

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

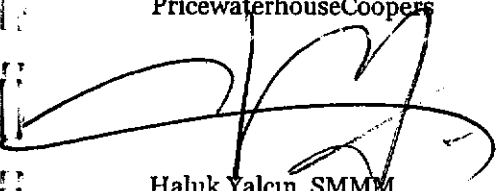


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası A.Ş. as of 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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


Haluk Yalçın, SMMM

Istanbul, 10 February 2011

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying financial statements of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") which comprise the balance sheet as of 31 December 2010 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

BALANCE SHEET AT 31 DECEMBER

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

	Notes	2010	2009
ASSETS			
Cash and due from banks	5	886,771	2,059,197
Trading securities	6	308,488	150,149
Derivative financial instruments	7	1,885	16,548
Loans and advances to customers	8	4,106,275	3,854,426
Investment securities			
- Available-for-sale	9	15,202	13,744
- Held-to-maturity	9	891,703	309,068
Property and equipment	10	8,104	8,444
Intangible assets	11	390	654
Other assets	12	10,748	14,879
Total assets		6,229,566	6,427,109
LIABILITIES			
Funds borrowed	13	1,798,712	2,025,884
Derivative financial instruments	7	25,164	5,289
Other liabilities	15	764,692	728,770
Retirement benefit obligations	16	10,856	9,963
Total liabilities		2,599,424	2,769,906
EQUITY			
- Share capital	17	2,000,000	2,000,000
- Adjustment to share capital	17	812,518	812,518
Total paid in share capital		2,812,518	2,812,518
Other reserves		8,582	7,225
Retained earnings	18	809,042	837,460
Total equity		3,630,142	3,657,203
Total liabilities and equity		6,229,566	6,427,109

Commitment and contingent liabilities 22

The financial statements as at and for the year ended 31 December 2010 have been approved for issue by the Board of Directors on 10 February 2011 and signed on behalf of the Bank by Necati Yeniaras, the Chief Financial Officer and; by Muhittin Akbaş, the Head of Accounting and Reporting of the Bank.

The accompanying notes form an integral part of these financial statements.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER

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

	Notes	1 January - 31 December 2010	1 January - 31 December 2009
Interest income	19	315,753	437,972
Interest expense	19	(27,045)	(50,725)
Net interest income		288,708	387,247
Fee and commission income		804	2,290
Fee and commission expense		(9,940)	(8,585)
Net fee and commission expense		(9,136)	(6,295)
Impairment charges on loans and credit related commitments	8	(19,389)	(52,339)
Foreign exchange gains/(losses), net		23,875	(23,377)
(Losses)/gains on financial instruments classified as held for trading, net		(4,883)	63,911
Other operating income	20	42,466	35,007
Operating profit		321,641	404,154
Operating expenses	21	(65,171)	(61,713)
Net profit for the year		256,470	342,441

The accompanying notes form an integral part of these financial statements.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

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

	1 January - 31 December 2010	1 January - 31 December 2009
Net profit for the year	256,470	342,441
Other comprehensive income		
Change in fair value gains on available-for-sale financial assets	1,458	8,618
Amortisation of the fair value gains of held to maturity investments previously classified as available-for-sale financial assets	(101)	(114)
Total comprehensive income for the year	257,827	350,945

The accompanying notes form an integral part of these financial statements.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

**STATEMENT OF CASH FLOWS FOR THE YEARS
ENDED 31 DECEMBER**

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

	Notes	2010	2009
Cash flows from operating activities:			
Net profit for the year		256,470	342,441
Adjustments for:			
Depreciation and amortisation	21	676	847
Provision for loan losses	8	22,172	66,084
Provision for employment termination benefits	16	(893)	(381)
Provision for unused vacation	15	840	896
Remeasurement of derivative financial instruments at fair value		34,539	779
Interest income, net	19	(288,708)	(387,247)
Interest paid		(34,710)	(53,947)
Interest received		309,684	482,489
Other non-cash items		5,754	11,105
Operating profit before changes in operating assets and liabilities		305,824	463,066
Net increase in due from banks		(16,000)	(9,000)
Net increase in loans and advances to customers		(252,636)	(35,822)
Net increase in trading securities		(141,991)	(105,683)
Net decrease/(increase) in other assets		4,130	(6,760)
Net decrease in other liabilities		(4,731)	(69,447)
Net cash (used in)/from operating activities		(105,403)	236,354
Cash flows used in investing activities:			
Purchases of property and equipment, net	10,11	(73)	(1,206)
Purchases of available-for-sale financial assets		-	(2,000)
Net increase in investment securities		(578,811)	(64,397)
Net cash used in investing activities		(578,884)	(67,603)
Cash flows used in/from financing activities:			
Net (decrease)/increase in borrowed funds		(219,499)	921,910
Dividends paid		(284,888)	(32,183)
Cash increase in paid-in capital		-	398,894
Net cash (used in)/from financing activities		(504,387)	1,288,621
Effects of exchange-rate changes on cash and cash equivalents		(4,676)	(12,184)
Net (decrease)/increase in cash and cash equivalents		(1,188,674)	1,445,188
Cash and cash equivalents at the beginning of the year		2,049,145	603,957
Cash and cash equivalents at the end of the year	5	860,471	2,049,145

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

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

	Share Capital				Other reserves	Retained earnings	Total equity
	Share capital	Adjustment to share capital	Total paid-in capital				
Balance at 1 January 2009	1,326,336	812,518	2,138,854	(1,279)	801,972	2,939,547	
Increase in paid-in capital	673,664	-	673,664	-	(274,770)	398,894	
Dividends paid	-	-	-	-	(32,183)	(32,183)	
Total comprehensive income for the year ended 31 December 2009	-	-	-	8,504	342,441	350,945	
Balance at 31 December 2009	2,000,000	812,518	2,812,518	7,225	837,460	3,657,203	
Balance at 1 January 2010	2,000,000	812,518	2,812,518	7,225	837,460	3,657,203	
Increase in paid-in capital	-	-	-	-	-	-	
Dividends paid	-	-	-	-	(284,888)	(284,888)	
Total comprehensive income for the year ended 31 December 2010	-	-	-	1,357	256,470	257,827	
Balance at 31 December 2010	2,000,000	812,518	2,812,518	8,582	809,042	3,630,142	

The accompanying notes form an integral part of these financial statements.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 1 - GENERAL INFORMATION

Türkiye İhracat Kredi Bankası A.Ş. ("the Bank" or "Eximbank") is established as Turkey's "Official Export Credit Agency" on 25 March 1987 (transformed from "State Investment Bank") as a development and investment bank and accordingly, the Bank does not accept deposits. The Bank's head office is located at Müdafaa Caddesi, 20 Bakanlıklar, Ankara/Turkey. As of 31 December 2009, the Bank has 2 branches at Istanbul and Izmir and 6 liaison offices at Bursa, Adana, Trabzon, Denizli, Kayseri and Gaziantep. As of 31 December 2010, the Bank employed 360 people (2009: 382 people).

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

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

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

The losses due to the political risks arising on loan, guarantee and insurance operations of the Bank, are transferred to the Undersecretariat of Treasury ("Turkish Treasury") according to article 4/c of Act number 3332 that was appended by Act number 3659 and according to Act regarding the Public Financing and Debt Management, number 4749, dated 28 March 2002.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of presentation of financial statements

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB").

The Bank maintains its books of accounts and prepares its statutory financial statements in Turkish Lira in accordance with the Banking Law and in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.2663 dated 1 November 2006, which refers to Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") issued by the Turkish Accounting Standards Board ("TASB") and additional explanations and notes related to them and the accounting principles promulgated by the Banking Regulation and Supervision Agency ("BRSA") and other relevant rules promulgated by the Turkish Commercial Code and Tax Regulations. These financial statements are based on the historical cost convention and adjusted as necessary in order to comply with IFRS issued by the IASB.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Standards, amendments and interpretations effective on or after 1 January 2010

The following amendments to published standards and interpretations to existing standards, effective on or after 1 January 2010, are relevant to the Bank's operations.

IFRS 3 (Revised), "Business Combinations", and consequential amendments to IAS 27, "Consolidated And Separate Financial Statements", IAS 28, "Investments in Associates", and IAS 31, "Interests in Joint Ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This is not currently applicable to the Bank as there has been no such transactions.

IFRIC 17, "Distributions of Non-Cash Assets to Owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Bank, as it has not made any non-cash distributions.

IFRIC 18, "Transfers of Assets from Customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Bank, as it has not received any assets from customers.

"Additional Exemptions for First-Time Adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Bank, as it is an existing IFRS preparer.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective from 1 January 2010.

Standards, amendments and interpretations to existing standards issued but not yet effective for the financial year beginning 1 January 2010 and have not been early adopted

IFRS 9, "Financial Instruments", issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Bank's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Bank is yet to assess IFRS 9's full impact. The Bank has not yet decided when to adopt IFRS 9.

Revised IAS 24, "Related Party Disclosures", issued in November 2009. It supersedes IAS 24, "Related Party Disclosures", issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

"Classification of Rights Issues" (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted.

"Prepayments of a Minimum Funding Requirement" (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, "IAS 19 - The Limit On A Defined Benefit Asset, Minimum Funding Requirements and Their Interaction". Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments". This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective from 1 January 2010.

IAS 39, "Financial instruments: Recognition and Measurement - Eligible Hedged Items" (Amendment) (Effective from 1 July 2009). The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, IAS 39 concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations.

Interpretations and amendments to existing standards that are not yet effective and not relevant for the Bank's operations

IFRS 3, "Business Combinations" (Revised) (Effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice, on an acquisition-by-acquisition basis, to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 27, "Consolidated And Separate Financial Statements" (Revised) (Effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost; any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

IFRS 1 and IAS 27, "Cost of an Investment In a Subsidiary, Jointly-Controlled Entity or Associate" (Amendment) (Effective from 1 July 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and requires an entity to present dividends from investments in subsidiaries, jointly controlled entities and associates as income in the separate financial statements of the investor.

IFRIC 17, "Distribution to Non-Cash Assets to Owners" (Effective from 1 July 2009). The standard addresses how the non-cash dividends distributed to the shareholders should be measured. A dividend obligation is recognised when the dividend was authorised by the appropriate entity and is no longer at the discretion of the entity. This dividend obligation should be recognised at the fair value of the net assets to be distributed. The difference between the dividend paid and the amount carried forward of the net assets distributed should be recognised in profit and loss. Additional disclosures are to be made if the net assets being held for distribution to owners meet the definition of a discontinued operation.

IFRIC 18, "Transfers of Assets From Customers" (Effective from 1 July 2009). The standard clarifies how to account for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation also applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment, and the entity must then use that item to provide the customer with ongoing access to supply of goods and/or services.

(b) Accounting for the effect of hyperinflation

Prior to 1 January 2006, the adjustments and reclassifications made to the statutory records for the purpose of fair presentation in accordance with IFRS included the restatement of balances and transactions for the changes in the general purchasing power of the Turkish Lira in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. As the characteristics of the economic environment of Turkey indicate that hyperinflation has ceased, effective from 1 January 2006, the Bank no longer applies the provisions of IAS 29. Accordingly, the amounts expressed in the measuring unit current at 31 December 2005 are treated as the basis for the carrying amounts in these financial statements.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Derivative financial instruments

Derivative financial instruments, including currency and interest rate swap instruments, are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently remeasured at their fair value. All derivative financial instruments are classified as held for trading. Even though cross currency swap transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 "Financial Instruments: Recognition and Measurement", and are therefore treated as derivatives held for trading with fair value gains and losses reported in income. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Fair value of over-the-counter ("OTC") forward or swap foreign exchange contracts is determined based on the comparison of the original forward rate with the market interest rates. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

(d) Investment securities

Investment securities are classified into the following two categories: held-to-maturity and available-for-sale assets. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recognised at transaction prices, which normally reflect their fair values.

Available-for-sale investment debt and equity securities are subsequently remeasured at fair value based on quoted bid prices, or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in the shareholders' equity as "other reserves", unless there is a permanent decline in the fair values of such assets, in which case they are charged to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

Held-to-maturity investments are carried at amortised cost using the effective interest rate method, less any provision for impairment. Interest earned whilst holding investment securities is reported as interest income. Dividends receivable is included separately in dividend income when a dividend is declared.

All purchases and sales of investment securities that require delivery with the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the settlement date, which is the date that the asset is delivered to/from the Bank.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trading securities

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit making exists. These are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. All related realised and unrealised gains and losses are included in net trading income. Dividends received are included in dividend income.

All regular way purchases and sales of trading financial assets are recognised at the settlement date.

(f) Income and expense recognition

Income and expenses are recognised on an accrual basis. Commission income and fees for certain banking services such as import and export related services and issuance of letters of guarantee and are recorded as income at the time of affecting the transactions to which they relate.

(g) Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price until, in management's estimates and judgment, collection becomes doubtful. Interest income includes coupons earned on fixed income securities and accrued discount on treasury bills.

(h) Loans and advances to customers and provision for loan impairment

Loans originated by the Bank by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated by the Bank and are carried at amortised cost, less any provision for loan losses. All originated loans are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception. The level of the provision is also based on applicable banking regulations. An additional provision for loan impairment is established to cover losses that are judged to be present in the lending portfolio at the balance sheet date, but which have not been specifically identified as such.

The provision made during the year is charged against the income for the year. Loans that can not be recovered are written off and charged against the allowance for loan losses. Such loans are written off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the year (Note 8).

(i) Financial liabilities

Financial liabilities, including funds borrowed from banks, are recognised initially at cost. Subsequently, financial liabilities are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the financial liability using the effective yield method.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(k) Property and equipment

All property and equipment carried at historical cost less accumulated depreciation are restated to the equivalent purchasing power at 31 December 2005. Depreciation is calculated over the restated amounts of property and equipment using the straight-line method to write off the restated cost of each asset to its residual value over its estimated useful life, as follows:

Buildings	50 years
Equipment and vehicles	4 - 16 years

Where the carrying amount of an asset is greater than its estimated recoverable amount ("higher of net realisable value and value in use"), it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenditure for the repair and renewal of property and equipment is charged against income. It is, however, capitalised if it results in an enlargement or substantial improvement of the respective assets.

(l) Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives (not exceeding a period of five years). These assets are accounted for intangible assets in these financial statements.

(m) Taxation on income

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

(n) Employment termination benefits

Employment termination benefits ("ETB") represent the present value of the estimated total reserve for the future probable obligation of the Bank arising from the retirement of the employees, calculated in accordance with the Turkish Labor Law (Note 16).

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised 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.

(p) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(q) Other credit related commitments

In the normal course of business, the Bank enters into other credit related commitments including loan commitments and guarantees. These are reported as off-balance sheet items at their notional amounts and are assessed using the same criteria as loans and advances. Specific provisions are therefore established when losses are considered probable and recorded as other liabilities (Note 22).

(r) Reporting of cash flows

For the purposes of cash flow statement, cash and cash equivalents include cash, due from banks, trading securities and investment securities with original maturity periods of less than three months (Note 5).

(s) Related parties

For the purpose of these financial statements the shareholders of the Bank together with state-controlled entities in Turkey are considered and referred to as related parties (Note 23).

(t) Comparatives

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

NOTE 3 - FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

As of 31 December 2010, the loan portfolio of the Bank constitutes 66% (2009: 60%) of total assets. In short, medium and long term lending (except for fund sourced and country loans), the Bank is taking the risk of the Turkish banking system, however medium-to-long term country loans are under the political risk guarantee of the Turkish Treasury.

The interest rates of the foreign currency denominated liabilities are constant while remaining is floating. In accordance with its mission, the Bank strives to reflect the cost of its funding to the foreign currency loans granted. The loans denominated in Turkish Lira are fully funded by equity and in accordance with the Bank's mission.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

(b) Credit risk

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

In accordance with the collateralisation 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 and medium and long term credits are approved by the Board of Directors.

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

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

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

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

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

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

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

The Bank reviews reports of OECD country risk groupings, reports of the members of the International Union of Credit and Investment Insurers, reports of independent credit rating institutions and the financial statements of the banks risks of which are undertaken during the assessment and review of the loans granted. In addition, country reports and short term country risk classifications prepared within the Bank are also utilised.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

Impairment and provisioning policies

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

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

	31 December 2010		31 December 2009	
	Corporate Loans	Personnel Loans	Corporate Loans	Personnel Loans
Standard loans and advances	4,152,033	2,591	3,901,080	3,426
Loans and advances under close monitoring	4,514	-	4,160	-
Impaired loans and advances	120,776	-	103,498	-
Total loans and advances to customers	4,277,323	2,591	4,008,738	3,426
Allowance for loan losses	(173,639)	-	(157,738)	-
Net loans and advances to customers	4,103,684	2,591	3,851,000	3,426

As of 31 December 2010 and 2009, there are no past due loans and advances classified under standard loans and the details of the loans and advances under close monitoring are as follows:

	31 December 2010	31 December 2009
Past due up to 30 days	4,479	1,351
Past due 30-60 days	8	605
Past due 60-90 days	27	2,204
Total loans and advances under close monitoring	4,514	4,160

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2010 and 2009, the fair value of collaterals held for loans and advances to customers are as follows:

	31 December 2010	31 December 2009
Loans and advances under close monitoring	9,047	7,793
Loans and advances under legal follow-up	599,140	575,666
Total	608,187	583,459

As of 31 December 2010, the Bank does not have repossessed collateral (2009: None).

Bank's credit rating system

The risk assessment of banks and other financial institutions

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

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

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

In accordance with the financial analysis group of the banks and other financial institutions, the final risk groups are determined by considering qualitative factors such as shareholding structure, group companies, credit ratings from international credit rating institutions, quality of management and also information obtained from media.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2010, loans granted by the Bank to banks and other financial institutions amount to TL2,058,430 thousand (2009: TL1,934,678 thousand). As of 31 December 2010 and 2009, the concentration level of the loans and advances to customers in accordance with the defined financial analysis groups of the Bank are as follows:

	Rating Class	31 December 2010 Concentration level (%)	31 December 2009 Concentration level (%)
Low	1-2	22	51
Medium	3	33	33
High	4	45	16

The risk assessment of the companies:

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

As of 31 December 2010 and 2009, the classification and allowance percentages of the loans and advances of the Bank are as follows:

	31 December 2010		31 December 2009	
	Loans and advances (%)	Allowance for loan losses (%)	Loans and advances (%)	Allowance for loan losses (%)
Standard loans and advances	97.08	-	97.32	-
Loans and advances under close monitoring	0.10	-	0.10	-
Impaired loans and advances	2.82	100.00	2.58	100.00
Total	100.00	4.06	100.00	3.93

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The Bank's maximum exposure to credit risk as of 31 December 2010 and 2009:

	31 December 2010	31 December 2009
Credit risk exposures relating to on-balance sheet assets:		
Due from banks	886,750	2,059,188
Loans and advances to		
- Domestic banks and other financial institutions	1,987,088	1,847,478
- Foreign banks and other financial institutions	71,342	87,200
- Corporate customers and personnel	2,047,845	1,919,748
Trading securities	308,488	150,149
Derivative financial instruments	1,885	16,548
Investment securities		
- Available-for-sale	15,202	13,744
- Held-to-maturity	891,703	309,068
Other assets	5,087	6,139
Credit risk exposures relating to off-balance sheet items:		
Guarantees and warranties	1,078,703	841,152
Commitments	2,000	15,523
Total	7,296,093	7,265,937

As of 31 December 2010 and 2009, the geographical distribution of the on-balance sheet assets exposed to credit risk;

	Turkey	EU Countries	OECD Countries ^(*)	USA	Other Countries	Total
Due from banks	579,943	306,450	229	128	-	886,750
Loans and advances to						
- Domestic banks and other financial institutions	1,987,088	-	-	-	-	1,987,088
- Foreign banks and other financial institutions	-	-	-	-	71,342	71,342
- Corporate customers and personnel	2,047,845	-	-	-	-	2,047,845
Trading securities	308,488	-	-	-	-	308,488
Derivative financial instruments	-	1,885	-	-	-	1,885
Investment securities						
- Available-for-sale	15,202	-	-	-	-	15,202
- Held-to-maturity	891,703	-	-	-	-	891,703
Other assets	5,087	-	-	-	-	5,087
As of 31 December 2010	5,835,356	308,335	229	128	71,342	6,215,390
As of 31 December 2009	5,654,583	578,233	34,339	54,907	87,200	6,409,262

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2010 and 2009, the sectoral distribution of the on-balance sheet assets exposed to credit risk;

	Financial Institutions	Agriculture	Manufacturing	Wholesale and Retail Trade	Construction	Public Sector	Other	Personnel	Total
Due from banks	886,750	-	-	-	-	-	-	-	886,750
Loans and advances to									
-Domestic banks and other financial institutions	1,987,088	-	-	-	-	-	-	-	1,987,088
-Foreign banks and other financial institutions	71,342	-	-	-	-	-	-	-	71,342
-Corporate customers and personnel	-	24,076	1,209,845	30,858	754,769	-	25,706	2,591	2,047,845
Trading securities	-	-	-	-	-	308,488	-	-	308,488
Derivative financial instruments	1,885	-	-	-	-	-	-	-	1,885
Investment securities									
-Available-for-sale	15,202	-	-	-	-	-	-	-	15,202
-Held-to-maturity	-	-	-	-	-	891,703	-	-	891,703
Other assets	1,464	-	3,302	321	-	-	-	-	5,087
As of 31 December 2010	2,963,731	24,076	1,213,147	31,179	754,769	1,200,191	25,706	2,591	6,215,390
As of 31 December 2009	4,026,469	15,136	1,255,025	33,726	514,537	459,217	101,726	3,426	6,409,262

(c) Market risk

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity Tests

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

The average market risk table of calculated market risk during the month ends as of 31 December 2010 and 2009, as per the statutory financial statements prepared for BRSA reporting purposes within the scope of "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in Official Gazette no.26333 dated 1 November 2006, are as follows:

	31 December 2010			31 December 2009		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	3,781	5,371	3,097	3,343	3,765	1,999
Equity Share risk	-	-	-	-	-	-
Currency Risk	28,184	35,238	22,352	25,923	29,643	22,352
Total Capital to be Employed for Market Risk (A)	31,965	40,609	25,449	29,266	33,408	24,351
Total Amount Subject to Market Risk (A*12.5)	399,562	507,613	318,113	365,825	417,600	304,388

(d) Currency risk

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at 31 December 2010 and 2009.

	31 December 2010					Total
	US\$	EUR	JPY	Other	TL	
Cash and due from banks	86,336	306,495	229	105	493,606	886,771
Trading securities	3,646	-	-	-	304,842	308,488
Derivative financial instruments	168	-	-	-	1,717	1,885
Loans and advances to customers	2,039,988	699,839	11,770	6,441	1,348,237	4,106,275
Investment securities						
- Available-for-sale	-	-	-	-	15,202	15,202
- Held-to-maturity	50,862	-	-	-	840,841	891,703
Property and equipment and intangible assets	-	-	-	-	8,494	8,494
Other assets	1,487	562	-	9	8,690	10,748
Total assets	2,182,487	1,006,896	11,999	6,555	3,021,629	6,229,566
Funds borrowed	804,071	994,641	-	-	-	1,798,712
Derivative financial instruments	3,982	-	-	-	21,182	25,164
Other liabilities	735,512	1,985	-	-	27,195	764,692
Reserve for employment termination benefits	-	-	-	-	10,856	10,856
Equity	174	-	-	-	3,629,968	3,630,142
Total liabilities and equity	1,543,739	996,626	-	-	3,689,201	6,229,566
Net balance sheet position	638,748	10,270	11,999	6,555	(667,572)	-
Off balance sheet derivative instruments net notional position	(679,212)	30,852	-	-	631,120	(17,240)

At 31 December 2010, assets and liabilities denominated in foreign currency were translated into Turkish lira using foreign exchange rate of TL1.5416 = US Dollar 1 ("US\$") and TL2.0568 = EUR1.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2009					
	US\$	EUR	JPY	Other	TL	Total
Cash and due from banks	68,656	578,095	2,130	2,964	1,407,352	2,059,197
Trading securities	3,332	-	-	-	146,817	150,149
Derivative financial instruments	-	-	8,692	-	7,856	16,548
Loans and advances to customers	1,973,513	588,862	5,133	5,318	1,281,600	3,854,426
Investment securities						
- Available-for-sale	-	-	-	-	13,744	13,744
- Held-to-maturity	49,664	-	-	-	259,404	309,068
Property and equipment and intangible assets	-	-	-	-	9,098	9,098
Other assets	2,248	278	-	8	12,345	14,879
Total assets	2,097,413	1,167,235	15,955	8,290	3,138,216	6,427,109
Funds borrowed	763,900	1,216,634	45,350	-	-	2,025,884
Derivative financial instruments	5,186	-	-	-	103	5,289
Other liabilities	687,691	10,117	-	-	30,962	728,770
Reserve for employment termination benefits	-	-	-	-	9,963	9,963
Equity	275	-	-	-	3,656,928	3,657,203
Total liabilities and equity	1,457,052	1,226,751	45,350	-	3,697,956	6,427,109
Net balance sheet position	640,361	(59,516)	(29,395)	8,290	(559,740)	-
Off balance sheet derivative instruments net notional position	(620,693)	42,942	35,361	-	561,014	18,624

At 31 December 2009, assets and liabilities denominated in foreign currency were translated into Turkish lira using foreign exchange rate of TL1.4900 = US\$1 and TL2.1471 = EUR1.

As of 31 December 2010 and 2009, the effect of the devaluation of TL by 10% against other currencies with all other variables held constant, on net profit and equity of the Bank, is as follows:

	31 December 2010		31 December 2009	
	Effect on Net Profit	Effect on Equity (*)	Effect on Net Profit	Effect on Equity (*)
US\$	4,183	4,200	10,598	10,625
EUR	1,027	1,027	(5,952)	(5,952)
JPY	1,200	1,200	(2,940)	(2,940)
Other currencies	656	656	829	829
Total	7,066	7,083	2,535	2,562

(*) Effect on equity also includes effect on net income.

As of 31 December 2010 and 2009, the effect of the appreciation of TL by 10% against other currencies with all other variables held constant, on net profit and equity of the Bank is the same as the total amount with a negative sign as presented in the above table.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

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

The Bank determines maturity mismatches of assets and liabilities by analyzing the weighted average days to maturity of TL and foreign currency-denominated (for each currency and in total in terms of their US\$ equivalents) assets and liabilities.

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

As of 31 December 2010 and 2009, the tables below summarize the Bank's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates;

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

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2009					Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	
Cash and due from banks	2,054,795	-	-	-	4,402	2,059,197
Trading securities	45,677	23,089	78,050	3,333	-	150,149
Derivative financial instruments	16,287	261	-	-	-	16,548
Loans and advances to customers	1,773,344	2,077,818	3,264	-	-	3,854,426
Investment securities						
- Available-for-sale	-	-	-	-	13,744	13,744
- Held-to-maturity	207,922	51,131	19,024	30,991	-	309,068
Property and equipment and intangible assets	-	-	-	-	9,098	9,098
Other assets	-	-	-	-	14,879	14,879
Total assets	4,098,025	2,152,299	100,338	34,324	42,123	6,427,109
Funds borrowed	689,306	1,336,578	-	-	-	2,025,884
Derivative financial instruments	4,647	642	-	-	-	5,289
Other liabilities	78,006	547,350	-	-	103,414	728,770
Reserve for employment termination benefits	-	-	-	-	9,963	9,963
Total liabilities	771,959	1,884,570	-	-	113,377	2,769,906
Net repricing gap	3,326,066	267,729	100,338	34,324	(71,254)	3,657,203

The tables below summaries the range for effective average interest rates by major currencies for monetary financial instruments of the Bank at 31 December:

	31 December 2010			
	US\$ (%)	EUR (%)	JPY (%)	TL (%)
Assets				
Cash and due from banks				
-Time deposits in foreign banks	0.44	0.6	-	-
-Time deposits in domestic banks	-	-	-	6.43
-Interbank money market placements	-	-	-	-
Trading securities	7.05	-	-	8.35
Derivative financial instruments	-	-	-	-
Loans and advances to customers	2.68	3.16	3.22	8.49
Investment securities				
-Held-to-maturity	6.56	-	-	7.52
Liabilities				
Funds borrowed	1.33	2.62	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2009			
	US\$ (%)	EUR (%)	JPY (%)	TL (%)
Assets				
Cash and due from banks				
-Time deposits in foreign banks	0.12	0.34	0.50	-
-Time deposits in domestic banks	-	-	-	7.19
-Interbank money market placements-	-	-	-	6.50
Trading securities	7.05	-	-	8.47
Derivative financial instruments	-	-	2.26	-
Loans and advances to customers	3.43	4.30	2.87	13.79
Investment securities				
-Held-to-maturity	6.56	-	-	10.35
Liabilities				
Funds borrowed	2.57	3.69	2.03	-

As of 31 December 2010 and 2009, the effect of the change in interest rates by (+) 1% and (-) 1% with all other variables held constant, on current year net profit of the Bank is as follows:

	31 December 2010		31 December 2009	
	(+) 1% Gain/(Loss) Effect	(-) 1% Gain/(Loss) Effect	(+) 1% Gain/(Loss) Effect	(-) 1% Gain/(Loss) Effect
TL	(3,101)	2,728	(1,221)	1,030
US\$	3,167	(3,172)	2,606	(3,002)
EUR	496	(207)	(1,646)	1,643
Other foreign currencies	46	(50)	28	(28)
Total effect	608	(701)	(233)	(357)

(f) Liquidity risk

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

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

As of 31 December 2010 and 2009, the table below analyses the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity dates.

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

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2009					Total
	Demand and up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	
Cash and due from banks	2,054,795	-	-	-	4,402	2,059,197
Trading securities	45,677	23,089	78,050	3,333	-	150,149
Derivative financial instruments	7,596	8,952	-	-	-	16,548
Loans and advances to customers	1,520,708	2,118,524	207,358	7,836	-	3,854,426
Investment securities						
- Available-for-sale	-	-	-	-	13,744	13,744
- Held-to-maturity	138,896	57,389	81,792	30,991	-	309,068
Property and equipment and intangible assets	-	-	-	-	9,098	9,098
Other assets	-	-	-	-	14,879	14,879
Total assets	3,767,672	2,207,954	367,200	42,160	42,123	6,427,109
Funds borrowed	509,954	1,131,100	177,630	207,200	-	2,025,884
Derivative financial instruments	1,614	960	266	2,449	-	5,289
Other liabilities	78,006	547,350	-	-	103,414	728,770
Reserve for employment termination benefits	-	-	-	-	9,963	9,963
Total liabilities	589,574	1,679,410	177,896	209,649	113,377	2,769,906
Net liquidity gap	3,178,098	528,544	189,304	(167,489)	(71,254)	3,657,203

The undiscounted cash flows of the financial liabilities of the Bank into relevant maturity grouping based on the remaining period at 31 December 2010 and 2009 to the contractual maturity dates are presented in the tables below:

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

	31 December 2009					Total
	Demand and up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No maturity	
Funds borrowed	513,266	1,163,798	222,421	229,541	-	2,129,026
Other liabilities	79,620	548,310	266	2,449	113,377	744,022
Total liabilities	592,886	1,712,108	222,687	231,990	113,377	2,873,048

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The undiscounted cash inflows and outflows of derivative transactions of the Bank at 31 December 2010 and 2009 are presented in the tables below:

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

	31 December 2009				Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
Derivatives held for trading:					
Foreign exchange derivatives:					
- Outflow	563,861	29,800	-	-	593,661
- Inflow	573,206	30,750	-	-	603,956
Interest rate derivatives:					
- Outflow	8,266	22,944	9,633	1,026	41,869
- Inflow	9,747	28,238	7,833	1,070	46,888
Total outflow	572,127	52,744	9,633	1,026	635,530
Total inflow	582,953	58,988	7,833	1,070	650,844

(g) Operational risk

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

For the regulatory purposes and consideration in statutory capital adequacy ratio, the Bank calculates the amount subject to operational risk based on the last 3 years' gross income of the Bank for the years ended 2009, 2008 and 2007 with the basic indicator method in accordance with the "The Calculation of the Amount Subject to Operational Risk" Arrangement under the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated 1 November 2006. As of 31 December 2010, the total amount subject to operational risk is calculated as TL857,835 thousand (2009: TL817,780 thousand).

(h) Fair value of financial instruments

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

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

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

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

(i) Financial assets

The fair values of certain financial assets carried at cost, including cash and due from banks (including receivables from CBRT) are considered to approximate their respective carrying values due to their short-term nature.

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

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

(ii) Financial liabilities

The fair values of funds borrowed are based on market prices or are based on discounted cash flows using current interest rates prevailing at the balance sheet date.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

(iii) Derivative financial instruments

The fair values of foreign exchange and cross-currency swaps have been estimated based on quoted market rates prevailing at the balance sheet date (Notes 7 and 22).

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

	31 December 2010		31 December 2009	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and due from banks	886,771	886,771	2,059,197	2,059,197
Investment securities				
- Held to maturity	891,703	900,459	309,068	314,519
Loans and advances to customers	4,106,275	4,112,136	3,854,426	3,872,236
Financial liabilities:				
Funds borrowed	1,798,712	1,809,631	2,025,884	2,032,114

The following table summarises the fair values of those financial assets and liabilities presented on the Bank's balance sheet based on the hierarchy of valuation technique as of 31 December 2010 and 2009.

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2009	Level 1 (*)	Level 2 (**)	Level 3 (***)	Total
Financial assets at fair value through profit and loss				
Financial assets held for trading				
- Debt securities	150,149	-	-	150,149
- Derivatives	-	16,548	-	16,548
Available-for-sale financial assets				
- Investment securities - equity	11,744	-	2,000 (****)	13,744
Total assets	161,893	16,548	2,000	180,441
Financial liabilities at fair value through profit and loss				
Financial liabilities held for trading				
- Derivatives	-	5,289	-	5,289
Total liabilities	-	5,289	-	5,289

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

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

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

(****) Note 9a.

(i) Capital management

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

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

The Bank has complied with the minimum capital adequacy ratio requirement, stated above, for the years ended 31 December 2010 and 2009.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The Bank's regulatory capital position on at 31 December 2010 and 2009 were as follows:

	31 December 2010	31 December 2009
Tier I capital	3,656,594	3,682,327
Tier II capital	27,970	28,712
Total regulatory capital (A)	3,684,564	3,711,039
Risk-weighted assets (including market and operational risk) (B)	2,580,167	2,951,717
Capital adequacy ratio (%) (A)/(B)	142.80	125.72

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

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

(a) Impairment losses on loans and advances to customers

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

(b) Fair value of derivatives

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

(d) Held-to-maturity investments

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

NOTE 5 - CASH AND DUE FROM BANKS

	31 December 2010	31 December 2009
Cash funds:		
Cash on hand	21	9
	21	9
Current accounts and demand deposits:		
CBRT	682	627
Foreign banks	2,170	3,444
Domestic banks	218	322
	3,070	4,393
Time deposits:		
Foreign banks	304,655	647,488
Domestic banks	579,025	112,173
	883,680	759,661
Interbank money market placements	-	1,295,134
Total cash and due from banks	886,771	2,059,197

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 5 - CASH AND DUE FROM BANKS (Continued)

Cash and cash equivalents included in the statements of cash flows for the year ended 31 December is as follows:

	31 December 2010	31 December 2009	31 December 2008
Cash and due from banks	886,771	2,059,197	605,174
Less: interest accruals	(1,300)	(1,052)	(1,217)
Less: time deposits with maturities exceeding 3 months	(25,000)	(9,000)	-
Cash and cash equivalents	860,471	2,049,145	603,957

Cash and cash equivalents are mainly composed of bank deposits and interbank money market placements with original maturity periods of less than three months as of 31 December 2010, 2009 and 2008.

NOTE 6 - TRADING SECURITIES

	31 December 2010	31 December 2009
Government bonds	304,842	117,917
Treasury Bills	-	28,900
Eurobonds	3,646	3,332
	308,488	150,149

There are no securities pledged under repurchase agreements.

As of 31 December 2010, government bonds and treasury bills amounting to TL92,680 thousand (2009: TL64,908 thousand) have been pledged as collateral with the CBRT.

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

The Bank utilises the following derivative instruments:

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

The fair values of derivative instruments held as of 31 December 2010 and 2009 are set out in the following table:

	31 December 2010		31 December 2009	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps purchases and sales	-	(3,982)	-	(3,356)
Foreign currency swaps purchases and sales	1,885	(21,182)	7,856	(1,614)
Cross currency swaps purchases and sales	-	-	8,692	(319)
Total derivative assets/(liabilities)	1,885	(25,164)	16,548	(5,289)

As also explained in Note 2 (c), even though certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39, and are therefore treated as derivatives held for trading.

The national amounts of derivative transactions are explained in detail in Note 22.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 8 - LOANS AND ADVANCES TO CUSTOMERS

	31 December 2010	31 December 2009
Short-term		
Financial institutions	1,723,748	1,812,309
Export guaranteed loans	394,108	469,616
Fund sourced loans (Note 15)	640,937	600,615
Foreign country loans (political risks)	-	14,718
Specialised loans	9,870	29,018
Discount loans	687,310	602,312
Other guaranteed loans	40,712	56,360
	3,496,685	3,584,948
Medium and long-term		
Financial institutions	263,340	35,169
Export guaranteed loans	211,300	108,587
Foreign country loans (political risks)	71,342	72,482
Specialized loans	6,159	3,681
Export guaranteed investment loans	11,222	12,876
Other	94,576	86,763
	657,939	319,558
Performing loans	4,154,624	3,904,506
Loans under close monitoring	4,514	4,160
Impaired loans and advances	120,776	103,498
Gross loans and advances to customers	4,279,914	4,012,164
Allowance for loan losses	(173,639)	(157,738)
Net loans and advances to customers	4,106,275	3,854,426

The Bank provides 100% impairment provision for non-performing loans amounting to TL120,776 thousand (2009: TL103,498 thousand) comprising 2.82% (2009: 2.58%) of the total loans outstanding at 31 December 2010. The Bank also provided an additional impairment provision amounting to TL52,863 thousand (2009: TL54,240 thousand) for other components of the loan portfolio to cover the inherent risk of loss present in the lending relationship.

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 8 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Movements in the provision for loan losses for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
Balance at the beginning of the year	157,738	106,992
Recoveries (Note 20)	(3,488)	(1,593)
Provision for the year	19,389	52,339
Balance at the end of the year	173,639	157,738

Loans and advances to the public and private sector are as follows:

	31 December 2010	31 December 2009
Public sector	374,549	366,687
Private sector	3,905,365	3,645,477
	4,279,914	4,012,164

NOTE 9 - INVESTMENT SECURITIES

(a) Available-for-sale securities:

	31 December 2010	31 December 2009
Equity securities		
- Listed	13,202	11,744
- Unlisted	2,000	2,000
Total available-for-sale securities	15,202	13,744

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

As explained in Note 2 (d) unrealised gain and losses arising from changes in the fair value of securities classified as "available-for-sale" are recognised as "other reserves" in the shareholders' equity unless there is a permanent decline in the fair values of such assets, which are charged to the income statement.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 9 - INVESTMENT SECURITIES (Continued)

The breakdown of available-for-sale equity securities at 31 December 2010 and 2009 are as follows:

Equity securities	Share %		Carrying Amount		Business
	2010	2009	2010	2009	
Garanti Faktoring Hizmetleri A.Ş.	9.78	9.78	13,202	11,744	Factoring
Kredi Garanti Fonu A.Ş.	1.66	1.66	2,000	2,000	Financial services
			15,202	13,744	

(b) Held-to-maturity securities:

	31 December 2010	31 December 2009
Debt Securities		
- Government Bonds	747,757	217,855
- Eurobonds	50,862	49,664
- Treasury Bills	93,084	41,549
Total held-to-maturity securities	891,703	309,068

As of 31 December 2010, government bonds and treasury bills amounting to TL156,815 thousand (2009: TL165,504 thousand) have been pledged as collateral with the CBRT and Istanbul Stock Exchange-Settlement and Custody Bank.

The movement of held-to-maturity securities for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
Balance at 1 January	309,068	242,481
Purchases	1,115,881	224,736
Redemptions	(537,579)	(157,516)
Foreign exchange difference	509	(2,823)
Interest income accruals	3,824	2,190
Balance at 31 December	891,703	309,068

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2010**

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

NOTE 10 - PROPERTY AND EQUIPMENT

	Land and Buildings	Vehicles	Other tangibles	Total
At 1 January 2009				
Cost	17,134	553	9,659	27,346
Accumulated depreciation (-)	9,122	538	8,954	18,614
Net book amount	8,012	15	705	8,732
Year ended 31 December 2009				
Opening net book amount	8,012	15	705	8,732
Additions	-	-	405	405
Depreciation charge (-)	322	15	356	693
Closing net book amount	7,690	-	754	8,444
At 31 December 2009				
Cost	17,134	553	10,064	27,751
Accumulated depreciation (-)	9,444	553	9,310	19,307
Net book amount	7,690	-	754	8,444
Year ended 31 December 2010				
Opening net book amount	7,690	-	754	8,444
Additions	-	-	65	65
Depreciation charge (-)	309	-	96	405
Closing net book amount	7,381	-	723	8,104
At 31 December 2010				
Cost	17,134	553	10,129	27,816
Accumulated depreciation (-)	9,753	553	9,406	19,712
Net book amount	7,381	-	723	8,104

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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NOTE 11 - INTANGIBLE ASSETS

	31 December 2010	31 December 2009
Rights		
Opening net book amount	654	7
Additions (*)	7	801
Disposals	-	-
Amortisation charge (-)	271	154
Net book amount	390	654
Rights		
Cost	1,189	1,182
Accumulated amortisation (-)	799	528
Net book amount	390	654

(*) As of 31 December 2009, additions represents computer software purchases.

NOTE 12 - OTHER ASSETS

	31 December 2010	31 December 2009
Receivables from Development and Support Fund	7,505	7,254
Insurance premiums receivables	3,409	3,827
Upfront fees paid for syndicated borrowings	4,700	8,186
Receivables from reinsurance companies	699	1,265
Other	1,940	1,601
	18,253	22,133
Provision for impairment on other assets	(7,505)	(7,254)
	10,748	14,879

As at 31 December 2010, US\$447,071 (TL689 thousand, 2009: TL666 thousand) receivable from the Development and Support Fund is due to the incomplete payment of General Headquarters of Gendarmerie regarding the military equipment purchases. Rest of the receivables from the Development and Support Fund, amounting to US\$4,421,357 (TL6,816 thousand, 2009: TL6,588 thousand), arises from the exchange losses due to the late transfer of the funds to the Bank from the Ministry of Defense. As of 31 December 2010, there is no improvement in the collection of these receivables and 100% provision is recognised as provision for impairment on other assets.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 13 - FUNDS BORROWED

	31 December 2010	31 December 2009
Domestic Banks (*)	985,780	909,537
Foreign Banks	812,932	1,116,347
Total funds borrowed	1,798,712	2,025,884

(*) Includes subordinated loans from Turkish Treasury amounting to TL193,005 thousand (2009: TL211,430 thousand).

The breakdown of funds borrowed is as follows:

	31 December 2010	31 December 2009
Syndicated loans (i)	618,407	814,992
CBRT Loans (ii)	688,732	481,209
Subordinated loans (iii)	193,005	211,430
World Bank (EFIL) loans (iv)	143,071	86,178
T.C. Ziraat Bankası A.Ş. (v)	104,043	216,898
European Investment Bank (vi)	51,454	53,707
Black Sea Trade and Development Bank	-	61,326
Demir Halkbank NV - Netherlands	-	54,794
Japan Bank for International Cooperation ("JBIC")	-	45,350
Total	1,798,712	2,025,884

- (i) The Bank, raised syndicated loan facilities at an amount EUR150 million (TL308,520 thousand) with a maturity of one year at 10 May 2010. As of 31 December 2010, total balance of these syndicated borrowings amount to TL617,040 thousand and accruals on these borrowings amount to TL1,367 thousand.
- (ii) The Bank obtained credit from CBRT within the framework of "Short Term Export Receivables Discount Loan" and "Pre-shipment Rediscount Loan" programs amounting to TL688,732 thousand as at 31 December 2010.
- (iii) As of 31 December 2010, US\$200 million of the Fiscal and Public Sector Adaptation Credit with a maturity of 15 April 2018, provided by the World Bank to Turkish Treasury in accordance with the agreement signed on 12 July 2001, is transferred to the Bank for the development and support of the export oriented real sector. The accrual on this funds borrowed amount to TL300 thousand the total balance amounts to TL193,005 thousand as of 31 December 2010.
- (iv) The outstanding balances of the two lines of credit from the World Bank as at 31 December 2010 amounts to TL127,146 thousand (equivalent of US\$82,477 thousand) and TL15,643 thousand (equivalent of EUR7,606 thousand). Total accrual on these borrowings amounts to TL282 thousand and the total balance amounts to TL143,071 thousand.
- (v) As of 31 December 2010, the outstanding balance of the borrowing with a maturity of one year, obtained from T.C. Ziraat Bankası A.Ş. amounts to EUR50 million (TL102,840 thousand) and accrual on this borrowing amounts to TL1,203 thousand and the total balance amounts to TL104,043 thousand.
- (vi) The Bank raised a loan facility from European Investment Bank at an amount EUR25 million (TL51,420 thousand) with a total maturity of 12 years and repayment period of which starts after the fourth year. Total accrual on this borrowing amounts to TL34 thousand and the total balance amounts to TL51,454 thousand as at 31 December 2010.

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 13 - FUNDS BORROWED (Continued)

The repayment schedule of the funds borrowed of the Bank in 2009 was as follows:

	Repayment Amount	Repayment Dates
Demir Halkbank NV	EUR10,000,000	7 June 2010
Demir Halkbank NV	EUR15,000,000	10 August 2010
Black Sea Trade and Development Bank	US\$40,000,000	12 July 2010
Ziraat Bankası	EUR50,000,000	18 May 2010
Subordinated Loans	US\$8,333,000	14 October 2010
Subordinated Loans	US\$8,333,000	14 April 2010
Japon Eximbank	JPY876,634,000	14 January 2010
Japon Eximbank	JPY1,905,829,365	14 July 2010
Club Loan, Syndicated Loan	US\$25,000,000	28 September 2010
Club Loan, Syndicated Loan	EUR160,000,000	28 September 2010
Club Loan, Syndicated Loan	EUR200,000,000	1 April 2010

NOTE 14 - 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.

NOTE 15 - OTHER LIABILITIES

The principal components of other liabilities are as follows:

	31 December 2010	31 December 2009
Turkish Treasury-current account-Iraq Credit	634,928	594,606
Funds from United Nations Compensation Fund-Iraq Credit	95,068	84,285
Funds	6,711	6,711
Vacation pay liability	5,313	4,885
Other	22,672	38,283
	764,692	728,770

(*) Payment amounting to TL413 thousand was made from the vacation pay liability account during the year 2010.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

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AT 31 DECEMBER 2010

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NOTE 15 - OTHER LIABILITIES (Continued)

As of 31 December 2010, the funds recorded under the Turkish Treasury current account consists of the funds transferred by the Turkish Treasury to the Bank to finance Iraq loans including the related interest income and foreign exchange differences amounting to TL8,098 thousand (2009: TL9,271 thousand) and the principal amounting to TL626,830 thousand (2009: TL585,335 thousand). The total amounting to TL634,928 thousand (2009: TL594,606 thousand) is recorded as 'Fund Sourced loans' under the account 'Loans and advances to customers' (Note 8). In addition, 'Fund Sourced loans' also include TL6,009 thousand (2009: TL6,009 thousand) of 'Funds' accounted under Other Liabilities account. These funds are transferred to the Bank by Turkish Treasury and are covered by Turkish Treasury. Therefore, the Bank does not reflect any gains or losses to the statements of income on such loans.

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

NOTE 16 - RETIREMENT BENEFIT OBLIGATIONS

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL2,517.01 in full TL amount (2009: TL2,365.16).

The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees.

IAS 19 "Employment Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability as at 31 December 2010 and 2009:

	31 December 2010	31 December 2009
Discount rate (%)	4.66	5.92
Rate to estimate the probability of retirement (%)	0.98	0.98

Additionally, the principal actuarial assumption is that the maximum liability for each year of service would increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL2,623.23 in full TL amount, which is effective from 1 January 2011 (1 January 2010: TL2,427.04), has been taken into consideration in calculating the reserve for employment termination benefit of the Bank.

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 16 - RETIREMENT BENEFIT OBLIGATIONS (Continued)

Movement in the reserve for employment termination benefits for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
1 January	9,963	9,582
Paid during the year	(754)	(853)
Provision for the year	1,647	1,234
31 December	10,856	9,963

NOTE 17 - SHARE CAPITAL

The historical paid in share capital of the Bank is TL2,000,000 thousand (2009: TL2,000,000 thousand) and consists of 2 billion (2008: 2 billion) authorized shares with a nominal value of TL1 each.

	31 December 2010	31 December 2009
Share capital - historical cost	2,000,000	2,000,000
Adjustment to share capital	812,518	812,518
Total paid in share capital	2,812,518	2,812,518

The Bank is fully owned by Turkish Treasury.

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

NOTE 18 - RETAINED EARNINGS AND RESERVES

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

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

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.**NOTES TO THE FINANCIAL STATEMENTS****AT 31 DECEMBER 2010**

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

NOTE 19 - NET INTEREST INCOME

	31 December 2010	31 December 2009
Interest income on:		
Interest on loans and advances to customers	171,921	323,090
Interest on interbank money market placements	71,432	67,439
Interest on investment and trading securities	59,300	37,173
Interest on deposits with banks	12,814	9,731
Other interest income	286	539
Total interest income	315,753	437,972
Interest expense on:		
Interest on funds borrowed	(26,997)	(50,617)
Other interest expenses	(48)	(108)
Total interest expense	(27,045)	(50,725)
Net interest income	288,708	387,247

NOTE 20 - OTHER OPERATING INCOME

	31 December 2009	31 December 2008
Insurance premium income	28,219	23,783
Commission from reinsurance companies	7,598	5,962
Recoveries from non-performing loans (Note 8)	3,488	1,593
Other	3,161	3,669
Total	42,466	35,007

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 21 - OPERATING EXPENSES

	31 December 2010	31 December 2009
Staff costs	23,374	20,777
Premiums paid to insurance companies	14,915	11,893
KOSGEB fee (*)	5,229	6,990
Premiums paid to reinsurance companies under political risk	3,602	2,796
Research expenses	2,065	2,410
Employment termination benefits and unused vacation provision expense	2,076	2,130
BRSA contribution expense	1,887	1,946
Taxes and duties expenses	1,465	1,132
Vehicle expenses	982	919
Communication and utility expenses	856	851
Depreciation and amortisation charges (Notes 10 and 11)	676	847
Rental expenses	838	796
Computer usage expenses	301	301
Repair and maintenance expenses	95	112
Other	6,810	7,813
	65,171	61,713

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

NOTE 22 - COMMITMENTS AND CONTINGENT LIABILITIES

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

Legal proceedings

At 31 December 2010, there are 140 legal proceedings outstanding against the Bank amounting to US\$2,593,513, EUR15,000 and TL248,306. As at 31 December 2010, the Bank has not provided a provision for these legal proceedings, since possible outflow of resources embodying economic benefits to settle these contingent liabilities will be immaterial.

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 22 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Commitments under derivative instruments:

The breakdown of swap transactions at 31 December 2010 and 2009 is as follows:

Transaction Type	Currency	31 December 2010		31 December 2009	
		Foreign currency amount	TL 000	Foreign currency amount	TL 000
Interest rate swap purchases	US\$	30,000,000	46,248	30,000,000	44,700
Foreign currency swap purchases	EUR	15,000,000	30,852	20,000,000	42,942
	TL	631,119,930	631,120	561,014,240	561,014
Cross-currency swap purchases	JPY	-	-	2,190,228,568	35,361
Total purchases			708,220		684,017
Interest rate swap sales	US\$	30,000,000	46,248	30,000,000	44,700
Foreign currency swap sales	US\$	413,905,225	638,076	398,430,000	593,661
	EUR	20,000,000	41,136	-	-
Cross-currency swap sales	US\$	-	-	18,142,222	27,032
Total sales			725,460		665,393
			1,433,680		1,349,410

Maturity analysis of swap transactions is as follows:

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

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NOTE 22 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

	31 December 2009				Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 Years	
Interest rate swap purchases	-	-	16,390	28,310	44,700
Foreign currency swap purchases	573,206	30,750	-	-	603,956
Cross-currency swap purchases	8,772	26,589	-	-	35,361
Total purchases	581,978	57,339	16,390	28,310	684,017
Interest rate swap sales	-	-	16,390	28,310	44,700
Foreign currency swap sales	563,861	29,800	-	-	593,661
Cross-currency swap sales	6,729	20,303	-	-	27,032
Total sales	570,590	50,103	16,390	28,310	665,393

The above tables summarise the Bank's derivative transactions that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date, in respective currencies. Accordingly, the difference between the "sale" and "purchase" transactions represents the net exposure of the Bank with respect to commitments arising from these transactions.

Credit related commitments:

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

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

The following table shows the outstanding credit related commitments of the Bank at 31 December 2010 and 2009:

	31 December 2010	31 December 2009
Guarantees and warranties		
Endorsements		
- Foreign currency	688,732	481,209
Other guarantees		
- Foreign currency	389,971	359,943
	1,078,703	841,152
Commitments		
Loan granting commitments		
- Foreign currency	-	13,523
Other	2,000	2,000
Revocable commitments	349,781	-
	351,781	15,523

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

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

NOTE 23 - RELATED PARTIES

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

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

(i) Balances with related parties:

	31 December 2010	31 December 2009
Due from banks	178,822	80,941
Loans and advances to customers	374,549	366,687
Trading securities	308,488	150,149
Investment securities		
- Held to maturity	891,703	309,068
Funds borrowed	985,780	909,537
Other liabilities	6,711	6,711

(ii) Transactions with related parties:

	31 December 2010	31 December 2009
Interest income on deposits with banks	-	68
Interest income on investment and trading securities		
Interest income on loans and advances to customers	59,300	37,173
Interest expense on funds borrowed	19,890	34,950
	8,963	20,792

(iii) Remuneration of key management personnel:

	31 December 2010	31 December 2009
Salaries and other short-term employee benefits	656	674
Post employment benefits	206	233

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