As of the first quarter of 2010, the process of global economic recovery appeared to be taking place rather faster than had been expected. Although worries about the durability of this recovery are diminishing, they nevertheless still persist. This makes it especially important for our exporters to abide by effective risk management strategies that take all possibilities into account. At the same time, it must not be forgotten that governments' tax and financial incentives have contributed significantly towards the global economic recovery so far. There is still a risk that withdrawing these measures too soon will cause the recovery to reverse itself. On the other hand, continuing them for too long will expand public sector borrowing requirements, which will not only exacerbate country risk but will also generate crowding-out effects that will make it more difficult Turkey's real sector—and especially for its exporters—to borrow.

The Greek sovereign debt crisis and the possibility of its spreading to other countries have brought about radical changes in international risk perceptions. This may pose serious problems for companies by making it more difficult for them to tap national and international markets for the financing that they need. At the same time, worries that not just Greece but also Spain, Ireland, and Portugal are having problems with their public finances and that this may adversely affect Eurozone economies in general significantly weaken consumer confidence and restrict growth in demand in what are after all still our most important export markets. The European Union is our biggest export market. It should be obvious that any problems there represent serious elements of risk for Turkish economy in general and for our export industries in particular. This is why it is very important that Turkish exporters' policy of diversifying their market risks through cooperation and ventures into African and neighboring markets be continued in 2010.

In an environment in which positive economic developments gain momentum on the one hand while risks in the international business scene reach levels at which they cannot be ignored on the other, Türk Eximbank will continue its efforts to provide Turkey's exporters and other FX-earning sectors with more and more support. In such a risk-fraught setting: Türk Eximbank's export credit insurance programs will make it possible for our country's exporters to do business in a risk-free environment; Türk Eximbank's country credit/guarantee programs will create new opportunities for exporters by countering the effects of the business downturn in international markets; and Türk Eximbank's export credits will give them convenient access to the suitably-priced financing that they need.



**Cavit DAĞDAŞ**  
Acting Chairman of the Board of Directors



**In 2009, Türk Eximbank provided Turkish exporters with a total financial support of USD 9.3 billion, consisting of USD 4.8 billion in cash loans and USD 4.5 billion worth of insurance and guarantees.**

The first quarter of 2009 was a period during which the impact of the global economic crisis was seriously felt in Turkey as well as elsewhere around the world. However, the effects of the crisis began to wane in the second half of the year and towards the end of 2009 there were increasingly more frequent indications that the apparent recovery might indeed endure. It would have been impossible for Turkish exporters not to have been affected by such fraught times. Despite signs of a recovery in exports that were observed in October and December after they had hitherto been in decline all year long, the net effect was an approximate 23% year-on-year drop in their total value, to about USD 102 billion.

As Türk Eximbank, our most important consideration during such a period was the problems that the Turkey's exporters were having in obtaining loans. During 2009 we made cuts of up to nearly eight points in our Turkish lira interest rates in order to encourage loan use. At the beginning of 2009, when the impact of the crisis on the real sector was the most severe, we extended the terms on our direct lending by up to three months with the aim of making things at least a little easier for our exporters. In addition, with the aim of transferring more resources to the export sector through Türk Eximbank, we made arrangements with the Turkish Central Bank by means of which the export rediscount credit limit granted to our Bank was increased first to USD 900 million and subsequently to USD 2 billion. These funds were immediately made available for exporters to use. We also introduced new programs in line with the needs and requests of our exporters and our FX-earning services sector. Under its Bridge Credit Program for Overseas Contractor Services, our Bank began providing bridge financing to enable overseas contracting firms suffering from the effects of the global crisis to keep their worksites and their mobilization and equipment pools operational and to protect the long-term staying power of their investments and competitive strength in countries where they are currently doing business. Through its Credit Program for Participating to Overseas Trade Fairs which is an indirect form of export financing, our Bank began providing direct financing support to firms taking part in international fairs and also to organizers making arrangements for them. By doing so we make it possible for exporters to engage in promotional and marketing activities

in international fairs despite the ongoing economic crisis and thus to break into new markets while also protecting their existing market shares.

In 2009, as Türk Eximbank we obtained two lines of medium- and long-term credit worth a total of USD 600 million from the World Bank and from the European Bank for Reconstruction and Development (EBRD). We are currently making this funding available as investment and working capital loans to the manufacturing, shipbuilding, and logistical services sectors and to Small and Medium Enterprises (SMEs). This is in line with our ongoing efforts to provide exporters with meaningful support and to address their needs for financing during both the investment and the production stages at this tough time.

Just as it always does, Türk Eximbank continued to stand by SMEs last year as well. In order to come up with a solution to the problems that firms in this category were having in coming up with guarantees, we began accepting Credit Guarantee Fund (KGF) surety bonds as guarantees that are fully equivalent to bank letters of guarantee. In recognition of the fact that the Small and Medium Enterprises Development Organization (KOSGEB) recently began including services-sector SMEs within the scope of its coverage as well, we also began extending KGF-backed loans to logistics companies. While on this subject it should also be noted that Türk Eximbank, along with a number of other banks, acquired shareholding stakes in KGF as part of the Fund's reorganization in 2009.

To sum up, Türk Eximbank made an enormous effort to meet the financing requirements of Turkish exporters who were struggling to defend market shares in export markets that were being hammered by the global economic crisis. As part of this effort our Bank's capitalization was increased to TRL 2 billion while our search for resources enabled us to secure another USD 845 million in funding from domestic and international financial institutions. In its capacity as the most important source of financing for those engaged in exportation and FX-earning services in Turkey, Türk Eximbank did everything that it possibly could do in order to go on providing suitably-termed financing to the country's exporters and to its overseas contractors and investors in their

ongoing search for the resources with which they could conduct their international business activities.

During a year that was quite a challenging one for the country's exporters, Türk Eximbank provided the exports and FX-earning services sector with a total of USD 9.3 billion in financial support, of which USD 4.8 billion consisted of cash loans and USD 4.5 billion was in the form of insurance and guarantees. This amount corresponds to 9.2% of the total value of Turkey's exports in 2009.

#### OUR GOALS FOR 2010

It is foreseen that funding opportunities will still be limited and that costs will remain high in global financial markets throughout 2010 as well. Nevertheless I can state with confidence at this time that not only will Türk Eximbank continue to make every possible effort to meet both the exports and the FX-earning services sectors' financing needs on suitable terms but it will also go on increasing the amount of financial support that it provides them with.

Despite improvements in economic indicators, we cannot expect 2010 to be any less difficult a year for Turkey's exporters than 2009 was. While there are several reasons for such pessimism, the most cogent ones are stiffer competition brought on by the global economic crisis on the one hand and, on the other, the real possibility that growth in the EU, which is our most important export market, will be stunted by concerns that the Greek sovereign debt crisis may well spread to Portugal, Spain, Italy, and the United Kingdom too. In keeping with its own objective of encouraging more extensive and more effective access to export credit, insurance, and guarantee programs, Türk Eximbank will continue to take all necessary measures and to make such changes in and additions to our credit, insurance, and guarantee programs taking both our exporters' needs and the dictates of national and international developments into account.

Within this framework in 2010, we will continue to make short-term credit available to meet working capital requirements during the pre-export stage in order to increase the competitive strength of our exporters. Türk Eximbank will also be making use of the widespread and effective method of supplying short-term financing through commercial banks. In addition, we will also continue to review our existing practices in line with the export sector's needs and demands and make changes

in them that will streamline credit processes and reduce paperwork. At the same time, we will be continuing with our existing specific credit and guarantee programs with the aim of achieving greater market and product diversification in exports and FX-earning services.

In line with our policy of diversifying financing tools and in keeping with the general mission of export credit agencies such as ourselves, one of our high-priority objectives is to give greater attention to medium- and long-term project financing as well as to export credit insurance and guarantees. Under this heading and within the framework of strategies developed in line with our country's foreign policies and economic interests, we will be providing export credit, insurance, and guarantee facilities in support of Turkish exporters' and overseas contractors' ability to maintain long-term presences in neighboring and nearby countries, in African countries that have a place of special importance in Turkey's export strategies, and in countries with which we have strong historical and cultural ties. We will also be carrying out medium- and long-term credit programs that respond to exporters' needs by supporting the exportation of goods which will increase Turkey's exports of medium- and high-tech products and of high value-added products and which will strengthen and solidify the reputation of the "Made in Turkey" hallmark in international markets. In line with this goal of increasing medium- and long-term credit use, we plan to actively take advantage of World Bank and EBRD supplied resources in 2010 as well.

Severe competition in the international arena is making export credit insurance and guarantee programs increasingly more important. We will be giving greater attention to mechanisms which will make it possible for Turkish exporters, who have been given the ability to do business in settings whose commercial and political risks are covered by insurance programs, to obtain the financing that they need from commercial banks. Thus, we will be continuing our efforts to expand the scope of our collaboration with national and international commercial banks and factoring companies with the aim of channeling banking sector's resources into export sectors by using export credit insurance policies as collateral. We already have such agreements with six commercial banks and we are currently involved in discussions to increase that number. In addition, in 2010 we will also continue to provide letters of guarantee addressed to banks under credit insurance programs whose aim are to meet the financing

needs of exporters involved in medium- and long-term business projects and also to channel commercial banking resources into export financing. We will be giving greater impetus to efforts to collaborate in different ways and to enter into insurance agreements with banks and financial institutions in countries whose significant potential makes their markets targets for Turkish exporters in order to support their exports to such countries.

Meanwhile, we intend to both diversify and to increase the credit opportunities that we provide to the small and medium-sized businesses that make up such an important part of our national economy. In keeping with this goal, we plan to make SMEs better aware of the value of export credit insurance as a very good way of managing risks given the still highly perilous state of international markets. In line with this, we will continue to support SMEs with specially designed programs and activities for the purposes of providing them with the technical information, training, orientation etc. that they need. While doing so, we will also be encouraging and supporting SMEs who have not yet had any experience with exporting but who nevertheless have export potential.

To support the realization of all of the objectives that I have mentioned above, Türk Eximbank will continue tapping national and international financial markets for whatever additional funds it may require beyond what it already has so that it may go on supplying even more resources to Turkey's exports and FX-earning services sector.

At the same time that we are undertaking all of these activities in 2010, we will be formulating a brand-new vision for Türk Eximbank taking into account the proliferating and diversifying needs of the exports and FX-earning services sector in the context of the changes taking place in economic conditions both in Turkey and abroad. On the basis of that new vision, we will begin restructuring our Bank.



**Necati YENİARAS**  
Acting Chief Executive Officer



Türk Eximbank was established in 1987 and implement its programs in the begining of 1988, as the sole official export credit agency in Turkey.

In the early 1980s, the composition of Turkish exports shifted from predominantly agricultural goods to industrial goods. This created increased financing needs for exporters, which in turn resulted in increased pressure on commercial banks in Turkey. Therefore, the decision was taken to establish an official export credit agency, in accordance with general practices in most of the developed world. As a result, Türk Eximbank was established in 1987 as the sole official export credit agency in Turkey.

Türk Eximbank was chartered by the Cabinet on August 21, 1987 by Decree No. 87/11914, following the order of Law No. 3332 (March 31, 1987) by maintaining the juridical and legal personality of the State Investment Bank. In effect, according to the charter, Türk Eximbank took over the set up, legal entity, capital and assets of the State Investment Bank, but at the same time was transformed into a joint stock company subject to the provisions of Private Law. The Articles of Association were proclaimed in the Trade Register Newspaper on August 11, 1987.

The Bank's main objectives are;

- increasing the volume of Turkish exports,
- diversification of export goods and services,
- developing new export markets,
- increasing the share of Turkish exporters in international trade, and
- providing support and risk free environment for Turkish exporters, investors and overseas contractors.

As a means of aiding export development, Türk Eximbank offers specialized financial services to exporters, export-oriented manufacturers and overseas investors and contractors through a variety of short, medium and long-term cash and non-cash credit, insurance and guarantee programs.

Türk Eximbank has a crucial and expanding role in the implementation of the export-led growth strategies pursued by all Turkish governments since 1980, and its operations reflect Turkish government policies. Türk Eximbank's strategy is set in its annual programs and is formulated according to the economic policies put forth by the authorities.

According to article 4/C of chartering Law No. 3332 that was appended by Act No. 3659 and article 10 of Law No. 4749, the Undersecretariat of Treasury covers losses incurred by Türk Eximbank in its credit, insurance and guarantee transactions arising from political risks.

Türk Eximbank has played a critical role in securing the stable export growth experienced in the late 1980s following Turkey's agreement to eliminate export subsidies in accordance with GATT/WTO provisions and the subsequent elimination of all direct incentives to exports. After the establishment of the Customs Union between Turkey and the EU in 1996, Turkey made the arrangements to harmonize its legislation with that of the EU in related fields, such as officially supported export credits with repayment terms of two years and more (93/112/EEC). Türk Eximbank's buyers' credit, guarantee and insurance programs are subject to this legislation.

Türk Eximbank regularly presents its annual programs to the Supreme Advisory and Credit Guidance Committee chaired by the State Minister in charge of the Bank's activities. The Committee approves Türk Eximbank's annual programs, including country limit ceilings for the credit, insurance and guarantee programs as well as the Bank's general strategy, targeted annual volumes and key objectives of short and medium-term credit programs for the year. The Committee meets at least once a year and the

Board of Directors and General Management of Türk Eximbank is obliged to observe the limits it has set. The Committee includes as members:

- Undersecretary of the State Planning Organization,
- Undersecretary of the Treasury,
- Undersecretary for Foreign Trade,
- Undersecretary of the Ministry of Finance,
- Undersecretary of the Ministry of Industry and Commerce,
- Governor of the Central Bank of the Republic of Turkey,
- The Chairman and Deputy Chairman of the Board of Directors and Chief Executive Officer of Türk Eximbank.

#### CHANGES IN THE ARTICLES OF ASSOCIATION

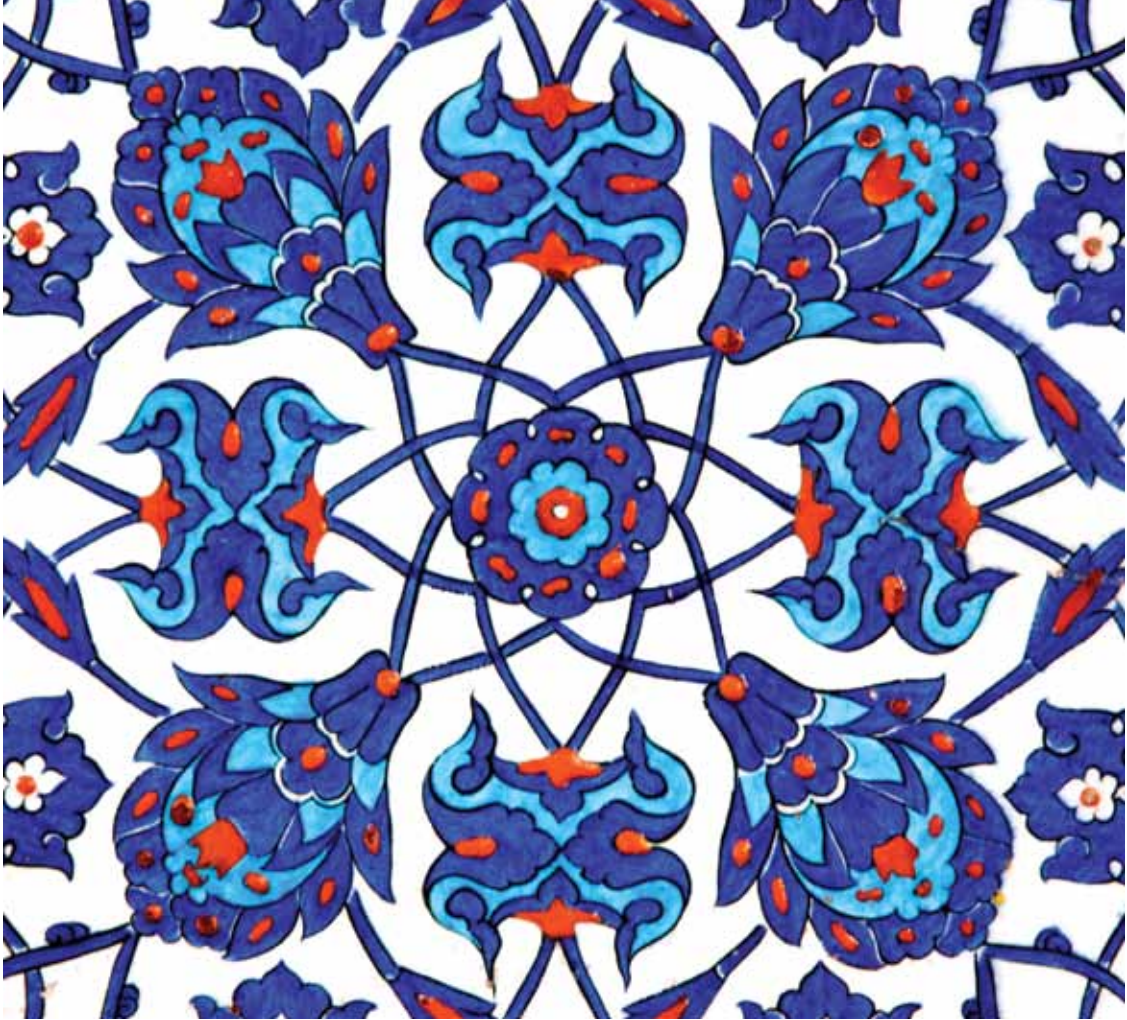
Türk Eximbank's Articles of Association has not been altered in 2009.

#### STRUCTURE OF THE BANK'S CAPITAL

Türk Eximbank's shares are composed of two groups as (A) and (B). Group (A) shares are held by the Undersecretariat of Treasury and represent not less than 51% of the capital. Group (B) shares represent 49% of the capital and may be transferred by the Undersecretariat of Treasury to public and private banks, similar financial institutions and insurance companies and other real and legal entities.

Currently the Undersecretariat of Treasury holds 100% of the Bank's shares. The Chairman and members of the Board of Directors, the Chief Executive Officer and Assistant General Managers do not hold shares of the Bank.





Türk Eximbank meets the changing demands of the Turkish export sector, including both manufacturers and foreign currency earning services providers, such as overseas contractors, tourism agencies, international transportation companies, consultancy companies etc.

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Since its inception, taking into account the changing needs and demands of the Turkish export sector, Türk Eximbank regularly implements new credit, insurance and guarantee programs, while making adjustments to its existing programs.

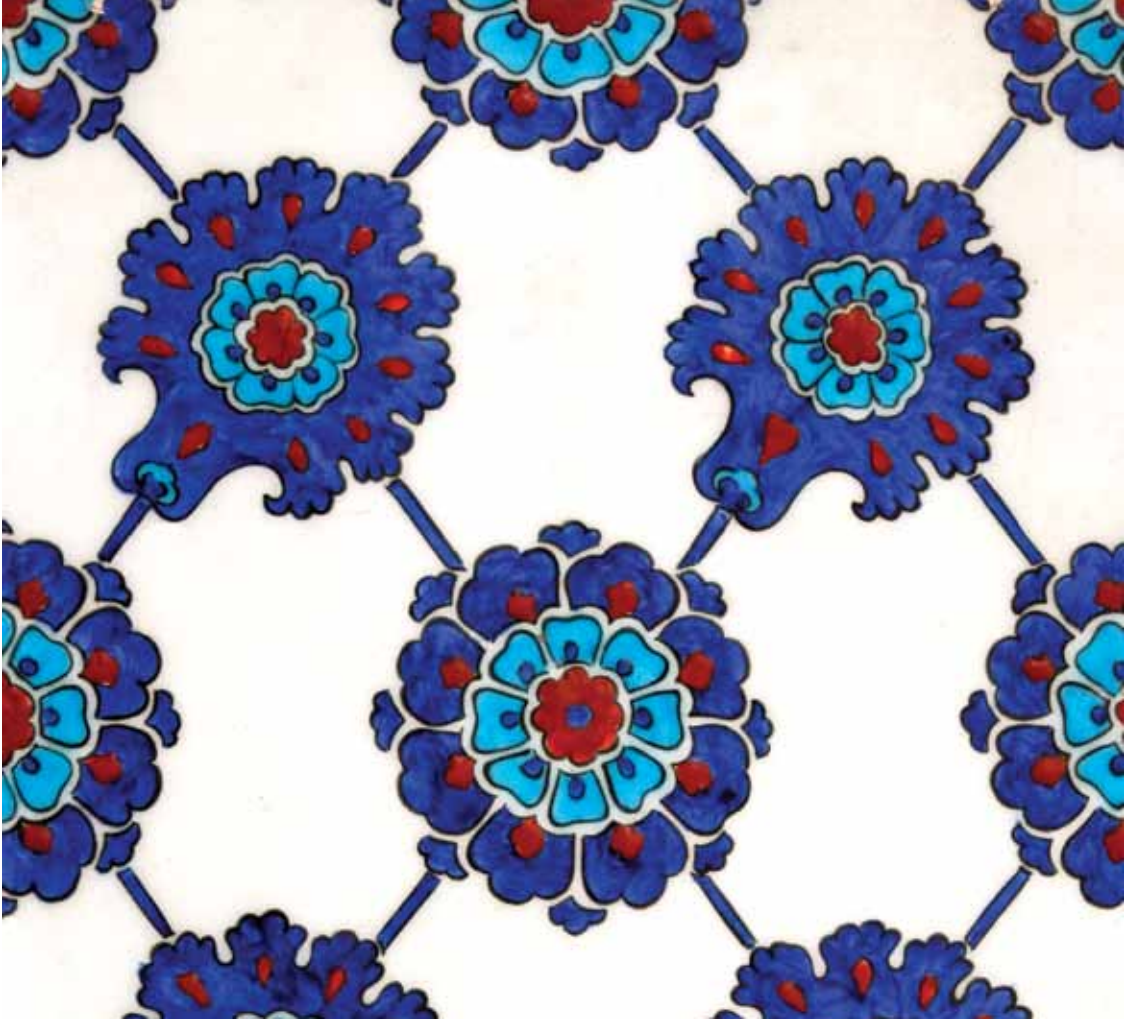
Being in close relationship with the export sector, Türk Eximbank points out that in addition to financial problems, the structural problems of the real sector must also be addressed and policies must be generated accordingly. In this regard, the Bank actively participates in the annual "sector meetings", initiated by the Undersecretariat for Foreign Trade in 1998 that aim to constitute the technical infrastructure of sectoral policies. Besides, under the framework of the "Export Strategic Plan" released by the Undersecretariat for Foreign Trade, Türk Eximbank plays an active role in classifying the structural problems of Turkish exports and identifying the long-term solutions to these problems, together with the regarding parties involved in exports.

All companies residing in Turkey and conducting merchandise and services exports can benefit from the Bank's programs. Türk Eximbank refrains from discrimination between sectors and therefore, the sectoral distribution of the Bank's credits is in parallel with the sectoral distribution of Turkey's exports.

On the other hand, Türk Eximbank presents its credit and insurance programs and gets feedback on its activities by visiting exporters. Also, directors and specialists of the Bank participate in the meetings and seminars arranged by different institutions, such as, Export Promotion Center, Small and Medium Industry Development Organization, the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Istanbul Chamber of Commerce Foreign Trade Institute etc., and inform exporters on the Bank's activities. Furthermore, the Bank holds various meetings, especially in cities where SMEs are large in number, to present its programs.

Türk Eximbank gives special importance to SMEs, as they play a significant role in the economy thus; SMEs are given priority in all credit applications. Also, intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. As a result of this policy, SMEs have attained a 30-35% share in Türk Eximbank's export credits, whereas they have about 21% share in all banking sector credits.

Türk Eximbank also believes that priority development areas should be given special importance in order to eliminate the social and economic gaps amongst regions. In this framework, companies located in the provinces regarded as Turkey's priority development areas are given priority in all credit applications. Besides, intermediary banks are required to extend at least 5%, at most 25% of their credit limits allocated by Türk Eximbank to companies located in these areas. The Bank also implements the Priority Development Areas Export Credit Program under the Pre-Shipment Export Credits; in which discounted interest rates are applied to such companies.



As of end-2009, the Türk Eximbank's return on assets ratio is 5.3% and return on equity ratio is 9.2%. The capital adequacy ratio of the Bank is 126%.

As the sole officially supported export credit agency in Turkey, Türk Eximbank aims to increase the competitiveness of Turkish exporters and overseas contractors and to create opportunities for them in new markets. For this purpose, since its establishment, the Bank has supported Turkish exports through various export credit, guarantee and insurance programs.

Türk Eximbank, in addition to Law No. 3332, is also subject to the Banking Law No. 5411. According to the Banking Law, Türk Eximbank is classified under the "development and investment banking group" and represents this group in the Board of Directors of the Banks Association of Turkey. The Bank also conforms to internationally accepted rules and regulations set by organizations such as the WTO, OECD and EU. Furthermore, after the establishment of a customs union between Turkey and the EU in 1996, Türk Eximbank made the necessary arrangements to harmonize its legislation with that of the EU in related fields, including officially supported export credits. Türk Eximbank is a full member of the Berne Union and represents Turkey at the Group on Export Credits and Credit Guarantees (a subsidiary body of the OECD Trade Committee) and is an observer in the Participants Group. In this respect, the Bank differs from commercial and other development and investment banks in the sector.

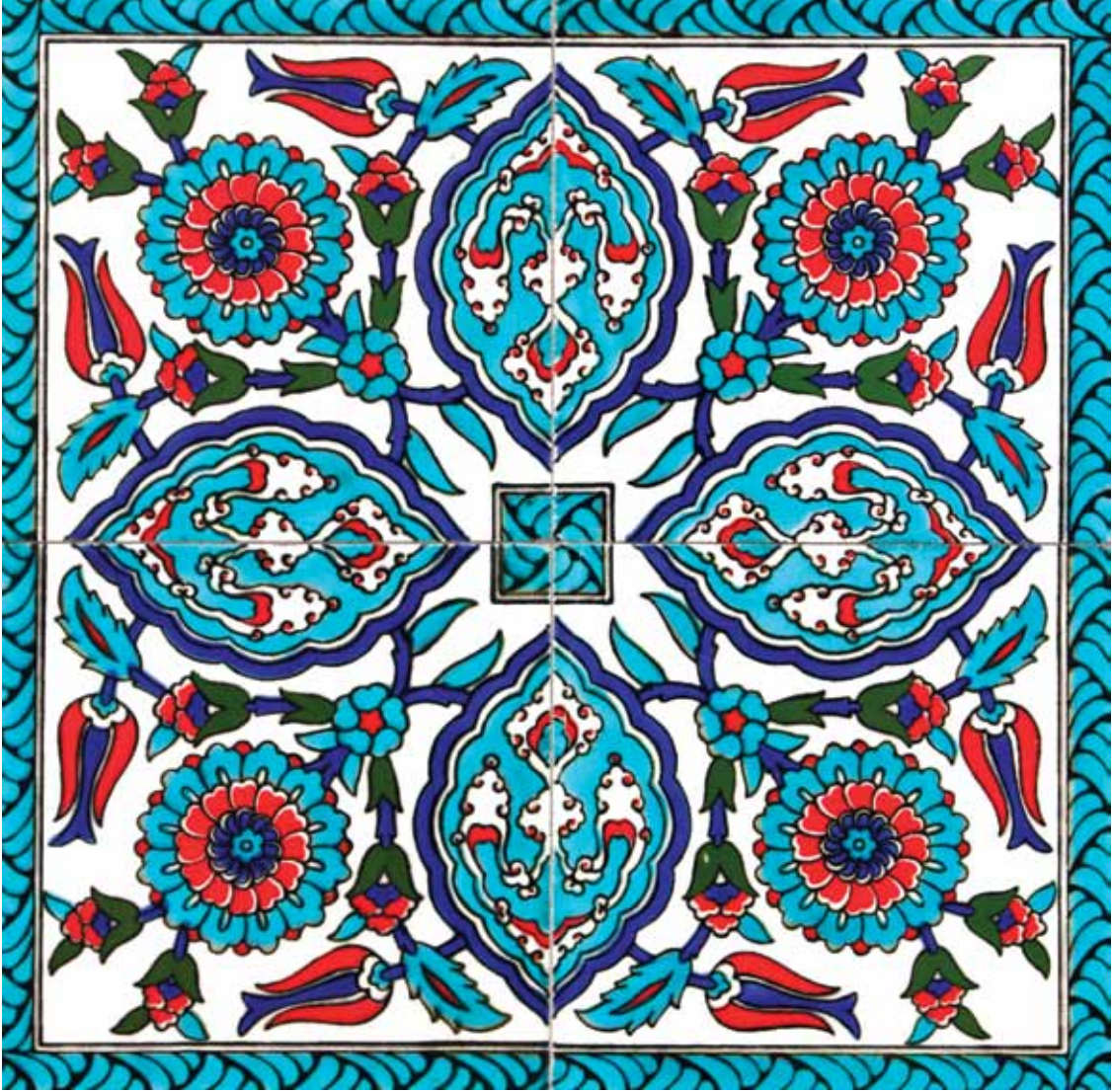
The global credit crisis has also affected the Turkish banking sector together with the economy. However, Turkish banks and firms differ from their counterparts in other countries in that they have gained experiences as a result of various crises previously occurred. The implementation of financial discipline, tight monetary policies and the structural reforms applied in various areas, especially in the banking sector, after the 2001 crisis have increased the resistance of the Turkish economy against external shocks. Besides, Turkish banks are facing the crisis in a better position owing to the strength of the sector's capital structure, minimum liquidity risk, lack of complex derivatives, an established risk management system and the transparency of banks' balance sheets. Banking sector doesn't need to capital support from the government in Turkey on the contrary of many other countries.

The Turkish financial sector maintained its growth trend in 2009, even though its growth rate decreased comparing previous year. In 2009, the total asset size of the banking sector grew by 14% compared to the end of previous year and reached TL 834 billion. Taking into account the moderate recovery in economic activity and the favorable developments in the credit markets in the last quarter of 2009, total loans of banking sector increased by 7% and reached TL 393 billion at the end of the year. The share of credits allocated to SMEs in total credits decreased to 21% as of end-2009 from 23% as of end-2008.

The loans-to-assets ratio of the banking sector was 47% as of end-2009. The total loans in this ratio include loans extended in the form of credit cards and consumer loans. When these loans are excluded, the loans-to-assets ratio declines to 31%. On the other hand, Türk Eximbank holds an important place in the banking sector with a loans-to-assets ratio of 60%, due to the fact that the Bank allocates almost all of its funds to export finance. Furthermore, Turkish banks are still reluctant to extend loans to the export sector. As a result, loans extended in the form of credit cards, consumer loans and commercial installment loans constitute 34% of total loans, whereas export loans constitute only 7%. On the other hand, Türk Eximbank provides 15% of the banking sector's export loans on its own. The share of non-performing loans in total loans is 2.6% in Türk Eximbank, well below the 5.7% of the banking sector's average.

Although Türk Eximbank is not a profit-oriented institution, it has always operated profitably, as this is important to sustain its sound financial structure. Therefore, Türk Eximbank generated a net profit of TL 342 million in 2009. As of end-2009, the Bank's return on assets ratio is 5.3% and return on equity ratio is 9.2%. The capital adequacy ratio of the Bank is 126%.





Türk Eximbank supports exporters, export-oriented manufacturers, overseas contractors and investors with short, medium and long-term credit, insurance and guarantee programs.



## CREDITS

### GENERAL OVERVIEW

Türk Eximbank supports exporters, export-oriented manufacturers, overseas investors and companies engaged in foreign currency earning services with short, medium and long-term cash and non-cash credit programs. Moreover, export receivables are discounted in order to increase the export volume and to ease access into new and target markets through the promotion of sales on deferred payment conditions.

The total amount of short-term Turkish Lira (TL) and foreign currency credits provided by Türk Eximbank has reached TL 7,251 million (USD 4.7 billion) in 2009, showing a 9% increase on USD basis over the previous year.

42% of total short-term credits was provided in TL and 58% in foreign currency.

52% of total short-term export credits was disbursed via intermediary commercial banks.

2,878 companies benefited from Türk Eximbank's short-term credits in 2009.

Companies in priority development regions and small and medium scale enterprises (SMEs) have been given priority in all credit applications. As a result of this policy, SMEs have attained a 34% share in short-term export credits and the amount of credits provided to SMEs reached TL 2,427.3 million (USD 1.6 billion). Additionally, 65% of the total companies that benefited from Türk Eximbank's short-term credit programs were SMEs. The support directed to encourage the model of Sectoral Foreign Trade Companies, formed by SMEs has continued within the framework of various credit programs.

Textiles/ready-to-wear/leather industries had the largest share in the sectoral distribution of short-term credits with 26% in 2009.

European Union countries were foremost in the regional distribution of the credits with a share of 57% in 2009.

Türk Eximbank has continued to provide interest rate reduction for short-term export credits extended to short-term export credit insurance policyholders. This reduction is 1 point for short-term export credits extended in TL and 0.25 points for the short-term export credits extended in foreign currency.

### RECENT ADJUSTMENTS AND REVISIONS

In 2009, several arrangements and revisions have been made in the export credit implementations in order to meet the demands of exporters on the basis of economic and political developments in the world and Turkey.

In this framework;

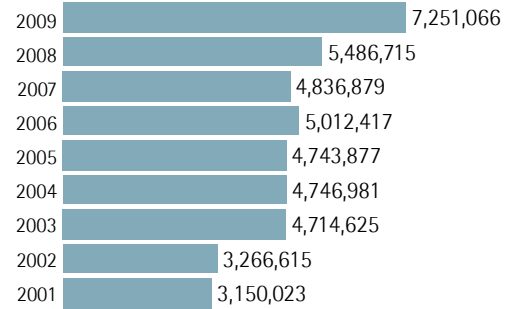
With an aim to meet Small and Medium Sized Enterprises' (SMEs) credit demands in pipeline, the guarantee limit allocated to KGF (Credit Guarantee Fund) has been increased two times within the year upon the request of KGF regarding limit expansion. Besides, guarantee limit for a company at any given time has been raised from TL 250,000 to TL 500,000.

The operational manual related to European Investment Bank (EIB) Credit Program was put into force on July 1, 2009.

Two new credit programs, called "Credit Program for Participating to Overseas Trade Fairs" and "Bridge Credit Program for Overseas Contractor Services" were put into practice.

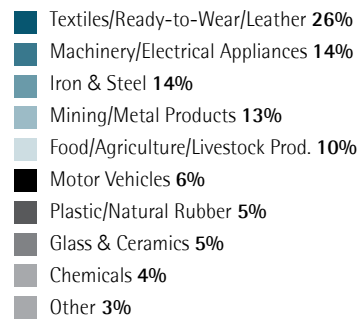
### Short-Term Credits

(TL thousand)



### Sectoral Distribution of Short-Term Credits

(%)



## Türk Eximbank helps establish and promote Turkish brands in overseas markets.

On the purpose of allocating more resources to export sector through Türk Eximbank, the current export rediscount credit limit, supplied to our bank by the Central Bank of Turkish Republic, was firstly raised to USD 900 million and then to USD 2 billion, and the firm limit was determined as USD 40 million for Foreign Trade Corporate Companies and USD 20 million for others.

To provide a longer term repayment period to the firms with the aim of supporting their foreign trade activities, especially in the global financial crisis, a new maturity option for discounting the export receivables with a maturity of up to 180 days from Türk Eximbank's own resources has been put into effect in addition to 120 days maturity in Pre-Shipment Rediscount Credit and Short Term Export Credit Discount program.

In order to provide liquidity for companies by offering them repayment facilities, the terms of short term TL and foreign exchange credits, whose installment/maturity dates were between January 19, 2009 and March 31, 2009, were extended by three months for those companies requesting such maturity extension in directly used credit programs such as Pre-Export Credits, SME Pre-Export Credits, International Transportation Marketing Credits and Tourism Marketing Credit Programs.

The terms of Foreign Trade Companies Short-Term Export Credits with maturities between February 12, 2009 and March 31, 2009 were quarterly extended concerning the liquidity problems arising from uncertainty conditions in global financial crisis.

The operational manual of Turkish Republic of Northern Cyprus (TRNC) Pre-Shipment Export Credit Program -TL was put into force in 2009. Within this program, a credit line of maximum TL 15 million (appx.USD 10 million) was provided for the on-lending purpose by national banks and/or TRNC branches of other banks.

The scope of the Pre-Shipment Export Credit, Pre-Export Credit, Shipbuilding and Export Finance and Export Finance Intermediary Loan (EFIL IV) programs has been extended to provide credits for the exports of firms operating in free trade zones to third countries. Credits are allocated to individuals and legal entities that have business operating licences and established business in free trade zones set up in Turkey.

In order to meet increasing demand for International Transportation Marketing Credit program, the company limit was increased from 20% of its freight performance to 30% on the condition that it didn't exceed the maximum credit exposure per company which was also increased from USD 2 million to USD 3 million.

In order to encourage the TL loan usage, the TL credit limit has been increased from TL 6 million to TL 10 million in Pre-Export Credit Program, in which total company limit is USD 10 million.

The main level of collateral was determined as 100% of the total amount of principal, interest and export commitment risks of the loan for directly used short-term export credits. The letter of bank guarantees, KGF (Credit Guarantee Fund) guarantee and / or government securities are accepted as collateral.

The maximum maturity in short term credit programs has been shortened from 18 months to 12 months to increase the credit flows funded by limited sources.

With the arrangement made in 2009 in the Short Term Foreign Currency Credits, interest rates applied to companies have started to be determined according to their outstanding risks.

Regional Distribution of Short-Term Credits (%)



- European Union 57%
- Middle East/North Africa 17%
- North America/Japan 10%
- Other European Countries 8%
- Other 8%

IDB mandated all existing funds and facilities related with the trade finance to an autonomous international trade finance entity within the IDB Group, namely "The International Islamic Trade Finance Corporation (ITFC)" which was established for consolidating all IDB's trade finance transactions under a single umbrella. Within this framework, during the year of 2009 Türk Eximbank also continued to cooperate with ITFC and signed a new agreement at an amount of USD 50 million with one year maturity in November 2009 in order to provide a new finance facility.

### SHORT-TERM EXPORT CREDITS

Türk Eximbank extends short-term export credits to exporters and export-oriented manufacturers to meet their financing needs especially at the pre-shipment stage. These credits are extended in Turkish Lira or in foreign currency either directly by Türk Eximbank or via intermediation of selected Turkish commercial banks.

#### 1. Credits Extended via Commercial Banks

*Pre-Shipment Export Credits* are short-term credit facilities covering all sectors and providing financial support to exporters starting from the early stages of production. Under this program, credits are extended either in TL or in foreign currency for a maximum maturity of 360 days.

Through *Pre-Shipment Turkish Lira Export Credits (PSEC-TL)*, TL 2,285.5 million (USD 1,465.2 million) worth of credits was disbursed in 2009.

Intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. Within this framework, TL 1,193.3 million (USD 765.5 million) was disbursed to SMEs through the *Pre-Shipment Turkish Lira Export Credits (PSEC-TL)* in 2009.

Under the *PSEC-Priority Development Areas Export Credit* program, which is a sub-program of the PSEC-TL program and is extended with discounted interest rates to companies located in the 50 provinces regarded as priority development areas, TL 337.1 million (USD 216.9 million) was disbursed in 2009.

Under the *Pre-Shipment Foreign Currency Export Credit* program, USD 962.4 million (TL 1,488.5 million) was disbursed in 2009. This indicates a 14% increase on USD basis over the previous years.

Within the framework of the obligation of intermediary banks to extend at least 30% of their limits allocated by Türk Eximbank to SMEs, USD 565 million (TL 874.3 million) was disbursed to SMEs through *Pre-Shipment Foreign Currency Export Credits (PSEC-FX)* in 2009.

Under the *Free Trade Zone Pre-Shipment Foreign Currency Export Credit* program, USD 400 thousand was disbursed in 2009.

#### 2. Credits Extended Directly by Türk Eximbank

Within the *Foreign Trade Companies Short-Term Export Credits* program, credits are extended to foreign trade corporate companies and sectoral foreign trade companies that are granted these titles by the Undersecretariat for Foreign Trade. Under this program, a total of TL 487.6 million (USD 316.1 million) was disbursed in 2009, of which, TL 433.3 million (USD 281.3 million) was disbursed in "TL" and USD 34.8 million (TL 54.3 million) in "foreign currency".

Under the *Pre-Export Foreign Currency Credit* program, USD 204.3 million (TL 314.1 million), and under the *Pre-Export Turkish Lira Credit* program, TL 285.5 million (USD 183.6 million) were disbursed in 2009.

Under the *Pre-Export Credit Program for SMEs*, a total of TL 2 million (USD 1.3 million) was disbursed, of which, TL 1.7 million (USD 1.1 million) was disbursed under the *Pre-Export Turkish Lira Credit for SMEs* and USD 226 thousand (TL 335 thousand) was disbursed under the *Pre-Export Foreign Currency Credit for SMEs*.

#### 3. Credits Funded by the Central Bank of Turkey

The *Short-Term Export Credit Discount Program*, is a post-shipment finance facility, aiming at increasing the competitiveness of Turkish exporters in international markets by enabling them to sell Turkish goods on deferred payment terms and eliminating overseas risks thereby encouraging them to enter into new and target markets.

The *Short-Term Pre-Shipment Rediscount Program*, which requires an export commitment, aims at providing support to exporters with maturity up to 180 days, in the pre-shipment stage.

Under these programs, a total of USD 1.4 billion was disbursed in 2009.

#### MEDIUM AND LONG-TERM EXPORT CREDITS

Medium-term export credits are specific credit programs, available for export transactions that cannot be covered under the standard credit and guarantee programs.

The *Overseas Chain Stores Investment Credit* program supports overseas investments of Turkish entrepreneurs for the establishment of shopping malls and chain stores in order to help establish and promote Turkish brands in overseas markets.

The *Ship-Building Finance and Guarantee Program* supports Turkish dockyards to increase their share in international markets. Under this program, guarantees are provided for the Turkish companies involved in ship-building and/or the export of ships in order to obtain pre-financing either in advance payment or in installments from the buyer. Cash loans are also provided under this program. In 2009, USD 7.7 million was provided in cash through this program.

The *Specific Export Credit* program is a short and medium-term pre-shipment financing facility provided to the foreign currency generating projects of manufacturer/exporters and overseas contractors that cannot be subject to the standard credit programs of Türk Eximbank. Under this program, a total of USD 8.5 million was disbursed in 2009, of which, USD 5.8 million was disbursed under the short term program and USD 2.7 million under the medium term.

The *Letter of Guarantee Program for Overseas Contractors' Services* aims to enable Turkish contractors to sustain their current share in international markets and thus encourage them to enter into new markets. Within this program, Turkish overseas contractors, who participate in tenders abroad, are provided letters of guarantee by Türk Eximbank under the counter-guarantee of Turkish commercial banks.

*Bridge Credit Program for Overseas Contractor Services* has been put into effect in 2009 in order to minimize the effects of the financial crises in the international markets on Turkish construction sector and to ensure the stability of the investments and their competitive capacity in this market by keeping existent construction site and mobilization-engine park in function. Within the scope of the program, at an amount of 138.5 million TL (USD 89 million) in total; 58 million TL (USD 36.8 million) as short term and 80.5 million TL (USD 52.2 million) as long term credit has been provided.

#### CREDITS FOR FOREIGN CURRENCY EARNING SERVICES

The *Tourism Marketing Credit* program provides finance to travel agencies and private airlines for their promotion and marketing activities abroad and thus contributes to Turkey's balance of payments via increasing tourism revenues. A total of TL 16.3 million (USD 10.3 million) was disbursed within the year.

The *International Transportation Marketing Credit* program, which is extended directly by Türk Eximbank, provides finance to international transportation companies in order to reduce the transportation cost of exporter companies. Within this program, TL 36.3 million (USD 23.3 million) was disbursed in 2009.

The *Credit Program for Foreign Currency Earning Services* contributes to Turkey's foreign exchange earnings through financing of Turkish companies' foreign currency earning services abroad and export of services like software projects, consultancy services, etc. Under this program, TL 1.3 million (USD 848 thousand) was disbursed in 2009.

In order to support companies to increase their market shares by attending foreign fairs, enter new/target markets, obtain information about new technologies and products, and contribute to the development of export, *Credit Program for Participating to Overseas Trade Fairs* was introduced. In 2009, 1.9 million TL (USD 1.2 million) credits were extended in this program.

#### WORLD BANK CREDIT

Export Finance Intermediation Loan (EFIL IV) which is assigned to ship/yacht building and machine manufacturing building sectors, has been put in effect by the agreement between Türk Eximbank and International Bank for Reconstruction and Development (World Bank) in 2008. During this year the credit demands directed to ship building industry, which is the mostly affected sector from the global crises, has been met. Whole limit which was assigned to ship/yacht building industry allocated to firms in ship building industry and USD 65.9 million was disbursed.

#### THE EUROPEAN INVESTMENT BANK CREDIT PROGRAM

A Credit Agreement was signed with the European Investment Bank on September 24, 2008 with the aim of supporting the export oriented projects for expansion and modernization of existing equipment and new fixed capital investments in Turkey realized by small and medium scale companies operating in manufacturing, tourism and logistics sectors. The Operation Manual of this credit program came into force in 2009. An amount of USD 2.3 million was credited through an intermediary bank.

Türk Eximbank Buyers' Credit/Guarantee Programs (USD million)		
COUNTRIES	CREDIT LIMIT	TOTAL DISBURSEMENTS (as of 31.12.2009)
ALBANIA	15	13.9
Export Credit	15	13.9
ALGERIA	100	99.5
Export Credit	100	99.5
AZERBAIJAN	250	91.7
Export Credit	100	59.6
Project Credit	150	32.1
BELARUS	20	18.5
Project Credit	20	18.5
BULGARIA	50	20.9
Export Credit	50	20.9
CUBA	32	12.4
Export Credit	32	12.4
GEORGIA	50	41.5
Export Credit	50	41.5
HUNGARY	10	0.1
Export Credit	10	0.1
KAZAKHSTAN	240	213.1
Export Credit	55.7	40
Project Credit	184.3	173.1
KYRGYZ REPUBLIC	75	48.1
Export Credit	37.5	35.7
Project Credit	37.5	12.4
LIBYA	100	128.7
Project Credit	100	128.7
MOLDOVA	35	15
Project Credit	35	15
NAKHICHEVAN	20	19.6
Export Credit	20	19.6
PAKISTAN	100	58.3
Project Credit	100	58.3
ROMANIA	50	45.7
Export Credit	50	45.7
RUSSIAN FEDERATION	1,150	835
Export Credit	800	599.4
Project Credit	350	235.6
SUDAN	49.2	40.4
Project Credit	49.2	40.4
SYRIA	15	7
Export Credit	15	7
TAJIKISTAN	50	28
Export Credit (*)	50	28
TUNISIA	40	1.9
Export Credit	40	1.9
TURKISH REP. OF NORTHERN CYPRUS	3.7	3.7
Project Credit	3.7	3.7
TURKMENISTAN	163.3	133
Export Credit	75	75
Project Credit	88.3	58
UZBEKISTAN	397.2	369.1
Export Credit	125	124.6
Project Credit (*)	272.2	244.5
<b>TOTAL</b>	<b>3,015.4</b>	<b>2,245.1</b>

(\*): IDB transactions are included.

## COUNTRY CREDIT AND GUARANTEE PROGRAMS

In line with Turkey's foreign economic policy and goals, Türk Eximbank, under its Country Credit and Guarantee Programs, provides financial support for goods and services exported by Turkish firms. The main objectives of these programs are to establish long term bilateral relations, to strengthen the competitiveness of Turkish exporters and contractors in international markets and to provide a risk-free environment for their activities in the markets pertaining high political and commercial risks.

While it is higher priority to request a "sovereign guarantee" from the host government, Türk Eximbank, taking into account the country risk, the nature of the project and the requested financial terms, may consider other guarantee mechanisms including a bank guarantee.

**Türk Eximbank's Country Credit and Guarantee Programs aim at creating opportunities for and boosting the competitive strength of Turkish exporters and overseas contractors in emerging markets by enabling foreign buyers to purchase Turkish goods and services on deferred payment conditions.**



Under these programs, loans totaling USD 2.2 billion have been disbursed since 1989 to Turkish contracting firms/exporters operating in 23 countries located in Central and Southern Asia, Central and Eastern Europe, Africa, the Caucasus and Balkans. The amount disbursed was utilized for the exports of goods such as food, medicine, medical equipment, textile products, automotive products, machinery and equipment, and other industrial goods and for projects such as trade centers, medical centers, industrial plants, telecommunication, bridge/transportation, energy, petrochemicals, construction and renovation of hotels and business centers.

Within the framework of the Country Credit and Guarantee Programs, USD 26.6 million was disbursed and USD 49.8 million was collected in 2009. Thus, under these programs, the total amount collected to date has exceeded USD 2.6 billion.

In 2009, Türk Eximbank issued 3 "letters of intent" for projects to be undertaken by Turkish firms in Belarus, Bahrain and Pakistan.

As the Undersecretariat of Treasury fully indemnified Türk Eximbank for its political risk losses, the collections from countries have been transferred to the Undersecretariat of Treasury. In this context, USD 393 million was transferred as the end of 2009.

During the year, Türk Eximbank continued to be in close co-operation with other export credit agencies and international financial institutions in order to extend its financial support to Turkish overseas companies.

## RISK ANALYSIS AND ASSESSMENT

Information garnering and financial analysis of companies and banks are carried out by the Risk Analysis and Assessment Division which was founded by the decision of Board of Directors, dated 12.06.2007 and no. 07/12-40.

### ACTIVITIES OF INFORMATION DEPARTMENT AND COMPANY ANALYSIS DEPARTMENT

In accordance with the requests of the Bank's departments, activities regarding to company information are carried out by Information Department and activities regarding to analysis reports are carried out by the Risk Analysis Department. Information and analysis reports of the companies that have a risk in Türk Eximbank and that apply for a credit line for the first time are prepared in order to determine the credibility of these companies. The information and analysis reports are prepared annually and semi annually in view of existing risks and by following up the domestic and overseas sectoral developments. To determine "company risk" -an important element of risk management- information and analysis reports of 833 companies were prepared in 2009 and submitted to related credit departments.

Company Analysis Department also provides information reports requested by the Insurance Department for buyers' risk assessment and limit assignment. In 2009, 25,297 credit information reports on foreign buyers were procured via online connections and e-mail. Continuous developments in information technologies are enriching the content of information reports as well as shortening delivery time and lowering costs. Due to the continuing insufficient fiscal transparency, the cost of the reports provided from developing countries was not subject to decrease; however content and reliability of the reports were remarkably improved. The average prices of information reports that decreased to USD 51 in 2008 stayed at the same level in 2009. The total spending on information report was USD 1,288,615 in 2009.

## BANK ANALYSIS DEPARTMENT

Türk Eximbank determines and monitors short-term cash and short/long-term non-cash credit limits concerning the credits extended via Turkish banking system and the Letters of Guarantee given by banks in order to constitute the warranty of credit programs that allocated directly to the beneficiary firms, and treasury operation limits for each bank.

In this context, the limits of each bank are determined upon financial analysis based on Independent Audit Reports of banks published quarterly, and risk assessment studies. Besides, domestic and foreign markets are monitored, economic and financial developments are evaluated for each bank and the sector as a whole by making periodic contacts with banks taking into consideration the regulations of the banking sector.

Also, credit/treasury limits and outstanding risks of banks are monitored and reported on daily, weekly and monthly basis and submitted to the top management. Furthermore, reconciliation of limits and risks are carried out with banks. Bank Analysis Department also provides the assessment reports of foreign banks that are required for the activities of the Country Credits Department.

## PREPARATIONS FOR BASEL II

Basel II Rules were planned to be put into implementation at the beginning of 2009, but Turkish Banking Regulation and Supervision Board (BRSB) extended the deadline due to the ongoing global financial crisis. As other Turkish banks, Türk Eximbank is also making preparations to comply with the Basel II Rules. The cost of risk management system required by the Basel II Rules will be financed from the Institutional Development Credit obtained in the framework of the Fourth Export Finance Intermediation Loan (EFIL) Project of World Bank. Risk Analysis and Assessment Division actively took part in meeting with companies engaged in founding risk management systems. The tender process to select a software company for installation of the risk management system will be concluded and the system will start to operate in 2010. The rating model, a fundamental part of the Risk Management System, will be established and operated by the Risk Analysis and Assessment Division.

## EXPORT CREDIT INSURANCE

Export receivables are insured against commercial and political risks within certain limits by means of export credit insurance programs, which is one of Türk Eximbank's main areas of activity. The additional advantage of the programs stands as enabling exporters to obtain funding from financial institutions at favorable terms using the insurance policies issued by Türk Eximbank as collateral.

### SHORT-TERM EXPORT CREDIT INSURANCE

Within the scope of the *Short-Term Export Credit Insurance Program*, all shipments to be made by an exporter in the duration of a one-year policy period and with payments deferred up to 360 days are insured against commercial and political risks. The Short-Term Export Credit Insurance has become a widespread facility among Turkish exporters since its introduction in 1989. In fact, 1,289 exporters were insured as of end-2009 and more than 7,000 exporters enjoyed this facility at least once since its inception.

Türk Eximbank was on-cover towards 204 countries and a total of USD 4.5 billion worth of shipments were insured in 2009. Premium amounting to USD 14.6 million was collected throughout the year.

In 2009, textiles/ready-to-wear/leather was foremost in the sectoral distribution of exports insured, with a 32% share and the European Union countries were the leading markets with regard to the regional distribution, with a total share of 59%.

During the year of 2009, 11,865 new buyers were registered in the underwriting archives raising the total number of the records to 144,675 by the end of the year.

Under the Program, USD 10.06 million worth of claims were paid out in 2009 arising from the shipments to various countries. This total amount was paid out due to commercial losses.

In 2009, Türk Eximbank recovered USD 1,376 thousand of the former claims paid, whereof USD 326 thousand of this amount was related to political risk losses and the rest to commercial risk losses.

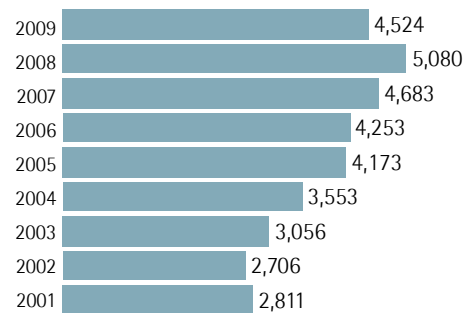
The "premium discount" facility, introduced in 2002 to maintain the demand for this Program and to mitigate the insurance costs of exporters, was applied to firms found eligible by the "exporter appraisal model". This model takes into account past performances of firms that have their shipments covered for at least one year and that have met certain criteria such as reasonable loss ratio, portfolio quality, company size, prudence, etc. Furthermore, an additional premium discount was applied throughout the year, to insurers who have reached a certain portfolio size. As of end-2009, 172 firms were found eligible for a premium discount and the discount rate has been 16% on average.

Under the Short-Term Export Credit Insurance Program, exporters are also insured against commercial and political risks arising at the pre-shipment stage.

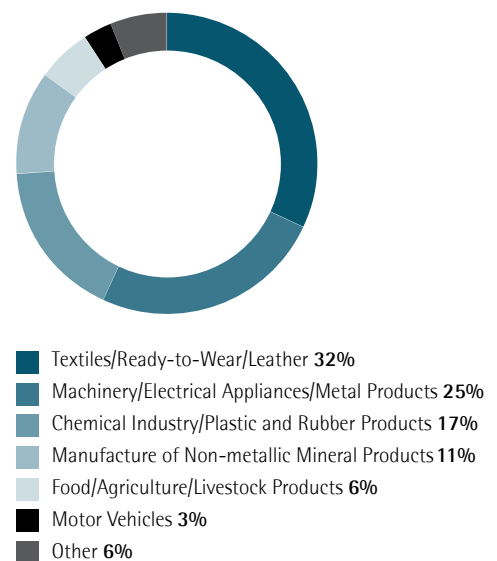
Türk Eximbank has continued to cede 70% of the commercial and political risks borne under the Short-Term Export Credit Insurance Program to domestic and overseas reinsurance firms during 2009.

**Türk Eximbank's Export Credit Insurance Programs aim at providing cover for Turkish exporters and overseas contractors against commercial and political risks, and creating a risk-free environment for them.**

**Exports Insured Under Short-Term Export Credit Insurance Program**  
(USD million)



**Sectoral Distribution of Exports Insured Under Short-Term Export Credit Insurance Program**  
(%)



Türk Eximbank aims to offer guarantee schemes to commercial banks in an effort to create a risk free environment for them to engage directly in export financing. In line with this aim, cooperation agreements were signed with Citibank and Yapı ve Kredi Bankası in 2008. Within the scope of these agreements, USD 12.1 million worth of export transactions were financed in 2009. Negotiations with HSBC A.Ş., T.C. Ziraat Bankası A.Ş., and Türk Ekonomi Bankası A.Ş. were maintained during 2009 and the protocols signed with these commercial banks were finally put into effect in December 2009.

In compliance with the aim of increasing trade and investments among the members of the Organization of Islamic Countries (OIC), a corporation called the "Aman Union" was formed with joint efforts of the ICIEC (Islamic Corporation for Insurance of Investments and Export Credits) and Arab Investment and Export Credit Guarantee Corporation, to enhance the cooperation in reinsurance, export credit insurance and co-insurance activities. The first General Assembly of the Union was held in Beirut on October 27-28, 2009 and the Charter of the Union was approved. In this framework, Türk Eximbank has ratified the Charter of the Aman Union as the founding member and was elected as Executive Committee member together with EGFI (Export Guarantee Fund of Iran), COTUNACE (Compagnie Tunisienne Pour L'Assurance Du Commerce Exterieur), MEXIM (Eximbank Malaysia) and ECIE (Export Credit Insurance Co. of the Emirates).

#### MEDIUM AND LONG-TERM EXPORT CREDIT INSURANCE

Receivables arising from exports of capital and semi-capital goods with a maximum maturity of five-years, under a single sales contract are covered under the *Specific Export Credit Insurance Program* against political and commercial risks both for the pre- and post-shipment stages.

During 2009, the Bank continued to offer Turkish exporters the *Specific Export Credit Insurance Post-Shipment Political Risk Program*, which provides cover against political risks only for the post-shipment stage of medium and long-term exports and the *Specific Export Credit Insurance Post-Shipment Comprehensive Risk Program*, in which cover is provided for commercial risks as well.

By means of these two programs, the Bank aims to support Turkish exporters who are particularly exporting to the Central and Western Asian countries. On the other hand, in order to pave the way for exporters to have their export receivables discounted, a letter of guarantee can be issued in favor of the financing commercial bank upon demand, within the scope of these programs.

Within the framework of the Specific Export Credit Insurance Programs, a letter of guarantee with a face value of Euro 0.6 million was issued in favor of Aktif Yatırım Bankası, which discounted the receivables of a Turkish exporter arising from an export contract with a Romanian buyer.

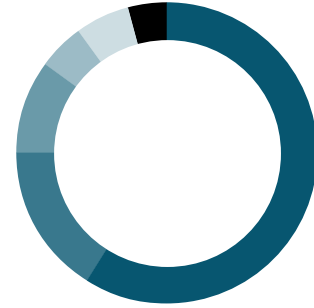
#### OTHER

Studies for improving and diversifying the insurance programs were carried on during the year.

Under the Short-Term Export Credit Insurance Program, close cooperation was maintained with the export credit/credit insurance agencies of various countries during 2009, in order to enlarge the support given to Turkish exporters and entrepreneurs.

Additionally the "Insurance Program for Unfair Calling of Bonds" facility was available during the year. Within the framework of this Program, the risk of unfair calling of bonds (bid bonds, advance payment bonds and performance bonds) issued by Turkish commercial banks on behalf of Turkish contractors in favor of public buyers for the overseas projects undertaken by Turkish contractors is covered.

#### Regional Distribution of Exports Insured Under Short-Term Export Credit Insurance Program (%)



- European Union 59%
- Middle East/North Africa 16%
- Other European Countries 10%
- Far East 6%
- North America/Japan 5%
- Other 4%

## FUNDING AND TREASURY

### CAPITAL

The nominal capital was increased by TL 500 million to TL 2 billion in September 2009. The increase in the nominal capital was realized through the cash capital injection of TL 200 million by the Treasury, the realignment of TL 100 million of extraordinary reserves and TL 174.8 million of capital reserves, retaining TL 25.2 million of dividends in favor of the Treasury. Consequently, the paid-in capital was fully paid as of December 31, 2009.

### FUNDING

During 2009, the short-term Turkish Lira denominated credit portfolio was funded entirely through the Bank's capital and internally generated sources.

On the other hand; in 2009, in order to fund the loans extended and to fulfill the debt obligations, Türk Eximbank raised a total of USD 845 million loans, of which USD 133 million was from domestic market and USD 712 million from international markets. The details are as follows:

- A total of Euro 100 million (approximately USD 133 million) short-term loan was used from a domestic bank.
- A one-year, Euro 200 million (approximately USD 267 million) "club loan" was raised from 18 international banks in April 2009. Additionally, another one-year Euro 160 million plus USD 25 million (approximately USD 262 million) "club loan" was raised from 12 international banks in October 2009.
- A total of USD 40 million-loan, of which 35% three years and 65% five-year-term loan was secured from The Black Sea Trade and Development Bank.
- A total of Euro 35 million (approximately USD 49 million) short-term loan was borrowed from a foreign bank.

- Within the context of the agreement signed with The World Bank in 2008, a total of USD 57.5 million, of which USD 56.8 million for project finance and USD 730 thousands for institutional development purposes was withdrawn.

- Within the context of the agreement signed with The European Investment Bank in 2008, a total of Euro 25 million (approximately USD 36 million) loan was drawn in December 2009 and Euro 1.6 million (approximately USD 2.3 million) of this resource was extended for export finance through a domestic bank.

In addition, within the context of "Two-Step Murabaha Agreement" signed with The International Islamic Trade Finance Corporation (ITFC), USD 50 million-line was allocated to Türk Eximbank initially.

### DEBT SERVICING

During the year 2009, USD 596 million-debt servicing was fulfilled. Of this amount, USD 520 million was about the syndicated loans (including interest) repaid in March and August 2009.

### FUND MANAGEMENT

Due to the negative impacts of the global financial turmoil, Türk Eximbank prudently implemented its local and foreign currency market operations such as money market placements and swap transactions by taking into account its liquidity policy, cash flows and the prevailing conditions in the related markets, and tried to keep and invest in more liquid assets as much as possible throughout 2009. In this sense, the corresponding bank limits were closely monitored and updated through the assessments of the international rating agencies. Additional treasury limits were allocated for various international banks, while the individual transaction volumes and the tenors were shortened. The Bank concentrated more on money market transactions than capital market transactions throughout 2009.

The total amount of liquid instruments managed by the treasury such as Treasury bills, government bonds, eurobonds and also money market placements comprised 39% of the Bank's total assets. Besides, the interest income derived from the treasury operations (TL 114 million) constituted 26% of the total interest income.

Short-term currency swap transactions carried out during the year to meet exporters' foreign exchange loan demands and to manage the Bank's foreign currency risk, reached a total volume of USD 2 billion in 2009. In connection with the transactions to manage foreign exchange position by the treasury, net trading profit figure amounted to TL 40.5 million in 2009.

**In 2009, Türk Eximbank secured USD 845 million from domestic and international financial markets in order to finance exports and export-related investment projects in Turkey.**

## INTERNATIONAL RELATIONS

The close relation with the International Union of Credit and Investment Insurers (Berne Union) has continued. The Bank was elected as a member of the Berne Union Management Committee.

Berne Union's spring meeting was held on May 3-7, 2009 in Istanbul. 46 member institutions from 37 countries, members and guest speakers attended the meeting. At the meeting, the global effects of the current financial crisis together with the volume of transactions, the risks covered and the losses indemnified, the solutions, the measures taken, the most affected countries and sectors were discussed. In this respect, the increasing importance and role of member institutions in terms of their support in their countries were also emphasized. Former Central Bank Governor Mr. Süreyya Serdengeçti made a presentation about the effects of the financial crisis and the solutions.

Close cooperation was maintained with export credit and insurance agencies and international financial institutions in the framework of cooperation agreements signed with US Eximbank/USA, EDC/Canada, COFACE/France, Hermes/Germany, OND/Belgium, IFTRIC/Israel, Eximbank of China/PRC, MECIB/Malaysia, NEXI/Japan, SEC/Slovenia, KUKE/Poland, EGFI/Iran, ECGE/Egypt, Export Development Bank of Egypt/Egypt, Eximbanka S.R./Slovak Republic, Eximbank of Romania/Romania, Eximbank of Russia-Vnesheconombank/Russia, KEIC/South Korea, EKF/Denmark, SINOSURE/ PRC, HBOR/Croatia, MBDP/Macedonia, TEBC/Taiwan, MIGA, ADB and EBRD.

The Bank's relations with the OECD Working Party on Export Credits and Credit Guarantees (ECG) (as member since April 1998) and the Participants Group (as observer since November 2006) continued in 2009. The aims of both groups are to have the export credit agencies comply with the OECD Arrangement and other international arrangements and to facilitate the exchange of information. Türk Eximbank has completed its internal regulations related to environment, combating bribery and sustainable lending to fulfill the obligations arising from the decisions taken in both Groups.

During the year, Türk Eximbank, as the official export credit agency of Turkey, was represented in the National Task Force meetings, which were held under the coordination of the Ministry of Justice to organize the works undertaken within the framework of Combating Bribery Phase II Examination of Turkey by OECD Working Group on Bribery.

Türk Eximbank participated in the annual meetings of the World Bank, IMF, OECD, EBRD and Berne Union and maintained close contacts with institutions concerning its funding activities in international markets and foreign credit activities during the year.

The Bank's relations with the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC), an affiliate of the IDB, also continued during the year.

Close cooperation has been maintained with other export credit agencies to finance projects undertaken by the Turkish and foreign contractors collectively in third countries within the framework of the Bank's country credit/guarantee and insurance programs.

Besides strengthening its relations with foreign commercial and investment banks in treasury and funding operations, Türk Eximbank maintained close relations in 2009 with the IBRD, the European Investment Bank (EIB), Japan Finance Corporation (JFC), the International Islamic Trade Finance Corporation (ITFC) and the Black Sea Trade and Development Bank. In this framework, bilateral business opportunities have been evaluated during international meetings with the above mentioned institutions.

## ARRANGEMENTS INITIATED IN ACCORDANCE WITH INTERNATIONAL RULES AND REGULATIONS

### Compliance with Basel II

In the framework of Basel II, the utilization of operational risk amount calculated on basis of basic indicator approach has been started in the capital adequacy calculations since June 30, 2007. On the other hand, the Banking Regulation and Supervision Agency of Turkey (BRSA) announced on June 25, 2008 that the implementation of capital adequacy measurement based on credit risk ratings was postponed.

**Türk Eximbank continued to maintain close cooperation with other exports credit and insurance agencies and international financial institutions in 2009.**



## INFORMATION TECHNOLOGIES

Türk Eximbank continuously benefits from widespread use of information technologies to increase the productivity in the Bank's work processes. As in the IT world, in the Bank's applications, the main target is to preserve the same 70% weight percentage of the "software development" phases in all IT phases. In this context, the studies on the automation of all work processes of Türk Eximbank have been continued rapidly. Moreover, revisions of software, due to the changes in the "operations rules", are made without delay so that the Bank's customers would not be negatively affected.

Management Information System (MIS) has been updated according to needs, and the new version has been developed with extra graphical additions.

Besides, studies have been carried on according to the "The Regulation of IT Management in Banks" prepared by the BRSA. These studies are based on COBIT (Control Objectives for Information and Related Technology), an IT governance framework model, which has been published by ISACA (Information Systems Audit and Control Association). Based on this model, the studies of the standardized documentation in the Bank's Information Systems Software Project Development Phases have currently continued in the prescribed time schedule. It is expected to provide great benefits in the IT and operational work processes of our Bank with the applications that will be done by this project.

In our country, especially in recent years, studies in the public sector for the transition to e-government have accelerated and an important level has been reached regarding competition, speed, and productivity. Executing all processes in an electronic environment (e-agency development) will be an important step for transition to e-government. In this context, Türk Eximbank has continued the analysis, design, training, and consulting studies of new software projects also in 2009.

Institutional Development Project as part of Fourth Export Finance Intermediation Loan (EFIL-IV) obtained from the International Bank for Reconstruction and Development (IBRD) has been put into practice to accord latest technological evolutions. In this scope, "G2-Procurement of PC, Printer and Scanner", "G3-Database Identity Management & Security Software", "G5-Log Management, Database Application Development Tool and Decision Support System Upgrade", "Microsoft Office 2007, Documentum Applications" and "CS4-COBIT Training and Consultancy" were purchased. The point at issue of procurement's purchase, installation and application operations have been conducted throughout the year with synchronous. Installation of Disaster Recovery Site which is the most important subcomponent of this project has been started and aiming to complete it as soon as possible.

Direction on new technological improvement, computers and printers those technological lives are expired has been got out of use in computer and printer park at Türk Eximbank. As part of Institutional Development Project, purchase of computers and printers' installations has been completed and usages are started. Last version of office applications are installed to users' computers in our Bank. Training programs are arranged in the Bank to make use these applications effective and efficient.

The systems have obtained and commissioned in accordance with Law No. 5651, entitled Regulation of Publications on the Internet and Suppression of Crimes Committed by means of Such Publication that our Bank has to amenable.

Effective, efficient and fast operation which are the aim of our Bank, in the knowledge that these processes has to be used Information Technologies' accurately, continued to software development operations that are required and compatible with technological change. In this context, Document Management System which is used in 14 different departments including all credit and insurance departments of the Bank, as well as Istanbul and Izmir branches and also Directorate of Personnel and the Executive Committee Secretariat departments and composing workflows between these units are obtained to perform job processes electronically faster. In this way, Document Management System usage in the Bank is activated.

To make job processes more effective in our Bank, working with effective, continuous, accurate, secure way on Information Technologies infrastructure, necessary arrangements based on regulation are attempted. To inform users about policies and procedures that are arranged by this way are continued to share with the users on Intranet also in 2009.



Türk Eximbank intends to place more emphasis on guarantee and insurance programs, and medium and long-term trade and project finance in the forthcoming period.

## TARGETS FOR THE FORTHCOMING PERIOD

### FOCUS ON MEDIUM AND LONG-TERM PROJECT FINANCE PROGRAMS AND EXPORT CREDIT INSURANCE/GUARANTEE PROGRAMS

Türk Eximbank, in line with the policy of diversifying its financing instruments, aims to concentrate on guarantee and insurance programs and medium and long term trade and project finance, tying in with the general mission of export credit agencies. On the other hand, in order to finance the working capital needs of Turkish exporters and thereby maintain and increase their competitiveness in international markets, short-term export credit and credit insurance operations will be sustained.

### SUPPORT FOR "MADE-IN TURKEY" BRAND

With an aim to support the branding activities, a new credit program will be available to finance the pre-shipment needs of the companies participated in the Trademark Support and Turquality Support Programs of the Undersecretariat for Foreign Trade.

### SUPPORT FOR TOURISM SECTOR

With the purpose of increasing the inflow of foreign currency by serving foreign tourists so as to support tourism sector and contribute to Turkey's balance of payments, foreign currency earning services credit program is available for those companies which are accepted as exporters with respect to the Cabinet of Ministers Decision 2009/15299 and which have obtained certificate from Ministry of Tourism. These companies are also expected to attract more than USD 1 million worth of foreign currency annually and mainly function in accommodation.

### SUPPORT FOR TURKISH EXPORTERS/ CONTRACTORS PENETRATE NEW MARKETS UNDER THE MEDIUM/LONG-TERM CREDIT GUARANTEE AND INSURANCE PROGRAMS

In line with one of the main goals of Türk Eximbank to help Turkish exporters / contractors penetrate new markets, Türk Eximbank will take into account Turkish foreign and economic policies and strategies such as "Strategy for the Development of Trade with the Neighboring and Peripheral Countries" and the "Strategy for the Development of Trade with the African and Asia Pacific Countries" while determining the target markets.

The support for entrance into new and targeted markets is mainly carried out through Country Credit/Guarantee Programs. The Bank also plans to complete the studies on launching the "Political Risk Insurance Program for Overseas Contracting Services" urged by the Turkish contractors operating especially in politically high-risk countries.

**Türk Eximbank, in line with the policy of diversifying its financing instruments, aims to concentrate on guarantee and insurance programs and medium and long term trade and project finance, tying in with the general mission of export credit agencies.**

**The process of adjusting Türk Eximbank's programs to the regulations of EU, WTO and OECD is being carried out, and in the programs these regulations are regarded.**

## INTERNATIONAL OBLIGATIONS

### INTERNATIONAL RULES AND REGULATIONS

Türk Eximbank, within its programs, has to comply with the legal regulations of WTO, OECD and EU arising from Turkey's obligations in relation to its membership to the WTO, OECD Working Party on Export Credits and Credit Guarantees (ECG), OECD Participants Group and the agreement of the Customs Union and EU accession process. Violation of these increasingly challenging rules and regulations causes subsidy and anti-dumping investigations and sanctions like anti-dumping tax and countervailing duties. In this context, the process of adjusting Türk Eximbank's programs to the regulations of EU, WTO and OECD are being carried out.

Studies under the ECG are in three main topics:

#### 1. Combating Bribery of Foreign Public Officials in International Business Transactions

OECD Recommendation approved by the Council of Ministers on December 14, 2006, elaborates the actions that Member countries must take into account to combat bribery of foreign public officials in international business transactions. In 2007, Türk Eximbank set the guidelines to deter bribery and imposed sanctions according to the provisions of the Recommendation. The studies of the group will be followed.

#### 2. Environment

The Environmental Guidelines of Türk Eximbank was modified according to the Common Approaches which were revised in 2007 and became effective with the approval of the Council of Ministers in February 2008. The Environmental Guidelines will be revisited in 2010 in accordance with the new revision.

3. Officially Supported Export Credits within the Framework of Principles and Guidelines for the Promotion of Sustainable Lending Practices to Low Income Countries (LICs) Principles and Guidelines for the Promotion of Sustainable Lending Practices to Low Income Countries (LICs) have entered into force upon the consensus of the ECG in 2008. The mentioned principles will be binding upon the concessional loans to be extended by Türk Eximbank administered by the Undersecretariat of Treasury under a governmental decree.

### HARMONIZATION WITH THE EU ACQUIS

Türk Eximbank's activities are covered under the "Competition Policy" and "External Relations" chapters of the EU Acquis.

Although currently Türk Eximbank covers both short and medium/long-term export credit insurance transactions, the EU Acquis requires that marketable risks under short-term export credit insurance facilities should be carried out by separate entities that do not benefit from state aid. Therefore, according to the related EU Directive, it will be required for Türk Eximbank to perform its short-term insurance activities under another entity. The restructuring involved in this process is expected to be carried out according to the instructions and guidance of the Undersecretariat of Treasury. In this framework, the Bank aims to work collectively with other insurance companies, banks and the Turkish Exporters' Assembly.

Under the "External Relations" chapter, regarding the technical aspects of medium/long-term export credit insurance transactions and of co-insurance activities with other member export credit agencies and with the target to determine the mutual obligations of the mentioned parties, studies to harmonize the national legislation with the related EU Directives will be undertaken.

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## BOARD OF DIRECTORS AND AUDITORS

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Tuncer KAYALAR was the Chairman of the Board of Directors in Türk Eximbank from December 25, 2002 to November 16, 2009 and the member of the Audit Committee from February 14, 2008 to November 16, 2009. A. Doğan Arıkan was appointed as member of the Audit Board on December 14, 2009.

H. Ahmet KILIÇOĞLU was the Chief Executive Officer and the member of the Board of Directors in Türk Eximbank from February 10, 1998 to March 8, 2010.

Türk Eximbank Board of Directors meets twice a month. In 2009, the Board of Directors had 24 meetings, 20 of which took place in Ankara and 4 in İstanbul. 14 of these meetings were held with full participation of members and 8 meetings took place with the excused absence of 1 members, 2 meeting took place with the unexcused absence of 1 members.

#### 1- CAVİT DAĞDAŞ

##### Vice Chairman and Member of the Audit Committee

Born in 1955 in Siirt. Mr. Dağdaş holds a BS in Mathematics, Boğaziçi University, an MSc in Statistics, Gazi University and an MA in Economics, Western Michigan University, USA. For many years Mr. Dağdaş held positions in the public sector including those of Acting General Manager to the State Planning Organization and Counselor at the Central Bank of the Republic of Turkey. He is currently the Deputy Undersecretary of Treasury. Mr. Dağdaş has been a member of the Board of Directors in Türk Eximbank since January 6, 2005 and member of the Audit Committee since October 31, 2006. Mr. Dağdaş was appointed as Vice Chairman on January 8, 2008.

#### 2- NECATİ YENİARAS

##### Deputy Chief Executive Officer and Member of the Board

Born in 1962 in Kars. Mr. Yeniaras holds a BA in Foreign Trade and International Operations and an MA in Economics from the Gazi University. He started his professional career in the accounting department of a private company. He served in different posts in the Development Bank of Turkey. He was an Economic Advisor to the State Minister in charge of Economy and in the Turkish Iron and Steel Works. Mr. Yeniaras has served as the Assistant General Manager in charge of Accounting Transactions & Reporting, Risk Analysis and Assessment, IT, Research and Coordination in Türk Eximbank since October 1, 1997. He was appointed as Deputy Chief Executive Officer and member of the Board of Directors on March 8, 2010.

#### 3- ZİYA ALTUNYALDIZ

##### Member of the Board

Born in 1963 in Konya. Mr. Altunyaldiz received a Bachelor's degree in Law from İstanbul University. Following his master degree on International Business Administration in West Coast University in USA, he also received a postgraduate diploma in International Comparative Commercial Law from London Guildhall University. He started his professional career at the State Planning Organization as an Assistant Expert in 1989 and worked as specialist, branch manager, head of department, Assistant General Manager and General Manager in Undersecretariat for Foreign Trade. He also worked as a Commercial Counsellor in the Turkish Embassy in London. He is currently the Deputy Undersecretary for Foreign Trade.

Mr. Altunyaldiz has been a member of the Board of Directors of Türk Eximbank since February 22, 2010.

#### 4- OĞUZ SATICI

##### Member of the Board

Born in 1965 in İstanbul. Mr. Satıcı holds a BS in Management, Washington Int. University. He has been the President of the Turkish Exporters' Assembly (TİM) and a Board Member of the Economic Development Foundation (İKV), the Export Promotion Center and various Exporters' Associations. Mr. Satıcı has also been a Board and Assembly Member of the İstanbul Chamber of Commerce. He is currently Assembly Member of the İstanbul Chamber of Industry and Chairman of the Board of Directors of two private companies. Mr. Satıcı has been a member of the Board of Directors of Türk Eximbank since March 12, 2002.

#### 5- MEHMET BÜYÜKEKŞİ

##### Member of the Board

Born in 1961 in Gaziantep. Mr. Büyükeksi graduated from the Faculty of Architecture, Yıldız Technical University. He has been the Vice President of the Turkish Exporters' Assembly (TİM). He is currently a Board Member in the İstanbul Chamber of Industry and the Turkish Airlines, and has been the President of TİM since September 2008 and a member of the Board of Directors in Türk Eximbank since October 24, 2002.

#### 6- ADNAN ERSOY ULUBAŞ

##### Member of the Board

Born in 1966 in Afyon. Mr. Ulubaş graduated from the Faculty of Economics, Anadolu University. He is the founder, Board Member and Chairman of several private companies. He has been a member of Assembly of the Kayseri Chamber of Industry and the Vice President of the Turkish Exporters' Assembly (TİM). He is currently the Vice President of TİM, an Accountant in TİM and Chairman of the Board of Directors of the Ferrous and Non-Ferrous Metals Exporters' Association under the Mediterranean Exporters Union. Mr. Ulubaş has been a member of the Board of Directors in Türk Eximbank since February 26, 2003.

#### 7- A. DOĞAN ARIKAN

##### Member of the Board and Member of the Audit Committee

Born in 1949 in Ankara. Mr. Arıkan is a graduate of Middle East Technical University, Department of Business Administration. He started his professional career in the Turkish State Meteorological Service and worked as chief System Analyst and acting Assistant Manager of Research and Development. He worked in İşbank's Board of Inspectors and served in various departments, including the Loans Department of İşbank. Mr. Arıkan was the Chief Executive Officer of Mepa Dış Ticaret ve Pazarlama A.Ş. and İzmir Demir Çelik Sanayii A.Ş. He was the Chief Executive Officer of Şişecam since June 2000 to October 2009. Mr. Arıkan was appointed as member of the Board of Directors in Türk Eximbank on February 12, 2008 and as member of the Audit Board in Türk Eximbank since December 14, 2009.

#### 8- GÜNER GÜCÜK

##### Member of the Audit Board

Born in 1947 in Çorum. Mr. Gücük holds a BS in Management and an MSc in City and Regional Planning from the Middle East Technical University. He started his professional career at the General Directorate of Highways and worked in various public organizations and private sector companies as manager. He gives management consultancy services to many domestic and foreign firms, public and private sector industrial and commercial institutions and banks. Mr. Gücük has been a member of the Audit Board in Türk Eximbank since August 11, 1997.

#### 9- PROF. DR. ARIF ESİN

##### Member of the Audit Board

Born in 1956 in İstanbul. Prof. Dr. Esin graduated from the Faculty of Law and Political Sciences at the Paris University and received his masters and Ph.D. degree on EU Economic Law from the same university. He gave lectures on EU Law and Turkish Competition Law at the İstanbul University and was a lecturer at various European universities. He specializes in areas such as law, state aid, anti-trust, public procurement and privatization and has provided consultancy to the Economic Development Foundation (İKV). He has represented the private sector in the Customs Union negotiations and has worked on the preparation of Turkish Competition Law and Anti-trust Legislation. He has advised the Turkish Competition Authority during its establishment stage. Mr. Esin owns a private consultancy firm and has been a member of the Audit Board in Türk Eximbank since October 24, 2002.



#### 1- OSMAN ASLAN

Assistant General Manager in charge of Export Credits  
Born in 1954 in Antalya. Mr. Aslan holds a degree in Economics and Statistics from the Middle East Technical University and an MA in Financial Economics and Banking from the University of Wales, England. From 1978 to 1984, Mr. Aslan was an Economist at the Central Bank of the Republic of Turkey and from 1984 to 1988 he was Economic Advisor to the Deputy Prime Minister. He joined Türk Eximbank in August 1988 and is currently the Assistant General Manager in charge of Export Credits.

#### 2- ALEV ARKAN

Assistant General Manager in charge of Buyers' Credits and Export Credit Insurance/Guarantees  
Born in 1952 in Trabzon. Ms. Arkan is a graduate in Law, University of Ankara. Following the completion of her lawyers practice program, she started her professional career in the Ministry of Energy and Natural Resources and worked as a lawyer in the Social Security Institution (SSK). She joined the State Investment Bank in 1987 and took part in its transformation to Türk Eximbank. Ms. Arkan worked in various positions in Türk Eximbank and has served as the Assistant General Manager in charge of Buyers' Credits and Export Credit Insurance/Guarantees since March 2, 1998.

#### 3- ERTAN TANRIYAKUL

Assistant General Manager in charge of Treasury and Funding  
Born in 1962 in İstanbul. Mr. Tanrıyakul holds a degree in Economics from the Middle East Technical University. He started his professional career in the Project Evaluation Department of the State Investment Bank as an Assistant Specialist and worked in various posts in different departments after the transformation of the Bank to Türk Eximbank. Mr. Tanrıyakul has served as the Assistant General Manager in charge of Treasury and Funding since March 2, 1998.

#### 4- İ. TEOMAN ŞENER

##### Head of Internal Control

Born in 1961 in Ankara. Mr. Şener holds a degree in Economics from the Middle East Technical University. He started his professional career as an Assistant Specialist in the Turkish Ministry of Finance. Mr. Şener worked in Pamukbank between 1987 and 1991. He joined Türk Eximbank in 1991 and has worked in different posts in various departments of the Bank.

Since 2001, Mr. Şener has been working as the Head of the Internal Control Department.

#### 5- MUSTAFA K. KISACIKOĞLU

##### Head of Internal Audit

Born in 1959 in Ünye. Mr. Kısacıkoğlu graduated from the Economics Department of the Faculty of Political Sciences, University of Ankara. He started his professional career as Clerk in the State Investment Bank and took part in its transformation to Türk Eximbank. Mr. Kısacıkoğlu worked in various positions in the Bank's Export Credit Insurance Department until 2002.

Since October 10, 2002, Mr. Kısacıkoğlu has been serving as the Head of the Internal Audit Department.

#### 6- CENAN AYKUT

##### Chief Risk Officer

Born in 1956 in Şebinkarahisar. Mr. Aykut graduated from the Economics and Finance Department of the Faculty of Political Sciences, Ankara University. He started his professional career as Junior Specialist in the Project Evaluation Department of the State Investment Bank and took part in its transformation to Türk Eximbank. Mr. Aykut has worked as Manager in the Credit and Insurance Analysis Departments of the Bank since 1987.

Since 2002, Mr. Aykut has been serving as the Chief Risk Officer.

### **Audit Committee**

Member: Cavit DAĞDAŞ (Member of the Board of Directors),

Member: Tuncer KAYALAR (Member of the Board of Directors). (Up to November 16, 2009)

A.Doğan ARIKAN (Member of the Board of Directors). (Since December 14, 2009)

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

### **Executive Committee**

Chairman: Necati YENİARAS (Deputy Chief Executive Officer),

Member: Osman ASLAN (Assistant General Manager in charge of Export Credits),

Member: Alev ARKAN (Assistant General Manager in charge of Buyers' Credits and Export Credit Insurance/Guarantees),

Member: Ertan TANRIYAKUL (Assistant General Manager in charge of Treasury and Funding).

The Executive Committee was established by the Board of Directors Decree no. 97/17-70, dated August 6, 1997. The main function of the Committee is to negotiate the issues to be submitted to the Board of Directors for approval. Also, the Committee analyzes/evaluates the draft arrangements on the credit principles, and technical and administrative issues. The main responsibilities of this Committee are; asset/liability management; to evaluate credit applications of both domestic and overseas projects and submits eligible ones to the Board of Directors for approval; to accomplish duties assigned by the Board of Directors. Reports on the balance sheet, income statement, financial structure, placement and funding activities are submitted to the Board of Directors at least quarterly. In 2009, the Executive Committee has met 23 times and taken 137 decisions on issues in its agenda.

### **Credit Committee**

Chairman: Necati YENİARAS (Deputy Chief Executive Officer),

Member: Osman ASLAN (Assistant General Manager in charge of Export Credits),

Member: Ertan TANRIYAKUL (Assistant General Manager in charge of Treasury and Funding).

The Credit Committee, which meets at least once a week, is responsible for the approval of credit allocations within the limits of authorities delegated by the Board of Directors. Accordingly, the short-term Turkish Lira and FX credit applications under 1% of the company's shareholders' equity are evaluated and approved by the Credit Committee upon the proposal of the Head and Directors of the Credits Departments.

H. Ahmet KILIÇOĞLU was the Chairman of Executive Committee and Credit Committee of Türk Eximbank from February 10, 1998 to March 8, 2010.



## Summary Report of The Board of Directors of Türk Eximbank for 2009 Presented to the General Assembly

As it is well known, both the world economy and the Turkish economy have experienced the impacts of the global financial crisis deeply in the first quarter of 2009. On the one hand exports decreased enormously due to the diminishing foreign demand on the other hand prevailing uncertainty lead to the postponement of decisions regarding investment and consumption. As a result, economic activities have slowed down and Turkish economy which had been growing since 2002 began to experience contraction in the last quarter of 2008 which lasted during 2009. Yet, the Turkish economy started to recover slowly in the second half of 2009 and especially the indicators related to the last quarter suggest that the economic recovery will be permanent. In this framework, it is expected that the tendency of the economy to recover after a contraction by 8.4% in the first nine months of 2009 will continue in the last quarter of 2009 and that the GDP will decrease 6% annually.

In this period, exports of Turkey diminished seriously due to the global financial crisis which leads to the narrowing in foreign demand, the decline in the prices of goods and problems posed for firms. However, exports increased in October 2009 for the first time in comparison to the former year on monthly basis. The recurrence of such increase in December 2009 was significant in that it provided a sign towards a slow but steady recovery in the export sector. Nevertheless, exports of Turkey decreased by 23% compared to the former year and dropped to USD 102.1 billion in 2009. The severe impact of the crisis on the EU countries which receive approximately the half of the exports of Turkey was also a major cause in the decline in Turkish exports.

In this period, the most important issue for Türk Eximbank has been the difficulties faced by exporters in obtaining loans. In order to promote credit usage, Türk Eximbank decreased the Short-Term Turkish Lira Credits' interest rates approximately 8 points during 2009. As the effects of the crisis were deeply felt by the real sector in early 2009 Türk Eximbank postponed the maturity dates of direct credits for 3 months to provide relief for the exporters. Moreover, in order to create additional sources for the export sector, attempts were made to increase the Export Rediscount Credit's limits provided by the Central Bank of Turkey. As a result, the limits were first raised to USD 900 million and then increased up to USD 2 billion. The funds were quickly channeled to the export sector.

In addition, in order to protect the market shares in contracting export markets, new programs were implemented according to the demands and needs of exporters and foreign currency earning services sectors. The first one of these programs is the Contractorship Services for Bridge Credit covering the foreign contractor companies that were affected by the global crisis. The eligible firms are given loans in order for them to maintain the constructions they have undertook, which in turn would strengthen the existing competition power in the long run. The Foreign Expo Participation Credit, which is an indirect export financing tool, is used to support the participation of export firms in international expositions so that they can continue their marketing activities during the crisis period and maintain their market shares. Both the firms that wish to participate in expositions and the intermediary organizers can apply for direct financial support. Aside from these, medium and long-term funds obtained from the World Bank in 2008 and from the European Investment Bank (EIB) in 2009 were allocated to manufacturing industry, ship building, tourism and logistic sectors as well as for aiding the Small and Medium Sized Enterprises (SMEs) regarding their needs for investment and business capital. In this respect, an important support was provided for the exporters who need financial aid in investment and production throughout this period.

As a prevailing policy, Türk Eximbank gave particular consideration to the SMEs in this period. To overcome the difficulties faced by the SMEs in finding collaterals, the Bank continues to accept the Indemnification of Credit Guarantee Fund (CGF) as an alternative collateral instrument equal to the assurance letters obtained from banks. Besides, since the Small and Medium Enterprises Development Organization (KOSGEB) recently covered the SMEs in the service sector, logistic firms in this sector are also defined as eligible for the guarantee of CGF. In addition to these, the Bank supported the process of restructuring the CGF by providing capital along with other banks.

In sum, enormous efforts were made to protect the current market shares of exporters in the contracting export markets during this crisis period. The Bank's capital was raised from TL 1.5 billion to TL 2 billion, and funds worth of 845 million dollars were obtained from domestic and foreign markets. Being the most important financial agency supporting export and foreign currency earning activities, Türk Eximbank has made the utmost efforts in aiding exporters, contractors and investors working overseas by providing affordable financial conditions compatible with international competition.

Therefore, the Bank has provided a total support of USD 9.3 billion to the export sector; of which, USD 4.8 billion was in the form of cash loans and USD 4.5 billion in export credit insurance/guarantees. This amount corresponds to the 9.2% of the Turkish exports. Although both the world trade volume and the Turkish exports decreased enormously and the foreign demand contracted significantly in 2009, Türk Eximbank has maintained the level of former year's financial support.

A summary assessment of the financial structure of Türk Eximbank in 2009 is given below.

The Bank's assets reached TL 6.5 billion (USD 4.4 billion) as of December 31, 2009.

The assets of Türk Eximbank consist of 60% loans, 35% liquid assets and 5% securities held-to-maturity and other assets.

Summary Report of The Board of Directors of Türk Eximbank for 2009 Presented to the General Assembly

The Bank's loan portfolio decreased by 2.4%, compared to December 31, 2008 and reached TL 3.9 billion. The duly collection of loans is emphasized in the Bank. The share of non-performing loans in total loans is 2.6% which is below the 5.7% of the banking sector's average. Although the provisioning ratio for Türk Eximbank is determined as zero percent by law, along with its high loans-to-assets ratio (60%), the Bank has employed a conservative approach with regard to provisions confirming with its mission and provides 100% allowance for non-performing loans. As of end-2009 the total amount of loans and general provisions stood at TL 67 million and this can also be evaluated as a component of shareholders' equity.

The major part of the external funds was used in financing assets (mainly loans). 42% (TL 2.8 billion) of liabilities were in the form of funds obtained from foreign markets, while 58% (TL 3.7 billion) was in the form of shareholders' equity. The Bank's nominal capital was increased to TL 2 billion as of September 23, 2009. Shareholders' equity consists of 54% (TL 2 billion) paid-in capital, 35% supplementary capital and profit reserves, 9% net profit and 2% provisions.

The capital adequacy ratio was 126% as of December 2009.

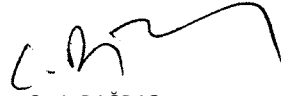
The liquid assets-to-short-term liabilities ratio was realized over the 100% ratio considered as adequate in financial analysis, indicating that the Bank is operating with a high level of capital instead of using external financing. This is also consistent with its field of activity as the Bank belongs to the development and investment banking group.

Türk Eximbank operates with high loans-to-assets ratio, therefore, TL 323 million (74%) of its TL 438 million total interest income came from interests earned from loans. On the other hand, the Bank's main source of funding is borrowings from domestic and international money and capital markets. Thus, the Bank's interest expense was TL 51 million and net interest income was TL 387 million. The Bank's profit came from operating income, in other words interest income from loans extended.

Türk Eximbank ended the year 2009 (45th accounting period) with TL 342 million net profit. Return on assets and return on equity ratios were 5.3% and 9.2% respectively.

Financial statements, which have been prepared in accordance with the 37th article of the Banking Law No. 5411, the Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks (published in Official Gazette, issue no. 26333, dated November 1, 2006), Turkish Accounting Standards, Turkish Financial Reporting Standards, other legislation related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and BRSA comments, and also in accordance with the Bank's accounting records, have been audited by independent auditing company Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) in line with the International Auditing Standards and was finalized without any critique on February 08, 2010.

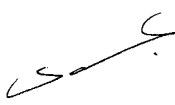
The Bank operates in line with its Articles of Association and the relevant legislation. We hereby present the summary report of audited financial statements for the year ended-2009.



Cavit DAĞDAŞ  
Vice Chairman  
Member of the Audit Committee



Necati YENİARAS  
Member



Oğuz SATICI  
Member



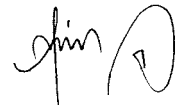
Mehmet BÜYÜKEKŞİ  
Member



Adnan Ersoy ULUBAŞ  
Member



A. Doğan ARIKAN  
Member of the Board and  
Audit Committee



Ziya ALTUNYALDIZ  
Member

## Organizational Development

### **Organizational Structure**

There has not been any organizational change in Türk Eximbank during 2009.

### **Legislation**

In the 22 years since the inception of Türk Eximbank, the rules of international trade have been re-established and the developments in the Turkish economy and banking sector, the changing functions of export credit institutions as a result of the developments in the global economy and the necessity to comply with the "Competition Policy" of the EU Aquis as part of Turkey's EU membership negotiations, have forced Türk Eximbank to re-evaluate its role according to these new rules and new economic environment. The importance of Türk Eximbank's role in providing relief to the export sector has increased, thus making it necessary to promptly provide the changes to the Bank's structure. Within this framework, changes to the Principles Relating to the Reorganization of the Investment Bank Under the Name of Export Credit Bank of Turkey, Inc. concerning the restructuring of the Bank financially and administratively was prepared.

### **The Legal Arrangements Related to Türk Eximbank**

Within the scope of the Act no 5787 which amended the Act no. 4749, The Cabinet Decision, about the export credit, insurance and guarantee supports provided by Export Credit Bank of Turkey (No. 2009/15198), was put into effect on July 15, 2009.

### **Human Resources Recruitment and Career Development**

Türk Eximbank's human resources policy is executed according to the general principles dictated in the Bank's Articles of Association and Personnel Regulations.

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

1. Employing the efficient number of competent and exceptionally skilled personnel for the execution of the Bank's activities to reach its goals,
2. Taking special care in recruiting and authorizing personnel with qualifications specified for each position,
3. Providing the personnel an equal opportunity work environment in which they can utilize and improve their abilities and qualifications,
4. Establishing employee personal rights and wage system that increase personnel motivation and encourage them to work at Türk Eximbank.

There are 16 different ranks (titles) in the Bank. The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff; therefore, career development is very important. In the recruitment process, all applications for assistant specialist position are first evaluated by the Turkish Labor Institution according to related legislation and the specifications determined by the Bank and those selected are invited to a written and/or oral entrance exam carried out by Türk Eximbank.

After two years of service, assistant specialists prepare a thesis and after three years of service, take a qualification exam to become specialists.

In 2009, 27 personnel recruited and 21 personnel resigned.

### **Training Activities**

Türk Eximbank provides its employees with extensive training to enhance employee skills and to ensure that they keep abreast of the developments in their field. Within this framework, trainings were held in-house or received through outside professional institutions. Thus, periodical and daily trainings of the Banks Association of Turkey are the most frequently attended facilities where the employees participated in relevant seminars, conferences and similar activities organized by the International Institutions. In addition, on-the-job training was provided to some Türk Eximbank staff by the other export credit agencies.

On the other hand, close relations with other export credit agencies and institutions were maintained as it is fully believed that this is the best way to improve professional skills and managerial quality.

In addition, a two-week orientation program was organized for the junior specialists recruited in January.

In 2009, 219 participants attended 106 training programs in total. 74 participants attended 57 of the training facilities held by the Banks Association of Turkey, including periodical and daily seminars and conferences. While 18 participants attended 15 programs held by other domestic training institutions; 208 participants attended 31 in-house training programs. In addition, 5 participants attended training programs held by ADFIMI.

During the visits of IGEME (Export Promotion Center of Turkey) in cooperation with the relevant Turkic Republics entities and the Ministry of Trade of Sudan in particular, comprehensive information is presented regarding Türk Eximbank activities.

## Human Resources

Throughout 2009, 33 personnel have presented Türk Eximbank's Credit and Insurance/Guarantee Programs in the 23 seminars held by the public foreign trade institutions such as IGEME and DTM (Undersecretariat of Foreign Trade) in different provinces across Turkey.

Türk Eximbank also provides on-the-job training to Turkish university students. In 2009, 59 students were accepted as trainees to these programs at the head quarters in Ankara and Istanbul branch office.

### **Public Relations**

Türk Eximbank, as a member of Berne Union since 1994, realized the Spring Meeting of Berne Union which was held in Istanbul on May 03-07, 2009. The meeting hosted by Türk Eximbank was organized by the Public Relations and Training Department. 46 members of institutions from 37 countries and invited speakers from finance sector participated the meeting.

During the meeting, some social activities were also organized for the representatives of member institutions in order to introduce the historical and natural aspects of Istanbul.

### Information Regarding The Transactions Carried Out With Türk Eximbank's Risk Group

Türk Eximbank does not have a Risk Group, since the Bank is fully owned by the Turkish Treasury and does not have subsidiaries or affiliates.

### Support Services

Türk Eximbank has not received support services throughout 2009.



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## General Assessment of the Year 2009 Activities and Risk Management, Internal Control and Audit System of Türk Eximbank

The primary purpose of Türk Eximbank as Turkey's official export credit agency is to enhance the availability of export support by providing readily available, economical and affordable sources of funds in the form of loans, insurance and guarantee products and programs that satisfy the export financing needs of Turkish exporters and overseas contractors.

The Bank applies sound banking and investment principles in all of its operations. Although the Bank does not operate on a straight commercial basis, financial sustainability is a major objective. The Bank strives to achieve a reasonable rate of return on its operations in order to preserve the Bank's capital. The Bank maintains its public mandate and operates in a risk-averse manner.

The internal systems of the Bank have been established and the Audit Committee has been formed via necessary organizational changes within the framework of the Regulation on Banks' Internal Systems issued by the Banking Regulation and Supervision Agency of Turkey (BRSA) in the Official Gazette issue no. 26333, dated November 1, 2006. The Internal Audit, Internal Control and Risk Management departments are carrying out their activities under the supervision of the Audit Committee, the Board of Directors appointed two Board members to the Audit Committee.

### Internal Audit

The Internal Audit Department carries out its responsibilities as dependent to the Board of Directors, via Audit Committee, which is established to perform the supervisory and regulatory obligations of the Board of Directors. Under the authority given by the Board of Directors, the audit function covers all activities of the Bank taking into consideration the risk-focused approach. The responsibilities of the internal audit department are:

- Analyzing the compliance of the Bank's activities with the provisions of banking and related regulations and Bank's legal obligations,
- Evaluating the efficiency and adequacy of the Bank's internal control and risk management systems,
- Conducting investigations and examinations of operations, accounts and activities in the Bank's Headquarters units, branches and liaison offices, and conducting inspections when required.

Internal Audit activities have been performed in an impartial and independent manner with using risk based approach. The annual audit plans are prepared and implemented by using risk assessments of the risk appraisal report. The Internal Audit Department takes into consideration the economical and efficient use of department's resources by performing its task with reasonable assurance.

In order to provide effective continuity of the internal audit activities, the Internal Audit Department has performed inspections in the units, branches and representatives of the Bank within the framework of the annual audit plan. The audit department reports to the Board of Directors by the way of the Audit Committee and to the related senior management.

In 2009, the Internal Audit Department performed its activities as planned, in order to increase the efficiency and effectiveness of the Bank.

### Internal Control

The banks shall ensure the execution of their activities, protection of assets in compliance with the legislation, internal regulations and banking ethics and shall secure integrity and reliability of accounting reporting systems and timely accessibility of information through continuous control activities in accordance with the regulation issued by BRSA and published in the Official Gazette, issue no. 26333, on 1 November 2006. In accordance with this regulation, the charter and procedures of the Internal Control Department have been approved by our Board of Directors.

In the charter, the responsibility of Internal Control Department has been defined as controlling and monitoring:

- The adequacy of established/will be established information exchange network,
- Functional segregation of the duties in the Bank,
- The operational activities,
- Accounting reporting systems.

During the year 2009, in the ordinary course of its tasks, the department performed its activities by taking into consideration the risk weight of operations determined according to some major criteria by using control analysis form. In this context, the accuracy of transactions recorded, accuracy of financial reports, reconciliation of assets and compliance with limits were controlled via control forms. The control forms have also been placed in the Bank's computer based information systems in order to inform the other departments. As a result of department activities, a quarterly report including the control results was submitted to General Manager and the Audit Committee.

On the other hand, as part of the "Prevention of Laundering Proceeds of Crime Law-Law No 5549", establishing internal training systems is one of the liabilities that the obliged parties should perform. In this context, training activities in order to inform the Bank personnel about regulations on preventing money laundering are performed by this department.

Since the context management system has already been established in the computer based system of the operational departments, the computer based controlling method has been partly implemented accordingly.

### Risk Management

In accordance with the regulation issued by BRSA and published in the Official Gazette, issued no. 26033, on November 1, 2006, the charter and procedures of the Risk Management Department that have been approved by the Board of Directors, The Risk Management Department is responsible for:

- Defining, measuring, analyzing, managing and monitoring all risks faced by the Bank and developing risk management policies to be approved by the Board of Directors,
- Computing profits and costs together with related line departments and reporting the results to the Audit Committee.

Under the risk management activities:

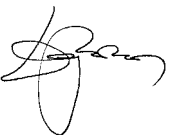
**Credit Risk:** Risks arising from lending and guarantee transactions within the limits imposed by law and by the Bank's own policies have been monitored. Since the greatest risk category to which the Bank was exposed in 2009 was the domestic and overseas bank credits, the internal rating system for banks has been used in the measurement of the banks' limits.

The Bank's risk management software will be financed within the third part of the loan provided by the IBRD.

**Market Risk:** The market risk is calculated monthly by using the standardized method determined by the BRSA and particularly considered in the calculation of the capital adequacy ratio. The possibility of loss due to interest rate risk and exchange rate risk arising from changes in interest and exchange rates is very low due to the recent stability in financial markets. The Bank considers currency risk and interest rate risk as the most important components of market risk, since the Bank's investment portfolio consists only of Treasury bills.

**Operational Risk:** Non-financial operational risks arising from banking activities are identified, assessed and monitored. In order to secure the Bank's system, a firewall attack assessment system was purchased to protect information access systems against the attacks coming from the internet, a security scanning system was purchased to verify and to eliminate the failures of the current security systems and other necessary programs were purchased to protect all the Bank's computers against computer viruses. Also, an encoding system was formed to protect the information systems. Besides these operations, the procedures of the payment systems, such as EFT and SWIFT were revised and approved by the Bank's Executive Committee. Operational transactions, verification and authorization are done separately.

In addition, the reports consisting of risk analysis such as GAP, Duration, Ratio and Asset-Liability are submitted to the Upper Management.



A.Doğan ARIKAN  
Member of the Audit Committee



Cavit DAĞDAŞ  
Member of the Audit Committee

## Financial Performance

Türk Eximbank's assets reached TL 6.5 billion (USD 4.4 billion) as of December 31, 2009.

### Assets

Türk Eximbank's assets consist of 60% loans, 35% liquid assets and 5% securities held-to-maturity.

The loan portfolio of the Bank is TL 3.9 billion. 92% (TL 3.9 billion) of this amount is short-term and 8% (TL 320 million) is medium and long-term credits. By the use of appropriate risk management techniques, the duly collection of loans is emphasized. Thus, although the Bank extends almost all of its assets as loans to the export sector, the share of non-performing loans in total loans is small with 2.6%, when compared to the 5.7% of the banking sector's average. The Bank provides 100% allowance for non-performing loans.

### Liabilities

Türk Eximbank's liabilities has reached TL 6.5 billion, of which 58% (TL 3.7 billion) is in the form of shareholder's equity and 42% (TL 2.8 billion) is in the form of funds obtained from domestic and external markets.

The Bank's shareholders' equity is TL 3.7 billion. Of this amount, 54% (TL 2 billion) is paid-in capital, 35% (TL 1.3 billion) is supplementary capital and profit reserves, 9% (TL 342 million) is net profit, and 2% is loan provisions.

TL 2 billion of Türk Eximbank's liabilities has been provided from domestic and international money and capital markets and channelized to fund the assets. This amount consists of TL 815 million syndicated loan, TL 698 million loans provided from domestic banks (including CBT), TL 301 million loans provided from foreign banks, TL 211 million subordinated debts and TL 7 million loans provided from funds.

The Bank's nominal capital, TL 2 billion as of December 31, 2009, was fully paid in.

Although the provisioning ratio for Türk Eximbank is determined as zero percent in the "Provisioning Regulation" implemented by the Banking Regulation and Supervision Agency, the Bank has employed a conservative approach confirming with generally accepted banking principles with regard to provisions. As of end-2009 total provisions stood at TL 67 million.

### Solvency

As of December 31, 2009, the liquid assets-to-short-term liabilities ratio was 142.8%, over the 100% ratio considered as adequate in financial analysis, indicating that the Bank is not only regarding the balance between its assets and liabilities, but also operating with a high level of capital instead of using external financing.

### Income Statement and Profitability

Türk Eximbank operates with high loans-to-assets ratio, therefore, 74% (TL 323 million) of its TL 438 million total interest income came from interests earned from loans. On the other hand, the Bank's main source of funding is borrowings from domestic and international money and capital markets. Thus, the Bank's interest expenses, which consist mainly of interests paid to external financing, were TL 51 million.

Türk Eximbank's net profit was TL 342 million as of end-2009. On the other hand, the return on assets and return on equity ratios were 5.3% and 9.2%, respectively.

### **Credit Risk**

Credit risk is the probability of loss due to a debtor's non-payment of a loan either the principal or interest (coupon) or both or other obligations or losses incurred in guarantee and insurance programs.

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

In accordance with Article 25 of the Decree No. 87/11914 (regulating the "Articles of Association" of the Bank) of the Council of Ministers dated 21 August 1987; the scope of the annual operations of the Bank is determined by the Annual Program that is approved by the Supreme Advisory and Credit Guidance Committee ("SCLGC"). SCLGC is chaired by the Prime Minister or the State Minister in charge of the Bank's activities and other members are the executives of related government departments.

Loans are extended under various credit programs within the framework of the authority given to the Board of Directors by the SCLGC, for the realization of the Bank's objectives set by the annual programs.

Losses incurred under the credit, guarantee and insurance programs due to political risks exposed are covered by the Undersecretariat of Treasury ("Turkish Treasury") according to Article 4/C of Act No. 3332 that was appended by Act No. 3659, and the Act regarding the regulation of Public Finance and Debt Management, No. 4749, dated 28 March 2002.

The limits of foreign country loans are set by the Annual Programs within the foreign economic policy of the Turkish Republic by SCLGC and are approved by Council of Ministers. Country loans are granted with the approval of the Board of Directors and the approval of the Minister and Council of Ministers, according to Article 10 of Act No. 4749 related to the regulation of Public Finance and Debt Management. The limit of a country is restricted by both "maximum risk that can be undertaken" and "maximum amount that can be utilized annually".

The fundamental collateral of the foreign country loans are the sovereign guarantee of the counter country and the guarantee of banks that Türk Eximbank accepts as accredited. Sovereign guarantee letters are regulated by the finance minister or cabinet related to the counter country legislations. Guarantee letters cover the principal and interest and all other obligations of the borrower and are valid till the maturity date.

In addition to sovereign guarantee, promissory notes of the correspondent bank or entity; in addition to the correspondent bank guarantee, a "comfort letter" regulated by the authorized entities of the correspondent country can be requested. Besides these, additional collaterals such as "escrow account" can also be requested according to the structure of the project.

The Bank reviews various reports of OECD country risk groupings, reports of the members of the International Union of Credit and Investment Insurers (Berne Union), reports of independent credit rating institutions and the financial statements of banks during the assessment and review of the loans granted. Short term country reports and related country risk ratings are prepared by the Bank.

The risks and limits of companies and banks are monitored by both loan and risk analysis departments on a weekly and monthly basis.

The risk ratings of the banks are determined by analyzing the financial and other indicators such as the group the banks belong to, share-holders of the banks, if it is part of a financial holding company the situation of the sister companies, if it is a foreign bank the situation of the ultimate parent company, ratings given by international rating companies and the evaluation of subjective criterion like management quality and the information from the press.

## Risk Management Policies

Besides the financial and the organizational information given by companies, the Bank also gets intelligence from other sources (The Risk Centralization Records of the Central Bank of Turkey; Turkish Trade Registry Gazettes, the registration information from the Chamber of Commerce; other companies of the same sector etc.) for proof and detailed research of companies. At the same time, the Bank takes into consideration the overall situation of the sector of the company; the economic and politic circumstances of the foreign target markets; the advantages and disadvantages of the company compared to both domestic and/or foreign competing companies. On the other hand, if the company is a subsidiary of a holding company or is a member of a group of companies, the bank loans of the group and the situations which may affect the activities of the group are investigated and the risk of the whole group is considered while analyzing the company.

All of the foreign exchange denominated operations and other derivative transactions of the Bank are carried out under the limits approved by the Board of Directors.

Sectoral and regional distributions of the loan risks are parallel with the export composition of Turkey and this is followed up by the Bank regularly.

Guarantees which are indemnified are converted to loans with the decision of the Credit Committee. They are weighted as overdue loans and then put into "non performing loans items" classified according to their collaterals.

Türk Eximbank, although classified under the "development and investment banking group" in the Banking Law No. 5411, is not obliged to conform to Article 54 of this Law, on loan limits. Nevertheless, the Bank obeys the general loan limits constraints mentioned in the Banking Law. The Bank could set a limit for a bank up to 35% of its equity.

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

Each year, Türk Eximbank cedes the commercial and political risks borne under the Short-Term Export Insurance Program to a group of domestic and overseas reinsurance companies under renewed agreements. The Bank holds a portion (currently 30%) of the above-mentioned risks that can be indemnified from its own sources.

Short-Term Export Credit Insurance premium rates differ according to criteria such as risk classification of the buyer's country, payment terms, credit length and the legal status of the buyer (private/public). The premium rates increase as the risk classification of the buyer's country is higher and/or as the payment terms are longer. The premium rates are revised regularly and are valid after the approval of the Board of Directors. The quotation strategy, which is the basis of determining the premium rates, is generated taking into account domestic market conditions, international quotations of export credit insurance services and the size of the past years' accumulated losses.

Short-term export loans and loans for foreign currency earning services are granted to companies upon the approval of the Credit Committee of the Bank within the limits and conditions determined by the Board of Directors. This authorization is limited to 1% of the equity of the Bank.

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

Short-term local currency and foreign currency loans and guarantee limits of such intermediary banks are also approved by the Board of Directors. These limits can be changed under the restrictions determined by the Board of Directors.



## Risk Management Policies

Direct lending secured by fundamental collaterals is in an amount between 100%-110% of the principal and interest of the loan. The rate of fundamental collateral may decrease depending on the financial soundness of the company and fulfillment of Türk Eximbank's financial and moral requirements approved by the Board of Directors of the Bank. Fundamental collaterals are generally in the form of commercial bank guarantees, government securities and, with the residual balance of the collateral being in the form of promissory notes in the name of Ministry of Finance/Central Bank of Turkey, in the form of promissory notes issued by the relevant company.

At the annual program of the Bank, in the framework of the insurance and buyers' credit facilities implemented subject to expose foreign risk, the limit of a country implies "maximum limit that can be undertaken" and the exposure limit of a country implies "maximum amount that can be utilized annually".

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

The maximum amount of credit risk to be exposed by the Bank is indicated in the procedure of relevant loans and is revised annually.

Taking into consideration the Provisioning Regulations:

- The Bank sets aside 100% specific provisions for short-term non-performing receivables.
- Although the losses incurred by the Bank in its country credits, due to political risks, are covered by the Turkish Treasury, the Bank sets aside non-specific provisions between 25%-100% for non-performing receivables based on the overdue period.
- The Bank provides general provisions for the amount of all assets as well as for the amount of guarantees.

For the insurance activities, the Bank additionally sets aside fixed collateral for the amount determined by the approval of the relevant Minister and variable collateral out of the definite rate of the premium income. Besides, in case of claims payments, the Bank sets aside specific provisions based on the coverage rate indicated in the insurance policy out of quota Bank's share.

### **Market Risk**

Market risk is defined as the probability of loss at the Bank's on and off balance sheet positions due to price, interest and exchange rate movements arising from the market fluctuations, leading to variations in income statement items and profitability of shareholder's equity.

To monitor the market risk, Bank's TL and foreign currency denominated trading bond portfolio is evaluated daily with the current market prices (mark to market). To limit the possible losses due to market risk, Board of Directors of the Bank has set the limits for maximum position amounts that can be undertaken, maximum transaction amounts and the stop-loss levels. The limits are applied to all kind of trading operations of TL and foreign currency including the bond portfolio.

Market risk part of the "Capital Adequacy Analysis Form", covering interest and exchange rate risks (Türk Eximbank has no equity position), is calculated by using the "Standard Method" put forward by the BRSA. Exchange rate risk is reported weekly, and the market risk including both exchange and interest rate risks are reported monthly to the BRSA.

### **Currency Risk**

The Bank's foreign exchange positions are monitored daily; all positions are taken by authorized personnel within the limits determined by the Risk Management Principles approved by the Board of Directors of the Bank, considering the market developments and expectations.

Maturity mismatches are monitored periodically for USD denominated assets and liabilities (separately in all foreign currencies and total in USD) and Turkish currency denominated assets and liabilities via tables showing weighted average days to maturity, which are prepared periodically. The mismatching of the maturities between assets and liabilities is evaluated using these tables.

## Risk Management Policies

The Bank gives high importance to implement the strategy of matching its assets and liabilities in terms of currency, maturity and interest basis. In this framework, debt management is pursued in accordance with Bank's asset structure to the possible extent. In cases where such an opportunity is not possible, matching strategy is tried to be achieved by appropriate type of swap transactions (cross-currency swaps, interest swaps or currency swaps) or by changing assets structure of the Bank under the possible conditions.

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

The exchange rate risk for each currency is separately monitored on a daily basis. The effects of the Bank activities and the market conditions on the positions are closely monitored and the necessary measures are taken promptly. Due to foreign currency denominated loans, the Turkish Lira against foreign currency (FX/TL) and the foreign currency against foreign currency (FX/FX) operations are heavily used on a daily basis in order to be able to manage foreign currency exposure.

### Interest Rate Risk

The interest structure (fixed or floating) of "interest-sensitive" assets and liabilities and their weight in total assets and liabilities is evaluated to determine the probable effects of changes in market rates on the profitability of the Bank. The Bank has an approach that all fixed rate bearing assets and liabilities will be repriced at the maturity and the ones bearing floating rates are at the payment terms. By using this approach, the interest sensitive gap or surplus for each period (1M, 1-3M, 3-6M, 6-12M, over 12M etc.) remaining to contractual repricing dates (gapping report) is calculated. The gapping report is used to predict how the Bank will be affected from the probable market rate changes at any period of time.

The Bank gives high importance to the matching of the fixed and floating interest-bearing assets and liabilities for each currency separately. According to Risk Management Principles approved by the Board of Directors, there is a 20% ratio restriction of floating/fixed interest-bearing assets and liabilities mismatches to total assets, in order to limit the negative impacts of the rate changes on the Bank's profitability.

Currently the Bank matches medium and long-term floating interest-bearing foreign currency denominated assets to fixed interest-bearing liabilities denominated in another foreign currency by interest rate and cross currency swaps. In addition, interest rate swaps have been used to cover the mismatch between medium and long-term fixed rate bearing USD assets and medium and long-term USD liabilities.

### Liquidity Risk

A major objective of the Bank's asset and liability management is to ensure that sufficient liquidity is available to meet the Bank's commitments and liquidity needs. The Bank measures and manages its cash flow commitments on a daily basis, and maintains liquid assets level determined by the Board of Directors, which it judges sufficient to meet its commitments.

The Bank covers its short-term liquidity needs by short-term loans raised from domestic and foreign banks. Long-term liquidity needs are provided by the funds raised from international financial institutions such as World Bank, JBIC and from international capital markets by issuing bonds.

The Bank tries to minimize mismatches by financing short-term loans with short-term funds and long-term loans with the long-term funds.

The Bank prepares cash flows tables in domestic and foreign currency weekly, monthly and annually and uses these tables in the decision making process of liquidity management.

### Operational Risk

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

In the framework of Basel II, the Bank has started to use the basic indicator approach in calculating operational risk since June 30, 2007.

## Information Regarding Credit Ratings Assigned By International Rating Agencies

Because of borrowing from international loan and capital markets without the guarantee of the Undersecretariat of Treasury, Türk Eximbank has got credit ratings from Moody's and Standard and Poor's since 1997.

The issuer credit ratings assigned to the Bank by these rating agencies, as of end-2009, are as follows:

	Foreign Currency		Local Currency	
	Long-Term	Short-Term	Long-Term	Short-Term
Standard and Poor's	BB- (Stable Outlook)	B	BB (Stable Outlook)	B
Moody's	Ba1 (Stable Outlook)			

The foreign and local currency ratings assigned by Standard and Poor's are the same as that of the Undersecretariat of Treasury and indicate the highest grades that any bank or institution can get in Turkey. In other words Türk Eximbank's rating is at the sovereign ceiling.

Moody's, on the other hand, assigned Ba1 rating to Türk Eximbank, which is also the sovereign ceiling for Turkey and two notches higher than the Ba3 rating is assigned to the Undersecretariat of Treasury. Moody's described the Bank as a Government Related Issuer (GRI) and used the Baseline Credit Assessment (BCA) methodology, which measures the Bank's standalone financial strength disregarding the government support when necessary. According to this assessment, Moody's indicates that the current Ba1 would have been higher in an unconstrained environment.

On the other hand, the "outlook", indicating the changing probability of the long-term ratings over a 6-12 month period was set as "stable" by Moody's. However, Standard and Poor's, by considering the easing in Turkey's external financing risks, revised the outlook of the Treasury and Türk Eximbank from "negative" to "stable" in 2009 as the economical resistance increased and the economical uncertainty decreased within the medium-term economic program.

The rationale of these ratings assigned by the two credit rating agencies are declared as; the full ownership of the Bank by the Undersecretariat of Treasury; the significant role the Bank has undertaken in the governments' export led growth policies; governmental compensation of political risk losses incurred by the Bank emanating from credit, guarantee and insurance activities; sound financial structure and strong capitalization, which in turn allows continuous access to international markets; the fact that the Bank has predominantly taken on bank risk rather than exporter risk; and a professional management team.

**Major Balance Sheet Accounts (TL thousand)**

	2009	2008	2007	2006	2005
Loans	3,908,666	4,004,961	3,232,537	3,408,346	2,982,207
Total Assets	6,488,070	4,942,922	4,164,396	4,141,143	3,518,126
Loans Borrowed	2,025,884	1,150,311	991,247	1,193,916	937,976
Securities Issued	-	-	-	-	-
Shareholders' Equity	3,656,670	2,938,967	2,578,909	2,304,195	1,951,478
Total Paid-in Share Capital	2,000,000	1,326,336	1,000,000	928,610	657,864

**Major Income Statement Accounts (TL thousand)**

	2009	2008	2007	2006	2005
Interest Income	437,972	468,073	444,501	376,166	376,640
Interest Income on Loans	323,090	356,350	348,266	293,574	272,478
Interest Expenses	(50,725)	(46,626)	(54,399)	(59,411)	(73,332)
Net Interest Income	387,247	421,447	390,102	316,755	303,308
Other Operating Income	35,007	32,507	48,724	58,133	118,293
Provisions for Loans and Other Claims	(55,635)	(25,624)	(1,820)	(21,124)	(6,458)
Other Operating Expenses	(58,370)	(69,443)	(62,543)	(67,191)	(62,053)
Net Income	342,488	371,031	387,294	302,931	361,839

Convenience Translation of Publicly Announced Unconsolidated Financial Statements Together with Independent Auditor's Report at 31 December 2009 Originally Issued in Turkish

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

We have audited the accompanying balance sheet of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") at 31 December 2009 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

**Disclosure for the responsibility of the Bank's Board of Directors:**

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Document" published on the Official Gazette No.26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency (the "BRSA") on accounting and financial reporting principles.

**Disclosure for the Responsibility of the Authorized Audit Firm:**

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been implemented in accordance with the Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

**Independent Auditor's Opinion:**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası A.Ş. at 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No.5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

**Additional paragraph for convenience translation:**

As explained in detail in Note I.d. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers



Z. Alper Önder, SMMM

Istanbul, 8 February 2010

Commercial title of the Bank: Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)

Müdafaa Cad. No:20 - 06100 Bakanlıklar/ANKARA

Telephone: (312) 417 13 00

Fax: (312) 425 78 96

www.eximbank.gov.tr

ankara@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 ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- 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.

8 February 2010

Cavit DAĞDAŞ  
Vice Chairman of the Board of  
Directors/Member of the Audit Committee

A. Doğan ARIKAN  
Member of the Board of Directors/  
Member of the Audit Committee

H. Ahmet KILIÇOĞLU  
Vice President

Necati YENİARAS  
Executive Vice President

Muhittin AKBAŞ  
Head of Accounting and  
Reporting Unit

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

Name-Surname/Title: Muhittin AKBAŞ/Head of Accounting and Reporting Unit

Telephone Number: (0312) 418 44 16

Fax Number: (0312) 425 72 91



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## SECTION ONE

## GENERAL INFORMATION

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

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

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

In accordance with the articles of association of the Bank, the Bank's capital structure consists of group (A) and group (B) registered shares. Group (A) shares are owned by the Undersecretariat of Treasury ("Turkish Treasury") and form at least 51% of the share capital. Group (B) shares form 49% of the share capital and can be transferred to public and private sector banks, other similar financial institutions, insurance companies and corporate and real persons by the Turkish Treasury. As of the balance sheet date, the paid-in capital is wholly owned by the Turkish Treasury.

**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:**

	Name:	Academic Background:
Chairman of the Board of Directors:	-	-
Vice Chairman of the Board of Directors:	Cavit DAĞDAŞ	Graduate
Members of the Board of Directors:	H. Ahmet KILIÇOĞLU	Graduate
	Oğuz SATICI	Undergraduate
	Mehmet BÜYÜKEKŞİ	Undergraduate
	Adnan Ersoy ULUBAŞ	Undergraduate
	A. Doğan ARIKAN (*)	Undergraduate
Members of the Audit Committee:	A. Doğan ARIKAN (*)	Undergraduate
	Cavit DAĞDAŞ	Graduate
Statutory Auditors:	Güner GÜCÜK	Graduate
	Prof. Dr. Arif ESİN	Postgraduate
Vice President:	H. Ahmet KILIÇOĞLU	Graduate
Executive Vice President:	Osman ASLAN	Graduate
	Necati YENİARAS	Graduate
	Alev ARKAN	Undergraduate
	Ertan TANRIYAKUL	Undergraduate

(\*) A. Doğan Arıkan who is assigned as a member of the Board of Directors as of 12 February 2008, is also assigned as a Member of the Audit Committee as of 14 December 2009.

The Bank's chairman and members of the board of directors, the members of the audit committee, vice president and executive vice presidents do not own shares in the Bank.

**IV. Information on the shareholders' owning control shares:**

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
Turkish Treasury	All	100%	2,000,000	-

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

The Bank has been mandated to support foreign trade through diversification of the exported goods and services, by increasing the share of exporters and entrepreneurs in international trade, and to create new markets for the exported commodities, to provide exporters and overseas contractors with support to increase their competitiveness and to ensure a risk free environment in international markets.

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, the Bank provides short, medium or long term, domestic and foreign currency lending through borrowings from domestic and foreign money and capital markets and from its own sources.

On the other hand, the Bank also performs fund management (treasury) operations related with its core banking operations. These operations are domestic and foreign currency capital market operations, domestic and foreign currency money market operations, foreign currency market operations and derivative transactions, all of which are approved by the Board of Directors.

The losses due to the political risks arising on loan, guarantee and insurance operations of the Bank, are transferred to the Undersecretariat of Treasury ("Turkish Treasury") 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, number 4749, dated 28 March 2002.

**VI. Other information:**

**a. The commercial title of the Bank:**

Türkiye İhracat Kredi Bankası A.Ş.

**b. The Bank's head office address:**

Müdafaa Caddesi No: 20 06100 Bakanlıklar - ANKARA

**c. The Bank's telephone and fax numbers:**

Telephone: (0312) 417 13 00

Facsimile: (0312) 425 78 96

**d. The Bank's web site:**

[www.eximbank.gov.tr](http://www.eximbank.gov.tr)

**e. The Bank's e-mail address:**

[ankara@eximbank.gov.tr](mailto:ankara@eximbank.gov.tr)

**f. Reporting Period:**

1 January - 31 December 2009

Amounts in the financial statements and the accompanying explanations and notes are expressed in thousands of Turkish lira unless otherwise stated.

**SECTION TWO**

**UNCONSOLIDATED FINANCIAL STATEMENTS**

I. Balance sheet (Appendix: 1-A)

II. Off-balance sheet commitments (Appendix: 1-B)

III. Income statement (Appendix: 1-C)

IV. Statements of income and expense items accounted under shareholders' equity (Appendix: 1-D)

V. Statement of changes in shareholders' equity (Appendix: 1-E)

VI. Statement of cash flows (Appendix: 1-F)

VII. Profit appropriation statement (Appendix: 1-G)

## Unconsolidated Balance Sheet

Appendix:1-A

		THOUSANDS OF TURKISH LIRA						
ASSETS		Notes	CURRENT PERIOD			PRIOR PERIOD		
			31/12/2009		31/12/2008			
			TL	FC	Total	TL	FC	Total
I.	CASH BALANCES WITH CENTRAL BANK	1	32	604	636	76	3	79
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)	2	154.673	12.024	166.697	40.205	23.288	63.493
2.1	Trading Financial Assets		154.673	12.024	166.697	40.205	23.288	63.493
2.1.1	Government Debt Securities		146.817	3.332	150.149	36.488	8.268	44.756
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		7.856	8.692	16.548	3.717	15.020	18.737
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.3.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	3	112.186	651.241	763.427	106.012	36.490	142.502
IV.	MONEY MARKETS		1.295.134	-	1.295.134	462.593	-	462.593
4.1	Interbank Money Market Placements		1.295.134	-	1.295.134	462.593	-	462.593
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	4	13.744	-	13.744	3.126	-	3.126
5.1	Share Certificates		13.744	-	13.744	3.126	-	3.126
5.2	Government Debt Securities		-	-	-	-	-	-
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	LOANS	5	1.335.840	2.572.826	3.908.666	2,165,240	1,839,721	4.004.961
6.1	Loans		1.335.840	2.572.826	3.908.666	2,165,240	1,839,721	4.004.961
6.1.1	Loans to Bank's risk group		-	-	-	-	-	-
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		1.335.840	2.572.826	3.908.666	2,165,240	1,839,721	4.004.961
6.2	Loans under Follow-up		103.498	-	103.498	56.653	-	56.653
6.3	Specific Provisions (-)		103.498	-	103.498	56.653	-	56.653
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	6	259.404	49.664	309.068	189.050	53.431	242.481
8.1	Government Debt Securities		259.404	49.664	309.068	189.050	53.431	242.481
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	7	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-Financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	8	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	9	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	FINANCIAL LEASE RECEIVABLES	10	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	11	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	12	7.911	-	7.911	8.152	-	8.152
XV.	INTANGIBLE ASSETS (Net)	13	654	-	654	7	-	7
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		654	-	654	7	-	7
XVI.	INVESTMENT PROPERTY (Net)	14	-	-	-	-	-	-
XVII.	TAX ASSET	15	-	-	-	-	-	-
17.1	Current Tax Asset		-	-	-	-	-	-
17.2	Deferred Tax Asset		-	-	-	-	-	-
XVIII.	ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	16	-	-	-	-	-	-
18.1	Held for Sale Purpose		-	-	-	-	-	-
18.2	Related to Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	17	12.345	9.788	22.133	4.344	11.184	15.528
TOTAL ASSETS			3.191.923	3.296.147	6.488.070	2.978.805	1.964.117	4,942,922

## Unconsolidated Balance Sheet

Appendix:1-A

		THOUSANDS OF TURKISH LIRA						
LIABILITIES		Notes	CURRENT PERIOD 31/12/2009			PRIOR PERIOD 31/12/2008		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	<b>1</b>	-	-	-	-	-	-
1.1	Deposits of Bank's risk group		-	-	-	-	-	-
1.2	Other		-	-	-	-	-	-
<b>II.</b>	<b>TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>2</b>	103	5.186	5.289	235	6.464	6.699
<b>III.</b>	<b>BORROWINGS</b>	<b>3</b>	-	1.814.454	1.814.454	-	892.503	892.503
<b>IV.</b>	<b>MONEY MARKETS</b>		-	-	-	-	15.219	15.219
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	15.219	15.219
4.3	Funds Provided Under Repurchase Agreements		-	-	-	-	-	-
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>FUNDS</b>		6.711	-	6.711	6.711	-	6.711
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		6.711	-	6.711	6.711	-	6.711
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		10.076	5.718	15.794	10.458	2.106	12.564
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	<b>4</b>	383.378	310.993	694.371	474.777	277.036	751.813
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>FINANCIAL LEASE PAYABLES (Net)</b>	<b>5</b>	-	-	-	113	-	113
10.1	Financial Lease Payables		-	-	-	127	-	127
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	14	-	14
<b>XI.</b>	<b>HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>6</b>	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	<b>7</b>	82.053	-	82.053	74.530	7	74.537
12.1	General Loan Loss Provision		25.461	-	25.461	20.994	-	20.994
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		14.848	-	14.848	13.900	-	13.900
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		41.744	-	41.744	39.636	7	39.643
<b>XIII.</b>	<b>TAX LIABILITY</b>	<b>8</b>	1.298	-	1.298	1.207	-	1.207
13.1	Current Tax Liability		1.298	-	1.298	1.207	-	1.207
13.2	Deferred Tax Liability		-	-	-	-	-	-
<b>XIV.</b>	<b>LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>9</b>	-	-	-	-	-	-
14.1	Held for Sale Purpose		-	-	-	-	-	-
14.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	<b>10</b>	-	211.430	211.430	-	242.589	242.589
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>11</b>	3.656.395	275	3.656.670	2.938.578	389	2.938.967
16.1	Paid-in capital		2.000.000	-	2.000.000	1.326.336	-	1.326.336
16.2	Capital Reserves		606.607	275	606.882	772.759	389	773.148
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		6.950	275	7.225	(1.668)	389	(1.279)
16.2.4	Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
16.2.6	Revaluation differences of investment property		-	-	-	-	-	-
16.2.7	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8	Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9	Value increase of Non-current Asset Held for Sale and Discounted Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		599.657	-	599.657	774.427	-	774.427
16.3	Profit Reserves		707.300	-	707.300	468.452	-	468.452
16.3.1	Legal Reserves		152.210	-	152.210	133.659	-	133.659
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		532.347	-	532.347	312.050	-	312.050
16.3.4	Other Profit Reserves		22.743	-	22.743	22.743	-	22.743
<b>16.4</b>	<b>Profit or Loss</b>		342.488	-	342.488	371.031	-	371.031
16.4.1	Prior Years' Profit/Loss		-	-	-	-	-	-
16.4.2	Current Year Profit/Loss		342.488	-	342.488	371.031	-	371.031
16.5	Minority Interest	12	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>4.140.014</b>	<b>2.348.056</b>	<b>6.488.070</b>	<b>3.506.609</b>	<b>1.436.313</b>	<b>4.942.922</b>



## Unconsolidated Off-Balance Sheet Commitments

Appendix:1-B

		THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2009			31/12/2008		
	Notes	TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>	<b>563.014</b>	<b>1.643.071</b>	<b>2.206.085</b>	<b>116.954</b>	<b>787.487</b>	<b>904.441</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>I, III</b>	<b>841.152</b>	<b>841.152</b>	<b>-</b>	<b>359.771</b>	<b>359.771</b>
1.1.	Letters of Guarantee	-	-	-	-	-	-
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	-	-	-	-	-	-
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	-	481.209	481.209	-	390	390
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey	-	481.209	481.209	-	390	390
1.5.2.	Other Endorsements	-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees	-	-	-	-	-	-
1.7.	Factoring Guarantees	-	-	-	-	-	-
1.8.	Other Guarantees	-	359.943	359.943	-	359.381	359.381
1.9.	Other Collaterals	-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	<b>I, III</b>	<b>13.523</b>	<b>13.523</b>	<b>-</b>	<b>21.558</b>	<b>21.558</b>
2.1.	Irrevocable Commitments	2.000	13.523	15.523	-	21.558	21.558
2.1.1.	Asset Purchase and Sale Commitments	-	-	-	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries	2.000	-	2.000	-	-	-
2.1.4.	Loan Granting Commitments	-	13.523	13.523	-	21.558	21.558
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	-	-	-	-	-	-
2.2.	Revocable Commitments	-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2.	Other Revocable Commitments	-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>II</b>	<b>788.396</b>	<b>1.349.410</b>	<b>116.954</b>	<b>406.158</b>	<b>523.112</b>
3.1.	Hedging Derivative Financial Instruments	-	-	-	-	-	-
3.1.1.	Transactions for Fair Value Hedge	-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge	-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge	-	-	-	-	-	-
3.2.	Trading Transactions	561.014	788.396	1.349.410	116.954	406.158	523.112
3.2.1.	Forward Foreign Currency Buy/Sell Transactions	-	-	-	-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy	-	-	-	-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell	-	-	-	-	-	-
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates	561.014	788.396	1.349.410	116.954	406.158	523.112
3.2.2.1.	Foreign Currency Swap-Buy	561.014	78.303	639.317	116.954	108.256	225.210
3.2.2.2.	Foreign Currency Swap-Sell	-	620.693	620.693	-	206.606	206.606
3.2.2.3.	Interest Rate Swap-Buy	-	44.700	44.700	-	45.648	45.648
3.2.2.4.	Interest Rate Swap-Sell	-	44.700	44.700	-	45.648	45.648
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	-	-	-	-	-	-

## Unconsolidated Off-Balance Sheet Commitments

Appendix:1-B

		THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2009			31/12/2008		
	Notes	TL	FC	Total	TL	FC	Total
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>	<b>30.914</b>	<b>169.434</b>	<b>200.348</b>	<b>19.149</b>	<b>96.865</b>	<b>116.014</b>
<b>IV.</b>	<b>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.</b>	<b>PLEDGES RECEIVED</b>	<b>30.914</b>	<b>169.434</b>	<b>200.348</b>	<b>19.149</b>	<b>96.865</b>	<b>116.014</b>
5.1.	Marketable Securities	-	7.920	7.920	-	8.088	8.088
5.2.	Guarantee Notes	-	-	-	-	-	-
5.3.	Commodity	-	-	-	-	-	-
5.4.	Warranty	-	-	-	-	-	-
5.5.	Immovable	10.240	85.489	95.729	20	12.665	12.685
5.6.	Other Pledged Items	20.674	76.025	96.699	19.129	76.112	95.241
5.7.	Pledged Items-Depository	-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTEES</b>	-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>593.928</b>	<b>1.812.505</b>	<b>2.406.433</b>	<b>136.103</b>	<b>884.352</b>	<b>1.020.455</b>

## Unconsolidated Income Statement

Appendix:1-C

		THOUSANDS OF TURKISH LIRA		
INCOME AND EXPENSE ITEMS		Notes	CURRENT PERIOD (01/01/2009-31/12/2009)	PRIOR PERIOD (01/01/2008-31/12/2008)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>437.972</b>	<b>468.073</b>
1.1	Interest on loans		323.090	356.350
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks		9.731	22.778
1.4	Interest Received from Money Market Transactions		67.439	45.494
1.5	Interest Received from Marketable Securities Portfolio		37.173	43.226
1.5.1	Trading Financial Assets		6.908	20.753
1.5.2	Financial Assets Designated at Fair Value Through Profit or (Loss)		-	-
1.5.3	Available-for-sale Financial Assets		-	-
1.5.4	Held to maturity Investments		30.265	22.473
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		539	225
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(2)</b>	<b>50.725</b>	<b>46.626</b>
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		50.602	46.491
2.3	Interest Expense on Money Market Transactions		15	5
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		108	130
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>387.247</b>	<b>421.447</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>(6.295)</b>	<b>(2.501)</b>
4.1	Fees and Commissions Received		2.290	368
4.1.1	Non-cash Loans		-	-
4.1.2	Other		2.290	368
4.2	Fees and Commissions Paid		(8.585)	(2.869)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(8.585)	(2.869)
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS (Net)</b>	<b>(4)</b>	<b>40.534</b>	<b>14.645</b>
6.1	Trading Gains/Losses on Securities		2.239	36
6.2	Trading Gains/Losses on Derivative Financial Assets		61.672	(67.157)
6.3	Foreign Exchange Gains/Losses		(23.377)	81.766
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>35.007</b>	<b>32.507</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>456.493</b>	<b>466.098</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(6)</b>	<b>55.635</b>	<b>25.624</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>58.370</b>	<b>69.443</b>
<b>XI.</b>	<b>NET OPERATING INCOME/LOSS (VIII-IX-X)</b>		<b>342.488</b>	<b>371.031</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XIV.</b>	<b>INCOME/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/LOSS BEFORE TAXES ON INCOME FROM CONTINUED OPERATIONS (XI+.....+XIV)</b>	<b>(8)</b>	<b>342.488</b>	<b>371.031</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUED OPERATIONS(±)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>
16.1	Current Tax Provision		-	-
16.2	Deferred Tax Provision		-	-
<b>XVII.</b>	<b>NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>342.488</b>	<b>371.031</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses from Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	<b>(11)</b>	<b>342.488</b>	<b>371.031</b>
23.1	Profit/Losses of the Group		-	-
23.2	Profit/Losses of Minority Interest (-)		-	-
	Earnings/Loss per share		0,19213	0,23528

## Statements of Income and Expense Items Accounted Under Shareholders' Equity

Appendix 1-D

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD	PRIOR PERIOD
INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		31/12/2009	31/12/2008
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	8.618	(4.073)
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value changes)	-	-
VI.	PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of fair value changes)	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-	-
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	-	-
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	8.618	(4.073)
XI.	CURRENT YEAR PROFIT/LOSS	(114)	8
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	(114)	8
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3	Part of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4	Other	-	-
XII.	TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD (X±XI)	8.504	(4.065)

## Unconsolidated Statements of Changes in the Shareholders' Equity

THOUSANDS OF TURKISH LIRA

CHANGES IN THE SHAREHOLDERS' EQUITY	Notes	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves
<b>PRIOR PERIOD (31/12/2008)</b>	<b>(Section V)</b>							
I. Period Opening Balance		1.000.000	-	-	-	114.294	-	277.365
II. Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-
III. New Balance (I+II)		1.000.000	-	-	-	114.294	-	277.365
Changes in the period								
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-
VI. Hedging Transactions		-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-
6.2 Foreign Net Investment Hedge		-	-	-	-	-	-	-
VII. Property and Equipment Revaluation Differences		-	-	-	-	-	-	-
VIII. Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-
IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-	-
XI. Changes due to the Disposal of Assets		-	-	-	-	-	-	-
XII. Changes due to the Reclassification of Assets		-	-	-	-	-	-	-
XIII. Effect of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-
XIV. Capital Increase		326.336	-	-	-	-	-	(300.000)
14.1 Cash increase		26.336	-	-	-	-	-	-
14.2 Internal Resources		300.000	-	-	-	-	-	(300.000)
XV. Share Premium		-	-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-	-
XVII. Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-
XIX. Current Year Net Profit or Loss		-	-	-	-	-	-	-
XX. Profit Distribution		-	-	-	-	19.365	-	334.685
20.1 Dividends Paid		-	-	-	-	-	-	-
20.2 Transfer to Reserves		-	-	-	-	19.365	-	334.685
20.3 Other		-	-	-	-	-	-	-
<b>Period End Balance (III+IV+V+.....+XVIII+XIX+XX)</b>		<b>1.326.336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133.659</b>	<b>-</b>	<b>312.050</b>
<b>CURRENT PERIOD (31/12/2009)</b>								
I. Prior Period End Balance		1.326.336	-	-	-	133.659	-	312.050
Changes in the period		-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	1	-	-	-	-	-	-	-
IV. Hedging Transactions Funds		-	-	-	-	-	-	-
4.1 Cash flow Hedge		-	-	-	-	-	-	-
4.2 Foreign Net Investment Hedge		-	-	-	-	-	-	-
V. Property and Equipment Revaluation Differences		-	-	-	-	-	-	-
VI. Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-
VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-
XI. Effect of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-
XII. Capital Increase		673.664	-	-	-	-	-	(100.000)
12.1 Cash increase		398.894	-	-	-	-	-	-
12.2 Internal Resources		274.770	-	-	-	-	-	(100.000)
XIII. Share Premium		-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-
XV. Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-
XVII. Current Year Net Profit or Loss		-	-	-	-	-	-	-
XVIII. Profit Distribution	3	-	-	-	-	18.551	-	320.297
18.1 Dividends Paid		-	-	-	-	-	-	-
18.2 Transfers to Reserves	4	-	-	-	-	18.551	-	320.297
18.3 Other		-	-	-	-	-	-	-
<b>Period End Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>2.000.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152.210</b>	<b>-</b>	<b>532.347</b>

## Unconsolidated Statements of Changes in the Shareholders' Equity

Appendix:1-E

Other Profit Reserves	Current Year Net Profit/Loss	Prior Years' Net Profit/Loss	Marketable Securities Value Increase Fund	Property and Equipment and Intangible Fixed Assets Revaluation Fund	Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures	Hedging Funds (effective position)	Value increase of Non-current Asset Held for Sale and Discontinued Operations	Total Shareholders' Equity Except Minority Rights	Minority Rights	Total Shareholders' Equity
797.170	-	387.294	2.786	-	-	-	-	2.578.909	-	2.578.909
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
797.170	-	387.294	2.786	-	-	-	-	2.578.909	-	2.578.909
-	-	-	-	-	-	-	-	-	-	-
-	-	-	(4.065)	-	-	-	-	(4.065)	-	(4.065)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	26.336	-	26.336
-	-	-	-	-	-	-	-	26.336	-	26.336
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	371.031	-	-	-	-	-	-	371.031	-	371.031
-	-	(387.294)	-	-	-	-	-	(33.244)	-	(33.244)
-	-	(33.244)	-	-	-	-	-	(33.244)	-	(33.244)
-	-	(354.050)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
797.170	371.031	-	(1.279)	-	-	-	-	2.938.967	-	2.938.967
797.170	-	371.031	(1.279)	-	-	-	-	2.938.967	-	2.938.967
-	-	-	-	-	-	-	-	-	-	-
-	-	-	8.504	-	-	-	-	8.504	-	8.504
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(174.770)	-	-	-	-	-	-	-	398.894	-	398.894
(174.770)	-	-	-	-	-	-	-	398.894	-	398.894
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	342.488	-	-	-	-	-	-	342.488	-	342.488
-	-	(371.031)	-	-	-	-	-	(32.183)	-	(32.183)
-	-	(32.183)	-	-	-	-	-	(32.183)	-	(32.183)
-	-	(338.848)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
622.400	342.488	-	7.225	-	-	-	-	3.656.670	-	3.656.670



## Unconsolidated Statements of Cash Flows

Appendix:1-F

		THOUSANDS OF TURKISH LIRA		
A.	CASH FLOWS FROM BANKING OPERATIONS	Notes	CURRENT PERIOD 31/12/2009	PRIOR PERIOD 31/12/2008
1.1	Operating Profit before changes in operating assets and liabilities		453.498	349.045
1.1.1	Interest received		482.489	459.245
1.1.2	Interest paid		(53.947)	(47.713)
1.1.3	Dividend received		-	-
1.1.4	Fees and commissions received		2.290	368
1.1.5	Other income		35.786	23.537
1.1.6	Collections from previously written-off loans and other receivables		1.593	455
1.1.7	Payments to personnel and service suppliers		(21.959)	(27.251)
1.1.8	Taxes paid		(1.132)	(475)
1.1.9	Other	2	8.378	(59.121)
1.2	Changes in operating assets and liabilities		704.766	(397.956)
1.2.1	Net (increase)/decrease in trading securities		(105.683)	(24.867)
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets		-	-
1.2.3	Net (increase)/decrease in due from banks		(9.000)	-
1.2.4	Net (increase)/decrease in loans		1.606	(770.655)
1.2.5	Net (increase)/decrease in other assets		(6.605)	(3.717)
1.2.6	Net increase/(decrease) in bank deposits		-	-
1.2.7	Net increase/(decrease) in other deposits		-	-
1.2.8	Net increase/(decrease) in funds borrowed		878.797	160.151
1.2.9	Net increase/(decrease) in payables		-	-
1.2.10	Net increase/(decrease) in other liabilities	2	(54.349)	241.132
<b>I.</b>	<b>Net cash provided from banking operations</b>		<b>1.158.264</b>	<b>(48.911)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash provided from investing activities</b>		<b>(67.603)</b>	<b>(37.094)</b>
2.1	Cash paid for acquisition of associates, subsidiaries and joint ventures (business partners)		-	-
2.2	Cash obtained from disposal of associates, subsidiaries and joint ventures (business partners)		-	-
2.3	Purchases of property and equipment		(1.206)	(144)
2.4	Disposals of property and equipment		-	-
2.5	Cash paid for purchase of available-for-sale investments		(2.000)	-
2.6	Cash obtained from sale of available-for-sale investments		-	-
2.7	Cash paid for purchase of investment securities		(64.397)	(36.950)
2.8	Cash obtained from sale of investment securities		-	-
2.9	Other	2	-	-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net cash provided from financing activities</b>		<b>366.711</b>	<b>(6.908)</b>
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(32.183)	(33.244)
3.5	Payments for finance leases		-	-
3.6	Other	2	398.894	26.336
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>2</b>	<b>(12.184)</b>	<b>28.852</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents</b>		<b>1.445.188</b>	<b>(64.061)</b>
<b>VI.</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>1</b>	<b>603.957</b>	<b>668.018</b>
<b>VII.</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>1</b>	<b>2.049.145</b>	<b>603.957</b>

## Unconsolidated Profit Appropriation Statement

Appendix:1-G

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD 31/12/2009	PRIOR PERIOD 31/12/2008
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	CURRENT YEAR INCOME	349.478	378.603
1.2	TAXES AND DUTIES PAYABLE (-)	6.990	7.572
1.2.1	Corporate Tax (Income tax)	-	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	6.990	7.572
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>342.488</b>	<b>371.031</b>
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	18.551
1.5	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>342.488</b>	<b>352.480</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	29.683
1.6.1	To Owners of Ordinary Shares	-	29.683
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 (-)	-	2.500
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 (-)	-	320.297
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>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.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF ORDINARY SHARES	0,192	0,235
3.2	TO OWNERS OF ORDINARY SHARES (%)	19	24
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>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 (%)	-	-

### SECTION THREE

#### ACCOUNTING POLICIES

##### I- Explanations on the basis of presentation:

###### a. 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 unconsolidated financial statements have been prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them. The Bank maintains its books in Turkish lira in accordance with the Banking Act numbered 5411, Turkish Commercial Code and Turkish tax legislation.

###### b. 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 TAS. These accounting policies and valuation principles are explained in Notes II to XXVII below.

###### c. Preparation of financial statements based on the current purchasing power of Turkish lira:

The Bank's financial statements were subjected to inflation adjustment according to "Turkish Accounting Standards for Financial Reporting in Hyperinflationary Economies" ("TAS 29") until 31 December 2004, after which the Banking Regulation and Supervision Agency ("BRSA") announced that the inflation accounting application in the Turkish banking sector was to be terminated concerning the preparation of the financial statements, based on a decree published as of 28 April 2005, with the reason that the indicators for inflation accounting had disappeared as of 1 January 2005.

###### d. Explanation for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

##### II- Explanations on strategy of using financial instruments and explanations on 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 income statement under the account of foreign exchange gains/losses.

As of 31 December 2009, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL1.4900 for US dollar, TL2.1471 for Euro, TL1.6145 for 100 JPY and TL2.405 for GBP.

##### III- Explanations on forward transactions, options and derivative instruments:

As of the balance sheet date, there are outstanding currency and interest rate swap purchases and sales contracts of the Bank.

The Bank classifies its derivative instruments as "held-for-hedging" or "held-for-trading" in accordance with Turkish Accounting Standard for Recognition and Measurement of Financial Instruments ("TAS 39"). Certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules of TAS 39 and are treated as derivatives held-for-trading.

Payables and receivables arising from the derivative instruments are followed in the off-balance sheet accounts at their contractual values. Derivative instruments are remeasured at fair value after initial recognition. If the fair value of a derivative financial instrument is positive, it is disclosed under the main account "Financial assets at fair value through profit or loss" in "Trading derivative financial instruments" and if the fair value difference is negative, it is disclosed under "Trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "trading income/loss" in the income statement. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

As at 31 December 2009, the net fair value of the Bank's derivative instruments is TL11,259 (31 December 2008: TL12,038).

**IV- Explanations on interest income and expense:**

Interest income and expenses are recognized in the income statement on an accrual basis.

The Bank ceases accruing interest income on non-performing loans. Interest income is recorded for non performing loans when the collection is made.

Interest income and expense are represented at their book values.

**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 incomes and fees for various banking services which are recorded as income at the time of collection.

**VI- Explanations on financial assets:**

The Bank categorizes its financial assets as "Fair value through profit/loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

Financial assets at the fair value through profit or loss category have two sub categories: "Trading financial assets" and "Financial assets designated at fair value through profit/loss at initial recognition."

Trading financial assets are initially recognized at cost. Acquisition and sale transactions of trading financial assets are recognized and derecognized at the settlement date.

The government bonds and treasury bills recognized under trading financial assets which are traded on the Istanbul Stock Exchange ("ISE") are valued with weighted average prices settled on the ISE as of the balance sheet date; and those government bonds and treasury bills traded on the ISE but which are not subject to trading on the ISE 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 trading financial asset 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.

Derivative financial instruments are classified as trading financial assets unless they are designated as hedging instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note III of Section Three.

The Bank has no financial assets designated as financial assets at fair value through profit or loss.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

Held-to-maturity financial assets are assets that are not classified under "loans and receivables" with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Loans and receivables are financial assets that are originated by the Bank by providing money, services or goods to borrowers other than trading financial assets and financial assets held for the purpose of short-term profit making. Available for sale financial assets are financial assets other than loans and receivables, held to maturity financial assets and financial assets at fair value through profit or loss. Held-to-maturity financial assets and available-for-sale financial assets are initially recognized at cost.

All regular way purchases and sales of financial assets are recognized and derecognized at the settlement date. The Bank holds government bonds, treasury bills and foreign currency bonds issued in Turkey and abroad by Turkish Treasury under the held-to-maturity portfolio.

Held-to-maturity financial assets are initially recognized at cost and are subsequently carried at amortized cost using the effective yield method. Interest earned from held-to-maturity financial assets is recorded as interest income. All regular way purchases and sales of held-to-maturity financial assets are accounted at the settlement date.

There are no financial assets that were previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the contradiction of classification principles.

Available-for-sale financial assets are financial assets other than held-to-maturity investments and trading securities. Available-for-sale financial assets are subsequently remeasured at fair value. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at amortized cost, less provision for impairment.

Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized under shareholders' equity as "Marketable Securities Value Increase Fund", until the collection of the fair value of financial assets, the sale of the financial assets, permanent impairment in the fair values of such assets or the disposal of the financial assets. When these securities are disposed of or the fair value of such securities is collected, the accumulated fair value differences in the shareholders' equity are reflected to the income statement.

The Bank has reclassified its financial assets with a fair value of TL22,890 thousand from trading portfolio to held to maturity investment securities portfolio due to the change in its intention to hold the securities until maturity in accordance with the Communiqué numbered 105 related with the Amendment on the Communiqué on Turkish Accounting Standard for Recognition and Measurement of Financial Instruments ("TAS 39") and the Communiqué numbered 106 related with the Amendment on the Communiqué on Turkish Financial Reporting Standard Financial Instruments: Disclosures ("TFRS 7"), both announced in the Official Gazette numbered 27040 on 31 October 2008 by the Turkish Accounting Standards Board. As of 31 December 2009, the fair value of reclassified financial assets is TL29,349 thousand. Had the reclassification not been performed, the cumulative net profit of the Bank would have increased by TL536 thousand and TL1,260 thousand of this amount would have been recognized as loss for the year ended 31 December 2009.

**VII- Explanations on impairment of financial assets:**

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the "effective yield method", or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and this is charged against the income for the year.

**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 related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously. Otherwise, no offsetting is performed in relation with the financial assets and liabilities.

**IX-Explanations on sales and repurchase agreements and securities lending transactions:**

The Bank has no sales and repurchase agreements and securities lending transactions at the balance sheet date.

**X-Explanations on assets held for sale and discontinued operations and explanations on liabilities related with these assets:**

The Bank has no assets held for sale and discontinued operations at 31 December 2009.

**XI-Explanations on goodwill and other intangible assets:**

The Bank has no goodwill at 31 December 2009 and 2008.

Intangible assets consist of computer software licenses. Intangible assets are carried at cost less accumulated amortization and are amortized over four years (their estimated useful lives) using the straight-line method. During the current year there has been no change in the depreciation method and the Bank does not expect any changes in accounting estimates, useful lives, depreciation method and residual value during the current and the following periods.

**XII-Explanations on property and equipment:**

All property and equipment are initially recognized at cost. Subsequently 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.

The depreciation rates are as follows:

Buildings	: 2-3%
Furniture, fixtures and vehicles	: 6-25%

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 no 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 leasing transactions:**

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "provision for value decrease" is recognized. Liabilities arising from the leasing transactions are included in "Finance Lease Payables" in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not perform financial leasing transactions as a "Lessor".

Transactions regarding operational agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

**XIV-Explanations on provisions and contingent liabilities:**

Provisions and contingent liabilities except for the specific and general provisions recognized for loans and other receivables are accounted in accordance with "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").



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 no contingent liability based on past events for which there is a possibility of an outflow of resources and whose obligation can be reliably estimated.

**XV-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. Accordingly, the reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from the liability of the Bank to pay termination benefits to each employee who has retired or completed at least one year of service and whose employment is terminated without due cause, is called up for military service or dies.

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19"). As of 31 December 2009, the calculated employment termination obligation amounts to TL9,963 thousand.

For the year ending 31 December 2009, the Bank also provided a 100% provision for vacation pay liability relating to prior periods amounting to TL4,885 thousand.

**XVI-Explanations on taxation:**

According to Act number 3332 and article 4/b of Act number 3659, dated 25 March 1987 and 26 September 1990, respectively, the Bank is exempt from Corporate Tax. Due to the 3rd Article of Act number 3659; the above mentioned exemption became valid from 1 January 1988. Accordingly, deferred tax asset or liability is not recognized in these financial statements.

**XVII-Explanations on borrowings:**

Trading financial liabilities and derivative instruments are carried at their fair values and other financial liabilities are carried at "amortized cost" using the "effective interest method".

**XVIII-Explanations on issuance of share certificates:**

The Bank has not issued shares in the current year and accordingly there is no cost related to such a transaction. As the Bank's total paid-in capital is owned by Turkish Treasury, there is no cost related to share issuance. Profit appropriation of the Bank is resolved at the General Assembly meeting. As of the date of this report, the General Assembly meeting has not been held.

**XIX-Explanations on avalized drafts and acceptances:**

Avalized drafts and acceptances are recognized at the time of payment by the customer and are included in the "Off-balance sheet commitments".

**XX-Explanations on government grants:**

As of the balance sheet date, the Bank has no government grant.

**XXI-Explanations on segment reporting:**

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

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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**XXII-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 capital market operations within the context of fund management (treasury) operations.

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

**XXIII-Explanations on profit reserves and profit appropriation:**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code ("TCC"), legal reserves are composed of first and second legal reserves. According to TCC first legal reserve is appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve is appropriated at the rate of 10% of distributions in excess of first legal reserve, appropriated at the rate of 5% of net income and first dividends distributed to shareholders; however holding companies are not subject to this implementation. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

Following the approval of the decision of Board of Directors of the Bank dated 11 March 2009 and the approval of the relevant Ministry of State possessing the powers of General Assembly in accordance with the article 2 of the Bank's Articles of Association, dated 20 March 2009, the Bank has distributed year 2008 profit amounting to TL371,031 thousand, as dividend amounting to TL32,183 thousand, as extraordinary reserves amounting to TL320,297 thousand and as legal reserves amounting to TL18,551 thousand.

**XXIV-Explanations on earnings per share:**

Earnings per share disclosed in the income statement is calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned.

	Current Period 31 December 2009	Prior Period 31 December 2008
Distributable Net Profit to Common Shares	342,488	371,031
Average Number of Issued Common Shares (Thousand)	1,782,625	1,577,007
Earnings Per Share	0.19213	0.23528

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retrospective effect for the year in which they were issued and for each earlier period.

As of 31 December 2009, the Bank has not issued bonus shares (31 December 2008: None).

**XXV-Explanations on related parties:**

In accordance with the paragraph 5 of article 49 of Banking Law numbered 5411, the banks, majority shares of which separately or collectively belong to Undersecretariat of Treasury, Turkish Privatization Administration or general or annexed budget administrations, constitute a risk group together with the partnerships that they control directly or indirectly. The Bank does not have any partnerships which it controls directly or indirectly and with which it constitutes a risk group.

**XXVI- Explanations on cash and cash equivalents:**

For the purposes of the cash flow statement, "Cash includes cash, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of the Republic of Turkey ("CBRT"); and "Cash Equivalents" include interbank money market placements and time deposits at banks and marketable security investments with original maturity of less than three months.

**XXVII-Reclassifications:**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

**SECTION FOUR****INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK****I.Explanations on capital adequacy ratio:**

As of the balance sheet date, the capital adequacy ratio of the Bank is 125.72%.

For the calculation of the capital adequacy ratio, the Bank classifies the risk weighted assets and non-cash loans according to the risk weights defined by the regulations and calculates "Total risk weighed assets" which is the sum of "market risk on securities" and the "Bank's currency risk". The following tables present the classifications of "risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

**Information related to capital adequacy ratio: TL Thousand, %**

	Risk Weights						
	Bank						
	0%	10%	20%	50%	100%	150%	200%
<b>Amount Subject to Credit Risk</b>	-	-	<b>646,524</b>	-	<b>1,083,413</b>	-	-
Balance Sheet Items (Net)	2,205,585	-	3,211,730	-	895,197	-	-
Cash	9	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
CBRT	627	-	-	-	-	-	-
Domestic, Foreign Banks, Foreign Head Offices and Branches	-	-	762,610	-	-	-	-
Interbank Money Market Placements	1,294,900	-	-	-	-	-	-
Receivables from Reverse Repurchase Transactions	-	-	-	-	-	-	-
Reserve Requirements with the CBRT	-	-	-	-	-	-	-
Loans	591,344	-	2,414,047	-	844,982	-	-
Non-Performing Receivables (Net)	-	-	-	-	-	-	-
Lease Receivables	-	-	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	13,744	-	-
Held-to-maturity Investments	295,781	-	-	-	-	-	-
Receivables from the Disposal of Assets	-	-	-	-	-	-	-
Miscellaneous Receivables	-	-	-	-	13,428	-	-
Interest and Income Accruals	22,792	-	35,073	-	14,766	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	-	-	-	-
Fixed Assets	-	-	-	-	7,911	-	-
Other Assets	132	-	-	-	366	-	-
Off-balance Sheet Items	-	-	20,890	-	188,216	-	-
Non-cash loans and commitments	-	-	-	-	188,216	-	-
Derivative Financial Instruments	-	-	20,890	-	-	-	-
Non-risk Weighted Accounts	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>2,205,585</b>	-	<b>3,232,620</b>	-	<b>1,083,413</b>	-	-

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**Summary information related to capital adequacy ratio:**

	Bank	
	Current Period 31.12.2009	Prior Period 31.12.2008
Amount Subject to Credit Risk (ASCR)	1,729,937	1,693,547
Amount Subject to Market risk (ASMR)	404,000	367,775
Amount Subject to Operational Risk (ASOR)	817,780	795,082
Shareholders' Equity	3,711,039	2,996,921
Shareholders' Equity/(ASCR+ASMR+ASOR) *100	125.72%	104.92%

**Information about shareholders' equity items:**

	Current Period 31.12.2009	Prior Period 31.12.2008
<b>CORE CAPITAL</b>		
Paid-in capital	2,000,000	1,326,336
Nominal capital	2,000,000	1,500,000
Capital commitments (-)	-	173,664
Inflation Adjustment to Share Capital	599,657	774,427
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	152,210	133,659
First legal reserve (Turkish Commercial Code 466/1)	93,652	75,101
Second legal reserve (Turkish Commercial Code 466/2)	58,377	58,377
Other legal reserves per special legislation	181	181
Status Reserves	-	-
Extraordinary Reserves	555,090	334,793
Reserves allocated by the General Assembly	555,090	334,793
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves	-	-
Profit	342,488	371,031
Net income for the period	342,488	371,031
Prior period profit	-	-
Provisions for Probable Risks up to 25% of Core Capital	41,744	39,636
Profit on Disposal of Associates, Subsidiaries and Immovables	-	-
Primary Subordinated Loans up to 15% of Core Capital.	-	-
Uncovered Portion of Loss with Reserves (-)	-	-
Net loss for the period	-	-
Prior period loss	-	-
Leasehold Improvements (-)	-	-
Prepaid Expenses (-)	8,208	-
Intangible Assets (-)	654	-
Deferred Tax Asset Amount Exceeding 10% of Core Capital (-)	-	-
Limit Exceeding Amount regarding the Third Clause of the Article 56 of the Law (-)	-	-
<b>Total Core Capital</b>	<b>3,682,327</b>	<b>2,979,882</b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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	Current Period 31.12.2009	Prior Period 31.12.2008
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	25,461	20,994
45% of the Movables Revaluation Fund	-	-
45% of the Immovables Revaluation Fund	-	-
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-	-
Primary Subordinated Loans that are not Considered in the Calculation of Core Capital	-	-
Secondary Subordinated Loans	-	-
45% of Marketable Securities Valuation Fund	3,251	(1,279)
From Investments in Associates and Subsidiaries	-	-
From Available-for-Sale Financial Assets	3,251	(1,279)
Inflation Adjustment to Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	28,712	19,715
<b>TIER III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>3,711,039</b>	<b>2,999,597</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>-</b>	<b>2,676</b>
Investments in Unconsolidated Financial Institutions (Foreign) and Banks in which 10% or more equity interest exercised	-	-
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest exercised and that exceeds the 10% and more of the total core and supplementary capital of the Bank	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments of a Primary or Secondary Subordinated Loan Nature, Purchased From Them	-	-
Loans Extended as Contradictory to the Article 50 and 51 of the Law	-	-
Excess of 50% of the Bank's Immovables' Total Net Book Value and Net Book Value of Immovables Obtained Against Bank's Receivables that Must be Disposed According to Article 57 of the Banking Law which Could not be Disposed Although Five Years Have Passed Since the Acquisition Date	-	-
Other	-	2,676
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,711,039</b>	<b>2,996,921</b>

**II-Explanations on credit risk:**

According to article numbered 25 of the decree (regulating the "Articles of Association" of the Bank) of the Council of Ministers dated 17 June 1987; the scope of the annual operations of the Bank is determined by the Bank's Annual Program that is approved by the Supreme Advisory and Credit Guidance Committee ("SCLGC"). The SCLGC is chaired by the Prime Minister or State Minister appointed by the Prime Minister and includes executive managers. The Board of Directors of the Bank is authorized to allocate the risk limits of loans and guarantee and insurance premiums to country, sector and commodity groups, within the boundaries of the Annual Program.

The Bank is not subject to the clauses stated in article number 77 of the Banking Law number 5411. However, the Bank applies general loan restrictions stated in the 54th article of Banking Law.

In accordance with the collateralization policy of the Bank, the Bank is taking the risks of short-term loans to domestic banks.

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

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Export loans and foreign currency earning services with a maximum maturity of 18 months are given with the approval of General Management Loan Committee and within the provisions of maturity, interest rate and collateral set by the Board of Directors. This approval is limited to 1% of shareholders' equity.

The risk limits of the foreign country loans are determined by annual programs which are approved by the Supreme Advisory and Credit Guidance Committee within the foreign economic policy.

Country loans are granted with the approval of the Board of Directors and the approval of the 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, 70% of the commercial and politic 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 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 Treasury.

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.

The risks and limits of companies and banks are followed by both the loan and risk departments on a daily and weekly basis.

In addition, all of the foreign exchange denominated operations and other derivative transactions of the Bank are carried on under the limits 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 in relation to their collateral.

As of 31 December 2009, there are no restructured loans. Restructured loans are classified in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette dated 1 November 2006, No.26333.

**Impairment and Provisioning Policies**

The Bank provides a 100% impairment provision for non-performing loans and other receivables without considering the relevant collaterals in line with the principles of conservatism.

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According to the decision of Executive Committee dated 22 February 2006, due dated loans and other receivables are transferred to the "Loans and other receivables under close monitoring" account in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables" in 90 days following the maturity date if the principle and interest of the loan has not been paid as of the maturity date. In addition, when the guarantee amount is insufficient or negative developments are scanned related to the borrowers' financial position, before the elapse of the 90-day period after the due date, uncollected receivables (except for country loans) are transferred to the "non-performing receivables" account.

The proportion of the Bank's top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 92% and 95% as of 31 December 2009 and 2008, respectively.

As of 31 December 2009, in accordance with the decision of the Executive Committee dated 24 December 2007, the Bank has provided impairment provision with the rate of 1.50% for the short, medium and long term loans (except for the short term fund sourced loans and medium and long term country loans) with an amount of TL29,375 thousand (31 December 2008: TL29,842 thousand). The Bank, in order to prevent double booking, has deducted the general loan loss provision calculated in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" from the amount of provision calculated at a rate of 1.50%.

In accordance with the decision of Executive Committee, as there has been no improvement in the collection of the receivables amounting to US\$4,868,428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarmerie and Ministry of Defense under the scope of Russian Federation Deferred Loan, the Bank has provided 100% impairment provision of the TL equivalent amounting to TL7,254 thousand (31 December 2008: TL7,408 thousand) as of 31 December 2009.

As of 31 December 2009, the Bank booked provisions amounting to TL5,115 thousand (31 December 2008: TL2,386 thousand) considering probable compensation payments in relation to the insured export receivables.

Accordingly, the sum of the provisions recognized by the Bank amounts to TL41,744 thousand as of 31 December 2009 (31 December 2008: TL39,636 thousand).

The general loan loss provision for the credit risk undertaken by the Bank amounts to TL25,461 thousand (31 December 2008: TL20,994 thousand). The Bank has provided a general loan loss provision according to temporary article 1 that includes the implementation for general loan loss provision of the regulation "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No.26333 dated 1 November 2006. The temporary article of the Communiqué' states that general loan loss provision calculated on the last day of the month before this regulation is in issue over the excess amounts of performing and close-monitoring cash loans and letters of guarantee, bank acceptances and other non-cash loans in accordance with the rates specified at the first paragraph of article numbered 7 of the same Communiqué'. For other circumstances stated rates are used as (0.5%) and (0.1%) respectively for cash and non-cash loans' general provision calculations. The rates used by the Bank to calculate general loan loss provision in accordance with "Communiqué Related to Amendment on the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No.26779 dated 6 February 2008 which amends article 7 of the same Communiqué', are as follows:

- a) 1% of total performing cash loans and 0.2% of total of letters of guarantee, bank acceptances and other non-cash loans,
- b) 2% of total cash loans under close monitoring and 0.4% of total of letters guarantee, bank acceptances and other non-cash loans under close monitoring.

In accordance with the letter sent by Turkish Treasury No.B.02.0.1.HM.KİT.03.02.52321/4-51898 dated 6 November 1997 and the "Application Procedures of Amounts Transferred by the Undersecretariat of Treasury to Türkiye İhracat Kredi Bankası A.Ş." each year, the Bank's political risks arising on loan, guarantee and insurance operations and deferred receivables are communicated to the Turkish Treasury by the end of each September.

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

	31 December 2009		31 December 2008	
	Corporate loans	Personnel loans	Corporate loans	Personnel loans
Standard loans	3,901,080	3,426	3,983,670	3,602
Loans under close monitoring	4,160	-	17,689	-
Loans under legal follow-up	103,498	-	56,653	-
<b>Gross</b>	<b>4,008,738</b>	<b>3,426</b>	<b>4,058,012</b>	<b>3,602</b>
Special provision	(103,498)	-	(56,653)	-
<b>Net</b>	<b>3,905,240</b>	<b>3,426</b>	<b>4,001,359</b>	<b>3,602</b>

As of 31 December 2009 and 2008, there are no past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

	31 December 2009	31 December 2008
Past due up to 30 days	1,351	14,549
Past due 30-60 days	605	3,140
Past due 60-90 days (*)	2,204	-
<b>Total</b>	<b>4,160</b>	<b>17,689</b>

(\*) Includes loans amounting to TL311 thousand calculated in accordance with the temporary article 2-b of "Communiqué Related to Amendment on the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette numbered 27119 dated 23 January 2009.

As of 31 December 2009 and 2008, the fair value of collaterals held for loans granted by the Bank are as follows:

	31 December 2009	31 December 2008
Loans under close monitoring	7,793	75,123
Loans under legal follow-up	575,666	167,679
<b>Total</b>	<b>583,459</b>	<b>242,802</b>

As of 31 December 2009, the bank does not have repossessed collaterals (31 December 2008: None).

#### Bank's loan rating system

#### 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.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

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.

In accordance with the financial analysis group of the Banks and other financial institutions, the final risk groups are determined by considering some qualitative criteria like shareholding structure, group companies, credit ratings from international credit rating institutions, quality of management and information obtained from media.

As of 31 December 2009, loans granted by the Bank to domestic banks and other financial institutions amount to TL1,847,478 thousand (31 December 2008: TL2,463,358 thousand). The concentration level of the loans to Banks and other financial institutions customers in accordance with the defined financial analysis groups of the Bank are as follows:

	Rating Class	Current Period 31 December 2009 Concentration Level (%)	Prior Period 31 December 2008 Concentration Level (%)
Low	1-2	51%	13%
Medium	3	33%	66%
High	4	16%	21%

**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 Central Bank of the Republic of Turkey ("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. Bank does not utilize a separate rating system regarding the risk assessment of the companies.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

As of 31 December 2009 and 2008, the classification of the loans to Banks and other financial institutions and companies and individuals are as follows:

	31 December 2009		31 December 2008	
	Loans	Specific Provision (%)	Loans	Specific Provision (%)
Standard loans	97.32%	-	98.17%	-
Loans under close monitoring	0.10%	-	0.44%	-
Loans under legal follow-up	2.58%	100%	1.39%	100%
<b>Total</b>	<b>100%</b>	<b>2.58%</b>	<b>100%</b>	<b>1.39%</b>

The Bank's maximum exposure to credit risk as of 31 December 2009 and 2008:

	31 December 2009	31 December 2008
Banks	763,427	142,502
Interbank Money Market Placements	1,295,134	462,593
Loans to Domestic Banks and Other Financial Institutions	1,847,478	2,463,358
Loans to Foreign Banks and Other Financial Institutions	87,200	62,643
Loans to Companies and Individuals	1,973,988	1,478,960
Financial Assets at Fair Value Through Profit or Loss	150,149	44,756
Trading Derivative Financial Assets	16,548	18,737
Held-to-Maturity Investments	309,068	242,481
Other Assets	19,883	8,444
<b>Credit risk exposures relating to off-balance sheet items:</b>		
Financial guarantees	841,152	359,771
Commitments	15,523	21,558
<b>Total</b>	<b>7,319,550</b>	<b>5,305,803</b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

As of 31 December 2009 and 2008, the distribution of credit risk according to geographical concentration and users:

	Individual and Corporate Loans		Loans to Banks and Other Financial Institutions		Marketable Securities (**)		Other Loans (***)	
	Current Period 31.12.2009	Prior Period 31.12.2008	Current Period 31.12.2009	Prior Period 31.12.2008	Current Period 31.12.2009	Prior Period 31.12.2008	Current Period 31.12.2009	Prior Period 31.12.2008
<b>Sectoral distribution</b>	<b>1,973,988</b>	<b>1,478,960</b>	<b>1,934,678</b>	<b>2,526,001</b>	<b>472,961</b>	<b>290,363</b>	<b>2,937,923</b>	<b>1,010,479</b>
Private Sector	1,970,562	1,475,358	-	-	13,744	3,126	862,815	385,588
Public Sector	-	-	453,887(*)	467,445 (*)	459,217	287,237	1,375,448	485,597
Banks	-	-	1,480,791	2,058,556	-	-	699,660	139,294
Individual Customers	3,426	3,602	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-
<b>Geographical distribution</b>	<b>1,973,988</b>	<b>1,478,960</b>	<b>1,934,678</b>	<b>2,526,001</b>	<b>472,961</b>	<b>290,363</b>	<b>2,937,923</b>	<b>1,010,479</b>
Domestic	1,973,988	1,478,960	1,847,478	2,463,358	472,961	290,363	2,256,920	932,208
European Union Countries	-	-	-	-	-	-	578,233	53,183
OECD Countries (****)	-	-	-	-	-	-	34,339	676
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	54,908	1,794
Other Countries	-	-	87,200	62,643	-	-	13,523	22,618
<b>Total</b>	<b>1,973,988</b>	<b>1,478,960</b>	<b>1,934,678</b>	<b>2,526,001</b>	<b>472,961</b>	<b>290,363</b>	<b>2,937,923</b>	<b>1,010,479</b>

(\*) Includes country loans amounted TL87,200 thousand (31 December 2008: TL62,643 thousand) given to foreign government entities.

(\*\*) Includes Trading Financial Assets, Available for Sale and Held to Maturity Securities.

(\*\*\*) Includes the balances that is defined by loan in the 48th article of Law 5411 except for the ones classified in the first 3 columns of Uniform Chart of Accounts.

(\*\*\*\*) OECD countries except for USA, Canada and EU Countries.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009  
(Amounts expressed in thousands of Turkish lira (TL) unless otherwise stated.)

Information according to geographical concentration:

	Assets	Liabilities (4)	Non-Cash Loans	Capital Expenditures (3)	Net income
<b>Current Period 31.12.2009</b>					
Domestic	5,733,391	5,365,467	841,152	-	342,488
European Union Countries	578,233	928,864	-	-	-
OECD Countries (1)	34,339	106,897	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	54,907	86,178	-	-	-
Other Countries	87,200	664	-	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities (2)	-	-	-	-	-
<b>Total</b>	<b>6,488,070</b>	<b>6,488,070</b>	<b>841,152</b>	<b>-</b>	<b>342,488</b>
<b>Prior Period 31.12.2008</b>					
Domestic	4,820,822	4,042,224	359,771	-	371,031
European Union Countries	54,400	821,161	-	-	-
OECD Countries (1)	676	423	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	3,320	1,102	-	-	-
Other Countries	63,704	78,012	-	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities (2)	-	-	-	-	-
<b>Total</b>	<b>4,942,922</b>	<b>4,942,922</b>	<b>359,771</b>	<b>-</b>	<b>371,031</b>

(1) OECD Countries other than EU countries, USA and Canada

(2) Assets and liabilities that could not be distributed on a consistent basis.

(3) Not included under the column of Assets.

(4) Includes net profit.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

## Sectoral concentrations for cash loans:

	Current Period 31 December 2009				Prior Period 31 December 2008			
	TL	(%)	YP	(%)	TL	(%)	YP	(%)
<b>Agricultural</b>	<b>2,608</b>	<b>0.20</b>	<b>12,956</b>	<b>0.50</b>	<b>13,116</b>	<b>0.61</b>	<b>11,494</b>	<b>0.62</b>
Farming and Raising Livestock	2,608	0.20	12,956	0.50	13,116	0.61	11,494	0.62
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	<b>345,295</b>	<b>25.85</b>	<b>941,824</b>	<b>36.61</b>	<b>530,221</b>	<b>24.49</b>	<b>285,398</b>	<b>15.51</b>
Mining	109	0.01	28,214	1.10	-	-	3,793	0.21
Production	345,186	25.84	913,610	35.51	530,221	24.49	281,605	15.30
Electric, Gas and Water	-	-	-	-	-	-	-	-
<b>Construction</b>	<b>-</b>	<b>-</b>	<b>529,101</b>	<b>20.56</b>	<b>-</b>	<b>-</b>	<b>566,796</b>	<b>30.81</b>
<b>Services</b>	<b>983,168</b>	<b>73.60</b>	<b>1,016,479</b>	<b>39.51</b>	<b>1,603,281</b>	<b>74.05</b>	<b>969,129</b>	<b>52.68</b>
Wholesale and Retail Trade	-	-	34,173	1.33	-	-	30,698	1.67
Hotel Food and Beverage Services	368	0.03	3,009	0.12	474	0.02	2,865	0.16
Transportation and Telecommunication	6,546	0.49	20,873	0.81	812	0.04	11,560	0.63
Financial Institutions	976,254	73.08	958,424	37.25	1,601,995	73.99	924,006	50.22
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
<b>Other</b>	<b>4,769</b>	<b>0.35</b>	<b>72,466</b>	<b>2.82</b>	<b>18,622</b>	<b>0.85</b>	<b>6,904</b>	<b>0.38</b>
<b>Total</b>	<b>1,335,840</b>	<b>100</b>	<b>2,572,826</b>	<b>100</b>	<b>2,165,240</b>	<b>100</b>	<b>1,839,721</b>	<b>100</b>

## III- Explanations on market risk

The Bank marks to market all its Turkish lira and foreign currency marketable security positions as a result of its daily financial activities in order to be able to hedge market risk. In order to limit any probable losses from market risk, the Bank applies a maximum daily transaction and stop/loss limits for all trading Turkish lira and foreign currency transactions including marketable security transactions; such limits are approved by the Board of Directors.

The Bank calculates an amount subject to market risk, including "Currency Risk" and "Interest Rate Risk (the Bank does not carry common stock position) in the Capital Adequacy Analysis Form in accordance with "Communiqué Related to Market Risk Measurement by Standard Method" ("Standard Method") issued by BRSA. In accordance with such method, currency risk is calculated on a weekly basis and market risk including both "currency risk" and "interest risk" is calculated on a monthly basis.

Although the Bank carries a limited currency position (close to closed position) in accordance with the general currency policy of the Bank, there is a capital requirement for the currency risk position of the Bank under the Standard Method; the rationale behind this capital requirement is the absence of reinsurance over the non-cash commitments of the Bank in relation to the Short-term Export Credit Insurance Programme.

## Sensitivity Tests:

In accordance with the mission of the Bank, the Bank does not follow a profit oriented strategy but rather follows a strategy aiming to avoid the eroding effects of inflation on the share capital by making reasonable amount of profit. Under this framework, necessary changes to loan interest rates are made considering the changes in cost of funds and market interest rates; changes in the interest rates are made using the expected year-end inflation levels as break-even point considering the return on equity at the same time. In this context, the sensitivity analysis are also prepared under various scenarios (optimist, pessimist and normal) and also under abnormal fluctuation (stress) assumptions which measure the sensitivity of the net profit to the changes in market interest rates and the Bank's loan interest rates. Moreover, probable losses arising from interest rate and foreign exchange risk are calculated under various scenarios and in order to minimize probable losses, the Bank undertakes swap transactions (especially money and interest swaps).

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009  
(Amounts expressed in thousands of Turkish lira (TL) unless otherwise stated.)

## a) Information on market risk

	Amount
(I) Capital to be Employed for General Market Risk - Standard Method	3,794
(II) Capital to be Employed for Specific Risk - Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	28,526
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	32,320
(IX) Amount Subject to Market Risk 12.5xVIII) or (12.5xVII)	404,000

## b) Market risk table of calculated month-end market risk during the year

	Current Period 31 December 2009			Prior Period 31 December 2008		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	3,343	3,765	1,999	2,194	2,513	2,061
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	25,923	29,643	22,352	23,805	30,238	20,407
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Operational Risk	-	-	-	-	-	-
<b>Total Amount Subject to Risk</b>	<b>365,825</b>	<b>417,600</b>	<b>304,388</b>	<b>324,987</b>	<b>409,388</b>	<b>280,850</b>

## IV-Explanations on operational risk

The Bank calculates the amount subject to operational risk amounting to TL817,780 thousand with the basic indicator method in accordance with the Section IV and article 15 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated 1 November 2006.

## V-Explanations on currency risk

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. The basic principle for foreign currency assets and liabilities is to secure a balance between currency type, maturity and interest type. For this purpose, borrowing strategies are determined in accordance with the Bank's asset structure to the extent possible. When this determination is not possible, the Bank aims to change the asset structure or utilize derivative instruments such as cross currency (currency and interest) and currency swaps. Main currencies of the Bank's assets are US\$ and EUR and the funding currencies of these assets are US\$, EUR and JPY. As of 31 December 2009, there are long-term cross currency (currency and interest rate) swaps amounting to JPY2,190,228,568 and US\$18,142,222 to hedge currency and liquidity risk arising from JPY funded US\$ denominated assets. As of 31 December 2009, in addition to such swap transactions there are long-term interest rate swaps amounting to US\$30,000,000. There are also short-term currency swaps amounting to EUR20,000,000, TL561,014,240 against US\$398,430,000 for liquidity and currency risk purposes.

## Policy on foreign currency risk management:

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 31 December 2009, the net foreign currency position/shareholders' equity ratio is 0.47%.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

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.

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:

	25.12.2009	28.12.2009	29.12.2009	30.12.2009	31.12.2009
USD	1.5085	1.5116	1.5055	1.5060	1.4900
AUD	1.3346	1.3418	1.3453	1.3437	1.3403
DKK	0.2916	0.2922	0.2920	0.2903	0.2886
SEK	0.2072	0.2084	0.2097	0.2090	0.2091
CHF	1.4559	1.4592	1.4618	1.4511	1.4459
100 JPY	1.6539	1.6517	1.6436	1.6343	1.6145
CAD	1.4364	1.4420	1.4462	1.4367	1.4216
NOK	0.2606	0.2605	0.2610	0.2592	0.2585
GBP	2.4077	2.4143	2.4162	2.3918	2.4050
SAR	0.4022	0.4030	0.4014	0.4015	0.3972
EUR	2.1710	2.1752	2.1730	2.1605	2.1471
KWD	5.2288	5.2651	5.2438	5.2456	5.1826
XDR	2.3664	2.3712	2.3597	2.3634	2.3274

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:

	DECEMBER 2009 AVERAGE
USD	1.50314
AUD	1.35501
DKK	0.29490
SEK	0.21074
CHF	1.46097
100 JPY	1.67417
CAD	1.42443
NOK	0.26081
GBP	2.43955
SAR	0.40071
EUR	2.19479
KWD	5.25230
XDR	2.38216

**Information related to Bank's Currency Risk: (Thousand TL)**

<b>Current Period 31 December 2009</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and The Central Bank of the Republic of Turkey ("CBRT")	-	604	-	-	604
Banks	578,095	68,052	2,130	2,964	651,241
Financial Assets at Fair Value Through Profit or Loss	-	3,332	8,692	-	12,024
Interbank Money Market Placements	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	-
Loans (1)	580,024	1,381,736	5,133	5,318	1,972,211
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Held-to-maturity Investments	-	49,664	-	-	49,664
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (1)	278	9,502	-	8	9,788
<b>Total Assets</b>	<b>1,158,397</b>	<b>1,512,890</b>	<b>15,955</b>	<b>8,290</b>	<b>2,695,532</b>
<b>Liabilities</b>					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,216,634	552,470	45,350	-	1,814,454
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	849	4,869	-	-	5,718
Other Liabilities (1)	430	315,190	-	-	315,620
<b>Total Liabilities</b>	<b>1,217,913</b>	<b>872,529</b>	<b>45,350</b>	<b>-</b>	<b>2,135,792</b>
<b>Net on Balance Sheet Position</b>	<b>(59,516)</b>	<b>640,361</b>	<b>(29,395)</b>	<b>8,290</b>	<b>559,740</b>
<b>Net off Balance Sheet Position</b>	<b>42,942</b>	<b>(620,693)</b>	<b>35,361</b>	<b>-</b>	<b>(542,390)</b>
Financial Derivative Assets	42,942	44,700	35,361	-	123,003
Financial Derivative Liabilities	-	665,393	-	-	665,393
Non-Cash Loans	102,283	738,869	-	-	841,152
<b>Prior Period 31 December 2008</b>					
Total Assets	499,843	845,372	27,273	5,756	1,378,244
Total Liabilities	544,662	624,969	77,087	-	1,246,718
<b>Net on Balance Sheet Position</b>	<b>(44,819)</b>	<b>220,403</b>	<b>(49,814)</b>	<b>5,756</b>	<b>131,526</b>
<b>Net off Balance Sheet Position</b>	<b>45,022</b>	<b>(206,606)</b>	<b>63,234</b>	<b>-</b>	<b>(98,350)</b>
Financial Derivative Assets	45,022	45,648	63,234	-	153,904
Financial Derivative Liabilities	-	252,254	-	-	252,254
Non-Cash Loans	1,625	358,146	-	-	359,771

(1) As of 31 December 2009, the principal of the Iraq loan amounting to TL591,344 thousand, its accrual amounting to TL9,271 thousand and the liability of TL211,989 thousand are not included in the above table as the risk belongs to the Turkish Treasury.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

The effect of Bank's currency positions as of 31 December 2009 and 2008 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:

	31 December 2009		31 December 2008	
	Gain/(Loss) Effect	Effect on Equity (*)	Gain/(Loss) Effect	Effect on Equity (*)
USD	10,598	10,625	10,740	10,779
EUR	(5,952)	(5,952)	(4,482)	(4,482)
JPY	(2,940)	(2,940)	(4,981)	(4,981)
Other currencies	829	829	576	576
<b>Total, net</b>	<b>2,535</b>	<b>2,562</b>	<b>1,853</b>	<b>1,892</b>

(\*) Effect on equity also includes effect on net profit.

As of 31 December 2009 and 2008, 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.

#### VI-Explanations on interest rate risk

1-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.

2-The Bank determines maturity mismatches of assets and liabilities by analyzing the weighted average days to maturity of TL and foreign currency-denominated (for each currency and their USD equivalent) assets and liabilities.

3- 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.

As of 31 December 2009, there are 4 JPY/USD currency and interest rate swaps (cross currency swap) to hedge floating interest rate medium to long-term assets denominated in USD against the fixed rate liabilities denominated in JPY. In addition, the Bank invested in medium to long-term fixed rate assets for the medium to long-term fixed rate liabilities during the year to minimize the interest rate risk.

As of 31 December 2009, the Bank tried to balance the fixed rate assets with the floating rate liabilities using the three long-term interest rate swaps denominated in USD.

In addition, as of 31 December 2009, there are 23 TL-FC and 1 FC-FC outstanding short - term swap transactions of the Bank.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

## Interest rate sensitivity of assets, liabilities and off-balance sheet items (Periods remaining to reprising dates)

Current Period 31.12.2009	Up to 1 month	1 - 3 Months	3 - 12 Months	1- 5Years	Over 5 Year	Non Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	636	636
Banks	737,661	22,000	-	-	-	3,766	763,427
Financial Assets at Fair Value							
Through Profit/Loss	14,518	47,446	23,350	78,050	3,333	-	166,697
Interbank Money Market Placements	1,295,134	-	-	-	-	-	1,295,134
Available-for-sale Financial Assets	-	-	-	-	-	13,744	13,744
Loans	528,347	1,269,952	2,107,057	3,310	-	-	3,908,666
Held-to-maturity investments	83,684	124,238	51,131	19,024	30,991	-	309,068
Other Assets	-	-	-	-	-	30,698	30,698
<b>Total Assets</b>	<b>2,659,344</b>	<b>1,463,636</b>	<b>2,181,538</b>	<b>100,384</b>	<b>34,324</b>	<b>48,844</b>	<b>6,488,070</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	63	40	9,286	-	-	6,405	15,794
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Borrowed from other							
Financial Institutions	75,932	613,374	1,125,148	-	-	-	1,814,454
Other Liabilities (*)	3,496	79,054	750,136	-	-	3,825,136	4,657,822
<b>Total Liabilities</b>	<b>79,491</b>	<b>692,468</b>	<b>1,884,570</b>	<b>-</b>	<b>-</b>	<b>3,831,541</b>	<b>6,488,070</b>
Balance Sheet Long Position	2,579,853	771,168	296,968	100,384	34,324	-	3,782,697
Balance Sheet Short Position	-	-	-	-	-	(3,782,697)	(3,782,697)
Off-balance Sheet Long Position	336,489	303,368	44,160	-	-	-	684,017
Off-balance Sheet Short Position	(325,672)	(296,510)	(43,211)	-	-	-	(665,393)
<b>Total Position</b>	<b>2,590,670</b>	<b>778,026</b>	<b>297,917</b>	<b>100,384</b>	<b>34,324</b>	<b>(3,782,697)</b>	<b>18,624</b>

(\*) In other liabilities line TL3,825,136 thousand at the "non-interest bearing" column, includes equity amounting to TL3,656,670 thousand and provisions amounting to TL82,053 thousand.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

## Average interest rates for monetary financial instruments %

	EURO	USD	JPY	TL
<b>Current Period 31.12.2009</b>				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	0.34	0.12	0.5	7.19
Financial Assets at Fair Value Through Profit/Loss	-	7.05	2.26	8.47
Interbank Money Market Placements	-	-	-	6.5
Available-for-sale Financial Assets	-	-	-	-
Loans	4.30	3.43	2.87	13.79
Held-to-maturity Investments	-	6.56	-	10.35
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Borrowed from other Financial Institutions	3.69	2.57	2.03	-

As of 31 December 2009, the effect of the change in interest rates by (+) 1% and (-) 1% with all other variables held constant, on current year net profit of the Bank is as follows:

	31 December 2009		31 December 2008	
	(+) 1% Gain/(Loss) Effect	(-) 1% Gain/(Loss) Effect	(+) 1% Gain/(Loss) Effect	(-) 1% Gain/(Loss) Effect
TL	(1,221)	1,030	897	(1,046)
USD	2,606	(3,002)	2,005	(1,940)
EUR	(1,646)	1,644	119	(123)
Other currencies	28	(28)	(871)	871
<b>Total effect of gain/(loss), net</b>	<b>(233)</b>	<b>(357)</b>	<b>2,150</b>	<b>(2,238)</b>

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009  
(Amounts expressed in thousands of Turkish lira (TL) unless otherwise stated.)

## Interest rate sensitivity of assets, liabilities and off-balance sheet items (Periods remaining to reprising dates)

Prior Period 31.12.2008	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 Banks	-	-	-	-	-	79	79
Financial Assets at Fair Value Through Profit or Loss	125,079	13,097	-	-	-	4,326	142,502
Interbank Money Market Placements	19,729	31,183	4,312	-	8,269	-	63,493
Available-for-sale Financial Assets	462,593	-	-	-	-	-	462,593
Loans	-	-	-	-	-	3,126	3,126
Held-to-maturity Investments	570,684	1,111,657	2,318,998	3,622	-	-	4,004,961
Other Assets	20,111	59,940	81,800	47,634	32,996	-	242,481
	-	-	-	-	-	23,687	23,687
<b>Total Assets</b>	<b>1,198,196</b>	<b>1,215,877</b>	<b>2,405,110</b>	<b>51,256</b>	<b>41,265</b>	<b>31,218</b>	<b>4,942,922</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	15,219	-	-	-	-	-	15,219
Miscellaneous Payables	-	-	9,055	-	-	3,509	12,564
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	15,662	815,277	15,222	46,342	-	-	892,503
Other Liabilities (*)	2,909	77,524	757,320	-	-	3,184,883	4,022,636
<b>Total Liabilities</b>	<b>33,790</b>	<b>892,801</b>	<b>781,597</b>	<b>46,342</b>	<b>-</b>	<b>3,188,392</b>	<b>4,942,922</b>
Balance Sheet Long Position	1,164,406	323,076	1,623,513	4,914	41,265	-	3,157,174
Balance Sheet Short Position	-	-	-	-	-	(3,157,174)	(3,157,174)
Off-balance Sheet Long Position	228,254	28,910	13,694	-	-	-	270,858
Off-balance Sheet Short Position	(209,650)	(28,910)	(13,694)	-	-	-	(252,254)
<b>Total Position</b>	<b>1,183,010</b>	<b>323,076</b>	<b>1,623,513</b>	<b>4,914</b>	<b>41,265</b>	<b>(3,157,174)</b>	<b>18,604</b>

(\*) In other liabilities line TL3,184,883 thousand at the "non-interest bearing" column, includes equity amounting to TL2,938,967 thousand and provisions amounting to TL74,537 thousand.

**Average interest rates for monetary financial instruments: %**

	EURO	USD	JPY	TL
<b>Prior Period 31.12.2008</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	1.85	2.26	0.01	17.50
Financial Assets at Fair Value Through Profit/Loss	-	6.91	2.26	18.89
Interbank Money Market Placements	-	-	-	15.00
Available-for-sale Financial Assets	-	-	-	-
Loans	5.83	4.72	1.97	14.81
Held-to-maturity Investments	-	6.46	-	20.12
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	1.13	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Borrowed from other Financial Institutions	5.44	3.95	2.00	-

**VII-Explanations on liquidity risk**

1-The Bank's cash flows are prepared under positive, neutral and negative scenarios taking into account the collection of loans and prospective funds for better liquidity management. On the other hand, the Board of Directors of the Bank determines the minimum liquidity levels and urgent liquidity sources.

2-The Bank adopted a stable net positive interest margin policy and the TL-denominated liabilities that are composed of shareholders' equity with no cost or internally deposited funds which contribute to the above mentioned policy.

3-The Bank meets its short-term liquidity demand from domestic and foreign banks, and long-term liquidity demand from international institutions like the World Bank or Japan Bank for International Cooperation ("JBIC") through medium-long term funds and issued marketable securities.

The Bank tries to match short term loans with short-term borrowings and long-term loans with long-term borrowings and tries to minimize the maturity mismatch of assets and liabilities. As the weighted average of remaining days to maturity of funds is slightly higher than the weighted average of remaining days to maturity of placement and the loans, the Bank is hedged against the frequent roll-over risk of the assets, which contributes to its liquidity management. On the other hand, the Bank is willing to use borrowing limits in Turkish lira and the foreign currency market of the CBRT and of domestic and foreign banks, in the case of urgency.

4-The Bank prepares weekly, monthly and annual cash flows in TL and FC separately by considering the debt payment obligations, estimated loan grants, loan collections, possible capital additions and political risk loss compensations considering the current loan stocks and cash balances. The Bank determines the need and timing of additional funds based on the results of these cash flow forecasts.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009  
(Amounts expressed in thousands of Turkish lira (TL) unless otherwise stated.)

## Groupings of assets and liabilities on the remaining period to maturity:

	Up to 1 Demand	Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Year	Unallocated (*)	Total
<b>Current Period 31.12.2009</b>								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased and CBRT)	636	-	-	-	-	-	-	636
Banks	3,766	737,661	22,000	-	-	-	-	763,427
Financial Assets at Fair Value								
Through Profit or Loss	-	5,827	47,446	32,041	78,050	3,333	-	166,697
Interbank Money Market Placements	-	1,295,134	-	-	-	-	-	1,295,134
Available-for-sale Financial Assets	13,744	-	-	-	-	-	-	13,744
Loans	-	409,219	1,132,889	2,148,336	210,276	7,946	-	3,908,666
Held-to-maturity Investments	-	40,863	98,033	57,389	81,792	30,991	-	309,068
Other Assets	-	-	-	-	-	-	30,698	30,698
<b>Total Assets</b>	<b>18,146</b>	<b>2,488,704</b>	<b>1,300,368</b>	<b>2,237,766</b>	<b>370,118</b>	<b>42,270</b>	<b>30,698</b>	<b>6,488,070</b>
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other								
Financial Institutions	-	14,606	495,348	1,104,798	76,282	123,420	-	1,814,454
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	63	40	9,286	-	-	6,405	15,794
Other Liabilities (**)	-	2,912	76,605	565,326	101,614	86,229	3,825,136	4,657,822
<b>Total Liabilities</b>	<b>-</b>	<b>17,581</b>	<b>571,993</b>	<b>1,679,410</b>	<b>177,896</b>	<b>209,649</b>	<b>3,831,541</b>	<b>6,488,070</b>
<b>Net Liquidity Gap</b>	<b>18,146</b>	<b>2,471,123</b>	<b>728,375</b>	<b>558,356</b>	<b>192,222</b>	<b>(167,379)</b>	<b>(3,800,843)</b>	<b>-</b>
<b>Prior Period 31.12.2008</b>								
<b>Total Assets</b>	<b>7,531</b>	<b>1,079,694</b>	<b>1,037,948</b>	<b>2,528,973</b>	<b>217,820</b>	<b>47,269</b>	<b>23,687</b>	<b>4,942,922</b>
<b>Total Liabilities</b>	<b>-</b>	<b>32,536</b>	<b>617,493</b>	<b>840,773</b>	<b>161,213</b>	<b>102,515</b>	<b>3,188,392</b>	<b>4,942,922</b>
<b>Net Liquidity Gap</b>	<b>7,531</b>	<b>1,047,158</b>	<b>420,455</b>	<b>1,688,200</b>	<b>56,607</b>	<b>(55,246)</b>	<b>(3,164,705)</b>	<b>-</b>

(\*) Assets and liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as property and equipment and intangible assets, investments, subsidiaries, office supply inventory, prepaid expenses, miscellaneous receivables and other assets and shareholders' equity, provisions and miscellaneous payables, are classified in this column.

(\*\*) In other liabilities line amount of TL3,825,136 thousand at the "unallocated" column, includes the shareholders' equity amounting to TL3,656,670 thousand and provisions amounting to TL82,053 thousand.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

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

31 December 2009	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	17,271	495,995	1,137,387	118,687	141,273	-	1,910,613
Funds borrowed from Interbank money market	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-
Miscellaneous payables	63	40	9,286	-	-	6,405	15,794
Other liabilities	2,912	76,605	565,435	104,000	90,717	3,825,136	4,664,805
<b>Total liabilities</b>	<b>20,246</b>	<b>572,640</b>	<b>1,712,108</b>	<b>222,687</b>	<b>231,990</b>	<b>3,831,541</b>	<b>6,591,212</b>
<b>Guarantees and commitments</b>	<b>385,245</b>	<b>95,964</b>	<b>359,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>841,152</b>

31 December 2008	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	15,674	556,822	286,632	47,855	1,643	-	908,626
Funds borrowed from Interbank money market	15,228	-	-	-	-	-	15,228
Marketable securities issued	-	-	-	-	-	-	-
Miscellaneous payables	-	-	9,055	-	-	3,509	12,564
Other liabilities	1,655	73,323	546,854	126,233	127,587	3,184,883	4,060,535
<b>Total liabilities</b>	<b>32,557</b>	<b>630,145</b>	<b>842,541</b>	<b>174,088</b>	<b>129,230</b>	<b>3,188,392</b>	<b>4,996,953</b>
<b>Guarantees and commitments</b>	<b>139</b>	<b>251</b>	<b>359,381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>359,771</b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

## The undiscounted cash inflows and outflows of derivatives as at 31 December 2009 and 2008:

31 December 2009	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	295,661	268,200	29,800	-	-	593,661
- Inflow	298,148	275,058	30,750	-	-	603,956
Interest rate derivatives						
- Outflow	7,240	1,026	22,944	9,633	1,026	41,869
- Inflow	9,278	469	28,238	7,833	1,070	46,888
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
<b>Total outflow</b>	<b>302,901</b>	<b>269,226</b>	<b>52,744</b>	<b>9,633</b>	<b>1,026</b>	<b>635,530</b>
<b>Total inflow</b>	<b>307,426</b>	<b>275,527</b>	<b>58,988</b>	<b>7,833</b>	<b>1,070</b>	<b>650,844</b>
<b>31 December 2008</b>						
<b>Derivatives held for trading</b>						
Foreign exchange derivatives						
- Outflow	165,258	-	-	-	-	165,258
- Inflow	170,032	-	-	-	-	170,032
Interest rate derivatives						
- Outflow	8,051	1,048	10,141	40,142	3,144	62,526
- Inflow	9,909	834	11,374	45,115	2,386	69,618
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
<b>Total outflow</b>	<b>173,309</b>	<b>1,048</b>	<b>10,141</b>	<b>40,142</b>	<b>3,144</b>	<b>227,784</b>
<b>Total inflow</b>	<b>179,941</b>	<b>834</b>	<b>11,374</b>	<b>45,115</b>	<b>2,386</b>	<b>239,650</b>

## VIII- Explanations on the presentation of financial assets and liabilities at their fair values

The estimated fair values of financial instruments have been determined by the Bank using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Bank could realise in a current market exchange.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**(i) Financial assets**

The fair values of cash and due from banks and interbank money market placements are considered to approximate their respective carrying values due to their short-term nature.

The fair values of assets held to maturity are determined based on their market prices. In cases where such prices cannot be determined, quoted market prices valid for other securities subject to redemption with the same characteristics in terms of interest, maturity and other factors, are taken as basis in determining market prices.

Loans are reflected with their carrying values calculated after specific provisions are deducted. Estimated fair values of the loans are calculated using the cash flows discounted by using current market interest rates for fixed interest rate loans.

**(ii) Financial liabilities**

The fair values of funds borrowed and marketable securities issued are calculated based on market prices or in cases where such prices cannot be determined, fair values are based discounted cash flows using market interest rates prevailing at the balance sheet date.

The following table summarizes the carrying amounts and fair values of financial assets and liabilities. The carrying amount represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying Value		Fair Value	
	Current Period 31.12.2009	Prior Period 31.12.2008	Current Period 31.12.2009	Prior Period 31.12.2008
<b>Financial Assets</b>				
Due From Interbank Money Market (1)	1,295,134	462,593	1,295,134	462,593
Banks (1)	763,427	142,567	763,427	142,567
Available-for-sale Financial Assets	13,744	3,126	13,744	3,126
Held-to-maturity Investments	309,068	242,481	314,519	240,881
Loans	3,908,666	4,004,961	3,926,476	4,036,437
<b>Financial Liabilities</b>				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,025,884	1,150,311	2,032,114	1,164,506
Issued Marketable Securities	-	-	-	-
Miscellaneous Payables	15,794	12,564	15,794	12,564

(1) As the maturities of related accounts are mainly less than 1 month, the carrying amount calculated using the effective interest rate (internal rate of return) method approximates its fair value.

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

The Bank has carried out no transactions on behalf of and account of others and there are no trust transactions.

## X-Explanations on operating segments

Information regarding operating segments as of 31 December 2009 and 2008 has been given in the following table:

	Corporate Banking	Investment Banking	Other	Total Operations of the Bank's
<b>Current Period 31.12.2009</b>				
Operating profits	328,163	93,430	34,900	456,493
<b>Operating income</b>	<b>328,163</b>	<b>93,430</b>	<b>34,900</b>	<b>456,493</b>
Segment net profit	256,600	80,599	5,289	342,488
Operating profit	256,600	80,599	5,289	342,488
Share of results of associates	-	-	-	-
Profit before tax	256,600	80,599	5,289	342,488
Income tax expense	-	-	-	-
<b>Profit for the period</b>	<b>256,600</b>	<b>80,599</b>	<b>5,289</b>	<b>342,488</b>
Segment assets	3,925,215	2,532,159	30,696	6,488,070
Investment in associates and subsidiaries	-	-	-	-
Unallocated assets	-	-	-	-
<b>Total assets</b>	<b>3,925,215</b>	<b>2,532,159</b>	<b>30,696</b>	<b>6,488,070</b>
Segment liabilities	2,739,412	7,225	-	2,746,637
Shareholders' Equity	-	-	-	3,649,445
Unallocated liabilities	-	-	-	91,988
<b>Total liabilities</b>	<b>2,739,412</b>	<b>7,225</b>	<b>-</b>	<b>6,488,070</b>
<b>Other segment items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Capital investment	-	-	-	1,206
Depreciation	-	-	-	800
<b>Prior Period 31.12.2008</b>				
Operating profits	240,234	193,487	32,377	466,098
<b>Operating income</b>	<b>240,234</b>	<b>193,487</b>	<b>32,377</b>	<b>466,098</b>
Segment net profit	198,234	169,822	2,975	371,031
Operating profit	198,234	169,822	2,975	371,031
Share of results of associates	-	-	-	-
Profit before tax	198,234	169,822	2,975	371,031
Income tax expense	-	-	-	-
<b>Profit for the period</b>	<b>198,234</b>	<b>169,822</b>	<b>2,975</b>	<b>371,031</b>
Segment assets	4,023,698	895,538	23,686	4,942,922
Investment in associates and subsidiaries	-	-	-	-
Unallocated assets	-	-	-	-
<b>Total assets</b>	<b>4,023,698</b>	<b>895,538</b>	<b>23,686</b>	<b>4,942,922</b>
Segment liabilities	1,835,700	-	-	1,835,700
Shareholders' Equity	-	-	-	2,938,967
Unallocated liabilities	-	-	-	168,255
<b>Total liabilities</b>	<b>1,835,700</b>	<b>-</b>	<b>-</b>	<b>4,942,922</b>
<b>Other segment items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Capital investment	-	-	-	144
Depreciation	-	-	-	675

## SECTION FIVE

## INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

## I. Explanations and notes related to assets

## 1.a) Information on cash equivalents and the account of the CBRT:

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Cash/Foreign currency	9	-	14	-
CBRT	23	604	62	3
Other	-	-	-	-
<b>Total</b>	<b>32</b>	<b>604</b>	<b>76</b>	<b>3</b>

## b) Information related to the account of the CBRT:

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Demand Unrestricted Account	23	604	62	3
Time Unrestricted Account	-	-	-	-
Time Restricted Account	-	-	-	-
<b>Total</b>	<b>23</b>	<b>604</b>	<b>62</b>	<b>3</b>

## 2.a) Information on financial assets at fair value through profit or loss subject to repo transactions and given as collateral/blocked:

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bills, Bonds and other marketable securities	64,908	-	7,738	-
Other	-	-	-	-
<b>Total</b>	<b>64,908</b>	<b>-</b>	<b>7,738</b>	<b>-</b>

## b) Positive differences table related to trading derivative financial assets:

Trading Derivative Financial Assets	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	7,856	8,692	3,717	15,020
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>7,856</b>	<b>8,692</b>	<b>3,717</b>	<b>15,020</b>

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009  
(Amounts expressed in thousands of Turkish lira (TL) unless otherwise stated.)

**3.a) Information on banks accounts:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Banks				
Domestic	112,186	309	106,012	84
Foreign	-	650,932	-	36,406
Head Quarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>112,186</b>	<b>651,241</b>	<b>106,012</b>	<b>36,490</b>

**b) Information on foreign banks accounts:**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
European Union Countries	563,506	34,160	-	-
USA, Canada	53,086	1,695	-	-
OECD Countries (1)	34,340	551	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>650,932</b>	<b>36,406</b>	<b>-</b>	<b>-</b>

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

**4. Information on available-for-sale financial assets:**

**a) Available-for-sale financial assets subject to repo transactions and given as collateral/blocked:**

As of 31 December 2009 and 2008, there are no available-for-sale marketable securities given as collateral.

**b) Information on available-for-sale financial assets:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Debt Securities	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates	13,744	3,126
Quoted to Stock Exchange	11,744	3,126
Not Quoted	2,000	-
Impairment Provision (-)	-	-
<b>Total</b>	<b>13,744</b>	<b>3,126</b>

As of 31 December 2009 and 2008, available for sale financial assets of the Bank consist of Garanti Faktoring Hizmetleri A.Ş. and Kredi Garanti Fonu A.Ş. with the shareholding percentages of 9.78% and 1.66% respectively.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

## 5. Information related to loans:

## a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 31.12.2009		Prior Period 31.12.2008	
	Cash	Non-cash Loans	Cash	Non-cash Loans
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders-	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	3,426	-	3,602	-
<b>Total</b>	<b>3,426</b>	<b>-</b>	<b>3,602</b>	<b>-</b>

## b) Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	3,871,807	-	4,160	-
Discount and Purchase Notes	602,312	-	-	-
Export Loans	578,203	-	4,160	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	1,847,478	-	-	-
Foreign Loans	87,200	-	-	-
Consumer Loans	3,426	-	-	-
Credit Cards	-	-	-	-
Precious Metal Loans	-	-	-	-
Other	753,188	-	-	-
Specialized Loans	32,699	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>3,904,506</b>	<b>-</b>	<b>4,160</b>	<b>-</b>

## c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	3,585,427	-	3,003	-
Non-specialized Loans	3,556,409	-	3,003	-
Specialized Loans	29,018	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables (*)	319,079	-	1,157	-
Non-specialized Loans	315,398	-	1,157	-
Specialized Loans	3,681	-	-	-
Other Receivables	-	-	-	-

(\*) Loans extended with a maturity over one year are classified as medium and long-term loans.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**d) Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:**

There are no consumer loans, personal credit cards and personnel credit cards.

As of 31 December 2009, the Bank granted personnel loans amounting to TL3,426 thousand.

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Consumer Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	39	3,387	3,426
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	39	3,387	3,426
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credit Deposit Account-TL (Real Person)	-	-	-
Credit Deposit Account-FC (Real Person)	-	-	-
<b>Total</b>	<b>39</b>	<b>3,387</b>	<b>3,426</b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**e) Information on commercial installment loans and corporate credit cards:**

None.

**f) Loans according to types of borrowers:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Public (*)	453,887	467,445
Private	3,454,779	3,537,516
<b>Total</b>	<b>3,908,666</b>	<b>4,004,961</b>

(\*) Includes country loans granted to foreign government entities amounting to TL87,200 thousand (31 December 2008: TL62,643 thousand).

**g) Distribution of domestic and foreign loans:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Domestic Loans	3,821,466	3,942,318
Foreign Loans	87,200	62,643
<b>Total</b>	<b>3,908,666</b>	<b>4,004,961</b>

**h) Loans granted to investments in associates and subsidiaries:**

None.

**i) Specific provisions accounted for loans:**

Specific provisions	Current Period 31.12.2009	Prior Period 31.12.2008
Loans and Receivables with Limited Collectability	42,735	4,875
Loans and Receivables with Doubtful Collectability	15,028	14,589
Uncollectible Loans and Receivables	45,735	37,189
<b>Total</b>	<b>103,498</b>	<b>56,653</b>

The Bank provides 100% impairment provision for non-performing loans, without considering the relevant collaterals in line with the Bank's conservative approach.

**j) Information on non-performing loans (Net):****j.1) Information on non-performing loans and other receivables that are restructured or rescheduled:**

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
<b>Current Period 31.12.2009</b>			
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	-
<b>Prior Period: 31.12.2008</b>			
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	-

**j.2) Information on the movement of total non-performing loans:**

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Balance at the Beginning of the Period	4,875	14,589	37,189
Additions During the Period (+)	61,014	5,502	-
Transfers from Non-performing Loans Accounts (+)	-	5,532	8,597
Transfers to Other Non-Performing Loans Accounts (-)	(5,532)	(8,597)	-
Collections During the Period (-) (*)	(17,622)	(529)	(51)
Write-offs (-)	-	(1,469)	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	(1,469)	-
Balance at the End of the Period	42,735	15,028	45,735
Specific Provisions (-)	(42,735)	(15,028)	(45,735)
Net Balance Sheet Amount	-	-	-

(\*) Collections during the period amounting to TL17,622 thousand includes loans amounting to TL4,457 thousand which are transferred to the loans and other receivables under close monitoring account from non-performing loans account in accordance with the temporary article 2-b of "Communiqué Related to Amendment on the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette numbered 27119 dated 23 January 2009.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**j.3) Information on non-performing loans that are granted as foreign currency loans:**

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
<b>Current Period: 31.12.2009</b>			
Balance at the End of the Period	326	14,166	41,512
Specific Provisions (-)	(326)	(14,166)	(41,512)
Net Balance Sheet Amount	-	-	-
<b>Prior Period: 31.12.2008</b>			
Balance at the End of the Period	3,158	13,528	34,992
Specific Provisions (-)	(3,158)	(13,528)	(34,992)
Net Balance Sheet Amount	-	-	-

**j.4) Information on the gross and net amounts of the non-performing loans according to types of borrowers:**

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
<b>Current Period (Net)</b>			
Loans Granted to Real Persons and Corporate Entities (Gross)	42,735	15,028	45,443
Specific Provision Amount (-)	(42,735)	(15,028)	(45,443)
Loans Granted to Real Persons and Corporate Entities	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount (-)	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other loans and receivables (Net)	-	-	-
<b>Prior Period (Net)</b>			
Loans Granted to Real Persons and Corporate Entities (Gross)	4,875	14,589	36,897
Specific Provision Amount (-)	(4,875)	(14,589)	(36,897)
Loans Granted to Real Persons and Corporate Entities (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount (-)	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

**k) 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.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

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.

**l) 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.

**m) The movement of the impairment provision during the year for loans and other receivables of the Bank:**

The Bank does not have consumer loan. The movement of the impairment provision during the year, for corporate loans and other receivables is as follows:

<b>1 January 2009</b>	<b>56,653</b>
Impairment provision	48,438
Amount recovered during the period	(124)
Written off	(1,469)
Foreign exchange differences	-
<b>31 December 2009</b>	<b>103,498</b>
<b>1 January 2008</b>	<b>45,500</b>
Impairment provision	11,608
Amount recovered during the period	(184)
Written off	(271)
Foreign exchange differences	-
<b>31 December 2008</b>	<b>56,653</b>

**6. Held-to-maturity investments:**

As of 31 December 2009, all of the marketable securities of the Bank classified under trading and held-to-maturity categories, are government bonds and treasury bills.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**a) Information on investments subject to repo transaction and given as collateral/blocked:****Held-to-maturity investments given as collateral/blocked:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Treasury Bills	29,612	-	-	-
Government bonds and similar marketable securities	86,228	49,664	128,313	51,293
Other	-	-	-	-
<b>Total</b>	<b>115,840</b>	<b>49,664</b>	<b>128,313</b>	<b>51,293</b>

There are no held-to-maturity investments subject to repo transactions.

There are no held-to-maturity investments held for structured position.

**b) Information on held-to-maturity government debt securities:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Government Bonds	267,519	231,789
Treasury Bills	41,549	10,692
Other Public Debt Securities	-	-
<b>Total</b>	<b>309,068</b>	<b>242,481</b>

**c) Information on held-to-maturity investment securities:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Debt Securities	309,068	244,140
Quoted to Stock Exchange	309,068	244,140
Not Quoted	-	-
Impairment Provision (-)	-	(1,659)
<b>Total</b>	<b>309,068</b>	<b>242,481</b>

**d) The movement of held-to-maturity investment securities:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Balance at the Beginning of the Period	242,481	135,660
Foreign exchange differences on monetary assets	(2,823)	18,268
Purchases during the year	224,736	138,183
Disposals through sales and redemptions (*)	(157,516)	(53,069)
Interest Accruals	2,190	5,098
Impairment provision (-)	-	(1,659)
Balance at the End of the Period	309,068	242,481

(\*) There are no disposals through sales. The amount shown at the disposals through sales and redemptions line represents only the redemption amount of securities.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

The Bank has reclassified its financial assets with a fair value of TL22,890 thousand from trading portfolio to held to maturity investment securities portfolio due to the change in its intention to hold the securities until maturity in accordance with the Communiqué numbered 105 related with the Amendment on the Communiqué on Turkish Accounting Standard for Recognition and Measurement of Financial Instruments ("TAS 39") and the Communiqué numbered 106 related with the Amendment on the Communiqué on Turkish Financial Reporting Standard Financial Instruments: Disclosures ("TFRS 7"), both announced in the Official Gazette numbered 27040 on 31 October 2008 by the Turkish Accounting Standards Board. As of 31 December 2009, the fair value of reclassified financial assets is TL29,349 thousand. Had the reclassification not been performed, the cumulative net profit of the Bank would have increased by TL536 thousand and TL1,260 thousand of this amount would have been recognized as loss for the year ended 31 December 2009.

**7. Associates:**

**a) Information on unconsolidated investments in associates:**

**a.1) Information on unconsolidated investments in associates (Net):**

None.

**a.2) Significant financial statement information of associates:**

None.

**a.3) Other members/common shares that have control power but not included in the community together with the other members of the parent and/or the financial institutions community:**

None.

**a.4) The reason for unconsolidation of associates and the accounting methods used for the associates in the unconsolidated financial statements of the parent:**

None.

**b) Information on consolidated investments in associates:**

No associates are included in the consolidation.

**8. Information on subsidiaries (net):**

There is no subsidiary.

**9. Information related to the jointly controlled partnerships:**

None.

**10. Information on lease receivables (net):**

None.

**11. Explanations related with the derivative financial instruments used for hedging purposes:**

None.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**12. Explanations on property and equipment:**

	Immovables	Tangibles-Financial Leasing	Vehicles	Other Tangibles	Total
<b>Prior Period End: 31.12.2008</b>					
Cost	16,487	318	538	8,862	26,205
Accumulated Depreciation (-)	9,144	135	525	8,249	18,053
Net Book Value	7,343	183	13	613	8,152
<b>Current Period End: 31.12.2009</b>					
Net Book Value at the Beginning of the Period	7,343	183	13	613	8,152
Additions	-	-	-	405	405
Disposals (-)	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation (-)	310	62	13	261	646
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
<b>Cost at Period End</b>	<b>16,487</b>	<b>318</b>	<b>538</b>	<b>9,267</b>	<b>26,610</b>
<b>Accumulated Depreciation at Period End</b>	<b>9,454</b>	<b>197</b>	<b>538</b>	<b>8,510</b>	<b>18,699</b>
<b>Closing Net Book Value</b>	<b>7,033</b>	<b>121</b>	<b>-</b>	<b>757</b>	<b>7,911</b>

	Immovables	Tangibles-Financial Leasing	Vehicles	Other Tangibles	Total
<b>Prior Period End: 31.12.2007</b>					
Cost	16,487	318	695	8,777	26,277
Accumulated Depreciation (-)	8,834	71	662	8,021	17,588
Net Book Value	7,653	247	33	756	8,689
<b>Current Period End: 31.12.2008</b>					
Net Book Value at the Beginning of the Period	7,653	247	33	756	8,689
Additions	-	-	-	136	136
Disposals (-)	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation (-)	310	64	20	279	673
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
<b>Cost at Period End</b>	<b>16,487</b>	<b>318</b>	<b>538</b>	<b>8,862</b>	<b>26,205</b>
<b>Accumulated Depreciation at Period End</b>	<b>9,144</b>	<b>135</b>	<b>525</b>	<b>8,249</b>	<b>18,053</b>
<b>Closing Net Book Value</b>	<b>7,343</b>	<b>183</b>	<b>13</b>	<b>613</b>	<b>8,152</b>

As of 31 December 2009 and 2008, there is no impairment in intangible assets.

**13. Explanations on intangible assets:**

The Bank has classified computer software licenses under intangible assets.

Useful life of intangible assets is estimated as three years and the depreciation rate is 33.33% in accordance with the Tax Procedural Law.

**a) Cost and accumulated amortization at the beginning and end of the period:**

As of 31 December 2009, the cost and the accumulated amortization of intangible assets is TL1,172 thousand and TL518 thousand, respectively; at the beginning of the period the gross book value and the accumulated depreciation is TL371 thousand and TL364 thousand, respectively.

**b) Reconciliation of movements for the current period and the prior period:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Net Book Value at the Beginning of the Period	7	1
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	801	8
Sales and Write-Off	-	-
Amounts Recorded under Revaluation Fund for Increase or Decrease in Value	-	-
Recorded Impairments in the Income Statement	-	-
Cancelled Impairments from Income Statement	-	-
Depreciation Expense (-)	154	2
Net Currency Translation Differences of Foreign Subsidiaries	-	-
Other Changes in the Book Value	-	-
<b>Net Book Value at the End of the Period</b>	<b>654</b>	<b>7</b>

**14. Information on investment properties:**

Bank does not have investment properties.

**15. Information on deferred tax asset:**

As stated at Section 3 Note XVI., the Bank is exempt from corporate tax, and accordingly, no deferred tax asset/liability is recognized in the accompanying financial statements.

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

None.

**17. Information on other assets:**

Other assets do not exceed 10% of the total assets.

**II-Explanations and notes related to liabilities:**

The explanations and notes related to the liability accounts of the unconsolidated financial statement of the Bank are given below:

**1. Information on maturity structure of the deposits:**

The Bank does not accept deposits.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**2. Information on trading derivative financial liabilities:****a) Table of negative differences for trading derivative financial liabilities:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Agreements	103	5,186	235	6,464
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>103</b>	<b>5,186</b>	<b>235</b>	<b>6,464</b>

As of 31 December 2009, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2008: None).

As of 31 December 2009, the Bank does not have deferred day one profits and losses (31 December 2008: None).

**3. Information on borrowings:****a) Information on banks and other financial institutions:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Borrowings from CBRT	-	481,209	-	390
From Domestic Banks and Institutions	-	216,898	-	15,219
From Foreign Banks, Institutions and Funds	-	1,116,347	-	892,113
<b>Total</b>	<b>-</b>	<b>1,814,454</b>	<b>-</b>	<b>907,722</b>

**b) Information on maturity structure of borrowings:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Short-Term	-	1,567,893	-	559,348
Medium and Long-Term	-	457,991	-	590,963
<b>Total</b>	<b>-</b>	<b>2,025,884</b>	<b>-</b>	<b>1,150,311</b>

Medium and long-term loans include subordinated loans amounting to TL211,087 thousand (31 December 2008: TL240,923 thousand) and interest accruals amounting to TL343 thousand (31 December 2008: TL1,666 thousand).

**c) Additional explanations over areas of concentration of the liabilities of the Bank:**

As of 31 December 2009, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

Funds Borrowed	Current Period 31.12.2009
Syndicated loans (i)	814,992
Subordinated loans (ii)	211,430
JBIC (iii)	45,350
World Bank (iv)	86,178
CBRT Loans (v)	481,209
T.C Ziraat Bankası A.Ş. (vi)	216,898
Black Sea Trade and Development Bank (vii)	61,326
Demir Halkbank NV (viii)	54,794
European Investment Bank (ix)	53,707
<b>Total</b>	<b>2,025,884</b>

i) The Bank, raised syndicated loan facilities at an amount EUR200 million (TL429,420 thousand) with a maturity of one year at 8 April 2009 and at an amount EUR160 million (TL343,536 thousand) and US\$25 million (TL37,250 thousand) with a maturity of one year at 5 October 2009. As of 31 December 2009, total balance of these syndicated borrowings amount to TL810,206 thousand and accruals on these borrowings amount to TL4,786 thousand.

ii) US\$200 million of the Fiscal and Public Sector Adaptation Credit with a maturity of 15 April 2018, provided by the World Bank to Turkish Treasury in accordance with the agreement signed on 12 July 2001, is transferred to the Bank for the development and support of the export oriented real sector. As of 31 December 2009, the outstanding principal and the accrual on this funds borrowed amount to TL211,087 thousand and TL343 thousand, respectively.

iii) As of 31 December 2009, the Bank has raised two lines of credit from JBIC (Japanese Bank for International Cooperation) at an amount of JPY2,782 million (TL44,923 thousand) with the guarantee of Turkish Treasury so as to support the projects executed by Turkish businessman with medium and long-term financing in the third world countries. The accrual on this funds borrowed amount to TL427 thousand and the total amount of the borrowing is TL45,350 thousand.

iv) The outstanding balances of the two lines of credit from the World Bank as at 31 December 2009 amounts to TL73,459 thousand (equivalent of US\$49,301 thousand) and TL12,485 thousand (equivalent of EUR5,815 thousand). Total accrual on these borrowings amounts to TL234 thousand and the total amount of the borrowing is TL86,178 thousand.

v) The Bank obtained credit from CBRT within the framework of "Short Term Export Receivables Discount Loan" and "Pre-shipment Rediscount Loan" programs amounting to TL481,209 thousand as at 31 December 2009.

vi) As of 31 December 2009, the outstanding balance of the borrowing with a maturity of one year, raised by T.C. Ziraat Bankası A.Ş. amounts to EUR100 million (TL214,710 thousand) and accrual on this borrowing amounts to TL2,188 thousand and the total amount of the borrowing is TL216,898 thousand.

vii) The outstanding balance of the borrowing with a maturity of five years, obtained from Black Sea Trade and Development Bank is US\$40 million (TL59,600 thousand). Total accrual on this borrowing amounts to TL1,726 thousand and the total amount of borrowing is TL61,326 thousand.

viii) The outstanding balance of the borrowing obtained from Demir-Halkbank NV - Netherland amounts to EUR25 million (TL53,678 thousand). Total accrual on this borrowing amounts to TL1,116 thousand and the total amount of the borrowing is TL54,794 thousand.



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

ix) The Bank raised a loan facility from European Investment Bank at an amount EUR25 million (TL53,678 thousand) with a total maturity of 12 years and repayment period starting after the fourth year. Total accrual on this borrowing amounts to TL29 thousand and the total amount of the borrowing is TL53,707 thousand as at 31 December 2009.

**The Bank performed the following repayments during the year 2009:**

	Repayment Amount	Repayment Date
Demir Halkbank NV	EUR10,000,000	30 October 2009
Bayerische Landesbank - Syndicated Loan	EUR250,000,000	26 March 2009
Subordinated Loans	US\$8,333,000	14 April 2009
Subordinated Loans	US\$8,333,000	14 October 2009
JBIC	JPY 876,604,000	14 January 2009
JBIC	JPY 876,604,000	14 July 2009
Club Loan - Syndicated Loan	US\$175,000,000	7 August 2009

**4. Information on other liabilities:**

Other liabilities exceeding 10% of the balance sheet total are presented below:

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Turkish Treasury Current Account (*)	382,617	226,043	390,658	190,478
Political Risk Loss Account	-	14,054	-	1,272
Iraq Loan followed on behalf of Turkish Treasury	382,617	211,989	390,658	189,206
Other (**)	761	84,950	84,119	86,558
<b>Total</b>	<b>383,378</b>	<b>310,993</b>	<b>474,777</b>	<b>277,036</b>

(\*) The TL amount under Turkish Treasury Current Account followed under 125-Short-term Fund Sourced Loans includes the foreign currency differences calculated for the Iraq Loan whose risk has been transferred to the Turkish Treasury. TL211,989 thousand of the FC amount under Turkish Treasury Current Account belongs to Iraq Loan and TL14,054 thousand includes the balance transferred against political risk.

(\*\*) Other-FC account includes the funds transferred from United Nations Compensation Commission amounting to TL84,285 thousand and includes the overpayment of the country loans amounting to TL665 thousand whose settlement will be realized upon determination of the bases of the liquidation of the principal and interest of the country loans.

**5. Information on liabilities arising from financial leasing transactions (net):**

Information on financial leasing agreements:

**Explanations on liabilities arising from financial leasing transactions:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	-	-	127	113
More than 4 years	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>127</b>	<b>113</b>

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009  
(Amounts expressed in thousands of Turkish lira (TL) unless otherwise stated.)

**6. Information on derivative financial liabilities used for hedging purposes:**

None.

**7. Information on provisions:**

**a) Information on general provisions:**

	Current Period 31.12.2009	Prior Period 31.12.2008
General provisions	25,461	20,994
Provisions for Group I. Loans and Receivables	24,782	20,144
Provisions for Group II. Loans and Receivables	83	354
Provisions for Non Cash Loans	418	413
Other	178	83

**b) Information on provisions for decrease in foreign exchange differences of foreign currency indexed loans and financial leasing receivables principal amounts:**

There is no foreign currency indexed loans of the Bank.

**c) Specific provisions for non-cash loans that are not liquidated:**

None.

**d) Information on other provisions:**

**1. Information on provisions for probable risks:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Provisions for Probable Risks	41,744	39,636
Country Loans	-	-
Other	41,744	39,636

As of 31 December 2009, in accordance with the decision of the Executive Committee dated 24 December 2007, the Bank has booked impairment provision with the rate of 1.50% for the short, medium and long term loans (except for the short term fund sourced loans and medium and long term country loans) with an amount of TL29,375 thousand (31 December 2008: TL29,842 thousand). The Bank, in order to prevent double booking, has deducted the general loan loss provision calculated in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" from the amount of provision calculated at a rate of 1.50%.

In accordance with the decision of Executive Committee, as there is no improvement in the collection of the receivables amounting to US\$4,868,428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarmerie and Ministry of Defense under the scope of Russian Federation Deferred Loan for the last six years, the Bank has provided 100% impairment provision of the TL equivalent amounting to TL7,254 thousand as of 31 December 2009 (31 December 2008: TL7,408 thousand).

As of 31 December 2009, the Bank booked provisions amounting to TL5,115 thousand (31 December 2008: TL2,386 thousand) considering probable compensation payments in relation to the export receivables.

Accordingly, the sum of the provisions recognized by the Bank amounts to TL41,744 thousand as of 31 December 2009 (31 December 2008: TL39,636 thousand).

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**2. Information on other provisions exceeding 10% of total provisions:**

As of 31 December 2009, TL41,744 thousand of other provisions include provisions booked for probable risks.

**3. Employment termination benefits obligations:**

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL2,365.16 in full TL amount as of 31 December 2009 (31 December 2008: TL2,173.18) for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	Current Period 31.12.2009	Prior Period 31.12.2008
Discount rate (%)	5.92	6.26
Rate for the Probability of Retirement (%)	0.98	0.98

The principal actuarial assumption is that the maximum liability of TL2,427.04 will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL2,427.04 (1 January 2009: TL2,260.05) effective from 1 January 2010 has been taken into consideration in calculating the reserve for employee termination benefits.

**Movements in the reserve for employment termination benefits during the period are as follows:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Balance at the beginning of the year	9,582	8,768
Paid during the year	(853)	(376)
Provisions recognized during the year	1,234	1,190
<b>Balance at the end of the year</b>	<b>9,963</b>	<b>9,582</b>

As of 31 December 2009, the Bank has also provided provision for unused vacation rights amounting to TL4,885 thousand (31 December 2008: TL4,318 thousand).

**4. Liabilities on retirement benefits:**

None.

**8. Explanations on tax liability:****a) Explanations on current tax liability:****1) Information on provision for taxes:**

None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009  
(Amounts expressed in thousands of Turkish lira (TL) unless otherwise stated.)**2) Information on taxes payable:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Corporate Taxes Payable (*)	-	-
Taxation on Revenue From Securities	-	-
Property Tax	-	-
Banking Insurance Transaction Tax	168	83
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	43	35
Other	327	365
<b>Total</b>	<b>538</b>	<b>483</b>

(\*) As stated at Section 3 Note XVI, the Bank is exempt from corporate tax.

**3) Information on premium payables:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Social Security Premiums - Employee	301	287
Social Security Premiums - Employer	394	375
Bank Social Aid Pension Fund Premiums - Employee	-	-
Bank Social Aid Pension Fund Premiums - Employer	-	-
Pension Fund Membership Fee and Provisions - Employee	2	2
Pension Fund Membership Fee and Provisions - Employer	-	-
Unemployment Insurance - Employee	21	20
Unemployment Insurance - Employer	42	40
Other	-	-
<b>Total</b>	<b>760</b>	<b>724</b>

**b) Information on deferred tax liability:**

None.

**9. Information on non-current liabilities on assets held for sale and discontinued operations:**

None.

**10. Information on subordinated loans:**

a) General information on the number of subordinated loans, their maturity, interest rate, the source institution that the loan is secured and detailed information related with the convertible stock option if any:

Date	Number	Maturity	Interest Rate	Institution
23.07.2001	1	17 years	Six Month LIBOR + 0.75	Turkish Treasury (World Bank Sourced)

**b) Information on subordinated loans:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	211,430	-	242,589
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>211,430</b>	<b>-</b>	<b>242,589</b>

**11. Information on shareholders' equity:****a) Presentation of paid-in capital:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Common Stock	2,000,000	1,326,336
Preferred Stock	-	-

**b) Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:**

The registered share capital system is not applied.

**c) Information on the share capital increase during the period and their sources:**

Date of Increase	Total Amount of Increase	Cash Increase	Profit Reserve Subject to Increase	Capital Reserve Subject to Increase
21 January 2009	83,600	83,600	-	-
4 March 2009	90,064	90,064	-	-
23 September 2009	250,460	25,230	100,000	125,230
24 November 2009	249,540	200,000	-	49,540

**d) Information on share capital increase from revaluation funds during the current period:**

There is no share capital increase from the revaluation fund during the current period.

**e) Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period:**

The Bank has no capital commitments as of 31 December 2009 and the total share capital of the Bank amounting to TL2,000,000 thousand is fully paid as of 31 December 2009. The capital commitment of TL173,664 thousand as of 31 December 2008 was paid with the transfer of TL83,600 thousand and TL90,064 thousand by the Turkish Treasury to the Bank in 2008 and 2009, respectively and with the approval of the BRSA on 21 January 2009 and 4 March 2009.

**f) 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. On the other hand, the proportion of doubtful receivables to the total loans is considered as low and an impairment provision is provided in full for all doubtful receivables. 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.

**g) Information on privileges given to shares representing the capital:**

The common shares of the Bank are grouped as A and B. Both A and B type shares are owned by the Treasury and the share of the Treasury in the total paid-in capital is 100%.

**h) Information on marketable securities value increase fund:****1)a) Information on marketable securities value increase fund**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	6,950	275	(1,668)	389
Foreign Currency Differences	-	-	-	-
<b>Total</b>	<b>6,950</b>	<b>275</b>	<b>(1,668)</b>	<b>389</b>

**12.a) Information on minority interests:**

None.

**III-Explanations and notes related to off-balance sheet accounts****I. Explanations on off-balance sheet commitments:****a) Type and amount of irrevocable commitments:**

As of 31 December 2009, the amount of irrevocable commitments (all of which are loan granting commitments) of the Bank is TL13,523.

**b) Type and amount of probable losses and obligations arising from off-balance sheet items:****b.1) Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Letters of Guarantee	-	-
Endorsements	481,209	390
Guarantees and Bails given for Export	-	-
Guarantees given for Export Loan Insurance	359,943	359,381
<b>Total</b>	<b>841,152</b>	<b>359,771</b>

**b.2) Revocable, irrevocable guarantees and other similar commitments and contingencies:**

As of 31 December 2009, there are no revocable and irrevocable guarantees. Details of other similar commitments and contingencies are stated above in Note b.1).

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

## c)1) Total amount of non-cash loans:

	Current Period 31.12.2009	Prior Period 31.12.2008
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans (1)	841,152	359,771
<b>Total</b>	<b>841,152</b>	<b>359,771</b>

(1) Other non-cash loans include commitments related to Short-term Export Loan Insurance, endorsements given to CBRT and other guarantee letters.

## 2) Information on sectoral risk concentrations of non-cash loans:

	Current Period 31.12.2009				Prior Period 31.12.2008			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	2,980	0.35	-	-	-	-
Farming and Raising livestock	-	-	2,980	0.35	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	468,707	55.73	-	-	390	0.11
Mining	-	-	969	0.12	-	-	-	-
Production	-	-	433,781	51.57	-	-	390	0.11
Electric, Gas and Water	-	-	33,957	4.04	-	-	-	-
Construction	-	-	6,409	0.76	-	-	-	-
Services	-	-	3,113	0.37	-	-	-	-
Wholesale and Retail Trade	-	-	3,113	0.37	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	359,943	42.79	-	-	359,381	99.89
<b>Total</b>	<b>-</b>	<b>-</b>	<b>841,152</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>359,771</b>	<b>100</b>

**3) Information on the non-cash loans classified under Group I and Group II:**

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash loans				
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	481,209	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	359,943	-	-

**II. Information on derivative transactions:**

	Classification of Derivative Transactions by Purpose			
	Trading Transactions		Hedging Transactions	
	Current Period 31.12.2009	Prior Period 31.12.2008	Current Period 31.12.2009	Prior Period 31.12.2008
<b>Types of Trading Transactions</b>				
Foreign Currency Related Derivative Transactions (I)	1,197,617	335,290	-	-
Forward Transactions	-	-	-	-
Swap Transactions	1,197,617	335,290	-	-
Futures Transactions	-	-	-	-
Option Transactions	-	-	-	-
Total Foreign Currency Related Derivative Transactions	1,197,617	335,290	-	-
Interest Related Derivative Transactions (II)	89,400	91,296	-	-
Forward Interest Rate Agreements	-	-	-	-
Interest Rate Swaps	89,400	91,296	-	-
Interest Rate Options	-	-	-	-
Interest Rate Futures	-	-	-	-
Other Trading Derivative Transactions (1) (III)	62,393	96,526	-	-
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>1,349,410</b>	<b>523,112</b>	-	-
<b>Types of Hedging Derivative Transactions</b>				
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
Foreign Currency Investment Hedges	-	-	-	-
<b>B. Total Hedging Derivative Transactions</b>	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>1,349,410</b>	<b>523,112</b>	-	-

(1) Includes currency and interest swap transactions.

As explained in Note II of Section 3, certain derivative transaction while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting and are therefore treated as "Derivatives Held for Trading". The Bank mainly engages in currency and interest rate swap agreements to hedge against any losses from currency and interest rate risk.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

**III. Explanations on contingent assets and liabilities:**

1) 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 2009, there are no contingent assets.

2) 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 2009, there are 22 legal proceedings outstanding against the Bank amounting to US\$2,199,185.16, EUR15,000 and TL207,488.45 as confirmed from the lawyer letter prepared by the legal department of the Bank. As of 31 December 2009, no provision has been made considering the probability of occurrence of the contingent liability. In addition, there are 131 legal proceedings outstanding filed by the Bank. These legal proceedings amount to TL92,461 thousand, US\$13,890,502 and EUR860,796.

**IV. Explanations on services in the name of others:**

The Bank's custody and deposit activities in the name of real and legal persons are not considered as material.

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.

**IV-Explanations and notes related to income statement:****1. a) Information on interest income on loans:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Interest income on loans (*)				
Short-term Loans	242,804	63,695	298,347	38,642
Medium and Long-term Loans	5,549	12,977	532	18,558
Interest on Loans Under Follow-up	37	93	357	94
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>248,390</b>	<b>76,765</b>	<b>299,236</b>	<b>57,294</b>

(\*) Includes fee and commission income of cash loans.

**b) Information on interest income on banks:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
CBRT	-	-	-	-
From Domestic Banks	7,967	5	14,529	313
From Foreign Banks	409	1,350	2,396	5,540
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>8,376</b>	<b>1,355</b>	<b>16,925</b>	<b>5,853</b>

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009  
(Amounts expressed in thousands of Turkish lira (TL) unless otherwise stated.)**c) Information on interest income on marketable securities:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
From Trading Financial Assets	5,923	985	20,630	123
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	-	-	-	-
From Held-to-maturity Investments	28,472	1,793	18,329	4,144
<b>Total</b>	<b>34,395</b>	<b>2,778</b>	<b>38,959</b>	<b>4,267</b>

**d) Information on interest income received from associates and subsidiaries:**

Interests paid to marketable securities issued.

**2. a) Information on interest expense on borrowings:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Banks (*)				
CBRT	-	6,777	-	22
Domestic Banks	3	7,551	1	2,458
Foreign Banks	-	38,031	-	37,551
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	6,448	-	8,966
<b>Total</b>	<b>3</b>	<b>58,807</b>	<b>1</b>	<b>48,997</b>

(\*) Includes fee and commission expense on cash loans.

**b) Information on interest expense given to associates and subsidiaries:**

There is no interest expense given to associates and subsidiaries.

**c) Interest paid to marketable securities issued:**

	Current Period 31.12.2009		Prior Period 31.12.2008	
	TL	FC	TL	FC
Interests paid to marketable securities issued	-	-	-	-

**d) Maturity structure of the interest expense on deposits:**

The Bank does not accept deposits.

**3. Explanations on dividend income:**

The Bank did not earn dividend income in 2009.

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

**4. Information on trading income/loss (Net):**

	Current Period 31.12.2009	Prior Period 31.12.2008
<b>Income</b>	<b>283,732</b>	<b>432,619</b>
Trading Gains on Securities	2,244	735
Trading Gains on Derivative Financial Transactions	92,057	58,674
Foreign Exchange Gains	189,431	373,210
<b>Loss (-)</b>	<b>243,198</b>	<b>417,974</b>
Trading Losses on Securities	(5)	(700)
Trading Losses from Derivative Financial Transactions	(30,385)	(125,830)
Foreign Exchange Loss	(212,808)	(291,444)

As of 31 December 2009, trading gains on derivative financial transactions and trading losses from derivative financial transactions include TL89,838 thousand (31 December 2008: TL62,987 thousand) foreign exchange gains and TL29,292 thousand (31 December 2008: TL118,411 thousand) foreign exchange losses, respectively.

**5. Explanations on other operating income:**

The Bank collected TL124 thousand (31 December 2008: TL184 thousand) in the year 2009 from loans classified as non-performing and recorded under other operating income account.

In the year 2009, the Bank recorded premium income amounting to TL23,783 thousand (31 December 2008: TL21,999 thousand) as part of the Short Term Export Loan Insurance ("ELI") and commission income from reinsurance companies amounting to TL5,962 thousand (31 December 2008: TL7,235 thousand) as part of the ELI and recorded under other operating income account.

In the years 2009 and 2008, there are no extraordinary events, developments or factors in relation with the other operating income account that may materially affect the profitability of the Bank, other than the above mentioned issues.

**6. Provision expenses related to loans and other receivables of the Bank:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Specific Provisions for Loans and Other Receivables	48,439	11,608
III. Group Loans and Receivables	42,735	4,875
IV. Group Loans and Receivables	5,704	5,851
V. Group Loans and Receivables	-	882
General Provision Expenses	4,467	5,757
Provision Expense for Probable Risks	2,729	6,420
Marketable Securities Impairment Expense	-	180
Financial Assets at Fair Value through Profit or Loss	-	180
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	1,659
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments:	-	1,659
Other	-	-
<b>Total</b>	<b>55,635</b>	<b>25,624</b>

**7.a) Information related to other operating expenses:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Personnel Expenses	21,959	27,251
Reserve for Employee Termination benefits, net	381	814
Vacation Pay Liability, net	567	475
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	646	673
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	154	2
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-	-
Other Operating Expenses	7,440	6,682
Operational Lease Expenses	51	45
Maintenance Expenses	112	553
Advertisement Expenses	42	22
Other Expenses	7,235	6,062
Loss on Sale of Assets	-	-
Other (*)	27,223	33,546
<b>Total</b>	<b>58,370</b>	<b>69,443</b>

(\*) "Other Operating Expenses" include premium expense paid to reinsurance companies amounting to TL14,689 thousand (31 December 2008: TL12,463 thousand) within the scope of the Short-term Export Credit Insurance Programme and a contribution fee amounting to TL6,990 thousand (31 December 2008: TL7,572 thousand) paid to the Small and Medium Industry Development Organization.

**8. Explanations on profit and loss before tax for continued and discounted operations:**

None.

**9. Information on tax provision for continued and discontinued operations:**

As stated at Section 3 Note XVI, the Bank is exempt from corporate tax.

**10. Explanation on net income/loss for the period for continued and discontinued operations:**

None.

**11. Explanation on net income/loss for the period:**

**a) 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:**

None.

**b) 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.

**c) Profit/loss of minority interest:**

None.

**12. If the other accounts in the income statement exceed 10% of the total of the income statement, the sub-accounts constituting at least 20% of these accounts:**

None.

**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:**

**a) The increase after the revaluation of the available-for-sale investments:**

The fair value gains of the available-for-sale investments, other than the hedging instruments, amounting to TL7,225 thousand are recorded under the "Marketable Securities Value Increase Fund" account under equity. TL275 thousand of such fair value gains represent the fair value gains of marketable securities that are transferred to the held-to-maturity portfolio from the available-for-sale portfolio and such fair value gains are calculated and followed under the account "Marketable Securities Value Increase Fund" until the date of transfer. This amount will be transferred to the income statement upon maturity of the transferred securities.

**b) Information for the increases in the accounts related to cash flow hedges:**

None.

**b.1) The reconciliation and confirmation for the cash flow hedges accounts at the beginning and end of the period:**

None.

**b.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:**

None.

**c) Reconciliation of foreign exchange differences at the beginning and end of the period:**

None.

**2. Information about the adjustments related to the application of Financial Instruments Accounting Standards in the current period:****a) Information on the available-for-sale investments:**

None.

**b) Information on cash flow hedges:**

None.

**3. Information related to distribution of profit:****a) The amount of dividend declared before the approval date of the financial statements but after the balance sheet date:**

None.

**b) 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 2009 profit.

**4. Amount transferred to legal reserves:**

	Current Period 31.12.2009	Prior Period 31.12.2008
Amount transferred to Legal Reserves under Dividend Distribution	18,551	19,365

**5. Information on issuance of share certificates:****a) For all share groups; any restrictions, preferential terms and rights for distribution of dividends and payment of share capital.**

None.

**6. Explanations on other share capital increases:**

None.

**VI- Explanations and notes related to statement of cash flows****1. Information on the cash and cash equivalents:****1.a) 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:

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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

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".

	Current Period 31.12.2009	Prior Period 31.12.2008
<b>Cash</b>	<b>4,406</b>	<b>2,032</b>
Cash and Foreign Currency and Other	14	10
Demand Deposits in Banks	4,392	2,022
<b>Cash Equivalents</b>	<b>599,551</b>	<b>665,986</b>
Interbank Money Market Placements	462,400	266,200
Time Deposits in Banks	137,151	399,786
<b>Total Cash and Cash Equivalents</b>	<b>603,957</b>	<b>668,018</b>

**1.b) Information on the cash and cash equivalents at the end of the period:**

	Current Period 31.12.2009	Prior Period 31.12.2008
<b>Cash</b>	<b>4,401</b>	<b>4,406</b>
Cash and Foreign Currency and Other	9	14
Demand Deposits in Banks	4,392	4,392
<b>Cash Equivalents</b>	<b>2,044,744</b>	<b>599,551</b>
Interbank Money Market Placements	1,294,900	462,400
Time Deposits in Banks	749,844	137,151
<b>Total Cash and Cash Equivalents</b>	<b>2,049,145</b>	<b>603,957</b>

**2. 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 TL8,378 thousand (31 December 2008: TL59,121 thousand) 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 TL54,349 thousand (31 December 2008: TL241,132 thousand) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

**VII-Explanations and notes related to Bank's risk group:**

In accordance with the paragraph 5 of article 49 of Banking Law numbered 5411, the Bank does not have any partnerships which it controls directly or indirectly and with which it constitutes a risk group.

**VIII- Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank:****1. Information on the Bank's domestic and foreign branches and foreign representatives of the Bank:**

	Number	Number of Employees		Total Assets	Statutory Share Capital
Domestic Branch	2	382			
			<b>Country of Incorporation</b>		
Foreign Representation Office	-	-	1- none		
Foreign branch	-	-	1-none	-	-
Off-shore Banking Region Branches	-	-	1-none	-	-

**2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:**

None.

**IX-Explanations and notes related to events after balance sheet:**

None.

**SECTION SIX****OTHER EXPLANATIONS AND DISCLOSURES****I-Other explanations related to operations of the Bank:**

None.

**SECTION SEVEN****EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT****I. Explanations on independent auditor's report**

The unconsolidated financial statements for the period ended 31 December 2009 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The auditor's report dated 8 February 2010 has been presented prior to the unconsolidated financial statements.

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

None.




Operations and results of Türkiye İhracat Kredi Bankası A.Ş. for the fiscal year 2009 have been reviewed by our Board in the scope of related legislation provisions.

In the audits performed, it has been determined that:

1. Statutory books, accounts and records have been maintained properly,
2. All types of negotiable instruments are present in accordance with the records,
3. Balance sheet and income statement dated 31 December 2009 have been prepared in accordance with the Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks, Turkish Accounting Standards, Turkish Financial Reporting Standards and other legislation related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and BRSA comments, and also in accordance with the Bank's accounting records,
4. Profit distribution has been prepared in accordance with the relevant provisions of the Turkish Commercial Code, and article 54 of the Articles of Association,
5. Executive Board is conducting the Bank's credit policy in line with the conditions necessitated by the country economy.

In conclusion, we submit the balance sheet and income statement with the preparation of which we agree in principal and procedure, to approval of general assembly.



Prof. Dr. Arif ESİN  
Member of the Audit Board



Güner GÜCÜK  
Member of the Audit Board

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