

TÜRKİYE İŞ BANKASI A.Ş.

**INTERIM REPORT FOR
THE PERIOD BETWEEN
JANUARY 1st – MARCH 31st, 2009**

*Translated into English from
the Original Turkish Report*

This report was prepared in accordance with the procedures and principles stated in the Communiqué on Principles and Procedures on the Accounting Practice and Documentation of Banks.

Aziz Ferit Eraslan
Head of Financial
Management Division

Mahmut Magemizoğlu
Deputy Chief Executive
In Charge of Financial
Reporting

H. Ersin Özince
Chief Executive Officer

Prof. Dr. Savaş Taşkent
Member of the Board and
the Audit Committee

Caner Çimenbiçer
Chairman of
the Board of Directors
and the Audit Committee

GENERAL INFORMATION

Brief Information on Isbank

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 1,051 domestic and international branches, 3,450 ATMs that make up the largest ATM network in Turkey, internet banking, telephone banking and call center.

Capital and Shareholding Structure

As of March 31st, 2009, the Bank's paid in capital within the TL 7 billion registered capital ceiling is TL 2,756,585 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.

At the Ordinary General Meeting held on March 31st, 2009, resolution was made to distribute Group C bonus shares to the shareholders through the addition of TL 323,054 thousand of the profit of the year 2008 to the Capital. The Bank applied to the Capital Markets Board and the Banking Regulatory and Supervisory Agency. The process of capital increase is still in progress as at the date of the report.

Board of Directors

<u>Name</u>	<u>Position</u>
Caner Çimenbiçer	<i>Chairman of the Board and the Audit Committee, Board of Inspectors</i>
H. Fevzi Onat	<i>Deputy Chairman, Board Member in Charge of Internal Systems and 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</i>
Prof. Dr. Savaş Taşkent	<i>Member of the Board and the Audit Committee</i>
İsmet Atalay	<i>Member of the Board and the Social Responsibility Committee</i>
Tülin Aykın	<i>Member of the Board, 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>Member of the Board and the Credit Committee</i>
Hasan Koçhan	<i>Member of the Board, Alternate Member of the Credit Committee</i>
Prof. Dr. Turkey Berksoy	<i>Auditor</i>
A. Taciser Bayer *	<i>Auditor</i>

* She was elected at the Ordinary General Meeting, which was held on March 31, 2009.

Audit Committee

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

Chief Executive Officer and Deputy Chief Executives

<u>Name</u>	<u>Position</u>
H. Ersin Özince	<i>Chief Executive Officer</i>
A. Aykut Demiray	<i>Treasury, Economic Research, International Banking Divisions, Foreign Branches and Foreign Representative Offices</i>
M. Sırrı Erkan	<i>Board of Change Management, Human Resources Management, Human Resources Partnership, Human Resources Service Center, Alternative Distribution Channels, Call Center, Talent Management Divisions; and Coordinating and Planning of all the Projects and Tasks Related to the Bank's Strategic Targets</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</i>
F. Kayhan Söyler	<i>Commercial Banking Sales, Marketing and Product Divisions, Free Zone Branches</i>
Zafer Memişoğlu	<i>Support Services and Purchasing, Construction and Real Estate Management Divisions</i>
Hülya Altay	<i>Consumer Loans, Card Payment Systems, Retail Banking Marketing, Sales and Product Management</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 Departments</i>
Suat İnce	<i>Corporate Loans, SME Loans and Commercial Loans Underwriting and Retail Loans Monitoring and Recovery Divisions</i>
Serdar Gençer	<i>Enterprise Architecture, Strategy and Corporate Performance Management Divisions</i>
Hakan Aran	<i>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>

GENERAL SURVEY ON TURKISH ECONOMY AND BANKING SECTOR

While the fluctuations in global financial markets continued in the first quarter of the year 2009, the deterioration in economic expectations became apparent also in developing countries, and the opinion pointing out that the measures taken by the US and other developed countries were considered to be insufficient to stimulate the financial sector, kept prevailing.

The industrial production in Turkey, which has been contracting since August 2008, continued the trend throughout the first quarter of this year and decreased by 20.9% in March. With this result, by the end of the first three months of the year 2009, industrial production contracted 22%, compared to the same period of the prior year.

In addition to the clearer deterioration in demand, low level of capacity utilization rate and the contraction in industrial production indicate that the economy will display a weaker outlook in the year 2009. Considering that the stimulus packages introduced by the Government will have delayed impact on economy and that the negotiations with the IMF have not yet been concluded, it is expected that the main trend in the economy in the first half of the year will be towards contraction. As a matter of fact, thinking that the measures taken could only have limited effect on production, it is presumed that the economy contracted for about 10% in the first quarter of the year.

Deterioration observed in domestic and external demand due to the global crisis, also negatively affected the foreign trade volume; the deterioration in import being faster than the one in export was the main reason for the 90.6% decrease in current account deficit in the first quarter of the year when compared to the same period of the previous year.

Capital and financial accounts as of the first quarter of the year 2009 indicate that there has been a net capital outflow from Turkey, and that there was a 46% decrease in net direct inflow of investments when compared to the same period of the previous year. The deficit in other investments account was attributable to the repayments of banks and non-bank sectors. It is thought that the reason for the net errors and omissions item still having an impact on the balance of payments, is the law of "Asset Peace" issued by the government, as well as the individuals and companies liquidating their foreign currency assets, which were previously kept away from the system, and reintroducing them to the system due to weakening economic conditions. Realizations in balance of payments in the first quarter of the year 2009 show that one of the major problems regarding Turkish economy throughout the year under current conditions is how to offset capital outflows parallel to the contraction in international capital flow rather than the current account deficit.

In the first quarter of the year, the budget deficit was TL 19.1 billion and the deficit in primary balance exceeded TL 1 billion. Even though the budget income did not change in the first three months of the year, 28.8% increase in expenses resulted in a weak budget performance. In this period, there was a sharp decrease in tax income with the impact of the economic deterioration.

In March, the monthly increase in CPI was 1.10% and in PPI it was 0.29%. Thus, the yearly increase in CPI was 7.89% and in PPI it was 3.46%. The increase in CPI in March on a monthly basis was realized beyond expectations. The price developments, especially in sub-groups like clothing, housing, transportation and communication, indicate that the deterioration in domestic demand continues. On a yearly basis, on the other hand, the CPI, which was decreasing since November 2008, increased again in March.

As of March 27th, 2009, total deposits, excluding the participation banks, increased by 2.4% and reached TL 443.7 billion, compared to the end of 2008. In the same period, Turkish Lira deposits increased 0.5%. Foreign currency deposits, on the other hand, increased 5.8% in terms of TL, but decreased 4.2% in terms of US Dollars. It is observed that at the end of the period there was a tendency of transition from Turkish Lira deposits to foreign currency deposits.

At the end of the first quarter of the year 2009, total loan portfolio, excluding the participation banks, decreased 0.9% and deteriorated to TL 340.3 billion. It is seen that the loan portfolio of the banking sector deteriorated throughout the quarter, and that the consumer loans had some tendency to increase in March, parallel to the rise housing and cash consumer loans.

The sensitivity in foreign currency position throughout the sector continued during the period of crisis, too. Within this frame, the foreign currency net position of the banking sector as of March 27th, 2009, was realized at USD 323 million.

Following the local elections on March 29th, 2009, the expectations were heightened that there was going to be a progress in the IMF talks. However, the tendency of contraction in the economy, in addition to the relations with the IMF still being unclear, put pressure on the markets. Especially, parallel to the budget deficit, increasing during the remaining of the year, it is expected that the public sector's demand for borrowing will increase. This may cause an upside effect on funding costs despite the interest rate cuts of the Central Bank.

FINANCIAL HIGHLIGHTS AND KEY RATIOS RELATED TO THE PERIOD

ASSETS (TL Thousand)	2009/3	2008/12
Cash and Equivalents	520,749	593,329
Banks and Money Market Placements (1)	17,941,964	18,031,640
Securities (Net)	27,351,536	24,981,018
Loans	46,445,099	47,610,332
Other	6,348,391	6,335,603
Total Assets	98,607,739	97,551,922
LIABILITIES (TL Thousand)	2009/3	2008/12
Deposits	64,187,707	63,539,185
Money Market Funds and Other Funds Borrowed	17,900,952	18,039,793
Shareholders' Equity	9,811,130	9,449,011
Other	6,707,950	6,523,933
Total Liabilities	98,607,739	97,551,922
INCOME STATEMENT (TL Thousand)	2009/3	2008/3
Interest Income	2,747,496	2,436,744
Interest Expense	1,657,693	1,513,346
Net Interest Income	1,089,803	923,398
Trading Income/Loss	196,041	94,736
Net Fees and Commissions Income	290,803	286,102
Other Operating Income	367,890	333,930
Total Operating Income / Expense	1,944,537	1,638,166
Other Operating Expenses	603,661	590,234
Provision for Loan Losses and Other Receivables	581,297	348,025
PROFIT / LOSS BEFORE TAXES and MONETARY POSITION	759,579	699,907
Provision for Taxes	153,749	144,856
NET PERIOD PROFIT / LOSS	605,830	555,051
GROSS INCOME (2)	3,630,038	3,178,141
GROSS PROFIT (3)	1,340,876	1,047,932
KEY RATIOS	2009/3	2008/12
Interest Earning Assets / Total Assets	93.0%	92.9%
Loans / Total Assets	47.1%	48.8%
Retail Loans / Total Loans	30.8%	30.6%
NPL Ratio	5.1%	4.4%
Demand Deposits / Total Deposits	13.8%	13.8%
Capital Adequacy Standard Ratio	15.4%	15.2%
Return on Average Assets (4)	2.5%	1.7%
Return on Average Equity (4)	25.2%	15.1%
Cost / Income	31.0%	36.0%

(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

CHAIRMAN'S EVALUATIONS ON THE PERIOD

The credit crisis, which began in the U.S.A. in the second half of the year 2007 due to the difficulties in repayment of housing loans, has deepened starting from the last quarter of the year 2008 and has become a global financial crisis. Due to the crisis many banks in the U.S.A. and Europe were thrown in bankruptcy, and there has been a significant financial consolidation process in this period when government interventions have frequently been resorted to. The crisis, which affected developed markets, mainly the U.S.A and Europe, has also started to affect emerging markets.

Slow down tendency in global economy caused by the crisis which was effective throughout the world in the year 2008, also continued in the first quarter of the year 2009. The graveness of the economic and politic effects of the crisis compelled not only developed countries but also emerging countries to take precautions in order to alleviate or stop long term effects that may be caused by the crisis.

Despite the positive effects of the measures taken at global level are being felt, though partially, the data related to the first quarter of 2009 indicate that the economic slowdown continues. International institutions like the IMF and the World Bank had to change their estimates on economic growth for the year 2009 on a global basis depending on these indicators.

In the first quarter of 2009, the effects of the global crisis were also significantly felt in Turkey, which strengthened its commercial and financial connections to the world as a result of fast growing foreign trade, direct and portfolio investments of foreign investors. However, supporting economic activities and alleviating affects of the crisis were targeted by short term measures announced by either the government or the Central Bank.

On the other hand, the fact that the regulations for restructuring Turkish financial system in accordance with the international standards has reached to a certain level and the asset-liability structure of the banks in Turkey are the elements which strengthened the sector against crisis of foreign origin. For this reason, bankruptcies seen in developed economies did not take place in Turkey and the confidence in banking sector could have been preserved to a great extent.

However, the first quarter of 2009 has been a period of slowdown in growth also for the Bank as in the sector general. In this period, asset-liability management was made by considering possible effects of economic developments and profitability, and the control of expenses have become one of the most emphasized essentials.

The Bank continued contributing to the domestic economy and employment with its long term approach in banking activities that puts precaution and stability above all. The transformation process, conducted by Isbank that gives priority to the "quality of service", which is one of the most important requirements of modern banking to reach long term targets, continued intensely also in the first quarter of the year.

The fact that the global crisis caused huge economic losses especially in foreign countries and that the results of the measures taken still have not been reflected entirely on daily life shows that getting out of the crisis depends on time and additional measures to be taken in parallel with developments. In this context, the Bank will continue its efforts also in the incoming year to develop service quality, increase customer satisfaction and to contribute to Turkish economy with added value to be generated.

Regards,

Caner Çimenbiçer
Chairman of the Board

THE CEO'S EVALUATIONS ON THE PERIOD

In the first quarter of 2009, Isbank succeeded in its efforts to preserve the asset quality and to sustain profitability by following the appropriate policies to eliminate negative effects of the global crisis on Turkey.

Despite the pressure on growth due to negative economic conditions, Isbank got positive results for its efforts to lower costs under control and the Bank's profit for the period before and after tax amounted to TL 760 million and TL 606 million, respectively.

In the first three months, Isbank displayed a successful performance in preserving its asset quality and yield, parallel to the measures it has taken. During this difficult period, Isbank took care for being selective by paying attention to the precautionary principle and did not compromise for its quality preference, yet managed to increase its asset size. Isbank's asset size reached TL 98,608 million, while its loan portfolio amounted to TL 46,445 million.

The increase in non-performing loans in the last quarter of 2008, due to difficulties in the real sector, still continued in the first quarter of 2009, although it showed a tendency for a relative slow down. In the aforementioned period Isbank's strong financial structure allowed it to sustain its 100% provisioning policy.

Deposit volume of Isbank, which maintained its leadership in deposit base among private banks, reached TL 64,188 million. With its strong financial structure, shareholders' equity and stable growth, Isbank continued to be the preference of depositors in this period, too. In the first three months period, Isbank continued to use the non-deposit funding sources properly by also considering the costs.

Due to the developments in market and business volumes, Isbank increased its interest income on loans by 31%, compared to the same period of the previous year. In addition to this progress, as a result of diversification in funding, resource planning and resource utilization with appropriate cost, Isbank's net interest income increased by 18% and reached TL 1,090 million compared to the same period in previous year.

Isbank, which continues to support the national economy by funding the real sector despite the difficulties in credit market caused by the economic cycle, gives an important meaning to this support also by creating job opportunities. The number of employees, which was 20,924 in the year end, reached 21,453 at the end of the first quarter of 2009. Isbank continued to open new branches also in this period, increasing the number of branches 1,051 from 1,039 at the end of 2008.

Subsidiaries included in Isbank Group also carried on their activities successfully in this difficult period and Isbank gained TL 150 million dividend income from these companies in the first quarter of 2009.

Isbank, which endeavors to develop its fundamental banking tradition by taking initiatives to execute most recent technologies and successful world models, will continue to show its strong will to grow during and after the crisis thanks to its effective policies considering the risk-earnings balance and will also continue to create added value to domestic economy without compromising from quality and profitability.

Regards,

H. Ersin Özince
CEO

FINANCIAL POSITION OF THE BANK and EVALUATION ON ITS PERFORMANCE

Total assets of Isbank reached TL 98,608 million with 1.1% increase in the first quarter of the year 2009. The global economic crisis caused, as of the last quarter of the year 2008, contraction in the economy and shrinkage in demand for credit in Turkey as well. In this frame, parallel to the general trend of narrowing, which dominates the whole banking system, Isbank's loan portfolio decreased to TL 46,445 million with a contraction of 2.4%. On the other hand, together with the contraction in credit demand in crisis conditions, securities portfolio has been the item that contributed most to the asset growth with 9.5% increase, in the end of first quarter of the year 2009, the share of securities portfolio in balance sheet increased to 27.7% from 2008's year-end level of 25.6%. In the first quarter of the year, loans to asset ratio realized at 47.1%.

Due to the contraction in the increase of credit volume and the negative market conditions, the NPL ratio increased from 4.4% to 5.1%. Isbank maintained its 100% provisioning policy for non-performing loans in accordance with the precautionary principle in the first quarter of 2009, as well.

Isbank, which raised its total deposits by 1.0%, increased its market share of total deposits to 14.4%. The total deposits preserved its 65.1% share in total liabilities and kept being the most important source of funding for Isbank. As of 31.03.2009, the share of TL deposits in total deposits realized at 61.6%. Turkish Lira savings deposits, important source in terms of diversification and stability of deposit base, grew by 3%.

In the first quarter of 2009, Isbank's shareholders' equity grew by 3.8% and reached TL 9,811 million. Its capital adequacy ratio as of March 31st, 2009 was 15.4%.

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 will be started after the shares are registered by the Capital Markets Board. In this context, the necessary steps have been taken by related authorities to increase the capital, as much as the amount of bonus shares to be distributed, up to TL 3,079,638,671 and the approval process thereon continues.

INFORMATION ON BOARD MEETINGS

As of March 31st, 2009, 5 Board meetings were held and full participation was achieved at the meetings in the first three months of the year. As at end of March 2009, either by convening or by review and signing of the file separately by each Director, reviews were made for 71 files, 58 of which were on credit allocation and 13 of which were on other credit related topics and total 67 resolutions, 54 of which were on credit resolution, were made. Thus, in the first quarter of the year, number of board resolutions realized at 172, including the resolutions which were made during the meetings.

INFORMATION ON AUDIT, CREDIT AND RISK COMMITTEES

The 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. As of March 31st, 2009, Audit Committee held 9 meetings and adopted 11 resolutions.

Credit Committee

Isbank's 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. The Credit Committee, which operated in the period of January-March 2009, consisted of Chief Executive Officer Mr. H. Ersin Özince, Deputy Chairman Mr. H. Fevzi Onat and member Ms. Füsün Tümsavaş, and the alternate members were Chairman of the Board Mr. Caner Çimenbiçer and Director Ms. Tülin Aykın. Permanent member and Chairman of the Committee Mr. H.Ersin Özince, Deputy Chairman Mr. H.Fevzi Onat and Director Ms. Füsün Tümsavaş are members of the Credit Committee formed after Ordinary General Meeting which was held on 31.03.2009. Alternate members of the Credit Committee are Director Ms. Tülin Aykın and Mr. Hasan Koçhan. As of March 31st, 2009, the Credit Committee has taken 14 decisions by examining 16 credit files.

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 non-financial 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 interim period of January-March 2009, the Risk Committee held 3 meetings, 1 of which was on a consolidated basis. In the meetings, in addition to the evaluations of the risk management activities of Isbank and its affiliates those are subject to consolidation, 3 risk reports presented to the Committee were examined and 4 resolutions related to the risk management systems and processes were adopted.

INFORMATION ON TRANSACTIONS MADE WITH THE BANK'S 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 quarter of 2009 were realized within the legal limits. The ratio of the cash loans extended to the risk group to total loans is 1.6%.

INNOVATIONS IN 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 managing 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".

OTHER ISSUES

There has not been any significant change in the information, except for the above, in the explanations other the financial data given in the Bank's 2008 annual report, which was prepared within the framework of the Communiqué on Principles and Procedures on Preparation and Publication of Annual Reports by Banks.