

**THE CENTRAL BANK OF THE
REPUBLIC OF TURKEY
FINANCIAL STATEMENTS
AT 31 DECEMBER 2012
TOGETHER WITH AUDITOR'S REPORT**

**Convenience Translation of The
Independent Auditor's 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 PERIOD 1 JANUARY - 31 DECEMBER 2012**

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 2012 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 2012 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.

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, 25 February 2013

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

BALANCE SHEETS AS OF 31 DECEMBER 2012 AND 2011

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

	Note (Section II)	Audited 31.12.2012	Audited 31.12.2011
I. GOLD RESERVES	1	34.600.877	18.981.412
A. International Standards		34.297.820	18.677.555
B. Non-international Standards		303.057	303.857
II. FOREIGN CURRENCY RESERVES	2, 12	178.121.949	148.199.669
A. Foreign Currency Banknotes		700.397	455.132
B. Correspondent Bank Accounts		177.111.015	147.415.008
C. Reserve Tranche Position		310.537	329.529
III. COINS		89.824	79.451
IV. DOMESTIC CORRESPONDENTS	3	19.609	1.617.672
V. SECURITIES PORTFOLIO	4	29.198.721	47.379.034
A. Government Domestic Debt Securities		29.198.721	47.379.034
a) Coupon		27.738.159	38.796.099
b) Discount		1.460.562	8.582.935
B. Other		-	-
VI. DOMESTIC LOANS	5	6.800.717	3.023.163
A. Banking Sector		6.800.717	3.023.163
a) Discount Loans		6.800.717	3.023.163
b) Loans Given according to Law 1211 40/1-c		-	-
c) Other		-	-
B. Loans to Savings Deposit Insurance Fund		-	-
VII. OPEN MARKET OPERATIONS	4	25.321.266	39.644.657
A. Repurchase Agreements		25.321.266	39.644.657
a) Cash		23.060.266	39.644.657
i. Foreign Exchange		-	-
ii. Securities		23.060.266	39.644.657
b) Securities		2.261.000	-
B. Other		-	-
VIII. FOREIGN LOANS	5	21.930	29.535
IX. EQUITY PARTICIPATIONS	6	45.424	48.174
X. PROPERTY AND EQUIPMENT (Net)	7	300.511	270.610
XI. LOANS UNDER LEGAL FOLLOW-UP (Net)	5	-	-
XII. TREASURY LIABILITIES DUE TO SDR ALLOCATION	12	2.950.014	3.130.425
XIII. VALUATION ACCOUNT	17	-	-
XIV. INTEREST AND INCOME ACCRUALS	10	51.473	75.438
XV. MISCELLANEOUS RECEIVABLES	8	734.203	820.318
XVI. OTHER ASSETS	9	45.218	43.918
TOTAL ASSETS		278.301.736	263.343.476

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

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

BALANCE SHEETS AS OF 31 DECEMBER 2012 AND 2011

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

	Note (Section II)	Audited 31.12.2012	Audited 31.12.2011
I. CURRENCY IN CIRCULATION	11	60.525.482	55.103.174
II. DUE TO TREASURY	12	398.845	405.122
A. Gold		32.957	33.043
B. Reserve Tranche Position		310.537	329.529
C. Other (Net)		55.351	42.550
III. FOREIGN CORRESPONDENTS	13	674	1.388
IV. DEPOSITS	14	159.473.131	128.093.771
A. Public Sector		16.425.170	18.334.749
a) Treasury, General and Annexed Budget Administrations		16.357.371	18.247.523
b) Public Economic Enterprises		10	10
c) State Economic Enterprises		24.869	45.290
d) Other		42.920	41.926
B. Banking Sector		128.628.657	91.294.778
a) Domestic Banks		28.432.904	40.663.144
b) Foreign Banks		5.756	7.645
c) Reserve Requirements (Central Bank Law 1211 Article 40)		100.189.811	50.623.765
d) Other		186	224
C. Miscellaneous		12.612.523	17.424.600
a) Foreign Exchange Deposits By Citizens Abroad		12.542.011	17.366.530
b) Other		70.512	58.070
D. International Institutions		9.929	8.935
E. Funds		1.796.852	1.030.709
a) Saving Deposit Insurance Fund		16	5
b) Other		1.796.836	1.030.704
V. LIQUIDITY BILLS		-	-
VI. OPEN MARKET OPERATIONS	4	26.660.132	40.078.502
A. Repurchase Agreements		25.261.632	39.562.502
a) Cash		2.261.620	-
i. Foreign Exchange		-	-
ii. Securities		2.261.620	-
b) Securities		23.000.012	39.562.502
B. Other		1.398.500	516.000
VII. FOREIGN LOANS		-	16.826
VIII. IMPORT TRANSFER ORDERS AND DEPOSITS		776.883	945.855
IX. NOTES AND REMITTANCES PAYABLE		5.566	1.086
X. SDR ALLOCATION	12	2.950.014	3.130.425
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	7.819.983	5.016.154
A. Ordinary and Extraordinary Reserves (Central Bank Law 1211 Article 60 and TCC(*) Article 469)		7.459.337	4.655.509
B. Special Reserves (Central Bank Law 1211 Article 59)		7.273	7.273
C. Inflation Adjustment to Ordinary and Extraordinary Reserves and Special Reserves		353.373	353.372
XIII. PROVISIONS	16	946.750	1.612.923
XIV. VALUATION ACCOUNT	17	13.655.427	19.489.213
XV. INTEREST AND EXPENSE ACCRUALS	19	281.284	567.747
XVI. MISCELLANEOUS PAYABLES	18	49.487	42.973
XVII. OTHER LIABILITIES	18	365.471	226.883
XVIII NET PROFIT FOR THE YEAR		4.346.373	8.565.200
TOTAL LIABILITIES		278.301.736	263.343.476

(*) Turkish Commercial Code

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

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

	Note (Section III)	Audited 01.01- 31.12.2012	Audited 01.01- 31.12.2011
I - INTEREST INCOME	1	5.484.239	5.092.633
A. Interest Income from Foreign Correspondent Accounts		886.961	985.664
B. Interest Income from Open Market Operations		3.837.000	3.568.480
C. Interest Income from Foreign Loans		5.706	5.691
D. Positive Valuation Differences		716.352	522.767
E. Other Interest Income		38.220	10.031
II - INTEREST EXPENSE	2	1.010.499	962.563
A. Interest Expense on Deposits by Citizens Abroad		190.821	503.849
B. Interest Expense on Open Market Operations		444.511	24
C. Interest Expense on Interbank Money Market Transactions		21.714	3.037
D. Interest Expense on Other Deposits		4.085	1.035
E. Interest Expense paid to Treasury		346.550	116.883
F. Negative Valuation Differences		-	326.131
G. Other Interest Expense		2.818	11.604
III - NET INTEREST INCOME {I-II}		4.473.740	4.130.070
IV - NET COMMISSION AND SERVICE INCOME/(EXPENSE)		251.901	116.041
A. Commission and Service Income		265.576	129.388
B. Commission and Service Expense		13.675	13.347
V - NON-INTEREST INCOME	3	2.564.632	7.685.124
A. Portfolio Trading Income		-	-
B. Foreign Exchange Trading Gains		2.394.171	7.247.224
C. Marketable Security Valuation		-	364.620
D. Other Non-Interest Income		170.461	73.280
VI - NON-INTEREST EXPENSE	4	2.200.547	1.917.561
A. Portfolio Purchase and Sales Expense		564.510	532.163
B. Foreign Exchange Trading Losses		432.283	167.681
C. Marketable Security Valuation		456.050	-
D. Personnel Expense		545.796	483.138
E. Provisions		48.698	545.529
F. Depreciation Expense		22.375	18.555
G. Other Non-Interest Expense		130.835	170.495
VIII- PROFIT BEFORE TAX PROVISION {III+IV+V-VI}		5.089.726	10.013.674
	Section II		
IX - TAX PROVISION	Note 16	743.353	1.448.474
X - NET PROFIT FOR THE YEAR {VIII-IX}		4.346.373	8.565.200

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

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2012 AND 2011

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

	Audited 31.12.2012	Audited 31.12.2011
OFF - BALANCE SHEET COMMITMENTS		
A. Securities in Custody	143.532.547	190.508.587
1. Marketable Securities in Custody - Free (*)	129.633.476	178.462.625
2. Deal Securities (*)	269.975	624.038
3. Marketable Security Exchange Market Banks Guarantee Letters Depot	270.575	302.346
4. Government Debt Security Depot of Savings Deposits Insurance Fund, Exempt From Income Tax	9.911.654	7.723.386
5. Other (*)	3.446.867	3.396.192
B. Guarantees Received	21.171.612	31.305.033
1. Government Debt Security Depots of Banks under Foreign Exchange Market Guarantee (*)	5.612.670	7.930.668
2. Bonds as Interbank Money Market Operations Guarantee (*)	5.230.371	7.557.074
3. Government Debt Security Depots Accepted as Guarantee for Money Market Transactions	6.608.226	14.208.893
4. Intermediary Institutions' Pledged Government Debt Security Depots	28.690	27.240
5. Other (*)	3.691.655	1.581.158
C. Obsolete and Reserve Banknotes	42.802.777	44.464.137
1. Reserve Banknotes - Head Office	6.996.392	13.287.062
2. Reserve Banknotes - Branches	34.885.673	30.301.988
3. Reserve Banknotes - Banknotes Depots	523.625	551.036
4. Obsolete Banknotes - Head Office and Branches	397.087	324.051
D. Other	238.289.384	170.759.269
1. Repurchase Agreements Pledged Account (*)	1.281.159	6.487.538
2. Bank Treasury Bonds Portfolio	25.427.527	45.949.659
3. Customer Transactions Portfolio - Takasbank (*)	210.922.834	117.401.125
4. Branches' Marketable Security Portfolio in Electronic Security Fund Transfer System	38.452	64.020
5. Stock Exchange Market Members' Treasury Bond Depot	28.772	38.690
6. Other (*)	590.640	818.237
E. Electronic Marketable Security Transfer Recording Follow-up Account for Marketable Securities, Classified with Physical Values in Above Accounts	379.405.307	369.394.244
TOTAL (A+B+C+D+E)	825.201.627	806.431.270

(*) 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 accompanying notes form an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(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 1 January 2011 – Restated	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
Balance at 1 January 2012	46.234	-	-	-	5.016.154	-	-	-	8.565.200	13.627.588
Profit Distribution:										
Dividends	-	-	-	-	-	-	-	-	(5.761.371)	(5.761.371)
- Treasury	-	-	-	-	-	-	-	-	(5.752.583)	(5.752.583)
- Other Shareholders	-	-	-	-	-	-	-	-	(3)	(3)
- Employees	-	-	-	-	-	-	-	-	(8.785)	(8.785)
Transferred to Equity (Reserves)	-	-	-	-	2.803.829	-	-	-	(2.803.829)	-
Net Profit for the Year	-	-	-	-	-	-	-	-	4.346.373	4.346.373
Balance at 31 December 2012	46.234	-	-	-	7.819.983	-	-	-	4.346.373	12.212.590

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

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

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**PROFIT DISTRIBUTION TABLES FOR THE
YEARS ENDED 31 DECEMBER 2012 AND 2011**

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

	Audited 01.01 - 31.12.2012 (*)	Audited 01.01 - 31.12.2011(**)
A. DISTRIBUTION OF PROFIT FOR THE YEAR		
1. Profit for the year	5.089.726	10.013.674
2. Taxes Payable and Legal Liabilities	(743.353)	(1.448.474)
- Corporate Tax (Income Tax)	(743.353)	(1.448.474)
- Income Tax	-	-
- Other Taxes and Legal Liabilities	-	-
NET PROFIT FOR THE YEAR	4.346.373	8.565.200
3. Prior Year Losses	-	-
4. Legal Reserves	-	2.803.829
5. Other Legal Funds	-	-
DISTRIBUTABLE PROFIT FOR THE YEAR	-	5.761.371
6. Dividends to Shareholders	-	3
7. Dividends to Employees	-	8.785
DUE TO REPUBLIC OF TURKEY PRIME MINISTRY UNDERSECRETARIAT OF TREASURY ("TURKISH TREASURY") ACCORDING TO THE CENTRAL BANK LAW NO. 1211	-	5.752.583

(*) 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 2012. 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 2012 will be decided based on the resolution of the General Assembly to be held on 9 April 2013.

(**) In accordance with the resolution of the General Assembly, dated 16 April 2012, 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 accompanying notes form an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATEMENTS OF CASH FLOWS FOR THE
YEARS ENDED 31 DECEMBER 2012 AND 2011

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

	Note (Section IV)	Audited 01.01 - 31.12.2012	Audited 01.01- 31.12.2011
I- Cash Flows from Banking and Commercial Activities (Main Operations)			
Interest and Similar Income		5.485.279	5.069.194
Interest and Similar Expense		(1.296.962)	(1.023.236)
Dividends Received		6.666	5.744
Commissions and Fees Income/Expense, net		269.711	85.073
Payments to Personnel and Service Providers		(512.353)	(455.830)
Taxes Paid		(1.454.627)	(729.727)
Cash Flows from Operational Income Before Changes in Operating Assets and Liabilities		2.497.714	2.951.218
Changes in Operating Assets and Liabilities:			
<u>(Increase)/Decrease in Operating Assets:</u>			
Decrease/(Increase) in Marketable Securities, net		(643.177)	206.446
(Increase) in Loans, net		(3.769.949)	(2.334.053)
(Increase)/Decrease in Other Assets, net		18.460.414	(28.461.685)
<u>Increase/(Decrease) in Operating Liabilities:</u>			
(Decrease)/Increase in Deposits, net		31.379.360	38.824.360
(Decrease) in Funds Borrowed, net		3.127.294	(582.973)
Increase in Other Liabilities, net		(2.066.741)	19.093.276
Net Cash Flow from Banking and Commercial Activities		48.984.915	29.696.589
II- Cash Flows from Financial and Non-financial Investments			
Property and Equipment Purchased		(29.901)	(7.846)
Other Cash Inflows		2.363.602	7.655.541
Other Cash Outflows		(1.603.190)	(866.085)
Net Cash Flow from Financial and Non-financial Investments		49.715.426	36.478.199
III- Cash Flows Related to Equity Financing Activities		(5.761.371)	(860.375)
Net Increase in Cash and Cash Equivalents		43.954.055	35.617.824
Cash and Cash Equivalents at the Beginning of the Period	1	168.878.204	133.260.380
Cash and Cash Equivalents at the End of the Period	2	212.832.259	168.878.204

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

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012

(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 2012 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 2012

(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. Gold and 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 2012 and 2011, 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 Accounting and Financial Reporting Guideline" 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 2012 and 2011, 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 2012, the Bank recorded current corporate tax provision amounting to TL 743.353 thousand (31 December 2011: TL 1.448.474 thousand).

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012

(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 exist 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 foreign currency denominated equity participations which have market prices at fair value and recognizes the others at acquisition cost and converts 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 2012**

(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

In order to allow the determination of the financial position and performance trends, the financial statements of the Bank are prepared comparatively with the prior period. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained. There are no such reclassifications in the previous year financial statement.

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 no gain recognized as capital reserves due to demonetized and expired currency which is still in circulation as of 31 December 2012 (31 December 2011: TL 4.894).

(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.

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**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 2012 and 2011:

TL Denominated Securities

- 1- Equity Shares - None (31 December 2011: None).
- 2- Other Securities:
 - a) Securities Indexed to Inflation and Foreign Currency - None (31 December 2011: 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 2011: 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 2011: None).
- 2- Other Securities
 - a) Securities Indexed to Inflation and Foreign Currency - None (31 December 2011: 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 2011: None).
- 3- Gold (*) is valued according to the gold price quoted at the London Bullion Market at 10:30 am at 31 December 2012 and 31 December 2011, 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
AS OF 31 DECEMBER 2012**

(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 2011: 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 2012 and 2011.

d. Long-term Securities:

The Bank has no TL or foreign currency denominated long-term securities as of 31 December 2012 and 2011.

(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 responsible 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.

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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)

(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 2012	31 December 2011
(1 EUR = TL)	TL 2,3517	TL 2,4438
(1 US\$ = TL)	TL 1,7826	TL 1,8889

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 2012	31 December 2011
EUR	TL 2,3517	TL 2,4438
US\$	TL 1,7826	TL 1,8889

EUR Bid Rates

Prior to Balance Sheet Date

	31 December 2012	31 December 2011
Bid rate of the 1st Day	TL 2,3517	TL 2,4438
Bid rate of the 2nd Day	TL 2,3657	TL 2,4592
Bid rate of the 3rd Day	TL 2,3566	TL 2,4702
Bid rate of the 4th Day	TL 2,3586	TL 2,4633
Bid rate of the 5th Day	TL 2,3651	TL 2,4613

US\$ Bid Rates

Prior to Balance Sheet Date

	31 December 2012	31 December 2011
Bid rate of the 1st Day	TL 1,7826	TL 1,8889
Bid rate of the 2nd Day	TL 1,7829	TL 1,9065
Bid rate of the 3rd Day	TL 1,7848	TL 1,8897
Bid rate of the 4th Day	TL 1,7877	TL 1,8847
Bid rate of the 5th Day	TL 1,7893	TL 1,8833

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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 2012		31 December 2011	
	Thousand TL	Million US\$	Thousand TL	Million US\$
I - Foreign Currency Assets				
1) Gold Reserve	34.600.877	19.410	18.981.412	10.049
2) Foreign Currency Reserves	178.121.949	99.923	148.199.669	78.458
3) Coins	-	-	-	-
4) Domestic Correspondents	19.609	11	1.617.672	856
5) Securities Portfolio	-	-	-	-
6) Domestic Loans	6.800.717	3.815	3.023.163	1.600
7) Open Market Operations	-	-	-	-
8) Foreign Loans	21.930	12	29.535	16
9) Equity Participations	45.424	25	48.174	26
10) Property and Equipment (Net)	-	-	-	-
11) Loans under Legal Follow-Up (Net)	-	-	-	-
12) Treasury Liabilities Due to SDR Allocations	2.950.014	1.655	3.130.425	1.657
13) Valuation Account	-	-	-	-
14) Interest and Income Accruals	553	-	7.139	4
15) Miscellaneous Receivables	2.714	2	2.921	2
16) Other Assets	17	-	745	-
Off-Balance Sheet Items				
17) Forward Purchase Transactions	-	-	-	-
Total Foreign Currency Assets	222.563.804	124.853	175.040.855	92.668
II- Foreign Currency Liabilities				
1) Currency in Circulation	-	-	-	-
2) Due to Treasury	343.527	193	362.607	192
3) Foreign Correspondents	674	-	1.388	1
4) Deposits	136.210.464	76.413	90.923.568	48.136
a) Public Sector	10.156.574	5.698	10.057.916	5.325
b) Banking Sector	111.973.163	62.815	62.512.718	33.095
c) Miscellaneous	12.607.594	7.073	17.421.280	9.223
d) International Institutions	9.929	6	8.935	5
e) Funds	1.463.204	821	922.719	488
5) Open Market Operations	-	-	-	-
6) Foreign Loans	-	-	16.826	9
7) Import Transfer Orders and Deposits	776.883	436	945.852	501
8) Notes and Remittances Payable	5.566	3	1.086	1
9) SDR Allocation	2.950.014	1.655	3.130.425	1.657
10) Provisions	-	-	-	-
11) Valuation Account	-	-	-	-
12) Interest and Expense Accruals	276.643	155	562.226	297
13) Miscellaneous Payables	40.581	23	35.980	19
14) Other Liabilities	294.509	165	138.895	74
Off-Balance Sheet Items				
15) Forward Sale Transactions	-	-	-	-
Total Foreign Currency Liabilities	140.898.861	79.043	96.118.319	50.869
Net Foreign Currency Position	81.664.943	45.810	78.922.189	41.799

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012

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

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 2012				31 December 2011			
	Cost	Accumulated depreciation	Net book value	Insurance coverage	Cost	Accumulated depreciation	Net book value	Insurance coverage
Furniture and Fixture	144.340	102.974	41.366	113.490	111.536	88.939	22.597	114.296
Property	337.162	78.017	259.145	287.493	320.144	72.131	248.013	296.923
	481.502	180.991	300.511	400.983	431.680	161.070	270.610	411.219

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

As of 31 December 2012, there is a number of legal proceedings outstanding against the Bank amounting to TL 4.010 thousand, US\$ 64.741.281 and EUR 496.939 (31 December 2011: TL 57.230 thousand, US\$ 64.214.366 and EUR 162.810). 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 9 April 2013, 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 2012 amounting to TL 4.346.373 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 2012

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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 2012 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 2012, the Bank owns 116.103.765 (31 December 2011: 116.103.765) net grams of gold in international standards and 3.177.798 (31 December 2011: 3.177.798) net grams of gold in non-international standards, and 243.536.704 (31 December 2011: 79.230.153) net grams of gold which belongs to the banks those deposited gold in order to meet their reserve requirements. 325.422.256 (31 December 2011: 161.663.273) grams of the gold in international standards is kept at the Bank of England and Federal Reserve Bank of New York, 547.568 (31 December 2011: None) grams of gold is kept in Istanbul Gold Exchange and the remaining 33.670.646 (31 December 2011: 33.670.646) 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 2011: 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 2012 and 31 December 2011 is valued with the gold prices quoted on the London Bullion Market at 10:30 am (session one), as of 31 December 2012 and 2011, 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
AS OF 31 DECEMBER 2012

(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 2012		31 December 2011	
	Thousand TL	Million US\$	Thousand TL	Million US\$
Current Accounts	8.412.022	4.719	22.810.281	12.076
Marketable Securities Portfolio	168.698.993	94.637	124.604.727	65.967
Total	177.111.015	99.356	147.415.008	78.043

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 2012, marketable securities held for reserve purposes amounting to TL 168.698.993 thousand (31 December 2011: TL 124.604.727 thousand) are valued with the prices quoted in the international markets where they are traded at the balance sheet date.

Additionally, under the current accounts of the Bank, as of 31 December 2011 there are bank placements deposited in the foreign correspondents amounting to TL 2.350 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 2012, the amount of foreign currency interbank money market transactions where the Bank acts as intermediary is TL 19.609 thousand (31 December 2011: TL 928.223). As of 31 December 2012, there is no lending amount that the Bank acted as counterparty in TL interbank transactions (31 December 2011: TL 689.449).

As of 31 December 2012, there are no TL interbank money market transactions where the Bank acts as intermediary (31 December 2011: None).

As of 31 December 2012, the Bank acted as a counterparty in TL interbank transactions where the borrowing amount is TL 1.398.500 thousand (31 December 2011: TL 516.000 thousand), which is classified in the "Open Market Operations - Other" account under liabilities. The interest expense accrual amounting to TL 194 thousand (31 December 2011: TL 143 thousand) related to this account is classified under "Interest and Expense Accruals".

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
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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 2012, the marketable securities portfolio amounting to TL 6.104.477 thousand (31 December 2011: TL 7.816.532 thousand) consists of government bonds with outright purchase and marketable securities portfolio consists of securities purchased under agreements to resell amounting to TL 23.000.012 thousand (31 December 2011: TL 39.562.502 thousand) and the income accrual of the securities sold under agreements to repurchase amounting to TL 94.232 thousand (31 December 2011: None).

As of 31 December 2012, "Interest and Income Accruals" includes TL 31.543 thousand (31 December 2011: TL 31.052 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 2012 is as follows:

	31 December 2012			
	Acquisition Cost	Accrual (net)	Carrying Amount	Fair Value
<u>Purchases under Agreements to Resell:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	23.000.012	31.543	23.000.012	23.080.611
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	5.959.041	145.436	6.104.477	6.104.477
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	-	94.232	94.232	94.232
TOTAL	28.959.053	271.211	29.198.721	29.279.320

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2012

(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 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

As of 31 December 2012, the nominal values of TL marketable securities acquired by outright purchases amounts to TL 5.831.215 thousand (31 December 2011: TL 7.985.001 thousand). As of 31 December 2012, the nominal values of TL marketable securities purchased under agreements to resell amounts to TL 19.596.312 thousand (31 December 2011: TL 37.964.658 thousand).

(b) Information on open market operations

As of 31 December 2012, the amount of TL 23.060.266 thousand (31 December 2011: TL 39.644.657 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. In addition, as of 31 December 2012 TL 2.261.000 thousand (31 December 2011: None) representing the sales amount of TL marketable securities sold under agreements to repurchase are also included in "Open Market Operations" on the asset side of the balance sheet.

As of 31 December 2012, "Repurchase Agreements" under "Open Market Operations" on the liability side of the balance sheet amounting to TL 23.000.012 thousand (31 December 2011: TL 39.562.502 thousand) represents the cost of the marketable securities purchased under agreements to resell and TL 2.261.620 (31 December 2011: None) thousand represents the return amount of the securities sold under agreements to repurchase. The "Other" account amounting to TL 1.398.500 thousand (31 December 2011: TL 516.000 thousand) represents the borrowing of the Bank through the Interbank Money Market.

As of 31 December 2012, TL 60.254 thousand (31 December 2011: TL 82.155 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 2012, TL 619 thousand which is the amount to be paid at the return of the securities sold under agreements to repurchase (31 December 2011: None) is recognized under "Other Assets".

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012

(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)

(5) Loans

(a) Information on domestic loans:

As of 31 December 2012, TL 6.800.717 thousand (31 December 2011: TL 3.023.163 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 2011: 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 2012		31 December 2011	
	Thousand TL	Thousand US\$	Thousand TL	Thousand US\$
Opening balance	2.876.337	1.522.757	2.348.736	1.519.234
- Increases during the Period (+) (*)	5.972	3.350	6.655	3.523
- Transfers from Other Follow-up Accounts (+)	-	-	-	-
- Transfers to Other Follow-up Accounts (-)	-	-	-	-
- Collections during the Period (-)	-	-	-	-
- Write-offs (-)	-	-	-	-
- Foreign Exchange Differences	(161.869)	-	520.946	-
Closing balance	2.720.440	1.526.107	2.876.337	1.522.757
- Allowance (-)	2.720.440	1.526.107	2.876.337	1.522.757
Net balance after allowance	-	-	-	-

(*) As of 31 December 2012, TL 5.972 thousand of increase during the period (31 December 2011: TL 6.655 thousand) represents accrued interest on the loans and receivables under follow-up.

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012

(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 2012 and 2011, the Bank's equity participations are as follows:

Name	Share (%)	Total Paid-in Share Capital	31 December 2012 Acquisition Cost	31 December 2011 Acquisition Cost	31 December 2012 Carrying Amount	31 December 2011 Carrying Amount
Bank for International Settlements (BIS) (*)	1.43	SDR 697 million	SDR (*) 10.000.000	(*) SDR 10.000.000	27.536	29.220
International Islamic Liquidity Management Corporation	13.33	USD Dollars 75 million	USD 10.000.000	USD 10.000.000	17.826	18.889

Name	Share (%)	Total Paid-in Share Capital	31 December 2012 Fair Value	31 December 2011 Fair Value	31 December 2012 Carrying Amount	31 December 2011 Carrying Amount
S.W.I.F.T.	0.007	Euro 14 million	Euro 26.320	Euro 24.960	62	63
Total equity participations					45.424	48.174

(*) 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 2012, dividend of TL 6.666 thousand (2011: TL 5.744 thousand) was collected from Bank for International Settlement.

There have been no acquisitions or disposals of equity participations within the year ended 31 December 2012.

(7) Property and Equipment

The Bank has no assets acquired through foreclosure proceedings. As of 31 December 2012, the cost of property and related accumulated depreciation amounts to TL 337.162 thousand (31 December 2011: TL 320.144 thousand) and TL 78.017 thousand (31 December 2011: TL 72.131 thousand) respectively, whereas the cost of furniture and fixture and related accumulated depreciation amounts to TL 144.340 thousand (31 December 2011: TL 111.536 thousand) and TL 102.974 thousand (31 December 2011: TL 88.939 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 2012	31 December 2011
Temporary tax that will be deducted from corporate income tax	673.940	595.358
Withholding tax that will be deducted from corporate income tax	54.821	130.114
TL deposit accounts that are held in the Turkish banks abroad	-	83.184
Letter of credit amount of banknote printing plant	471	5.934
Deposits and advances given	482	1.653
Other	4.489	4.075
Total Miscellaneous Receivables	734.203	820.318

(9) Other Assets

The breakdown of other assets is as follows:

	31 December 2012	31 December 2011
Printing plant inventory	26.511	22.011
Construction in progress	3.811	7.549
Other materials and warehouses	3.656	3.407
Collection banknote depot	2.797	2.384
Medallion depot	1.432	310
Prepaid expenses	1.135	799
Other	5.876	7.458
Total Other Assets	45.218	43.918

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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 2012	31 December 2011
Accrued interest income on securities purchased under agreements to resell	31.543	31.052
Charges and commissions due from Treasury (*)	11.044	30.321
EFT commission income accrual	8.317	6.851
Dividend income accruals	-	4.729
Accrued interest income on foreign currency money market receivables	229	970
Foreign loans accrued interest income	9	12
Other	331	1.503
Total Interest and Income Accruals	51.473	75.438

(*) 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 2012, the banknotes in circulation amount to TL 60.525.482 thousand (31 December 2011: TL 55.103.174 thousand).

(12) Due to Treasury

As of 31 December 2012, "Due to Treasury" consists of TL 32.957 thousand (31 December 2011: TL 33.043 thousand) gold in non-international standards, kept by the Bank on behalf of the Turkish Treasury and TL 55.351 thousand (31 December 2011: TL 42.550 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 2012, 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 2012, the balance of the account amounts to TL 310.537 thousand (31 December 2011: TL 329.529 thousand).

SDR 112.307.000 (31 December 2011: 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 2012, the balance is TL 2.950.014 thousand (31 December 2011: TL 3.130.425 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 2012, deposits by citizens abroad amounting to TL 12.542.011 thousand (31 December 2011: TL 17.366.530 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 2012			31 December 2011		
	Foreign Currency Balance (000)	Thousand TL Equivalent	Interest Rates (*)	Foreign Currency Balance (000)	Thousand TL Equivalent	Interest Rates (*)
EUR	5.079.336	11.945.074	0,25%-1,00%	6.750.405	16.496.640	0,25%-1,00%
US\$	286.086	509.977	0,25%	409.283	773.094	0,25%
CHF	42.173	81.942	0,25%	45.494	91.271	0,25%
Other	1.750	5.018	0,25%	1.899	5.525	0,25%
Total		12.542.011			17.366.530	

(*) 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 2012 (31 December 2011: 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 2012, TL 9.920 thousand (31 December 2011: TL 8.925 thousand) which represents the minimum quota amount denominated in SDR is recorded as the deposit balance of IMF. In addition to this, the balance of the amount of TL 9 thousand is used for tracking revenues such as IMF's sales revenues of publication and administrative expenses which took place within the limits of a member country and used only in the currency of the member country (31 December 2011: TL 10 thousand)

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 2012 and 2011, the capital of the Bank is presented below:

	31 December 2012	31 December 2011
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 2012		31 December 2011	
	Participation Amount TL (*)	Share %	Participation Amount TL (*)	Share %
Turkish Treasury	13.780	55	13.780	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	3.003	12
Total nominal share capital	25.000	100	25.000	100

(*) Amounts in full TL.

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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 7 March 2012, the Bank distributed TL 8.785 thousand to its employees from the net total profit of year 2011 amounting TL 8.565.200 thousand, TL 3 thousand to shareholders as dividend out of the profit and TL 2.803.829 thousand was transferred to reserves. The remaining amount of TL 5.752.583 thousand was paid to Turkish Treasury as dividend.

(16) Provisions

Retirement Pay Provision

As of 31 December 2012, the Bank calculated retirement pay provision amounting to TL 126.040 thousand (31 December 2011: TL 111.207 thousand) and recorded the full provision under the provision account.

Corporate Tax Provision

As of 31 December 2012, the Bank has calculated current year corporate tax provision amounting to TL 743.353 thousand (31 December 2011: TL 1.448.474 thousand) and recorded this amount under the provision account.

Insurance Provision for Money in Transit

As of 31 December 2012, the Bank, calculated provision for the transfer insurance of banknotes, cash and securities amounting to TL 77.357 thousand (31 December 2011: TL 53.242 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 2012	31 December 2011
Correspondent account transactions		
with subsequent value dates	294.497	138.415
Fair value increase in marketable securities	60.254	82.155
Withholding tax of accrued income on reverse repo transactions	4.731	4.658
The amount of money that will be liquidated in the following period	2.734	128
Other	3.255	1.527
Total Other Liabilities	365.471	226.883

Miscellaneous Payables

	31 December 2012	31 December 2011
Blocked accounts due to pending legal cases	13.049	13.827
Interest accrued on deposit accounts below specified limits	7.545	7.889
Amounts paid to inheritors due to death of the beneficiaries	6.484	2.291
Amounts awaiting application of beneficiary	3.438	3.710
Blocked accounts of tax offices and courts for claim	3.197	3.331
Creditors due to foreign currencies in custody	565	648
Other	15.209	11.277
Total Miscellaneous Payables	49.487	42.973

(19) Interest and Expense Accruals

	31 December 2012	31 December 2011
Accrued interest expense on deposits by citizens abroad	271.878	555.140
Accrued interest expense on bills discounted	4.006	4.506
Accrued interest expense due to Treasury	837	3.514
Accrued interest expense on IMF charges	348	1.192
Accrued interest expense on interbank transactions where the Bank acts as a counterparty	194	143
Other	4.021	3.252
Total Interest and Expense Accruals	281.284	567.747

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

As of 31 December 2012 and 2011, 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 2012					31 December 2011				
	A	B	C	D	A+B+D	E	F	G	H	E+F+H
	TL	(Original Currency)	FC (TL Equivalent)	Quantity	Total	TL	(Original Currency)	FC (TL Equivalent)	Quantity	Total
OFF - BALANCE SHEET COMMITMENTS										
A. Securities in Custody	143,500,801	31,720	80,254	26	143,532,547	190,455,588	52,972	117,275	27	190,508,587
1. Marketable Securities in Custody - Free	129,604,490	28,986	77,160	-	129,633,476	178,423,934	38,690	110,050	1	178,462,625
2. Deal Securities	269,967	-	-	8	269,975	624,030	-	-	8	624,038
3. Marketable Security Exchange Market Banks' Guarantee Letters	270,575	-	-	-	270,575	302,346	-	-	-	302,346
4. Government Debt Security Depot of Savings Deposits Insurance Fund, Exempt from Income Tax	9,911,654	-	-	-	9,911,654	7,723,386	-	-	-	7,723,386
5. Other	3,444,115	2,734	3,094	18	3,446,867	3,381,892	14,282	7,225	18	3,396,192
B. Guarantees Received	17,446,143	3,725,258	6,940,429	211	21,171,612	29,227,640	2,077,131	4,293,065	262	31,305,033
1. Government Debt Security Deposits of Bank under Foreign Exchange Market Guarantee	5,567,970	44,700	93,341	-	5,612,670	7,435,933	494,735	1,193,108	-	7,930,668
2. Bonds as Interbank Money Market Operations Guarantees	5,230,371	-	-	-	5,230,371	7,554,394	2,680	5,062	-	7,557,074
3. Government Debt Security Deposits Accepted as Guarantees for Money Market Transactions	6,608,226	-	-	-	6,608,226	14,208,893	-	-	-	14,208,893
4. Intermediary Institutions' Pledged Government Debt Security Deposits	28,690	-	-	-	28,690	27,240	-	-	-	27,240
5. Other	10,886	3,680,558	6,847,088	211	3,691,655	1,180	1,579,716	3,094,895	262	1,581,158
C. Obsolete and Reserve Banknotes	42,802,777	-	-	-	42,802,777	44,464,137	-	-	-	44,464,137
1. Reserve Banknotes - Head Office	6,996,392	-	-	-	6,996,392	13,287,062	-	-	-	13,287,062
2. Reserve Banknotes - Branches	34,885,673	-	-	-	34,885,673	30,301,988	-	-	-	30,301,988
3. Reserve Banknotes - Banknotes Deposits	523,625	-	-	-	523,625	551,036	-	-	-	551,036
4. Obsolete Banknotes - Head Office and Branches	397,087	-	-	-	397,087	324,051	-	-	-	324,051
D. Other	237,704,590	117,599	207,487	467,195	238,289,384	169,608,235	475,076	896,960	675,958	170,759,269
1. Repurchase Agreements Pledge Account	1,281,159	-	-	-	1,281,159	6,457,558	29,980	56,629	-	6,487,538
2. Bank Treasury Bonds Portfolio	25,427,527	-	-	-	25,427,527	45,949,659	-	-	-	45,949,659
3. Customer Transactions Portfolio - Takasbank	210,922,834	-	-	-	210,922,834	117,075,140	325,985	615,754	-	117,401,125
4. Branches' Marketable Security Portfolio in Electronic Security Fund Transfer System	38,452	-	-	-	38,452	64,020	-	-	-	64,020
5. Stock Exchange Market Members' Treasury Bond Depot	28,772	-	-	-	28,772	38,690	-	-	-	38,690
6. Other	5,846	117,599	207,487	467,195	590,640	23,168	119,111	224,577	675,958	818,237
E. Electronic Marketable Security Transfer Recording Follow-up Account for Marketable Securities, Classified with Physical Values in Above Accounts	379,405,307	-	-	-	379,405,307	369,394,244	-	-	-	369,394,244
TOTAL (A+B+C+D+E)	820,859,618	3,874,577	7,228,170	467,432	825,201,627	803,149,844	2,605,179	5,307,300	676,247	806,431,270

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III - NOTES AND EXPLANATIONS TO THE INCOME STATEMENT

(1) Interest Income

For the year ended 31 December 2012, interest income amounting to TL 886.961 thousand (2011: TL 985.664 thousand) from foreign correspondents includes interest income from foreign currency marketable securities portfolio amounting to TL 870.132 thousand (2011: TL 949.481 thousand).

For the years ended 31 December 2012 and 2011, 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 2012, the difference between the fair value and the original acquisition cost and the interest income accrual of the marketable security portfolio is TL 716.352 thousand (2011: TL 522.767 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 2012, there is no negative valuation difference on TL denominated marketable securities (2011: TL 326.131 thousand).

(3) Non-interest Income

For the year ended 31 December 2012, the Bank has foreign exchange gains of TL161.869 thousand (2011: None) within other non-interest income arising from valuation of loans under follow up due to depreciation of US\$ against TL.

For the year ended 31 December 2012, Foreign Exchange Gains consists of realized gains on foreign currency trading transactions in 2012.

(4) Non-interest Expense

For the year ended 31 December 2012, the Bank has portfolio trading losses amounting to TL 564.510 thousand (2011: TL 532.163 thousand).

For the year ended 31 December 2012, "Foreign Exchange Losses" consists of realized losses on foreign currency trading transactions in 2012.

"Provisions" consists of the accrued interest income amounting to TL 5.973 thousand (2011: TL 6.655 thousand) for loans under follow-up calculated for the year 2012, transfer insurance provision amounting to TL 24.114 thousand (2011: TL 3.012 thousand) and retirement pay provision amounting to TL 18.611 thousand (2011: TL 14.917 thousand). In addition, there is foreign exchange losses of TL 520.945 thousand in year 2011, calculated over the loans under follow-up due to fluctuation in exchange rates. "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. NOTES AND EXPLANATIONS TO THE STATEMENT OF CASH FLOWS

(1) Cash and cash equivalents at the beginning of the period:

	1 January 2012	1 January 2011
Gold Reserves	18.981.412	8.361.219
Foreign currency reserves	148.199.669	124.794.215
Coins	79.451	104.946
Domestic correspondents	1.617.672	-
Cash and cash equivalents	168.878.204	133.260.380

(2) Cash and cash equivalents at the end of the period:

	31 December 2012	31 December 2011
Gold reserves	34.600.877	18.981.412
Foreign currency reserves	178.121.949	148.199.669
Coins	89.824	79.451
Domestic correspondents	19.609	1.617.672
Cash and cash equivalents	212.832.259	168.878.204

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V - SUPPLEMENTARY FINANCIAL STATEMENTS

Presentation of Assets and Liabilities according to their remaining maturities

CURRENT PERIOD (31 December 2012)	Demand	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No maturity	Total
ASSETS								
Gold Reserves	11,427,741	23,173,136	-	-	-	-	-	34,600,877
Foreign Currency Reserves	4,243,304	10,862,651	35,045,368	89,870,025	37,790,064	-	310,537	178,121,949
Coins	89,824	-	-	-	-	-	-	89,824
Domestic Correspondents	-	19,609	-	-	-	-	-	19,609
Securities Portfolio	-	23,140,724	841,211	2,183,399	3,033,387	-	-	29,198,721
Domestic Loans	-	1,865,814	3,444,801	1,490,102	-	-	-	6,800,717
Open Market Operations	-	25,321,266	-	-	-	-	-	25,321,266
Foreign Loans	-	-	2,524	3,438	7,334	-	8,634	21,930
Equity Participations	45,424	-	-	-	-	-	-	45,424
Property and Equipment	-	-	-	-	-	-	-	-
Loans Under Legal Follow-up	-	-	-	-	-	-	300,511	300,511
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	-	-	-	-	-	-	2,950,014	2,950,014
Interest and Income Accruals	-	40,429	11,044	-	-	-	-	51,473
Miscellaneous Receivables	1,446	-	728,761	-	-	-	3,996	734,203
Other Assets	-	18	-	-	-	-	45,200	45,218
Total Assets	15,807,739	84,423,647	40,073,709	93,546,564	40,830,785	-	3,618,892	278,301,736
LIABILITIES								
Currency in Circulation	-	-	-	-	-	-	60,525,482	60,525,482
Due to Treasury	32,957	55,351	-	-	-	-	310,537	398,845
Foreign Correspondents	674	-	-	-	-	-	-	674
Deposits	18,330,170	129,145,152	789,305	5,325,753	5,882,751	-	-	159,473,131
Liquidity Bills	-	-	-	-	-	-	-	-
Open Market Operations	-	26,660,132	-	-	-	-	-	26,660,132
Foreign Loans	-	-	-	-	-	-	-	-
Import Transfer Orders and Deposits	-	-	-	-	-	-	-	-
Notes and Remittances Payable	-	5,566	-	776,883	-	-	-	776,883
SDR Allocation	-	-	-	-	-	-	2,950,014	2,950,014
Share Capital	-	-	-	-	-	-	46,234	46,234
Legal Reserves	-	-	-	-	-	-	7,819,983	7,819,983
Provisions	-	-	-	743,353	-	-	203,397	946,750
Valuation Account	-	-	-	-	-	-	13,655,427	13,655,427
Interest and Expense Accruals	-	34,493	37,584	171,382	37,825	-	-	281,284
Miscellaneous Payables	6,428	87	-	-	-	-	42,972	49,487
Other Liabilities	-	362,319	-	-	-	-	3,152	365,471
Net profit for the year	-	-	-	-	-	-	4,346,373	4,346,373
Total Liabilities	18,370,229	156,263,100	826,889	7,017,410	5,920,576	-	89,903,532	278,301,736
Net Liquidity Position	(2,562,490)	(71,839,453)	39,246,820	86,529,554	34,910,209	-	(86,284,640)	-

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY
NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012

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

V - SUPPLEMENTARY FINANCIAL STATEMENTS (Continued)

Presentation of Assets and Liabilities according to their remaining maturities

PRIOR PERIOD (31 December 2011)	Demand	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 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	-	-	-	-	-	-	-	-
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	-	40,388	30,321	4,729	-	-	-	75,438
Miscellaneous Receivables	85,308	-	725,472	-	-	-	9,538	820,318
Other Assets	-	744	-	-	-	-	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	-	-	-	-	-	-	-	-
Share Capital	-	-	-	-	-	-	3,130,425	3,130,425
Legal Reserves	-	-	-	-	-	-	46,234	46,234
Provisions	-	-	-	-	-	-	5,016,154	5,016,154
Valuation Account	-	-	-	1,448,474	-	-	164,449	1,612,923
Interest and Expense Accruals	-	45,600	51,333	317,734	153,080	-	-	19,489,213
Miscellaneous Payables	5,981	849	-	-	-	-	36,143	42,973
Other Liabilities	-	225,794	-	-	-	-	1,089	226,883
Net profit for the year	-	-	-	-	-	-	8,565,200	8,565,200
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)	-