

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

**UNAUDITED CONDENSED INTERIM  
FINANCIAL INFORMATION AT 30 JUNE 2011  
TOGETHER WITH REPORT ON REVIEW  
OF INTERIM FINANCIAL INFORMATION**



## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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

### *Introduction*

1. We have reviewed the accompanying condensed interim balance sheet of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") as of 30 June 2011 and the related condensed interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### *Scope of Review*

2. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

  
Haluk Yalçın, SMMM

Istanbul, 14 October 2011

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

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# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## UNAUDITED CONDENSED INTERIM BALANCE SHEET AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

	Notes	30 June 2011	31 December 2010
<b>ASSETS</b>			
Cash and due from banks	5	314,044	886,771
Trading securities	6	258,402	308,488
Derivative financial instruments	7	11,059	1,885
Loans and advances to customers	8	5,237,363	4,106,275
Investment securities			
- Available-for-sale	9	12,656	15,202
- Held-to-maturity	9	460,535	891,703
Property and equipment	10	7,863	8,104
Intangible assets	11	258	390
Other assets	12	14,028	10,748
<b>Total assets</b>		<b>6,316,208</b>	<b>6,229,566</b>
<b>LIABILITIES</b>			
Funds borrowed	13	2,328,894	1,798,712
Derivative financial instruments	7	7,449	25,164
Other liabilities	15	227,762	764,692
Reserve for employment termination benefits	16	11,574	10,856
<b>Total liabilities</b>		<b>2,575,679</b>	<b>2,599,424</b>
<b>EQUITY</b>			
Share capital	17	2,000,000	2,000,000
Adjustment to share capital	17	812,518	812,518
Total paid in share capital		2,812,518	2,812,518
Other reserves		5,988	8,582
Retained earnings	18	922,023	809,042
<b>Total equity</b>		<b>3,740,529</b>	<b>3,630,142</b>
<b>Total liabilities and equity</b>		<b>6,316,208</b>	<b>6,229,566</b>
Commitment and contingent liabilities	21		

The condensed interim financial information as at and for the six-month period ended 30 June 2011 have been approved for issue by the Board of Directors on 14 October 2011 and signed on its behalf by Necati Yeniaras, the Assistant General Manager of Coordination and; by Muhittin Akbaş, the Head of Accounting and Reporting of the Bank.

The accompanying notes form an integral part of this condensed interim financial information.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## UNAUDITED CONDENSED INTERIM INCOME STATEMENT FOR THE SIX - MONTH PERIODS ENDED 30 JUNE

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

	Notes	1 January - 30 June 2011	1 January - 30 June 2010
Interest income	19	148,525	161,838
Interest expense	19	(13,657)	(16,252)
<b>Net interest income</b>		<b>134,868</b>	<b>145,586</b>
Fee and commission income		2,859	605
Fee and commission expense		(2,781)	(5,338)
<b>Net fee and commission income/(expense)</b>		<b>78</b>	<b>(4,733)</b>
Impairment losses on loans and credit related commitments	8	(17,215)	(8,252)
Foreign exchange gains, net		28,632	22,130
Trading losses, net		(6,992)	(14,064)
Other operating income		25,776	27,708
<b>Operating profit before operating expenses</b>		<b>165,147</b>	<b>168,375</b>
Operating expenses	20	(49,167)	(40,709)
<b>Net profit for the period</b>		<b>115,980</b>	<b>127,666</b>

The accompanying notes form an integral part of this condensed interim financial information.

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

**UNAUDITED CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME FOR THE SIX - MONTH  
PERIODS ENDED 30 JUNE**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

	Notes	1 January - 30 June 2011	1 January - 30 June 2010
<b>Net profit for the period</b>		<b>115,980</b>	<b>127,666</b>
<b>Other comprehensive income</b>			
Change in fair value gains on available-for-sale financial assets		(2,546)	(302)
Amortization of the fair value gains of held to maturity investments previously classified as available-for-sale financial assets		(48)	(40)
<b>Total comprehensive income for the period</b>		<b>113,386</b>	<b>127,324</b>

The accompanying notes form an integral part of this condensed interim financial information.

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

**UNAUDITED CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

Notes	1 January - 30 June 2011	1 January - 30 June 2010
<b>Cash flows from operating activities:</b>		
Net profit for the period	115,980	127,666
<b>Adjustments for:</b>		
Depreciation and amortization	10, 11, 20 450	514
Provision for loan losses	8 17,215	8,252
Provision for employment termination benefits, net	16 718	(33)
Provision for unused vacation	15 1,291	413
Remeasurement of derivative financial instruments at fair value	(26,950)	6,323
Change in interest income/(expense) accrual, net	2,445	5,840
Other non-cash items	52,406	(28,627)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>163,555</b>	<b>120,348</b>
Net increase in due from banks	-	(16,999)
Net (increase)/decrease in loans and advances to customers	(1,654,097)	93,274
Net decrease/(increase) in trading securities	39,873	(51,221)
Net (increase)/decrease in other assets	(3,281)	1,913
Net decrease in other liabilities	(81,519)	(3,867)
<b>Net cash (used in)/from operating activities</b>	<b>(1,535,469)</b>	<b>143,448</b>
<b>Cash flows used in investing activities:</b>		
Purchases of property and equipment, net	10, 11 (77)	(47)
Purchases of available-for-sale financial assets	-	(40)
Net increase/(decrease) in investment securities	431,920	(126,750)
<b>Net cash from/(used in) investing activities</b>	<b>431,843</b>	<b>(126,837)</b>
<b>Cash flows from financing activities:</b>		
Net increase/(decrease) in borrowed funds	529,956	(247,209)
Dividends paid	(2,999)	-
<b>Net cash from/(used in) financing activities</b>	<b>526,957</b>	<b>(247,209)</b>
Effects of exchange-rate changes on cash and cash equivalents	30,180	(20,846)
<b>Net decrease in cash and cash equivalents</b>	<b>(546,489)</b>	<b>(251,444)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>860,471</b>	<b>2,049,145</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5 313,982</b>	<b>1,797,701</b>

The accompanying notes form an integral part of this condensed interim financial information.

**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

	Share Capital				Total	
	Share Capital	Adjustment to share capital	Total paid-in capital	Other reserves		Retained earnings
Balance at 1 January 2010	2,000,000	812,518	2,812,518	7,225	837,460	3,657,203
Total comprehensive income for the period ended 30 June 2010	-	-	-	(342)	127,666	127,324
Balance at 30 June 2010	2,000,000	812,518	2,812,518	6,883	965,126	3,784,527
Balance at 1 January 2011	2,000,000	812,518	2,812,518	8,582	809,042	3,630,142
Dividends paid	-	-	-	-	(2,999)	(2,999)
Total comprehensive income for the period ended 30 June 2011	-	-	-	(2,594)	115,980	113,386
Balance at 30 June 2011	2,000,000	812,518	2,812,518	5,988	922,023	3,740,529

The accompanying notes form an integral part of this condensed interim financial information.



# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 1 - GENERAL INFORMATION

Türkiye İhracat Kredi Bankası A.Ş. ("the Bank" or "Eximbank") is established as Turkey's "Official Export Credit Agency" on 25 March 1987 (transformed from "State Investment Bank") as a development and investment bank and accordingly, the Bank does not accept deposits. The Bank's head office is located at Müdafaa Caddesi, 20 Bakanlıklar, Ankara/Turkey. As of 30 June 2011, the Bank has 2 branches at Istanbul and Izmir and 6 liaison offices at Bursa, Adana, Trabzon, Denizli, Kayseri and Gaziantep. As of 30 June 2011, the Bank employed 401 people (31 December 2010: 360 people).

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 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, 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.

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial information are set out below. These policies are consistently applied to all periods presented unless otherwise stated.

#### (a) Basis of presentation of financial information

This condensed interim financial information as of and for the six-month period ended 30 June 2011 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). This condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Bank maintains its books of accounts and prepares its statutory financial statements in Turkish Lira in accordance with the Banking Law and 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 and the accounting principles promulgated by the Banking Regulation and Supervision Agency ("BRSA") and other relevant rules promulgated by the Turkish Commercial Code and Tax Regulations. These condensed interim financial information are based on the historical cost convention and adjusted as necessary in order to comply with IFRS issued by the IASB.

This condensed interim financial information is presented in the national currency of the Republic of Turkey, the Turkish lira ("TL").

The preparation of financial information in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 4.

#### (b) Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in the annual financial statements for the year ended 31 December 2010.

#### Standards, amendments and interpretations effective on or after 1 January 2011

The following amendments to published standards and interpretations to existing standards effective from 1 January 2011 are relevant to the Bank's operations.

IAS 24 (Revised), "Related party disclosures" supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (Revised) is mandatory for annual periods beginning on or after 1 January 2011. This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It clarifies and simplifies the definition of a related party.

Annual improvements 2010 are effective for annual periods beginning 1 January 2011. This set of amendments includes to changes to six standards and one IFRIC, namely;

- IFRS 1 "First-time adoption"
- IFRS 3 "Business combinations"
- IFRS 7 "Financial Instruments: Disclosures"
- IAS 1 "Financial statements presentation"
- IAS 27 "Consolidated and separate financial statements"
- IAS 34 "Interim financial reporting"
- IFRIC 13 "Customer loyalty programmes"

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Standards, amendments and interpretations effective for the financial year beginning 1 January 2011 which are not relevant to the Bank's operations and not adopted by the Bank**

IFRS 1 (Amendment), "First-time adoption" are effective for annual periods beginning 1 July 2010. This amendment provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7, 'Financial instruments: Disclosures', regarding comparative information for the new three-level classification disclosures.

IFRIC 14, "Prepayments of a minimum funding requirement" are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The amendments correct an unintended consequence of IFRIC 14 on IAS 19, "The limit on a defined benefit asset, minimum funding requirements and their interaction".

IFRIC 19, "Extinguishing financial liabilities with equity instruments" is effective from 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability.

IAS 32 (Amendment), "Financial Instruments: Presentation" applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

**Standards, amendments and interpretations not yet effective as of 30 June 2011 and not early adopted by the Bank:**

IFRS 7 (Amendment), "Financial instruments: Disclosures" is effective for annual periods beginning on or after 1 July 2011. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

IFRS 1 (Amendment), "First time adoption" is effective for annual periods beginning on or after 1 July 2011. Amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

IAS 12 (Amendment), "Income taxes" is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

IAS 19 (Amendment), "Employee benefits" is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.

IAS 1 (Amendment), "Financial statement presentation" is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments).

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 9, "Financial Instruments" is not applicable until 1 January 2013 but is available for early adoption. This standard is the first step in the process to replace IAS 39, "Financial instruments: recognition and measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets.

IFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.

IFRS 11, "Joint arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12, "Disclosures of interests in other entities" is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

IAS 27, "Separate financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28, "Associates and joint ventures" is effective for annual periods beginning on or after 1 January 2013. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

### NOTE 3 - FINANCIAL RISK MANAGEMENT

#### (a) Strategy in using financial instruments

As of 30 June 2011, the loan portfolio of the Bank constitutes approximately 83% (31 December 2010: 66%) of total assets. In short, medium and long term lending (except for country loans), the Bank is taking the risk of the Turkish banking system, however medium-to-long term country loans are under the political risk guarantee of the Turkish Treasury.

The Board of Directors of the Bank sets risk limits and parameters for the transactions having significant implications for the operations of the Bank.

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM  
FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)**

The objective of the Bank's asset and liability management and use of financial instruments is to limit the Bank's exposure to liquidity risk, interest rate risk and foreign exchange risk, while ensuring that the Bank has sufficient capital adequacy.

**(b) 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 Supreme Advisory and Credit Guidance Committee ("SCLGC"). 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 loan, guarantee and insurance premium to country, sector and commodity groups, within the boundaries of the Annual Program.

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.

Short term export loans and foreign currency earning services are granted to companies upon the approval of the Loan Committee of the Bank. This authorization is limited to 1% of the equity of the Bank.

The risk limits of the foreign country loans are determined by annual programs which are approved by SCLGC 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 guarantee of the counter country and the guarantee of banks that the Bank accepts as accredited.

The limit of a country is restricted by both "maximum limit that can be undertaken" and "maximum amount that can be used annually".

Each year major portion of the commercial and politic risks emerged in Short Term Export Insurance Program is transferred to international reinsurance companies under renewed agreements.

According to the Article 4/C of Act number 3332 that was appended by Act number 3659 and 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 and Investment Insurers, reports of independent credit rating institutions and the financial statements of the banks risks of which are undertaken during the assessment and review of the loans granted. In addition, country reports and short term country risk classifications prepared within the Bank are also utilized.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The risks and limits of companies and banks are followed by both loan and risk departments on a weekly and monthly 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 runs parallel with the export composition of Turkey and this is followed up by the Bank regularly.

#### Impairment and provisioning policies

The Bank reviews its loan portfolios to assess impairment on quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. The Bank uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

In line with the mission of the Bank, the Bank grants loans only to corporate customers and follows its credit portfolio under categories specified below:

	30 June 2011		31 December 2010	
	Corporate Loans	Personnel Loans	Corporate Loans	Personnel Loans
Standard loans and advances (*)	5,199,941	2,811	4,152,033	2,591
Loans and advances under close monitoring	102,810	-	4,514	-
Impaired loans and advances	115,153	-	120,776	-
<b>Total loans and advances to customers</b>	<b>5,417,904</b>	<b>2,811</b>	<b>4,277,323</b>	<b>2,591</b>
Allowance for loan losses	(183,352)	-	(173,639)	-
<b>Net loans and advances to customers</b>	<b>5,234,552</b>	<b>2,811</b>	<b>4,103,684</b>	<b>2,591</b>

(\*) There are no past due loans and advances classified under standard loans and advances other than fund sourced loans under political risk amounting to TL182,841 thousand (31 December 2010: TL640,937 thousand) which are overdue but not impaired as potential losses on those loans are transferred to Turkish Treasury (Notes 8 and 15).

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2011 and 31 December 2010, the details of the loans and advances under close monitoring are as follows:

	30 June 2011	31 December 2010
Past due up to 30 days	763	4,479
Past due 30-60 days	12,602	8
Past due 60-90 days	24,552	27
<b>Past due loans and advances under close monitoring</b>	<b>37,917</b>	<b>4,514</b>

As of 30 June 2010, loans and advances under close monitoring includes loans amounting to TL64,893 thousand that were not past due but had been extended to customers whose other loans are under close monitoring.

As of 30 June 2011 and 31 December 2010, the fair value of collaterals held for loans and advances to customers are as follows:

	30 June 2011	31 December 2010
Loans and advances under close monitoring	277,104	9,047
Loans and advances under legal follow-up	629,067	599,140
<b>Total</b>	<b>906,171</b>	<b>608,187</b>

As of 30 June 2011, the Bank does not have repossessed collateral (31 December 2010: None).

#### Bank's credit rating system

##### *The risk assessment of banks and other financial institutions*

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

Financial statement information derived from the independent audit or review reports of banks and other financial institutions is recorded into a database in a standard format and percentage changes and ratios related with the capital adequacy, asset quality, liquidity and profitability of the banks and other financial institutions are calculated. In addition, the standard ratios 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 accordance 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 qualitative factors such as shareholding structure, group companies, credit ratings from international credit rating institutions, quality of management and also information obtained from media.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2011, loans granted by the Bank to banks and other financial institutions amount to TL3,115,980 thousand (31 December 2010: TL2,058,430 thousand). As of 30 June 2011 and 31 December 2010, the concentration level of the loans and advances to customers in accordance with the defined financial analysis groups of the Bank are as follows:

	Rating Class	30 June 2011 Concentration level (%)	31 December 2010 Concentration level (%)
Low	1-2	49	22
Medium	3	18	33
High	4	33	45

#### *The risk assessment of the 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 and companies operating in the same sector) and uses comprehensive investigation and verification methods. In addition to the analysis of the last three year financial statements of the companies, the Bank also analyses 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 a holding company, the developments that affect the group's operations are monitored and outstanding bank debts of the group are also assessed and company analysis reports are prepared taking into account the group risk as well. The Bank does not utilize a separate rating system regarding the risk assessment of the companies.

Analysis of credit limits for top 60 customers constituting approximately 77% of loans to corporate customers at 30 June 2011, 31 December 2010 and 2009 is as follows;

Credit Limits (TL'000)	30 June 2011 Concentration level (%)	31 December 2010 Concentration level (%)	31 December 2009 Concentration level (%)
0-20,000	26	26	28
20,000-40,000	31	31	30
40,000-60,000	23	15	13
Over 60,000	20	28	29



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

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)**

As of 30 June 2011 and 31 December 2010, the classification and allowance percentages of the loans and advances of the Bank are as follows:

	30 June 2011		31 December 2010	
	Loans and advances (%)	Allowance for loan losses (%)	Loans and advances (%)	Allowance for loan losses (%)
Standard loans and advances	95.98	-	97.08	-
Loans and advances under close monitoring	1.90	-	0.10	-
Impaired loans and advances	2.12	100.00	2.82	100.00
<b>Total</b>	<b>100.00</b>	<b>4.06</b>	<b>100.00</b>	<b>4.06</b>

The Bank's maximum exposure to credit risk as of 30 June 2011 and 31 December 2010:

	30 June 2011	31 December 2010
<b>Credit risk exposures relating to on-balance sheet assets:</b>		
Due from banks	314,044	886,750
Loans and advances to		
- Domestic banks and other financial institutions	3,016,704	1,987,088
- Foreign banks and other financial institutions	99,216	71,342
- Corporate customers and personnel	2,121,443	2,047,845
Trading securities	258,402	308,488
Derivative financial instruments	11,059	1,885
Investment securities		
- Available-for-sale	12,656	15,202
- Held-to-maturity	460,535	891,703
Other assets	3,613	5,087
<b>Credit risk exposures relating to off-balance sheet items:</b>		
Guarantees and warranties	1,403,947	1,078,703
Commitments	2,000	2,000
<b>Total</b>	<b>7,703,619</b>	<b>7,296,093</b>

There are no financial assets that are past due but not impaired and there are no past due financial assets at 30 June 2011, 31 December 2010 and 2009, other than loans and advances explained above.

The table below shows the concentration level of due from banks account at domestic banks and financial institutions constituting approximately 70% of due from banks account at 30 June 2011 and 31 December 2010 and 2009 in accordance with the defined financial analysis groups of the Bank;

	Rating Class	30 June 2011 Concentration level (%)	31 December 2010 Concentration level (%)	31 December 2009 Concentration level (%)
Low	1-2	72	50	36
Medium	3	28	21	17
High	4	-	29	47

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## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2011, 31 December 2010 and 2009, the trading securities and investment securities (held to maturity securities) are issued by the Turkish Treasury, the shareholder of the Bank.

As of 30 June 2011 and 31 December 2010, the geographical distribution of the on-balance sheet assets exposed to credit risk;

	Turkey	EU Countries	OECD Countries <sup>(*)</sup>	USA	Other Countries	Total
Due from banks	232,493	40,803	2,543	38,197	-	314,036
Loans and advances to						
- Domestic banks and other financial institutions	3,016,687	-	-	-	-	3,016,687
- Foreign banks and other financial institutions	-	-	-	-	99,216	99,216
- Corporate customers and personnel	2,121,460	-	-	-	-	2,121,460
Trading securities	258,402	-	-	-	-	258,402
Derivative financial instruments	-	11,059	-	-	-	11,059
Investment securities						
- Available-for-sale	12,656	-	-	-	-	12,656
- Held-to-maturity	460,535	-	-	-	-	460,535
Other assets	7,781	-	-	-	-	7,781
<b>As of 30 June 2011</b>	<b>6,110,014</b>	<b>51,862</b>	<b>2,543</b>	<b>38,197</b>	<b>99,216</b>	<b>6,301,832</b>
<b>As of 31 December 2010</b>	<b>5,835,356</b>	<b>308,335</b>	<b>229</b>	<b>128</b>	<b>71,342</b>	<b>6,215,390</b>

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

As of 30 June 2011 and 31 December 2010, the sectoral distribution of the on-balance sheet assets exposed to credit risk;

	Financial Institutions	Agriculture	Manufacturing	Wholesale and Retail Trade	Construction	Public Sector	Other	Personnel	Total
Due from banks	314,036	-	-	-	-	-	-	-	314,036
Loans and advances to									
- Domestic banks and other financial institutions	3,016,687	-	-	-	-	-	-	-	3,016,687
- Foreign banks and other financial institutions	99,216	-	-	-	-	-	-	-	99,216
- Corporate customers and personnel	-	35,064	1,616,345	37,620	251,610	-	178,010	2,811	2,121,460
Trading securities	-	-	-	-	-	258,402	-	-	258,402
Derivative financial instruments	11,059	-	-	-	-	-	-	-	11,059
Investment securities									
- Available-for-sale	12,656	-	-	-	-	-	-	-	12,656
- Held-to-maturity	-	-	-	-	-	460,535	-	-	460,535
Other assets	1,937	-	2,945	2,899	-	-	-	-	7,781
<b>As of 30 June 2011</b>	<b>3,455,591</b>	<b>35,064</b>	<b>1,619,290</b>	<b>40,519</b>	<b>251,610</b>	<b>718,937</b>	<b>178,010</b>	<b>2,811</b>	<b>6,301,832</b>
<b>As of 31 December 2010</b>	<b>2,963,731</b>	<b>24,076</b>	<b>1,213,147</b>	<b>31,179</b>	<b>754,769</b>	<b>1,200,191</b>	<b>25,706</b>	<b>2,591</b>	<b>6,215,390</b>

#### (c) 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 possible 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.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

#### 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, possible losses arising from interest rate and foreign exchange risk are calculated under various scenarios and in order to minimize possible losses, the Bank undertakes swap transactions (especially money and interest swaps).

The average market risk table of calculated market risk during the month ends as of 30 June 2011 and 31 December 2010, as per the statutory financial statements prepared for BRSA reporting purposes within the scope of "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in Official Gazette no.26333 dated 1 November 2006, are as follows:

	30 June 2011			31 December 2010		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	6,545	8,058	5,887	3,781	5,371	3,097
Equity Share risk	-	-	-	-	-	-
Currency Risk	31,373	32,840	30,664	28,184	35,238	22,352
Total Capital to be Employed for Market Risk (A)	37,918	40,898	36,551	31,965	40,609	25,449
Total Amount Subject to Market Risk (A*12.5)	473,974	511,224	456,887	399,562	507,613	318,113

#### (d) Currency risk

Foreign currency denominated assets and liabilities, together with purchase and sale commitments give rise to foreign exchange exposure.

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 Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Included in the table are the Bank's assets and liabilities and equity at carrying amounts, categorized by currency.

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

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM  
FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)**

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at 30 June 2011 and 31 December 2010.

	30 June 2011					Total
	US\$	EUR	JPY	Other	TL	
Cash and due from banks	51,218	72,338	2,544	2,900	185,044	314,044
Trading securities	1,626	-	-	-	256,776	258,402
Derivative financial instruments	6,239	46	-	-	4,774	11,059
Loans and advances to customers	2,398,893	792,571	10,114	4,560	2,031,225	5,237,363
Investment securities						
- Available-for-sale	-	-	-	-	12,656	12,656
- Held-to-maturity	38,448	-	-	-	422,087	460,535
Property and equipment and intangible assets	-	-	-	-	8,121	8,121
Other assets	5,199	558	-	34	8,237	14,028
<b>Total assets</b>	<b>2,501,623</b>	<b>865,513</b>	<b>12,658</b>	<b>7,494</b>	<b>2,928,920</b>	<b>6,316,208</b>
Funds borrowed	1,163,676	1,165,218	-	-	-	2,328,894
Derivative financial instruments	4,292	46	-	-	3,111	7,449
Other liabilities	184,469	2,176	-	-	41,117	227,762
Reserve for employment termination benefits	-	-	-	-	11,574	11,574
Equity	126	-	-	-	3,740,403	3,740,529
<b>Total liabilities and equity</b>	<b>1,352,563</b>	<b>1,167,440</b>	<b>-</b>	<b>-</b>	<b>3,796,205</b>	<b>6,316,208</b>
<b>Net balance sheet position</b>	<b>1,149,060</b>	<b>(301,927)</b>	<b>12,658</b>	<b>7,494</b>	<b>(867,285)</b>	<b>-</b>
Off balance sheet derivative instruments, net notional position	(1,130,971)	304,434	-	-	859,476	32,939

At 30 June 2011, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL1.6167= US\$1 and TL2.3418 = EUR1.

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

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)**

	31 December 2010					
	US\$	EUR	JPY	Other	TL	Total
Cash and due from banks	86,336	306,495	229	105	493,606	886,771
Trading securities	3,646	-	-	-	304,842	308,488
Derivative financial instruments	168	-	-	-	1,717	1,885
Loans and advances to customers	2,039,988	699,839	11,770	6,441	1,348,237	4,106,275
Investment securities						
- Available-for-sale	-	-	-	-	15,202	15,202
- Held-to-maturity	50,862	-	-	-	840,841	891,703
Property and equipment and intangible assets	-	-	-	-	8,494	8,494
Other assets	1,487	562	-	9	8,690	10,748
<b>Total assets</b>	<b>2,182,487</b>	<b>1,006,896</b>	<b>11,999</b>	<b>6,555</b>	<b>3,021,629</b>	<b>6,229,566</b>
Funds borrowed	804,071	994,641	-	-	-	1,798,712
Derivative financial instruments	3,982	-	-	-	21,182	25,164
Other liabilities	735,512	1,985	-	-	27,195	764,692
Reserve for employment termination benefits	-	-	-	-	10,856	10,856
Equity	174	-	-	-	3,629,968	3,630,142
<b>Total liabilities and equity</b>	<b>1,543,739</b>	<b>996,626</b>	<b>-</b>	<b>-</b>	<b>3,689,201</b>	<b>6,229,566</b>
<b>Net balance sheet position</b>	<b>638,748</b>	<b>10,270</b>	<b>11,999</b>	<b>6,555</b>	<b>(667,572)</b>	<b>-</b>
Off balance sheet derivative instruments net notional position	(638,076)	(10,284)	-	-	631,120	(17,240)

As of 30 June 2011 and 31 December 2010, the effect of the devaluation of TL by 10% against other currencies with all other variables held constant, on net profit and equity of the Bank, is as follows:

	30 June 2011		31 December 2010	
	Effect on Net Profit	Effect on Equity (*)	Effect on Net Profit	Effect on Equity (*)
US\$	31,633	31,646	(1,194)	(1,176)
EUR	(30,193)	(30,193)	1,027	1,027
JPY	1,266	1,266	1,200	1,200
Other currencies	751	750	656	655
<b>Total</b>	<b>3,457</b>	<b>3,469</b>	<b>1,689</b>	<b>1,706</b>

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

As of 30 June 2011 and 31 December 2010, 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.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

#### (e) Interest rate risk

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

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 in total in terms of their US\$ equivalents) assets and liabilities.

According to the Risk Management Policy approved by the Board of Directors, the Bank emphasizes the matching of assets and liabilities with fixed and floating interest rates and under different currencies and also pays special attention to the level of maturity mismatch of assets and liabilities with floating and fixed interest rates in relation to the asset size of the Bank in order to limit the negative effects of interest rate changes on the Bank's profitability.

The table below summarizes the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

	30 June 2011					Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	
Cash and due from banks	305,583	-	-	-	8,461	314,044
Trading securities	596	142,002	114,178	1,626	-	258,402
Derivative financial instruments	11,030	29	-	-	-	11,059
Loans and advances to customers	2,674,135	2,490,321	72,907	-	-	5,237,363
Investment securities	-	-	-	-	-	-
- Available-for-sale	-	-	-	-	12,656	12,656
- Held-to-maturity	158,348	255,464	46,723	-	-	460,535
Property and equipment and intangible assets	-	-	-	-	8,121	8,121
Other assets	-	-	-	-	14,028	14,028
<b>Total assets</b>	<b>3,149,692</b>	<b>2,887,816</b>	<b>233,808</b>	<b>1,626</b>	<b>43,266</b>	<b>6,316,208</b>
Funds borrowed	1,059,303	1,269,591	-	-	-	2,328,894
Derivative financial instruments	7,420	29	-	-	-	7,449
Other liabilities	111,098	76,388	3,749	-	36,527	227,762
Reserve for employment termination benefits	-	-	-	-	11,574	11,574
<b>Total liabilities</b>	<b>1,177,821</b>	<b>1,346,008</b>	<b>3,749</b>	<b>-</b>	<b>48,101</b>	<b>2,575,679</b>
<b>Net repricing gap</b>	<b>1,971,871</b>	<b>1,541,808</b>	<b>230,059</b>	<b>1,626</b>	<b>(4,835)</b>	<b>3,740,529</b>

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2010					Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	
Cash and due from banks	883,681	-	-	-	3,090	886,771
Trading securities	-	138,691	166,152	3,645	-	308,488
Derivative financial instruments	1,885	-	-	-	-	1,885
Loans and advances to customers	1,809,870	2,257,586	38,819	-	-	4,106,275
Investment securities						
- Available-for-sale	-	-	-	-	15,202	15,202
- Held-to-maturity	489,206	285,976	116,521	-	-	891,703
Property and equipment and intangible assets	-	-	-	-	8,494	8,494
Other assets	-	-	-	-	10,748	10,748
<b>Total assets</b>	<b>3,184,642</b>	<b>2,682,253</b>	<b>321,492</b>	<b>3,645</b>	<b>37,534</b>	<b>6,229,566</b>
Funds borrowed	1,605,707	193,005	-	-	-	1,798,712
Derivative financial instruments	24,887	277	-	-	-	25,164
Other liabilities	81,208	568,491	-	-	114,993	764,692
Reserve for employment termination benefits	-	-	-	-	10,856	10,856
<b>Total liabilities</b>	<b>1,711,802</b>	<b>761,773</b>	<b>-</b>	<b>-</b>	<b>125,849</b>	<b>2,599,424</b>
<b>Net repricing gap</b>	<b>1,472,840</b>	<b>1,920,480</b>	<b>321,492</b>	<b>3,645</b>	<b>(88,315)</b>	<b>3,630,142</b>

The tables below summaries the range for effective average interest rates by major currencies for monetary financial instruments at 30 June 2011 and 31 December 2010:

	30 June 2011			
	US\$ (%)	EUR (%)	JPY (%)	TL (%)
<b>Assets</b>				
Cash and due from banks				
-Time deposits in foreign banks	0.45	1.54	-	-
-Time deposits in domestic banks	-	-	-	7.68
-Interbank money market placements	-	-	-	-
Trading securities	6.25	-	-	7.92
Loans and advances to customers	1.62	2.60	2.74	7.58
Investment securities				
-Held-to-maturity	6.77	-	-	8.06
<b>Liabilities</b>				
Funds borrowed	0.76	2.25	-	-

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2010			
	US\$ (%)	EUR (%)	JPY (%)	TL (%)
<b>Assets</b>				
Cash and due from banks				
-Time deposits in foreign banks	0.44	0.60	-	-
-Time deposits in domestic banks	-	-	-	6.43
-Interbank money market placements	-	-	-	-
Trading securities	7.05	-	-	8.35
Loans and advances to customers	2.68	3.16	3.22	8.49
Investment securities				
-Held-to-maturity	6.56	-	-	7.52
<b>Liabilities</b>				
Funds borrowed	1.33	2.62	-	-

As of 30 June 2011 and 31 December 2010, the effect of the change in interest rates by (+) 1% and (-) 1% with all other variables held constant, on net profits of the Bank is as follows:

	30 June 2011		31 December 2010	
	(+) 1%	(-) 1%	(+) 1%	(-) 1%
	Gain/(Loss) Effect	Gain/(Loss) Effect	Gain/(Loss) Effect	Gain/(Loss) Effect
TL	(2,300)	1,771	(3,101)	2,728
US\$	4,192	(4,255)	3,167	(3,172)
EUR	(297)	262	496	(207)
Other foreign currencies	44	(40)	46	(50)
<b>Total</b>	<b>1,639</b>	<b>(2,262)</b>	<b>608</b>	<b>(701)</b>

#### (f) 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 to satisfy the Bank's own liquidity needs. The Bank measures and manages its cash flow commitments on a daily basis, and maintains liquid assets determined by the Board of Directors which it judges sufficient to meet its commitments.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the liquidity management of the Bank. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.



# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The Bank uses the TL and foreign currency cash flow schedules prepared weekly, monthly and annually in the decision making process of the liquidity management.

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity dates.

	30 June 2011					Total
	Demand and up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	
Cash and due from banks	305,583	-	-	-	8,461	314,044
Trading securities	596	142,002	114,178	1,626	-	258,402
Derivative financial instruments	11,030	29	-	-	-	11,059
Loans and advances to customers	2,212,907	2,573,098	379,302	72,056	-	5,237,363
Investment securities						
- Available-for-sale	-	-	-	-	12,656	12,656
- Held-to-maturity	25,173	225,936	120,965	88,461	-	460,535
Property and equipment and intangible assets	-	-	-	-	8,121	8,121
Other assets	-	-	-	-	14,028	14,028
<b>Total assets</b>	<b>2,555,289</b>	<b>2,941,065</b>	<b>614,445</b>	<b>162,143</b>	<b>43,266</b>	<b>6,316,208</b>
Funds borrowed	777,551	1,170,342	148,752	232,249	-	2,328,894
Derivative financial instruments	3,144	29	4,276	-	-	7,449
Other liabilities	111,098	76,388	3,749	-	36,527	227,762
Reserve for employment termination benefits	-	-	-	-	11,574	11,574
<b>Total liabilities</b>	<b>891,793</b>	<b>1,246,759</b>	<b>156,777</b>	<b>232,249</b>	<b>48,101</b>	<b>2,575,679</b>
<b>Net liquidity gap</b>	<b>1,663,496</b>	<b>1,694,306</b>	<b>457,668</b>	<b>(70,106)</b>	<b>(4,835)</b>	<b>3,740,529</b>

  

	31 December 2010					Total
	Demand and up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	
Cash and due from banks	883,681	-	-	-	3,090	886,771
Trading securities	-	138,690	166,152	3,646	-	308,488
Derivative financial instruments	1,885	-	-	-	-	1,885
Loans and advances to customers	1,462,815	2,361,072	276,548	5,840	-	4,106,275
Investment securities						
- Available-for-sale	-	-	-	-	15,202	15,202
- Held-to-maturity	355,919	273,898	190,874	71,012	-	891,703
Property and equipment and intangible assets	-	-	-	-	8,494	8,494
Other assets	-	-	-	-	10,748	10,748
<b>Total assets</b>	<b>2,704,300</b>	<b>2,773,660</b>	<b>633,574</b>	<b>80,498</b>	<b>37,534</b>	<b>6,229,566</b>
Funds borrowed	599,643	840,263	133,064	225,742	-	1,798,712
Derivative financial instruments	21,182	277	3,705	-	-	25,164
Other liabilities	81,208	568,491	-	-	114,993	764,692
Reserve for employment termination benefits	-	-	-	-	10,856	10,856
<b>Total liabilities</b>	<b>702,033</b>	<b>1,409,031</b>	<b>136,769</b>	<b>225,742</b>	<b>125,849</b>	<b>2,599,424</b>
<b>Net liquidity gap</b>	<b>2,002,267</b>	<b>1,364,629</b>	<b>496,805</b>	<b>(145,244)</b>	<b>(88,315)</b>	<b>3,630,142</b>

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

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)**

The undiscounted cash flows of the financial liabilities of the Bank into relevant maturity grouping based on the remaining period at 30 June 2011 and 31 December 2010 to the contractual maturity dates are presented in the tables below:

	30 June 2011					Total
	Demand and up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	
Funds borrowed	777,955	1,162,277	159,486	310,513	-	2,410,231
Other financial liabilities	114,242	76,417	8,025	-	48,101	246,785
<b>Total financial liabilities</b>	<b>892,197</b>	<b>1,238,694</b>	<b>167,511</b>	<b>310,513</b>	<b>48,101</b>	<b>2,657,016</b>

	31 December 2010					Total
	Demand and up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	
Funds borrowed	220,593	1,266,100	130,959	257,250	-	1,874,902
Other financial liabilities	102,390	568,767	3,706	-	125,849	800,712
<b>Total financial liabilities</b>	<b>322,983</b>	<b>1,834,867</b>	<b>134,665</b>	<b>257,250</b>	<b>125,849</b>	<b>2,675,614</b>

The undiscounted cash inflows and outflows of derivative transactions of the Bank at 30 June 2011 and 31 December 2010 are presented in the tables below:

	30 June 2011				Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
<b>Derivatives held for trading:</b>					
Foreign exchange derivatives:					
- Outflow	1,147,421	-	-	-	1,147,421
- Inflow	1,163,910	-	-	-	1,163,910
Interest rate derivatives:					
- Outflow	958	627	4,056	-	5,641
- Inflow	1,946	1,291	7,037	-	10,274
<b>Total Outflow</b>	<b>1,148,379</b>	<b>627</b>	<b>4,056</b>	<b>-</b>	<b>1,153,062</b>
<b>Total Inflow</b>	<b>1,165,856</b>	<b>1,291</b>	<b>7,037</b>	<b>-</b>	<b>1,174,184</b>

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2010				Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
<b>Derivatives held for trading:</b>					
Foreign exchange derivatives:					
- Outflow	668,431	29,800	-	-	698,231
- Inflow	661,972	-	-	-	661,972
Interest rate derivatives:					
- Outflow	570	953	5,450	-	6,973
- Inflow	1,232	1,856	7,941	-	11,029
<b>Total Outflow</b>	<b>669,001</b>	<b>30,753</b>	<b>5,450</b>	<b>-</b>	<b>705,204</b>
<b>Total Inflow</b>	<b>663,204</b>	<b>1,856</b>	<b>7,941</b>	<b>-</b>	<b>673,001</b>

As of 30 June 2011, 31 December 2010 and 2009, the maturity groupings of other guarantees based on the earliest period they can be claimed from the Bank are as follows:

	30 June 2011				Total
	Up to 1 month	1 month to 6 months	6 months to 1 year	Over 1 year	
Other guarantees	8,501	379,381	12,885	1,786	402,553
<b>Total</b>	<b>8,501</b>	<b>379,381</b>	<b>12,885</b>	<b>1,786</b>	<b>402,553</b>

	31 December 2010				Total
	Up to 1 month	1 month to 6 months	6 months to 1 year	Over 1 year	
Other guarantees	8,170	364,596	12,383	4,822	389,971
<b>Total</b>	<b>8,170</b>	<b>364,596</b>	<b>12,383</b>	<b>4,822</b>	<b>389,971</b>

	31 December 2009				Total
	Up to 1 month	1 month to 6 months	6 months to 1 year	Over 1 year	
Other guarantees	7,597	339,044	11,515	1,787	359,943
<b>Total</b>	<b>7,597</b>	<b>339,044</b>	<b>11,515</b>	<b>1,787</b>	<b>359,943</b>

#### (g) Operational risk

Operational risk is the risk of loss due to human or system errors, incompatibility or failure of internal business processes, or external events.

The Bank seeks to minimize losses from operational risk by establishing effective internal control systems which prevent or detect all errors and situations which might cause loss through failure of people or processes in such a way that losses are avoided or reduced to the minimum possible extent.

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM  
FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)**

The Bank has established internal control mechanisms in order to be able to manage the operational risks and these mechanisms are audited by the internal audit and inspection unit of the Bank. Financial losses occurring as a result of the operational risk together with the underlying reasons are reported to the Audit Committee, top management and the Board of Directors by the Risk Management Department and necessary actions are taken according to the decision given by the Board of Directors.

For the regulatory purposes and consideration in statutory capital adequacy ratio, the Bank calculates the amount subject to operational risk based the on last 3 years' gross income of the Bank for the years ended 2010, 2009 and 2008 with the basic indicator method in accordance with the "The Calculation of the Amount Subject to Operational Risk" Arrangement under the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated 1 November 2006. As of 30 June 2011, the total amount subject to operational risk is calculated as TL788,717 thousand.

**(h) Fair value of financial instruments**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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 realize in a current market exchange.

A market does not presently exist for term loans which would facilitate obtaining prices for comparative instruments, and if sold or settled prior to their stated maturity dates, these instruments would bear transaction costs in the form of fees or discounts. Accordingly, fair value has not been computed for these instruments and net book amounts are considered to be a reasonable estimate of the fair value. Balances denominated in foreign currencies are translated at period-end exchange rates.

The following methods and assumptions were used to estimate the fair value of the Bank's financial instruments:

**(i) Financial assets**

The fair values of certain financial assets carried at cost, including cash and balances with the Central Bank of Turkey, due from other banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

The fair value of investment securities has been estimated based on market prices at balance sheet dates.

Loans and advances to customers are net of provisions for impairment. The estimated fair value of loans and advances to customers represents the discounted amount, at current market rates, of future cash flows expected to be received.

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

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)**

**(ii) Financial liabilities**

The fair value of funds borrowed is based on market prices or are based on discounted cash flows using current interest rates prevailing at the balance sheet date (Note 13).

**(iii) Derivative financial instruments**

The fair values of foreign exchange and cross-currency swaps have been estimated based on quoted market rates prevailing at the balance sheet date (Notes 7 and 21).

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	<u>30 June 2011</u>		<u>31 December 2010</u>	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets:</b>				
Cash and due from banks	314,044	314,044	886,771	886,771
Investment securities				
- Held to maturity	460,535	479,099	891,703	900,459
Loans and advances to customers	5,237,363	5,282,845	4,106,275	4,112,136
<b>Financial liabilities:</b>				
Funds borrowed	2,328,894	2,353,150	1,798,712	1,809,631

The following table summarizes the fair values of those financial assets and liabilities presented on the Bank's balance sheet based on the hierarchy of valuation technique as of 30 June 2011 and 31 December 2010:

<u>30 June 2011</u>	<u>Level 1 (*)</u>	<u>Level 2 (**)</u>	<u>Level 3 (***)</u>	<u>Total</u>
<b>Financial assets at fair value through profit and loss</b>				
Financial assets held for trading				
- Debt securities	258,402	-	-	258,402
- Derivatives	-	11,059	-	11,059
<b>Available-for-sale financial assets</b>				
- Investment securities - equity	10,656	-	2,000 (****)	12,656
<b>Total assets</b>	<b>269,058</b>	<b>11,059</b>	<b>2,000</b>	<b>282,117</b>
<b>Financial liabilities at fair value through profit and loss</b>				
Financial liabilities held for trading				
- Derivatives	-	7,449	-	7,449
<b>Total liabilities</b>	<b>-</b>	<b>7,449</b>	<b>-</b>	<b>7,449</b>

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

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM  
FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)**

31 December 2010	Level 1 (*)	Level 2 (**)	Level 3 (***)	Total
<b>Financial assets at fair value through profit and loss</b>				
<b>Financial assets held for trading</b>				
- Debt securities	308,488	-	-	308,488
- Derivatives	-	1,885	-	1,885
<b>Available-for-sale financial assets</b>				
- Investment securities - equity	13,202	-	2,000 (****)	15,202
<b>Total assets</b>	<b>321,690</b>	<b>1,885</b>	<b>2,000 (****)</b>	<b>325,575</b>
<b>Financial liabilities at fair value through profit and loss</b>				
<b>Financial liabilities held for trading</b>				
- Derivatives	-	25,164	-	25,164
<b>Total liabilities</b>	<b>-</b>	<b>25,164</b>	<b>-</b>	<b>25,164</b>

(\*) Fair values are calculated with quoted prices (unadjusted) in active markets for listed equity securities and debt instruments. This level includes listed equity securities and debt instruments on exchanges.

(\*\*) Fair values are calculated with observable input parameters (either directly as prices or indirectly as derived from prices) for derivative transactions. This level includes OTC derivative contracts.

(\*\*\*) Fair values are calculated with unobservable inputs for equity instruments.

(\*\*\*\*) Please refer to Note 9a for detailed explanation.

**(i) Capital management**

Banks in Turkey are required to comply with capital adequacy guidelines promulgated by the BRSA, which are based upon the standards established by the Bank of International Settlements ("BIS"). These guidelines require banks to maintain adequate levels of regulatory capital against risk-bearing assets and off-balance sheet exposures.

A bank's capital adequacy ratio is calculated by taking the aggregate of its Tier I capital (which comprises paid-in capital, reserves, retained earnings and profit for the current period minus period loss (if any), prepared expenses, leasehold improvements and intangible assets), its Tier II capital (which comprises general loan and free reserves, revaluation funds and subordinated loans obtained) and its Tier III capital (which comprises certain qualified subordinated loans in accordance with BIS guidelines) minus deductions (which comprises participations to financial institutions, special and preliminary and negative differences between fair and book values of subsidiaries, subordinated loans extended, goodwill and capitalized costs), and dividing this aggregate by risk weighted assets, which reflect both credit risk, market risk and operational risk. In accordance with these guidelines, banks must maintain a total capital adequacy ratio of a minimum of 8%.

The Bank has complied with the minimum capital adequacy ratio requirement, stated above, for the years ended 30 June 2011 and 31 December 2010.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The Bank's regulatory capital position on at 30 June 2011 and 31 December 2010 were as follows:

	30 June 2011	31 December 2010
Tier I capital	3,775,105	3,656,594
Tier II capital	37,448	27,970
<b>Total regulatory capital (A)</b>	<b>3,812,553</b>	<b>3,684,564</b>
Risk-weighted assets (including market and operational risk) (B)	2,780,240	2,580,167
<b>Capital adequacy ratio (%) (A)/(B)</b>	<b>137.13</b>	<b>142.80</b>

### NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Impairment losses on loans and advances

The Bank reviews its loan portfolio periodically, to assess impairment. The mentioned assessment includes the estimation of future cash flows. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

#### (b) Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques such as discounted cash flow models. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

#### (c) Impairment of available-for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investment, industry and sector performance, changes in technology, and operational and financing cash flows.

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

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (Continued)**

**(d) Held-to-maturity investments**

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not at amortized cost.

**NOTE 5 - CASH AND DUE FROM BANKS**

	30 June 2011	31 December 2010
<b>Cash funds:</b>		
Cash on hand	8	21
	<b>8</b>	<b>21</b>
<b>Current accounts and demand deposits:</b>		
CBRT	93	682
Foreign banks	7,601	2,170
Domestic banks	759	218
	<b>8,453</b>	<b>3,070</b>
<b>Time deposits:</b>		
Foreign banks	73,942	304,655
Domestic banks	231,641	579,025
	<b>305,583</b>	<b>883,680</b>
<b>Total cash and due from banks</b>	<b>314,044</b>	<b>886,771</b>

Cash and cash equivalents included in the condensed interim information of cash flows for the six-month periods ended 30 June 2011 and 2010 and for the years ended 31 December 2010 and 2009 are as follows:

	30 June 2011	31 December 2010	30 June 2010	31 December 2009
Cash and due from banks	314,044	886,771	1,824,410	2,059,197
Less: interest accruals	(62)	(1,300)	(709)	(1,052)
Less: time deposits with original maturities more than 3 months	-	(25,000)	(26,000)	(9,000)
<b>Cash and cash equivalents</b>	<b>313,982</b>	<b>860,471</b>	<b>1,797,701</b>	<b>2,049,145</b>

Cash and cash equivalents are mainly composed of bank deposits with original maturities less than three months as of 30 June 2011, 31 December 2010, 30 June 2010 and 31 December 2009.



# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 6 - TRADING SECURITIES

	30 June 2011	31 December 2010
Government bonds	256,776	304,842
Treasury bills	-	-
Eurobonds	1,626	3,646
	<b>258,402</b>	<b>308,488</b>

There are no securities pledged under repurchase agreements.

As of 30 June 2011, government bonds and treasury bills amounting to TL2,426 thousand (31 December 2010: TL92,680 thousand) have been pledged as collateral with the CBRT and ISE.

### NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

The Bank utilises the following derivative instruments:

"Currency and interest rate swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates. Currency swaps involve the exchange of principal as well. The Bank's "credit risks" represents the potential cost of replacing the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The fair values of derivative instruments held are set out in the following table.

	30 June 2011		31 December 2010	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps purchases and sales	-	(4,337)	-	(3,982)
Foreign currency swaps purchases and sales	11,059	(3,112)	1,885	(21,182)
<b>Total derivative assets/(liabilities)</b>	<b>11,059</b>	<b>(7,449)</b>	<b>1,885</b>	<b>(25,164)</b>

As also explained in Note 2 (c), even though 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 in IAS 39, and are therefore treated as derivatives held for trading.

The notional amounts of derivative transactions are explained in detail in Note 21.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 8 - LOANS AND ADVANCES TO CUSTOMERS

	30 June 2011	31 December 2010
<b>Short-term</b>		
Financial institutions	2,522,230	1,723,748
Export guaranteed loans	512,402	394,108
Fund sourced loans (Note 15)	179,198	640,937
Specialized loans	18,770	9,870
Discount loans	999,793	687,310
Other guaranteed loans	12,715	40,712
	<b>4,245,108</b>	<b>3,496,685</b>
<b>Medium and long-term</b>		
Financial institutions	494,473	263,340
Export guaranteed loans	280,469	211,300
Foreign country loans (political risks)	98,492	71,342
Export guaranteed investment loans	10,267	11,222
Specialized loans	7,662	6,159
Fund sourced loans (Note 15)	3,643	-
Other	62,638	94,576
	<b>957,644</b>	<b>657,939</b>
<b>Performing loans</b>	<b>5,202,752</b>	<b>4,154,624</b>
Loans under close monitoring	102,810	4,514
Impaired loans and advances	115,153	120,776
<b>Gross loans and advances to customers</b>	<b>5,420,715</b>	<b>4,279,914</b>
Allowance for loan losses	(183,352)	(173,639)
<b>Net loans and advances to customers</b>	<b>5,237,363</b>	<b>4,106,275</b>

The Bank provides 100% impairment provision for non-performing loans amounting to TL115,153 thousand (31 December 2010: TL120,776 thousand) comprising 2.12% (31 December 2010: 2.82%) of the total loans outstanding at 30 June 2011. The Bank also provided an additional impairment provision amounting TL68,199 thousand (31 December 2010: TL52,863 thousand) for other components of the loan portfolio to cover the inherent risk of loss present in the lending relationship.

Movements in the provision for loan losses for the six-month periods ended 30 June 2011 and 2010 are as follows:

	30 June 2011	30 June 2010
Balance at 1 January	173,639	157,738
- Recoveries	(7,502)	(2,555)
- Net specific provision for the period	17,215	8,252
<b>Balance at 30 June</b>	<b>183,352</b>	<b>163,435</b>

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 8 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Gross loans and advances to public and private sector are as follows:

	30 June 2011	31 December 2010
Public sector	612,936	374,549
Private sector	4,807,779	3,905,365
	<b>5,420,715</b>	<b>4,279,914</b>

### NOTE 9 - INVESTMENT SECURITIES

#### (a) Available-for-sale securities:

	30 June 2011	31 December 2010
Equity securities		
- Listed	10,656	13,202
- Unlisted	2,000	2,000
<b>Total available-for-sale-securities</b>	<b>12,656</b>	<b>15,202</b>

There are no securities pledged under repurchase agreements or pledged as collateral with financial institutions.

Unrealized gain and losses arising from changes in the fair value of securities classified as "available-for-sale" are recognized as "other reserves" in the equity unless there is a prolonged decline in the fair values of such assets or evidence of deterioration in the financial health of the issuer, in which case an impairment is charged to the income statement.

The breakdown of available-for-sale equity securities at 30 June 2011 and 31 December 2010 are as follows:

Listed equity securities	Share %		Carrying Amount		Business
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	
Garanti Faktoring Hizmetleri A.Ş.	9.78	9.78	10,656	13,202	Factoring
Kredi Garanti Fonu A.Ş.(*)	1.66	1.66	2,000	2,000	Financial services
			<b>12,656</b>	<b>15,202</b>	

(\*) On 15 October 2009, the Bank acquired 1.66% interest in Kredi Garanti Fonu A.Ş. (Credit Guarantee Fund) which was established to provide financing support to small and medium size enterprises with a total consideration of TL2,000 thousand as cash and TL2,000 thousand as share capital commitment.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 9 - INVESTMENT SECURITIES (Continued)

#### (b) Held-to-maturity securities:

	30 June 2011	31 December 2010
<b>Debt Securities</b>		
- Government Bonds	397,982	747,757
- Treasury Bills	24,105	50,862
- Eurobonds	38,448	93,084
<b>Total held-to-maturity securities</b>	<b>460,535</b>	<b>891,703</b>

As of 30 June 2011, government bonds amounting to TL78,017 thousand (31 December 2010: TL156,815 thousand) have been pledged as collateral with the CBRT and Istanbul Stock Exchange-Settlement and Custody Bank.

The movement of held-to-maturity securities is as follows:

	30 June 2011	30 June 2010
Balance at 1 January	891,703	309,068
Purchases	132,937	391,530
Redemptions	(566,613)	(267,162)
Foreign exchange difference	(15,356)	(10,906)
Interest income accruals	17,864	8,024
<b>Balance at 30 June</b>	<b>460,535</b>	<b>430,554</b>

### NOTE 10 - PROPERTY AND EQUIPMENT

	Land and Buildings	Vehicles	Other tangibles	Total
<b>At 1 January 2010</b>				
Cost	17,134	553	10,064	27,751
Accumulated depreciation (-)	9,444	553	9,310	19,307
<b>Net book amount</b>	<b>7,690</b>	<b>-</b>	<b>754</b>	<b>8,444</b>
<b>Period ended 30 June 2010</b>				
Opening net book amount	7,690	-	754	8,444
Additions	-	-	40	40
Depreciation charge (-)	161	-	218	379
<b>Closing net book amount</b>	<b>7,529</b>	<b>-</b>	<b>576</b>	<b>8,105</b>

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

**SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

**NOTE 10 - PROPERTY AND EQUIPMENT (Continued)**

	Land and Buildings	Vehicles	Other tangibles	Total
<b>At 30 June 2010</b>				
Cost	17,134	553	10,104	27,791
Accumulated depreciation (-)	9,605	553	9,528	19,686
<b>Net book amount</b>	<b>7,529</b>	<b>-</b>	<b>576</b>	<b>8,105</b>
<b>At 1 January 2011</b>				
Cost	17,134	553	10,129	27,816
Accumulated depreciation (-)	9,753	553	9,406	19,712
<b>Net book amount</b>	<b>7,381</b>	<b>-</b>	<b>723</b>	<b>8,104</b>
<b>Period ended 30 June 2011</b>				
Opening net book amount	7,381	-	723	8,104
Additions	-	-	73	73
Depreciation charge (-)	155	-	159	314
<b>Closing net book amount</b>	<b>7,226</b>	<b>-</b>	<b>637</b>	<b>7,863</b>
<b>At 30 June 2011</b>				
Cost	17,134	553	10,202	27,889
Accumulated depreciation (-)	9,908	553	9,565	20,026
<b>Net book amount</b>	<b>7,226</b>	<b>-</b>	<b>637</b>	<b>7,863</b>

**NOTE 11 - INTANGIBLE ASSETS**

	30 June 2011	30 June 2010
<b>Rights</b>		
Opening net book amount	390	654
Additions (*)	4	7
Disposals	-	-
Amortisation charge (-)	136	135
<b>Net book amount</b>	<b>258</b>	<b>526</b>
<b>Rights</b>		
Cost	1,193	1,189
Accumulated amortisation (-)	935	663
<b>Net book amount</b>	<b>258</b>	<b>526</b>

(\*) Additions are related with the purchase of computer software made for the six-month period ended 30 June 2011.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 12 - OTHER ASSETS

The principal components of other assets are as follows:

	30 June 2011	31 December 2010
Receivables from Development and Support Fund	7,871	7,505
Upfront fees paid for borrowings	5,057	4,700
Receivable from Turkish Treasury	3,975	-
Insurance premiums receivables	2,624	3,409
Receivables from reinsurance companies	168	699
Other	2,204	1,940
	21,899	18,253
Provision for impairment on other assets	(7,871)	(7,505)
	<b>14,028</b>	<b>10,748</b>

As of 30 June 2011, US\$447,071 (TL723 thousand, 31 December 2010: TL689 thousand) receivable from the Development and Support Fund is due to the incomplete payment of General Headquarters of Gendarme regarding the military equipment purchases. Rest of the receivables from the Development and Support Fund, amounting to US\$4,421,357 (TL7,148 thousand, 31 December 2010: TL6,816 thousand), arises from the exchange losses due to the late transfer of the funds to the Bank from the Ministry of Defense. As of 30 June 2011, there is no improvement in the collection of these receivables and 100% provision is recognised as provision for impairment on other assets.

### NOTE 13 - FUNDS BORROWED

	30 June 2011	31 December 2010
Domestic Banks (*)	1,378,862	985,780
Foreign Banks	950,032	812,932
	<b>2,328,894</b>	<b>1,798,712</b>

(\*) Includes subordinated loans from Turkish Treasury amounting to TL188,903 thousand (31 December 2010: TL193,005 thousand).

The breakdown of funds borrowed as of 30 June 2011 and 31 December 2010 is as follows:

30 June 2011	Original Currency Amount ('000)	Original Currency	Interest rate	TL ('000)	Maturity Date
CBRT loans	512,635	US\$	0.82	828,777	(*)
Syndicated loan	165,229	EUR	2.58	386,934	5 June 2012
Syndicated loan	150,209	EUR	2.16	351,758	2 December 2011
Subordinated loan	116,845	US\$	0.71	188,903	16 April 2018
World Bank (EFIL) Loans	90,305	US\$	0.51	145,996	1 March 2038
CBRT loans	73,700	EUR	1.92	172,617	(*)
T.C. Ziraat Bankası A.Ş.	50,522	EUR	3.49	118,312	13 March 2012
Demir-Halkbank NV - Netherland	25,222	EUR	3.53	59,065	31 March 2012
Europen Investment Bank	25,020	EUR	1.69	58,591	17 December 2021
World Bank (EFIL) Loans	7,661	EUR	1.40	17,941	1 March 2038
<b>Total funds borrowed</b>				<b>2,328,894</b>	

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 13 - FUNDS BORROWED (Continued)

31 December 2010	Original Currency Amount ('000)	Original Currency	Interest rate	TL ('000)	Maturity Date
CBRT loans	313,765	US\$	0.84	483,700	(*)
Syndicated loan	150,188	EUR	2.16	308,906	2 December 2011
ING Bank Club Loan	150,477	EUR	1.98	309,502	27 April 2011
Subordinated loan	125,198	US\$	0.69	193,005	16 April 2018
World Bank (EFIL) Loans	82,620	US\$	0.55	127,366	1 March 2038
CBRT loans	99,685	EUR	1.57	205,032	(*)
T.C. Ziraat Bankası A.Ş.	50,585	EUR	2.97	104,043	18 February 2011
Europen Investment Bank	25,016	EUR	1.44	51,454	17 December 2021
World Bank (EFIL) Loans	7,635	EUR	1.18	15,704	16 April 2018
<b>Total funds borrowed</b>				<b>1,798,712</b>	

(\*) CBRT loans are rediscount loans extended by CBRT, having wide range of maturity dates.

During the six-month period ended 30 June 2011, the Bank made following repayments:

	Repayment Amount	Repayment Dates
Club Loan, Syndicated Loan	EUR150,000,000	27 April 2011

### NOTE 14 - TAXATION

The Bank is exempted from Corporate Tax pursuant to the Act 3332 dated 25 March 1987 and article 4/b of Act 3659 dated 26 September 1990, respectively. According to the 3rd article of Act number 3659, the stated amendments are effective from 1 January 1988. Corporate Tax exemption continues, in accordance with the statement "the provision of Article 35 cannot be applied with regards to the exemptions, exceptions and deductions for Corporate Tax, stated in other laws prior to the enactment of Corporate Tax Law No. 5520", as per paragraph 9 of Temporary Article 1 of Corporate Tax Law No. 5520. Accordingly, no deferred tax asset or liability is present in the accompanying unaudited condensed interim financial information.

### NOTE 15 - OTHER LIABILITIES

The principal components of other liabilities and accrued expenses are as follows:

	30 June 2011	31 December 2010
Turkish Treasury-current account-Iraq Credit	183,050	634,928
Funds from United Nations Compensation Fund-Iraq Credit	4,234	95,068
Funds	2,328	6,711
Vacation pay liability	6,604	5,313
Other	31,546	22,672
	<b>227,762</b>	<b>764,692</b>

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 15 - OTHER LIABILITIES (Continued)

As of 30 June 2011, the funds recorded under the Turkish Treasury current account consists of the funds transferred by the Turkish Treasury to the Bank to finance Iraq loans including the related interest income and foreign exchange differences amounting to TL3,112 thousand (31 December 2010: TL8,098 thousand) and the principal amounting to TL178,103 thousand (31 December 2010: TL626,830 thousand). The total amounting to TL181,215 thousand (31 December 2010: TL634,928 thousand) is recorded as 'Fund Sourced loans' under the account 'Loans and advances to customers' (Note 8).

'Fund Sourced loans' also include TL1,626 thousand (31 December 2010: TL6,009 thousand) of 'Funds' accounted under Other Liabilities account. These funds are transferred to the Bank by Turkish Treasury and are covered by Turkish Treasury. Therefore, the Bank does not reflect any gains or losses to the statement of income on such loans.

In addition, Turkish Treasury-current account-Iraq Credit, also includes funds received from customers amounting to TL1,835 thousand by the Bank and not yet transferred to Turkish Treasury.

Funds from United Nations Compensation Fund ("UNCF") consist of funds transferred by the UNCF for projects in Iraq.

As of 25 February 2011, Law No. 6111 on the Restructuring of Certain Receivables was enacted. With this regulation, which enabled debts to be restructured, it was possible for the Iraq Loan provided through the Development and Support Fund ("DSF") to be restructured. According to this law, payments which were transferred from UNCF and similar sources, amounting to TL99,595 (US\$61,604) payments made by the companies whose loans were restructured, amounting to TL183,568 (US\$113,545) and TL5,247 (EUR2,241) were transferred to the Undersecretariat of Treasury. In addition, the interest amounting to TL190,470 (US\$118,433) for the restructured loans was cancelled by the Bank in the scope of the restructuring.

Accordingly, the Undersecretariat of Treasury Current Account - Iraq Loan amounted to TL634,928 as of 31 December 2010, was recorded as TL183,050 as of 30 June 2011 following the cancellations and collections amounting to TL478,880 which were made under the scope of restructuring and also considering the exchange difference amounting to TL27,002, calculated for the period ended 30 June 2011.

### NOTE 16 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS

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. As of 30 June 2011, the amount payable consists of one month's salary limited to a maximum of TL2,731.85 in full TL amount (31 December 2010: TL2,517.01).

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.



# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 16 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

IAS 19 "Employment Benefits" 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 as at 30 June 2011 and 31 December 2010:

	30 June 2011	31 December 2010
Discount rate (%)	4,66	4,66
Retention rate to estimate the probability of retirement (%)	0,98	0,98

Additionally, the principal actuarial assumption is that the maximum liability for each year of service would 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 TL2,731.85 in full TL amount, which is effective from 1 July 2011 (1 January 2011: TL2,623.23), has been taken into consideration in calculating the reserve for employment termination benefit of the Bank.

Movement in reserve for employment termination benefits during the period is as follows:

	30 June 2011	30 June 2010
Balance at 1 January	10,856	9,963
Paid during the period	(774)	(573)
Provision for the period	1,492	540
<b>Balance at 30 June</b>	<b>11,574</b>	<b>9,930</b>

### NOTE 17 - SHARE CAPITAL

The historical paid in share capital of the Bank is TL2,000,000 (31 December 2010: TL2,000,000) and consists of 2 billion (31 December 2010: 2 billion) authorized shares with a nominal value of TL1 each.

	30 June 2011	31 December 2010
Historical share capital	2,000,000	2,000,000
Adjustment to share capital	812,518	812,518
<b>Total paid in share capital</b>	<b>2,812,518</b>	<b>2,812,518</b>

The Bank is fully owned by Turkish Treasury.

The adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital in terms of equivalent purchasing power at 31 December 2005 after elimination of the accumulated deficit.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 18 - RETAINED EARNINGS AND RESERVES

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

Under the Turkish Commercial Code, the Bank is required to create the following legal reserves from appropriations of earnings, which are available for distribution only in the event of liquidation or losses:

- a) First legal reserve is appropriated at the rate of 5% of net income, until the total reserve is equal to 20% of issued and fully paid-in share capital.
- b) Second legal reserve appropriated at the rate of 10% of the distribution of second dividend, in excess of the first legal reserve, appropriated at a rate of 5% and first dividend, appropriated at a rate of 8%.

### NOTE 19 - NET INTEREST INCOME

	1 January- 30 June 2011	1 January- 30 June 2010
<b>Interest income on:</b>		
Interest on loans and advances to customers	95,216	85,148
Interest on interbank money market	6	50,354
Interest on investment and trading securities	41,500	23,135
Interest on deposits with banks	11,213	3,010
Other interest income	590	191
<b>Total interest income</b>	<b>148,525</b>	<b>161,838</b>
<b>Interest expense on:</b>		
Interest on funds borrowed	(13,647)	(16,218)
Other interest expenses	(10)	(34)
<b>Total interest expense</b>	<b>(13,657)</b>	<b>(16,252)</b>
<b>Net interest income</b>	<b>134,868</b>	<b>145,586</b>

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 20 - OPERATING EXPENSES

	1 January- 30 June 2011	1 January- 30 June 2010
Staff costs	12,576	11,692
Premiums paid to insurance companies under commercial risk	8,692	7,481
Employment termination benefits and unused vacation provision expense	2,782	953
Small and Medium Industries Development Organization ("KOSGEB") fee	2,367	2,606
Premiums paid to reinsurance companies under political risk	2,028	1,863
BRSA premium expense	1,917	1,919
Research expenses	1,253	1,040
Claims expense	1,075	1,451
Taxes and duties expenses	809	1,119
Depreciation and amortization charges (Notes 10 and 11)	450	514
Vehicle expenses	418	545
Communication and utility expenses	412	441
Other	14,388	9,085
	<b>49,167</b>	<b>40,709</b>

(\*) As the Bank's more than 50% of the paid-in share capital is owned by the government entities, the Bank is obliged to pay annual fee at a rate of 2% of the corporate tax base of the Bank to KOSGEB in accordance with the establishment law of KOSGEB.

### NOTE 21 - COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of banking activities, the Bank undertakes various commitments and incurs certain contingent liabilities that are not presented in these balance sheets, including letters of guarantee, other guarantees and off-balance sheet derivative instruments. The management does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities:

#### Legal proceedings

At 30 June 2011, there are 117 legal proceedings outstanding against the Bank amounting to US\$2,593,513, EUR15,000 and TL230,635. No provision has been made to outstanding legal cases as of 30 June 2011 as professional advice indicates that it is unlikely that any significant loss will arise.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 21 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

A number of the outstanding suits in Turkish courts relate to employee bonus payments. In 2008, the Bank ceased paying bi-annual bonuses to its employees following an inspection by the Supreme Auditing Council, which is a part of Turkish Court of Accounts. The public inspectors recommended terminating bonus payments based on their judgment that such payments exceeded government caps. As a result, 57 lawsuits were filed against the Bank by employees who retired after the change was implemented alleging that the Bank should have paid their bonuses as of the date of preparation of this financial information. Some cases are pending in the lower courts. Some cases resulted in favor of or against the Bank in the lower courts are still pending in the Court of Appeals, the highest appellate court in Turkey, whereas some cases lost by the Bank in the lower courts were also approved in the Court of Appeals. The Bank made a payment of TL163 regarding the lost cases in both lower court and Court of Appeals after 30 June 2011 as of the date of preparation of this financial information. Because of the uncertainty regarding the future outcome of the pending cases, the Bank did not provide any provision against those cases as at 30 June 2011. Total risk regarding the outstanding cases in relation with the bonus payments is estimated approximately as TL1,600 as of the date of preparation of this financial information.

#### Commitments under derivative instruments:

The breakdown of derivative transactions at 30 June 2011 and 31 December 2010 is as follows:

Transaction Type	Currency	30 June 2011		31 December 2010	
		Foreign currency amount	TL 000	Foreign currency amount	TL 000
Interest swap purchases	US\$	21,000,000	33,951	30,000,000	46,248
Foreign currency swap purchases	EUR	130,000,000	304,433	15,000,000	30,852
	TL	843,253,340	843,254	631,119,930	631,120
Options purchases	TL	16,223,435	16,223	-	-
<b>Total purchases</b>			<b>1,197,861</b>		<b>708,220</b>
Interest rate swap sales	US\$	28,606,420	33,951	30,000,000	46,248
Foreign currency swap sales	US\$	699,555,240	1,130,971	413,905,225	638,076
	EUR	-	-	20,000,000	41,136
Options sales	TL	16,450,176	16,450	-	-
<b>Total sales</b>			<b>1,181,372</b>		<b>725,460</b>
			<b>2,379,233</b>		<b>1,433,680</b>

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 21 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Maturity analysis for derivative transactions is as follows:

	30 June 2011				Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 Years	
Interest rate swap purchases	-	-	33,951	-	33,951
Foreign currency swap purchases	1,147,687	-	-	-	1,147,687
Option purchases	12,009	4,214	-	-	16,223
<b>Total purchases</b>	<b>1,159,696</b>	<b>4,214</b>	<b>33,951</b>	<b>-</b>	<b>1,197,861</b>
Interest rate swap sales	-	-	33,951	-	33,951
Foreign currency swap sales	1,130,971	-	-	-	1,130,971
Option sales	12,186	4,264	-	-	16,450
<b>Total sales</b>	<b>1,143,157</b>	<b>4,264</b>	<b>33,951</b>	<b>-</b>	<b>1,181,372</b>

  

	31 December 2010				Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 Years	
Interest rate swap purchases	-	-	46,248	-	46,248
Foreign currency swap purchases	661,972	-	-	-	661,972
<b>Total purchases</b>	<b>661,972</b>	<b>-</b>	<b>46,248</b>	<b>-</b>	<b>708,220</b>
Interest rate swap sales	-	-	46,248	-	46,248
Foreign currency swap sales	668,431	10,781	-	-	679,212
<b>Total sales</b>	<b>668,431</b>	<b>10,781</b>	<b>46,248</b>	<b>-</b>	<b>725,460</b>

The above tables summarize the Bank's derivative transactions. Each transaction represents a simultaneous receivable and payable to be received and paid, on a future date, in respective currencies. Accordingly, the difference between the "sale" and "purchase" transactions represents the net exposure of the Bank with respect to commitments arising from these transactions.

#### Credit related commitments:

Letters of guarantee, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Cash requirements under these guarantees are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 21 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The following table shows the outstanding credit related commitments of the Bank at 30 June 2011 and 31 December 2010:

	30 June 2011	31 December 2010
<b>Guarantees and warranties</b>		
Endorsements		
- Foreign currency	1,001,394	688,732
Other guarantees		
- Foreign currency	402,553	389,971
	<b>1,403,947</b>	<b>1,078,703</b>
<b>Commitments</b>		
Loan granting commitments		
- Foreign currency	-	-
Other	2,000	2,000
Revocable commitments	364,344	349,781
	<b>366,344</b>	<b>351,781</b>

The Bank provides cover for Turkish exporters against commercial and political risks by offering variety of insurance programs. Other guarantees include the Bank's commitment related with the underwritten short-term commercial and political risks.

### NOTE 22 - SEGMENT ANALYSIS

The main business segments of the Bank are corporate banking and investment banking. Investment banking includes all the treasury operations of the Bank whereas corporate banking includes credit operations and fixed income investments that are held to maturity, which is reported in manner consistent with the internal reporting provided to the chief operating decision maker, the Assistant General Manager of Finance. The analysis is as follows:

30 June 2011	Corporate Banking	Investment Banking	Unallocated	Total
Segment revenue	179,620	26,172	-	205,792
Segment expenses	(62,894)	(21,267)	(5,651)	(89,812)
<b>Net profit for the period</b>	<b>116,726</b>	<b>4,905</b>	<b>(5,651)</b>	<b>115,980</b>
Interest income	122,605	25,920	-	148,525
Interest expense	(13,657)	-	-	(13,657)
Depreciation and amortisation	-	-	(450)	(450)
Impairment losses on loans and credit related commitments	(17,215)	-	-	(17,215)
<b>Total segment assets</b>	<b>5,709,722</b>	<b>596,161</b>	<b>10,325</b>	<b>6,316,208</b>
Segment liabilities	2,522,862	7,449	45,368	2,575,679
Equity	-	5,988	3,734,541	3,740,529
<b>Total liabilities and equity</b>	<b>2,522,862</b>	<b>13,437</b>	<b>3,779,909</b>	<b>6,316,208</b>

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 22 - SEGMENT ANALYSIS (Continued)

30 June 2010	Corporate Banking	Investment Banking	Unallocated	Total
Segment revenue	141,926	70,355	-	212,281
Segment expenses	(59,787)	(18,857)	(5,971)	(84,615)
<b>Net profit for the period</b>	<b>82,139</b>	<b>51,498</b>	<b>(5,971)</b>	<b>127,666</b>
Interest income	100,658	61,180	-	161,838
Interest expense	(16,252)	-	-	(16,252)
Depreciation and amortisation	-	-	(514)	(514)
Impairment losses on loans and credit related commitments	(8,252)	-	-	(8,252)
<b>31 December 2010</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Unallocated</b>	<b>Total</b>
<b>Total segment assets</b>	<b>5,006,786</b>	<b>1,212,346</b>	<b>10,434</b>	<b>6,229,566</b>
Segment liabilities	2,539,474	25,164	34,786	2,599,424
Equity	-	8,582	3,621,560	3,630,142
<b>Total liabilities and equity</b>	<b>2,539,474</b>	<b>33,746</b>	<b>3,656,346</b>	<b>6,229,566</b>

### NOTE 23 - RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the purpose of this financial information the shareholders of the Bank together with state-controlled entities in Turkey are considered and referred to as related parties. Other related parties refer to entities controlled by the Turkish Treasury.

A number of banking transactions were entered into with related parties in the normal course of business.

#### (a) Balances with related parties:

	30 June 2011	31 December 2010	31 December 2009
Due from banks:			
- Other related parties <sup>(1)</sup>	88,151	178,822	80,941
Loans and advances to customers:			
- Other related parties <sup>(2)</sup>	606,364	374,549	366,687
Trading securities:			
- Shareholder <sup>(3)</sup>	258,402	308,488	150,149
Investment securities ("Held to maturity")			
- Shareholder <sup>(4)</sup>	460,535	891,703	309,068
Funds borrowed:			
- Other related parties <sup>(5)</sup>	1,307,104	985,780	909,537
Other liabilities			
- Other related parties	2,328	6,711	6,711

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 23 - RELATED PARTIES (Continued)

- (1) Average interest rate for due from banks is 4.28% (31 December 2010: 4.30%, 31 December 2009: 3.96%)
- (2) Average interest rate for loans and advances to customers is 5.13% (31 December 2010: 5.50%, 31 December 2009: 7.39%)
- (3) Average interest rate for trading securities is 6% (31 December 2010: 7%, 31 December 2009: 10%)
- (4) Average interest rate for investment securities is 7.7% (31 December 2010: 7.8%, 31 December 2009: 7.8%)
- (5) Average interest rate for funds borrowed is 1.71% (31 December 2010: 0.84%, 31 December 2009: 2.00%)

In relation with the transactions with the Turkish Treasury, please also refer to Note 15-Other Liabilities.

#### (b) Transactions with related parties:

	30 June 2011	30 June 2010	30 June 2009
Interest income on investment and trading securities:			
- Shareholder	41,500	23,135	21,350
Interest income on loans and advances to customers:			
- Other related parties	11,601	10,527	19,756
Interest expense on funds borrowed			
- Other related parties	6,181	4,901	12,907

#### (c) Remuneration of key management personnel:

	30 June 2011	30 June 2010	30 June 2009
Salaries and other short-term employee benefits	366	319	322
Post employment benefits	242	188	219



# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 24 - SUBSEQUENT EVENTS

- (i) On July 2011, TL204,409 thousand was transferred to Turkish Treasury as a dividend.
- (ii) On July 2011, the Bank decided to issue bond in international markets at an amount of US\$500 million (or EUR equivalent) and with a maturity of minimum 5 years.
- (iii) Published in the Official Gazette No. 28006 dated 26 July 2011 and No. 2011/7 on the Amendment of the Communiqué on the Required Provisions Scale obligation dated 22 July 2011, to be effective with the foreign currency liabilities required reserve ratio for deposits/participation were differentiated in terms of the maturity structure of funds. These ratios are presented below:

<i>FC Liabilities</i>	<i>Required Reserve Ratio (%)</i>
FC demand deposit, Notice deposits, FC private current accounts, Deposits/participation accounts up to 1-month, 3-months, 6-months and up to 1-year maturities	12
FC deposits / FC participation accounts with 1-year or longer maturity, Cumulative FC deposits / FC participation accounts	10
Special Fund Pools	10
Other FC liabilities up to 1-year maturity (including 1 year)	Ratios correspond to maturities
Other FC liabilities up to 3-years maturity (including 3 years)	12
Other FC liabilities with maturity longer than 3 years	10
	9

- (iv) On 4 August 2011, the required reserve ratio calculated for foreign currency liabilities are decreased by 0.5%. This change will be effective as of the calculation period dated 5 August 2011 and the required reserves calculated using the new ratios will be maintained starting from 19 August 2011.
- (v) Published in the Official Gazette No: 28076 dated 6 October 2011 and No: 2011/11 on the Amendment of the Communiqué on the Required Provisions for FC liabilities dated 5 October 2011 will be effective as of the calculation period dated 30 September 2011 and the required reserves calculated using the new ratios will be maintained starting from 14 October 2011.

<i>FC Liabilities</i>	<i>Required Reserve Ratio (%)</i>
FC demand deposit, Notice deposits, FC private current accounts, Deposits/participation accounts up to 1-month, 3-months, 6-months and up to 1-year maturities	11
FC deposits / FC participation accounts with 1-year or longer maturity, Cumulative FC deposits / FC participation accounts	9
Other FC liabilities up to 1-year maturity (including 1 year)	11
Other FC liabilities up to 3-years maturity (including 3 years)	9
Other FC liabilities with maturity longer than 3 years	6

# TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

## SELECTED NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2011

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

### NOTE 24 - SUBSEQUENT EVENTS (Continued)

- (vi) The Amendment of the Communiqué on the Required Provisions dated 6 October 2011 for TL liabilities will be effective as of the calculation period dated 30 September 2011 and the required reserves calculated using the new ratios will be maintained starting from 14 October 2011.

<i>TL Liabilities</i>	<i>Required Reserve Ratio (%)</i>
Demand deposits, notice deposits, private current accounts	16
Deposits/participation accounts up to 1-month maturity (including 1 month)	16
Deposits/participation accounts up to 3 month maturity (including 3 months)	12.5
Deposits/participation accounts up to 6 month maturity (including 6 months)	9
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity, cumulative deposits/participation accounts	5
Other TL liabilities up to 1-year maturity (including 1 year)	11
Other TL liabilities up to 3-year maturity (including 3 years)	8
Other TL liabilities longer than 3 year maturity	5

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