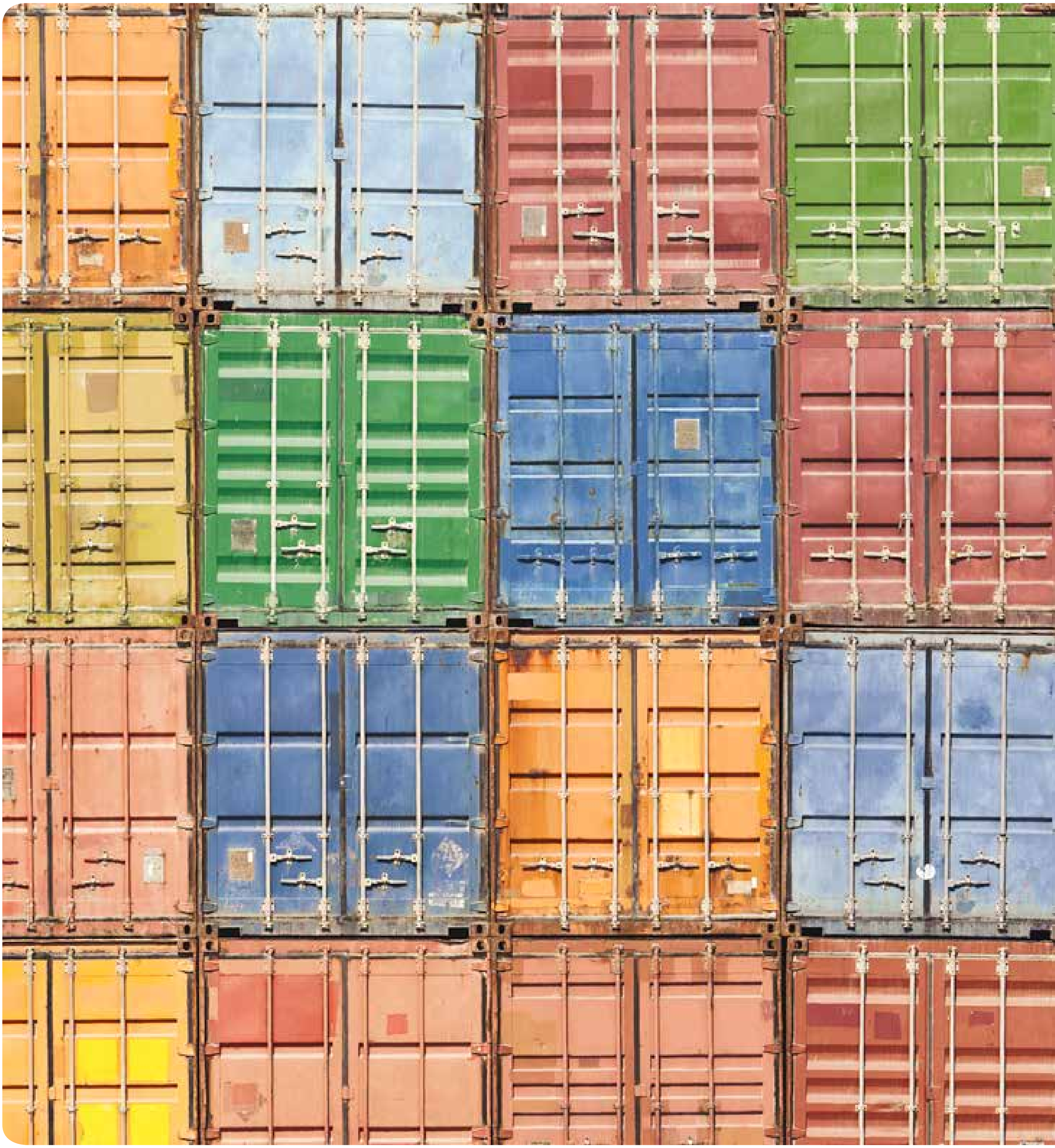
for the sustainable competitiveness



TÜRK EXIMBANK

ANNUAL REPORT **2013**

We will maintain our support to financing of export and exporters.

We contribute to the sustainable competitiveness of our exporters.

500

Turkey's export objective for 2023 is USD 500 billion

Contents

Compliance Opinion on the Annual Report

To the Shareholders of Türkiye İhracat Kredi Bankası Anonim Şirketi;

We have audited the accuracy and the consistency of the financial information in the annual report of Türkiye İş Bankası Anonim Şirketi ("the Bank") with the audited financial statements as of 31 December 2013. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the annual report based on our audit.

Our audit was conducted in accordance with the regulations on preparation and issuance of annual report in (Turkish) Banking Law No 5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance regarding whether the consistency of financial information represented in the annual report with the audited financial statements and explanatory notes is free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial information represented in the accompanying annual report represents fairly, in all material respects, the information regarding the financial position of Türkiye İhracat Kredi Bankası Anonim Şirketi as of 31 December 2013 in accordance with the effective regulations described in article 40 of (Turkish) Banking Law No 5411 and includes Independent Auditors' Report issued by us and Summary of Board of Directors' Report and is consistent with the audited financial statements and explanatory notes.

İstanbul,
13 February 2014

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Alper Güvenç
Partner

Corporate Profile

TURKEY'S OFFICIAL EXPORT CREDIT AGENCY (TÜRK EXIMBANK) IS SOLE THE OFFICIAL EXPORT FINANCING INSTITUTION IN TURKEY.

Established in 1987, Türk Eximbank has succeeded to be one of the top 20 institutions supporting export in the world with its performance in such a short time despite becoming operational 50 years later than the export financing institutions such as Coface, Euler-Hermes, SACE, Atradius, ECGD in the developed countries.

The Bank currently supports Turkish exporters, contractors and investors through various credit, guarantee and insurance programs similar to export credit agencies of developed countries. However, it is different in that, it is one of the few export credit agencies in the world which engages in direct lending activities as well as implementing insurance and guarantee schemes within the same institution.

Türk Eximbank has introduced export credit insurance to Turkish exporters in 1989. Currently, the Bank provides cover for Turkish exporters, against commercial and political risks by offering a variety of insurance programs for their exports to 238 countries.

Apart from its Head Office in İstanbul, Türk Eximbank has two branch offices; one of them is Ankara District Office, other one is İzmir Branch. Bank has also eight liaison offices in Denizli, Kayseri, Gaziantep, Bursa, Adana, Trabzon, Konya and İstanbul European Side.

İzmir Branch which opened in 1995 has full authorization to grant Foreign Trade Companies Short Term Export Credit Program, Pre-Export Credit Program, Pre-Export Credit Program for SMEs, Free Trade Zone Pre-Export Credit Program, Rediscount Credit Program and International Transportation Marketing Credit Program.

In addition to credit programs mentioned above, Ankara District Office is able to provide Tourism, Participation to Overseas Trade Fairs, Post-Shipment Rediscount Credit, The Bridge Credit Program for Overseas Contractor Services, European Investment Bank Credit Program, Export-oriented Working Capital Credit, Export-oriented Investment Credit Program, after Bank's Head Office moved into İstanbul in 2012. Besides, Ankara District Office is able to provide insurance programs for Turkish exporters for their shipments to 238 countries around the world.

İstanbul Branch, which had been operating since 1994, joined to Head Office as of 24.12.2012. Türk Eximbank's liaison offices are informing exporters about Bank's programs, operating promotion activities and ascertain problems faced by the exporters in cooperation with Head Office.

Türk Eximbank has opened liaison offices in Kayseri and Denizli in 2004, Gaziantep in 2005, Bursa, Adana and Trabzon in 2006 and Konya in 2012 and İstanbul European Side; eight of the industrialized provinces with high export potential. These offices are informing exporters about Türk Eximbank's programs and provide help for their credit applications.

The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff. As of end-2013, Türk Eximbank employs a total of 483 personnel, 61 in the Ankara District Office, 18 in the İzmir Branch, and a total of 14 personnel in the liaison offices in Adana, Bursa, Denizli, Gaziantep, Kayseri, Konya, Trabzon and Istanbul European Side. 4 personnel have a Ph.D. degree, 106 have a post-graduate degree, 255 have a graduate degree, and 26 have an associate degree. 211 employees have a second language.

Financial Highlights

TÜRK EXIMBANK IN FIGURES

Major Balance Sheet Accounts (TL thousand)

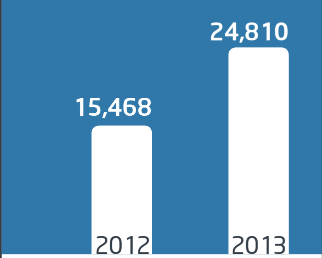
	2013	2012
Loans	23,035,036	13,352,060
Total Assets	24,809,762	15,468,467
Loans Borrowed	17,286,700	9,108,492
Funds Provided under Repurchase Agreements	163,945	10,006
Marketable Securities Issued (Net)	2,604,828	2,238,610
Shareholder's Equity	3,901,865	3,675,364
Total Paid-in Share Capital	2,200,000	2,000,000

Major Income Statement Accounts (TL thousand)

	2013	2012
Interest Income	603,088	573,737
Interest Income on Loans	546,059	467,415
Interest Expenses	(218,900)	(178,037)
Net Interest Income	384,188	395,700
Other Operating Income	86,838	88,270
Provisions for Loans and Other Claims	(36,653)	(61,565)
Other Operating Expenses	(139,573)	(141,051)
Net Income	245,927	221,191

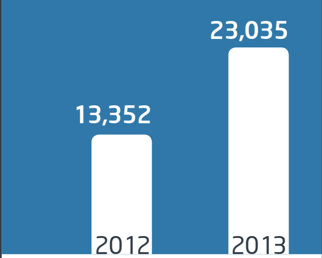
Financial highlights for the 2009-2013 period are given on page 81.

TOTAL ASSETS
(TL THOUSAND)



60.4%
increase in 2013

LOANS
(TL THOUSAND)



72.5%
increase in 2013

In 2013, Türk Eximbank sustained its successful financial performance.

11%
increase in net income
in 2013

Operational Highlights

TOTAL CREDITS OF TÜRK EXIMBANK INCREASED BY 30% YEAR-ON-YEAR, INDICATING THE ACCELERATING SUPPORT PROVIDED TO TURKISH EXPORTERS BY THE BANK.

CREDIT ACTIVITIES (USD MILLION)

SHORT-TERM CREDIT ACTIVITIES

	2013	2012
Total Short-Term Credits	18,745	14,521
Short-Term TL Credits	4,182	3,248
Short-Term FX Credits	14,563	11,273

MEDIUM AND LONG-TERM CREDIT ACTIVITIES

	2013	2012
Medium and Long-Term Credits	971.4	611.1

TOTAL CREDIT ACTIVITIES

	2013	2012
Total Credits	19,716	15,132

INSURANCE ACTIVITIES (USD MILLION)

SHORT-TERM EXPORT CREDIT INSURANCE

	2013	2012
Total Covered Shipments	8,373	6,923
Total Buyer Limit Approvals (Total Commitments)	7,315	6,619
Claims Paid	11.4	7.7

MEDIUM AND LONG-TERM EXPORT CREDIT INSURANCE

	2013	2012
Covered Transaction Amount	2.6	-

TOTAL INSURANCE ACTIVITIES

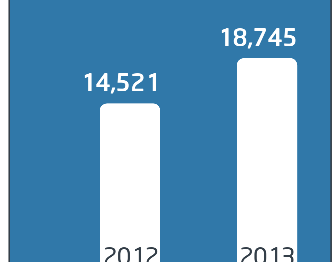
	2013	2012
Total Insurance	8,376	6,923

TÜRK EXIMBANK'S TOTAL SUPPORT (USD MILLION)

	2013	2012
Total Credit/Insurance/Guarantee Support	28,092	22,055

30%
increase
in total credits
in 2013

TOTAL SHORT-TERM CREDITS
(USD MILLION)



29.1%
increase in 2013

MEDIUM AND LONG-TERM CREDITS
(USD MILLION)

59.0%
increase in 2013

Message from the Chairman

The world economy entered the year 2014 with global liquidity concerns, with a positive influence on the growth performance of developed countries but a moderating influence on the growth performance of developing countries.

4%

The growth rate of the Turkish economy in 2013

The Fed's announcement on May 22nd, suggesting that the monthly bond purchases regarding the third generation of its quantitative easing program could be tapered, shaped the global economy in 2013. Seen as an indication that the period of cheap and abundant liquidity was drawing to a close, interest rates increased and exchange rates were volatile in countries integrated with the global system. The volume of bonds purchased by the Fed was duly scaled back in January, with a statement that bond purchases would be ceased due to the recovery in the US economy and that interest rates would be raised within a reasonable timeframe, in line with the decision taken in the meeting held in December. While the recovery in the US economy was a welcome development as far as the global economy was concerned, the increases in interest rates are expected to have a constraining effect on capital flows into developing countries over the following years.

While the global economy grew by 3.2% in 2012, it is estimated that it grew by 3% in 2013 and it is forecasted to grow by 3.6% in 2014 on the back of a strong performance from developed countries. Hence, the growth in the EU is observed to be slow but steady in addition to the recovery in the US economy. The studies analyzing the sustainability of the growth performance in the EU indicate the deflation concerns in the region and financial differences of the countries within the Eurozone. The expansionary policies applied in Japan, known as 'Abenomics', are aimed at helping Japan recover from deflation and have had some positive results both on inflation and, to a lesser extent, on growth. Developed countries are set to post a more positive growth performance in 2014.

However, the growth rates in developing countries will tend to slow down amid the financial volatility caused by global liquidity concerns and the problems affecting the Chinese economy. The world economy entered the year 2014 with global liquidity concerns, with a positive influence on the growth performance of developed countries but a moderating influence on the growth performance of developing countries.

TURKISH ECONOMY POSTS 4% GROWTH IN 2013, EXCEEDING MEDIUM TERM TARGET DESPITE HEIGHTENED GLOBAL VOLATILITY

The Turkish economy was influenced by global volatility and the slowdown in capital inflows as a result of the decrease in the bonds purchased by the Fed in 2013; however, it grew by 4% during the year, exceeding the growth objective set out in the Medium Term Program (MTP). While domestic demand was the driving force of the growth, exports remained unchanged in 2013 and imports increased by 6.4% to USD 251.7 billion, leading to a foreign trade deficit of USD 99.9 billion, up by 18.8% compared to 2012.

The decrease in the portfolio purchases by non-residents as a result in the Fed tapering of its bond purchases precipitated a 20% depreciation of the TL. However, capital inflows stood at USD 72.7 billion, despite the USD 65 billion current account deficit, thus ensuring there were no negative effects on the foreign borrowing performance of the banking or real sectors.

In addition to the export of goods in 2013, services exports also paved the way for foreign currency inflows into Turkey. Services exports, which increased by 8.3% in 2013, are also expected to increase in 2014, thus reducing the requirement for net foreign currency. The volume of exports obtained from the newly-undertaken projects in the field of Foreign Construction and Technical Consultancy Services, a component of services exports, reached the highest level ever recorded. A total of USD 31.3 billion in new projects were undertaken in 2013, bringing the cumulative amount of projects to USD 274 billion.

Cavit DAĞDAŞ
Vice Chairman

Türk Eximbank will continue to support exports by meeting the financing demands of Turkish exporters in 2014, to ensure that the increase in exports plays a key role in the growth of the economy.

Message from the Chairman

As exports strengthen the Turkish economy by decreasing the current account deficit and increasing employment, exports are likely to play a key role in 2014.

8.3%

Increase in services exports in 2013

The fact that the average value of transactions increased (by USD 83 million in 2013), as well as the growth in the total volume of the transactions, is a clear sign of the ongoing development in the aspects of the projects.

EXPORT PERFORMANCE TO IMPROVE IN THE COMING YEAR

The decrease in bond purchases and prospect of an increase in interest rates by the Fed indicate that capital movements may be volatile in the coming year. In order to reduce the Turkish economy's sensitivity to global developments at such a time, the need for foreign capital must be constrained; in other words, the current deficit to GDP ratio - which stood at 7.9% in 2013 - will have to be brought down.

However, given the subjective conditions and production structure in the Turkish economy, the only way to lower the current account deficit without a significant decline in economic growth would be to maintain the high rate of growth in exports. In this regard, as exports strengthen the Turkish economy by decreasing the current account deficit and increasing employment, exports are likely to play a key role in 2014.

Exchange rates are likely to have a positive effect on exports due to the reduced exchange rate volatility in 2014, with the both Euro/Dollar and Dollar/TL exchange rates now more in favor of exporters. Furthermore, the recovery in the EU - our largest export market - is expected to contribute further to the growth in Turkey's exports. In addition, it should be considered that the transformation in our export markets and expansion in diversity over the last decade will help ensure foreign demand increases in a healthier and more sustainable manner. All in all, export-led growth is expected to drive the economy in 2014. This will create an economic structure that will be influenced less by volatility in global financial markets, in turn paving the way for a better export performance, a lower current account deficit and a reduced need for foreign currency.

TÜRK EXIMBANK WORKING WITH EXPORTERS TO PRODUCE SOLUTION BASED FINANCIAL STRATEGIES

Türk Eximbank will continue to support exports by meeting the financing demands of Turkish exporters in 2014, to ensure that the increase in exports plays a key role in the growth of the economy. In this regard, Türk Eximbank will continue to provide financing assurance for exports through credit insurance and guarantees to ensure the sustainability and predictability of the exporters' cash flows, as well as providing buyer and seller cash credit programs.

In addition to current services and programs, Türk Eximbank adapts itself to the new conditions of the changing world to support the sustainable and high growth rates in exports. To this end, Türk Eximbank meets exporters, listens to their problems, determines their requirements and works to draw up solution based strategies; Türk Eximbank enters establishes new programs that will meet the exporters' financing requirements in the medium- and long-term at a reasonable cost.

Cavit DAĞDAŞ
Vice Chairman

Türk Eximbank adapts itself to the new conditions of the changing world to support the sustainable and high growth rates in exports.

2014

Export based growth performance expectation

Message from the Chief Executive Officer

Türk Eximbank aims to finance the 22% of Turkish export by providing cash loan and insurance/ guarantee amounting to USD 33.8 billion to export sector in 2014.

27%

The increase in the support given to export sector in 2013

WE WILL MAINTAIN OUR EFFORTS TO RAISE THE GLOBAL COMPETITIVE POWER OF TURKISH EXPORTERS WITHIN THE SCOPE OF OUR CLIENT BASED BUSINESS CULTURE ...

While risks have centered on developing countries of late, the world's developed countries have been enjoying a recovery in their economies. The US economy has grown, with the Fed moving to taper its asset purchase program, while a more tentative recovery has got underway in the Eurozone - which is Turkey's largest export market. On the other hand, there are concerns over the level of interest rates in some developing countries, and the possible limitations on global economic growth imposed by policy risks. In this context, a milder slowdown in economic activity is expected, with Turkish export performance to be stronger with the contribution of the recovery in the EU during 2014.

WE RAISED LOAN AND INSURANCE SUPPORT TO THE EXPORT SECTOR BY 27% TO USD 28.1 BILLION IN 2013...

Efforts were taken to raise the quality and extent of the support provided to Turkish exporters in 2013.

In this view, the support extended to export sector by Türk Eximbank stood at USD 28.1 billion, of which USD 19.7 billion comprised of cash loans with USD 8.4 billion being credit insurance. Accordingly, 18.5% of the Turkish export sector received financing in 2013. Thus, the support extended to the export sector by Türk Eximbank increased by 27% when compared to the previous year.

In a conjuncture in which every economic development is conscientiously followed up, we strove to closely observe domestic as well as international developments in order to promptly and correctly respond to the demands and needs of Turkey's exporters, international contractors and firms providing foreign currency generating services.

EFFORTS MAINTAINED TO INCREASE OPPORTUNITIES FOR EXPORTERS IN 2013...

Changes were made in the scope of the loan programs, company limits and terms in favor of the exporters to provide sustainable financing opportunities and to enable the wider use of our loan programs by exporters in 2013.

Furthermore, customers have started to be offered the opportunity to utilize the Short-Term Export Loan Insurance Policies issued by Türk Eximbank for their own favor as a guarantee in the Post-Shipment Rediscount Credits Program. Thus, the export companies are secured against the purchaser risk with the export credit insurance and can access the financing for post-shipment period without incurring any additional costs.

In addition to these policies, in order to provide Turkish exporters with easy access to the facilities which we provide and to promptly process credit requests, we have implemented processes to facilitate application procedures and to reduce paperwork, while marketing and production development activities have been maintained.

STRONG DEMAND FOR MEDIUM- AND LONG-TERM FINANCING FACILITIES TO INCREASE TURKEY'S EXPORT CAPACITY...

Türk Eximbank aims to meet the medium- and long-term financing requirements of exporters and export oriented manufacturing companies in the production, shipment and post shipment phases. To this end, there was strong demand for Export Oriented Working Capital Credits with maximum 5- and 7-year terms and Export Oriented Investment Credit programs put into effect in 2012.

In this respect, USD 850 million worth of credit was disbursed in 2013 within the scope of both credits.

A SHIFT OF FOCUS IN THE COUNTRY CREDIT/ GUARANTEE PROGRAMS TO THE PRIVATE SECTOR THROUGH THE BANKS...

In order to accelerate the medium- and long-term Country Credit/Guarantee Programs for the Buyer credit and to provide more support to the Turkish goods and services in international markets, efforts were undertaken to steer the credit allocations to private banks abroad in 2013 by considering the difficulties in ensuring the government guarantee. In this regard, credit limits are allocated to banks abroad. Currently, USD 527.5 million worth of credit limit has been allocated to the multilateral finance institution, Afreximbank, and 11 banks located in Albania, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Russia in order to finance the projects and exports by Turkish companies.

Hayrettin KAPLAN
Chief Executive Officer

Türk Eximbank aims to contribute to the sustainable competitiveness capacity of the Turkish exporters.

Message from the Chief Executive Officer

Türk Eximbank has started to allocate credit limits to the solvent banks after the analysis to accelerate the Country Credit/ Guarantee Programs.

USD
527.5
million
worth limit allocation to the banks within the Country Credit/ Guarantee Program in 2013

PROVIDING FOREIGN MARKET DIVERSITY TO EXPORTERS WITH CREDIT INSURANCE FACILITIES...

Within the scope of Türk Eximbank's export credit insurance programs, Turkish exporters' receivables from 238 of the existing 241 countries in the world were secured against commercial and political risks. This means it is possible for these exporters to work in an environment that is markedly less exposed to such risk. In 2013, new features that were added to the Bank's export credit insurance programs introduced other conveniences. Accordingly, Türk Eximbank has started to include the costs of goods produced by the affiliates abroad, of which 50% of the capital belongs to our insured companies, in Short-Term Export Credit Insurance.

The Domestic Credit Insurance Program, which is a new practice, was implemented as a pilot scheme and this program encompasses domestic sales by exporters and group companies in the insurance field. As such, both the foreign and domestic receivables of exporters are completely secured.

On the other hand, the "International Contracting Services Political Risk Insurance Program" entered force in June 2013; with this Program, Turkey's contractors are provided with insurance against any losses they may incur due to political risks such as inability to receive progress payments, confiscation of machinery and equipment, restriction of foreign currency transfers, war, civil war, and insurrections. In addition, the number of commercial banks located in Turkey accepting insurance policies as credit assurance has increased to 14, and medium- and long-term insurance policies have been considered in this scope by entering a protocol with eight of these banks.

In addition to the cooperation initiated with the Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC) in 2012 to increase the medium- and long-term investment insurance facilities, an Agency Agreement was signed with the Arab Investment and Export Credit Guarantee Corporation (DHAMAN) in May 2013. To this end, Türk Eximbank has started to mediate to provide Turkish exporters, investors and contractors with the medium- and long- term insurance facilities and investment insurance facilities.

CONTINUING TO INCREASE AND DIVERSIFY RESOURCES AVAILABLE FOR TURKEY'S EXPORTERS...

In order to diversify banks' resource structure and maximize the financing facilities available for Turkish exporters, Türk Eximbank is able to borrow continuously from international money and capital markets by virtue of its high credit worthiness and the favorable credit ratings which the Bank has received from international credit rating agencies. In this vein, USD 1.3 billion worth of resources was allocated to exporters from domestic and foreign markets in 2013.

TÜRK EXIMBANK AIMS TO INCREASE ITS TOTAL SUPPORT TO EXPORT SECTOR BY 20% TO USD 33.8 BILLION IN 2014...

Notwithstanding the lack of any clear indication of a definitive recovery in global economic activity, the importance of a sustainable increase in export grows with each passing day. In view of Turkey's USD 500 billion export target for 2023, it is crucial that Turkish exporters both enter new markets and increase their share in existing markets, and also operate in an environment free of political, social and economic volatility.

We are aware that as Turkey's sole official export credit agency, we assume a very significant responsibility. Our goal in 2014 is to raise our aggregate credit and insurance support by 22% to USD 33.8 billion. Accordingly, we plan to extend our support to exporters and reach out to new exporters so as to ensure that they optimize their benefit from our innovative credit and insurance programs in our extensive spectrum of products.

During 2014, we will of course continue to provide short- term financing and working capital in order to meet the needs of exporters during the pre-export stage, as well as in the post-shipment period.

In 2013, new features that were added to the Bank's export credit insurance programs introduced other conveniences.

238

238 out of 241 countries were included in the export credit insurance

Message from the Chief Executive Officer

We are aware that as Turkey's sole official export credit agency, we assume a very significant responsibility.

22%

the aim to increase the total support to be given to export sector

Furthermore, we aim to increase the medium- and long-term finance facilities provided to exporters. At the same time, we will maintain efforts to enhance the support provided to SMEs, which are of such significant importance for the Turkish economy. In addition, our principal objective is to maximize the financing support we provide to firms which export high-value-added products, which are involved in R&D and product development, or which export to new markets.

WE WILL MAINTAIN CLOSE COOPERATION WITH THE EXPORT SECTOR TO ACHIEVE THESE GOALS...

Türk Eximbank will maintain its client based business structure in 2014 and remain in close contact with exporters. In this regard, we will continue company visits in 2014. Thus, we aim to inform exporters of the new credit and insurance programs being undertaken by Türk Eximbank and to meet the expectations of Türk Eximbank by determining their requirements and demands.

Moreover, based on the requests originating from the export sector, we have started to disburse buyer's credit to companies to import from Turkey through the international branch, affiliates and correspondent banks of the banks located in Turkey by implementing the "Domestic Intermediary Banks Buyer Credit Program" in 2014 for product diversification. In addition, we provide discounts to the policies issued by Turkish exporters and which are accepted by the exporter company or issuing banks by means of accepting the insurance policy as assurance for the export transactions that are insured on the basis of the sales agreement within the scope of Specific Export Credit Insurance of the Türk Eximbank pursuant to "Policy Discount Program". With this program, we aim to enhance the facilities for sales on account by exporters and to meet their post-shipment financing requirements.

In addition, we have stepped up our efforts to implement Credit Confirmation Insurance and to enable the mediation of participation banks in Pre-Shipment Export Credit.

Türk Eximbank will continue to eliminate paperwork in our credit and insurance programs in order to provide more rapid, easier and convenient use in 2014. To this end, we will continue to monitor developments closely in legislation, technology and the IT industry.

In short, we aim to provide credit and insurance programs for exporters, export oriented manufacturers, firms providing foreign currency generating services and contractors operating abroad, with the aim of increasing their competitiveness in current and new markets in order to support a sustainable increase in exports by considering the importance of the export in the growth of Turkish economy in the coming period. To this end, we will continue to support the production, marketing, investment and export of medium- and high-tech products which are innovative, R&D based, offer high added value and which will enhance and entrench the "Made in Turkey" image all around the world.

Hayrettin KAPLAN
Chief Executive Officer

Türk Eximbank will maintain its client based business structure in 2014 and remain in close contact with exporters

3,000

more than 3,000 company visits in 2014

increasing efficiency

Credit opportunity with high limits and low interest rates...

Rediscount credit: Within the scope of the Rediscount Credits that have the largest share thanks to its rate advantage and efficiency in the credits disbursed by Türk Eximbank, The Bank made a great contribution to Turkey's export by providing short-term financing in the amount of USD 14.6 billion in 2013.

Historical Development

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

Türk Eximbank was chartered by the Cabinet by Decree* No. 87/11914, following the order of Law No. 3332 on March 31, 1987 by maintaining the juridical and legal personality of the State Investment Bank. In effect, according to the charter, Türk Eximbank took over the set up, legal entity, capital and assets of the State Investment Bank, but at the same time was transformed into a joint stock company subject to the provisions of Private Law.

The Bank's main objectives are;

- Increasing the volume of exports,
- Diversification of the export goods and services,
- Developing new export markets,
- Increasing the share of Turkish exporters in the international trade and providing the necessary support in their initiatives,
- Gaining competitiveness power and assurance to the Turkish exporters, overseas contractors and investors in the international markets,
- Promoting and supporting the production and sale of the investment goods for export with the overseas investments.

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

In accordance with the Article 4/C of chartering Law No. 3332 that was appended by the

Türk Eximbank was established in 1987 as the sole official export credit agency in Turkey and commenced implementing its programs in the beginning of 1988.

* The Decree No. 87/11914 was abolished with the Cabinet Decree No. 2013/4286 which was published in the Official Gazette on February 23, 2013 "The Principles on the Establishment and Duties of the Turkish Export Credit Bank Corporation".

Historical Development

Act No. 3659 and the article 10 of the Law No. 4749, the Undersecreteriat of Treasury covers the losses incurred by Türk Eximbank in its credit, insurance and guarantee transactions arising from political risks.

Türk Eximbank has played a critical role in funding the export. The most important reasons of this are the elimination of the direct incentives in export implemented in the previous years in accordance with the liabilities against the international institutions regulating the World Trade of Turkey and the commitment of Turkey concerning harmonization with the commercial and competitive policies of the European Union together with the Customs Union established in 1996. As a result of these developments, the funding of the export through credit, guarantee and insurance programs have become the most significant stimulants in the market in terms of increasing the competitive power of the Turkish exports in the international markets.

The export credit insurance system that gained currency in Turkey at the end of the 1950s was implemented by the Türk Eximbank in 1989. The export credit insurance system was initially implemented to provide cover against the commercial and political risks for only the short-term export claims and then its scope was expanded, and with the various programs the medium and long-term goods and services export was included in insurance cover.

The operational framework of the Türk Eximbank according to its "Establishment Principles and the Charter" is shaped with the annual programs. These programs that the Executive Board has to follow enter into force with the Decree of the **Supreme Advisory and Credit Guidance Committee.** The Supreme Advisory and Credit Guidance Committee is chaired by the Prime Minister or the Minister, with whom the Bank is affiliated and includes as members:

- Undersecretary of the Ministry of Science, Industry and Technology,
- Undersecretary of the Ministry of Economy,
- Undersecretary of the Ministry of Customs and Trade,
- Undersecretary of the Ministry of Development,
- Undersecretary of the Ministry of Finance,
- Undersecretary of the Treasury,
- Governor of the Central Bank of the Republic of Turkey
- The Chairman and Deputy Chairman of the Board of Directors and Chief Executive Officer of Türk Eximbank.

Within the framework of the objectives given related to the general or country, sector and goods groups with the annual programs, Türk Eximbank Board of Directors and General Directorate is authorized for the assignment based on the transaction of the credit, guarantee and insurance program limits.

Changes in the Articles of Association

"Principles Regarding Establishment and Duties of Export Credit Bank of Turkey", which was revised in line with the new Turkish Commercial Code (TCC) that entered into force on July 1, 2012, the Banking Legislation, and global financial and economic developments that have occurred since the establishment of the Bank, was published in the Official Gazette dated February 23, 2013 and came into effect as attachment to the Cabinet Decree No: 2013/4286.

Within the scope of these principles; a new General Assembly will be constituted in line with the TCC rules like other state owned banks operating under Law no: 4603. This duty has previously been carried out by the Minister in charge of the Bank. Türk Eximbank will start to provide domestic insurance and insurance cover to sales of affiliate companies that reside abroad of Turkish exporters (exporter should hold at least 50% stake in the company). Türk Eximbank will be able to provide reinsurance facility, engage in all kinds of capital market and derivative financial transactions as well as provide financial support to export oriented transfers of R&D trademark, patent, know-how and technology alongside acquisition of technical cooperation services. Audit Board has been abolished in compliance with the rules of new TCC. In line with the Banking Law, Credit Committee has been reorganized and Audit Committee has been added among Bank's organs. Due to the fact that non-assignable duties and authorizations of company's general assemblies and board of directors were mentioned in TCC, aforesaid rules have been reflected to the Principles. Members of the Supreme Advisory and Credit Guidance Committee have been revised considering the new names of Ministries and due to his/her relation with the Bank's activities Undersecretary of the Ministry of Customs and Trade has become a member of the mentioned Committee. Besides, "Principles Relating to Reorganization of Investment Bank Under the Name of Export Credit Bank of Turkey" attached to Decree No: 87/11914 has been repealed.

Within this framework Articles of Association of Export Credit Bank of Turkey, confirmed by Board of Directors' Decision No: 37 on March 15, 2013 and changed in line with the above-mentioned amendments in Principles and in the light of new TCC rules, approved by General Assembly on March 29, 2013. Stated amendments were registered to Commercial Registry on April 15, 2013 and published in Turkish Trade Registry Gazette on April 19, 2013.

Structure of the Bank's Capital

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

favorable conditions

Unsecured Credit Program....

Post-Shipment Rediscount Credit: Within the scope of Post-Shipment Rediscount Credit, our exporters have their export claims up to 360-day term insured by the Türk Eximbank and obtain discount at the rates starting from 0.3% on the basis of transaction upon the transfer of their claims to our bank. Thus, our companies have their future claims secured and obtain financing with favorable conditions.

Relations with the Export Sector

Since its inception, taking into account the changing needs and demands of the Turkish export sector, Türk Eximbank regularly implements new credit, insurance and guarantee programs in line with the developments in the Global and Turkish economy, while making adjustments to its existing programs to meet the funding requirements of the sector.

Türk Eximbank performs its activities in close relationship with the export sector, Türk Eximbank points out that in addition to financial problems, the structural problems of the real sector must also be addressed and policies must be generated accordingly. Considering this fact, Türk Eximbank operates actively to generate long-term solutions with all the companies regarding export. In this regard, the Bank plays an active role in classifying the structural problems of Turkish exports and identifying the long-term solutions to these problems, together with the regarding parties involved in exports.

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

On the other hand, in line with its new vision and customer-oriented strategy, Türk Eximbank presents its credit and insurance programs and gets feedback on its activities by visiting exporters. Also, directors and specialists of the Bank participate in the meetings and seminars arranged by different institutions, such as, Small and Medium Enterprises Development Organization, the Union of Chambers and Commodity Exchanges of Turkey (TOBB), İstanbul Chamber of Commerce, Ankara Chamber of Industry, Exporters' Associations etc., and inform exporters on the Bank's activities. Furthermore, the Bank holds various meetings, especially in cities where Small and Medium Sized Enterprises (SMEs) are large in number, to present its programs.

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

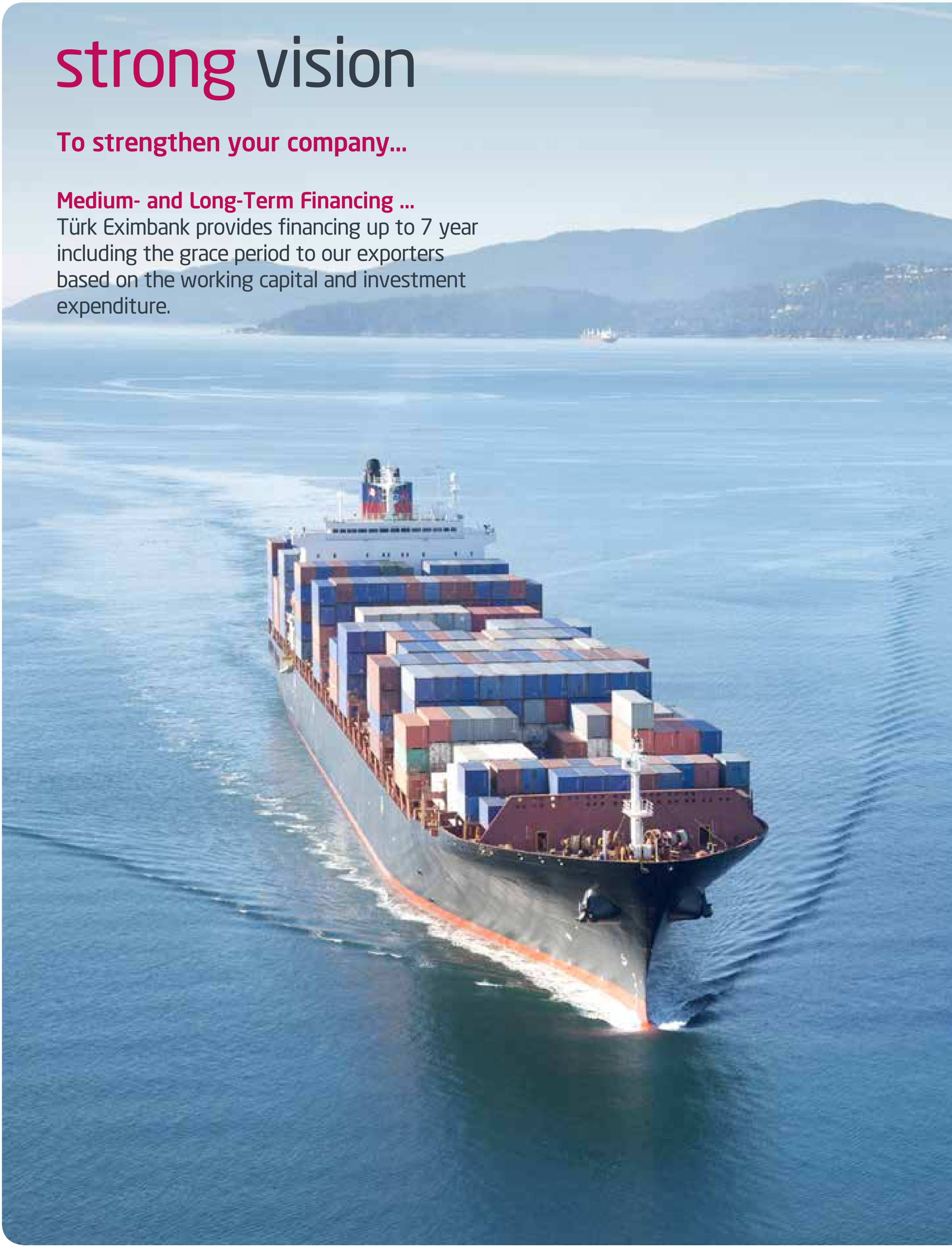
Türk Eximbank meets the funding requirements of the export sector in line with the developments in the Global and Turkish economy.

Türk Eximbank provides services to a wide variety of manufacturers, overseas contractors, tourism agencies, international transportation companies, and currency earning service providers such as software, project design and consultancy.

strong vision

To strengthen your company...

Medium- and Long-Term Financing ...
Türk Eximbank provides financing up to 7 year including the grace period to our exporters based on the working capital and investment expenditure.



Türk Eximbank's Position within the Turkish Banking Sector

As the sole officially supported export credit agency in Turkey, Türk Eximbank implements the "Export Credit" programs that enable funding for the export sector with low costs in order to accomplish its mission for supporting the export and other currency earning transactions as well as the "Country Credit and Guarantee Programs" put into effect for developing the economic and political relations between Turkey and related countries and also the "Export Credit Insurance" programs providing security against the political and commercial risks in the export sector.

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

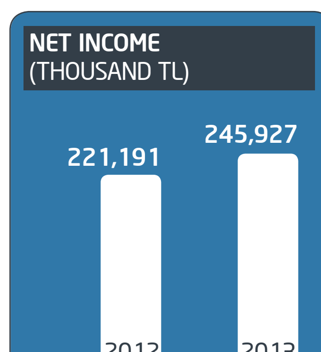
THE TURKISH BANKING SECTOR

In 2013; in addition to the budget problem of the USA, the low growth indicators of China, weak financial structure of the Japan, and the low inflation and high unemployment indicators in the European Union, the deviation of the Fed from the monetary expansionary policy caused fluctuations in the global markets, especially in the developing countries. The credit ratings of the countries and the banks were reduced by the rating agencies, large-scale banking groups faced with serious capital punishments due to the manipulations and the markets are negatively influenced. It was decided to establish the European Banking Authority (EBA) in order to carry out the audit of the European banking sector exclusively; however, the low speed of the process caused the limited structural improvement in the European banking sector, and the sector could shake its fragile structure off. In addition to this, the failure to create an environment of trust in the global markets, the downward movements in the growth and

At the end of 2013, the ratios of return on assets and return on equities realized as 1% and 6.7%, respectively.

26.19%

Capital adequacy ratio as year-end 2013



11.2%
increase in 2013

Türk Eximbank's Position within the Turkish Banking Sector

Total assets of the Turkish banking sector increased by 26% compared to the year-end of 2012 and reached to TL 1.7 trillion as of December 2013.

32%

Growth of the credit portfolio of the Turkish Banking Sector in 2013

the unemployment indicators indicate that there may be problems in the repayment of the household debts and thus the improvement of the asset quality of the banks would be limited. Despite the negative developments in the global markets, with the effect of the growth potential and the increases in the credit ratings of our country, the interest of the international banking groups continues in the Turkish banking sector maintaining its capital structure in 2013. In this regard, the majority shares of a private bank were sold a foreign investor in 2013, official authorization was given to a foreign bank that previously obtained the establishment license, and establishment license was given to another foreign bank. Upon the uncertainties in the financial markets in the second half of 2013, the Central Bank of Turkey and the BRSA continued to take various economic precautions.

THE TURKISH BANKING SECTOR CONTINUES TO GROW...

Total assets of the Turkish banking sector increased by 26% compared to the year-end of 2012 and reached to TL 1.7 trillion as of December 2013. The total loan portfolio increased with a higher rate compared to previous years by 32% and amounted to TL 1 trillion. Thus, the loans to assets ratio which was recorded as 60.5% by increasing 2.5 points at the end of 2013 compared to the year-end of 2012.

Considering the distribution of total loan portfolio, it is observed that the share of corporate loans was 42%, the share of retail loans was 32% and the share of loans allocated to Small and Medium Sized Enterprises (SMEs) was 26%. Export credits of the sector amounted to TL 74.5 billion by December, 2013 and the share in total was 7.1% by increasing 39% compared to the end of 2012.

ASSET QUALITY CONTINUES ITS PARALLEL PROGRESS...

Compared with the end of year 2012, the non-performing loans (NPLs) of the sector increased by 26% and reached to TL 29.6 billion, and also the ratio of non-performing was 2.7%, the increase in the writing off applications limited the deterioration in the asset quality of the sector. It is stated that the ratio of non-performing would be 4.1% if the non-performing loans amounting to TL 15 billion written off by the BRSA since 2006.

SECURITIES PORTFOLIO INCREASES...

The securities portfolio of the sector increased by 6.2% to TL 286.7 billion in 2013; however, the share in total assets decreased from 19.7% to 16.6%. This situation was based on the fact that the increase rate in the securities portfolio was lower than the increase

[1] Export credits are composed of export loan, discount loans and export guaranteed investment loans.

in the total assets. As a result of the volatility in the financial markets and the increase in the interest rates, there was a transition from the portfolio of the marketable securities to the portfolio of investments held as the fixed assets.

THE LIABILITY STRUCTURE OF THE SECTOR IS CHANGING...

Compared with the end of year 2012, total deposits of the sector increased by 23% and reached to TL 945.8 billion. However, the share of the deposits in the foreign resources decreased from 65% to 61.5%. This situation was caused by the fact that the domestic funding costs were higher compared to the foreign markets and the banks preferred alternative sources such as the repurchase agreements and the issuance of securities as the funding instruments. The deposit to credit ratio increased by 8% compared to the end of year 2012 and was recorded as 114% by December, 2013.

The syndicated loans of the sector increased by 20% compared to the end of year 2012 by December, 2013 to USD 19.7 billion with the effects of positive macroeconomic developments in Turkey and the expansionary policies in the developed countries. The renewal rate of the syndicated loans was recoded as more than 100%.

THE CAPITAL STRUCTURE IS MAINTAINED....

Although the increase in the interest rates negatively affect the security evaluation differences, the equity increased by 7% in parallel with the implementations for the classifications of profit distribution of the sector by the BRSA.

While the capital adequacy ratio of the sector was 17.9% at end of year 2012, it was recorded as 15.3% at December, 2013 and this ratio is still above the target ratio determined by the BRSA.

THE PROFITABILITY OF THE SECTOR IS ON THE RISE...

Net period profit of the sector reached to TL 24.7 billion by increasing 5% with the influence of the increase in the net interest revenues in 2013.

While the asset profitability of the sector was 1.8% in December 2012, it decreased to 1.6% in December 2013; and similarly the return on equities decreased from 15.7% to 14.2%.

POSITION OF TÜRK EXIMBANK WITHIN THE TURKISH BANKING SECTOR

Total assets of Türk Eximbank increased by 60% and reached to TL 24.8 billion in 2013, thus at among 49 banks Eximbank reached to 16th place as in 2012 in terms of total asset in the Turkish banking sector. Total loan portfolio increased by 73% above the sector average and amounted to TL 23 billion; this increase realized due to the relatively attractive interest rates of our bank end the high amount of export rediscount credit limit received from Central Bank of the Republic Turkey. Therefore, Türk Eximbank provides 32% of total export credits of the sector on its own in 2013.

Türk Eximbank holds an important place in the Turkish banking sector with a loans-to-assets ratio of 93%, at the and of year 2013 which is one of the highest values at the sector. On the other hand, the share of non-performing loans (NPLs) in total loans is 0.5%, one of the lowest ratios in the sector, and full impairment provision is set aside for NPLs.

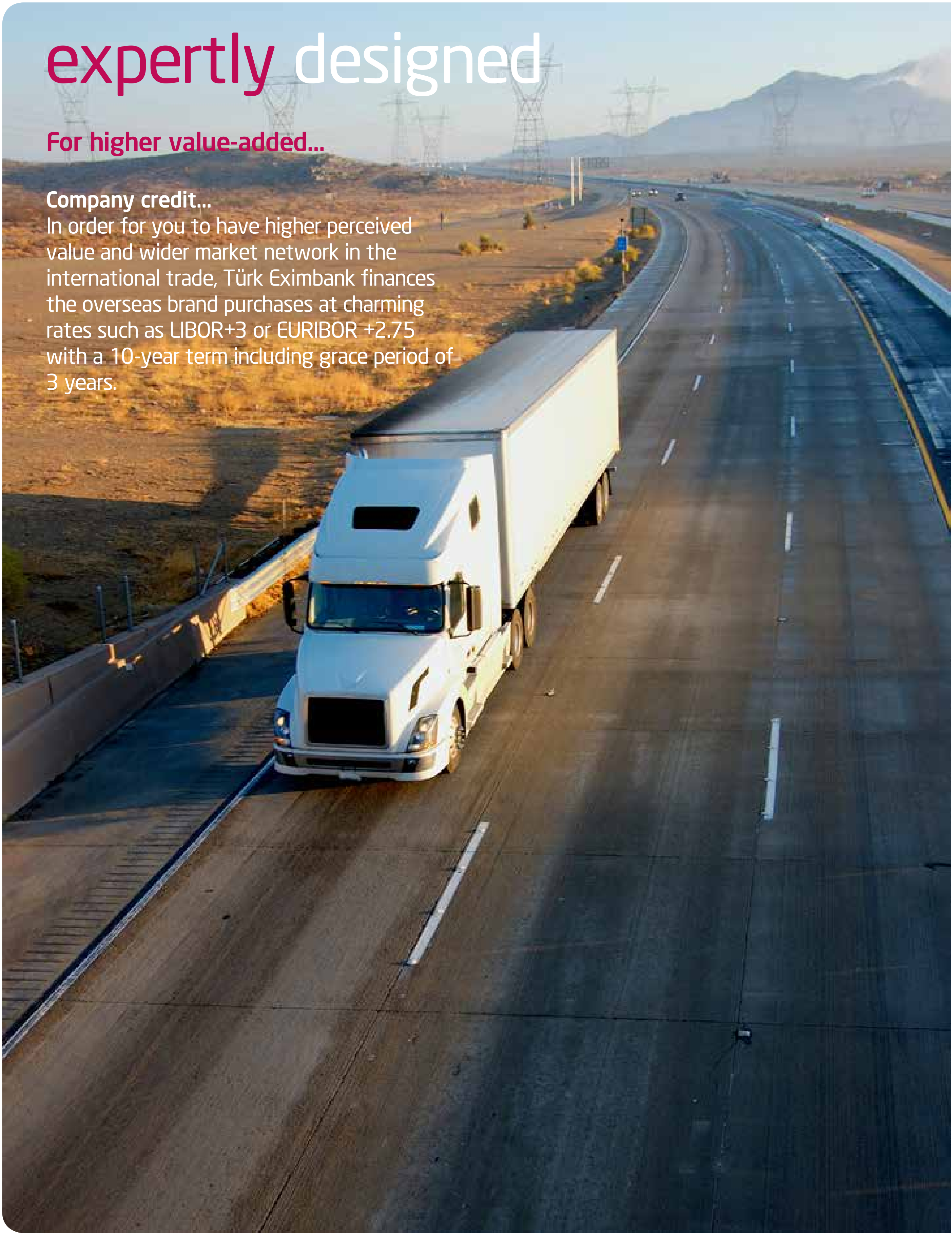
Total equity of the bank increased to TL 3.9 billion at the end of year 2013 by increasing 6% compared to the end of year 2012, and the capital adequacy standard ratio increased from 25.1% to 26.19%.

Our bank generated a net profit of TL 245.9 million in 2013 and the ratio of return on assets and return on equities realized as 1% and 6.7% respectively.

expertly designed

For higher value-added...

Company credit...
In order for you to have higher perceived value and wider market network in the international trade, Türk Eximbank finances the overseas brand purchases at charming rates such as LIBOR+3 or EURIBOR +2.75 with a 10-year term including grace period of 3 years.



The Assessments of the Activities of Türk Eximbank in 2013

CREDITS

THE DEVELOPMENT OF SHORT TERM CREDITS

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

The total amount of short-term Turkish Lira (TL) and foreign currency credits provided by Türk Eximbank was realized as TL 35,818 million (USD 18.7 billion) in 2013.

22% of total short-term credits were provided in TL and 78% in foreign currency. Iron and Steel sector is in the lead with its 21% share in the sectoral distribution of short-term credits.

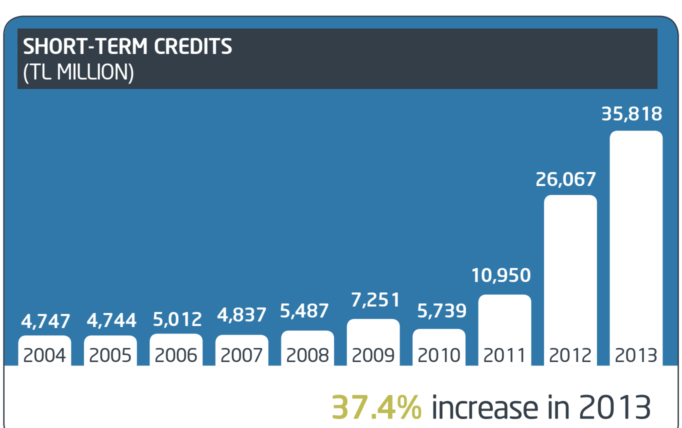
The Short-Term Pre-Shipment Rediscount Program had the largest share in short-term credits with 78% in 2013, whereas the share of the Pre-Shipment Export Credits, which are disbursed via intermediary commercial banks, was 16%.

4,330 companies benefited from Türk Eximbank's short-term credits in 2013.

Companies in priority development regions and small and medium scale enterprises (SMEs) have been given priority in all credit applications. As a result of this policy, SMEs have attained a 10% share in short-term export credits and the amount of credits provided to SMEs was realized as TL 3,666 million (USD 1.9 billion). Additionally, 62% of the total companies that benefited from Türk Eximbank's short- term credit programs were SMEs. The support directed to encourage the model of Sectoral Foreign Trade Companies, formed by SMEs has continued within the framework of various credit programs.

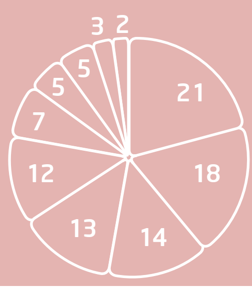
European Union countries were foremost in the regional distribution of the credits with a share of 49%.

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



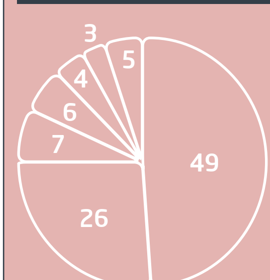
The Assessments of the Activities of Türk Eximbank in 2013

SECTORAL DISTRIBUTION OF SHORT-TERM CREDITS (%)



Iron & Steel	21
Textiles/Ready-to-Wear/ Leather	18
Mining/Metal Products	14
Machinery/Electrical Appliances	13
Food/Agriculture/Livestock Products	12
Plastic/Natural Rubber	7
Motor Vehicles	5
Chemicals	5
Glass & Ceramics	3
Other	2

REGIONAL DISTRIBUTION OF SHORT-TERM CREDITS (%)



European Union	49
Middle East/North Africa	26
Other European Countries	7
Canada / North America	6
Far East	4
Middle and West Asia	3
Other	5

RECENT ADJUSTMENTS AND REVISIONS

In order to mitigate the adverse effects of global crisis on the real sector and to ensure the sustainability of economic growth, fund transfers continued in accordance with the demands and needs of the export sector during the year.

In this context, arrangements have been made regarding interest rates, maturities and limits in order to meet the needs of exporters with more favorable conditions. Implementation of interest rate discount on export credit demands that are covered under the Short Term Export Credit Insurance Program, has been continued.

Within the Short-Term Domestic Credit Programs;

- The limit for Rediscount Credit and Post-Shipment Rediscount Credit funded by the CBRT, has been increased from USD 5.5 billion to USD 11 billion within the context of Export Rediscount Credit Practice Direction.
- The maximum terms of the bills to be accepted to the export rediscount credit have been increased to 240 days. In this respect, RD and PSRD terms have been increased to 240 days.
- The company limits for the Rediscount and Post-Shipment Rediscount Credit have been increased to USD 240 million for FTCC and to USD 180 million for other companies.
- It is ensured to utilize the half of the credit limits determined based on the company with 240-day term.
- In addition to the bank's surety as insurance in the Rediscount Credit, the transferable letter of bank guarantee is also accepted.
- For the producer and producer - exporter companies containing the requirement of SME; the lower transaction limit indicating the minimum credit amount is reduced to USD 50 thousand and the use of Currency Rediscount Credit is enabled for 360-day term by providing the 120-day part from the resources of our bank.
- Within the framework of the study carried out with the Credit Guarantee Fund (CGF) the access of the lower agriculture sales cooperatives to Rediscount Credit with the CGF surety is enabled.
- It is enabled to give 6 months for the additional export commitment period to the companies fulfilling at least 50% of their export commitments within a year.
- In addition to standard implementation in the Post-Shipment Rediscount Credit, the credit and collection services of all the shipments carried out with a letter of conveyance instead of an assignment based on the transaction for the global buyers.

- Within the scope of the Pre-Export Credit and Free Trade Zone Pre-Export Foreign Exchange Credit Programs, the limit for the companies is increased from USD 15 million to USD 25 million.
- Within the scope of the Pre-Export Credit (PEC) Program for SMEs; in 2013, as a result of marketing and promotion activities carried out by our Bank, new companies have been added into our portfolio and credit volume has increased further. The existing company limit of USD 1 million for SME PEC program has been raised to USD 5 million taking requests of export sector into account.
- In the Tourism Credit Program of the credits within the scope of the currency earning services from USD 15 million, in the International Shipment Marketing Credit from USD 6 million, the company limits are increased to USD 25 million.
- Besides, in the Foreign Fair Participation Credit program, the company limits are doubled; they are increased to TL 2 million and TL 1.5 million for the organizers with the A class and B class documentation, respectively, and TL 1 million for the organizers with the C class and Temporary documentation, and to TL 200 thousand for the National and Individual Participants.
- Within the scope of the Pre-Shipment Export Credits;

  - Studies on interactive banking applications and benefiting electronic facilities further have been accelerated.
  - Instead of the Priority Regions for Development (PRD) approach, the Priority Regions for Investment (PRI) approach is accepted within the framework of the incentive legislation and the name of the Pre-Shipment TL PRD Export Credit program is changed as the Pre-Shipment TL Priority Regions for Investment Export Credit.
  - The limit for the companies within the framework of the Pre-Shipment Export Credit and Free Zones Pre-Shipment Foreign Exchange Export Credit programs is increased to USD 25 million.
  - The definition of the "Drawee Branch" stated in the Pre-Shipment Export Credits, Free Zones Pre-Shipment Export Credits and TRNC Pre-Shipment Turkish Lira Export Credit Code of Practice is expanded by including the departments of general directorate in addition to the bank branches mediating the credit.

Within the scope of Medium and Long Term Domestic Credit Programs;

- By considering the demands for increasing the company limits of EUR 7.5 million within the scope of the Investment Credit Programs for Export and the Company Capital Credit Programs for Export, the company limits are increased to USD 50 million. Total 4, 5, 6 and 7-year term (4 different terms), 1 or 2-year non-refundable credits for funding of investment goods and total 3, 4 and 5-year term (3 different terms), 1-year non-refundable credits for funding of company capital are provided. New companies are added into portfolio as a result of marketing and advertising activities carried out by our Bank in 2013.
- The funds allocated to our Bank by the European Investment Bank (EIB) and the World Bank have been disbursed to companies almost completely, thanks to the costumer-focused marketing efforts.
- In the Trademark Credit applied to support the overseas branding activities of Turkish exporters, the condition for the companies of having a Turkish brand supported within the scope of TURQUALITY® was abolished in order to provide financing to more companies.

The Assessments of the Activities of Türk Eximbank in 2013

Türk Eximbank extends short-term export credits to exporters and export-oriented manufacturers to meet their financing needs especially at the pre-shipment stage.

3,228

TL 3,228 million worth of Pre-Shipment Turkish Lira Export Credits was disbursed in 2013.

- Within the scope of Foreign Stores Investment Credit;
  - By accepting the closure of the commitment of Tax, Duty and Fee Exemption Documents in order to facilitate the application and evaluation processes, the export performance and currency commitment that were demanded previously were removed and the feasibility study was removed from the application documents.
  - The company limit is determined as USD 25 million, by ensuring the acceleration of the credit use and application processes, the program conditions are standardized by including the credit use of currency and TL with the 1 or 2-year non-refundable, 4, 5, 6 and 7-year term selections.
- Within the scope of Foreign Contracting Services Interim Credit Program;
  - The upper limit of USD 10 million for the currency credits is abolished.
  - Due to the uncertainty in Libya and Syria, the repayment schedules of the credits to be used within the scope of projects in the mentioned countries by the contracting companies are updated to include 1.5 year capital and interest non-refundable period, and the credit applications to be made under this article is extended to 31.12.2014.
  - Furthermore, the repayment schedules of the risky credits of companies utilizing this program within the scope of projects in the mentioned countries are updated to include capital and interest non-refundable period, and the final credit terms are extended to 31.03.2017.

REALIZATIONS BASED ON THE CREDIT PROGRAMS

SHORT-TERM DOMESTIC CREDIT PROGRAMS

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

CREDIT EXTENDED VIA COMMERCIAL BANKS

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

Through the Pre-Shipment Turkish Lira Export Credits (PSEC-TL), TL 3,228 million (USD 1,713 million) worth of credits was disbursed in 2013.

Intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. Within this framework, TL 1,191 million (USD 629 million) was disbursed to SMEs through the PSEC-TL program in 2013.

Under the PSEC-Priority Development Areas Export Credit Program, which is a sub-program of the PSEC-TL program and is extended with discounted interest rates to companies located in the 61 provinces regarded as priority development areas, TL 726 million was disbursed in 2013.

Under the Pre-Shipment Foreign Currency Export Credit (PSEC-FX) Program, USD 1,360 million (TL 2,595 million) was disbursed in 2013.

Within the framework of the obligation of intermediary banks to extend at least 30% of their limits allocated by Türk Eximbank to SMEs, USD 666 million (TL 1,272 million) was disbursed to SMEs through the PSEC-FX program in 2013.

Under the Free Trade Zone Pre-Shipment Foreign Currency Export Credit Program, USD 16.2 million was disbursed in 2013.

CREDIT EXTENDED DIRECTLY BY TÜRK EXIMBANK

Within the Foreign Trade Companies Short-Term Export Credits Program, credits are extended to foreign trade corporate companies and sectoral foreign trade companies that are granted these titles by the Ministry of Economy. Under this program, a total of USD 47.9 million (USD 86.8 million) was disbursed in 2013, of which, USD 1 million (TL 1.8 million) was disbursed in "foreign exchange" and TL 85 million (USD 46.9 million) in "TL".

Under the Pre-Export Foreign Currency Credit Program, USD 254.8 million (TL 482.6 million), and under the Pre-Export Turkish Lira Credit Program, TL 566 million (USD 298 million) were disbursed in 2013.

Under the Pre-Export Credit Program for SMEs, a total of TL 125.7 million (USD 90 million) was disbursed in 2013, of which, TL 125 million (USD 64 million) was disbursed under the Pre-Export Turkish Lira Credit for SMEs and USD 26 million (TL 50.7 million) was disbursed under the Pre-Export Foreign Currency Credit for SMEs.

CREDITS FUNDED BY THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

The Short-Term Pre-Shipment Rediscount Program, which is implemented within the USD 11 billion limits extended to Türk Eximbank by the CBRT, aims at providing support to Turkish exporters and export-oriented manufacturers in the pre-shipment stage. An export commitment is required in the Program.

Under the Short-Term Pre-Shipment Rediscount Program, a total of

Under the PSEC-Priority Development Areas Export Credit Program, companies located in the 61 provinces regarded as priority development areas, are extended credits with discounted interest rates.

2,595

Under the Pre-Shipment Foreign Currency Export Credit (PSEC-FX) Program, TL 2,595 million was disbursed in 2013.

The Assessments of the Activities of Türk Eximbank in 2013

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

28,033

Under the Short-Term Pre-Shipment Rediscount Program
TL 28,033 million was disbursed in 2013.

USD 14,608.1 million (TL 28,032.8 million) was disbursed in 2013, of which, USD 12,582.6 million (TL 24,168.2 million) was disbursed in "foreign currency" and TL 3,864.6 million (USD 2,025.5 million) in TL.

The Post Shipment Rediscount Credit Program is a post-shipment finance facility, aiming at increasing the competitiveness of Turkish exporters in international markets by enabling them to sell Turkish goods on deferred payment terms and eliminating overseas risks thereby encouraging them to enter into new and target markets. Under this program, USD 264.8 million (TL 514.3 million) was disbursed in 2013.

MEDIUM- AND LONG-TERM EXPORT CREDITS

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

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

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

The Specific Export Credit Program is a short and medium-term pre-shipment financing facility provided to the foreign currency generating projects of manufacturer/exporters and overseas contractors that cannot be subject to the standard credit programs of Türk Eximbank.

The Trademark Credit aims to provide long term financing facility to companies which are operating in Turkey for their businesses such as; purchase of a foreign trademark and purchase of a facility or store related to that trademark. Program also aims to support efforts to improve image of Turkish trademark/goods abroad and endeavors for expanding/establishing Turkish trademark overseas. Trademark Credit has been provided with a 7 or 10 year maturity including a grace period of 2 or 3 years, respectively.

The Export-Oriented Working Capital Credit Program aims to provide long term financing facility to export-oriented manufacturers in order to fulfill their working capital requirements. It is aimed to provide medium- and long-term 1-year non-refundable financing with 3, 4 and 5-year options (3 different terms) to our companies aiming to develop their exports for financing the working capital. Under this credit program, USD 778.7 million was disbursed in 2013.

The Export-Oriented Investment Credit Program aims to finance the machinery, equipment and other investment components needs of the export-oriented manufacturers. Medium- and long-term 1- or 2-year non-refundable financing with 4, 5, 6 and 7-year options (4 different terms) is provided to our companies aiming to develop their exports for financing the investment components. Under this credit program, USD 89 million was disbursed in 2013.

The Export Finance Intermediation Loan (EFIL-IV), which is assigned to ship/yacht-building and machinery manufacturing sectors, has been put into effect by the agreement between Türk Eximbank and the International Bank for Reconstruction and Development (World Bank). Within the scope of EFIL-IV, the credit program has become available for companies in electric-electronic, automotive supplier and metal ware industries in addition to ship/yacht building and machinery manufacturing industries. Under EFIL-IV, USD 7.5 million was disbursed in 2013.

The European Investment Bank Credit Program, which has been put into force within the scope of the agreement between Türk Eximbank and the European Investment Bank, aims to provide longer term working capital loans and to increase fixed capital investments realized by SMEs operating in the manufacturing industry, logistic and tourism sectors. In 2013, USD 45.9 million was disbursed under this credit program.

Under the Export-Oriented Working Capital Credit Program USD 778.7 million was disbursed in 2013.

968.8

A total of USD 968.8 million was disbursed under the medium- and long-term export credits programs.

The Assessments of the Activities of Türk Eximbank in 2013

Under the Credit Program for Foreign Currency Earning Services, TL 154.6 million was disbursed in 2013.

88.6

TL 88.6 million of Tourism Credit was disbursed in 2013.

SHORT, MEDIUM-LONG TERM DOMESTIC CREDIT PROGRAMS FOR FOREIGN CURRENCY EARNING SERVICES

The Tourism Credit Program provides finance to travel agencies, private airlines and tourism enterprises for their promotion and marketing activities abroad and thus contributes to Turkey's balance of payments via increasing tourism revenues. A total of TL 88.6 million (USD 46.7 million) was disbursed in 2013.

The International Transportation Marketing Credit Program provides finance to international transportation companies in order to reduce the transportation cost of exporter companies. Within this program, TL 47.9 million (USD 25 million) was disbursed in 2013.

The Credit Program for Participating to Overseas Trade Fairs aims to support companies to increase their market shares by attending foreign fairs, enter new/target markets, obtain information about new technologies and products, and contribute to the development of exports. In 2013, TL 451 thousand (USD 235 thousand) worth of credits were disbursed under this program.

The Credit Program for Foreign Currency Earning Services contributes to Turkey's foreign exchange earnings through financing Turkish companies' foreign currency earning services abroad and export of services like software projects, consultancy services, etc. Under this program, TL 91 million (USD 45.9 million) was disbursed in 2013.

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

The Bridge Credit Program for Overseas Contractor Services aims to minimize the effects of the financial crises in the international markets on Turkish construction sector and to ensure the stability of the investments and their competitive capacity in this market by keeping existent construction site and mobilization-engine park in function. Within the scope of the program, TL 70.5 million (USD 36.8 million) was disbursed in 2013.

COUNTRY CREDIT AND GUARANTEE PROGRAMS

The Country Credit and Guarantee Program of Türk Eximbank which is in effect since 1989, aims at increasing the competitive power of Turkish exporters and contractors in international markets and provide them a risk-free environment for their activities in the markets pertaining high political and commercial risks.

In line with the national priorities of the borrowing countries in Central and Southern Asia, Central and Eastern Europe, Africa, the Caucasus and Balkans, Türk Eximbank through its country credits / guarantee program, provides financial support for export of Turkish goods and various projects to be realized by Turkish contractors which contribute significantly to the bilateral relations between Turkey and such countries.

Due to current difficulties in obtaining sovereign guarantee, Türk Eximbank started working on extending credit lines to reputable banks in buyers' countries in line with 2013 goals, in order to accelerate the buyers' credit program as well as increasing the volume of support provided to Turkish goods and services.

In this context, Türk Eximbank contacted with the leading financial institutions in Russia, Belarus, Kyrgyz Republic, Kazakhstan, Albania and Georgia, and multi-national Afreximbank to discuss cooperation opportunities, and the studies related to limit allocation to these banks were completed. In addition to these activities, the contacts were made with the resident banks in Azerbaijan, Bulgaria and Belarus to develop the cooperation opportunities.

"The General Principals on Foreign Bank Evaluation" that was put into effect in April 2012 was revised with the Board Decision to ensure the uniformity in the evaluation criteria used for the public banks and private banks in July 2013. In this context, "The Risk Ceiling Tables to be Assumed in the Foreign Banks" that was put into effect in May 2013 was revised with the Board Decision in July 2013.

On the other hand, in order to accelerate the approval process of the country credits, the authority of the Board of Director for the transactions up to (including) USD 5 million or equivalent amount in the 2-year or longer credits was increased to (including) USD 20 million or equivalent amount with the Cabinet Decree No. 2013/28724 published in the Official Gazette No. 28724 on July 31, 2013.

Under these programs, loans totaling USD 2.3 billion have been disbursed since 1989 to Turkish contracting firms/ exporters operating in 23 countries located in Central and Southern Asia, Central and Eastern Europe, Africa, the Caucasus and Balkans.

Türk Eximbank's gives support to Turkish exporters and overseas contractors for increasing their competitive strength in emerging markets and operating securely in the markets having commercial and political risks.

2.3

Loans totaling USD 2.3 billion have been disbursed since 1989.

The Assessments of the Activities of Türk Eximbank in 2013

The Canalization Project in Sudan was completed by endorsing the credit amounting to EUR 2 million in 2013.

2.7

The total amount collected under country credits to date has reached to USD 2.7 billion.

The amount disbursed was utilized for the exports of goods such as; food, medicine, medical equipment, textile products, automotive products, machinery and equipment, and other industrial goods as well as for projects, such as; trade centers, medical centers, industrial plants, telecommunication, bridge/ transportation, energy, petrochemicals, construction and renovation of hotels and business centers.

Within the framework of the Country Credit and Guarantee Programs, EUR 2 million (USD 2.6 million) was disbursed, and the total amount of USD 17.1 million and EUR 3.1 million was collected in 2013. Thus, under these programs, the total amount collected to date has reached to USD 2.7 billion.

REGIONAL ACTIVITIES IN 2013

AFRICA

- The framework agreement in the amount of USD 1 billion between the Türk Eximbank and the Ministry of Planning and International Cooperation of Arab Republic of Egypt for financing of the public investment projects in Egypt and export of capital goods was put into effect on May 17, 2013. However, the credit application could not be made due to the sudden political changes in Egypt.
- The General Framework Agreement signed between Türk Eximbank and Ministry of Investment and International Cooperation of Republic of Tunisia for financing of the public investment projects in Tunisia and the export of capital goods in the amount of USD 200 million on November 16, 2012 was put into effect on August 15, 2013.
- The official loan application was made by the Senegalese Ministry of Economy and Finance for financing the Design, Construction and Equipment of Dakar International Conference Center planned in Senegal on May 16, 2013 and the loan agreement was signed on November 4, 2013 for financing of EUR 38 million. The loan agreement will enter into effect upon the submission of the document related to the agreement validity conditions by the Senegalese authorities.
- *Ghana Ministry of Finance and Economic Planning* sent an official credit request on May 19, 2011 for potable water supply projects to be constructed in three cities in Ghana, and the Loan Agreement amounting USD 135.9 million has been signed on September 28, 2012 between Türk Eximbank and Ghana Ministry of Finance and Economic Planning. The Loan Agreement entered into

effect on January 21, 2013 and the credit will be endorsed upon the submission of the progress payments to Türk Eximbank.

- A second loan application of EUR 100.9 million made by the Ghana Ministry of Finance and Economic Planning on October 31, 2012 for the construction project of 8 unit prefabricated hospitals in Ghana was approved by the Board of Directors in May 2013 and by the Undersecreteriat of Treasury in June 2013, and the loan agreement will be signed upon the completion of the internal approval procedures in Ghana.
- The Credit Suisse Bank is authorized by the Ethiopian authorities for completing the project financing package as the county limit of Ethiopia in Türk Eximbank is USD 300 million for the Awash-Weldia railroad project 390 km in length and amounting to USD 1.7 billion. It is planned to complete the studies for project financing package in 2014 and to sign the Loan Agreement amounting to USD 300 million by the Ethiopian government and Türk Eximbank.
- The Canalization Project in Sudan was completed by endorsing the credit amounting to EUR 2 million in 2013.
- The credit limit of USD 60 million was allocated to Afreximbank operating as the multilateral international finance institution in Africa by Türk Eximbank in order to support the export of Turkish companies in the African market, and the negotiations for the loan agreement still continues.

AMERICA

- Meetings held with US Eximbank addressing cooperation in third countries, where a consensus was established between parties for co-financing in concrete projects.
- In December 17, 2013, a memorandum of understanding was signed between the Bancomext, the Mexican Export Credit Bank, and Türk Eximbank including the financing of export transactions, projects containing export transaction from Turkey and Mexico in the third countries and the joint financing or joint guarantee and information exchange between the institutions for the investments in the construction, energy and automotive sectors.

CENTRAL ASIAN REPUBLICS AND RUSSIA

- The credit limit of USD 125 million was allocated to Sberbank located in Russia and USD 107 million to Vnesheconombank for financing of the projects and export by the Turkish companies.
- The negotiations for allocation of credit limit to Unibank located in Azerbaijan and International Bank of Azerbaijan was commenced.
- Credit limit in the amount of USD 36 million was allocated to TBC Bank located in Georgia for financing the trade and/or the projects of Turkish contractors in Georgia. Moreover, a confidentiality agreement was signed with the mentioned bank.
- Credit limit in the amount of USD 32 million was allocated to Tsesna Bank located in Kazakhstan for financing the trade and/or the projects of Turkish contractors in Kazakhstan.
- Credit limit in the amount of USD 2 million was allocated to Demir Kırgız Bank located in Kyrgyzstan for financing the trade and/or the projects of Turkish contractors in Kyrgyzstan.

The Assessments of the Activities of Türk Eximbank in 2013

Credits in the amount of USD 527.5 million were disbursed to a total of 12 banks, 11 of which are located in 7 different countries and 1 of which is a multi-national finance institution, within the scope of Country/ Guarantee Programs in 2013.

EUROPE

- The credit limit in the amount of USD 25 million was allocated to JSC Savingsbank "Belarusbank" operating in Belarus for financing the projects and/ or export by the Turkish companies with the Board Decision in August 20, 2013.
- Within the scope of the limit allocated to Belarusbank for the Aquapark Hotel Project in Belarus, the Loan Agreement in the amount of USD 9.6 million was signed with the Belarusbank.
- Credit limit in the amount of USD 10 million was allocated to Banka Kombetare Tregtare located in Albania for financing the trade and/ or the projects of Turkish contractors in Albania.
- A memorandum of understanding was signed between the Czech Export Bank and Türk Eximbank in November 4, 2013 for financing the goods and services export in Turkey, Czech Republic or third countries and from Turkey and Czech Republic or for financing the goods and services export between the two countries.
- In 2013; Türk Eximbank issued 100 "letter of intent" for projects to be undertaken by Turkish companies in Angola (2), Albania (1), Azerbaijan (1), Bahrain (1), Belarus (6), Benin (2), Bosnia-Herzegovina (4), Chad (1), People's Republic of China (1), Equatorial Guinea (1), Ethiopia (4), Morocco (1), Gabon (2), Ghana (9), South Sudan (1), Georgia (3), Switzerland (1), Italy (1), Cameroon (4), Kazakhstan (1), Kenya (1), Macedonia (1), Malaysia (1), Mali (1), Egypt (11), Mongolia (1), Myanmar (2), Namibia (1), Nigeria (1), Uzbekistan (1), Pakistan (3), Russia (2), Senegal (3), Serbia (2), Sri-Lanka (1), Tanzania (6), Tunisia (2), Turkmenistan (1), Uganda (2), Ukraine (1), Jordan (1), Venezuela (1), Vietnam (4) and Yemen (3). Moreover, Türk Eximbank has extended the validity of two letters of intent for two projects to be realized in Bosnia Herzegovina (1) and Belarus (2). Within the scope of the aforementioned letters of intent, the amount of the potential goods and services export from Turkey is expected to be approximately USD 11.9 billion.

As the Undersecreteriat of Turkish Treasury fully indemnified Türk Eximbank for its political risk losses, Türk Eximbank transfers the collections from countries to the Undersecreteriat of Treasury. In this context, USD 491,037,277.91 was transferred as of end of 2013.

TÜRK EXIMBANK'S COUNTRY CREDIT/GUARANTEE PROGRAMS (MILLION USD)

COUNTRIES	CREDIT LIMIT	CUMULATIVE DISBURSEMENTS (1989-2013)
ALBANIA	15	13.9
Export Credit	15	13.9
AZERBAIJAN	250	91.7
Export Credit	100	59.6
Project Credit	150	32.1
BELARUS	71	69.4
Project Credit	71	69.4
BULGARIA	50	20.9
Export Credit	50	20.9
ALGERIA	100	99.5
Export Credit	100	99.5
GEORGIA	50	41.5
Export Credit	50	41.5
KAZAKHSTAN	240	213.1
Export Credit	55.7	40
Project Credit	184.3	173.1
KYRGYZ REPUBLIC	75	48.1
Export Credit	37.5	35.7
Project Credit	37.5	12.4
TRNC	3.7	3.7
Project Credit	3.7	3.7
CUBA	32	12.4
Export Credit	32	12.4
LIBYA	100	128.7
Project Credit	100	128.7
HUNGARY	10	0.1
Export Credit	10	0.1
MOLDOVA	35	15
Project Credit	35	15
NAKHICHEVAN	20	19.6
Export Credit	20	19.6
UZBEKISTAN	397.2	369.1
Export Credit	125	124.6
Project Credit (*)	272.2	244.5
PAKISTAN	100	58.3
Project Credit	100	58.3
ROMANIA	50	45.7
Export Credit	50	45.7
RUSSIAN FEDERATION	1,150	835
Export Credit	800	599.4
Project Credit	350	235.6
SUDAN	79.6	74.3
Project Credit	79.6	74.3
SYRIA	15	7
Export Credit	15	7
TAJIKISTAN	50	28
Export Credit (*)	50	28
TUNISIA	40	1.9
Export Credit	40	1.9
TURKMENISTAN	163.3	133
Export Credit	75	75
Project Credit	88.3	58
TOTAL	3,096.8	2,327.4

(*): Transaction under IDB line included.

Within the framework of the Country Credit and Guarantee Programs, EUR 2 million was disbursed, and the total amount of USD 17.1 million and EUR 3.1 million was collected in 2013.

The Assessments of the Activities of Türk Eximbank in 2013

Within the scope of risk analysis and assessment activities, the assessment reports are prepared with domestic - foreign bank analysis and company intelligence and analysis.

19%

Increase in Information and Analysis Reports in 2013

RISK ANALYSIS AND EVALUATION

Both domestic and foreign bank and company analysis are performed and assessment reports are prepared under the Risk Analysis and Evaluation activities.

COMPANY INFORMATION AND ANALYSIS DEPARTMENT

Company Information and Analysis Department's activities are performed by gathering the up to date information and the annual and semi-annual financial figures of the companies in accordance with the requests of the Bank's departments. The Information and Analysis Reports of 1,628 companies, with an increase of 19% compared to the previous year, were prepared in 2013 and submitted to related credit departments.

BANK ANALYSIS DEPARTMENT

Türk Eximbank determines cash credit limits concerning the credits extended via Turkish banking system and non- cash credit limits concerning the Letters of Guarantee and bills of guarantee of credit programs given by banks in order to constitute the warranty that allocated directly to the beneficiary firms, and treasury operation limits for each bank. In this context, the limits of each bank are determined upon financial analysis and risk assessment studies. In 2013, total amount of USD 4.4 billion additional limit has allocated to banks which are operating in Turkey for cash/ non-cash credit and treasury transactions.

Additionally, according to the Foreign Bank Analysis Model which was developed in parallel with the aim of assigning credit limits to state or private banks of foreign countries within the framework of Country Credits Program, the analysis reports of 16 foreign banks had been prepared.

CREDIT INSURANCE

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

SHORT TERM EXPORT CREDIT INSURANCE

Within the scope of the Short-Term Export Credit Insurance Program, all shipments to be made by an exporter in the duration of a one-year policy period and with payments deferred up to 360 days are insured against commercial and political risks. The Short-Term Export Credit Insurance has become a widespread facility among Turkish exporters since its introduction in 1989. In fact, 1,907 exporters were insured as of end-2013 and 8,311 exporters enjoyed this facility at least once since its inception.

Since April 1, 2012, Türk Eximbank was on-cover towards 238 countries and a total of USD 8.3 billion worth of shipments were insured in 2013. Premium amounting to USD 26.3 million was collected throughout the year.

In 2013, textiles/ready-to-wear/leather was foremost in the sectoral distribution of exports insured, with a 33% share and the European Union countries were the leading markets with regard to the regional distribution, with a total share of 57%.

During the year of 2013, 18,805 new buyers were registered in the underwriting archives raising the total number of the records to 200,000 by the end of the year.

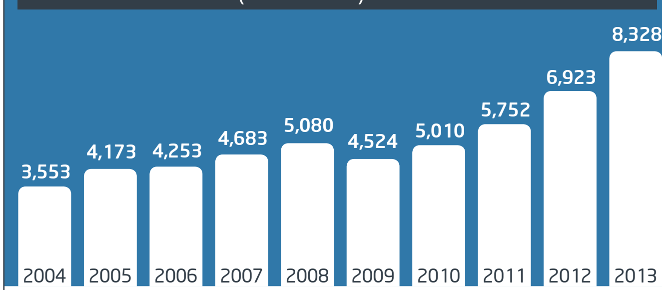
Within the scope of Short-Term Export Credit Insurance, USD 11.4 million worth of claims

Türk Eximbank's provides cover for Turkish exporters and overseas contractors against commercial and political risks.

USD **8.3** billion

Under the Short-Term Export Credit Insurance Program, a total of USD 8.3 billion worth of shipments were insured in 2013.

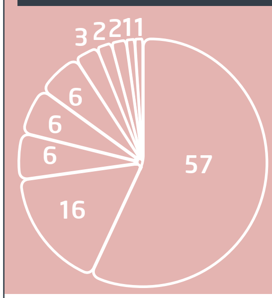
EXPORTS INSURED UNDER SHORT-TERM EXPORT CREDIT INSURANCE PROGRAM (USD MILLION)



20.3% increase in 2013

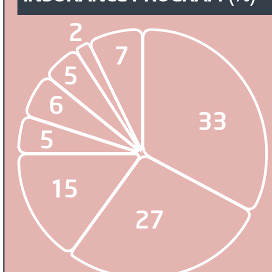
The Assessments of the Activities of Türk Eximbank in 2013

REGIONAL DISTRIBUTION OF EXPORTS INSURED UNDER SHORT-TERM EXPORT CREDIT INSURANCE PROGRAM (%)



European Union	57
Middle East/North Africa	16
Far East	6
Northern and Central America	6
Other European Countries	6
Middle and Western Asia	3
Southern America	2
Africa	2
Japan and Oceania	1
Other	1

SECTORAL DISTRIBUTION OF EXPORTS INSURED UNDER SHORT-TERM EXPORT CREDIT INSURANCE PROGRAM (%)



Textiles/Ready-to-Wear/Leather	33
Machinery/Electrical Appliances/ Metal Products	27
Chemical Industry/Plastic and Rubber Products	15
Manufacture of Non-metallic Mineral Products	5
Food/Agriculture/Livestock Products	6
Motor Vehicles	5
Mining	2
Other	7

were paid out by Türk Eximbank in 2013 arising from the shipments to various countries. Entire of the claims paid out due to commercial losses.

In 2013, Türk Eximbank recovered USD 1.4 million of the former claims paid, whereof USD 1.1 million of this amount was related to commercial losses.

Türk Eximbank has continued to cede 70% of the commercial and political risks borne under the Short-Term Export Credit Insurance Program to domestic and overseas reinsurance firms during 2013.

Türk Eximbank aims to offer guarantee schemes to commercial banks in an effort to create a risk free environment for them to engage directly in export financing. In line with this aim, cooperation agreements were signed with Citibank A.Ş., Yapı ve Kredi Bankası A.Ş., HSBC Bank A.Ş., T.C. Ziraat Bankası A.Ş., Türkiye Garanti Bankası A.Ş., Aktif Yatırım Bankası A.Ş., Finansbank A.Ş., Burgan Bank Türk Ekonomi Bankası A.Ş., Akbank T.A.Ş. and ING Bank A.Ş. Within the scope of these agreements, USD 12 million worth of export transactions were financed in 2013 and the total amount of export transactions financed through this facility reached to a level of USD 52.3 million as of end-2013. Besides, number of the banks which cooperating with Türk Eximbank has risen to 15 within new protocols signed with Türkiye İş Bankası A.Ş., Fibabanka A.Ş., Denizbank A.Ş. and Asya Katılım Bankası A.Ş.

MEDIUM AND LONG TERM EXPORT CREDIT INSURANCE

Receivables arising from export of Turkish goods and services, bearing a maximum maturity of eighteen-years, under a single sales contract are covered under Specific Export Credit Insurance Programs against political and commercial risks during the post-shipment stage. Terms and conditions of the cover are determined in accordance with the OECD and the Berne Union guidelines. The revision studies of the mentioned Program for meeting the requirements of modern world by considering the demands of our exporters within the same year.

The export transaction in the amount of USD 2.6 million to be disbursed to a buyer located in Iraq in 2013 within the scope of Specific Export Credit Insurance Post-Shipment Risk Program is covered with the insurance, and the premium collection in the amount of USD 0.1 million for the export transaction insured.

Supplementary Protocols to the cooperation agreements, which were signed with Aktif Yatırım Bankası A.Ş., Finansbank A.Ş., Türk Ekonomi Bankası A.Ş., ING Bank A.Ş., Akbank T.A.Ş, Denizbank A.Ş., Fibabanka A.Ş., Türkiye İş Bankası A.Ş. and Türkiye Garanti Bankası A.Ş. make it possible to finance medium and long-term export transactions that were carried out under the Export Credit Insurance Programs.

In 2013, our bank continued to the implementation of adding risks, undertaken within the scope of Medium and Long Term Export Credit Insurance transactions, to the reinsurance agreement in compliance with special consents of our reinsurer companies.

In addition to these, the Overseas Contracting Services Political Risk Insurance Program was put into effect within the year. With this program, the overseas undertaking projects of our contractors can be covered with the insurance against the political risks. The revision studies of the Insurance Program for Unfair Encashing of the Guarantee Letters of Overseas Contracting Services which was put into effect in the previous years continue by considering the demands of the relevant trade bodies.

The studies of developing and diversifying the insurance programs continued in 2013.

In addition to the Short-Term Export Credit Insurance, the pilot application of the Short-Term Domestic Credit Insurance Program was put into effect for the exporters and group companies in Turkey with the Board Decision in June 25, 2013. In this regard, 24 companies were insured and the shipment was realized in the amount of USD 45 million within the scope of 579 buyers evaluated from September to the end of year 2013.

The Short-Term Export Credit Insurance General Policy was revised by considering the requirements and demands of the insured companies in order for the Policy to be compatible with the changes in the legislation and comprehensible for insured companies. Based on the aforementioned revision, the Short-Term Export Credit Insurance Implementation Principles were also revised.

The shipments which are included by goods produced by at least 50% share of foreign affiliates of the insured companies started to be included within the insurance coverage.

In line with the demands of the insured export companies, the approval was received from the Board of Directors for insuring all the shipments to certain buyers under the Short-Term Export Credit Insurance.

By using the Short-Term Export Credit Insurance Policy as the primary security, a total of USD 148 million was disbursed for financing the shipments since the beginning, and USD 130 million of this was disbursed in 2013.

The Assessments of the Activities of Türk Eximbank in 2013

The studies of developing and diversifying the insurance programs continued in 2013.

In order to increase the service quality and to meet the increasing demands and expectations of the exporters within the scope of Short-Term Export Credit Insurance Program; 50% discount over the current premium rates in the List of Country Conditions and Premium Rates is applied to the certain buyer companies with high credibility and low risk in the information report.

Within the scope of the Post-Shipment Rediscount Credit Program, in which the Short-Term Export Credit Insurance Policy is used as the primary security, upon the demand of some busy insured companies, the "Application for the Global Buyers" is initiated by receiving the Advice Letter containing the original signatures of the export company and the buyer company concerning the transfer of the export claims to our Bank at the start and for one time instead of receiving for shipment/shipments and each credit applications.

By cooperating with the TIM and Factoring Association, an arrangement is made for financing of the insured shipment receivables by the factoring companies to the companies located in the countries covered by our insurance with a maximum 360-day term.

The Protocol being made with the commercial banks was revised to enable the factoring companies to be loss payer on the buyer companies of the insurance policy without receiving an approval from our bank for each transaction and submitted to the Factoring Association.

Within the scope of both short-term and medium- and long-term transactions, in order to extend the support given to the Turkish exporters and entrepreneurs in 2013, the cooperation with the export credit/insurance companies of the various countries is continued.

In this regard, an agency agreement similar to the one initialized by the Islamic Corporation for the Insurance of Investment and Export Credit – ICIEC and Türk Eximbank was signed by the Arab Investment and Export Credit Guarantee Corporation – DHAMAN and Türk Eximbank in 2013. With this agreement, Türk Eximbank began to provide intermediary services to the Turkish exporters, investors and contractors for transporting the medium- and long-term insurance goods and investment insurance goods presented by DHAMAN.

FUNDING AND TREASURY

DEVELOPMENTS IN CAPITAL

The nominal capital of the Türk Eximbank increased to TL 2.2 billion from TL 2 million in April 2013. In this regard, the nominal capital was paid off by transferring TL 200 million from 2012 profits to the capital.

FUNDING TRANSACTIONS

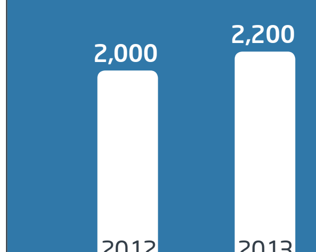
During 2013, like previous years, the short-term Turkish Lira denominated loan portfolio was funded entirely through the capital and internally generated sources (i.e. interest earned on loans and placements).

The details of funds borrowed in 2013 are as follows:

- Türk Eximbank utilized the Central Bank of the Republic of Turkey's rediscount facility by using the promissory notes issued by exporters and avalized by other Turkish banks. The year-end outstanding balance of this facility increased from USD 3.8 billion in 2012 to USD 6.2 billion in 2013.
- A one-year, EUR 220 million and USD 26.7 million (approximately USD 316 million) "club loan" was raised from 14 international banks in February 2013.
- EUR 195 million (approximately USD 259 million) "club loan" raised from 12 international banks was used in July 2013.
- USD 50 million credit raised from ITFC (The International Islamic Trade Finance Corporation) and used in June 2013 was renewed in December.
- EUR 50 million (USD 69 million) resources were obtained from the European Investment Bank.
- A total of USD 7.6 million was withdrawn from the World Bank for project finance in 2013.
- USD 619 million was borrowed bilaterally from some European and Japanese banks.

Türk Eximbank diversified the current resource structure in order to create resource for funding the import and export investments in 2013 and increased the debt stock by 80% over the previous year.

PAID IN CAPITAL
(TL MILLION)



10.0%
increase in 2013

The Assessments of the Activities of Türk Eximbank in 2013

Türk Eximbank continued to maintain close cooperation with other export credit and insurance agencies and international financial institutions in 2013.

USD **1.4** billion

Total of funds received from international sources in 2013

FUND MANAGEMENT

In line with the Board Decision for keeping the size of assets at minimum 3.5% for the treasury activities, while the liquidity volume managed by the Treasury Department was at TL 1.3, TL 0.5 billion of the mentioned volume was used in the security portfolio consisting of treasury bonds and state bonds.

As the second half of the year, in parallel with the strong expectations for the shrinkage in the asset program by the Fed, strict attention was paid to the evaluate the profitable placement alternatives and efficient liquidity and asset/liability management was applied in the environment of rising volatility in the global markets and shrinking liquidity in the developing countries. In this regard, by evaluating the TL funds created with the CBRT short-term repurchase and currency/TL money swap transactions in the Takasbank Monetary Market and interbank market, high interest yield was obtained.

In order to perform sound A/L Management and to enable Turkish exporters to utilize FX loans of choice, currency swap volume, USD 3.7 billion of which were S/T while 0.2 billion were L/T, has risen to USD 3.9 billion in total. On the other hand, as the CBRT's rediscounting facility has been continued to be allocated in TL to the exporters throughout 2013, Türk Eximbank was exposed to currency risk. Hence, the bank sustained FX forward transactions and the total transaction volume was aggregated to USD 2.3 billion accordingly.

INTERNATIONAL RELATIONS

The close relations with the International Union of Credit and Investment Insurers (Berne Union), Aman Union and Creditalliance have continued and Türk Eximbank has participated to the meetings, seminars and other similar activities held under these organizations in 2013.

The 2013 General Meeting of Berne Union was held in Vienna during October 6/11, 2013 and the 2013 General Meeting of Aman Union was held in Doha during December 9/11, 2013. Dear Hayrettin Kaplan, the General Manager of Türk Eximbank was elected as the Executive Committee President of the Aman Union for 2 years. Delegations of our Bank participated in the both meetings.

Within the scope of the agency agreement signed by DHAMAN, the services rendered by DHAMAN are conveyed to the Turkish exporters through the Türk Eximbank.

Cooperation agreements were signed with the Hungarian Export-Import Bank Private Limited Company/Hungary on July 10, 2013 and with EGAP and Czech Export Bank in Czech Republic were signed on November 4, 2013 respectively. Besides, close cooperation was maintained with export credit and insurance agencies and international financial institutions within the framework of cooperation agreement signed with US Eximbank/USA, EDC/Canada, COFACE/France, Euler-Hermes/Germany, ONDD/Belgium, ASHRA/Israel, Eximbank of China, SINOSURE and TEBC/PRC, MECIB and MEXIM/Malaysia, NEXI/Japan, SID/Slovenia, KUKE/Poland, EDBI and EGFI/ Iran, ECGE and Export Development Bank of Egypt/Egypt, Eximbanka S.R./Slovak Republic, Eximbank of Romania/ Romania, Eximbank of Russia and Vnesheconombank/Russia, KSURE/South Korea, EKF/Denmark, HBOR/Croatia, MBDP/Macedonia, ICIEC, the Multilateral Investment Guarantee Agency (MIGA), Asian Development Bank (ADB) and EBRD.

Türk Eximbank continued to maintain close cooperation with other export credit and insurance agencies and international financial institutions in 2013.

DHAMAN

Within the scope of the agency agreement, the services rendered by DHAMAN are conveyed to the Turkish exporters.

The Assessments of the Activities of Türk Eximbank in 2013

Türk Eximbank maintained close relations in 2013 with the IBRD, EIB, MIGA and ITFC.

The Bank's relations with the OECD Working Party on Export Credits and Credit Guarantees (ECG) (as member since April 1998) and the Participants Group (as observer since November 2006) continued and the arrangements regarding officially supported export credits are followed up in 2013. Both groups aim at establishing a level playing field amongst the export credit agencies in complying with the OECD Arrangement and other international regulations and to facilitate the exchange of information.

Türk Eximbank participated in the annual meetings of the Berne Union, the Aman Union, CreditAlliance, ADFIMI, IIF, the World Bank, the European Investment Bank (EIB), IMF, OECD, EBRD, the International Islamic Trade Finance Corporation (ITFC), ADB and IDB and maintained top level contacts with institutions concerning its funding activities in international markets and foreign credit activities and the Bank's reinsurers during the year.

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

Besides strengthening its relations with foreign commercial and investment banks in treasury and funding operations, Türk Eximbank maintained close relations in 2013 with the IBRD, EIB, MIGA and ITFC. In this framework, bilateral business opportunities have been evaluated during international meetings with the above mentioned institutions.

REGULATIONS IMPLEMENTED WITHIN THE FRAMEWORK OF INTERNATIONAL OBLIGATIONS BASEL-II AND BASEL- III

Within the scope of Basel-II officially initiated on July 1, 2012, the reports related to the market, credit operational risks, Capital Adequacy and Equities continued to be submitted to the BRSA in 2013 and the harmonization with all the legal limits and ratios provided by the implementations were completely performed.

Moreover, the Standard Ratio of the Interest Rate Risk Stemmed from the Banking Accounts that is used for measuring the sensitivity of bank balance to interest shocks and that is reported within the scope of the 2nd structural Block of Basel-II since September 2011 with the circular issued by the BRSA on August 23, 2011 continued to be submitted. According to the legislation, the ratio estimated to be 20% at most continued to be low in 2013 with the effect of strong equity structure of our Bank as in 2012.

The studies initiated in 2012 for the establishment of a risk management system including the criteria provided by Basel-II within the institution were nearly completed by following the schedule and by completely using the internal resources of the bank; and the mentioned studies were revised as AKRİF (Detailed Credit Risk Analysis Form) and TRIDBIT (Adverse Repurchase/Repurchase Transactions Detail Prompt Table) stipulated, which are the platform used in the audits to be executed by BRSA within the scope of the 2nd Structural Block of Basel - II.

INTERNAL CAPITAL ASSESSMENT PROCESS

According to the Basel-II 2013 Implementation Fundamentals issued by BRSA in February, the Stress Test section of the Internal Capital Assessment Process Report (ISEDES-ICAAP) that the banks having the size of assets five per thousand or bigger than the size of assets of the banking system are responsible to submit was submitted to the BRSA in March, and the ISEDES Report was submitted to BRSA by Risk Management Directorate with the approval of the Audit Committee and Board of Directors. The general principles for ISEDES are included in the 2014 Program of the Bank.

In 2013, two numerical effect studies were carried out and reported to BRSA within the scope of Basel-III; one is the Liquidity Coverage Ratio and the other is the Equity.

The technical infrastructures of the reports for the regulations concerning the Capital Adequacy, Capital Protection Buffer, Cyclical Capital Buffer particular to the Bank, and Leverage and Equities to enter into effect with the Basel-III are completed, and it is expected that our Bank will have no problems in terms of harmonization with these ratios to be reported to BRSA as of January 2014.

Within the scope of Basel-II, the reports related to the market, credit operational risks, Capital Adequacy and Equities continued to be submitted to the BRSA in 2013.

The Assessments of the Activities of Türk Eximbank in 2013

In light of the developments in information technology, Türk Eximbank continues to use modern technologies supporting its infrastructure in order to provide efficient usage of resources and increase productivity.

INFORMATION TECHNOLOGIES (IT)

In light of the developments in information technology, Türk Eximbank continues to use modern technologies supporting its infrastructure in order to provide efficient usage of resources and increase productivity. By considering the necessary principles in the IT infrastructure legislation, an efficient, continuous, accurate and safe operation is ensured.

In line with the Türk Eximbank Business Continuity Management Plan, the Bank Business Continuity General Test was carried out and the processes of transition to Data Backup Center (DBC) were tested.

Wireless network was installed to cover all of the Head Office Service Building. The wireless network system was installed by implementing user id control, access control and event records configuration.

In line with the demands and requirements for the personnel computers and peripheral devices, new purchases and installations were performed. The hardware and operating systems of the current user computers were upgraded.

In the context of relocation process of the Ankara District Office, purchase and implementation of the following equipment held: power generator, uninterrupted power supply, active network devices, IP telephones, IP telephone switchboard, PRO fax devices, IP camera, IP recorders, Projector and Television. Additionally data, internet, telephone, fax, copper and fiber optic network infrastructures have been provided from two main suppliers in the Ankara District Office.

New data center has been established with redundant air conditioners, fire extinguishing systems in the Ankara District Office. Turnstile systems implemented as well.

A relocation project prepared for the Ankara District Office and the other service departments have been assisted.
The infrastructure and systems for the Disaster Recovery Center (DRC) implemented in the Ankara District Office. With the reconfiguration strategy of the Electronic Fund Transfer – Electronic Security Transfer (EFT – EST) system of the CBRT, our Bank carries out the necessary studies for this change meticulously. Within the scope of this study, our Bank participated in the planned tests initiated by CBRT in July 2012, and the EFT-EST was implemented in the new system in July 2013.

E-government studies have been accelerated especially in public sector and a great progress has been achieved regarding competition, speed, and productivity.

Banking software has been updated as a consequence of changes in application principals and compatibility requirements with COBIT (Control Objectives for Information and Related Technology) criteria. New software has been developed to serve our customers with new credit and insurance programs. In this context;

- The current insurance software is updated within the scope of Domestic Buyer Insurance Project.
- The tender processes for the Internet Banking Insurance were completed.
- The analysis studies within the scope of Treasury Risk Management project are completed.
- Analysis study is carried out for new Credit Project; it is in the finalization process by discussing in the workshop organized with the business units.
- Our own institutional service infrastructure is created upon the increasing the web service demands.
- The studies for the integration of the EFT payment systems are completed and ready.
- The studies are executed for automatically obtaining the Buyer Limit Rates with approval and signature from the system and submitted to the approval of the users.
- By centralizing the infrastructures required for the joint implementation programs, the data integrity and accessibility are maximized.
- By transferring the information obtained from the Insurance Information institutions to the system through e-environment, the speed and productivity are increased.
- By establishing e-Approval Mechanisms in the Data Processing, the risk of potential faults is minimized.

In 2013, 5,433 requests were made on Intranet system that the Department of Information Technologies carries out the hardware, software and service demands. Among these requests, 58% of the requests were solved within 24 hours. 3,168 of the total requests were about software development/update. 3,101 of these demands were completed and 29% of these requests have been solved in less than 24 hours and 34% have been solved between 1 day and 7 days while 37% have been solved between 7 and 30 days.

Targets and Activities of Türk Eximbank in the Forthcoming Period

The strategy of the Türk Eximbank in the forthcoming period is to support the export and currency earning services with the medium- and long-term credit, insurance and guarantee programs.

500

Turkey targets an export of USD 500 billion in 2023.

TARGETS FOR THE FORTHCOMING PERIOD

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

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

Turkey targets an export of USD 500 billion in 2023 and Türk Eximbank, as Turkey's official export credit agency, will play an active role in reaching this target along with other related institutions. Türk Eximbank, in line with its new vision and strategy, will concentrate on guarantee and insurance programs and medium and long-term credits, tying in with the general mission of export credit agencies in developed countries. On the other hand, in order to finance the working capital needs of Turkish exporters and thereby maintain and increase their competitiveness in international markets, short-term export credit and credit insurance operations will be sustained.

THE DEVELOPMENT AND DIVERSIFICATION OF THE CREDIT INSURANCE PROGRAMS

In order for the funds in the trade banking system to be canalized to the funding of export under the Türk Eximbank guarantee for expanding the funding opportunities, cooperation is planned with the factoring companies similar to the cooperation launched with the trade banks in 2008. In this respect, the studies for the Protocol to be signed with the factoring institutions still continue.

It is aimed to extend the "Short-Term Domestic Credit Insurance" initiated as pilot in 2014.

In order for the credit insurance demands of the export sector to be met rapidly and adequately, it is aimed to initiate the internet banking in 2014.

In order for the export transactions carried out under the irrevocable letter of credit and confirmed by the domestic banks to be guaranteed under the "Letter of Credit Insurance Policy" to be issued for the banks, efforts will be made to issue the Letter of Credit Insurance Policy.

In order for the programs provided by the ICIEC and DHAMAN within the scope of the Agency Agreement to be used by the Turkish exporters and contractors, weight will be given to the promotion services.

COUNTRY CREDIT/ GUARANTEE PROGRAM OBJECTIVES

- Financial support continues to be given within the framework of the "Country Credit/Guarantee Program General Principles" for the overseas projects and export transactions.

- Within the scope of the program, efforts will be made to provide credit in the terms to be determined according to the OECD Agreement with the regulations that we shall comply based on the qualities of the project and export transaction;

  - To the public banks/ institutions/organizations under the state guarantee,
  - To the public banks/ institutions/organizations determined with the protocols signed between the governments,
  - To the banks that are accepted as valid and the credit limit is determined by analyzing in line with the "Overseas Bank Assessment General Principles" and "Overseas Banks Credit Limit Allocation Methodology" approved by the Board of Directors of Türk Eximbank,
  - To the banks or buyers under the guarantee of aforementioned banks; to the buyers accepted as adequate in terms of trade and financial morality as a result of the analysis and assessment.

Credit will be issued to the banks accepted as valid by Türk Eximbank and the Country Credit/Guarantee Program will be accelerated through product diversification for 2014 and the following period.

It is aimed to supply buyer credit with the domestic credit interest rates to the domestically operating Turkish Banks' overseas branches, associates, correspondent banks for funding the goods to be exported from Turkey in 2014.

It is planned to implement the "Policy Discount" program in order to increase the opportunities for forward sale and to meet the funding requirements of the exports in the post-shipment process. Within the scope of the mentioned program; the policies will be discounted that are accepted by the issuing bank for the transactions with the acceptance credit, letter of credit, and by the export company for the transactions with the acceptance credit, cash against goods, cash

In order for the credit insurance demands of the export sector to be met in a rapid and adequate manner for the insurance programs, it is aimed to initiate the internet banking in 2014.

Targets and Activities of Türk Eximbank in the Forthcoming Period

Türk Eximbank, within its programs, has to comply with the legal regulations of WTO, OECD and EU.

against documents and that are regulated by the Turkish export companies related to the export transactions insured within the scope of Türk Eximbank Specific Export Credit Insurance program.

A financial support would be provided under project finance structure to projects which are capable of generating adequate cash flow to cover debt services through appropriate collateral structures. The implementation of project finance model is highly related to the completion of financing package of project and in this regard Türk Eximbank will seek cooperation possibilities with other export credit agencies and multinational financial institutions.

Under Country Credit/Guarantee programs, Türk Eximbank will continue to issue Letters of Intent in favor of the Turkish firms planning to undertake new projects or bid in international tenders provided that the project complies with Türk Eximbank's regulations.

In case of an appointment by Turkish Government, within the frame of Law No: 4749, and provided that Türk Eximbank's revenue losses are compensated by the Undersecreteriat of Turkish Treasury, Türk Eximbank would extend concessional or similar type of loans in 2014 which will not be subject to country limits.

FOREIGN EXCHANGE DERIVATIVE INSTRUMENTS FOR EXPORTERS

In order to increase the competitiveness of Turkish exporters, derivative instruments are planned to be introduced. By this facility, a protection right is to be given against foreign exchange risk of the exporters especially SMEs who do not have an opportunity to make such transactions with commercial banks.

INTERNATIONAL OBLIGATIONS

INTERNATIONAL RULES

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

Studies under the ECG are in three main topics:

1. COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS

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

2. ENVIRONMENT

The Environmental Guidelines of Türk Eximbank was modified according to the Common Approaches which were revised in 2007 and became effective with the approval of the Council of Ministers in February 2008. The Environmental Guidelines were revised in accordance with the new revision in 2012.

3. OFFICIALLY SUPPORTED EXPORT CREDITS WITHIN THE FRAMEWORK OF PRINCIPLES AND GUIDELINES FOR THE PROMOTION OF SUSTAINABLE LENDING PRACTICES TO LOW INCOME COUNTRIES (LICS)

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

HARMONIZATION WITH THE EU ACQUIS

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

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

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

2. Management and Corporate Governance at Türk Eximbank

Board of Directors and Auditors

CAVİT DAĞDAŞ
VICE CHAIRMAN AND MEMBER OF THE AUDIT COMMITTEE

Born in 1955 in Siirt. Mr. Dağdaş holds a BS in Mathematics, Boğaziçi University, and an MSc in Statistics, Gazi University and an MA in Economics, Western Michigan University, USA. For many years Mr. Dağdaş held positions in the public sector including those of Acting General Manager to the State Planning Organization and Counselor at the Central Bank of the Republic of Turkey. He is currently the Deputy Undersecretary of Treasury.

Mr. Dağdaş has been a member of the Board of Directors in Türk Eximbank since January 6, 2005 and member of the Audit Committee since October 31, 2006. Mr. Dağdaş was appointed as Vice Chairman on January 8, 2008.

HAYRETTİN KAPLAN
CHIEF EXECUTIVE OFFICER AND MEMBER OF THE BOARD

Born in 1963 in Mersin. Mr. Kaplan holds a degree in Economics from the Marmara University, Faculty of Economics and Administrative Sciences. Following his master's degree on Economics in Northeastern University in Boston, USA, he also received a Ph.D. degree from the School of Banking and Insurance Institute in Marmara University. Mr. Kaplan started his professional career at the Undersecreteriat of Treasury, Board of Sworn Bank Auditors as an Assistant Sworn Bank Auditor (1987-1990), and became Chief Sworn Bank Auditor (1990-2000). He served as an Assistant General Manager in Türkiye Finans Katılım Bankası (2000-2006), as President of the Black Sea Trade and Development Bank (2006-July 2010) and as a member of the Board in Ziraat Bank (July 2010-February 2011).

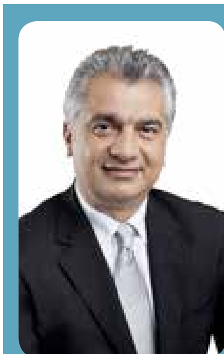
He was appointed as Chief Executive Officer and member of the Board of Directors on February 11, 2011. Moreover, he was appointed as the head of credit committee in Türk Eximbank on April 19, 2013.

MEHMET BÜYÜKEKŞİ
MEMBER OF THE BOARD

Born in 1961 in Gaziantep. Mr. Büyükekşi graduated from the Faculty of Architecture, Yıldız Technical University. He has been Founder Chairman and Board Member of Turkish Footwear Industry Research, Development and Education Foundation (TASEV); Chairman of Turkish Shoes Industrialists' Association (AYSAD) and İstanbul Leather and Leather Products Exporters' Association (İDMİB); member of the Board in Turkish Leather Foundation (TÜRDEV), in TOBTİM International Business Centers, in Corporation of TOBB-BIS Organized Industrial and Technology Regions and in Turkish DO&CO. He is currently Board Member in İstanbul Development Agency, in İDMİB and in Turkish Airlines A.O.; Assembly Member in İstanbul Chamber of Industry and General Coordinator of Ziylan Group. Mr. Büyükekşi has been the President of the Turkish Exporters Assembly since September 2008 and a member of the Board of Directors in Türk Eximbank since October 24, 2002.

Audit Board member Güner Gücük's duty was terminated on March 31, 2013 due to the abolishment of Audit Board pursuant to the Turkish Commercial Code.

The board of Directors had 12 meetings, 11 of which took place in İstanbul, 1 in Ankara. Board of Directors has also taken 2 interim decisions. 8 of these meetings were held with full participation of members and 4 meetings were held with the excused absence of 3 members.



OĞUZ SATICI
MEMBER OF THE BOARD

Born in 1965 in İstanbul. Mr. Satıcı holds a BS in Management, Washington International University. He was the President of the Turkish Exporters Assembly (TİM), a Board Member of the Economic Development Foundation (İKV) and Chairman of the Board of Directors of İstanbul Textile and Raw Material Exporters' Association (İTHİB). Mr. Satıcı was also Assembly Member of the İstanbul Chamber of Industry and İstanbul Chamber of Commerce.

Mr. Satıcı has been a member of Executive Board since March 12, 2002 and has been the member of Credit Committee in Türk Eximbank since April 19, 2013.

ZİYA ALTUNYALDIZ
MEMBER OF THE BOARD

Born in 1963 in Konya. Mr. Altunyaldız received a Bachelor's degree in Law from İstanbul University in 1987. Following his master's degree on International Business Administration in West Coast University in the USA, he also received a postgraduate diploma in International Comparative Commercial Law from London Metropolitan University. He started his professional career at the State Planning Organization as an Assistant Expert in 1989 and worked as specialist, branch manager, head of department, Assistant General Manager, General Manager and Deputy Undersecretary in Undersecreteriat for Foreign Trade. He also worked as a Commercial Counsellor in the Turkish Embassy in London during 1999-2002. He has been appointed as the Undersecretary of Customs on November 11, 2010 and the Undersecretary of Ministry of Customs and Trade which has been constituted by decree no.640 on August 4, 2011. Mr. Altunyaldız, who has published various papers in national and international journals, has been a member of the Board of Directors of Türk Eximbank since February 22, 2010.

ADNAN ERSOY ULUBAŞ
MEMBER OF THE BOARD

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

Mr. Ulubaş has been a member of the Board of Directors in Türk Eximbank since February 26, 2003.

A. DOĞAN ARIKAN
MEMBER OF THE BOARD AND MEMBER OF THE AUDIT COMMITTEE

Born in 1949 in Ankara. Mr. Arıkan is a graduate of Middle East Technical University, Department of Business Administration. He started his professional career in the Turkish State Meteorological Service and worked as Chief System Analyst and Acting Assistant Manager of Research and Development. He worked in İşbank's Board of Inspectors and served in various departments, including the Loans Department of İşbank. Mr. Arıkan was the Chief Executive Officer of Mepa Dış Ticaret ve Pazarlama A.Ş. and İzmir Demir Çelik Sanayii A.Ş. He was the Chief Executive Officer of Şişecam since June 2000 to October 2009. Mr. Arıkan has been a member of the Board of Directors and Deputy Chairman in Anadolu Insurance Company since November 2009.

Mr. Arıkan was appointed as member of the Board of Directors in Türk Eximbank on February 12, 2008 and as member of the Audit Board in Türk Eximbank on December 14, 2009. Mr. Arıkan was appointed as the member of Credit Committee in Türk Eximbank on April 19, 2013.

Senior Management and Senior Management of Internal Systems

MESUT GÜRSOY
ASSISTANT GENERAL MANAGER

Born in 1963 in Aksaray/Ortaköy. Mr. Gürsoy graduated from the Management Department of the Faculty of Political Sciences, University of Ankara. He started his professional career in the Development Bank of Turkey as a Financial Analyst. He joined Türk Eximbank in September 1993 and served in different posts in Project Evaluation and Country Credits Departments before appointed as the Manager of İzmir Branch in July 2004.

Mr. Gürsoy has served as the Assistant General Manager in charge of Credits since July 15, 2011.

ENİS GÜLTEKİN (*)
ASSISTANT GENERAL MANAGER

Born in 1976 in Sarıkamış. Mr. Gültekin graduated from the Department of Finance of the Faculty of Political Sciences of Ankara University. He got his master's degree in Finance Department of Illinois University in USA. He started his professional career as an Assistant Specialist in the Türk Eximbank in 1998, and he served in the Board of Sworn-in Bank Auditors in the Undersecreteriat of Treasury in 1999 and then in the Board of Sworn-in Bank Auditors in the Banking Regulatory and Supervision Agency and became the chief auditor.

Mr. Gültekin was appointed to Türk Eximbank as the Assistant General Manager in charge of Insurance transactions on December 17, 2013.

(*) Cenan Aykut served as the Assistant General Manager in charge of Export Credit Insurance/Guarantee until March 20, 2012.

ALAADDİN METİN
ASSISTANT GENERAL MANAGER

Born in 1964 in Göçük. Mr. Metin graduated from the Economics Department of the Faculty of Political Sciences, University of Ankara. He started his professional career as an Assistant Specialist in the State Investment Bank and worked in various posts in Information Department after the transformation of the Bank to Türk Eximbank in 1987. After the establishment of the Risk Analysis and Evaluation Division in July 2007, Mr. Metin was appointed as the Head of Division.

Mr. Metin has served as the Assistant General Manager in charge of International Credits since July 15, 2011.

ERTAN TANRIYAKUL
ASSISTANT GENERAL MANAGER

Born in 1962 in İstanbul.
Mr. Tanrıyakul holds a degree in Economics from the Middle East Technical University. He started his professional career in the Project Evaluation Department of the State Investment Bank as Assistant Specialist and worked in various posts in different departments after the transformation of the Bank to Türk Eximbank.

Mr. Tanrıyakul was appointed as an Assistant General Manager on March 2, 1998 and currently in charge of Treasury and Funding and Risk Analysis and Evaluation.

NECATİ YENİARAS
ASSISTANT GENERAL MANAGER

Born in 1962 in Kars. Mr. Yeniaras holds a BA in Foreign Trade and International Operations and an MA in Economics from the Gazi University. He started his professional career in the accounting department of a private company. He served in different posts in the Development Bank of Turkey. He was an Economic Advisor to the State Minister in charge of Economy.

Mr. Yeniaras joined Türk Eximbank on October 1, 1997 as an Assistant General Manager and he was appointed as Acting Chief Executive Officer on March 8, 2010. He was the Acting Chief Executive Officer and member of the Board of Directors until February 11, 2011. Mr. Yeniaras is currently the Assistant General Manager in charge of Accounting Transactions and Reporting, Research and Coordination.

AHMET KOPAR
ASSISTANT GENERAL MANAGER

Born in 1955 in Elazığ. Mr. Kopar graduated from the Department of Mathematical Engineering, Karadeniz Technical University and received his masters degree on Statistics from the Academy of Economical and Commercial Sciences, Ankara. He started his professional career as a Programmer in the Turkish State Meteorological Service. He joined Türk Eximbank in May 1987 and served in different posts in the Information Technology (IT) Department before appointed as the Head of Information Technology Division in October 2000.

Mr. Kopar has served as the Assistant General Manager in charge of IT and Support Services since July 15, 2011.

Senior Management and Senior Management of Internal Systems

A. NİHAT PULAK
HEAD OF INTERNAL CONTROL

Born in 1960 in Ankara. Mr. Pulak graduated from the Business Administration Department of the Academy of Economical and Commercial Sciences, Ankara. He started his professional life at Kutlutaş Ltd, in 1981, and the banking career at Interbank A.Ş. He joined Türk Eximbank as Manager of the Training Department in 1989. In addition to this, Mr. Pulak has worked as the Manager in Credits, Budgeting and Financial Planning Fields respectively, Mr. Pulak was appointed as the Head of Internal Control on July 15, 2011.

MUSTAFA K. KISACIKOĞLU (*)
HEAD OF INTERNAL AUDIT

Born in 1959 in Ünye. Mr. Kısacıkoğlu graduated from the Economics Department of the Faculty of Political Sciences, University of Ankara. He started his professional career as Clerk in the State Investment Bank and took part in its transformation to Türk Eximbank. Mr. Kısacıkoğlu worked in various positions in the Bank's Export Credit Insurance Department until 2002. Mr. Kısacıkoğlu was appointed as the Head of the Audit Committee on October 10, 2002.

(*) Upon the retirement of Mustafa K. Kısacıkoğlu on January 16, 2014, Chief Auditor Sadık Ömer Yılbaş was appointed as the Head of Audit Committee by proxy on January 21, 2014 and Mustafa Taylan Öktem was appointed as the Head of Audit Committee acting as principal on April 30, 2014.

MURAT ŞENOL
CHIEF RISK OFFICER

Born in 1966 in Ankara. Mr. Şenol graduated from the Economics Department of the Hacettepe University. He started his professional career at the Central Bank of the Republic of Turkey. He joined Türk Eximbank in 1995 and worked as Manager in the Pre-Shipment Export Credits, Foreign Trade Companies Short-Term Export Credits and Pre-Export Credits Departments. Since July 15, 2011, Mr. Şenol has been working as the Chief Risk Officer.

The Committees for the Risk Management and Bank Transactions in Türk Eximbank

AUDIT COMMITTEE

Member	Cavit DAĞDAŞ (Member of the Board of Directors)
Member	A. Doğan ARIKAN (Member of the Board of Directors)

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

EXECUTIVE COMMITTEE

Chairman	Hayrettin KAPLAN (Chief Executive Officer)
Member	Mesut GÜRSOY (Assistant General Manager in charge of Credits)
Member	Enis GÜLTEKİN (Assistant General Manager in charge of Export Credit Insurance /Guarantees)
Member	Alaaddin METİN (Assistant General Manager in charge of International Credits)
Member	Ertan TANRIYAKUL (Assistant General Manager in charge of Funding)
Member	Necati YENİARAS (Assistant General Manager in charge of Coordination)
Member	Ahmet KOPAR (Assistant General Manager in charge of IT and Support Services)

The Executive Committee was established by the Board of Directors Decree no. 97/17-70, dated August 6, 1997. The main function of the Committee is to negotiate the issues to be submitted to the Board of Directors for approval. Also, the Committee analyzes/evaluates the draft arrangements on the credit principles, and technical and administrative issues.

The main responsibilities of this Committee are; asset/liability management; to submit the eligible credit applications of both domestic and overseas projects to the Board of Directors for approval; to accomplish duties assigned by the Board of Directors. Reports on the balance sheet, income statement, financial structure, placement and funding activities are submitted to the Board of Directors at least quarterly.

CREDIT COMMITTEES

CREDIT COMMITTEE

Chairman	Hayrettin KAPLAN (Chief Executive Officer)
Member	Oğuz SATICI (Member of Board of Directors)
Member	A. Doğan ARIKAN (Member of Board of Directors)

The credit committee is vested with the authority to issue a credit in the amount of maximum ten percent (10%) of the bank equities to a natural or legal person; and carries out the duty assigned by the Board of Directors within the framework of procedures and principles stated in the legislation in line with the Article 31 of the Bank's Articles of Association.

The Committees for the Risk Management and Bank Transactions in Türk Eximbank

GENERAL DIRECTORATE CREDIT COMMITTEE

Chairman	Hayrettin KAPLAN (Chief Executive Officer)
Member	Mesut GÜRSOY (Assistant General Manager in charge of Credits)
Member	Relevant Head of Department/Regional Director/Branch Director

The General Directorate Credit Committee is vested with the authority to issue credit in the amount of maximum one percent (1%) of the bank equities limited to the credits provided with the hundred percent first class warranties (the letter of guarantees issued by the banks, surety and guarantees, domestic bank confirmation to the irrevocable letter of credit, CGF guarantees, Bank Overdraft Account Declarations, the transfer or deposit of the claims of the natural and legal persons in the public institutions, the transfer of the rights stemmed/ to be stemmed within the scope of the Short-Term Export Credit Policy our Bank related to the export amounts or insured export claims, guarantee, security, surety, acceptance, endorsement, confirmation or Bank Overdraft Account Declarations to be issued by factoring companies operating in Turkey and having limits of our Bank, other deposits classified among the Determination of the Credits and Other Claims Nature and the 1st Group Deposits in the Regulations about the Procedures and Principles of the Provisions for These by Banks).

UNIT CREDIT ALLOCATION COMMITTEE

Chairman	Mesut GÜRSOY (Assistant General Manager in charge of Credits)
Member	Relevant Head of Department/Regional Director/Branch Director
Member	Relevant Department Director/Assistant Branch Director

The Committee is vested with the authority to issue credit in the amount of maximum nine per thousand of the bank equities (90% of authorization of the General Directorate that equals to 1% of the bank equities) limited to the credits provided with the hundred percent first class warranties (the letter of guarantees issued by the banks, surety and guarantees, domestic bank confirmation to the irrevocable letter of credit, CGF guarantees, Bank Overdraft Account Declarations, the transfer or deposit of the claims of the natural and legal persons in the public institutions, the transfer of the rights stemmed/ to be stemmed within the scope of the Short-Term Export Credit Policy our Bank related to the export amounts or insured export claims, guarantee, security, surety, acceptance, endorsement, confirmation or Bank Overdraft Account Declarations to be issued by factoring companies operating in Turkey and having limits of our Bank, other deposits classified among the Determination of the Credits and Other Claims Nature and the 1st Group Deposits in the Regulations about the Procedures and Principles of the Provisions for These by Banks).

Summary Report of the Board of Directors of Türk Eximbank for 2013 Presented to the General Assembly

WHILE THE DEVELOPED COUNTRIES ARE RECOVERING, THE DOWNSIDE RISKS ARE BECOMING PROMINENT IN THE DEVELOPING COUNTRIES...

After May 2013, upon the expressions for "reducing the asset purchases" by the Fed on a global scale, the whole world, primarily the developing countries, got into a process of the high financial fluctuations. While the perception of the end of "affluent liquidity" caused significant fluctuations in the capital movements for the developing countries, it was brought to agenda that the structural reforms were necessary by featuring the macro-fragility components in the mentioned countries. On the other hand, Fed has played a role of limiting the fluctuations in the global economy since 2014 through the fact that the reduction of the asset purchases by USD 10 billion each in the December and January meetings to USD 65 billion by Fed relatively removed the uncertainties about the reduction of the asset purchase program and strengthened the oral guidance for policy interests. By considering the expectations for improvement in the USA economy and the relief of the fiscal tightening in 2014, it is estimated that the reduction process continue in the asset purchases.

On the other hand, the Eurozone is relatively in the gradual improvement process. The Eurozone economy grew by 0.5% year-on-year in the 4th quarter of 2013 and supported the estimations for mild recovery in 2014. Besides, the slight increase in the growth rates of Spain, Italy, France, Portugal and Germany is considered as a positive development. Moreover, as a result of the decrease in inflation in the Eurozone and the decrease of the inflation to 0.7% in January on the annual basis, the European Central Bank (ECB) decreased the policy interest from 0.5% to 0.25% in November 2013. The ECB seeks to eliminate the concerns for "deflation" in the Zone by indicating the "low inflation" process. In other respects, the weak outlook in the credits and the financial disintegration in the Eurozone still pose a risk. The limited private consumption in Japan causes downside revisions in the growth outlook and additional financial measures to be brought to agenda. On the other part, Japan continues to have current account deficit due to the losses in the competitive capacity and the energy import.

The developing countries having current deficit and high inflation with the expectations of reduction in the global liquidity are considered as more risk and it is pointed out that these countries can be negatively influenced of the fluctuations on a global scale. China goes through a transformation process into a growth model mainly based on the private consumption expenditures and it is stated that the public sector would keep the growth at minimum 7% in this process. Therefore, the concerns about the severe slowdown are reduced for the growth in the Chinese economy that is important for all countries, especially the Asian economies.

IT IS EXPECTED THAT THE TURKISH ECONOMY WILL GROW BY 4% IN 2013...

The Turkish exceeded the expectation by growing by 4.4% year-on-year in the third quarter of 2013. Thus, our economy has grown by 4% year-on-year in the first 9 months of 2013. When the indicators for the last quarter of the year are considered, it is expected that the Turkish economy will also grow by 4% in 2013. Besides, it is expected that the final domestic demand will slowdown in 2014 upon the tightening financial opportunities due to decrease in the net capital inflow, the currency depreciation and

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the steps taken to reduce the consumption; and it is estimated that the contribution of net export to the growth will increase upon mild recovery in the foreign demand in 2014. While the export reduced by 0.4% year-on-year to USD 151.9 billion in 2013, the import increased by 6.4% to USD 251.6 billion and the foreign trade deficit increased by 18.7% to USD 99.8 billion. The gold continued to have a negative effect on foreign trade in 2013. In addition to the expectation of recovery in net export in 2014, it is estimated that the foreign trade deficit will decrease with the reduction in the fluctuations in the gold trade. On the other hand, the current deficit increased by 33% to USD 65 billion in 2013. Consequently, it is estimated that the current deficit increased to 8% of the GDP in 2013. The acceleration of the import demand due to the regulations of BRSA to enter into effect in 2014 and upward movement of the exchange rate in the second half of 2013 affected the mentioned increase.

The consumer price index (CPI) was recorded as 7.4% in 2013 due to the depreciation of Turkish Lira, the increase in the raw food prices and the tax regulations that entered into effect. The raise in the exchange rates increased the import costs and also the core inflation indicators. However, the Central Bank emphasizes that it will maintain the cautious monetary policy until the inflation complies with the medium-term targets. Hence, it was emphasized in the meeting held on January 28, 2014 after the extreme fluctuations in the exchange rate that the Central Bank would shape the monetary policy in simpler and more comprehensible manner by increasing the repurchase interest with 1-week term from 4.5% to 10% in order to prevent the decay in the inflation and pricing behaviors.

THE SUPPORT PROVIDED BY TÜRK EXIMBANK TO EXPORT INCREASED BY 27% YEAR-ON-YEAR TO USD 28.1 BILLION IN 2013...

The short-term export credits amounts to USD 18.7 billion of all the cash credit support provided by the Türk Eximbank to export sector in 2013. These credits increased by 29% year-on-year. The number of companies having used the short-term export credits in this period was 4,330 and 62% (2,688 companies) were the SMEs. The medium-term credits and the country credits increased by 59% to USD 971 million in 2013. On the other hand, the collected premium amount increased to USD 26 million while the amount of shipments insured within the scope of Short-Term Export Credit Insurance increased by 21% year-on-year to USD 8.4 billion in 2013. 200,000 buyers' limits have allocated within the context of insurance program. As a result of these developments, the cash credit support and insurance/ guarantee support provided by the Türk Eximbank to the export sector increased by 27% to USD 28.1 billion. Thus, we accomplished our 2013 Annual Program by 94% and the support to Turkish Export was increased to 18.5%.

As of December 31, 2013, depending on the amount of credit being covered by insurance programs, our Bank's interest rates are between the range of 4.50% - 9.50% and LIBOR/EURIBOR+0.75% – LIBOR+3.00%/EURIBOR+3.25% for the TL and foreign exchange credits respectively.

Considering the strong demand for Rediscount Credit which is an important source of funding for the exporters, CBRT has increased the export rediscount credit limit allocated to Türk Eximbank from USD 5.5 billion to USD 11 billion in August, 2013 and has enabled the extension of term up to 240 days with the regulations. In this regard, the company limits are doubled and the limit is increased to USD 240 million for the Foreign Trade Companies (FTC) and to USD 180 million for other companies. Moreover, the transaction threshold is decreased from USD 200 thousand to USD 50 thousand for the SMEs, and the credits are provided to SMEs that need this cost-effective credit the most with 360-day term, 120 of which is met with the resources of our bank. USD 14.6 billion was disbursed within the scope of Rediscount Credit in 2013, and this amount equals to 78% of our short-term credits.

On the other hand, the Short-Term Export Claims Discount Program was revised as the "Post-Shipment Rediscount Credits" in March 2013. Within the scope of this program aiming to meet the funding requirements of the Turkish exports in the post-shipment process within the rediscount limits of the Central Bank, the Türk Eximbank export credit insurance policy is accepted as deposit. Thus, the companies having the exporters taking out export credit insurance policy from our bank can credits with attractive interest rates by using their insurance policy as a deposit for credit without the cost of any additional deposits. The rediscount credits increase the competitive power of our exporters as well as contribute to the increase in the foreign exchange reserve of the Central Bank.

Within the scope of Export-Oriented Investment Credit and Export-Oriented Business Capital Credit programs that are among our medium-term credits and strongly demanded, by considering the demands of our exporter for increasing the company limit which is EUR 7.5 million, the company limit is increased to USD 50 million. Moreover, the terms are diversified.

Within the scope of our insurance programs, two new programs were carried into effect in 2013. Within the scope of Short-Term Domestic Credit Insurance, the domestic sales of the exporters and group companies that are the insurance members of our Bank are also insured against the commercial risks. Thus, both the domestic and the foreign claims of our exports are completely secured and they can operate in the risk-free environment. Moreover, the Overseas Contractorship Services Political Risk Insurance Program that has been demanded for a long time and that will provide the opportunity of entering into the markets under the insurance against political risks to our contractors operating overseas has been carried into effect. Therefore, the contractor companies can conveniently operate in many risky countries without considering the political risks by force of this program.

Furthermore, within the framework of extending the scope of the services provided to the export sector, by cooperating with the TIM (the Turkish Exporters Assembly) and the Factoring Assembly, it is enabled that the factoring companies fund the claims of insured shipment amount with maximum 360-day term. Additionally, upon the agency agreement between the DHAMAN (The Arab Investment and Export Credit Guarantee Corporation) and our Bank on May 31, 2013, Türk Eximbank begins to provide intermediary services for transporting the medium- and long-term insurance products and investment insurance products

Summary Report of the Board of Directors of Türk Eximbank for 2013 Presented to the General Assembly

to the Turkish exporters, investors and contractors. On the other hand, the cooperation agreements are signed with four more banks in the field of the "funding of insured export" in line with the object of directing the funds in the Turkish banking sector to the funding of export under the guarantee of the Türk Eximbank; and as a result of this, the number of banks funding the insured export has increased to 15.

Within the scope of studies carried out in 2013 to allocate credit limit to the banks accepted as valid by Türk Eximbank in line with the object of increasing the transaction volume for supporting the Turkish goods and services and accelerating the Country Credit Program, the limits have been allocated to the leading banks of Russia, Belarus, Kyrgyz Republic, Kazakhstan, Albania and Georgia, and multi-national Afreximbank.

The fund in the amount of USD 1.37 billion was provided from the foreign markets in 2013. Moreover, the debt in the amount of USD 871 million was paid back in 2013.

EXPLANATIONS ABOUT BALANCE SHEET ITEMS OF TÜRK EXIMBANK

A summary assessment of the financial structure of Türk Eximbank in 2013 is given below.

The Bank's total assets reached TL 24.8 billion (USD 11.7 billion) as of December 31, 2013.

The total assets of Türk Eximbank consist of 93% loans, 5% liquid assets and 2% securities held-to-maturity and other assets.

The Bank's loan portfolio increased by 72.5%, compared to December 31, 2012 and reached TL 23 billion. The duly collection of loans is emphasized in the Bank. The share of non-performing loans in total loans is 0.5% which is below the banking sector's average. Although the provisioning ratio for Türk Eximbank is determined as zero percent by law, along with its high loans-to-assets ratio (93%), the Bank has employed a conservative approach with regard to provisions conforming with its mission and provides a 100% allowance for non-performing loans.

External funds, amounting to TL 20 billion and consist of 81% of the total liabilities, were used in financing assets. 16% (TL 3.9 billion) of liabilities were in the form of shareholders' equity, while 3% (TL 852 million) was in the form of provisions and other liabilities. The Bank's nominal capital was increased to TL 2.2 billion as of April 19, 2013 and fully paid-up. Shareholders' equity consists of 56% (TL 2 billion) paid-in capital, 38% capital reserves and profit reserves, and 6% net profit.

The capital adequacy ratio was 26.1% as of December 2013.

The liquid assets-to-short-term liabilities ratio was realized as 117%, over the 100% ratio considered as adequate in financial analysis.

Türk Eximbank operates with high loans-to-assets ratio, therefore, TL 546 million (91%) of its TL 603 million total interest incomes came from interests earned from loans. On the other hand, the Bank's interest expense was TL 219 million, of which 61%, TL 133 million was the interest paid to marketable securities issued and 37%, TL 81 million was the interest paid to the borrowings from domestic and international markets. Other interest expenses were TL 5 million and net interest income was TL 384 million.

Türk Eximbank ended the year 2013 (49th accounting period) with TL 246 million net profit. Return on equity ratios was 6.7%.

Financial statements, which have been prepared in accordance with the 37th article of the Banking Law No. 5411, the Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks (published in Official Gazette, issue no. 26333, dated November 1, 2006), Turkish Accounting Standards, Turkish Financial Reporting Standards, other legislation related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and BRSA comments, and also in accordance with the Bank's accounting records, have been audited by independent auditing company Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) in line with the International Auditing Standards and was finalized without any critique on February 13, 2014.

The Bank operates in line with its Articles of Association and the relevant legislation. We hereby present the summary report of audited financial statements for the year ended-2013.

Cavit DAĞDAŞ
Vice Chairman
Member of the Audit Committee

Hayrettin KAPLAN
Member

Oğuz SATICI
Member

Mehmet BÜYÜKEKŞİ
Member

Adnan Ersoy ULUBAŞ
Member

A. Doğan ARIKAN
Member of the Board and Audit Committee

Ziya ALTUNYALDIZ
Member

Türkiye İhracat Kredi Bankası A.Ş. Organizational Activities

ORGANIZATIONAL DEVELOPMENTS

The following reorganization activities were undertaken in the Bank during the year 2013.

The Department of Insurance and Guarantee Analysis was established under the Vice Presidency of Insurance and the Department of Domestic Buyer Risk Assessment was established under this aforementioned unit. The Department of Buyer Risk Assessment I, the Department of Buyer Risk Assessment II and the Department of Medium- and Long-Term Insurance and Reinsurance were moved under the Department of Insurance and Guarantee Analysis. İstanbul European Side Liaison Office was established under the Department of Marketing and Product Development, and also the Private Secretariat was established under the General Directorate.

THE LEGAL ARRANGEMENTS RELATED TO TÜRK EXIMBANK

The attached Principles of the Council of Ministers Decree No. 87/11914, relating the establishment of Türk Eximbank, were abolished by the attached Principles of the Council of Ministers Decree No. 2013/4286 published in the Official Gazette No. 28568 on February 23, 2013 and the establishment and duties of Türk Eximbank were regulated with the new Principles.

With the aforementioned Principles, the amendments that are obligatory pursuant to the provisions of the Turkish Commercial Code No: 6102 and are deemed necessary by the Türk Eximbank were carried out.

The Articles of Association of Turkish Export Credit Bank Incorporated Company prepared by considering the amendments made in the Principles were registered in the Trade Registry on April 15, 2013 and published in the Turkish Trade Registry Gazette on April 19, 2013.

Currently, Türk Eximbank has a legal statue consisting of Law, Council of Ministers Decree and the Articles of Association. This complex legal structure not only prevents the Bank to work rapidly and efficiently, but also slowing down the Bank in its efforts to conform to the changes in the related legislation. In this context, studies will be held in order to establish a legal structure composed of only Law and Articles of Association similar to the other public banks that operate under the Law No. 4603.

In line with the decree no: 21 that was taken on the Board of Directors Meeting dated February 22, 2013, establishment of Insurance and Guarantee Analysis Department and Domestic Buyers' Risk Assessment Division which is under Guarantee Analysis Department has been decided. Besides, Buyers' Risk Assessment I Division, Buyers' Risk Assessment II Division and Medium Term Insurance and Reinsurance Department started to operate under Insurance and Guarantee Analysis Department.

Human Resources

HUMAN RESOURCES POLICY

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

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

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

There are 10 different ranks (titles) in the Bank. The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff; therefore, career development is very important.

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

In 2013, 72 personnel recruited and 42 personnel resigned.

TRAINING POLICY

Türk Eximbank's training policy is based on principles of efficiency and effectiveness on performance. The Bank aims to improve both the theoretical and practical knowledge and skills of the personnel regarding their duties.

In this context, Türk Eximbank provides its employees with extensive training to enhance employee skills and to ensure that they keep abreast of the developments in their field. Within this framework, trainings were held in-house or received through outside professional institutions. Thus, periodical and daily trainings of the Banks Association of Turkey are the most frequently attended facilities where the employees participated in relevant seminars and conferences. Besides, the relevant training facilities of other well-qualified and specialized private training institutions are also followed up and the attendance of the Bank's personnel at these facilities are secured.

Human Resources

In 2013, 322 personnel attended 277 training programs with 905 participants in total. 269 participants attended 159 of the training facilities held by the Banks Association of Turkey, 89 participants attended 41 domestic training programs with 111 participations and 524 participants attended 26 in-house training programs.

The project of supporting the foreign language was realized in June 2013 and a total of 81 personnel utilize the foreign language training in 12 groups at different levels from 2 to 7.

“Asset Liability Management Training” and “International Trade Finance Training” were received from the Euromoney and DC Gardner providing training services on a global scale.

The “orientation program” was carried out for the newly appointed personnel in Türk Eximbank.

A two-day workshop that the objectives and strategies of Türk Eximbank was organized with the participation of the top management in Antalya. Moreover, the seminar for “Efficient Presentation Skills” was organized in two different groups for mid-level managers in Küçükkuyu/Çanakkale.

Within the scope of the internship program of the Türk Eximbank; 50 students did their internship in the General Directorate, Ankara District Office and İzmir Branch during the semester and summer periods in 2013.

PUBLIC RELATIONS

The news about Türk Eximbank is announced to public by disclosing to the press. The press reflections, daily economy news bulletin and monthly e-bulletin are prepared and presented to the use of personnel.

By examining applications for the knowledge acquisition and BİMER applications (Prime Ministry Communications Center), the results prepared in line with the statements of the relevant departments are presented to the applicants.

By participating in the “Monthly Export Figures” meetings held by TİM, the exporter companies are informed about the programs of Türk Eximbank.

The design, print and distribution of the Annual Report are carried out. Within the scope of new institutional identity, all the printed and visual material is revised and the signs of the branches and liaison offices are renewed.

By registering both the in-bank documents and nonbank documents, the healthy and regular operation is ensured.

Information Regarding the Transactions Carried out with Türk Eximbank's Risk Group

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

Support Services Obtained by Türk Eximbank

The Bank obtains support services within the framework of the Law No. 5188 on Private Security Services and the related regulations, security services in order to provide the Bank's General Directorate's and the Ankara District Office's security and also an infrastructural support on the Bank's payment systems (SWIFT, EFT, EST, RPS).

3. Financial Information and Assessment on Risk Management

General Assessment of the Year 2013 Activities and Risk Management, Internal Control and Audit System of Türk Eximbank

As the sole official export credit institution in Turkey, Türk Eximbank, which supports the export sector with its credit, guarantee and insurance programs, performs no profit-oriented activities; however, seeks to ensure the most appropriate rate of return to maintain its capital and financial strength, and complies with the broadly accepted banking and investment principles in all its activities. In this regard, while conducting its legal functions defined as "to provide financial support to export sector", Türk Eximbank maintains its risk level without weakening its financial strength.

The internal systems of the Bank have been established and the Audit Committee has been formed via necessary organizational changes within the framework of the "Regulation on Banks' Internal Systems" issued by the Banking Regulation and Supervision Agency of Turkey (BRSA) in the Official Gazette issue no. 28337, dated June 28, 2012 (The Audit Committee was established on October 31, 2006 pursuant to provisions of "Regulation on the Internal Systems of Banks" published in the Official Gazette No. 26333 on November 1, 2006 by the Banking Regulatory and Supervisory Agency (BRSA) and the aforementioned legislation was revised and published in the Official Gazette No. 28337 on June 28, 2012.) The Internal Audit, Internal Control and Risk Management departments are carrying out their activities under the supervision of the Audit Committee consisting of two Board members appointed by the Board of Directors.

INTERNAL AUDIT

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

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

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

In order to provide effective continuity of the internal audit activities, the Internal Audit Department has performed inspections in the units, branches and representatives of the Bank within the framework of the annual audit plan. The audit department reports to the Board of Directors by the way of the Audit Committee and to the related senior management, and monitors the measures taken against the inappropriate matters. Besides, the Board of Directors keeps abreast of the activities of the Internal Audit Department by its quarterly and annually activity reports submitted via the Audit Committee.

In 2013, the Internal Audit Department performed its activities with a total number of five personnel consisting of auditors and assistant auditors as planned, in order to increase the efficiency and effectiveness of the Bank. Besides, the Internal Audit Department provided coordinated internal control studies, which is the basis of Management Declaration.

INTERNAL CONTROL

The Internal Control Department has been established in accordance with the "Regulation on The Internal Systems of Banks" issued by the BRSA, requiring the Bank to constitute the internal control system in order to ensure that:

- the assets of the Bank are protected,
- the operations are performed efficiently and effectively, and also in accordance with the related law and other applicable legislation, the internal policies and rules, and the general banking practices,
- the reliability and integrity of the accounting and financial reporting system is maintained,
- The relevant information is available when necessary.

By means of several methods, the Internal Control Department controls and monitors the activities performed by the operational units in order to secure the conformity of the separation of functional tasks, the efficiency of communication channels, accounting systems, financial reporting systems and IT systems to both internal and general rules and practices.

The Internal Control Department, in the scope of its tasks, carried out the activities by giving priority to the process and procedures within the framework of the materiality criteria determined by the risk oriented perspective, in 2013. Within this context, credit, insurance, treasury, payment systems (SWIFT, EFT etc.), accounting and financial reporting processes were controlled regularly throughout the year. In the course of these activities, the individual powers to access the system modules and screens and to create accounting entries were checked considering the conformity to the duties of the related personnel. Besides, the principle of separation of functional tasks (data entry, control, approval) and the checkpoints of the several transaction limits were audited in terms of their presence and mechanism.

The quarterly reports relating to the internal control activities were presented to the Audit Committee regularly.

On the other hand, according to the "Regulation on Bank Information Systems and Banking Processes Audit to be Performed by External Audit Institutions" issued by the BRSA, the Bank has to present the management declaration to their external independent auditors, signed by the board of directors for each audit period, concerning the current situation and internal control activities carried out on the information systems and banking processes. In this context, the internal control activities to be the ground of the management declaration were prepared by the Internal Control Department and the Internal Audit Department during the period of October-December 2013, and the report prepared jointly was presented to the Board of Directors. The Management Declaration was then signed by the Board of Directors on January 21, 2014, and submitted to the external auditor on the same date.

Both during the routine examination, control and monitoring activities within the year, and as a result of the manual examinations and systemic screen tests of the banking processes for the preparation studies of Declaration of Management, there are no findings that pose a risk for the Bank.

RISK MANAGEMENT

The charter and procedures of the Risk Management Department that have been approved by the Board of Directors, the Risk Management Department is responsible for:

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

In accordance with "The Regulation on The Internal Systems of Banks" issue no. 28337 published in the Official Gazette by BRSA on June 28, 2012, "parallel reporting period" has been terminated and the Turkish Banking System became entirely complied with Basel II as of July 1st.

General Assessment of the Year 2013 Activities and Risk Management, Internal Control and Audit System of Türk Eximbank

Under the risk management activities

Credit Risk: Risks arising from lending and guarantee transactions within the limits imposed by law and by the Bank's own policies have been monitored. Since the greatest risk category to which the Bank was exposed was the domestic and overseas bank credits, the internal rating system for banks has been used in the measurement of the banks' limits. The reporting to the BRSA about the Credit Risk is carried out with the Standard Method and also it is closely monitored with the Economic Capital Method.

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

Operational Risk: Risks arising from banking activities are identified, assessed and monitored. Operational risk data base was established and made readily available for the data entry. IT risk matrix was created for monitoring and managing the IT risks.

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

In 2012, a project called "Basel II Applications and Legal Reporting to BRSA and The Central Bank" was carried out by Bank's Risk Management Department and the Department of Information Technologies within the framework of Basel II. According to the project plan, Risk Management Module consists of three parts; the Risk Management Module consisting of 3 parts that are market risk; credit risk and operational risk are re-designed within the scope of new regulations that have entered into effect. It is expected that the project will be completed in 2014.

Stress Tests: The maximum damages are calculated by separately calculating the normal period and stressful period VAR (Values at Risk) with the historic simulation and parametric method under the high consistent interest and exchange shocks (The Türk Eximbank has no stock position) within the scope of the Market Risk.

Similarly, in addition to the standard method, with reference to the fact that the Türk Eximbank provides credit mainly through the commercial banking system, the economic capitals are regularly calculated through the ratings given by the international rating agencies to the commercial banks, and Possibility of Default (PD) and Loss Given Default; and these calculations are renewed under the stress factors including the situations that the PDs negatively change and LGDs increase highly.

The credit and market risk stress tests carried out with the Standard Method and the Internal Models indicate that the Bank can operate without any problems under the intense stress factors with its stable and strong capital structure.

A. Doğan ARIKAN
Member of Audit Committee

Cavit DAĞDAŞ
Member of Audit Committee

Assessment of the Financial Situation

Türk Eximbank's assets reached TL 24.8 billion (USD 11.7 billion) as of December 31, 2013.

ASSETS

Türk Eximbank's total assets consist of 93% loans, 5% liquid assets and 2% securities held-to-maturity and other assets.

The loan portfolio of the Bank was TL 23 billion. Loans increased by 72.5% over the previous year. 77% (TL 17.6 billion) of this amount was short-term, and 23% (TL 5.4 billion) was medium and long-term loans. By the use of appropriate risk management techniques, the duly collection of loans is emphasized. Thus, although the Bank extends most of its resources as loans to the export sector, the share of non-performing loans in total loans is small with 0.5%, when compared to the banking sector's average. The Bank provides a 100% allowance for non-performing loans.

LIABILITIES

Türk Eximbank's liabilities has reached TL 24.8 billion, of which 16% (TL 3.9 billion) was in the form of shareholder's equity, 81% (TL 20 billion) was in the form of funds obtained from domestic and external markets, and 3% (TL 852 million) was in the form of provisions and other liabilities.

The Bank's shareholders' equity was TL 3.9 billion. Of this amount, 56% (TL 2.2 billion) was paid-in capital, 37% (TL 1.4 billion) was capital reserves and profit reserves, and 6% (TL 245 million) was net profit.

TL 20 billion of Türk Eximbank's liabilities has been provided from domestic and international money and capital markets and channelized to fund the assets. This amount consists of TL 13,159 million worth of loans provided from the Central Bank of the Republic of Turkey, TL 2,605 million marketable securities issued, TL 2,697 million loans provided from domestic and foreign banks, TL 1,272 million syndicated loan, and TL 159 million subordinated loans and TL 164 million funds provided under repurchase agreements.

The Bank's nominal capital, TL 2.2 billion as of December 31, 2013, was fully paid up.

Although the provisioning ratio for Türk Eximbank is determined as zero percent in the "Provisioning Regulation" implemented by the Banking Regulation and Supervision Agency, the Bank has employed a conservative approach in conformity with generally accepted banking principles with regard to provisions.

SOLVENCY

As of December 31, 2013, the liquid assets-to-short-term liabilities ratio was 117%.

INCOME STATEMENT AND PROFITABILITY

Türk Eximbank operates with high loans-to-assets ratio, therefore, 91% (TL 546 million) of its TL 603 million total interest incomes came from interests earned from loans. On the other hand, the Bank's main sources of funding are borrowings from domestic and international money and capital markets and bond issues. Thus, the Bank's interest expenses were TL 219 million, of which 61% (TL 133 million) was the interests paid to marketable securities issued and 37% (TL 81 million) was the interest paid to loans provided from domestic and foreign lenders. Other interest expenses were TL 5 million and net interest income was TL 384 million.

Türk Eximbank's net profit was TL 246 million as of end-2013. On the other hand, the return on assets and return on equity ratios were 1% and 6.7%, respectively.

Risk Management Policies Based on the Risk Types

CREDIT RISK

The credit risk indicates the obligor's failure to fulfill the capital, interest payments and other obligations, the failure of the institution exporting the securities to fulfill its obligations in cash credits, and the losses arising from the indemnity payment by the Bank to financing institution afforded with the guarantee or to the exporter/contractor/institution afforded with the insurance cover in non-cash credits.

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

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

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

Losses incurred under the credit, guarantee and insurance programs due to political risks exposed are covered by the Undersecreteriat of Treasury ("Turkish Treasury") according to Article 4/C of Act No. 3332 that was appended by Act No. 3659, and the Act regarding the regulation of Public Finance and Debt Management, No. 4749, dated March 28, 2002. The related Cabinet Decree No. 2009/15198 has been come into force on July 15, 2009.

The limits of foreign country loans are set by the Annual Programs within the foreign economic policy of the Turkish Republic by SCLGC and are approved by Council of Ministers. Country credits are granted with the approval of the Board of Directors and the approval of the Minister, according to Article 10 of Act No. 4749 related to the regulation of Public Finance and Debt Management. On the other hand, the authority of the Board of Director for the transactions up to (including) USD 5 million or equivalent amount in the 2-year or longer credits was increased to (including) USD 20 million or equivalent amount with the Cabinet Decree No. 2013/28724 published in the Official Gazette No. 28724 on July 31, 2013.

The applications for grant loans are made by the ministries of economy and/or finance of related countries to the Turkish Treasury and effected upon the approval of the Council of Ministers of Turkey. The limit of a country is restricted by both "maximum risk that can be undertaken" and "maximum amount that can be utilized annually".

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

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

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

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

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

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

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

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

Türk Eximbank is not obliged to conform to Article 54 of Banking Law No. 5411, on loan limits. Nevertheless, the Bank obeys the general loan limits constraints mentioned in the Banking Law. The Bank could set a limit for a private bank up to 80%, while this ratio is up to 90% for public banks.

Türk Eximbank's both short and medium/long-term credit programs are carried out with respect to financial conditions (terms, interest rates, collaterals, etc.) and procedures approved by the Board of Directors. Cost of funds, maturity of the transaction, structure of the collateral and variation of the market interest rates are taken into consideration and the Bank's mission to provide financing opportunities with costs which will lead the exporters to gain competitive advantages in the existing markets and risky/new countries is also considered during the pricing process of the loans.
Each year, Türk Eximbank cedes the commercial and political risks borne under the Short-Term Export Credit Insurance Program to a group of domestic and overseas reinsurance companies under renewed agreements. The Bank holds a portion (currently 30%) of the above-mentioned risks that can be indemnified from its own sources.

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

Short-term export credits and credits for foreign currency earning services are granted to companies upon the approval of the Credit Committee of the Bank within the limits

Risk Management Policies Based on the Risk Types

and conditions determined by the Board of Directors. This authorization is limited to 1% of the equity of the Bank.
The major collateral required for the Pre-Shipment Export Credits Program is the Debtor Bank's Current Account Undertaking Contract, similar to a comprehensive bond, issued by intermediary commercial banks in accordance with their respective credit limits allocated by Türk Eximbank.

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

Direct lending secured by fundamental collaterals is an amount of 100% of the principal, interest and the export commitment risk of the loan. Fundamental collaterals are generally in the form of letter of bank guarantees, government securities and Credit Guarantee Fund (KGF) guarantee.

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

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

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

Taking into consideration the Provisioning Regulations:

- The Bank sets aside 100% specific provisions for non-performing receivables.

In addition to these,

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

MARKET RISK

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

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

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

CURRENCY RISK

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

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

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

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

INTEREST RATE RISK

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

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

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

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

Risk Management Policies Based on the Risk Types

In accordance with the "Regulation on Calculation and Evaluation of Interest Rate Risk Arising from the Banking Accounts with Standard Shock Methods" issued by the BRSA and published in the Official Gazette, issued no. 28034, on August 23, 2011, as a stress test, submitting the report that is intended to measure the impact of interest rate shocks – between +5 and -4 percent for Turkish Lira and between ± 2 percent for foreign currencies- on the Bank's balance sheet, has continued.

According to the circular, the ratio of net present value changes caused by interest rate shocks to the equity of the related month should not exceed 20%. This rule has become subject to legal sanctions as of 01.07.2012.

The Standard Ratio of Interest Rate Risk Arising from Banking Accounts is quite below the legal limit owing to the Bank's strong equity structure.

LIQUIDITY RISK

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

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

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

The Bank prepares cash flows tables in domestic and foreign currency weekly, monthly and annually based on the current credit stock and current cash values and uses these tables in the decision making process of liquidity management by considering the debt liabilities, estimated credits, credit collections, possible capital inflow and reimbursement of political risk damages.

OPERATIONAL RISK

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

In the framework of Basel II, the utilization of operational risk amount calculated on the basis of basic indicator approach has been started in the capital adequacy calculations since June 30, 2007.

SUPPORT SERVICES

The detailed "Risk Analysis Reports" and the "Risk Management Program" that are concerning the services stated by the independent audit institutions responsible for the audit of Türk Eximbank within the scope of the Regulation on Support Services Purchase of the Banks published in the Official Gazette No: 28106 on November 5, 2011 are prepared by the Risk Management Department and submitted to the Board of Directors with the approval of Audit Committee.

Information Regarding Credit Ratings Assigned by International Rating Agencies

As a necessity to take loan from the international markets, Türk Eximbank has received rating from the Moody's and Standard and Poor's rating agencies since 1997, and the agreement was signed with the Fitch Ratings for the rating relation in September 2013.

The issuer credit ratings assigned to the Bank by Moody's, Standard and Poor's and Fitch, as of end-2013, are as follows:

	FOREIGN CURRENCY		LOCAL CURRENCY	
	LONG-TERM	SHORT-TERM	LONG-TERM	SHORT-TERM
Standard & Poor's	BB+ (Stable Outlook)	B	BBB (Stable Outlook)	A-2
Moody's	Baa3 (Stable Outlook)			
Fitch	BBB- (Stable Outlook)	F3	BBB (Stable)	F3

Financial Highlights for the 2009-2013 Period

MAJOR BALANCE SHEET ACCOUNTS (TL THOUSAND)

	2013	2012	2011	2010	2009
Loans	23,035,036	13,352,060	8,065,619	4,159,138	3,908,666
Total Assets	24,809,762	15,468,467	9,660,063	6,289,153	6,488,070
Loans Borrowed	17,286,700	9,108,492	4,494,296	1,798,712	2,025,884
Funds Provided Under Repurchase Agreements	163,945	10,006	333,452	-	-
Marketable Securities Issued (Net)	2,604,828	2,238,610	960,419	-	-
Shareholders' Equity	3,901,865	3,675,364	3,647,256	3,629,360	3,656,670
Total Paid-in Share Capital	2,200,000	2,000,000	2,000,000	2,000,000	2,000,000

MAJOR INCOME STATEMENT ACCOUNTS (TL THOUSAND)

	2013	2012	2011	2010	2009
Interest Income	603,088	573,737	313,359	315,753	437,972
Interest Income on Loans	546,059	467,415	231,230	171,921	323,090
Interest Expenses	(218,900)	(178,037)	(48,869)	(27,045)	(50,725)
Net Interest Income	384,188	395,700	264,490	288,708	387,247
Other Operating Income	86,838	88,270	82,778	42,466	35,007
Provisions for Loans and Other Claims	(36,653)	(61,565)	(81,321)	(21,016)	(55,635)
Other Operating Expenses	(139,573)	(141,051)	(73,744)	(63,792)	(58,370)
Net Income	245,927	221,191	230,256	256,221	342,488

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Financial Statements
As of and For Year Ended 31 December 2013
With Independent Auditors’ Report Thereon

Türkiye İhracat Kredi Bankası A.Ş.
Independent Auditor's Report

To the Board of Directors of Türkiye İhracat Kredi Bankası Anonim Şirketi:

We have audited the unconsolidated balance sheet of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") as of 31 December 2013 and the unconsolidated income statement, statements of cash flows, statements of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and notes to the financial statements.

Disclosure for the Responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette no 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circular and communiqués published by the Banking Regulation and Supervision Board, and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no.26333 dated 1 November 2006 and international standards on auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditor's Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası A.Ş. as of 31 December 2013 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and other regulations, circular and communiqués published by the Banking Regulation and Supervision Board, and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Other Matter

The financial statements of the Bank as at and for the year ended 31 December 2012 was audited by another auditor who expressed an unmodified opinion on those statements on 14 February 2013.

İstanbul, 13 February 2014
Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Alper Güvenç
Partner

Additional paragraph for convenience translation to English:

As explained in Note 1.4 in Section 3, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

Türkiye İhracat Kredi Bankası A.Ş.

The Unconsolidated Financial Report of Türkiye İhracat Kredi Bankası A.Ş. ("Türk Eximbank") as of 31 December 2013

Saray Mah. Üntel Sok. No: 19 34768 Ümraniye / İSTANBUL
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The unconsolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- INDEPENDENT AUDITOR'S REPORT

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

13 February 2014

Cavit DAĞDAŞ Vice Chairman of the Board of Directors / Member of the Audit Committee	Doğan ARIKAN Member of the Board of Directors / Member of the Audit Committee	Hayrettin KAPLAN General Manager
Necati YENİARAS Executive Vice President	Muhittin AKBAŞ Head of Accounting and Reporting Unit	

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

Name-Surname/Title: Muhittin AKBAŞ/ Head of Accounting and Reporting Unit
Telephone Number: (216) 666 55 00
Fax Number: (216) 666 55 99

Türkiye İhracat Kredi Bankası A.Ş.

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SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

SECTION THREE
ACCOUNTING POLICIES

Türkiye İhracat Kredi Bankası A.Ş.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

SECTION ONE

GENERAL INFORMATION

1.1 Reporting period along with the information on the trading name of the Bank as parent company, the address of the head office, the website address and e-mail address.

The commercial title of the Bank:	Türkiye İhracat Kredi Bankası A.Ş.
The Bank's head office address:	Saray Mahallesi Üntel Sok. No:19 34768 Ümraniye / İSTANBUL
The Bank's telephone and fax numbers:	Telephone: (0216) 666 55 00
	Facsimile: (0216) 666 55 99
The Bank's web site:	www.eximbank.gov.tr
The Bank's e-mail address:	info@eximbank.gov.tr
Reporting period:	1 January - 31 December 2013

1.2 Bank's date of foundation, initial status, history regarding the changes in this status

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

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

The total share capital of the Bank is TL 2.200.000.000,00 (two billion and two-hundred million). The Bank's paid-in-capital committed by Turkish Republic Prime Ministry Undersecretariat of Treasury consists of 2.200.000.000 shares of TL 1 nominal each.

1.4 Explanation on the Board of directors, members of the audit committee, president and executive vice presidents and their shareholding at the Bank, if applicable

	Name:	Academic Background:
Deputy Chairman of the Board of Directors:	Cavit DAĞDAŞ	Graduate
Members of the Board of Directors:	Dr. Hayrettin KAPLAN	Postgraduate
	Oğuz SATICI	Undergraduate
	Mehmet BÜYÜKEKŞİ	Undergraduate
	Adnan Ersoy ULUBAŞ	Undergraduate
	A. Doğan ARIKAN	Undergraduate
	Ziya ALTUNYALDIZ	Graduate
Members of the Audit Committee:	A. Doğan ARIKAN	Undergraduate
	Cavit DAĞDAŞ	Graduate
General Manager:	Dr. Hayrettin KAPLAN	Postgraduate
Assistant General Managers:	Necati YENİARAS	Graduate
	Mesut GÜRSOY	Undergraduate
	Enis GÜLTEKİN (1)	Undergraduate
	M. Ertan TANRIYAKUL	Undergraduate
	Ahmet KOPAR	Graduate
	Alaaddin METİN	Undergraduate

1 Following the appointed of Assistant General Manager Cenan AYKUT as consultant in the head office by Board of Directors' Decision dated 25 November 2013, Enis GÜLTEKİN was appointed to the same role by the Bank Board of Directors on 17 December 2013.

Dr. Hayrettin KAPLAN is working as the General Manager. Among the assistant general managers: Mesut GÜRSOY is working as the Assistant General Manager in charge of Loans; Necati YENİARAS (Coordination) is working as the Assistant General Manager in charge of Accounting Transactions and Reporting, Economic Research, Risk Analysis and Evaluation; Ahmet KOPAR (Technology/Support) is working as the Assistant General Manager in charge of IT, Social Affairs and Communication, Human Resources and Board of Inspection; Enis GÜLTEKİN is working as the Assistant General Manager in charge of Insurance and Guarantee; Alaaddin METİN is working as the Assistant

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

General Manager in charge of Territory Loans; and Ertan TANRIYAKUL is working as the Assistant General Manager in charge of Risk Analysis and Assessment, Finance and Treasury Transactions.

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

1.5 Information on the shareholders owning control shares

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
Turkish Treasury	All	100%	2.200.000	-

1.6 Brief information on the Bank's service type and fields of operation

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

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

On the other hand, the Bank also performs fund management (treasury) operations related with its core banking operations. These operations are domestic and foreign currency capital market operations, domestic and foreign currency money market operations, foreign currency market operations and derivative transactions, all of which are approved by the Board of Directors. As a result of Decision No. 4106 dated 11 March 2011 of the Banking Regulation and Supervisory Agency published in Official Gazette No. 27876, dated 16 March 2011, permission was granted to the Bank to allow it to be engaged in the purchase and sale of foreign exchange-based options. The losses due to the political risks arising on loan, guarantee and insurance operations of the Bank, are transferred to the 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.

1.7 Organisation of the information stated in the financial report in "thousand Turkish Lira"

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

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

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

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

The Bank does not have any subsidiaries.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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II. Off-balance sheet commitments (Appendix: 1-B)
III. Income statement (Appendix: 1-C)
IV. Statements of income and expense items accounted under shareholders' equity (Appendix: 1-D)
V. Statement of changes in shareholders' equity (Appendix: 1-E)
VI. Statement of cash flows (Appendix: 1-F)
VII. Statement of profit distribution table (Appendix: 1-G)

Türkiye İhracat Kredi Bankası A.Ş.

Consolidated Balance Sheet

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

Appendix:1-A

			THOUSANDS OF TURKISH LIRA					
		Notes (Section V)	CURRENT PERIOD 31/12/2013			PRIOR PERIOD 31/12/2012		
	ASSETS		TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(1.1)	280	-	280	551	19.625	20.176
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)		97.016	75.030	172.046	476.982	34.370	511.352
2.1	Trading Financial Assets		97.016	75.030	172.046	476.982	34.370	511.352
2.1.1	Government Debt Securities		49.189	64.081	113.270	475.382	8.189	483.571
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets	(1.3)	47.827	10.949	58.776	1.600	26.181	27.781
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	(1.4)	195.178	823.927	1.019.105	118.516	680.420	798.936
IV.	MONEY MARKETS		-	-	-	396.439	-	396.439
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	396.439	-	396.439
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(1.6)	17.351	-	17.351	19.220	-	19.220
5.1	Share Certificates		17.351	-	17.351	19.220	-	19.220
5.2	Government Debt Securities		-	-	-	-	-	-
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	LOANS	(1.7)	5.325.907	17.709.129	23.035.036	3.191.152	10.160.908	13.352.060
6.1	Loans		5.325.907	17.709.129	23.035.036	3.191.152	10.160.908	13.352.060
6.1.1	Loans to Bank's risk group		-	-	-	-	-	-
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		5.325.907	17.709.129	23.035.036	3.191.152	10.160.908	13.352.060
6.2	Loans under Follow-up		117.478	-	117.478	112.383	-	112.383
6.3	Specific Provisions (-)		(117.478)	-	(117.478)	(112.383)	-	(112.383)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	(1.8)	193.318	45.053	238.371	258.398	41.951	300.349
8.1	Government Debt Securities		193.318	45.053	238.371	258.398	41.951	300.349
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(1.9)	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-Financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	(1.10)	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	(1.11)	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	FINANCIAL LEASE RECEIVABLES	(1.12)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	(1.13)	-	13.803	13.803	-	-	-
13.1	Fair Value Hedge		-	13.803	13.803	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	(1.14)	18.066	-	18.066	18.575	-	18.575
XV.	INTANGIBLE ASSETS (Net)	(1.15)	540	-	540	458	-	458
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		540	-	540	458	-	458
XVI.	INVESTMENT PROPERTY (Net)	(1.16)	-	-	-	-	-	-
XVII.	TAX ASSET		-	-	-	-	-	-
17.1	Current Tax Asset		-	-	-	-	-	-
17.2	Deferred Tax Asset	(1.17)	-	-	-	-	-	-
XVIII.	ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(1.18)	2.532	-	2.532	1.227	-	1.227
18.1	Held for Sale Purpose		2.532	-	2.532	1.227	-	1.227
18.2	Related to Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(1.19)	72.230	220.402	292.632	26.424	23.251	49.675
	TOTAL ASSETS		5.922.418	18.887.344	24.809.762	4.507.942	10.960.525	15.468.467

Türkiye İhracat Kredi Bankası A.Ş.

Consolidated Balance Sheet

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

Appendix:1-B

	LIABILITIES	Notes (Section V)	THOUSANDS OF TURKISH LIRA CURRENT PERIOD 31/12/2013 TL	FC	Total	PRIOR PERIOD 31/12/2012 TL	FC	Total
I.	DEPOSITS	(2.1)	-	-	-	-	-	-
1.1	Deposits of Bank's risk group		-	-	-	-	-	-
1.2	Other		-	-	-	-	-	-
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	(2.2)	1.257	44.954	46.211	10.340	18.718	29.058
III.	BORROWINGS	(2.3.1)	-	17.127.725	17.127.725	-	8.944.730	8.944.730
IV.	MONEY MARKETS		163.945	-	163.945	10.006	-	10.006
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds Provided Under Repurchase Agreements		163.945	-	163.945	10.006	-	10.006
V.	MARKETABLE SECURITIES ISSUED (Net)	(2.3.3)	-	2.604.828	2.604.828	-	2.238.610	2.238.610
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	2.604.828	2.604.828	-	2.238.610	2.238.610
VI.	FUNDS		28	-	28	45	-	45
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		28	-	28	45	-	45
VII.	MISCELLANEOUS PAYABLES		33.555	400.552	434.107	19.425	107.249	126.674
VIII.	OTHER LIABILITIES	(2.4)	2.403	154.380	156.783	5.602	106.158	111.760
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	FINANCIAL LEASE PAYABLES (Net)	(2.5)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI.	HEDGING DERIVATIVE FINANCIAL LIABILITIES	(2.6)	-	39.272	39.272	-	-	-
11.1	Fair Value Hedge		-	39.272	39.272	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	(2.7)	172.115	-	172.115	165.391	-	165.391
12.1	General Loan Loss Provision		130.214	-	130.214	130.214	-	130.214
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		20.953	-	20.953	21.171	-	21.171
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		20.948	-	20.948	14.006	-	14.006
XIII.	TAX LIABILITY	(2.7.5)	3.908	-	3.908	3.067	-	3.067
13.1	Current Tax Liability		3.908	-	3.908	3.067	-	3.067
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND		-	-				
	RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1	Held for Sale Purpose		-	-	-	-	-	-
14.2	Related to Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(2.7.5)	-	158.975	158.975	-	163.762	163.762
XVI.	SHAREHOLDERS' EQUITY	(2.7.6)	3.901.830	35	3.901.865	3.675.297	67	3.675.364
16.1	Paid-in capital		2.200.000	-	2.200.000	2.000.000	-	2.000.000
16.2	Capital Reserves		607.439	35	607.474	609.872	67	609.939
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		8.186	35	8.221	10.215	67	10.282
16.2.4	Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
16.2.6	Revaluation Differences of Investment Property		-	-	-	-	-	-
16.2.7	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8	Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9	Value increase of Non-current Asset Held for Sale and Discounted Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		599.253	-	599.253	599.657	-	599.657
16.3	Profit Reserves		848.464	-	848.464	844.234	-	844.234
16.3.1	Legal Reserves		268.093	-	268.093	256.388	-	256.388
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		557.628	-	557.628	565.103	-	565.103
16.3.4	Other Profit Reserves		22.743	-	22.743	22.743	-	22.743
16.4	Profit or Loss		245.927	-	245.927	221.191	-	221.191
16.4.1	Prior Years' Profit/Loss		-	-	-	-	-	-
16.4.2	Current Year Profit/Loss		245.927	-	245.927	221.191	-	221.191
16.5	Non Controlling Interest							
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4.279.041	20.530.721	24.809.762	3.889.173	11.579.294	15.468.467

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Off-Balance Sheet Commitments

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

Appendix:1-B

		Notes (Section V)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2013			PRIOR PERIOD 31/12/2012		
			TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)			2.768.648	11.721.449	14.490.097	2.081.096	7.737.858	9.818.954
I.	GUARANTEES AND WARRANTIES	(3.2)	-	1.219.632	1.219.632	-	682.148	682.148
1.1.	Letters of Guarantee		-	-	-	-	-	-
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		-	-	-	-	-	-
1.2.	Bank Acceptances		-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	-	-	-	-	-
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	-	-	-	-	-
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		-	1.219.632	1.219.632	-	682.148	682.148
1.9.	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS		1.125.511	3.464.680	4.590.191	1.225.602	1.842.304	3.067.906
2.1.	Irrevocable Commitments		-	291.430	291.430	-	-	-
2.1.1.	Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Loan Granting Commitments		-	-	-	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		-	-	-	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10.	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11.	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		-	291.430	291.430	-	-	-
2.2.	Revocable Commitments		1.125.511	3.173.250	4.298.761	1.225.602	1.842.304	3.067.906
2.2.1.	Revocable Loan Granting Commitments		1.125.511	3.173.250	4.298.761	1.225.602	1.842.304	3.067.906
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Off-Balance Sheet Commitments

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

Appendix:1-B

		Notes (Section V)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2013			PRIOR PERIOD 31/12/2012		
			TL	FC	TOTAL	TL	FC	TOTAL
III.	DERIVATIVE FINANCIAL INSTRUMENTS		1.643.137	7.037.137	8.680.274	855.494	5.213.406	6.068.900
3.1.	Hedging Derivative Financial Instruments		-	4.698.408	4.698.408	-	-	-
3.1.1.	Transactions for Fair Value Hedge		-	4.698.408	4.698.408	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Transactions		1.643.137	2.338.729	3.981.866	855.494	5.213.406	6.068.900
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		1.345.080	1.351.067	2.696.147	507.719	493.947	1.001.666
3.2.1.1.	Forward Foreign Currency Transactions-Buy		-	1.351.067	1.351.067	38.105	456.377	494.482
3.2.1.2.	Forward Foreign Currency Transactions-Sell		1.345.080	-	1.345.080	469.614	37.570	507.184
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		289.987	978.919	1.268.906	347.775	4.719.459	5.067.234
3.2.2.1.	Foreign Currency Swap-Buy		-	550.264	550.264	89.977	470.562	560.539
3.2.2.2.	Foreign Currency Swap-Sell		289.987	284.739	574.726	257.798	319.033	576.831
3.2.2.3.	Interest Rate Swap-Buy		-	71.958	71.958	-	1.964.932	1.964.932
3.2.2.4.	Interest Rate Swap-Sell		-	71.958	71.958	-	1.964.932	1.964.932
3.2.3.	Foreign Currency, Interest rate and Securities Options		8.070	8.743	16.813	-	-	-
3.2.3.1.	Foreign Currency Options-Buy		8.070	-	8.070	-	-	-
3.2.3.2.	Foreign Currency Options-Sell		-	8.743	8.743	-	-	-
3.2.3.3.	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5.	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6.	Securities Options-Sell		-	-	-	-	-	-
3.2.4.	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5.	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6.	Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)			121.136	11.646.032	11.767.168	67.262	7.426.052	7.493.314
IV.	ITEMS HELD IN CUSTODY		-	-	-	-	-	-
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		-	-	-	-	-	-
4.3.	Cheques Received for Collection		-	-	-	-	-	-
4.4.	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		22.413	198.950	221.363	23.232	180.975	204.207
5.1.	Marketable Securities		-	14.223	14.223	-	11.983	11.983
5.2.	Guarantee Notes		-	-	-	-	-	-
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		9.400	83.954	93.354	10.220	87.299	97.519
5.6.	Other Pledged Items		13.013	100.773	113.786	13.012	81.693	94.705
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTEES		98.723	11.447.082	11.545.805	44.030	7.245.077	7.289.107
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2.889.784	23.367.481	26.257.265	2.148.358	15.163.910	17.312.268

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Income Statement

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

Appendix:1-C

	INCOME AND EXPENSE ITEMS	Notes (Section V)	THOUSANDS OF TURKISH LIRA CURRENT PERIOD (01/01/2013-31/12/2013)	PRIOR PERIOD (01/01/2012-31/12/2012)
I.	INTEREST INCOME	(4.1)	603.088	573.737
1.1	Interest on loans		546.059	467.415
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks		8.957	22.239
1.4	Interest Received from Money Market Transactions		12.255	13.014
1.5	Interest Received from Marketable Securities Portfolio		34.720	70.610
1.5.1	Trading Financial Assets		16.037	39.259
1.5.2	Financial Assets Designated at Fair Value Through Profit or (loss)		-	-
1.5.3	Available-for-sale Financial Assets		-	-
1.5.4	Held to maturity Investments		18.683	31.351
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		1.097	459
II.	INTEREST EXPENSE	(4.2)	218.900	178.037
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		80.928	80.444
2.3	Interest Expense on Money Market Transactions		-	-
2.4	Interest on Securities Issued		133.021	90.785
2.5	Other Interest Expenses		4.951	6.808
III.	NET INTEREST INCOME/EXPENSE (I - II)		384.188	395.700
IV.	NET FEES AND COMMISSIONS INCOME		(1.174)	(1.182)
4.1	Fees and Commissions Received		4.159	4.968
4.1.1	Non-cash Loans		-	-
4.1.2	Other		4.159	4.968
4.2	Fees and Commissions Paid		(5.333)	(6.150)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(5.333)	(6.150)
V.	DIVIDEND INCOME	(4.4)	-	-
VI.	TRADING INCOME/LOSS (Net)	(4.5)	(47.699)	(58.981)
6.1	Trading Gains /Losses on Securities		2.390	6.833
6.2	Trading Gains /Losses on Derivative Financial Assets		170.377	10.452
6.3	Foreign Exchange Gains /Losses		(220.466)	(76.266)
VII.	OTHER OPERATING INCOME	(4.6)	86.838	88.270
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		422.153	423.807
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(4.7)	36.653	61.565
X.	OTHER OPERATING EXPENSES (-)	(4.8)	139.573	141.051
XI.	NET OPERATING INCOME/LOSS (VIII-IX-X)		245.927	221.191
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV.	INCOME/LOSS ON NET MONETARY POSITION		-	-
XV.	PROFIT/LOSS BEFORE TAXES ON INCOME FROM CONTINUED OPERATIONS (XI+......+XIV)	(4.9)	245.927	221.191
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUED OPERATIONS (±)		-	-
16.1	Current Tax Provision		-	-
16.2	Deferred Tax Provision		-	-
XVII.	NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		245.927	221.191
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)		-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(4.10)	245.927	221.191
23.1	Profit/Losses of the Group		-	-
23.2	Non Controlling Interest		-	-
	Earnings/Loss per share		0,11430	0,11060

Türkiye İhracat Kredi Bankası A.Ş.

Statements of Income and Expense Items Accounted Under Shareholders' Equity

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

Appendix:1-D

		THOUSANDS OF TURKISH LIRA	
	INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD	PRIOR PERIOD
		31.12.2013	31.12.2012
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(2.029)	6.714
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value changes)	-	-
VI.	PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of fair value changes)	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	(404)	-
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	-	-
X.	NET PROFIT/LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(2.433)	6.714
XI.	CURRENT YEAR PROFIT/LOSS	(32)	(62)
11.1	Net change in fair value of marketable securities (Transfer to Profit/Loss)	(32)	(62)
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3	Part of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4	Other	-	-
XII.	TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD (X±XI)	(2.465)	6.652

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Statements of Changes in the Shareholders' Equity

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

	CHANGES IN THE SHAREHOLDERS' EQUITY	Notes (Section V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves
	PRIOR PERIOD (31/12/2012)						
I.	Period Opening Balance		2.000.000	-	-	-	225.995
II.	Changes in Accounting Policies according to TAS 8		-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-
III.	New Balance (I+II)		2.000.000	-	-	-	225.995
	Changes in the period						
IV.	Increase/Decrease due to the Merger		-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-
VI.	Hedging Transactions		-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-
6.2	Foreign Net Investment Hedge		-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-
X.	Foreign Exchange Differences		-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-
XII.	Changes due to the Reclassification of Assets		-	-	-	-	-
XIII.	Effect of Changes in Equity of Investments in Associates		-	-	-	-	-
XIV.	Capital Increase		-	-	-	-	-
14.1	Cash increase		-	-	-	-	-
14.2	Internal Resources		-	-	-	-	-
XV.	Share Premium		-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-
XVII.	Paid-in-capital inflation adjustment difference		-	-	-	-	-
XVIII.	Other		-	-	-	-	-
XIX.	Current Year Net Profit or Loss		-	-	-	-	-
XX.	Profit Distribution		-	-	-	-	30.393
20.1	Dividends Paid		-	-	-	-	-
20.2	Transfer to Reserves		-	-	-	-	30.393
20.3	Other		-	-	-	-	-
	Period End Balance (III+IV+V+......+XVIII+XIX+XX)		2.000.000	-	-	-	256.388
	CURRENT PERIOD (31/12/2013)						
I.	Prior Period End Balance		2.000.000	-	-	-	256.388
	Changes in the period		-	-	-	-	-
II.	Increase/Decrease due to the Merger		-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-
IV.	Hedging Transactions Funds		-	-	-	-	-
4.1	Cash flow Hedge		-	-	-	-	-
4.2	Foreign Net Investment Hedge		-	-	-	-	-
V.	Property and Equipment Revaluation Differences		-	-	-	-	-
VI.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-
IX.	Changes due to the disposal of assets		-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-
XI.	Effect of Changes in Equity of Investments in Associates		-	-	-	-	-
XII.	Capital Increase		200.000	-	-	-	-
12.1	Cash increase		-	-	-	-	-
12.2	Internal Resources		200.000	-	-	-	-
XIII.	Share Premium		-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-
XV.	Paid-in-capital inflation adjustment difference		-	-	-	-	-
XVI.	Other		-	-	-	-	-
XVII.	Current Year Net Profit or Loss		-	-	-	-	-
XVIII.	Profit Distribution		-	-	-	-	11.705
18.1	Dividends Paid		-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	-	11.705
18.3	Other		-	-	-	-	-
	Period End Balance (I+II+III+...+XVI+XVII+XVIII)		2.200.000	-	-	-	268.093

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Statements of Changes in the Shareholders' Equity

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

Appendix:1-E

THOUSANDS OF TURKISH LIRA												
Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Year Net Profit/ (Loss)	Prior Years' Net Profit/ (Loss)	Marketable Securities Value Increase Fund	Property and Equipment and Intangible Fixed Assets Revaluation Fund	Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures	Hedging Funds	Non-current Asset Held for Sale and Discontinued Operations	Total Shareholders' Equity Except Minority Rights	Non Controlling Interest	Total Shareholders' Equity
-	564.975	622.400	-	230.256	3.630	-	-	-	-	3.647.256	-	3.647.256
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	564.975	622.400	-	230.256	3.630	-	-	-	-	3.647.256	-	3.647.256
-												
	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	6.652	-	-	-	-	6.652	-	6.652
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	221.191	-	-	-	-	-	-	221.191	-	221.191
-	128	-	-	(230.256)	-	-	-	-	-	(199.735)	-	(199.735)
-	-	-	-	(199.735)	-	-	-	-	-	(199.735)	-	(199.735)
-	128	-	-	(30.521)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	565.103	622.400	221.191	-	10.282	-	-	-	-	3.675.364	-	3.675.364
-	565.103	622.400	-	221.191	10.282	-	-	-	-	3.675.364	-	3.675.364
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(2.061)	-	-	-	-	(2.061)	-	(2.061)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	(7.475)	-	-	(192.525)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	(7.475)	-	-	(192.525)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	(404)	-	-	-	-	-	-	-	(404)	-	(404)
-	-	-	245.927	-	-	-	-	-	-	245.927	-	245.927
-	-	-	-	(28.666)	-	-	-	-	-	(16.961)	-	(16.961)
-	-	-	-	(16.961)	-	-	-	-	-	(16.961)	-	(16.961)
-		-	-	(11.705)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	557.628	621.996	245.927	192.525	8.221	-	-	-	-	3.901.865	-	3.901.865

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Statements of Cash Flows

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

Appendix:1-F

			THOUSANDS OF TURKISH LIRA	
A.	CASH FLOWS FROM BANKING OPERATIONS	Notes (Section V)	CURRENT PERIOD 31/12/2013	PRIOR PERIOD 31/12/2012
1.1	Operating Profit before changes in operating assets and liabilities		467.710	303.917
1.1.1	Interest received		600.464	562.061
1.1.2	Interest paid		(195.951)	(164.277)
1.1.3	Dividend received		-	-
1.1.4	Fees and commissions received		4.159	4.969
1.1.5	Other income		159.835	84.953
1.1.6	Collections from previously written-off loans and other receivables		24.699	21.137
1.1.7	Payments to personnel and service suppliers		(83.221)	(77.690)
1.1.8	Taxes paid		(841)	(1.740)
1.1.9	Other		(41.433)	(125.496)
1.2	Changes in operating assets and liabilities		(788.225)	(970.571)
1.2.1	Net (increase) / decrease in trading securities		353.632	(136.910)
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets		-	-
1.2.3	Net (increase) / decrease in due from banks		934	(18)
1.2.4	Net (increase) / decrease in loans		(9.676.712)	(5.299.591)
1.2.5	Net (increase) / decrease in other assets		(242.957)	(14.334)
1.2.6	Net increase / (decrease) in bank deposits		-	-
1.2.7	Net increase / (decrease) in other deposits		-	-
1.2.8	Net increase / (decrease) in funds borrowed		8.245.796	4.290.669
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities		531.082	189.613
I.	Net cash provided from banking operations		(320.514)	(666.654)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		75.468	191.556
2.1	Cash paid for acquisition of associates, subsidiaries and joint ventures (Business Partners)		-	-
2.2	Cash obtained from disposal of associates, subsidiaries and joint ventures (Business Partners)		-	-
2.3	Purchases of property and equipment	(1.14)	(6.394)	(12.061)
2.4	Disposals of property and equipment		20.503	7.408
2.5	Cash paid for purchase of available-for-sale investments		-	(1.211)
2.6	Cash obtained from sale of available-for-sale investments		-	-
2.7	Cash paid for purchase of investment securities	(1.8.4)	(100.026)	(88.308)
2.8	Cash obtained from sale of investment securities	(1.8.4)	161.732	287.169
2.9	Other		(347)	(1.441)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		(47.461)	1.064.781
3.1	Cash obtained from funds borrowed and securities issued		-	1.264.516
3.2	Cash used for repayment of funds borrowed and securities issued		(30.500)	-
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(16.961)	(199.735)
3.5	Payments for finance leases		-	-
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		97.275	(42.039)
V.	Net increase in cash and cash equivalents		(195.232)	547.644
VI.	Cash and cash equivalents at the beginning of the year	(6.1.2)	1.214.557	666.913
VII.	Cash and cash equivalents at the end of the year	(6.1.2)	1.019.325	1.214.557

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Statement Of Profit Distribution Table

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

Appendix:1-G

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD 31/12/2013 (*)	PRIOR PERIOD 31/12/2012
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	250.852	225.705
1.2	TAXES AND DUTIES PAYABLE (-)	4.925	4.514
1.2.1	Corporate Tax (Income tax)	-	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	4.925	4.514
A.	NET INCOME FOR THE YEAR (1.1-1.2)	245.927	221.191
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	11.060
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	210.131
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	10.507
1.6.1	To Owners of Ordinary Shares	-	10.507
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	4.600
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	1.854
1.9.1	To Owners of Ordinary Shares	-	1.854
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	645
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES (-)	-	192.525
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	0,114	0,111
3.2	TO OWNERS OF ORDINARY SHARES (%)	11	11
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) As at report date, no resolution has been decided regarding about 2013 profit distribution. Accordingly, net profit available for distribution has not been presented.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

SECTION THREE

ACCOUNTING POLICIES

1 The basis of presentation

1.1 The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Accounting Applications for Banks and Safeguarding of Documents

The unconsolidated financial statements, related explanations and disclosures in this report are prepared in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), Communiqué on "Banks' Accounting Practice and Maintaining Documents" and other communiqués, regulations and general instructions on accounting and financial reporting published by Banking Regulation and Supervision Agency ("BRSA") and interpretations of Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting.

Accounting policies applied and valuation methods used in the preparation of the unconsolidated financial statements are expressed in detail below.

Amounts in financial statements and related explanations and disclosures are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

The financial statements are prepared as Turkish Lira ("TL") in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, available-for-sale financial assets whose fair value can be reliably measured, derivative financial liabilities held for trading purpose and derivative financial assets and liabilities held for cash flow hedges.

The preparation of the unconsolidated financial statements in conformity with TAS requires the Bank management to use of certain make assumptions and estimates on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are reviewed regularly and, when necessary, corrections are made and the effects of these corrections are reflected to the income statement.

1.2 Accounting policies and valuation principles applied in the preparation of the financial statements

The accounting policies and valuation principles applied in the preparation of the financial statements are determined and applied in accordance with the principles of TAS. These accounting policies and valuation principles are explained in Notes 2.1 to 2.22 below.

1.3 The items subject to different accounting policies in the preparation process of consolidated financial statements and their proportion to the total items in the consolidated financial statements

None.

1.4 Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

2 Explanations on accounting policies

2.1 Explanations on strategy of using financial instruments and explanations on foreign currency transactions

The Bank uses derivatives to balance its foreign currency asset liability positions for managing its exposure to currency risk

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates of the Bank prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "foreign exchange gains/losses".

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As of 31 December 2013, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL 2,1164 for US dollar, TL 2,9143 for EUR, TL 2,0129 for 100 JPY and TL 3,4971 for GBP.

2.2 Changes in standards and comments

Except for the new standards summarised below, the accounting policies applied for the year ended 31 December 2012 have been applied consistently for the year ended 31 December 2013 in preparing these financial statements.

- TFRS 13 Fair Value Measurement (see (i))
- TAS 19 Employee Benefits (2011) (see (ii))

The details and effect of changes are explained below.

(i) Fair Value Measurement

TFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other TFRSs.

It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including TFRS 7 Financial Instruments: Disclosures.

In accordance with the transitional provisions of TFRS 13, the Bank has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Bank's assets and liabilities.

(ii) Employee Benefits

As a result of the amendments to TAS 19 (2011), all actuarial gains and losses are recognised in other comprehensive income.

Prior to these amendments, all actuarial gains and losses had been recognised in profit or loss. As the do not have significant impact on the comparative financial statements for the year ended 31 December 2012, they have not been restated.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Bank are set out below:

- TFRS 9 Financial Assets (see (i))
- TAS 32 Financial Assets: Presentation (change): Offsetting of Financial Assets and Liabilities (see (ii))

(i) Financial Assets

TFRS 9 - *Financial instruments*, is published by Turkish Accounting Standards Board in April 2010 as a part of a wider project that aims to bring new regulations to replace TAS 39 - Financial Instruments: Recognition and Measurement.

Developing a new standard for the financial reporting of financial assets that is principle-based and less complex is aimed by this project. The objective of TFRS 9, being the first phase of the project, is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of the entity's future cash flows. With TFRS 9 an entity shall classify financial assets as subsequently measured at either amortized cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristic of the financial assets. The guidance in TAS 39 on impairment of financial assets and hedge accounting continues to apply.

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An entity shall apply TFRS 9 for annually for the years beginning on or after 1 January 2015. An earlier application is permitted. If an entity adopts this TFRS in its financial statements for a period beginning before 1 January 2012, then prior periods are not needed to be restated.

(ii) TAS 32 Financial Instruments: Presentation (amendment): Offsetting financial assets and financial liabilities

The amendments to TAS 32 clarify the offsetting criteria in TAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Early application is permitted whether if the explanations related to changes in TFRS 7 are disclosed.

The Bank does not plan to early implement the standard the standard do not have significant impact on the financial statements of the Bank.

2.3 Presentation of the information regarding the consolidated affiliates

None.

2.4 Explanations on forward transactions, options and derivative instruments

The Bank uses derivative financial instruments in order to avoid exposed to foreign currency and interest rate risks.

As of the balance sheet date, there are outstanding currency and interest rate swap purchases, sales contracts and forward transactions in TL and foreign currency issuer of the Bank.

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

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

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in “Trading Gains/Losses on derivative financial instruments” account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, corrections made to the value of hedge account using straight-line amortization method within the days to maturity are reflected to “Trading Gains/Losses on derivative financial instruments” account in income statement.

The Bank classifies its derivative instruments except for derivatives held for cash flow hedges as “Held-for-hedging” or “Held-for-trading” in accordance with “Financial Instruments: Turkish Accounting Standard for Recognition and Measurement (“TAS 39”)”. According to this, certain derivative transactions while providing effective economic hedges under the Bank’s risk management position, are recorded under the specific rules of TAS 39 and are treated as derivatives “Held-for-trading”.

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

2.5 Explanations on interest income and expense

Interest income and expenses are recognized in profit or loss on an accrual basis.

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

2.6 Explanations on fee and commission income and expenses

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

2.7 Explanations on financial assets

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

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

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

The government bonds and treasury bills recognized under trading financial assets which are traded on the Borsa İstanbul AŞ ("BIST") are valued with weighted average prices settled on the BIST as of the balance sheet date; and those government bonds and treasury bills traded on the BIST but which are not subject to trading on the BIST as of the balance sheet date are valued with weighted average prices at the latest trading date.

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

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

Derivative financial instruments are classified as trading financial assets unless they are designated as hedging instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note 2.4 of Section Three.

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

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

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

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

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

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

“Unrealized gains and losses” arising from changes in the fair value of securities classified as available-for-sale are recognized under shareholders’ equity as “Marketable securities value increase fund”, until the collection of the fair value of financial assets, the sale of the financial assets, permanent impairment in the fair values of such assets or the disposal of the financial assets. When these securities are disposed of or the fair value of such securities is collected, the accumulated fair value differences in the shareholders’ equity are reflected to profit or loss.

2.8 Explanations on impairment of financial assets

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

2.9 Explanations on offsetting financial instruments

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

2.10 Explanations on sales and repurchase agreements and securities lending transactions

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

2.11 Explanations on assets held for sale and discontinued operations and explanations on liabilities related with these assets

Assets which meet the criteria to be classified as held for sale are measured by the book value and no more amortization is made for these assets; and these assets are shown separately on the balance sheet. In order to classify an asset as an asset held for sale, the related asset (or the group of assets to be disposed of) should be able to be sold immediately and the probability of sale for such assets (or group of assets to be disposed of), should be high under current conditions. In order for the sale to be highly probable, a plan should have been made by the suitable management for the sale of the asset (or group of assets to be disposed of) and an active program should have been started to determine the buyers and to carry out the plan.

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

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

2.12 Explanations on goodwill and other intangible assets

As of 31 December 2013 and 31 December 2012, the Bank has no goodwill in its accompanying financial statements.

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

Implemented yearly redemption rates as follows;

Intangible assets:	33%

2.13 Explanations on property and equipment

All property and equipment are initially recognized at cost. Subsequently property and equipment are carried at cost less accumulated depreciation at the balance sheet date. Depreciation is calculated over the cost of property and equipment using the straight-line method over its estimated useful life. There has been no change in the depreciation method during the current period.

The depreciation rates are as follows;

Buildings	: 2-3%
Furniture, fixtures and vehicles	: 6-33%

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

There are no pledges, mortgages or any other contingencies and commitments over property and equipment that restrict their usage. The Bank does not expect any changes in accounting estimates that will have a material impact in future periods in relation with the property and equipment.

2.14 Explanations on leasing transactions

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease instalments that are going to be paid for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognized. Liabilities arising from the leasing transactions are included in "Finance lease payables" in

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the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not perform financial leasing transactions as a "Lessor".

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

2.15 Explanations on provisions and contingent liabilities

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

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the "Matching principle". When the amount of the obligation cannot be estimated reliably it is considered that a "Contingent" liability exists. When the amount of the obligation can be estimated reliably and when there is a high possibility of an outflow of resources from the Bank, the Bank recognizes a provision for such liability.

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

2.16 Explanations on obligations related to employee rights

Under the Turkish Labor Law, the Bank is required to pay a specific amount to employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labor Law.

Obligations related to employee termination and vacation rights are calculated for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

Revised TAS 19 becomes valid publishing on the Official Gazette dated 12 March 2013 by Public Oversight Accounting and Auditing Standards Authority. According to revised TAS 19, once the Actuarial Gains and Losses occur it is recorded under equity and not associated with income statement. Benefit costs arising interest cost due to being 1 year more closer to the payment of benefit and service cost as a result of given service by worker are required to be shown in income statement.

TL 404 accounted as actuarial valuation difference is recorded under equity, TL 653 accounted as service and interest cost is associated with income statement accounts. Assumptions used in the calculation are shown below.

Assumptions	
Discount ratio	9,40%
Inflation	6,40%
Change in salary	7,40%

As of 31 December 2013, the calculated employment termination obligation amounts to TL 12.193.

For the year ending 31 December 2013, the Bank also provided a 100% provision for vacation pay liability relating to prior periods amounting to TL 8.760.

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2.17 Explanations on taxation

According to Act number 3332 and article 4/b of Act number 3659, dated 25 March 1987 and 26 September 1990, respectively, the Bank is exempt from Corporate Tax. Due to the 3rd Article of the same act; the above mentioned exemption became valid from 1 January 1988. In accordance with clause 9 of the Provisional Article 1 of Corporate Tax Law No. 5520, which states "The provision of Article 35 shall not apply to exemptions, allowances and deductions included in other laws in relation to Corporation Tax prior to the effective date of the Law No. 5520", the exemption from Corporation Tax continues. Accordingly, deferred tax asset or liability is not recognized in these financial statements.

2.18 Additional explanations on borrowings

Trading financial liabilities and derivative instruments are carried at their fair values and other financial liabilities including debt securities in issue are carried at "Amortized cost" using the "Effective interest method".

In October 2011, the Bank issued bonds worth USD 500 million (TL 1.058.200). The bond is subject to annual fixed interest payment of 5.37% every six months and the total maturity is five years and also, the bond issued on April 2012 with an amount of USD 500 million (TL 1.058.200) is subject to biannual fixed payment of 5.87% and its total maturity is seven years. In addition to this bond, there was a bond increase corresponding to USD 250 million (TL 529.100) as of October 2012.

The Bank applied hedge accounting for the derivative financial instruments which are related to the bonds issued and accounted USD 26.263 thousands (TL 55.582) for hedge accounting during this period.

2.19 Explanations on issuance of share certificates

The Bank has not issued shares in the current year and accordingly there is no cost related to such a transaction. As the Bank's total paid-in capital is owned by Turkish Treasury, there is no cost related to share issuance. Profit appropriation of the Bank is resolved at the General Assembly meeting. As of 29 March 2013, dividend distribution for 2012 was approved by Banking Regulation and Supervision Agency and Vice Prime Minister who has the authorities of General Assembly.

2.20 Explanations on avalized drafts and acceptances

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

2.21 Explanations on government grants

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

2.22 Explanations on segment reporting

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

2.23 Explanations on other issues

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

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

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

1 Capital adequacy ration

1.1 Information related to capital adequacy ratio

As of the balance sheet date, the capital adequacy ratio of the Bank is 26,19%.

1.2 Measurement methods used in the determination for capital adequacy ratio

For the calculation of the capital adequacy ratio, the Bank classifies the risk weighted assets and non-cash loans according to the risk weights defined by the regulations and calculates "Total risk weighed assets" which is the sum of market risk on securities and the Bank's currency risk. The standard method is used for credit and market risk while the basic indicator approach is applied for the calculation of operational risk.

Thousand (TL)	0%	10%	20%	20% Not Rated
THE AMOUNT TAKEN AS A BASIS OF CREDIT RISK (TOTALS)	670.853	-	-	1.025.285
Conditional or Unconditional Receivables from Central Administrations or Central Banks	433.910	-	-	-
Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-
Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-
Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-
Conditional or Unconditional Receivables from International Organizations	-	-	-	-

Thousand (TL)	0%	10%	20%	20% Not Rated
Conditional or Unconditional Receivables from Banks and Intermediary Institutions	-	-	-	1.025.285
Conditional and Unconditional Corporate Receivables	-	-	-	-
Conditional and Unconditional Retail Receivables	-	-	-	-
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	-	-	-	-
Non-performing Receivables (Net)	-	-	-	-
Receivables determined to have high levels of risk by the Board	-	-	-	-
Securities with Mortgage Guarantees	-	-	-	-
Securitization Positions	-	-	-	-
Short Term Receivables from Banks and Intermediary Institutions and Short Term Corporate Receivables	-	-	-	-
Investments in the Nature of Collective Investment Organisation	-	-	-	-
Other receivables (Net)	236.943	-	-	-

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	RISK WEIGHTS							
	BANK							
	50% Guaranteed with Real Estate Mortgages	50%	50% Not Rated	75%	100%	100% Not Rated	150%	200%
	11.069	267.130	22.724.106	5.470	331.122	1.200.443	-	-
	-	267.130	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

	RISK WEIGHTS							
	BANK							
	50% Guaranteed with Real Estate Mortgages	50%	50% Not Rated	75%	100%	100% Not Rated	150%	200%
	-	-	22.724.106	-	-	-	-	-
	-	-	-	-	-	1.196.753	-	-
	-	-	-	5.470	-	-	-	-
	11.069	-	-	-	-	3.690	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	331.122	-	-	-

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1.3 Summary information related to capital adequacy ratio

		Bank	
		Current Period 31.12.2013	Prior Period 31.12.2012
A	Capital Liability Required for Credit Risk (Amount Subject to Credit Risk*0.08) (ASCR)	1.059.350	1.042.485
B	Amount Subject to Market risk (ASMR)	125.588	112.860
C	Amount Subject to Operational Risk (ASOR)	48.194	55.951
	Shareholders' Equity	4.036.256	3.803.588
	Shareholders' Equity/((ASCR+ASMR+ASOR)*12.5) *100	26,19%	25,12%

1.4 Information about shareholders' equity items

	Current Period 31.12.2013	Prior Period 31.12.2012
CORE CAPITAL		
Paid-in capital	2.200.000	2.000.000
Nominal capital	2.200.000	2.000.000
Capital commitments (-)	-	-
Inflation Adjustment to Share Capital	599.253	599.657
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	848.464	844.234
Differences caused by the adjustment of legal reserves according to inflation	-	-
Profit	245.927	221.191
Net income for the period	245.927	221.191
Prior period profit	-	-
Provisions for Probable Risks up to 25% of Core Capital	20.948	14.006
Profit on Disposal of Associates, Subsidiaries and Immovable	-	-
Primary Subordinated Loans	-	-
Uncovered Portion of Loss with Reserves (-)	-	-
Net loss for the period	-	-
Prior period loss	-	-
Costs regarding the development of operating leasing (-)	11.709	9.883
Intangible Assets (-)	540	458
Deferred Tax Asset Amount Exceeding 10% of Core Capital (-)	-	-
Limit Exceeding Amount regarding the Third Clause of the Article 56 of the Law (-)	-	-
Total Core Capital	3.902.343	3.668.747

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	Current Period 31.12.2013	Prior Period 31.12.2012
SUPPLEMENTARY CAPITAL		
General Provisions	130.214	130.214
45% of the Movables Revaluation Fund	-	-
45% of the Immovables Revaluation Fund	-	-
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-	-
Primary Subordinated Loans that are not Considered in the Calculation of Core Capital	-	-
Secondary Subordinated Loans		
45% of value increase amount related to the available-for-sale securities along with the affiliates and subsidiaries	3.699	4.627
Inflation Adjustment to Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	133.913	134.841
CAPITAL	4.036.256	3.803.588
DEDUCTIONS FROM CAPITAL		
Investments in unconsolidated Financial Institutions (Foreign) and Banks in which 10% or more equity interest exercised	-	-
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest exercised and that exceeds the 10% and more of the total core and supplementary capital of the Bank	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments of a Primary or Secondary Subordinated Loan Nature, Purchased From Them	-	-
Loans Extended as Contradictory to the Article 50 and 51 of the Law	-	-
Excess of 50% of the Bank's Immovables' Total Net Book Value and Net Book Value of Immovables Obtained Against Bank's Receivables that Must be Disposed According to Article 57 of the Banking Law which Could not be Disposed Although Five Years Have Passed Since the Acquisition Date	-	-
Securitisation positions to be deducted from the equities	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	4.036.256	3.803.588

2 Market risk

The market risk means the possibility of damage arising from interest, exchange and price changes due to the fluctuations in financial markets affecting the Bank's on and off balance positions and as a result of this, the possible changes occurring in the Bank's income and expense items along with its return on equity. 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 (mark to market). In order to limit any probable losses from market risk, the Bank applies a maximum daily transaction and stop/loss limits for all trading Turkish lira and foreign currency transactions including marketable security transactions; such limits are approved by the Board of Directors of the Bank calculates an amount subject to market risk, including "Currency Risk" and "Interest Rate Risk (The Bank does not carry common stock position) in the Capital Adequacy Analysis Form in accordance with "Communiqué Related to Market Risk Measurement by Standard Method" ("Standard Method") issued by BRSA. In accordance with such method, currency risk is calculated on a weekly basis and market risk including both "currency risk" and "interest risk" is calculated on a monthly basis.

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2.1 Information on market risk

	AMOUNT
(I) Capital to be Employed for General Market Risk - Standard Method	26.568
(II) Capital to be Employed for Specific Risk - Standard Method	1.025
Capital Liability Required for Specific Risk regarding Securitisation Positions - Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	95.533
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	160
(VII) Capital Liability Calculated for Credit Risk of Counter-Party - Standard Method	2.302
(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	125.588
(X) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)	1.569.850

2.2 Market risk table of calculated month-end market risk during the year

	Current Period 31.12.2013			Prior Period 31.12.2012		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	32.870	66.972	19.954	37.378	69.709	15.751
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	74.075	102.685	55.333	47.260	58.785	36.642
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Operational Risk	30	166	16	14	148	18
Counterparty Credit Risk	2.322	2.645	1.934	887	2.787	2.511
Total Amount Subject to Risk	1.366.213	2.155.850	965.463	1.069.238	1.642.863	686.525

3 Credit risk

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

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

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

In line with the Bank's limits, forward and swap transactions are performed with the banks. There are not any control limits regarding the option transactions. For interest swaps and cross currency (money and interest) swaps, guaranteed transactions are performed by applying cash blockage. Because these tools are assessed daily through

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current rates (market to market) in the market, the credit risk undertaken is managed with the potential risks arising due to the market movements.

In line with the objective regarding the principles of related law and establishment conditions, Turkish Eximbank is not exposed to high market risk due to the fact that the Bank provides a significant part of its resources to meet the export sector's credit need. And also, in the view of the fact that the market risk will increase due to the conditions where there is lack of market depth and effectiveness regarding the derivatives, these derivatives on the market basis are performed with the exporters and all of them are closed through applying reverse transactions in the interbank market and/or via derivatives exchange (hedging is performed) as a general strategy to minimize the relevant risks. In accordance with this, it is thought that the Bank has undertaken minimal risk just for the put option transactions and does not benefit from mitigating its total risks by terminating future, option, and similar contracts in a short time for the cases where the credit risk reaches a high level. On the other hand, because there is not any forward transaction for the exporters, considering that the Bank is not currently exposed to any "credit and settlement" risk (although the Bank meets the requirement, the counter party avoids meeting it) and providing that the said service will be performed, the guarantee will be requested from the exporters to mitigate the credit risk and by considering the time differences in the markets to eliminate the settlement risk, the Bank will carry out its payment to the exporters on the next working day following their timely payment and the limit of the exporters will be decreased on the transaction amount basis till the related transaction is finalized. Moreover, for the "hedge" transactions of the Bank, the above mentioned principles are applied, the limits of the Bank for which transactions are carried out are decreased on the transaction amount basis, and the liabilities of the Bank, other than exceptional cases, are performed on the first working day on which the transaction is finalized.

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.

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

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

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

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

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

Each year, 70% of 90% of the commercial and politic risks that emerge in the Short Term Export Insurance Program is transferred to international reinsurance companies under renewed agreements.

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

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

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

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

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

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

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

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

According to the decision of the Executive Committee dated 21 July 2011, due dated loans and other receivables (except for country credits) will be kept under the "Standard Loans and Other Receivables Account" for 30 days and under the "Closely Monitored Credits and Other Receivables Account" for 60 days following the maturity date if the principle and interest of the loan has not been paid as of the maturity date. However, if it is deemed necessary in terms of negative changes to the financial structure of the debt and in terms of protecting the interests of the Bank, all receivables related to the uncollected amounts (except country credits) can be transferred to the "Non-Performing Receivables Account" without waiting until 90 days after the maturity by taking the insufficiencies in the guarantee amount and recourse periods into account. Also, it was decided that if the amount leading to the transfer to the "Closely Monitored Credits and Other Receivables Account" is fully paid, then other undue loans will be classified again after being evaluated.

In accordance with the decision of Executive Committee, as there has been no improvement in the collection of the receivables amounting to USD 4,868,428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarme and Ministry of Defense under the scope of Russian Federation Deferred Loan, the Bank has provided 100% impairment provision of the TL equivalent amounting to TL 10.304 (31 December 2012: TL 8.681) as of 31 December 2013.

As of 31 December 2013, the Bank booked provisions amounting to TL 10.644 (31 December 2012: TL 5.325) considering probable compensation payments in relation to the insured export receivables.

As of 31 December 2013, even though the Bank does not have credits restructured in the accounts of standard credits and other receivables and linked to a redemption plan, it has credits corresponding to TL 288.772 and has applied changes in their terms of contracts which are under standard credits and other receivables accounts along with the ones amounting to TL 39.687 under close monitoring and other receivables accounts.

For transactions in the frame of 25 March 1987 dated and 3332 numbered Law, "General and special provision rates are considered to be zero" clause according to Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No.26333 dated 1 November 2006 exemptions entitled article 13, although the Bank is within the exemption up to date by prudence within the scope of statute transaction occurs and within the context of exemption as of 1 January 2013 the Bank is applied to BRSA and in accordance with the confirmation general provision amount of TL 62.475 cancelled which is made as a provision till 30 June 2013.

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The proportion of the Bank's top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 66% and 72% as of 31 December 2013 and 2012, respectively.

The proportion of the Bank's top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 78% and 85% as of 31 December 2013 and 2012, respectively.

The proportion of the Bank's top 100 non-cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 63% and 72% as of 31 December 2013 and 2012, respectively.

The proportion of the Bank's top 200 non-cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 76% and 1% as of 31 December 2013 and 2012, respectively.

As of 31 December 2013 and 2012, the share of cash and non-cash receivable amounts belonging to its top 100 and 200 credit customers in the total balance sheet and the assets monitored under off-balance sheets are 72% and 72% respectively.

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

	Current Period 31.12.2013		Prior Period 31.12.2012	
	Corporate	Personnel loans	Corporate	Personnel loans
Standard loans	22.989.869	5.480	13.292.996	2.619
Loans under close monitoring	39.687	-	56.445	-
Loans under legal follow-up	117.478	-	112.383	-
Gross	23.147.034	5.480	13.461.824	2.619
Special provision	(117.478)	-	(112.383)	-
Net	23.029.556	5.480	13.349.441	2.619

As of 31 December 2013 and 2012, there are no past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

	Current Period 31.12.2013	Prior Period 31.12.2012
Past due up to 30 days	-	2.845
Past due 30-60 days	39.687	-
Past due 60-90 days	-	53.600
Total	39.687	56.445

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As of 31 December 2013 and 2012, the fair value of collaterals held for loans granted by the Bank are as follows:

	Current Period 31.12.2013	Prior Period 31.12.2012
Loans under close monitoring	48.872	65.946
Loans under legal follow-up	416.166	643.937
Total	**465.038**	**709.883**

As of 31 December 2013, the bank does not have repossessed collaterals (31 December 2012: None).

Bank's loan rating system

Risk evaluation of Banks and other financial institutions:

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

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

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

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

As of 31 December 2013, loans granted by the Bank to domestic banks and other financial institutions amount to TL 4.934.019 (31 December 2012: TL 3.727.755). The concentration level of the loans to Banks and other financial institutions customers in accordance with the defined financial analysis groups of the Bank are as follows:

		Current Period 31 December 2013	Prior Period 31 December 2012
	Rating Class	Concentration Level (%)	Concentration Level (%)
Low	1-2	69%	59%
Medium	3	18%	23%
High	4	13%	18%

The risk evaluation of companies:

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

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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.

As of 31 December 2013 and 2012, the classification of the loans to Banks and other financial institutions and companies and individuals are as follows:

	Current Period 31.12.2013		Prior Period 31.12.2012	
	Loans	Specific Provision (%)	Loans	Specific Provision (%)
Standard loans	99,32%	-	98,75%	-
Loans under close monitoring	0,17%	-	0,42%	-
Loans under legal follow-up	0,51%	100%	0,83%	100%
Total	100%	0,51%	100%	0,83%

The Bank's maximum exposure to credit risk as of 31 December 2013 and 2012:

	Current Period 31.12.2013	Prior Period 31.12.2012
Banks	1.019.105	798.936
Interbank Money Market Placements	-	396.439
Loans to Domestic Banks and Other Financial Institutions	4.934.019	3.727.755
Loans to Foreign Banks and Other Financial Institutions	202.620	182.011
Loans to Companies and Individuals	17.898.397	9.442.294
Financial Assets at Fair Value Through Profit or Loss (1)	113.270	483.571
Trading Derivative Financial Assets	58.776	27.781
Held-to-Maturity Investments	238.371	300.349
Other Assets	31.154	38.440
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	1.219.632	682.148
Commitments	-	-
Total	**25.715.344**	**16.079.724**

(1) Except derivative financial assets held for trading.

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The Risk Profile According to Substantial Regions

		Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables
	Current Period							
1	Domestic	478.001	-	-	-	-	5.891.276	17.431.174
2	European Union Countries (1)	-	-	-	-	-	32.950	701.771
3	OECD Countries (1)	-	-	-	-	-	38.539	88.500
4	Offshore Banking Regions	-	-	-	-	-	-	-
5	USA, Canada	-	-	-	-	-	12.171	74.255
6	Other Countries	109.019	-	-	-	-	42.328	332.227
7	Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	-
8	Undistributed Assets/ Liabilities (2)	-	-	-	-	-	-	-
9	Total	587.020	-	-	-	-	6.017.264	18.627.927

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

(2) Assets and liabilities allocated to groups without a consistent basis

The Risk Profile According to Sector or Third Party

	Sectors and third parties	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organizations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables
1	Agriculture								
1.1	Farming and Livestock	-	-	-	-	-	593.876	2.078.445	49.545
1.2	Forestry	-	-	-	-	-	59.186	207.141	4.938
1.3	Fishery	-	-	-	-	-	-	-	-
2	Industry	-	-	-	-	-	-	-	-
2.1	Mining and Quarry Sector	-	-	-	-	-	153.368	536.759	12.795
2.2	Manufacturing Industry	-	-	-	-	-	4.039.602	14.137.795	337.011
2.3	Electric, Gas and Water	-	-	-	-	-	-	-	-
3	Construction	109.019	-	-	-	-	-	-	-
4	Services	-	-	-	-	-	-	-	-
4.1	Wholesale and retail trade	-	-	-	-	-	-	-	-
4.2	Hotel and Restaurant Services	-	-	-	-	-	-	-	-
4.3	Transportation and Communications	-	-	-	-	-	-	-	-
4.4	Financial institutions	-	-	-	-	-	1.019.045	-	-
4.5	Real Estate and Leasing Services	-	-	-	-	-	-	-	-
4.6	Real Estate and Leasing Services	-	-	-	-	-	-	-	-
4.7	Training Services	-	-	-	-	-	-	-	-
4.8	Health and Social Services	-	-	-	-	-	-	-	-
5	Other	478.001	-	-	-	-	152.187	1.667.787	16.153
6	Total	587.020	-	-	-	-	6.017.264	18.627.927	420.442

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	Risk Groups (1)									
	Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Other Receivables (Net)	Total
	420.442	14.759	-	-	-	-	-	-	568.065	24.803.717
	-	-	-	-	-	-	-	-	-	734.721
	-	-	-	-	-	-	-	-	-	127.039
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	86.426
	-	-	-	-	-	-	-	-	-	483.574
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	420.442	14.759	-	-	-	-	-	-	568.065	26.235.477

	Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitization Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organization	Other Receivables (Net)	TL	FC	Total
	-	-	-	-	-	-	-	28.287	627.912	2.122.241	2.750.153
	-	-	-	-	-	-	-	2.819	62.578	211.506	274.084
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	7.305	162.158	548.069	710.227
	-	-	-	-	-	-	-	192.412	4.271.120	14.435.700	18.706.820
	-	-	-	-	-	-	-	-	-	-	-
	14.759	-	-	-	-	-	-	-	-	123.778	123.778
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	195.136	823.909	1.019.045
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	337.242	441.651	2.209.719	2.651.370
	14.759	-	-	-	-	-	-	568.065	5.760.555	20.474.922	26.235.477

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

	Remaining Period to Maturity				
Risk Groups	1 month	1-3 Months	3-6 Months	6-12 Months	More than 1 Year
Conditional or Unconditional Receivables from Central Administrations or Central Banks	35.886	10.595	11.658	55.245	473.635
Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-	-
Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-	-
Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-	-
Conditional or Unconditional Receivables from International Organisations	-	-	-	-	-
Conditional or Unconditional Receivables from Banks and Intermediary Institutions	1.258.097	485.286	783.578	2.672.501	817.802
Conditional and Unconditional Corporate Receivables	1.483.244	2.007.875	6.663.800	5.060.574	3.412.498
Conditional and Unconditional Retail Receivables	34.317	41.186	148.651	109.760	86.528
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	-	-	-	-	14.759
Non-performing Receivables (net)	-	-	-	-	-
Receivables determined to have high levels of risk by the Board	-	-	-	-	-
Securities with Mortgage Guarantees	-	-	-	-	-
Securitisation Positions	-	-	-	-	-
Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	-	-	-	-	-
Investments in the Nature of Collective Investment Organisation	-	-	-	-	-
Other Receivables (net)	20	-	-	-	568.044

There are not any companies assigned for credit rating or export credit.

Risk Amounts by Risk Weights

Risk Weight	0%	10%	20%	50%	75%	100%	150%	The ones deducted from the equities
The amount before credit risk mitigation	670.853	-	525.817	5.644.558	5.470	19.388.780	-	-
The amount after credit risk mitigation	670.853	-	1.025.285	23.002.305	5.470	1.531.565	-	-

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Various Information by Significant Sectors or Counter-Party Types

	Significant Sectors/Counter Parties	Loans			
		Impaired	Non-performed	Value Adjustments	Provisions
1	Agriculture	-	3.528	-	3.528
2	Energy	-	576	-	576
3	Food	-	3.897	-	3.897
4	Textile	-	41.505	-	41.505
5	Paper and related products	-	773	-	773
6	Chemistry and related products	-	78	-	78
7	Metal Industry	-	1.479	-	1.479
8	Electrical household appliances	-	1.757	-	1.757
9	Ship	-	42.416	-	42.416
10	Motor Vehicles	-	425	-	425
11	Furniture	-	179	-	179
12	Construction	-	150	-	150
13	Shipping	-	18	-	18
14	Consulting	-	288	-	288
15	Other	-	20.409	-	20.409
	Total	-	117.478	-	117.478

Information Regarding Value Adjustments and Change of Credit Provisions

		Opening Balance	Provision amounts allocated within the period	Cancellation of Provisions	Other Adjustments	Ending Balance
1	Special Provisions	112.383	30.232	25.137	-	117.478
2	General Provisions	130.214	62.475	62.475	-	130.214

Information regarding the credit risk of counter-party

Transaction limits for the credit risk of counter-party are determined by the Board of Directors and monitored by the Treasury Directorate. The allocation and distribution of internal capital are not performed.

In accordance with the limits of the bank, forward and swap transactions are maintained with other banks. There are not any control limits regarding the option transactions. For interest swaps and cross currency swaps, guaranteed transactions are performed through applying cash blockage.

There is no policy regarding the reverse trend risk.

The guarantee is not received for the derivatives and repo transactions stated in the credit risk of the counter-party.

In the table of “Quantitative Information regarding the Counter-Party Risk”, gross positive fair value is indicated. Because the “Standard Method” and the “Internal Model Method” indicated in the forth and fifth sections of Appendix-2 of the regulation on the Measurement and Evaluation of Capital Adequacy are not used, there are not any offsetting transactions.

“Valuation Method According to Positive Fair Value” stated in the third section of Appendix-2 of the regulation on the Measurement and Evaluation of Capital Adequacy is practised.

Because “Internal Model Method” indicated in the forth and fifth sections of Appendix-2 of the regulation on the Measurement and Evaluation of Capital Adequacy is not practised, a value can not be estimated.

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Quantitative Information regarding the Counter-Party Risk

	Amount
Agreements on the basis of Interest Rate	2.717.458
Agreements on the basis of Exchange Rate	1.613.442
Agreements on the basis of Commodity	-
Agreements on the basis of Share	-
Other	-
Gross Positive Fair Value	84.614
Benefits of Offsetting	-
Offset Current Risk Amount	-
Guarantees Held	-
Net Position Regarding Derivatives	-

The capital requirement is not calculated via a risk measurement model which is allowed to be used. There is not any model for the use of risk measurement.

4 Operational risk

The points regarding the operational risk are as follows;

The Bank practices basic indicator approach for the calculation of operational risk. According to this method, the operational risk is calculated once per a year.

The information on the realization of the basic indicator method is as follows:

	2 Payment Amount	1 Payment Amount	Current Value Amount	Total/Number of Year regarding Positive Gross Income	Ratio (%)	Total
Gross income	340.903	323.149	299.822	3/3	15	48.194
The Amount Taken as a Basis of the Operational Risk (Total*12.5)						602.425

5 Currency risk

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

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

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

The basic principle for foreign currency assets and liabilities is to secure a balance between currency type, maturity and interest type. For this purpose, borrowing strategies are determined in accordance with the Bank's asset structure to the extent possible. When this determination is not possible, the Bank aims to change the asset structure or utilize derivative instruments such as "cross currency" (currency and interest) and currency swaps. Main currencies of the Bank's assets are USD and EUR and the funding currencies of these assets are USD and EUR. As of 31 December 2013, the balance of long-term interest swaps is USD 19.000.000; while the balance of basis swaps is USD 15.000.000.

Moreover, short-term currency swaps for the liquidity and exchange risks are performed, and as of 31 December 2013 currency swap purchase are USD 260.000.000; currency swap sales are EUR 97.703.957. As of August 2011, forward purchase-sale transactions were initiated in order to finance the Pre-shipment Rediscount Credits made

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available by the Central Bank rediscount credits and to protect them from foreign exchange rate risk. Balance of these transactions as of 31 December 2013 is TL 1.345.080 in forward sales transactions and USD 638.380.000 in forward purchase transactions.

As of the balance sheet date, the Bank has used "Fair Value Hedge Accounting" beginning from 1 January 2013.

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

	31 December 2013		
	Principal [1]	Asset	Liability
Derivative Financial Instruments			
Swap interest transactions	4.698.408	13.803	39.272
Total	4.698.408	13.803	39.272

[1] Sum of purchase and sale.

The method of derivatives' fair value measurement shown above is explained in section three no 2.4 accounting policy.

Starting from 1 January 2013, the Bank hedged the possible fair value effects of changes in libor interest rates on 5.375% and 5.875% fixed interest rate debt securities amounting 500 million with maturity 5 years and 610 million US dollars with maturity 7 years funding by using interest rate swaps.

USD debt securities issued in total amount to USD 750 million with 8.875% fixed interest rate and maturity 7 years by the Bank. Remaining risk amount to USD 140 million hedged with cross currency swaps in year 2012 but this remaining portion is not subject to fair value hedge accounting.

The impact of application fair value hedge accounting is summarized below:

31 December 2013					
Hedging Instrument	Asset liability hedging	Risk Hedge	Fair value of hedged asset	Net fair value of hedging account	
				Asset	Liability
Interest swap contract	Marketable securities issued fixed rate USD	Fixed interest rate risk	(55.582)	13.803	39.272

The bank evaluates the method of hedge whether to be effective on the expected changes in fair values in this process or not or each result of hedge effectiveness whether to be between the range of 80% and 125%.

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in "Trading gains and losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts.

5.3 Policy on foreign currency risk management

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 31 December 2013, the net foreign Currency Position/Shareholders' Equity ratio is 0,01%. Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

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

Fully paid capital by Turkish Republic Treasury of the Bank's legal capital is evaluated prospectively, in order to protect capital adequacy under the some stress scenario like rapid and large scale currency and interest rate changes the Bank calculates capital requirement. The Bank both within own group and within the all banking system works with shareholders equity and capital ratio which are above the average. First pillar credit for calculation of legal capital adequacy, adding to market and operational risk, interest rate risk (BHFOR) due to second pillar banking calculations and concentration risk are considered. Modelling study containing business risk, reputation risk, model risk, exchange risk which the Bank is not exposed to so much is started suitably with the map related to Internal Capital Adequacy Assessment Process (ICAAP/ISEDES) used by banks in the contact meeting of BDDK dated 1 February 2012.

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

Date	25/12/2013	26/12/2013	27/12/2013	30/12/2013	31/12/2013
USD	2,0630	2,0925	2,1423	2,1348	2,1164
AUD	1,8406	1,8600	1,9118	1,8895	1,8874
DKK	0,3781	0,3838	0,3961	0,3934	0,3906
SEK	0,3132	0,3187	0,3292	0,3285	0,3299
CHF	2,3045	2,3338	2,4098	2,3941	2,3772
JPY	1,9764	1,9974	2,0444	2,0270	2,0129
CAD	1,9413	1,9657	2,0153	1,9927	1,9880
NOK	0,3363	0,3393	0,3506	0,3475	0,3480
GBP	3,3701	3,4267	3,5318	3,5203	3,4971
SAR	0,5500	0,5579	0,5712	0,5691	0,5643
EUR	2,8209	2,8638	2,9553	2,9349	2,9143
KWD	7,2949	7,3966	7,5780	7,5515	7,4864
XDR	3,1694	3,2147	3,2927	3,2987	3,2593
BGN	1,4426	1,4642	1,5110	1,5004	1,4899
IRR	0,0083	0,0085	0,0087	0,0086	0,0085
RON	0,6322	0,6423	0,6618	0,6573	0,6511
RUB	0,0631	0,0641	0,0658	0,0652	0,0643

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

Currency	Average December 2013	Currency	Average December 2013
USD	2,0595	SAR	0,5491
AUD	1,8484	EUR	2,8216
DKK	0,3782	KWD	7,2825
SEK	0,3149	XDR	3,1677
CHF	2,3028	BGN	1,4426
JPY	1,9886	IRR	0,0083
CAD	1,9353	RON	0,6321
NOK	0,3355	RUB	0,0626
GBP	3,3739		

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5.6 Information related to Bank's Currency Risk

Current Period 31 December 2013	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	-	-	-	-
Banks	254.163	566.749	3.015	823.927
Financial Assets at Fair Value Through Profit or Loss	-	75.030	-	75.030
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans (1)	5.935.513	11.753.482	19.263	17.708.258
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	45.053	-	45.053
Hedging Derivative Financial Assets	-	13.803	-	13.803
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	187.512	32.861	29	220.402
Total Assets	6.377.188	12.486.978	22.307	18.886.473
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	5.877.433	11.242.752	7.540	17.127.725
Marketable Securities Issued	-	2.604.828	-	2.604.828
Miscellaneous Payables	208.009	192.273	270	400.552
Derivative Financial Debts with an aim of Hedging	-	39.272	-	39.272
Other Liabilities	325	357.540	43	357.908
Total Liabilities	6.085.767	14.436.665	7.853	20.530.285
Net on Balance Sheet Position	291.421	(1.949.687)	14.454	(1.643.812)
Net off Balance Sheet Position	(293.481)	1.901.331	-	1.607.850
Financial Derivative Assets	-	4.322.493	-	4.322.493
Financial Derivative Liabilities	293.481	2.421.163	-	2.714.644
Non-Cash Loans	-	1.219.632	-	1.219.632
Prior Period 31 December 2012				
Total Assets	2.585.785	8.354.586	17.917	10.958.288
Total Liabilities	2.587.318	8.991.070	307	11.578.695
Net on Balance Sheet Position	(1.533)	(636.484)	17.610	(620.407)
Net off Balance Sheet Position	(8.950)	579.286	-	570.336
Financial Derivative Assets	338.568	2.553.303	-	2.891.871
Financial Derivative Liabilities	347.518	1.974.017	-	2.321.535
Non-Cash Loans	-	682.148	-	682.148

(1) As of 31 December 2013, the principal of the Iraq loan amounting to TL 871 and the liability of TL 436 are not included in the above table as the risk belongs to the Turkish Treasury.

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The effect of Bank's currency positions as of 31 December 2013 and 2012 on net profit and equity under the assumption of devaluation of TL against other currencies by 10% with all other variables held constant is as follows:

	Current Period 31.12.2013		Prior Period 31.12.2012	
	Gain/(Loss) Effect	Effect on Equity [1]	Gain/(Loss) Effect	Effect on Equity [1]
USD	(5.658)	(4.836)	(8.597)	(8.590)
EUR	(206)	(206)	(153)	(153)
YEN	-	-	-	-
Other foreign currency	1.445	1.445	1.762	1.762
Total, net	(4.419)	(3.597)	(6.988)	(6.981)

[1] Effect on equity also includes effect on net profit.

As of 31 December 2013 and 2012, 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.

6 Interest rate risk

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

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

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

As of 31 December 2013, there has been an attempt to obtain the compliance between 15 long-term interest swaps in USD currency assets with fixed interest and variable interest liabilities.

As of 31 December 2013, 6 FC-TL short-term, 1 TL-FC and 1 FC-FC long-term currency swap transaction and 95 FC-TL forward transactions are carried out.

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6.1 Interest rate sensitivity of assets, liabilities and off-balance sheet items

(Periods remaining to repricing dates)

Current Period End 31.12.2013	Up to 1 Month	1 - 3 Months	3 - 12 Months	1- 5 Years	Over 5 Year	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	280	280
Banks	1.008.830	-	-	-	-	10.275	1.019.105
Financial Assets at Fair Value Through Profit/ Loss	1.836	7.287	49.653	39.916	73.354	-	172.046
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	-	17.351	17.351
Loans	3.395.010	4.190.353	14.906.087	543.586	-	-	23.035.036
Held-to-maturity investments	93.913	10.858	50.534	83.066	-	-	238.371
Other Assets	-	-	13.803	-	-	313.770	327.573
Total Assets	**4.499.589**	**4.208.498**	**15.020.077**	**666.568**	**73.354**	**341.676**	**24.809.762**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	163.945	-					163.945
Miscellaneous Payables	64	64	8.647	-	-	425.332	434.107
Issued Marketable Securities	-	-	2.562.373	-	42.455	-	2.604.828
Funds Borrowed from other Financial Institutions	1.095.358	4.657.565	11.374.802	-	-	-	17.127.725
Other Liabilities [1]	5.607	2.864	241.233	-	-	4.229.453	4.479.157
Total Liabilities	**1.264.974**	**4.660.493**	**14.187.055**	**-**	**42.455**	**4.654.785**	**24.809.762**
Balance Sheet Long Position	3.234.615	-	833.022	666.568	30.899	-	4.765.104
Balance Sheet Short Position	-	(451.995)	-	-	-	(4.313.109)	(4.765.104)
Off-balance Sheet Long Position	291.143	251.136	3.788.620	-	-	-	4.330.899
Off-balance Sheet Short Position	(290.634)	(245.430)	(3.813.310)	-	-	-	(4.349.374)
Total Position	**3.235.124**	**(446.289)**	**808.332**	**666.568**	**30.899**	**(4.313.109)**	**(18.475)**

[1] In other liabilities line TL 4.229.453 the "non-interest bearing" column, includes equity amounting to TL 3.901.865 and provisions amounting to TL 172.115.

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(Periods remaining to reprising dates)

Prior Period End 31.12.2012	Up to 1 month	1-3 Months	3 -12 Months	1-5 Years	Over 5 Year	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	20.176	20.176
Banks	-	787.042	-	-	-	11.894	798.936
Financial Assets at Fair Value Through Profit or Loss	1.600	284.046	217.520	-	8.186	-	511.352
Interbank Money Market Placements	390.424	6.015	-	-	-	-	396.439
Available-for-sale Financial Assets	-	-	-	-	-	19.220	19.220
Loans	2.659.341	5.408.575	5.241.412	42.732	-	-	13.352.060
Held-to-maturity Investments	116.965	72.937	72.317	38.130	-	-	300.349
Other Assets	-	-	-	-	-	69.935	69.935
Total Assets	**3.168.330**	**6.558.615**	**5.531.249**	**80.862**	**8.186**	**121.225**	**15.468.467**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	10.006	-					10.006
Miscellaneous Payables	-	-	9.390	-	-	117.284	126.674
Marketable Securities Issued	-	-	1.935.136	-	303.474	-	2.238.610
Funds Borrowed From Other Financial Institutions	2.393.178	4.416.192	2.135.360	-	-	-	8.944.730
Other Liabilities (1)	7.969	9.805	180.210	506	-	3.949.957	4.148.447
Total Liabilities	**2.411.153**	**4.425.997**	**4.260.096**	**506**	**303.474**	**4.067.241**	**15.468.467**
Balance Sheet Long Position	757.177	2.132.618	1.271.153	80.356	-	-	4.241.304
Balance Sheet Short Position	-	-	-	-	(295.288)	(3.946.016)	(4.241.304)
Off-balance Sheet Long Position	450.935	544.149	2.024.868	-	-	-	3.019.952
Off-balance Sheet Short Position	(453.940)	(551.551)	(2.043.456)	-	-	-	(3.048.947)
Total Position	**754.172**	**2.125.216**	**1.252.565**	**80.356**	**(295.288)**	**(3.946.016)**	**(28.995)**

(1) In other liabilities line TL 3.949.957 the "non-interest bearing" column, includes equity amounting to TL 3.675.364 and provisions amounting to TL 165.391.

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6.2 Average interest rates for monetary financial instruments

As of 31 December 2013, average interest rates applied to monetary financial instruments is shown below;

	EUR	USD	YEN	TL
Current Period End 31.12.2013				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	0,32	0,48	-	6,20
Financial Assets at Fair Value Through Profit/Loss	-	4,54	-	6,86
Interbank Money Market Placements	-	-	-	6,26
Available-for-sale Financial Assets	-	-	-	-
Loans	2,14	1,85	2,45	6,39
Held-to-maturity Investments	-	6,79	-	7,40
Liabilities	-	-	-	-
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	4,14	-	-
Funds Borrowed from other Financial Institutions	1,02	0,72	-	-

As of 31 December 2012, average interest rates applied to monetary financial instruments is shown below;

	EUR	USD	YEN	TL
Prior Period End 31.12.2012				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	0,40	0,31	-	5,54
Financial Assets at Fair Value Through Profit/Loss	-	4,43	-	7,73
Interbank Money Market Placements	-	-	-	6,13
Available-for-sale Financial Assets	-	-	-	-
Loans	2,63	2,06	2,51	8,19
Held-to-maturity Investments	-	6,77	-	8,39
Liabilities	-	-	-	-
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	4,17	-	-
Funds Borrowed from other Financial Institutions	1,84	0,90	-	-

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6.3 Interest Rate Risk Resulting from the Banking Accounts

6.3.1 Measurement frequency of the interest rate risk with important estimations including the ones relating to the quality of the interest rate resulting from banking accounts, advance loan repayment and movements of the deposits other than the time deposits

The ratio regarding interest rate risk resulting from the banking accounts are calculated once in a month and sent to BRSA.

6.3.2 The table below divided into different currencies presents the economic value differences resulting from the fluctuations in the interest rates in accordance with "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method".

	Currency	Applied Shock (+/- basis point)(1)	Gains / Losses	Gains / Equities-Losses / Equities
1	TL	500	(165.798)	(4,11)%
	TL	(400)	147.675	3,66%
2	EURO	200	(46.833)	(1,16)%
	EURO	(200)	48.355	1,20%
3	USD	200	2.891	0,07%
	USD	(200)	(3.077)	(0,08)%
	Total (For Negative Shocks)		192.953	4,78%
	Total (For Positive Shocks)		(209.740)	(5,20)%

(1) There are separate lines for each shock that has a different direction and severity applied to the currency.

6.4 Share Position Risk Resulting from the Banking Accounts

6.4.1 Categorisation of the risks by their relations with the earnings indicated in the equities and their purposes including strategic reasons and general information on used accounting techniques along with the assumptions regarding the relevant practices, the factors affecting the evaluation, and significant changes

Being a subsidiary of Garanti Faktoring Hizmetleri A.Ş. with a share ratio of 9,78%, the Bank's share is listed in the stock exchange. Reviewing five working days retrospectively as of the end of the month, these shares are assessed on the basis of their value in the stock exchange and once recognized, they are followed in the account of available-for-sale securities in line with Turkish Accounting Standards

Being a subsidiary of Credit Guarantee Fund with a share ratio of 1,75%, following the registration and announcement articles of association of 6362 numbered Capital Markets Board (CMB) in the frame of article "4% of the capital is assigned to the available member of Borsa İstanbul AŞ (BIST) by bonus issue" Each Istanbul Exchange AŞ (C) group partnership interest, 1 kurus nominal, 15.971.094 in total, TL 160 amounted share is assigned to the Bank by bonus issues.

6.4.2 The balance sheet value, the fair value and, if the ones listed in the exchange stock have critical difference compared to the fair value, the comparison with the market price

		Comparison		
	Share Investments	The balance sheet value	The Fair Value	The Market Value
1	Stock Investment Group A	-	-	-
	Listed on stock Exchange	-	-	-
2	Stock Investment Group B	12.981	12.981	12.981
	Listed on stock Exchange	-	-	-
3	Stock Investment Group C	-	-	-
	Listed on stock exchange	-	-	-
	Stock Investment Group	-	-	-

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6.4.3 Types and amounts of the positions quoted to the stock market, private and equity investments with sufficient diversity and other risks

Garanti Faktoring Hizmetleri AŞ shares are included in B Group shares are valued with stock market price and the total sum of these valued shares is TL 12.981 as of the date of the report.

6.4.4 Cumulative gain or loss due to sales and liquidation within the period

There is no cumulative gain or loss due to sales and liquidation within the period.

6.4.5 Total sum of unrealized gain or loss, total revaluation appreciation and the amounts related to those which have been included in the core and supplementary capital

			Revaluation appreciation		Unrealised gain and loss		
	Portfolio	Gain/ loss realised within the period	Total	Those included in supplementary capital	Total	Those included in core capital	Those included in supplementary capital
1	Private equity Investments	-	-	-	-	-	-
2	Shares quoted to the stock market	(388)	-	-	-	-	-
3	Other shares	-	-	-	-	-	-
4	Total	(388)	-	-	-	-	-

7 Liquidity risk

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

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

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

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

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

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7.1 Groupings of assets and liabilities on the remaining period to maturity

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over5 Year	Unallocated [1]	Total
Current Period 31.12.2013								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	280	-	-	-	-	-	-	280
Banks	10.275	1.008.830	-	-	-	-	-	1.019.105
Financial Assets at Fair Value Through Profit or Loss	-	1.836	7.262	38.730	39.942	84.276	-	172.046
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-sale Financial Assets	17.351	-	-	-	-	-	-	17.351
Loans	-	2.257.059	2.823.318	14.545.227	3.326.317	83.115	-	23.035.036
Held-to-maturity Investments	-	11.729	10.858	44.374	171.410	-	-	238.371
Other Assets	-	-	-	-	13.803	-	313.770	327.573
Total Assets	27.906	3.279.454	2.841.438	14.628.331	3.551.472	167.391	313.770	24.809.762
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	69.930	3.394.269	12.451.596	379.251	832.679	-	17.127.725
Funds From Interbank Money Market	-	163.945	-	-	-	-	-	163.945
Marketable Securities Issued	-	-	-	-	1.055.786	1.549.042	-	2.604.828
Miscellaneous Payables	-	64	64	8.647	-	-	425.332	434.107
Other Liabilities [2]	-	5.607	345	36.734	125.309	81.709	4.229.453	4.479.157
Total Liabilities	-	239.546	3.394.678	12.496.977	1.560.346	2.463.430	4.654.785	24.809.762
Net Liquidity Gap	27.906	3.039.908	(553.240)	2.131.354	1.991.126	(2.296.039)	(4.341.015)	-
Prior Period 31.12.2012								
Total Assets	51.290	3.469.149	4.836.163	5.310.233	1.631.364	100.333	69.935	15.468.467
Total Liabilities	-	2.182.910	3.617.695	2.313.768	1.244.331	2.042.522	4.067.241	15.468.467
Net Liquidity Gap	51.290	1.286.239	1.218.468	2.996.465	387.033	(1.942.189)	(3.997.306)	-

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

[2] In other liabilities line amount of TL 4.229.453 at the "unallocated" column, includes the shareholders' equity amounting to TL 3.901.865 and provisions amounting to TL 172.115.

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

31 December 2013	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	67.312	3.388.458	12.473.067	474.107	868.835	-	17.271.779
Funds borrowed from Interbank money market	163.986	-	-	-	-	-	163.986
Marketable securities issued	-	-	150.159	1.545.057	1.633.935	-	3.329.151
Miscellaneous payables	64	64	8.647	-	-	425.332	434.107
Other liabilities	5.607	345	36.734	125.309	81.709	4.229.453	4.479.157
Total liabilities	236.969	3.388.867	12.668.607	2.144.473	2.584.479	4.654.785	25.678.180
Guarantees and commitments	-	-	1.219.632	-	-	-	1.219.632

31 December 2012	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	2.245.037	3.569.320	2.247.724	340.286	626.296	-	9.028.663
Funds borrowed from Interbank money market	11.049	-	-	-	-	-	11.049
Marketable securities issued	-	-	101.559	1.250.012	971.136	-	2.322.707
Miscellaneous payables	-	-	9.390	-	-	117.284	126.674
Other liabilities	7.969	6.182	33.547	125.660	29.158	3.949.957	4.152.473
Total liabilities	2.264.055	3.575.502	2.392.220	1.715.958	1.626.590	4.067.241	15.641.566
Guarantees and commitments	-	-	682.148	-	-	-	682.148

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7.3 The undiscounted cash inflows and outflows of derivatives of the Bank

31 December 2013	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	295.810	187.046	1.124.736	-	320.959	1.928.551
- Inflow	296.506	192.893	1.123.706	-	296.296	1.909.401
Interest rate derivatives						
- Outflow	-	1.458	2.482	73.940	-	77.880
- Inflow	-	867	1.395	73.123	-	75.385
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives						
- Outflow	-	-	126.866	1.585.866	1.680.011	3.392.743
- Inflow	-	-	150.135	1.544.973	1.633.925	3.329.033
Total outflow	**484.314**	**1.254.084**	**1.659.806**	**2.000.970**	**5.399.174**	**484.314**
Total inflow	**490.266**	**1.275.236**	**1.618.096**	**1.930.221**	**5.313.819**	**490.266**

31 December 2012	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	450.373	367.544	-	-	266.098	1.084.015
- Inflow	447.369	358.018	-	-	249.634	1.055.021
Interest rate derivatives						
- Outflow	196	1.228	39.603	145.982	-	187.009
- Inflow	128	556	48.376	145.365	-	194.425
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	**450.569**	**368.772**	**39.603**	**145.982**	**266.098**	**1.271.024**
Total inflow	**447.497**	**358.574**	**48.376**	**145.365**	**249.634**	**1.249.446**

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7.4 Securitization Position

None.

7.5 Credit Risk Mitigation Techniques

7.5.1 Offsettings related to the processes and policies for offsetting on and off balance sheet and the level of offsetting applied by the bank

On the side of assets in the balance sheet, offsetting is applied by deducting the provisions for impairment of the trading securities and the held to maturity securities. On the side of liabilities, offsetting is applied by deducting the amounts recognized in the security issuance differences from the securities issued. Other than that, the transactions of the type mentioned in the communiqué regarding loan risk mitigation techniques, such as on balance sheet offsetting and private offsetting agreements are not performed.

7.5.2 Practices related to valuation and management of guarantees

Bank guarantee letters received are not subject to any valuation. As long as the company has a short position, the bank's guarantee letter is kept in the company's file. In the event that the term of bank's guarantee letter becomes shorter than the loan's term in any way, the relevant company is contacted and asked to replace the guarantee letter with the one which has a longer term. It is noted whether the company takes back the guarantee letter on the same day when it pays its debt to Türk Eximbank through an intermediary bank. Expertise valuation is performed for commercial real estate mortgages.

7.5.3 Types of main guarantees received

The main guarantee kinds consist of guarantee letter given by banks, aval and guarantees, domestic bank confirmation given to irrevocable letter of credit, Credit Guarantee Fund bailment, Bank Overdraft Covenant, pledge and assignment of natural and legal persons' remuneration receivables in terms of public sector, guarantee, bailment, aval, admission, confirmation, endorsement or Bank Overdraft Covenant given by Factoring Companies operated in Turkey which has credit limit in the Eximbank, other guarantees classified in Group 1 Guarantees in Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables regulation.

7.5.4 Main guarantors and counter-party of loan derivatives and related credit rating

The main guarantor in relation to the political risk is the government. 70% of the commercial risk arising from insurance transactions is transferred to reinsurance.

7.5.5 Information regarding the market with credit reduction or credit risk concentration

The share of risk amount of cash credit, guarantee and insurance extended to a country, bank or company within the total cash, guarantee and insurance risk balances is indicated in percentage. The borrowers listed among the first 200 in risk ranking are monitored closely by practice units. Risk Management Directorate may propose to lower down the limit for cash credit, guarantee and insurance facilities provided to any borrower in order to prevent risk concentration.

Based on the following table;

1) Total risk relating to each of the risk groups after on and off balance sheet offsetting which was guaranteed after making volatility adjustments, through a considerable guarantee,

2) Total risk amounts relating to each of the risk groups and guaranteed with guarantees or loan derivatives after on and off balance sheet offsetting.

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7.5.6 Guarantees according to risk groups

Risk group	Amount	Financial Guarantees	Other/ Material Guarantees	Guarantees and Loan Derivatives
Contingent or other receivables from central administrations or central banks	587.021	123.736	-	109.019
Contingent or other receivables from banks and intermediary institutions	6.017.264	-	-	5.993.128
Contingent or other corporate receivables	18.627.927	-	-	17.431.174
Contingent or other retail receivables	420.442	-	-	414.972
Contingent or Other Receivables Guaranteed with Real Estate Mortgages	14.759	-	14.759	-
Other Receivables (Net)	568.065	-	-	-
Total	26.235.478	123.736	14.759	23.948.293

7.6 Targets and policies of risk management

7.6.1 Strategies and practices relating to risk management

Acting as the Turkish government's major export incentive instrument, Türk Eximbank promotes export through credit, guarantee and insurance programs. The Bank abides by the generally accepted banking and investment principles in all of its operations. The Bank does not carry out any profit-oriented activities, endeavours to achieve a proper return rate in order to maintain its capital and financial power, and follows generally accepted banking and investment principles in all its operations. Accordingly, the Bank maintains the level of risk which it should assume while performing its legal functions, defined as "providing financial support to the export sector", with an approach that would not weaken its financial power.

7.6.2 Structure and organization of risk management system

Practice units bear the ultimate responsibility in risk management. The risk management unit is affiliated with the board of directors through the audit committee. Personnel regulation of the risk management division states that risk management personnel may not be involved in executive activities.

7.6.3 Scope and nature of risk reporting and measurement systems

Credit risk, market risk, equity, and capital adequacy are reported to BRSA on a monthly basis according to the standard method. Operational risk report is issued annually according to the basic indicator approach.

7.6.4 Risk protection and mitigation policies and processes relating to continuous control of effectiveness of such policies

The Bank can assume risks up to 80% of the equities for a single bank in order to fulfil its credit facility mission depending on the economic conjuncture. This rate is 90% for state banks.

Even though the bank has a very limited foreign currency position due to its general exchange rate policy (almost long position), another principle adopted by Türk Eximbank within the scope of categorizing exchange rate risk is applying the legal ratio related to the exchange rate risk, which is calculated by dividing the foreign currency net position by equity ratio as 10% while the said ratio is maximum 20% in the Turkish banking system. The Bank's positions which are exposed to exchange rate risk are monitored daily; and authorized personnel can perform transactions within the limits defined according to the risk management principles which are approved by the Board of Directors, considering the realizations and expectations in the market. The basic principle for foreign currency assets and liabilities is to secure a balance between currency, maturity and interest type at the highest possible level. For this purpose, borrowing strategies are determined in accordance with the Bank's asset structure to the extent possible. When this determination is not possible, the Bank aims to change the asset structure or utilize derivative instruments such as cross currency (currency and interest) and currency swaps.

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In line with the Risk Management Principles approved by the Board of Directors, the Bank regards it as important to achieve balance in assets and liabilities in different foreign currencies with fixed and floating interest rates and pursues to maintain the level of asset and liability imbalance with fixed/ floating interest rate below 20% of the balance sheet size in order to limit possible negative effects of interest rate changes to the Bank's profitability. The interest sensitive amount (gapping report) is determined by currency types at the related maturity intervals (1 month, 1-3 months, 3-12 months, 1-5 years and over 5 years) as of the period remaining to reprising date, considering the reprising of TL and foreign currency-denominated interest sensitive assets and liabilities at maturity date (for fixed rate) or at interest payment dates (for floating rate). By classifying interest sensitive assets and liabilities according to their reprising dates, the Bank's exposure to possible variations in market interest rates are determined. The Bank determines maturity mismatches of assets and liabilities by analysing the weighted average days to maturity of TL and foreign currency-denominated (for each currency and their US equivalent) assets and liabilities periodically.

In order to mitigate the interest rate risk arising due to the maturity differences between Türk Eximbank's assets and liabilities, derivative transactions such as interest rate swaps or currency-interest swap can be performed through approval of the Board of Directors when the market conditions are suitable. To manage the interest rate risk, the Bank adopted the policy of matching interest rates in assets and liabilities by creating assets with mid-long maturity and fixed interest rate for some of its mid-long maturity liabilities and accordingly, created a foreign securities portfolio.

The Bank's Treasury Department dynamically manages this portfolio created within the scope of the criteria approved by the board of directors by tracking long term cash flows of the Bank and buy/sell transactions are performed when necessary by considering the changes in market conditions.

The Bank's cash flows are prepared under positive, neutral and negative scenarios, taking into account the collection of loans and prospective additional funds for better liquidity management. On the other hand, the Board of Directors of the Bank determines the minimum liquidity levels and urgent liquidity sources in order to fulfil short-term liabilities. The Bank meets its short-term liquidity demand from domestic and foreign banks, and long-term liquidity demand from international institutions like the World Bank or Japan Bank for International Cooperation ("JBIC") through medium long-term funds and issued marketable securities such as bills and bonds. The Bank tries to match short-term loans with short-term borrowings and long-term loans with long-term borrowings and tries to minimise the maturity mismatch of assets and liabilities. As the weighted average of remaining days to maturity of funds is slightly higher than the weighted average of remaining days to maturity of placement and the loans, the Bank is hedged against the frequent roll-over risk of the assets, which contributes to its liquidity management. On the other hand, the Bank is willing to use borrowing limits in Turkish Lira and the foreign currency market of the CBRT and of domestic and foreign banks, in the case of urgency. The Bank aims to keep Turkish Lira and foreign currency liquidity, including the total deposit and securities portfolio in domestic and foreign banks, between 3,5% - 5% of the total assets. Furthermore, regarding the Bank's position, the Board of Directors is entitled to decide about the investments in Turkish lira and foreign currency securities which exceed 10% of the Bank's assets. On the other hand, with respect to liquidity, the funds with an original maturity longer than one year should not constitute more than 20% of the total fund repayment with the maturity date in the same year.

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7.7 Presentation of financial assets and liabilities at their fair values

In the table below, the book value and fair value of the financial assets and liabilities which are not denominated with their fair values in financial statements of the parent bank are shown.

	Carrying Value		Fair Value	
	Current Period 31.12.2013	Prior Period 31.12.2012	Current Period 31.12.2013	Prior Period 31.12.2012
Financial Assets				
Due From Interbank Money Market [1]	-	396.439	-	396.439
Banks [1]	1.019.105	798.936	1.019.105	798.936
Available-for-sale Financial Assets	17.351	1.922	17.351	1.922
Held-to-maturity Investments	238.371	300.349	243.046	303.419
Loans	23.035.036	13.352.060	24.450.468	13.980.679
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	17.450.645	9.118.498	17.477.585	9.131.490
Issued Marketable Securities	2.604.828	2.238.610	2.604.828	2.251.316
Miscellaneous Payables [1]	434.107	126.674	434.107	126.674

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

Fair value of investment held to maturity is determined as Level 1.

Fair value of loans and other financial institutions' funds are determined as Level 2.

Carrying amounts of other financial institutions' funds related to fair value hedge are shown as fair values.

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Fair value measurement classification

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

Level 1: Recorded (Uncorrected) prices in active markets for similar assets or liabilities;

Level 2: Direct (via prices) or indirect (deriving from prices) observable datas for asset and liabilities excepted for recorded prices in Level 1;

Level 3: Datas which is non observable market datas related to assets and liabilities (non observable datas).

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	172.046	-	-	172.046
Available-for-sale financial assets [1]	12.981	-	-	12.981
Derivative financial assets held for fair value hedges	-	13.803	-	13.803
Financial liabilities				
Trading derivative financial liabilities	-	46.211	-	46.211
Derivative financial assets held for fair value hedges	-	39.272	-	39.272

31 December 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	511.352	-	-	511.352
Available-for-sale financial assets [1]	15.009	-	-	15.009
Derivative financial assets held for fair value hedges	-	-	-	-
Financial liabilities				
Trading derivative financial liabilities	-	29.058	-	29.058
Derivative financial assets held for fair value hedges	-	-	-	-

Represents the balance of Garanti Faktoring Hizmetleri AŞ which is quoted on BIST and accounted under available for sale financial assets.

7.8 Explanations on activities carried out on behalf and account of other parties

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

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7.9 Explanations on operating segments

Information regarding operating segments as of 31 December 2013 and 2012 has been given in the following table:

Current Period 31.12.2013	Treasury	Investment Banking	Undistributed	Total Operations of the Bank
Interest Income	**55.932**	**547.156**	**-**	**603.088**
Interest Income on Loans	-	546.059	-	546.059
Interest Received from Banks	8.957	-	-	8.957
Interest Received from Money Market Transactions	12.255	-	-	12.255
Interest Received from Marketable Securities	34.720	-	-	34.720
Other Interest Income	-	1.097	-	1.097
Interest Expense	**(137.972)**	**(80.928)**	**-**	**(218.900)**
Interest on Loans Borrowed	-	(80.928)	-	(80.928)
Interest Paid for Money Market Transactions	-	-	-	-
Interest on Securities Issued	(133.021)	-	-	(133.021)
Other Interest Expense	(4.951)		-	(4.951)
Net Fees and Commissions Income	**(5.333)**	**4.159**	**-**	**(1.174)**
Fees and Commissions Received		4.159	-	4.159
Fees and Commissions Paid	(5333)	-	-	(5.333)
Trade Profit/ Loss (Net)	**172.767**	**-**	**(220.466)**	**(47.699)**
Profit/ Loss on Capital Market Transactions	2.390	-	-	2.390
Profit /Loss on Derivative Financial Transactions	170.377	-	-	170.377
Foreign Exchange Profit/ Loss	-	-	(220.466)	(220.466)
Other Operating Income	**-**	**86.838**	**-**	**86.838**
Provision for impairment of loan and other receivables	**(24.590)**	**(12.063)**	**-**	**(36.653)**
Other Operating Expenses	**-**	**-**	**(139.573)**	**(139.573)**
Net Period Profit	**60.805**	**545.161**	**(360.039)**	**245.927**
Total segment assets	**1.661.060**	**23.084.023**	**64.679**	**24.809.762**
Financial Assets Designated at Fair Value Through Profit or Loss	113.270	-	-	113.270
Trading derivative financial receivables	58.776	-	-	58.776
Receivables from Banks and Money Markets	1.019.105	-	-	1.019.105
Available for sale financial assets	17.351	-	-	17.351
Loans and receivables	-	23.035.036	-	23.035.036
Held-to-maturity investments	238.371	-	-	238.371
Tangible fixed assets (net)	-	-	18.066	18.066
Intangible assets (net)	-	-	540	540
Other asset	214.187	48.987	46.073	309.247
Total segment liabilities	**2.897.236**	**17.952.917**	**3.959.609**	**24.809.762**
Trading derivative financial liabilities	46.211	-	-	46.211
Loans and funds received	-	17.286.700	-	17.286.700
Borrowings from money markets	163.945	-	-	163.945
Securities issued	2.604.828	-	-	2.604.828
Provisions	-	151.162	20.953	172.115
Equity	-	-	3.901.865	3.901.865
Other liabilities	82.252	515.055	36.791	634.098

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

Prior Period 31.12.2012	Treasury	Investment Banking	Undistributed	Total Operations of the Bank
Interest Income	105.863	467.874	-	573.737
Interest Income on Loans	-	467.415	-	467.415
Interest Received from Banks	22.239	-	-	22.239
Interest Received from Money Market Transactions	13.014	-	-	13.014
Interest Received from Marketable Securities	70.610	-	-	70.610
Other Interest Income	-	459	-	459
Interest Expense	97.571	80.466	-	178.037
Interest on Loans Borrowed	-	80.444	-	80.444
Interest Paid for Money Market Transactions	6.786	-	-	6.786
Interest on Securities Issued	90.785	-	-	90.785
Other Interest Expense	-	22	-	22
Net Fees and Commissions Income	(5.946)	4.764	-	(1.182)
Fees and Commissions Received	-	4.968	-	4.968
Fees and Commissions Paid	(5.946)	(204)	-	(6.150)
Trade Profit/ Loss (Net)	17.285	-	(76.266)	(58.981)
Profit/ Loss on Capital Market Transactions	6.833	-	-	6.833
Profit /Loss on Derivative Financial Transactions	10.452	-	-	10.452
Foreign Exchange Profit/ Loss	-	-	(76.266)	(76.266)
Other Operating Income	-	88.270	-	88.270
Provision for impairment of loan and other receivables	2.048	59.489	28	61.565
Other Operating Expenses	-	-	141.051	141.051
Net Period Profit	17.583	420.953	(217.345)	221.191
Total segment assets	2.072.388	13.373.367	22.712	15.468.467
Financial Assets Designated at Fair Value Through Profit or Loss	483.571	-	-	483.571
Trading derivative financial receivables	27.781	-	-	27.781
Receivables from Banks and Money Markets	1.215.551	-	-	1.215.551
Available for sale financial assets	19.220	-	-	19.220
Loans and receivables	-	13.352.060	-	13.352.060
Held-to-maturity investments	300.349	-	-	300.349
Tangible fixed assets (net)	-	-	18.575	18.575
Intangible assets (net)	-	-	458	458
Other asset	25.916	21.307	3.679	50.902
Total segment liabilities	2.321.661	9.422.069	3.724.737	15.468.467
Trading derivative financial liabilities	29.058	-	-	29.058
Loans and funds received	-	9.108.492	-	9.108.492
Borrowings from money markets	10.006	-	-	10.006
Securities issued	2.238.610	-	-	2.238.610
Provisions	-	144.220	21.171	165.391
Equity	-	-	3.675.364	3.675.364
Other liabilities	43.987	169.357	28.202	241.546

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

1 Explanations and notes related to assets

1.1 Cash equivalents and the account of the CBRT

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Cash/Foreign currency	20	-	13	-
CBRT	260	-	538	19.625
Other	-	-	-	-
Total	280	-	551	19.625

1.1.1 Information related to the account of the CBRT

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Demand Unrestricted Account	260	-	538	-
Time Unrestricted Account	-	-	-	19.625
Time Restricted Account	-	-	-	-
Total	260	-	538	19.625

1.2 With their net values and comparison, information on financial assets at fair value through profit or loss subject to repo transactions and given as collateral/blocked

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Financial assets under repo transactions	40.152	-	10.045	-
Financial assets given as collateral/ blocked	-	-	-	-
Total	40.152	-	10.045	-

1.3 Positive differences table related to trading derivative financial assets

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Forward Transactions	46.418	-	488	-
Swap Transactions	1.409	10.949	1.112	26.181
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	47.827	10.949	1.600	26.181

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

1.4 Information on banks and foreign bank accounts

Bank account

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Banks				
Domestic	195.178	722.071	108.509	398.552
Foreign	-	101.856	10.007	281.868
Head Quarters and Branches Abroad	-	-	-	-
Total	195.178	823.927	118.516	680.420

Foreign banks accounts

	Unrestricted Amount		Restricted Amount	
	Current Period 31.12.2013	Prior Period 31.12.2012	Current Period 31.12.2013	Prior Period 31.12.2012
European Union Countries	46.913	102.048	-	-
USA, Canada	12.171	79.011	-	-
OECD Countries (1)	42.772	110.816	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	101.856	291.875	-	-

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

1.5. With net values and comparison, available-for-sale financial assets subject to repo transactions and given as collateral/blocked

As of 31 December 2013 and 2012, there are no available-for-sale marketable securities given as collateral.

1.6 Information on available-for-sale financial assets

	Current Period 31.12.2013	Prior Period 31.12.2012
Debt Securities	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates	17.351	19.220
Quoted to Stock Exchange	12.981	15.010
Not Quoted	4.370	4.210
Impairment Provision (-)	-	-
Total	17.351	19.220

As of 31 December 2013 available for sale financial assets of the Bank consist of Garanti Faktoring Hizmetleri A.Ş. and Kredi Garanti Fonu A.Ş. with the shareholding percentages of 9,78% and 1,75%, respectively. (31 December 2012: 9,78% and 1,75% respectively). Besides in this period TL 160 amounted bonus shares came from BIST is recorded in available for sale financial assets.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

1.7 Information related to loans

1.7.1 Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 31.12.2013		Prior Period 31.12.2012	
	Cash loans	Non-cash Loans	Cash loans	Non-cash Loans
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	5.480	-	2.619	-
Total	5.480	-	2.619	-

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	The ones for which the agreement terms have changed		Loans and Other Receivables	The ones for which the agreement terms have changed	
		The ones whose payment plans have changed (extended)	Other		The ones whose payment plans have changed (extended)	Other
Non-specialized Loans	22.480.848	288.772	-	-	39.687	-
Working capital loans	-	-	-	-	-	-
Export Loans	17.266.021	117.021	-	-	19.745	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	4.934.020	-	-	-	-	-
Consumer Loans	5.480	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	275.327	171.751	-	-	19.942	-
Specialized Loans	225.729	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	22.706.577	288.772	-	-	39.687	-

	Standard loans and other receivables	Loans under close monitoring and other receivables
The number of changes in payment plans (extension)	41	12
The ones extended for once or twice	35	-
The ones extended three, four or five times	6	12
The ones extended more than five times	-	-

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

The period of extension through change of payment plan	Standard loans and other receivables	Loans under close monitoring and other receivables
0-6 Months	-	-
6 - 12 months	3	-
1-2 Years	16	-
2-5 Years	21	3
5 Years and More	1	9

1.7.3 On the basis of the relevant bank type and the following tables; Loans according to maturity structure

	Standard loans and other receivables		Loans under close monitoring and other receivables	
	Loans and Other Receivables	The ones for which the agreement terms have changed	Loans and Other Receivables	The ones for which the agreement terms have changed
Short-term Loans and other receivables	17.575.578	-	-	63
Non-specialized Loans	17.447.583	-	-	63
Specialized Loans	127.995	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	5.130.999	288.772	-	39.624
Non-specialized Loans	5.033.265	288.772	-	39.624
Specialized Loans	97.734	-	-	-
Other Receivables	-	-	-	-

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

1.7.4 Information on consumer loans, personal credit cards, personnel loans and personnel credit cards

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

As of 31 December 2013, the Bank granted personnel loans amounting to TL 5.480.

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Consumer Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	57	5.423	5.480
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	57	5.423	5.480
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credit Deposit Account-TL (Real Person)	-	-	-
Credit Deposit Account-FC (Real Person)	-	-	-
Total	**57**	**5.423**	**5.480**

1.7.5 Information on commercial installment loans and corporate credit cards

None.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

1.7.6 Distribution of loans according to borrowers based on the following table

	Current Period 31.12.2013	Prior Period 31.12.2012
Public [1]	1.443.588	963.538
Private	21.591.448	12.388.522
Total	**23.035.036**	**13.352.060**

[1] Includes country loans granted to foreign government entities amounting to TL 202.620 (31 December 2012: TL 182.009).

1.7.7 Distribution of domestic and foreign loans

	Current Period 31.12.2013	Prior Period 31.12.2012
Domestic Loans	22.832.416	13.170.051
Foreign Loans	202.620	182.009
Total	**23.035.036**	**13.352.060**

1.7.8 Loans granted to investments in associates and subsidiaries

None.

1.7.9 Specific provisions accounted for loans

	Current Period 31.12.2013	Prior Period 31.12.2012
Loans and Receivables with Limited Collectability	-	-
Loans and Receivables with Doubtful Collectability	20.820	15.698
Uncollectible Loans and Receivables	96.658	96.685
Total	**117.478**	**112.383**

1.7.10 Information on non-performing loans (Net)

1.7.10.1 Information on non-performing loans and other receivables that are restructured or rescheduled

None.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

1.7.10.2 Information on the movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Balance at the Beginning of the Period	-	15.698	96.685
Additions During the Period	23.600	6.505	127
Transfers from Non-performing Loans Accounts	-	-	-
Transfers to Other Non-Performing Loans Accounts	-	-	-
Collections During the Period	(23.600)	(945)	(154)
Write-offs	-	(438)	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	(438)	-
Balance at the End of the Period	-	20.820	96.658
Specific Provisions	-	(20.820)	(96.658)
Net Balance Sheet Amount	-	-	-

1.7.10.3 Information on non-performing loans that are granted as foreign currency loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period: 31.12.2013			
Balance at the End of the Period	-	19.946	84.364
Specific Provisions	-	(19.946)	(84.364)
Net Balance Sheet Amount	-	-	-
Prior Period: 31.12.2012			
Balance at the End of the Period	-	14.840	84.385
Specific Provisions	-	(14.840)	(84.385)
Net Balance Sheet Amount	-	-	-

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

1.7.10.4 Information on the gross and net amounts of the non-performing loans according to types of borrowers

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net) 31.12.2013			
Loans Granted to Real Persons and Corporate Entities (Gross)	-	20.820	96.366
Specific Provision Amount	-	(20.820)	(96.366)
Loans Granted to Real Persons and Corporate Entities (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other loans and receivables (Net)	-	-	-
Prior Period (Net) 31.12.2012	-		
Loans Granted to Real Persons and Corporate Entities (Gross)	-	15.698	96.393
Specific Provision Amount	-	(15.698)	(96.393)
Loans Granted to Real Persons and Corporate Entities (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount	-	-	-
Other Loans and Receivables (Net)	-	-	-

1.7.10.5 The main features of the collection policy for the uncollectible loans and other receivables

In order to liquidate the problematic receivables, all possible alternatives are assessed to be able to collect the maximum amount in line with the current legislation. In case the receivable is not collected within the allowed period, the receivable is collected by compensating the collateral. In case the collateral is not adequate for liquidating the receivable, negotiations with the debtors are attempted. The legal process commences for the receivables for which collection, settlement or rescheduling is not possible.

The Bank obtains Current Account Letter of Undertaking of the Debtor for loans granted to financial sector and obtains Letter of Undertaking of the Company for loans granted to companies to secure the repayment of the loans granted. The Bank attempts to liquidate the receivables from banks who acted as an intermediary for loans granted and whose banking licenses are cancelled upon application to the Savings Insurance and Deposit Fund.

1.7.10.6 Explanations on the write-off policy

Where sound indicators exist that would suggest that the collection of the Bank's foreign compensation receivables is almost impossible or that the costs to be incurred for the collection of the receivable amount would be higher than the amount of the receivable, the receivable amount is written-off from the assets upon the decision of the Executive Committee.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

Write-off of the non performing loans and receivables is considered, during the legal follow-up process concerning the collection of receivables.

1.8 Held-to-maturity investments

As of 31 December 2013, all of the marketable securities of the Bank classified under trading and held-to-maturity categories are government bonds and treasury bills.

1.8.1 Information on investments subject to repo transaction and given as collateral/blocked

Held-to-maturity investments subject to repo transactions:

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Government bonds and similar marketable securities	125.046	-	-	-
Total	125.046	-	-	-

Held-to-maturity investments given as collateral/blocked:

	Current Period 31.12.2013	Prior Period 31.12.2012
Government bonds and similar marketable securities	65.142	203.203
Total	65.142	203.203

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

1.8.2 Information on held-to-maturity government debt securities

	Current Period 31.12.2013	Prior Period 31.12.2012
Government Bonds	238.371	300.349
Treasury Bills	-	-
Other Public Debt Securities	-	-
Total	238.371	300.349

1.8.3 Information on held-to-maturity investment securities

	Current Period 31.12.2013	Prior Period 31.12.2012
Debt Securities		
Quoted to Stock Exchange	238.371	300.349
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	238.371	300.349

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

1.8.4 The movement of held-to-maturity investment securities

	Current Period 31.12.2013	Prior Period 31.12.2012
Balance at the Beginning of the Period	300.349	511.436
Foreign exchange differences on monetary assets	5.542	(3.860)
Purchases during the year	100.026	92.167
Disposals through sales and redemptions [1]	(161.732)	(287.169)
Impairment provision [2]	(5.814)	(12.225)
Balance at the End of the Period	238.371	300.349

[1] There are no disposals through sales. The amount shown at the disposals through sales and redemptions line represents only the redemption amount of securities.
[2] Consisted of interest rediscounts.

1.9 Following information investments in associates account (net)

None.

1.10 Information on subsidiaries (net)

There is no subsidiary.

1.11 Information related to the jointly controlled partnerships

None.

1.12 Information on lease receivables (net)

None.

1.13 Positive differences table related to hedging derivative financial assets

Derivative Financial Assets Held for Cash Flow Hedges	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Fair Value Hedge [1]	-	13.803	-	-
Cash Flow Hedge	-	-	-	-
Net Investment in Abroad Hedge [1]	-	-	-	-
Total	-	13.803	-	-

[1] Explained in section four note 5.2

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

1.14 Explanations on property and equipment

	Immovables	Tangibles-Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2012	16.487	318	1.343	10.834	-	28.982
Additions	-	-	1.289	889	9.883	12.061
Disposals	-	(31)	(346)	(164)	-	(7.408)
Transfers	(6.867)	-	-	-	-	-
31 December 2012	9.620	287	2.286	11.559	9.883	33.635
Accumulated Depreciation						
1 January 2012	10.074	318	575	9.124	-	20.091
CY depreciation	310	-	296	544	-	1.150
Disposals	-	(31)	(346)	(164)	-	(6.181)
Transfers	(5.640)	-	-	-	-	-
31 December 2012	4.744	287	525	9.504		15.060
Net book value 31 December 2012	4.876		1.761	2.055	9.883	18.575

	Immovables	Tangibles-Financial Leased Assets	Vehicles	Other Tangibles	Leasehold Improvements	Total
Cost						
1 January 2013	9.620	287	2.286	11.559	9.883	33.635
Additions	-	-	-	2.020	4.374	6.394
Disposals	(4.565)	-	-	(5.660)	-	(10.225)
Transfers	-	-	-	-	-	-
31 December 2013	5.055	287	2.286	7.919	14.257	29.804
Accumulated Depreciation						
1 January 2013	4.744	287	525	9.504	-	15.060
CY depreciation	177	-	419	724	2.548	3.868
Disposals	(2.034)	-	-	(5.156)	-	(7.190)
Transfers	-	-	-	-	-	-
31 December 2013	2.887	287	944	5.072	2.548	11.738
Net book value 31 December 2013	2.168	-	1.342	2.847	11.709	18.066

As of 31 December 2013 and 2012, there is no impairment in intangible assets.

1.15 Explanations on intangible assets

The Bank has classified computer software licenses under intangible assets.

Useful life of intangible assets is estimated as three years and the depreciation rate is 33,33% in accordance with the Tax Procedural Law.

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

As of 31 December 2013 and 2012, the cost and the accumulated amortization of intangible assets is TL 2.228 and TL 1.688, respectively; at the beginning of the period the gross book value and the accumulated depreciation is TL 1.881 and TL 1.423, respectively.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

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

	Current Period 31.12.2013	Prior Period 31.12.2012
Net Book Value at the Beginning of the Period	458	566
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	347	214
Sales and Write-Off	-	-
Amounts Recorded under Revaluation Fund for Increase or Decrease in Value	-	-
Recorded Impairments in the Income Statement	-	-
Cancelled Impairments from Income Statement	-	-
Depreciation Expense (-) (25607 movement)	(265)	(322)
Net Currency Translation Differences of Foreign Subsidiaries	-	-
Other Changes in the Book Value	-	-
Net Book Value at the End of the Period	540	458

1.16 Information on investment properties

None.

1.17 Information on deferred tax asset

As stated at Section 3 Note 2.17, the Bank is exempt from corporate tax, and accordingly, no deferred tax asset or liability is recognized in the accompanying financial statements.

1.18 Explanations on assets held for sale and explanations related to discontinued operations

According to the decision taken by the Bank's Board of Directors in 2012, the sale of the head office in Ankara was determined and the said amount was deducted from the account of tangible fixed assets and transferred to the fixed assets account regarding the activities held for sale over the net book value and halted.

According to the decision taken by the Bank's Board of Directors in 2013, the sale of the branch office in İstanbul was determined and the said amount was deducted from the account of tangible fixed assets and transferred to the fixed assets account regarding the activities held for sale over the net book value and halted.

	Current Period 31.12.2013	Prior Period 31.12.2012
Cost	4.566	6.867
Depreciation Costs	(2.034)	(5.640)
Period end	2.532	1.227

1.19 If the other assets' items in the balance sheet exceed 10% of the total of the balance sheet, excluding the off-balance sheet commitments, the sub-accounts constituting at least 20% of these accounts

None.

2 Explanations and notes on liabilities items

2.1 Information on deposits/ funds received

The Bank does not accept deposits.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

2.2 Table of negative differences for trading derivative financial liabilities

	Current Period 31.12.2013		Prior Period 31.12.2012	
Trading Derivative Financial Liabilities	TRL	FC	TRL	FC
Forward Transactions	266	-	9.491	-
Swap Agreements	991	44.954	849	18.718
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1.257	44.954	10.340	18.718

As of 31 December 2013, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2012: None).

As of 31 December 2013, the Bank does not have deferred day one profits and losses (31 December 2012: None).

2.3 Information on banks and other financial institutions

2.3.1 General information on banks and other financial institutions

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TRL	FC	TRL	FC
Borrowings from CBRT	-	13.158.583	-	6.802.848
From Domestic Banks and Institutions	-	146.482	-	106.109
From Foreign Banks, Institutions and Funds	-	3.822.660	-	2.035.773
Total	-	17.127.725	-	8.944.730

2.3.2 Information on maturity structure of borrowings

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TRL	FC	TRL	FC
Short-Term	-	15.871.734	-	8.033.309
Medium and Long-Term	-	1.414.966	-	1.075.183
Total	-	17.286.700	-	9.108.492

Medium and long-term loans include subordinated loans amounting to TL 158.741 (31 December 2012: TL 163.459) and interest accruals amounting to TL 234 (31 December 2012: TL 303).

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2.3.3 Additional explanations over areas of concentration of the liabilities of the Bank

As of 31 December 2013, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

Funds Borrowed	Current Period 31.12.2013	Prior Period 31.12.2012
Syndicated loans	1.272.371	823.070
Subordinated loans	158.975	163.762
World Bank	589.695	477.869
CBRT Loans	13.158.583	6.802.848
European Investment Bank	634.449	406.713
Bank of Tokyo Mitsubishi	146.390	-
Mizuho Corporate Bank Ltd	292.596	59.172
Citibank Dublin	317.460	-
Doha Bank	127.407	44.980
Standard Chartered Bank	105.447	89.910
MedioBanca	52.971	-
International Islamic Trade Finance Corporation (ITFC)	105.827	-
ING Bank NV	292.682	117.930
National Bank of Kuwait	31.847	26.838
Garanti Bankası International N.V.	-	23.715
Al Ahli Bank of Kuwait	-	44.814
Emirates National Bank of Dubai	-	26.871
Total	**17.286.700**	**9.108.492**

The Bank, used syndicated loan facilities at an amount EUR 220 million and USD 26.668.000 at 14 February 2013 and EUR 195 million at 5 July 2013 with a maturity of one year. As of 31 December 2013, total balance of these syndicated borrowings amount to TL 1.265.875 and accruals on these borrowings amount to TL 6.496.

As of 31 December 2013, USD 200 million of the Fiscal and Public Sector Adaptation Credit with a maturity of 15 April 2018, provided by the International Bank for Reconstruction and Development Bank (World Bank) to Turkish Treasury in accordance with the agreement signed on 12 July 2001, is transferred to the Bank for the development and support of the export oriented real sector and the amount of the borrowing is TL 158.741. The accrual on these funds borrowed amount to TL 234 the total balance amounts to TL 158.975 as of 31 December 2013.

The outstanding balances of the two lines of credit from the World Bank as at 31 December 2013 amounts to TL 430.340 (equivalent of USD 203.336) and TL 158.538 (equivalent of EUR 54.400). Total accrual on these borrowings amounts to TL 817 and the total amount of borrowing amounts to TL 589.695.

The Bank obtained credit from CBRT within the framework of “Short Term Export Receivables Discount Loan” and “Pre-shipment Rediscount Loan” programs amounting to TL 13.158.583 as at 31 December 2013.

The balance of the loan granted by European Investment Bank as of 31 December 2013 is TL 631.447; rediscount of this loan is TL 3.002 and its total balance is TL 634.449.

The balance of the 1 year maturity loan granted by Bank of Tokyo Mitsubishi is TL 145.715 (equivalent of EUR 50 million); rediscount of this loan is TL 675 and its total balance is TL 146.390.

The balance of the 1 year maturity loan granted by Mizuho Corporate Bank Ltd. is TL 291.430 (equivalent of EUR 100 million); rediscount of this loan is TL 1.166 and its total balance is TL 292.596.

The total balance of the 1 year maturity seven discount loans granted by Citibank Dublin is TL 317.460 (equivalent of USD 150 million).

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The total balance of three loans granted by Doha Bank is TL 126.984 (equivalent of USD 60 million); it has no rediscount and its total balance of the loan is TL 127.407.

Rediscount of the loan amounting to TL 685 (equivalent of USD 49.5 million) granted by Standard Chartered Bank with one year maturity is TL 104.762 and the total balance of the loan is TL 105.447.

The balance of the 1 year maturity loan granted by Medio Banca is TL 52.910 (equivalent of USD 25 million); rediscount of this loan is TL 61 and total balance is TL 52.971.

The balance of the 1 year maturity loan granted by ITFC is TL 105.820 (equivalent of USD 50 million); rediscount of this loan is TL 7 and total balance is TL 105.827.

The balance of the 1 year maturity loan granted by ING Bank NV and some part is transferred to Commerzbank is TL 291.430 (equivalent of EUR 100 million); rediscount of this loan is TL 1.252 and its total balance is TL 292.682.

Rediscount of the loan amounting to TL 31.746 (equivalent of USD 15 million) granted by National Bank of Kuwait with three years maturity is TL 101 and the total balance of the loan is TL 31.847.

The Bank performed the following repayments during the year 2013:

	Repayment Amount - USD	Repayment Amount - EUR	Repayment Date
Club Loan - Syndication Loan	-	125.000.000	17 January 2013
Ing Bank N.V.	-	50.000.000	26 February 2013
Doha Bank	25.000.000	-	19 March 2013
Subordinated Loan	8.333.333	-	15 April 2013
Al Ahli Bank of Kuwait	25.000.000	-	8 May 2013
Club Loan - Syndication Loan	-	224.000.000	25 June 2013
Emirates NBD	15.000.000	-	25 July 2013
Mizuho Corporate Bank Ltd	-	25.000.000	21 August 2013
Standard Chartered	50.000.000	-	22 August 2013
Garanti International	-	10.000.000	24 September 2013
Subordinated Loan	8.333.333	-	15 October 2013
European Investment Bank	-	1.470.588	17 December 2013
ITFC	50.000.000	-	27 December 2013

The liability of the Bank resulting from bond issuance at 2013 and 2012 is presented as follows

Information regarding securities issued	Current Period 31.12.2013	Prior Period 31.12.2012
Securities Issued	2.645.500	2.228.875
Discount on Issuance of Securities (-)	67.156	12.027
Bond Interest Accrual	26.484	21.762
Total	**2.604.828**	**2.238.610**

In October 2011, the Bank issued bonds worth USD 500 million (TL 1.058.200). The bond is subject to annual fixed interest payment of 5,375% every six months and the total maturity is five years.

In April 2012, the Bank issued bonds worth USD 500 million (TL 1.058.200). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

In October 2012, the Bank issued bonds worth USD 250 million (TL 529.100). The bond is subject to annual fixed interest payment of 5,875% every six months and the total maturity is seven years.

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2.4 If the other liabilities items in the balance sheet exceed 10% of the total of the balance sheet, the sub-accounts constituting at least 20% of these (names and amounts)

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Turkish Treasury Current Account	562	902	1.597	964
Political Risk Loss Account	-	466	-	365
Iraq Loan followed on behalf of Turkish Treasury	562	436	1.597	599
Other	1.841	153.478	4.005	105.194
Total	2.403	154.380	5.602	106.158

The amount followed on behalf of the Undersecretariat of Treasury under the Iraq Loan TL account consists of exchange rate differences calculated in relation to the Iraq Loan which is followed on behalf of the Undersecretariat of Treasury under 145 Medium Long-term Fund Sourced Loans and for which the entire risk is assumed by the Undersecretariat of Treasury. All of the amount followed on behalf of the Undersecretariat of Treasury under the Iraq Loan FC consists of Iraq Loan. Law No. 6111 on restructuring some receivables became valid in 25 February 2011, which enabled restructuring of the Iraq loans sourced by Development and Supporting Fund (DSF). As a result of the enforcement of this law, among the firms which have applied for the restructuring, the amounts paid in cash or in instalments (the first ten instalments) were all transferred to the accounts of the Undersecreteriat of Treasury as of 31 December 2012. In addition, TL 1.284 as an equivalent of USD 652.000 was collected from the firms which paid in installments as of 31 December 2013 and was transferred to the Undersecretariat of Treasury; the loans of the firms whose loans are not under restructuring were subject to closure of the loan account and removed from the balance sheet at maturity. The amounts removed from the balance sheet as of 31 December 2013 are TL 668 as an equivalent of USD 348.

2.5 Information on liabilities arising from financial leasing transactions (net)

None.

2.6 Negative differences table related to hedging derivative financial liabilities

Derivative Financial Assets Held for Cash Flow Hedges	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Fair Value Hedge	-	39.272	-	-
Cash Flow Hedge	-	-	-	-
Net Investment in Abroad Hedge	-	-	-	-
Total	-	39.272	-	-

2.7 Information on provisions

2.7.1 Information on general provisions

	Current Period 31.12.2013	Prior Period 31.12.2012
General Provisions	130.214	130.214
Provisions for Group I. Loans and Receivables	126.575	126.575
- Allocated for the ones whose payment term was extended	10.173	10.173
Provisions for Group II. Loans and Receivables	2.407	2.407
- Allocated for the ones whose payment term was extended	2.190	2.190
Provisions for Non Cash Loans	985	985
Other	247	247

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2.7.2 Information on provisions for decrease in foreign exchange differences of foreign currency indexed loans and financial leasing receivables principal amounts

There is no foreign currency indexed loans of the Bank.

2.7.3 Specific provisions for non-cash loans that are not liquidated

None.

2.7.4 Information on other provisions

2.7.4.1 Information on provisions for probable risks

	Current Period 31.12.2013	Prior Period 31.12.2012
Provisions for Probable Risks	20.948	14.006

In accordance with the decision of Executive Committee, as there is no improvement in the collection of the receivables amounting to USD 4.868.428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarme and Ministry of Defense under the scope of Russian Federation Deferred Loan for the last six years, the Bank has provided 100% impairment provision of the TL equivalent amounting to TL 10.304 as of 31 December 2013 (31 December 2012: TL 8.681).

As of 31 December 2013, the Bank booked provisions amounting to TL 10.304 (31 December 2012: TL 5.325) considering probable compensation payments in relation to the export receivables.

Accordingly, the sum of the provisions recognized by the Bank amounts to TL 20.948 as of 31 December 2013 (31 December 2012: TL 14.006).

2.7.4.2 Information on other provisions exceeding 10% of total provisions

Other provision is TL 20.948, subaccounts, free provisions for Russian Federation is TL 10.304 and insurance reserve expense is TL 10.644.

2.7.5 Explanations on tax liability

2.7.5.1 Explanations on current tax liability

2.7.5.1.1 Information on provision for taxes

None.

2.7.5.1.1 Information on taxes payable

	Current Period 31.12.2013	Prior Period 31.12.2012
Corporate Taxes Payable [1]	-	-
Taxation on Revenue From Securities	89	6
Property Tax	-	-
Banking Insurance Transaction Tax	570	423
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	242	251
Other	845	774
Total	**1.746**	**1.454**

[1] As stated at Section 3 Note XVI, the Bank is exempt from corporate tax.

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2.7.5.2 Information on premium payables

	Current Period 31.12.2013	Prior Period 31.12.2012
Social Security Premiums – Employee	798	627
Social Security Premiums – Employer	1.190	852
Bank Social Aid Pension Fund Premiums – Employee	-	-
Bank Social Aid Pension Fund Premiums – Employer	-	-
Pension Fund Membership Fee and Provisions - Employee	-	2
Pension Fund Membership Fee and Provisions - Employer	-	-
Unemployment Insurance – Employee	58	44
Unemployment Insurance - Employer	116	88
Other	-	-
Total	2.162	1.613

2.7.5.3 Information on deferred tax liability

None.

2.7.5.4 Information on non-current liabilities on assets held for sale and discontinued operations

None.

2.7.5.5 Information on subordinated loans

Date	Number	Maturity	Interest Rate	Institution
23.07.2001	1	17 year	Six Months LIBOR + 0,75	Turkish Treasury (World Bank Sourced)

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TRL	FC	TRL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	158.975	-	163.762
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	158.975	-	163.762

2.7.6 Information on shareholders' equity

2.7.6.1 Presentation of paid-in capital

	Current Period 31.12.2013	Prior Period 31.12.2012
Common Stock	2.200.000	2.000.000
Preferred Stock	-	-

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2.7.6.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling

The registered share capital system is not applied.

2.7.6.3 Information on the share capital increase during the period and their sources

The Bank increased its capital TL 2.200.000 by used TL 200.000. Capital increase is met by the amount of profit reserves in 2012 and pre-2012. The increase is published in the Official Gazette No. 8304 dated 19 April 2013.

2.7.6.4 Information on share capital increase from revaluation funds during the current period

There is no share capital increase from the revaluation fund during the current period.

2.7.6.5 Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period

The Bank has no capital commitments as of 31 December 2013 and the total share capital of the Bank amounting to TL 2.200.000 is fully paid.

2.7.6.6 The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders' equity

The credit, interest and the foreign currency risk policies of the Bank were determined to minimize the losses that may result from these risks. The Bank aims to obtain a reasonable positive return on equity in real terms in relation with its banking transactions and to protect its equity from the effects of inflation. On the other hand, the proportion of doubtful receivables to the total loans is considered as low and an impairment provision is provided in full for all doubtful receivables. Accordingly, the Bank does not expect losses that may materially affect its equity. In addition, the free capital of the Bank is high and is getting steadily stronger.

2.7.6.7 Information on privileges given to shares representing the capital

The common shares of the Bank are owned by the Treasury.

2.7.6.8 Information on marketable securities value increase fund

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TRL	FC	TRL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	8.186	35	10.215	67
Foreign Currency Differences	-	-	-	-
Total	**8.186**	**35**	**10.215**	**67**

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3 Explanations and notes related to off-balance sheet accounts

Explanations on off-balance sheet commitments

3.1 Type and amount of irrevocable commitments

As of 31 December 2013 and 2012 there are no irrevocable commitments of the Bank.

3.2 Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit

	Current Period 31.12.2013	Prior Period 31.12.2012
Letters of Guarantee	-	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for Export Loan Insurance	1.219.632	682.148
Total	1.219.632	682.148

3.3 Revocable, irrevocable guarantees and other similar commitments and contingencies

There are no revocable and irrevocable guarantees. Details of other similar commitments and contingencies are stated above in (i).

3.4 Total amount of non-cash loans

	Current Period 31.12.2013	Prior Period 31.12.2012
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans (1)	1.219.632	682.148
Total	1.219.632	682.148

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3.5 Information on sectoral risk concentrations of non-cash loans

	Current Period 31.12.2013				Prior Period 31.12.2012			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	1.219.632	100	-	-	682.148	100
Total	-	-	1.219.632	100	-	-	682.148	100

3.6 Information on the non-cash loans classified under Group I and Group II

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash loans				
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	1.219.632	-	-

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3.7 Information on derivative transactions

	Classification of Derivative Transactions by Purpose			
	Trading Transactions		Hedging Transactions	
	Current Period 31.12.2013	Prior Period 31.12.2012	Current Period 31.12.2013	Prior Period 31.12.2012
Types of Trading Transactions				
Foreign Currency Related Derivative Transactions: (I)	3.837.950	2.139.035	-	-
Forward Transactions	2.696.147	1.001.666	-	-
Swap Transactions	1.124.990	1.137.369	-	-
Futures Transactions	-	-	-	-
Option Transactions	16.743	-	-	-
Total Foreign Currency Related Derivative Transactions	**3.837.950**	**2.139.035**	**-**	**-**
Interest Related Derivative Transactions (II)	143.916	3.929.865	-	-
Forward Interest Rate Agreements	-	-	-	-
Interest Rate Swaps	143.916	3.929.865	-	-
Interest Rate Options	-	-	-	-
Interest Rate Futures	-	-	-	-
Other Trading Derivative Transactions: [1] (III)	-	-	-	-
A. Total Trading Derivative Transactions (I+II+III)	**3.981.866**	**6.068.900**	-	-
Types of Hedging Derivative Transactions	-	-	-	-
Fair Value Hedges	4.698.408	-	-	-
Cash Flow Hedges	-	-	-	-
Foreign Currency Investment Hedges	-	-	-	-
B. Total Hedging Derivative Transactions [4]	**4.698.408**	-	**-**	**-**
Total Derivative Transactions (A+B)	**8.680.274**	**6.068.900**	**-**	**-**

[1] Includes currency and interest swap transactions.

3.7.1 Explanations on credit derivatives and risk of exposure from these derivatives

Derivative transactions processes in terms of (hedging) maximum protection of the balance sheet risks by minimizing mismatches between assets and liabilities of the Bank's. As a result of these transactions, the Bank is exposed to the risk of changes in fair value. As a result of the actions taken, fixed-rate bonds against the cross-currency swaps and interest rate swaps issued by the Bank are available.

Except for derivative financial transactions subjected to hedge accounting, the Bank is not only preserved from the risk financially, but also it has financial derivative instruments recorded as "Available for sale transactions in terms of accounting. Intensively using swap, currency and interest purchase-sale transactions for this purpose, using related transactions the Bank targets loss prevention arising from currency and interest risks.

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3.8 Explanations on contingent assets and liabilities

The Bank recognizes contingent assets if the probability of the inflow of economic benefits is virtually certain. In case the inflow of economic benefits is probable but not virtually certain, such contingent asset is disclosed.

As of 31 December 2013 and 2012, there are no contingent assets.

The Bank recognizes provision for contingent liability when the probability of occurrence is high and the contingent liability can be reliably estimated; if the contingent liability cannot be reliably estimated, the contingent liability is disclosed. When the likelihood of the occurrence of the contingent liability is remote or low, it is disclosed.

In this respect, as of 31 December 2013, there are 73 legal proceedings outstanding against the Bank amounting to USD 2.598 and TL 566 as confirmed from the lawyer letter prepared by the legal department of the Bank.

In addition, there are 153 legal proceedings outstanding filed by the Bank. These legal proceedings amount to USD 13.876 and EUR 873.

3.9 Explanations on services in the name of others

The Bank does not have any custody and deposit activities in the name of real and legal persons.

The Bank also provides insurance to some extent for the export receivables of exporter companies against commercial and political risks under the scope of export loan insurance program.

4 Explanations and notes related to income statement

4.1 Within the scope of interest income

4.1.1 Information on interest income on loans

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Interest income on loans				
Short-term Loans	220.483	151.243	234.227	129.279
Medium and Long-term Loans	76.541	97.691	50.094	53.306
Interest on Loans Under Follow-up	87	14	379	130
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	297.111	248.948	284.700	182.715

4.1.2 Information on interest income from banks

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
CBRT	-	5	-	60
Domestic Banks	6.748	1.983	20.524	724
From Foreign Banks	128	93	748	183
From Headquarters and Branches Abroad	-	-	-	-
Total	6.876	2.081	21.272	967

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4.1.3 Information on interest income on marketable securities

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
From Trading Financial Assets	13.603	2.434	37.382	1.877
From Financial Assets at Fair Value through Profit or Loss				
From Available-for-Sale Financial Assets	-	-	-	-
From Held-to-Maturity Investments	15.894	2.789	28.606	2.745
Total	**29.497**	**5.223**	**65.988**	**4.622**

4.1.4 Information on interest income received from associates and subsidiaries

There is no interest income from associates and subsidiaries.

4.2 Within the scope of interest expense

4.2.1 Information on interest expense on borrowings

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Banks				
CBRT	-	31.683	-	33.090
Domestic Banks	-	2.408	-	3.252
Foreign Banks	-	45.616	-	42.525
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	1.221	-	1.577
Total	**-**	**80.928**	**-**	**80.444**

4.2.2 Information on interest expense given to associates and subsidiaries

There is no interest expense given to associates and subsidiaries.

4.2.3 Interest paid to marketable securities issued

	Current Period 31.12.2013		Prior Period 31.12.2012	
	TL	FC	TL	FC
Interests paid to marketable securities issued	-	133.021	-	90.785

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4.3 With respect to deposit and participation accounts

4.3.1 Maturity structure of the interest expense on deposits

The Bank does not accept deposits.

4.3.2 Maturity structure of the share paid of participation accounts

There are no participation accounts.

4.4 Information on dividend income

None.

4.5 Information on trading income/loss (Net)

	Current Period 31.12.2013	Prior Period 31.12.2012
Income	**1.890.169**	**466.751**
Trading Gains on Securities	3.625	6.833
Trading Gains on Derivative Financial Transactions	310.088	168.420
Foreign Exchange Gains	1.576.456	291.498
Loss (-)	**1.937.868**	**525.732**
Trading Losses on Securities	1.235	-
Trading Losses from Derivative Financial Transactions	139.711	157.968
Foreign Exchange Loss	1.796.922	367.764

4.6 Explanations on other operating income

In the current period, the Bank recorded within the frame of Short Term Export Credit Insurance amounted TL 51.481 (31 December 2012: TL 43.305) premium income and within the frame of Short Term Export Credit Insurance amounted TL 12.430 (31 December 2012: TL 9.499) commission taken from reinsurance companies and amounted TL 3.001 (31 December 2012: TL 2.680) adjustment on previous years expenses, revenues from sale of real property amounted TL 18.772 to account of other operating income.

Apart from the matters stated above, no extraordinary issue, development or factor which has a material impact on the Bank's income exists in the 2013 and 2012 in the other operating income.

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

4.7 Provision expenses related to loans and other receivables of the Bank

	Current Period 31.12.2013	Prior Period 31.12.2012
Specific Provisions for Loans and Other Receivables	5.121	210
Group III Loans and Receivables	-	-
Group IV Loans and Receivables	5.121	210
Group V. Loans and Receivables	-	-
Doubtful receivables such as fees, commissions and other receivables	-	-
General Provision Expenses	-	60.929
Provision Expense for Probable Risks	6.942	426
Marketable Securities Impairment Expense	24.590	-
Financial Assets at Fair Value through Profit or Loss	24.590	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	36.653	61.565

4.8 Information related to other operating expenses

	Current Period 31.12.2013	Prior Period 31.12.2012
Personnel Expenses	65.657	75.212
Reserve for Employee Termination benefits	-	881
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	544	2.052
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	3.868	1.150
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	265	322
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	2.034	5.640
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-	-
Other Operating Expenses	16.804	12.218
Operational Lease Expenses	3.909	2.642
Maintenance Expenses	539	315
Advertisement Expenses	81	77
Other Expenses	12.275	9.184
Loss on Sale of Assets	-	-
Other [(1)]	50.401	43.576
Total	139.573	141.051

[(1)] Other operating expenses includes the premium amount of TL 39.006 (31 December 2012: TL 26.844) paid to reinsurance companies within the scope of short-term export credit insurance.

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

4.9 Explanation on tax provisions for continuing and discontinued operations

None.

4.10 Explanation on net income/loss for the period for continued and discontinued operations

None.

4.11 Explanation on net income/loss for the period

4.11.1 If the nature, size and the reoccurrence rate of the income and expense resulting from the ordinary banking activities are important to explain the performance of the Bank in the current period, the nature and the amount of these transactions

Not needed.

4.11.2 If the changes in the estimates of the financial statement accounts may affect the profit/loss in the following periods, related periods and the necessary information

None.

4.11.3 Profit/loss of minority interest

None.

4.12 If the other accounts in the income statement exceed 10% of the total of the income statement, the sub-accounts constituting at least 20% of these accounts

None.

5 Explanations and notes related to changes in shareholders' equity

5.1 Information about the adjustment related to the application of Financial Instruments Accounting Standards in the current period

5.1.1 The increase after the revaluation of the available-for-sale investments

The fair value gains of the available-for-sale investments, other than the hedging instruments, amounting to TL 8.221 are recorded under the "Marketable Securities Value Increase Fund" account under equity. TL 35 of such fair value gains represent the fair value gains of marketable securities that are transferred to the held-to-maturity portfolio from the available-for-sale portfolio and such fair value gains are calculated and followed under the account "Marketable Securities Value Increase Fund" until the date of transfer. This amount will be transferred to the income statement upon maturity of the transferred securities.

5.1.2 Information for the increases in the accounts related to cash flow hedges

None.

5.1.2.1 The reconciliation and confirmation for the cash flow hedges accounts at the beginning and end of the period

None.

5.1.2.2 Under the cash flow hedges, the current period charge of the income or loss under equity related with a derivative or a non-derivate financial asset and liability designated as cash flow hedge instruments

None.

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

5.1.2.3 Reconciliation of foreign exchange differences at the beginning and end of the period

None.

5.2 Information about the adjustments related to the application of Financial Instruments Accounting Standards in the current period

5.2.2.1 Information on the available-for-sale investments

None.

5.2.2.2 Information on cash flow hedges

None.

5.3 Information related to distribution of profit

5.3.1 The amount of dividend declared before the approval date of the financial statements but after the balance sheet date

None.

5.3.2 Earnings per share proposed to be distributed to shareholders after the balance sheet date

Profit distributions are approved by the General Assembly of the Bank. As of the report date, no profit distribution decision has been made by the General Assembly for 2013 profit.

5.4 Amount transferred to legal reserves

	Current Period 31.12.2013	Prior Period 31.12.2012
Amount transferred to Legal Reserves under Dividend Distribution	30.393	31.202

5.5 Information on issuance of share certificates

5.5.1 For all share groups; any restrictions, preferential terms and rights for distribution of dividends and payment of share capital.

None.

5.6 Explanations on other share capital increases

None.

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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

6 Explanations and notes related to statement of cash flows

6.1 Information on the cash and cash equivalents

6.1.1 Information on cash and cash equivalents at the beginning of the period

The components constituting the cash and cash equivalents and the accounting policies used for the determination of these components:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as “Cash” and interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash equivalents”.

	31.12.2012	31.12.2011
Cash	12.446	8.180
Cash in TL and Foreign Currency	13	12
Demand Deposits in Banks	12.433	8.168
Cash Equivalents	1.202.111	658.732
Interbank Money Market Placements	395.500	124.368
Deposits in Banks	806.611	534.365
Total Cash and Cash Equivalents	1.214.557	666.913

6.1.2 Information on the cash and cash equivalents at the end of the period

	Current Period 31.12.2013	Prior Period 31.12.2012
Cash	280	20.176
Cash in TL and Foreign Currency	20	13
Demand Deposits in Banks	260	20.163
Cash Equivalents	1.019.105	1.195.375
Banks and other financial institutions	1.019.105	798.936
Money market placements	-	396.349
Cash and Banks	1.019.385	1.215.551
Banks Accrual	(60)	(994)
Total Cash and Cash Equivalents	1.019.325	1.214.557

6.1.3 Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL (41.434) (31 December 2012: TL (125.496)) mainly consists of fees and commissions paid, foreign exchange losses, other operating income excluding collections from doubtful receivables and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 531.081 (31 December 2012: TL 189.613) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

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Notes to the Unconsolidated Financial Statements for the Year Ended 31 December 2013

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6.2 Explanations and notes related to Bank's risk group

In accordance with the paragraph 5 of article 49 of Banking Law numbered 5411, the Bank does not have any partnerships which it controls directly or indirectly and with which it constitutes a risk group.

6.2.1 Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank

Information on the Bank's domestic and foreign branches and foreign representatives of the Bank

	Number	Number of Employees			
Domestic Branch	2	483			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore Banking Region Branches	-	-	-	-	-

6.2.2 Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure

None.

7 Explanations and notes related to events after balance sheet

None.

SECTION SIX

INDEPENDENT AUDITOR'S REPORT

1 Explanations on independent auditor's report

1.1 Explanations on auditor's report

The unconsolidated financial statements for the period ended 31 December 2012 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative, a Swiss entity). The auditor's report dated 13 February 2014 has been presented prior to the unconsolidated financial statements.

1.2 Explanations and notes prepared by independent auditor

None.

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