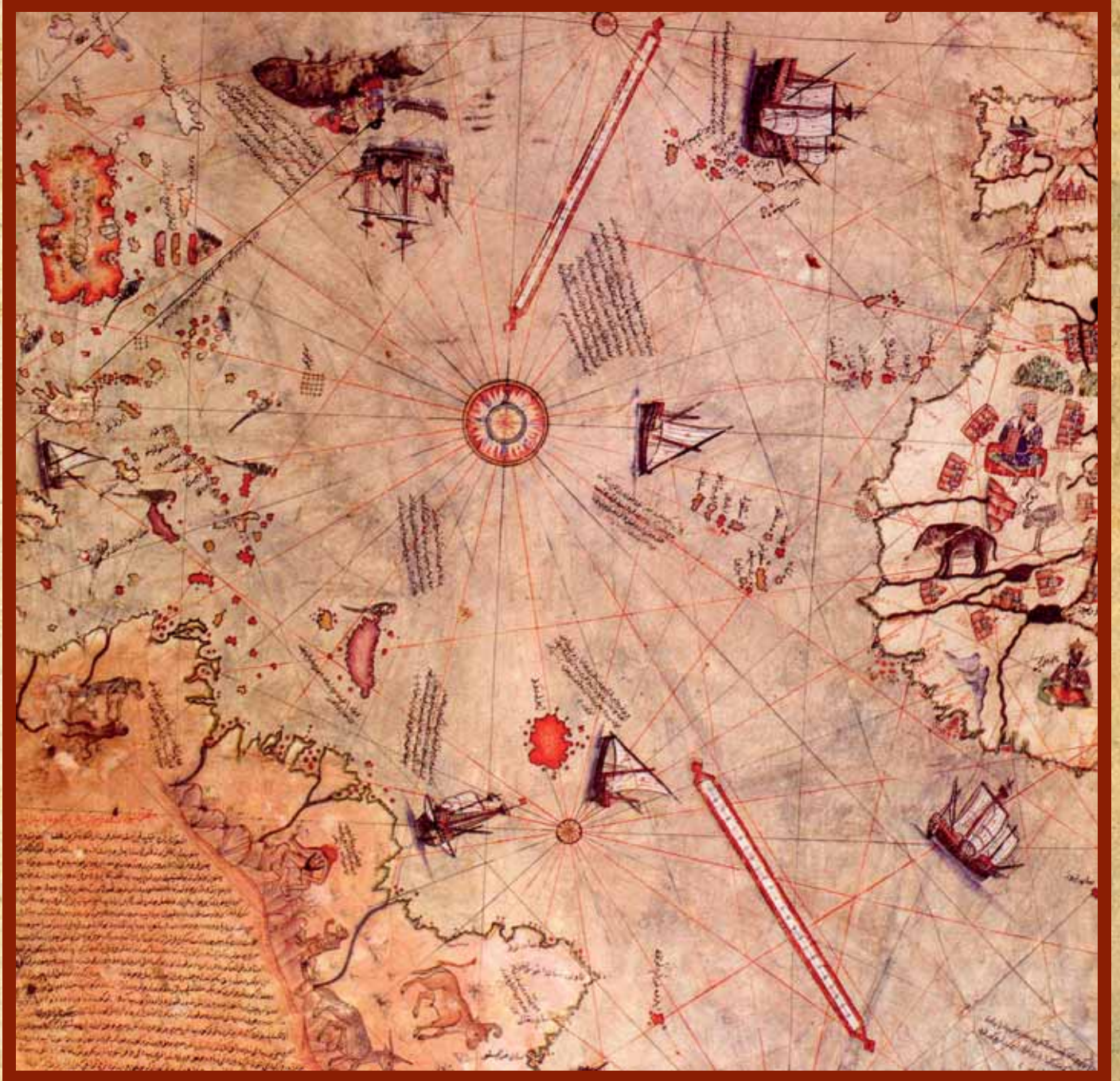


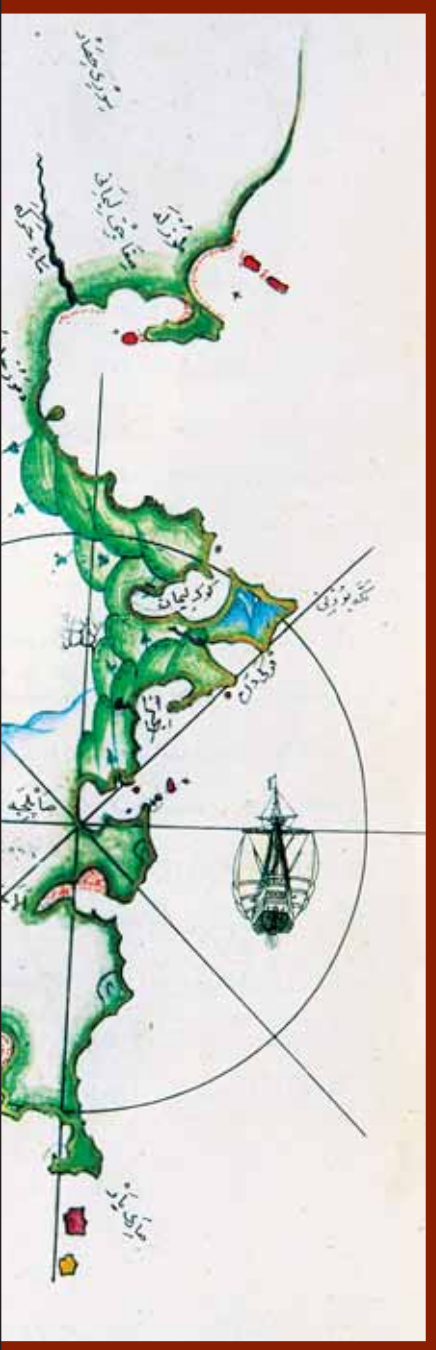
TÜRK EXİMBANK

EXPORT CREDIT BANK OF TURKEY



2007 Annual Report

Contents



Environs of the Çeşme Port

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Piri Reis (1465-1554)

Known particularly as an outstanding cartographer, Piri Reis was one of the greatest Turkish mariners, geographers, and admirals that ever lived.

Born in Gelibolu around 1465, Piri Reis died in Cairo in 1554. He began his career as a sefarer alongside his paternal uncle, Kemal Reis. (In Piri's day, "reis" was a title given to sea captains.) Together they took part in many expeditions throughout the Mediterranean. In 1547 during the reign of Sultan Süleyman I, Piri was made "Captain of the Indian Sea" a position corresponding to admiral of the Ottoman fleet in the Indian Ocean and Red Sea.


*True cartography in the Ottoman Empire begins with Piri Reis. The cartographic and navigational information appearing in his book *Kitab-ı Bahriye* ("Book of Navigation") make it the most important work on seafaring produced by any Turkish author and earned Piri Reis an international reputation. *Kitab-ı Bahriye* is based on information that Piri Reis gathered first-hand during his voyages around the Mediterranean as well as on historical and geographical information gleaned from other sources. The manuscript work contains 858 pages and 223 charts, some of the latter serving as sailing guides that depict minute details of coastlines and currents. The first 78 pages of the book are devoted to versified descriptions of storms, types of winds, the characteristics the world's seas and the lands, use of the compass, and other navigation-related matters.*

Piri Reis's maps of the world and of the newly-discovered Americas were produced at a time when only very limited means were available. Despite this, the accuracy of the maps and the excellence of his projection system inspire admiration even today. Piri Reis's map of the New World is regarded as the most accurate of all those produced in the years following the Columbus discoveries and it is the one most in accord with modern-day maps. His world map even shows astonishing details of the glacial-bound coast of Antarctica (which continent was not officially "discovered" for another three centuries) that were not revealed until sonar research that was conducted in the 1950s.

Delivering financial products and services to Turkish exporters and serving as their navigator through the sometimes perilous shoals of international markets, Türk Eximbank is proud to be following a course begun four centuries ago by Piri Reis, an illustrious sefarer whose diligence and vision serve as beacons in Turkey even today.



Annual Report Statement of Compliance

PRICEWATERHOUSECOOPERS 

**Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**
a member of
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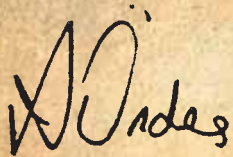
To the General Assembly of Shareholders of Türkiye İhracat Kredi Bankası A.Ş.

We have audited the compliance and consistency of the financial information included in the annual report of Türkiye İhracat Kredi Bankası A.Ş. ("the Company") as of 31 December 2007 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Company's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the audited financial statements and explanatory notes.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Law No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is consistent with the audited financial statements and explanatory notes and free from material misstatement. We believe that our audit provides a reasonable 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 2007 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements and explanatory notes originally issued in Turkish.

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



Alper Önder, SMMM

İstanbul, 17 April 2008

Corporate Profile

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

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

The Bank currently supports Turkish exporters, contractors and investors through various credit, guarantee and insurance programs similar to export credit agencies of developed countries. However, it is different in that, Türk Eximbank 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 204 countries.

Apart from its Head Office in Ankara, Türk Eximbank has two branches, one in İstanbul and the other in İzmir, and six liaison offices in Denizli, Kayseri, Gaziantep, Bursa, Adana and Trabzon. Opened in 1994 and 1995 respectively, the İstanbul and İzmir branches aim at providing better service to the dynamic export sector and 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.

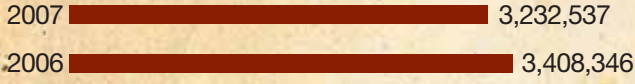
Türk Eximbank has opened liaison offices in Kayseri and Denizli in 2004, Gaziantep in 2005, and Bursa, Adana and Trabzon in 2006; six of the industrialized provinces with high export potential. These offices give exporters information on Türk Eximbank's programs, and provide help for their credit applications.

The specialized nature of Türk Eximbank's operations requires highly qualified and professional staff. As a result, the contribution of the Bank's very few, but competent and exceptionally skilled personnel are very important. As of end-2007, Türk Eximbank employs a total of 392 personnel, 24 in the İstanbul and 9 in the İzmir branches, and a total of 8 personnel in the liaison offices. 4 personnel have a Ph.D. degree, 62 have a post-graduate degree, and 226 have a graduate degree.

Financial Highlights

Loans

YTL thousand



3,232,537
YTL thousand

Shareholders' Equity

YTL thousand



2,578,909
YTL thousand

Net Income

YTL thousand



387,294
YTL thousand

Major Balance Sheet Accounts (YTL thousand)

	2007	2006
Loans	3,232,537	3,408,346
Total Assets	4,164,396	4,141,143
Loans Borrowed	991,247	1,193,916
Shareholders' Equity	2,578,909	2,304,195
Total Paid-in Share Capital	1,000,000	928,610

Major Income Statement Accounts (YTL thousand)

	2007	2006
Interest Income	444,501	376,166
Interest Income on Loans	348,266	293,574
Interest Expenses	(54,399)	(59,411)
Net Interest Income	390,102	316,755
Other Operating Income	48,724	58,133
Provisions for Loans and Other Claims	(1,820)	(21,124)
Other Operating Expenses	(62,543)	(67,191)
Net Income	387,294	302,931

Financial highlights for the 2003-2007 period are given on page 58.

Operational Highlights

Total Credit/Insurance/Guarantees

USD million



8,421
USD million

Total Short-Term Credits

YTL thousand



4,836,879
YTL thousand

Short-Term Export Credit Insurance

USD million



4,683
USD million

Credit Activities

Short-Term Credit Activities (YTL thousand)

	2007	2006
Total Short-Term Credits	4,836,879	5,012,417
Short-Term TL Export Credits	3,626,756	3,464,017
Short-Term FX Export Credits	1,210,123	1,548,000

Medium and Long-Term Credit Activities (USD million)

	2007	2006
Medium and Long-Term Credits	24.3	22.8

Insurance Activities

Short-Term Export Credit Insurance (USD million)

	2007	2006
Total Covered Shipments	4,683	4,253
Total Buyer Limit Approvals	4,983	4,563
Claims Paid	3.7	6.7

Chairman's Message

Turkey's exports reached a new milestone in 2007, exceeding the psychological threshold of USD 100 billion. In this period, Türk Eximbank continued to increase its support to exporters in the form of export credit and insurance/guarantee.



Another successful year has passed in terms of exports, as it exceeded the psychological threshold of USD 100 billion and reached USD 107 billion as of end-2007. 2007 has also been a year of records for the contracting services sector. Contracting services exports, which is expected to have exceeded USD 20 billion as of end-2007, has reached a total of USD 56 billion in the last five years.

The level of exports attained in 2007 has carried Turkey to the 21st rank among the world's largest exporters. In this period, in addition to the quantitative increase in Turkey's exports, structural change also gained momentum. On one hand the sectoral and regional dependency was decreased, and on the other hand the number of export markets and the variety of export goods was significantly increased. While the share of labor-intensive sectors in total exports decreased, that of capital-intensive and competitive sectors increased. Therefore, the share of the world's growing sectors such as automotive, electric-electronics, and machinery and equipments sectors increased considerably. As a result, the composition of Turkey's exports started to shape according to the changes and developments in the world economy, indicating her success in integrating with the world and accommodating to international competition.

This outstanding performance seen in the last five years is exceptional, because it was realized in a period where the Turkish lira was appreciating in real terms. As it is known, a country's currency is one of the main factors that determine its competitive strength. Recent studies show that in 2007 Turkey has descended 5 places to 48th position in the international competitiveness ranking. However, Turkish exporters and overseas contractors, who are well aware of the difficulties in gaining back lost markets, are going through a lot of effort to maintain their market shares although their earnings are decreasing. The Undersecretariat for Foreign Trade implements various strategies, executed since the beginning of the 2000s, on the development of regional and economic trade relations and state aids for exports, in the framework of the Export Strategic Plans for 2004-2007 and 2007-2009. On the other hand, with its export credit and insurance/guarantee facilities, Türk Eximbank supports exports by providing both financial support to Turkish exporters and contractors with favorable conditions and a risk free environment. Thus, the harmonized efforts of these sectors have played an important role in achieving this high level of exports.

Unfortunately, recent developments have shown that 2008 will also be a year of adversities for exporters. The outlook for the global economy is more uncertain. The financial turmoil that began in the United States has spread to other advanced economies and has eventually affected the global economy due to rapid globalization. The repercussions of the turbulence on financial markets and economies can clearly be seen in the economic indicators recently released by the United States and EU countries. In this context, the U.S. economy will evidently tip into a mild recession; the important thing is to determine the direct spillovers onto advanced, and emerging and developing economies. The U.S. economy currently accounts to approximately one fifth of global output thus; the turmoil in this country inevitably has global spillover effects, threatening the global growth prospects. The global expansion is expected to lose speed in 2008 and according to the IMF, global growth, which is estimated to have increased 4.9% in 2007, is projected to drop to 3.7%. In this framework, it is expected that the activity in the other advanced economies will be sluggish; therefore projections for advanced economies have also been decreased from 2.7% in 2007 to 1.3% in 2008. On the other hand the performance of emerging and developing economies is expected to remain robust although a slight decrease is projected; from 7.9% in 2007 to 6.7% in 2008. These figures show that in 2008 the emerging and developing economies, including Turkey, will provide the stimulus for global growth.

Emerging and developing countries have on the one hand benefited from the strong momentum of the global economy and on the other hand, have implemented more disciplined macroeconomic policy frameworks and taken measures to reduce their public debt and increase their competitiveness. In addition, the strong dynamism of domestic demand in emerging and developing economies has enabled a robust increase of advanced economies' exports to these countries, which in turn contributed to their economic expansion. As a result of these developments, the U.S. now plays a less dominant role in the global economy.

Recently, global economic growth has gradually become more dependent on international trade. Similarly, the export sector, which has registered annual average increases of 6.6% during the last five years, is the driving force behind the economic growth of Turkey. The main factor behind the increase in Turkey's exports is the growth performances of countries that are the main importer of Turkish made products. In other words, import demand for export goods is becoming crucial for the export sector.

Chairman's Message

A probable stagnation in the U.S. economy is not expected to affect Turkey's economy directly, since the U.S. is not a major trading partner for our country. As a result of the appreciation of the Turkish lira against the U.S. dollar, Turkish firms' interest toward the U.S. market declined gradually since 2002, therefore, the weight of this country in Turkey's total exports has fallen significantly in recent years. Consequently, the share of exports to the U.S. has decreased to 4% in 2007 from 9% in 2002. However, stagnation in the U.S. economy could dampen growth in the EU, which is Turkey's major trading partner. As Turkey sends more than 50% of its exports to the EU countries, her export performance will depend on the U.S. financial turmoil's spillover effect on the EU countries. In this context, it is important to note that most countries, including the EU, send a substantial share of their exports to the U.S. and therefore dependent on U.S. demand. Thus, a probable stagnation in the U.S. would lead to a contraction in the export market of this country's trading partners, which in turn would lead to slower growth rates in these countries. Furthermore, soaring commodity prices such as crude oil, food and base metals, also increases the risk perceptions for EU countries. In this framework, international competition would likely become much more intensive and this will further increase the challenges for Turkish exporters.

Within the context of export oriented growth policies, over the past 25 years Turkish firms have tended towards international markets via exports. Although they gained the ability to rapidly adapt to change and new conditions of competition, the necessity is evident that extraordinary strategies have to be formed in the face of the latest global developments. In other words, in an environment where the domestic market is increasingly becoming internationalized and international markets are expected to contract, all our efforts are concentrated on increasing the competitive

powers of Turkish firms. In this environment, the significance of the proactive policies implemented since the beginning of the 2000s can be comprehended.

One of the foremost policy instruments of exports is Türk Eximbank, the sole official export credit agency in Turkey. The Bank, on the one hand offers financing on favorable terms to exporters and contractors operating overseas with its export credit programs, while on the other hand provides a risk-free environment with its export credit insurance/guarantee programs.

For example, the buyers' credit/guarantee programs, which are the combination of Türk Eximbank's credit and insurance/guarantee facilities, provide support to exporters of goods and services to maintain their existing market shares and also encourage them to enter new markets. The countries to be covered under this program are determined in accordance with the regional strategies implemented by the Undersecretariat for Foreign Trade in the 2000s. In fact, in the context of these strategies, Turkey's exports to the Middle East and African countries have increased four fold since 2002 to USD 21 billion. From Türk Eximbank's point of view, because these are considered as risky countries, demand especially for the export credit insurance programs in exports to these countries has increased considerably; from 10% to 15%. Türk Eximbank has initiated export credit insurance in Turkey thus; this increase in demand can be mainly attributed to the efforts of the Bank.

As is known, in recent years, in addition to merchandise exports, international services trade has also reached large volumes. Hence, for the purpose of helping especially Turkish contracting firms take advantage of the opportunity in this field, Türk Eximbank believes that support must be given to them so that they can strengthen their

The level of exports attained in 2007 has carried Turkey to the 21st rank among the world's largest exporters. In this period, in addition to the quantitative increase in Turkey's exports, structural change also gained momentum.

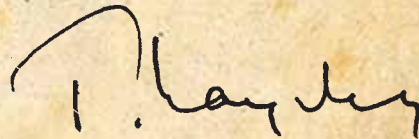
A probable stagnation in the U.S. economy is not expected to affect Turkey's economy directly, however, it would lead to slower growth rates in the EU, which is Turkey's major trading partner. Thus, 2008 will be a challenging year for Turkish exporters.

competitiveness in the services sector and enter new markets. Owing to soaring commodity prices, particularly crude oil price increases have enabled emerging and developing economies with extensive foreign trade surpluses and the former Soviet Union countries to allocate substantial amount of sources to infrastructure investments. This has created a huge potential for the infrastructure industries both in terms of construction and management. In this framework, our strategy for the forthcoming period as Türk Eximbank is to offer various facilities to Turkish contracting firms so that they can be more active in the execution and management of the significant infrastructure investment opportunities in the Persian Gulf and North African countries, Iran, Russian Federation, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan and some sub-Saharan countries. Türk Eximbank plans to support these activities by contributing to the financing and risk management processes.

For this purpose, we are working on arrangements to shorten the Bank's approval process in programs with maturities more than two years and increasing the Bank's autonomy. With the realization of these arrangements Türk Eximbank will be able to be more active in these areas. In addition, the legal framework will be ready for the implementation of new programs such as the "Political Risk Insurance Program for Overseas Contracting Services" and the "Overseas Investment Insurance Program", designed for Turkish contractors undertaking projects especially in politically risky countries. Consequently, in line with its strategies, Türk Eximbank will place more emphasis on medium and long-term trade and project finance.

Today, the public opinion, economic circles and especially the private sector have realized the importance and necessity of promoting Turkey's image and the concept of Turquality to increase Turkey's exports and competitive strength. In this framework, preparations of a new credit program are underway to provide pre-shipment stage financing to companies included in the Trademark Support and Turquality Support Programs of the Undersecretariat for Foreign Trade. In this process, the experience gained in the implementation of the "Overseas Chain Stores Investment Credit Program" will be of great assistance. This new program will help Turkish firms establish permanent markets abroad with their own brand names and in this context contribute to the increase in Turkey's net foreign currency earnings.

Türk Eximbank's duty, in an international environment where competition is becoming more intense and risks are increasing, is to meet the needs of exporters and overseas contractors and investors as best as possible with the facilities it provides. To date, the Bank, which has played an active role in helping the export and contracting sectors reach their targets, will continue to provide its assistance with the same energy and effort. As Türk Eximbank, our aim is to provide a total support of USD 10.6 billion to the export sector, in the form of cash credits and insurance/guarantee facilities in 2008.



Tuncer KAYALAR
Chairman

Chief Executive Officer's Message

Türk Eximbank provided USD 8.4 billion support to the export sector in 2007. USD 3.7 billion of this amount was in the form of export credits and USD 4.7 billion in export credit insurance/guarantees. In 2008 we are planning to increase our support to USD 10.6 billion.



Turkey's economy has continued to grow in a sustainable manner during the last five years, as a result of the macroeconomic stability reached by the economic program and positive developments in global growth. However, global economic growth cooled in the second half of 2007 because of the global financial turmoil triggered by the sub-prime mortgage loan crisis in the U.S. In such an environment, the Turkish economy has continued to grow, though at a lower rate in 2007. This shows that Turkey's economy has become more robust in the face of international turmoil, taking into consideration its production capacity and its integration to the world economy. I believe that the growth trend will continue in the forthcoming years, although in a lower pace.

In spite of the real appreciation of the Turkish lira, exports continued to be the driving force behind the economy, increasing annually by 25% in the last five years. Turkey's exports has reached USD 107 billion as of end-2007, exceeding the USD 95 billion export target, owing to the efforts to increase added value and competitiveness, quality and productivity improvements and efforts to find new markets. After a long time, in 2007, the rate of increase in exports was higher than that of imports and the volume of foreign trade was realized as USD 277 billion. This has been very encouraging in terms of the sustainability of exports and maintaining the competitiveness of the Turkish economy.

Despite the volatility in global markets, high international oil prices that increase the cost of input and the appreciation of the Turkish lira, Türk Eximbank has increased its support to the Turkish export sector in 2007, by providing a total of USD 8.4 billion. Of this amount, USD 3.7 billion was in the form of export credits and USD 4.7 billion in export credit insurance/guarantees. Thus, we have exceeded our short-term export credit and insurance target for 2007, as we completed our 20th year in supporting the sector.

As in previous years, in 2007, SMEs were given priority in all the Bank's credit programs and were provided financing on better terms and conditions. As a result, 35% of Türk Eximbank's short-term export credits were extended to SMEs. In order to help SMEs, not only exporter SMEs but also potential exporters, overcome the difficulties they face in finding collateral for their financing needs, studies to develop an alternative guarantee facility with the Credit Guarantee Fund, whose main objective is to support SMEs by providing guarantee for their financing, has been completed and put into effect in the beginning of 2008.

Taking into account the developments in the Turkish economy in last five years, in order to reduce exporters' costs, Türk Eximbank has gradually decreased interest rates charged for short-term TL credits by a total of 36 points and by a total of 2.5 points in foreign currency credits. Currently the interest rates range between 10% and 15% for TL export credits and LIBOR+0.50% and LIBOR+1.25% for short-term foreign currency credits.

Expectations for 2008

As a result of the turbulence in financial markets, in 2008, global growth is expected to decline to its lowest level of the last five years. Taking into account this possible slowdown in the global economy, foreign demand for Turkish export goods is expected to decline in the coming period and therefore 2008 will be a tough year for Turkish exporters.

Taking into account the uncertainties in global markets, Türk Eximbank, as the sole official export credit agency in Turkey, will play a vital role in supporting the export sector with its financing facilities. In a year of such uncertainties, the Bank plans to increase its support to the export sector by 26%. In this framework, the Bank aims to provide USD 10.6 billion support to the export sector, of which USD 5 billion is expected to be in the form of cash loans and USD 5.6 billion in non-cash loans and guarantees.

Chief Executive Officer's Message

In order to reach these targets, at the beginning of 2008, Türk Eximbank has made some new arrangements in favor of exporters to provide them the utmost support. To increase exports and markets penetrated, under the Short-Term Export Credit Insurance Program, the number of on-cover countries was increased to 204 from 176 as of January 1, 2008. Also, the premium rates were renewed in accordance with the redefined short-term maturity intervals. With these revisions, it is aimed to allow the policyholders to save on total premium costs and also to ensure more exporters to benefit from this Program.

Additionally, 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, a cooperation agreement with a commercial bank has been signed on February 7, 2008. According to this agreement, the bank has allocated a revolving USD 50 million fund to be used by exporters, especially in 2008 and onwards.

Türk Eximbank's forthcoming strategy is to place more emphasis on guarantee and insurance programs and medium and long-term trade and project finance in line with the policy of diversifying its financing instruments, in addition to providing short-term credits to the Turkish exports to ensure financial support in the form of pre-export finance and thus increase their competitiveness in international markets. In this framework, we will focus on increasing

exports of manufactured goods, particularly of the medium and high technology sectors. For this purpose, we are planning to borrow USD 250 million from the World Bank and USD 250 million from the European Investment Bank with favorable rates. These new funds are in the form of medium/long term loans, so their costs are independent from current market costs, which have considerably increased recently. Thus, these will enable the Bank to increase the long to medium-term financing available to exporters at reasonable interest rates.

The Turkish lira has appreciated sharply against the U.S. dollar during the last few years and our exporters have preferred to use imported raw material and intermediate goods, which has become cheaper than domestic ones. Thus, our export sector has become more dependent on imported materials. In order to decrease this dependency, we need to create incentives for producers to use domestic raw material. For this purpose, in 2008, Türk Eximbank plans to launch the "Credit Program for Export-Oriented Production", which was designed to encourage the end-producers and supplier industry companies to use locally provided raw material/intermediate goods and high value-added capital goods.

Increasing competition in the international arena makes it more difficult to maintain current market share and to enter new and target markets for exporters. In this regard, Türk Eximbank's support to the export sector and foreign currency earning services becomes even more important for Turkey to take its place among the main exporting countries in the world.

Owing to its proactive policies, Türk Eximbank can make necessary revisions in its programs immediately, in accordance with national and international developments.

In addition, the adverse developments in the global economy since the second half of 2007 and the increased uncertainties in the financial markets have led to a liquidity squeeze which in turn has caused a decline in international funding opportunities. In this context, the slowdown in the international funding opportunities may cause an increase in the interest rates on lending, thus rising the cost of funding. Increase in risk perceptions in global markets also raises the importance of supporting the export sector. In this atmosphere, we will continue to monitor national and international markets closely and are prepared to adjust our programs as needed.

Türk Eximbank's Articles of Association has not been changed in 2007. 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 and External Relations" chapters 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 comprehensive Draft Law has been prepared in 2006 to restructure the Bank, financially and administratively. In 2007, after some amendments, the Law has been finalized and is expected to be adopted in the first half of 2008. In turn, the Articles of Association will be revised accordingly.

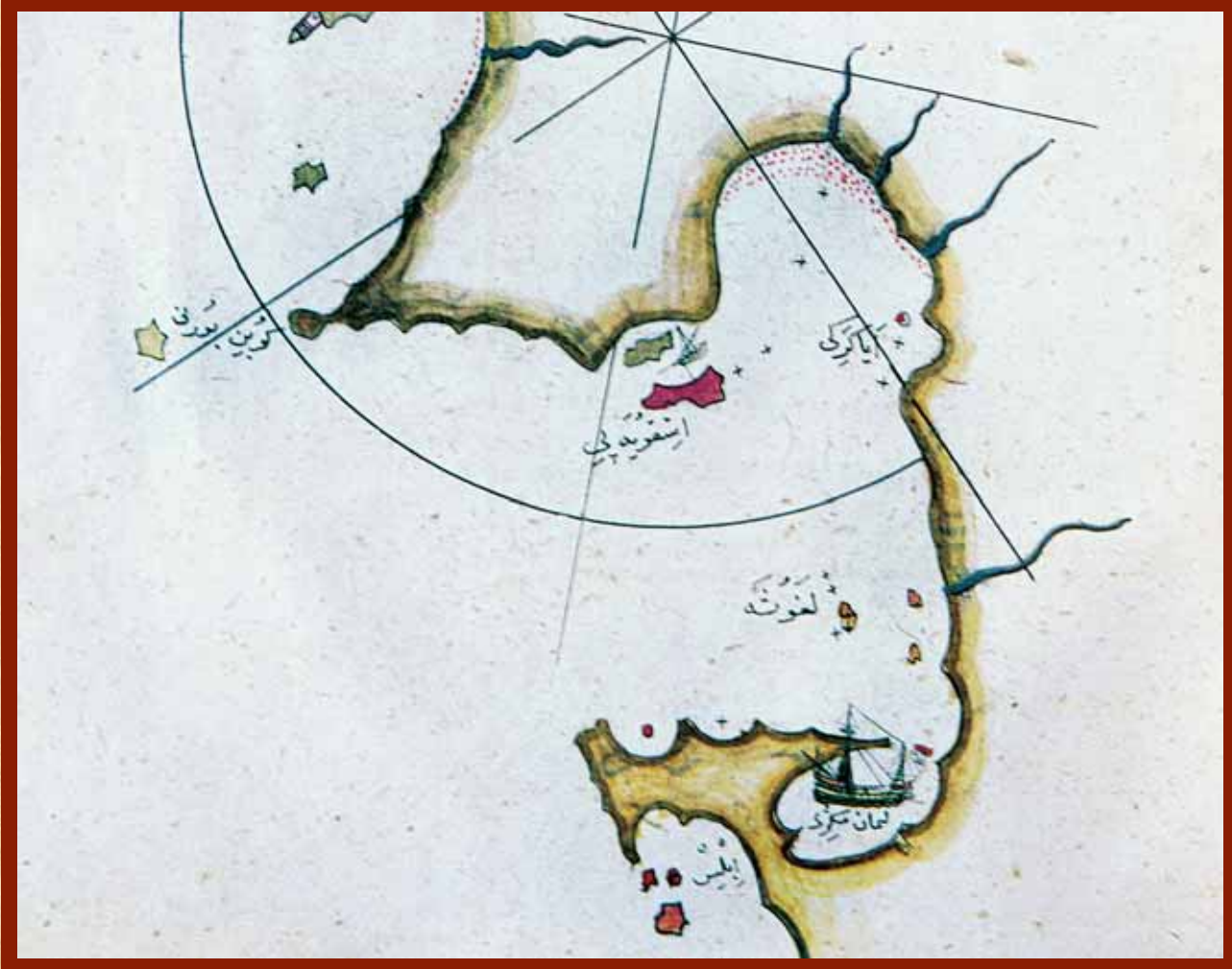
The heightened uncertainties in the international and domestic markets point out a more challenging environment for the exporters. Considering the increase in risk perceptions in global markets, it becomes more important to support the exports sector with modern financing techniques. As the main supporting agency of the exports sector, Türk Eximbank will continue to support the sector with all of its sources, taking into consideration the developments in Turkey and in the world.



H. Ahmet KILIÇOĞLU
Chief Executive Officer

History

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



Environs of the Koycegiz Port

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

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

The Bank's main objectives are;

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

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

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

According to article 4/C of chartering Law No. 3332 that was appended by Act No. 3659, 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 the Bank's general strategy, targeted annual volumes and key objectives of short and medium-term credit programs for the year. The Committee meets at least once a year and the Board of Directors 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 of Türk Eximbank.

Changes in the Articles of Association

Türk Eximbank's Articles of Association has not been altered in 2007. 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 and External Relations" chapters 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 comprehensive Draft Law has been prepared in 2006 to restructure the Bank, financially and administratively. In 2007, after some amendments, the Law has been finalized and is expected to be adopted in the first half of 2008. In turn, the Articles of Association will be revised accordingly.

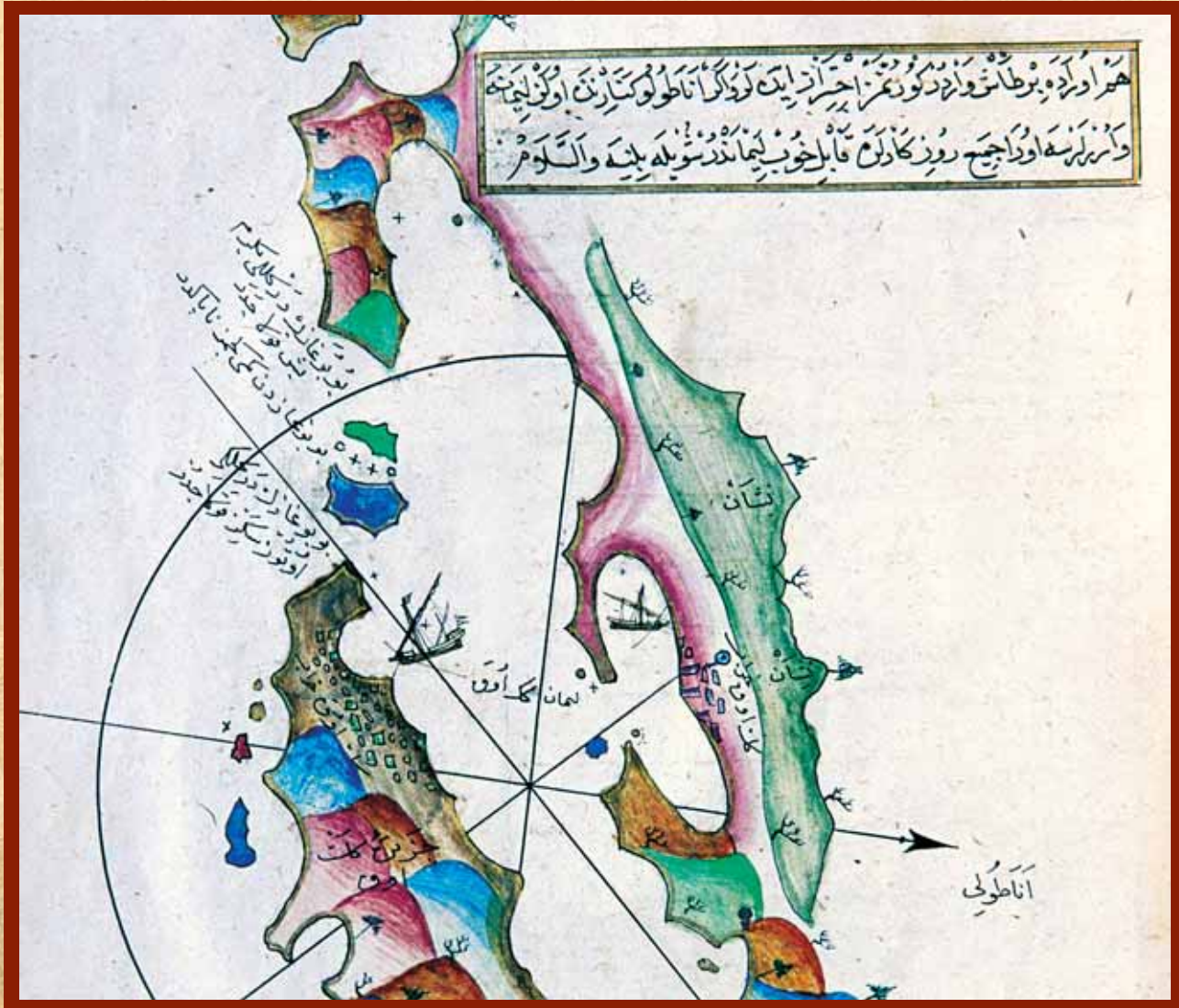
Structure of the Bank's Capital

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.

Relations with the Export Sector

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



Environs of the Gökova Port

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

Being in close relationship with the export sector, Türk Eximbank points out that in addition to financial problems, the structural problems of the real sector must also be addressed and policies must be generated accordingly. In this regard, the Bank 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 Bank's programs. Türk Eximbank refrains from discrimination between sectors and therefore, the sectoral distribution of the Bank's credits is in parallel with the sectoral distribution of Turkey's exports.

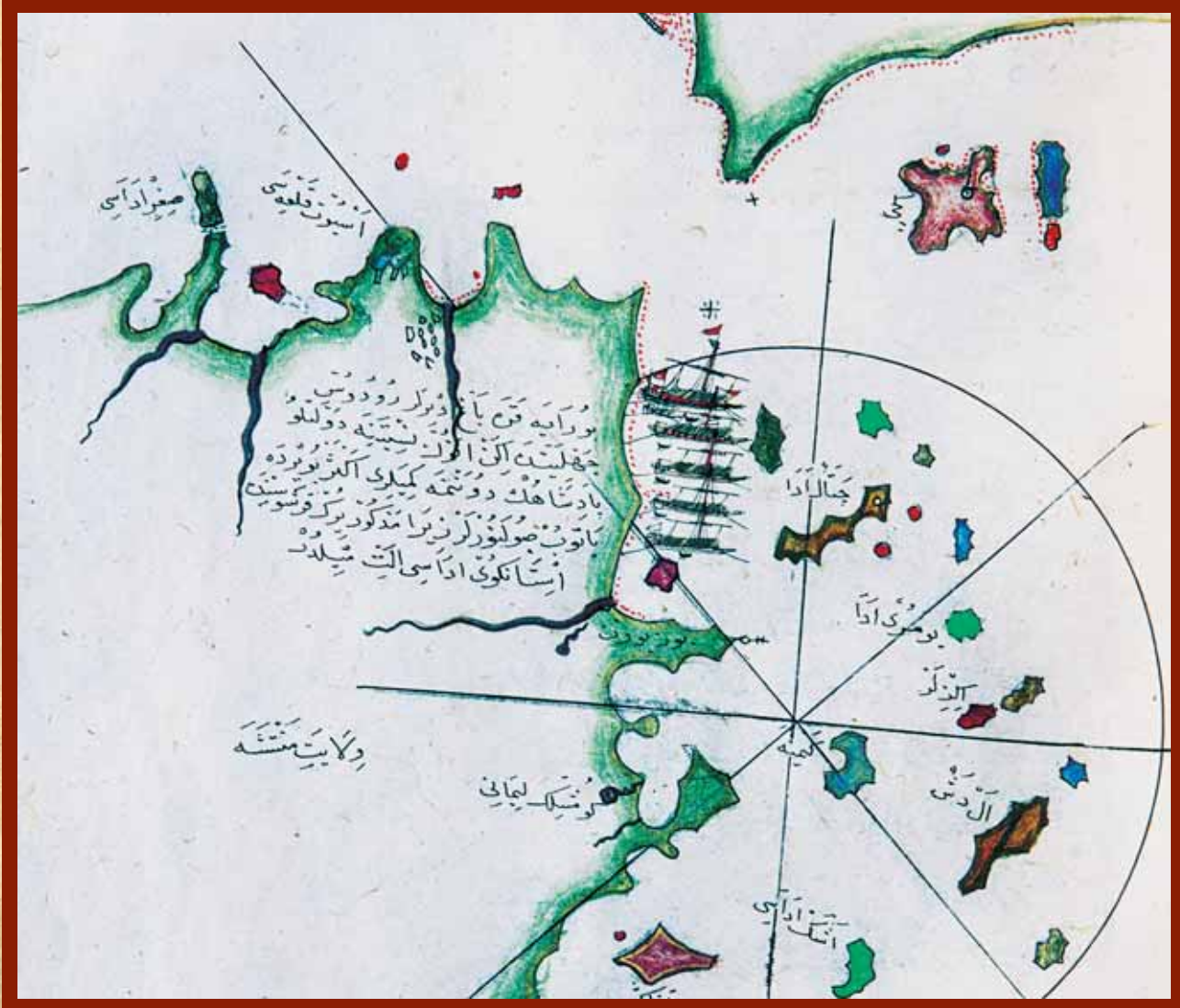
On the other hand, Türk Eximbank presents its credit and insurance programs and gets feedback on its activities by visiting exporters. Also, directors and specialists of the Bank participate in the meetings and seminars arranged by different institutions, such as, Export Promotion Center, Small and Medium Industry Development Organization, the Union of Chambers and Commodity Exchanges of Turkey (TOBB), İstanbul 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. In this context, in 2007, Türk Eximbank has participated in the "KOBIF expo" organized under the leadership of TOBB in 22 different provinces and has opened stands in the 10th Annual Foreign Trade Week organizations.

Türk Eximbank gives special importance to SMEs, as they play a significant role in the economy thus; SMEs are given priority in all credit applications. Also, intermediary banks are obliged to extend at least 30% of their limits allocated by Türk Eximbank, to SMEs. As a result of this policy, SMEs have attained a 35-40% share in Türk Eximbank's export credits, whereas they only have an 8-10% share in Turkey's exports and about 28% share in all banking sector credits.

Türk Eximbank also believes that priority development areas should be given special importance in order to eliminate the social and economic gaps amongst regions. In this framework, companies located in the provinces regarded as Turkey's priority development areas are given priority in all credit applications. Besides, intermediary banks are required to extend at least 5%, 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's Position within the Turkish Banking Sector

Türk Eximbank holds the first place in the Turkish banking sector with its loan-to-asset ratio. The Bank allocates 78% of its assets to finance exports.



Gümüslük Port

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

Türk Eximbank, in addition to Law No. 3332, is also subject to the Banking Law No. 5411. According to the Banking Law, Türk Eximbank is classified under the "development and investment banking group" and represents this group in the Board of Directors of the Banks Association of Turkey. The Bank also conforms to internationally accepted rules and regulations set by organizations such as the WTO, OECD and EU. Furthermore, after the establishment of a customs union between Turkey and the EU in 1996, Türk Eximbank made the necessary arrangements to harmonize its legislation with that of the EU in related fields, including officially supported export credits. Türk Eximbank is a full member of the Berne Union and represents Turkey at the Group on Export Credits and Credit Guarantees (a subsidiary body of the OECD Trade Committee) and is an observer in the Participants Group. In this respect, the Bank differs from commercial 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 49%, as of end-2007. The total loans in this ratio include loans extended in the form of credit cards and consumer loans. When these loans are excluded, the loans-to-assets ratio declines to 33%. On the other hand, Türk Eximbank holds the first place in the banking sector with a loans-to-assets ratio of 78%, 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 34% of total loans, whereas export loans constitute only 8%. On the other hand, Türk Eximbank provides 15% of the banking sector's export loans on its own. The share of non-performing loans in total loans is 1.4% in Türk Eximbank, well below the 3.6% 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 387 million in 2007. As of end-2007, the Bank's return on assets ratio is 9% and return on equity ratio is 15%. The capital adequacy ratio of the Bank is 100%.

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 4,837 million (USD 3.7 billion) in 2007, showing a 6% increase on USD basis over the previous year.

75% of total short-term credits was provided in TL and 25% in foreign currency.

70% of total short-term export credits was disbursed via intermediary commercial banks.

2,197 companies benefited from Türk Eximbank's short-term credits in 2007.

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 35% share in short-term export credits and the amount of credits provided to SMEs reached YTL 1,667 million (USD 1.3 billion). Additionally, 65% 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 32% in 2007.

European Union countries were foremost in the regional distribution of the credits with a share of 62% in 2007.

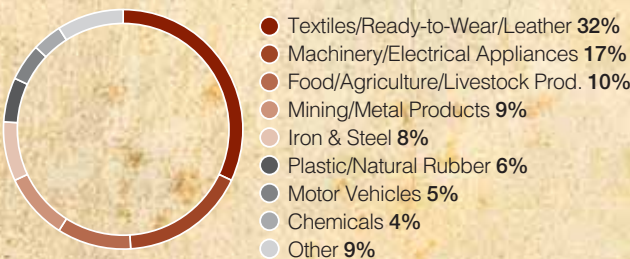
Türk Eximbank has continued to provide a reduction on current interest rates charged for short-term export credits extended to short-term export credit insurance policyholders. This reduction is 1 point for short-term export credits extended in TL and 0.25 points for the short-term export credits extended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

New Arrangements and Amendments

In 2007, several arrangements have been made in 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.

- Türk Eximbank is working to develop models to help SMEs overcome the difficulties they face in finding collateral for their financing needs. In this regard, the Bank has almost completed studies to develop alternative guarantee facilities with the Credit Guarantee Fund, whose main objective is to support SMEs by providing guarantee for their financing and consequently increasing their credit usage in general.
- According to the instructions of the Banking Regulation and Supervision Agency (BRSA) the Bank was reorganized by the Board of Directors decision dated 02.07.2007, to form The Risk Analysis and Assessment Division. The Risk Analysis and Assessment Division, consisting of Bank Analysis, Company Analysis and Information departments has started to carry out company and bank information and analysis activities under a different assistant general manager. Company and bank information and analysis activities were formerly executed separately under the assistant general manager in charge of credits.
- Taking into account funding costs and market rates, interest rates charged for short-term TL export credits were decreased by 1 point on September 28, 2007.
- The scope of the International Transportation Marketing Credit was extended to include logistic and transportation companies that hold a L2 certificate.

Sectoral Distribution of Short-Term Credits



Short-Term Credits (YTL thousand)



Short-Term Export Credits

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

1. Credits Extended via Commercial Banks

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

Through *Pre-Shipment Turkish Lira Export Credits (PSEC-TL)*, YTL 2,487 million (USD 1,904 million) worth of credits was disbursed in 2007. This indicates a 20% increase on USD 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 1,058 million (USD 811 million) was disbursed to SMEs through the *Pre-Shipment Export Credits* in 2007.

Under the *PSEC-Priority Development Areas Export Credit* program, which is a sub-program of the PSEC-TL program and is extended with discounted interest rates to companies located in the 51 provinces regarded as priority development areas, YTL 385 million (USD 295.6 million) was disbursed in 2007.

Under the *Pre-Shipment Foreign Currency Export Credit* program, USD 680.3 million (YTL 885.4 million) was disbursed in 2007.

Within the framework of the obligation of intermediary banks to extend at least 30% of their limits allocated by Türk Eximbank to SMEs, USD 364.2 million (YTL 473.1 million) was disbursed to SMEs through *Pre-Shipment Export Credits* in 2007.

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 1,007.8 million (USD 779 million) was disbursed in 2007, of which, YTL 851.1 million (USD 659.9 million) was disbursed in "TL" and USD 119.2 million (YTL 156.7 million) in "foreign currency".

Under the *Pre-Export Foreign Currency Credit* program, USD 109.1 million (YTL 142.4 million), and under the *Pre-Export Turkish Lira Credit* program, YTL 286 million (USD 217.2 million) were disbursed in 2007.

Under the *Pre-Export Credit Program for SMEs*, a total of YTL 2 million (USD 1.5 million) was disbursed, of which, YTL 1.6 million (USD 1.2 million) was disbursed under the *Pre-Export Turkish Lira Credit for SMEs* and USD 300 thousand (YTL 377 thousand) was disbursed under the *Pre-Export Foreign Currency Credit for SMEs*.

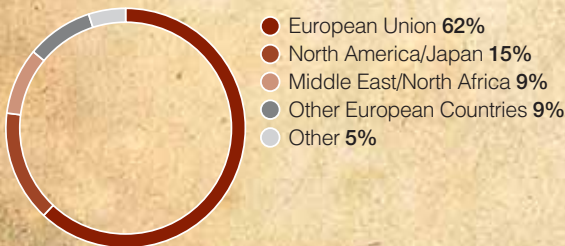
3. Credits Funded by the Central Bank of Turkey

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 8.4 million was disbursed in 2007, of which, USD 609 thousand was in the form of pre-shipment and USD 7.8 million in post-shipment finance.

Regional Distribution of Short-Term Credits



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 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 2007, a total of USD 14 million was provided through this program, of which, USD 12.3 million was provided in cash and USD 1.7 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. In 2007, USD 465 thousand was disbursed under this program.

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 2.2 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 exporter companies. Within this program, YTL 1.8 million (USD 1.4 million) was disbursed in 2007.

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. Under this program, USD 3.8 million was disbursed in 2007.

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), was established within the IDB Group in order to 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 has started its operations in January 2008.

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 16.5 million was disbursed in 2007. Throughout the year, USD 67.6 million was collected from the credits extended to Albania, Azerbaijan, Belarus, Cuba, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Sudan, Tajikistan, Turkmenistan and Uzbekistan. Thus, currently the total amount collected has reached over USD 2.5 billion.

In 2007, Türk Eximbank issued 6 "letters of intent" for projects to be undertaken by Turkish firms in Belarus, Kazakhstan, and Sudan.

According to the State Ministry Consent No. 823, dated 12.07.2006, the collections from the credits extended by Türk Eximbank are transferred to the Turkish Treasury. As of end-2007, USD 325 million has been transferred within this context.

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

Türk Eximbank'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 by enabling foreign buyers to purchase Turkish goods and services on deferred payment conditions.

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

Countries	Credit Limit	Total Disbursements (as of 31.12.2007)
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	32	10.1
Export Credit	32	10.1
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	13.8
Project Credit	14.5	13.8
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	2,980.7	2,216.4

(*): IDB transactions are included.

Risk Analysis and Assessment

Within the framework of the Bank's reorganization, put into effect on 02.07.2007 by the decision no: 07.12-40 of the Board of Directors dated 12.06.2007; information and analysis activities of companies and banks, which were formerly performed under the responsibility of the assistant general manager in charge of credits, are incorporated within the Risk Analysis and Assessment Division under a different assistant general manager. Risk Analysis and Assessment Division consists of Bank Analysis, Company Analysis and Information departments.

Activities of the Information Department and Company Analysis Department

In view of the reorganization of Türk Eximbank and the requests of the insurance and export credit departments, the Information Department and Company Analysis Department work in coordination under the Risk Analysis and Assessment Division in information garnering and preparing information and analysis reports of companies. Annual and semi-annual information and analysis reports of companies that have a risk in Türk Eximbank are prepared according to their priorities, taking into account existing risks and discounted collateral levels. Thus, 200 companies' (including guarantors) information and analysis reports were prepared in the July-December 2007 period and submitted to related credit departments.

Company Analysis Department also provides the Insurance Department with information reports on foreign buyers, for risk assessment and limit assignment. In 2007, 21,118 credit information reports on buyers were procured via online connections and e-mail. Continuous developments in information technologies are enriching the content of information reports as well as shortening delivery time and lowering costs. The cost of the reports provided from developing countries as they have insufficient fiscal transparency has not been subject to decrease; however, the content and reliability of these reports have improved remarkably. In 2007, average prices of information reports increased to USD 56 from USD 53, 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 2007 has decreased to USD 1,190,420 from the previous years' USD 1,278,049.

Bank Analysis Department

Türk Eximbank allocates limits for treasury operations and short-term cash credit limits to intermediary banks and short-medium term non-cash credit limits to guarantor 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 on a quarterly basis. In addition developments in financial markets and bank activities are constantly monitored and evaluated.

Preparations for Basel-II

In the framework of Basel-II criteria, the Risk Analysis and Assessment Division started activities to establish and operate a scoring system. The Banking Regulation and Supervision Agency (BRSA) has decided to implement the Basel-II criteria from the beginning of 2009. Therefore, the Risk Analysis and Assessment Division will complete the procedures regarding the scoring system and start using it for company and bank analysis before this deadline.

Before the reorganization, Information Department provided credit information reports to foreign export credit agencies and to different departments of the Bank. The former Information Department gathered information and prepared credit reports for nearly 25,000 Turkish importers and exporters. These companies account for almost 90% of Turkey's total trade volume. The international risk perception and analysis culture gained during the information garnering process will contribute in establishing an effective scoring system at Türk Eximbank.

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 4.7 billion worth of shipments was insured in 2007. Premium amounting to USD 21.4 million was collected throughout the year.

In 2007, textiles/ready-to-wear/leather and machinery/electrical appliances/metal products were foremost in the sectoral distribution of exports insured, with a 30% share each and the European Union countries were the leading market with regard to the regional distribution, with a share of 60%.

During the year 9,725 new buyers have been registered in the underwriting archives raising the total number of the records to 123,335 by the end of the year.

Under the Program, USD 3.7 million worth of claims was paid out in 2007 arising from the shipments to various countries. Of this amount, USD 20 thousand worth of claims was paid out due to political losses.

In 2007, Türk Eximbank recovered USD 819 thousand of the former claims paid, whereof USD 305 thousand of this amount was related to political risk losses and the rest 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-2007, 453 firms were found eligible for a premium discount and the discount rate has been 9% on average.

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

Türk Eximbank has continued to cede 70% of the commercial and political risks borne under the Short-Term Export Credit Insurance Program to domestic and overseas reinsurance firms during 2007.

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 Citibank have been completed in 2007 and a cooperation agreement has been signed on February 7, 2008. According to this agreement, Citibank has allocated a revolving USD 50 million resource to be used by exporters, especially in 2008 and onwards.

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. 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

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.

was prepared. This agreement was opened for discussion in the "5th Annual Islamic ECA Conference" in Jeddah, Saudi Arabia hosted by ICIEC at January 30-31, 2007. The draft agreement will be finalized until November 30, 2008.

The country cover conditions and the premium list were reviewed in 2007 so that the number of on-cover countries was increased to 204 as of January 1, 2008. Also, the premium rates were renewed in accordance with the redefined short-term maturity intervals, allowing the policyholders to save on total premium costs.

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 2007, 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.

By means of these two programs, the Bank aims to support Turkish exporters who are particularly exporting to Central and Western Asian countries. 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.

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



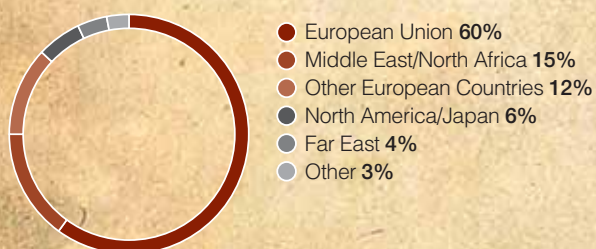
Other

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

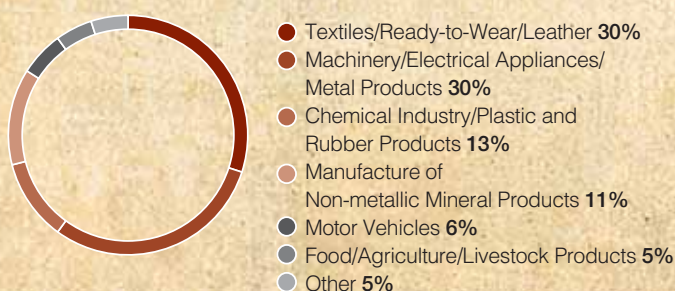
Under the Short-Term Export Credit Insurance Program, close cooperation has been maintained with the export credit/credit insurance agencies of various countries during 2007, in order to enlarge the support given to Turkish exporters and entrepreneurs.

Additionally the "Insurance Program for Unfair Calling of Bonds" has continued to be implemented during the year. With this Program, the risk of unfair calling of bonds (bid bonds, advance payment and performance bonds) provided by Turkish contractors, for their overseas projects is covered.

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



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



Funding and Treasury

Capital

In 2007, the Undersecretariat of Treasury paid YTL 71.4 million capital. Therefore, the Bank's nominal capital, which was increased to YTL 1 billion in December 2006, was fully paid in July 2007. As of end-2007, YTL 111 million was paid to the Treasury as the dividend of 2006.

Funding

During 2007, the short-term Turkish lira denominated credit portfolio was funded entirely through the Bank's capital and internally generated sources.

On the other hand, in 2007, to fund the loans extended and fulfill its debt obligations, Türk Eximbank has raised a total of USD 395 million loans, of which, USD 68 million was from domestic markets and USD 327 million was from international markets. The details of the loans are given below:

- A one-year, Euro 225 million (approximately USD 300 million) syndicated loan was raised from 38 international banks in March 2007.
- In the framework of the credit agreement signed with the Japan Bank for International Cooperation (JBIC) in 1999, a JPY 1.7 billion (approximately USD 14.5 million) loan was drawn in April 2007, in order to finance a project in Sudan.
- The six-month, revolving loan of USD 23 million raised from the Black Sea Trade and Development Bank was increased to USD 36 million in February 2007.
- A total of Euro 46 million (approximately USD 68 million) short-term loans were raised from two domestic banks in 2007.

Debt Servicing

During the year, USD 472 million debt servicing was fulfilled. Of this amount, USD 308 million was a syndication loan (including interest) repaid in February 2007.

Liquidity Management

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 2007.

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

Managing Risk

During 2007, the Bank continued to implement the strategy of matching its assets and liabilities in terms of currency, maturity and interest basis.

In order to hedge the interest rate and currency risks, emanating from the buyers' credit programs, which are financed by the funds borrowed in Japanese Yen from JBIC with fixed rates and are extended in US dollars with floating rates, a cross-currency swap transaction of USD 14.3 million was realized with two international banks.

Short-term swap transactions, carried out during the year, to meet exporters' foreign exchange loan demands and to manage the Bank's foreign currency risk, reached a total volume of USD 1.5 billion in 2007.

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

International Relations

Close relations with the International Union of Credit and Investment Insurers (Berne Union) continued in 2007. The Bank was represented in the technical sub-committees of the Union dealing with both short-term and medium/long-term transactions.

In the past years, cooperation agreements were signed with 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-Vnesheconombank/Russia, HBOR/Croatia, KEIC/South Korea, EKF/Denmark, TEBC/PRC, MBDP/Macedonia, MIGA, ADB and EBRD. During the year, close cooperation was maintained with these agencies and institutions.

The Bank's relations with the OECD Working Party on Export Credits and Credit Guarantees (ECG) (as member since April 1998) and the Participants Group (as observer member since November 2006) continued in 2007.

In May 2007, a team of the OECD Working Group on Bribery in International Business Transactions visited Turkey, as part of the Phase 2 self- and mutual evaluation of the implementation of the Convention on Combating Bribery and Türk Eximbank was represented in this evaluation as the official export credit agency of Turkey.

The Bank's relations with the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC), an affiliate of the IDB, also continued in 2007.

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.

Arrangements Initiated in Accordance with International Rules and Regulations

Compliance with Basel II

In the framework of Basel II, the Bank has started to use the basic indicator approach in calculating operational risk since June 30, 2007. On the other hand, the Banking Regulation and Supervision Agency of Turkey (BRSA) announced in July that the use of the advanced measurement approach was postponed to the beginning of 2009.

Obligations arising from Türk Eximbank's membership to the OECD Working Party on Export Credits and Credit Guarantees (ECG) and the Participants Group

Türk Eximbank complies with the international rules and legislation on topics such as "Environmental Protection", "Combating Bribery" and "Responsible Lending", arising from the Bank's membership to the ECG, and Participants Group.

In 2007, Türk Eximbank continued to maintain close cooperation with other export credit and insurance agencies and international financial institutions.

Information Technologies

Türk Eximbank is preserving its main target, "being productive in the work processes" and in order to attain this target, it continuously benefits from information technologies. In this context, the studies on the automation of all the work processes of Türk Eximbank continue and this year three new integrated system modules have been developed. Thus, changes in the "operations rules" are made without delay through revisions of software so that the Bank's customers will not be negatively affected.

Management Information Systems (MIS) applications continued to be developed with considerable efforts and the necessary infrastructure has been established to attain the required data rapidly. Our aim is to pass quickly to the next step (Decision Support System-DSS). Therefore, a sample prototype application; "The effect of interest rate changes on interest incomes" has been developed. Statistical Models have been used in some parts of the former applications of "Decision Support System" and error margins were decreased.

Besides, studies have started in the framework of "The Regulation of IT Management 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) and this year the preparation of standard documentation in the Bank's Information Systems Software project development phases, based on this model, has started.

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 these transactions, "Data Warehouse" installation studies are being carried out.

In recent years, studies in the public sector for the transition to e-government have accelerated and an important point has been reached regarding competition, speed and productivity. Executing all processes in an electronic environment will be an important step for transition to e-government. In this context, analysis, design, training and consulting studies of new software projects have continued.

The Intranet System of the Bank was redesigned and is ready to be used. With this system, information sharing within the Bank will have a technological infrastructure.

The use of the Fax Server Service has become widespread throughout the Bank, allowing all departments to access their fax documents in the electronic environment.

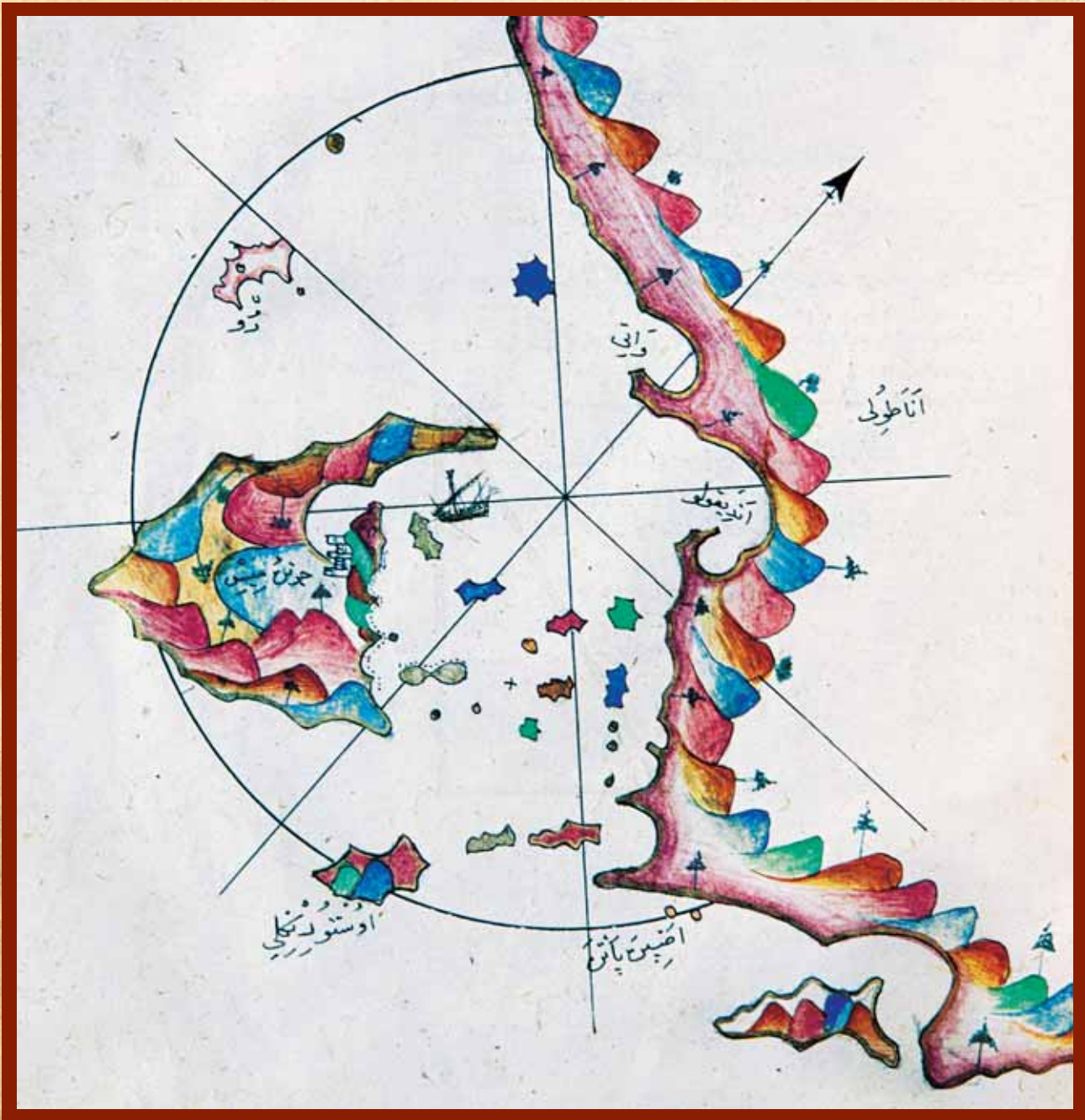
After an open bidding for the implementation of Document Management System in the Credit and Insurance departments and İstanbul and İzmir branches, all hard copies of the document archives were transferred to the electronic environment (service bureau). Following the transfer of 5 million pages to the digital environment and end user trainings, the Document Management System was introduced to users.

The performance of Türk Eximbank's wide area networks was improved and the six liaison offices were included in the Bank's network thus, maximum data security was provided with the establishment of point-to-point secure communication infrastructure. Also, with the transition to optical fiber network infrastructure, the Bank's Head Office's Internet and branch connection speed was accelerated.

The studies on electronic signature have also reached the last stage. In this context, the Bank's customers will be able to access the Bank via the electronic environment and this will make banking services more rapid, effective and secure.

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.



Environs of Didim

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 Export-Oriented Production

In 2008, the Bank plans to launch the "Credit Program for Export-Oriented Production" to finance export-oriented production by encouraging the end-producers and supplier industry companies to use locally provided raw material/intermediate goods and high value-added capital goods.

Support for Turkish-Made Goods

Preparations of a new credit program are underway to provide financing to companies included in the Trademark Support and Turquality Support Programs of the Undersecretariat for Foreign Trade. The purpose of this program is to provide financing to these companies in the pre-shipment stage against their receivables from the Support and Price Stabilization Fund.

Support for SMEs

Türk Eximbank gives special importance to SMEs and is working to develop models involving alternative guarantee facilities for their financing needs. In this regard, the Bank has almost completed studies on a "Cooperation Protocol" to be signed with the Credit Guarantee Fund (CGF), whose main objective is to support SMEs by providing guarantee for their financing and consequently increasing their credit usage in general. The Bank is also working with the Small and Medium Industry Development Organization (KOSGEB) to form additional finance facilities.

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

In the framework of the efforts to increase the support given to the ship-building sector, new financing facilities will be provided to support yacht building, ship maintenance services and local ship-building for international transportation purposes.

Entering New Markets via Buyers' Credits and Political Risk Insurance Program for Overseas Contracting Services

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".

Also, in 2008, 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.

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, elaborates the actions that Member countries must take to combat bribery of foreign public officials in international business transactions. In 2007, Türk Eximbank set the guidelines to deter and sanction bribery according to the provisions of the Recommendation. The studies on this issue will continue in 2008.

2. Environment

The Environment Guidelines of Türk Eximbank will be updated in accordance with the amended Common Approaches as approved by the Council of Ministers.

3. Responsible Lending

Within the context of "Responsible Lending", in 2008, the Bank will work in coordination with the Treasury. In line with the decisions taken in the ECG, the Bank will make necessary evaluations and conduct studies on the implementations regarding this subject. The Bank may also look upon taking measures to limit the support given to low-income countries.

Harmonization with the EU Acquis

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

Although currently Türk Eximbank covers both short and medium/long-term export credit insurance transactions, the EU Acquis requires that marketable risks under short-term export credit insurance facilities 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 performed 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. In this framework, the Bank aims to work collectively with other insurance companies, banks and the Turkish Exporters' Assembly.

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

Management and Corporate Governance at Türk Eximbank

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Board of Directors and Auditors



1- TUNCER KAYALAR
Chairman and
Member of the Audit Committee



2- CAVİT DAĞDAŞ
Vice Chairman and
Member of the Audit Committee



3- H. AHMET KILIÇOĞLU
Member of the Board and
Chief Executive Officer



4- OĞUZ SATICI
Member of the Board



5- MEHMET BÜYÜKEKŞİ
Member of the Board



6- ADNAN ERSOY ULUBAŞ
Member of the Board



7- A. DOĞAN ARIKAN
Member of the Board



8- GÜNER GÜCÜK
Member of the Audit Board



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

* Mr. Güven left his position in Türk Eximbank on January 31, 2008.

1- TUNCER KAYALAR

Chairman and

Member of the Audit Committee

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. Mr. Kayalar was appointed as member of the Audit Committee on February 14, 2008.

2- CAVIT DAĞDAŞ

Vice Chairman and

Member of the Audit Committee

Born in 1955 in Siirt. Mr. Dağdaş holds a BS in Mathematics, Boğaziçi University, an MSc in Statistics, Gazi University and an MA in Economics, Western Michigan University, USA. For many years Mr. Dağdaş held positions in the public sector including those of 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 member of the Audit Committee since October 31, 2006. Mr. Dağdaş was appointed as Vice Chairman on January 8, 2008.

3- H. AHMET KILIÇOĞLU

Member of the Board and

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 has been the Vice Chairman of the Board of Directors between December 26, 2002 and January 8, 2008.

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.

4- 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 in Türk Eximbank since March 1, 2002.

5- 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.

6- ADNAN ERSOY ULUBAŞ

Member of the Board

Born in 1966 in Afyon. Mr. Ulubaş graduated from the Faculty of Economics, Anadolu University. He is the founder, Board Member and Chairman of several private companies. He has been a member of Assembly of the Kayseri Chamber of Industry 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.

7- A. DOĞAN ARIKAN

Member of the Board

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

8- GÜNER GÜCÜK

Member of the Audit Board

Born in 1947 in Çorum. Mr. Gücük holds a BS in Management and an MSc in City and Regional Planning from the Middle East Technical University. He started his professional career at the General Directorate of Highways and worked in various public organizations and private sector companies as manager. 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 2007, the Board of Directors had 25 meetings, 23 of which took place in Ankara and 2 in İstanbul. 23 of these meetings were held with full participation of members and 2 meetings took place with the absence of 2 members.

Senior Management



1- OSMAN ASLAN
Assistant General Manager in charge of
Export Credits



2- ALEV ARKAN
Assistant General Manager in charge of Buyers'
Credits and Export Credit Insurance/Guarantees



3- ERTAN TANRIYAKUL
Assistant General Manager in charge of
Treasury and Funding



4- NECATİ YENİARAS
Assistant General Manager in charge of
Accounting, Risk Analysis and Assessment, IT,
Research and Coordination

Senior Management of Internal Systems



1- İ. TEOMAN ŞENER
Head of Internal Control



2- MUSTAFA K. KISACIKOĞLU
Head of Internal Audit



3- CENAN AYKUT
Chief Risk Officer

1- OSMAN AŞLAN

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, Risk Analysis and Assessment, 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, Risk Analysis and Assessment, 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 Şebinkarahisar. 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.

Türkiye İhracat Kredi Bankası A.Ş.

Risk Management and Committees in Türk Eximbank

Audit Committee

Member : M. Nurhan GÜVEN (Member of the Board of Directors) (until 31.01.2008),

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 pre-assessment 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) (until 31.01.2008),

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 4 times with full member participation in 2007, 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. This Committee was dissolved with Board of Directors Decree on February 14, 2008.

Türkiye İhracat Kredi Bankası A.Ş.

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, Risk Analysis and Assessment, 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 2007, the Executive Committee has met 25 times and taken 90 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.

Türkiye İhracat Kredi Bankası A.Ş.

Summary Report of the Board of Directors of Türk Eximbank for 2007 Presented to the General Assembly

The Turkish economy has enjoyed five successive years of high growth rates, owing to the positive global trends and the stabilization program implemented since 2002, which includes applying structural reforms, lowering inflation, achieving financial and monetary discipline. However, the financial market turmoil experienced in August 2007, which originated in the US sub-prime residential mortgages and spreading to the core markets and institutions of the global financial system, has caused the overall economic outlook to deteriorate. Together with this development, the rise in world energy and food prices has caused a deceleration in economic growth and a divergence from the inflation target in Turkey. Nevertheless, exports continued to be the driving force behind the economy and reached USD 107 billion in 2007.

Türk Eximbank, as the sole official export credit agency in Turkey, has continued to provide both financing to Turkish exporters and overseas contractors via export credit programs and a risk free environment for their exports via insurance/guarantee programs in 2007. In this context, the Bank has provided a total support of USD 8.4 billion to the export sector; of which, USD 3.7 billion was in the form of cash loans and USD 4.7 billion in export credit insurance/guarantees.

In 2007, Türk Eximbank continued to make significant arrangements in favor of exporters and overseas investors and contractors, to provide them the utmost support. Thus, interest rates were lowered and the scope of the International Transportation Marketing Credit Program was extended. Furthermore, in order to help SMEs overcome the difficulties they face in finding collateral for their financing needs, studies to develop an alternative guarantee facility with the Credit Guarantee Fund, whose main objective is to support SMEs by providing guarantee for their financing, has almost been completed. In 2007, USD 1.3 billion (35%) of Türk Eximbank's short-term credits was extended to SMEs.

A summary assessment of the financial structure of Türk Eximbank in 2007 is given below.

The Bank's assets reached YTL 4.2 billion (USD 3.6 billion) as of December 31, 2007.

The assets of Türk Eximbank consists of 78% loans, 18% liquid assets, 3% securities held-to-maturity and 1% subsidiaries, property and equipment, and other assets.

The Bank's loan portfolio decreased by 5% compared to December 31, 2006 and reached YTL 3.2 billion. The duly collection of loans is emphasized in the Bank. Thus, the share of non-performing loans in total loans is small, with 1.4%, when compared to the 3.6% of the banking sector's average. Although the provisioning ratio for Türk Eximbank is determined as zero percent by law, the Bank has employed a conservative approach with regard to provisions confirming with its mission, its high loans-to-assets ratio (78%) and generally accepted banking principles. Therefore, the Bank provides 100% allowance for non-performing loans, which can also be evaluated as a component of shareholders' equity. As of end-2007 the total amount of loans and general provisions stood at YTL 49 million.

The major part of the external funds was used in financing assets (mainly loans). 37% (YTL 1.5 billion) of liabilities were in the form of funds obtained from both domestic and foreign markets, while 63% (YTL 2.7 billion) was in the form of shareholders' equity. Shareholders' equity consists of 38% (YTL 1 billion) paid-in capital, 45% supplementary capital and profit reserves, 15% net profit and 2% loans and other provisions.

The capital adequacy ratio was 99.8% as of December 2007.

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, YTL 348 million (78%) of its YTL 444 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 expense was YTL 54 million and net interest income was YTL 390 million. The Bank's profit came from operating income, in other words interest income from loans extended.


Türkiye İhracat Kredi Bankası A.Ş.

Summary Report of the Board of Directors of Türk Eximbank for 2007 Presented to the General Assembly

Türk Eximbank ended the year 2007 (43rd accounting period) with YTL 387 million net profit. Return on assets and return on equity ratios were 9% and 15% respectively.

Financial statements dated December 31, 2007, which have been prepared in accordance with the 37th article of the Banking Law No. 5411, the Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks (published in Official Gazette no. 26333, dated November 1, 2006), Turkish Accounting Standards, Turkish Financial Reporting Standards, other legislation related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and BRSA comments, and also in accordance with the Bank's accounting records, have been audited by independent auditing company Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) in line with the International Auditing Standards and was finalized without any critique on February 19, 2008.

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-2007.



Tuncer KAYALAR
Chairman and Member of
the Audit Committee



Cavit DAĞDAŞ
Vice Chairman and Member
of the Audit Committee



H.Ahmet KILIÇOĞLU
Member




Oğuz SATICI
Member



Mehmet BÜYÜKEKŞİ
Member



Adnan Ersoy ULUBAŞ
Member



A. Doğan ARIKAN
Member

Türkiye İhracat Kredi Bankası A.Ş.

Organizational Development

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

Organizational Structure

The organizational structure of the Bank was changed with the Board of Directors decision dated 02.07.2007, according to the instructions of the Banking Regulation and Supervision Agency (BRSA), to form the Risk Analysis and Assessment Division. Company and bank information and analysis activities, which were formerly executed separately under the responsibility of assistant general manager in charge of credits, are incorporated within the Risk Analysis and Assessment Division under a different assistant general manager. This Division consists of Bank Analysis, Company Analysis and Information departments.

Also in 2007, Medium-Term Insurance/Guarantee and Reinsurance Department and Insurance Collection Department were established under the Export Credit Insurance/Guarantee Division, taking into account the needs of exporters and the developments in the banking sector.

On the other hand, as of 02.07.2007, the Public Relations and Training Division, which was previously operating under an assistant general manager, has started to report directly to the Chief Executive Officer.

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. The legislation process of this law is expected to be completed by June 2008, as foreseen in the 2008 Government Program.

Türkiye İhracat Kredi Bankası A.Ş.

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 13 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 after three years of service, take a qualification exam to become specialists.

In 2007, work contracts were signed with 41 temporary staff, and 1 personnel was recruited. Also, while 1 temporary staff resigned, 16 temporary staff was required in 2007.

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 programs are organized for assistant specialists newly appointed.

Relations with other export credit agencies and institutions that the Bank is a member of, such as, Berne Union, 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 2007, 184 participants attended 114 training programs. 99 participants attended 83 of the training facilities held by the Banks Association of Turkey, including periodical and daily seminars and conferences. While 27 participants attended 19 programs held by other domestic organizations, 207 participants attended 11 programs held in-house, and, 1 participant attended a training program abroad held by ADFIMI.

During 2007, 18 personnel presented Türk Eximbank's Credit and Insurance/Guarantee Programs in the 13 seminars held by various public foreign trade institutions in different provinces across Turkey.

Türk Eximbank also provides on-the-job training to Turkish university students. In 2007, 65 students were accepted as trainees to these programs at the Head Office, İstanbul and İzmir branches.

Türkiye İhracat Kredi Bankası A.Ş.

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

Türk Eximbank's relation in 2007 with the Undersecretariat of Treasury, which owns 100% of the Bank's capital, 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 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 2007, indemnifications arising from political risks, collected from defaulting countries on behalf of the Turkish Treasury amounting to USD 50.3 million, were transferred to the Turkish Treasury.

Also in 2007, the Turkish Treasury added YTL 71.4 million of its YTL 182.4 million 2006-dividend share to the Bank's capital. Thus, the total amount of the YTL 1 billion nominal capital of Türk Eximbank was paid-in. The remaining YTL 111 million of the dividend was transferred to the Treasury in December 2007.

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

Support Services

Türk Eximbank has not received support services throughout 2007.

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Türkiye İhracat Kredi Bankası A.Ş.

General Assessment of the Year 2007 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.

Türk Eximbank applies sound banking and investment principles in all of its operations. Although the Bank does not operate on a straight commercial basis, financial sustainability is a major objective, therefore, strives to achieve a reasonable rate of return on its operations in order to preserve the Bank's capital. Türk Eximbank 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 has appointed two Board members to the Audit Committee.

Internal Audit

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

- Analyzing the compliance of the Bank's activities with the provisions of banking and related regulations and Bank's legal obligations,
- Evaluating the efficiency and adequacy of the Bank's internal control and risk management systems,
- Conducting investigations and examinations of operations, accounts and activities in the Bank's Headquarters, 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 audit plan that was prepared by the department, taking into account the criteria such as; transaction volume of the units and branches of the Bank, contribution on the financial statements, previous audit dates and the number of inspectors. The audit department reports to the Board of Directors by way of the Audit Committee and to the related senior management.

In 2007, 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 protection of their assets, execution of their activities 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, issue no. 26333, on November 1, 2006. In accordance with this regulation, the charter and procedures of the Internal Control Department has been approved by the Bank's Board of Directors.

Türkiye İhracat Kredi Bankası A.Ş.

General Assessment of the Year 2007 Activities and Risk Management, Internal Control and Audit System of Türk Eximbank

In the charter, the responsibility of the 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.

During the year 2007, 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, the accuracy of transactions recorded, accuracy of financial reports, reconciliation of assets and compliance with limits were controlled via control forms. The control forms are also placed in the Bank's computer based information systems in order to inform the other departments. As a result of department activities, a quarterly report including the control results was submitted to General Manager and the Audit Committee.

On the other hand, as part of the "Prevention of Laundering Proceeds of Crime Law" No.5549, establishing internal training systems is one of the liabilities that the obliged parties should perform. Internal Control personnel perform this duty. In this context, in order to inform the personnel about regulations on preventing money laundering, 33 personnel bearing various titles was trained by our Department in November 2007.

When the document management system is established in all the operational departments, the computer based controlling method will be implemented accordingly.

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 2007 was the domestic and overseas bank credits, the internal rating system for banks has been used in determining the banks' limits.

Studies to form a scoring system for firms and banks that comply with Basel-II criteria are continuing.

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 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 2007 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 accordance with the BRSA regulations, the operational risk capital charges of the Bank, calculated according to the basic indicator approach, has been taken into consideration in the calculation of capital adequacy ratio since 30.06.2007.

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

Cavit DAĞDAŞ
Member of the Audit Committee

Tuncer KAYALAR
Member of the Audit Committee

Türkiye İhracat Kredi Bankası A.Ş.

Financial Performance

Türk Eximbank's assets reached YTL 4.2 billion (USD 3.6 billion) as of December 31, 2007.

Assets

The assets of Türk Eximbank consists of 78% loans, 18% liquid assets, 3% securities held-to-maturity and 1% subsidiaries, property and equipment, and other assets.

The loan portfolio of the Bank is YTL 3.2 billion. 91% (YTL 3 billion) of this amount is short-term and 9% (YTL 292 million) is medium and long-term credits. 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 non-performing loans in total loans is small with 1.4%, when compared to the 3.6% of the banking sector's average. The Bank provides 100% allowance for non-performing loans.

Liabilities

The YTL 3.6 billion (87%) of Türk Eximbank's liabilities are channelized to fund the assets. Of this amount, approximately YTL 1 billion (27%) is provided from domestic and international money and capital markets.

The remaining YTL 2.6 billion (73%) is shareholders' equity and loan provisions. Of this amount, 38% (YTL 1 billion) is paid-in capital, 45% is supplementary capital and profit reserves, 15% is net profit and 2% is loan provisions.

The Bank's nominal capital, which was increased to YTL 1 billion in December 2006, was fully paid-in as of July 2007.

Although the provisioning ratio for Türk Eximbank is determined as zero percent in the "Provisioning Regulation" implemented by the Banking Regulation and Supervision Agency, the Bank has employed a conservative approach confirming with generally accepted banking principles with regard to provisions. As of end-2007 total provisions stood at YTL 49 million.

Solvency

As of December 31, 2007, the liquid assets-to-short-term liabilities ratio was over the 100% ratio considered as adequate in financial analysis, indicating that the Bank is not only regarding the balance between its assets and liabilities, but also operating with a high level of capital instead of using external financing.

Income Statement and Profitability

Türk Eximbank operates with high loans-to-assets ratio, therefore, 78% (YTL 348 million) of its YTL 445 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 54 million.

Türk Eximbank's net profit was YTL 387 million as of end-2007, indicating a nominal increase of 28% over the previous year. On the other hand, the return on assets and return on equity ratios were 9% and 15%, 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 No.87/11914 (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 in charge of the Bank's activities and other members are the executives of related government departments.

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

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

The 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 Council of Ministers, according to Article 10 of Act No. 4749 related to the regulation of Public Finance and Debt Management. The limit of a country is restricted by both "maximum risk that can be undertaken" and "maximum amount that can be utilized annually".

The fundamental collateral of the foreign country loans are the sovereign guarantee of the counter country and the guarantee of banks that Türk Eximbank 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 entity; in addition to the correspondent bank guarantee, a "comfort letter" regulated by the authorized entities of the correspondent country can be requested. Besides these, additional collaterals such as "escrow account" can 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 monitored by both loan and risk management departments on a weekly and monthly basis.

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

Türkiye İhracat Kredi Bankası A.Ş.

Risk Management Policies

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

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

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

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

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

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

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

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

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

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

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

Türkiye İhracat Kredi Bankası A.Ş.

Risk Management Policies

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 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.

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

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

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

Taking into consideration the Provisioning Regulations:

- The Bank sets aside 100% specific provisions for short-term non-performing receivables.
- Although 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% for non-performing receivables based on the overdue period.
- The Bank provides general provisions for the amount of all assets as well as for the amount of guarantees.

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

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 shareholders' equity.

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 market risk, Board of Directors of the Bank has set the limits for maximum position amounts that can be undertaken, maximum transaction amounts and the stop-loss levels. The limits are applied to all kind of trading operations of TRY and foreign currency including the bond portfolio.

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

Currency Risk

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

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

Türkiye İhracat Kredi Bankası A.Ş.

Risk Management Policies

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

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

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

Interest Rate Risk

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

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

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

Liquidity Risk

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

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

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

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

Operational Risk

The operational risk is defined as the probability of loss resulting from inadequate or failed internal processes, people and systems or from external events. 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. However, it does not include strategic or reputation risks.

Türkiye İhracat Kredi Bankası A.Ş.

Risk Management Policies

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.

In accordance with the BRSA regulations, the operational risk capital charges of the Bank, calculated according to the basic indicator approach, has been taken into consideration in the calculation of capital adequacy ratio since 30.06.2007.

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-2007, 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 2003-2007 Period

Major Balance Sheet Accounts (YTL thousand)

	2007	2006	2005	2004 (*)	2003 (*)
Loans	3,232,537	3,408,346	2,982,207	3,473,509	4,215,365
Total Assets	4,164,396	4,141,143	3,518,126	4,461,136	5,360,249
Loans Borrowed	991,247	1,193,916	937,976	1,614,200	2,120,426
Securities Issued	-	-	-	467,964	556,406
Shareholders' Equity	2,578,909	2,304,195	1,951,478	1,716,428	1,698,924
Total Paid-in Share Capital	1,000,000	928,610	657,864	657,864	657,864

Major Income Statement Accounts (YTL thousand)

	2007	2006	2005	2004 (*)	2003 (*)
Interest Income	444,501	376,166	376,640	481,231	731,707
Interest Income on Loans	348,266	293,574	272,478	314,887	489,390
Interest Expenses	(54,399)	(59,411)	(73,332)	(113,124)	(140,523)
Net Interest Income	390,102	316,755	303,308	368,107	591,184
Other Operating Income	48,724	58,133	118,293	187,790	39,592
Provisions for Loans and Other Claims	(1,820)	(21,124)	(6,458)	(81,194)	(123,732)
Other Operating Expenses	(62,543)	(67,191)	(62,053)	(73,701)	(58,180)
Net Income	387,294	302,931	361,839	209,673	266,633

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

Türkiye İhracat Kredi Bankası A.Ş.

Convenience Translation of Publicly Announced Unconsolidated Financial Statements
Together with Independent Auditor's Report at 31 December 2007 Originally Issued in
Turkish

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

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

We have audited the accompanying balance sheet of Türkiye İhracat Kredi Bankası A.Ş. ("the Bank") at 31 December 2007 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Independent Auditor's Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye İhracat Kredi Bankası A.Ş. at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No.5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional paragraph for convenience translation:

As explained in 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 financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS

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



Alper Önder, SMMM

İstanbul, 19 February 2008

Türkiye İhracat Kredi Bankası A.Ş.

THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE İHRACAT KREDİ BANKASI A.Ş. ("EXIMBANK") AS OF 31 DECEMBER 2007

Commercial title of the Bank: Türkiye İhracat Kredi Bankası A.Ş. (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 THE 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/Member of
the Audit Committee



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



H. Ahmet KILIÇOĞLU
Chief Executive Officer



Necati YENİARAS
Executive Vice President



Muhittin AKBAŞ
Head of Accounting and
Reporting Unit

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

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

Telephone Number : (0312) 418 44 16
Fax Number : (0312) 425 72 91

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Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007
(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
Vice Chairman of the Board of Directors:	Cavit DAĞDAŞ (**)	Graduate
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:	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

(*) Tuncer Kayalar, the Chairman of the Board of Directors is also assigned as a member of the Audit Committee with the Board of Directors decision dated 14 February 2008.

(**) Cavit Dağdaş, the Member of Audit Committee is also assigned as vice chairman of the Board of Directors as of 8 February 2008.

(***) As of 31 January 2008, the period of office of M. Nurhan Güven, the member of audit committee is expired.

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	Share percentage	Paid-in Capital	Unpaid portion
Turkish Treasury	All	100%	1,000,000	-

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

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

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

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

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

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 2007

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. Statements of Income and Expense items accounted under equity (Appendix: 1-D)
- V. Statement of changes in shareholders' equity (Appendix: 1-E)
- VI. Statement of cash flows (Appendix: 1-F)
- VII. Profit appropriation statement (Appendix: 1-G)

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Balance Sheet

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

APPENDIX: 1-A

		THOUSANDS OF NEW TURKISH LIRA						
		CURRENT PERIOD			PRIOR PERIOD			
ASSETS		Notes	31/12/2007		31/12/2006			
			YTL	FC	Total	YTL	FC	Total
I.	CASH BALANCES WITH CENTRAL BANK	1	34	18	52	22	20	42
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	2	84,965	14,926	99,891	92,393	27,858	120,251
2.1	Trading Financial Assets		84,433	10,502	94,935	86,601	22,392	108,993
2.1.1	Government Debt Securities		84,433	10,502	94,935	86,601	22,392	108,993
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		532	4,424	4,956	5,792	5,466	11,258
III.	BANKS	3	247,806	154,434	402,240	86,179	305,060	391,239
IV.	MONEY MARKETS		266,316	-	266,316	43,563	-	43,563
4.1	Interbank Money Market Placements		266,316	-	266,316	43,563	-	43,563
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	4	-	-	-	-	-	-
5.1	Share Certificates		-	-	-	-	-	-
5.2	Government Debt Securities		-	-	-	-	-	-
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	LOANS	5	1,962,271	1,270,266	3,232,537	1,858,262	1,550,084	3,408,346
6.1	Loans		1,962,271	1,270,266	3,232,537	1,858,262	1,550,084	3,408,346
6.1.1	Bank's risk group		-	-	-	-	-	-
6.1.2	Other		1,962,271	1,270,266	3,232,537	1,858,262	1,550,084	3,408,346
6.2	Loans under Follow-up		45,500	-	45,500	49,993	-	49,993
6.3	Specific Provisions (-)		(45,500)	-	(45,500)	(49,993)	-	(49,993)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	6	76,570	59,090	135,660	74,611	72,878	147,489
8.1	Government Debt Securities		76,570	59,090	135,660	74,611	72,878	147,489
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	7	7,199	-	7,199	6,441	-	6,441
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		7,199	-	7,199	6,441	-	6,441
9.2.1	Financial Investments in Associates		7,199	-	7,199	6,441	-	6,441
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	Accounted 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	8,689	-	8,689	9,108	-	9,108
XV.	INTANGIBLE ASSETS (Net)	13	1	-	1	28	-	28
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		1	-	1	28	-	28
XVI.	INVESTMENT PROPERTY (Net)	14	-	-	-	-	-	-
XVII.	TAX ASSET	15	-	-	-	-	-	-
17.1	Current Tax Asset		-	-	-	-	-	-
17.2	Deferred Tax Asset		-	-	-	-	-	-
XVIII.	ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	16	-	-	-	-	-	-
18.1	Held for sale Purposes		-	-	-	-	-	-
18.2	Related to Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	17	3,283	8,528	11,811	4,617	10,019	14,636
TOTAL ASSETS			2,657,134	1,507,262	4,164,396	2,175,224	1,965,919	4,141,143

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

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Balance Sheet

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

APPENDIX: 1-A

LIABILITIES	Notes	THOUSANDS OF NEW TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2007			31/12/2006		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	1	-	-	-	-	-	-
1.1 Deposits of Bank's risk group		-	-	-	-	-	-
1.2 Other		-	-	-	-	-	-
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	2	-	1,888	1,888	-	4,337	4,337
III. BORROWINGS	3	-	785,316	785,316	-	920,583	920,583
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	6,711	-	6,711
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		6,711	-	6,711	6,711	-	6,711
VII. MISCELLANEOUS PAYABLES		10,506	3,023	13,529	8,447	2,677	11,124
VIII. OTHER LIABILITIES	4	298,078	184,252	482,330	361,444	192,993	554,437
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	5	219	-	219	180	-	180
10.1 Financial Lease Payables		276	-	276	252	-	252
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		57	-	57	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	61,064	6	61,070	65,240	7	65,247
12.1 General Loan Loss Provision		15,237	-	15,237	18,848	-	18,848
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		12,611	-	12,611	11,578	-	11,578
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		33,216	6	33,222	34,814	7	34,821
XIII. TAX LIABILITY	8	28,493	-	28,493	996	-	996
13.1 Current Tax Liability		28,493	-	28,493	996	-	996
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS	9	-	-	-	-	-	-
14.1 Held for sale purpose		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	10	-	205,931	205,931	-	273,333	273,333
XVI. SHAREHOLDERS' EQUITY	11	2,578,528	381	2,578,909	2,303,633	562	2,304,195
16.1 Paid-in capital		1,000,000	-	1,000,000	928,610	-	928,610
16.2 Capital Reserves		776,832	381	777,213	776,157	562	776,719
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		2,405	381	2,786	1,730	562	2,292
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9 Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		774,427	-	774,427	774,427	-	774,427
16.3 Profit Reserves		414,402	-	414,402	295,935	-	295,935
16.3.1 Legal Reserves		114,294	-	114,294	83,334	-	83,334
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		277,365	-	277,365	189,858	-	189,858
16.3.4 Other Profit Reserves		22,743	-	22,743	22,743	-	22,743
16.4 Income or (Loss)		387,294	-	387,294	302,931	-	302,931
16.4.1 Prior Years' Income or (Loss)		-	-	-	-	-	-
16.4.2 Current Year Income or (Loss)		387,294	-	387,294	302,931	-	302,931
16.5 Minority Rights	12	-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,983,599	1,180,797	4,164,396	2,746,651	1,394,492	4,141,143

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

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Off-Balance Sheet Commitments

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

APPENDIX: 1-B

	Notes	THOUSANDS OF NEW TURKISH LIRA ("YTL")					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2007			31/12/2006		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		14,484	487,302	501,786	136,762	1,536,155	1,672,917
I. GUARANTEES AND WARRANTIES	I, III	-	267,868	267,868	-	344,227	344,227
1.1. Letters of Guarantee		-	952	952	-	11,061	11,061
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		-	952	952	-	11,061	11,061
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	-	-	-	-	-
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	375	375	-	757	757
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	375	375	-	757	757
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	266,541	266,541	-	332,409	332,409
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	I, III	-	14,151	14,151	-	38,898	38,898
2.1. Irrevocable Commitments		-	14,151	14,151	-	38,898	38,898
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	14,151	14,151	-	38,898	38,898
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	II	14,484	205,283	219,767	136,762	1,153,030	1,289,792
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		14,484	205,283	219,767	136,762	1,153,030	1,289,792
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		14,484	205,283	219,767	136,762	1,153,030	1,289,792
3.2.2.1. Foreign Currency Swap-Buy		14,484	62,589	77,073	136,762	470,670	607,432
3.2.2.2. Foreign Currency Swap-Sell		-	72,884	72,884	-	597,790	597,790
3.2.2.3. Interest Rate Swap-Buy		-	34,905	34,905	-	42,285	42,285
3.2.2.4. Interest Rate Swap-Sell		-	34,905	34,905	-	42,285	42,285
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		-	-	-	-	-	-

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

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Off-Balance Sheet Commitments

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

APPENDIX: 1-B

THOUSANDS OF NEW TURKISH LIRA ("YTL")							
	Notes	CURRENT PERIOD			PRIOR PERIOD		
		YTL	FC	TOTAL	YTL	FC	TOTAL
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)		19,149	31,992	51,141	20,315	52,345	72,660
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		19,149	31,992	51,141	20,315	52,345	72,660
5.1. Marketable Securities		-	6,184	6,184	-	7,492	7,492
5.2. Guarantee Notes		-	-	-	-	-	-
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		20	9,395	9,415	7,771	7,492	15,263
5.6. Other Pledged Items		19,129	16,413	35,542	12,544	37,361	49,905
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		33,633	519,294	552,927	157,077	1,588,500	1,745,577

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

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Income Statement

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

APPENDIX: 1-C

INCOME AND EXPENSE ITEMS	Notes	THOUSANDS OF NEW TURKISH LIRA	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2007-31/12/2007)	(01/01/2006-31/12/2006)
I. INTEREST INCOME	(1)	444,501	376,166
1.1 Interest on loans		348,266	293,574
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks		22,678	15,847
1.4 Interest Received from Money Market Transactions		38,867	16,790
1.5 Interest Received from Marketable Securities Portfolio		34,475	49,629
1.5.1 Trading Financial Assets		17,521	19,408
1.5.2 Financial Assets at Fair Value Through Profit or (loss)		-	-
1.5.3 Available-for-sale Financial Assets		-	1,106
1.5.4 Held to maturity Investments		16,954	29,115
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		215	326
II. INTEREST EXPENSE	(2)	54,399	59,411
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		54,278	59,298
2.3 Interest Expense on Money Market Transactions		-	-
2.4 Interest on Securities Issued		-	-
2.5 Other Interest Expenses		121	113
III. NET INTEREST INCOME (I + II)		390,102	316,755
IV. NET FEES AND COMMISSIONS INCOME		(1,432)	(1,426)
4.1 Fees and Commissions Received		1,146	2,280
4.1.1 Non-cash Loans		45	106
4.1.2 Other		1,101	2,174
4.2 Fees and Commissions Paid		(2,578)	(3,706)
4.2.1 Non-cash Loans		-	-
4.2.2 Other		(2,578)	(3,706)
V. DIVIDEND INCOME	(3)	83	-
VI. TRADING INCOME/(LOSS) (Net)	(4)	14,180	17,784
6.1 Trading Gains/(Losses) on Securities		29,244	(30,855)
6.2 Foreign Exchange Gains/(Losses)		(15,064)	48,639
VII. OTHER OPERATING INCOME	(5)	48,724	58,133
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		451,657	391,246
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(1,820)	(21,124)
X. OTHER OPERATING EXPENSES (-)	(7)	(62,543)	(67,191)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		387,294	302,931
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/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV+XV)	(8)	387,294	302,931
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS(±)	(9)	-	-
16.1 Current Tax Provision		-	-
16.2 Deferred Tax Provision		-	-
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(10)	387,294	302,931
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-current Assets Held for Sale		-	-
18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3 Other Income from Discontinued Operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses for Non-current Assets Held for Sale		-	-
19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3 Other Expenses from Discontinued Operations		-	-
XX. PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII - XIX)	(8)	-	-
XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)	(9)	-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX ± XXI)	(10)	-	-
XXIII. NET PROFIT/LOSSES (XVII+XXII)	(11)	387,294	302,931
23.1 Profit/Losses from the Group		-	-
23.2 Profit/Losses from Minority Rights (-)		-	-
Earnings/(Loss) per share (in YTL full)		0.40412	0.41698

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

Türkiye İhracat Kredi Bankası A.Ş.

Income And Expense Items Accounted Under Shareholders' Equity

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

APPENDIX: 1-D

INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF NEW TURKISH LIRA	
	CURRENT PERIOD 31.12.2007	PRIOR PERIOD 31.12.2006
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS		
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)	-	-
VI. PROFIT OR LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of fair value changes)	-	-
VII. EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	675	1,284
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	-	-
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	675	1,284
XI. CURRENT YEAR PROFIT/LOSS	(181)	(1,177)
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	(181)	(1,177)
11.2 Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4 Other	-	-
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	494	107

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

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Statements Of Changes In The Shareholders' Equity
(Amounts expressed in thousands of New Turkish lira ("YTL") unless otherwise stated.)

CHANGES IN THE SHAREHOLDERS' EQUITY	Notes	Adjustment		Share	Share	Legal	Status
		Paid-in	to				
		Capital	Share		Profits		
PRIOR PERIOD							
(31/12/2006)							
I. Period Opening Balance		657,864	-	-	-	46,354	-
II. Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-
III. New Balance (I+II)		657,864	-	-	-	46,354	-
Changes in the period							
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-
VI. Hedging Transactions Funds (effective parts)		-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-
VII. Property and Equipment Revaluation Differences		-	-	-	-	-	-
VIII. Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-
XI. Changes due to the Disposal of Assets		-	-	-	-	-	-
XII. Changes due to the Reclassification of Assets		-	-	-	-	-	-
XIII. Effect of Changes in Investments in Associates' Equity to the Bank's Equity		-	-	-	-	-	-
XIV. Capital Increase		270,746	-	-	-	-	-
14.1 Cash increase		44,754	-	-	-	-	-
14.2 Internal Resources		225,992	-	-	-	-	-
XV. Share Premium		-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-
XVII. Paid-in-capital Adjustment Difference		-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-
XIX. Net Current Year Income/(Loss)		-	-	-	-	-	-
XX. Profit Distribution		-	-	-	-	36,980	-
20.1 Dividends Paid		-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	36,980	-
20.3 Other		-	-	-	-	-	-
Period End Balance (III to XVIII)		928,610	-	-	-	83,334	-
CURRENT PERIOD							
(31/12/2007)							
I. Prior Period End Balance		928,610	-	-	-	83,334	-
Changes in the period							
II. Increase/Decrease due to the Merger		-	-	-	-	-	-
III. Marketable Securities Valuation Differences	1	-	-	-	-	-	-
IV. Hedging Transactions Funds (effective parts)		-	-	-	-	-	-
4.1 Cash flow Hedge		-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-
V. Property and Equipment Revaluation Differences		-	-	-	-	-	-
VI. Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-
VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-
IX. Changes due to the disposal of assets		-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-
XI. Effect of Changes in Investments in Associates' Equity to the Bank's Equity		-	-	-	-	-	-
XII. Capital Increase		71,390	-	-	-	-	-
12.1 Cash increase		71,390	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-
XV. Paid-in-capital Adjustment Difference		-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-
XVII. Other		-	-	-	-	-	-
XVIII. Profit Distribution	3	-	-	-	-	30,960	-
18.1 Dividends Paid		-	-	-	-	-	-
18.2 Transfers to Reserves	4	-	-	-	-	30,960	-
18.3 Other		-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		1,000,000	-	-	-	114,294	-

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

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Statements Of Cash Flows

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

APPENDIX: 1-F

A.	CASH FLOWS FROM BANKING OPERATIONS	Notes	THOUSANDS OF NEW TURKISH LIRA	
			CURRENT PERIOD	PRIOR PERIOD
			31/12/2007	31/12/2006
1.1	Operating Profit before changes in operating assets and liabilities		382,462	303,345
1.1.1	Interest received		440,410	361,542
1.1.2	Interest paid		(57,494)	(48,762)
1.1.3	Dividend received		83	-
1.1.4	Fees and commissions received		1,146	2,280
1.1.5	Other income		81,821	26,135
1.1.6	Collections from previously written-off loans and other receivables		6,313	13,877
1.1.7	Payments to personnel and service suppliers		(25,454)	(20,793)
1.1.8	Taxes paid		(918)	-
1.1.9	Other	2	(63,445)	(30,934)
1.2	Changes in operating assets and liabilities		(44,768)	(121,869)
1.2.1	Net decrease in trading securities		20,201	11,998
1.2.2	Net (increase)/decrease in fair value through profit/(loss) financial assets		-	3,974
1.2.3	Net (increase)/decrease in banks		-	-
1.2.4	Net (increase)/decrease in loans		174,208	(382,143)
1.2.5	Net (increase)/decrease in other assets		2,825	(21,907)
1.2.6	Net increase/(decrease) in bank deposits		-	-
1.2.7	Net increase/(decrease) in other deposits		-	-
1.2.8	Net increase/(decrease) in funds borrowed		(199,572)	245,828
1.2.9	Net increase/(decrease) in payables		-	-
1.2.10	Net increase/(decrease) in other liabilities	2	(42,430)	20,381
I.	Net cash provided from banking operations		337,694	181,476
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		9,014	44,010
2.1	Cash paid for acquisition of investments, associates and subsidiaries		-	(1,381)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of property and equipment		(412)	(587)
2.4	Disposals of property and equipment		-	-
2.5	Cash paid for purchase of investments available-for-sale		-	-
2.6	Cash obtained from sale of investments available-for-sale		-	10,007
2.7	Cash paid for purchase of investment securities		-	(59,946)
2.8	Cash obtained from sale of investment securities		9,426	95,917
2.9	Other	2	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		(113,074)	49,679
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(184,464)	(221,067)
3.5	Payments for finance leases		-	-
3.6	Other	2	71,390	270,746
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	2	-	-
V.	Net increase in cash and cash equivalents (I+II+III+IV)		233,634	275,165
VI.	Cash and cash equivalents at beginning of the year	1	434,384	159,219
VII.	Cash and cash equivalents at end of the year	1	668,018	434,384

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

Türkiye İhracat Kredi Bankası A.Ş.

Unconsolidated Profit Appropriation Statement

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

APPENDIX: 1-G

THOUSANDS OF NEW TURKISH LIRA		
	CURRENT PERIOD 31/12/2007	PRIOR PERIOD 31/12/2006
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	395,198	309,113
1.2 TAXES AND DUTIES PAYABLE (-)	(7,904)	(6,182)
1.2.1 Corporate Tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(7,904)	(6,182)
A. NET INCOME FOR THE YEAR (1.1-1.2)	387,294	302,931
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	(15,147)
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A+(1.3+1.4+1.5))]	387,294	287,784
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	(24,234)
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 (-)	-	(2,100)
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	(158,130)
1.9.1 To Owners of Ordinary Shares	-	(158,130)
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 (-)	-	(15,813)
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	(87,507)
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and (loss) sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE	-	-
3.1 TO OWNERS OF ORDINARY SHARES	0.404	0.417
3.2 TO OWNERS OF ORDINARY SHARES (%)	40	42
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007
(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 numbered 5411, Turkish Commercial Code and Turkish tax legislation.

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

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

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

The Bank's financial statements were subjected to inflation adjustment according to "Turkish Accounting Standards for Financial Reporting in Hyperinflationary Economies" ("TAS 29") until 31 December 2004, after which the 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.

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.

As of 31 December 2007, the foreign exchange rates using for foreign exchange transactions converting into Turkish Money, and recording these to financial tables; are US dollar fx rate YTL 1.1635, Euro fx rate YTL 1.7115, 100 Yen fx rate YTL 1.0381 and GBP fx rate YTL 2.32330.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

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 2007 the net fair value of the Bank's derivative instruments is YTL 3,068 (31 December 2006: YTL 6,921).

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.

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.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

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

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

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

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

Held-to-maturity financial assets are 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.

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 2007.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

X- Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets:

The Bank has no assets held for resale and discontinued operations at 31 December 2007.

XI- Explanations on goodwill and other intangible assets

The Bank has no goodwill at 31 December 2007 and 2006.

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%

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.

In accordance with the "Communiqué on the Amendment of the Communiqué regarding the Uniform Chart of Accounts and its Explanation" published in the Official Gazette dated 10 September 2007 and numbered 26639 the Bank closed the accounting entry for leasehold improvements in relation to the real estates leased by the Bank, through a reverse entry, and reflected the relevant amounts in its records for the period ended 31 December 2007.

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.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007
(Amounts expressed in thousands of New Turkish lira ("YTL") unless otherwise stated.)

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 2007, there is no contingent liability based on past events for which there is a possibility of an outflow of resources and whose obligation can be reliably estimated.

XV- Explanations on obligations related to employee rights:

Under the Turkish Labor Law, the Bank is required to pay a specific amount to employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labor Law. 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 2007, the calculated employment termination obligation amounts to YTL 8,768 thousand.

For the year ending 31 December 2007, the Bank also provided a 100% provision for vacation pay liability amounting to YTL 3,843 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 2007, the Bank has no government grant.

XXI- Explanations on segment reporting

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

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

XXII- Explanations on other issues

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

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

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 10% of distributions in excess of first legal reserve, appropriated at the rate of 5% of net income and first dividends distributed at the rate of 8% of net income.

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.

Following the approval of the decision of Board of Directors of the Bank dated 5 April 2007 by the relevant Minister of State, possessing the powers of General Assembly in accordance with the article 2 of the Bank's Articles of Association dated 30 April 2007, the Bank has distributed YTL 184,464 of its year 2006 profit, amounting to YTL 302,931, as dividend, YTL 87,507 as extraordinary reserves and YTL 30,960 as legal reserves.

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 2007	Prior Period 31 December 2006
Distributable Net Profit to Common Shares	387,294	302,931
Average Number of Issued Common Shares (Thousand)	958,356	726,494
Earnings Per Share	0.40412	0.41698

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 2007, the Bank has not issued bonus shares (31 December 2006: None).

XXV- Related parties

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

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007
(Amounts expressed in thousands of New Turkish lira ("YTL") unless otherwise stated.)

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

As of 31 December 2007, there is no reclassification on financial tables dated 31 December 2006.

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 99.71%.

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

Information related to capital adequacy ratio: YTL Thousand, %

	Risk Weights			
	Bank			
	0%	20%	50%	100%
Amount Subject to Credit Risk	-	475,245	-	1,011,055
Balance Sheet Items (Net)	823,469	2,369,865	-	870,334
Cash	10	-	-	-
Matured Marketable Securities	-	-	-	-
The Central Bank of Republic of Turkey	42	-	-	-
Domestic, Foreign Banks, Foreign Head Offices and Branches	-	401,766	-	-
Interbank Money Market Placements	266,200	-	-	-
Receivables from Reverse Repurchase Transactions	-	-	-	-
Reserve Requirements with the CBRT	-	-	-	-
Loans	408,513	1,911,337	-	821,519
Non-Performing Receivables (Net)	-	-	-	-
Lease Receivables	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-
Held-to-maturity Investments	128,380	-	-	-
Receivables from the Disposal of Assets	-	-	-	-
Miscellaneous Receivables	-	-	-	10,892
Interest and Income Accruals	20,242	56,762	-	22,035
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	7,199
Fixed Assets	-	-	-	8,689
Other Assets	82	-	-	-
Off-balance Sheet Items	-	6,359	-	140,721
Non-cash loans and commitments	-	476	-	140,721
Derivative Financial Instruments	-	5,883	-	-
Non-risk Weighted Accounts	-	-	-	-
Total Risk Weighted Assets	823,469	2,376,224	-	1,011,055

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Summary information related to capital adequacy ratio:

	Bank	
	Current Period	Prior Period
	31.12.2007	31.12. 2006
Amount Subject to Credit Risk ("ASCR")	1,486,300	1,550,030
Amount Subject to Market risk ("ASMR")	283,363	305,200
Amount Subject to Operational Risk ("ASOR") (*)	862,909	-
Shareholders' Equity	2,624,992	2,354,927
Shareholders' equity (ASCR+ASMR+ASOR) *100	99.71%	126.93%

(*) Amount subject to operational risk is effective from 1 June 2007 regarding the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated 1 November 2006, and it has been calculated for the first time as of 30 June 2007.

Information about shareholders' equity items

	Current Period	Prior Period
	31.12.2007	31.12. 2006
CORE CAPITAL		
Paid-in capital	1,000,000	928,610
Nominal capital	1,000,000	1,000,000
Capital commitments (-)	-	71,390
Inflation Adjustment to Share Capital	774,427	774,427
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	114,294	83,334
First legal reserve (Turkish Commercial Code 466/1)	55,736	40,589
Second legal reserve (Turkish Commercial Code 466/2)	58,377	42,564
Other legal reserves per special legislation	181	181
Status Reserves	-	-
Extraordinary Reserves	300,108	212,601
Reserves allocated by the General Assembly	300,108	212,601
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves	-	-
Profit	387,294	302,931
Net income for the period	387,294	302,931
Prior period profit	-	-
Provisions for Possible Risks up to 25% of Core Capital	33,216	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 the Article 56 of the Law (-)	-	-
Total Core Capital	2,609,339	2,336,717

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	Current Period 31.12.2007	Prior Period 31.12. 2006
SUPPLEMENTARY CAPITAL		
General Provisions	15,237	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	1,253	1,032
From investments in Associates and Subsidiaries	1,082	779
From available-for-Sale financial assets	171	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	16,490	19,880
TIER III CAPITAL	-	-
CAPITAL	2,625,829	2,356,597
DEDUCTIONS FROM THE CAPITAL	837	1,670
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 (*)	837	1,670
Total Shareholders' Equity	2,624,992	2,354,927

(*) As of 31 December 2007 and 2006, Other balance is composed of prepaid expenses amounting to YTL 836 thousand (2006: YTL 1,642 thousand) and intangible assets amounting to YTL 1 thousand (2006:YTL 28 thousand).

II- Explanations on credit risk

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

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

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

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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, 70% 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.

As of 31 December 2007, 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.

Impairment and Provisioning Policies

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

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

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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 100 cash loan balances (whose risk belongs to the Bank) in total cash loans is 96% as of 31 December 2007 and 2006.

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. As of 31 December 2007, in accordance with the decision of the Executive Committee dated 24 December 2007, the Bank has made an allowance with the rate of 1.50% for the short, medium and long term loans (except for the short term fund sourced loans and medium and long term country loans) with an amount of YTL 25,627 thousand.

The Bank, in order to prevent double booking, has deducted the general loan loss provision calculated 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 1.50%.

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 Gendarmerie and Ministry of Defense under the scope of Russian Federation Deferred Loan, the Bank has made a 100% allowance of the YTL equivalent amounting to YTL 5,664 thousand as of 31 December 2007.

As of 31 December 2007, the Bank booked provisions amounting to YTL 1,925 thousand considering probable compensation payments in relation to the export receivables, in line with the principles of conservatism.

Accordingly, the sum of the provisions recognized by the Bank amounts to YTL 33,216 thousand as of 31 December 2007.

The general loan loss provision for the credit risk undertaken by the Bank amounts to YTL 15,237 thousand (31 December 2006: YTL 18,848 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 Turkish Treasury No.B.02.0.1.HM.KİT.03.02.52321/4-51898 dated 6 November 1997 and the "Application Procedures of Amounts Transferred by the Undersecretariat of Treasury to Türkiye İhracat Kredi Bankası A.Ş." each year, the Bank's political risks arising on loan, guarantee and insurance operations and deferred receivables are communicated to the Turkish Treasury by the end of each September.

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

	31 December 2007		31 December 2006	
	Corporate loans	Personnel loans	Corporate loans	Personnel loans
Performing loans-neither past due nor impaired	3,229,066	2,931	3,405,847	2,499
Watch listed - past due but not impaired	540	-	-	-
Legal follow-up - impaired	45,500	-	49,993	-
Gross	3,275,106	2,931	3,455,840	2,499
Special provision	(45,500)	-	(49,993)	-
Net	3,229,606	2,931	3,405,847	2,499

As of 31 December 2007 and 2006, there are no past due loans and advances classified under standard loans and the details of the loans and advances under close monitoring are as follows:

	31 December 2007	31 December 2006
Past due up to 30 days	302	-
Past due 30-60 days	238	-
Past due 60-90 days	-	-
Total	540	-

As of 31 December 2007 and 2006, the fair value of collaterals held for loans and advances are as follows:

	31 December 2007	31 December 2006
Loans and advances under close monitoring	18,206	-
Loans and advances under legal follow-up	120,918	179,253
Total	139,124	179,253

As of 31 December 2007, the bank does not have repossessed collaterals. (31 December 2006: None).

Bank's Rating System (The Banks' Rating Tool Policy)

Risk evaluation of Banks and other financial institutions

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

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

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

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

As of 31 December 2007, loans granted by the Bank to banks and other financial institutions amount to YTL 1,967,624 thousand (2006: YTL 2,102,921 thousand). As of 31 December 2007 and 2006 the concentration level of the loans and advances to customers in accordance with the defined financial analysis groups of the Bank are as follows:

		Current Period 31.12.2007	Prior Period 31.12.2006
	Rating Class	Concentration Level (%)	Concentration level (%)
Low	1-2	56%	54%
Medium	3	39%	37%
High	4	5%	9%

The Risk Evaluation of Companies:

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

As of 31 December 2007 and 2006, the classification and allowance percentages of the loans and advances of the Bank are as follows:

	31 December 2007		31 December 2006	
	Loans and advances	Allowances for loan losses (%)	Loans and advances	Allowances for loan losses (%)
Standard loans and advances	98.59%	-	98.52%	-
Loans and advances under close monitoring	0.02%	-	-	-
Loans and advances under legal follow-up	1.39%	100%	1.48%	100%
Total	100%	1.39%	100%	1.48%

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The Bank's maximum exposure to credit risk as of 31 December 2007 and 2006:

	31 December 2007	31 December 2006
Banks	402,240	391,239
Interbank Money Market Placements	266,316	43,563
Loans and advances to domestic banks and other financial institutions	1,967,624	2,102,921
Loans and advances to foreign banks and other financial institutions	61,645	70,464
Loans and advances to companies and individuals	1,203,268	1,234,961
Financial Assets at Fair Value Through Profit or Loss	94,935	108,993
Trading derivative financial assets	4,956	11,258
Held-to-maturity Investments	135,660	147,489
Other Assets	10,975	12,994
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	267,868	344,227
Commitments	14,151	38,898
Total	4,429,638	4,507,007

As of 31 December 2007 and 2006, the distribution of credit risk according to geographical concentration and users:

	Individual and Corporate Loans		Loans to Banks and Other Financial Institutions		Securities**		Other Loans***	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	(31.12.2007)	(31.12.2006)	(31.12.2007)	(31.12.2006)	(31.12.2007)	(31.12.2006)	(31.12.2007)	(31.12.2006)
Sectoral distribution	1,203,268	1,234,961	2,029,269	2,173,385	230,595	256,482	952,314	804,859
Private Sector	1,200,337	1,232,462	-	-	-	-	277,446	355,453
Public Sector	-	-	341,969 (*)	432,116 (*)	230,595	256,482	296,358	44,274
Banks	-	-	1,687,300	1,741,269	-	-	378,478	405,091
Individual Customers	2,931	2,499	-	-	-	-	32	41
Equity instruments	-	-	-	-	-	-	-	-
Geographical distribution	1,203,268	1,234,961	2,029,269	2,173,385	230,595	256,482	952,314	804,859
Domestic	1,203,268	1,234,961	1,967,624	2,102,921	230,595	256,482	795,088	414,799
European Union Countries	-	-	-	-	-	-	139,651	344,570
OECD Countries ****	-	-	-	-	-	-	1,049	148
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	10,051	37,498
Other Countries	-	-	61,645	70,464	-	-	6,475	7,844
Total	1,203,268	1,234,961	2,029,269	2,173,385	230,595	256,482	952,314	804,859

*Country loans amounted YTL 61,645 thousand (31 December 2006: YTL 70,464 thousand) given to foreign public institutions are included in this balance.

**Includes financial assets at fair value through profit or loss, Available for Sale, Held to Maturity.

***Includes the balances that is defined by loan in the 48th article of law 5411 except for the ones classified in the first 3 columns of THP.

****OECD countries except for USA, Canada and EU Countries.

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Information according to geographical concentration:

	Assets	Liabilities ⁽⁴⁾	Non-Cash Loans	Capital Expenditures ⁽³⁾	Net income
Current Period - 31.12. 2007					
Domestic	3,937,520	3,387,604	267,868	7,199	387,294
European Union Countries	140,457	646,504	-	-	-
OECD Countries ⁽¹⁾	1,049	63,493	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	10,051	-	-	-	-
Other Countries	68,120	66,795	-	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	4,157,197	4,164,396	267,868	7,199	387,294
Prior Period - 31.12. 2006					
Domestic	3,672,586	3,211,671	344,227	6,441	302,931
European Union Countries	346,163	752,270	-	-	-
OECD Countries ⁽¹⁾	148	106,727	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	37,498	-	-	-	-
Other Countries	78,307	70,475	-	-	-
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	4,134,702	4,141,143	344,227	6,441	302,931

(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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Sectoral concentrations for cash loans:

	Current Period 31.12.2007				Prior Period 31.12.2006			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	10,200	0.52	2,697	0.21	23,568	1.27	12,537	0.81
Farming and Raising Livestock	10,200	0.52	2,697	0.21	23,568	1.27	12,537	0.81
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	549,263	27.99	141,734	11.17	464,022	24.97	179,642	11.59
Mining	48	0.00	1,972	0.16	7,849	0.42	2,041	0.13
Production	549,215	27.99	139,762	11.01	456,173	24.55	177,601	11.46
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	447,888	35.26	-	-	506,292	32.66
Services	1,391,560	70.92	671,030	52.81	1,365,887	73.50	846,339	54.60
Wholesale and Retail Trade	-	-	22,799	1.79	-	-	25,399	1.64
Hotel Food and Beverage Services	523	0.03	1,452	0.11	184	0.01	7,235	0.47
Transportation and Telecommunication	243	0.01	8,304	0.65	126	0.01	5,897	0.38
Financial Institutions	1,390,794	70.88	638,475	50.26	1,365,577	73.48	807,808	52.11
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	11,248	0.57	6,917	0.55	4,785	0.26	5,274	0.34
Total	1,962,271	100	1,270,266	100	1,858,262	100	1,550,084	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 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.

Sensitivity Tests

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

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a) Information on market risk

	Amount
(I) Capital to be Employed for General Market Risk - Standard Method	1,986
(II) Capital to be Employed for Specific Risk - Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	20,683
(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)	22,669
(IX) Amount Subject to Market Risk 12.5xVIII) or (12.5xVII)	283,363

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

	Current Period			Prior Period		
	31 December 2007			31 December 2006		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	2,061	2,052	1,986	3,406	4,556	2,265
Share Certificate Risk	-	-	-	-	-	-
Currency Risk	23,955	27,211	20,683	25,507	32,912	20,697
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Operational Risk	-	-	-	-	-	-
Total Amount Subject to Risk	325,200	365,788	283,363	361,303	460,588	303,763

IV- Explanations on operational risk

For the regulatory purposes and consideration in statutory capital adequacy ratio, the Bank calculates the amount subject to operational risk with the basic indicator method in accordance with the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated 1 November 2006, namely "The Calculation of the Amount Subject to Operational Risk", based on the last 3 years' gross income of the Bank for the years ended 2006, 2005 and 2004. As of 31 December 2007, the total amount subject to operational risk is calculated as YTL 862,909 thousand.

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 2007, there are cross currency (currency and interest rate) swaps amounting to YEN 5,412,785,712 and USD 45,221,760 to hedge currency and liquidity risk arising from Yen funded USD denominated assets. Additional to the swaps mentioned above, as of 31 December 2007 there are long-term interest rate swaps amounting to USD 30,000,000 and short-term currency swaps amounting to USD 5,500,000 and YTL 14,484,000 to JPY 609,620,000 and GBP 6,000,000 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 2007. As of 31 December 2007, the net foreign currency position/shareholders' equity ratio is 0.49%.

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.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

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

	25.12.2007	26.12.2007	27.12.2007	28.12.2006	31.12.2007
USD	1.17780	1.17420	1.17550	1.17010	1.16350
AUD	1.02570	1.02410	1.02880	1.02280	1.02400
DKK	0.22720	0.22685	0.22835	0.22985	0.22945
SEK	0.17841	0.17843	0.18011	0.18095	0.18173
CHF	1.01660	1.01570	1.02070	1.03080	1.03250
JPY	1.03090	1.02740	1.02900	1.03350	1.03810
CAD	1.19670	1.19110	1.19800	1.19240	1.18660
NOK	0.21167	0.21151	0.21218	0.21462	0.21468
GBP	2.33060	2.32530	2.33770	2.33670	2.32330
SAR	0.31340	0.31245	0.31329	0.31185	0.31009
EUR	1.69600	1.69300	1.70280	1.71380	1.71150
KWD	4.28910	4.27600	4.29010	4.27820	4.25720
XDR	1.84070	1.83500	1.84190	1.83390	1.83660

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 2007 AVERAGE
USD	1.17596
AUD	1.02732
DKK	0.22958
SEK	0.18157
CHF	1.03197
JPY	1.04689
CAD	1.17383
NOK	0.21360
GBP	2.37609
SAR	0.31352
EUR	1.71286
KWD	4.28899
XDR	1.85368

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Notes to Unconsolidated Financial Statements At 31 December 2007

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

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

Current Period: 31 December 2007	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	6	2	-	18
Due From Banks and Other Financial Institutions	85,391	65,606	1,049	2,388	154,434
Financial Assets at Fair Value Through Profit or Loss	-	10,690	4,236	-	14,926
Interbank Money Market Placements	-	-	-	-	-
Available-for-sale Financial Assets	-	-	-	-	-
Loans ⁽¹⁾	385,813	438,241	8,446	16,408	848,908
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Held-to-maturity Investments	-	59,090	-	-	59,090
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets ⁽¹⁾	102	8,419	-	7	8,528
Total Assets	471,316	582,052	13,733	18,803	1,085,904
Liabilities					
Bank Deposits	-	-	-	-	-
Foreign Currency Deposits	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	470,766	251,197	63,353	-	785,316
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	13	3,010	-	-	3,023
Other Liabilities ⁽¹⁾	-	274,332	-	-	274,332
Total Liabilities	470,779	528,539	63,353	-	1,062,671
Net on Balance Sheet Position	537	53,513	(49,620)	18,803	23,233
Net off Balance Sheet Position	-	(46,217)	49,862	(13,940)	(10,295)
Financial Derivative Assets	-	41,304	56,190	-	97,494
Financial Derivative Liabilities	-	87,521	6,328	13,940	107,789
Non-Cash Loans	1,724	265,192	-	952	267,868
Prior Period: 31 December 2006					
Total Assets	530,756	936,065	5,817	19,259	1,491,897
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

(1) As of 31 December 2007, the principal of the Iraq loan amounting to YTL 408,513 thousand, its accrual amounting to YTL 12,845 thousand and the liability of YTL 117,745 thousand are not included in the above table as the risk belongs to the Turkish Treasury.

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Notes to Unconsolidated Financial Statements At 31 December 2007

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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 12 months, 1 to 5 years and longer than 5 years) 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 2007, 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 2007, 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 2007, there are one YTL-FC and one FC-FC outstanding short -term swap transactions of the Bank.

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

Interest rate sensitivity of assets, liabilities and off-balance sheet items: (Periods remaining to repricing dates)

Current Period 31.12.2007	Up to 1 month	1-3 Months	3-12 Months	1- 5 Years	Over 5 Years	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with CBRT	-	-	-	-	-	52	52
Due From Banks	378,772	21,430	-	-	-	2,038	402,240
Financial Assets at Fair Value Through Profit/Loss	4,768	9,187	62,879	13,764	9,293	-	99,891
Interbank Money Market Placements	266,316	-	-	-	-	-	266,316
Available-for-sale Financial Assets	-	-	-	-	-	-	-
Loans	447,023	832,204	1,947,812	5,498	-	-	3,232,537
Held-to-maturity investments	22,450	32,057	38,241	14,719	28,193	-	135,660
Other Assets	-	-	-	-	-	27,700	27,700
Total Assets	1,119,329	894,878	2,048,932	33,981	37,486	29,790	4,164,396
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	96	9,550	-	-	3,883	13,529
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Borrowed from other Financial Institutions	23,709	683,142	31,122	47,343	-	-	785,316
Other Liabilities	79,575	4,001	574,367	113	-	2,707,495	3,365,551
Total Liabilities	103,284	687,239	615,039	47,456	-	2,711,378	4,164,396
Balance Sheet Long Position	1,016,045	207,639	1,433,893	-	37,486	-	2,695,063
Balance Sheet Short Position	-	-	-	(13,475)	-	(2,681,588)	(2,695,063)
Off-balance Sheet Long Position	79,400	22,107	10,471	-	-	-	111,978
Off-balance Sheet Short Position	(75,211)	(22,107)	(10,471)	-	-	-	(107,789)
Total Position	1,020,234	207,639	1,433,893	(13,475)	37,486	(2,681,588)	4,189

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Effective average interest rates for monetary financial instruments %:

	EURO	USD	YEN	YTL
End of Current Period 31.12.2007				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Due From Banks and Other Financial Institutions	3.08	5.17	0.01	15.75
Financial Assets at Fair Value Through Profit/Loss	-	7.94	2.54	19.09
Interbank Money Market Placements	-	-	-	15.75
Available-for-sale Financial Assets	-	-	-	-
Loans	4.93	6.53	1.71	15.02
Held-to-maturity Investments	-	6.71	-	18.24
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Borrowed from other Financial Institutions	4.61	5.83	2.19	-

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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	3-12 Months	1- 5 Years	Over 5 Years	Non Interest Bearing	Total
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	390,496	-	-	-	-	743	391,239
Financial Assets at Fair Value Through Profit or Loss	9,651	16,018	42,904	51,678	-	-	120,251
Interbank Money Market Placements	43,563	-	-	-	-	-	43,563
Available-for-sale Financial Assets	-	-	-	-	-	-	-
Loans	492,140	1,034,737	1,878,107	3,362	-	-	3,408,346
Held-to-maturity Investments	31,595	29,169	26,359	25,812	34,554	-	147,489
Other Assets	-	800	-	803	-	28,610	30,213
Total Assets	967,445	1,080,724	1,947,370	81,655	34,554	29,395	4,141,143
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	11,124	11,124
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	9,581	734,766	125,108	51,128	-	-	920,583
Other Liabilities	5,474	545	273,333	180	-	2,929,904	3,209,436
Total Liabilities	15,055	735,311	398,441	51,308	-	2,941,028	4,141,143
Balance Sheet Long Position	952,390	345,413	1,548,929	30,347	34,554	-	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	1,548,929	29,915	34,554	(2,911,633)	9,642

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Effective average interest rates for monetary financial instruments %:

	EURO	USD	Yen	YTL
Prior Period - 31.12.2006				
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	3.64	5.29	-	19.05
Financial Assets at Fair Value Through Profit or Loss	-	6.84	2.57	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	-

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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Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated (*)	Total
Current Period 31.12.2007								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	52	-	-	-	-	-	-	52
Due From Banks and Other Financial Institutions	2,038	378,772	21,430	-	-	-	-	402,240
Financial Assets at Fair Value Through Profit or Loss	-	594	1,209	63,705	24,903	9,480	-	99,891
Interbank Money Market Placements	-	266,316	-	-	-	-	-	266,316
Available-for-sale Financial Assets	-	-	-	-	-	-	-	-
Loans	-	381,236	740,732	1,978,730	127,955	3,884	-	3,232,537
Held-to-maturity Investments	-	2,444	5,970	36,602	56,482	34,162	-	135,660
Other Assets	-	-	-	-	-	-	27,700	27,700
Total Assets	2,090	1,029,362	769,341	2,079,037	209,340	47,526	27,700	4,164,396
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	23,707	474,760	31,122	255,727	-	-	785,316
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Issued Marketable Securities	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	96	9,550	-	-	3,883	13,529
Other Liabilities (**)	-	77,775	4,001	390,554	98,451	87,274	2,707,496	3,365,551
Total Liabilities	-	101,482	478,857	431,226	354,178	87,274	2,711,379	4,164,396
Net Liquidity Gap	2,090	927,880	290,484	1,647,811	(144,838)	(39,748)	(2,683,679)	-
Prior Period 31.12.2006								
Total Assets	785	757,022	651,401	2,322,070	324,675	56,580	28,610	4,141,143
Total Liabilities	-	10,718	492,722	151,777	554,810	-	2,931,116	4,141,143
Net Liquidity Gap	785	746,304	158,679	2,170,293	(230,135)	56,580	(2,902,506)	-

(*) 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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The undiscounted cash flows according to remaining periods of liabilities as at 31 December 2007 and 2006:

31 December 2007	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated (*)	Total
Liabilities							
Bank's deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Funds borrowed	23,787	485,040	38,162	265,391	-	-	812,380
Interbank money market debts	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-
Miscellaneous payables	-	96	9,550	-	-	3,883	13,529
Other liabilities	77,775	4,001	399,076	111,771	124,080	2,707,496	3,424,199
Total liabilities	101,562	489,137	446,788	377,162	124,080	2,711,379	4,250,108
Guarantees	120	218	267,530	-	-	-	267,868

31 December 2006	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated (*)	Total
Liabilities							
Bank's deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Funds borrowed	9,634	486,027	128,994	345,977	-	-	970,632
Interbank money market debts	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-
Miscellaneous payables	-	-	6,182	-	-	4,942	11,124
Other liabilities	1,137	545	38,343	144,776	182,739	2,928,909	3,296,449
Total liabilities	10,771	486,572	173,519	490,753	182,739	2,933,851	4,278,205
Guarantees	5,763	714	335,474	2,276	-	-	344,227

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The undiscounted cash inflows and outflows of derivatives as at 31 December 2007 and 2006:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
31 December 2007						
Derivatives held for trading:						
Foreign exchange derivatives:						
- Outflow	20,268	-	-	-	-	20,268
- Inflow	20,883	-	-	-	-	20,883
Interest rate derivatives:						
- Outflow	12,589	801	13,916	44,768	4,135	76,209
- Inflow	11,878	909	13,442	44,648	4,528	75,405
Derivatives held for hedging:						
Foreign exchange derivatives:						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives:						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	32,857	801	13,916	44,768	4,135	96,477
Total inflow	32,761	909	13,442	44,648	4,528	96,288
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
31 December 2006						
Derivatives held for trading:						
Foreign exchange derivatives:						
- Outflow	482,352	18,552	-	-	-	500,904
- Inflow	491,583	19,395	-	-	-	510,978
Interest rate derivatives:						
- Outflow	30,754	971	31,772	61,341	7,261	132,099
- Inflow	27,814	1,083	29,800	58,552	7,809	125,058
Derivatives held for hedging:						
Foreign exchange derivatives:						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives:						
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	513,106	19,523	31,772	61,341	7,261	633,003
Total inflow	519,397	20,478	29,800	58,552	7,809	636,036

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

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

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

(i) Financial assets

The fair values of certain financial assets carried at cost, including cash and due from banks (including receivables from CBRT) are considered to approximate their respective carrying values due to their short-term nature.

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

Credits are reflected with their book values calculated after special provisions are deducted. With regard to fixed-interest credits, realistically estimated appropriate prices are calculated by finding the cash flows discounted through the usage of the current market interest rates.

(ii) Financial liabilities

The fair values of funds borrowed are based on market prices or are based on discounted cash flows using interest rates prevailing at the balance sheet date.

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

	Carrying Value		Fair Value	
	Current Period 31.12.2007	Prior Period 31 .12.2006	Current Period 31.12.2007	Prior Period 31 .12.2006
Financial Assets				
Due From Interbank Money Market ⁽¹⁾	266,316	43,563	266,316	43,563
Due from banks and other financial Institutions ⁽¹⁾	402,282	391,274	402,282	391,274
Available-for-sale Financial Assets	-	-	-	-
Held-to-maturity Investments	135,660	147,489	136,763	145,543
Loans	3,232,537	3,408,346	3,226,844	3,393,046
Financial Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions ⁽¹⁾	991,247	1,193,916	994,343	1,185,494
Issued Marketable Securities	-	-	-	-

⁽¹⁾ Carrying amount 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.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007
(Amounts expressed in thousands of New Turkish lira ("YTL") unless otherwise stated.)

X- Explanations on operating segments

Information regarding operating segments as of 31 December 2007 has been given in the following table:

The Bank has prepared operating segments table for the first time as of 30 June 2007 in accordance with the article 28 of "Communiqué regarding the Financial Statements, to be publicized by the Banks, as well as their Explanations and Footnotes" published in the Official Gazette on 1 November 2006 with no 26333.

	Corporate Banking	Investment Banking	Other	Total Operations of the Bank's
31 December 2007				
Operating profits	398,173	204,302	48,808	651,283
Operating income	398,173	204,302	48,808	651,283
Segment net profit	321,420	81,612	(15,738)	387,294
Operating profit	321,420	81,612	(15,738)	387,294
Share of results of associates	-	-	-	-
Profit before tax	321,420	81,612	(15,738)	387,294
Income tax expense	-	-	-	-
Profit for the period	321,420	81,612	(15,738)	387,294
Segment assets	3,224,861	899,204	33,132	4,157,197
Investment in associates	7,199	-	-	7,199
Unallocated assets	-	-	-	-
Total assets	3,232,060	899,204	33,132	4,164,396
Segment liabilities	1,396,734	2,786	-	1,399,520
Shareholder's Equity	-	-	-	2,576,123
Unallocated liabilities	-	-	-	188,753
Total liabilities	1,396,734	2,786	-	4,164,396
Other segment items	-	-	-	-
Capital investment	-	-	-	412
Depreciation	-	-	-	858

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 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Cash/Foreign currency	10	-	7	-
CBRT	24	18	15	20
Other	-	-	-	-
Total	34	18	22	20

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

b) Information related to the account of the CBRT:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Demand Unrestricted Account	24	18	15	20
Time Unrestricted Account	-	-	-	-
Time Restricted Account	-	-	-	-
Total	24	18	15	20

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

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bills, Bonds and other marketable securities	51,720	-	52,642	-
Other	-	-	-	-
Total	51,720	-	52,642	-

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

Trading derivative financial instruments	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Forward Transactions	-	-	-	-
Swap Transactions	532	4,424	5,792	5,466
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	532	4,424	5,792	5,466

3.a) Information on banks accounts:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Banks				
Domestic	239,484	17,536	21,075	39
Foreign	8,322	136,898	65,104	305,021
Head Quarters and Branches Abroad	-	-	-	-
Total	247,806	154,434	86,179	305,060

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007
(Amounts expressed in thousands of New Turkish lira ("YTL") unless otherwise stated.)

b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
European Union Countries	134,120	327,272	-	-
USA, Canada	10,051	35,693	-	-
OECD Countries ⁽¹⁾	1,049	7,160	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	145,220	370,125	-	-

⁽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 2007, there are no available-for-sale marketable securities given as collateral (31 December 2006: None).

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

	Current Period	Prior Period
	31.12.2007	31.12.2006
Debt Securities	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Share Certificates	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	-	-

5. Information related to loans:

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

	Current Period		Prior Period	
	31.12.2007		31.12.2006	
	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	2,931	-	2,499	-
Total	2,931	-	2,499	-

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

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	3,197,473	-	317	-
Discount and Purchase Notes	1,414	-	125	-
Export Loans	741,953	-	192	-
Import Loans	-	-	-	-
Loans Granted to				
Financial Sector	1,967,624	-	-	-
Foreign Loans	61,645	-	-	-
Consumer Loans				
(Including Overdraft Loans)	2,931	-	-	-
Credit Cards	-	-	-	-
Precious Metal Loans	-	-	-	-
Other	421,906	-	-	-
Specialized Loans	34,524	-	223	-
Other Receivables	-	-	-	-
Total	3,231,997	-	540	-

c) Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	2,940,412	-	269	-
Non-specialized Loans	2,918,378	-	269	-
Specialized Loans	22,034	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables (*)	291,585	-	271	-
Non-specialized Loans	279,095	-	48	-
Specialized Loans	12,490	-	223	-
Other Receivables	-	-	-	-

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

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.

As of 31 December 2007, the Bank granted personnel loans amounted to YTL 2,931 thousand.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

	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	33	2,898	2,931
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	33	2,898	2,931
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	33	2,898	2,931

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

None.

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Notes to Unconsolidated Financial Statements At 31 December 2007

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

f) Loans according to types of borrowers:

	Current Period 31.12.2007	Prior Period 31.12.2006
Public (*)	341,969	432,116
Private	2,890,568	2,976,230
Total	3,232,537	3,408,346

(*) Includes country loans granted to foreign public institutions amounted to YTL 61,645 thousand (31 December 2006: YTL 70,464 thousand).

g) Distribution of domestic and foreign loans:

	Current Period 31.12.2007	Prior Period 31.12.2006
Domestic Loans	3,170,892	3,337,882
Foreign Loans	61,645	70,464
Total	3,232,537	3,408,346

h) Loans granted to investments in associates and subsidiaries:

None.

i) Specific provisions accounted for loans:

Specific provisions	Current Period 31.12.2007	Prior Period 31.12.2006
Loans and Receivables with Limited Collectibility	187	4,457
Loans and Receivables with Doubtful Collectibility	9,233	14,584
Uncollectible Loans and Receivables	36,080	30,952
Total	45,500	49,993

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

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007
(Amounts expressed in thousands of New Turkish lira ("YTL") unless otherwise stated.)

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 31.12.2007			
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	-
Prior Period: 31.12.2006	-	-	-
(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	4,457	14,584	30,952
Additions (+)	636	1,089	95
Transfers from Other Categories of Non-performing Loans (+)	-	4,776	5,411
Transfers to Other Categories of Non-Performing Loans (-)	(4,776)	(5,411)	-
Collections (-)	(130)	(5,805)	(378)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the End of the Period	187	9,233	36,080
Specific Provisions (-)	(187)	(9,233)	(36,080)
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: 31.12.2007			
Balance at the End of the Period	187	8,700	33,894
Specific Provisions (-)	(187)	(8,700)	(33,894)
Net Balance on Balance Sheet	-	-	-
Prior 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	-	-	-

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

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

	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 (Net)			
Loans to individuals and corporate customers (Gross)	187	9,233	35,788
Special provision amount (-)	(187)	(9,233)	(35,788)
Loans to individuals and corporate customers (Net)	-	-	-
Banks (Gross)	-	-	292
Special provision amount (-)	-	-	(292)
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Special provision amount (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior Period (Net)			
Loans to individuals and corporate customers (Gross)	4,457	14,584	30,660
Special provision amount (-)	(4,457)	(14,584)	(30,660)
Loans to individuals and corporate customers (Net)	-	-	-
Banks (Gross)	-	-	292
Special provision amount (-)	-	-	(292)
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Special provision amount (-)	-	-	-
Other loans and receivables (Net)	-	-	-

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).

i) Explanations on write-off policy:

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

With regard to the amounts followed-up under non-performing receivables, write-off process is not applied, unless the legal follow-up transactions concerning the collection of receivables are concluded.

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Notes to Unconsolidated Financial Statements At 31 December 2007
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j) The movements of the provisions during the year, allocated by the Bank for its credit and other receivables:

The Bank does not have consumer loan. The movements of the provisions during the period, allocated for the corporate loans and other receivables are as follows:

1 January 2007	49,993
Allowance for impairment	1,820
Amount recovered during the period	(6,313)
Loans written off during the period as uncollectible	-
Exchange differences	-
31 December 2007	45,500
1 January 2006	39,618
Allowance for impairment	13,877
Amount recovered during the period	(3,466)
Loans written off during the period as uncollectible	(36)
Exchange differences	-
31 December 2006	49,993

6. Held-to-maturity investments:

As of 31 December 2007 all of the marketable securities of the Bank classified under trading and held-to-maturity categories, are composed of government bonds and treasury bills.

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 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Treasury Bills	-	-	-	-
Government bonds and similar marketable securities	74,138	-	72,038	-
Other	-	-	-	-
Total	74,138	-	72,038	-

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 31.12.2007	Prior Period 31.12.2006
	Government Bonds	135,660
Treasury Bills	-	-
Other Public Debt Securities	-	-
Total	135,660	147,489

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007

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

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

	Current Period 31.12.2007	Prior Period 31.12.2006
Debt Securities	135,660	147,489
Quoted to Stock Exchange	135,660	147,489
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	135,660	147,489

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

	Current Period 31.12.2007	Prior Period 31.12.2006
Beginning balance	147,489	189,811
Foreign currency differences on monetary assets	(21,322)	9,174
Purchases during the year	36,643	59,946
Disposals through sales and redemptions (**)	(33,149)	(120,214)
Interest Accruals	5,999	8,772
Impairment provision (-)	-	-
Period End Total	135,660	147,489

(**) 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

a.2) Significant financial statement information:

Financial statement information of Garanti Faktoring Hizmetleri A.Ş. is obtained from the financial statements dated 30 September 2007.

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value
589,049	32,636	5,484	35,454	-	4,014	4,597	7,199

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.

Türkiye İhracat Kredi Bankası A.Ş.

Notes to Unconsolidated Financial Statements At 31 December 2007
(Amounts expressed in thousands of New Turkish lira ("YTL") unless otherwise stated.)

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

As the share percentage of the Bank at Garanti Faktoring Hizmetleri A.Ş is less than 10% and the Bank does not have control over the financial and operating policies of the entity, the entity is not consolidated and is revalued and accounted based on the market value.

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.

12. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End: 31.12.2006					
Cost	16,487	196	695	8,487	25,865
Accumulated Depreciation (-)	8,524	7	641	7,585	16,757
Net Book Value	7,963	189	54	902	9,108
Current Period End: 31.12.2007					
Net Book Value at the Beginning of the Period	7,963	189	54	902	9,108
Additions	-	122	-	290	412
Disposals (-)	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation (-)	310	64	21	436	831
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-
Cost at Period End	16,487	318	695	8,777	26,277
Accumulated Depreciation at Period End	8,834	71	662	8,021	17,588
Closing Net Book Value	7,653	247	33	756	8,689

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Notes to Unconsolidated Financial Statements At 31 December 2007

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

	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 2007 and 2006, 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 2007, the cost and accumulated amortization of intangible assets is YTL 363 thousand (2006:YTL 363 thousand) and YTL 362 thousand (2006:YTL 335 thousand) respectively.

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

	Current Period 31.12.2007	Prior Period 31.12.2006
Net Book Value at Beginning of the Period	28	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 (-)	27	91
Net Currency Translation Differences of Foreign Subsidiaries	-	-
Other Changes in the Book Value	-	-
Net Book Value at End of the Period	1	28

14. Information on investment properties:

Bank does not have investment properties.

15. 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.

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Notes to Unconsolidated Financial Statements At 31 December 2007
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16. Explanations on assets held for resale and related to discontinued operations:

None.

17. Information on other assets:

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

II. Explanations and notes related to liabilities

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

1. Information on maturity structure of the deposits:

The Bank does not accept deposits.

2. Information on trading derivative financial liabilities:

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

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Forward Transactions	-	-	-	-
Swap Agreements	-	1,888	-	4,337
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	1,888	-	4,337

As of 31 December 2007, the Bank does not have any trading financial liabilities other than trading derivative financial liabilities (31 December 2006: None).

As of 31 December 2007, the Bank does not have deferred day one profits and losses (31 December 2006: None).

3. Information on borrowings:

a) Information on banks and other financial institutions:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Borrowings from the CBRT	-	375	-	757
From Domestic Banks and Institutions	-	78,840	-	-
From Foreign Banks, Institutions and Funds	-	706,101	-	919,826
Total	-	785,316	-	920,583

b) Information on maturity structure of borrowings:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Short-Term	-	513,580	-	562,637
Medium and Long-Term	-	477,667	-	631,279
Total	-	991,247	-	1,193,916

Medium and long-term loans include subordinated loans amounting to YTL 203,613 thousand (2006: YTL 270,155 thousand) and interest accruals amounting to YTL 2,318 thousand (2006: YTL 3,178 thousand).

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

As of 31 December 2007, 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 31.12.2007
Syndicated loans (i)	599,934
Subordinated loans (ii)	205,931
JBIC (iii)	63,353
T.C. Ziraat Bankası A.Ş. (iv)	55,688
Black Sea Trade and Development Bank (v)	42,814
Türkiye İş Bankası A.Ş. (İş Bankası) (vi)	23,152
Borrowings from the CBRT (vii)	375
Total	991,247

(i) The Bank, raised syndicated loan facilities at an amount EUR 225 Million (YTL 385,087 thousand) with a maturity of 1 year at 23 February 2007, and at an amount US\$ 175 Million (YTL 203,613 thousand) with a maturity of 3 years at 8 August 2006. As of 31 December 2007, total balance of these syndicated borrowings amounts to YTL 588,700 thousand. Accruals on these borrowings amount to YTL 11,234 thousand and total balance is YTL 599,934 as of 31 December 2007.

(ii) As of 31 December 2007, US\$ 175 million (YTL 203,613 thousand) of the Fiscal and Public Sector Adaptation Credit, provided by the World Bank to Turkish Treasury in accordance with the agreement signed on 12 July 2001, is transferred to the Bank for the development of the export oriented real sector. The accrual on this balance amounts to YTL 2,318 thousand as of 31 December 2007.

(iii) As of 31 December 2007, the Bank has raised a credit at an amount of YTL 63,353 thousand with the guarantee of Turkish Treasury, from JBIC (Japanese Bank for International Cooperation) for the support of the projects in third world countries by Turkish businessman.

(iv) As of 31 December 2007, the Bank borrowed from T.C. Ziraat Bank A.Ş. at an amount of EUR 32.5 million (YTL 55,688 thousand).

(v) The revolving loan borrowed from Black Sea Trade and Development Bank within the context of the relationships of the Bank amounts to US\$ 36 million (YTL 42,814 thousand).

(vi) Funds borrowed from İşbank include credit facilities in the amount of EUR 13.5 million (YTL 23,152 thousand).

(vii) The Bank obtained borrowing for discount loan programs from the Central Bank of the Republic of Turkey amounting to YTL 375 thousand.

The Bank performed the following repayments during the year 2007:

	Repayment Amount	Repayment Date
Black Sea Trade and Development Bank	USD 23,000,000	5 March 2007
Black Sea Trade and Development Bank	USD 13,000,000	1 August 2007
Black Sea Trade and Development Bank	USD 23,000,000	4 September 2007
İşbank GmbH - Frankfurt	EURO 15,000,000	4 December 2007
BAYERN LB 300 MIO Syndication Loan	USD 300,000,000	15 February 2007
GIB (USD 50 MIO Syndication Loan)	USD 50,000,000	9 December 2007
Japanese Eximbank	JPY 1,533,336,000	9 March 2007
Japanese Eximbank	JPY 1,533,295,000	10 September 2007

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4. Information on other liabilities:

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

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Turkish Treasury Current Account (*)	297,602	117,913	360,897	107,303
Political Risk Loss Account	-	166	-	187
Iraq Loan followed on behalf of Turkish Treasury	297,602	117,747	360,897	107,116
Other (**)	476	66,339	547	85,690
Total	298,078	184,252	361,444	192,993

(*) 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. YTL 17,747 thousand of the FC amount under Turkish Treasury Current Account belongs to Iraq Loan and YTL 166 thousand is composed of the balance transferred against political risks.

(**) The amount under Other-FC includes YTL 65,816 thousand transferred by the United Nations Compensation Commission (UNCC) and YTL 523 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.

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 31.12.2007		Prior Period 31.12.2006	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	276	219	252	180
More than 4 years	-	-	-	-
Total	276	219	252	180

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

None.

7. Information on provisions:

a) Information on general provisions:

	Current Period 31.12.2007	Prior Period 31.12.2006
	General provisions	15,237
Provisions for Group I. Loans and Receivables	14,872	17,875
Provisions for Group II. Loans and Receivables	5	-
Provisions for Non Cash Loans	268	880
Other	92	93

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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.

d) Information on other provisions:

1. Information on provisions for possible risks:

	Current Period 31.12.2007	Prior Period 31.12.2006
Provisions for Possible Risks	33,216	34,814
Country Loans	-	-
Other	33,216	34,814

i) 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. As of 31 December 2007, in accordance with the decision of the Executive Committee dated 24 December 2007, the Bank has made an allowance with the rate of 1.50% for the short, medium and long term loans (except for the short term fund sourced loans and medium and long term country loans) with an amount of YTL 25,627 thousand.

The Bank, in order to prevent double booking, has deducted the general loan loss provision calculated 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 1.50%.

ii) 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 5,664 thousand.

iii) As of 31 December 2007, the Bank booked provisions amounting to YTL 1,925 thousand considering probable compensation payments in relation to the export receivables, in line with the principles of conservatism.

iv) Accordingly, the sum of the provisions recognized by the Bank amounts to YTL 33,216 thousand as of 31 December 2007.

The general loan loss provision for the credit risk undertaken by the Bank amounts to YTL 15,237 thousand (31 December 2006: YTL 18,848 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 2007, YTL 33,216 thousand of other provisions include provisions booked for possible risks.

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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 2,087.92 in full YTL amount effective from 1 January 2008 (31 December 2006: YTL 1,857.44) 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
	31.12.2007
Discount rate (%)	5.71
Rate for the Probability of Retirement (%)	0.98

The principal actuarial assumption is that the maximum liability of YTL 2,087.92 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 2,087.92 (1 January 2007: YTL 1,960.69) effective from 1 January 2008 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	Prior Period
	31.12.2007	31.12.2006
Balance at the Beginning of the Period	8,539	9,648
Provisions Recognized during the period, net	229	(1,109)
Balance at the End of the Period	8,768	8,539

As of 31 December 2007, the Bank has also provided a provision for unused vacation rights amounting to YTL 3,843 (31 December 2006: YTL 3,039).

4. Liabilities on retirement benefits:

None.

8. Explanations on tax liability:

a) Explanations on current tax liability:

1) Information on provision for taxes:

None.

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2) Information on taxes payable:

	Current Period 31.12.2007	Prior Period 31.12.2006
Corporate Taxes Payable (*)	-	-
Taxation on Marketable Securities	-	-
Property Tax	-	-
Banking Insurance Transaction Tax (BITT)	95	65
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	20	43
Other (**)	27,703	304
Total	27,818	412

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

(**) The withholding taxes calculated over dividends paid to Treasury in accordance with Income Tax Law article 75, items numbered 1,2 and 3; is YTL 27,354 thousand.

3) Information on premium payables:

	Current Period 31.12.2007	Prior Period 31.12.2006
Social Security Premiums - Employee	269	235
Social Security Premiums - Employer	350	301
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	19	16
Unemployment Insurance - Owner	37	32
Other	-	-
Total	675	584

b) Information on deferred tax liability:

None.

9. Information on assets held for resale:

None.

10. 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)

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b) Information on subordinated loans:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	205,931	-	273,333
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	-	-	-
Total	-	205,931	-	273,333

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Common Stock	1,000,000	-	928,610	-
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
-	-	-	-	-

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

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

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

The Bank has capital commitments of YTL 71,390 as of 31 December 2006. YTL 71,390 portion of the dividend out of YTL 182,365, which accrued on behalf of Undersecretariat of Treasury in the Bank's year 2006 profit, was offset against the Bank's capital commitment pursuant to the notice of the Undersecretariat of Treasury dated 25 July 2007 and with no. 34271. As of 31 December 2007 the Bank does not have any outstanding capital commitment.

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.

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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 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	2,405	-	1,730	-
Valuation Difference	-	381	-	562
Foreign Currency Differences	-	-	-	-
Total	2,405	381	1,730	562

12.a) Information on minority interests:

None.

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

I. Explanations on off-balance sheet commitments:

a) Type and amount of irrevocable commitments:

As of 31 December 2007, the amount of irrevocable commitments (all of which are loan granting commitments) of the Bank is YTL 14,151.

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 31.12.2007	Prior Period 31.12.2006
	Letters of Guarantee	952
Endorsements	375	757
Guarantees and bails given for export	1,349	2,692
Guarantees given for Export Loan Insurance	265,192	329,717
Total	267,868	344,227

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

As of 31 December 2007, 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 31.12.2007	Prior Period 31.12.2006
	Non-cash loans given against cash loans	1,349
With original maturity of 1 year or less than 1 year	1,349	2,692
With original maturity of more than 1 year	-	-
Other non-cash loans ⁽¹⁾	266,519	341,535
Total	267,868	344,227

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

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

	Current Period 31.12.2007				Prior Period 31.12.2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	375	0.14	-	-	757	0.21
Mining	-	-	-	-	-	-	-	-
Production	-	-	375	0.14	-	-	757	0.21
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	2,301	0.86	-	-	11,061	3.11
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	-	-	265,192	99.00	-	-	332,409	96.68
Total	-	-	267,868	100.00	-	-	344,227	100.00

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

Non-Cash loans	Group I.		Group II.	
	YTL	FC	YTL	FC
Letters of Guarantee	-	952	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	375	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	266,541	-	-

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II. Information on derivative transactions:

	Classification of Derivatives		Transactions by Purpose	
	Trading Transactions		Hedging Related Transactions	
	Current Period	Prior Period	Current Period	Prior Period
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Types of Trading Transactions				
Foreign Currency Related Derivative Transactions (I)	41,151	1,011,882	-	-
FC Trading Forward Transactions		-	-	-
Trading Swap Transactions	41,151	-	-	-
Futures Transactions	-	-	-	-
Trading Option Transactions	-	-	-	-
Total Foreign Currency Related Derivative Transactions	41,151	1,011,882	-	-
Interest Related Derivative Transactions (II)	69,810	84,570	-	-
Forward Interest Rate Agreements	-	-	-	-
Interest Rate Swaps	69,810	84,570	-	-
Interest Rate Options	-	-	-	-
Interest Rate Futures	-	-	-	-
Other Trading Derivative Transactions ⁽¹⁾ (III)	108,806	193,340	-	-
A. Total Trading Derivative Transactions (I+II+III)	219,767	1,289,792	-	-
Types of Hedging Transactions				
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
Foreign Currency Investment Hedges	-	-	-	-
B. Total Hedging Related Derivatives	-	-	-	-
Total Derivative Transactions (A+B)	219,767	1,289,792	-	-

⁽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 2007, 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.

In this respect, as of 31 December 2007, there are three legal proceedings outstanding against the Bank amounting to USD 2,205,622 as confirmed from the lawyer letter prepared by the Legal Department of the Bank. As of 31 December 2007, no provision has been made considering the probability of occurrence of the contingent liability.

There are no resolved lawsuits in 2007 in favor of the Bank. In addition, there are 88 legal proceedings outstanding filed by the Bank. These legal proceedings amount to YTL 83,404 thousand, USD 12,065,172 and EUR 490,992.

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IV. Explanations on services in the name of others:

The Bank's custody and deposit activities in the name of real and legal persons are not considered as material.

The Bank also provides insurance to some extent for the export receivables of exporter companies against commercial and political risks under the scope of export loan insurance program.

IV- Explanations and notes related to income statement

1.a) Information on interest income on loans:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Interest income on loans (*)				
Short-term Loans	294,295	32,279	204,621	39,858
Medium and Long-term Loans	614	20,415	952	47,407
Interest on Loans Under Follow-up	25	638	184	552
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	294,934	53,332	205,757	87,817

(*) Includes fee and commission income over cash loans.

b) Information on interest income on banks:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
From the CBRT	-	-	-	-
From Domestic Banks	4,673	76	5,133	1,036
From Foreign Banks	6,493	11,436	3,782	5,896
From Headquarters and Branches Abroad	-	-	-	-
Total	11,166	11,512	8,915	6,932

c) Information on interest income on marketable securities:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
From Trading Financial Assets	15,517	2,004	17,445	1,963
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	-	-	-	1,106
From Held-to-maturity Investments	12,574	4,380	22,997	6,118
Total	28,091	6,384	40,442	9,187

d) Information on interest income received from associates and subsidiaries:

No interest income has been received from associates and subsidiaries.

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2. a) Information on interest expense on borrowings:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Banks (*)				
The CBRT	-	25	-	44
Domestic Banks	-	295	36	231
Foreign Banks	-	41,370	-	44,322
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	12,588	-	14,665
Total	-	54,278	36	59,262

(*) Includes fee and commission expense on cash loans.

b) Information on interest expense given to associates and subsidiaries:

There is no interest expense has been given to associates and subsidiaries.

c) Interest given on marketable securities issued:

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Interests paid to issued Marketable Securities	-	-	-	-

d) Maturity structure of the interest expense on deposits:

The Bank does not accept deposits.

3. Explanations on dividend income:

The Bank has received dividend income at an amount of YTL 83 thousand from its associate Garanti Factoring Hizmetleri A.Ş in 2007.

4. Information on trading loss/income (Net):

	Current Period 31.12.2007		Prior Period 31.12.2006	
	YTL	FC	YTL	FC
Profit	156,829		312,920	
Income from Capital Market Transactions	49,370		48,892	
From Derivative Financial Transactions	48,868		47,603	
Other	502		1,289	
Foreign Exchange Gains	107,459		264,028	
Loss (-)	142,649		295,136	
Loss from Capital Market Transactions	(20,126)		(79,747)	
From Derivative Financial Transactions	(19,896)		(70,044)	
Other	(230)		(9,703)	
Foreign Exchange Loss	(122,523)		(215,389)	

5. Explanations on other operating income:

By collecting YTL 6,313 out of its non performing loans in 2007, the Bank recorded this collection in its income statement under other operating income. The Bank also recorded the income amounting to YTL 3,611 resulting from the decrease in the amount of general loan loss provision calculated as of 31 December 2007 and 31 December 2006 in its income statement under other operating income.

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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 other operating income in the year 2006.

In the year 2007, the Bank recorded under other operating income a premium income amounting to YTL 28,482 thousand (2006: 28,151 thousand) within the scope of Short Term Export Loan Insurance Premium Income and a commission income amounting to YTL 7,600 thousand (2006: 8,003 thousand) which is the sum of commissions received from Reassurance Firms within the scope of Export Loan Insurance.

The Bank recorded an income amounting to YTL 4,659 thousand under other operating income resulting from the 1.00% decrease in the prudency provision on short-term loans in the year 2006.

In the year 2007 and 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.

6. Provision expenses related to loans and other receivables of the Bank:

	Current Period 31.12.2007	Prior Period 31.12.2006
Specific Provisions for Loans and Other Receivables	1,820	13,877
III. Group Loans and Receivables	188	4,457
IV. Group Loans and Receivables	1,575	8,960
V. Group Loans and Receivables	57	460
General Provision Expenses	-	6,214
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	-	214
Financial Assets at Fair Value through Profit or Loss	-	214
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity		
Securities Value Decrease	-	819
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments:	-	819
Other	-	-
Total	1,820	21,124

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7.a) Information related to other operating expenses:

	Current Period 31.12.2007	Prior Period 31.12.2006
Personnel Expenses	25,454	20,793
Reserve for Employee Termination benefits	229	-
Vacation Pay Liability	804	515
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	831	952
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	27	91
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	5,717	6,123
Operational Lease Expenses	40	37
Maintenance Expenses	397	684
Advertisement Expenses	30	16
Other Expenses	5,250	5,386
Loss on Sales of Assets	-	-
Other (*)	29,481	38,717
Total	62,543	67,191

(*) "Other Operating Expenses" include premium expense paid to reinsurance companies amounting to YTL 17,758 thousand (2006:YTL 21,407 thousand) within the scope of the Short-term Export Credit Insurance Programme and a contribution fee amounting to YTL 7,904 thousand (2006:YTL 6,182 thousand) paid to the Small and Medium Industry Development Organization.

8. Explanations on profit and loss before tax:

None.

9. Information on tax provision:

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

10. Explanations on operation profit and loss after tax:

None.

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Notes to Unconsolidated Financial Statements At 31 December 2007
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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 2,786 thousand are recorded under the marketable securities value increase fund account under equity. YTL 381 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 381 thousand 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.

b.2) Under the cash flow hedges, the current period charge of the income or loss under equity related with a derivative or non-derivate financial asset and liability designated as cash flow hedge instruments:

None.

c) Reconciliation of foreign exchange differences at the beginning and end of the period:

None.

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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 2007 profit.

In accordance with the decision of the Board of Directors dated 5 April 2007 and the second article of the Bank's articles of association and with the approval of the relevant Minister of State having the authorities of the General Assembly dated 30 April 2007; YTL 184,464 thousand, YTL 87,507 thousand and YTL 30,960 thousand of the profit of the year 2006 amounting YTL 302,931 has been distributed as dividend, extraordinary reserve and legal reserves respectively.

YTL 71,390 thousand portion of the dividend amounting to YTL182,365 thousand, which accrued on behalf of Undersecretariat of Treasury on the Bank's 2006 profit distribution, was offset against the Bank's unpaid capital pursuant to the notice of the Undersecretariat of Treasury dated 25 July 2007 and numbered 34271; hence, as of 31 December 2007 all of the capital amount committed by the Undersecretariat of Treasury is fully paid.

4. Amount transferred to legal reserves

	Current Period 31.12.2007	Prior Period 31.12.2006
Amount transferred to Legal Reserves under Dividend Distribution	30,960	36,980

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.

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Notes to Unconsolidated Financial Statements At 31 December 2007
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6. Explanations on other share capital increases

None.

VI- Explanations and notes related to statement of cash flows

1. Information on the cash and cash equivalents:

1.a) Information on cash and cash equivalents at the beginning of the period:

The components constituting the cash and cash equivalents and the accounting policies used for the determination of these components:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash" interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

	Current Period 31.12.2007	Prior Period 31.12.2006
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

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

	Current Period 31.12.2007	Prior Period 31.12.2006
Cash	2,032	785
Cash and Foreign Currency and Other	10	7
Demand Deposits in Banks	2,022	778
Cash Equivalents	665,986	433,599
Interbank Money Market Placements	266,200	43,500
Time Deposits in Banks	399,786	390,099
Total Cash and Cash Equivalents	668,018	434,384

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 64,365 thousand (31 December 2006: YTL 30,934 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.

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The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to YTL 41,512 thousand (31 December 2006: YTL 20,381 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".

VII- Explanations and notes related to Bank's risk group:

In accordance with the paragraph 5 of article 49 of Banking Law numbered 5411, the Bank does not have any partnerships which it controls directly or indirectly and with which it constitutes a risk group.

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

	Number	Number of Employees	Country of Incorporation	Total Assets	Statutory Share Capital
Domestic Branch	2	392			
Foreign Representation Office	-	-	1- none		
Foreign branch					
-	-		1-none	-	-
Off-shore Banking Region Branches	-	-	1-none	-	-

IX- Explanations and notes related to events after balance sheet:

None.

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Notes to Unconsolidated Financial Statements At 31 December 2007
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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 2007 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The auditor's report dated 19 February 2008 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 2007

Operations and results of Türkiye İhracat Kredi Bankası A.Ş. for the fiscal year 2007 have been reviewed by our Board in the scope of related legislation provisions.

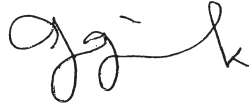
In the audits performed, it has been determined that:

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 2007 have been prepared in accordance with the Regulation on Principles and Procedures Regarding Accounting Applications and Maintenance of Documents for Banks, Turkish Accounting Standards, Turkish Financial Reporting Standards and other legislation related to accounting and financial reporting published by the Banking Regulation and Supervision Agency (BRSA) and BRSA comments, and also in accordance with the Bank's accounting records,
4. Profit distribution has been prepared in accordance with the relevant provisions of the Turkish Commercial Code, and article 54 of the Articles of Association,
5. Executive Board is conducting the Bank's credit policy in line with the conditions necessitated by the country economy.

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.



Prof. Dr. Arif ESİN
Member of the Audit Board



Güner GÜCÜK
Member of the Audit Board

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We thank Ismail Orman for the images that are used in the inner pages of this annual report.

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