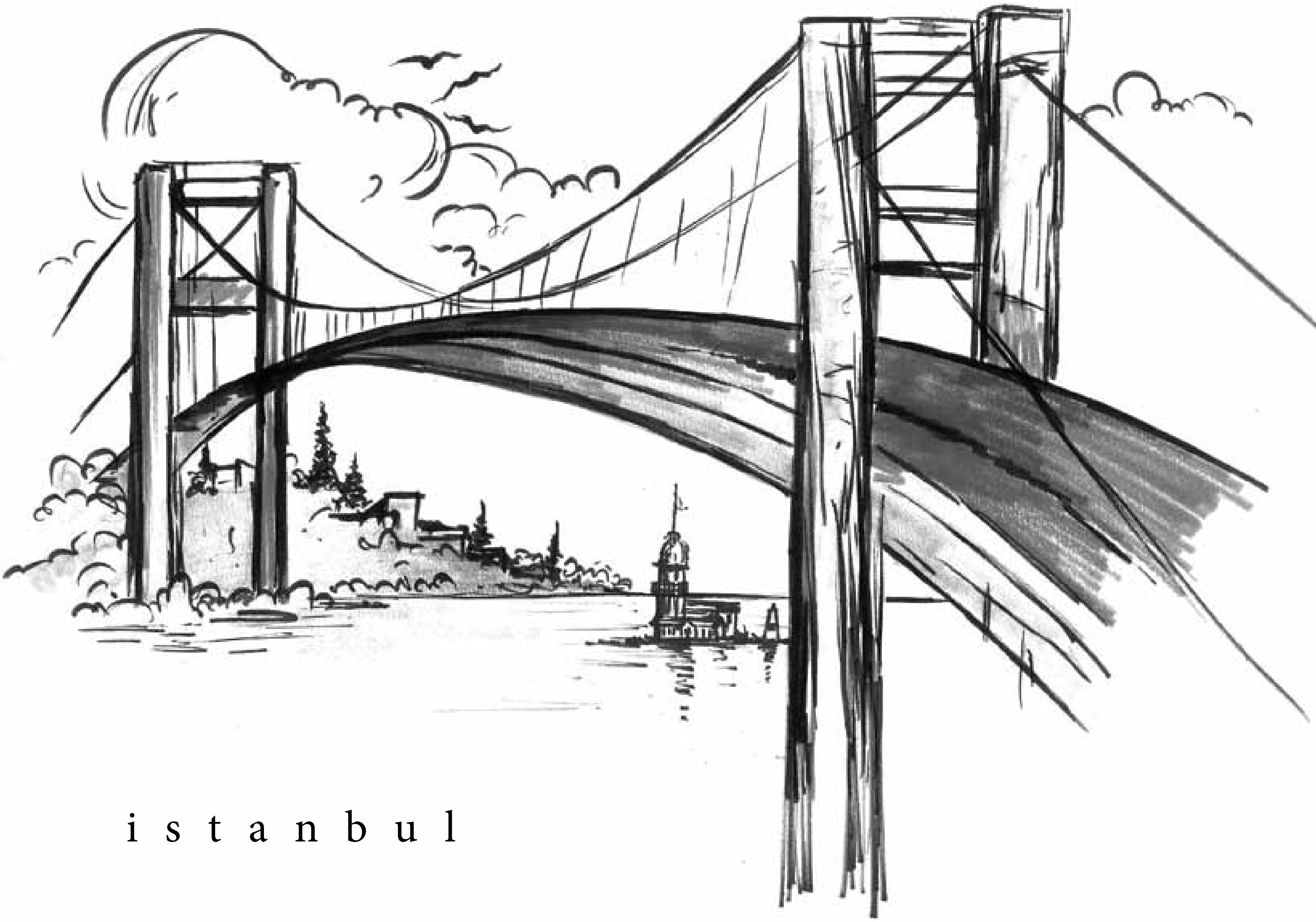
TÜRK EXIMBANK



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ANNUAL REPORT 2012

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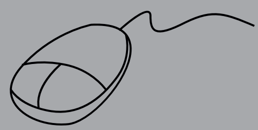

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**CONVENIENCE TRANSLATION OF
THE REPORT ON COMPLIANCE OF ANNUAL REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

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

We have audited the compliance and consistency of the financial information included in the annual report of Türkiye İhracat ve Kredi Bankası A.Ş ("the Bank") as of 31 December 2012 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 ve Kredi Bankası A.Ş. at 31 December 2012 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, 14 February 2013

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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 238 countries.

Apart from its Head Office in İstanbul, Türk Eximbank has two branch offices, one of them is Ankara District Office, other one is İzmir Branch. Bank has also seven liaison offices in Denizli, Kayseri, Gaziantep, Bursa, Adana, Trabzon and Konya. İzmir Branch which opened in 1995 has full authorization to grant Foreign Trade Companies Short Term Export Credit Program, Pre-Export Credit Program, Pre-Export Credit Program for SMEs, Free Trade Zone Pre-Export Credit Program, Short-Term Pre-Shipment Rediscount Program and International Transportation Marketing Credit Program. In addition to other credit programs above, Ankara District Office is able to provide Tourism, Participation to Overseas Trade Fairs, Post-Shipment Rediscount Credit, The Bridge Credit Program for Overseas Contractor Services, European Investment Bank, Export-oriented Working Capital Credit, Export-oriented Investment Credit Program, after Bank's Head Office moved into İstanbul in 2012. Besides, Ankara District Office is able to provide insurance programs for Turkish exporters for their shipments to 238 countries around the world. İstanbul Branch, which had been operating since 1994, joined to Head Office as of 24.12.2012. Türk Eximbank's units are informing exporters about Bank's programs, operating promotion activities and ascertain problems faced by the exporters in cooperation with Head Office.

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

The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff. As of end-2012, Türk Eximbank employs a total of 453 personnel, 369 in the Head Office, 56 in the Ankara District Office, 18 in the İzmir Branch, and a total of 10 personnel in the liaison offices. 3 personnel have a Ph.D. degree, 88 have a post-graduate degree, 255 have a graduate degree, and 28 have an associate degree. 206 employees have a second language.

TÜRK EXIMBANK IN FIGURES

Türk Eximbank has showed a successful performance also in 2012.

FINANCIAL HIGHLIGHTS

Major Balance Sheet Accounts (TL thousand)

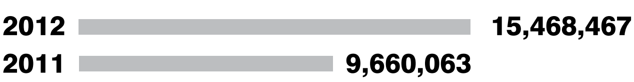
	2012	2011
Loans	13,352,060	8,065,619
Total Assets	15,468,467	9,660,063
Loans Borrowed	9,108,492	4,494,296
Funds Provided under Repurchase Agreements	10,006	333,452
Marketable Securities Issued (Net)	2,238,610	960,419
Shareholders’ Equity	3,675,364	3,647,256
Total Paid-in Share Capital	2,000,000	2,000,000

Major Income Statement Accounts (TL thousand)

	2012	2011
Interest Income	573,737	313,359
Interest Income on Loans	467,415	231,230
Interest Expenses	(178,037)	(48,869)
Net Interest Income	395,700	264,490
Other Operating Income	88,270	82,778
Provisions for Loans and Other Claims	(61,565)	(81,321)
Other Operating Expenses	(141,051)	(73,744)
Net Income	221,191	230,256

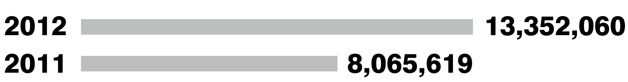
Financial highlights for the 2008 - 2012 period are given on page 63.

Total Assets (TL thousand)



In 2012, total assets of Türk Eximbank increased by 60% year-on-year.

Loans (TL thousand)



In 2012, loans of Türk Eximbank increased by 66% year-on-year and reached over TL 13 billion.

In 2012, total credits of Türk Eximbank increased by 127% year-on-year, indicating the accelerating support provided to Turkish exporters by the Bank.

OPERATIONAL HIGHLIGHTS

Credit Activities (USD million)

Short-Term Credit Activities

	2012	2011
Total Short-Term Credits	14,516	6,490
Short-Term TL Credits	3,243	2,088
Short-Term FX Credits	11,273	4,402

Medium and Long-Term Credit Activities

	2012	2011
Medium and Long-Term Credits	610.7	182.4

Total Credit Activities

	2012	2011
Total Credits	15,127	6,672

Insurance Activities (USD million)

Short-Term Export Credit Insurance

	2012	2011
Total Covered Shipments	6,923	5,752
Total Buyer Limit Approvals (Total Commitments)	6,619	4,504
Claims Paid	7.7	7.2

Medium and Long-Term Export Credit Insurance

	2012	2011
Total Commitments	-	-

Total Insurance Activities

	2012	2011
Total Insurance	6,923	5,752

Türk Eximbank's Total Support (USD million)

	2012	2011
Total Credit/Insurance/Guarantee Support	22,050	12,424

Türk Eximbank's Total Support (USD million)

In 2012, total credit/insurance/guarantee support of Türk Eximbank increased by 77% in USD basis year-on-year.

Total Short-Term Credits (USD million)

In 2012, short-term credits of Türk Eximbank increased by 124% year-on-year.

Cavit DAĞDAŞ
Vice Chairman of the Board of Directors

The absence of any concrete solutions for structural issues in the global economy, continues to constitute a significant source of ambiguity

2012 was a year in which monetary policies played an active role in developed as well as developing countries. Developed countries resorted to monetary policies, since the space in fiscal policies to take expansionary steps had contracted; on the other hand, it was seen that to prevent the high volatility, caused by the abundance of global liquidity, from distorting macro balances, developing countries resorted to unconventional monetary policies. Especially, in 2012 in which EU oriented risks were of utmost importance, global growth was achieved at 3.2% under 4% - that of 2011; and the volume of international trade was under 6% i.e. 2.5%.

After the European Central Bank declared it would do whatever was necessary to protect the Euro Area, and the global liquidity glut experienced following Japan's elevating its inflation target to 2% and increasing the dose of its quantitative easing, risk perception in financial markets decreased. With the positive atmosphere created, it is expected that in 2013 the global economy will grow by 3.3% and the global commercial trade volume by 3.6%. On the one hand, there is the expectancy that the global economy will undergo a moderate recovery, and on the other, the absence of any concrete steps taken for resolving the structural issues underlying the global economic crisis, continues to be the origin of uncertainty. In 2012 the Euro Area countries contracted by 0.6% and the paths that will lead them to growth retain their uncertainty. Furthermore, the disparity in the ideas for this end only adds to reform lethargy in the quest to resolve these issues. It is a known fact that the Euro Area countries will continue to contract in 2013, and that as of yet, economic recovery has not been achieved at the level anticipated. There is no doubt that global circumstances directly affect the Turkish economy.

Notwithstanding the volatility in global markets, the Turkish economy has succeeded in maintaining its stability

In view of the volatility risk caused by global liquidity glut, Turkey has adopted an innovative monetary policy composition and has achieved a controlled reduction of its economic growth of 8.8%, in 2011, to 2.2 %, as well as its current account deficit ratio to GDP from 9.7% to 6%. We see that Turkey, for the first time in its history, accomplished a soft landing owing to its intelligible monitored policies; and, notwithstanding the elevated level of volatility in the global markets, it managed to maintain its stability. In this process, fiscal balances in Turkey continued to improve. In 2012, Turkey continued its positive diversification process within developing countries, and its rating was elevated by a rating agency in foreign currency standards to investment grade.

The greatest contribution to the contraction of the economic growth rate to a sustainable level came from the balance of trade or net exports. As a matter of fact, notwithstanding the deceleration in global economic growth in 2012, and the negative economic growth performance of our greatest commercial partner, the EU, our exports increased by 13% to USD 152.5 billion, and, as a result of weakening internal demand, imports retracted by 1.8% to USD 236.5 billion; consequently, the foreign trade deficit contracted by 20.7%, year on year.

Türk Eximbank will provide the countries exporters with the support they need by designing and offering suitable products and services also in 2013.

The increase in market diversification, is the underlying reason for the success in exports

Notwithstanding the negative circumstances in global demand, the most important reason for our exports to exceed USD 150 billion is the increase in market diversification. Thus, the EU's ,which is historically Turkey's largest trade partner, share in our exports of 46.2% in 2011, retracted to 38.8% merely, in one year; conversely, the share of the Middle East progressed from 21% to 28%, and that of Africa, from 7.7% to 8.8%. The fact that the share in Turkey's exports of countries with accelerating economic growth is increasing, will likely lead to further demand in the forthcoming years, and contribute to higher rates of export achievement. Also, we deem that the decrease in EU market dependency will be supportive to sustainable export development. In addition, the fact that our exports to Iraq reached USD 10.8 billion, and became the second largest export market, is to be remarked as the reflection of progress in neighbor relations in foreign trade.

Turkey, in exporting services registered a record 15.6% rate of growth. Within the breakdown of service exports, overseas contracting services achieved a remarkable performance and, the volume of additional project undertakings reached USD 26 billion, in 2012. While the average amount of the projects undertaken was USD 20 million in 2002, it increased to USD 60 million in 2012 which is an important indicator of the increasing quality of these projects.

In 2012, Turkey underwent a "balancing" process due to the policy mix it adopted to eliminate the discrepancy between domestic and external demand, and, the economic growth rate was decreased to a sustainable level; and, the current account deficit, consequently, retracted to more moderate levels. In 2013 we envisage that the contribution of domestic demand and net exports to economic growth will relatively acquire a balanced structure and that domestic demand will contribute in the same degree to economic growth as do net exports. In barring growth in domestic demand, which increases the current account deficit to unsustainable levels, Turkey's greatest advantage is the elevated growth rate in its exports.

Türk Eximbank's contribution to exporters as well as to macro stability prevails

In this negative global conjuncture, the road to elevated growth in exports, is to continue to diversify in alternate markets. In order that exporters may securely export their goods to newly ventured markets, Türk Eximbank continues to provide short term export credit insurance comprehending 238 countries.

In this respect, Türk Eximbank will be key in its contribution to export markets diversification, the increase in exports, and consequently, economic growth. Furthermore, the Bank has contributed to exports oriented production and therefore, to the increase in Turkey's export potential, owing to the working capital and investment credits it has extended to Turkish exporters. The Türk Eximbank continues to generate foreign currency for the Turkey's economy through long term finance facilities to overseas project contractors, within the scope of its country credit and guarantee programs. The Bank relocated to Istanbul -which accounted for half of the exports for 2012- having decided to be nearer to the exporters, in order to follow up more closely the issues encountered by exporters and to develop innovative products according to their needs.

Cavit DAĞDAŞ
Vice Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Hayrettin Kaplan
Chief Executive Officer

With respect to the steps taken in 2012 to reemerge from the economic crisis; globally, we observe, though gradual, a recovery in economic activity. Prevailing risks and the need for economic reforms, primarily in the developed countries, has compelled all countries to adopt more cautious stance. In view of the circumstances in the European Union, Turkey's largest export market, we easily can remark that 2012 was a challenging year for Turkish exporters. Notwithstanding, in 2012 exports increased by 13% to USD 152.5 billion, allowing Turkey to move further towards its export target of USD 500 billion in 2023. In Turkey's export performance of 2012, the 50% increase achieved in exports destined to the Middle East and North African Region were most effective. The said export performance was achieved as a result of the accomplishments in alternative markets which case also contributes to market diversification.

In 2012, as Türk Eximbank we increased our credit and insurance support to the export sector by 77% to USD 22 billion.

Utmost effort was made to increase the support provided to exporters in 2012, not only in quantity, but also in quality as well. Within this scope, as Türk Eximbank, we have provided a support of USD 15.1 billion in credits and USD 6.9 billion in insurance facilities, thus, aggregately USD 22 billion, constituting 14.5% of Turkey's exports. Consequently, our support to the export sector increased by 77% compared to the previous year and our targets for 2012 were met by 107%.

In our programs, significant changes were made in favour of Turkey's exporters.

In a conjuncture in which every economic development is conscientiously followed up; in order to promptly and correctly respond to the demands and needs of Turkey's exporters, overseas contractors, and firms providing foreign currency generating services, we pursued our efforts to closely observe domestic as well as international developments. Furthermore, in 2012 Türk Eximbank relocated its Headquarters to Istanbul to be in proximity to our exporters and to maximize our support potential.

In 2012, as Türk Eximbank we have tried to provide sustained financing facilities, therefore, we assiduously offered competitive interest rates. Moreover, the scope of our loan programs, client credit lines and maturities were reviewed in the interest of Turkish exporters to increase the number of exporters benefiting from the Bank's facilities as well as to develop the utilization of our existing credit base.

In addition, in order to allow Turkish exporters to easily access the facilities we provide and to promptly process credit requests; we have implemented processes to facilitate application procedures and to reduce paper work. For this end, besides such measures as eliminating paper work by integrating the credit application documents and permitting the signing of documents in the presence of the Bank's officers instead of notaries; marketing and product development activities have been expeditiously pursued so that customers' demands and expectations may be acknowledged and fulfilled.

Türk Eximbank has set itself a cash loan and insurance/guarantee support for Turkish export industries target of USD 30 billion in 2013. Thus, the Bank will support 19% of the country's exports.

With Rediscount Credits we have met our exporters' short term financing needs...

We have continued the Rediscount Credits Program which is a significant source to fulfill Turkish exporters' short-term financing needs. Furthermore, Post-Shipment Rediscount Credits Program have been introduced to provide exporters to sale on credit terms in order to increase their competitiveness. Within this Program, insurance policies issued under Türk Eximbank's Short Term Export Credit Insurance are acceptable as the credit's primary collateral. Thus, firms who insure their exports through the Bank are protected against buyer's risk and, simultaneously, may utilize their insurance policies as credit collateral. This pilot practice instigated in 2012 is expected to expand in the year 2013.

By means of Export Oriented Working Capital Credits and Export Oriented Investment Credits medium- and long-term finance has been extended to Turkey's exporters...

Export Oriented Working Capital Credits which aim to meet the working capital needs of export oriented manufacturers; and, Export Oriented Investment Credits to finance machinery, equipment and other investment components, are the Programs that have been put into effect in 2012. Türk Eximbank, with such programs, envisages to respond to the medium- and long-term financing needs of exporters and firms with export oriented production, covering every stage from pre-export to post shipment.

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

Within the scope of Türk Eximbank's export credit insurance programs, as of April 1, 2012, countries under the cover have been increased; thus now, Turkish exporters' recievables from 238 of the existing 241 countries in the world were secured against commercial and political risks. Consequently, this makes it possible for them to do business in an environment that is markedly less exposed to such risk. In 2012, new features that were added to the Bank's export credit insurance programs introduced other conveniences. To this effect, within the Short Term Export Credit Insurance Program, "Reductions in Premiums Pertaining to Commitment" was introduced to reduce firms' premiums up to 60% based on certain criteria; and, automatic renewal of insurance policies without the exporting firms' request, was provided.

Furthermore, in addition to instigating the utilization of the Short Term Export Credit Insurance Policies as the principal collateral for Post Shipment Rediscount Credit Program, the Bank concluded an agency agreement on September 12, 2012 with the Islamic Corporation for the Insurance of Investments and Export Credits (the Islamic Development Group, to provide intermediary services for "investment insurance" products included in the portfolio of the ICIEC. This is a novelty in the scale of products of Türk Eximbank and we have begun our involvement in this respect. Meanwhile, agreements have been concluded with private banks in order to generalize the utilization of insurance policies as collateral for bank credits.

We have continued to increase and diversify resources available for Turkey's exporters...

In order to diversify the Banks' resource structure and to maximize the financing facilities available to Turkish exporters, as Türk Eximbank, we borrow continuously from international money and capital markets owing to our high credit worthiness and to the favorable credit ratings we received from international credit rating agencies. In view of our financing needs, in April 2012 we issued eurobonds for an amount of USD 500 million with a maturity of 7 years, and in October 2012 we ensured supplemental resources by increasing this issuance by USD 250 million. Furthermore, in 2012, financing facilities in both domestic and international markets were pursued considering the benefits of Turkish exporters, and we obtained an aggregate amount of USD 1.7 billion of resources, including the said eurobond issue.

In 2013 our goal is to increase our aggregate support to USD 30 billion, with an increase of 36%...

Notwithstanding the fact that no indication has yet appeared for a definitive recovery in global economic activity, the importance of a sustainable export increase accentuates day by day. In view of the Turkey's USD 500 billion exports target for 2023, it is of vital importance for Turkish exporters to both enter into new markets and increase their share in existing markets, and to operate in an enviroment free of political, social and economic volatility. We are conscious of the fact that as the sole official export credit agency in Turkey, we assume a very significant responsibility. In 2013 our goal is to raise our aggregate credit and insurance support to USD 30 billion, with an increase of 36%. Within this scope, we envisage to increase our support to our exporters and reach out to new exporters so as to ensure that they optimize their benefit from our innovative credit and insurance programs comprised in our extensive spectrum of products.

During 2013, we will of course continue to provide short-term financing and working capital in order to meet the needs of exporters during the pre-export stage, as well as in the post-shipment period. Moreover, it is our objective to increase the medium and long term financing facilities extended to Turkish exporters. Within this perspective, we will continue to offer loans with maturity up to 7 years, to respond exporters' working capital and investment needs. Additionally, as per the TURQUALITY® program, firms possessing a Turkish trademark who envisage to develop their trademarks abroad, may benefit from Türk Eximbank's Trademark Credit Program ensuring finance up to 10 years. Meanwhile, we shall also be working on ways to increase our support for SMEs, which make up such an important part of Turkey's economy. Furthermore, it is our principal objective to maximize the financing support we provide to firms which export high-value-added products, which are involved in R&D and product development, or which export to new markets.

In the meantime, as of 2012, under Türk Eximbank's Country Credit Program, 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, and to increase their share in their existing and new markets, medium to long term financing facilities started to be provided with a new perspective. Within this perspective, instead of extending a specific limit to each country, a limit has been extended for each OECD country group, and a maximum country limit has been extended for each group so that, with the exception of the countries excluded as per international guidelines and Turkey's foreign policy, Turkish firms may operate and do business in nearly every all countries within the Country Credit Program. Additionally, apart from the provision of state guarantees, our efforts are expeditiously continuing so that to extend credits to the private sector via the banking sector. Moreover, in compliance with our strategies, to provide support to Turkish firms and contractors that offer cross-border services, we are negotiating with the officials of African and Central Asian countries, and international finance agencies to develop cooperation facilities.

Effort to make our Bank's business culture more customer-focused will continue...

Türk Eximbank, in 2013, will keep up its customer-focused approach, and continue its efforts to enhance the communication between the Bank and its customers thanks to the contribution of having relocated our Headquarters to Istanbul. For this purpose, we envisage to perform more than 1,000 client visits in 2013. This way, we will ensure that Turkish exporters are aware of Eximbank's credit and insurance programs, and at the same time it will be possible for us to assess their demand, needs, and expectations.

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.

Furthermore, based on the requests originating from the export sector as well as product diversification efforts, we envisage to begin the application of "Specific Export Credit Insurance" and "Domestic Credit Insurance" programs under the Short Term Export Credit Insurance Program. Another innovative insurance program to be instigated is the "Overseas Contracting Services Political Risk Insurance Program". With this Program, Turkey's contractors will be accessing a new product that provide insurance against the losses they may incur due to political risks such as inabilitiy to receive progress payments, confiscating of machinery and equipment, restriction of foreign currency transfers, war, civil war, and insurrections. On the other hand, as per a revision we made in response to the requests and expectations of the customers we have insured, we continue our efforts to expand the Specific Export Credit Insurance Policy among our clients.

In 2013, we will continue to our efforts to eliminate paper work in our credit and insurance programs to provide more speedy, easy and convenient usage. For this purpose we will keep on monitoring the developments closely in legislation, technology and IT industry. Within this perspective, we have expedited our efforts to install a standard application structure for all of the short term credits and adopt more customer/user friendly approach. Additionally, we aim to implement the credit and buyer limit applications and approval procedures be conducted over the Internet.

Briefly, in the period ahead, Türk Eximbank's vision will be to focus on medium and long term credits and insurance programs, in compliance with the overall mission of export credit agencies of the world's developed countries. The Bank envisages to increase the competitive strength of Turkish exporters, export-oriented manufacturers and firms offering foreign currency earning services on the global level. For this purpose, in compliance with our fundamental objectives, we will support, production, marketing, investment and exportation of medium- and high-tech products which are innovative, and R&D based, which have high value added, and which will enhance and entrenche the "Made in Turkey" image all around the world.

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, and
- providing support and risk free environment for Turkish exporters, investors and overseas contractors.

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

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

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

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

Türk Eximbank regularly presents its annual programs to the Supreme Advisory and Credit Guidance Committee chaired by 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 Science, Industry and Technology,
- Undersecretary of the Ministry of Economy,
- Undersecretary of the Ministry of Customs and Trade,
- Undersecretary of the Ministry of Development,
- Undersecretary of the Ministry of Finance,
- Undersecretary of the Treasury,
- Governor of the Central Bank of the Republic of Turkey,
- The Chairman and Deputy Chairman of the Board of Directors and Chief Executive Officer of Türk Eximbank.

* Principles annexed to the Decree No. 87/11914 have been repealed with the "Principles of Organization and Duties of Export Credit Bank of Turkey" annexed to the Decision of the Council of Ministers No.2013/4286 published on 23 February 2013 in the Official Gazette.

CHANGES IN THE ARTICLES OF ASSOCIATION

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

Within the scope of this principles;

- A new General Assembly will be constituted in line with the TCC rules like other state owned banks operating under Law no: 4603. This duty has previously been carried out by the Minister in charge of the Bank.

- Türk Eximbank will start to provide domestic insurance and insurance cover to sales of affiliate companies that reside abroad of Turkish exporters (exporter should hold at least 50% stake in the company).

- Türk Eximbank will be able to provide reinsurance facility, engage in all kinds of capital market and derivative financial transactions as well as provide financial support to export oriented transfers of R&D trademark, patent, know-how and technology alongside acquisition of technical cooperation services.

- Audit Board has been abolished in compliance with the rules of new TCC.

- In line with the Banking Law, Credit Committee has been reorganized and Audit Committee has been added among Bank's organs.

- Due to the fact that nonassignable duties and authorizations of company's general assemblies and board of directors were mentioned in TCC, aforesaid rules have been reflected to the Principles.

- Members of the Supreme Advisory and Credit Guidance Committee have been revised considering the new names of Ministries and due to his/her relation with the Bank's activities Undersecretary of the Ministry of Customs and Trade has became a member of the mentioned Committee.

- Besides, "Principles Relating to Reorganization of Investment Bank Under the Name of Export Credit Bank of Turkey" attached to Decree No: 87/11914 has been repealed.

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

STRUCTURE OF THE BANK'S CAPITAL

Currently the 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.

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 2012, the ratios of return on assets and return on equities realized as 1.4% and 6%, respectively. Bank's capital adequacy ratio is 25.1%.

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

In consequence of adverse impacts of ongoing European debt crisis and disagreement about the mutual solutions between nations, hundreds of banks have been excluded from the system. In this context, in order to create a centralized supervision of banking system, it has been decided to establish European Banking Regulation and Supervision Agency. Moreover, precautions were continued to be taken under the European Stability Mechanism by expanding its fund base. However, it was seen that the structural recovery of European banks is limited.

In spite of the entire adverse conditions in Europe, Turkish banking sector preserve its strong capital base in 2012. Due to the attractive conditions and growth potential of the sector, Turkish banks became the center of interest among the international banking groups and two banks had been sold during 2012. Some international banks applied to Banking Regulation and Supervision Agency (BRSA) for establishment license, one bank which gained permission in the previous year has become operational and the privatization process of the public banks has been accelerated. Additionally, upgrade of Turkish sovereign rating to the investment grade by the Fitch Ratings, as well as upgrading various ratings of 9 Turkish banks has positively affected the Turkish Banking Sector.

The Turkish banking sector continues to grow

Total assets of the sector increased by 13% and reached to TL 1.4 trillion as of December 2012. By the impact of the decisions taken for delimiting the credit growth, total loan portfolio increased with a lower rate compared to previous years by 16% and amounted to TL 794.8 billion. However, the loans to assets ratio which was 56.1% at December 2011 raised to 58% as at the end of 2012. Considering the distribution of total loan portfolio, it is observed that the share of corporate loans was 42%, the share of retail loans was 33% and the share of loans allocated to Small and Medium Sized Enterprises (SMEs) was 25%. Export credits of the sector amounted to TL 40.5 billion in parallel with the end of 2011 and the share in total was 5.1%.

Asset quality continues to worsen

Compared with the end of year 2011, non-performing loans (NPLs) of the sector increased by 23% and reached to TL 23.4 billion, and the ratio of NPLs to total loans raised to 2.9% from 2.7%. The increase in NPLs was due to rapid credit growth in 2010 and 2011, and the decline in the collections of NPLs, however writing off applications delimited the growth of NPLs.

Securities portfolio decreasing

The securities portfolio of the sector decreased by 5.3% to TL 270 billion and the share in total assets declined from 23.4% to 19.7%. The diminishing of securities portfolio was based on the fact that banks concentrate on lending facilities and reduce the portfolio of securities denominated in foreign currencies within the framework of the Basel II applications.

The liability structure of the sector is changing

Compared with the end of year 2011, total deposits of the sector increased by 11% and reached to TL 771.9 billion, but due to utilizing alternative funding sources such as loans obtained from international markets and issuance of securities, the share of deposits in foreign liabilities declined to 65% at the end of 2012. In addition to this, the deposit to credit ratio which was 101% at December 2011 increased to 106% at December 2012.

Compared with the end of year 2011, syndicated loans of the sector increased by 4% and reached to U.S. Dollars 16.4 billion and repayment has been made amounting to U.S. Dollars 15.7 billion during 2012. 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 2012. Nevertheless, Asian-based financial institutions came into prominence on the syndicated loan arrangements, because of the decline in the loan facilities provided by European banks whose profit generating capacity decreased during the crisis and downsized with the new regulations.

Capital structure continues to be strong

The Turkish banking sector maintains the strength of its capital structure as a result of holding on high profits of previous years as retained earnings and paid-in capital increases. The capital adequacy standard ratio of the sector which was 16.6% as of 2011, raised to 17.9% at December 2012; but it is still above the target ratio of 12% determined by BRSA.

Profitablity of the banking sector is on the rise

Net profit of the banking sector which was TL 19.8 billion at the end of the 2011, increased by 19.2% and reached to TL 23.6 billion as at December 2012 mainly due to the relative increase in the net interest margin. The ratio of return on assets (ROA) which was 1.7% as of December 2011, increased to 1.8% as of December 2012. Similarly the ratio of return on equities (ROE) increased to 15.8% from 15.5%.

Position of Türk Eximbank within the Turkish Banking Sector

Total assets of Türk Eximbank increased by 60% as compared to the previous year and reached to TL 15.5 billion, thus, compared to end of the 2011, at among 49 banks (including the participation banks) Eximbank reached to 16th place from 19th place at December 2012 in ranking by total assets. Total loan portfolio increased above the sector average, which is 66%, and amounted to TL 13.4 billion; this increase realized due to the relatively attractive interest rates of our bank and the high amount of export rediscount credit limit received from Central Bank of the Republic of Turkey (CBRT). Therefore, Türk Eximbank provides 20% of total export credits of the sector on its own in 2012.

Türk Eximbank holds an important place in the Turkish banking sector with a loans-to-assets ratio of 86% which is one of the highest values at the sector. On the other hand, the share of non-performing loans (NPLs) in total loans is 0.8%, one of the lowest ratios in the sector, and full impairment provision is set aside for NPLs.

Total equity of the bank realized as TL 3.7 billion in parallel with the end of 2011 and capital adequacy standard ratio which was 96% as of December 2011, realized as 25.1% at December 2012, mentioned decrease was basically derived from high increase on loan volume and Basel II regulations which was put into practice at the second half of the 2012. Our bank generated a net profit of TL 221.2 million in 2012 and the ratio of return on assets and return on equities realized as 1.4% and 6% respectively.

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 26,067 million (USD 14.5 billion) in 2012.

22% of total short-term credits was provided in TL and 78% in foreign currency.

The Short-Term Pre-Shipment Rediscount Program had the largest share in short-term credits with 72% in 2012, whereas the share of the Pre-Shipment Export Credits, which are disbursed via intermediary commercial banks, was 20%.

3,953 companies benefited from Türk Eximbank's short-term credits in 2012.

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 12% share in short-term export credits and the amount of credits provided to SMEs was realized as TL 3,189 million (USD 1.7 billion). Additionally, 57% 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 19% in 2012.

European Union countries were foremost in the regional distribution of the credits with a share of 49% in 2012.

Short-Term Credits (TL thousand)

YEARS	CREDIT AMOUNT
2003	4,714,625
2004	4,746,981
2005	4,743,877
2006	5,012,417
2007	4,836,879
2008	5,486,715
2009	7,251,066
2010	5,738,632
2011	10,950,369
2012	26,067,294

Sectoral Distribution of Short-Term Credits

SECTORS	%
Textiles/Ready-to-Wear/Leather	19
Iron & Steel	18
Machinery/Electrical Appliances	14
Food/Agriculture/Livestock Products	13
Mining/Metal Products	13
Plastic/Natural Rubber	7
Motor Vehicles	6
Chemicals	4
Glass & Ceramics	2
Other	4

Regional Distribution of Short-Term Credits

COUNTRY GROUPS	%
European Union	49
Middle East/North Africa	23
North America/Japan	10
Other European Countries	7
Far East	4
Middle and West Asia	3
Other	4

Several arrangements and revisions have been made in the implementations of export credits and credits for foreign currency earning services in 2012 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 order to mitigate the adverse effects of global crisis on the real sector and to ensure the sustainability of economic growth, fund transfers continued in accordance with the demands and needs of the export sector during the year.

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

In order to reduce bureaucracy new arrangements have been made as follows;

• General Credit Agreement which was required for both Export Credits and Foreign Currency Earning Services Credit Programs has been redesigned and made available for joint usage.

• Signing of General Credit Agreement, Export Commitment, Fax Agreement, Letter of Assignment and Exchange Settlement Declaration Form in the presence of the authorized Bank personnel has been acknowledged for transactions as well as notary public certification.

• For public companies, online procurement of financial documents from the website of Public Disclosure Platform has become possible.

• Under Export Credits and the Credit for Participating to Overseas Trade Fairs' programs, export/fair commitment distribution forms are combined with the credit application forms. Therefore, the requirement of filling additional forms has been eliminated.

• Implementation of the deduction of existing insurance premium debts from loans granted to companies which are operating under Short-Term Export Credit Insurance Program, has been initiated.

• The fulfillment condition of export commitment through export of goods declared during the application phase has been revised.

• In case the goods exported to Free-Trade Zone was altered, closure of commitments through the export of goods have become possible.

In line with the legislative changes;

• Within the revisions of Export Credits' Implementation Principles, Foreign Exchange Purchase Receipt for export value obtained as cash in advance form has been abolished. Besides, the exports realized as cash in advance, commenced to be accepted for export commitment on condition that export realized after credit disbursement date.

• A new implementation has been introduced regarding the export of a firm of a group company will be used to close export commitment of another firm of the same group, in case group relationship exists during both credit disbursement and realization of export commitment phases among firms.

• Small and Medium Size Enterprise (SME) definition of Türk Eximbank has been revised based on "Regulation Concerning Small and Medium Size Enterprises Definition, Characteristics and Classification" which was published in Official Gazette number 28457 on November 4, 2012. Due to this revision, criteria of net sales revenue or balance sheet has been increased from TL 25 million to TL 40 million in general SME's definition, whereas TL 5 million has been raised to TL 8 million for small size enterprises.

• Due to unstable conditions in Syria, for the companies whose export commitment to Syria had been declared, loans expiring by 31.07.2012 have been extended by 6 months periods.

Revisions Realized In the Context of Credit Programs;

Within the Short-Term Credit Programs;

• The limit for Rediscount Credit and Post-Shipment Rediscount Credit funded by the CBRT, has been increased from USD 4 billion to USD 5.5 billion within the context of Export Rediscount Credit Practice Direction.

• The name of Pre-Shipment Rediscount Credit Program has been changed as Rediscount Credit and

- Upper firm limit which is USD 20 million for Foreign Trade Companies and USD 10 million for other companies in Rediscount Credits- TL with maturity up to 180 days has been abolished.

- The guarantee of the Credit Guarantee Fund has been accepted as collateral.

- The implementation of fulfilling the export commitment by exports realized within 12 months after issue date of loan has come into force.

- The credit limit has been raised to USD 90 million and USD 50 million for Foreign Trade Companies and other firms respectively.

• Short-Term Export Receivables Rediscount Program has been revised as Post-Shipment Rediscount Credit Program which makes possible to crediting deferred export receivables within the limit of Short-Term Export Credit Insurance under the Export Rediscount Credit Practice Direction of the CBRT. Thereby, along with deferred receivables arising from confirmed letter of credit or banker's acceptance transaction subject to Bill of Exchange or Promissory Notes guaranteed by domestic banks, deferred receivables with maturity up to 120 days arising from cash against goods, cash against documents or letter of credit insured by Türk Eximbank Short-Term Export Credit Insurance can be rediscounted.

• Under the Pre-Export Credit and Free Trade Zone Pre-Export Foreign Exchange Credit programs;

- Upper limit of USD 2 million for foreign currency credit has been repealed.

• Within the Implementation Principles of Pre-Export Credit (PEC) Program for SMEs

- In 2012, as a result of marketing and promotion activities carried out by our Bank, new companies have been added into our portfolio and credit volume has increased further. The existing company limit of USD 500,000 for SME PEC program has been raised to USD 1 million taking requests of export sector into account.

• Within the Pre-Shipment Export Credits;

- Studies on interactive banking applications and benefitting electronic facilities further have been accelerated.

- Firm limit increased to TL 5,000,000 from TL 500,000 in Turkish Republic of Northern Cyprus Pre-Shipment Turkish Lira Export Credit Program in order to increase the effectiveness and usage of the program.

• Within the scope of Foreign Trade Companies Short-Term Export Credit Program, contract of bailment provided by Credit Guarantee Fund for Sectoral Foreign Trade Companies has been accepted as collateral as well.

Within the Medium and Long Term Domestic Credit Programs;

• In order to make procedures easier for all medium and long term credit programs, application requirements have been made more flexible for the loans disbursed in exchange for 100% primary collaterals.

• The funds allocated to our Bank by the European Investment Bank (EIB) and the World Banks have been disbursed to companies almost completely, thanks to the costumer-focused marketing efforts.

• The Trademark Credit has been put into practice to provide long-term financing facility to companies that have a Turkish trademark supported by TURQUALITY® Program and aiming to improve their trademark investments abroad.

Within the Ship-Building Finance and Guarantee Program;

- The firm limit has been determined as 25 million USD.

Within the Credit Programs for Foreign Currency Earning Services;

• Within the Bridge Credit Program for Overseas Contractor Services;

- Due to unrest in Syria and prevailing uncertainty in Libya, amendments which were applied to companies intended to operate in Libya, also has been applied to the companies operating in Syria. Within this framework, based on the program's Operation Manuel Temporary Article 1, the deadline for the application to the credit facility with a 3-year maturity including a grace period of 1.5 years, within the limit of USD 25 million, has been extended to September 30, 2013.

- Apart from the unrecovered progress payments, credit limit has been determined as USD 25 million for each firm. Furthermore, in determining the credit amount allocated to firms other documentary receivables besides uncollected progress payments have started to be taken into consideration.

- The calculation method of the amount of bank letter of guarantees taken as collateral, has been revised in favor of the firms.

• Within the Credit Program for Foreign Currency Earning Services;

- The scope of the credit has been expanded and the financing of overseas contracting services, maintenance and repair services for foreign flagged ships/aircrafts and trucks, domestic health services provided to non-residents in return for foreign currency and the sales of news made through press and broadcast media to foreign news agencies as well as the export of project-based services of Turkish firms; such as software, project design and consultancy. The firm limit has been increased from 4 million USD to 25 million USD.

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 2,731 million (USD 1,527 million) worth of credits was disbursed in 2012.

Intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. Within this framework, TL 1,046 million (USD 583 million) was disbursed to SMEs through the PSEC-TL program in 2012.

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 469.9 million (USD 263.6 million) was disbursed in 2012.

Under the Pre-Shipment Foreign Currency Export Credit (PSEC-FX) Program, USD 1,410 million (TL 2,531 million) was disbursed in 2012.

Within the framework of the obligation of intermediary banks to extend at least 30% of their limits allocated by Türk Eximbank to SMEs, USD 647.6 million (TL 1,163 million) was disbursed to SMEs through the PSEC-FX program in 2012.

Under the Free Trade Zone Pre-Shipment Foreign Currency Export Credit Program, USD 13.5 million was disbursed in 2012.

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 117.5 million (USD 65.8 million) was disbursed in 2012, of which, TL 99.8 million (USD 55.9 million) was disbursed in "TL" and USD 9.9 million (TL 17.7 million) in "foreign currency".

Under the Pre-Export Foreign Currency Credit Program, USD 388 million (TL 698.7 million), and under the Pre-Export Turkish Lira Credit Program, TL 784.9 million (USD 437 million) were disbursed in 2012.

Under the Pre-Export Credit Program for SMEs, a total of TL 44.5 million (USD 24.8 million) was disbursed in 2012, of which, TL 34.2 million (USD 19.1 million) was disbursed under the Pre-Export Turkish Lira Credit for SMEs and USD 5.7 million (TL 10.3 million) 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 5.5 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.

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

Under the Short-Term Pre-Shipment Rediscount Program, a total of USD 10,507.5 million (TL 18,881.1 million) was disbursed in 2012, of which, USD 9,339.7 million (TL 16,782.5 million) was disbursed in “foreign currency” and TL 2,098.6 million (USD 1,167.8 million) in TL.

The Post Shipment Rediscount Credit Program is a post-shipment finance facility, aiming at increasing the competitiveness of Turkish exporters in international markets by enabling them to sell Turkish goods on deferred payment terms and eliminating overseas risks thereby encouraging them to enter into new and target markets. Under this program, USD 21.3 million (TL 38.2 million) was disbursed in 2012.

Medium- and Long-Term Export Credits

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

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

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

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

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

The Export-Oriented Working Capital Credit Program aims to provide long term financing facility to export oriented manufacturers in order to fulfill their working capital requirements. Under this credit program, USD 252.7 million was disbursed in 2012.

The Export-Oriented Investment Credit Program aims to finance the machinery, equipments and other investment components needs of the Export-Oriented manufacturers. Under this program, there is no disbursement made in 2012.

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). 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 2012. The whole source provided from the World Bank has been allocated to the firms in these industries. Under EFIL-IV, USD 148.8 million was disbursed in 2012.

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 2012, USD 118.2 million was disbursed under this credit program.

Short, Medium-Long Term Domestic Credit Programs for Foreign Currency Earning Services

The Tourism Credit Program provides finance to travel agencies, private airlines and tourism enterprises for their promotion and marketing activities abroad and thus contributes to Turkey's balance of payments via increasing tourism revenues. A total of TL 156.8 million (USD 87 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 58.4 million (USD 32.6 million) was disbursed in 2012.

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 2012, TL 1.5 million (USD 820 thousand) worth of credits were disbursed under this program.

The Credit Program for Foreign Currency Earning Services contributes to Turkey's foreign exchange earnings through financing Turkish companies' foreign currency earning services abroad and export of services like software projects, consultancy services, etc. Under this program, TL 5.9 million (USD 3.3 million) was disbursed in 2012.

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 111.3 million (USD 62.1 million) was disbursed in 2012, of which, TL 17.2 million (USD 9.6 million) as short-term and TL 94.1 million (USD 52.5 million) as medium-term credit.

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

COUNTRY CREDIT AND GUARANTEE PROGRAMS

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

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

Due to current difficulties in obtaining sovereign guarantee, Türk Eximbank started working on extending credit lines to reputable banks in buyers' countries in line with 2012 goals, in order to accelerate the buyers' credit program as well as increasing the volume of support provided to Turkish goods and services. In this context, Türk Eximbank contacted with the leading financial institutions in Bulgaria, Russian Federation, Azerbaijan, Ukraine, Georgia, Bangladesh, Pakistan and Kazakhstan to discuss cooperation opportunities. In the mean time, "The General Principals on Foreign Bank Evaluation" has been created and put into effect on April 2012 following the approval of our Board of Directors. The "Risk Ceilings Table" addressing the maximum amount of risk to be taken in foreign banks has also been prepared. Moreover, the "The Reference List of Foreign Banks" has been created and published on our web site to inform exporters and foreign buyers within the year 2012.

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 as well as for projects, such as; trade centers, medical centers, industrial plants, telecommunication, bridge/transportation, energy, petrochemicals, construction and renovation of hotels and business centers.

Within the framework of the Country Credit and Guarantee Programs, USD 39.1 million was disbursed, and the total amount of USD 13.6 million and EUR 5.4 million was collected in 2012. Thus, under these programs, the total amount collected to date has reached to USD 2.7 billion.

Regional Activities in 2012

Africa

• During Turkey - Egypt High Level Strategic Cooperation Council meeting which was held on November 17th and 18th, 2012 in Egypt, Türk Eximbank and Ministry of Planning and International Cooperation of the Arab Republic of Egypt signed a General Framework Agreement including allocation of a credit line in the amount of USD 1 billion to Egypt for the export of capital goods and realization of projects in Egypt.

• A General Framework Agreement was signed between Türk Eximbank and Ministry of Investment and International Cooperation of Republic of Tunisia in the amount of USD 200 million on November 16th, 2012 which targets financing the export of capital goods and realization of projects in Tunisia.

• Ghana Ministry of Finance and Economic Planning sent an official credit request on May 19th, 2011 for potable water supply projects to be constructed in three cities in Ghana. The Loan Agreement amounting USD 135.9 million has been signed on September 28th, 2012 between Türk Eximbank and Ghana Ministry of Finance and Economic Planning.

• During the meeting held on December 11th, 2012 with the representatives of the Ghana Ministry of Finance and Economic Planning, a Memorandum of Understanding including the financial terms of a possible Türk Eximbank loan for the construction of eight prefabricated hospital amounting EUR 118 million was signed and the official loan request was made by Ghanaian side afterwards.

• EUR 12.8 million was disbursed during the year 2012 for the Sewage System Project which is being constructed in Sudan. The disbursements will continue as per regular repayments of previous loans.

• A Framework Agreement was signed on October 11th, 2012 between Türk Eximbank and ECOWAS (The Economic Community of West African States) Investment and Development Bank which is established by 15 West African member countries.

• In order to promote exports of Turkish companies to African market, efforts continue to sign a cooperation agreement with Afreximbank. In this context, a Confidentiality Agreement was signed with Afreximbank to share information about potential projects.

America

• Meetings held with US Eximbank addressing cooperation in third countries, where a consensus was established between parties for co-financing in concrete projects.

Central Asian Republics and Russia

• Türk Eximbank and Sberbank signed a Memorandum of Understanding in the amount of USD 1 billion at the Turkey - Russia High Level Cooperation Council meeting, During Vladimir Putin's, President of Russia, visit to Turkey in December, 2012.

• Meetings for allocation of credit limits were carried out throughout the year with Russian Sberbank, Vnesheconombank and Gazprombank. Besides, a Confidentiality Agreement was signed with Vnesheconombank.

• The negotiations for allocation of credit limit to Pashabank and Unibank located in Azerbaijan was commenced. An analysis was implemented for allocation of a credit line to International Bank of Azerbaijan.

• A Memorandum of Understanding was signed with the Development Bank of Kazakhstan on October 12th 2012 regarding a financing facility of up to USD 250 million for financing Turkish goods and services exports to be realized by Turkish companies.

• The Decree of the Council of Ministers regarding the Debt Write off Agreement signed in Bishkek on December 1st, 2011 between the Government of the Republic of Turkey represented by the Undersecretariat of Treasury and the Government of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic, which was approved in accordance with the law no. 6323 dated June 1st ,2012, came into effect on September 20th, 2012 following the fulfillment of internal approval procedures. In this regard, a debt of USD 49 million has been written off.

Europe

• A credit line in the amount of USD 9.6 million to Belarusbank for Aquapark Hotel Project was approved by Board of Directors.

In 2012, Türk Eximbank issued 72 "letters of intent" for projects to be undertaken by Turkish firms in Azarbaijan (1), Belarus (10), Austria-Nabucco (1), Chad (1), Egypt (2), Equatorial Guinea (1), Ethiophia (6), Ghana (5), Georgia (2), Iraq (3), Jordan (1), Kazakhstan (1), Congo (1), Libya (2), Lebanon (1), Malawi (1), Maldives (1), Mali (1), Morocco (2), Nigeria (3), Pakistan (5), Palestine (1), Rwanda (1), Russia (1), Senegal (1), Sri-Lanka (4), South Sudan (1), Sudan (1), Saudi Arabia (1), Tanzania (1), Tunusia (2), Uganda (3), Ukraine (1), Venezuela (1), Zambia (2). Moreover, Türk Eximbank has extended the validity of two letters of intent for two projects to be realized in Bosnia Herzegovina and Belarus.

As the Undersecretariat of Turkish 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 486.3 million was transferred as of end of 2012.

TÜRK EXIMBANK IN 2012

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

COUNTRIES	CREDIT LIMIT	CUMULATIVE DISBURSEMENTS (1988-2012)
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**	**69.4**
Project Credit	71	69.4
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**	**71.7**
Project Credit	79.6	71.7
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**	**2,327.3**

(*): Transactions under IDB line 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

Company Information and Analysis Department's activities are performed by gathering the up to date information and the annual and semi-annual financial figures of the companies in accordance with the requests of the Bank's departments. The Information and Analysis Reports of 1,371 companies, with an increase of 87% compared to the previous year, were prepared in 2012 and submitted to related credit departments.

Bank Analysis Department

Türk Eximbank determines cash credit limits concerning the credits extended via Turkish banking system and non-cash credit limits concerning the Letters of Guarantee and bills of guarantee of credit programs given by banks in order to constitute the warranty that allocated directly to the beneficiary firms, and treasury operation limits for each bank. In this context, the limits of each bank are determined upon financial analysis and risk assessment studies. In 2012, total amount of USD 7.4 billion additional limit has allocated to banks which are operating in Turkey for cash/ non-cash credit and treasury transactions.

Additionally, according to the Foreign Bank Analysis Model which was developed in parallel with the aim of assigning credit limits to state or private banks of foreign countries within the framework of Country Credits Programme, the analysis reports of 10 foreign banks had been prepared.

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, 1,496 exporters were insured as of end-2012 and 7,715 exporters enjoyed this facility at least once since its inception.

Since April 01, 2012, Türk Eximbank was on-cover towards 238 countries and a total of USD 6.9 billion worth of shipments were insured in 2012. Premium amounting to USD 22.93 million was collected throughout the year.

In 2012, 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 56%.

During the year of 2012, 15,015 new buyers were registered in the underwriting archives raising the total number of the records to 181,195 by the end of the year.

Under the Program, USD 7.7 million worth of claims were paid out in 2012 arising from the shipments to various countries. Entire of the claims paid out due to commercial losses.

In 2012, Türk Eximbank recovered USD 1.5 million of the former claims paid, whereof USD 1.1 million of this amount was related to commercial losses.

Türk Eximbank has continued to cede 70% of the commercial and political risks borne under the Short-Term Export Credit Insurance Program to domestic and overseas reinsurance firms during 2012.

Exports Insured Under Short-Term Export Credit Insurance Program

YEARS	TOTAL SHIPMENTS INSURED (USD million)
2003	3,056
2004	3,553
2005	4,173
2006	4,253
2007	4,683
2008	5,080
2009	4,524
2010	5,010
2011	5,752
2012	6,923

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

SECTORS	%
Textiles/Ready-to-Wear/Leather	31
Machinery/Electrical Appliances/Metal Products	24
Chemical Industry/Plastic and Rubber Products	19
Manufacture of Non-metallic Mineral Products	9
Food/Agriculture/Livestock Products	5
Motor Vehicles	4
Mining	2
Other	6

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

COUNTRY GROUPS	%
European Union	56
Middle East/North Africa	16
Far East	8
North America/Japan	7
Other European Countries	5
Middle and West Asia	4
South America	2
Other African Countries	1
Other	1

Studies for improving and diversifying of the insurance products were continued in 2012.

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.(new title of the bank is: Burgan Bank) and Türk Ekonomi Bankası A.Ş. Within the scope of these agreements, USD 9.3 million worth of export transactions were financed in 2012 and the total amount of export transactions financed through this facility reached to a level of USD 41.4 million as of end-2012. Besides, number of the banks which cooperating with Türk Eximbank has risen to 11 within new protocols signed with Akbank T.A.Ş. and ING Bank A.Ş.

Medium and Long Term Export Credit Insurance

Receivables arising from export of Turkish goods and services, bearing a maximum maturity of eighteen-years, under a single sales contract are covered under Specific Export Credit Insurance Programs against political and commercial risks during the post-shipment stage. Terms and conditions of the cover are determined in accordance with the OECD and the Berne Union guidelines.

During 2012, the Bank continued to offer Turkish exporters the Specific Export Credit Insurance Post-Shipment Political Risk Program, which provides cover against political risks 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.

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

In 2012, our bank continued to the implementation of adding risks, undertaken within the scope of Medium and Long Term Export Credit Insurance transactions, to the reinsurance agreement in compliance with special consents of our reinsurer companies.

Additionally, Türk Eximbank executed the Insurance Program for Unfair Calling of Bonds in 2004. 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.

The draft "Political Risk Insurance Policy for Overseas Contracting Services" was finalized in 2012.

Under the Short-Term Export Credit Insurance Program, close cooperation has been maintained with the export credit/credit insurance agencies of various countries during 2012, in order to enlarge the support given to Turkish exporters and entrepreneurs.

In this respect an Agency Agreement was signed with ICIEC (Islamic Corporation for Insurance of Investments and Export Credits) in 2012. With this agreement, the Bank has started to mediate, in order to provide ICIEC's medium-long term insurance and investment insurance programs to Turkish exporters, investors and contracters.

With the new funding opportunities, debt stock was doubled in 2012 over previous year.

FUNDING AND TREASURY

Capital

The fully paid-up capital of TL 2 billion as of end-2009 did not change during 2012. On the other hand, TL 196 million was transferred to the Treasury as dividend in 2012.

Funding

During 2012, like previous years, the short-term Turkish Lira denominated loan portfolio was funded entirely through the capital and internally generated sources (i.e. interest earned on loans and placements).

The details of funds borrowed in 2012 are as follows:

• Türk Eximbank utilized the Central Bank of the Republic of Turkey's rediscount facility by using the promissory notes issued by exporters and avalized by other Turkish banks. The year-end outstanding balance of this facility increased from USD 1.6 billion in 2011 to USD 3.8 billion in 2012.

• Taking into account its increasing funding requirements, Türk Eximbank raised USD 500 million via fixed-coupon Eurobond issue with a maturity of seven years. In October 2012, the Bank retapped its 7-year bond in the amount of USD 250 million.

• A one-year, Euro 125 million (approximately USD 165 million) "club loan" was raised from 8 international banks in January 2012.

• Euro 224 million (approximately USD 282 million) "club loan" was raised from 14 international banks in June 2012.

• Euro 75 million was withdrawn from the European Investment Bank in two tranches in July, bringing the total EIB funds raised during 2012 to USD 157 million.

• A total of USD 121 million was withdrawn from the World Bank for project finance in 2012.

• USD 105 million was raised bilaterally from some foreign banks operating in the Gulf countries.

• USD 161 million was borrowed bilaterally from some European and Japanese banks.

Fund Management

In line with the growing balance sheet in 2012, liquidity volume managed by the Treasury Department was expanded to TL 1.5 billion in average. Accordingly, almost half of the total liquid funds have been invested in Treasury Bills and Government Bonds. Albeit global interest rates have been at all-time low, special importance was attached to accomplish the most profitable opportunities in the market, so that the funds raised by CBRT's S/T repo facility and FX/TL swaps have been traded profitably in interbank and Takasbank money markets.

In order to perform sound A/L Management and to enable Turkish exporters to utilize FX loans of choice, currency swap volume, USD 6.2 billion of which were S/T while 1.1 billion were L/T, has risen to USD 7.3 billion in total. On the other hand, as the CBRT's rediscounting facility has been continued to be allocated in TL to the exporters throughout 2012, Türk Eximbank were exposed to currency risk. Hence, the bank sustained FX forward transactions and the total transaction volume was aggregated to USD 1.5 billion accordingly.

Türk Eximbank continued to maintain close cooperation with other export credit and insurance agencies and international financial institutions in 2012.

INTERNATIONAL RELATIONS

The close relations with the International Union of Credit and Investment Insurers (Berne Union), Aman Union and Creditalliance have continued and Türk Eximbank has participated to the meetings, seminars and other similar activities held under these organizations in 2012.

Türk Eximbank's relation with the International Union of Credit Investment Insurers (Berne Union) has continued actively in 2012. 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 Credit (ICIEC) and the Arab Investment and Export Credit Guarantee Corporation (DHAMAN), to enhance the cooperation in reinsurance, export credit insurance and co-insurance activities between ICIEC and export credit agencies of other OIC member countries. 3rd Annual meeting of The Aman Union was held in Kuala Lumpur on November 20-22, 2012.

Close relations with the ICIEC, an affiliate of Islamic Development Bank (IDB), also continued in 2012. ICIEC participates to the quota-share reinsurance treaty which is providing reinsurance for the commercial and political risks covered under the Short-Term Export Credit Insurance Program. Additionally, an Agency Agreement between Türk Eximbank and ICIEC was signed on September 12, 2012 and started to provide the services of ICIEC to Turkish exporters and entrepreneurs.

Cooperation agreements have been signed with ECGD/England and Coface/France on April 27, 2012 and November 20, 2012 respectively. Besides, 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, SINOSURE and TEBC/PRC, MECIB and MEXIM/Malaysia, NEXI/Japan, SID/Slovenia, KUKE/Poland, EDBI and EGFI/Iran, ECGE and Export Development Bank of Egypt/Egypt, Eximbanka S.R./Slovak Republic, Eximbank of Romania/Romania, Eximbank of Russia and Vnesheconombank/Russia, KSURE/South Korea, EKF/Denmark, HBOR/Croatia, MBDP/Macedonia, ICIEC, the Multilateral Investment Guarantee Agency (MIGA), Asian Development Bank (ADB) and EBRD.

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 2012. 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 2012 with the IBRD, EIB, MIGA and ITFC. In this framework, bilateral business opportunities have been evaluated during international meetings with the above mentioned institutions.

Regulations Implemented within the Framework of International Obligations

Transition to Basel II

In accordance with the regulation of "Measurement and Assessment of Capital Adequacy of Banks", issue no. 28337, published in the Official Gazette on June 28, 2012 by the Banking Regulation and Supervision Agency (BRSA) and parallel reporting period which was in force between July 1, 2011 and June 30, 2012, finalized along with transition from Basel I to Basel II and Turkish Banking System is officially complied with Basel II starting from the 1st of July. Basel II reporting set consist of information and documents that BRSA requested, submitted to BRSA in order to ensure a healthy transition process in terms of implications of the banking sector and the Bank, between July 1, 2011 and June 6, 2012. As of July 2012, Basel II reporting set which includes recent regulations made in the scope of Basel II criteria has been sent to BRSA.

In accordance with the circular published on August 23, 2011 by BRSA, related to the Basel II Pillar II, banks are required to calculate the Standard Ratio of Interest Rate Risk Arising from Banking Accounts as of September 2011. The 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 still remained very low in 2012.

Studies initiated for the establishment of an in-house risk management system including the criteria stipulated by Basel II in 2012, are about to complete in compliance with estimated timetable.

INFORMATION TECHNOLOGIES

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

Developments in the hardware and software technologies reflected into the information technology infrastructure in order to have the IT infrastructure fully fault tolerant and compatible with legal requirements. Main servers replaced with servers having new generation processors with high processing capacity. Additionally a storage system with great capacity and highly fault tolerant and fast drives installed in the new data center.

Data backup becomes one of the most important aspects within the framework of importance of the information and legal requirements. A reliable backup system was implemented including a backup library and backup software which has a longer retention period for more data.

One of the most important improvements has occured in the virtualization technology in recent years. Türk Eximbank has implemented a virtualization project that improved speed and efficiency in server management.

Business Continuity Plans for the Bank and IT have been prepared and approved by the Board of Directors. Implementation and supervision of Business Continuity Plans is very important regarding real stories about business continuity. In the context of the Bank's Business Continuity Plan business impact analysis prepared, critical business processes determined with the related departments, the personnel who will be in charge in condition of a disaster also appointed and trained. The plans have been tested with the parties. IT Business Continuity Plan was also accredited with BS 25999 certificate.

A disaster data center has been implemented according to criticality and maximum recovery time objectives and recovery point objectives of business processes. The data center has been planned as sufficient to be used for all of the critical business processes in a disaster. IT services have been replicated continuously into this data center.

Database server of main banking applications has been upgraded. Two servers have been used in a clustered environment. Thus the most critical application of the Bank has been saved with maximum fault tolerance.

Main network switches replaced with new and securely configured devices. Wireless network covering all of the building with user access controls and security configuration implemented.

In the context of relocation process of the Bank to Istanbul, purchase and implementation of the following equipment held: power generator, uninterrupted power supply, local area network infrastructure devices, IP telephones and telephone switchboard, PRI fax devices, IP cameras. Additionally data, internet, telephone, fax, copper and fiber optic network infrastructures have been provided from two main suppliers.

New user computers purchased and installed by the time of relocation process. New data center has been established with redundant air conditioners, fire extinguishing systems. Turnstile systems implemented as well.

A relocation project prepared and the other service departments have been assisted. Relocation of data center has been implemented apart from the main relocation project. Within this framework, user computers, peripherals, data center, servers, network devices, storage system relocated with great attention. Before movement, another equivalent system has been installed in Ankara building for the possibility of a failure in addition to the systems in disaster recovery center.

In accordance with the Banks movement strategy user computers transferred in two stages. The personnel transferred at the first stage worked using the systems in Ankara. Main systems transferred in the second stage without any unfavorable circumstances.

Ongoing studies about the new money transfer system held in parallel with the Central Bank of the Republic of Turkey. Planned test started in July 2012 and Tender System put in service in September and Retail Payment System was put into service in November while the whole Money Transfer System is being planned to be implemented in July 2013. Our Bank participated in these studies and will participate forthcoming studies as well.

E-government studies have been accelerated especially in public sector and a great progress has been achieved regarding competition, speed, and productivity. Executing all processes in an electronic environment is very important for transition to e-government. In this manner, Türk Eximbank has continued the analysis, design, training, and consulting studies of new software projects in 2012.

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

- Information infrastructure converted into library modules.

- All of the business processes are supported with e-mail and e-fax applications so that speed and efficiency have increased.

- Credit commitment process supported with e-forms.

- Information gathered from Export Credit Insurance Agencies, transferred into the Banking System automatically.

- Approval processes have been implemented electronically.

- Credit calculator has been prepared and made available to use on web page.

- Information about daily operations is prepared in the entry-pages of applications.

- User requests about changes in applications and Bank organization after relocation to Istanbul have been successfully fulfilled.

Software service performance criteria have been determined and studies on measurement and self assessment have continued. During the past year 5,431 requests were made on Intranet system. Among these requests, 66% of the requests were solved in a day. 1,703 of the total requests were about software development and 40% of these requests have been solved in less than 24 hours and 21% have been solved in less than 5 days while 25% have been solved between 5 and 30 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.

Studies for improving and diversifying the insurance programs

General Conditions of Short Term Export Credit Insurance Policy have been revised in parallel with customers' needs and expectations, as well as to be in compliance with some changes in related laws and legal regulations.

Türk Eximbank aims to offer guarantee schemes to factoring companies by signing cooperation agreements with them as similar to the cooperation agreements signed by commercial banks in an effort to create a risk free environment for them to engage directly in export financing.

"Political Risk Insurance Policy for Overseas Contracting Services", draft of which was finalized in 2012, is planned to be implemented in 2013.

Under the agreement signed with ICIEC, the Bank will focus on the promotion and marketing activities of the medium/long term insurance policies and investment insurance policies of ICIEC.

In order to diversify Export Credit Insurance products, "Some Turnover Short Term Export Credit Insurance", "Domestic Credit Insurance", "Specific Export Credit Insurance" and "Letter of Credit Insurance" programs are planned to be implemented as soon as possible.

TARGETS AND ACTIVITIES OF TÜRK EXIMBANK IN THE FORTHCOMING PERIOD

Türk Eximbank, in line with its new vision, aims to 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.

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, to expand their shares in the current markets 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 out of cover in accordance with the foreign policy 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 entail Turkish firms to do business around the globe and benefit from the Country Credit/Guarantee Programs.

The new policy

- allows for 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 entails to issue limits for those who are similar in terms of the level of economic development,

- is more fair, easy to understand and practical.

Starting from 2013, Türk Eximbank foresees more efficient use of country credit/guarantee programs by using the alternative tool of extending credits to reputable banks. Moreover, Türk Eximbank will get to work on to finance projects, covered within the scope of Medium and Long Term Export Credit Insurance Program via Country Credits.

Under Country Credit/Guarantee programs, in 2013, Türk Eximbank foresees a utilization of USD 2.5 billion in total consisting of USD 2 billion direct lending (USD 1.5 billion for project undertaken by Turkish companies abroad and USD 500 million for trade finance transactions) and USD 500 million guarantees. Additionally, Turk Eximbank aims to allocate USD 1.5 billion to regional and multinational development banks and other export credit agencies.

In 2013, Türk Eximbank aims at providing financial support to machinery manufacturing, technical consultancy services, software and ship building industries.

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

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

In case of an appointment by Turkish Government, within the frame of Law No: 4749, and provided that Türk Eximbank's revenue losses are compensated by the Undersecretariat of Turkish Treasury, Türk Eximbank would extend concessional or similar type of loans in 2013 which will not be subject to country limits.

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. Additionally, Bank will continue to expand cooperation opportunities with Export Credit Agencies and Multinational Finance Corporations abroad.

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.

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.

2. MANAGEMENT AND CORPORATE GOVERNANCE AT TÜRK EXIMBANK

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 Ministry of Customs and Trade which has been constituted by decree no.640 on August 4, 2011. Mr. Altunyaldız, who has published various papers in national and international journals, has been a member of the Board of Directors of Türk Eximbank since February 22, 2010.

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.


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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.

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-Turkey, 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.

Audit Board member Prof. Dr. Arif ESİN has resigned from his post on August 16, 2012. Due to the fact that, Law No. 6102 (new) Turkish Commercial Code's entry into force, Audit Member Güner GÜCÜK who was on duty pursuant to the Law No. 6762 has resigned on March 31, 2013.

The Board of Directors had 17 meetings, 9 of which took place in İstanbul, 7 in Ankara and 1 in Konya. Board of directors has took also 4 interim decisions. 13 of these meetings were held with full participation of members and 4 meetings were held with the excused absence of 6 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- CENAN AYKUT

Assistant General Manager in charge of Export Credit Insurance/Guarantees

Born in 1956 in Şebinkarahisar. Mr. Aykut graduated from the Economics and Finance Department of the Faculty of Political Science. He started his professional career as Junior Specialist in the Project Evaluation Department of the State Investment Bank and took part in its transformation to Türk Eximbank. Mr. Aykut has worked in Credit Analysis, Medium and Long Term Insurance Analysis, Project Evaluation and Buyers' Credit/Guarantee Departments of the Bank as manager. Mr. Aykut has appointed as Assistant General Manager on April 05, 2012 and currently in charge of Export Credit Insurance/ Guarentees.

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 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. 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. He joined Türk Eximbank as Manager of the Training Department in 1989. In addition to this, Mr. Pulak has worked as the Manager in Credits, Budgeting and Financial Planning Fields respectively, Mr. Pulak was appointed as the Head of Internal Control on July 15, 2011.

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.

Fahriye Alev ARKAN was serving as the Assistant General Manager in charge of Export Credit Insurance/Guarantee till March 15, 2012.

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 : Cenan AYKUT (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.

Credit Committees

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 2012 PRESENTED TO THE GENERAL ASSEMBLY

Our assessments regarding the Article no: 4 of "Legislation Related to the Revision of Legislation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks" has presented below.

Expansionary monetary policies in developed countries alleviated the risk perceptions

After declaring the third round of quantitative easing policy in 2012, Fed announced to continue accommodative stance of monetary policy if US inflation expectations stays below 2.5% and unemployment rate stays over 6.5% which led financial markets to relax. The risk premia and borrowing costs of countries such as Spain, Italy and Greece, called the South countries of Europe, declined, after the announcement of European Central Bank's (ECB) "we shall defend euro, whatever it takes". Besides, Japan declared new monetary stimulus program in December 2012 and raised the inflation target from 1% to 2% in January 2013, also contributed to the easing of financial markets.

As a result of these policies, global risk perceptions decreased significantly and optimistic expectations become widespread about the global economy. Although IMF updated 2013 growth forecasts for developed countries downwards 0.2% in January, also added that decreasing risk perceptions could affect the economic performance positively onwards. However, IMF added that, there aren't many changes about the origins of the global crisis; financial system is still too big, complex and opaque, so optimism should be cautious. In this respect, it is emphasized that in 2013 both EU and global financial system should be strengthened through structural reforms. Additionally, optimistic expectations for 2013 is based on the assumption that US's debt ceiling problem would resolve.

Another issue on the agenda in the first quarter of 2013 was the currency wars. The debate began with the idea of Japan's expansionary policies are aimed to depreciate its currency and intensified with France and Greece's declaration that euro is overvalued. Global markets are concerned about the idea that ECB would target the depreciation of euro and currency wars would be intensified more.

Though central banks significantly increased the global liquidity, the excess liquidity could not be transmitted to the real sector because of uncertainties and so remained in the financial sector. In the context of the debates above, in 2013 decision makers would aim to increase the confidence and the credibility by the implementation of structural reforms. After the improvement in credibility, it is being expected that the credit supply and demand would increase and in the middle term, private sector would contribute to the economic growth. IMF declared year 2013 as the "make or break" year which means this year is not a year to wait.

Current account deficit of Turkey has been declined to 6% of GDP

Since the first quarter of 2011, Turkish economy has been evolved within the context of both gradually reducing growth rates as a result of soft landing policies and transformation of expenditure's components to the GDP. Besides, while in 2011 GDP growth mainly originated from domestic demand, in 2012 net export made major contribution to GDP growth. It's thought that in the fourth quarter of 2012 domestic demand hasn't recovered as expected and deceleration in the growth rate which was monitored in soft landing process has continued. In this context, it's forecasted that growth rate of fourth quarter of 2012 will be 1.2% thus annual growth rate will be 2.3%. Current account deficit of Turkey which was USD 77 billion dollar in 2011, decreased by 36.5% to USD 48.8 billion in 2012 because of slowdown in the growth rate. Thus, it's estimated that the ratio of current account deficit to GDP decrease to 6%, this was 10% in 2011.

Cause of deceleration in current account deficit is arising from both decrease of imports due to economic slowdown and increase of exports. Besides, in 2012, imports decrased by 1.8% to USD 236.5 billion and exports increased by 13.1% to USD 152.6 billion. Thus, in 2012, foreign trade deficit decreased to USD 84 billion by 20.7% compared to 2011 and ratio of export to import increased to 64%.

Consumer price inflation, which was estimated as 5.2% in the Medium Term Programme, realized as 6.2%. Consumer price inflation is expected to rise in the first months of 2013 and could occur between 3.9% and 6.7% in line with CBRT's expectations.

Recovery of growth of Turkey's economy is expected in 2013

Its thought that impact of optimistic atmosphere on domestic demand due to upgrade of our credit rating to investment grade by Fitch in Autumn of 2012, could be observed in forthcoming period. Besides, since November of 2012 not only consumer confidence index but also real sector confidence index has begun to rise. Considering both influence of accommodative monetary policy of CBRT -which in practice since September of 2012- on real economy and the rises in confidence indexes, it's expected that of growth rate could increase later on 2013.

On the other hand, along with the recovery at domestic demand, it's expected that downward trend of foreign trade deficit will stop, import growth rate accelerate and thus current account deficit will increase mildly and reach to approximately USD 60 billion.

Türk Eximbank's total support to export has increased by 77% compared to previous year.

USD 14.5 billion of total cash credits consists of short term export credits. Short Term Export Credits has increased by 124% compared to the same period of the previous year. The credits that extended to the SME's has reached to USD 1.7 billion and it's share in the short term export credits realized as 12%. 3,953 companies has benefitted from Short Term Export Credit Programs. SMEs constitutes of 57% of companies which took credits. In 2012, USD 611 milion has disbursed within the context of Medium-Long Term Credits and Buyers' Credits. On the other hand, in 2012, the amount of exports insured under Short-Term Export Credit Insurance Program has increased by 20% year on year basis and reached over USD 6.9 billion, whereas the amount of collected premiums has reached to USD 23 million. Besides, more than 181,000 buyers' limits has allocated within the context of insurance program.

Depending on the amount of credit being covered by insurance programs, our Bank's interest rates are between the range of 5.50% - 8.75% and LIBOR/EURIBOR+0.75% – LIBOR+4.00% / EURIBOR+3.50% for the TL and foreign exchange credits respectively.

Considering the strong demand for Rediscount Credit which is an important source of funding, CBRT has determined the export rediscount credit limit allocated to Türk Eximbank, as USD 5 billion on May 9, 2012 and USD 5.5 billion on December 4, 2012. Rediscount Credits has 73% share in total Türk Eximbank credits and total of USD 10.5 billion of Rediscount Credits has disbursed in 2012. The implementation of fulfilling the export commitment by realizing export within 12 months after issue date of loan has come into force in order to provide convenience to exporters. Companies which used credit previously have utilized aforementioned facility as well as the companies which haven't fulfilled the export commitment condition yet. Besides, the credit limit has been raised to USD 90 million and USD 50 million for Foreign Trade Companies and other firms respectively.

Two new credit programs for companies without any SME or sectoral constraints, and one another for the brandization activities of Turkish companies have come into effect because of the medium-long term credits funded by European Investment Bank and World Bank became insufficient to fulfill the strong demand of exporters. The "Export-Oriented Working Capital Credit" is one of these credit programs and aims to support export oriented manufacturers in order to encourage them to procure raw materials, intermediate goods, machinery and equipments from domestic market. In addition to this the "Export-Oriented Investment Credit Program" aims to finance the procurement of machinery, equipments and other investment components needs of the Export-oriented manufacturers from foreign markets as well as domestic markets.

Furthermore, the Trademark Credit aims to provide financing facility to companies which are based in Turkey for their businesses such as; purchase of a foreign trademark, a facility or a store related to that trademark. The Program also aims to support efforts to improve image of Turkish trademark/goods abroad and endavours for expanding/establishing Turkish trademark overseas.

Additionally, an Agency Agreement was signed with ICIEC (Islamic Corporation for Insurance of Investments and Export Credits) in 2012. With this agreement, the Bank has started to mediate ICIEC's medium-long term insurance and overseas investment insurance programs in order to provide them to Turkish exporters, investors and contracters. This facility aims to compensate the loss they may incur due to political risks such as inability to receive progress payments, confiscating of machinery and equipment, restriction of foreign currency transfers, war, civil war. Additionally, cooperation agreements has signed regarding "financing facility of the insured export" with two private banks in order to make insured exports acceptable as a collateral to get credit from these banks. Consequently, the number of banks which financing the insured export has reached to 11.

In 2012, more than USD 1.7 billion fund has obtained from foreign money and capital markets. In the same period, debt stock araising from the CBRT's rediscount credit facility has increased by USD 2.2 billion. In view of our Bank's general financing needs and the target of enhancing the share of medium and long term foreign exchange credits, in April 2012 we issued eurobonds amounting USD 500 million with a maturity of 7 years, and in October 2012 we ensured supplemental resources by increasing this issuance by USD 250 million. Besides, the amount of USD 632 million repayment has realized in 2012.

Explanations about Balance Sheet Items

A summary assessment of the financial structure of Türk Eximbank in 2012 is given below.

The Bank's total assets reached TL 15.5 billion (USD 8.7 billion) as of December 31, 2012.

The total assets of Türk Eximbank consist of 86% loans, 11% liquid assets and 3% securities held-to-maturity and other assets.

The Bank's loan portfolio increased by 66%, compared to December 31, 2011 and reached TL 13.4 billion. The duly collection of loans is emphasized in the Bank. The share of non-performing loans in total loans is 0.1% which is below the banking sector's average. Although the provisioning ratio for Türk Eximbank is determined as zero percent by law, along with its high loans-to-assets ratio (86%), 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 11.4 billion and consist of 73% of the total liabilities, were used in financing assets. 24% (TL 3.7 billion) of liabilities were in the form of shareholders' equity, while 3% (TL 435 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 25.1% as of December 2012.

The liquid assets-to-short-term liabilities ratio was realized as 160%, over the 100% ratio considered as adequate in financial analysis.

Türk Eximbank operates with high loans-to-assets ratio, therefore, TL 467 million (82%) of its TL 574 million total interest incomes came from interests earned from loans. On the other hand, the Bank's interest expense was TL 178 million, of which 51%, TL 91 million was the interest paid to marketable securities issued and 45%, TL 80 million was the interest paid to the borrowings from domestic and international markets. Other interest expenses were TL 7 million and net interest income was TL 396 million.

SUMMARY REPORT OF THE BOARD OF DIRECTORS OF TÜRK EXIMBANK FOR 2012 PRESENTED TO THE GENERAL ASSEMBLY

Türk Eximbank ended the year 2012 (48th accounting period) with TL 221 million net profit. Return on assets and return on equity ratios were 1.4% and 6%, respectively.

Financial statements, which have been prepared in accordance with the 37th article of the Banking Law No. 5411, the Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks (published in Official Gazette, issue no. 26333, dated November 1, 2006), Turkish Accounting Standards, Turkish Financial Reporting Standards, other legislation related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and BRSA comments, and also in accordance with the Bank's accounting records, have been audited by independent auditing company Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) in line with the International Auditing Standards and was finalized without any critique on February 14, 2013.

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-2012.

Cavit DAĞDAŞ
Vice Chairman
Member of the Audit Committe

Hayrettin KAPLAN
Member

Oğuz SATICI
Member

Mehmet BÜYÜKEKŞİ
Member

Adnan Ersoy ULUBAŞ
Member

A. Doğan ARIKAN
Member of the Board and
Audit Committe

Ziya ALTUNYALDIZ
Member

ORGANIZATIONAL DEVELOPMENT

Organizational Restructuring

The following reorganization activities were undertaken in the Bank during the year-2012:

• The Credit I Division, Credit II Division, Insurance Division and Administrative and Social Affairs Division was established in the Ankara District Office under Credits Deputy General Management Department.
• Department of Credits Funded by CBRT was established and Rediscount Credits Division and Post Shipment Rediscount Credits Division were constituted under this department.
• Department of Short –Term Export Credits was established and Intermediary Bank Credits Division and Direct Credits Division were constituted and moved under this department.
• Marketing and Product Development Division was moved under Medium-Long Term Credits Department.
• Credit and Risk Assessment Division was moved under Legal Procedures and Legislation Department.
• The Pre-Shipment Export Credits Department, Pre-Shipment Export Credit Division and Foreign Trade Credits Division were closed.
• The Department of Performance Credits, Performance I Credits Division and Performance II Credits Division were closed.
• The Department of Spesific Export Credits and Specific Export Credits I Division and Specific Export Credits II Division were closed.
• Under the Social Affairs and Communication Department, Communication Division and Public Relations Division were consolidated and transformed into Communication and Public Relations 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, were 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 Head Office into İstanbul in line with the strategy to make İstanbul an International Financial Center was made. Besides, abolition of the post of Ministry of State has been 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.

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

HUMAN RESOURCES

Human Resources 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.

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

In 2012, 114 personnel recruited and 58 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 2012, 350 participants attended 129 training programs in total. 50 participants attended 74 of the training facilities held by the Banks Association of Turkey, 151 participants attended 48 programs held by other domestic training institutions and 230 participants attended 7 in-house training programs.

"Life and Motivation" seminar has performed with highest participation rate and 245 personnel has benefited.

Trainings including "Intensive Training Course on Banking Analysis"and "UFRS" received from outside professional institutions, were very useful to fulfill the up-to-date training requirements of the Bank's personnel.

In addition, a training program was organized between the dates of October 1-November 2, 2012 for the junior specialists newly recruited.

Throughout 2012, 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 2012, 63 students were accepted as trainees to these programs. 4 of these trainees have received a long-term on-the-job training.

Public Relations

"Annual Report 2011" and updated new version of "Credit and Insurance Programs Brochure" published within the framework of public relations activities. 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. Türk Eximbank has been represented at "Declaration of Export Figures" meetings organized by Exporters Assembly of Turkey and exporter companies have been informed about Bank's Services and Programs. Publications of daily newsletter and e-bulletin have been continued.

With in the scope of reconstruction process of our Bank, Türk Eximbank's logo has been redesigned with more modern and professional approach and renewed by Board of Directors on April 30, 2012. After that, corporate identity guide workshop was carried on, in order to maintain coherence of written and visual materials, in which new logo has been used.

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.

i s t a n b u l

3. FINANCIAL INFORMATION AND ASSESSMENT ON RISK MANAGEMENT

GENERAL ASSESSMENT OF THE YEAR 2012 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 internal systems of the Bank have been established and the Audit Committee has been formed via necessary organizational changes within the framework of the "Regulation on Banks' Internal Systems" issued by the Banking Regulation and Supervision Agency of Turkey (BRSA) in the Official Gazette issue no. 28337, dated June 28, 2012. The 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 2012, the Internal Audit Department performed its activities with a total number of five personnel consisting of auditors and assistant auditors as planned, in order to increase the efficiency and effectiveness of the Bank. Besides, the Internal Audit Department provided coordinated internal control studies, which is the basis of Management Declaration.

Internal Control

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

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

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

The Internal Control Department, in the scope of its tasks, carried out the activities by giving priority to the process and procedures within the framework of the materiality criteria determined by the risk oriented perspective, in 2012. Within this context, credit, insurance, treasury, payment systems (SWIFT, EFT etc.), accounting and financial reporting processes were controlled regularly throughout the year. In the course of these activities, the individual powers to access the system modules and screens and to create accounting entries were checked considering the conformity to the duties of the related personnel. Besides, the principle of separation of functional tasks (data entry, control, approval) and the checkpoints of the several transaction limits were audited in terms of their presence and mechanism.

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

On the other hand, according to the "Regulation on Bank Information Systems and Banking Processes Audit to be Performed by External Audit Institutions" issued by the BRSA, the Bank has to present the management declaration to their external independent auditors, signed by the board of directors for each audit period, concerning the current situation and internal control activities carried out on the information systems and banking processes. In this context, the internal control activities to be the ground of the management declaration were prepared by the Internal Control Department and the Internal Audit Department during the period of October-December 2012, and the report prepared jointly was presented to the Board of Directors. The Management Declaration was then signed by the Board of Directors on January 21, 2013, and submitted to the external auditor on the same date.

Risk Management

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

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

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

GENERAL ASSESSMENT OF THE YEAR 2012 ACTIVITIES AND RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT SYSTEM OF TÜRK EXIMBANK

Under the risk management activities:

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

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.

In 2012, a project called "Basel II Applications and Legal Reporting to BRSA and The Central Bank" was carried out by Bank's Risk Management Department and the Department of Information Technologies within the framework of Basel II. According to the project, Risk Management Module consists of three parts;

Part I: Setup of Market Risk model. The model includes creation of Yield Curve, VarCov matrices, calculation of the Value at Risk by using Parametric, Historical and Monte Carlo Simulation Methods and Back-testing, Interest Rate and Foreign Exchange Stress Testing. Studies on Market Risk model is about to complete.

Part II: Establisment of the Credit Risk Model and producing legal reports in the platform of Bank's IT system. In this context considering the fact that our Bank is operating via commercial banking system; economic capital calculations which are based on credit ratings, PD (Probability of Default) and LGD (Loss Given Default), of commercial banks are about to complete. Besides stress testing process is also about to complete.

Part III: This part is involved Establishment of the operational risk model, producing legal reports on the bank's IT system and producing Reports of Asset / Liability Management (ALM). In this context studies has been carrying out particularly on legal Reports and ALM reports.

A. Doğan ARIKAN
Member of the Audit Comitee

Cavit DAĞDAŞ
Member of the Audit Comittee

FINANCIAL PERFORMANCE

Türk Eximbank's assets reached TL 15.5 billion (USD 8.7 billion) as of December 31, 2012.

Assets

Türk Eximbank's total assets consist of 86% loans, 11% liquid assets and 3% securities held-to-maturity and other assets.

The loan portfolio of the Bank was TL 13.4 billion. Loans increased by 66% over the previous year. 82% (TL 11 billion) of this amount was short-term, and 18% (TL 2.4 billion) was medium and long-term loans. By the use of appropriate risk management techniques, the duly collection of loans is emphasized. Thus, although the Bank extends most of its resources as loans to the export sector, the share of non-performing loans in total loans is small with 0.1%, 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 15.5 billion, of which 24% (TL 3.7 billion) was in the form of shareholder's equity, 73% (TL 11.4 billion) was in the form of funds obtained from domestic and external markets, and 3% (TL 435 million) was in the form of provisions and other liabilities.

The Bank's shareholders' equity was TL 3.7 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 221 million) was net profit.

TL 11.4 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 6,803 million worth of loans provided from the Central Bank of the Republic of Turkey, TL 2,239 million marketable securities issued, TL 1,319 million loans provided from domestic and foreign banks, TL 823 million syndicated loan, and TL 164 million subordinated loans and TL 10 million funds provided under repurchase agreements.

The Bank's nominal capital, TL 2 billion as of December 31, 2012, 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, 2012, the liquid assets-to-short-term liabilities ratio was 160%.

Income Statement and Profitability

Türk Eximbank operates with high loans-to-assets ratio, therefore, 82% (TL 467 million) of its TL 574 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 178 million, of which 51% (TL 91 million) was the interests paid to marketable securities issued and 45% (TL 80 million) was the interest paid to loans provided from domestic and foreign lenders. Other interest expenses were TL 7 million and net interest income was TL 396 million.

Türk Eximbank's net profit was TL 221 million as of end-2012. On the other hand, the return on assets and return on equity ratios were 1.4% and 6%, 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, is not obliged to conform to Article 54 of Banking Law No. 5411, on loan limits. Nevertheless, the Bank obeys the general loan limits constraints mentioned in the Banking Law. The Bank could set a limit for a private bank up to 70%, while this ratio is up to 80% for public banks.

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

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

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

Short-term export 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.

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

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

Currency Risk

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

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

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

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

Interest Rate Risk

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

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

According to the circular, the ratio of net present value changes caused by interest rate shocks to the equity of the related month should not exceed 20%. This rule has become subject to legal sanctions as of 01.07.2012. The Standard Ratio of Interest Rate Risk Arising from Banking Accounts is quite below the legal limit owing to the Bank's strong equity structure.

Liquidity Risk

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

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

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

The Bank prepares cash flows tables in domestic and foreign currency weekly, monthly and annually 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

The issuer credit ratings assigned to the Bank by these rating agencies, as of end-2012, are as follows:

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

On the other hand, the "outlook", indicating the changing probability of the long-term ratings over a 6-12 months period was determined as "stable" by Standard & Poor's in May 2012, while Moody's has changed outlook to "positive" from "stable" in July 2012.

Standard & Poor's has raised Türk Eximbank's long term foreign currency credit rating to BB+, long term local currency credit rating to BBB, short term local currency credit rating to A-2 in April 2013. However Standard & Poor's did not change the short term foreign currency credit rating of Türk Eximbank. In addition outlook of the Bank has been determined as "stable".

FINANCIAL HIGHLIGHTS FOR THE 2008-2012 PERIOD

Major Balance Sheet Accounts (TL thousand)

	2012	2011	2010	2009	2008
Loans	13,352,060	8,065,619	4,159,138	3,908,666	4,004,961
Total Assets	15,468,467	9,660,063	6,289,153	6,488,070	4,942,922
Loans Borrowed	9,108,492	4,494,296	1,798,712	2,025,884	1,150,311
Funds Provided Under Repurchase Agreements	10,006	333,452	-	-	-
Marketable Securities Issued (Net)	2,238,610	960,419	-	-	-
Shareholders' Equity	3,675,364	3,647,256	3,629,360	3,656,670	2,938,967
Total Paid-in Share Capital	2,000,000	2,000,000	2,000,000	2,000,000	1,326,336

Major Income Statement Accounts (TL thousand)

	2012	2011	2010	2009	2008
Interest Income	573,737	313,359	315,753	437,972	468,073
Interest Income on Loans	467,415	231,230	171,921	323,090	356,350
Interest Expenses	(178,037)	(48,869)	(27,045)	(50,725)	(46,626)
Net Interest Income	395,700	264,490	288,708	387,247	421,447
Other Operating Income	88,270	82,778	42,466	35,007	32,507
Provisions for Loans and Other Claims	(61,565)	(81,321)	(21,016)	(55,635)	(25,624)
Other Operating Expenses	(141,051)	(73,744)	(63,792)	(58,370)	(69,443)
Net Income	221,191	230,256	256,221	342,488	371,031

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

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

We have audited the accompanying balance sheet of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") at 31 December 2012 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Independent Auditor's Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası A.Ş. at 31 December 2012 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

Istanbul, 14 February 2013

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT AT 31 DECEMBER 2012 ORIGINALLY ISSUED IN TURKISH

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

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

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

14 February 2013

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

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

Hayrettin KAPLAN
General Manager

Necati YENİARAS
Executive Vice President

Muhittin AKBAŞ
Head of Accounting and Reporting Unit

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

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

Telephone Number : (216) 666 55 00
Fax Number : (216) 666 55 99

SECTION ONE
GENERAL INFORMATION

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

SECTION THREE
ACCOUNTING POLICIES

SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

SECTION SIX
EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

SECTION ONE

GENERAL INFORMATION

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

The commercial title of the Bank:	Türkiye İhracat Kredi Bankası A.Ş.
The Bank's head office address:	Saray Mah. Üntel Sok. No:19 34768 Ümraniye / İSTANBUL
The Bank's telephone and fax numbers:	Telephone: (216) 666 55 00 Facsimile: (216) 666 55 99
The Bank's web site:	www.eximbank.gov.tr
The Bank's e-mail address:	info@eximbank.gov.tr
Reporting Period:	1 January - 31 December 2012

b. 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.

c. 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.

d. 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
Vice President:	Dr. Hayrettin KAPLAN	Postgraduate
Executive Vice Presidents:	Necati YENİARAS	Graduate
	Mesut GÜRSOY	Undergraduate
	Cenan AYKUT(*)	Undergraduate
	M.Ertan TANRIYAKUL	Undergraduate
	Ahmet KOPAR	Graduate
	Alaaddin METİN	Undergraduate

(*) Following the retirement of the Assistant General Manager F. Alev ARKAN on 20 March 2012, Cenan AYKUT was appointed to the same role by the Bank Board of Directors on 30 April 2012.

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; Cenan AYKUT 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 Risk Analysis and Assessment, Finance and Treasury Transactions.

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

As of 16 August 2012, Prof. Dr. Arif ESİN as a member of Audit Committee resigned from his role.

e. Information on the shareholders owning control shares:

Name/Commercial title	Share amount	Share percentage	Paid-in capital	Unpaid portion
Hazine	Tamamı	%100	2.000.000	-

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

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

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

On the other hand, the Bank also performs fund management (treasury) operations related with its core banking operations. These operations are domestic and foreign currency capital market operations, domestic and foreign currency money market operations, foreign currency market operations and derivative transactions, all of which are approved by the Board of Directors. As a result of Decision No. 4106 dated 11 March 2011 of the Banking Regulation and Supervisory Agency published in Official Gazette No. 27876, dated 16 March 2011, permission was granted to the Bank to allow it to be engaged in the purchase and sale of foreign exchange-based options. The losses due to the political risks arising on loan, guarantee and insurance operations of the Bank, are transferred to the Turkish Treasury according to article 4/c of Act number 3332 that was appended by Act number 3659 and according to Act regarding the Public Financing and Debt Management, number 4749, dated 28 March 2002.

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

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

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

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

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

The Bank does not have any subsidiaries.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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)

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET

Appendix:1-A

			THOUSANDS OF TURKISH LIRA					
		Notes	CURRENT PERIOD 31/12/2012			PRIOR PERIOD 31/12/2011		
ASSETS		(Section V)	TL	FC	Total	TL	FC	Total
I.	**CASH AND BALANCES WITH CENTRAL BANK**	**(1)**	**551**	**19,625**	**20,176**	**913**	**24,759**	**25,672**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)**	**(2)**	**476,982**	**34,370**	**511,352**	**317,247**	**41,583**	**358,830**
2.1	Trading Financial Assets		476,982	34,370	511,352	317,247	41,583	358,830
2.1.1	Government Debt Securities		475,382	8,189	483,571	301,364	41,571	342,935
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		1,600	26,181	27,781	15,883	12	15.895
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)**	**118,516**	**680,420**	**798,936**	**356,409**	**160,697**	**517,106**
IV.	**MONEY MARKETS**		**396,439**	**-**	**396,439**	**124,591**	**-**	**124,591**
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		396,439	-	396,439	124,591	-	124,591
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	**AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)**	**(4)**	**19,220**	**-**	**19,220**	**11,295**	**-**	**11,295**
5.1	Share Certificates		19,220	-	19,220	11,295	-	11,295
5.2	Government Debt Securities		-	-	-	-	-	-
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	**LOANS**	**(5)**	**3,191,152**	**10,160,908**	**13,352,060**	**2,599,595**	**5,466,024**	**8,065,619**
6.1	Loans		3,191,152	10,160,908	13,352,060	2,599,595	5,466,024	8,065,619
6.1.1	Loans to Bank's risk group		-	-	-	-	-	-
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		3,191,152	10,160,908	13,352,060	2,599,595	5,466,024	8,065,619
6.2	Loans under Follow-up		112,383	-	112,383	114,853	-	114,853
6.3	Specific Provisions (-)		112,383	-	112,383	114,853	-	114,853
VII.	**FACTORING RECEIVABLES**		**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**HELD-TO-MATURITY SECURITIES (Net)**	**(6)**	**258,398**	**41,951**	**300,349**	**466,072**	**45,364**	**511,436**
8.1	Government Debt Securities		258,398	41,951	300,349	466,072	45,364	511,436
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)**		**18,575**	**-**	**18,575**	**8,891**	**-**	**8,891**
XV.	**INTANGIBLE ASSETS (Net)**		**458**	**-**	**458**	**566**	**-**	**566**
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		458	-	458	566	-	566
XVI.	**INVESTMENT PROPERTY (Net)**		**-**	**-**	**-**	**-**	**-**	**-**
XVII.	**TAX ASSET**		**-**	**-**	**-**	**-**	**-**	**-**
17.1	Current Tax Asset		-	-	-	-	-	-
17.2	Deferred Tax Asset		-	-	-	-	-	-
XVIII.	**ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		**1,227**	**-**	**1,227**	**-**	**-**	**-**
18.1	Held for Sale Purpose		**1,227**	**-**	**1,227**	**-**	**-**	**-**
18.2	Related to Discontinued Operations		-	-	-	-	-	-
XIX.	**OTHER ASSETS**		**26,424**	**23,251**	**49,675**	**12,727**	**23,330**	**36,057**
	TOTAL ASSETS		**4,507,942**	**10,960,525**	**15,468,467**	**3,898,306**	**5,761,757**	**9,660,063**

The accompanying notes form an integral partof these financial statements

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET

Appendix:1-A

			THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2012			PRIOR PERIOD 31/12/2011		
	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)**	**10,340**	**18,718**	**29,058**	**10.770**	**12,547**	**23,317**
III.	**BORROWINGS**	**(3)**	**-**	**8,944,730**	**8,944,730**	**-**	**4,286,543**	**4,286,543**
IV.	**MONEY MARKETS**		**10,006**	**-**	**10,006**	**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		10,006	-	10,006	157,988	175,464	333,452
V.	**MARKETABLE SECURITIES ISSUED (Net)**		**-**	**2,238,610**	**2,238,610**	**-**	**960,419**	**960,419**
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	2,238,610	2,238,610	-	960,419	960,419
VI.	**FUNDS**		**45**	**-**	**45**	**103**	**-**	**103**
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		45	-	45	103	-	103
VII.	**MISCELLANEOUS PAYABLES**		**19,425**	**107,249**	**126,674**	**12,279**	**30,200**	**42,479**
VIII.	**OTHER LIABILITIES**	**(4)**	**5,602**	**106,158**	**111,760**	**11,227**	**13,272**	**24,499**
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)**	**165,391**	**-**	**165,391**	**131,865**	**-**	**131,865**
12.1	General Loan Loss Provision		130,214	-	130,214	69,285	-	69,285
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		21,171	-	21,171	18,362	-	18,362
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		14,006	-	14,006	44,218	-	44,218
XIII.	**TAX LIABILITY**	**(8)**	**3,067**	**-**	**3,067**	**2,377**	**-**	**2,377**
13.1	Current Tax Liability		3,067	-	3,067	2,377	-	2,377
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**		**-**	**163,762**	**163,762**	**-**	**207,753**	**207,753**
XVI.	**SHAREHOLDERS' EQUITY**	**(10)**	**3,675,297**	**67**	**3,675,364**	**3,647,127**	**129**	**3,647,256**
16.1	Paid-in capital		2,000,000	-	2,000,000	2,000,000	-	2,000,000
16.2	Capital Reserves		609,872	67	609,939	603,158	129	603,287
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		10,215	67	10,282	3,501	129	3,630
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		844,234	-	844,234	813,713	-	813,713
16.3.1	Legal Reserves		256,388	-	256,388	225,995	-	225,995
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		565,103	-	565,103	564,975	-	564,975
16.3.4	Other Profit Reserves		22,743	-	22,743	22,743	-	22,743
16.4	Profit or Loss		221,191	-	221,191	230,256	-	230,256
16.4.1	Prior Years' Profit/Loss		-	-	-	-	-	-
16.4.2	Current Year Profit/Loss		221,191	-	221,191	230,256	-	230,256
16.5	Minority Interest							
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,889,173**	**11,579,294**	**15,468,467**	**3,973,736**	**5,686,327**	**9,660,063**

The accompanying notes form an integral partof these financial statements

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

Appendix:1-B

			THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2012			PRIOR PERIOD 31/12/2011		
		Notes (SectionV.)	TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)			**2,081,096**	**7,737,858**	**9,818,954**	**1,719,029**	**3,621,669**	**5,340,698**
I.	**GUARANTEES AND WARRANTIES**	**III**	**-**	**682,148**	**682,148**	**-**	**518,997**	**518,997**
1.1.	Letters of Guarantee		-	-	-	-	-	-
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		-	-	-	-	-	-
1.2.	Bank Acceptances		-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	-	-	-	-	-
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	-	-	-	-	-
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		-	682,148	682,148	-	518,997	518,997
1.9.	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**		**1,225,602**	**1,842,304**	**3,067,906**	**867,904**	**1,464,276**	**2,332,180**
2.1.	Irrevocable Commitments		-	-	-	1,000	-	1,000
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
2.1.4.	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		1,225,602	1,842,304	3,067,906	866,904	1,464,276	2,331,180
2.2.1.	Revocable Loan Granting Commitments		1,225,602	1,842,304	3,067,906	866,904	1,464,276	2,331,180
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**855,494**	**5,213,406**	**6,068,900**	**851,125**	**1,638,396**	**2,489,521**
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		855,494	5,213,406	6,068,900	851,125	1,638,396	2,489,521
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		507,719	493,947	1,001,666	523,223	534,027	1,057,250
3.2.1.1.	Forward Foreign Currency Transactions-Buy		38,105	456,377	494,482	125,962	406,324	532,286
3.2.1.2.	Forward Foreign Currency Transactions-Sell		469,614	37,570	507,184	397,261	127,703	524,964
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		347,775	4,719,459	5,067,234	327,902	1,104,369	1,432,271
3.2.2.1.	Foreign Currency Swap-Buy		89,977	470,562	560,539	327,902	340,554	668,456
3.2.2.2.	Foreign Currency Swap-Sell		257,798	319,033	576,831	-	683,423	683,423
3.2.2.3.	Interest Rate Swap-Buy		-	1,964,932	1,964,932	-	40,196	40,196
3.2.2.4.	Interest Rate Swap-Sell		-	1,964,932	1,964,932	-	40,196	40,196
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		-	-	-	-	-	-

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

Appendix:1-B

		Notes	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 31/12/2012			PRIOR PERIOD 31/12/2011		
		(SectionV.)	TL	FC	Total	TL	FC	Total
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)			**67,262**	**7,426,052**	**7,493,314**	**53,079**	**3,352,434**	**3,405,513**
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**		**23,232**	**180,975**	**204,207**	**23,233**	**200,094**	**223,327**
5.1.	Marketable Securities		-	11,983	11,983	-	10,174	10,174
5.2.	Guarantee Notes		-	-	-	-	-	-
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		10,220	87,299	97,519	10,221	101,184	111,405
5.6.	Other Pledged Items		13,012	81,693	94,705	13,012	88,736	101,748
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTEES**		**44,030**	**7,245,077**	**7,289,107**	**29,846**	**3,152,340**	**3,182,186**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**2,148,358**	**15,163,910**	**17,312,268**	**1,772,108**	**6,974,103**	**8,746,211**

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED INCOME STATEMENT

Appendix:1-C

	INCOME AND EXPENSE ITEMS	Notes (Section V)	THOUSANDS OF TURKISH LIRA CURRENT PERIOD (01/01/2012-31/12/2012)	PRIOR PERIOD (01/01/2011-31/12/2011)
I.	**INTEREST INCOME**	**(1)**	**573,737**	**313,359**
1.1	Interest on loans		467,415	231,230
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks		22,239	22,052
1.4	Interest Received from Money Market Transactions		13,014	1,841
1.5	Interest Received from Marketable Securities Portfolio		70,610	57,493
1.5.1	Trading Financial Assets		39,259	15,476
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		31,351	42,017
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		459	743
II.	**INTEREST EXPENSE**	**(2)**	**178,037**	**48,869**
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		80,444	36,299
2.3	Interest Expense on Money Market Transactions		-	-
2.4	Interest on Securities Issued		90,785	8,248
2.5	Other Interest Expenses		6,808	4,322
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**395,700**	**264,490**
IV.	**NET FEES AND COMMISSIONS INCOME**		**(1,182)**	**(215)**
4.1	Fees and Commissions Received		4,968	5,866
4.1.1	Non-cash Loans		-	-
4.1.2	Other		4,968	5,866
4.2	Fees and Commissions Paid		(6,150)	(6,081)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(6,150)	(6,081)
V.	**DIVIDEND INCOME**		**-**	**-**
VI.	**TRADING INCOME/LOSS (Net)**	**(3)**	**(58,981)**	**38,268**
6.1	Trading Gains /Losses on Securities		6,833	869
6.2	Trading Gains /Losses on Derivative Financial Assets		10,452	(125,099)
6.3	Foreign Exchange Gains /Losses		(76,266)	162,498
VII.	**OTHER OPERATING INCOME**	**(4)**	**88,270**	**82,778**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**423,807**	**385,321**
IX.	**PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)**	**(5)**	**61,565**	**81,321**
X.	**OTHER OPERATING EXPENSES (-)**	**(6)**	**141,051**	**73,744**
XI.	**NET OPERATING INCOME/LOSS (VIII-IX-X)**		**221,191**	**230,256**
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)**	**(7)**	**221,191**	**230,256**
XVI.	**PROVISION FOR TAXES ON INCOME FROM CONTINUED OPERATIONS(±)**		**-**	**-**
16.1	Current Tax Provision		-	-
16.2	Deferred Tax Provision		-	-
XVII.	**NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)**		**221,191**	**230,256**
XVIII.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	**PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)**		**-**	**-**
XXI.	**PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)**		**-**	**-**
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
XXII.	**NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX ± XXI)**		**-**	**-**
XXIII.	**NET PROFIT/LOSS (XVII+XXII)**	**(8)**	**221,191**	**230,256**
23.1	Profit/Losses of the Group		-	-
23.2	Profit/Losses of Minority Interest (-)		-	-
	Earnings/Loss per share		0,11060	0,11513

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

STATEMENTS OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY

Appendix 1-D

	INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA CURRENT PERIOD 31/12/2012	PRIOR PERIOD 31/12/2011
I.	**ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS**	**6,714**	**(4,907)**
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)**	**6,714**	**(4,907)**
XI.	**CURRENT YEAR PROFIT/LOSS**	**(62)**	**(45)**
11.1	Net change in fair value of marketable securities (Transfer to Profit/Loss)	(62)	(45)
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)**	**6,652**	**(4,952)**

The accompanying notes form an integral partof these financial statements

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENTS OF CHANGES IN THE SHAREHOLDERS' EQUITY

Appendix:1-E

THOUSANDS OF TURKISH LIRA

	CHANGES IN THE SHAREHOLDERS' EQUITY	Notes (Section V)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cance-llation Profits	Legal Reserves	Status Reserves
	PRIOR PERIOD (31/12/2011)							
I.	**Period Opening Balance**		**2,000,000**	**-**	**-**	**-**	**194,793**	**-**
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**	**-**	**-**	**-**	**194,793**	**-**
	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**		**-**	**-**	**-**	**-**	**31,202**	**-**
20.1	Dividends Paid		-	-	-	-	-	-
20.2	Transfer to Reserves		-	-	-	-	31,202	-
20.3	Other		-	-	-	-	-	-
	Period End Balance (III+IV+V+......+XVIII+XIX+XX)		**2,000,000**	**-**	**-**	**-**	**225,995**	**-**
	CURRENT PERIOD (31/12/2012)							
I.	**Prior Period End Balance**		**2,000,000**	**-**	**-**	**-**	**225,995**	**-**
	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**	**-**	**-**	**-**	**-**	**30,393**	**-**
18.1	Dividends Paid		-	-	-	-	-	-
18.2	Transfers to Reserves	**4**	-	-	-	-	30,393	-
18.3	Other		-	-	-	-	-	-
	Period End Balance (I+II+III+...+XVI+XVII+XVIII)		**2,000,000**	**-**	**-**	**-**	**256,388**	**-**

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED STATEMENTS OF CHANGES IN THE SHAREHOLDERS' EQUITY

Appendix:1-E

Extraordinary Reserves	Other Profit Reserves	Current Year Net Profit/(Loss)	Prior Years' Net Profit/(Loss)	Marketable Securities Value Increase Fund	Property and Equipment Fixed Assets Revaluation Fund	Bonus Shares from Subsidiaries and Joint Ventures	Hedging Funds	Non-current Discontinued Operations	Total Shareholders' Minority Rights	Minority Rights	Total Shareholders' Equity
547,364	**622,400**	**-**	**256,221**	**8,582**	**-**	**-**	**-**	**-**	**3,629,360**	**-**	**3,629,360**
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547,364	**622,400**	**-**	**256,221**	**8,582**	**-**	**-**	**-**	**-**	**3,629,360**	**-**	**3,629,360**
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-	-	-	-	(4,952)	-	-	-	-	(4,952)	-	(4,952)
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-	**-**	**230,256**	**-**	**-**	**-**	**-**	**-**	**-**	**230,256**	**-**	**230,256**
17,611	**-**	**-**	**(256,221)**	**-**	**-**	**-**	**-**	**-**	**(207,408)**	**-**	**(207,408)**
-	-	-	(207,408)	-	-	-	-	-	(207,408)	-	(207,408)
17,611	-	-	(48,813)	-	-	-	-	-	-	-	-
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564,975	**622,400**	**230,256**	**-**	**3,630**	**-**	**-**	**-**	**-**	**3,647,256**	**-**	**3,647,256**
564,975	**622,400**	**-**	**230,256**	**3,630**	**-**	**-**	**-**	**-**	**3,647,256**	**-**	**3,647,256**
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-	**-**	**-**	**-**	**6,652**	**-**	**-**	**-**	**-**	**6,652**	**-**	**6,652**
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-	**-**	**221,191**	**-**	**-**	**-**	**-**	**-**	**-**	**221,191**	**-**	**221,191**
128	-	-	(230,256)	-	-	-	-	-	(199,735)	-	(199,735)
-	-	-	(199,735)	-	-	-	-	-	(199,735)	-	(199,735)
128	-	-	(30,521)	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
565,103	**622,400**	**221,191**	**-**	**10,282**	**-**	**-**	**-**	**-**	**3,675,364**	**-**	**3,675,364**

UNCONSOLIDATED STATEMENTS OF CASH FLOWS

Appendix:1-F

			THOUSANDS OF TURKISH LIRA	
A.	**CASH FLOWS FROM BANKING OPERATIONS**	**Notes (Section V)**	**CURRENT PERIOD 31/12/2012**	**PRIOR PERIOD 31/12/2011**
1.1	**Operating Profit before changes in operating assets and liabilities**		**303,917**	**138,610**
1.1.1	Interest received		562,061	295,332
1.1.2	Interest paid		(164,277)	(35,324)
1.1.3	Dividend received		-	-
1.1.4	Fees and commissions received		4,969	5,866
1.1.5	Other income		84,953	44,610
1.1.6	Collections from previously written-off loans and other receivables		21,137	32,211
1.1.7	Payments to personnel and service suppliers		(77,690)	(28,571)
1.1.8	Taxes paid		(1,740)	(972)
1.1.9	Other		(125,496)	(174,542)
1.2	**Changes in operating assets and liabilities**		**(970,571)**	**(1,599,408)**
1.2.1	Net (increase) / decrease in trading securities		(136,910)	(36,117)
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets		-	-
1.2.3	Net (increase) / decrease in due from banks		(18)	25,029
1.2.4	Net (increase) / decrease in loans		(5,299,591)	(4,523,940)
1.2.5	Net (increase) / decrease in other assets		(14,334)	(18,027)
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		4,290,669	3,023,582
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities		189,613	(69,935)
I.	**Net cash provided from banking operations**		**(666,654)**	**(1,460,798)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**191,556**	**381,889**
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		(12,275)	(2,795)
2.4	Disposals of property and equipment		7,408	-
2.5	Cash paid for purchase of available-for-sale investments		(1,211)	(1,000)
2.6	Cash obtained from sale of available-for-sale investments		-	-
2.7	Cash paid for purchase of investment securities		(88,308)	(253,515)
2.8	Cash obtained from sale of investment securities		287,169	639,199
2.9	Other		(1,227)	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash provided from financing activities**		**1,064,781**	**744,924**
3.1	Cash obtained from funds borrowed and securities issued		1,264,516	952,332
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(199,735)	(207,408)
3.5	Payments for finance leases		-	-
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**(42,039)**	**140,427**
V.	**Net increase in cash and cash equivalents**		**547,644**	**(193,558)**
VI.	**Cash and cash equivalents at the beginning of the year**		**666,913**	**860,471**
VII.	**Cash and cash equivalents at the end of the year**		**1,214,557**	**666,913**

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
UNCONSOLIDATED PROFIT APPROPRIATION STATEMENT

Appendix:1-G

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD 31/12/2012	**PRIOR PERIOD 31/12/2011**
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	225,705	234,955
1.2	TAXES AND DUTIES PAYABLE (-)	4,514	4,699
1.2.1	Corporate Tax (Income tax)	-	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	4,514	4,699
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**221,191**	**230,256**
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	11,513
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**221,191**	**218,743**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	10,937
1.6.1	To Owners of Ordinary Shares	-	10,937
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 (-)	-	3,850
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	184,947
1.9.1	To Owners of Ordinary Shares	-	184,947
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 (-)	-	18,880
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES (-)	-	129
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	0,111	0,115
3.2	TO OWNERS OF ORDINARY SHARES (%)	11	12
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 partof these financial statements

SECTION THREE

ACCOUNTING POLICIES

The basis of presentation

5.1.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. The form and content of the financial statements to be announced to the public and the related explanations and notes have been prepared in accordance with "Communiqué on the Financial Statements to be Announced to the Public by Banks as well as Explanations and Notes Thereof" which has been published at official gazette numbered 28337 on 28 June 2012 and other communiqués causing additions and changes in this Communiqué. The Bank performs its bookkeeping activity in Turkish currency and in accordance with the Banking Act, Turkish Commercial Code and Turkish tax legislation.

b-c. 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.

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

None.

Explanations on accounting policies

6.2.a. 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 2012, the exchange rates used in translation of foreign currency denominated balances into Turkish Lira are TL1.7831 for US dollar ("US$"), TL2.3528 for EUR, TL2.0726 for 100 JPY and TL2.8824 for GBP.

b. Presentation of the information regarding the consolidated affiliates.

None.

c. 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 2012, the net fair value of the Bank's derivative instruments is TL(1,277) (31 December 2011: TL(7,422)) thousand.

d. 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.

e. 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. Explanations on assets held for sale and discontinued operations and explanations on liabilities related with these assets:

According to the decision taken by the Bank's Board of Directors, the sale of the head office in Ankara was determined and the said amount was deducted from the account of tangible fixed assets and transferred to the fixed assets account regarding the activities held for sale over the net book value and halted.

k. Explanations on goodwill and other intangible assets:

The Bank has no goodwill at 31 December 2012 and 2011.

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.

l. 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.

m. 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.

n. 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.

o. 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 2012, the calculated employment termination obligation amounts to TL12,440 thousand.

For the year ending 31 December 2012, the Bank also provided a 100% provision for vacation pay liability relating to prior periods amounting to TL8,731 thousand.

p. 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.

q. 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 (TL891,550 thousand). The bond is subject to annual fixed interest payment of 5.37% every six months and the total maturity is five years and also, the bond issued on April 2012 with an amount of USD500 million (TRY891,550) is subject to biannual fixed payment of 5.87% and its total maturity is seven years. In addition to this bond, there was a bond increase corresponding to USD250 million (TRY445,775) as of October 2012.

r. 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 3 May 2012, dividend distribution for 2011 was approved by Banking Regulation and Supervision Agency and Vice Prime Minister who has the authorities of General Assembly.

s. Explanations on avalized drafts and acceptances:

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

t. Explanations on government grants:

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

u. 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.

v. Explanations on other issues:

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

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

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

7. Capital adequacy ration

7.1. Information related to capital adequacy ratio: TL Thousand

As of the balance sheet date, the capital adequacy ratio of the Bank is 25.12%.

7.2 Measurement methods used in the determination for capital adequacy ratio

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

	RISK WEIGHTS											
	BANK											
Thousand(TRY)	0%	10%	20%	%20 Not Rated	%50 Guaranteed with Real Estate Mortgages	50%	%50 Not Rated	75%	100%	%100 Not Rated	150%	200%
THE AMOUNT TAKEN AS A BASİS OF CREDİT RİSK (TOTALS)	**449,939**	**-**	**-**	**1,409,304**	**18,548**	**-**	**2,244,456**	**2,612**	**89,154**	**11,526,591**	**-**	**-**
Conditional or Unconditional Receivables from Central Administrations or Central Banks	249,625	-	-	-	-	-	-	-		253,225	-	-
Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-	-	-	-	-	-	-	-	-
Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-	-	-
Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-
Conditional or Unconditional Receivables from International Organisations	-	-	-	-	-	-	-	-	-	-	-	-
Conditional or Unconditional Receivables from Banks and Intermediary Institutions	-	-	-	1,409,304	-	-	2,244,456	-	-	10,597,867	-	-
Conditional and Unconditional Corporate Receivables	-	-	-	-	-	-	-	-	-	663,854	-	-
Conditional and Unconditional Retail Receivables	-	-	-	-	-	-	-	2,612	-	-	-	-
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	-	-	-	-	18,548	-	-	-	-	11,645	-	-
Non-performing Receivables (Net)	-	-	-	-	-	-	-	-	-	-	-	-
Receivables determined to have high levels of risk by the Board	-	-	-	-	-	-	-	-	-	-	-	-
Securities with Mortgage Guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-	-	-	-
Short Term Receivables from Banks and Intermediary Institutions and Short Term Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Investments in the Nature of Collective Investment Organisation	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables (Net)	200,314	-	-	-	-	-	-	-	89,154	-	-	-

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

Summary information related to capital adequacy ratio:

		Bank	
		Current Period 31.12.2012	**Prior Period 31.12.2011**
A	Capital Liability Required for Credit Risk (Amount Subject to Credit Risk*0.08) (ASCR)	1,042,485	614,618
B	Amount Subject to Market risk (ASMR)	112,860	47,312
C	Amount Subject to Operational Risk (ASOR)	55,951	63,097
	Shareholders' Equity	3,803,588	3,707,227
	Shareholders' Equity/((ASCR+ASMR+ASOR)*12.5) *100	%25,12	%40,91

Information about shareholders' equity items:

	Current Period 31.12.2012	**Prior Period 31.12.2011**
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	844,234	813,713
Differences caused by the adjustment of legal reserves according to inflation	-	-
Profit	221,191	230,256
Net income for the period	221,191	230,256
Prior period profit	-	-
Provisions for Probable Risks up to 25% of Core Capital	14,006	14,218
Profit on Disposal of Associates, Subsidiaries and Immovables	-	-
Primary Subordinated Loans	-	-
Uncovered Portion of Loss with Reserves (-)	-	-
Net loss for the period	-	-
Prior period loss	-	-
Costs regarding the development of operating leasing (-)	9,883	-
Intangible Assets (-)	458	566
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	**3,668,747**	**3,657,278**

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

	Current Period 31.12.2012	Prior Period 31.12.2011
SUPPLEMENTARY CAPITAL		
General Provisions	130,214	48,315
45% of the Movables Revaluation Fund	-	-
45% of the Immovables Revaluation Fund	-	-
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-	-
Primary Subordinated Loans that are not Considered in the Calculation of Core Capital	-	-
Secondary Subordinated Loans		
45% of value increase amount related to the available-for-sale securities along with the affiliates and subsidiaries	4,627	1,634
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	134,841	49,949
CAPITAL	**3,803,588**	**3,707,227**
DEDUCTIONS FROM CAPITAL		
Investments in Unconsolidated Financial Institutions (Foreign) and Banks in which 10% or more equity interest exercised	-	-
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest exercised and that exceeds the 10% and more of the total core and supplementary capital of the Bank	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments of a Primary or Secondary Subordinated Loan Nature, Purchased From Them	-	-
Loans Extended as Contradictory to the Article 50 and 51 of the Law	-	-
Excess of 50% of the Bank's Immovables' Total Net Book Value and Net Book Value of Immovables Obtained Against Bank's Receivables that Must be Disposed According to Article 57 of the Banking Law which Could not be Disposed Although Five Years Have Passed Since the Acquisition Date	-	-
Securitisation positions to be deducted from the equities	-	-
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	**3,803,588**	**3,707,227**

Information on the approaches used for the evaluation of the internal capital adequacy requirement regarding current and future activities in the scope of the internal capital adequacy evaluation period:

The legal capital requirement of the Bank whose entire capital belongs to Turkish Republic Treasury is evaluated on the future basis and its capital requirements are calculated by considering various stress scenarios such as sharp and big exchange and interest changes in order to protect the adequacy regarding the equities and capital. Moreover, the Bank performs its activities with an equity and capital adequacy rate which is quite above the averages of both its group and the entire banking system. In addition to the credit, market and operational risks placed in the first structural pillar according to the calculations of legal capital requirement, there are other risks considered such as interest rate and concentration risks ascertained by banking calculations in the second structural pillar. A new modelling study including business, reputational, model and swap risks to which the Bank is not considerably exposed was started in accordance with the roadmap in relation to the Evaluation Process for Internal Capital Adequacy which was announced to the Bank at the brief meeting of BRSA dated
1 February 2012.

Credit risk

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

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

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

In line with the Bank's limits, forward and swap transactions are performed with the banks. There are not any control limits regarding the option transactions. For interest swaps and cross currency (money and interest) swaps, guaranteed transactions are performed by applying cash blockage. Because these tools are assesseddaily through current rates (market to market) in the market, the credit risk undertaken is managed with the potential risks arising due to the market movements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Although as of 31 December 2012 the Bank does not have credits restructured in the accounts of standard credits and other receivables and linked to a redemption plan, it has credits corresponding to TRY203,450 thousand and has applied changes in their terms of contracts which are under standard credits and other receivables accounts along with the ones amounting to TRY43,798 thousand under close monitoring and other receivables accounts. The said credits are monitored under the related accounts in accordance with the provisions of "Regulation on the Procedures and Principles on Determining the Characteristics of the Loans and other Receivables by the Banks and the provisions that would be Set Aside for them" dated 1 November 2006 and numbered 26333.

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

In accordance with the decision of Executive Committee, as there has been no improvement in the collection of the receivables amounting to 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 TL8,681 thousand (31 December 2011: TL9,319 thousand) as of 31 December 2012.

As of 31 December 2012, the Bank booked provisions amounting to TL5,325 thousand (31 December 2011: TL4,900 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 TL130,214thousand (31 December 2011: TL69,285 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.

The proportion of the Bank's top 100 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 72% and 84% as of 31 December 2012 and 2011, respectively.

The proportion of the Bank's top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 85% and 93% as of 31 December 2011 and 2010, respectively.

The proportion of the Bank's top 100 non-cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 72% and 84% as of 31 December 2012 and 2011, respectively.

The proportion of the Bank's top 200 non-cash loan balances (whose risk belongs to the Bank) in total cash loans portfolio is 1% and 0% as of 31 December 2011 and 2010, respectively.

As of 31 December 2012 and 2011, the share of cash and non-cash receivable amounts belonging to its top 100 and 200 credit customers in the total balance sheet and the assets monitored under off-balance sheets are 72% and 84% respectively.

(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 2012		31 December 2011	
	Corporate loans	**Personnel loans**	**Corporate loans**	**Personnel loans**
Standard loans	13,292,996	2,619	7,977,924	2,406
Loans under close monitoring	56,445	-	85,289	-
Loans under legal follow-up	112,383	-	114,853	-
Gross	**13,461,824**	**2,619**	**8,178,066**	**2,406**
Special provision	(112,383)	-	(114,853)	-
Net	**13,349,441**	**2,619**	**8,063,213**	**2,406**

As of 31 December 2012 and 2011, there are no past due loans classified under standard loans and the details of the loans under close monitoring are as follows:

	31 December 2012	31 December 2011
Past due up to 30 days	2,845	279
Past due 30-60 days	-	724
Past due 60-90 days	53,600	84,286
Total	**56,445**	**85,289**

As of 31 December 2012 and 2011, the fair value of collaterals held for loans granted by the Bank are as follows:

	31 December 2012	31 December 2011
Loans under close monitoring	65,946	134,129
Loans under legal follow-up	643,937	663,598
Total	**709,883**	**797,727**

As of 31 December 2012, the bank does not have repossessed collaterals
(31 December 2011: None).

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

Bank's loan rating system

Risk evaluation of Banks and other financial institutions:

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

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

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

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

As of 31 December 2012, loans granted by the Bank to domestic banks and other financial institutions amount to TL3,727,755 thousand (31 December 2011: TL3,492,429 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 2012	Prior Period 31 December 2011
	Rating Class	Concentration Level (%)	Concentration Level (%)
Low	1-2	%59	%54
Medium	3	%23	%24
High	4	%18	%22

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.

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

As of 31 December 2012 and 2011, the classification of the loans to Banks and other financial institutions and companies and individuals are as follows:

	31 December 2012		31 December 2011	
	Loans	**Specific Provision (%)**	**Loans**	**Specific Provision (%)**
Standard loans	%98.75	-	%97.55	-
Loans under close monitoring	%0.42	-	%1.04	-
Loans under legal follow-up	%0.83	%100	%1.41	%100
Total	%100	%0.83	%100	%1.40

The Bank’s maximum exposure to credit risk as of 31 December 2012 and 2011:

	31 December 2012	**31 December 2011**
Banks	798,936	517,106
Interbank Money Market Placements	396,439	124,591
Loans to Domestic Banks and Other Financial Institutions	3,727,755	3,492,429
Loans to Foreign Banks and Other Financial Institutions	182,011	138,681
Loans to Companies and Individuals	9,442,294	4,434,509
Financial Assets at Fair Value Through Profit or Loss	483,571	342,935
Trading Derivative Financial Assets	27,781	15,895
Held-to-Maturity Investments	300,349	511,436
Other Assets	38,440	24,630
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	682,148	518,997
Commitments	-	1,000
Total	**16,079,724**	**10,122,209**


i s t a n b u l

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

The Risk Profile According to Substantial Regions

	Risk Groups						
	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multi-lateral Development Banks	Conditional or Unconditional Receivables from International Organisations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables
Current Period		-	-	-	-		-
1. Domestic	322,716	-	-	-	-	4,584,109	9,317,158
2. European Union Countries*	-	-	-	-	-	102,041	398,627
3. OECD Countries*	-	-	-	-	-	110,816	55,326
4. Offshore Banking Regions	-	-	-	-	-	-	-
5. USA, Canada	-	-	-	-	-	79,011	39,739
6. Other Countries	180,134	-	-	-	-		170,161
7. Affiliate, Subsidiary and Jointly Controlled Partnerships	-	-	-	-	-	-	
8. Undistributed Assets/ Liabilities**	-	-	-	-	-	-	
9. Total	502,850	-	-	-	-	4,875,977	9,981,011

* EU countries, OECD countries except USA and Canada
** Assets and liabilities allocated to groups without a consistent basis

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

The Risk Profile According to Substantial Regions

Risk Groups									
Conditional and Unconditional Retail Receivables	Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitisation Positions	Current Receivables from Banks and Intermediary Institutions and Currnet Corporate Receivables	Investments in the Nature of Collective Investment Organisation	Other Receivables	Total
-	-	-	-	-	-	-	-		-
61,104	30,193	-	-	-	-	-	-	289,468	14,604,748
-	-	-	-	-	-	-	-	-	500,668
-	-	-	-	-	-	-	-	-	166,142
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	118,750
-	-	-	-	-	-	-	-	-	350,295
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
61,104	30,193	-	-	-	-	-	-	289,468	15,740,603

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

The Risk Profile According to Sector or Third Party

	Risk Groups							
	Conditional or Unconditional Receivables from Central Administrations or Central Banks	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	Conditional or Unconditional Receivables from Multilateral Development Banks	Conditional or Unconditional Receivables from International Organisations	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	Conditional and Unconditional Corporate Receivables	Conditional and Unconditional Retail Receivables
Agriculture								
Farming and Livestock		-	-	-	-	517,999	1,310,290	8,230
Forestry	-	-	-	-	-	55,224	139,690	877
Fishery	-	-	-	-	-	-		
Industry								
Mining and Quarry Sector	-	-	-	-	-	124,069	313,836	1,971
Manufacturing Industry	-	-	-	-	-	2,951,158	7,465,022	46,887
Electric, Gas and Water	-	-	-	-	-	-		
Construction	**180,134**	**-**	**-**	**-**	**-**	**-**	**4,506**	
Services								
Wholesale and retail trade	-	-	-	-	-	-		
Hotel and Restaurant Services	-	-	-	-	-	-		
Transportation and Communications	-	-	-	-	-	-		
Financial institutions	-	-	-	-	-	1,194,392		
Real Estate and Leasing Services	-	-	-	-	-	-		
Self-employment Services	-	-	-	-	-	-		
Training Services	-	-	-	-	-	-		
Health and Social Services	-	-	-	-	-	-		
Other	**322,716**	**-**	**-**	**-**	**-**	**33,135**	**747,668**	**3,139**
Total	**502,850**	**-**	**-**	**-**	**-**	**4,875,977**	**9,981,012**	**61,104**

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

The Risk Profile According to Sector or Third Party

Risk Groups										
Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	Non-performing Receivables	Receivables determined to have high levels of risk by the Board	Securities with Mortgage Guarantees	Securitisation Positions	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	Investments in the Nature of Collective Investment Organisation	Other Receivables	Turkish Currency (*)	Foreign Currency	Total
			-	-	-	-	28,182	441,766	1,422,935	1,864,701
			-	-	-	-	3,005	47,097	151,699	198,796
			-	-	-	-	-			
			-	-	-	-	6,750	105,810	340,816	446,626
2,404			-	-	-	-	160,561	2,516,842	8,109,190	10,626,032
			-	-	-	-	-			
27,789			**-**	**-**	**-**	**-**	**-**		**212,429**	**212,429**
			-	-	-	-				
			-	-	-	-				
			-	-	-	-				
			-	-	-	-		513,988	680,404	1,194,392
			-	-	-	-				
			-	-	-	-				
			-	-	-	-				
			-	-	-	-				
			-	**-**	**-**	**-**	**90,969**	**346,413**	**851,214**	**1,197,627**
30,193			**-**	**-**	**-**	**-**	**289,467**	**3,971,916**	**11,768,687**	**15,740,603**

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

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

	Risk Groups	Remaining Period to Maturity				
		1 month	1-3 Months	3-6 Months	6-12 Months	More than 1 Year
1	Conditional or Unconditional Receivables from Central Administrations or Central Banks	286,277	75,802	42,893	60,527	37,351
2	Conditional or Unconditional Receivables from Regional Administrations or Local Administrations	-	-	-	-	-
3	Conditional or Unconditional Receivables from Administrative Units and Non-commercial Ventures	-	-	-	-	-
4	Conditional or Unconditional Receivables from Multi-lateral Development Banks	-	-	-	-	-
5	Conditional or Unconditional Receivables from International	-	-	-	-	-
6	Conditional or Unconditional Receivables from Banks and Intermediary Institutions	1,494,875	999,735	1,861,977	489,190	30,200
7	Conditional and Unconditional Corporate Receivables	2,185,477	3,747,884	2,246,177	762,298	1,039,175
8	Conditional and Unconditional Retail Receivables	12,439	22,878	12,803	4,666	8,318
9	Conditional and Unconditional Receivables Guaranteed with Real Estate Mortgages	-	-	-	-	30,193
10	Non-performing Receivables					-
11	Receivables determined to have high levels of risk by the Board	-	-	-	-	-
12	Securities with Mortgage	-	-	-	-	-
13	Securitisation Positions	-	-	-	-	-
14	Current Receivables from Banks and Intermediary Institutions and Current Corporate Receivables	-	-	-	-	-
15	Investments in the Nature of Collective Investment Organisation	-	-	-	-	-
16	Other Receivables	13	-	-	-	289,455
	General Total	**3,979,081**	**4,846,299**	**4,163,850**	**1,316,681**	**1,434,692**

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

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

Risk Amounts by Risk Weights

Risk Weight	%0	%10	%20	%50	%75	%100	%150	The ones deducted from the equities
The amount before credit risk mitigation	449.939	-	864.189	1.429.047	2.612	12.994.816	-	-
The amount after credit risk mitigation	449.939	-	1.409.304	2.263.004	2.612	11.615.744	-	-

Various Information by Significant Sectors or Counter-Party Types

	Significant Sectors/ Counter Parties	Credits			
		Impaired	Non-performed	Value Adjustments	Provisions
1	Agriculture	-	3,511	-	3,511
2	Energy	-	575	-	575
3	Food	-	3.842	-	3,842
4	Textile	-	41,136	-	41,136
5	Paper and related products	-	721	-	721
6	Chemistry and related products	-	68	-	68
7	Metal Industry	-	625	-	625
8	Electrical household appliances	-	2.551	-	2,551
9	Ship	-	42,416	-	42,416
10	Motor Vehicles	-	375	-	375
11	Furniture	-	160	-	160
12	Construction	-	103	-	103
13	Shipping	-	18	-	18
14	Consulting	-	256	-	256
15	Other	-	52	-	52
	Total	**-**	**96,409**	**-**	**96,409**

Information Regarding Value Adjustments and Change of Credit Provisions

		Opening Balance	Provision amounts allocated within the period	Cancellation of Provisions	Other Adjustments	Ending Balance
1	Special Provisions	114,853	18,951	21,421	-	112,383
2	General Provisions	69,285	60,929	-	-	130,214

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

Market risk

9.1. The market risk means the possibility of damage arising from interest, exchange and price changes due to the fluctuations in financial markets affecting the Bank's on and off balance positions and as a result of this, the possible changes occurring in the Bank's income and expense items along with its return on equity. The Bank marks to market all its Turkish lira and foreign currency marketable security positions as a result of its daily financial activities in order to be able to hedge market risk. 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.

Information on market risk

	Amount
(I) Capital to be Employed for General Market Risk - Standard Method	54,161
(II) Capital to be Employed for Specific Risk - Standard Method	655
Capital Liability Required for Specific Risk regarding Securitisation Positions - Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	55,380
(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) Capital Liability Calculated for Credit Risk of Counter-Party - Standard Method	2,664
(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	112,860
(X) Amount Subject to Market Risk (12.5xVIII) or (12.5xVII)	1,410,750

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

	Current Period 31 December 2012			**Prior Period 31 December 2011**		
	Average	**Maximum**	**Minimum**	**Average**	**Maximum**	**Minimum**
Interest Rate Risk	37,378	69,709	15,751	5,448	8,058	3,914
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	47,260	58,785	36,642	33,383	42,765	30,664
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Operational Risk	14	148	18	-	-	-
Counterparty Credit Risk	887	2,787	2,511	-	-	-
Total Amount Subject to Risk	1,069,238	1,642,863	686,525	485,388	635,288	432,225

9.2. Information regarding the credit risk of counter-party;

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

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

c) There is no policy regarding the reverse trend risk.

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

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

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

g) This kind of transaction is not performed by the bank.

h) This kind of transaction is not performed by the bank.

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

Quantitative Information regarding the Counter-Party Risk

	Amount
Agreements on the basis of Interest Rate	2,214,566
Agreements on the basis of Exchange Rate	805,387
Agreements on the basis of Commodity	-
Agreements on the basis of Share	-
Other	-
Gross Positive Fair Value	70,997
Benefits of Offsetting	-
Offset Current Risk Amount	-
Guarantees Held	-
Net Position Regarding Derivatives	-

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

Operational risk

10.1. The points regarding the operational risk are as follows:

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

b) The information on the realisation of the basic indicator method is as follows:

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

	2 Payment Amount	1 Payment Amount	Current Value Amount	Total/Number of Year regarding Positive Gross Income	Ratio (%)	Total
Gross income	454,974	340,903	323,149	3/3	15	55,951
The Amount Taken as a Basis of the Operational Risk (Total*12.5)						**699,391**

Currency risk

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

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

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

The basic principle for foreign currency assets and liabilities is to secure a balance between currency type, maturity and interest type. For this purpose, borrowing strategies are determined in accordance with the Bank's asset structure to the extent possible. When this determination is not possible, the Bank aims to change the asset structure or utilize derivative instruments such as cross currency (currency and interest) and currency swaps. Main currencies of the Bank's assets are US$ and EUR and the funding currencies of these assets are US$ and EUR. As of 31 December 2012, currency swap purchase transactions are equal to USD120,000,000 and the balance of long-term interest swaps is USD981,000,000; while the balance of basis swaps is EUR50,000,000 and USD55,000,000.

Moreover, short-term currency swaps for the liquidity and exchange risks are performed, and as of 31 December 2012 the balance of these transactions is USD20,000,000; EUR93,900,000 and TRY89,976,500. As of August 2011, forward purchase-sale transactions were initiated in order to finance the Pre-shipment Rediscount Credits made available by the Central Bank rediscount credits and to protect them from foreign exchange rate risk. Balance of these transactions as of 31 December 2012 is TRY469,614,051 and USD21,070,000 in forward sales transactions and USD255,946,000 and TRY38,104,974 in forward purchase transactions.

c. 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 2012, the net foreign currency position/shareholders' equity ratio is 0.01%. Foreign currency position is followed daily by the type of foreign currency. The Bank monitors the changes in the market conditions and their effect over the activities and positions of the Bank and make decisions in line with the strategies of the Bank.

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

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

	25/12/2012	26/12/2012	27/12/2012	28/12/2012	31/12/2012
USD	1.7939	1.7903	1.7895	1.7890	1.7831
AUD	1.8651	1.8560	1.8554	1.8577	1.8507
DKK	0.3171	0.3167	0.3182	0.3167	0.3154
SEK	0.2737	0.2746	0.2754	0.2743	0.2738
CHF	1.9608	1.9564	1.9641	1.9552	1.9481
JPY	2.1149	2.0969	2.0866	2.0735	2.0726
CAD	1.8071	1.8038	1.8037	1.7978	1.7919
NOK	0.3198	0.3207	0.3207	0.3200	0.3197
GBP	2.8941	2.8876	2.8927	2.8792	2.8824
SAR	0.4783	0.4773	0.4771	0.4770	0.4754
EUR	2.3658	2.3627	2.3738	2.3626	2.3528
KWD	6.3613	6.3599	6.3593	6.3507	6.3343
XDR	2.7669	2.7614	2.7555	2.7577	2.7404
BGN	1.2093	1.2079	1.2136	1.2079	1.2028
IRR	0.0146	0.0146	0.0146	0.0146	0.0145
RON	0.5347	0.5340	0.5357	0.5329	0.5293
RUB	0.0588	0.0587	0.0587	0.0588	0.0585

e. 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:

	Aralık 2012 ORTALAMA
USD	1.7852
AUD	1.8676
DKK	0.3139
SEK	0.2705
CHF	1.9371
JPY	2.1316
CAD	1.8032
NOK	0.3179
GBP	2.8815
SAR	0.4760
EUR	2.3419
KWD	6.3384
XDR	2.7471
BGN	1.1973
IRR	0.0145
RON	0.5223
RUB	0.0581

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

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

Current Period 31 December 2012	EUR	US$	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased)	-	19,625	-	19,625
Banks	64,496	609,926	5,998	680,420
Financial Assets at Fair Value Through Profit or Loss	-	34,370	-	34,370
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Loans (1)	2,512,986	7,633,783	11,902	10,158,671
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	41,951	-	41,951
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (1)	8,303	14,931	17	23,251
Total Assets	**2,585,785**	**8,354,586**	**17,917**	**10,958,288**
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,544,531	6,399,892	307	8,944,730
Marketable Securities Issued	-	2,238,610	-	2,238,610
Miscellaneous Payables	29,851	77,398	-	107,249
Derivative Financial Debts with an aim of Hedging	-	-	-	-
Other Liabilities (1)	12,936	275,170	-	288,106
Total Liabilities	**2,587,318**	**8,991,070**	**307**	**11,578,695**
Net on Balance Sheet Position	**(1,533)**	**(636,484)**	**17,610**	**(620,407)**
Net off Balance Sheet Position	**(8,950)**	**579,286**	**-**	**570,336**
Financial Derivative Assets	338,568	2,553,303	-	2,891,871
Financial Derivative Liabilities	347,518	1,974,017	-	2,321,535
Non-Cash Loans	-	682,148	-	682,148
Prior Period 31 December 2011				
Total Assets	1,312,059	4,410,254	17,891	5,740,204
Total Liabilities	1,652,993	4,021,627	-	5,674,620
Net on Balance Sheet Position	**(340,934)**	**388,627**	**17,891**	**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

(1) As of 31 December 2012, the principal of the Iraq loan amounting to TL2,237 thousand and the liability of TL599 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 2012 and 2011 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 2012		31 December 2011	
	Gain/(Loss) Effect	**Effect on Equity (*)**	**Gain/(Loss) Effect**	**Effect on Equity (*)**
US$	(8,597)	(8,590)	(1,620)	(1,607)
EUR	(153)	(153)	(1,377)	(1,377)
JPY	-	-	968	968
Other currencies	1,762	1,762	822	822
Total, net	**(6,988)**	**(6,981)**	**(1,207)**	**(1,194)**

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

As of 31 December 2012 and 2011, 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.

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.

4- As of 31 December 2012 there has been an attempt to obtain the compliance between 15 long-term interest swaps in USD currency, 4 short-term interest swaps, assets with fixed interest and variable interest liabilities.

5- In addition, as of 31 December 2012, there are 13 FC-TL and 2 TL-FC outstanding short-term swap transactions and there are also 61 FC-TL and 5 TL-FC outstanding forward transactions of the Bank.

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

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

(Periods remaining to reprising dates)

Current Period 31.12.2012	Up to 1 Month	1 - 3 Months	3 - 12 Months	1- 5 Years	Over 5 Year	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-	-	20,176	20,176
Banks	-	787,042	-	-	-	11,894	798,936
Financial Assets at Fair Value Through Profit/Loss	1,600	284,046	217,520	-	8,186	-	511,352
Interbank Money Market Placements	390,424	6.015	-	-	-	-	396,439
Available-for-sale Financial Assets	-	-	-	-	-	19,220	19,220
Loans	2,659,341	5.408,575	5,241,412	42,732	-	-	13,352,060
Held-to-maturity investments	116,965	72,937	72,317	38,130	-	-	300,349
Other Assets	-	-	-	-	-	69,935	69,935
Total Assets	**3,168,330**	**6,558,615**	**5,531,249**	**80,862**	**8,186**	**121,225**	**15,468,467**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	10,006	-					10,006
Miscellaneous Payables	-	-	9,390	-	-	117,284	126,674
Issued Marketable Securities	-	-	1,935,136	-	303,474	-	2,238,610
Funds Borrowed from other Financial Institutions	2,393,178	4,416,192	2,135,360	-	-	-	8,944,730
Other Liabilities (*)	7,969	9,805	180,210	506	-	3,949,957	4,148,447
Total Liabilities	**2,411,153**	**4,425,997**	**4,260,096**	**506**	**303,474**	**4,067,241**	**15,468,467**
Balance Sheet Long Position	757,177	2,132,618	1,271,153	80,356	-	-	4,241,304
Balance Sheet Short Position	-	-	-	-	(295,288)	(3,946,016)	(4,241,304)
Off-balance Sheet Long Position	450,935	544,149	2,024,868	-	-	-	3,019,952
Off-balance Sheet Short Position	(453,940)	(551,551)	(2,043,456)	-	-	-	(3,048,947)
Total Position	**754,172**	**2,125,216**	**1,252,565**	**80,356**	**(295,288)**	**(3,946,016)**	**(28,995)**

(*) In other liabilities line TL3,949,956 thousand at the "non-interest bearing" column, includes equity amounting to TL3,675,364 thousand and provisions amounting to TL165,391thousand.

(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 31.12.2011	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 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	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
Marketable Securities Issued	-	-	-	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 TL3,782,171 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.)

b. Average interest rates for monetary financial instruments %

	EUR	US$	JPY	TL
Current Period 31.12.2012				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	-	-	-	-
Banks	0.40	0.31	-	5.54
Financial Assets at Fair Value Through Profit/Loss	-	4.43	-	7.73
Interbank Money Market Placements	-	-	-	6.13
Available-for-sale Financial Assets	-	-	-	-
Loans	2.63	2.06	2.51	8.19
Held-to-maturity Investments	-	6.77	-	8.39
Liabilities	-	-	-	-
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	4.17	-	-
Funds Borrowed from other Financial Institutions	1.84	0.90	-	-

Average interest rates for monetary financial instruments: %

	EUR	US$	JPY	TL
Prior 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	-	-

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

As of 31 December 2012, 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 2012		31 December 2011	
	(+) %1	(-) %1	(+) %1	(-) %1
	Gain/(Loss) Effect	Gain/(Loss) Effect	Gain/(Loss) Effect	Gain/(Loss) Effect
TL	(2,768)	2,722	(1,618)	1,537
US$	1,408	(1,684)	1,933	(1,776)
EUR	3,724	(3,639)	616	(715)
Other currencies	26	(28)	32	(34)
Total effect of gain/(loss), net	**2,390**	**(2,629)**	**963**	**(988)**

c. Interest Rate Risk Resulting from the Banking Accounts

12/A.a) Measurement frequency of the interest rate risk with important estimations including the ones relating to the quality of the interest rate resulting from banking accounts, advance loan repayment and movements of the deposits other than the time deposits

The ratio regarding interest rate risk resulting from the banking accounts are calculated once in a month and sent to BRSA.

12/A.b) The table below divided into different currencies presents the economic value differences resulting from the fluctuations in the interest rates in accordance with "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method".

	Currency	Applied Shock (+/- basis point)*	Gains/ Losses	Gains/Equities - Losses/Equities
1	TRY	500	(69,933)	(1,84)%
	TRY	(400)	60,600	1,59%
2	EURO	200	(16,811)	(0,44)%
	EURO	(200)	17,299	0,45%
3	USD	200	181,575	4,77%
	USD	(200)	(208,589)	(5,48)%
	Total (For Negative Shocks)		94,831	2,49%
	Total (For Positive Shocks)		(130,690)	(3,44)%

(*) There are separate lines for each shock that has a different direction and severity applied to the currency.

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

d. Share Position Risk Resulting from the Banking Accounts

12/B.a) Categorisation of the risks by their relations with the earnings indicated in the equities and their purposes including strategic reasons and general information on used accounting techniques along with the assumptions regarding the relevant practices, the factors affecting the evaluation, and significant changes;

Being a subsidiary of Garanti Faktoring Hizmetleri A.Ş. with a share ratio of 9.78%, the Bank's share is listed in the stock exchange. Reviewing five working days retrospectively as of the end of the month, these shares are assessed on the basis of their value in the stock exchange and once recognised, they are followed in the account of available-for-sale securities in line with Turkish Accounting Standards.

12/B.b) The balance sheet value, the fair value and, if the ones listed in the exchange stock have critical difference compared to the fair value, the comparison with the market price;

	Share Investments	Comparison		
		The balance sheet value	The balance sheet value	The balance sheet value
1	Stock Investment Group A	15,009	15,009	15,009
	Listed on stock exchange	-	-	-
2	Stock Investment Group B	-	-	-
	Listed on stock exchange	-	-	-
3	Stock Investment Group C	-	-	-
	Listed on stock exchange	-	-	-
...	Stock Investment Group ...	-	-	-

12/B-c.1) Types and amounts of the positions quoted to the stock market, private equity investments with sufficient diversity and other risks

Garanti Faktoring Hizmetleri A.Ş. shares included in B Group shares are valued in stock market price and the total sum of these valued shares is TRY11,498 thousand as of the date of the report.

12/B-c.2) Cumulative gain or loss due to sales and liquidation within the period

There is no cumulative gain or loss due to sales and liquidation within the period.

12/B-c.3) Total sum of unrealised gain or loss, total revaluation appreciation and the amounts related to those which have been included in the core and supplementary capital;

	Portföy	Gain / loss realised within the period	Revaluation appreciation		Unrealised gain and loss		
			Total	Those included in supplementary capital	Total	Those included in core capital	Those included in supplementary capital
1	Private equity Investments	-	-	-	-	-	-
2	Shares quoted to the stock market	6,714	-	-	-	-	-
3	Other shares	-	-	-	-	-	-
4	**Total**	**6,714**	**-**	**-**	**-**	**-**	**-**

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	Unalloca-ted (*)	Total
Current Period 31.12.2012								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and CBRT	20,176	-	-	-	-	-	-	20,176
Banks	11,894	787,042	-	-	-	-	-	798,936
Financial Assets at Fair Value Through Profit or Loss	-	1,600	169,419	191,351	136,825	12,157	-	511,352
Interbank Money Market Placements	-	390,424	6,015	-	-	-	-	396,439
Available-for-sale Financial Assets	19,220	-	-	-	-	-	-	19,220
Loans	-	2,286,261	4,607,359	5,031,406	1,338,858	88,176	-	13,352,060
Held-to-maturity Investments	-	3,822	53,370	87,476	155,681	-		300,349
Other Assets	-	-	-	-	-	-	69,935	69,935
Total Assets	**51,290**	**3,469,149**	**4,836,163**	**5,310,233**	**1,631,364**	**100,333**	**69,935**	**15,468,467**
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	2,164,935	3,611,513	2,270,978	226,388	670,916	-	8,944,730
Funds From Interbank Money Market	-	10,006	-	-	-	-	-	10,006
Marketable Securities Issued	-	-	-	-	895,482	1,343,128	-	2,238,610
Miscellaneous Payables	-	-	-	9,390	-	-	117,284	126,674
Other Liabilities (**)	-	7,969	6,182	33,400	122,461	28,478	3,949,957	4,148,447
Total Liabilities	**-**	**2,182,910**	**3,617,695**	**2,313,768**	**1,244,331**	**2,042,522**	**4,067,241**	**15,468,467**
Net Liquidity Gap	**51,290**	**1,286,239**	**1,218,468**	**2,996,465**	**387,033**	**(1,942,189)**	**(3,997,306)**	**-**
Prior Period 31.12.2011								
Total Assets	**19,475**	**1,473,388**	**3,004,305**	**4,150,922**	**838,221**	**128,238**	**45,514**	**9,660,063**
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)**	**-**

(*) 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 TL3,949,956 thousand at the "unallocated" column, includes the shareholders' equity amounting to TL3,675,364 thousand and provisions amounting to TL165,391 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 2012	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits		-	-	-	-	-	-
Funds borrowed from other financial institutions	2,245,037	3,569,320	2,247,724	340,286	626,296	-	9,028,663
Funds borrowed from Interbank money market	11,049	-	-	-	-	-	11,049
Marketable securities issued	-	-	101,559	1,250,012	971,136	-	2,322,707
Miscellaneous payables	-	-	9,390	-	-	117,284	126,674
Other liabilities	7,969	6,182	33,547	125,660	29,158	3,949,957	4,152,473
Total liabilities	**2,264,055**	**3,575,502**	**2,392,220**	**1,715,958**	**1,626,590**	**4,067,241**	**15,641,566**
Guarantees and commitments	**-**	**-**	**682,148**	**-**	**-**	**-**	**682,148**

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**

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

The undiscounted cash inflows and outflows of derivatives as at 31 December 2012 and 2011:

31 December 2012	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives						
- Outflow	450,373	367,544	-	-	266,098	1,084,015
- Inflow	447,369	358,018	-	-	249,634	1,055,021
Interest rate derivatives						
- Outflow	196	1,228	39,603	145,982	-	187,009
- Inflow	128	556	48,376	145,365	-	194,425
Derivatives held for hedging						
Foreign exchange derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	**450,569**	**368,772**	**39,603**	**145,982**	**266,098**	**1,271,024**
Total inflow	**447,497**	**358,574**	**48,376**	**145,365**	**249,634**	**1,249,446**

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**

Securitisation Positions

None.

Loan Risk Mitigation Techniques

a) Offsettings related to the processes and policies for offsetting on and off balance sheet and the level of offsetting applied by the bank

On the side of assets in the balance sheet, offsetting is applied by deducting the provisions for impairment of the trading securities and the held to maturity securities. On the side of liabilities, offsetting is applied by deducting the amounts recognised in the security issuance differences from the securities issued. Other than that, the transactions of the type mentioned in the communiqué regarding loan risk mitigation techniques, such as on balance sheet offsetting and private offsetting agreements , are not performed.

b) Practices related to valuation and management of guarantees,

Bank guarantee letters received are not subject to any valuation. As long as the company has a short position, the bank's guarantee letter is kept in the company's file. In the event that the term of bank's guarantee letter becomes shorter than the loan's term in any way, the relevant company is contacted and asked to replace the guarantee letter with the one which has a longer term. It is noted whether the company takes back the guarantee letter on the same day when it pays its debt to Türk Eximbank through an intermediary bank. Expertise valuation is performed for commercial real estate mortgages.

c) Types of main guarantees received,

Types of main guarantees consist of a surety guarantee fund, real estate mortgages, government debt securities and a bank guarantee letter.

d) Main guarantors and counter-party of loan derivatives and related credit rating,

The main guarantor in relation to the political risk is the government. 70% of the commercial risk arising from insurance transactions is transferred to reinsurance.

e) Information regarding the market with credit reduction or credit risk concentration,

The share of risk amount of cash credit, guarantee and insurance extended to a country, bank or company within the total cash, guarantee and insurance risk balances is indicated in percentage. The borrowers listed among the first 200 in risk ranking are monitored closely by practice units. Risk Management Directorate may propose to lower down the limit for cash credit, guarantee and insurance facilities provided to any borrower in order to prevent risk concentration.

f) Based on the following table;

1) Total risk relating to each of the risk groups after on and off balance sheet offsetting which was guaranteed after making volatility adjustments, through a considerable guarantee,
2) Total risk amounts relating to each of the risk groups and guaranteed with guarantees or loan derivatives after on and off balance sheet offsetting.

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

Guarantees according to risk groups:

Risk group	Amount	Financial Guarantees	Other/ Material Guarantees	Guarantees and Loan Derivatives
Contingent or Other Receivables from Central Administrations or Central Banks	502,850	-	-	89,360
Contingent or Other Receivables from Banks and Intermediary Institutions	4,875,977	-	-	4,875,977
Contingent or Other Corporate Receivables	9,981,012	-	-	9,317,158
Contingent or Other Retail Receivables	61,104	-	-	58,492
Contingent or Other Receivables Guaranteed with Real Estate Mortgages	30,193	-	30,193	-
Other Receivables (Net)	289,468	-	-	-
Total	**15,740,604**	**-**	**30,193**	**14,340,987**

Targets and Policies of Risk Management

a) Strategies and practices relating to risk management,

Acting as the Turkish government's major export incentive instrument, Türk Eximbank promotes export through credit, guarantee and insurance programs. The Bank abides by the generally accepted banking and investment principles in all of its operations. The Bank does not carry out any profit-oriented activities, endeavours to achieve a proper return rate in order to maintain its capital and financial power, and follows generally accepted banking and investment principles in all its operations. Accordingly, the Bank maintains the level of risk which it should assume while performing its legal functions, defined as "providing financial support to the export sector", with an approach that would not weaken its financial power.

b) Structure and organisation of risk management system,

Practice units bear the ultimate responsibility in risk management. The risk management unit is affiliated with the board of directors through the audit committee. Personnel regulation of the risk management division states that risk management personnel may not be involved in executive activities.

c) Scope and nature of risk reporting and measurement systems,

Credit risk, market risk, equity, and capital adequacy are reported to BRSA on a monthly basis according to the standard method. Operational risk report is issued annually according to the basic indicator approach.

d) Risk protection and mitigation policies and processes relating to continuous control of effectiveness of such policies,

The Bank can assume risks up to 70% of the equities for a single bank in order to fulfil its credit facility mission depending on the economic conjuncture. This rate is 80% for state banks.

Even though the bank has a very limited foreign currency position due to its general exchange rate policy (almost long position), another principle adopted by Türk Eximbank within the scope of categorising exchange rate risk is applying the legal ratio related to the exchange rate risk, which is calculated by dividing the foreign currency net position by equity ratio as 10% while the said ratio is maximum 20% in the Turkish banking system. The Bank's positions which are exposed to exchange rate risk are monitored daily; and authorised personnel can perform transactions within the limits defined according to the risk management principles which are approved by the Board of Directors, considering the realisations and expectations in the market. The basic principle for foreign currency assets and liabilities is to secure a balance between currency, maturity and interest type at the highest possible level. For this purpose, borrowing strategies are determined in accordance with the Bank's asset structure to the extent possible. When this determination is not possible, the Bank aims to change the asset structure or utilise derivative instruments such as cross currency (currency and interest) and currency swaps.

In line with the Risk Management Principles approved by the Board of Directors, the Bank regards it as important to achieve balance in assets and liabilities in different foreign currencies with fixed and floating interest rates and pursues to maintain the level of asset and liability imbalance with fixed/ floating interest rate below 20% of the balance sheet size in order to limit possible negative effects of interest rate changes to the Bank's profitability. The interest sensitive amount (gapping report) is determined by currency types at the related maturity intervals (1 month, 1-3 months, 3-12 months, 1-5 years and over 5 years) as of the period remaining to reprising date, considering the reprising of TRY and foreign currency-denominated interest sensitive assets and liabilities at maturity date (for fixed rate) or at interest payment dates (for floating rate). By classifying interest sensitive assets and liabilities according to their reprising dates, the Bank's exposure to possible variations in market interest rates are determined. The Bank determines maturity mismatches of assets and liabilities by analysing the weighted average days to maturity of TRY and foreign currency-denominated (for each currency and their US equivalent) assets and liabilities periodically.

In order to mitigate the interest rate risk arising due to the maturity differences between Türk Eximbank's assets and liabilities, derivative transactions such as interest rate swaps or currency-interest swap can be performed through approval of the Board of Directors when the market conditions are suitable. To manage the interest rate risk, the Bank adopted the policy of matching interest rates in assets and liabilities by creating assets with mid-long maturity and fixed interest rate for some of its mid-long maturity liabilities and accordingly, created a foreign securities portfolio. The Bank's Treasury Department dynamically manages this portfolio created within the scope of the criteria approved by the board of directors by tracking long term cash flows of the Bank and buy/ sell transactions are performed when necessary by considering the changes in market conditions. The Bank's cash flows are prepared under positive, neutral and negative scenarios, taking into account the collection of loans and prospective additional funds for better liquidity management. On the other hand, the Board of Directors of the Bank determines the minimum liquidity levels and urgent liquidity sources in order to fulfil short-term liabilities. The Bank meets its short-term liquidity demand from domestic and foreign banks, and long-term liquidity demand from international institutions like the World Bank or Japan Bank for International Cooperation ("JBIC") through medium long-term funds and issued marketable securities such as bills and bonds. The Bank tries to match short-term loans with short-term borrowings and long-term loans with long-term borrowings and tries to minimise the maturity mismatch of assets and liabilities. As the weighted average of remaining days to maturity of funds is slightly higher than the weighted average of remaining days to maturity of placement and the loans, the Bank is hedged against the frequent roll-over risk of the assets, which contributes to its liquidity management. On the other hand, the Bank is willing to use borrowing limits in Turkish Lira and the foreign currency market of the CBRT and of domestic and foreign banks, in the case of urgency. The Bank aims to keep Turkish Lira and foreign currency liquidity, including the total deposit and securities portfolio in domestic and foreign banks, above 5% of the total assets. Furthermore, regarding the Bank's position, the Board of Directors is entitled to decide about the investments in Turkish lira and foreign currency securities which exceed 10% of the Bank's assets. On the other hand, with respect to liquidity, the funds with an original maturity longer than one year should not constitute more than 20% of the total fund repayment with the maturity date in the same year.

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

Presentation of financial assets and liabilities at their fair values

14.1. In the table below, the book value and fair value of the financial assets and liabilities which are not denominated with their fair values in financial statements of the parent bank are shown.

	Carrying Value		Fair Value	
	Current Period 31.12.2012	Prior Period 31.12.2011	Current Period 31.12.2012	Prior Period 31.12.2011
Financial Assets				
Due From Interbank Money Market (*)	396,439	124,591	396,439	124,591
Banks (*)	798,936	517,106	798,936	517,106
Available-for-sale Financial Assets	19,220	11,295	19,220	11,295
Held-to-maturity Investments	300,349	511,436	303,419	513,720
Loans	13,352,060	8,065,619	13,980,679	8,462,829
Financial Liabilities				
Bank deposits (*)	-	-	-	-
Other deposits (*)	-	-	-	-
Funds Borrowed From Other Financial Instituti-ons	9,118,498	4,827,748	9,131,490	4,843,415
Issued Marketable Securities	2,238,610	960,419	2,251,316	965,280
Miscellaneous Payables	126,674	42,479	126,674	42,479

(*) 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.

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.)

Explanations on operating segments

Information regarding operating segments as of 31 December 2012 and 2011 has been given in the following table:

Current Period 31.12.2012	Treasury	Investment Banking	Undistributed	Total Operations of the Bank
Interest Income	**105,863**	**467,874**	**-**	**573,737**
Interest Income on Loans	-	467,415	-	467,415
Interest Received from Banks	22,239	-	-	22,239
Interest Received from Money Market Transactions	13,014	-	-	13,014
Interest Received from Marketable Securities	70,610	-	-	70,610
Other Interest Income	-	459	-	459
Interest Expense (-)	**97,571**	**80,466**	**-**	**178,037**
Interest on Loans Borrowed	-	80,444	-	80,444
Interest Paid for Money Market Transactions	6,786	-	-	6,786
Interest on Securities Issued	90,785	-	-	90,785
Other Interest Expense	-	22	-	22
Net Fees and Commissions Income	**(5,946)**	**4,764**	**-**	**(1,182)**
Fees and Commissions Received	-	4,968	-	4,968
Fees and Commissions Paid	(5,946)	(204)	-	(6,150)
Trade Profit/ Loss (Net)	**17,285**	**-**	**(76,266)**	**(58,981)**
Profit/ Loss on Capital Market Transactions	6,833	-	-	6,833
Profit /Loss on Derivative Financial Transactions	10,452	-	-	10,452
Foreign Exchange Profit/ Loss	-	-	(76,266)	(76,266)
Other Operating Income	**-**	**88,270**	**-**	**88,270**
Provision for impairment of loan and other receivables (-)	**2,048**	**59,489**	**28**	**61,565**
Other Operating Expenses (-)	**-**	**-**	**141,051**	**141,051**
Net Period Profit	**17,583**	**420,953**	**(217,345)**	**221,191**
Total segment assets	**2,072,388**	**13,373,367**	**22,712**	**15,468,467**
Financial Assets Designated at Fair Value Through Profit or Loss	483,571	-	-	483,571
Trading derivative financial receivables	27,781	-	-	27,781
Receivables from Banks and Money Markets	1,215,551	-	-	1,215,551
Available for sale financial assets	19,220	-	-	19,220
Loans and receivables	-	13,352,060	-	13,352,060
Held-to-maturity investments	300,349	-	-	300,349
Tangible fixed assets (net)	-	-	18,575	18,575
Intangible assets (net)	-	-	458	458
Other asset	25,916	21,307	3,679	50,902
Total segment liabilities	**2,321,661**	**9,422,069**	**3,724,737**	**15,468,467**
Trading derivative financial liabilities	29,058	-	-	29,058
Loans and funds received	-	9,108,492	-	9,108,492
Borrowings from money markets	10,006	-	-	10,006
Securities issued	2,238,610	-	-	2,238,610
Provisions	-	144,220	21,171	165,391
Equity	-	-	3,675,364	3,675,364
Other liabilities	43,987	169,357	28,202	241,546

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

Prior Period 31.12.2011	Treasury	Investment Banking	Undistributed	Total Operations of the Bank
Interest Income	**81,392**	**231,967**	**-**	**313,359**
Interest Income on Loans	-	231,230	-	231,230
Interest Received from Banks	22,052	-	-	22,052
Interest Received from Money Market Transactions	1,841	-	-	1,841
Interest Received from Marketable Securities	57,493	-	-	57,493
Other Interest Income	6	737	-	743
Interest Expense (-)	**12,556**	**36,313**	**-**	**48,869**
Interest on Loans Borrowed	-	36,299	-	36,299
Interest Paid for Money Market Transactions	4,308	-	-	4,308
Interest on Securities Issued	8,248	-	-	8,248
Other Interest Expense	-	14	-	14
Net Fees and Commissions Income	**(5,847)**	**5,632**	**-**	**(215)**
Fees and Commissions Received	-	5,866	-	5,866
Fees and Commissions Paid	(5,847)	(234)	-	(6,081)
Trade Profit/ Loss (Net)	**(124,230)**	**-**	**162,498**	**38,268**
Profit/ Loss on Capital Market Transactions	869	-	-	869
Profit /Loss on Derivative Financial Transactions	(125,099)	-	-	(125,099)
Foreign Exchange Profit/ Loss	-	-	162,498	162,498
Other Operating Income	**-**	**82,778**	**-**	**82,778**
Provision for impairment of loan and other receivables (-)	**(1,172)**	**49,790**	**32,703**	**81,321**
Other Operating Expenses (-)	**-**	**-**	**73,744**	**73,744**
Net Period Profit	**(60,069)**	**234,274**	**56,051**	**230,256**
Total segment assets	**1,565,435**	**8,080,229**	**14,399**	**9,660,063**
Financial Assets Designated at Fair Value Through Profit or Loss	342,935	-	-	342,935
Trading derivative financial receivables	15,895	-	-	15,895
Receivables from Banks and Money Markets	667,369	-	-	667,369
Available for sale financial assets	11,295	-	-	11,295
Loans and receivables	-	8,065,619	-	8,065,619
Held-to-maturity investments	511,436	-	-	511,436
Tangible fixed assets (net)	-	-	8,891	8,891
Intangible assets (net)	-	-	566	566
Other asset	16,505	14,610	4,942	36,057
Total segment liabilities	**1,317,188**	**4,565,757**	**3,777,118**	**9,660,063**
Trading derivative financial liabilities	23,317	-	-	23,317
Loans and funds received	-	4,494,296	-	4,494,296
Borrowings from money markets	333,452	-	-	333,452
Securities issued	960,419	-	-	960,419
Provisions	-	69,285	62,580	131,865
Equity	-	-	3,647,256	3,647,256
Other liabilities	-	2,176	67,282	69,458

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

SECTION FIVE

Necessory explonations on assets

1.a) Cash equivalents and the account of the CBRT:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Cash/Foreign currency	13	-	12	-
CBRT	538	19,625	901	24,759
Other	-	-	-	-
Total	**551**	**19,625**	**913**	**24,759**

Information related to the account of the CBRT:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Demand Unrestricted Account	538	-	901	-
Time Unrestricted Account	-	19,625	-	24,759
Time Restricted Account	-	-	-	-
Total	**538**	**19,625**	**901**	**24,759**

b) With their net values and comparison, information on financial assets at fair value through profit or loss subject to repo transactions and given as collateral/blocked:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Financial assets under repo transactions	10,045	-	247,270	-
Financial assets given as collateral/ blocked	-	-	-	-
Total	**10,045**	**-**	**247,270**	**-**

Positive differences table related to trading derivative financial assets:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Forward Transactions	488	-	15,883	-
Swap Transactions	1,112	26,181	-	12
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**1,600**	**26,181**	**15,883**	**12**

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

d) Information on banks and foreign bank accounts:

Bank accounts

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Banks				
Domestic	108,509	398,552	356,409	114,895
Foreign	10,007	281,868	-	45,802
Head Quarters and Branches Abroad	-	-	-	-
Total	**118,516**	**680,420**	**356,409**	**160,697**

Foreign banks accounts

	Unrestricted Amount		Restricted Amount	
	Current Period 31.12.2012	Prior Period 31.12.2011	Current Period 31.12.2012	Prior Period 31.12.2011
European Union Countries	102,048	3,862	-	-
USA, Canada	79,011	40,556	-	-
OECD Countries*	110,816	1,384	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	**291,875**	**45,802**	**-**	**-**

* OECD countries except EU countries, USA and Canada.

e) With net values and comparison, available-for-sale financial assets subject to repo transactions and given as collateral/blocked:

As of 31 December 2012 and 2011, there are no available-for-sale marketable securities given as collateral.

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

	Current Period 31.12.2012	Prior Period 31.12.2011
Debt Securities	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates	19,220	11,295
Quoted to Stock Exchange	15,010	8,295
Not Quoted	4,210	3,000
Impairment Provision (-)	-	-
Total	**19,220**	**11,295**

As of 31 December 2012 and 2011, 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.)

g) Information related to loans:

1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	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	2,619	-	2,406	-
Total	**2,619**	**-**	**2,406**	**-**

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	The ones for which the agreement terms have changed		Loans and Other Receivables	The ones for which the agreement terms have changed	
		The ones whose payment plans have changed (extended)	Other		The ones whose payment plans have changed (extended)	Other
Non-specialized Loans	12,941,116	206,186	-	12,010	44,435	-
Working capital loans	-	-	-	-	-	-
Export Loans	8,826,289	125,656	-	451	-	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	3,727,753	-	-	-	-	-
Consumer Loans	2,619	-	-	-	-	-
Credit Cards	-	-	-	-	-	-
Other	384,455	80,530	-	11,559	44,435	-
Specialized Loans	148,313	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	**13,089,429**	**206,186**	**-**	**12,010**	**44,435**	**-**

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

	Standard loans and other receivables	Loans under close monitoring and other receivables
The number of changes in payment plans (extension)	19	25
The ones extended for once or twice	19	25
The ones extended three, four or five times	-	-
The ones extended more than five times	-	-

The period of extension through change of payment plan	Standard loans and other receivables	Loans under close monitoring and other receivables
0-6 Months	-	-
6 - 12 months	-	-
1-2 Years	9	8
2-5 Years	9	16
5 Years and More	-	-

3. On the basis of the relevant bank type and the following tables; Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	The ones for which the agreement terms have changed	Loans and Other Receivables	The ones for which the agreement terms have changed
Short-term Loans and other receivables	10,978,891	-	879	-
Non-specialized Loans	10,845,253	-	879	-
Specialized Loans	133,638	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	2,115,085	203,450	9,957	43,798
Non-specialized Loans	2,100,410	203,450	9,957	43,798
Specialized Loans	14,675	-	-	-
Other Receivables	-	-	-	-

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

4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

There are no consumer loans, consumer credit cards and personnel credit cards.
As of 31 December 2012, the Bank granted personnel loans amounting to TL2,619 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	45	2,574	2,619
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	45	2,574	2,619
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	**45**	**2,574**	**2,619**

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

5. Information on commercial installment loans and corporate credit cards:

None.

6. Distribution of loans according to borrowers based on the following table:

	Current Period 31.12.2012	Prior Period 31.12.2011
Public (*)	963,538	832,134
Private	12,388,522	7,233,485
Total	**13,352,060**	**8,065,619**

(*) Includes country loans granted to foreign government entities amounting to TL182,009 thousand (31 December 2011: TL138,681 thousand).

7. Distribution of domestic and foreign loans:

	Current Period 31.12.2012	Prior Period 31.12.2011
Domestic Loans	13,170,051	7,926,938
Foreign Loans	182,009	138,681
Total	**13,352,060**	**8,065,619**

8. Loans granted to investments in associates and subsidiaries:

None.

9. Specific provisions accounted for loans:

Specific provisions	Current Period 31.12.2012	Prior Period 31.12.2011
Loans and Receivables with Limited Collectability	-	-
Loans and Receivables with Doubtful Collectability	15,698	17,854
Uncollectible Loans and Receivables	96,685	96,999
Total	**112,383**	**114,853**

10. Information on non-performing loans (Net):

(i) Information on non-performing loans and other receivables that are restructured or rescheduled:

None.

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

(ii) 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	-	17,854	96,999
Additions During the Period (+)	20,241	3,833	-
Transfers from Non-performing Loans Accounts (+)	-	-	-
Transfers to Other Non-Performing Loans Accounts (-)	-	-	-
Collections During the Period (-)	(20,241)	(582)	(314)
Write-offs (-)	-	(5,407)	
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	(5,407)	-
Balance at the End of the Period	-	15,698	96,685
Specific Provisions (-)	-	(15,698)	(96,685)
Net Balance Sheet Amount	-	-	-

(iii) 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: 31.12.2012			
Balance at the End of the Period	-	14,840	84,385
Specific Provisions (-)	-	(14,840)	(84,385)
Net Balance Sheet Amount	-	-	-
Önceki Dönem: 31.12.2011			
Balance at the End of the Period	-	17,039	84,691
Specific Provisions (-)	-	(17,039)	(84,691)
Net Balance Sheet Amount	-	-	-

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

(iv) Information on the gross and net amounts of the non-performing loans according to types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	**Loans and Other Receivables with Doubtful Collectability**	**Uncollectible Loans and Other Receivables**
Current Period (Net) 31.12.2012			
Loans Granted to Real Persons and Corporate Entities (Gross)	-	15,698	96,394
Specific Provision Amount (-)	-	(15,698)	(96,394)
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) 31.12.2011			
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 (Net)	-	-	-
Banks (Gross)	-	-	292
Specific Provision Amount (-)	-	-	(292)
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

11) 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.

12) 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.

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

h) Held-to-maturity investments:

As of 31 December 2012, all of the marketable securities of the Bank classified under trading and held-to-maturity categories, are government bonds and treasury bills.

h.1) Information on investments subject to repo transaction and given as collateral/blocked:

Held-to-maturity investments subject to repo transactions.

	Current Period 31.12.2012		Prior Period 31.12.2011	
	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 31.12.2012	Prior Period 31.12.2011
Government bonds and similar marketable securities	203,203	182,310
Total	**203,203**	**182,310**

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

h.2) Information on held-to-maturity government debt securities:

	Current Period 31.12.2012	Prior Period 31.12.2011
Government Bonds	300,349	511,436
Treasury Bills	-	-
Other Public Debt Securities	-	-
Total	**300,349**	**511,436**

h.3) Information on held-to-maturity investment securities:

	Current Period 31.12.2012	Prior Period 31.12.2011
Debt Securities	300,349	511,436
Quoted to Stock Exchange	300,349	511,436
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	**300,349**	**511,436**

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

h.4) The movement of held-to-maturity investment securities:

	Current Period 31.12.2012	Prior Period 31.12.2011
Balance at the Beginning of the Period	511,436	891,703
Foreign exchange differences on monetary assets	(3,860)	10,938
Purchases during the year	92,167	242,578
Disposals through sales and redemptions (*)	(287,169)	(639,199)
Impairment provision (-)	(12,225)	5,416
Balance at the End of the Period	300,349	511,436

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

i) Following information investments in associates account (net):

None.

j) Information on subsidiaries (Net):

There is no subsidiary.

k) Information related to the jointly controlled partnerships

None.

l) Information on lease receivables (net):

None.

m) Positive differences table related to hedging derivative financial assets:

None.

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

n) Explanations on property and equipment:

	Immovables	Tangibles-Financial Leasing	Vehicles	Other Tangibles	Leasehold Improvements	Total
Prior Period End: 31.12.2011						
Cost	16,487	318	1,343	10,834	-	28,982
Accumulated Depreciation (-)	(10,074)	(318)	(575)	(9,124)	-	(20,091)
Net Book Value	6,413	-	768	1,710	-	8,891
Current Period End: 31.12.2012						
Net Book Value at the Beginning of the Period	6,413	-	768	1,710	-	8,891
Additions	-	-	1,289	889	9,883	12,061
Disposals (-)	(6,867)	(31)	(346)	(164)	-	(7,408)
Disposals (Depreciation)	5,640	31	346	164	-	6,181
Impairment	-	-	-	-	-	-
Depreciation (-)	(310)	-	(296)	(544)	-	(1,150)
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-
Cost at Period End	**9,620**	**287**	**2,286**	**11,559**	**9,883**	**33,635**
Accumulated Depreciation at Period End	**(4,744)**	**(287)**	**(525)**	**(9,504)**	**-**	**(15,060)**
Closing Net Book Value	**4,876**	**-**	**1,761**	**2,055**	**9,883**	**18,575**

	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**

As of 31 December 2012 and 2011, there is no impairment in intangible assets.

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

o) 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 2012, the cost and the accumulated amortization of intangible assets is TL1,881 thousand and TL1,423 thousand, respectively; at the beginning of the period the gross book value and the accumulated depreciation is TL1,668 thousand and TL1,102 thousand, respectively.

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

	Current Period 31.12.2012	Prior Period 31.12.2011
Net Book Value at the Beginning of the Period	566	390
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	214	488
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 (-)	(322)	(312)
Net Currency Translation Differences of Foreign Subsidiaries	-	-
Other Changes in the Book Value	-	-
Net Book Value at the End of the Period	458	566

p) Information on investment properties:

Bank does not have investment properties.

q) 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.

r) Explanations on assets held for sale and explanations related to discontinued operations:

According to the decision taken by the Bank's Board of Directors, the sale of the head office in Ankara was determined and the said amount was deducted from the account of tangible fixed assets and transferred to the fixed assets account regarding the activities held for sale over the net book value and halted.

	Current Period 31.12.2012	Prior Period 31.12.2011
Cost	6,867	-
Depreciation Costs (-)	(5,640)	-
Period end	1,227	-

s) If the other assets' items in the balance sheet exceed 10% of the total of the balance sheet, excluding the off-balance sheet commitments,the sub-accounts constituting at least 20% of these accounts:

None.

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

Explanations and notes on liabilities items

17/2.a.1. Information on deposits/ funds received:

The Bank does not accept deposits.

b. Table of negative differences for trading derivative financial liabilities:

Trading derivative financial liabilities	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Forward Transactions	9,491	-	3,076	-
Swap Agreements	849	18,718	7,694	12,547
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**10,340**	**18,718**	**10,770**	**12,547**

As of 31 December 2012, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2011: None).

As of 31 December 2012, the Bank does not have deferred day one profits and losses (31 December 2011: None).

c. Information on banks and other financial institutions:

c.1) General information on banks and other financial institutions:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Borrowings from CBRT	-	6,802,848	-	3,062,815
From Domestic Banks and Institutions	-	106,109	-	162,171
From Foreign Banks, Institutions and Funds	-	2,035,773	-	1,061,557
Total	**-**	**8,944,730**	**-**	**4,286,543**

c.2) Information on maturity structure of borrowings:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Short-Term	-	8,033,309	-	3,883,866
Medium and Long-Term	-	1,075,183	-	610,430
Total	**-**	**9,108,492**	**-**	**4,494,296**

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

Medium and long-term loans include subordinated loans amounting to TL163,459 thousand (31 December 2011: TL207,368 thousand) and interest accruals amounting to TL303 thousand (31 December 2011: TL385 thousand).

c.3) Additional explanations over areas of concentration of the liabilities of the Bank:

As of 31 December 2012, 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 31.12.2012	Prior Period 31.12.2011
Syndicated loans (i)	823,070	408,590
Subordinated loans (ii)	163,762	207,753
World Bank (iii)	477,869	278,674
CBRT Loans (iv)	6,802,848	3,062,815
T.C Ziraat Bankası A.Ş.	-	125,026
Demir Halkbank NV	-	62,414
European Investment Bank (v)	406,713	124,003
Ziraat International AG	-	37,666
Mizuho Corporate Bank Ltd (vi)	59,172	62,389
Garanti Bankası İnternational N.V. (vii)	23,715	-
Doha Bank(viii)	44,980	-
Standart Chartered Bank (ix)	89,910	-
Emirates National Bank of Dubai(x)	26,872	-
Al Ahli Bank of Kuwait (xi)	44,814	-
ING Bank Amsterdam (xii)	117,930	124,966
National Bank of Kuwait (xiii)	26,838	-
Total	**9,108,492**	**4,494,296**

i) The Bank, raised syndicated loan facilities at an amount EUR 125 million at 25 January 2012 and 224 million EUR at 29 June 2012 with a maturity of one year. As of 31 December 2012, total balance of these syndicated borrowings amount to TL821,127 thousand and accruals on these borrowings amount to TL1,943 thousand.

ii) As of 31 December 2012, 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 TL163,459 thousand. The accrual on this funds borrowed amount to TL303 thousand the total balance amounts to TL163,762 thousand as of 31 December 2012.

iii) The outstanding balances of the two lines of credit from the World Bank as at 31 December 2012 amounts to TL356,295 thousand (equivalent of US$199,818 thousand) and TL120,428 thousand (equivalent of EUR51,185 thousand). Total accrual on these borrowings amounts to TL1,146 thousand and the total amount of borrowing amounts to TL477,869 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 TL6,802,848 thousand as at 31 December 2012.

v) The balance of the loan granted by Avrupa Yatırım Bankası as of 31 December 2012 is TRY403,824 thousand; rediscount of this loan is TRY2,889 thousand and its total balance is TRY406,713 thousand.

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

vi) The Bank raised a loan facility from Mizuho Corporate Bank Ltd. at an amount EUR25 million (TL58,820 thousand) with a total maturity of one year. Total accrual on this borrowing amounts to TL352 thousand and total amount of the borrowing is TL59,172 thousand.

vii) Rediscount of the loan amounting to TRY23,528 thousand (equivalent of EUR10 million) granted by Garanti Bankası International N.V. with one year maturity is TRY187 thousand and the total balance of the loan is TRY23,715 thousand.

viii) Rediscount of the loan amounting to TRY44,578 thousand (equivalent of USD25 million) granted by Doha Bank with six months maturity is TRY402 thousand and the total balance of the loan is TRY44,980 thousand.

ix) Rediscount of the loan amounting to TRY89,155 thousand (equivalent of USD50 million) granted by Standart Chartered Bank with one year maturity is TRY755 thousand and the total balance of the loan is TRY89,910 thousand.

x) Rediscount of the loan amounting to TRY26,747 thousand (equivalent of USD15 million) granted by Emirates National Bank of Dubai with one year maturity is TRY125 thousand and the total balance of the loan is TRY26,872 thousand.

xi) Rediscount of the loan amounting to TRY44,578 thousand (equivalent of USD25 million) granted by Al Ahli Bank of Kuwait with one year maturity is TRY236 thousand and the total balance of the loan is TRY44,814 thousand.

xii) Rediscount of the loan amounting to TRY117,640 thousand (equivalent of EUR50 million) granted by ING Bank NV with one year maturity is TRY290 thousand and the total balance of the loan is TRY117,930 thousand.

xiii) Rediscount of the loan amounting to TRY26,747 thousand (equivalent of USD15 million) granted by National Bank of Kuwait with three years maturity is TRY90 thousand and the total balance of the loan is TRY26,838 thousand.

The Bank performed the following repayments during the year 2012:

	Repayment amount	**Repayment date**
Subordinated Loan	8,333,000 ABD Doları	15 April 2012
Doha Bank	25,000,000 ABD Doları	18 September 2012
Subordinated Loan	8,333,000 ABD Doları	15 October 2012
Ziraat Bankası	50,000,000 EURO	13 March 2012
Demir – Halk Bank	25,000,000 EURO	30 March 2012
Club Loan - Syndicated Loan	165,000,000 EURO	1 June 2012
Ziraat International	15,000,000 EURO	15 August 2012
Mizuho Corporate Bank Ltd	25,000,000 EURO	17 August 2012
Ing Bank N.V.	50,000,000 EURO	12 September 2012

The liability of the Bank resulting from bond issuance as of 31 December 2012 is presented as follows.

Information regarding securities issued	**Current Period 31.12.2012**	**Prior Period 31.12.2011**
Securities Issued	2,228,875	957,050
Discount on Issuance of Securities (-)	12,027	4,718
Bond Interest Accrual	21,762	8,087
Total	**2,238,610**	**960,419**

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

In October 2011, the Bank issued bonds worth US$500 million (TL891,550 million). The bond is subject to annual fixed interest payment of 5.37% every six months and the total maturity is five years.

In April 2012, the Bank issued bonds worth US$500 million (TL891,550 million). The bond is subject to annual fixed interest payment of 5.87% every six months and the total maturity is seven years.

In October 2012, the Bank issued bonds worth US$250 million (TL445,775 million). The bond is subject to annual fixed interest payment of 5.875% every six months and the total maturity is seven years.

d. If the other liabilities items in the balance sheet exceed 10% of the total of the balance sheet, the sub-accounts constituting at least 20% of these (names and amounts):

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	**FC**	**TL**	**FC**
Turkish Treasury Current Account	**1,597**	**964**	**9,876**	**11,578**
Political Risk Loss Account	-	365	-	-
Iraq Loan followed on behalf of Turkish Treasury	1,597	599	9,876	11,578
Other	4,005	105,194	1,351	1,694
Total	**5,602**	**106,158**	**11,227**	**13,272**

The amount followed on behalf of the Undersecretariat of Treasury under the Iraq Loan TRY account consists of exchange rate differences calculated in relation to the Iraq Loan which is followed on behalf of the Undersecretariat of Treasury under 145 Medium Long-term Fund Sourced Loans and for which the entire risk is assumed by the Undersecretariat of Treasury. All of the amount followed on behalf of the Undersecretariat of Treasury under the Iraq Loan FC consists of Iraq Loan. Law No. 6111 on restructuring some receivables became valid in 25 February 2011, which enabled restructuring of the Iraq loans sourced by Development and Supporting Fund (DSF). As a result of the enforcement of this law, among the firms which have applied for the restructuring, the amounts paid in cash or in instalments (the first four instalments) were all transferred to the accounts of the Undersecreteriat of Treasury as of 31 December 2011. In addition, TRY1,145,000 as an equivalent of USD642,000 was collected from the firms which paid in installments as of 31 December 2012 and was transferred to the Undersecretariat of Treasury; the loans of the firms whose loans are not under restructuring were subject to closure of the loan account and removed from the balance sheet at maturity. The amounts removed from the balance sheet as of 31 December 2012 are USD9,415 thousand against TRY16,788 thousand. The Iraq Loan of TRY21,454 thousand as of 31 December 2011 followed on behalf of Undersecreteriat of Treasury was materialised as TRY2,196 thousand as of 31 December 2012 together with TRY17,933 thousand as loans of which the accounts were closed and collections and TRY1,325 thousand of exchange rate difference in the context of restructuring.

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

None.

f. Negative differences table related to hedging derivative financial liabilities:

None.

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

g. Information on provisions:

g.1) Information on general provisions

	Current Period 31.12.2012	Prior Period 31.12.2011
General Provisions	130,214	69,285
Provisions for Group I. Loans and Receivables	126,575	66,103
- Allocated for the ones whose payment term was extended	10,173	-
Provisions for Group II. Loans and Receivables	2,407	2,302
- Allocated for the ones whose payment term was extended	2,190	994
Provisions for Non Cash Loans	985	734
Other	247	146

g.2) Information on provisions for decrease in foreign exchange differences of foreign currency indexed loans and financial leasing receivables principal amounts:

There is no foreign currency indexed loans of the Bank.

g.3) Specific provisions for non-cash loans that are not liquidated:

None.

g.4) Information on other provisions:

(i) Information on provisions for probable risks:

	Current Period 31.12.2012	Prior Period 31.12.2011
Provisions for Probable Risks	14,006	14,218

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 TL8,681 thousand as of 31 December 2012 (31 December 2011: TL9,318 thousand).

As of 31 December 2012, the Bank booked provisions amounting to TL5,325 thousand (31 December 2011: TL4,900 thousand) considering probable compensation payments in relation to the export receivables.

Accordingly, the sum of the provisions recognized by the Bank amounts to TL14,006 thousand as of 31 December 2012 (31 December 2011: TL14,218 thousand).

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

(ii) 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.

h. Explanations on tax liability:

h.1) Explanations on current tax liability:

(i) Information on provision for taxes:

None.

(ii) Information on taxes payable:

	Current Period 31.12.2012	Prior Period 31.12.2011
Corporate Taxes Payable (*)	-	-
Taxation on Revenue From Securities	6	116
Property Tax	-	-
Banking Insurance Transaction Tax	423	233
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	251	175
Other	774	560
Total	**1,454**	**1,084**

(*) As stated at Section 3 Note XVI, the Bank is exempt from corporate tax.

(iii) Information on premium payables:

	Current Period 31.12.2012	Prior Period 31.12.2011
Social Security Premiums - Employee	627	504
Social Security Premiums - Employer	852	680
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	44	35
Unemployment Insurance - Employer	88	72
Other	-	-
Total	**1,613**	**1,293**

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

h.2) Information on deferred tax liability:

None.

i) Information on non-current liabilities on assets held for sale and discontinued operations:

None.

j) 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 Months LIBOR + 0.75	Turkish Treasury (World Bank Sourced)

Information on subordinated loans:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	163,391	-	207,753
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
Total	**-**	**163,391**	**-**	**207,753**

k. Information on shareholders' equity:

k.1) Presentation of paid-in capital:

	Current Period 31.12.2012	Prior Period 31.12.2011
Common Stock	2,000,000	2,000,000
Preferred Stock	-	-

k.2) Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The registered share capital system is not applied.

k.3) Information on the share capital increase during the period and their sources:

There is no capital increase in the current period.

k.4) Information on share capital increase from revaluation funds during the current period:

There is no share capital increase from the revaluation fund during the current period.

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

k.5) Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period:

The Bank has no capital commitments as of 31 December 2012 and the total share capital of the Bank amounting to TL2,000,000 thousand is fully paid.

k.6) The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders' equity:

The credit, interest and the foreign currency risk policies of the Bank were determined to minimize the losses that may result from these risks. The Bank aims to obtain a reasonable positive return on equity in real terms in relation with its banking transactions and to protect its equity from the effects of inflation. On the other hand, the proportion of doubtful receivables to the total loans is considered as low and an impairment provision is provided in full for all doubtful receivables. Accordingly, the Bank does not expect losses that may materially affect its equity. In addition, the free capital of the Bank is high and is getting steadily stronger.

k.7) 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%.

k.8) Information on marketable securities value increase fund:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	**FC**	**TL**	**FC**
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	10,215	67	3,501	129
Foreign Currency Differences	-	-	-	-
Total	**10,215**	**67**	**3,501**	**129**

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

Explanations and notes related to off-balance sheet accounts

18.2.a Explanations on off-balance sheet commitments:

1) Type and amount of irrevocable commitments:

As of 31 December 2012 and 2011 there are no irrevocable commitments of the Bank.

2) Type and amount of probable losses and obligations arising from off-balance sheet items:

2.i) Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:

	Current Period 31.12.2012	Prior Period 31.12.2011
Letters of Guarantee	-	-
Endorsements	-	-
Guarantees and bails given for export	-	-
Guarantees given for Export Loan Insurance	682,148	518,997
Total	**682,148**	**518,997**

2.ii) Revocable, irrevocable guarantees and other similar commitments and contingencies:

There are no revocable and irrevocable guarantees. Details of other similar commitments and contingencies are stated above in (i).

3.i) Total amount of non-cash loans:

	Current Period 31.12.2012	Prior Period 31.12.2011
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)	682,148	518,997
Total	**682,148**	**518,997**

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

(ii) Information on sectoral risk concentrations of non-cash loans:

	Current Period 31.12.2012				Prior Period 31.12.2011			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	682,148	100	-	-	518,997	100
Total	**-**	**-**	**682,148**	**100**	**-**	**-**	**518,997**	**100**

(iii) Information on the non-cash loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash loans	**-**	**-**	**-**	**-**
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-		-	-
Other Commitments and Contingencies	-	682,148	-	-

(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 31.12.2012	Prior Period 31.12.2011	Current Period 31.12.2012	Prior Period 31.12.2011
Types of Trading Transactions				
Foreign Currency Related Derivative Transactions: (I)	2,139,035	2,409,129	-	-
Forward Transactions	1,001,666	1,057,250	-	-
Swap Transactions	1,137,369	1,351,879	-	-
Futures Transactions	-	-	-	-
Option Transactions	-	-	-	-
Total Foreign Currency Related Derivative Transactions	**2,139,035**	**2,409,129**	**-**	**-**
Interest Related Derivative Transactions (II)	3,929,865	80,392	-	
Forward Interest Rate Agreements	-	-	-	-
Interest Rate Swaps	3,929,865	80,392	-	-
Interest Rate Options	-	-	-	-
Interest Rate Futures	-	-	-	-
Other Trading Derivative Transactions: (1) (III)	-	-	-	-
A. Total Trading Derivative Transactions (I+II+III)	**6,068,900**	**2,489,521**	**-**	**-**
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)	**6,068,900**	**2,489,521**	**-**	**-**

(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.

c) Explanations on credit derivatives and risk of exposure from these derivatives:

Derivative transactions processes in terms of (hedging) maximum protection of the balance sheet risks by minimizing mismatches between assets nad liabilities of the Bank's. As a result of these transactions, the Bank is exposed to the risk of changes in fair value. As a result of the actions taken, fixed-rate bonds against the cross-currency swaps and interest rate swaps issued by the Bank are available.

d) 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 2012 and 2011, 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 2012, there are 73 legal proceedings outstanding against the Bank amounting to US2,593,512.68 and TL700,288.00 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.

Within this framework, Bank management allocated a provision of TRY30,000 thousand for the second six month period of 2008 and the years 2009, 2010 and 2011 in which no success fee was paid taking the cases concluded against the Bank into consideration; as the accumulated success fee was paid, the provision was recognised as income.

In addition, there are 154 legal proceedings outstanding filed by the Bank. These legal proceedings amount to TL107,500,880, US$14,053,970 and EUR860,796.

e) 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.

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

Explanations and notes related to income statement:

19.2.a) Within the scope of interest income:

1. Information on interest income on loans:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
Interest income on loans (*)				
Short-term Loans	234,227	129,279	120,274	53,789
Medium and Long-term Loans	50,158	57,956	32,464	28,926
Interest on Loans Under Follow-up	379	130	1,262	172
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**284,764**	**187,365**	**154,000**	**82,887**

(*) It includes fee and commission income of TRY4,714,000 related to cash loans.

2. Information on interest income from banks:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
CBRT	-	60	-	65
Domestic Banks	20,524	724	20,070	359
From Foreign Banks	748	183	357	1,201
From Headquarters and Branches Abroad	-	-	-	-
Total	**21,272**	**967**	**20,427**	**1,625**

3. Information on interest income on marketable securities:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	FC	TL	FC
From Trading Financial Assets	37,382	1,877	15,476	-
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	-	-	-	-
From Held-to-maturity Investments	28,606	2,745	38,747	3,270
Total	**65,988**	**4,622**	**54,223**	**3,270**

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

4. Information on interest income received from associates and subsidiaries:

There is no interest income from associates and subsidiaries.

b) Within the scope of interest income:

1) Information on interest expense on borrowings:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	**FC**	**TL**	**FC**
Banks (*)				
CBRT	-	33,090	-	7,630
Domestic Banks	-	3,252	-	6,364
Foreign Banks	-	42,941	-	26,011
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	1,577	-	1,585
Total	**-**	**80,860**	**-**	**41,590**

(*) It includes fee and commission expenses of TRY226,000 related to cash loans.

2. Information on interest expense given to associates and subsidiaries:

There is no interest expense given to associates and subsidiaries.

3. Interest paid to marketable securities issued:

	Current Period 31.12.2012		Prior Period 31.12.2011	
	TL	**FC**	**TL**	**FC**
Interests paid to marketable securities issued	-	90,785	-	8,248

4. With respect to deposit and participation accounts:

4.i) Maturity structure of the interest expense on deposits:

The Bank does not accept deposits.

4.ii) Explanations on dividend income:

The Bank did not earn dividend income in 2012 and 2011.

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

c) Explanation on dividend income:

None.

d) Information on trading income/loss (Net):

	Current Period 31.12.2012	Prior Period 31.12.2011
Income	**466,751**	**563,909**
Trading Gains on Securities	6,833	870
Trading Gains on Derivative Financial Transactions	168,420	107,574
Foreign Exchange Gains	291,498	455,465
Loss (-)	**525,732**	**525,641**
Trading Losses on Securities	-	1
Trading Losses from Derivative Financial Transactions	157,968	232,673
Foreign Exchange Loss	367,764	292,967

e) Explanations on other operating income:

The Bank recognised as other operating income, premium income of TRY43,305 thousand (31 December 2011: TRY34,380 thousand) within the scope of short-term export credit in the current period, commission received from reinsurance companies amounting to TRY9,499 thousand (31 December 2011: TRY9,040 thousand) and TRY2,680 thousand (31 December 2011: TRY8,792 thousand) arising out of the collections of the credits which were classified as frozen receivables.

As of 31 December 2012, TRY637,000 from free provisions allocated for miscellaneous risks was recognised as other operating income. Furthermore, a success fee payment of TRY30,000 thousand was made from the success fee provision of TRY30,000 thousand allocated as of 31 December 2011; the amount was written off from the provision balance for the previous period and included in other operating income.

Apart from the matters stated above, no extraordinary issue, development or factor which have a material impact on the Bank's income exists in the first six months of 2011 and 2012 in the other operating income.

f) Provision expenses related to loans and other receivables of the Bank:

	Current Period 31.12.2012	Prior Period 31.12.2011
Specific Provisions for Loans and Other Receivables	210	2,870
Group Loans and Receivables	-	-
Group Loans and Receivables	210	2,870
Group Loans and Receivables	-	
Doubtful receivables such as fees, commissions and other receivables	-	-
General Provision Expenses	60,929	45,177
Provision Expense for Probable Risks	426	2,659
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	**61,565**	**81,321**

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

g) Information related to other operating expenses:

	Current Period 31.12.2012	Prior Period 31.12.2011
Personnel Expenses (*)	75,212	26,814
Reserve for Employee Termination benefits, net	881	704
Bank Social Aid Provision Fund Deficit Provision	-	-
Vacation Pay Liability, net	2,052	1,489
Impairment Expenses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	1,149	739
Impairment Expenses of Intangible Fixed Assets	-	-
Impairment Expenses of Goodwill	-	-
Amortization Expenses of Intangible Assets	322	312
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	12,218	8,868
Operational Lease Expenses	2,642	-
Maintenance Expenses	315	500
Advertisement Expenses	77	47
Other Expenses	9,184	8,321
Loss on Sale of Assets	-	-
Other (**)	49,217	34,818
Total	**141,051**	**73,744**

(*) As of 31 December 2012, a success fee of TRY30,000 thousand was paid; this amount was written off from the provision balance for the previous period and was included in other operating income.

(**) Other operating expenses includes the premium amount of TRY26,844 thousand (31 December 2011: TRY23,465 thousand) paid to reinsurance companies within the scope of short-term export credit insurance.

h) Explanation on tax provisions for continuing and discontinued operations:

None.

i) Explanation on net income/loss for the period for continued and discontinued operations:

None.

j) Explanation on net income/loss for the period:

j.1) If the nature, size and the reoccurrence rate of the income and expense resulting from the ordinary banking activities are important to explain the performance of the Bank in the current period, the nature and the amount of these transactions:

None.

j.2) If the changes in the estimates of the financial statement accounts may affect the profit/loss in the following periods, related periods and the necessary information:

None.

j.3) Profit/loss of minority interest:

None.

k) 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 TL10,215 thousand are recorded under the “Marketable Securities Value Increase Fund” account under equity. TL67 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 2012 profit.

4. Amount transferred to legal reserves:

	Current Period 31.12.2012	Prior Period 31.12.2011
Amount transferred to Legal Reserves under Dividend Distribution	30,393	31,202

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.

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

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 31.12.2012	Prior Period 31.12.2011
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	-
Deposits in Banks	534,365	858,004
Total Cash and Cash Equivalents	**666,913**	**860,471**

1.b) Information on the cash and cash equivalents at the end of the period:

	Current Period 31.12.2012	Prior Period 31.12.2011
Cash	**12,446**	**8,180**
Cash and Foreign Currency and Other	13	12
Demand Deposits in Banks	12,433	8,168
Cash Equivalents	**1,202,111**	**658,732**
Interbank Money Market Placements	395,500	124,368
Time Deposits in Banks	806,611	534,365
Total Cash and Cash Equivalents	**1,214,557**	**666,913**

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(125,496) thousand (31 December 2011: TL(174,542) 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 TL189,613 thousand (31 December 2011: TL(69,935) thousand) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

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.

Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank:

Information on the Bank’s domestic and foreign branches and foreign representatives of the Bank:

	Number	Number of Employees			
Domestic Branch	2	453			
			Country of Incorporation		
Foreign Representation Office	-	-	1- none		
				Total Assets	**Statutory Share Capital**
Foreign branch	-	-	1-none	-	-
Off-shore Banking Region Branches	-	-	1-none	-	-

Information on the Bank’s branch or representative office openings, closings, significant changes in the organizational structure:

None.

Explanations and notes related to events after balance sheet:

None.

SECTION SIX

INDEPENDENT AUDITOR’S REPORT

Explanations on independent auditor’s report

The unconsolidated financial statements for the period ended 31 December 2012 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 2013 has been presented prior to the unconsolidated financial statements.

Explanations and notes prepared by independent auditor

None.

TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.

AUDIT BOARD REPORT FOR THE ACCOUNTING PERIOD 2012

Operations and results of Türkiye İhracat Kredi Bankası A.Ş. for the fiscal year 2012 have been reviewed 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 2012 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-2012, 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.

Güner GÜCÜK
Member of the Audit Board

i s t a n b u l

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