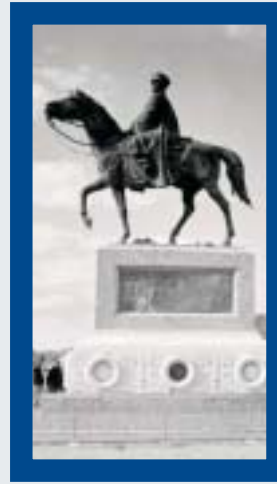


Once upon a time in Ankara...



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İHRACATIN SERBESTİSİ HAKKINDA KARARNAME

20 Şaban 1338 ve 10 Mayıs 1336- No 4

- 1- İhracatın bîlâ kaydü şartı serbestisi ve Heyet-i İcratıyeden müada biç bir makamın bu serbestiyi ihlâl ve takyide salâbiyettar olamayacağı taharrür etmiştir.
- 2- Bu kararın icrasına Dabiliye Vekâleti memurdur.



B.M.M. Reisi
M.KEMAL

Umur-ı Şer'iyeye V.
FETHİ

Hariciye V.
Dr. Rıza NUR

Dabiliye V.
CAMİ

Eriktim Harbiyeye
Umumiye Reisi
İSMET

Müdâfınal Milliyeye V.
FENZİ

Adliye V.
CELÂLETTİN ARİF

Maliye V.
HAKKI BEHİÇ

Nispetiye V.
İSMAIL FAKİH

Sıhhiye V.
Dr. ADNAN

Umumiye İhtisadiye V.
HAKKI BEHİÇ

Muârif V.
Dr. Rıza NUR

* Orjinal metnin tercümesi Düstur'dan aynen alınmıştır.

Decree no.4 on the liberalization of exports

Corporate Profile

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

The Bank currently supports Turkish exporters, contractors and investors through various credit, guarantee and insurance programs similar to export credit agencies of developed countries. However, it is different in that, it is one of the few export credit agencies in the world which engages in direct lending activities as well as implementing insurance and guarantee schemes within the same institution. Currently Türk Eximbank offers a total of 25 different programs, 18 of which are credit and 7 are insurance/guarantee programs.

Türk Eximbank has introduced export credit insurance to Turkish exporters in 1989. Currently, Türk Eximbank provides cover for Turkish exporters, against commercial and political risks by offering a variety of insurance programs for their exports to 176 countries.

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

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

The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff. As a result, the contribution of the Bank's very few, but competent and exceptionally skilled personnel are very important. As of end-2006, Türk Eximbank employs a total of 394 personnel, 26 in the İstanbul and 10 in the İzmir branches, and a total of 7 personnel in the liaison offices. 4 personnel have a Ph.D. degree, 52 have a post-graduate degree, and 217 have a graduate degree.

Türk Eximbank is committed to conforming to the internationally accepted rules and regulations, such as the OECD Consensus and GATT/WTO. The Bank is also a full member of the Berne Union since April 1994. Türk Eximbank makes efforts to improve its international relations with export credit agencies and always seeks opportunities for co-operation to provide financing for projects undertaken in cooperation with Turkish and foreign partners in third countries.

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

Financial Highlights

3,408,346 YTL thousand Loans	2,304,195 YTL thousand Shareholders' Equity	302,931 YTL thousand Net Income
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Major Balance Sheet Accounts (YTL thousand)

	2006 (*)	2005 (*)
Loans	3,408,346	2,982,207
Total Assets	4,141,143	3,518,126
Loans Borrowed	1,193,916	937,976
Shareholders' Equity	2,304,195	1,951,478
Total Paid-in Share Capital	928,610	657,864

(*) According to the Communiqué published in the Official Gazette no. 26430, dated February 10, 2007, accrued interest receivables are added to the outstanding amounts of Loans and Loans Borrowed.

Major Income Statement Accounts (YTL thousand)

	2006	2005
Interest Income	376,166	376,640
Interest Income on Loans	293,574	272,478
Interest Expenses	(59,411)	(73,332)
Net Interest Income	316,755	303,308
Other Operating Income	58,133	118,293
Provisions for Loans and Other Claims	(21,124)	(6,458)
Other Operating Expenses	(67,191)	(62,053)
Net Income	302,931	361,839

Financial highlights for the 2002-2006 period are given on page 60.



First Turkish Parliament building

Operational Highlights

7,782 (USD million) Total Credit/Insurance/ Guarantees	5,012,417 (YTL thousand) Total Short-Term Credits	4,253 (USD million) Short-Term Export Credit Insurance
2006 ————— 7,782	2006 ————— 5,012,417	2006 ————— 4,253
2005 ————— 7,711	2005 ————— 4,743,877	2005 ————— 4,173

Credit Activities

Short-Term Credit Activities (YTL thousand)

	2006	2005
Total Short-Term Credits	5,012,417	4,743,877
Short-Term TL Export Credits	3,464,017	3,063,957
Short-Term FX Export Credits	1,548,400	1,679,920

Medium and Long-Term Credit Activities (USD million)

	2006	2005
Medium and Long-Term Credits	22.8	8.0

Insurance Activities

Short-Term Export Credit Insurance (USD million)

	2006	2005
Total Covered Shipments	4,253	4,173
Total Buyer Limit Approvals	4,563	4,553
Claims Paid	6.7	6.6



Second Turkish Parliament building

Chairman's Message

Türk Eximbank, which will celebrate its 20th anniversary in 2007, aims to concentrate on medium and long-term financing and move towards the increased provision of insurance and guarantee activities similar to industrialized countries' export credit agencies. Experience and knowledge acquired in this period will be a valuable asset of Türk Eximbank to achieve its aim.



Tuncer KAYALAR
Chairman

A handwritten signature in black ink, which appears to be "T. Kayalar". The signature is written in a cursive style with a large initial "T".

The expansion in the global economy remained buoyant during the last four years and, therefore, high growth rates were achieved in many regions in 2006. As a result, global growth is projected at 5.1% in 2006. Although inflationary concerns and high oil prices have highlighted the downside risks to the global economy, expansion was based on strong productivity improvements all over the world. Furthermore, tighter monetary policies pursued by the central banks in the major advanced economies, have also contributed to the growth. The transparency in the financial markets and huge amount of international capital movements that allowed financing of high current-account deficits that otherwise could not be sustained, also played an important role in financial stability and economic growth.

A general analysis showed that the growth was particularly strong in the United States starting from the first quarter of 2006, gathered momentum in the euro area and kept its pace in Japan. In spite of difficulties in global financial markets, rising economies and other developing countries have also maintained impressive growth rates in 2006, thanks to buoyant demand for fuel and raw materials, which has contributed to record high prices for oil and other commodities, and export-oriented growth strategies pursued. In this group, Asian countries, especially China and India, are the leaders with high growth rates. Developing countries as a whole, realized an average growth rate of 6.8% during the last four years. International investors recognized this high growth potential and thus foreign direct investments in these countries increased substantially. On the other hand, expansion in world trade was suppressed as a result of increased production costs due to high oil prices. Therefore, the growth in world trade is expected to realize as 8.9% as of end-2006. However, particular concerns include the potential for a moderating growth in the United States which could affect the global economy, the low probability but high cost risk of a disorderly unwinding of large global current-account imbalances and increase in protectionism in international trade. These constitute threats for the global economy.

Besides the above mentioned developments, a structural transformation was realized in the Turkish economy at the beginning of the 21st century. On the brink of this century, more specifically in 2001, Turkey faced an economic crisis, and started to implement a comprehensive stabilization program. The economic reforms were deeply rooted and produced incredible gains, as reflected in the significant improvements in all economic indicators. During the last four years there were many achievements in the economy, such as high economic growth, reduction in inflation, decrease in public sector borrowing requirement, increase in international foreign exchange reserves, and realization of primary budget targets. As a result, Turkey is enjoying a strong economic performance and is highly integrated with the global economic system.

Turkey achieved an average growth rate of 7.8% annually in the last five years and ranked as the 19th economy in the world. Exports are the driving force behind this sustainable economic growth achieved by productivity increases and private sector investments.

In the 2002-2005 period, world trade volume expanded at an average of 17%, whereas Turkey realized a higher growth rate compared to other developing countries and achieved an average annual export growth of 27%. In this context, Turkey's exports, which was below USD 30 billion in the second half of the 1990s, reached USD 85.3 billion as of end-2006. More striking was the fact that, this increase was achieved in a period where Turkish Lira appreciated in real terms.

Turkish exporters' great efforts were what made this level of export volume achievable. The state institutions also provided significant support to exporters in the context of the Export Strategic Plans for 2004-2006 and for 2007-2009 prepared under the coordination of the Undersecretariat for Foreign Trade. As a result of these harmonized efforts, Turkey is now

Turkey achieved an average growth rate of 7.8% annually in the last five years and ranked as the 19th economy in the world.

The Export Strategic Plan has allowed Turkey to diversify its export markets in recent years.

the 22nd largest exporter of the world and first in terms of export growth rate among the OECD countries. Currently, Turkey with its 42,000 exporters, exports more than 20,000 different products to over 200 countries and regions.

Besides the quantitative increase in Turkey's exports, a structural change was also realized in the composition of exports. The share of labor-intensive sectors in total exports decreased, while capital-intensive sectors increased. Therefore, traditional export products, such as textile and ready-to-wear, and food, were replaced by the exports of high value-added and high-tech products in 2006. The most significant sign of this was the increased share of automotive and electric and electronics sectors in exports. In recent years, the highest contribution to total exports is made by the automotive sector. Turkey is the only country that has an advanced automotive industry in the region and it became a production center for global markets due to the huge amount of investments. Thus, 7 out of 10 vehicles produced were exported. In 2006, the exports of the sector were USD 14.5 billion, accounting for a 17% share in total exports.

The Export Strategic Plan has also allowed Turkey to diversify its export markets in recent years. As it is known, European Union countries are traditionally the most important trade partners of Turkey, accounting for half of its foreign trade. However, the Undersecretariat for Foreign Trade's efforts under its strategies of developing trade and economic relations with

"Neighboring and Peripheral countries", implemented in 2000 and extended to "African countries" in 2003, "Asia-Pacific countries" in 2005 and "North and Latin American countries" in 2006, have opened the way for Turkish exporters to enter new markets, establish new relations and strengthen the existing ones. As a matter of fact, thanks to the implementation of these strategies, foreign trade volume with neighboring and peripheral countries increased by more than 3 times, reaching USD 75 billion in the last four years and increased by almost 2 times with African countries since 2003, and has reached USD 11.9 billion.

Türk Eximbank has also given financial support at optimum terms under its diverse export credit programs to meet the different needs of exporters in this period. Also, with the ultimate aim of increasing exporters' competitiveness in international markets, the Bank provided export credit insurance and guarantees to allow them to enter into new markets and operate in risky countries. These programs are provided to exporters via the Bank's widening liaison offices network. In this context, the Bank provided a total credit and insurance/guarantee support of USD 7.8 billion to the export sector in 2006.

Increasing exports, especially that of the capital-intensive sectors, rising demand triggered by economic growth and globally high energy prices have stimulated a steady increase in imports. Turkey's imports reached USD 137 billion as of end-2006. Capital and intermediary goods constituted 88% of



Ministry of Finance

total imports, which are inputs of the export industries. This can be seen as a positive factor since the increase in imports supports production and hence, exports. During this period, foreign trade deficit was USD 52 billion. This deficit is a structural problem. To overcome this problem, considering the composition of imports, intermediary good producers should be supported in the medium and long-term so that they can gain international competitiveness.

Services sector, which is another important foreign currency earning sector for Turkey, helps to alleviate the foreign trade deficit to a certain extent. Contracting services is one of the largest contributors of Turkey's services earnings. Overseas projects undertaken by Turkish contractors, which totaled USD 1.5 billion annually at the beginning of this decade, rose significantly and reached a record high of USD 15.9 billion in 2006. Furthermore, Turkish contractors started to undertake prestigious projects that require high level of know-how and management skills, and each worth at least USD 1 billion, such as airport, oil refinery, subway and giant highway projects. This has paved the way for contractors, who specialized in international project preparation and implementation, to enter into new markets more easily and further strengthen their shares in existing markets.

Since its establishment, Türk Eximbank has actively supported Turkish contractors with its Buyers' Credit and Guarantee Programs. Especially, in the early 1990s, the Bank took a pioneering role in providing financial support for Turkish contractors and provided a risk free environment in the countries which were formed after the collapse of the Soviet Union. Therefore, they easily accessed these new and risky markets and acquired valuable experience they later used to operate in other countries. In recent years, in the context of regional strategic plans launched by the Undersecretariat for Foreign Trade, Turkish contractors diversify their country portfolio to totally new and more risky countries, and Türk Eximbank modifies its existing programs or implements new programs, regarding the circumstances prevailing in these countries. In fact, a new program, "Political Risk Insurance Program for Overseas Contracting Services", which is highly demanded

by contractors for their projects in politically risky countries, will be launched after the establishment of its legal infrastructure. With the help of this program, the contracting sector is expected to exceed the 2007 business volume target of USD 17 billion.

Turkish exporters' efforts towards increasing exports both via increasing their productivity and finding new markets are remarkable. The increasing trend in exports is a sign of Turkish exporters' success. This also shows that they operate in international standards. In the Medium-Term Economic Program for 2007-2009, export-oriented growth is projected for this period and an export volume of USD 100 billion is targeted for 2007. In achieving this, it is important for the economy management to form policies in line with the stabilization program and also meet the needs of the export sector. In this respect, Türk Eximbank, which offers a wide range of programs to Turkish exporters and contractors operating overseas, knows that it has an important mission of providing the maximum support possible.

Türk Eximbank, which will celebrate its 20th anniversary in 2007, aims to concentrate on medium and long-term financing and move towards the increased provision of insurance and guarantee activities similar to industrialized countries' export credit agencies. In achieving this, the Bank will use the experience and knowledge it acquired in these 20 years. Furthermore, the Bank will put special emphasis on giving support to capital and semi-capital goods and services exports by taking into consideration the structural change in Turkey's exports. In 2007, the Bank has targeted to provide a total support of USD 9 billion in the form of export credits and export credit insurance and guarantee.

Türk Eximbank will put special emphasis on supporting capital and semi-capital goods and services exports by taking into consideration the structural change in Turkey's exports.

Chief Executive Officer's Message

Türk Eximbank provided USD 7.8 billion support to the export sector in 2006. USD 3.5 billion of this amount was in the form of export credits and USD 4.3 billion in export credit insurance/guarantees. In 2007 we are planning to increase our support to USD 9 billion.



H. Ahmet KILIÇOĞLU
Chief Executive Officer
Vice Chairman

A handwritten signature in black ink, appearing to read 'H. Ahmet KILIÇOĞLU'. The signature is written in a cursive, flowing style. Below the signature is a solid blue horizontal line.

In the year 2006 great success was achieved in the Turkish economy. It was the fifth successive year of the implementation of the structural reform program in which sustainable economic growth was realized. Exports became the main drive behind this continuous economic growth, accomplished in the last 20 consecutive quarters, owing to the increase in competitiveness brought on by especially productivity increases and higher integration of the Turkish economy with the world economy.

Thus, exports have been growing impressively, increasing by 16.8% over the previous year and reaching USD 85.3 billion as of end-2006. In December 2006 monthly exports reached USD 8.7 billion, a record high in the history of the Turkish Republic.

The structure of exports is also changing. In the beginning of the 1980s, Turkey's exports were merely USD 3 billion, composing of mainly traditional agricultural products. However today, Turkey has accomplished the necessary structural changes in exports with product and market diversification. Hence, the share of high-tech, capital-intensive and high value-added products in Turkey's total exports are increasing. On the other hand, Turkish contractors' overseas business volume reached almost USD 85 billion in 2006. While Turkish contractors are undertaking prestigious overseas turnkey projects, Turkish exporters, with their experiences, are increasing their competitiveness in international markets. Today Turkish exporters are doing business in various markets like the European Union, Africa, America and the Middle East, and are exporting a wide range of goods in these markets.

Besides Turkish exporters' great efforts in creating new markets and increasing productivity, Türk Eximbank has played a vital role in supporting export growth with its financing facilities as the sole official export credit agency in Turkey. We have increased our support to the Turkish export sector in 2006, by providing a total of USD 7.8 billion to the export sector; of which USD 3.5 billion was in the form of export credits -indicating an increase of 6% in YTL terms over the previous year- and USD 4.3 billion in export credit insurance/guarantees.

In addition to the liaison offices opened in Denizli, Kayseri and Gaziantep in the previous years, we have opened three more liaison offices in Bursa, Adana and Trabzon in 2006, to provide better service to the dynamic export sector and to reach a larger number of exporters.

It is important for Türk Eximbank to support the competitiveness of SMEs in international markets given the significance of SMEs in the Turkish economy. Thus, while the share of SMEs in the Turkish banking sector's credits was only 6-8% in 2006, Türk Eximbank provided a financial support of USD 1.2 billion to SMEs in the same period. This accounts for 34% of the Bank's total short-term credits.

The Basel II - New Capital Adequacy Standards, which came into effect in the European Union and G-10 countries on January 1, 2007, will come into effect in Turkey from the beginning of 2008. The Basel II criteria will affect both the banking sector and the real sector companies, especially SMEs. With the implementation of Basel II, banks will develop their own models to calculate regulatory capital while seeking to ensure that they establish a risk sensitive business culture and management understanding at the heart of their organization. On the other hand, Basel II will oblige companies to reconsider an institutional development and to take measures to get higher ratings from credit rating agencies; therefore benefit from lower interest rates and have better access to bank loans. SMEs that are well prepared for the process of transition to Basel II will have a competitive advantage over their counterparts, especially in Turkey's EU membership process. As Türk Eximbank, we are also continuing our studies on Basel II. Within the framework of the EU directive and the New Basel Capital Accord, the "Road Map for Türk Eximbank's Compliance with Basel II" is approved by our Board of Directors in line with the Banking Regulation and Supervision Agency of Turkey (BRSA)'s announcement of the "Road Map on the Integration Process of Banks to Basel II". I believe that all exporting firms, particularly SMEs, will also give special attention to this subject.

Türk Eximbank closely monitors both domestic and international markets to improve the terms of its programs in favor of exporters.

In 2007, Türk Eximbank will shift its policy towards placing more emphasis on insurance/guarantee programs and medium/long-term project finance similar to full-fledged modern export credit agencies, while keeping short-term export credits as a significant portion of its operations.

Expectations for 2007

The year 2007 is expected to be a year in which uncertainties will prevail in the world outlook. Turkey will also be affected by these uncertainties arising from external factors, especially the political developments in the Middle East. Other external risks include; concerns on stagnation in the world economy; prevailing uncertainty in international oil prices; concerns on world trade, arising from the trend in industrialized countries towards increased protectionism in their trade policies; the risk for developing countries particularly with high current-account deficit, arising from the rapid changes in the global risk perceptions and international liquidity conditions caused by the monetary policies of the industrialized countries. Furthermore, any problems that might occur in Turkey's relations with the EU will be another risk factor, especially for foreign direct investments in Turkey.

In such a risky environment, it is very important to continue supporting exports -which is targeted to reach USD 100 billion in 2007- so as to ensure an export-oriented growth. In this respect, we are planning to increase our finance to the export sector in our 20th anniversary in 2007, to a total of USD 9 billion, of which USD 4.1 billion will be in the form of export credits and USD 4.9 billion in export credit insurance/guarantees.

Türk Eximbank puts great effort to achieve a sustainable export growth, together with exporters. With the ultimate aim of eliminating concerns on the current-account deficit in the forthcoming period, Türk Eximbank will emphasize on increasing the competitiveness of companies producing intermediary goods in order to reduce exports' dependency on imports.

Up until now, Türk Eximbank has inevitably concentrated on short-term financing of exports, given the economic conjuncture prevailing in Turkey. However, in industrialized countries this



Old Post Office building

function is carried out by commercial banks. Given the current improvements in the economic environment brought on by the implementation of firm macroeconomic policies, commercial banks have started to direct more short-term funds to exporters, thanks to a growing and robust Turkish banking sector. This has given Türk Eximbank the opportunity to shift its policy towards placing more emphasis on insurance/guarantee programs and medium/long-term project finance, similar to full-fledged modern export credit agencies. On the other hand, short-term export credits will continue to be a significant portion of the Bank's operations.

The developments in the Turkish economy and banking sector, the changing functions of export credit institutions as a result of the developments in the global economy, the necessity to implement the above mentioned new strategies and find new funds with this regard, have forced Türk Eximbank to reevaluate its role in export promotion. It has also become a necessity to comply with the "Competition Policy" of the EU Aquis as part of Turkey's EU membership negotiations. Within this framework, a new and comprehensive Draft Law was prepared in 2006 to restructure the Bank financially and administratively. I believe that this new Türk Eximbank Law will pave the way for us to increase our contributions to exports and to achieve the milestone target of USD 500 billion in a shorter period. Additionally, the enactment of this Law will create a better working environment by improving employee personal rights of the Bank's few but competent and exceptionally skilled personnel.

In 2007 we are going to celebrate our 20th anniversary. In this framework, meetings, panels, conferences and exhibitions will be held in various provinces with high export potential to tackle the problems of exporters on the spot and inform them about our credit and insurance programs and implementations. I believe that with these organizations, Türk Eximbank's facilities will be presented more thoroughly and we will find the opportunity to work together with the exporters to find solutions to their financing problems.

As the exporters bank, Türk Eximbank will continue to do its best for the export sector to meet their changing demands with all of its resources, in any economic conjuncture, and will work side by side with exporters and overseas contractors to help them climb to upper levels in the international trade league.



Gazi Institute of Education

History

Türk Eximbank was established in 1987 as the sole official export credit agency in Turkey.

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

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

Anıtkabir, mausoleum of Atatürk



The Bank's main objectives are;

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

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

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

According to article 4/C of chartering Law No. 3332 that was appended by Act No. 3659, the Turkish Treasury covers losses incurred by Türk Eximbank in its credit, insurance and guarantee transactions arising from political risks. This also confirms with the legislation of similar international export credit agencies.

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

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

- Undersecretary of the State Planning Organization,
- Undersecretary of the Treasury,
- Undersecretary for Foreign Trade,
- Undersecretary of the Ministry of Finance,
- Undersecretary of the Ministry of Industry and Commerce,
- Governor of the Central Bank of the Republic of Turkey,
- The Chairman and Deputy Chairman of the Board of Directors and Chief Executive Officer (CEO) of Türk Eximbank.

Changes in the Articles of Association

Türk Eximbank's Articles of Association has not been altered in 2006. However, taking into account the improvements in the Turkish economy and banking sector, the changing role of export credit agencies in parallel with the developments in the global economy, and the necessity to comply with the "Competition Policy" of the EU Aquis as part of Turkey's EU membership negotiations, Türk Eximbank has been forced to reconsider its role as an export credit agency within the framework of these new rules and new economic environment. In this context, a new and comprehensive Draft Law has been prepared to restructure the Bank, financially and administratively. However due to the fact that this law may not be approved by the Grand National Assembly of Turkey because of its exceptionally busy agenda prior to the national elections due in 2007, part of the restructuring shall be carried out through changes to be made in the Cabinet Decree no. 87/11914 that outlines the Principles of the Bank. In turn, the Articles of Association will be revised according to these changes.

Structure of the Bank's Capital

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

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

Türk Eximbank's Relations with the Export Sector

Türk Eximbank tries to meet the changing demands of the Turkish export sector.

Güven Park, Kızılay



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

Being in close relationship with the export sector, Türk Eximbank believes that in addition to financial problems, the structural problems of the real sector must also be addressed and policies must be generated accordingly. In this regard, Türk Eximbank actively participates in the annual "sector meetings", initiated by the Undersecretariat for Foreign Trade in 1998, that aim to constitute the technical infrastructure of sectoral policies. Besides, under the framework of the "Export Strategic Plan" released by the Undersecretariat for Foreign Trade, Türk Eximbank plays an active role in classifying the structural problems of Turkish exports and identifying the long-term solutions to these problems, together with the regarding parties involved in exports.

All companies residing in Turkey and conducting merchandise and services exports can benefit from the programs of Türk Eximbank. Türk Eximbank does not discriminate between sectors and therefore, the sectoral distribution of the Bank's credits is in parallel with the sectoral distribution of Turkey's exports.

On the other hand, Türk Eximbank presents its credit and insurance programs and gets feedback on its activities by visiting exporters. Also, directors and specialists of the Bank participate in the meetings and seminars arranged by different institutions, such as, Export Promotion Center, Small and Medium Industry Development Organization, the Union of Chambers and Commodity Exchanges of Turkey (TOBB),

Istanbul Chamber of Commerce Foreign Trade Institute etc., and inform exporters on the Bank's activities. Furthermore, the Bank holds various meetings, especially in cities where SMEs are large in number, to present its programs.

Türk Eximbank gives special importance to SMEs as such enterprises play a significant role in the economy thus; SMEs are given priority in all credit applications. Also, intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. As a result of this policy, SMEs have attained a 36-40% share in Türk Eximbank's export credits, whereas they only have an 8-10% share in Turkey's exports and about 6-8% share in all banking sector credits.

Türk Eximbank also believes that priority development areas should be given special importance in order to eliminate the social and economic gaps amongst regions. In this framework, companies located in the 51 provinces regarded as Turkey's priority development areas are given priority in all credit applications. Besides, intermediary banks are required to extend at least 5%, at most 25% of their credit limits allocated by Türk Eximbank to companies located in these areas. The Bank also implements the Priority Development Areas Export Credit Program under the Pre-Shipment Export Credits, in which discounted interest rates are applied to such companies.

Türk Eximbank gives special importance to SMEs as such enterprises play a significant role in the economy thus; SMEs are given priority in all credit applications.

Türk Eximbank's Position within the Turkish Banking Sector

Türk Eximbank, with a loans-to-assets ratio of 82%, holds the first place in the banking sector. In other words, the Bank allocates almost all of its funds to export finance.

Sihhiye Square



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

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

Turkish banking sector's strength and effectiveness increased due to the macroeconomic stability and the restructuring realized in the sector in recent years. However, Turkish banks and banking system are still small when compared with their international counterparts in terms of asset and capital sizes. This can be seen in the assets-to-GDP and loans-to-GDP

ratios, which are under EU averages. Although this shows that there is a growth potential for the sector, it also reveals that the banking sector is insufficient in channeling funds to the real sector.

The recent recovery in the economic performance has had a positive effect on the financial sector's intermediation role. However, even though the loans of the banking sector are increasing, the loans-to-assets ratio of the banking sector was only 44%, as of end-2006. On the other hand, Türk Eximbank holds the first place in the banking sector with a loans-to-assets ratio of 82%, due to the fact that the Bank allocates almost all of its funds to export finance. Furthermore, Turkish banks are still reluctant to extend loans to the export sector. As a result, loans extended in the form of credit cards, consumer loans and commercial installment loans constitute 43% of total loans, whereas export loans constitute only 10%. On the other hand, Türk Eximbank provides 17% of the banking sector's export loans on its own. Although the Bank extends almost all of its assets as loans to the export sector, the share of net non-performing loans in total loans is 1.5% in Türk Eximbank, well below the 4.4% of the banking sector's average.

Although Türk Eximbank is not a profit-oriented institution, it has always operated profitably, as this is important to sustain its sound financial structure. Therefore, Türk Eximbank generated a net profit of YTL 303 million in 2006. As of end-2006, the Bank's return on assets ratio is 7.3% and return on equity ratio is 13.1%.

Türk Eximbank provides 17% of the banking sector's export loans on its own.

Türk Eximbank in 2006

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

Anafartalar Street



Credits

General Overview

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

The total amount of short-term Turkish Lira (TL) and foreign currency credits provided by Türk Eximbank has reached YTL 5,012 million (USD 3.5 billion) in 2006, showing a 6% increase on YTL basis over the previous year.

In 2006, Türk Eximbank has financially supported 4.1% of Turkey's exports by its short-term credits.

69% of total short-term credits was provided in TL and 31% in foreign currency.

67% of total short-term export credits was disbursed via intermediary commercial banks.

In 2006, 2,482 companies benefited from Türk Eximbank's short-term credits.

Companies in priority development regions and small and medium scale enterprises (SMEs) have been given priority in all credit applications. As a result of this policy, SMEs have attained a 34% share in short-term export credits and the amount of credits provided to SMEs reached YTL 1,710 million (USD 1.2 billion). Additionally, 66% of the total companies that benefited from Türk Eximbank's short-term credit programs were SMEs. The support directed to encourage the model of Sectoral Foreign Trade Companies, formed by SMEs has continued within the framework of various credit programs.

Textiles/ready-to-wear/leather industries had the largest share in the sectoral distribution of short-term credits with 33% in 2006.

European Union countries were foremost in the regional distribution of the credits with a share of 65% in 2006.

Türk Eximbank has continued to provide a reduction on current interest rates charged for short-term export credits extended to short-term export credit insurance policyholders. This reduction is 1 point for short-term export credits extended in TL and 0.25 points for the short-term export credits extended in foreign currency.

New Arrangements and Amendments

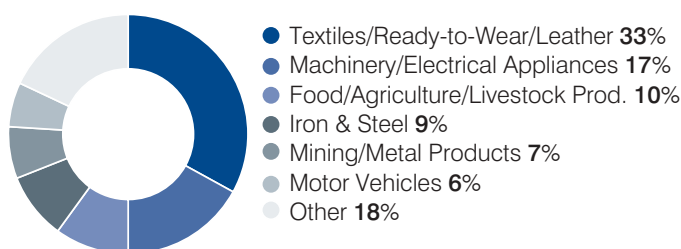
In 2006, several arrangements have been made in relation to the short-term export credit implementations in order to meet the demands of exporters on the basis of economic and political developments in the world and Turkey, as given below.

- Due to the increasing trend in funding costs and market interest rates, interest rates charged for short-term TL export credits have gradually been increased by a total of 4 points during the year. On the other hand, interest rates charged for short-term foreign currency export credits have been reduced by 0.25 points. Hence, currently the interest rates for TL credits range between 13% and 16%, while interest rates for short-term foreign currency export credits range between LIBOR+0.50 - LIBOR+1.25.
- The maximum commission rates applied by intermediary banks have been decreased by 1 point in Pre-Shipment TL Export Credits and by 0.25 points in Pre-Shipment Foreign Currency Export Credits.
- The Bank made arrangements in its credit programs to include the new definition of SMEs according to the Communiqué issued to harmonize the definition of SMEs with EU regulations.
- New arrangements were made to the criteria applied to firms eligible for collateral reduction within the framework of the provisions on risk management and creditworthiness assessment of firms in the new Banking Law No. 5411.

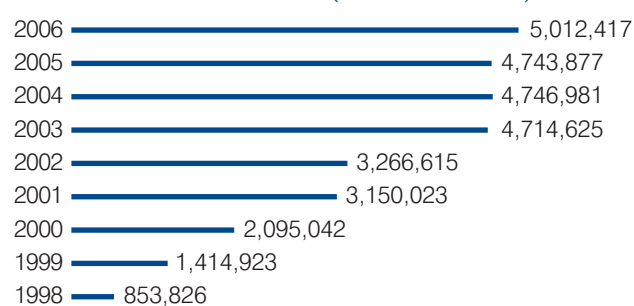
Short-Term Export Credits

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

Sectoral Distribution of Short-Term Credits



Short-Term Credits (YTL thousand)



1. Credits Extended via Commercial Banks

The *Pre-Shipment Export Credits* are short-term credit facilities covering all sectors and providing financial support to exporters starting from the early stages of production. Under this program, credits are extended either in TL for a maximum maturity of 360 days or in foreign currency for 540 days.

Through the *Pre-Shipment Turkish Lira Export Credits (PSEC-TL)*, YTL 2,266 million (USD 1,581 million) worth of credits was disbursed in 2006. This indicates a 19% increase on US dollar basis over the previous year.

Intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. Within this framework, YTL 1,572 million (USD 1,093 million) was disbursed to SMEs through the *Pre-Shipment Export Credits* in 2006.

Under the *PSEC-Priority Development Areas Export Credit* program, which is a sub-program of the PSEC-TL program and is extended to companies located in the 51 provinces regarded as priority development areas, YTL 301.5 million (USD 210.6 million) was disbursed in 2006. The upper credit limit of USD 500,000, applied under this program, for discounted interest rates was eliminated on February 24, 2006 and all credits were deemed subject to interest rate discounts from this date onward.

Under the *Pre-Shipment Foreign Currency Export Credit* program, USD 757.5 million (YTL 1,089 million) was disbursed in 2006.

2. Credits Extended Directly by Türk Eximbank

Within the *Foreign Trade Companies Short-Term Export Credits* program, credits are extended to foreign trade corporate companies and sectoral foreign trade companies that are granted these titles by the Undersecretariat for Foreign Trade. Under this program, a total of YTL 1,139.5 million (USD 802.6 million) was disbursed in 2006, of which, YTL 900.7 million (USD 635.6 million) was disbursed in "TL" and USD 167 million (YTL 238.8 million) in "foreign currency".

Under the *Pre-Export Foreign Currency Credit* program, USD 119.9 million (YTL 173.4 million), and under the *Pre-Export Turkish Lira Credit* program, YTL 293.3 million (USD 204.5 million) were disbursed in 2006.

Under the *Pre-Export Credit Program for SMEs*, a total of YTL 4.9 million (USD 3.5 million) was disbursed, of which, YTL 3.1 million (USD 2.2 million) was disbursed under the *Pre-Export Turkish Lira Credit for SMEs* and USD 1.3 million (YTL 1.8 million) was disbursed under the *Pre-Export Foreign Currency Credit for SMEs*.

3. Credits Funded by the Central Bank of Turkey

The *Short-Term Export Credit Discount Program*, is a post-shipment finance facility, aiming at increasing the competitiveness of Turkish exporters in international markets by enabling them to sell Turkish goods on deferred payment terms and eliminating overseas risks thereby encouraging them to enter into new and target markets.

The *Short-Term Pre-Shipment Rediscount Program*, which requires an export commitment, aims at providing support to exporters with maturity up to 360 days, in the pre-shipment stage.

Under these two programs, USD 14.4 million was disbursed in 2006, of which, USD 8.3 million was in the form of pre-shipment and USD 6.1 million in post-shipment finance.

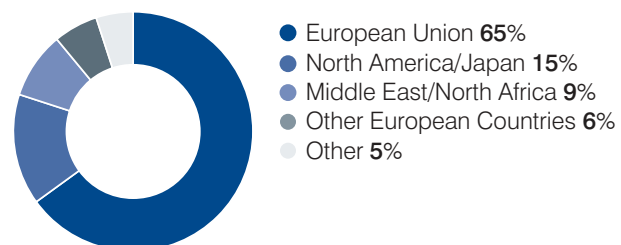
Medium-Term Export Credits (Project Credits)

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

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

The *Ship-Building Finance and Guarantee Program* supports Turkish dockyards to increase their share in international markets. Under this program, guarantees are provided for the

Regional Distribution of Short-Term Credits



Turkish companies involved in ship-building and/or the export of ships in order to obtain pre-financing either in advance payment or in installments from the buyer. Cash loans are also provided under this program. In 2006, a total of USD 13.4 million was provided through this program, of which USD 9.5 million was provided in cash and USD 3.9 million in the form of guarantee.

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

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

Credits for Foreign Currency Earning Services

The *Tourism Marketing Credit* program provides finance to travel agencies and private airlines for their promotion and marketing activities abroad and thus contributes to Turkey's balance of payments via increasing tourism revenues. A total of USD 6.1 million was disbursed within the year.

The *International Transportation Marketing Credit* program, which is extended directly by Türk Eximbank, provides finance to international transportation companies in order to reduce the transportation cost of exporting companies. Within this program, YTL 4.4 million (USD 3.3 million) was disbursed in 2006.

The *Credit Program for Foreign Currency Earning Services* contributes to Turkey's foreign exchange earnings through financing of Turkish companies' foreign currency earning services abroad and export of services like software projects, consultancy services, etc.

Islamic Development Bank Backed Credits

Türk Eximbank acts as an intermediary agency for the *Export Financing Scheme* of the Islamic Development Bank (IDB), in accordance with the agreement signed in 1988 between the two parties. This program entails financing on buyer credit basis. The IDB has the credit approval authorization and the buyer's risk for the transactions mediated by Türk Eximbank is borne by the IDB.

Additionally, within this scheme, a USD 20 million limit was provided. Under this limit, Türk Eximbank has the credit approval authorization and bears the buyer's risk.

Turkish exporters' imports of raw materials, semi-capital and capital goods to be used in the production of export goods were financed through the IDB's *Import Trade Financing Operations (ITFO line)* financing scheme.

An autonomous international trade financing entity, namely "The International Islamic Trade Finance Corporation" (ITFC), to be established within IDB Group will take over all the business currently done under the trade financing programs of the IDB Group, consolidating all the IDB's trade finance windows under a single umbrella. The entity is expected to start its operations soon.

Risk Evaluation and Monitoring of Banks

Türk Eximbank allocates limits for treasury operations and short-term cash (TL and FX) and non-cash (FX) credit limits to banks through a detailed risk evaluation process. This process includes an in-depth financial analysis of each bank through the application of internationally accepted financial analysis approaches and periodical reviews of other factors such as ownership structure, field of activities, management quality, strategies and future outlooks. In addition, developments in financial markets and bank activities are constantly monitored and reported.

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

Buyers' Credit and Guarantee Programs

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

Under these programs, since 1989, loans totaling USD 2.2 billion have been disbursed to Turkish contracting firms/exporters operating in 23 countries located in Central and Southern Asia, Central and Eastern Europe, Africa, the Caucasus and Balkans. The amount disbursed was utilized for the exports of goods such as food, medicine, medical equipment, textile products, automotive products, machinery and equipment, and other industrial goods and for projects such as trade centers, medical centers, industrial plants, telecommunication, bridge/transportation, energy, petrochemicals, construction and renovation of hotels and business centers.

Within the framework of the Buyers' Credit and Guarantee Programs, USD 21.5 million was disbursed in 2006. Throughout the year, USD 360.5 million was collected from the credits extended to Albania, Algeria, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Pakistan, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan. Thus, currently the total amount collected has reached over USD 2.4 billion.

In 2006, Türk Eximbank issued or renewed the validity of 18 "letters of intent" for projects to be undertaken by Turkish firms in Albania, Azerbaijan, Belarus, Pakistan, Russian Federation, Sudan, Syria and Uzbekistan.

In accordance with the provisions of the Intergovernmental Agreement, signed by the Turkish Treasury and the Ministry of Finance of the Russian Federation, and the Implementing Agreement signed between Vnesheconombank and Türk Eximbank, the Russian side settled its accounts held at Türk Eximbank due under the Debt Rescheduling Agreement by paying the total principal amount of USD 251.5 million on June 6, 2006.

The Loan Agreement, allocating USD 14.5 million for the financing of the El-Mek Nimir Bridge Construction Project in Sudan was signed on May 2, 2006 between Türk Eximbank and the Ministry of Finance and National Economy of Sudan.

A cooperation agreement was signed between Türk Eximbank and the Macedonian Bank for Development Promotion (MBDP) on June 15, 2006, in line with the proposal brought up by Macedonia in the fourth session of the Turkey-Macedonia Joint Economic Commission meeting.

Within the framework of the Agreed Minutes signed with the members of the Paris Club on March 11, 2005, a bilateral debt rescheduling agreement was signed with the Kyrgyz Republic on March 9, 2006, which became effective on July 17, 2006.

The debt rescheduling agreement signed with Georgia on October 5, 2005 within the framework of the Agreed Minutes signed with the members of the Paris Club on July 21, 2004, became effective on June 28, 2006.

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

Türk Eximbank's Buyers' Credit and Guarantee Programs aim at creating opportunities for and boosting the competitive strength of Turkish exporters and overseas contractors in newly emerging markets.

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

Countries	Credit Limit	Total Disbursements (as of 31.12.2006)
ALBANIA	15	13.9
Export Credit	15	13.9
ALGERIA	100	99.5
Export Credit	100	99.5
AZERBAIJAN	250	91.7
Export Credit	100	59.6
Project Credit	150	32.1
BELARUS	20	18.5
Project Credit	20	18.5
BULGARIA	50	20.9
Export Credit	50	20.9
CUBA	40	0.5
Export Credit	40	0.5
GEORGIA	50	41.5
Export Credit	50	41.5
HUNGARY	10	0.1
Export Credit	10	0.1
KAZAKHSTAN	240	213.1
Export Credit	55.7	40
Project Credit	184.3	173.1
KYRGYZ REPUBLIC	75	48.1
Export Credit	37.5	35.7
Project Credit	37.5	12.4
LIBYA	100	128.7
Project Credit	100	128.7
MOLDOVA	35	15
Project Credit	35	15
NAKHICHEVAN	20	19.6
Export Credit	20	19.6
PAKISTAN	100	58.3
Project Credit	100	58.3
ROMANIA	50	45.7
Export Credit	50	45.7
RUSSIAN FEDERATION	1,150	835
Export Credit	800	599.4
Project Credit	350	235.6
SUDAN	14.5	6.9
Project Credit	14.5	6.9
SYRIA	15	7
Export Credit	15	7
TAJIKISTAN	50	28
Export Credit (*)	50	28
TUNISIA	40	1.9
Export Credit	40	1.9
TURKISH REP. OF NORTHERN CYPRUS	3.7	3.7
Project Credit	3.7	3.7
TURKMENISTAN	163.3	133
Export Credit	75	75
Project Credit	88.3	58
UZBEKISTAN	397.2	369.1
Export Credit	125	124.6
Project Credit (*)	272.2	244.5
TOTAL	2,988.7	2,199.7

(*): IDB transactions are included.

Atatürk Monument/Ulus Square



Export Credit Insurance

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

Short-Term Export Credit Insurance

Within the scope of the *Short-Term Export Credit Insurance Program*, all shipments to be made by an exporter in the duration of a one-year policy period and with payments deferred up to 360 days are insured against commercial and political risks. To promote the Program, policyholders are offered a discount on the interest rates of Türk Eximbank's short-term export credits since 1997.

Türk Eximbank was on-cover towards 176 countries and a total of USD 4.3 billion worth of shipments was insured in 2006. Premium amounting to USD 19 million was collected throughout the year.

In 2006, textiles/ready-to-wear/leather products were foremost in the sectoral distribution of exports insured, with a share of 35% and the European Union countries were the leading market with regard to the regional distribution, with a share of 60%.

During the year 9,845 new buyers have been registered in the underwriting archives raising the total number of the records to 113,610 by the end of the year.

Under the Program, USD 6.7 million worth of claims was paid out in 2006 arising from the shipments to various countries. Of this amount, USD 238 thousand worth of claims was paid out due to political losses and USD 6.5 million due to commercial losses.

In 2006, Türk Eximbank recovered USD 711 thousand of the former claims paid whereof USD 285 thousand of this amount was related to political risk losses and the rest was related to commercial risk losses.

The "premium discount" facility, introduced in 2002 to maintain the demand for this Program and to mitigate the insurance costs of exporters, was applied to firms found eligible by the "exporter appraisal model". This model takes into account past performances of firms that have their shipments covered for at least one year and that have met certain criteria such as reasonable loss ratio, portfolio quality, company size, prudence, etc. As of end-2006, 392 firms were found eligible for a premium discount and the discount rate has been 9% on average.

Türk Eximbank has continued to cede 70% of the commercial and political risks borne under the Short-Term Export Credit Insurance Program to domestic and overseas reinsurance firms during 2006.

Türk Eximbank aims to offer guarantee schemes to commercial banks in an effort to create a risk free environment for them to engage directly in export financing. In line with this aim, negotiations with a commercial bank have been continued throughout the year and a cooperation agreement is projected to be signed soon with this bank.

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



T.C. Ziraat Bankası A.Ş.

In compliance with the aim of increasing trade and investments among the members of the Organization of Islamic Countries (OIC), a working group called the "ECA Partners" was formed between the ICIEC (Islamic Corporation for Insurance of Investments and Export Credits) and some other member export credit agencies, to enhance the cooperation in reinsurance and co-insurance activities, exchange of information, collection of receivables, technical support and training. Türk Eximbank hosted the latest meeting of the ECA Partners on June 13, 2006 in İstanbul. Apart from Türk Eximbank, MEXIM (Malaysia) and COTUNACE (Tunisia) participated in the meeting along with the ICIEC. During the meeting, participants decided to establish the "Daman Union" with the participation of the OIC member countries' export credit agencies, to perform the objectives stated above and the draft agreement for the establishment of the Daman Union was prepared. In 2007, this agreement will be opened for discussion and signature by all members.

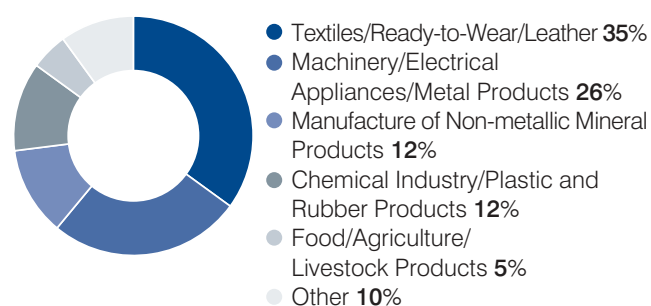
Medium and Long-Term Export Credit Insurance

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

During 2006, the Bank continued to offer Turkish exporters the *Specific Export Credit Insurance Post-Shipment Political Risk Program* that provides cover against political risks only for the post-shipment stage of medium and long-term exports.

Another version of the medium and long-term export credit insurance facilities of Türk Eximbank, introduced for the post-shipment stage, is the *Specific Export Credit Insurance Post-Shipment Comprehensive Risk Program*, in which cover is provided for commercial risks as well as political risks. This type of cover was also offered during the aforementioned year.

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



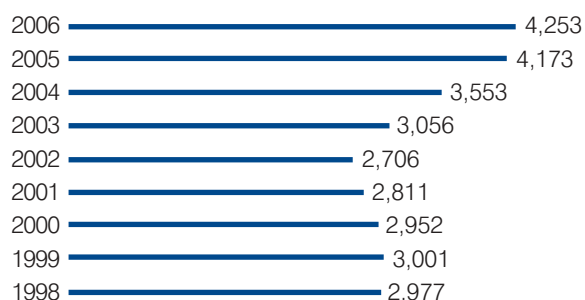
By means of these two programs Turkish exporters who are particularly exporting to Central and Western Asian countries are aimed to be supported. Moreover, in order to pave the way for exporters to have their export receivables discounted, a letter of guarantee can be issued in favor of the financing commercial bank upon demand, within the scope of these programs.

Other

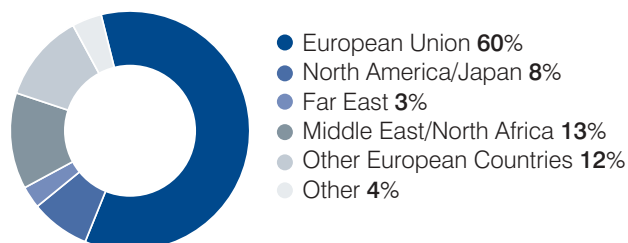
Studies for improving and diversifying the insurance programs have been continued during the year.

Under the Short-Term Export Credit Insurance Program, close cooperation has been maintained with the export credit/credit insurance agencies of various countries during 2006, in order to enlarge the support given to Turkish exporters and entrepreneurs.

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



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



Funding and Treasury

Capital

The Bank's nominal capital, which was increased to YTL 750 million in May 2001, was fully paid in June 2006 and was increased to YTL 1 billion as of December 2006. In 2006, the Undersecretariat of Treasury paid a total of YTL 270.8 million capital and as of end-2006, the paid-in capital of the Bank was YTL 928.6 million.

Indemnification of Political Risk Losses

During 2006, the Turkish Treasury indemnified YTL 141.6 million (approximately USD 94.6 million) for the losses incurred by Türk Eximbank in its operations. Hence, as of end-2006, the Bank does not have any claims left from the Turkish Treasury.

Debt Management

With the strong performance of the Turkish economy in recent years, the cost of foreign borrowing has decreased considerably. Accordingly, in 2006 Türk Eximbank continued to pursue an effective debt management strategy to reflect the improving conditions in its liability structure.

Funding from Domestic Markets

During 2006, the short-term Turkish Lira denominated credit portfolio was funded entirely through the Bank's capital and internal financial sources, i.e. principal and interest repayments.

On the other hand, in 2006, 63% of Türk Eximbank's short-term foreign currency denominated credit portfolio was funded through short-term borrowings and 37% was funded through medium and long-term borrowings.

Borrowings from International Markets Through Syndicated Loans

To fund the loans extended and fulfill its debt obligations, in 2006 Türk Eximbank has raised a total of USD 525 million syndicated loans with the details given below.

- A one-year, USD 300 million syndicated loan was raised from 18 international banks in March 2006.
- A three-year "Club-Loan" of USD 175 million was raised in August 2006 from 13 international banks in the Euro-syndication market. This was important, since Türk Eximbank was one of the few Turkish banks raising a 3-year syndicated loan.
- A one-year, USD 50 million loan was also raised from the banks operating in the Gulf countries in December 2006.

Borrowings from International Markets Through Bilateral Loans

The six-month, USD 23 million loan, raised from the Black Sea Trade and Development Bank, was rolled over twice in 2006. The loan was extended to finance the exports directed to the member countries of the Black Sea Economic Cooperation (BSEC).

On the other hand, a one-year, Euro 15 million loan was raised from a foreign bank in 2006.

Türk Eximbank has received the highest credit rating that any bank can get in Turkey and thus, is able to borrow from international markets at convenient rates.

Debt Servicing

During the year, USD 440 million debt servicing (including interest) was fulfilled.

Liquidity Management

The Bank's liquidity was successfully managed with the effective use of all money and capital market instruments.

Türk Eximbank, taking into account its cash flows and the prevailing conditions in money and foreign exchange markets, placed its YTL and foreign currency excess liquidity in domestic and international money markets during 2006.

The securities portfolio, which consists of liquid securities with high-yields, such as YTL Treasury bills, state bonds and Eurobonds, were partly used as collateral in the Central Bank for the interbank market operations.

Managing Risk

During 2006, the Bank continued to implement the strategy of matching its assets and liabilities in terms of currency, maturity and interest basis.

Short-term foreign currency swap transactions worth of USD 3.6 billion were carried out during the year in order to meet exporters' foreign exchange loan demand and to manage the Bank's foreign currency risk. Also, YTL/foreign exchange transactions were carried out for managing foreign exchange risk.



Popular Education Center and Atatürk Primary School

International Relations

Close relations with the International Union of Credit and Investment Insurers (Berne Union) continued in 2006. While the Bank was represented in the technical sub-committees dealing with short-term transactions, Türk Eximbank's representative was appointed as vice chairman of the Union's short-term transactions committee.

In addition to the cooperation agreements signed in the past years with other export credit and insurance agencies and international financial institutions such as, US Eximbank/USA, EDC/Canada, COFACE/France, Hermes/Germany, OND/Belgium, IFTRIC/Israel, Eximbank of China/PRC, MECIB/Malaysia, NEXI/Japan, SEC/Slovenia, Eximbanka S.R./Slovak Republic, KUKE/Poland, EGFI/Iran, ECGE/Egypt, Eximbank of Romania/Romania, Eximbank of Russia/Russia, Vnesheconombank/Russia, HBOR/Croatia, KEIC/South Korea, EKF/Denmark, MIGA, ADB and EBRD, in 2006 new agreements were signed with The Export-Import Bank of the Republic of China (TEBC)/PRC and Macedonian Bank for Development Promotion (MBDP)/Macedonia. During the year, close cooperation was maintained with these agencies and institutions.

As a member since April 1998, the Bank's relations with the OECD Working Party on Export Credits and Credit Guarantees (ECG) continued in 2006. Türk Eximbank has also become an observer member to the Participants Group in November 2006.

Türk Eximbank participated in the annual meetings of the World Bank, IMF, OECD, EBRD and Berne Union and maintained close contacts with institutions concerning Türk Eximbank's foreign credit and international loan activities during the year.

The Bank's relations with the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC), an affiliate of the IDB, also continued in 2006.

Close cooperation has been maintained with other export credit agencies to finance joint venture projects in third countries within the framework of the Bank's credit/guarantee and insurance programs.

Besides strengthening its relations with foreign commercial and investment banks in treasury and funding operations, Türk Eximbank maintained close relations with the World Bank, JBIC and the Black Sea Trade and Development Bank.

In 2006, Türk Eximbank continued to maintain close cooperation with other export credit and insurance agencies and international financial institutions.

Arrangements Initiated in Accordance with International Rules and Regulations

Road Map for Türk Eximbank's Compliance with Basel II

As regards the measurement and assessment of capital adequacies of banks, the Basel Committee on Banking Supervision (BCBS) has issued the "International Convergence of Capital Measurement and Capital Standards" (Basel II) on June 2004. Accordingly, the Banking Regulation and Supervision Agency of Turkey (BRSA) announced the Road Map on the Integration Process of Banks to Basel II on May 30, 2005. The Board of Directors of Türk Eximbank approved the "Road Map for Türk Eximbank's Compliance with Basel II" in October 2005. The Road Map is subject to a dynamic assessment and updating process and it can be modified with the consent of the Board of Directors.

Türk Eximbank is in close cooperation with the BRSA. The risk management department carries out the Basel II compliance activities of Türk Eximbank within the framework of the Bank's Road Map.

Export Credits and Environmental Guidelines

In 2001, the OECD ECG reached a consensus on "OECD Recommendation on Common Approaches on Environment and Officially Supported Export Credits" to mitigate the negative environmental impacts of projects supported by official export credit agencies. Most ECG members, on a unilateral and voluntary basis, have implemented these common approaches

since the beginning of 2002. In 2004, the Recommendation on common approaches was revised. Türk Eximbank started to implement the "Environmental Guidelines" in accordance with the latest version of the OECD Recommendation in 2004.

Environmental Guidelines apply to any project or export of capital goods and services related to any project, for which Türk Eximbank has been requested to provide support of over SDR 10 million through its export credit, insurance and guarantee programs with repayment term of two years or more. Sovereign rights of the buyer countries are also taken into account in the evaluation process.

Export Credits and Combating Bribery

In 1997, 30 OECD members (including Turkey) and Argentina, Brazil, Bulgaria, Chile and Slovakia signed the "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" in Paris and the Convention became effective in 1999. Turkey has enacted her own law in line with the Convention in 2003.

ECG members are also taking measures to deter bribery in the export deals they support, in accordance with the Convention and their own legislation. In this framework, firms applying for any credit, guarantee or insurance facilities of Türk Eximbank, have been asked to sign a declaration relating to combating bribery in international business transactions, since 2004.

Ankara Station



Information Services

The Information Department provides information reports needed by the Insurance Department on buyers for risk assessment and limit assignment. In 2006, 24,053 credit information reports on foreign buyers were procured via on-line connections and e-mail, indicating a 19% increase when compared to the 20,195 reports in 2005. Continuous developments in information technologies are enriching the content of information reports as well as shortening delivery times and lowering costs. In 2006, average prices of information reports increased by 8%, mainly due to the depreciation of the US Dollar against the Euro and the increased number of companies located in risky developing countries whose information reports are charged higher than average prices. The total spending on information reports in 2006 increased to USD 1,278,049 from USD 983,393 in 2005.

Information garnering and analysis of the financial situations of exporters and contracting companies that applied to Türk Eximbank's medium and long-term credit programs have also continued during 2006. Within the framework of the credit risk assessment process, the Information Department tracks and analyses sectors, regions, countries and developments in foreign markets in which these companies operate. By doing so, the risks arising beyond companies' control are tracked and monitored.

The Information Department continued to provide foreign export credit insurance agencies with credit information reports on Turkish companies. Through these reports the Information Department aims to help Turkish companies to benefit from the programs of foreign export credit insurance agencies, without paying unnecessary risk premiums due to lack of comprehensive, reliable and speedy credit information reports.

With the implementation of the Basel II criteria, accurately determining, analyzing and pricing domestic and overseas risks will play an important role, both on the financial structure of financial institutions and the competitiveness of commercial and industrial companies. In the process of transition to Basel II, studies deemed necessary in the field of information for the efficiency and effectiveness of the Bank will continue.

In the framework of information services, periodicals and other publications used by the Bank personnel have been provided locally and from abroad. In this context, library and documentation expenses totaled YTL 59,261.



People's House

Information Technologies

Türk Eximbank's leadership in the implementation of information technologies is continuing. The studies on the automation of all the work processes of Türk Eximbank have been speeded up. In this context, revisions in the operations manuals are made without delay so that the Bank's customers will not be negatively affected.

Besides, the auditing of the Bank's IT and work processes have started in the framework of "The Regulation of Independent IT Audit in Banks" implemented by the BRSA. These studies are based on COBIT (Control Objectives for Information and related Technology), an IT governance framework model, which has been published by ISACA (Information Systems Audit and Control Association).

In addition, studies to perform the transactions of all private and government institutions/enterprises directly via the electronic environment have started. In order to prepare the automation applications for such transactions "Data Warehouse" installation studies are being carried out.

In order to protect the Bank's systems from possible attacks from the Internet, the firewall system has regularly been updated. Intrusion Prevention System was adopted and used proactively. Studies on enriching the content and quality of the Bank's Intranet system continued throughout the year and the system was prepared for use in 2007.

Especially in recent years, studies on the electronic government project, executed in the Turkish public sector, have accelerated and considerable success has been achieved in terms of

competition, speed and productivity. Türk Eximbank's banking applications running on the web environment is also an important part of the electronic government project. In this framework, training, analysis, design and counseling studies on new software projects have continued.

The document management system (Documentum) was upgraded to the latest version. Customizations applied to departmental projects and infrastructure changed to gain more advantages of the new system. Electronic Fax System usage became widespread throughout the Bank. Studies for the implementation of the Document Management System in the credit and insurance departments have continued. Therefore, a study was carried out on an imaging service bureau for an approximately 4 million page-archive and specifications of a tender, projected for early 2007, were prepared. In 2007, studies will be accelerated for Türk Eximbank to take its place in the e-banking system through the transformation of archives of the credit and insurance departments into the electronic environment.

Within the framework of the Electronic Data Exchange Project, studies to develop an interactive web page have continued. Also, with the utilization of the electronic certificates, a more effective web environment will be presented to users.

Ethnographical Museum



Targets and Activities of Türk Eximbank in the Forthcoming Period

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

Istasyon Street, Ulus



Targets for the Forthcoming Period

Emphasis on Medium and Long-Term Project Credits and Export Credit Insurance/Guarantee Programs

Türk Eximbank, in line with the policy of diversifying its financing instruments, aims to place more emphasis on guarantee and insurance programs and medium and long-term trade and project finance, similar to other export credit agencies. On the other hand, short-term export credit and export credit insurance operations will continue to be a significant portion of the Bank's operations in order to finance the pre-shipment financing needs of Turkish exporters and therefore increase their competitiveness in international markets.

Support for Turkish-made Goods

In line with the Government's export policies for 2007; both exports of hi-tech, high value-added goods and exports with Turkish brand names that contribute to the image of Turkish-made goods in international markets will be supported. Also, in addition to the standard programs, medium and long-term programs will be implemented for different needs of exporters.

Financing of Extension and Modernization Projects

The Bank aims to develop medium-term financing opportunities, to increase the exports of high-tech products, high value-added manufacturing goods and particularly investment/semi-capital goods. These medium-term financing opportunities are aimed at taking into account alternative terms of guarantee together with the financing of imports used in the production of export goods. Within this framework, financial support will also be provided to extension and modernization projects.

Support for the Ship Building Sector

Special importance will be given to the ship building sector and in order to support coast trade -as indicated in the Government Program for 2007- Türk Eximbank will develop financing facilities for this sector in collaboration with the Undersecretariat for Maritime Affairs.

Entering New Markets via Buyers' Credits

Türk Eximbank's goal in the forthcoming period is to provide Buyers' Credit and Guarantee programs to Turkish exporters and overseas contractors in their efforts to enter into new markets in line with the strategies designated and implemented by the Undersecretariat for Foreign Trade. Within this framework, Türk Eximbank will increase its focus on the countries designated by the Undersecretariat for Foreign Trade under its "Strategy for the Development of Trade with the Neighboring and Peripheral Countries" and the "Strategy for the Development of Trade with the African and Asia Pacific Countries".

Due to the difficulties of obtaining sovereign guarantees required in the buyers' credits programs, Türk Eximbank aims to finance the exports and/or projects of Turkish firms either under the guarantee of foreign banks determined by intergovernmental protocols or deemed as trustworthy by Türk Eximbank, or through direct lending under the guarantee of these particular banks.

Enhancing Relations with Domestic and International Financial Institutions

Türk Eximbank aims to develop joint financing facilities with other export credit agencies and international financial institutions (IBRD, EBRD, ADB, etc.) in order to share the risks of joint projects of Turkish and foreign companies in designated countries. Therefore, similar financing conditions will be provided.

In an effort to channel commercial bank funds to export financing through insurance programs thus expand export financing facilities, Türk Eximbank will enhance its cooperation with domestic and international financial institutions.

The Political Risk Insurance Program for Overseas Contracting Services

In 2007, the Bank plans to complete the studies on launching the "Political Risk Insurance Program for Overseas Contracting Services" for Turkish contractors operating especially in foreign countries with high political risk.

Opera House



Organizational Development

Organizational Structure

Similar to other export credit agencies around the world, Türk Eximbank does not have a multi-branch structure. However, the Bank has two branches in İstanbul and İzmir, the cities that have an important role in Turkey's exports. These branches extend direct export credits and provide information to exporters regarding the Bank's other programs and find solutions to problems on the spot. Also, in addition to the liaison offices opened in the past years in Kayseri, Denizli and Gaziantep, in 2006 new liaison offices were opened in Adana, Bursa and Trabzon, in line with the objective of providing better service to the dynamic export sector.

Legislation

The developments in the Turkish economy and banking sector, the changing functions of export credit institutions as a result of the developments in the global economy and the necessity to comply with the "Competition Policy" of the EU Aquis as part of Turkey's EU membership negotiations, have forced Türk Eximbank to reevaluate its role according to these new rules and new economic environment. Within this framework, a new and comprehensive Draft Law to restructure the Bank financially and administratively was prepared in the first half of 2006 and submitted to the related authorities for their opinion in line with the current legislations. Upon receiving their comments, the first stage of the legislation process has been completed.

Türk Eximbank aims to reach a larger number of exporters and provide better service to the dynamic export sector.

International Obligations

International Rules and Regulations

Türk Eximbank complies with the international rules and legislation arising from Turkey's membership to the WTO, OECD Working Party on Export Credits and Credit Guarantees (ECG), OECD Participants to the Arrangement on Officially Supported Export Credits and from the agreement of the Customs Union with the EU. Also, Türk Eximbank's programs are being harmonized with related legislations following the opening of membership negotiations with the EU.

Studies under the ECG are being carried out in three main topics:

1. Applying the Recommendation on Combating Bribery of Foreign Public Officials in International Business Transactions

The 2006 OECD Recommendation approved by the Council of Ministers on December 14, 2006, states the actions that Member countries must take to combat bribery of foreign public officials in international business transactions. Hence, in 2007 Türk Eximbank will set the guidelines to deter and sanction bribery according to the provisions of the Recommendation.

2. Environment

The Environment Guidelines of Türk Eximbank, which has been in practice since 2004 and prepared in parallel with the "Recommendation on Common Approaches on Environment and Officially Supported Export Credits", will be updated in 2007 in accordance with the amendments to be made by ECG in the Common Approaches.

3. Responsible Lending

"Responsible Lending" is another topic addressed in the work program of the ECG. In this context, the aim is to keep the amounts and terms of the loans given to heavily indebted countries, at rates and proportions that will not have a negative impact on the sustainable development of these countries. In this respect, OECD is planning to act in line with the IMF, BIS and World Bank. Hence, Türk Eximbank will undertake the necessary studies on this topic, with respect to Turkey's obligations towards the ECG, following any decisions taken in the ECG.

Harmonization with the EU Acquis

Under the "Competition" and "External Relations" chapters of the EU Acquis, Türk Eximbank activities are covered.

Although currently Türk Eximbank covers both short and medium/long-term export credit insurance transactions, the EU Acquis requires that marketable risks under short-term export credit insurance facilities be carried out by separate entities that do not benefit from state aid. Therefore, under the related EU Directive, all Türk Eximbank's short-term insurance functions will be constructed under another entity. The restructuring involved in this process will most likely be carried out according to the instructions and guidance of the Undersecretariat of Treasury.

Under the "External Relations" chapter; technical aspects of medium/long-term export credit insurance transactions and of co-insurance agreements signed with other member export credit agencies have to be harmonized with the related EU Directives.



Ankara Palas



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COMPLIANCE OPINION ON THE ANNUAL REPORT

We have been engaged to audit the annual report of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") as of 31 December 2006. This annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the annual report about whether the financial information presented in the annual report is consistent with the audited unconsolidated financial statements and explanatory notes to the financial statements.

We conducted our audit in accordance with the principles and procedures regarding the preparation and issue of annual reports and independent audit principles set out by the regulations in conformity with the Banking Act No.5411. Those regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial information presented in the annual report is consistent with the audited unconsolidated financial statements and explanatory notes to the financial statements. We believe that our audit provides a reasonable and sufficient basis for our opinion.

In our opinion, the financial information included in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Türkiye İhracat Kredi Bankası A.Ş. at 31 December 2006 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Act No.5411; includes a summary of the Board of Directors' report and the independent auditor's report; and is consistent with the convenience translation of the audited unconsolidated financial statements and explanatory notes to the financial statements.

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

Alper Önder, SMMM

İstanbul, 4 April 2007

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Board of Directors and Auditors



1- TUNCER KAYALAR
Chairman

Born in 1952 in Ankara. Mr. Kayalar is a graduate of Ankara Academy of Economic and Commercial Sciences. For many years he held positions in the Undersecretariat for Foreign Trade, such as Assistant Counselor of Trade in the Turkish Embassy in Moscow and Counselor of Economy and Trade in the Consulate General in New York. He is currently the Undersecretary for Foreign Trade and has been serving as Chairman of the Board of Directors in Türk Eximbank since December 25, 2002.

2- H. AHMET KILIÇOĞLU
Vice Chairman / Chief Executive Officer

Born in 1956 in Tirebolu. Mr. Kılıçoğlu holds a BA in Economics and an MA in Economics and International Trade from the University of Essex, England. He joined the Bank in 1987 and has worked as a Specialist, Manager, Head of the Export Credit Insurance Division and Assistant General Manager in charge of insurance and guarantee programs. Mr. Kılıçoğlu has been the Chief Executive Officer of Türk Eximbank since February 1998 and Vice Chairman of the Board of Directors since December 26, 2002.

He was appointed as the President of the Berne Union (International Union of Credit and Investment Insurers) in 2000-2001. Mr. Kılıçoğlu is currently a Consultative Committee member of the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC), an affiliate of the Islamic Development Bank.

3- CAVİT DAĞDAŞ
Member of the Board and Audit Committee

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

4- M. NURHAN GÜVEN
Member of the Board and Audit Committee

Born in 1945 in Adana. Mr. Güven is a graduate in Law, University of Ankara. He has been a lawyer since 1976. From 1992 to 1997, he has served as a member of the Audit Board of Türk Eximbank. Mr. Güven has been a member of the Board of Directors of Türk Eximbank since February 1999. He has served as Board Member responsible for Internal Control, Audit and Risk Management System in Türk Eximbank from December 21, 2001 to October 31, 2006. Mr. Güven has been serving as the Chairman of the Executive Risk Committee since December 21, 2001 and was appointed as member of the Audit Committee on October 31, 2006.

5- OĞUZ SATICI
Member of the Board

Born in 1965 in İstanbul. Mr. Satıcı holds a BS in Management, Washington Int. University. He has been a Board Member of the Economic Development Foundation (IKV), the Export Promotion Center and various Exporters' Associations. Mr. Satıcı has also been a Board and Assembly Member of the İstanbul Chamber of Commerce. He is currently the President of the Turkish Exporters' Assembly (TİM), Assembly Member of the İstanbul Chamber of Industry and Chairman of the Board of Directors of two private companies. Mr. Satıcı has been a member of the Board of Directors of Türk Eximbank since March 1, 2002.

6- MEHMET BÜYÜKEKŞİ
Member of the Board

Born in 1961 in Gaziantep. Mr. Büyükeksi graduated from the Faculty of Architecture, Yıldız Technical University. He is currently the Vice President of the Turkish Exporters' Assembly (TİM), a Board Member in the İstanbul Chamber of Industry and the Turkish Airlines, and has been a member of the Board of Directors in Türk Eximbank since October 24, 2002.

7- ADNAN ERSOY ULUBAŞ
Member of the Board

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

8- GÜNER GÜCÜK
Member of the Audit Board

Born in 1947 in Çorum. Mr. Gücük holds a BS in Management and an MSc in City and Regional Planning from the Middle East Technical University. He started his career at the General Directorate of Highways and worked in various public organizations and private sector companies as manager. He gives management consultancy services to many domestic and foreign firms, public and private sector industrial and commercial institutions and banks. Mr. Gücük has been a member of the Audit Board in Türk Eximbank since August 11, 1997.

9- PROF. DR. ARIF ESİN
Member of the Audit Board

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

Türk Eximbank Board of Directors meets twice a month. In 2006, the Board of Directors had 25 meetings, which took place in Ankara. 22 of these meetings were held with full participation of members and 3 meetings took place with the absence of 1 member each.

Senior Management



Senior Management of Internal Systems



1- OSMAN ASLAN

Assistant General Manager in charge of Export Credits

Born in 1954 in Antalya. Mr. Aslan holds a degree in Economics and Statistics from the Middle East Technical University and an MA in Financial Economics and Banking from the University of Wales, England. From 1978 to 1984, Mr. Aslan was an Economist at the Central Bank of the Republic of Turkey and from 1984 to 1988 he was Economic Advisor to the Deputy Prime Minister. He joined Türk Eximbank in August 1988 and is currently the Assistant General Manager in charge of Export Credits.

2- ALEV ARKAN

Assistant General Manager in charge of Buyers' Credits and Export Credit Insurance/Guarantees

Born in 1952 in Trabzon. Ms. Arkan is a graduate in Law, University of Ankara. Following the completion of her lawyers practice program, she started her professional career in the Ministry of Energy and Natural Resources and worked as a lawyer in the Social Security Institution (SSK). She joined the State Investment Bank in 1987 and took part in its transformation to Türk Eximbank. Ms. Arkan worked in various positions in Türk Eximbank and has served as the Assistant General Manager in charge of Buyers' Credits and Export Credit Insurance/Guarantees since March 2, 1998. She is currently the Vice Chairman of the Berne Union Short-Term Export Credit Insurance Committee.

3- ERTAN TANRIYAKUL

Assistant General Manager in charge of Treasury and Funding

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

4- NECATİ YENİARAS

Assistant General Manager in charge of Accounting, IT, Research and Coordination

Born in 1962 in Kars. Mr. Yeniaras holds a BA in Foreign Trade and International Operations and an MA in Economics from the Gazi University. He started his professional career in the accounting department of a private company. He served in different posts in the Development Bank of Turkey. He was an Economic Advisor to the State Minister in charge of Economy and in the Turkish Iron and Steel Works. Mr. Yeniaras has served as the Assistant General Manager in charge of Accounting, IT, Research and Coordination in Türk Eximbank since October 1, 1997.

1- İ. TEOMAN ŞENER

Head of Internal Control

Born in 1961 in Ankara. Mr. Şener holds a degree in Economics from the Middle East Technical University. He started his professional career as an Assistant Specialist in the Turkish Ministry of Finance. Mr. Şener worked in Pamukbank between 1987 and 1991. He joined Türk Eximbank in 1991 and has worked in different posts in various departments of the Bank.

Since 2002, Mr. Şener has been working as the Head of the Internal Control Department.

2- MUSTAFA K. KISACIKOĞLU

Head of Internal Audit

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

Since October 10, 2002, Mr. Kısacıkoğlu has been serving as the Head of the Internal Audit Department.

3- CENAN AYKUT

Chief Risk Officer

Born in 1956 in Giresun. Mr. Aykut graduated from the Economics and Finance Department of the Faculty of Political Sciences, University of Ankara. He started his professional career as Junior Specialist in the Project Evaluation Department of the State Investment Bank and took part in its transformation to Türk Eximbank. Mr. Aykut has worked as Manager in the credit and insurance analysis departments of the Bank since 1987.

Since 2002, Mr. Aykut has been serving as the Chief Risk Officer.

Risk Management and Committees in Türk Eximbank

Audit Committee

Member : M. Nurhan GÜVEN (Member of the Board of Directors),

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

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

Executive Risk Committee

Chairman : M. Nurhan GÜVEN (Member of the Audit Committee),

Member : H. Ahmet KILIÇOĞLU (Chief Executive Officer; Chairman of the Credit Committee and Executive Committee),

Member : Cenan AYKUT (Chief Risk Officer).

The Executive Risk Committee, which was established by the Board of Directors Decree dated October 10, 2002, meets at least quarterly to review the Bank's risk management policies. The Committee which met 5 times with full member participation in 2006, reviewed and submitted the risk appraisal report consisting of the Bank's portfolio distribution, capital adequacy, credit risk, market risk, foreign exchange risk, interest rate risk, liquidity risk, non-performing loans, concentration, operational risk, profitability analysis and risk assessment matrix to the Board of Directors.

Risk Management and Committees in Türk Eximbank

Executive Committee

Chairman : H. Ahmet KILIÇOĞLU (Chief Executive Officer),

Member : Osman ASLAN (Assistant General Manager in charge of Export Credits),

Member : Alev ARKAN (Assistant General Manager in charge of Buyers' Credits and Export Credit Insurance/Guarantees),

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

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

The Executive Committee was established by the Board of Directors Decree no. 97/17-70, dated August 6, 1997. The main function of the Committee is to negotiate the issues to be submitted to the Board of Directors for approval. Also, the Committee analyzes/evaluates the draft arrangements on the credit principles, and technical and administrative issues. The main responsibilities of this Committee are; asset/liability management; to evaluate credit applications of both domestic and overseas projects and submit eligible ones to the Board of Directors for approval; to accomplish duties assigned by the Board of Directors. Reports on the balance sheet, income statement, financial structure, placement and funding activities are submitted to the Board of Directors at least quarterly. In 2006, the Executive Committee met 20 times and has taken 118 decisions on issues in its agenda.

Credit Committee

Chairman : H. Ahmet KILIÇOĞLU (Chief Executive Officer),

Member : Osman ASLAN (Assistant General Manager in charge of Export Credits),

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

The Credit Committee, which meets at least once a week, is responsible for the approval of credit allocations within the limits of authorities delegated by the Board of Directors. Accordingly, the short-term Turkish lira and FX credit applications under 1% of the company's shareholders' equity are evaluated and approved by the Credit Committee upon the proposal of the Head and Directors of the Credits Departments. In 2006, the Credit Committee has approved 11,938 credit applications.

Summary Report of the Board of Directors of Türk Eximbank for 2006 Presented to the General Assembly

As a result of the structural reform program implemented in the last four years, great success was achieved in the Turkish economy in 2006, in which high growth rates were realized, financial and monetary discipline was restored. In the last twenty quarters the economy has continuously expanded, while inflation has declined considerably and economic stability has been established. Exports were one of the main drives behind this success.

As the sole official export credit agency in Turkey, Türk Eximbank has also played an important part in 2006 in the financing of exports via its export credit, insurance and guarantee programs provided to Turkish exporters and overseas contractors. Türk Eximbank has provided a total support of USD 7.8 billion to the export sector; of which, USD 3.5 billion was in the form of export credits and USD 4.3 billion in export credit insurance/guarantees.

As in the last four years, in 2006, Türk Eximbank has continued to make significant arrangements in favor of exporters, such as interest rates, maturities, guarantee and insurance conditions, in order to meet the demands of exporters on the basis of economic improvements. As a result of these arrangements, a larger number of exporters have been able to reach the Bank's facilities with more favorable conditions. Also, regarding the significance of SMEs in the economy, priority was given to SMEs in their credit applications, since these companies have difficulties in attaining the financing facilities of the Turkish banking sector. As a result, YTL 1.7 billion (34%) of Türk Eximbank's short-term credits was extended to SMEs in 2006. In addition, with the three more liaison offices opened in 2006, the Bank now has six liaison offices in the industrialized regions with high export potential.

A summary assessment of the financial structure of Türk Eximbank in 2006 is given below.

The Bank's assets reached YTL 4.1 billion (USD 2.9 billion) and the Bank ranked as the 15th largest bank in the Turkish banking sector according to asset size as of December 31, 2006.

The assets of Türk Eximbank consists of 82% loans, 13% liquid assets, 4% securities held-to-maturity and 1% subsidiaries, property and equipment, and other assets.

The loan portfolio of the Bank increased by 14.3% compared to December 31, 2005 and reached YTL 3.4 billion. The duly collection of loans is emphasized in the Bank. Thus, the share of net non-performing loans in total loans is small with 1.5%, when compared to the 4.4% of the banking sector's average. The Bank provides 100% allowance for non-performing loans.

Although the provisioning ratio for Türk Eximbank is determined as zero percent in the 13th Article, named "Exceptions", of the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside", the Bank has employed a conservative approach with regard to provisions confirming with its mission, its high loans-to-assets ratio (82%) and generally accepted banking principles. As of end-2006 the total amount of loans and general provisions stood at YTL 54 million. These provisions can also be evaluated as a component of shareholders' equity.

The major part of the external funds was used in financing assets (mainly loans). 43% (YTL 1.8 billion) of liabilities were in the form of funds obtained from both domestic and foreign markets, while 57% (YTL 2.3 billion) was in the form of shareholders' equity. Shareholders' equity consists of 39% (YTL 929 million) paid-in capital, 45% supplementary capital and profit reserves, 13% net profit and 3% loans and other provisions.

Summary Report of the Board of Directors of Türk Eximbank for 2006 Presented to the General Assembly

The Bank's nominal capital was increased from YTL 750 million to YTL 1 billion as of December 8, 2006. As a result, the paid-in capital, which was YTL 658 million as of end-2005, increased by 41% to YTL 929 million as of end-2006. The Bank's capital adequacy ratio was 127% as of December 31, 2006.

The liquid assets-to-short-term liabilities ratio was realized over the 100% ratio considered as adequate in financial analysis, indicating that the Bank is operating with a high level of capital instead of using external financing. This is also consistent with its field of activity as the Bank belongs to the development and investment banking group.

Türk Eximbank operates with high loans-to-assets ratio, therefore, 78% (YTL 294 million) of its YTL 376 million total interest income came from interests earned from loans. On the other hand, the Bank's main source of funding is borrowings from domestic and international money and capital markets. Thus, the Bank's interest expenses were YTL 59 million and net interest income was YTL 317 million. The Bank's profit came from operating income, in other words interest income from loans extended.

Türk Eximbank ended the year 2006 (42nd accounting period) with YTL 303 million net profit. Return on assets and return on equity ratios were 7% and 13% respectively.

Balance sheet and income statements dated December 31, 2006, which have been prepared in accordance with the 37th article of the Banking Law No. 5411, the Communiqué on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for banks, Turkish Accounting Standards, Turkish Financial Reporting Standards and related legislation, and also in accordance with the Bank's accounting records, have been audited by independent auditing company Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) in line with the International Auditing Standards and was finalized without any critique on March 9, 2007.

The Bank operates in line with its Articles of Association and the relevant legislation. We hereby present the summary report of audited financial statements for the year ended-2006.



Tuncer KAYALAR
Chairman



H.Ahmet KILIÇOĞLU
Vice Chairman



M. Nurhan GÜVEN
Member



Oğuz SATICI
Member



Mehmet BÜYÜKEKŞİ
Member



Adnan Ersoy ULUBAŞ
Member



Cavit DAĞDAŞ
Member

Human Resources

Human Resources Recruitment and Career Development

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

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

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

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

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

In recent years, due to the rapid expansion of Turkey's export sector and the new organizational structure in internal systems required by the BRSA, there is a continuous need for personnel in the Bank. Also, in spite of retiring personnel, there has not been any recruitment between 2000 and 2004. Hence, 39 personnel were recruited in 2006.

Training

Türk Eximbank provides its employees with extensive training to enhance employee skills and to ensure that they keep abreast of the developments in their field. Within this framework, trainings were held in-house or received through outside professional institutions. On-the-job training was provided by other similar export credit agencies and Türk Eximbank employees have attended seminars, conferences and panels organized by international institutions.

In addition, management training program was organized for assistant specialists that newly joined the Bank.

Human Resources

Relations with other export credit agencies and institutions that the Bank is a member of, such as, the Berne Union, the OECD Working Party on Export Credits and Credit Guarantees (ECG), Participants Group, Islamic Development Bank (IDB), Association of Development Finance Institutions in Member Countries of Islamic Development Bank (ADFIMI), were maintained to ensure exchange of information.

In 2006, 76 participants attended 88 training programs. 106 participants attended 75 of the training facilities held by the Banks Association of Turkey, including seasonal and daily seminars and conferences. While 16 participants attended 12 programs held by other domestic organizations, 1 participant attended a training program abroad held by ADFIMI.

During 2006, 43 personnel presented Türk Eximbank's Credit and Insurance/Guarantee Programs in the 36 seminars held by various public foreign trade institutions in different provinces across Turkey.

Türk Eximbank also provides on-the-job training to university students. In 2006, 58 students were accepted as trainees to these programs at the Head Office, İstanbul and İzmir branches.

Information Regarding the Transactions Carried Out with Türk Eximbank's Risk Group

Türk Eximbank's relation with the Undersecretariat of Treasury, which owns 100% of the Bank's capital in 2006, is presented below.

Losses incurred under the Bank's credit, guarantee and insurance programs due to political risks arising from countries designated in line with Turkey's foreign policy are covered by the Undersecretariat of Treasury ("Turkish Treasury") according to article 4/C of chartering Law No. 3332 that was appended by Act No. 3659.

Also, according to article 10 of Act No. 4749, "Law on Regulating Public Finance and Debt Management", the Minister in charge of the Turkish Treasury is authorized to guarantee the political risks that may emerge from the transactions related to credit, insurance and guarantee operations of Türk Eximbank and to compensate the damages stemming from these risks.

In the above mentioned legal framework, in 2006 the Turkish Treasury indemnified a total of YTL 141.6 million (approximately USD 94.6 million) to Türk Eximbank for the losses arising from political risks. Thus, as of end-2006 the Bank does not have any claims left from the Turkish Treasury. On the other hand, indemnifications arising from political risks, collected from defaulting countries on behalf of the Turkish Treasury amounting to USD 274.7 million were transferred to the Turkish Treasury in 2006.

Also, the Turkish Treasury has paid YTL 270.8 million as capital to the Bank in 2006. Thus, the paid-in capital of the YTL 1 billion nominal capital of Türk Eximbank was increased to YTL 928.6 million as of end-2006.

There is no subsidiary directly or indirectly controlled by Türk Eximbank.

Support Services

Türk Eximbank has not received support services throughout 2006.

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Türkiye İhracat Kredi Bankası A.Ş.

General Assessment of the Year 2006 Activities and Risk Management, Internal Control and Audit System of Türk Eximbank

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

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

The internal systems of the Bank have been established and the Audit Committee has been formed via necessary organizational changes within the framework of the Regulation on Banks' Internal Systems issued by the Banking Regulation and Supervision Agency of Turkey (BRSA) in the Official Gazette no. 26333, dated November 1, 2006. The Internal Audit, Internal Control and Risk Management departments are carrying out their activities under the supervision of the Audit Committee. The Board of Directors appointed two Board members to the Audit Committee on October 31, 2006.

Internal Audit

The Internal Audit Department carries out its responsibilities listed below, under the authority given by the Board of Directors:

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

In order to provide effective continuity of the internal audit activities, the Internal Audit Department has performed inspections in the units, branches and representatives of the Bank within the framework of the main control areas stipulated in the "Regulation on Banks' Internal Control and Risk Management Systems" and the regulation of the Internal Audit Department and its annual work schedule that was prepared by the department taking into account the criteria such as; transaction volume of the units and branches of the Bank, effect on the financial tables, previous audit dates and the number of inspectors. The inspection reports are forwarded to related Headquarters units and presented to the Board of Directors via the Board Member responsible for Internal Control, Audit and Risk Management System.

In 2006, the Internal Audit Department performed its activities as planned, in order to increase the efficiency and effectiveness of the Bank.

Internal Control

The banks shall ensure the execution of their activities, protection of assets in compliance with the legislation, internal regulations and banking ethics and shall secure integrity and reliability of accounting reporting systems and timely accessibility of information through continuous control activities in accordance with the regulation issued by BRSA and published in the Official Gazette no. 26333, on November 1, 2006. In accordance with this regulation, the charter and procedures of the Internal Control Department have been approved by our Board of Directors.

In the charter, the responsibility of Internal Control Department has been defined as controlling and monitoring:

- The adequacy of established/to be established information exchange network,
- Functional segregation of the duties in the Bank,
- The operational activities,
- Accounting reporting systems.

Türkiye İhracat Kredi Bankası A.Ş. General Assessment of the Year 2006 Activities and Risk Management, Internal Control and Audit System of Türk Eximbank

During the year 2006, in the ordinary course of its tasks, the department performed its activities by taking into consideration the risk weight of operations determined according to some major criteria by using control analysis form. In this context, control forms were prepared related with credit and treasury operations. Controls are performed in line with the principles and procedures established by the Board. The accuracy of transactions recorded, accuracy of financial reports, reconciliation of assets, compliance with limits were controlled via control forms. The control forms were also placed in the Bank's computer based information systems in order to inform the other departments. Furthermore, accounting records like corrections, deletions and material amount of operations were checked separately and the reasons were investigated. As a result of department activities, a monthly report including the control results was submitted to General Manager and the Member of Board of Directors responsible for Internal Systems.

When the document management system is established in the operational departments, it is thought that the usage of the computer based controlling method will be implemented accordingly.

On the other hand, "Anti Money Laundering Policies and Implementation Principles of Türk Eximbank" edited according to the guidebook, which is prepared by the Ministry of Finance (The Financial Crimes Investigation Board) and the Banks Association of Turkey, became effective with the approval of the Board of Directors.

The Bank's Draft Contingency Plan, including the business continuity plan, has been prepared and submitted to take all the departments' suggestions and opinions. The plan is expected to be approved by the Board of Directors in 2007.

Risk Management

Risk Management Department is responsible for:

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

Under the risk management activities:

Credit Risk: Risks arising from lending and guarantee transactions within the limits imposed by law and by the Bank's own policies have been monitored. Since the greatest risk category to which the Bank was exposed in 2006 was the domestic and overseas bank credits, the internal rating system for banks has been used in the measurement of the banks' limits.

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

Türkiye İhracat Kredi Bankası A.Ş. General Assessment of the Year 2006 Activities and Risk Management, Internal Control and Audit System of Türk Eximbank

Operational Risk: Non-financial operational risks arising from banking activities are identified, assessed and monitored. In order to secure the Bank's system, a firewall attack assessment system was purchased to protect information access systems against the attacks coming from the internet, a security scanning system was purchased to verify and to eliminate the failures of the current security systems and other necessary programs were purchased to protect all the Bank's computers against computer viruses. Also, an encoding system was formed to protect the information systems. Besides these operations, the procedures of the payment systems, such as EFT and SWIFT were revised and approved by the Bank's Executive Committee. Operational transactions, verification and authorization are done separately.

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



M. Nurhan GÜVEN
Member of the Audit Committee



Cavit DAĞDAŞ
Member of the Audit Committee

Türkiye İhracat Kredi Bankası A.Ş. Financial Performance

Türk Eximbank's assets reached YTL 4.1 billion (USD 2.9 billion) as of December 31, 2006. The Bank is ranked as the 15th largest bank of the sector according to asset size.

Assets

The assets of Türk Eximbank consists of 82% loans, 13% liquid assets, 4% securities held-to-maturity and 1% subsidiaries, property and equipment, and other assets.

The loan portfolio of the Bank is YTL 3.4 billion. By the use of appropriate risk management techniques, the duly collection of loans is emphasized. Thus, although the Bank extends almost all of its assets as loans to the export sector, the share of net non-performing loans in total loans is small with 1.5%, when compared to the 4.4% of the banking sector's average. The Bank provides 100% allowance for non-performing loans.

Liabilities

The YTL 3.6 billion (86%) of Türk Eximbank's liabilities are channelized to fund the assets. Of this amount, YTL 1.2 billion (34%) is provided from domestic and international money and capital markets.

The remaining YTL 2.4 billion (66%) is shareholders' equity and loan provisions. Of this amount, 39% (YTL 929 million) is paid-in capital, 46% is supplementary capital and profit reserves, 13% is net profit and 2% is loan provisions.

The Bank's nominal capital was increased to YTL 1 billion as of December 8, 2006. As a result, the paid-in capital, which had reached YTL 750 million as of May 2006, was increased to YTL 929 million at end-2006.

Although the provisioning ratio for Türk Eximbank is determined as zero percent in the "Provisioning Regulation" implemented by the Banking Regulation and Supervision Agency, it has employed a conservative approach confirming with generally accepted banking principles with regard to provisions. As of end-2006 total provisions stood at YTL 54 million.

Solvency

The liquid assets-to-short-term liabilities ratio was realized over the 100% ratio considered as adequate in financial analysis, indicating that the Bank is operating with a high level of capital instead of using external financing. This is also consistent with its field of activity as the Bank belongs to the development and investment banking group. On the other hand, Türk Eximbank's ratings assigned by Moody's and Standard & Poor's are at the sovereign ceiling, indicating the highest grades that any bank or institution can get in Turkey. More information on this subject is given under the "Credit Ratings Assigned by International Rating Agencies".

Income Statement and Profitability

Türk Eximbank operates with high loans-to-assets ratio, therefore, 78% (YTL 294 million) of its YTL 376 million total interest income came from interests earned from loans. On the other hand, the Bank's main source of funding is borrowings from domestic and international money and capital markets. Thus, the Bank's interest expenses, which consist mainly of interests paid to external financing, were YTL 59 million.

Türk Eximbank's net profit has declined by 16% over the previous year and realized as YTL 303 million as of end-2006. On the other hand, the asset profitability and return on equity ratios were 7% and 13%, respectively.

Türkiye İhracat Kredi Bankası A.Ş.

Risk Management Policies

Credit Risk

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

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

In accordance with article 25 of the Decree (regulating the "Articles of Association" of the Bank) of the Council of Ministers dated 17 June 1987; the scope of the annual operations of the Bank is determined by the Annual Program that is approved by the Supreme Advisory and Credit Guidance Committee ("SCLGC"). SCLGC is chaired by the Prime Minister or the State Minister and other members are the executives of related government departments.

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

Losses incurred under the credit, guarantee and insurance programs due to political risks exposed are covered by the Undersecretariat of Treasury ("Turkish Treasury") according to article 4/C of Act No. 3332 that was appended by Act No. 3659 and the Act regarding the regulation of the Public Finance and Debt Management, No. 4749, dated 28 March 2002.

The limits of foreign country loans are set by the Annual Programs within the foreign economic policy of the Turkish Republic. Country loans are granted with the approval of the Board of Directors and the approval of the Minister and the Council of Ministers, according to article 10 of Act No. 4749 dated 28 March 2002 related to the regulation of Public Finance and Debt Management. The limit of a country is restricted by both "maximum limit that can be undertaken" and "maximum amount that can be utilized annually".

The fundamental collateral of the foreign country loans are the sovereign guarantee of the counter country and the guarantee of banks that the Bank accepts as accredited. Sovereign guarantee letters are regulated by the finance minister or cabinet related to the counter country legislations. Guarantee letters cover the principal and interest and all other obligations of the borrower and are valid till the maturity date.

In addition to sovereign guarantee, promissory notes of the correspondent bank or the entity; in addition to the correspondent bank guarantee, the "comfort letter" regulated by the authorized entities of the correspondent country could be requested. Besides these, additional collaterals such as "escrow account" could also be requested according to the structure of the project.

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

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

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

Türkiye İhracat Kredi Bankası A.Ş. Risk Management Policies

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

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

Türk Eximbank, although classified under the "development and investment banking group" in the Banking Law No. 5411, is not obliged to conform to Article 54 of this Law, on loan limits. Nevertheless, the Bank obeys the general loan limits constraints mentioned in the Banking Law.

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

Each year Türk Eximbank has sought major portion of its underwritten commercial and political risks emerged in Short-Term Export Insurance Program is transferred to a group of domestic and overseas reinsurance companies under renewed agreements. The Bank holds a portion (currently 30%) of above-mentioned risks that can be indemnified from its own sources.

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

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

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

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

Direct Lending secured by fundamental collaterals is in an amount between 100%-110% of the principal and interest of the loan. The rate of fundamental of collateral may decrease depending on the financial soundness of the company and fulfillment of Türk Eximbank's financial and moral requirements approved by the Board of Directors of the Bank. Fundamental collaterals are generally in the form of commercial bank guarantees, government securities and with the residual balance of the collateral being in the form of promissory notes in the name of Ministry of Finance / Central Bank of Turkey in the form of promissory notes issued by the relevant company.

Türkiye İhracat Kredi Bankası A.Ş. Risk Management Policies

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

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

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

Taking into consideration of Provisioning Regulations:

- The Bank sets aside 100% specific provisions for short-term non-performing receivables.
- Despite the losses incurred by the Bank in its country credits due to political risks are covered by the Turkish Treasury, the Bank sets aside non-specific provisions between 25%-100% based on overdue period for non-performing receivables.
- The Bank provides general provisions for the amount of all assets as well as for the amount of guarantees.
- Under the insurance activities, the Bank sets aside fixed collateral for the amount determined by the approval of the relevant Minister and variable collateral out of the definite rate of the premium income. Besides, in case of claims payments, the Bank sets aside specific provisions based on the coverage rate indicated in the insurance policy out of quota Bank's share.

Market Risk

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

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

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

Currency Risk

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

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

Türkiye İhracat Kredi Bankası A.Ş. Risk Management Policies

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

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

Interest Rate Risk

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

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

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

Liquidity Risk

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

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

The Bank is aiming to finance short-term loans with short-term funds and long-term loans with the long-term funds and tries to minimize mismatch.

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

Türkiye İhracat Kredi Bankası A.Ş. Risk Management Policies

Term mismatches are followed periodically for each asset and liability in each currency. By preparing periodic tables presenting weighted average terms of periods remaining to contractual repricing dates of the Bank's USD denominated assets and liabilities (separately in all foreign currencies and total in USD base) and Turkish currency denominated assets and liabilities, the mismatching of the maturities between assets and liabilities is evaluated.

Operational Risk

The operational risk is defined as the probability of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk, which is the risk of loss resulting from failure to comply with laws as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation from all aspects of an institution's activities. The definition does not include strategic or reputation risks.

The credit, insurance and guarantee processes, reports of these processes, accounting records, the compliance of documents subject to the loan with the procedure of the relevant loan, the compliance of limits of correspondent banks and firms with the credit line and the subject of whether the loan is extended in accordance with all its criteria are monitored and controlled by relevant departments. The duties and responsibilities, which are relevant to the reporting system, are classified and reports are accessible at any time. In addition, all of those functions are done by the IT systems; information systems are tested at the beginning of the project to eliminate errors. The information system is designed to prevent personal intervention.

Türkiye İhracat Kredi Bankası A.Ş. Information Regarding Credit Ratings Assigned by International Rating Agencies

Türk Eximbank borrows intensively from international loan and capital markets without the guarantee of the Turkish Treasury and gets credit ratings from international rating agencies to obtain international funds. Therefore since 1997, Moody's and Standard and Poor's have rated Türk Eximbank.

The issuer credit ratings assigned to the Bank by these rating agencies, as of end-2006, are as follows:

	Foreign Currency		Local Currency	
	Long-Term	Short-Term	Long-Term	Short-Term
Standard & Poor's	BB- (Stable outlook)	B	BB (Stable outlook)	B
Moody's	Ba1 (Stable outlook)			

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

Moody's, on the other hand, has defined the sovereign ceiling at the Ba1 level, which is two notches higher than the Ba3 rating it assigned to the Turkish Treasury. The foreign currency issuer rating Moody's assigned to Türk Eximbank is at this sovereign ceiling level Ba1, therefore the Bank's rating is higher than that of the Treasury. Moody's described the Bank as a Government Related Issuer (GRI) and used the Baseline Credit Assessment (BCA) methodology, which measures the Bank's standalone financial strength disregarding the government support when necessary. According to Moody's, the Bank's baseline credit assessment of "4" (on a scale of 1 to 6; 1 implying the highest credit quality) indicates moderate credit risk and means that the current Ba1 would have been higher in an unconstrained environment.

The long-term ratings assigned by the two credit rating agencies have "stable" outlook indicating that the long-term ratings are not likely to change over the medium-term, as long as the current conditions (especially the level of support of the government) prevail. However, this also means that any change in the Treasury's ratings will result in a similar change on the ratings on the Bank.

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

Türkiye İhracat Kredi Bankası A.Ş. Financial Highlights for the 2002-2006 Period

Major Balance Sheet Accounts (YTL thousand)

	2006 (**)	2005 (**)	2004 (*)	2003 (*)	2002 (*)
Loans	3,408,346	2,982,207	3,473,509	4,215,365	4,779,812
Total Assets	4,141,143	3,518,126	4,461,136	5,360,249	5,963,484
Loans Borrowed	1,193,916	937,976	1,614,200	2,120,426	2,681,480
Securities Issued	-	-	467,964	556,406	853,364
Shareholders' Equity	2,304,195	1,951,478	1,716,428	1,698,924	1,432,291
Total Paid-in Share Capital	928,610	657,864	657,864	657,864	657,864

Major Income Statement Accounts (YTL thousand)

	2006	2005	2004 (*)	2003 (*)	2002 (*)
Interest Income	376,166	376,640	481,231	731,707	932,120
Interest Income on Loans	293,574	272,478	314,887	489,390	577,740
Interest Expenses	(59,411)	(73,332)	(113,124)	(140,523)	(289,344)
Net Interest Income	316,755	303,308	368,107	591,184	642,776
Other Operating Income	58,133	118,293	187,790	39,592	51,789
Provisions for Loans and Other Claims	(21,124)	(6,458)	(81,194)	(123,732)	(122,664)
Other Operating Expenses	(67,191)	(62,053)	(73,701)	(58,180)	(83,217)
Net Income	302,931	361,839	209,673	266,633	137,572

(*) Inflation adjusted figures prepared and audited in accordance with International Financial Reporting Standards.

(**) According to the Communiqué published in the Official Gazette no. 26430, dated February 10, 2007, accrued interest receivables are added to the outstanding amounts of Loans and Loans Borrowed.

CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH,
SEE NOTE I.e OF SECTION THREE

Türkiye İhracat Kredi Bankası A.Ş.
PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S
REPORT AT 31 DECEMBER 2006



Başaran Nas Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi
No: 48 B Blok Kat 9 Akaretler
Beşiktaş 34357 İstanbul-Turkey
www.pwc.com/tr
Telephone +90 (212) 326 6060
Facsimile +90 (212) 326 6050

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

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

We have been engaged to audit the accompanying unconsolidated balance sheet of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") at 31 December 2006 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası A.Ş. at 31 December 2006 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional paragraph for convenience translation:

Without qualifying our opinion, we draw your attention to the following matter:

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

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

Alper Önder, SMMM
İstanbul, 9 March 2007

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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

Müdafaa Cad. No:20-06100 Bakanlıklar/ANKARA
Telephone: (312) 417 13 00
Fax: (312) 425 78 96
www.eximbank.gov.tr
ankara@eximbank.gov.tr

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

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

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



Tuncer KAYALAR
Chairman of the Board
of Directors



H. Ahmet KILIÇOĞLU
Chief Executive Officer



Necati YENİARAS
Assistant
General Manager



Muhittin AKBAŞ
Head of Accounting
and Reporting Unit



M. Nurhan GÜVEN
Member of the
Audit Committee



Cavit DAĞDAŞ
Member of the
Audit Committee

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

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

Telephone Number : (0312) 418 44 16

Fax Number : (0312) 425 72 91

Türkiye İhracat Kredi Bankası A.Ş.

SECTION ONE

GENERAL INFORMATION

- I. Bank's date of foundation, initial status, history regarding the changes in this status
- II. Explanation about the Bank's capital structure and shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters throughout the year (if any) and the group of the Bank
- III. Explanation on the board of directors, members of the audit committee, president and executive vice presidents and their shareholding at the Bank, if applicable
- IV. Information on the shareholders owning control shares
- V. Brief information on the Bank's service type and fields of operation
- VI. Other information

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- I. Balance sheet
- II. Off-balance sheet commitments
- III. Income statement
- IV. Statement of changes in shareholder's equity
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- II. Explanations on strategy of using financial instruments and explanations on foreign currency transactions
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- IV. Explanations on interest income and expense
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- VI. Explanations on financial assets
- VII. Explanations on impairment on financial assets
- VIII. Explanations on offsetting financial instruments
- IX. Explanations on sales and repurchase agreements and securities lending transactions
- X. Explanations on assets held for resale and discontinued operations
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- XV. Explanations on obligations related to the employee rights
- XVI. Explanations on taxation
- XVII. Explanations on borrowings
- XVIII. Explanations on issuance of share certificates
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Türkiye İhracat Kredi Bankası A.Ş.

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- I. Explanations on capital adequacy ratio
- II. Explanations on credit risk
- III. Explanations on market risk
- IV. Explanations on operational risk
- V. Explanations on currency risk
- VI. Explanations on interest rate risk
- VII. Explanations on liquidity risk
- VIII. Explanations on presentation of financial assets and liabilities at their fair values
- IX. Explanations on activities carried out on behalf and account of other parties

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Explanations and notes related to assets
- II. Explanations and notes related to liabilities
- III. Explanations and notes related to off balance sheet accounts
- IV. Explanations and notes related to income statement
- V. Explanations and notes related to changes in shareholders' equity
- VI. Explanations and notes related to statement of cash flows
- VII. Explanations and notes related to Bank's risk group
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- I. Other explanations related to operations of the Bank

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- I. Explanations on independent auditor's report
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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2006

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

SECTION ONE

GENERAL INFORMATION

I. Bank’s date of foundation, initial status, history regarding the changes in this status:

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

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

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

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

	Name:	Academic Background:
Chairman of the Board of Directors:	Tuncer KAYALAR	Undergraduate
Members of the Board of Directors:	H. Ahmet KILIÇOĞLU	Graduate
	M. Nurhan GÜVEN	Undergraduate
	Oğuz SATICI	Undergraduate
	Mehmet BÜYÜKEKŞİ	Undergraduate
	Adnan Ersoy ULUBAŞ	Undergraduate
Members of the Audit Committee:	Cavit DAĞDAŞ	Graduate
	M. Nurhan GÜVEN	Undergraduate
	Cavit DAĞDAŞ	Graduate
Statutory Auditors:	Güner GÜCÜK	Graduate
	Prof. Dr. Arif ESİN	Postgraduate
Vice President:	H. Ahmet KILIÇOĞLU	Graduate
Executive Vice President:	Osman ASLAN	Graduate
	Necati YENİARAS	Graduate
	Alev ARKAN	Undergraduate
	Ertan TANRIYAKUL	Undergraduate

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

IV. Information on shareholder’s owning control shares:

Name/ Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital(nominal)	Unpaid portion
Turkish Treasury	All	100%	928,610	71,390

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

The Bank has been mandated to support foreign trade through diversification of the exported goods and services, by increasing the share of exporters and entrepreneurs in international trade, and to create new markets for the exported

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2006

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

GENERAL INFORMATION (Continued):

commodities, to provide exporters and overseas contractors with support to increase their competitiveness and to ensure a risk free environment in international markets.

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

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

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

VI. Other information

- a. The commercial title of the Bank:
Türkiye İhracat Kredi Bankası A.Ş.
- b. The Bank’s head office address:
Müdafaa Caddesi No: 20 06100 Bakanlıklar-ANKARA
- c. The Bank's telephone and fax numbers:
Telephone: (0312) 417 13 00
Facsimile: (0312) 425 78 96
- d. The Bank’s web site:
www.eximbank.gov.tr
- e. The Bank’s e-mail address:
ankara@eximbank.gov.tr
- f. Reporting Period:
1 January-31 December 2006

Amounts in the financial statements and the accompanying explanations and notes are expressed in thousands of New Turkish lira (“YTL”) unless otherwise stated.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

- I. Balance sheet (Appendix:1-A)
- II. Off-balance sheet commitments (Appendix:1-B)
- III. Income statements (Appendix:1-C)
- IV. Statement of changes in shareholders’ equity (Appendix:1-D)
- V. Statement of cash flows (Appendix:1-E)
- VI. Profit appropriation statement (Appendix:1-F)

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Balance Sheets

APPENDIX: 1-A

		Notes	THOUSANDS OF NEW TURKISH LIRA					
			CURRENT PERIOD 31.12.2006			PRIOR PERIOD 31.12.2005		
ASSETS			YTL	FC	Total	YTL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	1	22	20	42	52	19	71
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	2	92,393	27,858	120,251	132,972	15,666	148,638
2.1	Trading Financial Assets		86,601	22,392	108,993	132,038	9,413	141,451
2.1.1	Government Debt Securities		86,601	22,392	108,993	132,038	9,413	141,451
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Other Marketable Securities		-	-	-	-	-	-
2.3	Trading Derivative Financial Assets		5,792	5,466	11,258	934	6,253	7,187
III.	BANKS AND OTHER FINANCIAL INSTITUTIONS	3	86,179	305,060	391,239	116,159	33,291	149,450
IV.	MONEY MARKETS		43,563	-	43,563	9,807	-	9,807
4.1	Receivables from Interbank Money Market Placements		43,563	-	43,563	9,807	-	9,807
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	4	-	-	-	-	11,715	11,715
5.1	Share Certificates		-	-	-	-	-	-
5.2	Government Debt Securities		-	-	-	-	11,715	11,715
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	LOANS	5	1,858,262	1,550,084	3,408,346	1,447,616	1,534,591	2,982,207
6.1	Loans		1,858,262	1,550,084	3,408,346	1,447,616	1,534,591	2,982,207
6.2	Loans under Follow-up		49,993	-	49,993	39,617	-	39,617
6.3	Specific Provisions (-)		(49,993)	-	(49,993)	(39,617)	-	(39,617)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	6	74,611	72,878	147,489	117,660	72,151	189,811
8.1	Government Debt Securities		74,611	72,878	147,489	117,660	72,151	189,811
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	7	6,441	-	6,441	5,060	-	5,060
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		6,441	-	6,441	5,060	-	5,060
9.2.1	Financial Investments in Associates		6,441	-	6,441	5,060	-	5,060
9.2.2	Non-Financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	8	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	9	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	FINANCIAL LEASE RECEIVABLES (Net)	10	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	11	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	12	9,108	-	9,108	9,473	-	9,473
XV.	INTANGIBLE ASSETS (Net)	13	28	-	28	119	-	119
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		28	-	28	119	-	119
XVI.	TAX ASSET	14	-	-	-	-	-	-
16.1	Current Tax Asset		-	-	-	-	-	-
16.2	Deferred Tax Asset		-	-	-	-	-	-
XVII.	ASSETS HELD FOR RESALE (Net)	15	-	-	-	-	-	-
XVIII.	OTHER ASSETS	16	4,617	10,019	14,636	3,368	8,407	11,775
TOTAL ASSETS			2,175,224	1,965,919	4,141,143	1,842,286	1,675,840	3,518,126

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Balance Sheets

APPENDIX: 1-A

		Notes	THOUSANDS OF NEW TURKISH LIRA					
			CURRENT PERIOD 31.12.2006			PRIOR PERIOD 31.12.2005		
LIABILITIES			YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	1	-	-	-	-	-	-
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	2	-	4,337	4,337	-	4,240	4,240
III.	BORROWINGS	3	-	920,583	920,583	-	666,202	666,202
IV.	MONEY MARKETS		-	-	-	-	-	-
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds Provided Under Repurchase Agreements		-	-	-	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		6,711	-	6,711	7,090	-	7,090
VII.	MISCELLANEOUS PAYABLES		8,447	2,677	11,124	7,580	5,420	13,000
VIII.	OTHER LIABILITIES	4	361,444	192,993	554,437	344,156	187,601	531,757
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	FINANCIAL LEASE PAYABLES (Net)	5	180	-	180	-	-	-
10.1	Financial Lease Payables		252	-	252	-	-	-
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		72	-	72	-	-	-
XI.	HEDGING DERIVATIVE FINANCIAL LIABILITIES	6	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	7	65,240	7	65,247	71,798	7	71,805
12.1	General Loan Loss Provision		18,848	-	18,848	12,635	-	12,635
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		11,578	-	11,578	12,172	-	12,172
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		34,814	7	34,821	46,991	7	46,998
XIV.	TAX LIABILITY	8	996	-	996	780	-	780
14.1	Current Tax Liability		996	-	996	780	-	780
14.2	Deferred Tax Liability		-	-	-	-	-	-
XV.	PAYABLES FOR ASSET HELD FOR RESALE	9	-	-	-	-	-	-
XIII.	SUBORDINATED LOANS	10	-	273,333	273,333	-	271,774	271,774
XVI.	SHAREHOLDERS' EQUITY	11	2,303,633	562	2,304,195	1,949,739	1,739	1,951,478
16.1	Paid-in capital		928,610	-	928,610	657,864	-	657,864
16.2	Capital Reserves		776,157	562	776,719	774,873	1,739	776,612
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Value Increase Fund		1,730	562	2,292	446	1,739	2,185
16.2.4	Revaluation of Property and Equipment		-	-	-	-	-	-
16.2.5	Revaluation of Intangible Fixed Assets		-	-	-	-	-	-
16.2.6	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.7	Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.8	Value Increase of Assets Held for Resale		-	-	-	-	-	-
16.2.9	Other Capital Reserves		774,427	-	774,427	774,427	-	774,427
16.3	Profit Reserves		295,935	-	295,935	155,163	-	155,163
16.3.1	Legal Reserves		83,334	-	83,334	46,354	-	46,354
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		189,858	-	189,858	86,066	-	86,066
16.3.4	Other Profit Reserves		22,743	-	22,743	22,743	-	22,743
16.4	Income or (Loss)		302,931	-	302,931	361,839	-	361,839
16.4.1	Prior Years' Income or (Loss)		-	-	-	-	-	-
16.4.2	Current Year Income or (Loss)		302,931	-	302,931	361,839	-	361,839
16.5	Minority Rights	12	-	-	-	-	-	-
TOTAL LIABILITIES			2,746,651	1,394,492	4,141,143	2,381,143	1,136,983	3,518,126

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Off-Balance Sheet Commitments

APPENDIX: 1-B

	Notes	THOUSANDS OF NEW TURKISH LIRA					
		CURRENT PERIOD 31.12.2006			PRIOR PERIOD 31.12.2005		
		YTL	FC	Total	YTL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	136,762	1,536,155	1,672,917	176,425	1,585,960	1,762,385
I.	GUARANTEES AND WARRANTIES	I, III	-	344,227	344,227	-	293,397
1.1.	Letters of Guarantee	-	11,061	11,061	-	5,258	5,258
1.1.1.	Guarantees Subject to State Tender Law	-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations	-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee	-	-	-	-	-	-
1.2.	Bank Acceptances	-	11,061	11,061	-	5,258	5,258
1.2.1.	Import Letter of Acceptance	-	-	-	-	-	-
1.2.2.	Other Bank Acceptances	-	-	-	-	-	-
1.3.	Letters of Credit	-	-	-	-	-	-
1.3.1.	Documentary Letters of Credit	-	-	-	-	-	-
1.3.2.	Other Letters of Credit	-	-	-	-	-	-
1.4.	Prefinancing Given as Guarantee	-	-	-	-	-	-
1.5.	Endorsements	-	757	757	-	1,378	1,378
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey	-	757	757	-	1,378	1,378
1.5.2.	Other Endorsements	-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees	-	-	-	-	-	-
1.7.	Factoring Guarantees	-	-	-	-	-	-
1.8.	Other Guarantees	-	332,409	332,409	-	286,761	286,761
1.9.	Other Collaterals	-	-	-	-	-	-
II.	COMMITMENTS	I, III	-	38,898	38,898	-	44,905
2.1.	Irrevocable Commitments	-	38,898	38,898	-	44,905	44,905
2.1.1.	Asset Purchase Commitments	-	-	-	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-
2.1.4.	Loan Granting Commitments	-	38,898	38,898	-	44,905	44,905
2.1.5.	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.7.	Commitments for Cheques	-	-	-	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits	-	-	-	-	-	-
2.1.10.	Receivables from Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments	-	-	-	-	-	-
2.2.	Revocable Commitments	-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2.	Other Revocable Commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	II	136,762	1,153,030	1,289,792	176,425	1,247,658
3.1.	Hedging Derivative Financial Instruments	-	-	-	-	-	-
3.1.1.	Transactions for Fair Value Hedge	-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge	-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge	-	-	-	-	-	-
3.2.	Trading Transactions	136,762	1,153,030	1,289,792	176,425	1,247,658	1,424,083
3.2.1.	Forward Foreign Currency Buy/Sell Transactions	-	-	-	-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy	-	-	-	-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell	-	-	-	-	-	-
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates	136,762	1,153,030	1,289,792	176,425	1,247,658	1,424,083
3.2.2.1.	Foreign Currency Swap-Buy	136,762	470,670	607,432	176,425	498,983	675,408
3.2.2.2.	Foreign Currency Swap-Sell	-	597,790	597,790	-	667,927	667,927
3.2.2.3.	Interest Rate Swap-Buy	-	42,285	42,285	-	40,374	40,374
3.2.2.4.	Interest Rate Swap-Sell	-	42,285	42,285	-	40,374	40,374
3.2.3.	Foreign Currency, Interest rate and Securities Options	-	-	-	-	-	-
3.2.3.1.	Foreign Currency Options-Buy	-	-	-	-	-	-
3.2.3.2.	Foreign Currency Options-Sell	-	-	-	-	-	-
3.2.3.3.	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4.	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5.	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6.	Securities Options-Sell	-	-	-	-	-	-
3.2.4.	Foreign Currency Futures	-	-	-	-	-	-
3.2.4.1.	Foreign Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2.	Foreign Currency Futures-Sell	-	-	-	-	-	-
3.2.5.	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6.	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	20,315	52,345	72,660	7,993	37,457	45,450
IV.	ITEMS HELD IN CUSTODY	-	-	-	-	-	-
4.1.	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2.	Investment Securities Held in Custody	-	-	-	-	-	-
4.3.	Cheques Received for Collection	-	-	-	-	-	-
4.4.	Commercial Notes Received for Collection	-	-	-	-	-	-
4.5.	Other Assets Received for Collection	-	-	-	-	-	-
4.6.	Assets Received for Public Offering	-	-	-	-	-	-
4.7.	Other Items Under Custody	-	-	-	-	-	-
4.8.	Custodians	-	-	-	-	-	-
V.	PLEDGES RECEIVED	20,315	52,345	72,660	7,993	37,457	45,450
5.1.	Marketable Securities	-	7,492	7,492	-	7,153	7,153
5.2.	Guarantee Notes	-	-	-	-	-	-
5.3.	Commodity	-	-	-	-	-	-
5.4.	Warranty	-	-	-	-	-	-
5.5.	Immovable	7,771	7,492	15,263	7,771	7,153	14,924
5.6.	Other Pledged Items	12,544	37,361	49,905	222	23,151	23,373
5.7.	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTS	-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		157,077	1,588,500	1,745,577	184,418	1,623,417	1,807,835

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

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Income Statement

APPENDIX: 1-C

INCOME AND EXPENSE ITEMS	Notes	THOUSANDS OF NEW TURKISH LIRA		
		CURRENT PERIOD	31.12.2006	PRIOR PERIOD 31.12.2005
I. INTEREST INCOME	1		376,166	376,640
1.1 Interest on loans			293,574	272,478
1.2 Interest Income Received from Reserve Requirements			-	-
1.3 Interest Received from Banks			15,847	27,830
1.4 Interest Received from Money Market Transactions			16,790	17,380
1.5 Interest Received from Marketable Securities Portfolio			49,629	58,167
1.5.1 Trading Financial Assets			19,408	24,759
1.5.2 Financial Assets at Fair Value Through Profit or (loss)			-	-
1.5.3 Available-for-sale Financial Assets			1,106	2,668
1.5.4 Held-to-maturity Investments			29,115	30,740
1.6 Financial Lease Income			-	-
1.7 Other Interest Income			326	785
II. INTEREST EXPENSE	2		59,411	73,332
2.1 Interest Expense on Deposits			-	-
2.3 Interest Expense on Funds Borrowed			59,298	57,124
2.4 Interest Expense on Money Market Transactions			-	9,130
2.5 Interest Expense on Securities Issued			-	7,028
2.6 Other Interest Expenses			113	50
III. NET INTEREST INCOME (I - II)			316,755	303,308
IV. NET FEES AND COMMISSIONS INCOME			(1,426)	(1,146)
4.1 Fees and Commissions Received			2,280	1,205
4.1.1 Cash Loans			1,808	760
4.1.2 Non-cash Loans			106	67
4.1.3 Other			366	378
4.2 Fees and Commissions Paid			(3,706)	(2,351)
4.2.1 Cash Loans			(3,259)	(1,960)
4.2.2 Non-cash Loans			-	-
4.2.3 Other			(447)	(391)
V. DIVIDEND INCOME	3		-	-
VI. TRADING INCOME/(LOSS) (Net)	4		17,784	9,895
6.1 Trading Gains/(Losses) on Securities			(30,855)	(8,484)
6.2 Foreign Exchange Gains/(Losses)			48,639	18,379
VII. OTHER OPERATING INCOME	5		58,133	118,293
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			391,246	430,350
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	6		21,124	6,458
X. OTHER OPERATING EXPENSES (-)	7		67,191	62,053
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			302,931	361,839
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER			-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD			-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION			-	-
XV. INCOME/(LOSS) BEFORE INCOME TAXES (XI+XII+XIII+XIV+XV)	8		302,931	361,839
XVI. PROVISION FOR INCOME TAXES (±)	9		-	-
16.1 Current Tax Provision			-	-
16.2 Deferred Tax Provision			-	-
XVII. OPERATING INCOME/(LOSS) AFTER TAXES (XV± XVI)	10		302,931	361,839
17.1 Discontinued Operations			-	-
17.2 Other			-	-
XVIII. NET INCOME/(LOSS) (XV+XVI+XVII)	11		302,931	361,839
18.1 Income/(Loss) from the Group			-	-
18.2 Income/(Loss) from Minority Rights			-	-
Earnings/(Loss) per share (in YTL full)			0.003	0.006

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Statements of Cash Flows

APPENDIX: 1-E

	Notes	THOUSANDS OF NEW TURKISH LIRA	
		CURRENT PERIOD 31.12.2006	PRIOR PERIOD 31.12.2005
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		303,345	389,456
1.1.1		361,542	376,640
1.1.2		(48,762)	(73,332)
1.1.3		-	-
1.1.4		2,280	1,205
1.1.5		26,135	155,683
1.1.6		13,877	122
1.1.7		(20,793)	(19,056)
1.1.8		-	-
1.1.9	2	(30,934)	(51,806)
1.2		(121,869)	(144,173)
1.2.1		11,998	(5,028)
1.2.2		3,974	(27,617)
1.2.3		-	-
1.2.4		(382,143)	553,313
1.2.5		(21,907)	45,255
1.2.6		-	-
1.2.7		-	-
1.2.8		245,828	(684,366)
1.2.9		-	-
1.2.10	2	20,381	(25,730)
I.		181,476	245,283
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		44,010	(5,362)
2.1		(1,381)	-
2.2		-	-
2.3		(587)	-
2.4		-	810
2.5		-	11,618
2.6		10,007	-
2.7		-	-
2.8		35,971	(16,716)
2.9	2	-	(1,074)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		49,679	(594,753)
3.1		-	-
3.2		-	(467,964)
3.3		-	-
3.4		(221,067)	(129,114)
3.5		-	-
3.6	2	270,746	2,325
IV.	2	-	-
V.		275,165	(354,832)
VI.	1	159,219	514,051
VII.	1	434,384	159,219

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Profit Appropriation Statement

APPENDIX: 1-F

		THOUSANDS OF NEW TURKISH LIRA	
		CURRENT PERIOD 31.12.2006	PRIOR PERIOD 31.12.2005
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	309,113	369,224
1.2	TAXES AND DUTIES PAYABLE (-)	(6,182)	(7,385)
1.2.1	Corporate Tax (Income tax)	-	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(6,182)	(7,385)
A.	NET INCOME FOR THE YEAR (1.1-1.2)	302,931	361,839
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(18,092)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A+(1.3+1.4+1.5)]	302,931	343,747
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	(28,947)
1.6.1	To Owners of Ordinary Shares	-	(28,947)
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	(1,950)
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	(190,170)
1.9.1	To Owners of Ordinary Shares	-	(190,170)
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	(18,888)
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	(103,792)
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES	-	-
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and (loss) sharing certificates	-	-
2.4	SHARE OF PERSONNEL (-)	-	-
2.5	SHARE OF BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (*)	-	-
3.1	TO OWNERS OF ORDINARY SHARES	0.003	0.006
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.326	0.550
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE	-	-
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2006

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I- I. Explanations on the basis of presentation:

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

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

c. **Preparation of financial statements based on the current purchasing power of Turkish lira:**
The Bank’s financial statements were subjected to inflation adjustment according to “Turkish Accounting Standards for Financial Reporting in Hyperinflationary Economies” (“TAS 29”) until 31 December 2004, after which the BRSA announced that the inflation accounting application in the Turkish banking sector was to be terminated concerning the preparation of the financial statements, based on a decree published as of 28 April 2005, with the reason that the indicators for inflation accounting had disappeared as of 1 January 2005.

d. **Explanations on first-time adoption of TAS:**
The Bank has prepared its financial statements in accordance with TAS as of 31 December 2006 for the first time. Although the date of initial application according to the “Turkish Financial Reporting Standard Regarding the First-time Adoption of Turkish Financial Reporting Standards” (“TFRS1”) is 1 January 2005, as the adoption of TAS to the comparative financial statements dated 31 December 2005 and the opening balance sheet dated 1 January 2005 is related to the employment benefit obligation only and considering the accounting principles of materiality and considering the immaterial effect of such an adjustment to the financial statements as of 31 December 2005 as a whole, the effect of such an adjustment related to 31 December 2005 is booked to the income statement as of 31 December 2006.

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

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2006

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

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

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

Foreign currency denominated balances are translated into Turkish lira using the exchange rates of YTL 1,4095, YTL 1,8552 and YTL 2,7636 for USD, EUR, and GBP, respectively.

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

As of the balance sheet date, the Bank utilizes currency and interest rate swaps.

The Bank classifies its derivative instruments as "held-for-hedging" or "held-for-trading" in accordance with TAS 39. Certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules of "Turkish Accounting Standard for Recognition and Measurement of Financial Instruments ("TAS39") and are treated as derivatives held-for-trading.

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

As at 31 December 2006 the net fair value of the Bank's derivative instruments is YTL 6,921 (31 December 2005: YTL 2.947).

IV- Explanations on interest income and expense:

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

The Bank ceases accruing interest income on non-performing loans. Interest income is recorded for non performing loans when the collection is made. Interest income and expense are represented at their book values.

V- Explanations on fee and commission income and expenses

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

VI- Explanations on financial assets

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

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

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

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

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

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

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

Held-to-maturity financial assets are subsequently carried at amortized cost using the effective yield method, less provision for impairment.

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

Interest earned from held-to-maturity financial assets is recorded as interest income. All regular way purchases and sales of held-to-maturity financial assets are accounted at the transaction date.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

VII- Explanations on impairment of financial assets

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

VIII- Explanations on offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

The Bank has no sales and repurchase agreements and securities lending transactions at 31 December 2006.

X- Explanations on assets held for resale and discontinued operations

The Bank has no assets held for resale and discontinued operations at 31 December 2006.

XI- Explanations on goodwill and other intangible assets

The Bank has no goodwill at 31 December 2006 and 2005.

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

XII- Explanations on property and equipment

All property and equipment are initially recognized at cost. Subsequently property and equipment are carried at cost less accumulated depreciation at the balance sheet date. Depreciation is calculated over the cost of property and equipment using the straight-line method over its estimated useful life.

There has been no change in the depreciation method during the current period.

The depreciation rates are as follows:

Buildings	: 2-3%
Furniture, fixtures and vehicles	: 6-25%
Leasehold improvements	: Over the lease period.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

Gains and losses on the disposal of property and equipment are booked to the income statement accounts for the period at an amount equal to the book value.

Where the carrying amount of an asset is greater than its estimated “recoverable amount”, it is written down to its “recoverable amount” and the provision for the diminution in value is charged to the income statement.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized over the cost of the tangible asset. The capital expenditures include the cost components that increase the useful life, capacity of the asset or quality of the product or that decrease the costs.

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

The Bank does not expect an accounting estimate change related to property and equipment in future periods.

XIII- Explanations on leasing transactions

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

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

XIV- Explanations on provisions and contingent liabilities

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

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

As of 31 December 2006, there is no contingent liability based on past events for which there is a possibility of an outflow of resources and whose obligation can be reliably estimated.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XV- Explanations on obligations related to employee rights:

Under the Turkish Labor Law, the Bank is required to pay a specific amount to employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labor Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability.

Obligations related to employee termination and vacation rights are accounted for in accordance with “Turkish Accounting Standard for Employee Rights” (“TAS 19”). As of 31 December 2006, the calculated employment termination obligation amounts to YTL 8,539 thousand.

For the year ending 31 December 2006, the Bank also provided a 100% provision for vacation pay liability amounting to YTL 3,039 thousand.

XVI- Explanations on taxation

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

XVII- Explanations on borrowings

Trading financial liabilities and derivative instruments are carried at their fair values and other financial liabilities are carried at “amortized cost” using the “effective interest method”.

XVIII- Explanations on issuance of share certificates

The Bank has not issued shares in the current year and accordingly there is no cost related to such a transaction. The Bank is wholly owned by the Turkish Treasury and profit appropriation is to be resolved at the General Assembly meeting. As of the date of this report, the General Assembly meeting has not been held.

XIX- Explanations on avalized drafts and acceptances

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

XX- Explanations on government grants

As of 31 December 2006, the Bank has no government grant for the Bank.

XXI- Explanations on segment reporting

The Bank emphasizes the scope of business method for segment reporting by considering the Bank’s main source and character of risks and earnings. The Bank’s activities mainly concentrate on corporate and investment banking. The Bank is working on creating a proper structure for efficient and effective segment reporting.

XXII- Explanations on other issues

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

XXIII- Profit reserves and profit appropriation

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

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

a) First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital.

b) Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, without limit.

According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIV- Earnings per share

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

	Current Period 31 December 2006	Prior Period 31 December 2005
Distributable Net Profit to Common Shares	302,931	343,747
Average Number of Issued Common Shares (Thousand)	928,610,000	657,864,000
Earnings Per Share	0.00326	0.00550

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

As of 31 December 2006, the Bank has not issued bonus shares (31 December 2005: None).

XXV- Related parties

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and state-controlled entities in Turkey are considered and referred to as related parties in accordance with “Turkish Accounting Standard for Related Parties” (“TAS 24”). The transactions with related parties are disclosed in detail in Note VII of Section Five.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXVI- Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of the Republic of Turkey (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXVII- Reclassifications

Other than the adjustments made in accordance with the first time adoption of TAS, which are explained in detail in Note I.e of this section and where necessary, comparative figures of 31 December 2005 have not been reclassified.

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. Explanations on capital adequacy ratio:

As of the balance sheet date, the capital adequacy ratio of the Bank is 126,93%.

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

Information related to capital adequacy ratio: YTL Thousand,%

	Risk Weights			
	Bank			
	0%	20%	50%	100%
Amount Subject to Credit Risk	-	503,066	1,389	1,045,575
Balance Sheet Items (Net)	665,884	2,494,160	-	859,164
Cash	7	-	-	-
Matured Marketable Securities	-	-	-	-
The Central Bank of Republic of Turkey	35	-	-	-
Domestic, Foreign Banks, Foreign Head Offices and Branches	-	390,842	-	-
Interbank Money Market Placements	43,500	-	-	-
Receivables from Reverse Repurchase Transactions	-	-	-	-
Reserve Requirements with the CBRT	-	-	-	-
Loans	459,277	2,047,688	-	810,419
Non-Performing Receivables (Net)	-	-	-	-
Lease Receivables	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Held-to-maturity Investments	137,806	-	-	-
Receivables from the Disposal of Assets	-	-	-	-
Miscellaneous Receivables	-	-	-	12,224
Interest and Income Accruals	24,489	55,630	-	20,972
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	6,441
Fixed Assets	-	-	-	9,108
Other Assets	770	-	-	-
Off-balance Sheet Items	-	21,171	2,777	186,411
Non-cash loans and commitments	-	2,754	2,777	186,411
Derivative Financial Instruments	-	18,417	-	-
Non-risk Weighted Accounts	-	-	-	-
Total Risk Weighted Assets	665,884	2,515,331	2,777	1,045,575

Summary information related to capital adequacy ratio:

	Bank	
	Current Period	Prior Period
	31.12.2006	31.12. 2005
Amount Subject to Credit Risk (“ASCR”)	1,550,030	2,847,487
Amount Subject to Market risk (“ASMR”)	305,200	345,925
Amount Subject to Operational Risk (“ASOR”)	-	-
Shareholders' Equity	2,354,927	2,207,873
Shareholders' equity (ASCR+ASMR+ASOR) *100	126.93%	69.14%

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

Information about shareholders' equity items

	Current Period 31.12.2006
CORE CAPITAL	
Paid-in capital	928,610
Nominal capital	1,000,000
Capital commitments (-)	71,390
Inflation Adjustment to Share Capital	774,427
Share Premium	-
Share Cancellation Profits	-
Legal Reserves	83,334
First legal reserve (Turkish Commercial Code 466/1)	40,589
Second legal reserve (Turkish Commercial Code 466/2)	42,564
Other legal reserves per special legislation	181
Status Reserves	-
Extraordinary Reserves	212,601
Reserves allocated by the General Assembly	212,601
Retained earnings	-
Accumulated loss	-
Foreign currency share capital exchange difference	-
Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves	-
Profit	302,931
Net income for the period	302,931
Prior period profit	-
Provisions for Possible Risks up to 25% of Core Capital	34,814
Profit on Disposal of Associates, Subsidiaries and Immovables to be Transferred to Share Capital	-
Primary Subordinated Loans up to 15% of Core Capital.	-
Uncovered Portion of Loss with Reserves (-)	-
Net current period loss	-
Prior period loss	-
Leasehold Improvements (-)	-
Prepaid Expenses (-)	-
Intangible Assets (-)	-
Deferred Tax Asset Amount Exceeding 10% of Core Capital (-)	-
Limit Exceeding Amount regarding the Third Clause of Article 56 of the Law (-)	-
Total Core Capital	2,336,717

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

SUPPLEMENTARY CAPITAL	
General Provisions	18,848
45% of the Movables Revaluation Fund	-
45% of the Immovables Revaluation Fund	-
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-
Primary Subordinated Loans that are not Considered in the calculation of Core Capital	-
Secondary Subordinated Loans	-
45% of Marketable Securities Valuation Fund	1,032
From investments in Associates and Subsidiaries	779
From available-for-sale financial assets	253
Inflation Adjustment to Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves)	
Total Supplementary Capital	19,880
TIER III CAPITAL	-
CAPITAL	2,356,597
DEDUCTIONS FROM THE CAPITAL	
Investments in Unconsolidated Financial Institutions (Foreign) and Banks in which 10% or more equity interest exercised	-
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest exercised and that exceeds the 10% and more of the total core and supplementary capital of the Bank	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments of a Primary or Secondary Subordinated Loan Nature, purchased from them	-
Loans extended as contradictory to the articles 50 and 51 of the Law	-
The net book value of Bank's Immovables that are over 50% of Shareholders' Equity and Immovables or Commodities that are received on behalf of the Receivables From Customers and to be disposed in accordance with the Banking Law article 57 as they are held for more than five years from the acquisition date.	-
Other	1,670
Total Shareholders' Equity	2,354,927

II- Explanations on credit risk:

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

In accordance with the collateralization policy of the Bank, the Bank is taking the risks of short-term loans to domestic banks. The cash and non-cash limits of domestic banks for short-term credits are approved by the Board of Directors.

Export loans and foreign currency earning services with a maximum maturity of 18 months are given with the approval of General Management Loan Committee and within the provisions of maturity, interest rate and collateral set by the Board of Directors. This approval is limited to 1% of shareholders' equity.

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

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

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

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

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

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

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

As of 31 December 2006, there are no restructured loans. Restructured loans are classified in accordance with the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette dated 1 November 2006, No.26333.

According to the decision of Executive Committee dated 22 February 2006, due dated loans and other receivables are transferred to the “Loans and other receivables under close monitoring” account in accordance with the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables” in 90 days following the maturity date if the principle and interest of the loan has not been paid as of the maturity date. In addition, when the guarantee amount is insufficient or negative developments are scanned related to the borrowers’ financial position, before the elapse of the 90-day period after the due date, uncollected receivables are transferred to the “non-performing receivables” account.

The proportion of the Bank’s top 200 cash loan balances (whose risk belongs to the Bank) in total cash loans is 85%.

The Bank allocated a provision for overdue country loans at a rate of 25% for 6 months past due, 50% for the 6-12 months past due, 75% for 12-36 months past due and 100% for 36 months past due. As of 31 December 2005, the Bank provided a YTL 5,707 thousand (USD 4,240,567) provision for loans granted to the Turkish Republic of Northern Cyprus and YTL 6,666 thousand for the undue installments of loans granted to the Russian Federation at a provision rate of 25% in line with the principles of conservatism.

As of 31 December 2006, YTL 5,707 thousand of the funds allocated for political risks by the Turkish Treasury to the Bank has been transferred to net off the Bank’s receivables from the Turkish Republic of Northern Cyprus in accordance with the letter No.03204 of the Turkish Treasury dated 25 January 2006 and the collection from Kazakhstan has been offset against the Russian Federation Deferred Loan in accordance with the letter No.06170 of the Turkish Treasury dated 9 February 2006. Accordingly, as of 31 December 2006, the Bank recorded income amounting to YTL 12,373 thousand and there is no outstanding provision for due dated country loans as of the same date.

In addition, in accordance with the decision of the Executive Committee dated 27 December 2004, the Bank has decreased the provision rate of short-term loans (except for the fund sourced short-term loans) from 2% to 1.75% as of 31 December 2005 and to 1.50% as of 31 December 2006 and has made an allowance amounting to YTL 25,121 thousand as of 31 December 2006 (31 December 2005: YTL 28,066 thousand).

The Bank, in order to prevent double booking, has deducted the general loan loss provision calculated at a rate of 0.5% in accordance with the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” from the amount of provision calculated at a rate of 1.5%.

In accordance with the decision of Executive Committee, as there has been no improvement in the collection of the receivables amounting to USD 4,868,428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarme and Ministry of Defense under the scope of Russian Federation Deferred Loan for the last six years, the Bank has made a 100% allowance of the YTL equivalent amounting to YTL 6,862 thousand.

As of 31 December 2006, the Bank booked provisions amounting to YTL 2,831 thousand considering probable compensation payments in relation to the export receivables, in line with the principles of conservatism.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

Accordingly, the sum of the provisions recognized by the Bank amounts to YTL 34,814 thousand as of 31 December 2006.

The general loan loss provision for the credit risk undertaken by the Bank amounts to YTL 18,848 thousand (31 December 2005: YTL 12,635 thousand). The Bank provides a general loan loss provision by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No.2633 dated 1 November 2006.

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

Information according to geographical concentration:

	Assets	Liabilities ⁽⁴⁾	Non-Cash Loans	Capital Expenditures ⁽³⁾	Net income
Current Period-31.12. 2006					
Domestic	3,684,578	3,211,671	344,227	6,441	302,931
European Union Countries	314,218	752,270	-	-	-
OECD Countries ⁽¹⁾	7,147	106,727	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	50,478	-	-	-	-
Other Countries	78,281	70,475	-	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	4,134,702	4,141,143	344,277	6,441	302,931
Prior Period-31.12. 2005					
Domestic	3,270,971	2,853,922	293,397	5,060	361,839
European Union Countries	68,433	410,045	-	-	-
OECD Countries ⁽¹⁾	7,530	155,780	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	546	92,057	-	-	-
Other Countries	165,586	6,322	-	-	-
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	3,513,066	3,518,126	293,397	5,060	361,839

⁽¹⁾ OECD Countries other than EU countries, USA and Canada

⁽²⁾ Unallocated assets/liabilities which could not be distributed according to consistency principle.

⁽³⁾ Not included under assets.

⁽⁴⁾ Includes net income/(loss)

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

Sectoral concentrations for cash loans:

	Current Period 31.12.2006				Prior Period 31.12.2005			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	23,568	1.27	12,537	0.81	15,265	1.05	16,191	1.06
Farming and Raising Livestock	23,568	1.27	12,537	0.81	15,265	1.05	16,191	1.06
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	464,022	24.97	249,382	16.09	530,745	36.66	289,420	18.86
Mining	7,849	0.42	2,041	0.13	1,598	0.11	1,743	0.11
Production	456,173	24.55	247,341	15.96	529,147	36.55	287,677	18.75
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	506,292	32.66	-	-	575,732	37.52
Services	1,365,887	73.50	776,599	50.10	892,502	61.66	644,002	41.96
Wholesale and Retail Trade	-	-	25,399	1.64	-	-	22,261	1.44
Hotel Food and Beverage								
Services	184	0.01	7,235	0.47	260	0.02	3,146	0.21
Transportation and								
Telecommunication	125	0.01	5,897	0.38	430	0.03	3,174	0.21
Financial Institutions	1,365,578	73.48	738,068	47.61	891,812	61.61	615,421	40.10
Real Estate and Leasing								
Services	-	-	-	-	-	-	-	-
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	4,785	0.26	5,274	0.34	9,104	0.63	9,246	0.60
Total	1,858,262	100	1,550,084	100	1,447,616	100	1,534,591	100

III- Explanations on market risk

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

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

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

a) Information on market risk

	Balance
(I) Capital to be Employed for General Market Risk-Standard Method	2,265
(II) Capital to be Employed for Specific Risk-Standard Method	-
(III) Capital to be Employed for Currency Risk-Standard Method	22,151
(IV) Capital to be Employed for Commodity Risk	-
(V) Capital to be Employed for Exchange Risk-Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options-Standard Method	-
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	24,416
(IX) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)	305,200

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	3,406	4,556	2,265	5,383	7,237	3,872
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	25,507	32,912	20,697	21,403	23,963	18,820
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Operational Risk	-	-	-	-	-	-
Total Amount Subject to Risk	361,303	460,588	303,763	334,817	386,875	291,550

IV- Explanations on operational risk

Operational risk is not calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of the Banks’ Capital Adequacy Ratio” article number 24.

V- Explanations on currency risk

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

The basic principle for foreign currency assets and liabilities is to secure a balance between currency type, maturity and interest type.

For this purpose, borrowing strategies are determined in accordance with the Bank’s asset structure.

When this determination is not possible, the Bank aims to change the asset structure or utilize derivative instruments such as cross currency (currency and interest) and currency swaps.

Main currencies of the Bank’s assets are USD and EUR. The funding currencies of these assets are USD, EUR and Yen.

As of 31 December 2006, there are cross currency (currency and interest rate) swaps amounting to YEN 8,138,214,284 and USD 68,737,960 to hedge currency and liquidity risk arising from Yen funded USD denominated assets.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

Additional to the swaps mentioned above, as of 31 December 2006 there are long-term interest rate swaps amounting to USD 30,000,000 and short-term interest rate swaps amounting to USD 265,495,300, EUR 270,000,000 to YTL 136,762,000 for liquidity and currency risk purposes.

Policy on foreign currency risk management:

The Bank has followed a balanced policy for the year ended 31 December 2006. As of 31 December 2006 the net foreign currency position/shareholders' equity ratio is 3.29%.

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

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

	25.12.2006	26.12.2006	27.12.2006	28.12.2006	29.12.2006
USD	1.42810	1.42390	1.42450	1.42290	1.40950
AUD	1.12360	1.11830	1.11850	1.11970	1.11410
DKK	0.25137	0.25076	0.25127	0.25052	0.24881
SEK	0.20872	0.20814	0.20758	0.20684	0.20480
CHF	1.17110	1.16710	1.16810	1.16020	1.15480
JPY	1.20240	1.19740	1.20020	1.19760	1.18520
CAD	1.23360	1.22950	1.22640	1.22540	1.21450
NOK	0.22897	0.22830	0.22812	0.22679	0.22436
GBP	2.80110	2.78960	2.79100	2.78380	2.76360
SAR	0.38073	0.37960	0.37979	0.37938	0.37582
EUR	1.87640	1.86990	1.87310	1.86780	1.85520
KWD	4.93810	4.92360	4.92570	4.92010	4.87380
XDR	2.15040	2.14410	2.14500	2.13980	2.11880

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

	DECEMBER 2006 AVERAGE
USD	1.42870
AUD	1.12349
DKK	0.25313
SEK	0.20883
CHF	1.18126
JPY	1.21781
CAD	1.24032
NOK	0.23102
GBP	2.80680
SAR	0.38093
EUR	1.88733
KWD	4.94074
XDR	2.15440

Balance sheet evaluation rates as of 31 December 2006 are equal to the exchange rates on 29 December 2006.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

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

Current Period: 31 December 2006	EUR	USD	Yen	Other FC	Total
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	10	8	2	-	20
Due From Banks and Other Financial Institutions	21,824	279,953	148	3,135	305,060
Financial Assets at Fair Value Through Profit or Loss	-	26,432	1,426	-	27,858
Interbank Money Market Placements	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	-
Loans ⁽¹⁾	508,813	546,893	4,241	16,115	1,076,062
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Held-to-maturity Investments	-	72,878	-	-	72,878
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets ⁽¹⁾	109	9,901	-	9	10,019
Total Assets	530,756	936,065	5,817	19,259	1,491,897
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	28,324	786,814	105,445	-	920,583
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	15	2,623	39	-	2,677
Other Liabilities ⁽¹⁾	3	363,564	547	2	364,116
Total Liabilities	28,342	1,153,001	106,031	2	1,287,376
Net on Balance Sheet Position	502,414	(216,936)	(100,214)	19,257	204,521
Net off Balance Sheet Position	(500,904)	277,330	96,454	-	(127,120)
Financial Derivative Assets	-	416,501	96,454	-	512,955
Financial Derivative Liabilities	500,904	139,171	-	-	640,075
Non-Cash Loans	7,518	335,576	-	1,133	344,227
Prior Period: 31 December 2005					
Total Assets	426,761	813,705	4,353	7,905	1,252,724
Total Liabilities	70,436	836,472	154,819	-	1,061,727
Net on Balance Sheet Position	356,325	(22,767)	(150,466)	7,905	190,997
Net off Balance Sheet Position	(350,900)	37,386	144,570	-	(168,944)
Financial Derivative Assets	-	394,787	144,570	-	539,357
Financial Derivative Liabilities	350,900	357,401	-	-	708,301
Non-Cash Loans	3,967	289,430	-	-	293,397

⁽¹⁾ As of 31 December 2006, the principal of the Iraq loan amounting to YTL 459,278 thousand, its accrual amounting to YTL 14,744 thousand and the liability of YTL 107,116 thousand are not included in the above table as the risk belongs to the Turkish Treasury.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

VI- Explanations on interest rate risk

1-The Bank predicts the effects of changes in the interest rate over the profitability of the Bank by analyzing YTL and foreign currency-denominated interest rate sensitive assets and liabilities with fixed and variable interests.

Long or short positions related to interest rate risk are determined by currency at the related maturity interval (1 month, 1 to 3 months, 3 to 6 months, 6 to 12 months and longer than 12 months) as of the period remaining to repricing date, considering the repricing of YTL and foreign currency-denominated interest rate sensitive assets and liabilities at maturity date (for fixed interest) or at interest payment dates (for floating interest).

2-The Bank determines any maturity mismatch of assets and liabilities by analyzing the weighted average days to maturity of YTL and foreign currency-denominated (for each currency and their USD equivalent) assets and liabilities.

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

As of 31 December 2006, there are 4 Yen/USD currency and interest rate swaps to hedge floating interest rate medium- to long-term assets denominated in USD against the fixed rate liabilities denominated in Yen. In addition, the Bank invested in medium- to long-term fixed rate assets for the medium- to long-term floating rate liabilities during the year to minimize the interest rate risk. As of 31 December 2006, the Bank tried to balance the fixed rate assets with the floating rate liabilities using the three long-term interest rate swaps denominated in USD.

In addition, as of 31 December 2006, there are five short-term YTL-FC and 11 FC-FC outstanding swap transactions of the Bank.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

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

(Periods remaining to repricing dates)

Current Period 31.12.2006	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with CBRT	-	-	-	-	-	42	42
Due From Banks and Other Financial Institutions	390,496	-	-	-	-	743	391,239
Financial Assets at Fair Value Through Profit/Loss	9,651	16,018	26,103	16,801	51,678	-	120,251
Interbank Money Market Placements	43,563	-	-	-	-	-	43,563
Available-for-sale Financial Assets	-	-	-	-	-	-	-
Loans	492,140	1,034,737	1,233,382	644,725	3,362	-	3,408,346
Held-to-maturity investments	31,595	29,169	18,134	8,225	60,366	-	147,489
Other Assets	-	800	-	-	803	28,610	30,213
Total Assets	967,445	1,080,724	1,277,619	669,751	116,209	29,395	4,141,143
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	11,124	11,124
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Borrowed from other Financial Institutions	9,581	734,766	98,414	26,694	51,128	-	920,583
Other Liabilities	5,474	545	273,333	-	180	2,929,904	3,209,436
Total Liabilities	15,055	735,311	371,747	26,694	51,308	2,941,028	4,141,143
Balance Sheet Long Position	952,390	345,413	905,872	643,057	64,901	-	2,911,633
Balance Sheet Short Position	-	-	-	-	-	2,911,633	2,911,633
Off-balance Sheet Long Position	491,583	19,395	-	-	138,739	-	649,717
Off-balance Sheet Short Position	482,352	18,552	-	-	139,171	-	640,075
Total Position	961,621	346,256	905,872	643,057	64,469	(2,911,633)	9,642

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

Effective average interest rates for monetary financial instruments %:

	EURO	USD	YEN	YTL
End of Current Period 31.12.2006				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Due From Banks and Other Financial Institutions	3.64	5.29	-	19.05
Financial Assets at Fair Value Through Profit/Loss	-	6.84	-	18.03
Interbank Money Market Placements	-	-	-	17.50
Available-for-sale Financial Assets	-	-	-	-
Loans	3.89	6.31	1.19	12.81
Held-to-maturity Investments	-	6.67	-	16.26
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Borrowed from other Financial Institutions	3.43	5.49	2.42	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

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

(Periods remaining to repricing dates)

Prior Period 31.12.2006	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-	-	71	71
Due From Banks and Other Financial Institutions	147,682	-	-	-	-	1,768	149,450
Financial Assets at Fair Value Through Profit or Loss	-	18,161	21,243	83,462	25,772	-	148,638
Interbank Money Market Placements	9,807	-	-	-	-	-	9,807
Available-for-sale Financial Assets	-	-	-	-	11,715	-	11,715
Loans	391,629	702,610	1,066,338	681,636	139,994	-	2,982,207
Held-to-maturity Investments	957	49,543	29,647	47,550	62,114	-	189,811
Other Assets	-	-	-	-	-	26,427	26,427
Total Assets	550,075	770,314	1,117,228	812,648	239,595	28,266	3,518,126
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	13,000	13,000
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	9,437	219,591	309,167	26,807	101,200	-	666,202
Other Liabilities	2,979	46,813	336,689	312,113	-	2,140,330	2,838,924
Total Liabilities	12,416	266,404	645,856	338,920	101,200	2,153,330	3,518,126
Balance Sheet Long Position	537,659	503,910	471,372	473,728	138,395	-	2,125,064
Balance Sheet Short Position	-	-	-	-	-	2,125,064	2,125,064
Off-balance Sheet Position (Net)	(143,031)	5,940	-	-	144,572	-	7,481
Total Position	394,628	509,850	471,372	473,728	282,967	(2,125,064)	7,481

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

Effective average interest rates for monetary financial instruments %:

	EURO	USD	YEN	YTL
Prior Period-31.12.2005				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due from Banks and Other Financial Institutions	2,35	4,20	-	14,91
Financial Assets at Fair Value Through Profit or Loss	-	7,76	-	18,29
Interbank Money Market Placements	-	-	-	14,83
Available-for-sale Financial Assets	-	8,08	-	-
Loans	3,83	5,28	1,61	14,69
Held-to-maturity Investments	-	6,97	-	17,42
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Borrowed from other Financial Institutions	3,09	5,24	2,47	-

VII- Explanations on liquidity risk:

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

2- The Bank adopted a stable net positive interest margin policy. YTL-denominated liabilities are composed of shareholders equity with zero cost or internally deposited funds which contribute to the above mentioned policy.

3- The Bank meets its short-term liquidity demand from domestic and foreign banks, and long-term liquidity demand from international institutions like the World Bank or JBIC through medium-long term funds and issued marketable securities. The Bank tries to fund short-term loans with short-term funds and medium-long term loans using medium-long term funds in order to prevent any mismatch.

As the weighted average of remaining days to maturity of funds is slightly higher than the weighted average of remaining days to maturity of placement and the loans, the Bank is hedged against the frequent roll-over risk of the assets, contributing to liquidity management. On the other hand, the Bank is willing to use borrowing limits in Turkish lira and the foreign currency market of the CBRT and of domestic and foreign banks, in the case of urgency.

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Unallocated(*)	Total
Current Period 31.12.2006								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	42	-	-	-	-	-	-	42
Due From Banks and Other Financial Institutions	743	390,496	-	-	-	-	-	391,239
Financial Assets at Fair Value Through Profit or Loss	-	8,140	7,221	25,826	16,802	62,262	-	120,251
Interbank Money Market Placements	-	43,563	-	-	-	-	-	43,563
Available-for-sale Financial Assets	-	-	-	-	-	-	-	-
Loans	-	303,123	643,203	889,922	1,373,703	198,395	-	3,408,346
Held-to-maturity Investments	-	10,900	977	7,592	8,225	119,795	-	147,489
Other Assets	-	800	-	-	-	803	28,610	30,213
Total Assets	785	757,022	651,401	923,340	1,398,730	381,255	28,610	4,141,143
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	9,581	482,265	-	125,109	303,628	-	920,583
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Issued Marketable Securities	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	9,912	-	-	-	1,212	11,124
Other Liabilities (**)	-	1,137	545	14,923	11,745	251,182	2,929,904	3,209,436
Total Liabilities	-	10,718	492,722	14,923	136,854	554,810	2,931,116	4,141,143
Net Liquidity Gap	785	746,304	158,679	908,417	1,261,876	(173,555)	(2,902,506)	-
Prior Period								
Total Assets	1,839	474,501	671,704	900,297	1,111,611	331,750	26,424	3,518,126
Total Liabilities	-	9,607	149,573	352,771	489,525	364,630	2,152,020	3,518,126
Net Liquidity Gap	1,839	464,894	522,131	547,526	622,086	(32,880)	(2,125,596)	-

(*) Assets and liabilities that are necessary for banking activities and that cannot be liquidated in the short-term, such as property and equipment and intangible assets, investments, subsidiaries, office supply inventory, pre-paid expenses, miscellaneous receivables and other assets and shareholders' equity, provisions and miscellaneous payables, are classified in this column.

(**) Shareholders' equity, subordinated loans, expense accruals, provisions and tax items are presented under "Other Liabilities".

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

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

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The fair value of issued marketable securities is calculated according to broker price quotations and if these are not available, amounts derived from discounted cash flow models.

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

	Carrying Value		Fair Value	
	Current Period 31.12.2006	Prior Period 31 .12.2005	Current Period 31.12.2006	Prior Period 31 .12.2005
Financial Assets				
Due From Interbank Money Market ⁽¹⁾	43,563	9,807	43,563	9,807
Due from banks and other financial Institutions ⁽¹⁾	391,274	149,515	391,274	149,515
Available-for-sale Financial Assets	-	11,715	-	11,715
Held-to-maturity Investments	147,489	189,811	145,543	191,661
Loans	3,408,346	2,982,207	3,393,046	2,887,864
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions ⁽¹⁾	1,193,916	937,976	1,193,916	937,976
Issued Marketable Securities	-	-	-	-
Miscellaneous Payables ⁽¹⁾	9,404	13,000	9,404	13,000

⁽¹⁾ Carrying value calculated using the effective interest rate method approximates its fair value.

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

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

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SECTION FIVE

INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets

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

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Cash/Foreign currency	7	-	6	-
CBRT	15	20	46	19
Other	-	-	-	-
Total	22	20	52	19

b) Information related to the account of the CBRT:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Demand Unrestricted Account	15	20	46	19
Time Unrestricted Account	-	-	-	-
Time Restricted Account	-	-	-	-
Total	15	20	46	19

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

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bills, Bonds and other marketable securities	52,642	-	-	-
Other	-	-	-	-
Total	52,642	-	-	-

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

b) Positive differences table related to trading derivative financial assets:

Trading derivative financial instruments	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Forward Transactions	-	-	-	-
Swap Transactions	5,792	5,466	934	6,253
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	5,792	5,466	934	6,253

3. a) Information on banks and other financial institutions:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Banks				
Domestic	21,075	39	86,705	46
Foreign	65,104	305,021	29,454	33,245
Head Quarters and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	86,179	305,060	116,159	33,291

b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period 31.12.2006	Prior Period 31.12.2005	Current Period 31.12.2006	Prior Period 31.12.2005
European Union Countries	312,907	61,480	-	-
USA, Canada	50,059	339	-	-
OECD Countries ⁽¹⁾	7,160	881	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	370,126	62,700	-	-

⁽¹⁾ OECD countries except EU countries, USA and Canada.

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

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

As of 31 December 2006, there are no available-for-sale marketable securities given as collateral.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

	Current Period 31.12.2006	Prior Period 31.12.2005
Debt Securities	-	11,715
Quoted to Stock Exchange	-	11,715
Not Quoted	-	-
Share Certificates	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	-	11,715

5. Information related to loans:

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

	Current Period 31.12.2006		Prior Period 31.12.2005	
	Cash	Non-cash Loans	Cash	Non-cash Loans
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	2,499	-	2,574	-
Total	2,499	-	2,574	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	3,378,982	-	-	-
Discount and Purchase Notes	3,846	-	-	-
Export Loans	724,409	-	-	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	2,103,655	-	-	-
Foreign Loans	69,730	-	-	-
Consumer Loans(Including Overdraft Loans)	2,499	-	-	-
Credit Cards	-	-	-	-
Precious Metal Loans	-	-	-	-
Other	474,843	-	-	-
Specialized Loans	29,364	-	-	-
Other Receivables	-	-	-	-
Total	3,408,346	-	-	-

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	3,056,869	-	-	-
Non-specialized Loans	3,039,825	-	-	-
Specialized Loans	17,044	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables (*)	351,477	-	-	-
Non-specialized Loans	339,157	-	-	-
Specialized Loans	12,320	-	-	-
Other Receivables	-	-	-	-

(*) Loans extended with a maturity over one year are classified as medium- and long-term loans.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

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

	Short-term	Medium and Long-term	Total
Consumer Loans-YTL	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-YTL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Consumer Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-YTL	10	2,489	2,499
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	10	2,489	2,499
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Credit Deposit Account-YTL (Real Person)	-	-	-
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	10	2,489	2,499

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

None.

f) Loans according to types of borrowers:

	Current Period 31.12.2006	Prior Period 31.12.2005
Public	361,652	208,136
Private (*)	3,046,694	2,774,071
Total	3,408,346	2,982,207

(*) Includes country loans amounting to YTL 69,730 thousand (31 December 2005: YTL 162,986 thousand).

g) Distribution of domestic and foreign loans:

	Current Period 31.12.2006	Prior Period 31.12.2005
Domestic Loans	3,337,882	2,799,362
Foreign Loans	70,464	182,845
Total	3,408,346	2,982,207

h) Loans granted to investments in associates and subsidiaries:

None.

i) Specific provisions accounted for loans:

Specific provisions	Current Period 31.12.2006	Prior Period 31.12.2005
Loans and Receivables with Limited Collectibility	4,457	3,442
Loans and Receivables with Doubtful Collectibility	14,584	6,462
Uncollectible Loans and Receivables	30,952	29,713
Total	49,993	39,617

The Bank provides a 100% allowance for non-performing loans, without considering the relevant collaterals in line with the principles of conservatism.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

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

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Current Period 31.12.2006			
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	-
Prior Period: 31.12.2005			
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	-

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

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Prior Period End Balance: 31.12.2005	3,442	6,462	29,713
Additions (+)	21,763	2,885	60
Transfers from Other Categories of Non-performing Loans (+)	-	12,255	1,226
Transfers to Other Categories of Non-Performing Loans (-)	(12,255)	(1,226)	-
Collections (-)	(8,493)	(5,792)	(47)
Write-offs (-)	-	-	-
Balance at the End of the Period	4,457	14,584	30,952
Specific Provisions (-)	(4,457)	(14,584)	(30,952)
Net Balance on Balance Sheet	-	-	-

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

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Current Period: 31.12.2006			
Balance at the End of the Period	4,397	5,904	27,749
Specific Provisions (-)	(4,397)	(5,904)	(27,749)
Net Balance on Balance Sheet	-	-	-
Prior Period: 31.12.2005			
Balance at the End of the Period	3,442	5,904	27,749
Specific Provisions (-)	(3,442)	(5,904)	(27,749)
Net Balance on Balance Sheet	-	-	-

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

k) The policy followed-up for the collection of uncollectible loans and other receivables:

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

The Bank obtains a Current Account Letter of Undertaking of the Debtor for loans granted to financial sector customers and obtains a Letter of Undertaking of the Company from companies; these commit the banks and the companies to the repayment of the loans granted. The Bank is attempting to liquidate the receivables from the intermediary banks whose banking licenses were cancelled by the Banking Regulation and Supervision Agency (BRSA) by an application to the Savings Insurance and Deposit Fund (SIDF).

6. Held-to-maturity investments:

a) Information on held-to-maturity investments subject to repo and given as collateral/blocked;

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

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Treasury Bills	-	-	-	-
Government bonds and similar marketable securities	72,038	-	105,161	-
Other	-	-	-	-
Total	72,038	-	105,161	-

The Bank has no held-to-maturity investments subject to repo and has no held-to-maturity investments held for a structured position.

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

	Current Period 31.12.2006	Prior Period 31.12.2005
Government Bonds	147,489	189,811
Treasury Bills	-	-
Other Public Debt Securities	-	-
Total	147,489	189,811

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

	Current Period 31.12.2006	Prior Period 31.12.2005
Debt Securities	148,400	190,539
Quoted to Stock Exchange	148,400	190,539
Not Quoted	-	-
Impairment Provision (-)	(911)	(728)
Total	147,489	189,811

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

	Current Period 31.12.2006	Prior Period 31.12.2005
Beginning balance	189,811	173,882
Foreign currency differences on monetary assets	9,174	20,709
Purchases during the year	59,946	167,448
Disposals through sales and redemptions (**)	(120,214)	(184,358)
Impairment provision (-)	(911)	(728)
Interest Accruals	9,683	12,858
Period End Total	147,489	189,811

(**) There are no disposals through sales.

7. Investments in associates:

a) Information on unconsolidated investments in associates:

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

Description	Address (City/Country)	Bank's share percentage if different voting percentage (%)	Bank's risk group share percentage(%)
Garanti Faktoring Hizmetleri A.Ş.	Güneşli/Istanbul	9.78	9.78

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

a.2) Significant financial statement information:

Financial statement information of Garanti Faktoring Hizmetleri A.Ş. is obtained from the financial statements dated 30 September 2006.

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value
530,513	27,509	5,222	27,558	-	3,484	2,817	6,441

a.3) Other members/common shares that have control power but not included in the community together with the other members of the parent and/or the financial institutions community.
None.

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

As the share percentage of the Bank at Garanti Faktoring Hizmetleri A.Ş is under 10% and the Bank does not have control over the financial and operating policies of the entity, the entity is not consolidated.

b) Information on consolidated investments in associates:

No associates are included in the consolidation.

8. Information on subsidiaries (net):

There is no subsidiary.

9. Information related to the jointly controlled partnerships:

None.

10. Information on lease receivables (net):

None.

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

None.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

12. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End: 31.12.2005					
Cost	16,487	-	891	8,655	26,033
Accumulated Depreciation(-)	8,214	-	818	7,528	16,560
Net Book Value	8,273	-	73	1,127	9,473
Current Period End: 31.12.2006					
Net Book Value at the Beginning of the Period	8,273	-	73	1,127	9,473
Additions	-	196	-	391	587
Disposals(-)	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation (-)	310	7	19	616	952
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	16,487	196	695	8,487	25,865
Accumulated Depreciation at Period End	8,524	7	641	7,585	16,757
Closing Net Book Value	7,963	189	54	902	9,108

As of 31 December 2006 and 2005, there is no allowance for impairment of property and equipment.

13. Explanations on intangible assets:

The Bank has classified computer software licenses under intangible assets. Useful life of intangible assets is estimated as four years and the depreciation rate is 25%.

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

As of 31 December 2006, the cost and accumulated amortization of intangible assets is YTL 363 thousand (2005: YTL 363 thousand) and YTL 335 thousand (2005: YTL 244 thousand), respectively.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

	Current Period 31.12.2006
Beginning of the Period	119
Internally Generated Amounts	-
Additions due to Mergers, Transfers and Acquisitions	-
Sales and Write-Off	-
Amounts Recorded under Revaluation Fund for Increase or Decrease in Value	-
Recorded Impairments-Income Statement	-
Cancelled Impairments of the Foreign Subsidiaries-Income Statement	-
Depreciation Expense (-)	91
Net Currency Translation Differences of Foreign Subsidiaries	-
Other Changes in the Book Value	-
End of the Period	28

14. Information on deferred tax asset:

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

15. Information on assets held for resale:

None.

16. Information on other assets:

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

II. Explanations and notes related to liabilities

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

1. Information on maturity structure of the deposits:

The Bank does not accept deposits.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

2. Information on trading derivative financial liabilities:

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

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Forward Transactions	-	-	-	-
Swap Agreements	-	4,337	-	4,240
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	4,337	-	4,240

3.a) Information on banks and other financial institutions:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Borrowings from the CBRT	-	757	-	1,378
From Domestic Banks and Institutions	-	-	-	13,614
From Foreign Banks, Institutions and Funds	-	919,826	-	651,210
Total	-	920,583	-	666,202

b) Information on maturity structure of borrowings:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Short-term	-	562,637	-	419,326
Medium and Long-term	-	631,279	-	518,650
Total	-	1,193,916	-	937,976

Medium and long-term loans include subordinated loans amounting to YTL 270,155 thousand (2005: YTL 269,160 thousand) and interest accruals amounting to YTL 3,178 thousand (2005: YTL 2,614 thousand).

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

As of 31 December 2006, the main liabilities of the Bank are presented in the table below on the bases of the sources of the funds:

Funds Borrowed	Current Period 31.12.2006
Syndicated loans (i)	753,396
Subordinated loans (ii)	273,333
Japan Bank for International Cooperation (iii)	105,446
Isbank-GmbH-Frankfurt (v)	27,919
Black Sea Trade and Development Bank (vii)	33,065
Borrowings from the CBRT (ix)	757
Total	1,193,916

(i) The Bank, raised syndicated loan facilities in an amount of USD 50 million (YTL 70,475 thousand) with a maturity of 1 year at 19 December 2006, USD 300 million (YTL 422,850 thousand) with a maturity of 1 year at 16 February 2006 and at an amount USD 175 million (YTL 246,662 thousand) with a maturity of 3 years at 8 August 2006. As of 31 December 2006, the total balance of these syndicated borrowings amounts to YTL 739,987 thousand. Accruals on these borrowings amount to YTL 13,409 thousand and the total balance is YTL 753,396 as of 31 December 2006.

(ii) As of 31 December 2006, USD 200 million (YTL 270,155 thousand) of the Fiscal and Public Sector Adaptation Credit, provided by the World Bank to the Turkish Treasury in accordance with the agreement signed on 12 July 2001, has been transferred to the Bank for the development of the export-oriented real sector. The accrual on this balance amounts to YTL 3,178 thousand as of 31 December 2006, and accordingly the total loan balance amounts to YTL 273,333 thousand.

(iii) As of 31 December 2006, the Bank has raised two lines of credit in an amount of YTL 105,446 thousand with the guarantee of the Turkish Treasury, from JBIC (Japanese Bank for International Cooperation) for the support of the projects in third world countries by Turkish businessman. The accrual on this balance amounts to YTL 930 thousand.

(iv) Funds borrowed from İsbank Frankfurt include credit facilities in the amount of EUR 15 million (YTL 27,828 thousand). The accrual on this balance amounts to YTL 91 thousand and accordingly the total loan balance amounts to YTL 27,919 thousand.

(v) The revolving loan borrowed from Black Sea Trade and Development Bank within the context of the relationships of the Bank amounts to USD 23 million (YTL 33,065 thousand). The accrual on this balance amounts to YTL 647 thousand and accordingly the total loan balance amounts to YTL 33,066 thousand.

(vi) The Bank obtained funds from the CBRT amounting to YTL 757 thousand, under the scope of “Pre-Shipment Rediscount” and “Short-term Export Credit Discount” Programmes.

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The Bank performed the following repayments during the year 2006:

	Repayment Amount	Repayment Date
Calyon Bank-Paris	25,000,000 USD	08 August 2006
Calyon Bank-Paris	5,000,000 EURO	13 September 2006
Isbank GmbH-Frankfurt	23,000,000 EURO	13 March 2006
Isbank GmbH-Frankfurt	15,000,000 EURO	30 November 2006
USD 200 million Syndicated Borrowing	200,000,000 USD	20 June 2006
World Bank Borrowing	33,206,500 USD	15 February 2006
World Bank Borrowing	34,113,451 USD	15 August 2006
Japanese Eximbank	1,533,336,000 JPY	11 September 2006
Japanese Eximbank	718,978,000 JPY	14 July 2006
Japanese Eximbank	1,533,336,000 JPY	10 March 2006
Japanese Eximbank	718,978,000 JPY	14 January 2006

4. Information on other liabilities:

Other liabilities exceeding 10% of the balance sheet total are presented below.

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Turkish Treasury Current Account (*)	360,897	107,303	343,589	118,183
Political Risk Loss Account	-	187	-	44,666
Iraq Loan followed on behalf of the Turkish Treasury	360,897	107,116	343,589	73,517
Other (**)	547	85,690	567	69,418
Total	361,444	192,993	344,156	187,601

(*) The YTL amount under Turkish Treasury Current Account followed under 125-Short-term Fund Sourced Loans includes the foreign currency differences calculated for the Iraq Loan whose risk has been transferred to the Turkish Treasury.

(**) The amount under Other-FC includes YTL 79,731 thousand transferred by the United Nations Compensation Commission (UNCC) and YTL 5,236 thousand representing the overpayment of the country loans. The settlement of the funds transferred by the UNCC will be realized upon the determination of the bases of liquidation of the principal and interest of the country loans.

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

Information on financial leasing agreements:

Explanations on liabilities arising from financial leasing transactions:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	252	180	-	-
More than 4 years	-	-	-	-
Total	252	180	-	-

6. Information on derivative financial liabilities used for hedging purposes:

None.

7. Information on provisions:

a) Information on general provisions:

	Current Period 31.12.2006	Prior Period 31.12.2005
Provisions for Group I. Loans and Receivables	18.848	12.635
Provisions for Group II. Loans and Receivables	17.875	12.032
Provisions for Non Cash Loans	-	-
Other	880	294
Total	93	309

b) Information on provisions for foreign currency difference of foreign currency indexed loans and financial leasing receivables:

There is no foreign currency indexed loans of the Bank.

c) Specific provisions on non-cash loans that are non-funded and non-transformed into cash:

None.

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d) Information on other provisions:

1. Information on provisions for possible risks:

	Current Period 31.12.2006	Prior Period 31.12.2005
Provisions for Possible Risks	34,814	46,991
Country Loans	-	12,373
Other	34,814	34,618

Information on provisions set for possible risks:

i) The Bank allocated a provision for overdue country loans at a rate of 25% for 6 months past due, 50% for the 6-12 months past due, 75% for the 12-36 months past due, and 100% for 36 months past due. As of 31 December 2005, the Bank provided a YTL 5,707 thousand (USD 4,240,567) provision for loans granted to the Turkish Republic of Northern Cyprus and YTL 6,666 thousand for the undue installments of loans granted to the Russian Federation at a provision rate of 25% in line with the principles of conservatism.

As of 31 December 2006, YTL 5,707 thousand of the funds allocated for political risks by the Turkish Treasury to the Bank has been transferred to net off the Bank's receivables from the Turkish Republic of Northern Cyprus in accordance with the letter No.03204 of the Turkish Treasury dated 25 January 2006 and the collection from Kazakhstan has been offset against the Russian Federation Deferred Loan in accordance with the letter No.06170 of the Turkish Treasury dated 9 February 2006. Accordingly, as of 31 December 2006, the Bank recorded income amounting to YTL 12,373 thousand and there is no outstanding provision for due dated country loans as of the same date.

ii) In addition, in accordance with the decision of the Executive Committee dated 27 December 2004, the Bank has decreased the provision rate of short-term loans (except for the fund sourced short-term loans) from 2% to 1.75% as of 31 December 2005 and to 1.50% as of 31 December 2006 and has made an allowance amounting to YTL 25,121 thousand as of 31 December 2006 (31 December 2005: YTL 28,066 thousand). The Bank, in order to prevent double booking, has deducted the general loan loss provision calculated at a rate of 0.5% in accordance with the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables” from the amount of provision calculated at a rate of 1.5%.

iii) In accordance with the decision of Executive Committee, as there is no improvement in the collection of the receivables amounting to USD 4,868,428 (followed under miscellaneous receivables account) from the Ministry of Internal Affairs General Headquarters of Gendarme and Ministry of Defense under the scope of Russian Federation Deferred Loan for the last six years, the Bank has made a 100% allowance of the YTL equivalent amounting to YTL 6,862 thousand.

iv) As of 31 December 2006, the Bank booked provisions amounting to YTL 2,831 thousand considering probable compensation payments in relation to the export receivables, in line with the principles of conservatism.

v) Accordingly, the sum of the provisions recognized by the Bank amounts to YTL 34,814 thousand as of 31 December 2006.

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The general loan loss provision for the credit risk undertaken by the Bank amounts to YTL 18,848 thousand (31 December 2005: YTL 12,635 thousand). The Bank, provides general loan loss provision by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No.2633 dated 1 November 2006.

2. Information on other provisions exceeding 10% of total provisions:

As of 31 December 2006, YTL 34,814 thousand of other provisions include provisions booked for possible risks.

3. Information on reserve for employment termination benefits

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month’s salary limited to a maximum of YTL 1,857.44 in full YTL amount (31 December 2005: YTL 1,727.15) for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise’s obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	Current Period 31.12.2006
Discount rate (%)	5.71
Rate for the Probability of Retirement (%)	0.97

The principal actuarial assumption is that the maximum liability of YTL 1,770.62 will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL 1,960.69 (1 January 2006: YTL 1,770.62) effective from 1 January 2007 has been taken into consideration in calculating the reserve for employee termination benefits.

Movements in the reserve for employment termination benefits during the period are as follows:

	Current Period 31.12.2006	Prior Period 31.12.2005
Balance at the Beginning of the Period	9,648	7,716
Provisions Recognized during the period, net	(1,109)	1,932
Balance at the End of the Period	8,539	9,648

As of 31 December 2006, the Bank has also provided a provision for unused vacation rights amounting to YTL 3,039 (31 December 2005: YTL 2,525).

4. Liabilities on retirement benefits:

None.

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5. Explanations on tax liability:

a) Explanations on current tax liability:

1) Information on provision for taxes:

None.

2) Information on taxes payable:

	Current Period 31.12.2006	Prior Period 31.12.2005
Corporate Taxes Payable	-	-
Taxation on Marketable Securities	-	-
Property Tax	-	-
Banking Insurance Transaction Tax (BITT)	65	37
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	43	19
Other	304	234
Total	412	290

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

3) Information on premium payables:

	Current Period 31.12.2006	Prior Period 31.12.2005
Social Security Premiums-Employee	235	198
Social Security Premiums-Employer	301	251
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	16	14
Unemployment Insurance-Owner	32	27
Other	-	-
Total	584	490

b) Information on deferred tax liability:

None.

6. Information on assets held for resale:

None.

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7. Information on subordinated loans:

a) General information on the number of subordinated loans, their maturity, interest rate, the source institution and detailed information related with the convertible stock option:

Date	Number	Maturity	Interest Rate	Institution
23.07.2001	1	17 years	Six Month LIBOR + 0.75	Turkish Treasury (World Bank Sourced)

b) Information on subordinated loans:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	273,333	-	271,774
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	273,333	-	271,774

8. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period 31.12.2006	Prior Period 31.12.2005
Common Stock	928,610	657,864
Preferred Stock	-	-

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

The registered share capital system is not applied.

c) Information on the share capital increase during the period and their sources:

Date of Increase	Amount of Increase	Cash	Profit Reserve Subject to Increase	Capital Reserve Subject to Increase
08.12.2006	250,000	250,000	-	-

d) Information on share capital increase from revaluation funds during the current period:

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

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

The source of the unpaid share capital amounting to YTL 71,390 of the total commitment of YTL 1,000,000 thousand is expected to be the Turkish Treasury.

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

The credit, interest and the foreign currency risk policies of the Bank were determined to minimize the losses that may result from these risks. The Bank aims to obtain a reasonable positive return on equity in real terms in relation with its banking transactions and to protect its equity from the effects of inflation. On the other hand, the proportion of doubtful receivables to the total loans is around 1% for years and an allowance is provided in full for all doubtful receivables. Accordingly, the Bank does not expect losses that may materially affect its equity. In addition, the free capital of the Bank is high and is getting steadily stronger.

g) Information on privileges given to shares representing the capital:

The common shares of the Bank are grouped as A and B. Both A and B type shares are owned by the Treasury and the share of the Treasury in the total paid-in capital is 100%.

h) Information on marketable securities value increase fund:

1) a) Information on marketable securities value increase fund

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	1,730	-	446	-
Valuation Difference	-	562	-	1,739
Foreign Currency Differences	-	-	-	-
Total	1,730	562	446	1,739

9.a) Information on minority interests:

None.

III- Explanations and notes related to off-balance sheet accounts

I. Explanations on off-balance sheet commitments:

a) Type and amount of irrevocable commitments:

As of 31 December 2006, the amount of irrevocable commitments (all of which are loan granting commitments) of the Bank is YTL 38,898.

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

b.1) Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

	Current Period 31.12.2006	Prior Period 31.12.2005
Letters of Guarantee	11,061	5,258
Endorsements	757	1,378
Guarantees and bails given for export	2,692	2,786
Guarantees given for Export Loan Insurance	329,717	283,975
Total	344,227	293,397

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

As of 31 December 2006, there are no revocable or irrevocable guarantees. Other similar commitments and contingencies are stated above in Note b.1.

c)1) Total amount of non-cash loans:

	Current Period 31.12.2006	Prior Period 31.12.2005
Non-cash loans given against cash loans	2,692	2,786
With original maturity of 1 year or less than 1 year	2,692	2,786
With original maturity of more than 1 year	-	-
Other non-cash loans ⁽¹⁾	341,535	290,611
Total	344,227	293,397

⁽¹⁾ Other non-cash loans include commitments related to the short-term export loan insurance, endorsements given to CBRT and other guarantee letters.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

	Current Period 31.12.2006				Prior Period 31.12.2005			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	757	0.21	-	-	4,164	1.42
Mining	-	-	-	-	-	-	-	-
Production	-	-	757	0.21	-	-	4,164	1.42
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	11,061	3.11	-	-	5,258	1.79
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	332,409	96.68	-	-	283,975	96.79
Total	-	-	344,227	100.00	-	-	293,397	100.00

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

	Group I.		Group II.	
	YTL	FC	YTL	FC
Non-Cash loans				
Letters of Guarantee	-	11,061	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	757	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	332,409	-	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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

INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. Information on derivative transactions:

	Classification of Derivatives Transactions by Purpose			
	Trading Transactions		Hedging Related Transactions	
	Current Period 31.12.2006	Prior Period 31.12.2005	Current Period 31.12.2006	Prior Period 31.12.2005
Types of Trading Transactions				
Foreign Currency Related Derivative Transactions (I)	1,011,882	1,055,345	-	-
FC Trading Forward Transactions	-	-	-	-
Trading Swap Transactions	1,011,882	1,055,345	-	-
Futures Transactions	-	-	-	-
Trading Option Transactions	-	-	-	-
Total Foreign Currency Related Derivative Transactions	1,011,882	1,055,345	-	-
Interest Related Derivative Transactions (II)	84,570	80,748	-	-
Forward Interest Rate Agreements	-	-	-	-
Interest Rate Swaps	84,570	80,748	-	-
Interest Rate Options	-	-	-	-
Interest Rate Futures	-	-	-	-
Other Trading Derivative Transactions ⁽¹⁾ (III)	193,340	287,990	-	-
A. Total Trading Derivative Transactions (I+II+III)	1,289,792	1,424,083	-	-
Types of Hedging Transactions				
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
Foreign Currency Investment Hedges	-	-	-	-
B. Total Hedging Related Derivatives	-	-	-	-
Total Derivative Transactions (A+B)	1,289,792	1,424,083	-	-

⁽¹⁾ Includes currency and interest swap transactions.

As explained in Note II of Section 3, certain derivative transaction while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in TAS 39, and are therefore treated as derivatives held for trading. The Bank mainly engages in currency and interest rate swap agreements to hedge against any losses from currency and interest rate risk.

III. Explanations on contingent assets and liabilities:

1) The Bank recognizes contingent assets if the probability of the inflow of economic benefits is virtually certain. In case the inflow of economic benefits is probable but not virtually certain, such a contingent asset is disclosed.

As of 31 December 2006, there are no contingent assets.

2) The Bank recognizes a provision for contingent liability when the probability of occurrence is high and the contingent liability can be reliably estimated; if the contingent liability cannot be reliably estimated, the contingent liability is disclosed. When the likelihood of the occurrence of the contingent liability is remote or low, it is disclosed.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

In this respect, as of 31 December 2006, there are three legal proceedings outstanding against the Bank amounting to USD 1,854,567 as confirmed from the lawyer letter prepared by the Legal Department of the Bank. As of 31 December 2006, no provision has been made considering the probability of occurrence of the contingent liability.

There are no resolved lawsuits in 2006 in favor of the Bank. In addition, there are 76 legal proceedings outstanding filed by the Bank. These legal proceedings amount to YTL 82,939 thousand, USD 14,330,164 and EUR 307,575.

IV. Explanations on services in the name of others:

The Bank's custody and deposit activities in the name of real and legal persons are not considered as material.

The Bank also provides insurance to some extent for the export receivables of exporter companies against commercial and political risks under the scope of export loan insurance program.

IV- Explanations and notes related to income statement

1. a) Information on interest income on loans:

	Group I.		Group II.	
	YTL	FC	YTL	FC
Interest income on loans				
Short-term Loans	204,622	39,858	-	-
Medium and Long term Loans	952	47,406	-	-
Interest on Loans Under Follow-up	184	552	-	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-

b) Information on interest income on banks:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
From the CBRT	-	-	-	-
From Domestic Banks	5,133	1,036	16,002	7
From Foreign Banks	3,782	5,896	5,606	6,215
From Headquarters and Branches Abroad	-	-	-	-
Total	8,915	6,932	21,608	6,222

c) Information on interest income on marketable securities:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
From Trading Financial Assets	17,445	1,963	21,813	2,946
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	-	1,106	-	2,668
From Held-to-maturity Investments	22,997	6,118	26,050	4,690
Total	40,442	9,187	47,863	10,304

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

Türkiye İhracat Kredi Bankası A.Ş. Notes to Unconsolidated Financial Statements at 31 December 2006

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

d) Information on interest income received from associates and subsidiaries:

No interest income has been received from associates and subsidiaries.

2. a) Information on interest expense on borrowings:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Banks				
The CBRT	-	44	-	878
Domestic Banks	36	231	165	11,648
Foreign Banks	-	44,322	-	34,866
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	14,665	-	9,567
Total	36	59,262	165	56,959

b) Information on interest expense given to associates and subsidiaries:

There is no interest expense that has been given to associates and subsidiaries.

c) Interest given on marketable securities issued:

	Current Period 31.12.2006		Prior Period 31.12.2005	
	YTL	FC	YTL	FC
Interests paid to issued Marketable Securities	-	-	-	7,028

d) Maturity structure of the interest expense on deposits:

The Bank does not accept deposits.

3. Explanations on dividend income:

None.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

4. Information on trading loss/income (Net):

	Current Period 31.12.2006	Prior Period 31.12.2005
Profit		
Income from Capital Market Transactions	48,892	28,924
From Derivative Financial Transactions	47,603	27,925
Other	1,289	999
Foreign Exchange Gains	264,028	140,001
Loss (-)		
Loss from Capital Market Transactions	(79,747)	(37,408)
From Derivative Financial Transactions	(70,044)	(37,408)
Other	(9,703)	-
Foreign Exchange Loss	(215,389)	(121,622)

5. Explanations on other operating income:

The Bank reversed the allowance for the due and undue installments of the country loans granted to the Russian Federation and the Turkish Republic of Northern Cyprus and recorded income amounting to YTL 12,373 thousand under the other operating income account.

In addition, the Bank recorded premium income amounting to YTL 28,151 thousand and commission income from the reinsurance companies amounting to YTL 8,003 thousand in the current year, under other operating income within the scope of the Short-term Export Credit Insurance Program.

The Bank recorded income amounting to YTL 4,659 thousand under other operating income resulting from the decrease in the provision rate of short-term loans to 1.00%.

In the year 2006, there are no extraordinary events, developments or factors in relation with the other operating income that may materially affect the profitability of the Bank, other than the above mentioned issues.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

6. Provision expenses related to loans and other receivables of the Bank:

	Current Period 31.12.2006	Prior Period 31.12.2005
Specific Provisions for Loans and Other Receivables	13,877	6,189
III. Group Loans and Receivables	4,457	2,099
IV. Group Loans and Receivables	8,960	4,031
V. Group Loans and Receivables	460	59
General Provision Expenses	6,214	13
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	214	11
Financial Assets at Fair Value through Profit or Loss	214	-
Available-for-sale Financial Assets	-	11
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	819	245
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments:	819	245
Other	-	-
Total	21,124	6,458

7.a) Information related to other operating expenses:

	Current Period 31.12.2006	Prior Period 31.12.2005
Personnel Expenses	20,793	19,056
Reserve for Employee Termination benefits	-	1,932
Vacation Pay Liability	515	2,525
Bank Social Aid Provision Fund Deficit Provision	-	-
Depreciation Expenses of Fixed Assets	952	1,070
Amortization Expenses of Intangible Assets	91	91
Other Operating Expenses	6,086	5,284
Maintenance Expenses	684	395
Advertisement Expenses	16	86
Other Expenses	5,386	4,803
Loss on Sales of Assets	-	-
Operational Leasing Expenses	37	-
Other *	38,717	32,095
Total	67,191	62,053

* “Other Operating Expenses” include premium expense paid to reinsurance companies amounting to YTL 21,407 thousand within the scope of the Short-term Export Credit Insurance Programme and a contribution fee amounting to YTL 6,182 thousand paid to the Small and Medium Industry Development Organization.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2006

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

8. Explanations on profit and loss before tax:
None.

9. Information on tax provision:
As stated at Section 3 Note XV, the Bank is exempt from corporate tax.

10. Explanations on operation profit and loss after tax:
None.

11. Information on net income/loss for the period:

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

None.

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

None.

c) Profit/Loss of minority interest:
None.

12. If the other accounts in the income statement exceed 10% of the total of the income statement, sub-accounts constituting at least 20% of these accounts:

None.

V- Explanations and notes related to changes in shareholders' equity

1. Information about the adjustment related to the application of Financial Instruments Accounting Standards in the current period:

a) The increase after the revaluation of the available-for-sale investments:

The fair value gains of the available-for-sale investments, other than the hedging instruments, amounting to YTL 2,292 thousand are recorded under the marketable securities value increase fund account under equity. YTL 562 thousand of such fair value gains belongs to marketable securities transferred to the held-to-maturity portfolio from the available-for-sale portfolio of the Bank. YTL 562 represents the fair value gains until the date of transfer.

This amount will be transferred to the income statement upon maturity of the transferred securities.

b) Information for the increases in the accounts related to cash flow hedges:
None.

b.1) The reconciliation and confirmation for the cash flow risk accounts at the beginning and end of the period
None.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.e OF SECTION THREE

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

b.2) Under the cash flow hedges, the current period charge of the income or loss under equity related with a derivative or non-derivative financial asset and liability designated as cash flow hedge instruments:
None.

c) Reconciliation of foreign exchange differences at the beginning and end of the period:
None.

2. Information about the adjustments related to the application of Financial Instruments Accounting Standards in the current period:

a) Information on the available-for-sale investments
None.

b) Information on cash flow hedges:
None.

3. Information related to distribution of profit:

a) The amount of dividend declared before the approval date of the financial statements but after the balance sheet date:
None.

b) Earnings per share proposed to be distributed to shareholders after the balance sheet date
Profit distributions are approved by the General Assembly of the Bank. As of the report date, no profit distribution decision has been made by the General Assembly for 2006 profit.

In accordance with the decision of the Board of Directors dated 21 March 2006 and the second article of the Bank's articles of association and with the approval of the Minister of State having the authority of the General Assembly dated 22 March 2006; YTL 221,067 thousand, YTL 103,792 thousand and YTL 36,980 thousand of the profit of the year 2005 amounting YTL 361,839 has been distributed as dividend, extraordinary reserve and legal reserves respectively.

The Minister of State with the authority of the General Assembly, approved the increase in the nominal capital of the Bank from YTL 750 million to YTL 1 billion at 13 April 2006 in line with the decision of the Board of Directors dated 21 March 2006, No/18.

Türkiye İhracat Kredi Bankası A.Ş.

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at 31 December 2006

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

The Bank completed the procedures related with the capital increase as of 31 December 2006 and increased its capital to YTL 1 billion. As of this date, paid-in-capital of the Bank is YTL 928,609,824.91. YTL 51,204,630.43 of the paid portion of the increase in the share capital amounting to YTL 178,609,824 represents the dividend of the Turkish Treasury that was left within the Bank for the unpaid share capital. YTL 82,650,812.78 of the increase in the share capital represents the excess amount of the receivable from the Russian Federation under the scope of the political risk. The rest of the increase in the share capital amounting to YTL 44,754,381.79 is the amount transferred by the Turkish Treasury.

In accordance with the letter of the Turkish Treasury dated 19 June 2006, No/32675: YTL 92,136 thousand of the dividend of the Turkish Treasury from the 2005 profit amounting to YTL 219,117 thousand is offset against the Bank's capital commitment; YTL 75,777 thousand of the dividend is offset against the political risk obligation of the Turkish Treasury and the rest of the dividend, amounting to YTL 51,204 thousand, is left within the Bank for the capital increase to YTL 1 billion.

4. Amount transferred to legal reserves

	Current Period 31.12.2006	Prior Period 31.12.2005
Amount transferred to Legal Reserves under Dividend Distribution	36,980	21,428

5. Information on issuance of share certificates

a) For all share groups; any restrictions, preferential terms and rights for distribution of dividends and payment of share capital.
None.

6. Explanations on other share capital increases

None.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

VI- Explanations and notes related to statement of cash flows

1. Information on the cash and cash equivalents:

1.a) Information on cash and cash equivalents at the beginning of the period:

The components constituting the cash and cash equivalents and the accounting policies used for the determination of these components:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as “Cash” interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash Equivalents”.

	Current Period 31.12.2006	Prior Period 31.12.2005
Cash	1,839	1,223
Cash and Foreign Currency and Other	6	-
Demand Deposits in Banks	1,833	1,223
Cash Equivalents	157,380	512,828
Interbank Money Market Placements	9,800	59,650
Time Deposits in Banks	147,580	453,178
Total Cash and Cash Equivalents	159,219	514,051

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

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

	Current Period 31.12.2006	Prior Period 31.12.2005
Cash	785	1,839
Cash and Foreign Currency and Other	7	6
Demand Deposits in Banks	778	1,833
Cash Equivalents	433,599	157,380
Interbank Money Market Placements	43,500	9,800
Time Deposits in Banks	390,099	147,580
Total Cash and Cash Equivalents	434,384	159,219

2. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to YTL 30,934 (31 December 2005: YTL 51,806 thousand) mainly consists of fees and commissions paid, foreign exchange losses, other operating income excluding collections from doubtful receivables and other operating expenses excluding personnel expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to YTL 20,381 (31 December 2005: YTL 25,730 thousand) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

The effect of changes in the foreign currency rates on the cash and cash equivalents is reflected under net foreign exchange gains/losses. The foreign exchange gains/losses amount mentioned above is included in the “Other” line under “Operating profit before changes in operating assets and liabilities”.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

VII- Explanations and notes related to Bank’s risk group:

1.Information on the volume of transactions relating to the Bank’s risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. a) Current Period-31.12.2006:

Bank’s Risk Group (*)	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables(**)						
Balance at the Beginning of the Period	-	-	-	-	188,266	-
Balance at the End of the Period	-	-	-	-	361,703	-
Interest and Commission Income Received	-	-	-	-	36,003	-

(*) Defined in the subsection 2, article 49 of the Banking Law No.5411

(**) As of 31 December 2006, the Bank owns government bonds and treasury bills issued by the Turkish Treasury amounting to YTL 256,482

1.b) Prior Period-31.12.2005:

Bank’s Risk Group (*)	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables(**)						
Balance at the Beginning of the Period	-	-	-	-	204,797	-
Balance at the End of the Period	-	-	-	-	188,266	-
Interest and Commission Income Received	-	-	-	-	30,690	-

(*) Defined in the subsection 2, article 49 of the Banking Law No.5411

(**) As of 31 December 2006, the Bank owns government bonds and treasury bills issued by the Turkish Treasury amounting to YTL 342,977.

1.c.1) Information on deposits of the Bank’s risk group:

None.

1.c.2) Information on forward and option agreements and other similar agreements made with the Bank’s risk group:

None.

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INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

1.d) Information on the purchase and sale of the immovables and other assets, purchase and sale of services, agency agreements, financial leasing agreements, information transfer of the outcome of the research and development activities, license agreements, financing (including loans, cash or in-kind capital supports), guarantees and management agreements:

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank

	Number	Number of Employees	Country of Incorporation	Total Assets	Statutory Share Capital
Domestic Branch	2	394			
Foreign Representation Office	-	-	1-none		
Foreign branch	-	-	1-none	-	-
Off-shore Banking Region Branches	-	-	1-none	-	-

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SECTION SIX

OTHER EXPLANATIONS

I- Other explanations related to operations of the Bank
None.

SECTION SEVEN

INDEPENDENT AUDIT REPORT

I. Explanations on independent auditor’s report

The unconsolidated financial statements for the period ended 31 December 2006 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The auditor’s report dated 9 March 2007 has been presented prior to the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

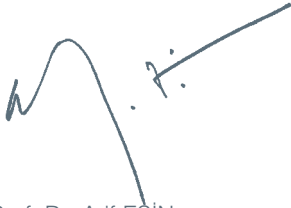
Türkiye İhracat Kredi Bankası A.Ş. Audit Board Report for the Accounting Period 2006

Operations and results of Türkiye İhracat Kredi Bankası A.Ş. for the fiscal year 2006 have been reviewed by our Board in the scope of related legislation provisions.

In the audits performed, it has been determined that:

1. Statutory books, accounts and records have been maintained properly,
2. All types of negotiable instruments are present in accordance with the records,
3. Balance sheet and income statement dated 31 December 2006 have been prepared in accordance with the Communiqué on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for banks, Turkish Accounting Standards, Turkish Financial Reporting Standards and related legislation, and also in accordance with the Bank's accounting records,
4. Profit distribution has been prepared in accordance with the relevant provisions of the Turkish Commercial Code, and article 54 of the Articles of Association,
5. Executive Board is conducting the Bank's credit policy in line with the conditions necessitated by the country economy.

In conclusion, we submit the balance sheet and income statement with the preparation of which we agree in principal and procedure, to approval of general assembly. 26/03/2007



Prof. Dr. Arif ESİN
Member of the Audit Board



Güner GÜCÜK
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