



TÜRKİYE İŞ BANKASI A.Ş.

**UNCONSOLIDATED INTERIM REPORT
FOR THE PERIOD BETWEEN
JANUARY 1st- SEPTEMBER 30th, 2009**

*Translated into English from
the Original Turkish Report*

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A. GENERAL INFORMATION

1. Brief Information on Türkiye İş Bankası A.Ş.

Established on August 26th, 1924 by great leader Mustafa Kemal Atatürk, Türkiye İş Bankası A.Ş. has played a key role in the development of Turkey's national economy especially with its contributions to the domestic industry and commerce from its establishment till today for 85 years. Türkiye İş Bankası A.Ş., Turkey's largest private bank, provides its customers with the opportunity to choose among both the Bank's and its participations' various financial products the ones that perfectly match with their needs as well as the opportunity to reach the banking services in every manner with its 1,081 domestic and international branches, 3,527 ATMs that make up the largest ATM network in Turkey, internet banking, telephone banking and call center.

2. Capital and Shareholding Structure

As of September 30th, 2009, the Bank's paid in capital within the TL 7 billion registered capital ceiling is TL 3,079,639 thousand and 41.54% of the Bank's shares are owned by T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (Isbank Members' Supplementary Pension Fund), 28.09 % are owned by the Republican People's Party (Atatürk's shares) and 30.37% are on free float.

3. Information on Branches and Employees

The Bank's number of branches, which was 1,039 at the end of 2008, reached 1,081, and the total number of employees increased from 20,924 to 22,258. Of the 1,081 branches, 14 are foreign and 1,067 are domestic branches. On the other hand, Isbank, which took steps to expand its foreign organization, major part of which is Germany centered İşbank GmbH, has obtained the necessary permission from the Banking Regulation and Supervision Agency to open a representative office in Cairo, the Arab Republic of Egypt and a branch in Baku, the Republic of Azerbaijan.

4. Chairman and Directors of the Board and the Legal Auditors

<u>Name</u>	<u>Position and Area of Responsibility</u>
Caner Çimenbiçer	<i>Chairman of the Board, the Audit Committee and TRNC Internal Systems Committee; Chairman of the Board of Inspectors</i>
H. Fevzi Onat	<i>Deputy Chairman, Board Member in Charge of Internal Systems, Chairman of the Risk Committee, Member of the Credit Committee</i>
H. Ersin Özince	<i>Chief Executive Officer and Director, Chairman of the Credit Committee, Member of the Risk Committee</i>
Prof. Dr. Savaş Taşkent	<i>Director, Member of the Audit Committee and TRNC Internal Systems Committee</i>
İsmet Atalay	<i>Director, Member of the Social Responsibility Committee</i>
Tülin Aykın	<i>Director, Alternate Member of the Credit Committee, Member of the Social Responsibility Committee</i>
Tuncay Ercenk	<i>Director</i>
Adnan Keskin	<i>Director</i>
Ali Sözen	<i>Director</i>
Fusun Tümsavaş	<i>Director, Member of the Credit Committee</i>
Hasan Koçhan	<i>Director, Alternate Member of the Credit Committee</i>
Prof. Dr. Turkay Berksoy	<i>Auditor</i>
A. Taciser Bayer	<i>Auditor</i>

5. Audit Committee

<u>Name</u>	<u>Position and Area of Responsibility</u>
Caner Çimenbiçer	<i>Chairman</i>
Prof. Dr. Savaş Taşkent	<i>Member</i>

6. Chief Executive Officer and Deputy Chief Executives*

<u>Name</u>	<u>Position and Area of Responsibility</u>
H. Ersin Özince	<i>Chief Executive Officer and Director, Chairman of the Credit Committee, Member of the Risk Committee</i>
A. Aykut Demiray	<i>International Banking, Treasury and Economic Research Divisions, Foreign Branches and Foreign Representative Offices, Member of the Risk Committee</i>
Kadir Akgöz	<i>IT Project Management, IT Architecture & Security, IT Solution Development, IT Product & Service Delivery, IT System & Operations Divisions</i>
Özcan Türkakın	<i>Corporate Communications, Equity Participations, Capital Markets, Private Banking Marketing and Sales Divisions, Member of the Risk Committee**</i>
F. Kayhan Söyler	<i>Commercial Banking Marketing, Sales and Product Divisions, Free Zone Branches</i>
Zafer Memişoğlu	<i>Support Services and Purchasing, Human Resources Management, Human Resources Partnership and Human Resources Service Center, Construction and Real Estate Management, and Talent Management Divisions</i>
Hülya Altay	<i>Consumer Loans, Card Payment Systems, Retail Banking Marketing, Sales and Product Divisions</i>
Mahmut Magemizoğlu	<i>Financial Management, Investor Relations, Managerial Reporting and Internal Accounting Divisions</i>
Hakan Barut	<i>Legal Affairs, Credit Information and Financial Analysis, Commercial and Corporate Loans Monitoring and Recovery Divisions</i>
Adnan Bali	<i>Corporate Banking Marketing, Sales and Product Divisions</i>
Suat İnce	<i>Corporate Loans, SME Loans and Commercial Loans Underwriting, Retail Loans Monitoring and Recovery Divisions, Member of the Risk Committee.</i>
Serdar Gençer	<i>Board of Change Management, Enterprise Architecture, Strategy and Corporate Performance Management Divisions</i>
Hakan Aran	<i>Alternative Distribution Channels Operations, Alternative Distribution Channels Strategy, Banking Operations and Payment Operations, Retail Loan and Card Operations, Foreign Trade and Commercial Loan Operations, Internal Operations, Operations Planning and Branch Operations Divisions</i>

* Deputy Chief Executive, Mr. M. Sırrı Erkan has retired as of May 29th, 2009.

** Mr. Türkakın attends the meetings of the Risk Committee that are held on a consolidated basis.

B. GENERAL SURVEY ON TURKISH ECONOMY AND BANKING SECTOR

The indicators released in the second half of 2009 point out that the economic activity both in advanced countries and emerging markets is increasing. As a result of the improvement in economic conditions and the relative stability gained in financial markets, debates over exit strategies from the unconventional monetary and fiscal policies implemented during the crisis weighed on the markets. The relative increase in global risk appetite is reflected on the financial indicators of Turkey.

It is predicted that the tendency of contraction in Turkish economy that narrowed by 10.6 % in the first half of 2009, continued in the third quarter, yet at a slower pace. Nonetheless, factors such as; due to the rearrangement in June, the decrease in the effect tax deductions, in the third quarter, which had enlivened consumption in the second quarter, and the increase in global economic activity being slow which affected Turkey's export negatively; indicate that the recovery of the Turkish economy will be slow and gradual. It is predicted that Turkish economy will be contracted around 6.2% at the end of 2009.

The contraction in domestic and foreign demand due to the global crisis continues to negatively affect the foreign trade volume of Turkey. The recession in the import being faster than that of the export and despite the recent slight increase, the oil prices remaining quite below last year's values on an average basis, resulted in 81.2% decrease in current account deficit in the first eight months of the year, compared to the same period of the previous year.

By the end of the first eight months of 2009, according to the capital and financial accounts of the balance of payments, the net capital inflow to Turkey decreased by 97.7 % compared to the same period of the previous year, and the net direct investment inflow decreased by 53.7 %. The repayments of banks and non-banking sectors played an important role in recording of net capital outflows in the "other investments" item. In this period, portfolio investments increased by 38.2 %. On the other hand, the Constitutional Court's annulment of the practice of not collecting withholding tax on gains resulting from financial investments made by foreign investors, resulted in uncertainties regarding capital inflows arising from portfolio investments in the upcoming period.

In the first nine months of the year, the budget deficit and primary surplus realized as TL 40.8 billion and TL 4.7 billion respectively. While non-interest expenditures continued to increase, declining tax revenues due to the contraction in the economy worsened the budget balance. The expectations that the recovery in the economy would be gradual, point out that a rapid increase in tax revenues would not be possible in the coming period.

As of September, the yearly inflation increased by 5.27% in CPI and rose by 0.47 % in PPI for the first time after five months. Due to low domestic and foreign demand, it is expected that the downward pressure on inflation will continue.

As of September 25th, 2009, total deposits increased by 6.8%, reaching TL 495.7 billion compared to the 2008 year-end. At the end of the same period, Turkish Lira deposits grew 5.4 %. Foreign currency deposits increased by 9.3%, in terms of Turkish Lira, and 11.3% in terms of US Dollars.

As of September 25th, 2009, total loans rose by 0.8 % reaching TL 374.1 billion compared to 2008 year-end. In this period, consumer loans grew 5.2%. Increases in housing and general purpose loans, the sub groups of consumer loans, are remarkable.



In the first nine months of 2009, it is observed that the banking sector continues to be prudent regarding the foreign currency position. As of September 25th, 2009, the net foreign currency position of the banking sector was realized at USD 457 million.

Central Bank is expected to continue interest rate cuts until year-end due to the continued decreasing tendency in core inflation indices, the possibility of persistence of weak domestic demand conditions because of high unemployment rate and the expiration of the temporary tax cuts. It is estimated that the credit volume would increase in the coming period on the back of the interest rate cuts and the improvements in global risk perception.

C. THE BANK'S FINANCIAL HIGHLIGHTS AND KEY RATIOS RELATED TO THE PERIOD AND EVALUATIONS

1. Financial Highlights and Key Ratios Related to the Period

ASSETS (TL thousand)	2009/9	2008/12
Cash and Equivalents	587,949	593,329
Banks and Money Market Placements (1)	18,465,245	18,031,640
Securities (Net)	33,456,219	24,981,018
Loans	45,931,629	47,610,332
Other	8,151,687	6,335,603
Total Assets	106,592,729	97,551,922
LIABILITIES (TL thousand)	2009/9	2008/12
Deposits	69,266,981	63,539,185
Money Market Funds and other Funds Borrowed	17,713,406	18,039,793
Shareholders' Equity	12,514,881	9,449,011
Other	7,097,461	6,523,933
Total Liabilities	106,592,729	97,551,922
INCOME STATEMENT (TL thousand)	2009/9	2008/9
Interest Income	7,798,095	7,535,111
Interest Expense	4,213,030	4,864,785
Net Interest Income	3,585,065	2,670,326
Trading Income/Loss	308,030	274,885
Net Fees and Commissions Income	917,577	894,227
Other Operating Income	1,054,752	845,435
Total Operating Income/Expense	5,865,424	4,684,873
Other Operating Expenses	2,044,008	2,133,219
Provision for Loan Losses and Other Receivables	1,616,019	918,734
PROFIT/LOSS BEFORE TAXES	2,205,397	1,632,920
Provision for Taxes	401,738	323,402
NET PERIOD PROFIT/LOSS	1,803,659	1,309,518
GROSS INCOME (2)	10,157,199	9,633,195
GROSS PROFIT (3)	3,821,416	2,551,654
KEY RATIOS	2009/9	2008/12
Interest Earning Assets / Total Assets	91.8 %	92.9%
Loans / Total Assets	43.1%	48.8%
Retail Loans / Total Loans	32.2%	30.6%
NPL Ratio	6.1 %	4.4%
Demand Deposits / Total Deposits	15.2%	13.8%
Capital Adequacy Standard Ratio	17.9%	15.2%
Return on Average Assets (4)	2.4%	1.7%
Return on Average Equity (4)	21.9%	15.1%
	2009/9	2008/9
Cost / Income	34.8%	45.5%

(1) Includes balances with the Central Bank of Turkey and Reserve Deposits.

(2) Gross Income = Interest Income + Foreign Exchange Gains/Losses + Trading Gains/Losses on Securities + Gross Fees and Commissions Income + Dividend Income + Other Operating Income

(3) Gross Profit = Net Period Profit/Loss + Provision for Taxes + Provision for Impairment Losses

(4) Averages are calculated over year-end balances

2. Chairman's Evaluations on the Period

It is seen that, the pessimistic atmosphere created by the crisis that has affected developed and emerging economies all around the world since the beginning of the last quarter of 2008, has started to disperse to some degree in parallel with the partial improvements in economic activity all around the world, in the last quarter of the year. Despite the employment data still has a negative outlook, a tendency of revival is observed in production and commercial activities. In contradiction, economic activity still remains far from the point where it was before the crisis.

In this environment, G-20 meetings were held and these meetings focused on ways of getting out of the crisis. On the other hand, similar topics were discussed at the IMF and World Bank meetings held in İstanbul and economic policies, which can be carried out in the upcoming period, were tried to be shaped. G-20 and İstanbul meetings have significant value due to the fact that they proved the increasing importance of developing countries, which also include Turkey, in the world economy, and decision was made that these countries would have a word in shaping the global economy and financial system after the crisis.

The negative effects of the global crisis on Turkey have been enormous. Several packages of measures were put into effect in the first half of the year by the economic administration, in order to improve the negative outlook of the economic indicators. With the effect of the afore-mentioned measures, it is observed that the economic contraction has slowed to an extent in the first six months, and it is estimated that the slow-down was at a limited level by the end of the third quarter.

In a period, when many banks throughout the world are going bankrupt and are being confiscated, the Turkish banking sector has pursued with its successful performance in the third quarter as well.

Nevertheless, the first nine months of 2009, has been a period in which the effects of the crisis were also felt by our Bank, like the banking sector in general. The Bank has taken the necessary precautions, on time, against the crisis and maintained its prudent stance that focuses on profitability.

In the first nine months of the year, Isbank maintained its target of investing in future and continued to increase the number of its branches and employees. In the related period, the processes of legal permit and sanction for opening a representative office in Cairo, the Arab Republic of Egypt, and a branch in Baku, the Republic of Azerbaijan, have been completed. On the other hand, restructuring operations based on customer service were pursued.

Despite a number of signs of improvement are shown all around the world and in Turkey, the predictions have become stronger that it will take time for the effects of the global crisis to be fully eradicated. The expectations claiming that the revival of the economy will take place slowly indicate that the growth environment in the banking sector will be quite competitive in the upcoming period and has the potential of putting pressure on profitability compared to the previous years. In this period, which is expected to be difficult, Isbank will maintain its efforts to grow and to increase its profitability, in line with its objective of giving its customers the best service and creating value for its shareholders, by making most of its potential, without giving up on prudence.

Regards,

Caner Çimenbiçer
Chairman of the Board



3. The CEO's Evaluations on the Period

In the first nine months of 2009, Isbank increased its total assets by 9.3% compared to the year end, to TL 106.593 million. In this period, during which the impacts of the global crisis were highly prominent, the growth achieved by pursuing quality, has been the result of the Bank's correct strategies, which have been successfully carried on. The Bank, which also took significant steps to increase its profitability in banking operations, accompanied with its growth strategy focusing on profitability, gained TL 1,804 million net profit with a 37.7% increase, compared to the same period of the previous year. Especially in the third quarter, positive developments in the market values of both the publicly traded participations and the securities portfolio, which was lately with an accurate decision, contributed significantly to the Bank's shareholders' equity and strengthened the Bank's strong financial structure. The Bank's shareholders' equity, which was TL 9,449 million at the year-end, increased by 32.4% reaching TL 12,515 million.

The economic structure during the first nine months directed the banking sector to being more prudent in lending. As a matter of fact, Isbank tried to carry out its lending policies on a solid basis, without giving up on its precautionary principle and has been quite successful to that matter. The size of the Bank's loan portfolio maintained its level at the end of the sixth month and was realized at TL 45,932 million.

The problems confronted especially with the small and medium sized enterprises led to increases in the number of legal follow-ups and this created a negative pressure on the Bank's assets in general. However, Isbank maintained its prudent approach, in this period, too, without giving up on its 100% provisioning policy for non-performing loans.

Isbank increased its total deposits to TL 69,267 million with an increase of 9.0% compared to the year-end. With this increase, the Bank strengthened its leadership in terms of deposits among the private banks. The Bank, which benefits from different funding sources with reasonable costs other than deposits, when necessary, extended in the third quarter, the maturity of the USD 350 million and EUR 293.5 million tranches of the syndicated loan signed in September 2008, for one year. The extension of the loan with the participation of 41 international banks significantly indicates the prestige held by Isbank within the international market.

Isbank increased its interest income by 10.0 % compared to the same period of the previous year, with its policy of growing the profitable and good quality elements in its assets. On the other hand, despite the significant increase in the deposits during the same period, as a result of the emphasis put on funding sources, total interest costs decreased by 13.4% and the net interest income increased by 34.3% to TL 3,585 million. These improvements in the net interest income were significantly effective in the increase of the Bank's gross profit to TL 3,821 million by 49.8 % compared to the same period of the previous year.

Isbank continued to extend its branch network in this period by opening new branches in profitable markets and increased the number of domestic branches to 1,067 at the end of the period, which was 1,028 at the end of the year. As a result of this growth, the Bank increased the number of employees to 22,258. Considering the support to the Turkish economy as one of its most important missions, Isbank continues to serve this mission not only by supporting the real sector, but also by creating employment opportunities.

In the coming period, in which it is predicted that the effects of the crisis will still be felt and that the profitability of the banking system will fall due to the decrease in interest margins, Isbank will continue to create surplus by profitable and qualified activities without compromising its prudence and support the domestic economy with its strong equity structure.

Regards,

H. Ersin Özince
CEO



4. The Financial Position of the Bank and Evaluation on Its Performance

Isbank's total assets, which were TL 97,552 million at the year-end, increased by 9.3% to TL 106,593 million. The increases in the securities portfolio had the most important role in this growth and the share of securities portfolio in total assets increased to 31.4% which was 25.6% at the end of the previous year.

In this period when the effects of the crisis continue, the selectivity and prudence in lending continued and depending on this, there was no significant change observed in the loan portfolio compared to the sixth month. As at the end of the period, total loans were realized as TL 45,932 million.

Especially the small and medium sized enterprises being seriously affected by the crisis conditions, led to an increase in the non-performing loans in the first nine months of the year. Nevertheless, thanks to its financial strength, the Bank continued its prudence by allocating 100% provision for non-performing loans.

Isbank, whose total deposits reached TL 69,267 million with an increase of 9.0% compared to the year-end, strengthened its leadership in deposits among the private banks. Within this period, the share of demand deposits in the total deposits increased to 15.2%, which was 13.8% at the year-end. Benefiting from different funding sources other than deposits, on September 14th, 2009, Isbank extended for one year the maturity of the USD 350 million and EUR 293.5 million tranches of the syndicated loan signed on September 22nd, 2008. For the deal, which was obtained from 41 international banks, the total cost of the loan pertaining to the banks that participated with the highest amounts was realized at Libor+2.25% and Euribor+2.25%, respectively.

TL 1,392 million increase in the market values of Isbank's publicly traded participations contributed significantly to the shareholders' equity. The shareholders' equity reached TL 12,515 million with an increase of 32.4% compared to the year end.

Succeeding to increase its profit as a result of quality and performance oriented policies; Isbank had a net profit of TL 1,804 million in the first nine months of the year. The increase in the net profit was 37.7% compared to the same period of the last year. With its success in cost management and growth in interest income, mainly on loans, the net interest income reached TL 3,585 million with a 34.3% increase compared to the same period of the previous year.

Isbank will endeavor to continue its prudence regarding its asset performance to increase its profitability and stable growth.

D. INFORMATION ON BOARD MEETINGS

In the first half of the year, 11 Board meetings were held. In the aforementioned meetings, 355 files, 304 of which were on credit allocation and 51 of which were on other credit related topics and total 204 resolutions were made on credit allocation and 300 files were reviewed and resolved on non-credit related topics. Thus, the number of resolutions made by the Board in the first nine months of the year was 695, including the resolutions which were made during the meetings.

E. INFORMATION ON THE ACTIVITIES OF COMMITTEES WITHIN THE FRAME OF INTERNAL SYSTEMS

1. Audit Committee

The Audit Committee has two members and it is chaired by Mr. Caner Çimenbiçer, Chairman of the Board. Director Prof. Dr. Savaş Taşkent is the other member of the Committee. In the first nine months of the year 2009, the Audit Committee held 22 meetings and adopted 25 resolutions.

2. Risk Committee

Members of the Risk Committee, which is responsible for formulating the risk management strategies and policies Isbank will adhere to, both on a consolidated and unconsolidated basis, presenting them to the Isbank Board of Directors for approval, and monitoring compliance with them, are:

- Director and Deputy Chairman, Head of Risk Committee: H. Fevzi Onat
- CEO and Head of the Credit Committee: H. Ersin Özince
- Deputy CEO and Head of the Asset and Liability Committee: A. Aykut Demiray
- Deputy Chief Executive: Suat İnce
- Head of Risk Management Division: Rıza İhsan Kutlusoy

Risk Committee contributes to the configuration of Group risk policies covering financial and nonfinancial participations also through consolidated group meetings.

- Deputy CEO: Özcan Türkakın
- Head of Subsidiaries Division: Burhanettin Kantar

participate in the consolidated group meetings of the Risk Committee.

During the first nine months of the year, the Risk Committee held 9 meetings, 3 of which were on a consolidated basis. In the meetings, in addition to the evaluations of the risk management activities of Isbank's affiliates which are observed in terms of Isbank and consolidated risk policies, 9 risk reports presented to the Committee were examined and 8 resolutions related to the risk management systems and processes were adopted.

3. Turkish Republic of Northern Cyprus (TRNC) Internal Systems Committee

As per the resolution of Isbank Board of Directors dated June 15th, 2009, nr.35546, TRNC Internal Systems Committee was founded. The Committee, which consists of two members, is chaired by Mr. Caner Çimenbiçer, Chairman of the Board of Directors and Director Prof. Dr. Savaş Taşkent is the other member of the Committee.

The TRNC Internal Systems Committee is in charge of monitoring the efficiency and competency of the Bank's internal system which was established for operations of TRNC branches, conducting that accounting and reporting systems operate within the framework of law and related regulations and that the information produced has integrity, carrying out the preliminary assessment of external auditors and service procured institutions related to other banking operations to be selected by the Board and monitoring and coordinating the appointed and agreed institutions activities on a regular basis.

As of September 30th, 2009, TRNC Internal Systems Committee held 1 meeting and made 1 resolution.

F. INFORMATION ON THE ACTIVITIES OF THE CREDIT COMMITTEE

Credit Committee consists of three people; one of them is the Chief Executive Officer, who is also a permanent member and the chairman of the Committee, and the other two are the members of the Board. In the period of January-March 2009, Chief Executive Officer Mr. H. Ersin Özince, Deputy Chairman Mr. H. Fevzi Onat and member Ms. Füsün Tümsavaş, and the alternate members, Chairman of the Board Mr. Caner Çimenbiçer and Director Ms. Tülin Aykın worked for the Credit Committee. Permanent member and Chairman of the Committee Mr. H. Ersin Özince, Deputy Chairman Mr. H. Fevzi Onat and Director Ms. Füsün Tümsavaş were members of the Credit Committee formed after the Ordinary General Meeting, which was held on March 31st, 2009. The alternate members of the Credit Committee are Director Ms. Tülin Aykın and Mr. Hasan Koçhan. In the first nine months of the year, the Credit Committee has adopted 63 resolutions by examining 82 credit files under their authority.

G. INNOVATIONS RELATED TO THE RISK MANAGEMENT POLICIES

In order to gather the risk policies under a general title, which will also include capital investment and real estate investment risks and to update them, "Asset – Liability Management Policy" was established to manage all financial risks arising from the Bank's assets and liabilities by considering the risk adjusted capital earnings and to increase the Bank's market value by the optimum use of its capital.

The purpose of the policy is to establish the principles, functions and risk limits, which will help to manage all the financial risks that the Bank is exposed to, by considering the optimum risk-earnings balance. "Market Risk Policy", "Liquidity Risk Policy" and "Structural Interest Rate Risk Policy" are held under the established "Asset-Liability Management Risk Policy".

"Information Systems Management Policy" was set to determine the rudiments related to structuring and processing of Isbank's information systems and the afore-mentioned policy has come to effect after the Board of Directors' approval.

H. INFORMATION ON THE TRANSACTIONS OF THE BANK MADE WITH ITS RISK GROUP

All the financial services to the companies in Isbank's Risk Group are given within the framework of the same procedure and policy provided to third parties. The Risk Management Division analyzes the lending to the companies in the Bank's Risk Group and monitors whether they are kept within the legal limits.

The loans extended to group companies in the first nine months of 2009 were realized within the legal limits. The ratio of the cash loans extended to the risk group to total loans is 1.28%.

I. INFORMATION ON DIVIDEND DISTRIBUTION

Isbank's Annual General Meeting was held on March 31st, 2009. In the Annual General Meeting, it is decided to use the net TL 1,509,407,910.58 profit gained from the operations during the year 2008 as follows;

-In accordance with the related legislation, it is decided to transfer TL 31,616,789 profit which was not subject to dividend distribution and which was gained on the sale of participations and



real estates to Capital Reserves for booking under a special fund account and using it for capital increase when necessary,

of the distributable profit amount of TL 1,477,791,121.58 it is decided to

- distribute TL 165,395,100 to Group A, B and C shares as cash dividend,
- distribute TL 323,053,671 to Group A, B and C shares as bonus shares,
- distribute TL 107,079,338.27 to Members of the Board, Chief Executive Officer and staff as cash dividend,
- distribute TL 4,795.67 to founders' shares as cash dividend,
- allocate TL 882,258,216.64 as legal and extraordinary reserves.

On 31.03.2009, TL 882,258,216.64 was transferred to reserves account and beginning from 01.04.2009 cash dividend distribution was initiated.

Distribution of bonus shares was completed after the shares were registered by the Capital Markets Board on June 8th, 2009. In this context, transactions of increasing the paid in capital at the same amount, up to TL 3,079,639 thousand were completed and on June 12th, 2009 the paid in capital of Isbank was registered at Istanbul Trade Registry Office as TL 3,079,639 thousand.

J. RESTRUCTURING IN THE INVESTOR RELATIONS UNIT

The Investor Relations Unit, which has been operating under Financial Management Division in order to provide the use of shareholders' rights and to foster communication between the company and the shareholders since 1998, has been restructured as a separate division within the framework of changes in the organization structure of Isbank. As of April 1st, 2009, Investor Relations Division has taken office after the head of the division started his duty. Investor Relations Division operates under Mr. Mahmut Magemizoğlu, who is the Deputy Chief Executive in charge of financial management, managerial reporting and internal accounting together with the aforementioned division.

K. DEVELOPMENTS ON THE CREDIT RATINGS OF THE BANK

The international credit rating agency, Fitch Ratings, affirmed Isbank's credit ratings. Related notes are given below.

Long-term Foreign Currency IDR: BB (Outlook: Stable)

Short-term Foreign Currency IDR: B

Long-term Local Currency IDR: BBB- (Outlook: Stable)

Short-term Local Currency IDR: F3

Individual Rating: C

Support Rating: 4

National Long-term Rating: AAA (tur) (Outlook: Stable)

Support Rating Floor: B+



According to the statement made by Fitch Ratings, the Long-term local currency IDR reflects the financial strength of the Bank and it is two notches above the sovereign's. The individual rating, on the other hand, indicates the strong position of Isbank as the largest private bank of Turkey with its total assets, customer deposits, TL deposits and branch network as of the first quarter of 2009.

The International credit rating agency, Moody's Investor Service changed the outlook on Isbank's bank financial strength to "Stable" from "Positive" on August 3rd, 2009. Moody's also announced that Isbank's local currency deposit ratings to be placed on review. In the disclosure made by the rating agency, it was stated that the rating action was taken within the context of its global review of the systemic support available to banking systems, following the global financial crisis. On the other hand, Moody's changed the outlook on Isbank's "B1" long-term foreign currency deposit rating to "Positive" from "Stable" and stated no change in Isbank's other ratings and outlooks.

On November 9th, 2009, Moody's upgraded Isbank's Bank Financial Strength to "C-" from "D+". According to the disclosure made by the agency, the upgrade of the stand-alone rating, which measures a bank's intrinsic financial strength, without benefit given for the potential of outside support, reflects the Bank's strengthening financial fundamentals and earnings resilience in the midst of the global recession. In addition, Moody's downgraded the Bank's Long-term Local Currency Deposit rating to "Baa2" from "A3" and affirmed the Bank's "Prime-2" Short-term Local Currency Deposit rating, whereas its other ratings remained unaffected.

The international credit rating agency, Standard and Poor's changed the outlook on Isbank's "BB-" Long-term Counter Party Credit rating to "Stable" from "Negative" and upgraded the Long-term National Scale rating to "trA+" from "trA". Standard & Poor's also affirmed Isbank's Long and Short-term Counter Party Credit ratings at "BB-/ B" and Short-term National Scale rating at "trA-1".

L. DEVELOPMENTS ON THE PARTICIPATION PORTFOLIO

As per the resolution of the Board of Directors dated 10.06.2009 regarding the exercise of our pre-emptive rights of TL 22,824,495 in TL 33,500,000 cash capital increase of our subsidiary Bayek Tedavi Sağlık Hizmetleri İşletmeciliği A.Ş., and our commitment to pay the unused pre-emptive rights in cash and in one payment, Isbank's share of TL 22,824,495 call payment was made on August 21st, 2009. And as August 28th, 2009, TL 6,409,145 was transferred to the subsidiary accounts related to the unused pre-emptive rights. Our 68.13 % share in our subsidiary before the capital increase, reached 78.07% as a result of the use of additional pre-emptive rights.

M. OTHER DEVELOPMENTS DURING THE PERIOD

Isbank ranked 101st, leaving behind many European and Turkish Banks in the "Top 1000 World Banks" survey of the Banker magazine, which is one of the most prestigious finance publications in the world. 2008 year-end consolidated financial statements and Tier I capital of banks has been taken as basis of valuation criteria in the survey.

Isbank signed a framework agreement with the European Investment Bank (EIB) on April 13th, 2009, to secure EUR 250 million with a term of maximum 12 years. The aforementioned loan will be used for SME financing.



Isbank signed a dual tranche club deal for USD 255 million and EUR 225.25 million on May 28th, 2009 with a maturity of one year with an extension option of a further one year to be used for trade financing. The total cost of part of the aforementioned club deal, which was raised by a syndicate of 28 banks from 14 countries, for the banks which participated with the highest amounts, was realized at Libor +2.5% and Euribor +2.5%, respectively.

Isbank and the Export-Import Bank of China have signed on June 25th, 2009, in Beijing, a framework agreement for USD 100 million which will be used for trade finance between Turkey and China. Within the context of the framework agreement, financing the export/import transactions on certain goods and services will be feasible. The loan will be used for short, medium/long term financing, letter of credit refinancing, against guarantees which are given by both sides.

In the second half of the year, an agreement was made to secure USD 40.1 million loan, which was obtained by the intermediation of Türkiye Sınai Kalkınma Bankası (TSKB) as part of Fourth Export Finance Intermediary Loan (EFIL IV), from the International Bank for Reconstruction and Development (IBRD), a subsidiary of World Bank. There will not be a principal payback for the loan, which will be used for foreign trade financing, until January 15th, 2011 and the final maturity will be July 15th, 2014.