

**THE CENTRAL BANK OF THE
REPUBLIC OF TURKEY
FINANCIAL STATEMENTS
AT 31 DECEMBER 2011
TOGETHER WITH AUDITOR'S REPORT**

**Convenience Translation of The
Independent Auditor's Review Report
and Financial Statements
Originally Issued In Turkish (See Note I.B.3)**

**CONVENIENCE TRANSLATION OF THE
AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR 1 JANUARY -31 DECEMBER 2011**

To the Board of the Central Bank of the Republic of Turkey
Ankara

We have audited the accompanying financial statements of the Central Bank of the Republic of Turkey (the "Bank") which comprise the balance sheet as of 31 December 2011 and the related statement of income, statement of cash flows and statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Bank Management's responsibility for the financial statements

The Bank Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Law of the Central Bank of the Republic of Turkey and related legislation. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with The International Standards on Auditing. These standards require compliance with ethical principles and that the audit is conducted as planned to provide reasonable assurance regarding the absence of error.

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

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

Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with the Law of the Central Bank of the Republic of Turkey and related legislation.

Other Matter

The financial statements of the Bank as of and for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those statements on 25 February 2011.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section I – A – (2) and the 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 and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Müjde Şehsuvaroğlu
Partner

İstanbul, 24 February 2012

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

BALANCE SHEETS AS OF 31 DECEMBER 2011 AND 2010

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

	Note (Section II)	Audited 31.12.2011	Audited 31.12.2010
I. GOLD RESERVES	1	18.981.412	8.361.219
A. International Standards		18.677.555	8.138.467
B. Non-international Standards		303.857	222.752
II. FOREIGN CURRENCY RESERVES	2, 12	148.199.669	124.794.215
A. Foreign Currency Banknotes		455.132	461.465
B. Correspondent Bank Accounts		147.415.008	124.062.823
C. Reserve Tranche Position		329.529	269.927
III. COINS		79.451	104.946
IV. DOMESTIC CORRESPONDENTS	3	1.617.672	-
V. SECURITIES PORTFOLIO	4	47.379.034	20.022.980
A. Government Domestic Debt Securities		47.379.034	20.022.980
a) Coupon		38.796.099	13.572.419
b) Discount		8.582.935	6.450.561
B. Other		-	-
VI. DOMESTIC LOANS	5	3.023.163	689.345
A. Banking Sector		3.023.163	689.345
a) Discount Loans		3.023.163	689.345
b) Loans Given according to Law 1211 40/1-c		-	-
c) Other		-	-
B. Loans to Savings Deposit Insurance Fund		-	-
VII. OPEN MARKET OPERATIONS	4	39.644.657	12.014.961
A. Repurchase Agreements		39.644.657	12.014.961
a) Cash		39.644.657	12.014.961
i. Foreign Exchange		-	-
ii. Securities		39.644.657	12.014.961
b) Securities		-	-
B. Other		-	-
VIII. FOREIGN LOANS	5	29.535	29.299
IX. EQUITY PARTICIPATIONS	6	48.174	39.446
X. PROPERTY AND EQUIPMENT (Net)	7	270.610	281.319
XI. LOANS UNDER LEGAL FOLLOW-UP (Net)	5	-	-
XII. TREASURY LIABILITIES DUE TO SDR ALLOCATION	12	3.130.425	2.564.228
XIII. VALUATION ACCOUNT	17	-	-
XIV. INTEREST AND INCOME ACCRUALS	10	75.438	26.659
XV. MISCELLANEOUS RECEIVABLES	8	820.318	367.842
XVI. OTHER ASSETS	9	43.918	41.844
TOTAL ASSETS		263.343.476	169.338.303

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

BALANCE SHEETS AS OF 31 DECEMBER 2011 AND 2010

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

	Note (Section II)	Audited 31.12.2011	Audited 31.12.2010
I. CURRENCY IN CIRCULATION	11	55.103.174	48.937.560
II. DUE TO TREASURY	12	405.122	368.215
A. Gold		33.043	24.224
B. Reserve Tranche Position		329.529	269.927
C. Other (Net)		42.550	74.064
III. FOREIGN CORRESPONDENTS	13	1.388	21.280
IV. DEPOSITS	14	128.093.771	89.269.411
A. Public Sector		18.334.749	14.881.043
a) Treasury, General and Annexed Budget Administrations		18.247.523	14.708.274
b) Public Economic Enterprises		10	21
c) State Economic Enterprises		45.290	44.143
d) Other		41.926	128.605
B. Banking Sector		91.294.778	56.150.507
a) Domestic Banks		40.663.144	34.636.803
b) Foreign Banks		7.645	7.975
c) Reserve Requirements (Central Bank Law 1211 Article 40)		50.623.765	21.505.485
d) Other		224	244
C. Miscellaneous		17.424.600	17.589.614
a) Foreign Exchange Deposits By Citizens Abroad		17.366.530	17.539.030
b) Other		58.070	50.584
D. International Institutions		8.935	6.687
E. Funds		1.030.709	641.560
a) Saving Deposit Insurance Fund		5	25
b) Other		1.030.704	641.535
V. LIQUIDITY BILLS		-	-
VI. OPEN MARKET OPERATIONS	4	40.078.502	13.101.902
A. Repurchase Agreements		39.562.502	12.000.002
a) Cash		-	-
i. Foreign Exchange		-	-
ii. Securities		-	-
b) Securities		39.562.502	12.000.002
B. Other		516.000	1.101.900
VII. FOREIGN LOANS		16.826	13.899
VIII. IMPORT TRANSFER ORDERS AND DEPOSITS		945.855	747.358
IX. NOTES AND REMITTANCES PAYABLE		1.086	3.293
X. SDR ALLOCATION	12	3.130.425	2.564.228
XI. SHARE CAPITAL	15	46.234	46.234
A. Paid-in Share Capital		25	25
B. Adjustment to Paid-in Share Capital		46.209	46.209
XII. LEGAL RESERVES	15	5.016.154	4.588.399
A. Ordinary and Extraordinary Reserves (Central Bank Law 1211 Article 60 and TCC(*) Article 469)		4.655.509	4.232.648
B. Special Reserves (Central Bank Law 1211 Article 59)		7.273	2.379
C. Inflation Adjustment to Ordinary and Extraordinary Reserves and Special Reserves		353.372	353.372
XIII. PROVISIONS	16	1.612.923	371.154
XIV. VALUATION ACCOUNT	17	19.489.213	7.245.849
XV. INTEREST AND EXPENSE ACCRUALS	19	567.747	628.421
XVI. MISCELLANEOUS PAYABLES	18	42.973	32.748
XVII. OTHER LIABILITIES	18	226.883	110.223
XVIII. NET PROFIT FOR THE YEAR		8.565.200	1.288.129
TOTAL LIABILITIES		263.343.476	169.338.303

(*) Turkish Commercial Code

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Note (Section III)	Audited 01.01- 31.12.2011	Audited 01.01- 31.12.2010
I - INTEREST INCOME	1	5.092.633	4.724.633
A. Interest Income from Foreign Correspondent Accounts		985.664	838.113
B. Interest Income from Open Market Operations		3.568.480	2.970.925
C. Interest Income from Foreign Loans		5.691	5.579
D. Positive Valuation Differences		522.767	904.250
E. Other Interest Income		10.031	5.766
II - INTEREST EXPENSE	2	962.563	2.864.321
A. Interest Expense on Deposits by Citizens Abroad		503.849	430.859
B. Interest Expense on Open Market Operations		24	1.174.799
C. Interest Expense on Interbank Money Market Transactions		3.037	452.620
D. Interest Expense on Other Deposits		1.035	798.855
E. Interest Expense paid to Treasury		116.883	14
F. Negative Valuation Differences		326.131	-
G. Other Interest Expense		11.604	7.174
III - NET INTEREST INCOME {I-II}		4.130.070	1.860.312
IV - NET COMMISSION AND SERVICE INCOME/(EXPENSE)		116.041	72.945
A. Commission and Service Income		129.388	83.416
B. Commission and Service Expense		13.347	10.471
V - NON-INTEREST INCOME	3	7.685.124	1.119.415
A. Portfolio Trading Income		-	-
B. Foreign Exchange Trading Gains		7.247.224	1.096.429
C. Marketable Security Valuation		364.620	-
D. Other Non-Interest Income		73.280	22.986
VI - NON-INTEREST EXPENSE	4	1.917.561	1.542.454
A. Portfolio Purchase and Sales Expense		532.163	186.363
B. Foreign Exchange Purchase-Sales Losses		167.681	373.657
C. Marketable Security Valuation		-	304.184
D. Personnel Expense		483.138	431.114
E. Provisions		545.529	80.723
F. Depreciation Expense		18.555	16.899
G. Other Non-Interest Expense		170.495	149.514
VIII - PROFIT BEFORE TAX PROVISION {III+IV+V-VI}		10.013.674	1.510.218
IX - TAX PROVISION	Section II Note 16	1.448.474	222.089
X - NET PROFIT FOR THE YEAR {VIII-IX}		8.565.200	1.288.129

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2011 AND 2010

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

	Audited 31.12.2011	Audited 31.12.2010
OFF - BALANCE SHEET COMMITMENTS		
A. Securities in Custody	190.508.587	237.541.112
1. Marketable Securities in Custody - Free (*)	178.462.625	227.675.372
2. Deal Securities (*)	624.038	3.820.186
3. Marketable Security Exchange Market Banks Guarantee Letters Depot	302.346	219.329
4. Government Debt Security Depot of Savings Deposits Insurance Fund, Exempt From Income Tax	7.723.386	4.701.287
5. Other (*)	3.396.192	1.124.938
B. Guarantees Received	31.305.033	20.225.241
1. Government Debt Security Depots of Banks under Foreign Exchange Market Guarantee (*)	7.930.668	5.453.537
2. Bonds as Interbank Money Market Operations Guarantee (*)	7.557.074	8.523.592
3. Government Debt Security Depots Accepted as Guarantee for Money Market Transactions	14.208.893	5.777.649
4. Intermediary Institutions' Pledged Government Debt Security Depots	27.240	18.530
5. Other (*)	1.581.158	451.933
C. Obsolete and Reserve Banknotes	44.464.137	34.014.955
1. Reserve Banknotes - Head Office	13.287.062	6.408.086
2. Reserve Banknotes - Branches	30.301.988	26.951.924
3. Reserve Banknotes - Banknotes Depots	551.036	352.555
4. Obsolete Banknotes - Head Office and Branches	324.051	302.390
D. Other	170.759.269	122.941.002
1. Repurchase Agreements Pledged Account (*)	6.487.538	10.011.670
2. Bank Treasury Bonds Portfolio	45.949.659	19.052.922
3. Customer Transactions Portfolio - Takasbank (*)	117.401.125	93.013.266
4. Branches' Marketable Security Portfolio in Electronic Security Fund Transfer System	64.020	65.932
5. Stock Exchange Market Members' Treasury Bond Depot	38.690	45.032
6. Other (*)	818.237	752.180
E. Electronic Marketable Security Transfer Recording Follow-up Account for Marketable Securities, Classified with Physical Values in Above Accounts	369.394.244	358.603.442
TOTAL (A+B+C+D+E)	806.431.270	773.325.752

(*) The balances presented in the Off Balance Sheet Commitments table consist of the total of TL, foreign currency and units of securities. TL and foreign currency securities presented in the total balances are expressed in terms of the original amount of currency over their nominal values; blank letter of credits, letter of credits that account owners entrust for maintenance, gold and silver medallions and badges of service award, banknote samples, specimen catalogues, cheques with unknown costs are expressed in terms of units.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Share Capital	1 st and 2 nd Group Capital Reserve	Share Premium	Other Legal Reserves	Legal Reserves	Bank Property and Equipment Revaluation Fund	Cost Increase Fund	Retained Earnings/ (Accumulated Deficit)	Net Profit for the Year	Total Shareholders' Equity
Balance at 31 December 2009	46.234	-	-	-	3.691.281	-	-	-	2.736.709	6.474.224
Restatement Effect (*)	-	-	-	-	-	-	-	-	1.534	1.534
Balance at 1 January 2010 – Restated	46.234	-	-	-	3.691.281	-	-	-	2.738.243	6.475.758
Profit Distribution:										
Dividends	-	-	-	-	-	-	-	-	(1.841.125)	(1.841.125)
- Treasury	-	-	-	-	-	-	-	-	(1.833.455)	(1.833.455)
- Other Shareholders	-	-	-	-	-	-	-	-	(3)	(3)
- Employees	-	-	-	-	-	-	-	-	(7.667)	(7.667)
Transferred to Equity Reserves	-	-	-	-	897.118	-	-	-	(897.118)	-
Net Profit for the Year	-	-	-	-	-	-	-	-	1.288.129	1.288.129
Balance at 31 December 2010	46.234	-	-	-	4.588.399	-	-	-	1.288.129	5.922.762
Balance at 1 January 2011	46.234	-	-	-	4.588.399	-	-	-	1.288.129	5.922.762
Profit Distribution:										
Dividends	-	-	-	-	-	-	-	-	(865.268)	(865.268)
- Treasury	-	-	-	-	-	-	-	-	(857.138)	(857.138)
- Other Shareholders	-	-	-	-	-	-	-	-	(3)	(3)
- Employees	-	-	-	-	-	-	-	-	(8.127)	(8.127)
Transferred to Equity Reserves	-	-	-	-	422.861	-	-	-	(422.861)	-
Other (**)	-	-	-	-	4.894	-	-	-	-	4.894
Net Profit for the Year	-	-	-	-	-	-	-	-	8.565.200	8.565.200
Balance at 31 December 2011	46.234	-	-	-	5.016.154	-	-	-	8.565.200	13.627.588

(*) Since the General Assembly of the Bank had not decided on the dividend to be paid to the employees as of the preparation date of the financial statements as at 31 December 2009, this amount was not deducted from the tax base of the year ended 31 December 2009, accordingly the Temporary Tax provision was overstated by TL 1.534 thousand. Subsequent to the submission of Corporate Tax declaration the financial statements as of 31 December 2009 have been restated to reflect the adjusted corporate tax expense of the period.

(**) "Other" includes the amount of expired banknotes transferred to legal reserves according to the 59th article of the Central Bank Law.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

PROFIT DISTRIBUTION TABLES FOR THE
YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Audited 01.01 - 31.12.2011 (*)	Audited 01.01 - 31.12.2010(**)
A. DISTRIBUTION OF PROFIT FOR THE YEAR		
1. Profit for the year	10.013.674	1.510.218
2. Taxes Payable and Legal Liabilities	(1.448.474)	(222.089)
- Corporate Tax (Income Tax)	(1.448.474)	(222.089)
- Income Tax	-	-
- Other Taxes and Legal Liabilities	-	-
NET PROFIT FOR THE YEAR	8.565.200	1.288.129
3. Prior Year Losses	-	-
4. Legal Reserves	-	422.861
5. Other Legal Funds	-	-
DISTRIBUTABLE PROFIT FOR THE YEAR	-	865.268
6. Dividends to Shareholders	-	3
7. Dividends to Employees	-	8.127
DUE TO REPUBLIC OF TURKEY PRIME MINISTRY UNDERSECRETARIAT OF TREASURY ("TURKISH TREASURY") ACCORDING TO THE CENTRAL BANK LAW NO. 1211	-	857.138

(*) As of the date of these financial statements, the Board of the Bank has not declared its decision related to the distribution of the profit for the year 2011. However, the corporate tax was calculated based on the assumption that employees will be paid 2 months of salary as dividend. The profit appropriation of the Bank for the year 2011 will be decided based on the resolution of the General Assembly to be held on 16 April 2012.

(**) In accordance with the resolution of the General Assembly, dated 12 April 2011, the Bank allocated reserves according to Article 60 of the Banking Law, and the remaining amount was transferred to Turkish Treasury after distribution of dividends to shareholders and employees.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENTS OF CASH FLOWS FOR THE
YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Audited 01.01 - 31.12.2011	Audited (Restated- Note I. A (2) ii. i.) 01.01- 31.12.2010
I- Cash Flows from Banking and Commercial Activities (Main Operations)		
Interest and Similar Income	5.069.194	4.846.988
Interest and Similar Expense	(1.023.236)	(3.155.043)
Dividends Received	5.744	12.731
Commissions and Fees Income/Expense, net	85.073	71.220
Payments to Personnel and Service Providers	(455.830)	(436.304)
Taxes Paid	(729.727)	(330.324)
Cash Flows from Operational Income Before Changes in Operating Assets and Liabilities	2.951.218	1.009.268
Changes in Operating Assets and Liabilities:		
<u>(Increase)/Decrease in Operating Assets:</u>		
Decrease/(Increase) in Marketable Securities, net	206.446	(1.330.676)
(Increase) in Loans, net	(2.334.053)	(199.245)
(Increase)/Decrease in Other Assets, net	(28.461.685)	23.596.097
<u>Increase/(Decrease) in Operating Liabilities:</u>		
(Decrease)/Increase in Deposits, net	38.824.360	(90.226)
(Decrease) in Funds Borrowed, net	(582.973)	(13.229.999)
Increase in Other Liabilities, net	19.093.276	12.113.919
Net Cash Flow from Banking and Commercial Activities	29.696.589	21.869.138
II- Cash Flows from Financial and Non-financial Investments		
Property and Equipment Purchased	(7.846)	(17.369)
Other Cash Inflows	7.655.541	912.867
Other Cash Outflows	(866.085)	(824.752)
Net Cash Flow from Financial and Non-financial Investments	36.478.199	21.939.884
III- Cash Flows Related to Equity Financing Activities	(860.375)	(1.841.126)
Net Increase in Cash and Cash Equivalents	35.617.824	20.098.758
Cash and Cash Equivalents at the Beginning of the Year	133.260.380	113.161.622
Cash and Cash Equivalents at the End of the Year	168.878.204	133.260.380

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE

A. Notes and explanations related to current year

(1) The financial statements of the Central Bank of the Republic of Turkey ("the Bank") as of 31 December 2011 have not yet been approved by the Board of the Bank.

(2) **Detailed explanations of principal accounting policies applied by the Bank:**

The basis of presentation of the financial statements and other accounting policies which are integral part of the accompanying financial statements are as follows:

i. **Basis of Presentation of the Financial Statements**

The Bank maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code and Tax Legislation and Law of the Central Bank of the Republic of Turkey numbered 1211 ("Central Bank Law"). According to the 57th and 58th articles of the Central Bank Law, the accounting period of the Bank is the calendar year. At the end of each calendar year, the Bank submits its balance sheet and income statement to the Prime Ministry along with the annual report prior to the General Assembly meeting and publishes the balance sheet in the Official Gazette.

ii. **Application of Accounting Principles**

Apart from the policies listed above, significant accounting principles applied in the preparation of the financial statements are as follows:

a. Accounting Principles

Financial statements have been prepared in accordance with the current legislation in effect in Turkey as expressed in article "i" above.

b. Accounting of Income and Expenses

All income and expenses are recognised on an accrual basis.

In accordance with the article 61 of the Central Bank Law amended with the Law No:6009 on 23 July 2010, in the event of a change in the value of the Turkish currency against the foreign currencies and a change in the gold prices in the international markets, the unrealized gains and losses arising from the revaluation of gold, foreign exchange and other assets and liabilities of the Bank those are originated in foreign currencies are classified into "Valuation Account" which is a transitory account on the balance sheet.

The Valuation Account is not considered as income and expense during computation of corporate tax base. Realised foreign exchange gains and losses from foreign currency sales and purchase transactions are reflected to the income statement at the date of transaction.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

c. Provisions

Provisions include amounts provided for future probable losses in accordance with the article 59 of the Central Bank Law appropriated from the gross annual profit of the Bank based on the decision of the Board of the Bank as well as provisions for money in transit, retirement pay and taxation.

d. Foreign Currency Transactions

Foreign currency transactions are recorded at the foreign currency exchange rate applicable on the date of the transactions.

Gold reserves is valued with the gold price quoted at the London Bullion market exchange at 10:30 am as at 31 December 2011 and 2010, on the basis of 1 ounce being equal to 31,1035 grams.

Foreign currency denominated assets and liabilities are translated using the foreign currency and effective bid rates of the Bank at the balance sheet date. Foreign exchange differences resulting from the translation are recorded as stated in article 'b' above.

In accordance with the process of compliance with the European Union set of rules and legislation, the foreign exchange gains or losses resulting from foreign exchange purchase and sale transactions is calculated using the 'weighted average' basis starting from 1 January 2006, in accordance with the "European Central Banks Guide" published by the European Central Bank.

e. Employment Termination Benefits

According to the Turkish legislation and labor union agreements, employment termination benefits are paid upon the retirement of employees or in the case of layoff. The amount payable depends on the rank and years of service, as defined in The Pension Fund for Civil Servants of the Republic of Turkey and Social Security and Public Health Insurance Law No: 5510. As of 31 December 2011 and 2010, the Bank calculated full provision for the employment termination benefits liability and accounted for this provision in its financial statements.

f. Taxation

The Bank is subject to corporation tax in accordance with the Turkish tax legislation. In addition, the Bank is liable for income withholding tax of third parties.

The Corporate Tax Law No.5520 has come into effect with the announcement at the official Gazette No: 26205 dated 21 June 2007. Most of the articles of the Corporate Tax Law are effective from 1 January 2006. Accordingly, in accordance with No:32 corporation tax is payable, at a rate of 20% effective from 1 January 2006, on the total income of the Bank after adjusting for certain disallowable expenses and exempt income in accordance with tax legislation and Central Bank Law No:1211.

As of 31 December 2011, the Bank recorded current corporate tax provision amounting to TL 1.448.474 thousand (31 December 2010: TL 222.089 thousand).

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

g. Securities Portfolio

The securities portfolio consists of directly purchased government bonds and securities purchased under agreements to resell in order to regulate the money supply and liquidity in the economy in line with the monetary policy targets based on the 52nd article of the Central Bank Law related with the Open Market Operations.

The securities purchased by the Bank on its own account are measured at their fair values. The marketable security portfolio account represents the fair values of these securities.

Fair value of the securities is determined with reference to quoted market prices; in case the quoted prices are not available fair value is determined using prices declared daily by the Bank and published in the Official Gazette. Positive valuation differences between cost and revalued amount are included in the "Securities Portfolio" in the balance sheet and in the "Interest Income-Positive Valuation Differences" account in the income statement. In case there exists negative valuation differences, they are included in the "Securities Portfolio" account in the balance sheet and in the "Interest Expense-Negative Valuation Differences" account in the income statement.

Securities purchased under agreements to resell will be resold in the future at a value determined at the transaction date. Cash receivables originated from the transaction are classified as "Repurchase Agreements" under "Open Market Operations" in the asset side and liability to deliver securities are classified as "Repurchase Agreements" under "Open Market Operations" in the liability side. Interest income is calculated on an accrual basis using the straight-line method over the difference of the purchase and sale prices for the securities purchased under agreements to resell. It is recorded in the "Interest and Income Accruals" account.

Securities sold under agreements to repurchase will be repurchased in the future at a value determined at the transaction date. They are removed from the securities portfolio and classified under "Repurchase Agreements" under "Open Market Operations" in the asset side where the cash that will be paid at the maturity is classified under "Repurchase Agreements" under "Open Market Operations" in the liability side. The difference between the purchase and sale price is classified in income statement at the value date, then at the maturity date the securities are transferred to the securities portfolio account at the repurchase price.

h. Equity Participations

The Bank recognizes its equity participations denominated in foreign currency at acquisition cost and translates them with the foreign currency bid rate announced by the Bank at the balance sheet date.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

i. Comparative Information and Restatement of Prior Year Financial Statements

Certain classifications were made in the previous year cash flow statement in order to maintain comparability with the current year cash flow statement. The effect of reclassification is as follows:

	31 December 2010	Effect of Reclassification	After Reclassification 31 December 2010
Interest and Similar Expense	(3.377.123)	222.080	(3.155.043)
Taxes Paid	-	(330.324)	(330.324)
(Increase)/Decrease in Other Assets, net	23.268.367	327.730	23.596.097
Increase in Other Liabilities, net	12.336.008	(222.089)	12.113.919
Other Cash Outflows	(827.356)	2.604	(824.752)

j. Demonetized Currency - Turkish Lira and New Turkish Lira

The legal circulation period of Turkish Lira banknotes, which were in circulation along with New Turkish Lira banknotes between 1 January 2005 and 31 December 2005 according to provisional article 1 of the Law on the Currency Unit of the Republic of Turkey No:5083, expired as of 31 December 2005 and these banknotes will be redeemed during the period of ten years starting from 1 January 2006 until the close of business as at 31 December 2015 which is the end of the 10-year legal redemption period, at the branches of the Bank and T.C. Ziraat Bankası A.Ş. The banknotes will expire as of 1 January 2016.

With the Council of Ministers' decision issued in Official Gazette on 5 May 2007, it was decided that the phrase "New" on the New Turkish Lira and New Kuruş that were put into circulation on 1 January 2005, are removed as of 1 January 2009, and Turkish Lira banknotes have been put into circulation as of the same date. Accordingly, the legal circulation period of New Turkish Lira banknotes that were in circulation between 1 January 2009 and 31 December 2009 along with Turkish Lira banknotes expired as of 31 December 2009. New Turkish Lira banknotes will be redeemed during the period of 10 years starting from 1 January 2010 to 31 December 2019 at the branches of the Bank and T.C. Ziraat Bankası A.Ş.

Although it is most unlikely that significant amounts of demonetized currency will be returned for redemption, the Bank is not able to derecognize any part of the liability unless and until it is legally released from the obligation.

The Bank has a gain of TL 4.893 thousand recognized as capital reserves due to demonetized and expired currency which is still in circulation as of 31 December 2011 (31 December 2010: None).

(3) **Changes in accounting policies in the current year and their financial effects:**

There are no changes in accounting policies in the current year.

(4) **Compliance of the Bank with the fundamental accounting principles of going concern, matching and consistency:**

These financial statements have been prepared based on the fundamental principles of accounting; going concern assumption and matching principle; assuming that the Bank will continue its operations without interruption in the future.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
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I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(5) The effect of any changes in the valuation methods affecting the year-end results of the Bank:

There are no changes in the valuation methods in the current year.

(6) Detailed explanation of the valuation methods used for securities (Including Equity Participations, Subsidiaries, and Long-term Securities) in the order given below:

a. Securities Portfolio:

As of 31 December 2011 and 2010:

TL Denominated Securities

1- Equity Shares - None (31 December 2010: None).

2- Other Securities:

a) Securities Indexed to Inflation and Foreign Currency - None (31 December 2010: None).

b) Fixed Income Securities - Securities purchased under agreements to resell are carried at cost and interest income accrual is calculated based on a straight-line method as the difference between purchase price and sales price of the repurchase agreement for the related reporting period.

Securities obtained from secondary markets have been valued at the weighted average prices of securities declared daily by the İstanbul Stock Exchange.

c) Securities with Variable Interest Rate - None (31 December 2010: None).

Foreign Currency Denominated Securities

Foreign currency denominated securities are classified in the "Correspondent Bank" account in the balance sheet.

1- Equity Shares - None (31 December 2010: None).

2- Other Securities

a) Securities Indexed to Inflation and Foreign Currency - None (31 December 2010: None).

b) Fixed Income Securities - Foreign currency denominated securities are marked to market with prices determined in the foreign stock exchange markets in which they are traded.

c) Securities with Variable Interest Rate - None (31 December 2010: None).

3- Gold (*) is valued according to the gold price quoted at the London Bullion Market at 10:30 am at 31 December 2011 and 31 December 2010, on the basis of 1 ounce being equal to 31,1035 grams.

(*) Gold is classified in the balance sheet under the "Gold Reserves".

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**NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

b. Equity Participations:

TL Denominated

None (31 December 2010: None).

Foreign Currency Denominated

They are valued at the Bank's foreign exchange bid rate at the balance sheet date.

c. Subsidiaries:

The Bank has no TL or foreign currency denominated subsidiaries as of 31 December 2011 and 2010.

d. Long-term Securities:

The Bank has no TL or foreign currency denominated long-term securities as of 31 December 2011 and 2010.

(7) Method of depreciation, any changes in method during the current year and monetary effects of such changes:

Property and equipment are subject to depreciation on a straight-line basis based on their economic useful lives. There has been no change in the depreciation method during the current year. The annual depreciation rates applied are as follows:

Buildings	2 - 4%
Vehicles, Furniture and Fixture	2 - 33%
Leasehold Improvements	20%

The property and equipment acquired by the Bank after 1 January 2005 have been depreciated by using the useful lives stated in the communiqués numbered 333, 339, 365 and 389 of the Tax Law.

The effect of revaluation on property and equipment until 31 December 2004 has been removed, due to the inflation adjustment on property and equipment in accordance with Law No: 5024 that stipulates the application of inflation accounting on such assets.

In accordance with the tax law that was published in the Official Gazette dated 30 December 2003, and came into effect as of 1 January 2004, tax responsables with bookkeeping obligation have adjusted the non-monetary assets and liabilities and equity balances in a way that will remove the inflationary effects while preparing their statutory financial statements. Since the conditions stated in the tax law for the application of inflation accounting ceased after 1 January 2005, the statutory financial statements have not been adjusted for the changes in the general purchasing power of Turkish Lira after this date.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2011

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(8) The US dollar ("US\$") and Euro ("EUR") bid rates used in the preparation of the balance sheet at year-end and the US\$ and EUR bid rates announced by the Bank for the last five working days prior to balance sheet date are as follows:

a. The Bank's "Exchange Rate for the Translation of Foreign Currency Items"

	31 December 2011	31 December 2010
(1 EUR = TL)	TL 2,4438	TL 2,0491
(1 US\$ = TL)	TL 1,8889	TL 1,5460

b. EUR and US\$ Bid Rates announced by the Bank as of the Balance Sheet Date and for the Last Five Working Days Prior to Balance Sheet Date are as follows:

EUR and US\$ Bid Rates as of the Balance Sheet Date

	31 December 2011	31 December 2010
EUR	TL 2,4438	TL 2,0491
US\$	TL 1,8889	TL 1,5460

EUR Bid Rates

Prior to Balance Sheet Date

	31 December 2011	31 December 2010
Bid rate of the 1st Day	TL 2,4438	TL 2,0437
Bid rate of the 2nd Day	TL 2,4592	TL 2,0406
Bid rate of the 3rd Day	TL 2,4702	TL 2,0260
Bid rate of the 4th Day	TL 2,4633	TL 2,0204
Bid rate of the 5th Day	TL 2,4613	TL 2,0225

US\$ Bid Rates

Prior to Balance Sheet Date

	31 December 2011	31 December 2010
Bid rate of the 1st Day	TL 1,8889	TL 1,5567
Bid rate of the 2nd Day	TL 1,9065	TL 1,5416
Bid rate of the 3rd Day	TL 1,8897	TL 1,5403
Bid rate of the 4th Day	TL 1,8847	TL 1,5392
Bid rate of the 5th Day	TL 1,8833	TL 1,5446

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I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(9) Information on assets and liabilities denominated in foreign currencies, their US\$ and TL equivalents and the foreign currency position are as follows:

	31 December 2011		31 December 2010	
	Thousand TL	Million US\$	Thousand TL	Million US\$
I - Foreign Currency Assets				
1) Gold Reserve	18.981.412	10.049	8.361.219	5.408
2) Foreign Currency Reserves	148.199.669	78.458	124.794.215	80.721
3) Coins	-	-	-	-
4) Domestic Correspondents	1.617.672	856	-	-
5) Securities Portfolio	-	-	-	-
6) Domestic Loans	3.023.163	1.600	689.345	446
7) Open Market Operations	-	-	-	-
8) Foreign Loans	29.535	16	29.299	19
9) Equity Participations	48.174	26	39.446	26
10) Property and Equipment (Net)	-	-	-	-
11) Loans under Legal Follow-Up (Net)	-	-	-	-
12) Treasury Liabilities Due to SDR Allocations	3.130.425	1.657	2.564.228	1.659
13) Valuation Account	-	-	-	-
14) Interest and Income Accruals	7.139	4	13.490	9
15) Miscellaneous Receivables	2.921	2	2.338	2
16) Other Assets	745	-	-	-
Off-Balance Sheet Items				
17) Forward Purchase Transactions	-	-	-	-
Total Foreign Currency Assets	175.040.855	92.668	136.493.580	88.290
II- Foreign Currency Liabilities				
1) Currency in Circulation	-	-	-	-
2) Due to Treasury	329.564	174	294.179	190
3) Foreign Correspondents	1.388	1	21.280	14
4) Deposits				
a) Public Sector	10.057.916	5.325	9.209.056	5.957
b) Banking Sector	62.512.718	33.095	29.344.549	18.981
c) Miscellaneous	17.421.280	9.223	17.586.136	11.375
d) International Institutions	8.935	5	6.687	4
e) Funds	922.719	488	536.864	347
5) Open Market Operations	-	-	-	-
6) Foreign Loans	16.826	9	13.899	9
7) Import Transfer Orders and Deposits	945.852	501	747.355	483
8) Notes and Remittances Payable	1.086	1	3.293	2
9) SDR Allocation	3.130.425	1.657	2.564.228	1.659
10) Provisions	-	-	-	-
11) Valuation Account	-	-	-	-
12) Interest and Expense Accruals	562.226	297	586.287	379
13) Miscellaneous Payables	35.980	19	31.447	20
14) Other Liabilities	138.895	74	82.384	53
Off-Balance Sheet Items				
15) Forward Sale Transactions	-	-	-	-
Total Foreign Currency Liabilities	96.085.810	50.869	61.027.644	39.473
Net Foreign Currency Position	78.955.045	41.799	75.465.936	48.817

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I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(10) Book value of property and equipment, accumulated depreciation and their insurance coverage:

	31 December 2011			31 December 2010		
	Accumulated Cost depreciation	Net book value	Insurance coverage	Accumulated Cost depreciation	Net book value	Insurance coverage
Furniture and Fixture	111.536	88.939	22.597	112.380	91.415	20.965
Property	320.144	72.131	248.013	332.030	71.676	260.354
	431.680	161.070	270.610	444.410	163.091	281.319

(11) Information on significant contingent losses and gains that cannot be quantified:

As of 31 December 2011, there are a number of legal proceedings outstanding against the Bank amounting to TL 57.230 thousand, US\$ 64.214.366 and EUR 162.810 (31 December 2010: TL 64.748 thousand, US\$ 64.106.853 and EUR 174.473). No provisions are provided in the accompanying financial statements for such legal proceedings based on the views of legal counsel.

(12) Other matters which may have a material impact on the financial statements, or which should be explained for facilitating a better understanding of the financial statements:

Valuation Account

As explained in the article 2-ii-b, Section "A. Notes and Explanations related to Current Year" of the Section - I "Notes and Explanations related to the Bank and its Financial Structure", the "Valuation Account" in the balance sheet represents the unrealized foreign exchange gains and losses as at the balance sheet date. Realized foreign exchange gains and losses are recognized in the income statement during the period.

B. Other notes and explanations

(1) Events occurred after the balance sheet date, affecting the financial activities and/or financial structure significantly and therefore require explanation:

In the meeting of the General Assembly of the Bank that will be held on 16 April 2012, dividend payment to employees; limited to either two months salary per employee or 5% of the distributable amount after the deductions calculated based on the ratios stated in the paragraphs (a) and (b) of the article 60 of the Central Bank Law; over the Bank's net income of the year 2011 amounting to TL 8.565.200 thousand and allocation of extraordinary reserves at a rate of 10% will be resolved.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(2) Information on the Bank's foreign branches:

There are no foreign branches; however the Bank has representative offices in Frankfurt, London, New York and Tokyo.

(3) Explanation for Convenience Translation into English

The effect of the differences between the accounting principles summarized in Section I – A – (2) and the 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 and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

C. Auditors

The financial statements for the year ended 31 December 2011 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("A member of Deloitte Touche Tohmatsu Limited"). The independent auditor's report is presented in front of the financial statements and notes to the financial statements.

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS

(1) Gold Reserves

In accordance with the article 53 of the Central Bank Law, the Bank manages gold and foreign exchange reserves of the Country in the context of the monetary policy targets and applications. For this purpose the Bank performs banking operations in domestic and foreign markets including forward or spot purchase/sale of gold, foreign currency, marketable securities, derivative instruments and lending/borrowing transactions in accordance with the procedures and rules determined by its own safe investment, liquidity and yield priorities.

As of 31 December 2011, the Bank owns 116.103.765 (31 December 2010: 116.103.753) net grams of gold in international standards and 3.177.798 (31 December 2010: 3.177.798) net grams of gold in non-international standards, and 79.230.153 (31 December 2010: None) net grams of gold which belongs to the banks those deposited gold in order to meet their reserve requirements. 161.663.273 (31 December 2010: 82.433.108) grams of the gold in international standards is kept at the Bank of England and Federal Reserve Bank of New York and the remaining 33.670.646 (31 December 2010: 33.670.645) grams is kept at the Head Office of the Bank. The total amount of gold in non-international standards is kept at the Head Office of the Bank; 345.575 (31 December 2010: 345.575) grams of gold in non-international standards belongs to the Turkish Treasury and the related liability is presented in the balance sheet under the "Due to Treasury" account.

The gold amount as of 31 December 2011 and 31 December 2010 is valued with the gold prices quoted on the London Bullion Market at 10:30 am, as of 31 December 2011 and 2010, on the basis of 1 ounce being equal to 31,1035 grams.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(2) The Foreign Currency Reserves

Correspondent Bank Accounts

	31 December 2011		31 December 2010	
	Thousand TL	Million US\$	Thousand TL	Million US\$
Current Accounts	22.810.281	12.076	13.920.154	9.004
Marketable Securities Portfolio	124.604.727	65.967	110.142.669	71.244
Total	147.415.008	78.043	124.062.823	80.248

Correspondent bank accounts consist of the current accounts and marketable securities held as foreign currency reserve in foreign correspondent banks. The marketable securities portfolio consists of government bonds and treasury bills issued by foreign governments and kept in custody at foreign banks.

As of 31 December 2011, marketable securities held for reserve purposes amounting to TL 124.604.727 thousand (31 December 2010: TL 110.142.669 thousand) are valued with the prices quoted in the international markets where they are traded at the balance sheet date.

Under the current accounts of the Bank, there are bank placements deposited in the foreign correspondents amounting to TL 2.350 thousand (31 December 2010: TL 50.140 thousand) in favor of the Turkish Defense Fund.

(3) Domestic Correspondents

Interbank Money Market transactions where the Bank acts as an intermediary are recognized in the domestic correspondents account under assets and in the bank deposits accounts under liabilities. The Bank carries the default risk of the borrower counterparty in these transactions against the collaterals taken from these counter parties.

The accrued interest of the Interbank Money Market Transactions, where the Bank acts as intermediary, is recognized under "Interest and Income/Expense Accrual" in the balance sheet and under "Other Interest Income" and "Other Interest Expense" in the income statement.

As of 31 December 2011, the amount of foreign currency interbank money market transactions where the Bank acts as intermediary is TL 928.223 thousand (31 December 2010: None). As of 31 December 2011, the Bank acted as counterparty in TL interbank transactions where the lending amount is TL 689.449 thousand (31 December 2010: None), which is classified in the "Domestic Correspondents" under assets.

As of 31 December 2011, there are no TL interbank money market transactions where the Bank acts as intermediary (31 December 2010: None).

As of 31 December 2011, the Bank acted as a counterparty in TL interbank transactions where the borrowing amount is TL 516.000 thousand (31 December 2010: TL 1.101.900 thousand), which is classified in the "Open Market Operations - Other" account under liabilities. The interest expense accrual amounting to TL143 thousand (31 December 2010: TL 46 thousand) related to this account is classified under "Interest and Expense Accruals".

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(4) Marketable Securities and Open Market Operations

(a) Information on the marketable securities

As of 31 December 2011, the marketable securities portfolio amounting to TL 7.816.532 thousand (31 December 2010: TL 8.022.978 thousand) consists of government bonds with outright purchase and marketable securities portfolio consists of securities purchased under agreements to resell amounting to TL 39.562.502 thousand (31 December 2010: TL 12.000.002 thousand).

As of 31 December 2011, "Interest and Income Accruals" includes TL 31.052 thousand (31 December 2010: TL 6.945 thousand) of income accrual of the securities purchased under agreements to resell calculated by using simple interest rate and straight line method.

Breakdown of securities portfolio as at 31 December 2011 is as follows:

	31 December 2011			
	Acquisition Cost	Accrual (net)	Carrying Amount	Fair Value
<u>Purchases under Agreements to Resell:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	39.562.502	31.052	39.562.502	39.628.648
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<u>Outright Purchases:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	7.730.721	85.811	7.816.532	7.816.532
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<u>Other Marketable Securities:</u>				
Accrued income from securities sold under agreements to repurchase				
	-	-	-	-
TOTAL	47.293.223	116.863	47.379.034	47.445.180

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NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2011

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

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

Breakdown of securities portfolio as at 31 December 2010 is as follows:

	31 December 2010			Fair Value
	Acquisition Cost	Accrual (net)	Carrying Amount	
Purchases under Agreements to Resell:				
Treasury Bills and Government Bonds				
1. Fixed Income	12.000.002	6.945	12.000.002	12.025.366
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
Outright Purchases:				
Treasury Bills and Government Bonds				
1. Fixed Income	7.611.036	411.942	8.022.978	8.022.978
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
Other Marketable Securities:				
Accrued income from securities sold under agreements to repurchase				
	-	-	-	-
TOTAL	19.611.038	418.887	20.022.980	20.048.344

As of 31 December 2011, the nominal values of TL marketable securities acquired by outright purchases amounts to TL 7.985.001 thousand (31 December 2010: TL 8.000.001 thousand). As of 31 December 2011, the nominal values of TL marketable securities purchased under agreements to resell amounts to TL 37.964.658 thousand (31 December 2010: TL 11.052.921 thousand).

(b) Information on open market operations

As of 31 December 2011, the amount of TL 39.644.657 thousand (31 December 2010: TL 12.014.961 thousand) under "Open Market Operations" on the asset side of the balance sheet represents the amount due at maturity upon return of TL marketable securities purchased under agreements to resell.

As of 31 December 2011, "Repurchase Agreements" under "Open Market Operations" on the liability side of the balance sheet amounting to TL 39.562.502 thousand (31 December 2010: TL 12.000.002) represents the cost of the marketable securities purchased under agreements to resell. The "Other" account amounting to TL 516.000 thousand (31 December 2010: TL 1.101.900 thousand) represents the borrowing of the Bank through the Interbank Money Market.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

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

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

As of 31 December 2011, TL 82.155 thousand (31 December 2010: TL 14.959 thousand) which is the amount to be received at the return of the securities purchased under agreements to resell, is recognized under "Other Liabilities". As of 31 December 2011, there are no securities sold under agreements to repurchase (31 December 2010: None).

(5) Loans

(a) Information on domestic loans:

As of 31 December 2011, TL 3.023.163 thousand (31 December 2010: TL 689.345 thousand) classified under domestic loans represents the discount loans extended to Türkiye İhracat ve Kredi Bankası A.Ş. ("Eximbank").

(b) Information on loans and advances given to shareholders and employees

None (31 December 2010: None).

(c) Information on the foreign loans:

Foreign loans represent the receivables initially originated from the commercial transactions made under treaties with the foreign central banks and subsequently converted to loans.

(d) Information on loans under legal follow-up (net):

The total balance consists of receivables related with the trading transactions with Iraq and became uncollectible due to the Gulf Crisis. The balance is classified as loans under legal follow-up and it is fully provisioned.

Movements in the allowance for loans and receivables under legal follow-up:

	31 December 2011		31 December 2010	
	Thousand TL	Thousand US\$	Thousand TL	Thousand US\$
Opening balance	2.348.736	1.519.234	2.281.704	1.515.377
- Increases during the Period (+) (*)	6.655	3.523	5.821	3.857
- Transfers from Other Follow-up Accounts (+)	-	-	-	-
- Transfers to Other Follow-up Accounts (-)	-	-	-	-
- Collections during the Period (-)	-	-	-	-
- Write-offs (-)	-	-	-	-
- Foreign Exchange Differences	520.946	-	61.211	-
Closing balance	2.876.337	1.522.757	2.348.736	1.519.234
- Allowance (-)	2.876.337	1.522.757	2.348.736	1.519.234
Net balance after allowance	-	-	-	-

(*) As of 31 December 2011, TL 6.655 thousand of increase during the period (31 December 2010: TL 5.821 thousand) represents accrued interest on the loans and receivables under follow-up.

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NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

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

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

According to the article 61 of the Central Bank Law, foreign currency denominated loans under follow-up are revalued at period ends and unrealized gains and losses arising from the revaluation are classified into the "Valuation Differences" which is a transitory account. Allowances for the related receivables including foreign currency valuation differences are recognized in the income statement according to the article 59 of the Central Bank Law.

(6) Equity Participations

Equity participations are stated at acquisition cost and valued with the Bank's foreign currency bid rate at the year-end.

As of 31 December 2011 and 2010, the Bank's equity participations are as follows:

Name	Share (%)	Total Paid-in Share Capital	31 December 2011 Acquisition Cost	31 December 2010 Acquisition Cost	31 December 2011 Carrying Amount	31 December 2010 Carrying Amount
Bank for International Settlements (BIS) (*)	1.43	SDR697 million	(*) SDR10.000.000	(*) SDR 10.000.000	29.220	23.935
S.W.I.F.T.	0,007	EUR14 million	EUR24.960	EUR 24.960	65	51
International Islamic Liquidity Management Corporation	0,01	US\$ 1.000 million	US\$10.000.000	USD 10.000.000	18.889	15.460
Total equity participations					48.174	39.446

(*) The Bank owns 8.000 shares in BIS with respect to the paid capital of SDR10.000.000 and unpaid (capital commitment) capital of SDR30.000.000.

During the year 2011, dividend of TL 5.744 thousand (31 December 2010: TL 12.731 thousand) was collected from Bank for International Settlement and TL 4.729 thousand (31 December 2010: TL 10.723 thousand) of accrued dividend income has been recognized in "Interest and Income Accruals" as of 31 December 2011.

With the decision of the Board of the Bank on 25 November 2010, the Bank has invested US\$ 10 million in International Islamic Liquidity Management Corporation ("IILM") on 20 December 2010.

There have been no acquisitions or disposals of equity participations within the year ended 31 December 2011.

(7) Property and Equipment

The Bank has no assets acquired through foreclosure proceedings. As of 31 December 2011, the cost of property and related accumulated depreciation amounts to TL 320.144 thousand (31 December 2010: TL 332.030 thousand) and TL 72.131 thousand (31 December 2010: TL 71.676 thousand) respectively, whereas the cost of furniture and fixture and related accumulated depreciation amounts to TL 111.536 thousand (31 December 2010: TL 112.380 thousand) and TL 88.939 thousand (31 December 2010: TL 91.415 thousand) respectively.

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(8) Miscellaneous Receivables

Receivables from third parties other than the banking and public sector institutions are followed in this account.

The breakdown of miscellaneous receivables is as follows:

	31 December 2011	31 December 2010
Temporary tax that will be deducted from corporate income tax	595.358	212.160
Withholding tax that will be deducted from corporate income tax	130.114	66.080
TL deposit accounts that are held in the Turkish banks abroad	83.184	74.293
Letter of credit amount of banknote printing plant	5.934	9.283
Deposits and advances given	1.653	1.286
Other	4.075	4.740
Total Miscellaneous Receivables	820.318	367.842

(9) Other Assets

The breakdown of other assets is as follows:

	31 December 2011	31 December 2010
Printing plant inventory	22.011	22.527
Construction in progress	7.549	9.289
Other materials and warehouses	3.407	2.801
Collection banknote depot	2.384	2.276
Prepaid expenses	799	815
Medallion depot	310	508
Other	7.458	3.628
Total Other Assets	43.918	41.844

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(10) Interest and Income Accruals

	31 December 2011	31 December 2010
Charges and commissions due from Treasury (*)	30.321	-
Accrued interest income on securities purchased under agreements to resell	31.052	6.945
EFT commission income accrual	6.851	6.204
Dividend income accruals	4.729	10.723
Accrued interest income on foreign currency money market receivables	970	959
Foreign loans accrued interest income	12	10
Other	1.503	1.818
Total Interest and Income Accruals	75.438	26.659

(*) With the decision of the Board of the Bank numbered 9525/19124 dated 4 October 2011, Regulation on Tariffs has been amended. According to the amendment, starting from 12 October 2011, commissions and fees are charged to the Prime Ministry Undersecretariat of Treasury due to the transactions with the public administrations within the scope of overall budget.

(11) Currency in Circulation

According to the article 1 of Central Bank Law, the Bank has the exclusive privilege of issuing banknotes in Turkey. As of 31 December 2011, the banknotes in circulation amount to TL 55.103.174 thousand (31 December 2010: TL 48.937.560 thousand).

(12) Due to Treasury

As of 31 December 2011, "Due to Treasury" consists of TL 33.043 thousand (31 December 2010: TL 24.224 thousand) gold in non-international standards, kept by the Bank on behalf of the Turkish Treasury and TL 42.550 thousand (31 December 2010: TL 74.064 thousand) of income tax payable, banking and insurance transaction taxes and other taxes and dues payable to the Turkish Treasury.

As of 8 June 2011, under the scope of the membership to the International Monetary Fund ("IMF"), the country quota of Turkey was increased by SDR 264.500.000, reaching SDR 1.455.800.000. 25% of the quota increase amounting to SDR 56.825.000 has been deposited in terms of reserve currency and the rest of the increase, amounting to SDR 170.475.000, has been deposited in terms of securities denominated in TL to the IMF account at the Bank.

As of 31 December 2011, Reserve Tranche Position represents the prepayment of SDR 112.775.000 for the total IMF quota of SDR 1.455.800.000 and is recorded in the "Foreign Currency Reserves - Reserve Tranche Position" under the assets and in the "Due to Treasury - Reserve Tranche Position" under liabilities. As of 31 December 2011, the balance of the account amounts to TL 329.529 thousand (31 December 2010: TL 269.927 thousand).

SDR 112.307.000 (31 December 2010: SDR 112.307.000) allocated to Turkey in accordance with the protocol signed with the IMF has been used by the Turkish Treasury and is classified as "Treasury Liabilities due to SDR Allocation" under "Assets" and as "SDR Allocation" under "Liabilities". Additionally, as of 28 August 2009 and 9 September 2009, the amounts of SDR 883.122.365 and SDR 75.900.364 have been allocated as General SDR allocation and Special SDR allocation respectively to the Turkish Treasury by IMF where the Bank act as an intermediary institution and are accounted for as explained. As of 31 December 2011, the balance is TL 3.130.425 thousand (31 December 2010: TL 2.564.228 thousand).

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(13) Foreign Correspondents

This account represents the foreign currency accounts of the correspondent banks abroad.

(14) Deposits

The deposits balance is composed of deposits from the Turkish Treasury, public institutions, the banking sector, citizens abroad, international institutions and funds.

Public and Banking Sector Deposits

According to article 41 of the Central Bank Law, deposits of the public institutions are non-interest bearing except for the deposits of the Turkish Treasury. With the amendment in article 41 of Central Bank Law numbered 1211 as of 13 February 2011, principles and procedures about charging interest on deposits of Treasury in custody of the Bank are decided to be determined jointly by the Bank and the Turkish Treasury. Within this scope, protocol between the Bank and the Treasury which is entitled as "Principles and Procedures about Charging Interest on Deposits of the Prime Ministry Undersecretariat of Treasury in Custody of the Central Bank of Republic of Turkey" is signed as of 12 October 2011 and the interest is started to be charged on the deposits of Treasury in custody of the Bank. All the public deposits are demand deposits.

The deposits of the banking sector consist of two-day notice foreign currency deposits, TL demand deposits and reserve deposits. No interest is paid for required reserves.

Deposits by citizens abroad

As of 31 December 2011, deposits by citizens abroad amounting to TL 17.366.530 thousand (31 December 2010: TL 17.539.030 thousand) consist of deposits by Turkish citizens living abroad.

Maturities of the deposits by citizens abroad vary between 1 to 3 years and interest rates vary according to the maturity and amount deposited.

The breakdown of the deposits by citizens abroad according to foreign currency type is as follows:

Foreign Currency	31 December 2011			31 December 2010		
	Foreign Currency Balance (000)	Thousand TL Equivalent	Interest Rates (*)	Foreign Currency Balance (000)	Thousand TL Equivalent	Interest Rates (*)
EUR	6.750.405	16.496.640	0,25%-1,00%	8.106.451	16.610.928	0,25%-1,00%
US\$	409.283	773.094	0,25%	545.558	843.433	0,25%
CHF	45.494	91.271	0,25%	47.862	78.676	0,25%
Other	1.899	5.525	0,25%	2.514	5.993	0,25%
Total		17.366.530			17.539.030	

(*) Amounts denominated in EUR, US\$, GBP and CHF and deposited before 6 March 2006 to the Bank are rolled over, unless there is a customer request to the contrary, at the rate of 0.25%. Minimum interest rates of the deposit accounts other than the ones mentioned above are 0.25%, 0.25%, 0.25% and 0.25% for EUR, US\$, CHF and GBP respectively as of 31 December 2011 (31 December 2010: 0.25%, 0.25%, 0.25% and 0.25% for EUR, US\$, CHF and GBP respectively).

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

Deposits by International Institutions

Deposits by the international institutions represents the TL thousand equivalent of the balance transferred to the Bank by the IMF as "special drawing rights"("SDR"). The Bank is designated as "the depositor" to regulate the relations of the Turkish Treasury and the IMF. As of 31 December 2011, TL 8.935 thousand (31 December 2010: TL 6.687 thousand) which represents the minimum quota amount denominated in SDR is recorded as the deposit balance of IMF.

Deposits of Funds

Deposits of funds consist of the demand accounts of various funds controlled by the Prime Ministry of the Republic of Turkey.

(15) Capital and Reserves

According to the article 5 of the Central Bank Law, the nominal capital of the Bank is TL 25.000 and it is divided into 250.000 shares, with a par value of Kr 10 each. The capital may be increased with the approval of the Government. The shares are divided into (A), (B), (C) and (D) classes. The (A) group shares belong solely to the Turkish Treasury and cannot be lower than 51% of the capital.

As of 31 December 2011 and 2010, the capital of the Bank is presented below:

	31 December 2011	31 December 2010
Nominal share capital	25	25
Inflation adjustment to share capital	46.209	46.209
Total capital	46.234	46.234

The shareholders of the Bank are as listed below:

	31 December 2011		31 December 2010	
	Participation Amount TL	Share %	Participation Amount TL	Share %
Turkish Treasury	13.780	55	13.680	55
T.C. Ziraat Bankası A.Ş.	4.806	19	4.806	19
TCMB Mensupları Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	1.280	5	1.280	5
Türkiye Garanti Bankası A.Ş.	621	3	621	3
Türkiye İş Bankası A.Ş.	582	2	582	2
T.C. Sosyal Güvenlik Kurumu	350	2	350	2
Türkiye Kızılay Derneği	301	1	301	1
Türkiye Halk Bankası A.Ş.	277	1	277	1
Other	3.003	12	3.103	12
Total nominal share capital	25.000	100	25.000	100

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

20% of the annual gross profit of the Bank is allocated as legal reserves each year. Additionally, after the deduction of legal reserves on gross profit and first dividends to shareholders, 10% of the remaining balance is allocated as extraordinary reserves.

In accordance with the decision of the General Assembly dated 12 April 2011, the Bank distributed TL 8.127 thousand to its employees, TL 3 thousand to shareholders as dividend out of the 2010 profit amounting to TL 1.288.129 thousand and TL 422.861 thousand was transferred to reserves. The remaining amounting of TL 857.138 thousand was paid to Turkish Treasury as dividend.

(16) Provisions

Retirement Pay Provision

As of 31 December 2011, the Bank calculated retirement pay provision amounting to TL 111.207 thousand (31 December 2010: TL 98.835 thousand) and recorded the full provision under the provision account.

Corporate Tax Provision

As of 31 December 2011, the Bank has calculated current year corporate tax provision amounting to TL 1.448.474 thousand (31 December 2010: TL 222.089 thousand) and recorded this amount under the provision account.

Insurance Provision for Money in Transit

As of 31 December 2011, the Bank, calculated provision for the transfer insurance of banknotes, cash and securities amounting to TL 53.242 thousand (31 December 2010: TL 50.230 thousand) and recorded the provision amount under the provision account.

(17) Valuation Account

As explained in the article 2-ii-b, Section "A. Notes and Explanations related to the Current Year" of the section - I "Notes and Explanations related to the Bank and its Financial Structure", the "Valuation Account" in the balance sheet represents the unrealized foreign exchange gains and losses as at the balance sheet date. Foreign exchange gains and losses realized during the period are recognized in the income statement.

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(18) Other Liabilities and Miscellaneous Payables

Other Liabilities

	31 December 2011	31 December 2010
Correspondent account transactions		
with subsequent value dates	138.415	82.128
Fair value increase marketable securities	82.155	14.959
Withholding tax of accrued income on reverse repo transactions	4.658	1.042
The amount of money that will be liquidated in the following period	128	10.661
Other	1.527	1.433
Total Other Liabilities	226.883	110.223

Miscellaneous Payables

	31 December 2011	31 December 2010
Blocked accounts due to pending legal cases	13.827	11.312
Interest accrued on deposit accounts below specified limits	7.889	6.641
Amounts awaiting application of beneficiary	3.710	3.431
Blocked accounts of tax offices and courts for claim	3.331	3.504
Creditors due to foreign currencies in custody	648	557
Other	13.568	7.303
Total Miscellaneous Payables	42.973	32.748

(19) Interest and Expense Accruals

	31 December 2011	31 December 2010
Accrued interest expense on deposits by citizens abroad	555.140	583.489
Accrued interest expense due to Treasury	3.514	-
Accrued interest expense on IMF charges	1.192	1.628
Accrued interest expense on interbank transactions where the Bank acts as a counterparty	143	46
Accrued interest expense on reserve deposits	-	40.340
Other	7.758	2.918
Total Interest and Expense Accruals	567.747	628.421

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

As of 31 December 2011 and 2010, TL and foreign currency denominated securities expressed in TL thousand over their nominal values; blank letter of credits, letter of credits that account owners entrust for maintenance, gold and silver medallions and badges of service award, banknote samples, specimen catalogues, cheques with unknown costs are expressed in units:

	31 December 2011				31 December 2010				E+F+H		
	A	B	C	D	A+B+D	E	F	G		H	
OFF - BALANCE SHEET COMMITMENTS											
A. Securities in Custody	TL	FC	FC	Quantity	Total	TL	(Original Currency)	FC	FC	Quantity	Total
1. Marketable Securities in Custody - Free	190,455,588	52,972	117,275	27	190,508,587	236,480,034	1,061,050	1,657,989	28	237,541,112	
2. Deal Securities	178,423,934	38,690	110,050	1	178,462,625	227,633,825	41,547	96,279	-	227,675,372	
3. Marketable Security Exchange Market Banks' Guarantee Letters	624,030	-	-	8	624,038	3,817,396	2,782	4,866	8	3,820,186	
4. Government Debt Security Depot of Savings Deposits Insurance Fund, Exempt from Income Tax	302,346	-	-	-	302,346	219,329	-	-	-	219,329	
5. Other	7,723,386	-	-	-	7,723,386	4,701,287	-	-	-	4,701,287	
B. Guarantees Received	3,381,892	14,282	7,225	18	3,396,192	108,197	1,016,721	1,556,844	20	1,124,938	
1. Government Debt Security Deposits of Bank under Foreign Exchange Market Guarantee	29,227,640	2,077,131	4,293,065	262	31,305,033	19,635,931	589,050	963,507	260	20,225,241	
2. Bonds as Interbank Money Market Operations Guarantees	7,435,933	494,735	1,193,108	-	7,930,668	5,315,913	137,624	215,451	-	5,453,537	
3. Government Debt Security Deposits Accepted as Guarantee for Money Market Transactions	7,554,394	2,680	5,062	-	7,557,074	8,523,592	-	-	-	8,523,592	
4. Intermediary Institutions' Pledged Government Debt Security Deposits	14,208,893	-	-	-	14,208,893	5,777,649	-	-	-	5,777,649	
5. Other	27,240	-	-	-	27,240	18,530	-	-	-	18,530	
C. Obsolete and Reserve Banknotes	1,180	1,579,716	3,094,895	262	1,581,158	247	451,426	748,056	260	451,933	
1. Reserve Banknotes - Head Office	44,464,137	-	-	-	44,464,137	34,014,955	-	-	-	34,014,955	
2. Reserve Banknotes -- Branches	13,287,062	-	-	-	13,287,062	6,408,086	-	-	-	6,408,086	
3. Reserve Banknotes - Banknotes Deposits	30,301,988	-	-	-	30,301,988	26,951,924	-	-	-	26,951,924	
4. Obsolete Banknotes - Head Office and Branches	551,036	-	-	-	551,036	352,555	-	-	-	352,555	
D. Other	324,051	-	-	-	324,051	302,390	-	-	-	302,390	
1. Repurchase Agreements Pledge Account	169,608,235	475,076	896,960	675,958	170,759,269	121,926,915	375,803	584,051	638,284	122,941,002	
2. Bank Treasury Bonds Portfolio	6,457,558	29,980	56,629	-	6,487,538	10,011,670	-	-	-	10,011,670	
3. Customer Transactions Portfolio - Takasbank	45,949,659	-	-	-	45,949,659	19,052,922	-	-	-	19,052,922	
4. Branches' Marketable Security Portfolio in Electronic Security Fund Transfer System	117,075,140	325,985	615,754	-	117,401,125	92,749,236	264,030	408,191	-	93,013,266	
5. Stock Exchange Market Members' Treasury Bond Depot	64,020	-	-	-	64,020	65,932	-	-	-	65,932	
6. Other	38,690	-	-	-	38,690	45,032	-	-	-	45,032	
E. Electronic Marketable Security Transfer Recording Follow-up Account for Marketable Securities, Classified with Physical Values in Above Accounts	23,168	119,111	224,577	675,958	818,237	2,123	111,773	175,860	638,284	752,180	
TOTAL (A+B+C+D+E)	369,394,244	2,605,179	5,307,300	676,247	806,431,270	770,661,277	2,025,903	3,205,547	638,572	773,325,752	

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III - NOTES AND EXPLANATIONS TO THE INCOME STATEMENT

(1) Interest Income

For the year ended 31 December 2011, interest income amounting to TL 985.664 thousand (2010: TL 838.113 thousand) from foreign correspondents includes interest income from foreign currency marketable securities portfolio amounting to TL 949.481 thousand (2010: TL 815.690 thousand).

For the years ended 31 December 2011 and 2010, interest income from open market operations consists of marketable securities interest income.

The "Positive Valuation Differences" is composed of the positive differences between the fair values and the total of the original acquisition costs of the TL denominated marketable securities portfolio and interest income accruals of the foreign currency denominated marketable securities as of the balance sheet date. As of 31 December 2011, the difference between the fair value and the original acquisition cost and the interest income accrual of the marketable security portfolio is TL 522.767 thousand (2010: TL 904.250 thousand) and included in "Positive Valuation Differences".

(2) Interest Expense

The "Negative Valuation Differences" is composed of the negative differences between the fair values and the original acquisition costs of the TL denominated marketable securities portfolio. As of 31 December 2011, the negative valuation difference on TL denominated marketable securities portfolio under "Negative Valuation Differences" is amounting to TL 326.131 thousand (2010: None).

(3) Non-interest Income

For the year ended 31 December 2011, the Bank has no portfolio trading income (2010: None).

For the year ended 31 December 2011, Foreign Exchange Gains consists of realized gains on foreign currency trading transactions in 2011.

(4) Non-interest Expense

For the year ended 31 December 2011, the Bank has portfolio trading losses amounting to TL 532.163 thousand (2010: TL 186.363 thousand).

For the year ended 31 December 2011, "Foreign Exchange Losses" consists of realized losses on foreign currency trading transactions in 2011.

"Provisions" consists of the accrued interest income amounting to TL 6.655 thousand (2010: TL 5.821 thousand) for loans under legal follow-up calculated for the year 2011, the foreign exchange gains amounting to TL 520.945 thousand (2010: TL 61.211 thousand) calculated over the loans under legal follow-up and the accrued interest due to the depreciation (2010: depreciation) of TL against US\$, transfer insurance provision amounting to TL 3.012 thousand (2010: TL 2.193 thousand) and retirement pay provision amounting to TL 14.917 thousand (2010: TL 11.498 thousand).

"Marketable Security Valuation" consists of losses from negative differences between the fair value and the total of acquisition cost and accrued interest income of the foreign currency denominated marketable securities.

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IV - SUPPLEMENTARY FINANCIAL STATEMENTS

Presentation of Assets and Liabilities according to their remaining maturities

CURRENT PERIOD (31 December 2011)	Demand	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
ASSETS								
Gold Reserves	11.405.536	7.575.876	-	-	-	-	-	18.981.412
Foreign Currency Reserves	7.413.244	20.971.225	13.254.201	69.627.506	36.409.017	194.947	329.529	148.199.669
Coins	79.451	-	-	-	-	-	-	79.451
Domestic Correspondents	-	1.617.672	-	-	-	-	-	1.617.672
Securities Portfolio	-	40.753.971	1.271.148	1.790.324	3.563.591	-	-	47.379.034
Domestic Loans	-	363.579	1.681.934	977.650	-	-	-	3.023.163
Open Market Operations	-	39.644.657	-	-	-	-	-	39.644.657
Foreign Loans	-	-	2.675	3.644	14.089	-	9.127	29.535
Equity Participations	48.174	-	-	-	-	-	-	48.174
Property and Equipment (Net)	-	-	-	-	-	-	-	270.610
Loans Under Legal Follow-up	-	-	-	-	-	-	270.610	270.610
Provisions for Loans Under Legal Follow-up (-)	-	-	-	-	-	-	2.876.337	2.876.337
Treasury Liabilities due to SDR Allocation	-	-	-	-	-	-	(2.876.337)	(2.876.337)
Valuation Account	-	-	-	-	-	-	3.130.425	3.130.425
Interest and Income Accruals	85.308	40.388	30.321	4.729	-	-	-	75.438
Miscellaneous Receivables	-	744	725.472	-	-	-	9.538	820.318
Other Assets	-	-	-	-	-	-	43.174	43.918
Total Assets	19.031.713	110.968.112	16.965.751	72.403.853	39.986.697	194.947	3.792.403	263.343.476
LIABILITIES								
Currency in Circulation	-	-	-	-	-	-	55.103.174	55.103.174
Due to Treasury	33.043	42.550	-	-	-	-	329.529	405.122
Foreign Correspondents	1.388	-	-	-	-	-	-	1.388
Deposits	19.473.796	91.936.789	1.009.558	7.488.522	8.185.106	-	-	128.093.771
Liquidity Bills	-	-	-	-	-	-	-	-
Open Market Operations	-	40.078.502	-	-	-	-	-	40.078.502
Foreign Loans	16.826	-	-	-	-	-	-	16.826
Import Transfer Orders and Deposits	-	-	-	-	-	-	-	-
Notes and Remittances Payable	-	1.086	-	945.855	-	-	-	945.855
SDR Allocation	-	-	-	-	-	-	-	1.086
Share Capital	-	-	-	-	-	-	-	3.130.425
Legal Reserves	-	-	-	-	-	-	-	46.234
Provisions	-	-	-	-	-	-	-	5.016.154
Valuation Account	-	-	-	1.448.474	-	-	-	1.448.474
Interest and Expense Accruals	-	45.600	51.333	317.734	153.080	-	-	19,489,213
Miscellaneous Payables	5,981	849	-	-	-	-	-	567,747
Other Liabilities	-	225,794	-	-	-	-	36,143	42,973
Net profit for the year	-	-	-	-	-	-	1,089	226,883
Total Liabilities	19,531,034	132,331,170	1,060,891	10,200,585	8,338,186	-	91,881,610	263,343,476
Net Liquidity Position	(499,321)	(21,363,058)	15,904,860	62,203,268	31,648,511	194,947	(88,089,207)	-

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

IV - SUPPLEMENTARY FINANCIAL STATEMENTS (Continued)

Presentation of Assets and Liabilities according to their remaining maturities

PRIOR PERIOD (31 December 2010)	Demand	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
ASSETS								
Gold Reserves	8.361.219	-	-	-	-	-	-	8.361.219
Foreign Currency Reserves	5.603.141	15.747.455	27.897.949	49.640.544	25.260.325	374.874	269.927	124.794.215
Coins	104.946	-	-	-	-	-	-	104.946
Securities Portfolio	-	12.000.002	674.093	1.727.694	5.621.191	-	-	20.022.980
Domestic Loans	-	-	606.800	82.545	-	-	-	689.345
Open Market Operations	-	12.014.961	-	-	-	-	-	12.014.961
Foreign Loans	-	-	2.189	2.982	16.711	7.417	-	29.299
Equity Participations	39.446	-	-	-	-	-	-	39.446
Property and Equipment (Net)	-	-	-	-	-	-	281.319	281.319
Loans Under Legal Follow-up	-	-	-	-	-	-	2.348.736	2.348.736
Provisions for Loans Under Legal Follow-up (-)	-	-	-	-	-	-	(2.348.736)	(2.348.736)
Treasury Liabilities due to SDR Allocation	-	-	-	-	-	-	2.564.228	2.564.228
Valuation Account	-	-	-	-	-	-	-	-
Interest and Income Accruals	77.302	14.459	1.477	10.723	1.534	-	12.300	26.659
Miscellaneous Receivables	-	330	-	276.706	-	-	38.466	367.842
Other Assets	-	-	-	3.048	-	-	-	41.844
Total Assets	14.186.054	39.777.207	29.182.508	51.744.242	30.899.761	382.291	3.166.240	169.338.303
LIABILITIES								
Currency in Circulation	-	-	-	-	-	-	48.937.560	48.937.560
Due to Treasury	24.224	74.064	-	-	-	-	269.927	368.215
Foreign Correspondents	21.280	-	-	-	-	-	-	21.280
Deposits	14,939,602	35,262,462	22,484,444	6,620,977	9,313,435	-	648,491	89,269,411
Liquidity Bills	-	-	-	-	-	-	-	-
Open Market Operations	-	13,101,902	-	-	-	-	-	13,101,902
Foreign Loans	13,899	-	-	-	-	-	-	13,899
Import Transfer Orders and Deposits	-	-	-	747,358	-	-	-	747,358
Notes and Reimittances Payable	-	3,293	-	-	-	-	-	3,293
SDR Allocation	-	-	-	-	-	-	-	-
Share Capital	-	-	-	-	-	-	2,564,228	2,564,228
Legal Reserves	-	-	-	-	-	-	46,234	46,234
Provisions	-	-	-	-	-	-	4,588,399	4,588,399
Valuation Account	-	-	-	222,089	-	-	-	222,089
Interest and Expense Accruals	-	4,765	41,754	91,731	490,171	-	-	628,421
Miscellaneous Payables	8,332	52	-	7,553	-	-	-	32,748
Other Liabilities	-	97,343	-	1,042	-	-	-	110,223
Net profit for the year	-	-	-	-	-	-	1,288,129	1,288,129
Total Liabilities	15,007,337	48,543,881	22,526,198	7,690,750	9,803,606	-	65,766,531	169,338,303
Net Liquidity Position	(821,283)	(8,766,674)	6,656,310	44,053,492	21,096,155	382,291	(62,600,291)	-