ANNUAL REPORT 2011

TÜRK EXIMBANK

EXPORT CREDIT BANK OF TURKEY

Since its establishment Türk Eximbank has focused on adding a “positive value” to Turkey’s sustainable economic growth by fulfilling the financial requirements of the Turkish export sector.

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ANNUAL REPORT STATEMENT OF COMPLIANCE

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

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

We have audited the compliance and consistency of the financial information included in the annual report of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") as of 31 December 2011 with the audited financial statements. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the annual report that we have audited.

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

In our opinion, the financial information included in the accompanying annual report accurately reflects, in all material respects, the information regarding the financial position of Türkiye İhracat Kredi Bankası A.Ş. at 31 December 2011 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements originally issued in Turkish.

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

Haluk Yalçın, SMMM
Partner
Istanbul, 3 May 2012

CORPORATE PROFILE

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

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

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

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

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

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

The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff. As a result, the contribution of the Bank's very few, but competent and exceptionally skilled personnel are very important. As of end-2011, Türk Eximbank employs a total of 397 personnel, 24 in the İstanbul and 13 in the İzmir branches, and a total of 8 personnel in the liaison offices. 4 personnel have a Ph.D. degree, 88 have a post-graduate degree, 206 have a graduate degree, and 30 have an associate degree. 194 employees have a second language.

CHANGES IN THE ARTICLES OF ASSOCIATION

Amendment of the Decree No. 87/11914 has been revised with the Decree No. 2011/2250 which enters into force when it is published in the Official Gazette dated October 6, 2011 numbered 28076. Revisions also made in the clauses 1, 2, 4, 6, 33, 34, 37, 38, 39, 40, 42, 46, 47, 48, 49, 52, 53, 54, 55, 57, 60, 61 and a provisional clause inserted to the Articles of Association due to the revisions in aforementioned Decree and other current legislation. Revisions stated above has been registered to Trade Registry in November 15, 2011, and published in Trade Registry Gazette in November 18, 2011.

STRUCTURE OF THE BANK'S CAPITAL

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

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

TÜRK EXIMBANK IN FIGURES

Türk Eximbank has showed a successful performance also in 2011.

FINANCIAL HIGHLIGHTS

Major Balance Sheet Accounts (TL thousand)

	2011	2010
Loans	8,065,619	4,159,138
Total Assets	9,660,063	6,289,153
Loans Borrowed	4,494,296	1,798,712
Funds Provided Under Repurchase Agreements	333,452	-
Marketable Securities Issued (Net)	960,419	-
Shareholders' Equity	3,647,256	3,629,360
Total Paid-in Share Capital	2,000,000	2,000,000

Major Income Statement Accounts (TL thousand)

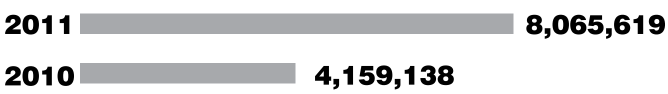
	2011	2010
Interest Income	313,359	315,753
Interest Income on Loans	231,230	171,921
Interest Expenses	(48,869)	(27,045)
Net Interest Income	264,490	288,708
Other Operating Income	82,778	42,466
Provisions for Loans and Other Claims	(81,321)	(21,016)
Other Operating Expenses	(73,744)	(63,792)
Net Income	230,256	256,221

Financial highlights for the 2007-2011 period are given on page 57.

Total Assets (TL thousand)

In 2011, total assets of Türk Eximbank increased by 54% year-on-year.

Loans (TL thousand)



In 2011, loans of Türk Eximbank increased by 94% year-on-year and reached over TL 8 billion.

In 2011, total credits of Türk Eximbank increased by 71% year-on-year, indicating the accelerating support provided to Turkish exporters by the Bank.

OPERATIONAL HIGHLIGHTS

Credit Activities (USD million)

Short-Term Credit Activities	**2011**	**2010**
Total Short-Term Credits	6,490	3,815
Short-Term TL Credits	2,088	1,601
Short-Term FX Credits	4,402	2,214
Medium- and Long-Term Credit Activities	**2011**	**2010**
Medium- and Long-Term Credits	182.4	78.7
Total Credit Activities	**2011**	**2010**
Total Credits	6,672	3,894

Insurance Activities (USD million)

Short-Term Export Credit Insurance	**2011**	**2010**
Total Covered Shipments	5,752	5,010
Total Buyer Limit Approvals (Total Commitments)	4,504	4,907
Claims Paid	7.2	13.9
Medium- and Long-Term Export Credit Insurance	**2011**	**2010**
Total Commitments	-	2.5
Total Insurance Activities	**2011**	**2010**
Total Insurance	5,752	5,013

Türk Eximbank's Total Support (USD million)

	2011	**2010**
Total Credit/Insurance/Guarantee Support	12,424	8,906

Türk Eximbank's Total Support (USD million)

In 2011, total credit/insurance/guarantee support of Türk Eximbank increased by 39% in USD basis year-on-year.

Total Short-Term Credits (USD million)

In 2011, short-term credits of Türk Eximbank increased by 70% year-on-year.

CHAIRMAN'S MESSAGE

Cavit DAĞDAŞ
Vice Chairman of the Board of Directors

The process of recovery in the world economy that got under way in 2010 in the wake of growth-stimulating measures and government support for financial institutions in the post global crisis landscape continued into the early part of 2011. By the second half of the year however, the impact of high levels of public-side indebtedness on economic growth in the developed countries began to make itself felt, particularly among some in the eurozone. Beginning in August, the inability of the EU to come up with a sufficiently fast or satisfactory solution to sovereign debt crises in some of its members exacerbated global risk perceptions and uncertainties and exerted downward pressure on global growth.

As problems with debt spawn recessionary risks, global growth expectations are revised downwards

Three factors that especially hammered growth performance in 2011 and also prompted downward revisions of growth expectations for 2012 were persistent problems in the eurozone and the USA, a frightful earthquake, tsunami, and nuclear disaster in Japan, and huge worldwide imbalances in saving. It is thought that overall economic growth in the world economy in 2011 was 3.8% and the projection for 2012 is now put at a lower 3.3%. What these averages do not show however is that while the eurozone's economy is likely to shrink by about 0.5% in 2012, the developed countries as a whole are expected to grow by about 1.2% and that, moreover, with growth rates averaging 5.4% year-on, emerging markets will once again be the engines of global growth. The possibility of developed countries re-entering recession seriously reduces world trade growth rates as well. Having increased by 12.7% in 2010, the rate of increase in world trade shrank by nearly half in 2011 (to 6.9%) and it looks likely to do so again in 2012 with a rise of just 3.8%.

Turkey's performance continues to set it apart as the global crisis process unfolds

Notwithstanding the difficulties which the world economy finds itself in, the Turkish economy has continued to perform markedly well with high growth rates thanks largely to proactive policy design and implementation. Having grown by 9% in 2010 and expected to have grown by at least 8% in 2011, the Turkish economy can certainly be expected to do better than the dismal world average by growing 4% in 2012. Our country's outstanding performance as the global crisis process unfolds is essentially the outcome of successful budgetary discipline, a healthy banking system, confidence to the economic policy-makers, and the excellent efforts of the country's exporters.

Exports continue to increase despite persistent global risks

In a climate beset by global uncertainties and the threat of recession, Turkey's exports nevertheless increased by a hefty 18.5% and reached USD 135 billion in value last year. That Turkey's exporters were able to rack up such a huge increase in 2011 –a year characterized by acute economic uncertainty, by depressed demand in their biggest market (Europe), and by severe exchange rate volatility– deserves to be recognized as quite the remarkable achievement that it is.

Not only are our country's exports growing quantitatively, they are also evolving qualitatively in terms of their composition. In 2011, fully 93.3% of Turkey's exports qualified as "manufactured goods". What is more, the share of the total contributed by "capital goods", which has been growing steadily for some time now, reached 10.5% last year. What these and similar numbers show is that our country's exporters are continuing to move in the direction of a more dynamic export trade structure whose chief characteristics are a high level of national value added and brand-recognizability.

Türk Eximbank will provide the country's exporters with the support they need by designing and offering suitable products and services also in 2012.

Turkey is also generating a substantial volume of foreign exchange revenue on its services exports as well. In 2011 the country booked USD 39 billion as revenue from its trade in services, a figure that was up by 12% year-on. Turkish contractors continue to be brilliant stars in the firmament of the country's services exports. During the first three decades of their initial foray into Libya, which began in 1972, our country's contractors wrote USD 44 billion worth of business around the world. Between 2002 and 2010, they successfully increased their business volume to USD 146 billion. The aggregate contract value of projects undertaken in just the first nine months of 2011 amounted to more than USD 15 billion. Strongly represented among the world's top 100 contracting firms, Turkish contractors are not only successfully defending market share but also venturing into new markets as well. What's more, they are undertaking more projects that impose increasingly greater demands on technological know-how.

Export market diversification increases Turkish exporters' resilience in the face of developed country economic crisis

There has been a tremendous amount of diversification in Turkey's export markets in recent years. In line with the country's export development strategies, there has been a shift away from "traditional" markets, which is to say those in Europe, particularly in favor of commercial relationships with markets in the Middle East and North Africa. The underlying aim of these strategies is to achieve a more highly diversified market structure which is less likely to be sensitive to changes in external demand. In 2002, 56% of Turkey's exports went to EU countries; last year that was down to 46% while the share of the Near and Middle East increased from 9% to over 20% and that of Africa doubled from 4% to 8% over the same interval. What with persistently depressed demand in EU countries combined with hoped-for rises in demand in Middle East and North Africa as political and economic stability returns in the wake of the Arab Spring, it seems likely that the trend of the last decade will continue and that Turkey's export markets will go on becoming more diversified for yet some time to come. Indeed the most recently announced export figures confirm this view.

The recent proactive policy mix should continue in the period ahead

One potentially worrisome risk on Turkey's economic horizon is its current account deficit: born of imbalances between the country's exports and imports, it increased all year long in 2011 while stubbornly high oil prices made it a matter of particular concern. To be sure, proactive policies aimed at reducing macro-level risk while being mindful of financial stability as well as price stability did begin to narrow the current account deficit somewhat beginning in October. While keeping the current account deficit at reasonable levels is certainly a praiseworthy short-term goal, the structural problems which the deficit implies should not be overlooked and meaningful steps should be taken to deal with them in the medium term. In one recent study for example the import-dependency of various business sectors was calculated as part of the government's "Input Supply Strategy", one goal of which is to give Turkey an export trade structure that is more focused on high value added goods in the medium term.

While Turkey is likely to register growth above the overall worldwide average in 2012, this process will be subject to a number of contingencies: one is that the country's macroeconomic balances must be sustained and kept on course; another is that the current account deficit must continue to shrink. Similarly the possibility cannot be dismissed that developed and developing countries alike may have recourse to measures of one sort or another such as exchange rate manipulation in order to improve their "international competitiveness" or protectionism out of fear of "unfair competition". It is important therefore that Turkey's exchange rate and foreign trade policy frameworks be managed dynamically, which is another way of saying that Turkey needs to continue taking a proactive approach to policy design and implementation.

No less in the future than it has done in the past, Türk Eximbank will continue to stand by the country's exporters and to provide them with the support they need by designing and offering suitable products and services

The dedicated efforts which Turkey's exporters have made to increase their productivity, to defend their existing market share, and to expand into new markets even in the current global crisis environment is truly admirable. Despite the hardships which EU markets are likely to pose in 2012, the fact that Turkish exporters have turned to alternatives suggests that Turkey's export trade will continue to grow and approach USD 150 billion in value next year. For that to happen however it is very important that macroeconomic policies continue to be formulated so as to respond to the needs of an expanding export sector.

In that respect, Türk Eximbank has a number of very important duties in its capacity as a supplier of products and services that make it one of the biggest supporters of Turkey's exporters and international contractors. In order to go on fulfilling its mission in the period ahead, Türk Eximbank will need to help Turkey's exporters gain competitive strength by providing them with the ability both to enter new markets and to operate in riskier ones through export credit insurance and guarantee programs. At the same time, it must also go on supplying them with appropriate financing support through export credit programs whose variety and terms are sufficient to satisfy their diverse requirements. The government has set a goal of USD 500 billion worth of exports a year by 2023, the centennial of the founding of the Turkish Republic. To achieve that goal, Türk Eximbank will continue to stand by Turkey's exporters and to provide them with the support they need by designing and offering suitable products and services.

Cavit DAĞDAŞ
Vice Chairman of the Board of Directors

CHIEF EXECUTIVE OFFICER'S MESSAGE

Hayrettin KAPLAN
Chief Executive Officer

Heightened risks in the second half of 2011 contributed to a steadily growing likelihood of recession in the global economy. Eurozone countries, which are the ones that are the most vulnerable in this respect, still make up Turkey's biggest export market and this fact stifled any hopes that the year might have been an easy one for our country's exporters. Despite this, Turkey's exports were up by 18.5% year-on and, at USD 135 billion in value, were once again above their pre-crisis levels. Such a superior export performance, achieved in a year which suffered both from a mounting sovereign debt crisis in the EU and from the economic and political risks of the "Arab Spring", was to a significant degree owed to the ability of Turkey's exporters to successfully and quickly adapt themselves to changes in foreign demand.

In 2011 we increased our cash loan and insurance/ guarantee support for Turkish export industries by 39% to USD 12.4 billion

Aware of the role which export credit agencies (eximbanks) need to play during times of economic crisis, Türk Eximbank sought to increase the financing which it provides to export industries in the face of the ongoing turmoil. In 2011 the Bank supplied a total of USD 12.4 billion in support, of which USD 6.7 billion was cash lendings and USD 5.7 billion consisted of insurance and other forms of guarantees. In this way, Türk Eximbank financed no less than 9.2% of Turkey's exports last year. This corresponded not only to a year-on-year rise on the order of 39% but also to a target performance ratio of 114%.

Changes introduced in 2011 made it easier for Turkey's exporters to take advantage of Türk Eximbank-supplied financing

As Türk Eximbank we seek to keep watch on economic developments taking place both in Turkey and internationally so as to determine their potential impact on Turkish exporters on the one hand and, on the other, to identify the demands and requirements of Turkish exporters, international contractors, and FX-earning firms so as to be certain that the credit and insurance resources which we make available are sufficient to provide maximum support to Turkey's exports and FX-earning activities. In line with this, in 2011 we introduced a number of changes that will make it easier for our country's exporters to take advantage of Türk Eximbank-supplied financing.

In 2011 we made every possible effort to keep from changing our interest rates so as to make it easier for Turkish exporters to keep their financing costs under control. In our direct lending programs, we also made favorable adjustments in terms of both performance criteria and company limits. Under its Pre-Export Credit Program for SMEs, Türk Eximbank increased its individual firm limit from USD 200 thousand to USD 500 thousand. Other lending program changes which were introduced to increase customer satisfaction and to reduce red tape by simplifying transactions involved setting up new credit committees in order to respond more quickly to a growing demand for credit; reducing credit access costs and speeding up credit application processing by allowing those exporters who had previously been credit customers

Türk Eximbank has set itself a cash loan and insurance/guarantee support for Turkish export industries target of USD 20.5 billion in 2012. Thus, the Bank will support 14% of the country's exports.

and to whom the Bank is no longer exposed to any risks to use the general lending agreements and pledges which they had already submitted to the Bank in their new applications as well; increasing visits in order to better understand firms' needs and expectations and giving greater attention to marketing and product promotion activities.

Exporters' short-term financing requirements are quickly satisfied by means of Short-Term Pre-Shipment Rediscount Program

The Central Bank of the Republic of Turkey (CBRT) has assigned Türk Eximbank an export credit rediscount facility which it uses effectively to meet Turkish exporters' short-term financing requirements under its Short-Term Pre-Shipment Rediscount Program. Two main changes were introduced in this program last year to make it easier for customers to take advantage of this credit. The first involves making placements in Turkish liras (previously only foreign currencies were allowed); under the second, firms which are covered by insurance are now being charged a lower rate of interest for Turkish lira credits. Because of the strong interest shown in this program, CBRT doubled our Bank's rediscount limit from USD 2 billion to USD 4 billion as of end-2011.

World Bank- and European Investment Bank-supplied resources enable Türk Eximbank to contribute more to increasing Turkey's export trade by supporting export-oriented investment

Türk Eximbank provides medium- and long-term working- and investment-capital financing to specific sectors from resources made available to it by the European Investment Bank (EIB) and under the World Bank (WB) Export Finance Intermediation Loan Program (EFIL-IV). As per Türk Eximbank's agreements with these institutions, EIB financing was provided to SMEs which are active in manufacturing, tourism, and services while EFIL-IV financing was provided to manufacturers and to manufacturing-exporters which build ships and yachts, make automotive spare parts, electrical or electronic goods, or machinery, or are involved in non-ferrous metals. So great was the demand for this financing that Türk Eximbank's limits were exhausted; our Bank is now engaged in an effort to obtain new sources of funding from the two institutions so that it may continue meeting Turkish exporters needs for medium- and long-term financing.

We continued to support Turkish exporters and contractors affected by the Arab Spring

A number of efforts were made to make life somewhat easier for Turkish exporters and, especially, Turkish international contractors whose businesses were affected by the events of the Arab Spring taking place in Middle Eastern and North African countries, whose markets are strategically important to our country and to which an increasingly greater share of its exports are being directed. The Türk Eximbank Bridge Credit Program for Overseas Contractor Services responded to the new requirements of Turkish firms adversely affected by events taking place in Libya, while a one-year postponement was granted on the payment of principal on their existing Turkish lira and foreign currency borrowings. As the situation in Libya still remains uncertain, Türk Eximbank has extended the cut-off date for applications to participate in this program to September 30, 2012 and is now granting loans with terms of up to three years.

Türk Eximbank export credit insurance continues to make it possible for Turkey's exporters to do business in an environment free of commercial and political risks

Through the Türk Eximbank Export Credit Insurance Programs, Turkish exporters which ship goods to 204 countries are able to protect their export receivables against commercial and political risks. This makes it possible for them to do business in an environment that is markedly less exposed to such risk. New features that were added to the Bank's export credit insurance programs last year introduced other conveniences for exporters. Under one new rule, in situations where sales are to be made through companies which Turkish exporters have set up abroad, or through places such as bonded warehouses etc. abroad, either to this country or to third-party countries, insurance coverage is now being provided against losses that arise if a buyer cancels or suspends a contract with an exporter after manufacturing processes have begun. Türk Eximbank has also begun working more closely with firms and other banks to encourage commercial banks' acceptance of insurance policies as collateral for loans.

We made more resources available to Turkey's exporters

The superior credit-worthiness of Türk Eximbank and the high ratings which the Bank has been assigned by international credit rating agencies make it much easier for our Bank to tap national and international markets for new funds. In October 2011 Türk Eximbank issued a 5-year bond worth of USD 500 million as part of its ongoing efforts to diversify its resource structure. This deal, which was the only major, non-Treasury bond auction undertaken in the last quarter of the year in Turkey, attracted fourfold demand on the part of global investors with the result that the Bank was able to obtain these resources at a most reasonable cost. Borrowings from international organizations in the form of syndicated and bilateral loans also generated a substantial volume of funding for the Bank last year. In 2011, Türk Eximbank obtained a total of USD 1.2 billion in resources from national and international markets.

Our goal in 2012 is to increase our overall support to export industries by 65%

Creating an export-market and product structure that is less exposed to global volatilities is as vital to achieving sustainable growth in exports as is defending existing markets and breaking into new ones. For this reason, it is very important that all agencies and organizations that are concerned with the export trade work closely together with the country's exporters. We are well aware that, in its capacity as Turkey's only officially-supported export credit agency, Türk Eximbank is charged with some very important duties and responsibilities. With this in mind, our goal for 2012 is to increase our total credit and insurance/guarantee support to export industries by at least 65% year-on and to bring it to not less than USD 20.5 billion. To achieve this, we plan to introduce a number of new programs while also making changes in some existing ones.

During the current year we will of course continue to provide short-term financing and working capital in order to meet the needs of exporters during the pre-export stage. We also intend to further diversify our medium- and long-term resources in order to be better positioned to increase the amount of medium- and long-term credits that we are able to make available to those who are in need of it. Our goal is to be able to provide, from the Bank's own resources as well as from those which it obtains from international financial institutions, up to seven years' worth of financing for both investment projects and meeting the working capital requirements related to exports and FX-earning activities that are undertaken in Turkey by firms that are active in manufacturing, services, tourism, international transportation, consultancy, software, and information and communication technologies. Furthermore and in keeping with our goal of diversifying Turkey's foreign currency earning activities, we plan to develop support for new lines of services business while also encouraging existing ones to export even more. We shall also be working on ways to increase our support for SMEs, which make up such an important part of our national economy, while giving particular priority to the financing requirements of firms which export high-value-added products, which are involved in R&D and product development, or which export to new markets.

Türk Eximbank's Country Credit and Guarantee Programs, which make it possible for Turkish exporters and international contractors to minimize their exposure to political and commercial risks when they export goods and services, are being rethought and revised in order to facilitate and to increase medium- and long-term borrowing under such programs. Important progress has already been achieved in this direction. Efforts are currently being made to change over to a system in which credit is extended to private sector concerns not just with state guarantees but also with the involvement of commercial banks as well. In another innovation, credit limits for 2012 have been determined on the basis of OECD country groups rather than exclusively for specific individual countries, as previously used to be the case. This change effectively allows firms taking advantage of Türk Eximbank Country Credit and Guarantee Programs to pursue and do business in nearly every country.

We will be continuing our efforts both to increase the competitive strength of Turkish exporters at the global level and to make our Bank's business culture more customer-focused.

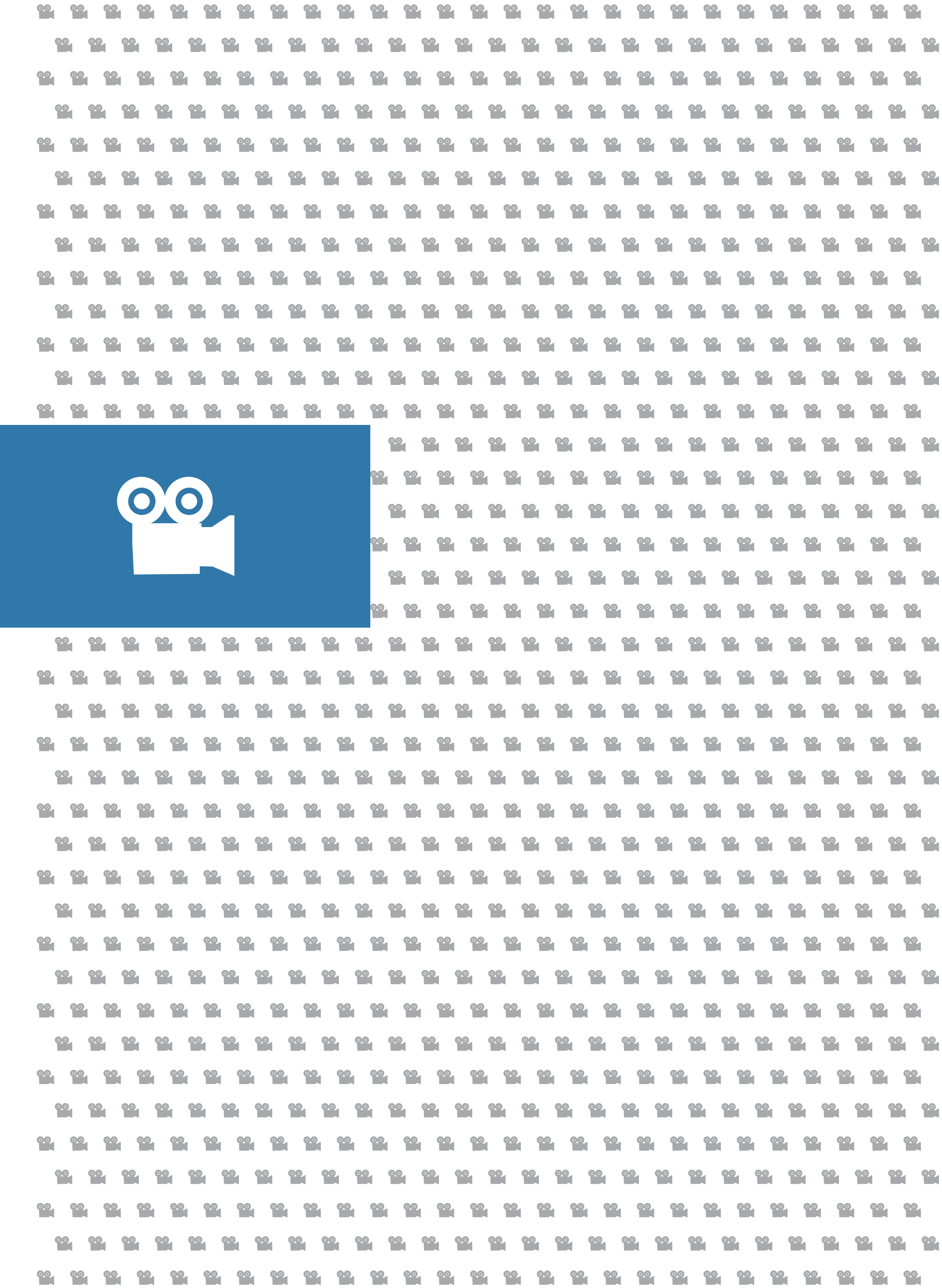
Based on requests which have been received, we plan to further diversify the products available under the Türk Eximbank Short-Term Export Credit Insurance Program, in the period ahead with the introduction of "credit insurance for specific buyers" and "domestic credit insurance". Another new insurance product that we plan to introduce is the "Political Risk Insurance Program for Overseas Contracting Services", which will be providing Turkish contractors with coverage against losses which they may sustain on account of political risks such as hostilities, civil wars, uprisings, etc. that prevent them from receiving or transferring payments to which they are entitled or result in the confiscation of their machinery and equipment. We also will be changing over to an "automatic buyer limit" procedure in order to improve the speed and quality of the export credit insurance services that we provide exporting firms. In addition, we have begun working on a project to make available to Turkish exporters the "investment insurance" products which are included in the portfolio of the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC, an affiliate of the Islamic Development Bank) but which are not currently in Türk Eximbank's own product lineup.

In 2012 we will be continuing with our ongoing efforts to make technical and administrative changes in our operations and processes which will speed things up by further reducing the paperwork involved in lending and insuring procedures and which will make it easier for customers to benefit from Türk Eximbank programs. To this end, work has been accelerated on an interactive banking project that will allow applications for the Bank's credit and insurance programs to be submitted over the internet and for loan accounts to be closed out in the same way.

To sum up, in the period ahead Türk Eximbank's strategy will be giving greater attention to medium- and long-term lending and to insurance and guarantee products in keeping with the overall mission of the export credit agencies of the world's developed countries. To this end and in order to increase the competitive strength of Turkish exporters at the global level, two of our most essential goals will be to support production, marketing, and exportation processes related to branded products and to medium- and high-tech products which are innovative and R&D-based, which have high value added, and which will strengthen and entrench the "Made In Turkey" image in international markets on the one hand and, on the other, to operate medium- and long-term credit programs which respond to exporters' needs. At the same time, national and international credit markets are also being explored in search of opportunities that will allow us to gradually shift Türk Eximbank's financing structure away from short-term resources in favor of more medium- and long-term funding.

Finally we will also be continuing our efforts to make our Bank's business culture more customer-focused in 2012. To this end, we will be giving additional attention to promotional and informational activities by taking a proactive approach in our relations with our country's exporters while also introducing new programs in line with our export industries' needs.

Hayrettin KAPLAN
Chief Executive Officer



HISTORY

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

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

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

The Bank's main objectives are;

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

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

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

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

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

Türk Eximbank regularly presents its annual programs to the *Supreme Advisory and Credit Guidance Committee* chaired by Prime Minister or the Minister, with whom the Bank is affiliated. The Committee approves Türk Eximbank's annual programs, including country limit ceilings for the credit, insurance and guarantee programs as well as the Bank's general strategy, targeted annual volumes and key objectives of short and medium-term credit programs for the year. The Committee meets at least once a year and the Board of Directors and General Management of Türk Eximbank are obliged to observe the limits it has set. The Committee includes as members:

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

RELATIONS WITH THE EXPORT SECTOR

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

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

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

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

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

Furthermore, the Bank holds various meetings, especially in cities where Small and Medium Sized Enterprises (SMEs) are large in number, to present its programs.

Türk Eximbank gives special importance to SMEs, as they play a significant role in the economy thus; SMEs are given priority in all credit applications. Also, intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. As a result of this policy, SMEs have attained a 30-35% share in Türk Eximbank's export credits, whereas they have about 24% share in all banking sector credits.

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

TÜRK EXIMBANK'S POSITION WITHIN THE TURKISH BANKING SECTOR

At the end of 2011, the ratios of return on assets and return on equities realized as 2.4% and 6.3%, respectively. Bank's capital adequacy ratio is 95.9%.

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

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

The Turkish Banking Sector

Uncertainty in financial markets continued to rise in parallel with the profound effects of the European debt crisis in 2011. In this context, certain foreign banks, which also operate in Turkey, were affected negatively by the debt crisis in Europe and put their selected assets up for sale, including subsidiaries in Turkey, with the purpose of strengthening their capital positions. Within this period, sales of banks in Turkey have become the centre of attention for international financial groups due to the attractive conditions and potential growth of the Turkish banking system. Furthermore, the granting of license for Bank Audi to establish a new deposit bank in Turkey after a period of 14 years is another positive reference of global interest on Turkish banking sector.

In 2011, Turkish banking sector preserved the strength of its financial structure in terms of main indicators. Total assets of the sector increased by 21% and reached TL 1.2 trillion as of December 2011, resulting mainly from the 30% increase in loans. As of December 31, 2011 total loan portfolio has amounted to TL 682.9 billion, bringing the loans to assets ratio to 56.1% from 52.2%. The main reasons behind this increase were; heightened competition due to the declining profit margins, improved demand and increased exchange rates.

Considering the distribution of loan portfolio, it is observed that the share of corporate loans in total was 43%, the share of retail loans was 33% and the share of loans allocated to Small and Medium Sized Enterprises (SMEs) was 24%. As a result of decisions on delimiting credit growth by the Banking Regulation and Supervision Agency (BRSA) and the Central Bank of the Republic of Turkey (CBRT), the rate of increase in all types of loans was decreased in the last quarter of 2011, compared to the previous quarters of the year. However, export credits of the sector increased by 13% and reached TL 40.6 billion, but its share in total decreased to 6% from 6.9%.

Non-performing loans (NPLs) of the sector fell by 5% compared with the end of year-2010 and came down to TL 18.9 billion by the end of 2011, and the ratio of NPLs to total loans declined from 3.7% to 2.7%. The credit quality has continued to improve in 2011 and this development was driven by the increase in sector's ability to collect non-performing loans together with the write offs and the sale of NPLs to asset management companies. However, in the last quarter of 2011, the decreasing trend of non-performing loans has ended and the NPLs were increased by 3%. In this respect, considering the expansion in credit portfolio, NPL ratio is expected to rise in 2012.

The securities portfolio of the sector decreased by 1% to TL 285 billion and its share in total assets declined from 28.6% to 23.4%.

The sector maintained its deposit weighted liability structure and total deposits increased by 13% and reached TL 695.5 billion. But, due to the preference of alternative funding sources by saving owners, the share of deposits in foreign liabilities declined from 71% to 65%. Additionally, compared with the end of 2010, the deposit to credit ratio increased to 101% in December 2011 from 88.5%.

The reliance of the global markets to Turkish banking sector has been confirmed by the capacity of the sector in rolling over its liabilities in 2011. Nevertheless, negative effects of the European debt crisis increased the cost of borrowed foreign funds. In this context, it is expected that the country and financial institution composition of foreign funds will change in 2012.

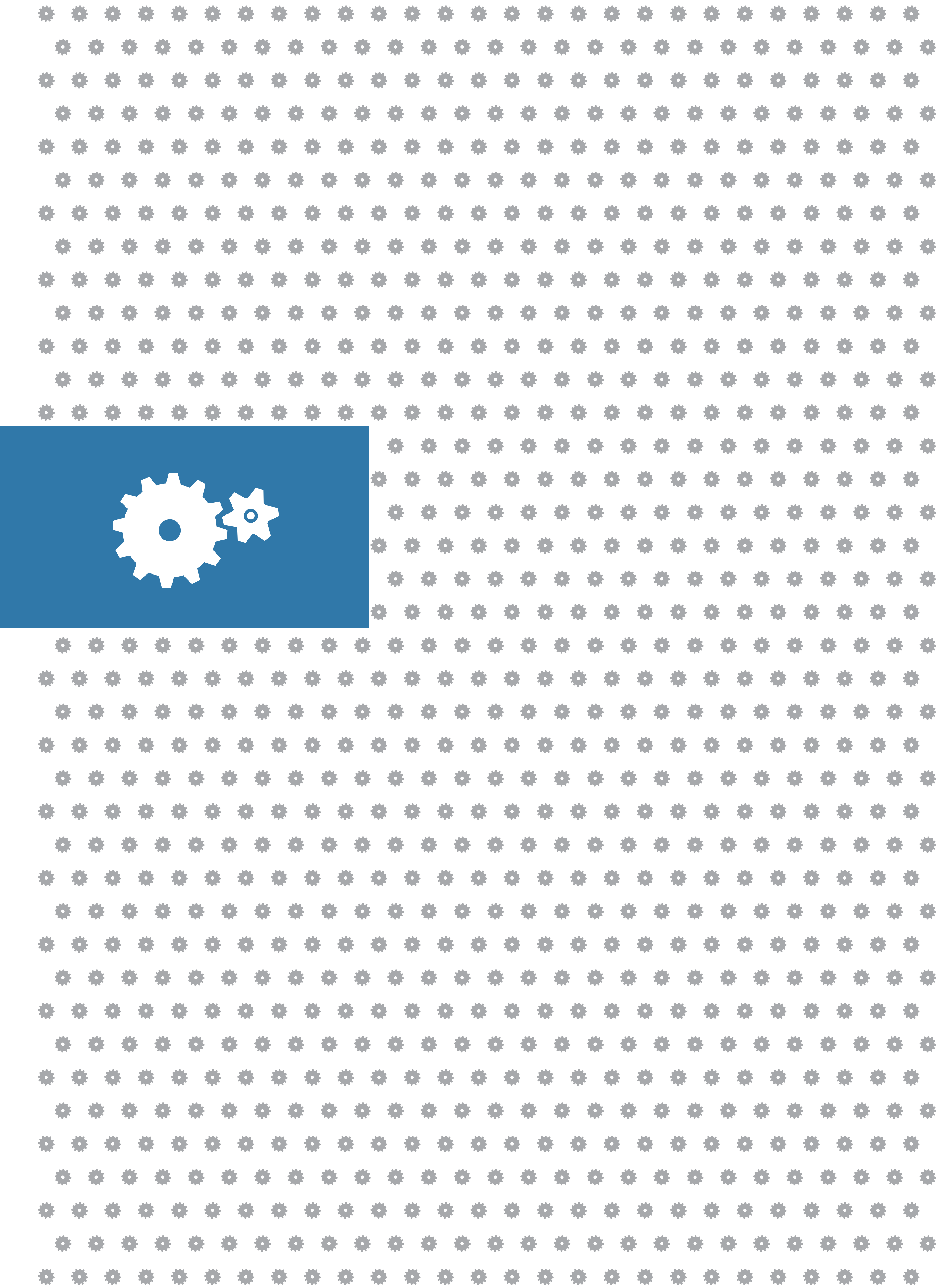
Net profit of the banking sector, which was TL 22.1 billion at the end of 2010, decreased by 10.3% and amounted to TL 19.8 billion as of December 2011. It is observed that the rise in the required reserve ratios in the first half of 2011 and the measures taken in order to limiting the credit growth, negatively affected the profitability of the banking sector. The ratio of return on assets (ROA), which was 2.5% as of December 2010, declined to 1.7% as of December 2011. Similarly, the ratio of return on equities (ROE) declined to 15.5% from 20.1%.

Although its profitability showed a decreasing trend, the Turkish banking sector maintained the strength of its capital structure in 2011 as a result of limitation on dividend distributions by the BRSA, holding on high profits of previous years as retained earnings and capital increases. The capital adequacy ratio, which was 19% as of end-2010, decreased to 16.5% in December 2011; but it is still above the target ratio of 12% determined by the BRSA.

Türk Eximbank's Position within the Turkish Banking Sector

Total assets of Türk Eximbank increased by 54% as compared to the previous year and reached TL 9.7 billion, whereas total loan portfolio increased by 94% and amounted to TL 8.1 billion. Türk Eximbank holds an important place in the Turkish banking sector with a loans-to-assets ratio of 83%, which is one of the highest values of the sector, at the end of 2011. On the other hand, Türk Eximbank provides 17% of total export credits of the sector on its own. The share of NPLs in total loans is 1.4%, one of the lowest ratios in the sector, and the Bank provides a 100% impairment provision for NPLs.

Shareholders' equity of the Bank realized as TL 3.6 billion and capital adequacy ratio reached 95.9%, one of the highest values in the sector. Although Türk Eximbank is not a profit-oriented institution, it has always operated profitably. Therefore, the Bank generated a net profit of TL 230.3 million in 2011 and the ratios of return on assets and return on equities realized as 2.4% and 6.3%, respectively.



TÜRK EXIMBANK IN 2011

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

CREDITS

General Overview

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

The total amount of short-term Turkish Lira (TL) and foreign currency credits provided by Türk Eximbank was realized as TL 10,950 million (USD 6.5 billion) in 2011.

32% of total short-term credits was provided in TL and 68% in foreign currency.

The Short-Term Pre-Shipment Rediscount Program had the largest share in short-term credits with 49% in 2011, whereas the share of the Pre-Shipment Export Credits, which are disbursed via intermediary commercial banks, was 41%.

3,068 companies benefited from Türk Eximbank's short-term credits in 2011.

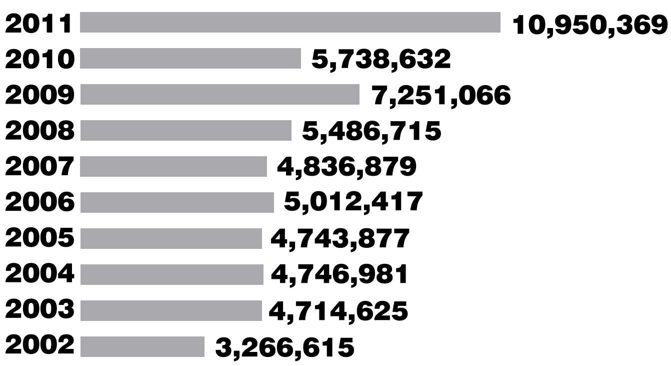
Companies in priority development regions and small and medium scale enterprises (SMEs) have been given priority in all credit applications. As a result of this policy, SMEs have attained a 31% share in short-term export credits and the amount of credits provided to SMEs was realized as TL 3,341 million (USD 2 billion). Additionally, 67% of the total companies that benefited from Türk Eximbank's short-term credit programs were SMEs. The support directed to encourage the model of Sectoral Foreign Trade Companies, formed by SMEs has continued within the framework of various credit programs.

Textiles/ready-to-wear/leather industries had the largest share in the sectoral distribution of short-term credits with 24% in 2011.

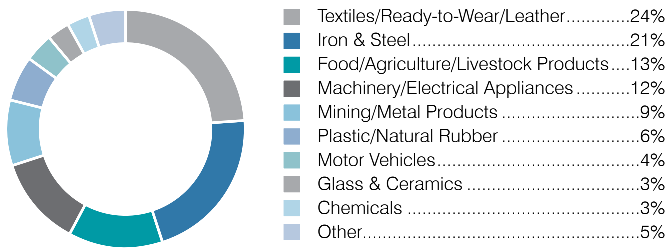
European Union countries were foremost in the regional distribution of the credits with a share of 54% in 2011.

Türk Eximbank has continued to provide interest rate reduction for short-term export credits extended to short-term export credit insurance policyholders. This reduction was 0.50 point for short-term export credits extended in TL and 0.25 points for the short-term export credits extended in foreign currency.

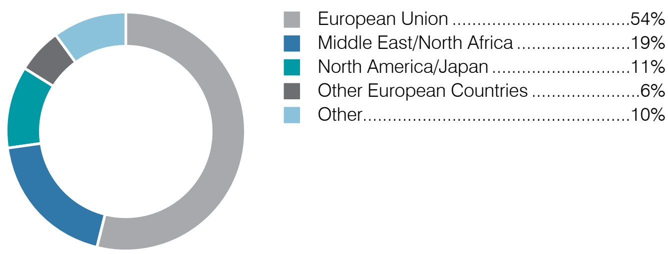
Short-Term Credits (TL thousand)



Sectoral Distribution of Short-Term Credits



Regional Distribution of Short-Term Credits



Several arrangements and revisions have been made in the implementations of export credits and credits for foreign currency earning services in 2011 in order to meet the demands of exporters on the basis of economic and political developments in the world and Turkey.

Recent Adjustments and Revisions

In 2011, several arrangements and revisions have been made in the implementations of export credits and credits for foreign currency earning services in order to meet the demands of exporters on the basis of economic and political developments in the world and Turkey.

In this framework;

- Taking into consideration the developments on the market interest rates and costs of funds, interest rates of short-term TL credits were changed twice and interest rates of short-term foreign currency credits were changed once in 2011.
- The terms of credits have been determined to increase turnover rate of funds and to obtain the efficiency. In this respect, 360 day term loan with a single installment repayment alternative have been abolished in Short-Term Credit Programs (except the Bridge Credit Program for Overseas Contractor Services and the Pre-Export Credit Program for SMEs). 360 day term loan in two installments alternative have also been abolished in the Foreign Trade Companies Short-Term Export Credits Program.
- Under the Short-Term Pre-Shipment Rediscount Program, in addition to 120 days maturity, 180 days maturity option for TL Credits has been provided in which 60 days of export receivables will be discounted from the Bank's own resources.
- A discount on interest rates charged by the Bank has been provided to exporters, who are also short-term export credit insurance policyholders of the Bank, only for TL credits under the Short-Term Pre-Shipment Rediscount Program.
- The penalty interest rate, which is applied when credit cannot be repaid in due date or export commitment cannot be realized within the closing export commitment period, has been reduced to LIBOR+3 for the Short-Term Pre-Shipment Rediscount Foreign Currency Program according to notice about the "Rediscount Operations Principles and Terms Related to Bank Acceptance" of the CBRT.
- Buying exchange rates quoted by Türk Eximbank at the disbursement date have been started to be used in calculating TL equivalent of FX amount of the credit to be disbursed to the firms' account under the Short-Term Pre-Shipment Rediscount Foreign Currency Program in parallel to the implementations in other credit programs.
- The Bank has provided disbursement authority for the Short-Term Pre-Shipment Rediscount Program to İzmir branch in order to meet the increasing credit demands of the companies rapidly. For the same purpose, İzmir and İstanbul branches of the CBRT have been started to accept export receivables for approval.
- Closing export commitment period has been increased to 6 months starting from the disbursement day under the Short-Term Pre-Shipment Rediscount Program.
- Under the Short-Term Pre-Shipment Rediscount Program, company limits have been raised to USD 60 million for the Foreign Trade Corporate Companies (FTCC) and USD 40 million for the others.
- The limit, which was allocated to Türk Eximbank by the CBRT within the framework of notice about the "Rediscount Operations Principles and Terms Related to Bank Acceptance", has been raised from USD 900 million to USD 4 billion.
- Minimum past export performance applying requirement and determining the company limits through companies' past export performance related with the Pre-Export Credit Program, the Free Trade Zone Pre-Export Foreign Currency Credit Program, the International Transportation Marketing Credit Program and the Tourism Credit Program are abolished. Consequently, the companies have the opportunity of benefiting from the upper limits of related credit programs.
- The company limit in the Pre-Export Credit Program for SMEs was raised to USD 500,000 from USD 200,000.
- In Tourism Credit Program, due to changes made in Capital Movements Circular executed by the CBRT, the foreign currency revenue-generating contracts, made between tourism companies and tour operators/travel agencies operating in Turkey, are also started to be evaluated under foreign currency generating activities. Furthermore, the maximum credit limit was increased to USD 15 million from USD 8 million.
- Under the Credit Program for Participating to Overseas Trade Fairs, in participating overseas trade fairs, which is supported by the Republic of Turkey Ministry of Economy, all expenses incurred between the date of credit application and credit payment due date now can be counted towards overseas credit commitment. Moreover, it is sufficient to have the approval of Chartered Accountant/Certified Public Accountant instead of that of Exporters' Union in "Credit for Participating to Overseas Trade Fairs Commitment Implementation Form".
- Since the volume of exports to Libya has been negatively affected as a result of the intervention to the region in accordance with the United Nations Security Council Resolutions consequent of the emerging developments in Libya,
  - The maturities of the short-term TL and foreign currency credits have been extended twice for the companies exporting to the above-mentioned region.

– Being limited with the contracting firms doing business in Libya, new regulations have been made in the standard conditions required for credit-related projects within the scope of the Bridge Credit Program for Overseas Contractor Services. In this framework, additional credit disbursements have been made to the firms having an outstanding risk in the program, and along with the Turkish contracting firms doing business in Libya, sub-contractors and consultant firms taken business from national and/or international contracting firms settled in Libya have been also enabled to use credit under this program. Besides, in parallel with the demands of the firms, principal repayments of TL and foreign currency credits have been extended one year.
– Additionally, due to the fact that uncertainty is still prevailing in Libya, another new arrangement has been put into effect under the Bridge Credit Program for Overseas Contractor Services. Thus, the application deadline for the previous arrangement related with Libya has been extended to September 30, 2012 and firms have been enabled to use credits with a 3-year maturity, including a grace period of 1.5 years, within the limit of USD 25 million as well as to extend the principal repayments of their existing credits with the same conditions.

- Within the scope of the Export Finance Intermediation Loan (EFIL-IV), which was put into force with an agreement between Türk Eximbank and the International Bank for Reconstruction and Development (World Bank), electric-electronic, automotive supplier and metal ware industries have included to the eligible sectors in addition to ship/yacht building and machinery manufacturing industries.
- Within the scope of the European Investment Bank Credit Program, according to the new regulation, Turkish SMEs, either export-oriented or engaged in foreign currency earning activities, and operating in the manufacturing industry, logistic and tourism sectors are provided with not only the opportunity of fixed capital investment credits, but also longer term working capital loans.
- In order to minimize the cost and bureaucracy, the reuse of General Credit Contracts and Covenants, which were previously related with the firms whose credit and commitment risks are closed, for new credit applications became available. Furthermore, the implementation of meeting subsequent credit demands through high valued General Credit Contracts and Covenants has started.
- In line with Bank's new vision and customer-oriented strategy, Marketing and Product Development Department was set up in the Bank with the aims of both meeting the demands of exporters and companies engaged in foreign currency generating activities and being aware of their expectations for ensuring the full customer satisfaction. Within this framework, a large number of exporters have been reached via the Bank's liaison offices, branches and the General Directorate.

Short-Term Export Credits

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

1. Credits Extended via Commercial Banks

Pre-Shipment Export Credits are short-term credit facilities covering all sectors and providing financial support to exporters starting from the early stages of production. Under this program, credits are extended either in TL or in foreign currency for a maximum maturity of 540 days.

Through the *Pre-Shipment Turkish Lira Export Credits (PSEC-TL)*, TL 2,442 million (USD 1,517 million) worth of credits was disbursed in 2011.

Intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. Within this framework, TL 1,222.2 million (USD 751.8 million) was disbursed to SMEs through the PSEC-TL program in 2011.

Under the *PSEC-Priority Development Areas Export Credit Program*, which is a sub-program of the PSEC-TL program and is extended with discounted interest rates to companies located in the 50 provinces regarded as priority development areas, TL 387 million (USD 242.8 million) was disbursed in 2011.

Under the *Pre-Shipment Foreign Currency Export Credit (PSEC-FX) Program*, USD 1,204.7 million (TL 2,024.7 million) was disbursed in 2011.

Within the framework of the obligation of intermediary banks to extend at least 30% of their limits allocated by Türk Eximbank to SMEs, USD 740.3 million (TL 1,242 million) was disbursed to SMEs through the PSEC-FX program in 2011.

Under the *Free Trade Zone Pre-Shipment Foreign Currency Export Credit Program*, USD 4.6 million was disbursed in 2011.

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

2. Credits Extended Directly by Türk Eximbank

Within the *Foreign Trade Companies Short-Term Export Credits Program*, credits are extended to foreign trade corporate companies and sectoral foreign trade companies that are granted these titles by the Ministry of Economy. Under this program, a total of TL 229.9 million (USD 142.3 million) was disbursed in 2011, of which, TL 208.5 million (USD 128.8 million) was disbursed in "TL" and USD 13.5 million (TL 21.4 million) in "foreign currency".

Under the *Pre-Export Foreign Currency Credit Program*, USD 255 million (TL 430.3 million), and under the *Pre-Export Turkish Lira Credit Program*, TL 294.5 million (USD 177.2 million) were disbursed in 2011.

Under the *Pre-Export Credit Program for SMEs*, a total of TL 6 million (USD 3.6 million) was disbursed in 2011, of which, TL 5.1 million (USD 3 million) was disbursed under the *Pre-Export Turkish Lira Credit for SMEs* and USD 560 thousand (TL 947.2 thousand) was disbursed under the *Pre-Export Foreign Currency Credit for SMEs.*

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

The *Short-Term Pre-Shipment Rediscount Program*, which is implemented within the USD 4 billion limit extended to Türk Eximbank by the CBRT, aims at providing support to Turkish exporters and export-oriented manufacturers in the pre-shipment stage. An export commitment is required in the Program.

Mentioned program has been developed by taking into account the demands of customers in 2011. According to the latest arrangements, TL credits option has been put into effect and in addition to 120 days maturity, 180 days maturity option for TL credits has been provided since August 1, 2011. However, 60 days of export receivables will be discounted from the Bank's own resources for TL credits with 180 days maturity.

Under the *Short-Term Pre-Shipment Rediscount Program*, a total of USD 3,126.5 million (TL 5,410.8 million) was disbursed in 2011, of which, USD 2,878.8 million (TL 4,963.3 million) was disbursed in "foreign currency" and USD 247.7 million (TL 447.6 million) in "TL".

The *Short-Term Export Credit Discount Program*, is a post-shipment finance facility, aiming at increasing the competitiveness of Turkish exporters in international markets by enabling them to sell Turkish goods on deferred payment terms and eliminating overseas risks thereby encouraging them to enter into new and target markets. Under this program, USD 117 thousand (TL 194 thousand) was disbursed in 2011.

Under these pre- and post-shipment credit programs funded by the CBRT, a total of USD 3,126.6 million (TL 5,411 million) was disbursed in 2011.

Medium- and Long-Term Export Credits

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

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

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

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

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

The *Bridge Credit Program for Overseas Contractor Services* aims to minimize the effects of the financial crises in the international markets on Turkish construction sector and to ensure the stability of the investments and their competitive capacity in this market by keeping existent construction site and mobilization-engine park in function. Within the scope of the program, a total amount of TL 100.6 million (USD 61 million) was disbursed in 2011, of which, TL 16.6 million (USD 9.7 million) as short-term and TL 84 million (USD 51.3 million) as medium-term credit.

Credits for Foreign Currency Earning Services

The *Tourism Credit Program* provides finance to travel agencies, private airlines and tourism enterprises for their promotion and marketing activities abroad and thus contributes to Turkey's balance of payments via increasing tourism revenues. A total of TL 72.7 million (USD 40.9 million) was disbursed within the year.

The *International Transportation Marketing Credit Program* provides finance to international transportation companies in order to reduce the transportation cost of exporter companies. Within this program, TL 21.8 million (USD 12.5 million) was disbursed in 2011.

The *Credit Program for Foreign Currency Earning Services* contributes to Turkey's foreign exchange earnings through financing of Turkish companies' foreign currency earning services abroad and export of services like software projects, consultancy services, etc. Within this program, USD 305 thousand was disbursed in 2011.

The *Credit Program for Participating to Overseas Trade Fairs* aims to support companies to increase their market shares by attending foreign fairs, enter new/target markets, obtain information about new technologies and products, and contribute to the development of exports. In 2011, TL 750 thousand (USD 410 thousand) worth of credits were disbursed under this program.

The Export Finance Intermediation Loan

The *Export Finance Intermediation Loan (EFIL-IV)*, which is assigned to ship/yacht-building and machinery manufacturing sectors, has been put into effect by the agreement between Türk Eximbank and the International Bank for Reconstruction and Development (World Bank) in 2008. As a result of the negotiations with the World Bank, the credit program has become available for companies in electric-electronic, automotive supplier and metal ware industries in addition to ship/yacht building and machinery manufacturing industries in 2011. The whole source provided from the World Bank has been allocated to the firms in these industries. Under EFIL-IV, USD 23.8 million was disbursed in 2011.

The European Investment Bank Credit Program

The *European Investment Bank Credit Program*, which has been put into force within the scope of the agreement between Türk Eximbank and the European Investment Bank, aims to provide longer term working capital loans and to increase fixed capital investments realized by SMEs operating in the manufacturing industry, logistic and tourism sectors. In 2011, USD 70.3 million was disbursed under this credit program.

The Production Finance Credit Program

The Islamic Development Bank (IDB) mandated all existing funds and facilities related with the trade finance to an autonomous international trade finance entity within the IDB Group, namely "The International Islamic Trade Finance Corporation (ITFC)", which was established for consolidating all IDB's trade finance transactions under a single umbrella. "*The Production Finance Credit Program*" has been put into force on April 20, 2010 within the scope of the agreement providing a source of USD 50 million signed with the IDB in November 2009. The finance of the purchases of raw materials, intermediate goods and investment goods that will be used in the production of export goods of the companies located in Turkey is aimed within the scope of the limit allocated to Türk Eximbank by the ITFC.

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

COUNTRY CREDIT AND GUARANTEE PROGRAMS

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

While "sovereign guarantee" is a priority, Türk Eximbank, taking the country, the nature of the project, the existence of governmental protocols and the requested financial terms into account may consider other guarantee mechanisms including a bank guarantee.

Under these programs, loans totaling USD 2.3 billion have been disbursed since 1989 to Turkish contracting firms/exporters operating in 23 countries located in Central and Southern Asia, Central and Eastern Europe, Africa, the Caucasus and Balkans. The amount disbursed was utilized for the exports of goods such as food, medicine, medical equipment, textile products, automotive products, machinery and equipment, and other industrial goods and for projects such as trade centers, medical centers, industrial plants, telecommunication, bridge/transportation, energy, petrochemicals, construction and renovation of hotels and business centers.

Within the framework of the Country Credit and Guarantee Programs, USD 36.7 million was disbursed, and the aggregate amount of USD 63 million and Euro 3.9 million was collected in 2011. Thus, under these programs, the total amount collected to date has reached USD 2.7 billion.

In 2011, Türk Eximbank issued 33 "letters of intent" for projects to be undertaken by Turkish firms in Belarus, Bosnia-Herzegovina, Cameroon, Ethiopia, Georgia, Ghana, Iran, Iraq, Kosovo, Morocco, Nigeria, Pakistan, South Sudan, Sudan, Tanzania, Tunisia, Turkmenistan, UAE and Ukraine and extended the validity of two letters of intent for two projects to be realized in Iran and Turkmenistan.

As the Undersecretariat of Treasury fully indemnified Türk Eximbank for its political risk losses, Türk Eximbank transfers the collections from countries to the Undersecretariat of Treasury. In this context, USD 480.3 million was transferred as of end-2011.

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

Türk Eximbank Buyers' Credit/Guarantee Programs (USD million)

COUNTRIES	CREDIT LIMIT	CUMULATIVE DISBURSEMENTS (1988-2011)
ALBANIA	15	13.9
Export Credit	15	13.9
ALGERIA	100	99.5
Export Credit	100	99.5
AZERBAIJAN	250	91.7
Export Credit	100	59.6
Project Credit	150	32.1
BELARUS	71	47.5
Project Credit	71	47.5
BULGARIA	50	20.9
Export Credit	50	20.9
CUBA	32	12.4
Export Credit	32	12.4
GEORGIA	50	41.5
Export Credit	50	41.5
HUNGARY	10	0.1
Export Credit	10	0.1
KAZAKHSTAN	240	213.1
Export Credit	55.7	40
Project Credit	184.3	173.1
KYRGYZ REPUBLIC	75	48.1
Export Credit	37.5	35.7
Project Credit	37.5	12.4
LIBYA	100	128.7
Project Credit	100	128.7
MOLDOVA	35	15
Project Credit	35	15
NAKHICHEVAN	20	19.6
Export Credit	20	19.6
PAKISTAN	100	58.3
Project Credit	100	58.3
ROMANIA	50	45.7
Export Credit	50	45.7
RUSSIAN FEDERATION	1,150	835
Export Credit	800	599.4
Project Credit	350	235.6
SUDAN	79.6	49.6
Project Credit	79.6	49.6
SYRIA	15	7
Export Credit	15	7
TAJIKISTAN	50	28
Export Credit (*)	50	28
TUNISIA	40	1.9
Export Credit	40	1.9
TURKISH REP. OF NORTHERN CYPRUS	3.7	3.7
Project Credit	3.7	3.7
TURKMENISTAN	163.3	133
Export Credit	75	75
Project Credit	88.3	58
UZBEKISTAN	397.2	369.1
Export Credit	125	124.6
Project Credit (*)	272.2	244.5
TOTAL	**3,096.8**	**2,283.3**

(*): IDB transactions are included.

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

RISK ANALYSIS AND EVALUATION

Company Information and Analysis Department

Information garnering and financial analysis of companies were started to be carried out by Company Information and Analysis Department that was constituted by merging of two existing departments under the Risk Analysis and Evaluation Division by the decision of Board of Directors, dated July 14, 2011.

The Information and Analysis Report is prepared as an important element of risk management by Company Information and Analysis Department for the companies that apply for a credit line for the first time or that have a risk in Türk Eximbank in order to determine the credibility of these companies. Within this context, the activities are performed by gathering the up to date information and the annual and semi-annual financial figures of the companies in accordance with the requests of the Bank's departments. The Information and Analysis Reports of 732 companies, with an increase of 71% compared to the previous year, were prepared in 2011 and submitted to related credit departments.

Within the context of "Corporate Information Sharing Agreement" that was signed with Credit Reference System (CRS) in 2010 in order to support the company information operations, access to the information of Bank's customers in other financial institutions that they do business with, has been provided. Besides, sentences of prohibition against the issuing cheques and the opening of cheque accounts and removal of these prohibitions that will be delivered to the Central Bank of the Republic of Turkey through National Judiciary Informatics System (UYAP) have continued to be delivered to Türk Eximbank through "Electronic Data Transfer System".

Providing of information reports requested by Insurance Department for buyers' risk assessment and limit assignment, that was previously carried out by Company Information and Analysis Department was started to be held by Insurance and Guarantee Department by August 2011.

Bank Analysis Department

Türk Eximbank determines cash credit limits concerning the credits extended via Turkish banking system and non-cash credit limits concerning the Letters of Guarantee and bills of guarantee of credit programs given by banks in order to constitute the warranty that allocated directly to the beneficiary firms, and treasury operation limits for each bank. In this context, the limits of each bank are determined upon financial analysis and risk assessment studies. Besides, domestic and foreign markets are monitored, economic and financial developments are evaluated for each bank and the sector as a whole by making periodic contacts with banks, also taking the regulations of the banking sector into consideration.

In this case, credit/treasury limits and outstanding risks of banks are monitored, reported and submitted to the top management. Furthermore, reconciliation of limits and risks are carried out with banks.

Bank Analysis Department also provides the assessment reports of foreign banks for the country credits.

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

EXPORT CREDIT INSURANCE

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

Short-Term Export Credit Insurance

Within the scope of the *Short-Term Export Credit Insurance Program*, all shipments to be made by an exporter in the duration of a one-year policy period and with payments deferred up to 360 days are insured against commercial and political risks. The Short-Term Export Credit Insurance has become a widespread facility among Turkish exporters since its introduction in 1989. In fact, 1,232 exporters were insured as of end-2011 and 7,249 exporters enjoyed this facility at least once since its inception.

Türk Eximbank was on-cover towards 204 countries and a total of USD 5.8 billion worth of shipments were insured in 2011. Premium amounting to USD 20.5 million was collected throughout the year.

In 2011, textiles/ready-to-wear/leather was foremost in the sectoral distribution of exports insured, with a 31% share and the European Union countries were the leading markets with regard to the regional distribution, with a total share of 61%.

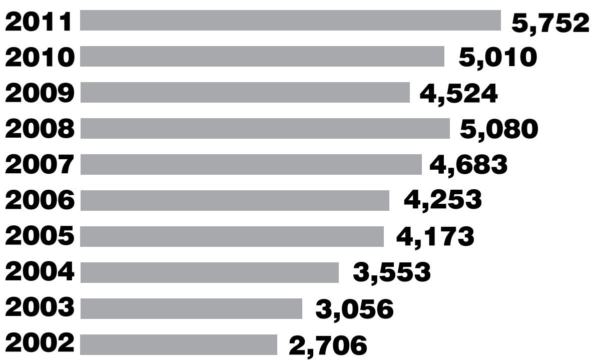
During the year of 2011, 10,841 new buyers were registered in the underwriting archives raising the total number of the records to 166,180 by the end of the year.

Under the Program, USD 7.2 million worth of claims were paid out in 2011 arising from the shipments to various countries. Of this amount, USD 6.8 million worth of claims was paid out due to commercial losses, whereas USD 0.4 million was paid out due to political losses.

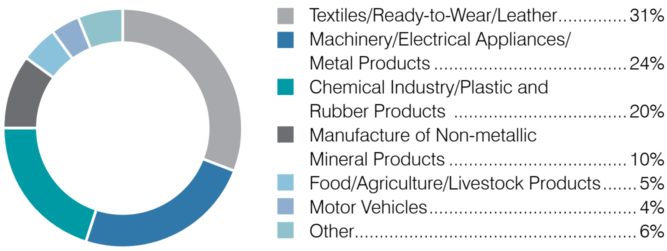
In 2011, Türk Eximbank recovered USD 1.5 million of the former claims paid, whereof USD 1.2 million of this amount was related to commercial losses.

The premium discount facility, which was abolished temporarily in 2009, has restarted in December 2011 to be applied to the eligible exporters which met certain criteria taking into account the lessening impact of the global economic crisis on export markets and the decreasing tendency in the demands of indemnifications. As of end-2011, 53 firms were found eligible for a premium discount and the discount rate has been 20% on average.

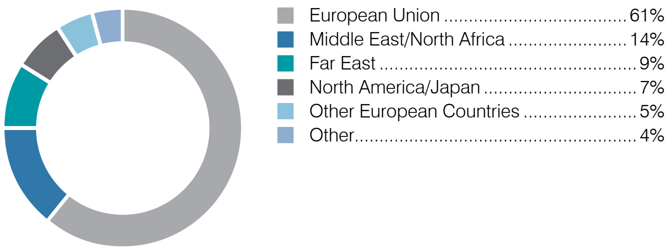
Exports Insured Under Short-Term Export Credit Insurance Program (USD million)



Sectoral Distribution of Exports Insured Under Short-Term Export Credit Insurance Program



Regional Distribution of Exports Insured Under Short-Term Export Credit Insurance Program



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

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

Türk Eximbank has continued to cede 70% of the commercial and political risks borne under the Short-Term Export Credit Insurance Program to domestic and overseas reinsurance firms during 2011.

Türk Eximbank aims to offer guarantee schemes to commercial banks in an effort to create a risk free environment for them to engage directly in export financing. In line with this aim, cooperation agreements were signed with Citibank A.Ş., Yapı ve Kredi Bankası A.Ş., HSBC Bank A.Ş., T.C. Ziraat Bankası A.Ş., Türkiye Garanti Bankası A.Ş., Aktif Yatırım Bankası A.Ş., Finansbank A.Ş., Eurobank Tekfen A.Ş. and Türk Ekonomi Bankası A.Ş. Within the scope of these agreements, USD 4.8 million worth of export transactions were financed in 2011 and the total amount of export transactions financed through this facility reached to a level of USD 32 million as of end-2011. Besides, negotiations with Denizbank A.Ş. were completed in 2011.

Medium- and Long-Term Export Credit Insurance

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

During 2011, the Bank continued to offer Turkish exporters the *Specific Export Credit Insurance Post-Shipment Political Risk Program*, which provides cover against political risks only for the post-shipment stage of medium and long-term exports and the *Specific Export Credit Insurance Post-Shipment Comprehensive Risk Program*, in which cover is provided for commercial risks as well. Furthermore, within the scope of these programs, a letter of guarantee can be issued in favor of the financing commercial bank upon demand in order to pave the way for exporters to have their export receivables discounted. Within this framework in 2011, one of the commercial banks has provided financing for a transaction which was covered in 2010 under the Specific Export Credit Insurance Post-Shipment Political Risk Program.

In addition, Supplementary Protocols to the cooperation agreements which were signed with Aktif Yatırım Bankası A.Ş. and Finansbank A.Ş. in order for the two banks to finance export transactions that were covered under Short-Term Export Credit Insurance Program were finalized with an aim to include medium and long term transactions into the scope.

In 2011, Euro 370,500 of the Euro 495,000 worth of transaction was insured under the Specific Export Credit Insurance Post-Shipment Comprehensive Risk Program.

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

Other

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

Within this framework, the views of industry specific civil society organizations were sought for the draft “Political Risk Insurance Policy for Overseas Contracting Services” which the Turkish contractors are in need of especially for the works they undertake in high risk countries.

Under the Short-Term Export Credit Insurance Program, close cooperation was maintained with the export credit/ credit insurance agencies of various countries during 2011, in order to enlarge the support given to Turkish exporters and entrepreneurs.

In this respect a Memorandum of Understanding was concluded with the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC) in order to promote ICIEC’s investment insurance scheme among Turkish investors and provide co-insurance facilities for the medium and long-term exports of Turkish exporters active in ICIEC member countries.

With the new funding opportunities, debt stock was doubled in 2011 over previous year.

FUNDING AND TREASURY

Capital

The fully paid-up capital of TL 2 billion as of end-2009 did not change during 2011. On the other hand, TL 204 million was transferred to the Treasury as dividend in 2011.

Funding

During 2011, like previous years, the short-term Turkish Lira denominated loan portfolio was funded entirely through the capital and internally generated sources (i.e. interest earned on loans and placements).

In 2011, in order to fund the loans extended and to fulfill the debt obligations, Türk Eximbank raised a total of USD 1.2 billion loans. The details are as follows:

- A one-year, Euro 165 million (approximately USD 239 million) "club loan" was raised from 11 international banks in June 2011.
- A Euro 50 million (approximately USD 71 million) short-term loan borrowed from a domestic bank was rolled-over for an additional 1 year in March 2011.
- A total of USD 53 million was withdrawn from the World Bank for project finance in 2011.
- Euro 25 million (approximately USD 35 million) was withdrawn from the European Investment Bank in 2011.
- Four loans with a one-year maturity each, totaling Euro 115 million (approximately USD 161 million) were borrowed bilaterally from foreign banks.
- Euro 70 million (approximately USD 100 million) was raised through a repo agreement with a foreign bank by using a portion of the domestic currency denominated government bonds in July.
- Taking into account its increasing funding requirements, Türk Eximbank raised USD 500 million via fixed-coupon Eurobond issue with a maturity of five years.

Beside the borrowings mentioned above, Türk Eximbank also utilized the Central Bank of the Republic of Turkey's rediscount facility by using the promissory notes issued by exporters and avalized by other Turkish banks. As a matter of fact, the year-end outstanding balance of this facility increased from USD 447 million in 2010 to USD 1.6 billion in 2011.

Debt Servicing

During the year 2011, USD 523 million debt servicing was fulfilled. Of this amount, USD 225 million and USD 196 million were the syndicated loans (including interest) repaid in April 2011 and December 2011, respectively.

Fund Management

Since the volume of export loans have been improved throughout the year in order to alleviate the effects of the global crisis on the exporters, money market placements have been diminished relatively. Meanwhile, the use of derivatives significantly increased to hedge balance sheet risks.

The sum of income generated by the Treasury operations amounted to TL 109 million whilst this amount comprised 34% of total operating income in 2011.

Short term currency swap transactions, carried out during the year to meet the exporters' foreign exchange loan demand and to manage the Bank's foreign currency risk, were almost tripled and reached a total volume of USD 6.7 billion in the year 2011. On the other hand, additional income was achieved owing to prudential exchange risk management by forward operations to hedge TL discounting program for the exporters by the Central Bank's foreign exchange rediscounting facility.

In compliance with the Board decision for servicing exporters with the derivative instruments against exchange rate risk, "put option" transactions were commenced in April 2011. Within this context, put option transactions totaling USD 6.1 million were realized in favor of 17 exporters in 2011.

Türk Eximbank continued to maintain close cooperation with other export credit and insurance agencies and international financial institutions in 2011.

INTERNATIONAL RELATIONS

The close relations with the International Union of Credit and Investment Insurers (Berne Union) and the Aman Union have continued and Türk Eximbank has participated to the meetings, seminars and other similar activities held under these organizations in 2011.

In compliance with the aim of increasing trade and investments among the members of the Organization of Islamic Cooperation (OIC), the "Aman Union" was founded in 2009 with joint efforts of the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC) and Arab Investment and Export Credit Guarantee Corporation, to enhance the cooperation in reinsurance, export credit insurance and co-insurance activities between ICIEC and export credit agencies of other OIC member countries. Türk Eximbank hosted the 2011 Annual Meeting of the Aman Union held in İstanbul on October 4-5, 2011 and was elected as the Executive Committee member for the second time at the meeting.

The Bank's relations with the ICIEC, an affiliate of the Islamic Development Bank (IDB), also continued during the year. ICIEC participates to the quota-share reinsurance treaty providing reinsurance for the commercial and political risks covered under the Short-Term Export Credit Insurance Program. Furthermore, a Memorandum of Understanding was concluded between Türk Eximbank and ICIEC on October 4, 2011 in order to promote ICIEC's investment insurance scheme among Turkish investors and provide co-insurance facilities for the medium and long term exports of Turkish exporters active in ICIEC member countries. One step further will be that Türk Eximbank will act as an agent of ICIEC in Turkey and provide the services of ICIEC to Turkish entrepreneurs.

Close cooperation was maintained with export credit and insurance agencies and international financial institutions in the framework of cooperation agreements signed with US Eximbank/USA, EDC/Canada, COFACE/France, Euler-Hermes/Germany, ONDD/Belgium, ASHRA/Israel, Eximbank of China/PRC, MECIB/Malaysia, NEXI/Japan, SID/Slovenia, KUKE/Poland, EDBI/Iran, EGFI/Iran, ECGE/Egypt, Export Development Bank of Egypt/Egypt, Eximbanka S.R./Slovak Republic, Eximbank of Romania/Romania, Eximbank of Russia and Vnesheconombank/Russia, KSURE/South Korea, EKF/Denmark, SINOSURE/PRC, HBOR/Croatia, MBDP/Macedonia, TEBC/PRC, ICIEC, the Multilateral Investment Guarantee Agency (MIGA), Asian Development Bank (ADB) and EBRD.

As of October 2011, Türk Eximbank became a member of CreditAlliance, which is a worldwide network founded by Coface and six export credit agencies in 1992 consisting of the companies operating in credit insurance, credit information, credit and risk management and factoring businesses. Through this membership, the Bank will be able to share information with other members via attending meetings, seminars and education programs organized by CreditAlliance.

The Bank's relations with the OECD Working Party on Export Credits and Credit Guarantees (ECG) (as member since April 1998) and the Participants Group (as observer since November 2006) continued and the arrangements regarding officially supported export credits are followed up in 2011. Both groups aim at establishing a level playing field amongst the export credit agencies in complying with the OECD Arrangement and other international regulations and to facilitate the exchange of information.

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

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

Besides strengthening its relations with foreign commercial and investment banks in treasury and funding operations, Türk Eximbank maintained close relations in 2011 with the IBRD, EIB, MIGA and ITFC. In this framework, bilateral business opportunities have been evaluated during international meetings with the above mentioned institutions.

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Regulations Implemented within the Framework of International Obligations

Transition to Basel II

On June 14, 2006, the European Commission (The European Parliament and The Council of the European Union) published two directives (known as Basel II); the Capital Requirements Directive (CRD) 2006/48/EC, and the Capital Adequacy Directive (CAD) 2006/49/EC that transpose the new capital requirements into European law, in the Official Journal of the European Union. In order to ensure a healthy transition period, the Banking Regulation and Supervision Agency of Turkey (BRSA) requested a reporting set under the framework of Basel II. As of July 2011, Türk Eximbank began generating this reporting set.

In the same context, in accordance with the circular published on August 23, 2011 by the BRSA, banks are required to calculate the standard ratio of interest rate risk arising from banking accounts starting from September 2011. The technical infrastructure (durations of assets/liabilities, yield curves and cash flows) for interest rate shock/stress test report was prepared by the Risk Management Department and reported to the BRSA. The BRSA sets an upper limit of 20% for this ratio. As having a strong equity capital, the calculated ratio for Türk Eximbank is very low.

As other Turkish banks, Türk Eximbank is also making preparations to comply with the Basel II Rules. In this context, for the development and establishment of the new risk management system (including the risk rating model) in the Bank, studies on software development and its installation are conducted in-house and the system is planned to be put into operation in 2012.

INFORMATION TECHNOLOGIES

Türk Eximbank aimed to develop parameters and standard structures in the core banking applications software so as to increase production, bring efficiency in the foreground and help managers to make quick decisions according to technological developments. The Bank has continued to develop these applications for this aim also in 2011.

In recent years, studies in the public sector for the transition to e-government have accelerated and an important level has been reached regarding competition, speed, and productivity. Executing all processes in an electronic environment (paperless office) will be an important step for transition to e-government. In this context, Türk Eximbank has continued the analysis, design, training, and consulting studies of new software projects also in 2011. The Bank's new web site studies, one of the central pillars of transition to e-government, have started and the project is almost completed.

Furthermore, international competitive bidding process to purchase "G1-Supply and Installation of Disaster Recovery IT System" is completed. After acceptance of those systems, Bank's IT systems continuity in a disaster will be provided at high level with Disaster Recovery Site. This Site has built in a campus far from possible terror, earthquake risks. In parallel with this project, Bank's network infrastructure has reconstructed and a major part of the servers has renewed.

To make job processes more effective in the Bank, working with effective, continuous, accurate, secure way on Information Technologies infrastructure, necessary arrangements based on regulation are attempted. All of the software development operations are performed according to "Regulations on Management of Bank Information Systems" which is prepared by the Banking Regulation and Supervision Agency. Also compatibility to COBIT (Control Objectives for Information and Related Technology) model has provided on the software development phases. From this point of view, by managing and auditing technology processes and risks in accordance with COBIT, both the utilization of information technologies at global standards is ensured and the risks are minimized.

Tactical Plans were prepared according to "Information Technologies Strategic Plan" and put into practice. Furthermore, monitoring all IT Risks' properties and possible effects with "IT Risk Management System" is based on COBIT criterions.

During the year, software version changes were made further to changes on Codes of Practices of the Bank. To give effective service to the Bank's customers, also new software products based on new credits and insurance products have been developed. The most important ones of those products are the Short-Term Pre-Shipment Rediscount Program and the European Investment Bank Credit Program.

Software service performance criteria have been determined and studies on measurement and self assessment have started. Between the dates of January 1-December 31, 2011, 2,931 requests were made on Intranet, where the hardware, software and service demands are managed in Information Technologies Division. Among these requests, 70% of the requests was solved in 24 hours. 1,325 of the total requests were about software development and 38% of these requests was solved in less than 24 hours and 61% has solved in less than 5 days.

TARGETS AND ACTIVITIES OF TÜRK EXIMBANK IN THE FORTHCOMING PERIOD

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

TARGETS FOR THE FORTHCOMING PERIOD

Focus on Medium- and Long-Term Project Finance Programs and Export Credit Insurance/Guarantee Programs

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

Objectives of the Country Credit/Guarantee Programs

In order to reach the target of USD 500 billion worth of exports by the year 2023 and to help Turkish firms to enter into new markets, expand their shares in the current ones and to revitalize the country credit/guarantee programs as a strategic tool, Türk Eximbank changed its policy towards issuing specific limits to countries and adopted a new method of allocating global limits for each OECD risk category. Under the new methodology, each country within the same risk classification, except for those countries that will be off cover in accordance with the foreign policies of Turkey, will benefit from a country limit that is set as a certain percentage of the global target ceiling. The revision of the existing policy will make it possible for Turkish firms to do business around the globe and benefit from the programs.

The new policy

- allows every country that is classified by the OECD to have a country limit, except for North Korea, Southern Cyprus and Armenia,
- prevents the risk concentration in a specific risk category,
- is more transparent as it is designed in such a way that equal limits are assigned to those that are in the same risk category,
- prevents the imbalances in country limits and make it possible to issue limits for those who are similar in terms of the level of economic development,
- is more fair, easy to understand and practical.

Through using the alternative of extending credits to reputable banks starting from 2012, Türk Eximbank foresees more efficient use of country credit/guarantee programs.

In order to reach the target figures set for Country Credit/ Guarantee Programs, Türk Eximbank has committed itself to undertake an active marketing policy both in domestic and international markets.

Foreign Exchange Derivative Instruments for Exporters

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

Support for Turkish Contractors under Political Risk Insurance Program for Overseas Contracting Services

The views of industry specific civil society organizations were sought for the draft "Political Risk Insurance Policy for Overseas Contracting Services" which the Turkish contractors are in need of especially for the works they undertake in high risk countries.

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

INTERNATIONAL OBLIGATIONS

International Rules and Regulations

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

Studies under the ECG are in three main topics:

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

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

2. Environment

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

3. Officially Supported Export Credits within the Framework of Principles and Guidelines for the Promotion of Sustainable Lending Practices to Low Income Countries (LICs)

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

Harmonization with the EU Acquis

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

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

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

MANAGEMENT AND CORPORATE GOVERNANCE AT TÜRK EXIMBANK

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BOARD OF DIRECTORS AND AUDITORS

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1- CAVİT DAĞDAŞ

Vice Chairman and Member of the Audit Committee

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

2- HAYRETTİN KAPLAN

Chief Executive Officer and Member of the Board

Born in 1963 in Mersin. Mr. Kaplan holds a degree in Economics from the Marmara University, Faculty of Economics and Administrative Sciences. Following his masters degree on Economics in Northeastern University in Boston, USA, he also received a Ph.D. degree from the School of Banking and Insurance Institute in Marmara University. Mr. Kaplan started his professional career at the Undersecretariat of Treasury, Board of Sworn Bank Auditors as an Assistant Sworn Bank Auditor (1987-1990), and became Chief Sworn Bank Auditor (1990-2000). He served as an Assistant General Manager in Türkiye Finans Katılım Bankası (2000-2006), as President of the Black Sea Trade and Development Bank (2006-July 2010) and as a member of the Board in Ziraat Bank (July 2010-February 2011). He was appointed as Chief Executive Officer and member of the Board of Directors on February 11, 2011.

3- ZİYA ALTUNYALDIZ

Member of the Board

Born in 1963 in Konya. Mr. Altunyaldız received a Bachelor's degree in Law from İstanbul University in 1987. Following his masters degree on International Business Administration in West Coast University in the USA, he also received a postgraduate diploma in International Comparative Commercial Law from London Metropolitan University. He started his professional career at the State Planning Organization as an Assistant Expert in 1989 and worked as specialist, branch manager, head of department, Assistant General Manager, General Manager and Deputy Undersecretary in Undersecretariat for Foreign Trade. He also worked as a Commercial Counsellor in the Turkish Embassy in London during 1999-2002. Mr. Altunyaldız has been a member of the Board of Directors of the Technology Development Foundation of Turkey (TTGV) since 2005. He has been appointed as the Undersecretary of Customs on November 11, 2010 and the Undersecretary of Customs and Trade on August 4, 2011. Mr. Altunyaldız, who has published various papers in national and international journals, has been a member of the Board of Directors of Türk Eximbank since February 22, 2010.

4- OĞUZ SATICI

Member of the Board

Born in 1965 in İstanbul. Mr. Satıcı holds a BS in Management, Washington International University. He was the President of the Turkish Exporters Assembly (TİM), a Board Member of the Economic Development Foundation (İKV) and Chairman of the Board of Directors of İstanbul Textile and Raw Material Exporters' Association (İTHİB). Mr. Satıcı was also Assembly Member of the İstanbul Chamber of Industry and İstanbul Chamber of Commerce. Mr. Satıcı has been a member of the Board of Directors of Türk Eximbank since March 12, 2002.

5- MEHMET BÜYÜKEKŞİ

Member of the Board

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

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6- ADNAN ERSOY ULUBAŞ

Member of the Board

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

7- A. DOĞAN ARIKAN

Member of the Board and Member of the Audit Committee

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

8- GÜNER GÜCÜK

Member of the Audit Board

Born in 1947 in Çorum. Mr. Gücük holds a BS in Management and an MSc in City and Regional Planning from the Middle East Technical University. He started his professional career at the General Directorate of Highways and worked in various public organizations and private sector companies as manager and managing partner. He was the founder partner of the Protek Yönetim Danışmanlığı ve Bilgisayar A.Ş. in 1987 and worked as General Manager and Chairman of the Board of Directors in this company. Mr. Gücük took part in the establishment of the Deloitte Haskins and Sells-Türkiye, a member of the Deloitte Haskins and Sells International, in 1986 and worked as a Founder Partner and member of the Board of Director in this auditing and consulting company. Mr. Gücük was the Founder Partner and the General Manager of the G&G Danışmanlık Ltd. Şti. in 1992. He gives management consultancy services to many domestic and foreign firms, public and private sector industrial and commercial institutions and banks. Mr. Gücük has been a member of the Audit Board in Türk Eximbank since August 11, 1997.

9- PROF. DR. ARİF ESİN

Member of the Audit Board

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

Necati YENİARAS was the Acting Chief Executive Officer and the member of the Board of Directors in Türk Eximbank from March 8, 2010 till February 11, 2011.

The number of meetings of the Board of Directors of Türk Eximbank has been reduced to once a month from twice a month according to the revisions made in the Bank's Articles of Association, published in the Turkish Trade Registry Gazette dated November 18, 2011. In 2011, the Board of Directors had 25 meetings, 17 of which took place in Ankara and 8 in İstanbul. 21 of these meetings were held with full participation of members and 4 meetings took place with the excused absence of 4 members.

SENIOR MANAGEMENT AND SENIOR MANAGEMENT OF INTERNAL SYSTEMS

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1- MESUT GÜRSOY

Assistant General Manager in charge of Credits

Born in 1963 in Aksaray/Ortaköy. Mr. Gürsoy graduated from the Management Department of the Faculty of Political Sciences, University of Ankara. He started his professional career in the Development Bank of Turkey as a Financial Analyst. He joined Türk Eximbank in September 1993 and served in different posts in Project Evaluation and Country Credits Departments before appointed as the Manager of İzmir Branch in July 2004. Mr. Gürsoy has served as the Assistant General Manager in charge of Credits since July 15, 2011.

2- FAHRİYE ALEV ARKAN

Assistant General Manager in charge of Export Credit Insurance/Guarantees

Born in 1952 in Trabzon. Ms. Arkan is a graduate in Law, University of Ankara. Following the completion of her lawyers practice program, she started her professional career in the Ministry of Energy and Natural Resources and worked as a lawyer in the Social Security Institution (SSK). She joined the State Investment Bank in 1987 and took part in its transformation to Türk Eximbank. Ms. Arkan worked in various positions in Türk Eximbank before appointed as an Assistant General Manager on March 2, 1998. Ms. Arkan has worked as an Assistant General Manager in charge of Export Credit Insurance/Guarantees till her retirement on March 20, 2012. After Arkan's retirement, Mr. Cenan AYKUT, the Head of Export Credit Insurance/Guarantee Division, was appointed as the Assistant General Manager in charge of Export Credit Insurance/Guarantees.

3- ALAADDİN METİN

Assistant General Manager in charge of Buyers' Credits

Born in 1964 in Göçük. Mr. Metin graduated from the Economics Department of the Faculty of Political Sciences, University of Ankara. He started his professional career as an Assistant Specialist in the State Investment Bank and worked in various posts in Information Department after the transformation of the Bank to Türk Eximbank in 1987. After the establishment of the Risk Analysis and Evaluation Division in July 2007, Mr. Metin was appointed as the Head of Division. Mr. Metin has served as the Assistant General Manager in charge of Buyers' Credits since July 15, 2011.

4- ERTAN TANRIYAKUL

Assistant General Manager in charge of Treasury and Funding and Risk Analysis and Evaluation

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

5- NECATİ YENİARAS

Assistant General Manager in charge of Accounting Transactions and Reporting, Research and Coordination

Born in 1962 in Kars. Mr. Yeniaras holds a BA in Foreign Trade and International Operations and an MA in Economics from the Gazi University. He started his professional career in the accounting department of a private company. He served in different posts in the Development Bank of Turkey. He was an Economic Advisor to the State Minister in charge of Economy and in the Turkish Iron and Steel Works. Mr. Yeniaras joined Türk Eximbank on October 1, 1997 as an Assistant General Manager and he was appointed as Acting Chief Executive Officer on March 8, 2010. He was the Acting Chief Executive Officer and member of the Board of Directors until February 11, 2011. Mr. Yeniaras is currently the Assistant General Manager in charge of Accounting Transactions and Reporting, Research and Coordination.

6- AHMET KOPAR

Assistant General Manager in charge of IT and Support Services

Born in 1955 in Elazığ. Mr. Kopar graduated from the Department of Mathematical Engineering, Karadeniz Technical University and received his masters degree on Statistics from the Academy of Economical and Commercial Sciences, Ankara. He started his professional career as a Programmer in the Turkish State Meteorological Service. He joined Türk Eximbank in May 1987 and served in different posts in the Information Technology (IT) Department before appointed as the Head of Information Technology Division in October 2000. Mr. Kopar has served as the Assistant General Manager in charge of IT and Support Services since July 15, 2011.

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7- A. NİHAT PULAK

Head of Internal Control

Born in 1960 in Ankara. Mr. Pulak graduated from the Business Administration Department of the Academy of Economical and Commercial Sciences, Ankara. He started his professional life at Kutlutaş Ltd, in 1981, and the banking career at Interbank A.Ş. After four years of experience in several departments including financial analysis and credit marketing, he joined Türk Eximbank in 1989. Having worked as the Manager in training, credits, budgeting and financial planning fields, respectively, Mr. Pulak was appointed as the Head of Internal Control on July 15, 2011.

8- MUSTAFA K. KISACIKOĞLU

Head of Internal Audit

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

9- MURAT ŞENOL

Chief Risk Officer

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

Osman ASLAN was serving as the Assistant General Manager in charge of Credits, İ. Teoman ŞENER as the Head of Internal Control Department, and Cenan AYKUT as the Chief Risk Officer till July 15, 2011.

COMMITTEES IN TÜRK EXIMBANK

Audit Committee

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

Member : A. Doğan ARIKAN (Member of the Board of Directors).

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

Executive Committee

Chairman : Hayrettin KAPLAN (Chief Executive Officer),

Member : Mesut GÜRSOY (Assistant General Manager in charge of Credits),

Member : Fahriye Alev ARKAN (Assistant General Manager in charge of Export Credit Insurance/Guarantees),

Member : Alaaddin METİN (Assistant General Manager in charge of Buyers' Credits),

Member : Ertan TANRIYAKUL (Assistant General Manager in charge of Treasury and Funding and Risk Analysis and Evaluation),

Member : Necati YENİARAS (Assistant General Manager in charge of Accounting Transactions and Reporting, Research and Coordination),

Member : Ahmet KOPAR (Assistant General Manager in charge of IT and Support Services).

The Executive Committee was established by the Board of Directors Decree no. 97/17-70, dated August 6, 1997. The main function of the Committee is to negotiate the issues to be submitted to the Board of Directors for approval. Also, the Committee analyzes/evaluates the draft arrangements on the credit principles, and technical and administrative issues. The main responsibilities of this Committee are; asset/liability management; to submit the eligible credit applications of both domestic and overseas projects to the Board of Directors for approval; to accomplish duties assigned by the Board of Directors. Reports on the balance sheet, income statement, financial structure, placement and funding activities are submitted to the Board of Directors at least quarterly. In 2011, the Executive Committee has met 35 times and taken 164 decisions on issues in its agenda.

As the Acting Chief Executive Officer, Necati YENİARAS was also Chairman of the Executive Committee and the General Directorate Credit Committee of Türk Eximbank from March 8, 2010 till February 11, 2011.

COMMITTEES IN TÜRK EXIMBANK

General Directorate Credit Committee

Chairman : Hayrettin KAPLAN (Chief Executive Officer),

Member : Mesut GÜRSOY (Assistant General Manager in charge of Credits),

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

The General Directorate Credit Committee, which meets with the proposal of the Credit Allocation Committee, is responsible for the credit allocations within the limits authorized by the Board of Directors. Upon the proposal of the Credit Allocation Committee, short-term Turkish Lira and FX credit applications under 1% of the Bank's shareholders' equity are evaluated and approved by the General Directorate Credit Committee.

Credit Allocation Committee

Chairman : Hayrettin KAPLAN (Chief Executive Officer),

Member : Mesut GÜRSOY (Assistant General Manager in charge of Credits),

Member : Head of the related Credit Division.

The Credit Allocation Committee, which meets with the proposal of the Unit Credit Allocation Committee, is responsible for the approval of the credit allocations that are disbursed directly or via intermediary commercial banks, with 100% prime collateral (such as bank letter of guarantee, bank bill, government securities, Credit Guarantee Fund (KGF) guarantees, bank overdraft account declarations). Upon the proposal of the Unit Credit Allocation Committee, the credit applications under 9‰ of the Bank's shareholders' equity are approved by the Credit Allocation Committee.

Unit Credit Allocation Committee

Chairman : Mesut GÜRSOY (Assistant General Manager in charge of Credits),

Member : Head of the related Credit Division,

Member : Manager of the related Credit Department.

The Unit Credit Allocation Committee, which meets with the proposal of the related Credit Department, is responsible for the approval of the credit allocations that are disbursed directly or via intermediary commercial banks, with 100% prime collateral (such as bank letter of guarantee, bank bill, government securities, Credit Guarantee Fund (KGF) guarantees, bank overdraft account declarations). Upon the proposal of the related Credit Department, the credit applications under 7.5‰ of the Bank's shareholders' equity are approved by the Unit Credit Allocation Committee.

SUMMARY REPORT OF THE BOARD OF DIRECTORS OF TÜRK EXIMBANK FOR 2011 PRESENTED TO THE GENERAL ASSEMBLY

In the aftermath of the global financial crisis, measures taken to promote growth and governmental support to financial sector led to global economic recovery starting from 2010. However, the high public sector debt in developed economies -particularly in the European Union countries- has adversely affected the economic growth by the second half of 2011. The European Union was unable to generate swift solutions in order to alleviate negative effects of crisis arising from high public debt to GDP ratio in some of the Euro Area countries. Hence, after August 2011, the global risk and uncertainty increased, repressing the global growth downwards. In light of these developments, the estimated growth rate of the world economy declined to 3.8% in 2011, from 5.2% in 2010. The estimated average growth rates for 2011 are 1.6% for developed economies, 1.4% for the euro area, and 6.2% for the emerging economies.

Turkish economy achieved a high growth performance in 2011. Thus, the economy is estimated to grow by 7.5% in 2011, following its expansion by 9% in 2010. As a result of this strong economic growth, the unemployment rate decreased to the pre-crisis level of 9.8%. In 2011, exports increased by 18.5% and reached USD 135 billion, whereas imports increased by 29.8% and reached USD 241 billion, resulting a trade deficit of USD 106 billion.

In this era, by its credit, guarantee and insurance programs Türk Eximbank has supported the Turkish exporters, overseas contractors and companies engaged in foreign currency earning activities in their efforts both to preserve their market shares and to enter into new markets.

2011 was a successful year for Türk Eximbank in which great achievements were realized. The Bank has increased its support to the export and foreign currency earning sectors by 39% over previous year. Thus, the Bank has provided a total support of USD 12.42 billion to these sectors in 2011; of which, USD 6.67 billion was in the form of cash loans and USD 5.75 billion in export credit insurance/guarantees. The Bank showed a great performance allowing it to exceed the targets it set at the beginning of 2011. That is, the rate of realization of the total target was 114%.

A summary assessment of the financial structure of Türk Eximbank in 2011 is given below.

The Bank's total assets reached TL 9.7 billion (USD 5 billion) as of December 31, 2011.

The total assets of Türk Eximbank consist of 83% loans, 11% liquid assets and 6% securities held-to-maturity and other assets.

The Bank's loan portfolio increased by 94%, compared to December 31, 2010 and reached TL 8.1 billion. The duly collection of loans is emphasized in the Bank. The share of non-performing loans in total loans is 1.4% which is below the 2.7% of the banking sector's average. Although the provisioning ratio for Türk Eximbank is determined as zero percent by law, along with its high loans-to-assets ratio (83%), the Bank has employed a conservative approach with regard to provisions conforming with its mission and provides a 100% allowance for non-performing loans.

External funds, amounting to TL 5.8 billion and consist of 60% of the total liabilities, were used in financing assets. 38% (TL 3.6 billion) of liabilities were in the form of shareholders' equity, while 2% (TL 222 million) was in the form of provisions and other liabilities. The Bank's nominal capital was increased to TL 2 billion as of September 23, 2009 and fully paid-up as of end-2009. Shareholders' equity consists of 55% (TL 2 billion) paid-in capital, 39% capital reserves and profit reserves, and 6% net profit.

The capital adequacy ratio was 95.9% as of December 2011.

The liquid assets-to-short-term liabilities ratio was realized as 183.5%, over the 100% ratio considered as adequate in financial analysis, indicating that the Bank is operating with a high level of capital instead of using external financing.

Türk Eximbank operates with high loans-to-assets ratio, therefore, TL 231 million (74%) of its TL 313 million total interest income came from interests earned from loans. On the other hand, the Bank's interest expense was TL 49 million, of which 74%, TL 36 million was the interest paid to the borrowings from domestic and international markets. Interest paid to marketable securities issued was TL 8 million, other interest expenses were TL 5 million and net interest income was TL 264 million.

Türk Eximbank ended the year 2011 (47th accounting period) with TL 230.3 million net profit. Return on assets and return on equity ratios were 2.4% and 6.3%, respectively.

SUMMARY REPORT OF THE BOARD OF DIRECTORS OF TÜRK EXIMBANK FOR 2011 PRESENTED TO THE GENERAL ASSEMBLY

Financial statements, which have been prepared in accordance with the 37th article of the Banking Law No. 5411, the Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks (published in Official Gazette, issue no. 26333, dated November 1, 2006), Turkish Accounting Standards, Turkish Financial Reporting Standards, other legislation related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and BRSA comments, and also in accordance with the Bank's accounting records, have been audited by independent auditing company Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) in line with the International Auditing Standards and was finalized without any critique on February 14, 2012.

The Bank operates in line with its Articles of Association and the relevant legislation. We hereby present the summary report of audited financial statements for the year ended-2011.

Cavit DAĞDAŞ
Vice Chairman
Member of the Audit Committee

Hayrettin KAPLAN **Member**	**Oğuz SATICI** **Member**	**Mehmet BÜYÜKEKŞİ** **Member**
Adnan Ersoy ULUBAŞ **Member**	**A. Doğan ARIKAN** **Member of the Board and Audit Committee**	**Ziya ALTUNYALDIZ** **Member**

ORGANIZATIONAL DEVELOPMENT

Organizational Restructuring

The following reorganization was undertaken in the Bank during the year-2011:

- The number of the Deputy General Management was increased from four to six by the establishment of the Buyers' Credits Deputy General Management and the transformation of the General Secretariat into the Deputy General Management. Within this context, the General Secretary and Deputy Secretary General positions were removed.
- The Legal Division was transformed into the Legal and Regulations Division, and the Regulations Department was moved under this division.
- The two divisions, the Information Systems Development and Implementation Division and the Electronic Data Processing Division, were consolidated under the newly established division, named the Information Technology Division.
- The Buyers' Credit I Division and the Buyers' Credit II Division were consolidated under the Buyers' Credit Division. Within this context, two of the existing departments under the Buyers' Credit I Division were merged under the newly established Buyers' Credit I Department. Similarly, two of the existing departments under the Buyers' Credit II Division were merged under the newly established Buyers' Credit II Department.
- The Company Information and Analysis Department was constituted by merging two of the existing departments, the Information Department and the Company Analysis Department, under the Risk Analysis and Evaluation Division.
- The Media Relations Department and the Public Relations Department were consolidated under the Public Relations Department.
- The Personnel Department and Training Department were consolidated under the newly established Human Resources Department.
- The Marketing and Product Development Department and the Credit and Risk Monitoring Department were established.
- The Specific Credits Department was divided into two departments, named the Specific Credits I Department and the Specific Credits II Department.

The Legal Arrangements Related to Türk Eximbank

The attached Principles of the Council of Ministers Decree No. 87/11914, relating the establishment of Türk Eximbank, was amended by the Decree No. 2011/2250 published in the Official Gazette dated October 6, 2011 numbered 28076.

With this amendment, the necessary regulation for moving the Bank's General Directorate in İstanbul in line with the strategy to make İstanbul an International Financial Center was made. Besides, due to the fact that the post of Ministry of State was abolished, this was reflected to the Principles. Furthermore, the Bank's Articles of Association was revised to keep up with the Banking Regulation and Supervision Agency's requests. Moreover, some of the provisions of the Principles which were in contradiction with the Law No. 3332 were repealed.

The Bank's Articles of Association was revised taking the mentioned amended Principles, the Law No. 3332, the Banking Law and the Turkish Commercial Law into account. The New Articles of Association was put into effect following its publication on the Trade Registry Gazette on November 18, 2011.

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

HUMAN RESOURCES

Human Resources Recruitment and Career Development

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

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

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

There are 14 different ranks (titles) in the Bank. The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff; therefore, career development is very important. In the recruitment process, all applications for assistant specialist position are first evaluated according to the specifications determined by the Bank and those selected are invited to a written and/or oral entrance exam carried out by Türk Eximbank.

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

In 2011, 59 personnel recruited and 22 personnel resigned.

Training Policy

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

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

In 2011, 240 participants attended 122 training programs in total. 97 participants attended 65 of the training facilities held by the Banks Association of Turkey, 75 participants attended 31 programs held by other domestic training institutions and 607 participants attended 25 in-house training programs.

In 2011, the Bank focused on in-house training. The Bank's personnel showed great interest on the MS Office training held between the dates of September 19-October 26, 2011. A successful training period was accomplished with the participation of 122 personnel.

Training received from outside professional institutions on the Bank Analysis, the Credit Allocation and Analysis, the Derivative Instruments and Their Functioning, the New Turkish Commercial Law, the Operational Risk and Basel II, and the Foreign Trade Transactions were very useful in order to fulfill the up-to-date training requirements of the Bank's personnel.

In addition, a training program was organized between the dates of June 1-July 4, 2011 for the junior specialists newly recruited.

Throughout 2011, Bank's personnel have presented Türk Eximbank's Credit and Insurance/Guarantee Programs in the 21 seminars held by the foreign trade institutions, such as Ministry of Economy, Exporters' Associations, Turkish Foreign Trade Foundation, in different provinces across Turkey.

Türk Eximbank also provides on-the-job training to Turkish university students. In 2011, 47 students were accepted as trainees to these programs at the head quarters in Ankara and İstanbul branch office. 7 of these trainees have received a long-term on-the-job training.

Public Relations

In compliance with the aim of increasing trade and investments among the members of the Organization of Islamic Cooperation (OIC), the "Aman Union" was founded in 2009 with joint efforts of the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC), which is an affiliate of the Islamic Development Bank (IDB), and Arab Investment and Export Credit Guarantee Corporation, to enhance the cooperation in reinsurance, export credit insurance and co-insurance activities between ICIEC and export credit agencies of other OIC member countries. The Public Relations Department made the organization of the 2011 Annual Meeting of the Aman Union, hosted by Türk Eximbank and held in İstanbul on October 4-5, 2011.

Besides, the revised Bank's Articles of Association booklet was published with a new design and distributed. Moreover, both the personal and institutional requests for the Bank's publications were met and the applications directed by the Data Acquiring and Prime Ministry Communication Center (BIMER) were answered in coordination with the related departments.

INFORMATION REGARDING THE TRANSACTIONS CARRIED OUT WITH TÜRK EXIMBANK'S RISK GROUP

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

SUPPORT SERVICES

The following support services are obtained by the Bank:

- Within the framework of the Law No. 5188 on Private Security Services and the related regulations, security services are obtained in order to provide the Bank's General Directorate's and the İstanbul branch's security.
- An infrastructural support on the Bank's payment systems is obtained.

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GENERAL ASSESSMENT OF THE YEAR 2011 ACTIVITIES AND RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT SYSTEM OF TÜRK EXIMBANK

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

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

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

Internal Audit

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

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

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

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

In 2011, the Internal Audit Department performed its activities with a total number of five personnel consisting of auditors and assistant auditors as planned, in order to increase the efficiency and effectiveness of the Bank. Besides, the Internal Audit Department provided coordinated internal control studies, which is the basis of Management Declaration.

Internal Control

The Internal Control Department has been established in accordance with the regulation issued by the BRSA and published in the Official Gazette no. 26333 dated November 1, 2006, requiring the Bank to constitute the internal control system in order to ensure that:

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

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

In 2011, the Internal Control Department, in its scope of tasks, carried out the activities by giving priority to the process and procedures within the framework of the materiality criteria determined by the risk oriented perspective. Within this context, credit, insurance, treasury, payment systems (SWIFT, EFT etc.), accounting and financial reporting processes were controlled regularly throughout the year. In the course of these activities, the individual powers to access the system modules and screen, and to create accounting entries were checked considering the conformity to the duties of the related personnel. Besides, the principle of separation of functional tasks (data entry, control, approval) and the checkpoints of the several transaction limits were audited in terms of their presence and mechanism.

GENERAL ASSESSMENT OF THE YEAR 2011 ACTIVITIES AND RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT SYSTEM OF TÜRK EXIMBANK

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

On the other hand, according to the "Regulation on Bank Information Systems and Banking Processes Audit to be Performed by External Audit Institutions" issued by the BRSA, the Bank has to present the management declaration to their external independent auditors, prepared by the board of directors for each audit period, concerning the current situation and internal control activities carried out on the information systems and banking processes. In the scope of this application, which was first launched for the audit period of 2011, the internal control activities to be the ground of the management declaration were implemented intensively by the Internal Control Department and the Internal Audit Department during the period of October-December 2011, and the report prepared jointly was presented to the Board of Directors. The Management Declaration was then signed by the Board of Directors on January 30, 2012, and submitted to the external auditor on the same date.

Like all other development and investment banks, the Bank is just obliged to assign an "exclusive compliance officer" having the limited responsibility without generating a compliance program, according to the "Law No. 5549 on Prevention of Laundering Proceeds of Crime". In this context, in order to comply with the obligations required by the legislation, various activities such as training, research, development, supervising, monitoring and control were carried out by the Internal Control Department during the year, as well as maintaining the necessary coordination and communication with MASAK (Republic of Turkey Ministry of Finance The Financial Crimes Investigation Board).

Risk Management

In accordance with the regulation issued by BRSA and published in the Official Gazette, issued no. 26333, on November 1, 2006, the charter and procedures of the Risk Management Department that have been approved by the Board of Directors, the Risk Management Department is responsible for:

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

Under the risk management activities:

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

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

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

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

A. Doğan ARIKAN
Member of the Audit Committee

Cavit DAĞDAŞ
Member of the Audit Committee

Türk Eximbank's assets reached TL 9.7 billion (USD 5 billion) as of December 31, 2011.

Assets

Türk Eximbank's total assets consist of 83% loans, 11% liquid assets and 6% securities held-to-maturity and other assets.

The loan portfolio of the Bank was TL 8.1 billion. Loans increased by 94% over the previous year. 81% (TL 6.5 billion) of this amount was short-term, and 19% (TL 1.6 billion) was medium and long-term loans. By the use of appropriate risk management techniques, the duly collection of loans is emphasized. Thus, although the Bank extends most of its resources as loans to the export sector, the share of non-performing loans in total loans is small with 1.4%, when compared to the banking sector's average. The Bank provides a 100% allowance for non-performing loans.

Liabilities

Türk Eximbank's liabilities has reached TL 9.7 billion, of which 38% (TL 3.6 billion) was in the form of shareholder's equity, 60% (TL 5.8 billion) was in the form of funds obtained from domestic and external markets, and 2% (TL 222 million) was in the form of provisions and other liabilities.

The Bank's shareholders' equity was TL 3.6 billion. Of this amount, 55% (TL 2 billion) was paid-in capital, 39% (TL 1.4 billion) was capital reserves and profit reserves, and 6% (TL 230.3 million) was net profit.

TL 5.8 billion of Türk Eximbank's liabilities has been provided from domestic and international money and capital markets and channelized to fund the assets. This amount consists of TL 3,063 million worth of loans provided from the Central Bank of the Republic of Turkey, TL 960 million marketable securities issued, TL 815 million loans provided from domestic and foreign banks, TL 409 million syndicated loan, TL 333 million funds provided under repurchase agreements, and TL 208 million subordinated loans.

The Bank's nominal capital, TL 2 billion as of December 31, 2011, was fully paid up.

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

Solvency

As of December 31, 2011, the liquid assets-to-short-term liabilities ratio was 177%.

Income Statement and Profitability

Türk Eximbank operates with high loans-to-assets ratio, therefore, 74% (TL 231 million) of its TL 313 million total interest income came from interests earned from loans. On the other hand, the Bank's main sources of funding are borrowings from domestic and international money and capital markets and bond issues. Thus, the Bank's interest expenses were TL 49 million, of which 74% (TL 36 million) was the interests paid to external financing. Interest on securities issued was TL 8 million, other interest expenses were TL 5 million and net interest income was TL 264 million.

Türk Eximbank's net profit was TL 230.3 million as of end-2011. On the other hand, the return on assets and return on equity ratios were 2.4% and 6.3%, respectively.

RISK MANAGEMENT POLICIES

Credit Risk

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

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

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

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

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

The limits of foreign country loans are set by the Annual Programs within the foreign economic policy of the Turkish Republic by SCLGC and are approved by Council of Ministers. Country loans are granted with the approval of the Board of Directors and the approval of the Minister, according to Article 10 of Act No. 4749 related to the regulation of Public Finance and Debt Management. On the other hand, applications for grant loans are made by the ministries of economy and/or finance of related countries to the Turkish Treasury and effected upon the approval of the Council of Ministers of Turkey. The limit of a country is restricted by both "maximum risk that can be undertaken" and "maximum amount that can be utilized annually".

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

In addition to sovereign guarantee, additional collaterals such as promissory notes, "comfort letter" issued by the authorized entities of the correspondent country and "escrow account" can be requested according to the statue of the obligator and the project.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Taking into consideration the Provisioning Regulations:

- The Bank sets aside 100% specific provisions for non-performing receivables.
- The Bank provides general provisions for the amount of all assets as well as for the amount of guarantees.

In addition to these,

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

Market Risk

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

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

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

Currency Risk

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

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

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

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

Interest Rate Risk

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

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

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

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

Liquidity Risk

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

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

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

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

Operational Risk

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

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

INFORMATION REGARDING CREDIT RATINGS ASSIGNED BY INTERNATIONAL RATING AGENCIES

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

The issuer credit ratings assigned to the Bank by these rating agencies, as of end-2011, are as follows:

	Foreign Currency		Local Currency	
	Long-Term	Short-Term	Long-Term	Short-Term
Standard & Poor's	BB (Positive Outlook)	B	BBB- (Positive Outlook)	A-3
Moody's	Ba1 (Positive Outlook)			

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

Moody's, on the other hand, assigned Ba1 rating to Türk Eximbank, which is also the sovereign ceiling for Turkey and one notch higher than the Ba2 rating it assigned to the Undersecretariat of Treasury. Moody's described the Bank as a Government Related Issuer (GRI) and used the Baseline Credit Assessment (BCA) methodology, which measures the Bank's standalone financial strength disregarding the government support when necessary. According to this assessment, Moody's indicates that the current Ba1 would have been higher in an unconstrained environment.

On the other hand, the "outlook", indicating the changing probability of the long-term ratings over a 6-12 month period was changed to "positive" from "stable" in February 2010 and October 2010 by Standard & Poor's and Moody's, respectively.

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

FINANCIAL HIGHLIGHTS FOR THE 2007-2011 PERIOD

Major Balance Sheet Accounts (TL thousand)

	2011	2010	2009	2008	2007
Loans	8,065,619	4,159,138	3,908,666	4,004,961	3,232,537
Total Assets	9,660,063	6,289,153	6,488,070	4,942,922	4,164,396
Loans Borrowed	4,494,296	1,798,712	2,025,884	1,150,311	991,247
Funds Provided Under Repurchase Agreements	333,452	-	-	-	-
Marketable Securities Issued (Net)	960,419	-	-	-	-
Shareholders' Equity	3,647,256	3,629,360	3,656,670	2,938,967	2,578,909
Total Paid-in Share Capital	2,000,000	2,000,000	2,000,000	1,326,336	1,000,000

Major Income Statement Accounts (TL thousand)

	2011	2010	2009	2008	2007
Interest Income	313,359	315,753	437,972	468,073	444,501
Interest Income on Loans	231,230	171,921	323,090	356,350	348,266
Interest Expenses	(48,869)	(27,045)	(50,725)	(46,626)	(54,399)
Net Interest Income	264,490	288,708	387,247	421,447	390,102
Other Operating Income	82,778	42,466	35,007	32,507	48,724
Provisions for Loans and Other Claims	(81,321)	(21,016)	(55,635)	(25,624)	(1,820)
Other Operating Expenses	(73,744)	(63,792)	(58,370)	(69,443)	(62,543)
Net Income	230,256	256,221	342,488	371,031	387,294

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation of The Independent Auditor's Report Originally Prepared and Issued in Turkish)

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

We have audited the accompanying balance sheet of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") at 31 December 2011 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Independent Auditor's Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası A.Ş. at 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No.5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Haluk Yalçın, SMMM

İstanbul, 14 February 2012

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE İHRACAT KREDİ BANKASI A.Ş. ("TÜRK EXIMBANK") AS OF 31 DECEMBER 2011

(Convenience Translation of Publicly Announced Unconsolidated Financial Statements Originally Issued in Turkish, See Note I.D. in Section Three)

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

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The unconsolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

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

14 February 2012

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

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

Hayrettin KAPLAN
General Manager

Necati YENİARAS
Executive Vice President

Muhittin AKBAŞ
Head of Accounting and Reporting Unit

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

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

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SECTION ONE
GENERAL INFORMATION

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

	Name:	Academic Background:
Deputy Chairman of the Board of Directors:	Cavit DAĞDAŞ	Graduate
Members of the Board of Directors:	Dr. Hayrettin KAPLAN	Postgraduate
	Oğuz SATICI	Undergraduate
	Mehmet BÜYÜKEKŞİ	Undergraduate
	Adnan Ersoy ULUBAŞ	Undergraduate
	A.Doğan ARIKAN	Undergraduate
	Ziya ALTUNYALDIZ	Graduate
Members of the Audit Committee:	A.Doğan ARIKAN	Undergraduate
	Cavit DAĞDAŞ	Graduate
Statutory Auditors:	Güner GÜCÜK	Graduate
	Prof. Dr. Arif ESİN	Postgraduate
Vice President:	Dr. Hayrettin KAPLAN(*)	Postgraduate
Executive Vice Presidents:	Necati YENİARAS	Graduate
	Mesut GÜRSOY	Undergraduate
	Alev ARKAN	Undergraduate
	Ertan TANRIYAKUL	Undergraduate
	Ahmet KOPAR	Graduate
	Alaaddin METİN	Undergraduate

(*) The appointment decision of Dr. Hayrettin Kaplan as a member of the Board of Directors and as the General Manager of the Bank, was published in Official Gazette No. 27843, dated 11 February 2011. As per Decision No. 59 dated 14 July 2011 of the Board of Directors, organisational changes and promotions were made.

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

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

GENERAL INFORMATION (Continued)

IV. Information on the shareholders owning control shares:

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

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

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

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

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

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

VI. Other information:

a. The commercial title of the Bank:
Türkiye İhracat Kredi Bankası A.Ş.

b. The Bank's head office address:
Müdafaa Caddesi No: 20 06100 Bakanlıklar - ANKARA

c. The Bank's telephone and fax numbers:
Telephone: (0312) 417 13 00
Facsimile: (0312) 425 78 96

d. The Bank's web site:
www.eximbank.gov.tr

e. The Bank's e-mail address:
ankara@eximbank.gov.tr

f. Reporting Period:
1 January - 31 December 2011

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

UNCONSOLIDATED BALANCE SHEET

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

Appendix:1-A

			THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2011			PRIOR PERIOD 31/12/2010		
	ASSETS	Notes (Section V)	TL	FC	Total	TL	FC	Total
I.	**CASH AND BALANCES WITH CENTRAL BANK**	(1)	**913**	**24,759**	**25,672**	**79**	**624**	**703**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)**	(2)	**317,247**	**41,583**	**358,830**	**306,559**	**3,814**	**310,373**
2.1	Trading Financial Assets		317,247	41,583	358,830	306,559	3,814	310,373
2.1.1	Government Debt Securities		301,364	41,571	342,935	304,842	3,646	308,488
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		15,883	12	15,895	1,717	168	1,885
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	**BANKS**	(3)	**356,409**	**160,697**	**517,106**	**493,527**	**392,541**	**886,068**
IV.	**MONEY MARKETS**		**124,591**	-	**124,591**	-	-	-
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		124,591	-	124,591	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	**AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)**	(4)	**11,295**	-	**11,295**	**15,202**	-	**15,202**
5.1	Share Certificates		11,295	-	11,295	15,202	-	15,202
5.2	Government Debt Securities		-	-	-	-	-	-
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	**LOANS**	(5)	**2,599,595**	**5,466,024**	**8,065,619**	**1,401,101**	**2,758,037**	**4,159,138**
6.1	Loans		2,599,595	5,466,024	8,065,619	1,401,101	2,758,037	4,159,138
6.1.1	Loans to Bank's risk group		-	-	-	-	-	-
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		2,599,595	5,466,024	8,065,619	1,401,101	2,758,037	4,159,138
6.2	Loans under Follow-up		114,853	-	114,853	120,776	-	120,776
6.3	Specific Provisions (-)		114,853	-	114,853	120,776	-	120,776
VII.	**FACTORING RECEIVABLES**		-	-	-	-	-	-
VIII.	**HELD-TO-MATURITY SECURITIES (Net)**	(6)	**466,072**	**45,364**	**511,436**	**840,841**	**50,862**	**891,703**
8.1	Government Debt Securities		466,072	45,364	511,436	840,841	50,862	891,703
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	**INVESTMENTS IN ASSOCIATES (Net)**	(7)	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-Financial Investments in Associates		-	-	-	-	-	-
X.	**SUBSIDIARIES (Net)**	(8)	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	**JOINT VENTURES (Net)**	(9)	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	**FINANCIAL LEASE RECEIVABLES**	(10)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	**HEDGING DERIVATIVE FINANCIAL ASSETS**	(11)	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	**PROPERTY AND EQUIPMENT (Net)**	(12)	**8,891**	-	**8,891**	**7,323**	-	**7,323**
XV.	**INTANGIBLE ASSETS (Net)**	(13)	**566**	-	**566**	**390**	-	**390**
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		566	-	566	390	-	390
XVI.	**INVESTMENT PROPERTY (Net)**	(14)	-	-	-	-	-	-
XVII.	**TAX ASSET**	(15)	-	-	-	-	-	-
17.1	Current Tax Asset		-	-	-	-	-	-
17.2	Deferred Tax Asset		-	-	-	-	-	-
XVIII.	**ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	(16)	-	-	-	-	-	-
18.1	Held for Sale Purpose		-	-	-	-	-	-
18.2	Related to Discontinued Operations		-	-	-	-	-	-
XIX.	**OTHER ASSETS**	(17)	**12,727**	**23,330**	**36,057**	**8,690**	**9,563**	**18,253**
					-			
	TOTAL ASSETS		**3,898,306**	**5,761,757**	**9,660,063**	**3,073,712**	**3,215,441**	**6,289,153**

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

UNCONSOLIDATED BALANCE SHEET

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

Appendix:1-A

			THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2011			PRIOR PERIOD 31/12/2010		
	LIABILITIES	Notes (Section V)	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	-	-	-	-	-	-
1.1	Deposits of Bank's risk group		-	-	-	-	-	-
1.2	Other		-	-	-	-	-	-
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	(2)	10,770	12,547	23,317	21,182	3,982	25,164
III.	BORROWINGS	(3)	-	4,286,543	4,286,543	-	1,605,707	1,605,707
IV.	MONEY MARKETS		157,988	175,464	333,452	-	-	-
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds Provided Under Repurchase Agreements		157,988	175,464	333,452	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)		-	960,419	960,419	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	960,419	960,419	-	-	-
VI.	FUNDS		103	-	103	6,711	-	6,711
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		103	-	103	6,711	-	6,711
VII.	MISCELLANEOUS PAYABLES		12,279	30,200	42,479	8,409	6,896	15,305
VIII.	OTHER LIABILITIES	(4)	11,227	13,272	24,499	396,254	335,051	731,305
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	FINANCIAL LEASE PAYABLES (Net)	(5)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI.	HEDGING DERIVATIVE FINANCIAL LIABILITIES	(6)	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	(7)	131,865	-	131,865	81,212	-	81,212
12.1	General Loan Loss Provision		69,285	-	69,285	24,108	-	24,108
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		18,362	-	18,362	16,169	-	16,169
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		44,218	-	44,218	40,935	-	40,935
XIII.	TAX LIABILITY	(8)	2,377	-	2,377	1,384	-	1,384
13.1	Current Tax Liability		2,377	-	2,377	1,384	-	1,384
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
14.1	Held for Sale Purpose		-	-	-	-	-	-
14.2	Related to Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(10)	-	207,753	207,753	-	193,005	193,005
XVI.	SHAREHOLDERS' EQUITY	(11)	3,647,127	129	3,647,256	3,629,186	174	3,629,360
16.1	Paid-in capital		2,000,000	-	2,000,000	2,000,000	-	2,000,000
16.2	Capital Reserves		603,158	129	603,287	608,065	174	608,239
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		3,501	129	3,630	8,408	174	8,582
16.2.4	Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
16.2.6	Revaluation Differences of Investment Property		-	-	-	-	-	-
16.2.7	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8	Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9	Value increase of Non-current Asset Held for Sale and Discounted Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		599,657	-	599,657	599,657	-	599,657
16.3	Profit Reserves		813,713	-	813,713	764,900	-	764,900
16.3.1	Legal Reserves		225,995	-	225,995	194,793	-	194,793
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		564,975	-	564,975	547,364	-	547,364
16.3.4	Other Profit Reserves		22,743	-	22,743	22,743	-	22,743
16.4	Profit or Loss		230,256	-	230,256	256,221	-	256,221
16.4.1	Prior Years' Profit/Loss		-	-	-	-	-	-
16.4.2	Current Year Profit/Loss		230,256	-	230,256	256,221	-	256,221
16.5	Minority Interest	(12)	-	-	-	-	-	-
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,973,736	5,686,327	9,660,063	4,144,338	2,144,815	6,289,153

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

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

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

Appendix: 1-B

		Notes (Section V)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2011			PRIOR PERIOD 31/12/2010		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)			**1,719,029**	**3,621,669**	**5,340,698**	**642,139**	**2,222,025**	**2,864,164**
I.	**GUARANTEES AND WARRANTIES**	I, III	**-**	**518,997**	**518,997**	**-**	**1,078,703**	**1,078,703**
1.1.	Letters of Guarantee		-	-	-	-	-	-
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		-	-	-	-	-	-
1.2.	Bank Acceptances		-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	-	-	-	-	-
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	-	-	-	-	-
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	688,732	688,732
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	688,732	688,732
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		-	518,997	518,997	-	389,971	389,971
1.9.	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**	I, III	**867,904**	**1,464,276**	**2,332,180**	**11,019**	**340,762**	**351,781**
2.1.	Irrevocable Commitments		1,000	-	1,000	2,000	-	2,000
2.1.1.	Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		1,000	-	1,000	2,000	-	2,000
2.1.4.	Loan Granting Commitments		-	-	-	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		-	-	-	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10.	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11.	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		-	-	-	-	-	-
2.2.	Revocable Commitments		866,904	1,464,276	2,331,180	9,019	340,762	349,781
2.2.1.	Revocable Loan Granting Commitments		866,904	1,464,276	2,331,180	9,019	340,762	349,781
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	II	**851,125**	**1,638,396**	**2,489,521**	**631,120**	**802,560**	**1,433,680**
3.1.	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1.	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Transactions		851,125	1,638,396	2,489,521	631,120	802,560	1,433,680
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		523,223	534,027	1,057,250	-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy		125,962	406,324	532,286	-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell		397,261	127,703	524,964	-	-	-
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		327,902	1,104,369	1,432,271	631,120	802,560	1,433,680
3.2.2.1.	Foreign Currency Swap-Buy		327,902	340,554	668,456	631,120	30,852	661,972
3.2.2.2.	Foreign Currency Swap-Sell		-	683,423	683,423	-	679,212	679,212
3.2.2.3.	Interest Rate Swap-Buy		-	40,196	40,196	-	46,248	46,248
3.2.2.4.	Interest Rate Swap-Sell		-	40,196	40,196	-	46,248	46,248
3.2.3.	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1.	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2.	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3.	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5.	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6.	Securities Options-Sell		-	-	-	-	-	-
3.2.4.	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5.	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6.	Other		-	-	-	-	-	-

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

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

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

Appendix: 1-B

		Notes (Section V)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2011			PRIOR PERIOD 31/12/2010		
			TL	FC	Total	TL	FC	Total
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)			**53,079**	**3,352,434**	**3,405,513**	**30,812**	**164,597**	**195,409**
IV.	**ITEMS HELD IN CUSTODY**		**-**	**-**	**-**	**-**	**-**	**-**
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		-	-	-	-	-	-
4.3.	Cheques Received for Collection		-	-	-	-	-	-
4.4.	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**23,233**	**200,094**	**223,327**	**30,812**	**164,597**	**195,409**
5.1.	Marketable Securities		-	10,174	10,174	-	8,194	8,194
5.2.	Guarantee Notes		-	-	-	-	-	-
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		10,221	101,184	111,405	10,220	82,899	93,119
5.6.	Other Pledged Items		13,012	88,736	101,748	20,592	73,504	94,096
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTEES**		**29,846**	**3,152,340**	**3,182,186**	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**1,772,108**	**6,974,103**	**8,746,211**	**672,951**	**2,386,622**	**3,059,573**

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

UNCONSOLIDATED INCOME STATEMENT

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

Appendix: 1-C

	INCOME AND EXPENSE ITEMS	Notes (Section V)	THOUSANDS OF TURKISH LIRA CURRENT PERIOD (01/01/2011-31/12/2011)	PRIOR PERIOD (01/01/2010-31/12/2010)
I.	**INTEREST INCOME**	(1)	**313,359**	**315,753**
1.1	Interest on loans		231,230	171,921
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks		22,052	12,814
1.4	Interest Received from Money Market Transactions		1,841	71,432
1.5	Interest Received from Marketable Securities Portfolio		57,493	59,300
1.5.1	Trading Financial Assets		15,476	22,117
1.5.2	Financial Assets Designated at Fair Value Through Profit or (loss)		-	-
1.5.3	Available-for-sale Financial Assets		-	-
1.5.4	Held to maturity Investments		42,017	37,183
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		743	286
II.	**INTEREST EXPENSE**	(2)	**48,869**	**27,045**
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		36,299	26,997
2.3	Interest Expense on Money Market Transactions		-	-
2.4	Interest on Securities Issued		8,248	-
2.5	Other Interest Expenses		4,322	48
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**264,490**	**288,708**
IV.	**NET FEES AND COMMISSIONS INCOME**		**(215)**	**(9,136)**
4.1	Fees and Commissions Received		5,866	804
4.1.1	Non-cash Loans		-	-
4.1.2	Other		5,866	804
4.2	Fees and Commissions Paid		(6,081)	(9,940)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(6,081)	(9,940)
V.	**DIVIDEND INCOME**	(3)	**-**	**-**
VI.	**TRADING INCOME/LOSS (Net)**	(4)	**38,268**	**18,991**
6.1	Trading Gains /Losses on Securities		869	240
6.2	Trading Gains /Losses on Derivative Financial Assets		(125,099)	(5,124)
6.3	Foreign Exchange Gains /Losses		162,498	23,875
VII.	**OTHER OPERATING INCOME**	(5)	**82,778**	**42,466**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**385,321**	**341,029**
IX.	**PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)**	(6)	**81,321**	**21,016**
X.	**OTHER OPERATING EXPENSES (-)**	(7)	**73,744**	**63,792**
XI.	**NET OPERATING INCOME/LOSS (VIII-IX-X)**		**230,256**	**256,221**
XII.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		**-**	**-**
XIII.	**INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**-**	**-**
XIV.	**INCOME/LOSS ON NET MONETARY POSITION**		**-**	**-**
XV.	**PROFIT/LOSS BEFORE TAXES ON INCOME FROM CONTINUED OPERATIONS (XI+……+XIV)**	(8)	**230,256**	**256,221**
XVI.	**PROVISION FOR TAXES ON INCOME FROM CONTINUED OPERATIONS(±)**	(9)	**-**	**-**
16.1	Current Tax Provision		**-**	**-**
16.2	Deferred Tax Provision		**-**	**-**
XVII.	**NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)**	(10)	**230,256**	**256,221**
XVIII.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
19.1	Expenses for Non-current Assets Held for Sale		**-**	**-**
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		**-**	**-**
19.3	Other Expenses from Discontinued Operations		**-**	**-**
XX.	**PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)**	(8)	**-**	**-**
XXI.	**PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)**	(9)	**-**	**-**
21.1	Current Tax Provision		**-**	**-**
21.2	Deferred Tax Provision		**-**	**-**
XXII.	**NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)**	(10)	**-**	**-**
XXIII.	**NET PROFIT/LOSS (XVII+XXII)**	(11)	**230,256**	**256,221**
23.1	Profit/Losses of the Group		**-**	**-**
23.2	Profit/Losses of Minority Interest (-)		**-**	**-**
	Earnings/Loss per share		0.11513	0.12811

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

STATEMENTS OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY

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

Appendix: 1-D

		THOUSANDS OF TURKISH LIRA	
	INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD 31/12/2011	PRIOR PERIOD 31/12/2010
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(4,907)	1,458
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value changes)	-	-
VI.	PROFIT/LOSS ON FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of fair value changes)	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-	-
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	-	-
X.	NET PROFIT/LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+…+IX)	(4,907)	1,458
XI.	CURRENT YEAR PROFIT/LOSS	(45)	(101)
11.1	Net change in fair value of marketable securities (Transfer to Profit/Loss)	(45)	(101)
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3	Part of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4	Other	-	-
XII.	TOTAL PROFIT/LOSS RELATED TO CURRENT PERIOD (X±XI)	(4,952)	1,357

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

UNCONSOLIDATED STATEMENTS OF CHANGES IN THE SHAREHOLDERS' EQUITY

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

EK: 1-E

THOUSANDS OF TURKISH LIRA

	CHANGES IN THE SHAREHOLDERS' EQUITY	Notes (Section V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves
	PRIOR PERIOD (31/12/2010)							
I.	**Period Opening Balance**		**2,000,000**	-	**-**	-	**152,210**	-
II.	**Changes in Accounting Policies according to TAS 8**		-	-	-	-		-
2.1	Effects of errors		-	-	-	-		-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-		-
III.	**New Balance (I+II)**		**2,000,000**	-	**-**	-	**152,210**	-
	Changes in the period							
IV.	**Increase/Decrease due to the Merger**		-	-	-	-	-	-
V.	**Marketable Securities Valuation Differences**		-	-	-	-	-	-
VI.	**Hedging Transactions**		-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-
6.2	Foreign Net Investment Hedge		-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-	-
VIII.	**Intangible Fixed Assets Revaluation Differences**		-	-	-	-	-	-
IX.	**Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures**		-	-	-	-	-	-
X.	**Foreign Exchange Differences**		-	-	-	-	-	-
XI.	**Changes due to the Disposal of Assets**		-	-	-	-	-	-
XII.	**Changes due to the Reclassification of Assets**		-	-	-	-	-	-
XIII.	**Effect of Changes in Equity of Investments in Associates**		-	-	-	-	-	-
XIV.	**Capital Increase**		-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-
14.2	Internal Resources		-	-	-	-	-	-
XV.	**Share Premium**		-	-	-	-	-	-
XVI.	**Share Cancellation Profits**		-	-	-	-	-	-
XVII.	**Paid-in-capital inflation adjustment difference**		-	-	-	-	-	-
XVIII.	**Other**		-	-	-	-	-	-
XIX.	**Current Year Net Profit or Loss**		-	-	-	-	-	-
XX.	**Profit Distribution**		-	-	-	-	**42,583**	-
20.1	Dividends Paid		-	-	-	-	-	-
20.2	Transfer to Reserves		-	-	-	-	42,583	-
20.3	Other		-	-	-	-	-	-
	Period End Balance (III+IV+V+……+XVIII+XIX+XX)		**2,000,000**	**-**	**-**	**-**	**194,793**	**-**
	CURRENT PERIOD (31/12/2011)							
I.	**Prior Period End Balance**		**2,000,000**	**-**	**-**	**-**	**194,793**	**-**
	Changes in the period		-	-	-	-	-	-
II.	**Increase/Decrease due to the Merger**		-	-	-	-	-	-
III.	**Marketable Securities Valuation Differences**	1	-	-	-	-	-	-
IV.	**Hedging Transactions Funds**		-	-	-	-	-	-
4.1	Cash flow Hedge		-	-	-	-	-	-
4.2	Foreign Net Investment Hedge		-	-	-	-	-	-
V.	**Property and Equipment Revaluation Differences**		-	-	-	-	-	-
VI.	**Intangible Fixed Assets Revaluation Differences**		-	-	-	-	-	-
VII.	**Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures**		-	-	-	-	-	-
VIII.	**Foreign Exchange Differences**		-	-	-	-	-	-
IX.	**Changes due to the disposal of assets**		-	-	-	-	-	-
X.	**Changes due to the reclassification of assets**		-	-	-	-	-	-
XI.	**Effect of Changes in Equity of Investments in Associates**		-	-	-	-	-	-
XII.	**Capital Increase**		-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-
XIII.	**Share Premium**		-	-	-	-	-	-
XIV.	**Share Cancellation Profits**		-	-	-	-	-	-
XV.	**Paid-in-capital inflation adjustment difference**		-	-	-	-	-	-
XVI.	**Other**		-	-	-	-	-	-
XVII.	**Current Year Net Profit or Loss**		-	-	-	-	-	-
XVIII.	**Profit Distribution**	3	-	-	-	-	**31,202**	-
18.1	Dividends Paid		-	-	-	-	-	-
18.2	Transfers to Reserves	4	-	-	-	-	31,202	-
18.3	Other		-	-	-	-	-	-
	Period End Balance (I+II+III+…+XVI+XVII+XVIII)		**2,000,000**	**-**	**-**	**-**	**225,995**	**-**

Extraordinary Reserves	Other Profit Reserves	Current Year Net Profit/ (Loss)	Prior Years' Net Profit/ (Loss)	Marketable Securities Value Increase Fund	"Property and Equipment and Intangible" Fixed Assets Revaluation Fund	"Bonus Shares from Investment in Associates," Subsidiaries and Joint Ventures	Hedging Funds	"Non-current Asset Held for Sale and" isontinued Operations	"Total Shareholders' Equity Except " Minority Rights	Minority Rights	Total Shareholders' Equity
532,347	622,400	-	342,488	7,225	-	-	-	-	3,656,670	-	3,656,670
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
532,347	622,400	-	342,488	7,225	-	-	-	-	3,656,670	-	3,656,670
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,357	-	-	-	-	1,357	-	1,357
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	256,221	-	-	-	-	-	-	256,221	-	256,221
15,017	-	-	(342,488)	-	-	-	-	-	(284,888)	-	(284,888)
-	-	-	(284,888)	-	-	-	-	-	(284,888)	-	(284,888)
15,017	-	-	(57,600)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
547,364	622,400	256,221	-	8,582	-	-	-	-	3,629,360	-	3,629,360
547,364	622,400	-	256,221	8,582	-	-	-	-	3,629,360	-	3,629,360
									-		-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	(4,952)	-	-	-	-	(4,952)	-	(4,952)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	230,256	-	-	-	-	-	-	230,256	-	230,256
17,611	-	-	(256,221)	-	-	-	-	-	(207,408)	-	(207,408)
-	-	-	(207,408)	-	-	-	-	-	(207,408)	-	(207,408)
17,611	-	-	(48,813)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
564,975	622,400	230,256	-	3,630	-	-	-	-	3,647,256	-	3,647,256

UNCONSOLIDATED STATEMENTS OF CASH FLOWS

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

Appendix:1-F

		Notes (Section V)	THOUSANDS OF TURKISH LIRA	
			CURRENT PERIOD 31/12/2011	PRIOR PERIOD 31/12/2010
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit before changes in operating assets and liabilities**		**138,610**	**305,235**
1.1.1	Interest received		295,332	309,686
1.1.2	Interest paid		(35,324)	(34,710)
1.1.3	Dividend received		-	-
1.1.4	Fees and commissions received		5,866	804
1.1.5	Other income		44,610	36,565
1.1.6	Collections from previously written-off loans and other receivables		32,211	9,758
1.1.7	Payments to personnel and service suppliers		(28,571)	(25,747)
1.1.8	Taxes paid		(972)	(1,465)
1.1.9	Other	2	(174,542)	10,344
1.2	**Changes in operating assets and liabilities**		**(1,599,408)**	**(625,461)**
1.2.1	Net (increase) / decrease in trading securities		(36,117)	(141,991)
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets		-	-
1.2.3	Net (increase) / decrease in due from banks		25,029	(15,999)
1.2.4	Net (increase) / decrease in loans		(4,523,940)	(246,881)
1.2.5	Net (increase) / decrease in other assets		(18,027)	3,881
1.2.6	Net increase / (decrease) in bank deposits		-	-
1.2.7	Net increase / (decrease) in other deposits		-	-
1.2.8	Net increase / (decrease) in funds borrowed		3,023,582	(219,506)
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	2	(69,935)	(4,965)
I.	**Net cash provided from banking operations**		**(1,460,798)**	**(320,226)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**381,889**	**(578,884)**
2.1	Cash paid for acquisition of associates, subsidiaries and joint ventures (Business Partners)		-	-
2.2	Cash obtained from disposal of associates, subsidiaries and joint ventures (Business Partners)		-	-
2.3	Purchases of property and equipment		(2,795)	(73)
2.4	Disposals of property and equipment		-	-
2.5	Cash paid for purchase of available-for-sale investments		(1,000)	-
2.6	Cash obtained from sale of available-for-sale investments		-	-
2.7	Cash paid for purchase of investment securities		(253,515)	(1,116,570)
2.8	Cash obtained from sale of investment securities		639,199	537,759
2.9	Other	2	-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash provided from financing activities**		**744,924**	**(284,888)**
3.1	Cash obtained from funds borrowed and securities issued		952,332	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(207,408)	(284,888)
3.5	Payments for finance leases		-	-
3.6	Other	2	-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	2	**140,427**	**(4,676)**
V.	**Net increase in cash and cash equivalents**		**(193,558)**	**(1,188,674)**
VI.	**Cash and cash equivalents at the beginning of the year**	1	**860,471**	**2,049,145**
VII.	**Cash and cash equivalents at the end of the year**	1	**666,913**	**860,471**

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

UNCONSOLIDATED PROFIT APPROPRIATION STATEMENT

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

Appendix:1-F

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD 31/12/2011	PRIOR PERIOD 31/12/2010
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	**234,955**	**261,450**
1.2	TAXES AND DUTIES PAYABLE (-)	4,699	5,229
1.2.1	Corporate Tax (Income tax)	-	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	4,699	5,229
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**230,256**	**256,221**
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	12,811
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**230,256**	**243,410**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	20,498
1.6.1	To Owners of Ordinary Shares	-	20,498
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	3,000
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	183,910
1.9.1	To Owners of Ordinary Shares	-	183,910
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	17,611
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES (-)	-	18,391
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION OF RESERVES**		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE**		
3.1	TO OWNERS OF ORDINARY SHARES	0.115	0.128
3.2	TO OWNERS OF ORDINARY SHARES (%)	12	13
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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

SECTION THREE

ACCOUNTING POLICIES

I- Explanations on the basis of presentation:

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

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

b- Accounting policies and valuation principles applied in the preparation of the financial statements:

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

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

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

d- Explanation for convenience translation into English:

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

II- Explanations on strategy of using financial instruments and explanations on foreign currency transactions:

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

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

As of 31 December 2011, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL1.9141 for US dollar ("US$"), TL2.4730 for EUR, TL2.4654 for 100 JPY and TL2.9506 for GBP.

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

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

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

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

As at 31 December 2011, the net fair value of the Bank's derivative instruments is TL(7,422) thousand (31 December 2010: TL(23,279) thousand).

IV- Explanations on interest income and expense:

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

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

Interest income and expense are represented at their book values.

V- Explanations on fee and commission income and expenses:

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

VI- Explanations on financial assets:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VII- Explanations on impairment of financial assets:

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

VIII- Explanations on offsetting financial instruments:

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

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

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

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

The Bank has no assets held for sale and discontinued operations at 31 December 2011.

XI- Explanations on goodwill and other intangible assets:

The Bank has no goodwill at 31 December 2011 and 2010.

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

XII- Explanations on property and equipment:

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

The depreciation rates are as follows:

Buildings : 2-3%

Furniture, fixtures and vehicles: 6-33%

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

There are no pledges, mortgages or any other contingencies and commitments over property and equipment that restrict their usage.

The Bank does not expect any changes in accounting estimates that will have a material impact in future periods in relation with the property and equipment.

XIII- Explanations on leasing transactions:

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

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

XIV- Explanations on provisions and contingent liabilities:

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

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

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

XV- Explanations on obligations related to employee rights:

Under the Turkish Labor Law, the Bank is required to pay a specific amount to employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labor Law. Accordingly, the reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from the liability of the Bank to pay termination benefits to each employee who has retired or completed at least one year of service and whose employment is terminated without due cause, is called up for military service or dies.

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19"). As of 31 December 2011, the calculated employment termination obligation amounts to TL11,560 thousand.

For the year ending 31 December 2011, the Bank also provided a 100% provision for vacation pay liability relating to prior periods amounting to TL6,802 thousand.

XVI- Explanations on taxation:

According to Act number 3332 and article 4/b of Act number 3659, dated 25 March 1987 and 26 September 1990, respectively, the Bank is exempt from Corporate Tax. Due to the 3rd Article of 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.

XVII- Explanations on borrowings:

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

In October 2011, the Bank issued bonds worth US$500 million (TL957,050 thousand). The bond is subject to annual fixed interest payment of 5.37% every six months and the total maturity is five years.

XVIII- Explanations on issuance of share certificates:

The Bank has not issued shares in the current year and accordingly there is no cost related to such a transaction. As the Bank's total paid-in capital is owned by Turkish Treasury, there is no cost related to share issuance. Profit appropriation of the Bank is resolved at the General Assembly meeting. As of the date of this report, the General Assembly meeting on 2011 has not been held.

XIX- Explanations on avalized drafts and acceptances:

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

XX- Explanations on government grants:

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

XXI- Explanations on segment reporting:

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

XXII- Explanations on other issues:

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

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

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

XXIII- Explanations on profit reserves and profit appropriation:

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

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

In accordance with the approval of the Board of Directors of the Bank with decision number 15 and the approval of the relevant Ministry of State possessing the powers of General Assembly in accordance with the article 2 of the Bank's Articles of Association and approval of the BRSA dated 11 March, 2011; it is decided to distribute year 2010 profit amounting to TL256,221 thousand, as dividend amounting to TL207,408 thousand, as extraordinary reserves amounting to TL31,202 thousand and as legal reserves amounting to TL 17,611 thousand. Following this decision, the distribution has been performed and the resulting effects are shown in the statement of changes in shareholders' equity for the year ended 31 December 2011.

XXIV- Explanations on earnings per share:

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

	Current Period 31 December 2011	Prior Period 31 December 2010
Distributable Net Profit to Common Shares	230,256	256,221
Average Number of Issued Common Shares (Thousand)	2,000,000	2,000,000
Earnings Per Share	0.11513	0.12811

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

As of 31 December 2011, the Bank has not issued bonus shares (31 December 2010: None).

XXV- Explanations on related parties:

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

XXVI- Explanations on cash and cash equivalents:

Cash and cash equivalents taken as basis for the preparation of cash-flow statements are explained in the Turkish Accounting Standards for Cash Flow Statements ("TMS 7") and include cash equivalents and other assets held for short-term cash liabilities, but not used for investment or other purposes. In order for an asset to be treated as cash equivalent, it should be possible to convert it into cash, the value of which can be definitely assessed, and the risk of change in its value should be trivial. Accordingly, investments whose maturity equals three months or less are deemed as cash-equivalent investment. Investments made in securities that represent equity capital cannot be deemed as cash equivalent, other than special cases where preference shares which are acquired at a date closer to their maturity and carry a specific redemption date are discussed.

XVII- Reclassifications:

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

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I- Explanations on capital adequacy ratio:

As of the balance sheet date, the capital adequacy ratio of the Bank is 95.91%.

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

Information related to capital adequacy ratio: TL Thousand, %

	Risk Weights						
	Bank						
	0%	10%	20%	50%	100%	150%	200%
Amount Subject to Credit Risk	-	-	**1,679,974**	**18,359**	**782,498**	**681**	**3,572**
Balance Sheet Items (Net)	**839,787**	-	**8,383,588**	**36,719**	**55,764**	**454**	**1,786**
Cash	12	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey (“CBRT”)	25,631	-	-	-	-	-	-
Domestic, Foreign Banks, Foreign Head Offices and Branches	-	-	516,902	-	-	-	-
Interbank Money Market Placements	124,368	-	-	-	-	-	-
Receivables from Reverse Repurchase Transactions	-	-	-	-	-	-	-
Reserve Requirements with the CBRT	-	-	-	-	-	-	-
Loans	158,496	-	7,826,549	18,887	160	454	1,786
Non-Performing Receivables (Net)	-	-	-	-	-	-	-
Lease Receivables	-	-	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	11,295	-	-
Held-to-maturity Investments	488,909	-	-	-	-	-	-
Receivables from the Disposal of Assets	-	-	-	-	-	-	-
Miscellaneous Receivables	-	-	-	-	22,036	-	-
Interest and Income Accruals	41,725	-	40,137	17,832	6	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	-	-	-	-
Fixed Assets	-	-	-	-	8,891	-	-
Other Assets	646	-	-	-	13,376	-	-
Off-balance Sheet Items	-	-	**16,282**	-	**726,734**	-	-
Non-cash loans and commitments	-	-	-	-	726,734	-	-
Derivative Financial Instruments	-	-	16,282	-	-	-	-
Non-risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	**839,787**	-	**8,399,870**	**36,719**	**782,498**	**454**	**1,786**

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

Summary information related to capital adequacy ratio:

	Bank	
	Current Period 31.12.2011	**Prior Period 31.12.2010**
Amount Subject to Credit Risk (ASCR)	2,485,084	1,286,182
Amount Subject to Market risk (ASMR)	591,400	436,150
Amount Subject to Operational Risk (ASOR)	788,717	857,835
Shareholders' Equity	3,707,227	3,684,564
Shareholders' Equity/(ASCR+ASMR+ASOR) *100	95,91%	142.80%

Information about shareholders' equity items:

	Current Period 31.12.2011	**Prior Period 31.12.2010**
CORE CAPITAL		
Paid-in capital	2,000,000	2,000,000
Nominal capital	2,000,000	2,000,000
Capital commitments (-)	-	-
Inflation Adjustment to Share Capital	599,657	599,657
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	225,995	194,793
First legal reserve (Turkish Commercial Code 466/1)	123,587	136,235
Second legal reserve (Turkish Commercial Code 466/2)	102,227	58,377
Other legal reserves per special legislation	181	181
Status Reserves	-	-
Extraordinary Reserves	587,718	570,107
Reserves allocated by the General Assembly	587,718	570,107
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves	-	-
Profit	230,256	256,221
Net income for the period	230,256	256,221
Prior period profit	-	-
Provisions for Probable Risks up to 25% of Core Capital	14,218	40,935
Profit on Disposal of Associates, Subsidiaries and Immovables	-	-
Primary Subordinated Loans up to 15% of Core Capital.	-	-
Uncovered Portion of Loss with Reserves (-)	-	-
Net loss for the period	-	-
Prior period loss	-	-
Leasehold Improvements (-)	-	-
Prepaid Expenses (-)	-	4,729
Intangible Assets (-)	566	390
Deferred Tax Asset Amount Exceeding 10% of Core Capital (-)	-	-
Limit Exceeding Amount regarding the Third Clause of the Article 56 of the Law (-)	-	-
Total Core Capital	**3,657,278**	**3,656,594**

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

	Current Period 31.12.2011	Prior Period 31.12.2010
SUPPLEMENTARY CAPITAL		
General Provisions	48,315	24,108
45% of the Movables Revaluation Fund	-	-
45% of the Immovables Revaluation Fund	-	-
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-	-
Primary Subordinated Loans that are not Considered in the Calculation of Core Capital	-	-
Secondary Subordinated Loans	-	-
45% of Marketable Securities Valuation Fund	1,634	3,862
From Investments in Associates and Subsidiaries	-	-
From Available-for-Sale Financial Assets	1,634	3,862
Inflation Adjustment to Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	49,949	27,970
TIER III CAPITAL	**-**	**-**
CAPITAL	**3,707,227**	**3,684,564**
DEDUCTIONS FROM CAPITAL	**-**	**-**
Investments in Unconsolidated Financial Institutions (Foreign) and Banks in which 10% or more equity interest exercised	-	-
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest exercised and that exceeds the 10% and more of the total core and supplementary capital of the Bank	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments of a Primary or Secondary Subordinated Loan Nature, Purchased From Them	-	-
Loans Extended as Contradictory to the Article 50 and 51 of the Law	-	-
Excess of 50% of the Bank's Immovables' Total Net Book Value and Net Book Value of Immovables Obtained Against Bank's Receivables that Must be Disposed According to Article 57 of the Banking Law which Could not be Disposed Although Five Years Have Passed Since the Acquisition Date	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	**3,707,227**	**3,684,564**

The alterations according to "Communiqué Related to Amendment on the Communiqué Related to Bank Equities" published in the Official Gazette No.27870 dated 10 March 2011 were reflected to the explanations and notes stated above about Capital Adequacy Standard Ratio.

II- Explanations on credit risk:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Although as of 31 December 2011 the Bank does not have restructured loans under the standard loans and other receivables account, the Bank has restructured loans under close monitoring account amounting TL70.432 thousand. These loans are classified in accordance with the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette dated 1 November 2006, No.26333.

Impairment and Provisioning Policies

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

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

As of 31 December 2011, the Bank has cancelled and removed the provision amounting to TL29,375 it allocated for possible risks at the rate of 1.50% for the short-, medium- and long-term credits (except for the short-term, fund-based credits, and medium- and long-term country credits) by taking into account the guarantee structure it established for the credits it provided and the general provision amount within the framework of the Executive Committee Decision dated 24 December 2007.

The proportion of the Bank’s top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 84% and 95% as of 31 December 2011 and 2010, respectively.

In accordance with the decision of Executive Committee, as there has been no improvement in the collection of the receivables amounting to US$4,868,428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarme and Ministry of Defense under the scope of Russian Federation Deferred Loan, the Bank has provided 100% impairment provision of the TL equivalent amounting to TL 9,319 thousand (31 December 2010: TL7,505 thousand) as of 31 December 2011.

As of 31 December 2011, the Bank booked provisions amounting to TL4,900 thousand (31 December 2010: TL4,055 thousand) considering probable compensation payments in relation to the insured export receivables.

The general loan loss provision for the credit risk undertaken by the Bank amounts to TL69,285 thousand (31 December 2010: TL24,108 thousand). The Bank has provided a general loan loss provision according to temporary article 1 that includes the implementation for general loan loss provision of the regulation “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No.26333 dated 1 November 2006. The temporary article of the Communiqué’ states that general loan loss provision calculated on the last day of the month before this regulation is in issue over the excess amounts of performing and close-monitoring cash loans and letters of guarantee, bank acceptances and other non-cash loans in accordance with the rates specified at the first paragraph of article numbered 7 of the same Communiqué’. For other circumstances stated rates are used as (0.5%) and (0.1%) respectively for cash and non-cash loans’ general provision calculations. The rates used by the Bank to calculate general loan loss provision in accordance with “Communiqué Related to Amendment on the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No.26779 dated 6 February 2008 which amends article 7 of the same Communiqué’, are as follows:

a) 1% of total performing cash loans and 0.2% of total of letters of guarantee, bank acceptances and other non-cash loans,

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

The Bank calculated a provision of 5% for the Second Group of Closely Monitored Loans and Other Receivables, whose payment plans have changed within the framework of the “Regulation on the Amendment to the Regulation Pertaining to the Procedures and Principles on Determining the Characteristics of the Loans and other Receivables by the Banks and the Reserves that would be Set Aside for Them”, which was promulgated in Official Gazette No. 24947, dated 28 May 2011. There is no change in the payment plans of any loan classified under the Bank’s standard loans.

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

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

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

	31 December 2011		31 December 2010	
	Corporate loans	Personnel loans	Corporate loans	Personnel loans
Standard loans	7,977,924	2,406	4,152,033	2,591
Loans under close monitoring	85,289	-	4,514	-
Loans under legal follow-up	114,853	-	120,776	-
Gross	**8,178,066**	**2,406**	**4,277,323**	**2,591**
Special provision	(114,853)	-	(120,776)	-
Net	**8,063,213**	**2,406**	**4,156,547**	**2,591**

As of 31 December 2011 and 2010, there are no past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

	31 December 2011	31 December 2010
Past due up to 30 days	279	4,479
Past due 30-60 days	724	8
Past due 60-90 days	84,286	27
Total	**85,289**	**4,514**

As of 31 December 2011 and 2010, the fair value of collaterals held for loans granted by the Bank are as follows:

	31 December 2011	31 December 2010
Loans under close monitoring	134,129	9,047
Loans under legal follow-up	663,598	599,140
Total	**797,727**	**608,187**

As of 31 December 2011, the bank does not have repossessed collaterals (31 December 2010: None).

Bank's loan rating system

Risk evaluation of Banks and other financial institutions:

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

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

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

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

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

As of 31 December 2011, loans granted by the Bank to domestic banks and other financial institutions amount to TL3,492,429 thousand (31 December 2010: TL1,987,088 thousand). The concentration level of the loans to Banks and other financial institutions customers in accordance with the defined financial analysis groups of the Bank are as follows:

		Current Period 31 December 2011	Prior Period 31 December 2010
	Rating Class	Concentration Level (%)	Concentration Level (%)
Low	1-2	54%	22%
Medium	3	24%	33%
High	4	22%	45%

The Risk Evaluation of Companies:

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

As of 31 December 2011 and 2010, the classification of the loans to Banks and other financial institutions and companies and individuals are as follows:

	31 December 2011		31 December 2010	
	Loans	Specific Provision (%)	Loans	Specific Provision (%)
Standard loans	97.55%	-	97.08%	-
Loans under close monitoring	1.04%	-	0.10%	-
Loans under legal follow-up	1.41%	100%	2.82%	100%
Total	100%	1.40%	100%	2.82%

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

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

	31 December 2011	31 December 2010
Banks	517,106	886,068
Interbank Money Market Placements	124,591	-
Loans to Domestic Banks and Other Financial Institutions	3,492,429	1,987,088
Loans to Foreign Banks and Other Financial Institutions	138,681	71,342
Loans to Companies and Individuals	4,434,509	2,100,708
Financial Assets at Fair Value Through Profit or Loss	342,935	308,488
Trading Derivative Financial Assets	15,895	1,885
Held-to-Maturity Investments	511,436	891,703
Other Assets	24,630	20,289
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	518,997	1,078,703
Commitments	1,000	2,000
Total	**10,122,209**	**7,348,274**

As of 31 December 2011 and 2010, the distribution of credit risk according to geographical concentration and users:

	Individual and Corporate Loans		Loans to Banks and Other Financial Institutions		Marketable Securities(**)		Other Loans(***)	
	Current Period 31.12.2011	Prior Period 31.12.2010	Current Period 31.12.2011	Prior Period 31.12.2010	Current Period 31.12.2011	Prior Period 31.12.2010	Current Period 31.12.2011	Prior Period 31.12.2010
Sectoral distribution	**4,434,509**	**2,100,708**	**3,631,110**	**2,058,430**	**865,666**	**1,215,393**	**1,190,924**	**1,973,743**
Private Sector	4,432,103	2,098,117	-	-	11,295	15,202	525,753	1,085,673
Public Sector	-	-	832,134(*)	445,891(*)	854,371	1,200,191	220,963	226,123
Banks	-	-	2,798,976	1,612,539	-	-	444,208	661,947
Individual Customers	2,406	2,591	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-
Geographical distribution	**4,434,509**	**2,100,708**	**3,631,110**	**2,058,430**	**865,666**	**1,215,393**	**1,190,924**	**1,973,743**
Domestic	4,434,509	2,100,708	3,492,429	1,987,088	865,666	1,215,393	1,121,024	1,665,052
European Union Countries	-	-	-	-	-	-	27,955	308,334
OECD Countries(****)	-	-	-	-	-	-	1,384	229
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	40,561	128
Other Countries	-	-	138,681	71,342	-	-	-	-
Total	**4,434,509**	**2,100,708**	**3,631,110**	**2,058,430**	**865,666**	**1,215,393**	**1,190,924**	**1,973,743**

(*) Includes country loans amounted TL138,681 thousand (31 December 2010: TL71,342 thousand) given to foreign government entities.
(**) Includes Trading Financial Assets, Available for Sale and Held to Maturity Securities.
(***) Includes the balances that is defined by loan in the 48th article of Law 5411 except for the ones classified in the first 3 columns of Uniform Chart of Accounts.
(****) OECD countries except for USA, Canada and EU Countries.

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

Information according to geographical concentration:

	Assets	Liabilities[4]	Non-Cash Loans	Capital Expenditures[3]	Net income
Current Period 31.12.2011					
Domestic	9,451,482	7,434,964	518,997	-	230,256
European Union Countries	27,955	1,345,351	-	-	-
OECD Countries[1]	1,384	2,012	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	40,561	768,487	-	-	-
Other Countries	138,681	109,249	-	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities[2]	-	-	-	-	-
Total	**9,660,063**	**9,660,063**	**518,997**	-	**230,256**
Prior Period 31.12.2010					
Domestic	5,909,120	5,601,204	1,078,703	-	256,221
European Union Countries	308,334	407,039	-	-	-
OECD Countries[1]	229	63,795	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	128	143,070	-	-	-
Other Countries	71,342	74,045	-	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities[2]	-	-	-	-	-
Total	**6,289,153**	**6,289,153**	**1,078,703**	**-**	**256,221**

(1) OECD Countries other than EU countries, USA and Canada.
(2) Assets and liabilities that could not be distributed on a consistent basis.
(3) Not included under the column of Assets.
(4) Includes net profit.

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

Sectoral concentrations for cash loans:

	Current Period 31 December 2011				Prior Period 31 December 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**16,380**	**0.63**	**122,027**	**2,23**	**3,042**	**0.22**	**21,753**	**0.79**
Farming and Raising Livestock	16,380	0.63	121,291	2,22	3,042	0.22	21,659	0.79
Forestry	-	-	159	-	-	-	-	-
Fishing	-	-	577	0,01	-	-	94	-
Manufacturing	**632,322**	**24.32**	**3,104,481**	**56,80**	**245,586**	**17.53**	**1,066,708**	**38.68**
Mining	105,704	4.07	96,802	1,77	5,081	0.36	38,860	1.41
Production	526,618	20.26	3,007,679	55,02	240,505	17.17	1,027,848	37.27
Electric, Gas and Water	-	-	-	-		-	-	-
Construction	**162,324**	**6.24**	**224,271**	**4,10**	**91,500**	**6.53**	**682,777**	**24.76**
Services	**1,767,334**	**67.98**	**1,924,647**	**35,22**	**1,057,676**	**75.49**	**980,411**	**35.55**
Wholesale and Retail Trade	33,145	1.28	80,202	1,47	-	-	31,656	1.15
Hotel Food and Beverage Services	11,634	0.45	50,050	0,92	283	0.02	4,255	0.15
Transportation and Telecommunication	9,930	0.38	14,591	0,27	4,565	0.33	10,240	0.37
Financial Institutions	1,712,625	65.88	1,779,804	32,56	1,052,828	75.14	934,260	33.87
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	**21,235**	**0.82**	**90,598**	**1,65**	**3,297**	**0.24**	**6,388**	**0.23**
Total	**2,599,595**	**100.00**	**5,466,024**	**100,00**	**1,401,101**	**100,00**	**2,758,037**	**100,00**

III- Explanations on market risk

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

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

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

Sensitivity Tests:

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

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

a) Information on market risk

	Amount
(I) Capital to be Employed for General Market Risk - Standard Method	4,547
(II) Capital to be Employed for Specific Risk - Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	42,765
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	47,312
(IX) Amount Subject to Market Risk (12.5xVIII) or (12.5xVII)	591,400

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

	Current Period 31 December 2011			Prior Period 31 December 2010		
	Average	**Maximum**	**Minimum**	**Average**	**Maximum**	**Minimum**
Interest Rate Risk	5,448	8,058	3,914	3,781	5,371	3,097
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	33,383	42,765	30,664	28,184	35,238	22,352
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Operational Risk	-	-	-	-	-	-
Total Amount Subject to Risk	485,387	635,287	432,224	399,550	491,838	410,688

IV- Explanations on operational risk

The Bank calculates the amount subject to operational risk amounting to TL788,717 thousand with the basic indicator method in accordance with the Section IV and article 15 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated 1 November 2006.

V- Explanations on currency risk

The Bank's foreign exchange position is followed daily, and the transactions are performed in accordance with the expectations in the market and within the limits determined by the Risk Management Principles approved by the Board of Directors of the Bank. The basic principle for foreign currency assets and liabilities is to secure a balance between currency type, maturity and interest type. For this purpose, borrowing strategies are determined in accordance with the Bank's asset structure to the extent possible. When this determination is not possible, the Bank aims to change the asset structure or utilize derivative instruments such as cross currency (currency and interest) and currency swaps. Main currencies of the Bank's assets are US$ and EUR and the funding currencies of these assets are US$ and EUR. As of 31 December 2011, there are long-term interest rate swaps amounting to US$21,000,000. There are also short-term currency swaps for liquidity and currency risk purposes amounting to EUR135,000,000, JPY271,705,000 and US$399,046,630 against TL327,903 thousand. As of August 2011, forward purchase-sale transactions were initiated in order to finance the Pre-shipment Rediscount Credits made available by the Turkish Central Bank rediscount credits and to protect them from foreign exchange rate risk. The balance of these transactions as of 31 December 2011 is USD212,279,510 and TL125,962,000 in forward purchase transactions, and USD66,717,100 and TL397,261,000 in forward sales transactions.

Policy on foreign currency risk management:

The Bank has followed a balanced policy of assets and liabilities with respect to currency risk during the year. As of 31 December 2011, the net foreign currency position/shareholders' equity ratio is 0.03%.

Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

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

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

	26.12.2011	27.12.2011	28.12.2011	29.12.2011	30.12.2011
US$	1.8875	1,8859	1.8950	1.9084	1.9141
AUD	1.9181	1.9149	1.9278	1.9256	1.9430
DKK	0.3317	0.3316	0.3332	0.3317	0.3327
SEK	0.2742	0.2755	0.2767	0.2756	0.2763
CHF	2.0176	2.0164	2.0280	2.0233	2.0330
100 JPY	2.4199	2.4197	2.4357	2.4555	2.4654
CAD	1.8516	1.8466	1.8589	1.8657	1.8749
NOK	0.3165	0.3163	0.3178	0.3168	0.3178
GBP	2.9479	2.9529	2.9681	2.9443	2.9506
SAR	0.5033	0.5029	0.5053	0.5089	0.5104
EUR	2.4660	2.4651	2.4775	2.4666	2.4730
KWD	6.7749	6.7716	6.8043	6.8426	6.8606
XDR	2.9101	2.9077	2.9228	2.9439	2.9293
BGN	1.2605	1.2603	1.2668	1.2609	1.2642
IRR	0.0169	0.0169	0.0169	0.0170	0.0171
RON	0.5736	0.5733	0.5752	0.5743	0.5728
RUB	0.0606	0.0605	0.0599	0.0594	0.0595

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

	DECEMBER 2011 AVERAGE
US$	1.8658
AUD	1.8894
DKK	0.3307
SEK	0.2724
CHF	2.0022
100 JPY	2.3968
CAD	1.8237
NOK	0.3170
GBP	2.9111
SAR	0.4975
EUR	2.4581
KWD	6.7075

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

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

Current Period 31 December 2011	EUR	US$	JPY	Other FC	Total
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	24,759	-	-	-	24,759
Banks	78,538	78,986	1,384	1,789	160,697
Financial Assets at Fair Value Through Profit or Loss	-	41,580	3	-	41,583
Interbank Money Market Placements	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	-
Loans(1)	1,199,808	4,229,963	8,296	6,404	5,444,471
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Held-to-maturity Investments	-	45,364	-	-	45,364
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets(1)	8,954	14,361	-	15	23,330
Total Assets	**1,312,059**	**4,410,254**	**9,683**	**8,208**	**5,740,204**
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Funds From Interbank Money Market	175,464	-	-	-	175,464
Funds Borrowed From Other Financial Institutions	1,471,062	2,815,481	-	-	4,286,543
Marketable Securities Issued	-	960,419	-	-	960,419
Miscellaneous Payables	6,220	23,980	-	-	30,200
Other Liabilities(1)	247	221,747	-	-	221,994
Total Liabilities	**1,652,993**	**4,021,627**	**-**	**-**	**5,674,620**
Net on Balance Sheet Position	**(340,934)**	**388,627**	**9,683**	**8,208**	**65,584**
Net off Balance Sheet Position	**333,855**	**(404,802)**	**6,699**	**-**	**(64,248)**
Financial Derivative Assets	333,855	446,520	6,699	-	787,074
Financial Derivative Liabilities	-	851,322	-	-	851,322
Non-Cash Loans	719	518,278	-	-	518,997
Prior Period 31 December 2010					
Total Assets	1,006,896	1,549,055	11,999	6,555	2,574,505
Total Liabilities	996,626	908,483	-	-	1,905,109
Net on Balance Sheet Position	**10,270**	**640,572**	**11,999**	**6,555**	**669,396**
Net off Balance Sheet Position	**(10,284)**	**(638,076)**	**-**	**-**	**(648,360)**
Financial Derivative Assets	30,852	46,248	-	-	77,100
Financial Derivative Liabilities	41,136	684,324	-	-	725,460
Non-Cash Loans	209,152	869,551	-	-	1,078,703

(1) As of 31 December 2011, the principal of the Iraq loan amounting to TL21,156 thousand, its accrual amounting to TL397 thousand and the liability of TL11,578 thousand are not included in the above table as the risk belongs to the Turkish Treasury.

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

The effect of Bank's currency positions as of 31 December 2011 and 2010 on net profit and equity under the assumption of devaluation of TL against other currencies by 10 % with all other variables held constant is as follows:

	31 December 2011		31 December 2010	
	Gain/(Loss) Effect	Effect on Equity(*)	Gain/(Loss) Effect	Effect on Equity(*)
US$	33,205	33,218	(1,194)	(1,176)
EUR	(34,093)	(34,093)	1,027	1,027
JPY	968	968	1,200	1,200
Other currencies	822	822	656	655
Total, net	**902**	**915**	**1,689**	**1,706**

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

As of 31 December 2011 and 2010, the effect of the appreciation of TL by 10 % against other currencies with all other variables held constant on net profit and equity of the Bank is the same as the total amount with a negative sign as presented in the above table.

VI- Explanations on interest rate risk

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

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

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

As of 31 December 2011, the Bank tried to balance the fixed rate assets with the floating rate liabilities using the two long-term interest rate swaps denominated in US$.

In addition, as of 31 December 2011, there are 10 TL-FC and 9 FC-FC outstanding short - term swap transactions and there are also 87 FC-TL and 27 TL-FC outstanding forward transactions of the Bank.

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

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

(Periods remaining to reprising dates)

Current Period 31.12.2011	Up to 1 Month	1 - 3 Months	3 - 12 Months	1- 5 Years	Over 5 Year	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	24,759	-	-	-	-	913	25,672
Banks	509,839	-	-	-	-	7,267	517,106
Financial Assets at Fair Value Through Profit/Loss	17,298	58,873	210,162	32,855	39,642	-	358,830
Interbank Money Market Placements	124,591	-	-	-	-	-	124,591
Available-for-sale Financial Assets	-	-	-	-	-	11,295	11,295
Loans	889,354	3,283,774	3,812,100	80,391	-	-	8,065,619
Held-to-maturity investments	99,440	125,355	196,179	90,462	-	-	511,436
Other Assets	-	-	-	-	-	45,514	45,514
Total Assets	**1,665,281**	**3,468,002**	**4,218,441**	**203,708**	**39,642**	**64,989**	**9,660,063**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	333,452	-	-	-	-	-	333,452
Miscellaneous Payables	-	111	7,349	-	-	35,019	42,479
Issued Marketable Securities	-	-	-	960,419	-	-	960,419
Funds Borrowed from other Financial Institutions	368,334	2,395,167	1,523,042	-	-	-	4,286,543
Other Liabilities(*)	20,319	15,881	215,169	3,630	-	3,782,171	4,037,170
Total Liabilities	**722,105**	**2,411,159**	**1,745,560**	**964,049**	-	**3,817,190**	**9,660,063**
Balance Sheet Long Position	943,176	1,056,843	2,472,881	-	39,642	-	4,512,542
Balance Sheet Short Position	-	-	-	(760,341)	-	(3,752,201)	(4,512,542)
Off-balance Sheet Long Position	478,886	611,269	150,783	-	-	-	1,240,938
Off-balance Sheet Short Position	(485,128)	(612,798)	(150,657)	-	-	-	(1,248,583)
Total Position	**936,934**	**1,055,314**	**2,473,007**	**(760,341)**	**39,642**	**(3,752,201)**	**(7,645)**

(*) In other liabilities line TL3,782,170 thousand at the "non-interest bearing" column, includes equity amounting to TL3,647,256 thousand and provisions amounting to TL131,865 thousand.

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

Average interest rates for monetary financial instruments %

	EUR	US$	JPY	TL
Current Period 31.12.2011				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	0.64	0.35	-	10.40
Financial Assets at Fair Value Through Profit/Loss	-	6.20	-	7.99
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans	2.76	1.67	2.60	7.48
Held-to-maturity Investments	-	6.77	-	8.89
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	5.38	-	-
Funds Borrowed from other Financial Institutions	2.50	0.75	-	-

As of 31 December 2011, 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 2011		31 December 2010	
	(+) %1	(-) %1	(+) %1	(-) %1
	Gain/(Loss) Effect	Gain/(Loss) Effect	Gain/(Loss) Effect	Gain/(Loss) Effect
TL	(1,618)	1,537	(3,101)	2,728
US$	1,933	(1,776)	3,167	(3,172)
EUR	616	(715)	496	(207)
Other currencies	32	(34)	46	(50)
Total effect of gain/(loss), net	**963**	**(988)**	**608**	**(701)**

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

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

(Periods remaining to reprising dates)

Prior Period 31.12.2010	Up to 1 month	3 Months	3-12 Months	1-5 Years	Over 5 Year	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	703	703
Banks	853,609	30,072	-	-	-	2,387	886,068
Financial Assets at Fair Value Through Profit or Loss	625	1,259	138,691	166,152	3,646	-	310,373
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	-	15,202	15,202
Loans	518,200	1,314,970	2,286,650	39,318	-	-	4,159,138
Held-to-maturity Investments	201,819	287,387	285,977	116,520	-	-	891,703
Other Assets	-	-	-	-	-	25,966	25,966
Total Assets	**1,574,253**	**1,633,688**	**2,711,318**	**321,990**	**3,646**	**44,258**	**6,289,153**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	7,378	-	-	7,927	15,305
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	742,285	863,422	-	-	-	-	1,605,707
Other Liabilities(*)	22,842	83,253	754,395	-	-	3,807,651	4,668,141
Total Liabilities	**765,127**	**946,675**	**761,773**	**-**	**-**	**3,815,578**	**6,289,153**
Balance Sheet Long Position	809,126	687,013	1,949,545	321,990	3,646	-	3,771,320
Balance Sheet Short Position	-	-	-	-	-	(3,771,320)	(3,771,320)
Off-balance Sheet Long Position	549,029	145,317	13,874	-	-	-	708,220
Off-balance Sheet Short Position	(568,217)	(143,369)	(13,874)	-	-	-	(725,460)
Total Position	**789,938**	**688,961**	**1,949,545**	**321,990**	**3,646**	**(3,771,320)**	**(17,240)**

(*) In other liabilities line TL3,807,651 thousand at the "non-interest bearing" column, includes equity amounting to TL3,629,360 thousand and provisions amounting to TL81,212 thousand.

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

Average interest rates for monetary financial instruments: %

	EUR	US$	JPY	TL
Prior Period 31.12.2010				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	0.6	0.44	-	6.43
Financial Assets at Fair Value Through Profit/Loss	-	7.05	-	8.35
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans	3.16	2.68	3.22	8.49
Held-to-maturity Investments	-	6.56	-	7.52
Liabilities	-	-	-	-
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Borrowed from other Financial Institutions	2.62	1.33	-	-

VII- Explanations on liquidity risk

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

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

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

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

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Year	Unallocated(*)	Total
Current Period 31.12.2011								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	913	24,759	-	-	-	-	-	25,672
Banks	7,267	509,839	-	-	-	-	-	517,106
Financial Assets at Fair Value Through Profit or Loss	-	17,298	58,873	210,162	32,855	39,642	-	358,830
Interbank Money Market Placements	-	124,591	-	-	-	-	-	124,591
Available-for-sale Financial Assets	11,295	-	-	-	-	-	-	11,295
Loans	-	722,175	2,839,794	3,862,867	640,783	-	-	8,065,619
Held-to-maturity Investments	-	74,726	105,638	77,893	164,583	88,596	-	511,436
Other Assets	-	-	-	-	-	-	45,514	45,514
Total Assets	**19,475**	**1,473,388**	**3,004,305**	**4,150,922**	**838,221**	**128,238**	**45,514**	**9,660,063**
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	368,334	1,892,253	1,627,566	79,269	319,121	-	4,286,543
Funds From Interbank Money Market	-	157,988	-	175,464	-	-	-	333,452
Marketable Securities Issued	-	-	-	-	960,419	-	-	960,419
Miscellaneous Payables	-	-	111	7,349	-	-	35,019	42,479
Other Liabilities(**)	-	20,319	15,881	40,920	131,991	45,888	3,782,171	4,037,170
Total Liabilities	**-**	**546,641**	**1,908,245**	**1,851,299**	**1,171,679**	**365,009**	**3,817,190**	**9,660,063**
Net Liquidity Gap	**19,475**	**926,747**	**1,096,060**	**2,299,623**	**(333,458)**	**(236,771)**	**(3,771,676)**	**-**
Prior Period 31.12.2010								
Total Assets	**18,292**	**1,330,599**	**1,392,533**	**2,804,057**	**637,134**	**80,572**	**25,966**	**6,289,153**
Total Liabilities	**-**	**22,566**	**679,467**	**1,409,031**	**136,769**	**225,742**	**3,815,578**	**6,289,153**
Net Liquidity Gap	**18,292**	**1,308,033**	**713,066**	**1,395,026**	**500,365**	**(145,170)**	**(3,789,612)**	**-**

(*) Assets and liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as property and equipment and intangible assets, investments, subsidiaries, office supply inventory, prepaid expenses, miscellaneous receivables and other assets and shareholders' equity, provisions and miscellaneous payables, are classified in this column.
(**) In other liabilities line amount of TL3,782,171 thousand at the "unallocated" column, includes the shareholders' equity amounting to TL3,647,256 thousand and provisions amounting to TL131,865 thousand.

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

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

31 December 2011	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	368,334	1,897,027	1,666,466	213,708	409,303	-	4,554,838
Funds borrowed from Interbank money market	158,824	-	175,741	-	-	-	334,565
Marketable securities issued	-	-	67,754	1,506,040	-	-	1,573,794
Miscellaneous payables	-	111	7,349	-	-	35,019	42,479
Other liabilities	20,319	15,881	41,081	135,457	48,287	3,782,171	4,043,196
Total liabilities	**547,477**	**1,913,019**	**1,958,391**	**1,855,205**	**457,590**	**3,817,190**	**10,548,872**
Guarantees and commitments	**-**	**95**	**518,902**	**-**	**-**	**-**	**518,997**

31 December 2010	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	10,419	210,174	1,238,964	24,432	192,261	-	1,676,250
Funds borrowed from Interbank money market	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-
Miscellaneous payables	-	-	7,378	-	-	7,927	15,305
Other liabilities	22,566	79,824	588,525	110,233	64,989	3,807,650	4,673,787
Total liabilities	**32,985**	**289,998**	**1,834,867**	**134,665**	**257,250**	**3,815,577**	**6,365,342**
Guarantees and commitments	**105,122**	**402,692**	**570,889**	**-**	**-**	**-**	**1,078,703**

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

The undiscounted cash inflows and outflows of derivatives as at 31 December 2011 and 2010:

31 December 2011	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	600,382	608,005	-	-	-	1,208,387
- Inflow	593,073	607,669	-	-	-	1,200,742
Interest rate derivatives						
- Outflow	211	1,318	1,529	6,802	-	9,860
- Inflow	135	577	832	3,403	-	4,947
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	**600,593**	**609,323**	**1,529**	**6,802**	-	**1,218,247**
Total inflow	**593,208**	**608,246**	**832**	**3,403**	-	**1,205,689**

31 December 2010	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	554,353	114,078	29,800	-	-	668,432
- Inflow	545,946	116,026	-	-	-	661,972
Interest rate derivatives						
- Outflow	112	458	953	5,450	-	6,973
- Inflow	170	1,062	1,856	7,941	-	11,028
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	**554,465**	**114,536**	**30,753**	**5,450**	**-**	**675,405**
Total inflow	**546,116**	**117,088**	**1,856**	**7,941**	**-**	**673,000**

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

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

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

(i) Financial assets

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

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

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

(ii) Financial liabilities

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

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

	Carrying Value		Fair Value	
	Current Period 31.12.2011	**Prior Period 31.12.2010**	**Current Period 31.12.2011**	**Prior Period 31.12.2010**
Financial Assets				
Due From Interbank Money Market(*)	124,591	-	124,591	-
Banks(*)	517,106	886,068	517,106	886,068
Available-for-sale Financial Assets	11,295	15,202	11,295	15,202
Held-to-maturity Investments	511,436	891,703	513,720	900,459
Loans	8,065,619	4,159,138	8,462,829	4,164,999
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,827,748	1,798,712	4,843,415	1,809,631
Issued Marketable Securities	960,419	-	965,280	-
Miscellaneous Payables	42,479	15,305	42,479	15,305

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

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

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

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

X- Explanations on operating segments

Information regarding operating segments as of 31 December 2011 and 2010 has been given in the following table:

	Corporate Banking	Investment Banking	Other	Total Operations of the Bank's
Current Period 31.12.2011				
Operating profits	220,074	82,470	82,777	385,321
Operating income	**220,074**	**82,470**	**82,777**	**385,321**
Segment net profit	101,740	128,516	-	230,256
Operating profit	101,740	128,516	-	230,256
Share of results of associates	-	-	-	-
Profit before tax	101,740	128,516	-	230,256
Income tax expense	-	-	-	-
Profit for the period	**101,740**	**128,516**	**-**	**230,256**
Segment assets	8,081,513	1,533,035	45,515	9,660,063
Investment in associates and subsidiaries	-	-	-	-
Unallocated assets	-	-	-	-
Total assets	**8,081,513**	**1,533,035**	**45,515**	**9,660,063**
Segment liabilities	5,870,974	3,630	-	5,874,604
Shareholders' Equity	-	-	-	3,647,256
Unallocated liabilities	-	-	-	138,203
Total liabilities	**5,870,974**	**3,630**	**-**	**9,660,063**
Other segment items	**-**	**-**	**-**	**-**
Capital investment	-	-	-	2,307
Depreciation	-	-	-	1,051

	Corporate Banking	Investment Banking	Other	Total Operations of the Bank's
Prior Period 31.12.2010				
Operating profits	130,670	167,893	42,466	341,029
Operating income	**130,670**	**167,893**	**42,466**	**341,029**
Segment net profit	77,801	178,418	2	256,221
Operating profit	77,801	178,418	2	256,221
Share of results of associates	-	-	-	-
Profit before tax	-	-	-	256,221
Income tax expense	-	-	-	-
Profit for the period	**77,801**	**178,418**	**2**	**256,221**
Segment assets	4,161,022	2,102,166	25,965	6,289,153
Investment in associates and subsidiaries	-	-	-	-
Unallocated assets	-	-	-	-
Total assets	**4,161,022**	**2,102,166**	**25,965**	**6,289,153**
Segment liabilities	2,560,002	8,582	-	2,568,584
Shareholders' Equity	-	-	-	3,620,778
Unallocated liabilities	-	-	-	99,791
Total liabilities	**2,560,002**	**8,582**	**-**	**6,289,153**
Other segment items	**-**	**-**	**-**	**-**
Capital investment	-	-	-	65
Depreciation	-	-	-	924

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

SECTION FIVE

INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets

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

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	**FC**	**TL**	**FC**
Cash/Foreign currency	12	-	21	-
CBRT	901	24,759	58	624
Other	-	-	-	-
Total	**913**	**24,759**	**79**	**624**

b) Information related to the account of the CBRT:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	**FC**	**TL**	**FC**
Demand Unrestricted Account	901	-	58	-
Time Unrestricted Account	-	24,759	-	624
Time Restricted Account	-	-	-	-
Total	**901**	**24,759**	**58**	**624**

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

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	**FC**	**TL**	**FC**
Share Certificates	-	-	-	-
Bills, Bonds and other marketable securities	247,270	-	92,680	-
Other	-	-	-	-
Total	**247,270**	**-**	**92,680**	**-**

Positive differences table related to trading derivative financial assets:

	Current Period 31.12.2011		Prior Period 31.12.2010	
Trading Derivative Financial Assets	**TL**	**FC**	**TL**	**FC**
Forward Transactions	15,883	-	-	-
Swap Transactions	-	12	1,717	168
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**15,883**	**12**	**1,717**	**168**

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

3. a) Information on banks accounts:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
Banks				
Domestic	356,409	114,895	483,505	95,737
Foreign	-	45,802	10,022	296,804
Head Quarters and Branches Abroad	-	-	-	-
Total	**356,409**	**160,697**	**493,527**	**392,541**

b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period 31.12.2011	Prior Period 31.12.2010	Current Period 31.12.2011	Prior Period 31.12.2010
European Union Countries	3,862	306,471	-	-
USA, Canada	40,556	126	-	-
OECD Countries[1]	1,384	229	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	**45,802**	**306,826**	-	**-**

[1] OECD countries except EU countries, USA and Canada.

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

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

As of 31 December 2011 and 2010, there are no available-for-sale marketable securities given as collateral.

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

	Current Period 31.12.2011	Prior Period 31.12.2010
Debt Securities	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates	11,295	15,202
Quoted to Stock Exchange	8,295	13,202
Not Quoted	3,000	2,000
Impairment Provision (-)	-	-
Total	**11,295**	**15,202**

As of 31 December 2011 and 2010, available for sale financial assets of the Bank consist of Garanti Faktoring Hizmetleri A.Ş. and Kredi Garanti Fonu A.Ş. with the shareholding percentages of 9.78% and 1.66%, respectively.

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

5. Information related to loans:

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

	Current Period 31.12.2011		Prior Period 31.12.2010	
	Cash	Non-cash Loans	Cash	Non-cash Loans
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	2,406	-	2,591	-
Total	**2,406**	-	**2,591**	-

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

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
Cash Loans	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	7,896,894	-	14,857	70,432
Discount and Purchase Notes	3,113,343	-	-	-
Export Loans	944,795	-	14,857	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	3,492,429	-	-	-
Foreign Loans	138,681	-	-	-
Consumer Loans	2,406	-	-	-
Credit Cards	-	-	-	-
Precious Metal Loans	-	-	-	-
Other	205,240	-	-	70,432
Specialized Loans	83,436	-	-	-
Other Receivables	-	-	-	-
Total	**7,980,330**	-	**14,857**	**70,432**

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	6,480,693	-	29,609	-
Non-specialized Loans	6,416,269	-	29,609	-
Specialized Loans	64,424	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables(*)	1,499,637	-	55,680	-
Non-specialized Loans	1,480,625	-	55,680	-
Specialized Loans	19,012	-	-	-
Other Receivables	-	-	-	-

(*) Loans extended with an original maturity of over one year are classified as "Medium and long-term loans".

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

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

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

As of 31 December 2011, the Bank granted personnel loans amounting to TL2,406 thousand.

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Consumer Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	37	2,369	2,406
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	37	2,369	2,406
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credit Deposit Account-TL (Real Person)	-	-	-
Credit Deposit Account-FC (Real Person)	-	-	-
Total	**37**	**2,369**	**2,406**

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

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

None.

f) Loans according to types of borrowers:

	Current Period 31.12.2011	Prior Period 31.12.2010
Public(*)	832,134	445,891
Private	7,233,485	3,713,247
Total	**8,065,619**	**4,159,138**

(*) Includes country loans granted to foreign government entities amounting to TL138,681 thousand (31 December 2010: TL71,342 thousand).

g) Distribution of domestic and foreign loans:

	Current Period 31.12.2011	Prior Period 31.12.2010
Domestic Loans	7,926,938	4,087,796
Foreign Loans	138,681	71,342
Total	**8,065,619**	**4,159,138**

h) Loans granted to investments in associates and subsidiaries:

None.

i) Specific provisions accounted for loans:

Specific provisions	Current Period 31.12.2011	Prior Period 31.12.2010
Loans and Receivables with Limited Collectability	-	5,884
Loans and Receivables with Doubtful Collectability	17,854	26,757
Uncollectible Loans and Receivables	96,999	88,135
Total	**114,853**	**120,776**

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

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

j) Information on non-performing loans (Net):

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period 31.12.2011			
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	-
Prior Period: 31.12.2010			
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Balance at the Beginning of the Period	5,884	26,757	88,135
Additions During the Period (+)	26,670	3,254	-
Transfers from Non-performing Loans Accounts (+)	-	5,846	9,412
Transfers to Other Non-Performing Loans Accounts (-)	(5,846)	(9,412)	-
Collections During the Period (-)	(26,708)	(6,773)	(548)
Write-offs (-)	-	(1,818)	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	(1,818)	-
Balance at the End of the Period	-	17,854	96,999
Specific Provisions (-)	-	(17,854)	(96,999)
Net Balance Sheet Amount	-	-	-

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	**Loans and Other Receivables with Doubtful Collectability**	**Uncollectible Loans and Other Receivables**
Current Period: 31.12.2011			
Balance at the End of the Period	-	17,039	84,691
Specific Provisions (-)	-	(17,039)	(84,691)
Net Balance Sheet Amount	-	-	-
Prior Period: 31.12.2010			
Balance at the End of the Period	5,884	17,200	83,846
Specific Provisions (-)	(5,884)	(17,200)	(83,846)
Net Balance Sheet Amount	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	**Loans and Other Receivables with Doubtful Collectability**	**Uncollectible Loans and Other Receivables**
Current Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross)	-	17,854	96,707
Specific Provision Amount (-)	-	(17,854)	(96,707)
Loans Granted to Real Persons and Corporate Entities	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount (-)	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior Period (Net)			
Loans Granted to Real Persons and Corporate Entities (Gross)	5,884	26,757	87,843
Specific Provision Amount (-)	(5,884)	(26,757)	(87,843)
Loans Granted to Real Persons and Corporate Entities (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount (-)	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

k) The main features of the collection policy for the uncollectible loans and other receivables:

In order to liquidate the problematic receivables, all possible alternatives are assessed to be able to collect the maximum amount in line with the current legislation. In case the receivable is not collected within the allowed period, the receivable is collected by compensating the collateral. In case the collateral is not adequate for liquidating the receivable, negotiations with the debtors are attempted. The legal process commences for the receivables for which collection, settlement or rescheduling is not possible.

The Bank obtains Current Account Letter of Undertaking of the Debtor for loans granted to financial sector and obtains Letter of Undertaking of the Company for loans granted to companies to secure the repayment of the loans granted. The Bank attempts to liquidate the receivables from banks who acted as an intermediary for loans granted and whose banking licenses are cancelled upon application to the Savings Insurance and Deposit Fund.

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

l) Explanations on the write-off policy:

Where sound indicators exist that would suggest that the collection of the Bank's foreign compensation receivables is almost impossible or that the costs to be incurred for the collection of the receivable amount would be higher than the amount of the receivable, the receivable amount is written-off from the assets upon the decision of the Executive Committee.

Write-off of the non performing loans and receivables is considered, during the legal follow-up process concerning the collection of receivables.

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

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

1 January 2011	**120,776**
Impairment provision	29,924
Amount recovered during the period	(34,029)
Written off	(1,818)
Foreign exchange differences	-
31 December 2011	**114,853**

1 January 2010	**103,498**
Impairment provision	31,712
Amount recovered during the period	(12,216)
Written off	(2,218)
Foreign exchange differences	-
31 December 2010	**120,776**

6. Held-to-maturity investments:

As of 31 December 2011, all of the marketable securities of the Bank classified under trading and held-to-maturity categories, are government bonds and treasury bills.

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

Held-to-maturity investments subject to repo transactions.

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	**FC**	**TL**	**FC**
Government bonds and similar marketable securities	106,128	-	-	-
Total	**106,128**	**-**	**-**	**-**

Held-to-maturity investments given as collateral/blocked:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	**FC**	**TL**	**FC**
Treasury Bills	-	-	15,448	-
Government bonds and similar marketable securities	136,946	45,364	90,505	50,862
Other	-	-	-	-
Total	**136,946**	**45,364**	**105,953**	**50,862**

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

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

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

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

	Current Period 31.12.2011	Prior Period 31.12.2010
Government Bonds	511,436	798,619
Treasury Bills	-	93,084
Other Public Debt Securities	-	-
Total	**511,436**	**891,703**

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

	Current Period 31.12.2011	Prior Period 31.12.2010
Debt Securities	511,436	891,703
Quoted to Stock Exchange	511,436	891,703
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	**511,436**	**891,703**

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

	Current Period 31.12.2011	Prior Period 31.12.2010
Balance at the Beginning of the Period	891,703	309,068
Foreign exchange differences on monetary assets	10,938	509
Purchases during the year	242,578	1,115,881
Disposals through sales and redemptions(*)	(639,199)	(537,579)
Interest Accruals	5,416	3,824
Impairment provision (-)	-	-
Balance at the End of the Period	511,436	891,703

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

7. Associates:

Information on unconsolidated investments in associates:

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

None.

a.2) Significant financial statement information of associates:

None.

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

None.

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

None.

b) Information on consolidated investments in associates:

There are no associates in the scope of consolidation.

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

8. Information on subsidiaries (net):

There is no subsidiary.

9. Information related to the jointly controlled partnerships:

None.

10. Information on lease receivables (net):

None.

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

None.

12. Explanations on property and equipment:

	Immovables	Tangibles-Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End: 31.12.2010					
Cost	16,487	318	538	9,332	26,675
Accumulated Depreciation (-)	9,764	259	538	8,791	19,352
Net Book Value	6,723	59	-	541	7,323
Current Period End: 31.12.2011					
Net Book Value at the Beginning of the Period	6,723	59	-	541	7,323
Additions	-	-	805	1,502	2,307
Disposals (-)	-	-	-	-	-
Impairment	-	-		-	-
Depreciation (-)	310	59	37	333	739
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	**16,487**	**318**	**1,343**	**10,834**	**28,982**
Accumulated Depreciation at Period End	**10,074**	**318**	**575**	**9,124**	**20,091**
Closing Net Book Value	**6,413**	**-**	**768**	**1,710**	**8,891**

	Immovables	Tangibles-Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End: 31.12.2009					
Cost	16,487	318	538	9,267	26,610
Accumulated Depreciation (-)	9,454	197	538	8,510	18,699
Net Book Value	7,033	121	-	757	7,911
Current Period End: 31.12.2010					
Net Book Value at the Beginning of the Period	7,033	121	-	757	7,911
Additions	-	-	-	65	65
Disposals (-)	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation (-)	310	62	-	281	653
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	**16,487**	**318**	**538**	**9,332**	**26,675**
Accumulated Depreciation at Period End	**9,764**	**259**	**538**	**8,791**	**19,352**
Closing Net Book Value	**6,723**	**59**	**-**	**541**	**7,323**

As of 31 December 2011 and 2010, there is no impairment in intangible assets.

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

13. Explanations on intangible assets:

The Bank has classified computer software licenses under intangible assets.

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

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

As of 31 December 2011, the cost and the accumulated amortization of intangible assets is TL1,668 thousand and TL1,102 thousand, respectively; at the beginning of the period the gross book value and the accumulated depreciation is TL1,179 thousand and TL789 thousand, respectively.

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

	Current Period 31.12.2011	Prior Period 31.12.2010
Net Book Value at the Beginning of the Period	390	654
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	488	7
Sales and Write-Off	-	-
Amounts Recorded under Revaluation Fund for Increase or Decrease in Value	-	-
Recorded Impairments in the Income Statement	-	-
Cancelled Impairments from Income Statement	-	-
Depreciation Expense (-)	312	271
Net Currency Translation Differences of Foreign Subsidiaries	-	-
Other Changes in the Book Value	-	-
Net Book Value at the End of the Period	566	390

14. Information on investment properties:

Bank does not have investment properties.

15. Information on deferred tax asset:

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

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

None.

17. Information on other assets:

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

II- Explanations and notes related to liabilities:

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

1. Information on maturity structure of the deposits:

The Bank does not accept deposits.

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

2. Information on trading derivative financial liabilities:

a) Table of negative differences for trading derivative financial liabilities:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
Forward Transactions	3,076	-	-	-
Swap Agreements	7,694	12,547	21,182	3,982
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**10,770**	**12,547**	**21,182**	**3,982**

As of 31 December 2011, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2010: None).

As of 31 December 2011, the Bank does not have deferred day one profits and losses (31 December 2010: None).

3. Information on borrowings:

a) Information on banks and other financial institutions:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
Borrowings from CBRT	-	3,062,815	-	688,732
From Domestic Banks and Institutions	-	162,171	-	104,043
From Foreign Banks, Institutions and Funds	-	1,061,557	-	812,932
Total	-	**4,286,543**	**-**	**1,605,707**

b) Information on maturity structure of borrowings:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
Short-Term	-	3,883,866	-	1,411,182
Medium and Long-Term	-	610,430	-	387,530
Total	-	**4,494,296**	**-**	**1,798,712**

Medium and long-term loans include subordinated loans amounting to TL207,368 thousand (31 December 2010: TL192,705 thousand) and interest accruals amounting to TL385 thousand (31 December 2010: TL300 thousand).

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

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

As of 31 December 2011, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

Funds Borrowed	Current Period 31.12.2011	Prior Period 31.12.2010
Syndicated loans (i)	408,590	618,407
Subordinated loans (ii)	207,753	193,005
World Bank (iii)	278,674	143,071
CBRT Loans (iv)	3,062,815	688,732
T.C Ziraat Bankası A.Ş. (v)	125,026	104,043
Demir Halkbank NV (vii)	62,414	-
European Investment Bank (vi)	124,003	51,454
Ziraat International AG (viii)	37,666	-
Mizuho Corporate Bank Ltd (ix)	62,389	-
ING Bank NV (x)	124,966	-
Total	**4,494,296**	**1,798,712**

i. The Bank, raised syndicated loan facilities at an amount EUR 165 million (TL 408,045 thousand) with a maturity of one year at 10 June 2011. As of 31 December 2011, total balance of these syndicated borrowings amount to TL408,590 thousand and accruals on these borrowings amount to TL545 thousand.

ii. As of 31 December 2011, 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 and the amount of the borrowing is TL207,368 thousand. The accrual on this funds borrowed amount to TL385 thousand the total balance amounts to TL207,753 thousand as of 31 December 2011.

iii. The outstanding balances of the two lines of credit from the World Bank as at 31 December 2011 amounts to TL246,886 thousand (equivalent of US$128,983 thousand) and TL31,323 thousand (equivalent of EUR 12,666 thousand). Total accrual on these borrowings amounts to TL465 thousand and the total amount of borrowing amounts to TL278,674 thousand.

iv. The Bank obtained credit from CBRT within the framework of "Short Term Export Receivables Discount Loan" and "Pre-shipment Rediscount Loan" programs amounting to TL3,062,815 thousand as at 31 December 2011.

v. As of 31 December 2011, the outstanding balance of the borrowing with a maturity of one year, obtained from T.C. Ziraat Bankası A.Ş. amounts to EUR50 million (TL123,650 thousand) and accrual on this borrowing amounts to TL1,376 thousand. The total amount of the borrowing is TL125,026 thousand.

vi. The Bank raised a loan facility from European Investment Bank at an amount EUR50 million (TL123,650 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 TL353 thousand and the total amount of the borrowing is TL124,003 thousand as at 31 December 2011.

vii. The Bank raised a loan facility from Demir Halkbank NV at an amount EUR25 million (TL61,825 thousand) with a total maturity of one year. Total accrual on this borrowing amounts to TL589 thousand and total amount of the borrowings is TL62,414 thousand.

viii. The Bank raised a loan facility from Ziraat International AG at an amount EUR15 million (TL37,095 thousand) with a total maturity of one year. Total accrual on this borrowing amounts to TL571 thousand and total amount of the borrowings is TL37,666 thousand.

ix. The Bank raised a loan facility from Mizuho Corporate Bank Ltd. at an amount EUR25 million (TL61,825 thousand) with a total maturity of one year. Total accrual on this borrowing amounts to TL564 thousand and total amount of the borrowings is TL62,389 thousand.

x. The Bank raised a loan facility from ING Bank NV at an amount EUR 50 million (TL123,650 thousand) with a total maturity of one year. Total accrual on this borrowing amounts to TL1,316 thousand and total amount of the borrowings is TL124,966 thousand.

The Bank performed the following repayments during the year 2011:

	Repayment Amount	Repayment Date
Subordinated Loan	US$8,333,000	15 April 2011
Subordinated Loan	US$8,333,000	15 October 2011
Ziraat Bankası	EUR50,000,000	18 February 2011
Club Loan - Syndicated Loan	EUR150,000,000	27 April 2011
Club Loan - Syndicated Loan	EUR150,000,000	2 December 2011

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

The liabilities of the Bank resulting from bond issuance as of 31 December 2011 are presented as follows.

Information regarding securities issued	Current Period 31.12.2011	Prior Period 31.12.2010
Securities Issued	957,050	-
Discount on Issuance of Securities (-)	4,718	-
Bond Interest Rediscounts	8,087	-
Total	**960,419**	-

In October 2011, the Bank issued bonds worth USD500 million (TL957 million). The bond is subject to annual fixed interest payment of 5.37% every six months and its total maturity is five years.

4. Information on other liabilities:

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

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
Turkish Treasury Current Account	**9,876**	**11,578**	**395,398**	**239,530**
Political Risk Loss Account	-	-	-	-
Iraq Loan followed on behalf of Turkish Treasury(*)	9,876	11,578	395,398	239,530
Other(**)	1,351	1,694	856	95,521
Total	**11,227**	**13,272**	**396,254**	**335,051**

(*) The TL amount under Turkish Treasury Current Account followed under 125-Short-term Fund Sourced Loans and 145-Medium Long term Fund Sourced Loans includes the foreign exchange differences calculated for the Iraq Loan whose risk has been transferred to the Turkish Treasury. The total FC amount under Turkish Treasury Current Account belongs to Iraq Loan.
(**) As of December 2011 and 2010, other-FC account includes the funds transferred from United Nations Compensation Commission ("UNCC") amounting to TL35 thousand against US$18 thousand (31 December 2010: TL7,864 thousand against US$5,101 thousand) and includes the overpayment of the country loans amounting to TL822 thousand (31 December 2010: TL438 thousand) whose settlement will be realized upon determination of the bases of the liquidation of the principal and interest of the country loans.

In addition, Law No. 6111 on restructuring some receivables became valid in 25 February 2011. This restructurion enabled restructuring of Iraq loans sourced by Development and Supporting Fund (DSF). TL99,566 thousand against US$61,586 thousand transferred from UNCC and suchlike sources and payments amounting to TL183,949 thousand against US$113,781 thousand and TL5,247 thousand against EUR2,241 thousand from firms whose loans are restructured were all transferred to Undersecreteriat of Treasury with respect to this valid law. While the interest amounts of the firms in pre-restructing were TL296,205 thousand against US$183,216 thousand, the interest amounts of these firms in post-restructing were TL104,586 thousand against US$64,691 thousand and TL191,619 thousand against US$118,525 thousand were cancelled by the Bank. The interest amounts of the firms not under restructing, which were TL12,479 thousand against US$7,719 thousand, were finalized with the amounts from UNCC and Rafidain Bank. The loans of the firms whose loans are not under restructing were removed from balance sheet at maturity. The amounts removed from the balance sheet are TL161,269 thousand against US$99,752 thousand and TL4,391 thousand against EUR1,875 thousand as of 31 December 2011. The Iraq Loan of TL634,928 thousand as of 31 December 2010 followed on behalf of Undersecreteriat of Treasury was materialized as TL21,454 thousand as of 31 December 2011 together with TL658,520 thousand as discount and collections and TL45,046 thousand as exchange rate difference in the context of restructuring.

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

Information on financial leasing agreements:

Explanations on liabilities arising from financial leasing transactions:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	**-**	**-**	**-**	**-**

6. Information on derivative financial liabilities used for hedging purposes:

None.

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

7. Information on provisions:

Information on general provisions:

	Current Period 31.12.2011	Prior Period 31.12.2010
General provisions	69,285	24,108
Provisions for Group I. Loans and Receivables	66,103	23,398
Provisions for Group II. Loans and Receivables	2,302	90
Provisions for Non Cash Loans	734	478
Other	146	142

The Bank calculated a provision of 5% for the Second Group of Closely Monitored Loans and Other Receivables, whose payment plans have changed within the framework of the "Regulation on the Amendment of the Regulation Pertaining to the Procedures and Principles on Determining the Characteristics of the Loans and other Receivables by the Banks and the Reserves that would be Set Aside for Them", which was promulgated in Official Gazette No. 24947, dated 28 May 2011. There is no change in the payment plans of any loans classified under of the Bank's standard loans. The table below presents this framework.

Second Group of Closely Monitored Loans and Other Receivables, whose payment plans have changed:

31 December 2011	Up to 1 month	1 to 3 Months	3 to 12 Months	1 year to 5 years	Over 5 years	Total
Number of agreements for which the payment plans have changed	-	-	-	3	-	3
Risk Amount	-	-	-	19,873	-	19,873

b) Information on provisions for decrease in foreign exchange differences of foreign currency indexed loans and financial leasing receivables principal amounts:

There is no foreign currency indexed loans of the Bank.

c) Specific provisions for non-cash loans that are not liquidated:

None.

d) Information on other provisions:

1. Information on provisions for probable risks:

	Current Period 31.12.2011	Prior Period 31.12.2010
Provisions for Probable Risks	14,218	40,935
Total	**14,218**	**40,935**

In accordance with the decision of Executive Committee, as there is no improvement in the collection of the receivables amounting to US$4,868,428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarme and Ministry of Defense under the scope of Russian Federation Deferred Loan for the last six years, the Bank has provided 100% impairment provision of the TL equivalent amounting to TL9,318 thousand as of 31 December 2011 (31 December 2010: TL7,505 thousand).

As of 31 December 2011, the Bank booked provisions amounting to TL4,900 thousand (31 December 2010: TL4,055 thousand) considering probable compensation payments in relation to the export receivables.

As of 31 December 2011, the Bank has cancelled and removed the provision amounting to TL29,375 thousand it allocated for possible risks at the rate of 1.50% for the short-, medium- and long-term credits (except for the short-term, fund-based credits, and medium- long-term country credits) within the framewonk of the Executive Committee decision dated 24 December 2007, by taking into account the guarantee structure it established for the credits it provided and the general porvision amount.

Accordingly, the sum of the provisions recognized by the Bank amounts to TL14,218 thousand as of 31 December 2011 (31 December 2010: TL40,935 thousand).

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

2. Information on other provisions exceeding 10% of total provisions:

As of the second half of 2008, Bank management halted the "bonus" payments that were paid to employees every six months. However, 17 of 56 cases opened by former employees of the Bank at Ankara's 15th Labour Court with regard to "bonus" payments resulted in decisions against the Bank as of the preparation date of this financial statements. Furthermore, the decision was confirmed by the Court of Appeals' 9th Legal Department. Within this framework, Bank management has allocated provision amounting to TL30,000 for the bonus not paid for the second half of 2008, and for the years 2009, 2010 and 2011, taking into account the cases that resulted in decisions against the Bank.

3. Employment termination benefits obligations:

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL2,731.85 in full TL amount as of 31 December 2011 (31 December 2010: TL2,517.01) for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	Current Period 31.12.2011	Prior Period 31.12.2010
Discount rate (%)	4.66	4.66
Rate for the Probability of Retirement (%)	0.98	0.98

The principal actuarial assumption is that the maximum liability of TL2,731.85 will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL2,805.04 effective from 31 December 2011has been taken into consideration in calculating the reserve for employee termination benefits.

Movements in the reserve for employment termination benefits during the period are as follows:

	Current Period 31.12.2011	Prior Period 31.12.2010
Balance at the beginning of the year	10,856	9,963
Paid during the year	(1,146)	(754)
Provisions recognized during the year	1,850	1,647
Balance at the end of the year	**11,560**	**10,856**

As of 31 December 2011, the Bank has also provided provision for unused vacation rights amounting to TL6,802 thousand (31 December 2010: TL5,313 thousand).

4. Liabilities on retirement benefits:

None.

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

8. Explanations on tax liability:

Explanations on current tax liability:

1) Information on provision for taxes:

None.

2) Information on taxes payable:

	Current Period 31.12.2011	Prior Period 31.12.2010
Corporate Taxes Payable(*)	-	-
Taxation on Revenue From Securities	116	-
Property Tax	-	-
Banking Insurance Transaction Tax	233	138
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	175	40
Other	560	335
Total	**1,084**	**513**

(*) As stated at Section 3 Note XVI, the Bank is exempt from corporate tax.

3) Information on premium payables:

	Current Period 31.12.2011	Prior Period 31.12.2010
Social Security Premiums - Employee	504	342
Social Security Premiums - Employer	680	455
Bank Social Aid Pension Fund Premiums - Employee	-	-
Bank Social Aid Pension Fund Premiums - Employer	-	-
Pension Fund Membership Fee and Provisions - Employee	2	2
Pension Fund Membership Fee and Provisions - Employer	-	-
Unemployment Insurance - Employee	35	24
Unemployment Insurance - Employer	72	48
Other	-	-
Total	**1,293**	**871**

b) Information on deferred tax liability:

None.

9. Information on non-current liabilities on assets held for sale and discontinued operations:

None.

10. Information on subordinated loans:

a) General information on the number of subordinated loans, their maturity, interest rate, the source institution that the loan is secured and detailed information related with the convertible stock option if any:

Date	Number	Maturity	Interest Rate	Institution
23.07.2001	1	17 years	Six Month LIBOR + 0.75	Turkish Treasury (World Bank Sourced)

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

b) Information on subordinated loans:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	207.753	-	193,005
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	**207.753**	**-**	**193,005**

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period 31.12.2011	Prior Period 31.12.2010
Common Stock	2,000,000	2,000,000
Preferred Stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The registered share capital system is not applied.

c) Information on the share capital increase during the period and their sources:

There is no capital increase in the current period.

d) Information on share capital increase from revaluation funds during the current period:

There is no share capital increase from the revaluation fund during the current period.

e) Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period:

The Bank has no capital commitments as of 31 December 2011 and the total share capital of the Bank amounting to TL2,000,000 thousand is fully paid.

f) The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders' equity:

The credit, interest and the foreign currency risk policies of the Bank were determined to minimize the losses that may result from these risks. The Bank aims to obtain a reasonable positive return on equity in real terms in relation with its banking transactions and to protect its equity from the effects of inflation. On the other hand, the proportion of doubtful receivables to the total loans is considered as low and an impairment provision is provided in full for all doubtful receivables. Accordingly, the Bank does not expect losses that may materially affect its equity. In addition, the free capital of the Bank is high and is getting steadily stronger.

g) Information on privileges given to shares representing the capital:

The common shares of the Bank are grouped as A and B. Both A and B type shares are owned by the Treasury and the share of the Treasury in the total paid-in capital is 100%.

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

h) Information on marketable securities value increase fund:

1) a) Information on marketable securities value increase fund

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	3,501	129	8,408	174
Foreign Currency Differences	-	-	-	-
Total	**3,501**	**129**	**8,408**	**174**

12. a) Information on minority interests:

None.

III. Explanations and notes related to off-balance sheet accounts

I. Explanations on off-balance sheet commitments:

a) Type and amount of irrevocable commitments:

As of 31 December 2011 and 2010 there is no irrevocable commitments of the Bank.

b) Type and amount of probable losses and obligations arising from off-balance sheet items:

b.1) Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:

	Current Period 31.12.2011	Prior Period 31.12.2010
Letters of Guarantee	-	-
Endorsements(*)	-	688,732
Guarantees and Bails given for Export	-	-
Guarantees given for Export Loan Insurance	518,997	389,971
Total	**518,997**	**1,078,703**

(*) Due to the fact that the Bank's bills of guarantee, provided with regard to pre-shipment rediscount credits made available by the Central Bank which were classified under endorsements are similar to received guaranteed bills, they have been excluded from endorsements and classified under accepted bills of guarantee and indemnities starting from 31 August 2011.

b.2) Revocable, irrevocable guarantees and other similar commitments and contingencies:

As of 31 December 2011, there are no revocable and irrevocable guarantees. Details of other similar commitments and contingencies are stated above in Note b.1).

c) 1) Total amount of non-cash loans:

	Current Period 31.12.2011	Prior Period 31.12.2010
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans(1)	518,997	1,078,703
Total	**518,997**	**1,078,703**

(1) Other non-cash loans include commitments related to Short-term Export Loan Insurance, endorsements given to CBRT and other guarantee letters.

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

2) Information on sectoral risk concentrations of non-cash loans:

	Current Period 31.12.2011				Prior Period 31.12.2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	23,865	2.21
Farming and Raising livestock	-	-	-	-	-	-	23,865	2.21
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	658,313	61.03
Mining	-	-	-	-	-	-	7,857	0.73
Production	-	-	-	-	-	-	650,456	60.30
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	2,312	0.21
Wholesale and Retail Trade	-	-	-	-	-	-	2,312	0.21
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	518.997	100.00	-	-	394,213	36.55
Total	-	-	**518.997**	**100.00**	**-**	**-**	**1,078,703**	**100**

3) Information on the non-cash loans classified under Group I and Group II:

	Group I		Group II	
Non-Cash loans	TL	FC	TL	FC
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	518,997	-	-

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

II. Information on derivative transactions:

	Classification of Derivative Transactions by Purpose			
	Trading Transactions		Hedging Transactions	
	Current Period 31.12.2011	Prior Period 31.12.2010	Current Period 31.12.2011	Prior Period 31.12.2010
Types of Trading Transactions				
Foreign Currency Related Derivative Transactions: (I)	2,409,129	1,341,184	-	-
Forward Transactions	1,057,250	-	-	-
Swap Transactions	1,351,879	1,341,184	-	-
Futures Transactions	-	-	-	-
Option Transactions	-	-	-	-
Total Foreign Currency Related Derivative Transactions	2,409,129	1,341,184	-	-
Interest Related Derivative Transactions (II)	80,392	92,496	-	-
Forward Interest Rate Agreements	-	-	-	-
Interest Rate Swaps	80,392	92,496	-	-
Interest Rate Options	-	-	-	-
Interest Rate Futures	-	-	-	-
Other Trading Derivative Transactions:[1] (III)	-	-	-	-
A. Total Trading Derivative Transactions (I+II+III)	**2,489,521**	**1,433,680**	-	-
Types of Hedging Derivative Transactions			-	
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	
Foreign Currency Investment Hedges	-	-	-	-
B. Total Hedging Derivative Transactions[4]	-	**-**	-	**-**
Total Derivative Transactions (A+B)	**2,489,521**	**1,433,680**	-	**-**

[1] Includes currency and interest swap transactions.

As explained in Note II of Section 3, certain derivative transaction while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting and are therefore treated as "Derivatives Held for Trading". The Bank mainly engages in currency and interest rate swap agreements to hedge against any losses from currency and interest rate risk.

III. Explanations on contingent assets and liabilities:

1) The Bank recognizes contingent assets if the probability of the inflow of economic benefits is virtually certain. In case the inflow of economic benefits is probable but not virtually certain, such contingent asset is disclosed.

As of 31 December 2011 and 2010, there are no contingent assets.

2) The Bank recognizes provision for contingent liability when the probability of occurrence is high and the contingent liability can be reliably estimated; if the contingent liability cannot be reliably estimated, the contingent liability is disclosed. When the likelihood of the occurrence of the contingent liability is remote or low, it is disclosed.

In this respect, as of 31 December 2011, there are 117 legal proceedings outstanding against the Bank amounting to US$2,593,512.68, EUR15,000 and TL450,957.59 as confirmed from the lawyer letter prepared by the legal department of the Bank.

Some of the lawsuits opened in Turkish courts are related to the "bonus" payments made to employees. The Bank management halted the bonus payments that were paid to employees every six months as of the second half of 2008. However, 17 of 56 cases opened by former employees of the Bank at Ankara's 15th Labour Court with regard to "bonus" payments resulted in decisions against the Bank as of the preparation date of this financial statements. Furthermore, the related decision was also confirmed by the Court of Appeals' 9th Legal Department. The Bank made a payment of TL151 thousand with regard to the lost cases.

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

Within this framework, Bank management allocated provision amounting to TL30,000 thousand for bonus not paid for the second half of 2008, and for the years 2009, 2010 and 2011, taking into account the cases that resulted in decisions against the Bank. The related amount covers TL1,550 thousand allocated for ongoing lawsuits opened by retired personnel, TL1,300 thousand allocated for personnel who have retired but not opened a lawsuit yet, and TL27,150 thousand allocated for employees who are actively working for the Bank.

In addition, there are 145 legal proceedings outstanding filed by the Bank. These legal proceedings amount to TL108,441,265, US$14,053,970 and EUR860,796.

IV. Explanations on services in the name of others:

The Bank's custody and deposit activities in the name of real and legal persons are not considered as material.

The Bank also provides insurance to some extent for the export receivables of exporter companies against commercial and political risks under the scope of export loan insurance program.

IV. Explanations and notes related to income statement:

1. a) Information on interest income on loans:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	**FC**	**TL**	**FC**
Interest income on loans(*)				
Short-term Loans	120,274	53,789	105,531	43,113
Medium and Long-term Loans	32,464	28,926	12,821	10,816
Interest on Loans Under Follow-up	1,262	172	74	158
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**154,000**	**82,887**	**118,426**	**54,087**

(*) Includes fee and commission income of cash loans.

Information on interest income on banks:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	**FC**	**TL**	**FC**
CBRT	-	65	-	-
From Domestic Banks	20,070	359	11,386	31
From Foreign Banks	357	1,201	468	929
From Headquarters and Branches Abroad	-	-	-	-
Total	**20,427**	**1,625**	**11,854**	**960**

c) Information on interest income on marketable securities:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	**FC**	**TL**	**FC**
From Trading Financial Assets	15.476	-	21,694	423
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	-	-	-	-
From Held-to-maturity Investments	38.747	3.270	33,798	3,385
Total	**54.223**	**3.270**	**55,492**	**3,808**

d) Information on interest income received from associates and subsidiaries:

There is no interest income from associates and subsidiaries.

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

2. a) Information on interest expense on borrowings:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
Banks(*)				
CBRT	-	7,630	-	2,894
Domestic Banks	-	6,364	1	4,649
Foreign Banks	-	26,011	-	26,916
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	1,585	-	1,469
Total	-	**41,590**	**1**	**35,928**

(*) Includes fee and commission expense on cash loans.

b) Information on interest expense given to associates and subsidiaries:

There is no interest expense given to associates and subsidiaries.

c) Interest paid to marketable securities issued:

	Current Period 31.12.2011		Prior Period 31.12.2010	
	TL	FC	TL	FC
Interests paid to marketable securities issued	-	8,248	-	-

d) Maturity structure of the interest expense on deposits:

The Bank does not accept deposits.

3. Explanations on dividend income:

The Bank did not earn dividend income in 2011 and 2010.

4. Information on trading income/loss (Net):

	Current Period 31.12.2011	Prior Period 31.12.2010
Income	**563,909**	**311,033**
Trading Gains on Securities	870	287
Trading Gains on Derivative Financial Transactions	107,574	62,950
Foreign Exchange Gains	455,465	247,796
Loss (-)	**525,641**	**292,042**
Trading Losses on Securities	1	47
Trading Losses from Derivative Financial Transactions	232,673	68,074
Foreign Exchange Loss	292,967	223,921

As of 31 December 2011, trading gains on derivative financial transactions and trading losses from derivative financial transactions include TL107,574 thousand (31 December 2010: TL62,603 thousand) of foreign exchange gains and TL231,030 thousand (31 December 2010: TL65,317 thousand) of foreign exchange losses, respectively.

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

5. Explanations on other operating income:

The Bank collected TL6,975 thousand (31 December 2010: TL1,269 thousand) in the year 2011 from loans classified as non-performing and recorded under other operating income account.

In the year 2011, the Bank recorded premium income amounting to TL34,380 thousand (31 December 2010: TL28,219 thousand) as part of the Short Term Export Loan Insurance ("ELI") and commission income from reinsurance companies amounting to TL9,040 thousand (31 December 2010: TL7,598 thousand) as part of the ELI and recorded under other operating income account.

In the years 2011 and 2010, there are no extraordinary events, developments or factors in relation with the other operating income account that may materially affect the profitability of the Bank, other than the above mentioned issues.

6. Provision expenses related to loans and other receivables of the Bank:

	Current Period 31.12.2011	Prior Period 31.12.2010
Specific Provisions for Loans and Other Receivables	2,870	20,765
III. Group Loans and Receivables	-	5,884
IV. Group Loans and Receivables	2,870	14,816
V. Group Loans and Receivables	-	65
General Provision Expenses	45,177	-
Provision Expense for Probable Risks	2,659	251
Marketable Securities Impairment Expense	615	-
Financial Assets at Fair Value through Profit or Loss	615	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	30,000	-
Total	**81,321**	**21,016**

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

7.a) Information related to other operating expenses:

	Current Period 31.12.2011	Prior Period 31.12.2010
Personnel Expenses	26,814	24,129
Reserve for Employee Termination benefits, net	704	893
Vacation Pay Liability, net	1,489	428
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	739	653
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	312	271
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses of Non-current Asset Held for Sale and Discounted Operations	-	-
Other Operating Expenses	8,868	6,885
Operational Lease Expenses	-	-
Maintenance Expenses	500	95
Advertisement Expenses	47	33
Other Expenses	8,321	6,757
Loss on Sale of Assets	-	-
Other(*)	34,818	30,533
Total	**73,744**	**63,792**

(*) Other under the "Other Operating Expenses" include premium expense paid to reinsurance companies amounting to TL23,465 thousand (31 December 2010: TL18,517 thousand) within the scope of the Short-term Export Credit Insurance Program and a contribution fee amounting to TL4,699 thousand (31 December 2010: TL5,229 thousand) paid to the Small and Medium Industry Development Organization.

8. Explanations on profit and loss before tax for continued and discounted operations:

None.

9. Information on tax provision for continued and discontinued operations:

As stated at Section 3 Note XVI, the Bank is exempt from corporate tax.

10. Explanation on net income/loss for the period for continued and discontinued operations:

None.

11. Explanation on net income/loss for the period:

a) If the nature, size and the reoccurrence rate of the income and expense resulting from the ordinary banking activities are important to explain the performance of the Bank in the current period, the nature and the amount of these transactions:

None.

b) If the changes in the estimates of the financial statement accounts may affect the profit/loss in the following periods, related periods and the necessary information:

None.

c) Profit/loss of minority interest:

None.

12. If the other accounts in the income statement exceed 10% of the total of the income statement, the sub-accounts constituting at least 20% of these accounts:

None.

V- Explanations and notes related to changes in shareholders' equity:

1. Information about the adjustment related to the application of Financial Instruments Accounting Standards in the current period:

a) The increase after the revaluation of the available-for-sale investments:

The fair value gains of the available-for-sale investments, other than the hedging instruments, amounting to TL3,630 thousand are recorded under the “Marketable Securities Value Increase Fund” account under equity. TL129 thousand of such fair value gains represent the fair value gains of marketable securities that are transferred to the held-to-maturity portfolio from the available-for-sale portfolio and such fair value gains are calculated and followed under the account “Marketable Securities Value Increase Fund” until the date of transfer. This amount will be transferred to the income statement upon maturity of the transferred securities.

b) Information for the increases in the accounts related to cash flow hedges:

None.

b.1) The reconciliation and confirmation for the cash flow hedges accounts at the beginning and end of the period:

None.

b.2) Under the cash flow hedges, the current period charge of the income or loss under equity related with a derivative or a non-derivate financial asset and liability designated as cash flow hedge instruments:

None.

c) Reconciliation of foreign exchange differences at the beginning and end of the period:

None.

2. Information about the adjustments related to the application of Financial Instruments Accounting Standards in the current period:

a) Information on the available-for-sale investments:

None.

b) Information on cash flow hedges:

None.

3. Information related to distribution of profit:

a) The amount of dividend declared before the approval date of the financial statements but after the balance sheet date:

None.

b) Earnings per share proposed to be distributed to shareholders after the balance sheet date:

Profit distributions are approved by the General Assembly of the Bank. As of the report date, no profit distribution decision has been made by the General Assembly for 2011 profit.

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

4. Amount transferred to legal reserves:

	Current Period 31.12.2011	Prior Period 31.12.2010
Amount transferred to Legal Reserves under Dividend Distribution	31,202	42,583

5. Information on issuance of share certificates:

a) For all share groups; any restrictions, preferential terms and rights for distribution of dividends and payment of share capital.

None.

6. Explanations on other share capital increases:

None.

VI- Explanations and notes related to statement of cash flows

1. Information on the cash and cash equivalents:

1.a) Information on cash and cash equivalents at the beginning of the period:

The components constituting the cash and cash equivalents and the accounting policies used for the determination of these components:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash" and interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

	Current Period 31.12.2011	Prior Period 31.12.2010
Cash	**2,467**	**4,401**
Cash and Foreign Currency and Other	21	9
Demand Deposits in Banks	2,446	4,392
Cash Equivalents	**858,004**	**2,044,744**
Interbank Money Market Placements	-	1,294,900
Time Deposits in Banks	858,004	749,844
Total Cash and Cash Equivalents	**860,471**	**2,049,145**

1.b) Information on the cash and cash equivalents at the end of the period:

	Current Period 31.12.2011	Prior Period 31.12.2010
Cash	**8,180**	**2,467**
Cash and Foreign Currency and Other	12	21
Demand Deposits in Banks	8,168	2,446
Cash Equivalents	**658,732**	**858,004**
Interbank Money Market Placements	124,368	-
Time Deposits in Banks	534,365	858,004
Total Cash and Cash Equivalents	**666,913**	**860,471**

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

2. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL(174,990) thousand (31 December 2010: TL10,344 thousand) mainly consists of fees and commissions paid, foreign exchange losses, other operating income excluding collections from doubtful receivables and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL69,935 thousand (31 December 2010: TL4,965 thousand) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

VII- Explanations and notes related to Bank’s risk group:

In accordance with the paragraph 5 of article 49 of Banking Law numbered 5411, the Bank does not have any partnerships which it controls directly or indirectly and with which it constitutes a risk group.

VIII- Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank:

1. Information on the Bank’s domestic and foreign branches and foreign representatives of the Bank:

	Number	Number of Employees			
Domestic Branch	2	397			
			Country of Incorporation		
Foreign Representation Office	-	-	1- none		
				Total Assets	**Statutory Share Capital**
Foreign branch	-	-	1-none	-	-
Off-shore Banking Region Branches	-	-	1-none	-	-

2. Information on the Bank’s branch or representative office openings, closings, significant changes in the organizational structure:

None.

IX- Explanations and notes related to events after balance sheet:

None.

SECTION SIX

1) OTHER EXPLANATIONS AND DISCLOSURES

Other explanations related to operations of the Bank:

None.

SECTION SEVEN

1) EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended 31 December 2011 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The auditor's report dated 14 February 2012 has been presented prior to the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
AUDIT BOARD REPORT FOR THE ACCOUNTING PERIOD 2011

Operations and results of Türkiye İhracat Kredi Bankası A.Ş. for the fiscal year 2011 have been reviewed by our Board in the scope of related legislation provisions.

In the audits performed, it has been determined that:

1. Statutory books, accounts and records have been maintained properly,

2. All types of negotiable instruments are present in accordance with the records,

3. Balance sheet and income statement dated 31 December 2011 have been prepared in accordance with the Banking Law No. 5411, Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks, Turkish Accounting Standards, Turkish Financial Reporting Standards and other legislation related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and BRSA comments, and also in accordance with the Bank's accounting records,

4. Profit distribution has been prepared in accordance with the relevant provisions of the Turkish Commercial Code, and article 54 of the Articles of Association,

5. Executive Board is conducting the Bank's credit policy in line with the conditions necessitated by the country economy.

We hereby present the balance sheet and income statement audited by the independent auditing firm for the year ended-2011, with the preparation of which we agree in principal and procedure and that in our opinion it presents fairly the financial position and operational results of the Bank in the auditing period, to approval of General Assembly. We also submit acquit of Board of Directors to approval of General Assembly.

Prof. Dr. Arif ESİN
Member of the Audit Board

Güner GÜCÜK
Member of the Audit Board

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