



**TÜRKİYE İŞ BANKASI A.Ş.**

**UNCONSOLIDATED INTERIM REPORT  
FOR THE PERIOD BETWEEN  
JANUARY 1st- MARCH 31st, 2010**

*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 86 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 1,099 domestic and international branches, 3,697 ATMs that make up the largest ATM network in Turkey, internet banking, telephone banking and call center.

### 2. Capital and Shareholding Structure

The Bank's registered capital ceiling is TL 7 billion and its TL 3,079,638,671 paid-in capital as of 31.12.2009 was raised to TL 4,500,000,000, with an increase of TL 1,420,361,329, TL 1,383,177.88 of which is from the bonus shares received from participations, TL 1,057,425,285.70 of which is from the extraordinary reserves and TL 361,552,865.42 of which is from the paid-in capital inflation adjustments. The related capital increase was registered on 23.02.2010 by İstanbul Trade Registry.

There has not been any change in the Bank's shareholding structure since 31.12.2009 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 total number of branches as of 31.03.2010 is 1,099 and the total number of employees is 23,040. Of the 1,099 branches, 15 are foreign and 1,084 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 Damascus, the Arab Republic of Syrian.

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

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

<b>Hasan Koçhan</b>	<i>Director, Alternate Member of the Credit Committee</i>
<b>Prof. Dr. Turkay Berksoy</b>	<i>Auditor</i>
<b>A. Taciser Bayer</b>	<i>Auditor</i>

## 5. Audit Committee

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

## 6. Chief Executive Officer and Deputy Chief Executives\*

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

\* Deputy Chief Executives Mr. Kadir Akgöz and Mr. F. Kayhan Söyler have retired as of January 31st, 2010.

\*\* 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 tendency for recovery in global economy in the first quarter of 2010 has started to become more evident. The disclosed data indicates that there is a strong growth performance in the first quarter of 2010 in the Turkish economy, which grew 6% in the last quarter of 2009. The capital flows' starting to become normal, the tendency for revival of global trade and the strengthening of domestic demand cause Turkish economy to stand out among emerging European economies. Within this frame, it is estimated that the economy grew 11% in the first quarter of the year compared to the same period of the previous year and that the yearly growth in 2010 will exceed 5%.

In the first quarter of the year, the growth in imports was well above the exports. Domestic demand having a stronger course compared to the foreign demand was effective in this growth as well as the key role of the increase in the commodity prices, mainly in energy.

Parallel to the foreign trade deficit, the current account deficit widened to a great extent in the first quarter of the year, compared to the same period of the previous year. When capital and finance accounts are examined, net capital inflow in Turkey is observed in the first quarter of 2010 contrary to the same period of the previous year. Parallel to the improvement in global liquidity conditions no major problem is expected in the coming period concerning the financing of the current account deficit.

In the first quarter of the year, the budget deficit was TL 11.3 billion and the primary surplus was TL 3.7 billion. The increase in tax rates on products like fuel, alcohol and tobacco, which had less price elasticity in the beginning of 2010, with the bullish tendency in the economic activity, helped the tax income to increase 26% in the first quarter of the year. In the same period, the increase in expenses was limited to 2.9%. As of the first quarter of the year, the budget performance was in line with the targets.

As of March, the annual inflation was realized as 9.56% at CPI and 8.58% at PPI. The increase in inflation rate in the first quarter of the year was due to the tax adjustments as well as the increase in energy prices and unprocessed food prices.

According to the Monthly Bulletin published by the Banking Regulation and Supervision Agency (BRSA), total deposits of the banking system as of March 2010 increased to TL 534 billion with an increase of 3.8% compared to 2009 year-end. As of the same period, Turkish Lira deposits grew 5.8% and the foreign currency deposits deteriorated 0.2% in TL terms and 1.6% in US Dollar terms.

As of March 2010 the total loan portfolio of banks increased by 6.2% compared to the year end, reaching TL 417 billion. In the first quarter of 2010, while the tendency of increase in consumer loans continued, commercial loans started to recover. With the improvement in the economic activity and the increasing the increasing competition in the banking sector, it is expected that the increase in loan portfolio will continue through out the year.

In the first three months of the year 2010, it is observed that the prudence policy is continued regarding the foreign currency position through out the sector. As of March 2010, foreign currency net general position of the banking sector was TL -213 million.

Parallel to the revival in the economic activity despite the fluctuations in inflation, within the frame of the CBT's "Monetary Policy Exit Strategy" announced, it is expected that the CBT will primarily withdraw its loose monetary policy measures gradually and that it will increase the policy rates in the last quarter of the year. Despite short lived fluctuations due to the rise in risk perception stemming from the concerns about some Euro Area countries' sustainability of public debt, particularly that of Greece, with the recovery in global economy, which differs from one region to another and shows a trend stronger than the estimates, it is expected that the economic activity and the loan portfolio will have a positive course throughout the year 2010.

## 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

<b>ASSETS (TL thousand)</b>	<b>2010/3</b>	<b>2009/12</b>
Cash and Equivalents	614,045	884,514
Banks and Money Market Placements (1)	14,589,334	16,308,023
Securities (Net)	43,469,754	39,289,717
Loans	50,283,744	48,334,786
Other	8,825,423	8,406,264
Total Assets	117,782,300	113,223,304
<b>LIABILITIES (TL thousand)</b>	<b>2010/3</b>	<b>2009/12</b>
Deposits	75,563,819	72,177,063
Money Market Funds and other Funds Borrowed	20,485,919	20,727,737
Shareholders' Equity	13,882,749	13,493,528
Other	7,849,813	6,824,976
Total Liabilities	117,782,300	113,223,304
<b>INCOME STATEMENT (TL thousand)</b>	<b>2010/3</b>	<b>2009/3</b>
Interest Income	2,423,517	2,747,496
Interest Expense	1,169,358	1,657,693
Net Interest Income	1,254,159	1,089,803
Trading Income/Loss	125,847	196,041
Net Fees and Commissions Income	318,797	290,803
Other Operating Income	494,679	367,890
Total Operating Income/Expense	2,193,482	1,944,537
Other Operating Expenses	667,707	603,661
Provision for Loan Losses and Other Receivables	410,281	581,297
PROFIT/LOSS BEFORE TAXES	1,115,494	759,579
Provision for Taxes	201,376	153,749
NET PERIOD PROFIT/LOSS	914,118	605,830
GROSS INCOME (2)	3,391,167	3,630,038
GROSS PROFIT (3)	1,525,775	1,340,876
<b>KEY RATIOS</b>	<b>2010/3</b>	<b>2009/12</b>
Interest Earning Assets / Total Assets	89.9%	89.5%
Loans / Total Assets	42.7%	42.7%
Retail Loans / Total Loans	30.7%	31.2%
NPL Ratio	5.4%	5.4%
Demand Deposits / Total Deposits	14.6%	15.6%
Capital Adequacy Standard Ratio	17.6%	18.3%
Return on Average Assets (4)	3.2%	2.3%
Return on Average Equity (4)	26.7%	20.7%
	<b>2010/3</b>	<b>2009/3</b>
Cost / Income	30.4%	31.0%

(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

## 2. Chairman's Evaluations on the Period

It is seen that, the pessimistic atmosphere created by the crisis has started to disperse to some degree in parallel with the partial improvements in economic activity through out the world, since the last quarter of the past year. Nonetheless, the most commonly discussed issues in the first quarter of the year have been the problems Greece encountered due to high public debt, similar difficulties experienced by the economies such as Spain and Portugal and the joint resolution made after the long lasting negotiations between the European Union countries on the necessary measures to be taken for these problems. In this period, global markets have been in a fluctuating trend under the effects of the mentioned developments. Despite the disturbance caused by the developments in the aforementioned economies, the tendency to improve on a global basis had positive effects on the Turkish economy and it was observed that during this process the Turkish economy has begun to overcome the impacts of the crisis. It is realized that the economic indicators started to improve since the last quarter of 2009 and that the economic performance has been quite satisfactory in the first quarter of 2010, too.

In terms of Turkish banking sector, which succeeded in sustaining its strong position despite all kinds of negative impacts created by the crisis on the financial sector, the first quarter of the 2010 has generally been positive, parallel to the macroeconomic developments and improvements in the markets. Within this framework, the first quarter of the year was a period that re-mobilization has started in credit market and that the damage of the non-performing loans on the financial results has shown signs of decrease. In this period the Bank preferred to grow prudently, taking into consideration that the crisis conditions were not completely overcome, due to the potential risks on European countries as a result of significant financial problems experienced in some countries within the Euro zone, especially Greece, and due to the possible effects of those risks on Turkey. Within this context, the asset-liability management was performed by taking into account the possible risks resulting from the economic developments. The results of the first quarter, especially the profitability, reflected the accuracy of the Bank's strategies.

Within the framework of the Bank's growth targets within the international arena, following the legal permits taken for opening a representative office in Cairo, the Arab Republic of Egypt, and a branch in Baku, the Republic of Azerbaijan; processes of legal permit and sanction for opening a representative office in Damascus, the Arab Republic of Syria were completed. On the other hand, the Bank continued its employment policies on the necessary areas also in the first quarter, and its transformation activities focusing on developing the quality of customer service. These activities were in line with the Bank's future-oriented long-term approach and its growth vision for the next period.

Despite a number of signs of improvement on economic indicators are shown all around the world, the financial problems, especially significant for the European economies with respect to the European Monetary Union, have become stronger and the frameworks for the rescue packages, where other developed countries and IMF are also included, have started to be formed. The situation of the region within the world economy and its level of integration with other economies lead to the idea that it will take time to completely overcome with the effects of the global crisis. Within this framework, the expectations by the international finance institutions that our economy will grow by over 5% will be affected by the related developments.

Under these conditions, our Bank will continue to sustain its understanding of customer-focused service, its prudent approach and its attempts to grow and improve its profitability in line with its strategic targets in the later periods of the year 2010, by using its potential in the most efficient way.

Regards,

Caner Çimenbiçer  
Chairman of the Board

### 3. The CEO's Evaluations on the Period

In the first three months of 2010, Isbank increased its total assets by 4% compared to the end of 2009, to TL 117,782 million, due to its healthy and sustainable growth policy. The Bank continued to receive the results of its risk-sensitive and profitability-oriented understanding, while applying its growth policy. The Bank's quarterly profit reached to TL 914 million, with an increase of 51 % compared to the same period of the previous year. Although TL 551 million of our shareholders' equity was allocated for the dividend distribution to our shareholders in the first quarter, the positive effect of the profit on our Bank's equity strengthened our financial structure and improved our capability to create high-quality and profitable assets .

The bank took all kinds of risk factors into consideration including the current economic risks for its credit allocations and increased its loan portfolio by 4% in the first quarter compared to the end of the previous year also by sustaining its efficiency-oriented approach. In this period, the Bank increased its housing loans by 7% and continued the momentum it gained in the second half of the year 2009. The Bank's total loan number reached to TL 50,284 million as of the end of the third month and the Bank sustained its 100% provisioning policy for the non-performing loans thanks to its strong financial structure.

Isbank continued to be the preference of the customers for their savings due to its contributions to the economy since its establishment, corporate identity, its innovative manner and strong financial structure and sustained its leading position among private banks on deposits in the first quarter of the year 2010. The Bank performed well above the sector and increased its deposit volume by 5 % to TL 75,564 million.

The Bank's funding costs decreased and its net interest income increased by 15% compared to the same period of the previous year, reaching TL 1,254 million thanks to its successful policies on cost management, while growing its deposit volume despite the relative decrease in the loan profitability due to the repricing. Beside this positive result on the interest income, the increase in the other operations income due to the strong performance on the collection of non-performing loans contributed to the momentum of the Bank's income. On the other hand, the decrease in the provisioning costs due to the improvements in the non-performing loans, which result from the recovering crisis conditions, played a significant role in the Bank's achievement of the net profit of TL 914 million.

Continuing its investments in line with its belief in our country's future, Isbank carried on opening new branches and recruiting new employees. The Bank's branch number increased to 1,099, which was 1,093 last year, while the number of employees, which was 22,473 by the end of 2009, reached 23,040. The Bank, feeling proud of its contribution to the Turkish economy by creating employment opportunities, has continued its efforts to operate in the countries, which are in close trade relations with Turkey.

Turkey's growth performance in the first quarter of the year and the positive expectations for the year in general creates source of motivation for our Bank to increase our effectiveness in credit and deposit markets. In addition, the fluctuations that may arise from the possible effects of the financial problems in some of the Euro-zone countries, where the crisis conditions did not completely end, on the Turkish economy and the world economy make it necessary to continue with our prudent growth strategy.

Isbank is willing and determined to support its country's economy and to add value to its shareholders with a performance to strengthen its financial structure in current conditions, where the global economic conditions have not still gained full stability and in parallel to the global conditions, the domestic economic and political uncertainties have not been completely overcome.

Regards,  
H. Ersin Özince CEO

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

Isbank increased its total assets by 4% compared to the year end, to TL 117,782 million. 11% increase in securities portfolio had an important role in this aforementioned growth. The share of securities portfolio, reaching TL 43,470 million, in total assets increased to 37% from 35%.

Isbank, whose loan portfolio reached TL 50,284 million with an increase of 4% compared to the year-end, maintained its prudent stance and profitability oriented strategy. In this period, the increase in housing loans by 7% is one the most important positive developments in loan portfolio. On the other hand, the Bank kept allocating 100% provision for non-performing loans in this period, too.

Compared to the year-end, Isbank succeeded to increase its deposit by 5%, reaching TL 75,564 million with its better performance than sector in the first quarter of the year. The Bank, which maintains carrying the title as “the leadership in deposits” among the private banks, increased its TL saving deposits by 7%.

Compared to the same period of the previous year, the Bank managed to contract interest expense on deposits by 36% by successfully managing its funding costs and controlling the cost of deposits through widespread deposit base. This positive development enabled net interest income to increase by 15% to TL 1,254 million compared to the same period of the previous year. On the other hand, by the effect of the provisions, which were mainly set up for non-performing loans in the previous periods and released in the current period due to recovery, net interest income has also provided positive contribution to bank’s profitability performance. The other positive development to the profitability is, within the framework of better economic environment, decrease in provisions as a result of decline in additions to non-performing loans. Provision for loan losses and other receivables decreased 29% compared to the same period of the previous year. As a result of aforementioned developments, the Bank’s net profit for first quarter of the year was realized at TL 914 million with 51% increase compared to the same period of the previous year.

Despite the negative effect of dividend payments of 2009 year-end profit on shareholders' equity, the Bank’s strong profitability performance increased shareholders' equity. The capital adequacy ratio of the Bank, whose shareholders' equity reached TL 13,883 million, was realized at 17.61%.

#### **D. INFORMATION ON BOARD MEETINGS**

In the first three months of the year, 5 Board meetings were held. In the aforementioned meetings, 154 files, 129 of which were on credit allocation and 25 of which were on other credit related topics were discussed and total of 82 resolutions were made on credit allocation and 104 files were reviewed and resolved on noncredit related topics. Eventually, the number of resolutions made by the Board in the first three months of the year was 231, 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 three months of the year 2010, the Audit Committee held 9 meetings and adopted 10 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 three months of the year, the Risk Committee held 3 meetings, 1 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, 3 risk reports presented to the Committee were examined and 2 resolutions related to the risk management systems and processes were adopted.

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

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 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.

During the first three months of the year, TRNC Internal Systems Committee held 3 meeting and made 4 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. Apart from Chief Executive Officer Mr. H. Ersin Özince who is the chairman of the

Committee, the other members of the Committee are Deputy Chairman Mr. H. Fevzi Onat and member Ms. Füsün Tümsavaş. The alternate members of the Credit Committee are Director Ms. Tülin Aykın and Mr. Hasan Koçhan. In the first three months of the year, the Credit Committee has adopted 23 resolutions by examining 27 credit files under their authority.

## **G. INNOVATIONS RELATED TO THE RISK MANAGEMENT POLICIES**

The Bank's Risk Catalog, which is a part of the Bank's risk policies and which documents the risk assesment and defining activities, is updated in accordance with the changes and additions made parallel to the risk management process. During the update, generally accepted practices were taken as a basis and it is targeted that risk classification is in line with the regulations and specific to our Bank.

## **H. 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 2010 were realized within the legal limits. Mostly, credit and deposits transactions were carried out with the grupp companies. The ratio of the cash loans extended to the risk group to total loans is %1.23, deposits of risk group to total deposits is 3.64%.

## **I. INFORMATION ON DIVIDEND DISTRIBUTION**

Isbank's Annual General Meeting was held on March 31st, 2010. In the Annual General Meeting, it is decided to use the net TL 2,372,407,037.66 profit gained from the operations during the year 2009 as follows;

-In accordance with the related legislation, it is decided to transfer TL 7,764,995 profit 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 2,364,642,042.66 it is decided to

- distribute TL 550,995,134.41 to Group A, B and C shares as cash dividend,
- distribute TL 4,865.59 to founders' shares as cash dividend,
- distribute TL 121,372,471.01 to Members of the Board, Chief Executive Officer and staff as cash dividend,
- allocate TL 1,692,269,571.65 as legal and extraordinary reserves.

On 31.03.2010, TL 1,692,269,571.65 was transferred to reserves account and beginning from 01.04.2010 cash dividend distribution was initiated.

## **J. DEVELOPMENTS ON THE CREDIT RATINGS OF THE BANK**

The international credit rating agency, Standard & Poor's, raised the long-term counter party credit rating of Isbank to "BB" from "BB-" and the outlook from "stable" to "positive", raised the Bank's long-term certificate of deposits from "BB-" to "BB" and also upgraded its long-term Turkey national scale rating from "trA+" to "trAA". The agency affirmed the Bank's both short-term counter party credit rating and short-term certificate of deposits as "B" and the short-term Turkey national scale rating as "trA-1".

International credit rating agency, Moody's, upgraded the long-term foreign currency deposit rating of Isbank to "Ba3" from "B1". At the same time, Moody's affirmed the Bank's long and short term local currency deposit ratings as "Baa2" and "P-2", respectively. The ratings have a "Stable" outlook.

## **K. OTHER DEVELOPMENTS DURING THE PERIOD**

Turkiye Is Bankasi ranked 91st in the " Top 500 Banking Brands" survey of The Banker Magazine and also it is the only Turkish bank among the top 100 banks in the aforementioned list.

Isbank, in relation to the syndicated loan taken in 2009, received the "Best Turkish Loan" award from the "Syndicated Loans and Leveraged Finance" Awards which was organized for the seventh time this year by Euroweek to choose the best banks, investors, borrowers and transactions.