

Turkey's Bank



İŞBANK

CONSOLIDATED FINANCIAL
STATEMENTS 2009

Türkiye İş Bankası A.Ş.

Independent Auditors' Report For The Period

1 January 2009 – 31 December 2009

To the Board of Directors of
Türkiye İş Bankası A.Ş.
İstanbul

TÜRKİYE İŞ BANKASI A.Ş.

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD 1 JANUARY 2009 – 31 DECEMBER 2009

1. We have audited the accompanying consolidated balance sheet of Türkiye İş Bankası A.Ş. ("the Bank") and its subsidiaries ("the Group") as at 31 December 2009, and the related consolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures And Principles Regarding Banks' Accounting Practices And Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. As of the balance sheet date, the accompanying consolidated financial statements include TL 950,000 Thousand of free provision allocated by the Group management for the purpose of the conservatism principle considering the potential circumstances which may arise from any changes in the economy or market conditions and net TL 130,000 Thousand of such provision has been charged to the current period income statement as an expense.

Independent Auditors' Opinion

5. In our opinion, except for such adjustments as may be necessary in respect of the matter set out in paragraph 4 above, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU



Sibel Türker
Partner

İstanbul, 15 February 2010

Additional paragraph for the English translation:

(The effect of the differences between the accounting principles applied in the accompanying financial statements and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.)

Türkiye İş Bankası A.Ş.

The Consolidated Year End Financial Report as of December 31, 2009

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The consolidated year-end financial report prepared in accordance with the Communiqué on "Presentation & Disclosure of Financial Statements and the Related Notes to be Publicly Announced" of Banking Regulation and Supervision Agency (BRSA), comprises the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE CURRENT PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE OF THE GROUP
- DISCLOSURES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON INDEPENDENT AUDITORS' REPORT

Associates and subsidiaries whose financial statements have been consolidated in this financial report are as follows:

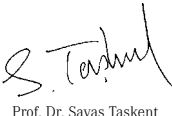
Subsidiaries	Associates
1. ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ	ARAP-TÜRK BANKASI A.Ş.
2. ANADOLU HAYAT EMEKLİLİK A.Ş.	
3. İŞBANK GMBH	
4. İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
5. İŞ FİNANSAL KİRALAMA A.Ş.	
6. İŞ YATIRIM MENKUL DEĞERLER A.Ş.	
7. MİLLİ REASÜRANS T.A.Ş.	
8. TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.	

The consolidated financial statements, related disclosures and notes in this report are prepared, unless otherwise indicated, in thousands of the Turkish Lira (TL), in accordance with the Communiqué on "Principles and Procedures on the Accounting Practice and Documentation of Banks", Banking Regulation and Supervision Agency (BRSA) regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and the Bank's financial records, and they have been independently audited and presented as the attached.


 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

Information on the authorized personnel to whom questions related to this financial report may be directed.

Name-Surname/Title : H. Süleyman Özcan / Head of Investor Relations Division
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Türkiye İş Bankası A.Ş.

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Türkiye İş Bankası A.Ş.

Part One: General Information About the Parent Bank

PART ONE: GENERAL INFORMATION ABOUT THE PARENT BANK

I. Explanations on the Establishment Date and Initial Status of the Parent Bank, and History Including the Changes in the Former Status

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank" or "the Parent Bank") was established on August 26th 1924 as a private firm, with the authorization to collect deposits in order to operate in corporate and retail banking areas and to initiate and/or participate in all kinds of financial and industrial sector undertakings when necessary. There is no change in the Bank's status since its establishment.

II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Parent Bank, any Changes in the Period, and Information on the Bank's Risk Group

As of December 31, 2009, 41.54% of the Parent Bank's shares are owned by T. İş Bankası A.Ş. Pension Fund, 28.09% are owned by the Republican People's Party (Atatürk's shares) and 30.37% are on free float. There has been no change in the capital structure during the year.

III. Explanations on the shares, if any, held by Chairman of the Board, Directors, Auditors, Chief Executive Officer and Deputy Chief Executives of the Parent Bank and on the Areas of their Responsibilities

Board of Directors and Auditors:

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

Chief Executive Officer and Deputy Chief Executives*:

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

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

The Bank's shares attributable to the Directors and members of the Audit Committee, to the CEO and the Deputy Chief Executives are of minor importance.

Türkiye İş Bankası A.Ş.

Part One: General Information About the Parent Bank

IV. Information on the Parent Bank's Qualified Shareholders

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund)	1,279,382	41.54%	1,279,382	
Cumhuriyet Halk Partisi – Republican People's Party -(Atatürk's Shares)	865,134	28.09%	865,134	

V. Summary Information on the Parent Bank's Functions and Business Lines

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the Parent Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

VI. Explanations on the Consolidated Companies

The Parent Bank and its subsidiaries;

- ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ
- ANADOLU HAYAT EMEKLİLİK A.Ş.
- İŞBANK GMBH
- İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- İŞ FİNANSAL KİRALAMA A.Ş.
- İŞ YATIRIM MENKUL DEĞERLER A.Ş.
- MİLLİ REASÜRANS T.A.Ş.
- TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

are consolidated according to the "line-by line basis method",

Its subsidiary;

- ARAP-TÜRK BANKASI A.Ş.

is consolidated according to the "equity method".

Türkiye İş Bankası A.Ş.

Consolidated Balance Sheet - Assets

		TL THOUSAND						
CONSOLIDATED ASSETS		CURRENT PERIOD (31/12/2009)			PRIOR PERIOD (31/12/2008)			
	Note	TL	FC	Total	TL	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	5,794,532	2,995,196	8,789,728	8,932,001	2,959,867	11,891,868
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	V-I-2	1,196,162	121,982	1,318,144	914,077	144,189	1,058,266
2.1	Financial Assets Held for Trading		1,196,162	121,982	1,318,144	914,077	144,189	1,058,266
2.1.1	Government Debt Securities		949,774	26,486	976,260	725,479	20,500	745,979
2.1.2	Share Certificates		89,668	15	89,683	27,641	0	27,641
2.1.3	Derivative Financial Assets Held for Trading		52,837	93,771	146,608	82,221	122,305	204,526
2.1.4	Other Marketable Securities		103,883	1,710	105,593	78,736	1,384	80,120
2.2	Financial Assets at Fair Value Through Profit and Loss		0	0	0	0	0	0
2.2.1	Government Debt Securities		0	0	0	0	0	0
2.2.2	Share Certificates		0	0	0	0	0	0
2.2.3	Loans		0	0	0	0	0	0
2.2.4	Other Marketable Securities		0	0	0	0	0	0
III.	BANKS	V-I-3	1,811,893	8,639,852	10,451,745	1,031,512	6,977,481	8,008,993
IV.	MONEY MARKET PLACEMENTS		0	0	0	17,057	7,584	24,641
4.1	Interbank Money Market Placements		0	0	0	0	7,584	7,584
4.2	Istanbul Stock Exchange Money Market Placements		0	0	0	1,283	0	1,283
4.3	Receivables from Reverse Repurchase Agreements		0	0	0	15,774	0	15,774
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	V-I-4	19,193,341	11,366,092	30,559,433	11,608,621	13,251,463	24,860,084
5.1	Share Certificates		40,801	2,957	43,758	34,443	2,957	37,400
5.2	Government Debt Securities		19,131,543	8,882,923	28,014,466	11,553,924	10,865,554	22,419,478
5.3	Other Marketable Securities		20,997	2,480,212	2,501,209	20,254	2,382,952	2,403,206
VI.	LOANS AND RECEIVABLES	V-I-5	36,093,418	16,667,022	52,760,440	34,400,164	17,289,808	51,689,972
6.1	Loans and Receivables		36,093,418	16,667,022	52,760,440	34,400,164	17,289,808	51,689,972
6.1.1	Loans to the Bank's Risk Group		313,424	393,191	706,615	188,902	322,681	511,583
6.1.2	Government Debt Securities		0	0	0	0	0	0
6.1.3	Other		35,779,994	16,273,831	52,053,825	34,211,262	16,967,127	51,178,389
6.2	Non-Performing Loans		2,730,826	86,997	2,817,823	2,161,045	86,336	2,247,381
6.3	Specific Provisions (-)		2,730,826	86,997	2,817,823	2,161,045	86,336	2,247,381
VII.	FACTORING RECEIVABLES		0	0	0	0	0	0
VIII.	INVESTMENTS HELD TO MATURITY (Net)	V-I-6	12,014,860	1,332,447	13,347,307	3,720,182	45,677	3,765,859
8.1	Government Debt Securities		12,009,230	0	12,009,230	3,715,217	23,194	3,738,411
8.2	Other Marketable Securities		5,630	1,332,447	1,338,077	4,965	22,483	27,448
IX.	INVESTMENTS IN ASSOCIATES (Net)	V-I-7	735,900	0	735,900	729,375	0	729,375
9.1	Associates Accounted for Using the Equity Method		59,757	0	59,757	53,232	0	53,232
9.2	Unconsolidated Associates		676,143	0	676,143	676,143	0	676,143
9.2.1	Financial Investments		3,150	0	3,150	3,150	0	3,150
9.2.2	Non-Financial Investments		672,993	0	672,993	672,993	0	672,993
X.	INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	2,252,414	7,730	2,260,144	1,530,028	6,522	1,536,550
10.1	Unconsolidated Financial Subsidiaries		295,324	7,730	303,054	230,965	6,522	237,487
10.2	Unconsolidated Non-Financial Subsidiaries		1,957,090	0	1,957,090	1,299,063	0	1,299,063
XI.	JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	V-I-9	0	0	0	0	0	0
11.1	Jointly Controlled Entities Accounted for Using the Equity Method		0	0	0	0	0	0
11.2	Unconsolidated Jointly Controlled Entities		0	0	0	0	0	0
11.2.1	Jointly Controlled Financial Entities		0	0	0	0	0	0
11.2.2	Jointly Controlled Non-Financial Entities		0	0	0	0	0	0
XII.	LEASE RECEIVABLES	V-I-10	173,062	757,954	931,016	208,005	887,473	1,095,478
12.1	Finance Lease Receivables		213,273	881,757	1,095,030	263,675	1,026,126	1,289,801
12.2	Operating Lease Receivables		945	0	945	1,508	0	1,508
12.3	Other		0	0	0	0	0	0
12.4	Unearned Income (-)		41,156	123,803	164,959	57,178	138,653	195,831
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	V-I-11	0	0	0	0	0	0
13.1	Fair Value Hedging		0	0	0	0	0	0
13.2	Cash Flow Hedging		0	0	0	0	0	0
13.3	Net Foreign Investment Hedging		0	0	0	0	0	0
XIV.	TANGIBLE ASSETS (Net)	V-I-12	2,003,437	36,836	2,040,273	2,016,483	37,323	2,053,806
XV.	INTANGIBLE ASSETS (Net)	V-I-13	44,598	649	45,247	67,302	1,167	68,469
15.1	Goodwill		7,170	0	7,170	7,170	0	7,170
15.2	Other		37,428	649	38,077	60,132	1,167	61,299
XVI.	INVESTMENT PROPERTY (Net)	V-I-14	810,782	0	810,782	797,873	0	797,873
XVII.	TAX ASSETS	V-I-15	637,809	143	637,952	382,167	4	382,171
17.1	Current Tax Asset		21,677	143	21,820	10,925	4	10,929
17.2	Deferred Tax Asset		616,132	0	616,132	371,242	0	371,242
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	V-I-16	28,801	0	28,801	20,542	0	20,542
18.1	Held for Sale		28,801	0	28,801	20,542	0	20,542
18.2	Discontinued Operations		0	0	0	0	0	0
XIX.	OTHER ASSETS	V-I-17	3,539,902	659,662	4,199,564	2,742,980	481,104	3,224,084
	TOTAL ASSETS		86,330,911	42,585,565	128,916,476	69,118,369	42,089,662	111,208,031

Türkiye İş Bankası A.Ş.

Consolidated Balance Sheet - Liabilities

		TL THOUSAND					
CONSOLIDATED LIABILITIES		CURRENT PERIOD (31/12/2009)			PRIOR PERIOD (31/12/2008)		
	Note	TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	43,684,501	28,370,471	72,054,972	39,222,472	23,765,530	62,988,002
1.1 Deposits from the Bank's Risk Group		387,310	1,098,107	1,485,417	302,031	577,865	879,896
1.2 Other		43,297,191	27,272,364	70,569,555	38,920,441	23,187,665	62,108,106
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	V-II-2	332,573	166,262	498,835	376,537	168,060	544,597
III. FUNDS BORROWED	V-II-3	2,649,229	12,149,715	14,798,944	2,859,428	13,153,378	16,012,806
IV. MONEY MARKET FUNDS		8,826,423	4,646,214	13,472,637	5,590,527	3,110,854	8,701,381
4.1 Interbank Money Market Funds		0	0	0	0	0	0
4.2 Istanbul Stock Exchange Money Market Funds		1,128,031	0	1,128,031	889,268	0	889,268
4.3 Funds Provided Under Repurchase Agreements		7,698,392	4,646,214	12,344,606	4,701,259	3,110,854	7,812,113
V. MARKETABLE SECURITIES ISSUED (Net)		0	0	0	0	0	0
5.1 Bills		0	0	0	0	0	0
5.2 Asset-backed Securities		0	0	0	0	0	0
5.3 Bonds		0	0	0	0	0	0
VI. FUNDS		0	0	0	11	0	11
6.1 Borrower Funds		0	0	0	0	0	0
6.2 Other		0	0	0	11	0	11
VII. SUNDRY CREDITORS		4,291,750	285,486	4,577,236	3,030,598	233,115	3,263,713
VIII. OTHER LIABILITIES	V-II-4	487,561	191,469	679,030	408,358	658,436	1,066,794
IX. FACTORING PAYABLES		0	0	0	0	0	0
X. LEASE PAYABLES (Net)	V-II-5	0	0	0	0	0	0
10.1 Finance Lease Payables		0	0	0	0	0	0
10.2 Operating Lease Payables		0	0	0	0	0	0
10.3 Other		0	0	0	0	0	0
10.4 Deferred Finance Lease Expenses (-)		0	0	0	0	0	0
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	V-II-6	0	0	0	0	0	0
11.1 Fair Value Hedging		0	0	0	0	0	0
11.2 Cash Flow Hedging		0	0	0	0	0	0
11.3 Net Foreign Investment Hedging		0	0	0	0	0	0
XII. PROVISIONS	V-II-7	6,842,895	269,414	7,112,309	5,967,355	300,100	6,267,455
12.1 General Loan Loss Provision		538,014	688	538,702	497,830	1,158	498,988
12.2 Provision for Restructuring		0	0	0	0	0	0
12.3 Reserves for Employee Benefits		183,026	780	183,806	165,183	785	165,968
12.4 Insurance Technical Reserves (Net)		3,233,574	252,102	3,485,676	2,868,307	192,053	3,060,360
12.5 Other Provisions		2,888,281	15,844	2,904,125	2,436,035	106,104	2,542,139
XIII. TAX LIABILITY	V-II-8	340,411	834	341,245	300,448	944	301,392
13.1 Current Tax Liability		340,411	834	341,245	299,249	944	300,193
13.2 Deferred Tax Liability		0	0	0	1,199	0	1,199
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	V-II-9	0	0	0	0	0	0
14.1 Held for Sale		0	0	0	0	0	0
14.2 Discontinued Operations		0	0	0	0	0	0
XV. SUBORDINATED LOANS	V-II-10	0	75,343	75,343	0	70,629	70,629
XVI. SHAREHOLDERS' EQUITY	V-II-11	15,206,519	99,406	15,305,925	11,948,350	42,901	11,991,251
16.1 Paid-in Capital		3,079,639	0	3,079,639	2,756,585	0	2,756,585
16.2 Capital Reserves		2,537,426	48,506	2,585,932	1,911,890	-12,453	1,899,437
16.2.1 Share premium		31,008	0	31,008	31,008	0	31,008
16.2.2 Share Cancellation Profits		0	0	0	0	0	0
16.2.3 Marketable Securities Revaluation Reserve		527,544	48,506	576,050	-96,609	-12,453	-109,062
16.2.4 Tangible Assets Revaluation Reserve		0	0	0	0	0	0
16.2.5 Intangible Assets Revaluation Reserve		0	0	0	0	0	0
16.2.6 Investment Property Revaluation Reserve		0	0	0	0	0	0
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		1,383	0	1,383	0	0	0
16.2.8 Hedging Funds (Effective Portion)		0	0	0	0	0	0
16.2.9 Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		0	0	0	0	0	0
16.2.10 Other Capital Reserves		1,977,491	0	1,977,491	1,977,491	0	1,977,491
16.3 Profit Reserves		5,058,557	50,906	5,109,463	4,158,484	47,793	4,206,277
16.3.1 Legal Reserves		1,404,488	0	1,404,488	1,257,046	0	1,257,046
16.3.2 Statutory Reserves		20,362	0	20,362	14,980	0	14,980
16.3.3 Extraordinary Reserves		3,681,786	23,523	3,705,309	2,891,904	18,719	2,910,623
16.3.4 Other Profit Reserves		-48,079	27,383	-20,696	-5,446	29,074	23,628
16.4 Profit or Loss		2,567,799	-6	2,567,793	1,566,613	7,561	1,574,174
16.4.1 Prior Years' Profit/Loss		72,862	-2,698	70,164	-14,596	-176	-14,772
16.4.2 Current Year Profit/Loss		2,494,937	2,692	2,497,629	1,581,209	7,737	1,588,946
16.5 Minority Shares	V-II-12	1,963,098	0	1,963,098	1,554,778	0	1,554,778
TOTAL LIABILITIES AND EQUITY		82,661,862	46,254,614	128,916,476	69,704,084	41,503,947	111,208,031

Türkiye İş Bankası A.Ş.

Consolidated Off-Balance Sheet Commitments

(NOTE: V-III)	TL THOUSAND					
	CURRENT PERIOD (31/12/2009)			PRIOR PERIOD (31/12/2008)		
	TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	41,024,481	34,002,926	75,027,407	29,525,256	20,611,519	50,136,775
I. GUARANTEES AND SURETYSHIPS	5,404,634	7,861,834	13,266,468	4,169,382	8,161,668	12,331,050
1.1.Letters of Guarantee	5,274,031	4,678,615	9,952,646	4,167,903	4,220,541	8,388,444
1.1.1.Guarantees Subject to State Tender Law	386,021	670,598	1,056,619	304,266	515,910	820,176
1.1.2.Guarantees Given for Foreign Trade Operations	307,059	755,296	1,062,355	389,095	887,518	1,276,613
1.1.3.Other Letters of Guarantee	4,580,951	3,252,721	7,833,672	3,474,542	2,817,113	6,291,655
1.2.Bank Loans	2,997	148,198	151,195	1,020	130,135	131,155
1.2.1.Import Letters of Acceptance	0	110,744	110,744	0	110,034	110,034
1.2.2.Other Bank Acceptances	2,997	37,454	40,451	1,020	20,101	21,121
1.3.Letters of Credit	0	2,775,336	2,775,336	0	3,726,838	3,726,838
1.3.1.Documentary Letters of Credit	0	1,872,776	1,872,776	0	2,717,171	2,717,171
1.3.2.Other Letters of Credit	0	902,560	902,560	0	1,009,667	1,009,667
1.4.Prefinancing Given as Guarantee	0	0	0	0	0	0
1.5.Endorsements	0	41,538	41,538	0	0	0
1.5.1.Endorsements to the Central Bank of Turkey	0	41,538	41,538	0	0	0
1.5.2.Other Endorsements	0	0	0	0	0	0
1.6.Purchase Guarantees for Securities Issued	0	0	0	0	0	0
1.7.Factoring Guarantees	0	0	0	0	0	0
1.8.Other Guarantees	127,606	218,147	345,753	459	84,154	84,613
1.9.Other Suretyships	0	0	0	0	0	0
II. COMMITMENTS	27,867,362	11,431,527	39,298,889	17,092,834	3,637,554	20,730,388
2.1.Irrevocable Commitments	27,678,100	11,071,729	38,749,829	16,733,110	3,270,915	20,004,025
2.1.1.Forward Asset Purchase Commitments	166,408	262,364	428,772	22,958	46,284	69,242
2.1.2.Forward Deposit Purchase and Sale Commitments	0	0	0	0	0	0
2.1.3.Capital Commitment for Affiliates	2,000	0	2,000	0	0	0
2.1.4.Loan Granting Commitments	3,530,717	850,729	4,381,446	3,067,697	1,716,328	4,784,025
2.1.5.Securities Underwriting Commitments	0	0	0	0	0	0
2.1.6.Commitments for Reserve Deposit Requirements	6,853,863	8,077,031	14,930,894	0	0	0
2.1.7.Commitments for Check Payments	3,978,131	0	3,978,131	2,042,966	0	2,042,966
2.1.8.Tax and Fund Liabilities from Export Commitments	22,852	0	22,852	0	0	0
2.1.9.Commitments for Credit Card Expenditure Limits	11,278,482	513,700	11,792,182	10,442,811	427,529	10,870,340
2.1.10. Commitments for Credit Cards and Banking Services Promotions	34,041	0	34,041	19,862	0	19,862
2.1.11. Receivables from Short Sale Commitments	0	0	0	0	0	0
2.1.12. Payables for Short Sale Commitments	2,468	0	2,468	0	0	0
2.1.13.Other Irrevocable Commitments	1,809,138	1,367,905	3,177,043	1,136,816	1,080,774	2,217,590
2.2.Revocable Commitments	189,262	359,798	549,060	359,724	366,639	726,363
2.2.1.Revocable Loan Granting Commitments	189,262	359,798	549,060	359,724	366,639	726,363
2.2.2.Other Revocable Commitments	0	0	0	0	0	0
III. DERIVATIVE FINANCIAL INSTRUMENTS	7,752,485	14,709,565	22,462,050	8,263,040	8,812,297	17,075,337
3.1.Derivative Financial Instruments for Hedging Purposes	0	0	0	0	0	0
3.1.1. Fair Value Hedges	0	0	0	0	0	0
3.1.2. Cash Flow Hedges	0	0	0	0	0	0
3.1.3 Net Foreign Investment Hedges	0	0	0	0	0	0
3.2.Derivative Financial Instruments Held for Trading	7,752,485	14,709,565	22,462,050	8,263,040	8,812,297	17,075,337
3.2.1.Forward Foreign Currency Buy/Sell Transactions	743,662	1,994,474	2,738,136	2,727,983	3,351,737	6,079,720
3.2.1.1. Forward Foreign Currency Buy Transactions	360,424	1,009,237	1,369,661	2,454,430	502,101	2,956,531
3.2.1.2. Forward Foreign Currency Sell Transactions	383,238	985,237	1,368,475	273,553	2,849,636	3,123,189
3.2.2. Currency and Interest Rate Swaps	5,449,889	8,606,552	14,056,441	2,662,341	1,906,362	4,568,703
3.2.2.1. Currency Swap Buy Transactions	81,501	2,151,912	2,233,413	249,065	886,592	1,135,657
3.2.2.2. Currency Swap Sell Transactions	1,848,388	362,871	2,211,259	113,276	1,019,359	1,132,635
3.2.2.3. Interest Rate Swap Buy Transactions	1,760,000	3,045,848	4,805,848	1,150,000	203	1,150,203
3.2.2.4. Interest Rate Swap Sell Transactions	1,760,000	3,045,921	4,805,921	1,150,000	208	1,150,208
3.2.3. Currency, Interest Rate and Security Options	1,470,122	2,405,957	3,876,079	2,283,438	2,333,344	4,616,782
3.2.3.1. Currency Call Options	1,131,822	374,172	1,505,994	1,588,144	642,102	2,230,246
3.2.3.2. Currency Put Options	338,295	1,120,750	1,459,045	695,294	1,578,083	2,273,377
3.2.3.3. Interest Rate Call Options	0	455,515	455,515	0	34,481	34,481
3.2.3.4. Interest Rate Put Options	0	455,515	455,515	0	34,481	34,481
3.2.3.5.Securities Call Options	5	0	5	0	44,197	44,197
3.2.3.6. Securities Put Options	0	5	5	0	0	0
3.2.4. Currency Futures	19,487	19,416	38,903	73,447	69,640	143,087
3.2.4.1.Currency Buy Futures	13,776	5,812	19,588	73,137	322	73,459
3.2.4.2. Currency Sell Futures	5,711	13,604	19,315	310	69,318	69,628
3.2.5. Interest Rate Futures	0	1,643,661	1,643,661	0	514,422	514,422
3.2.5.1.Interest Rate Buy Futures	0	0	0	0	0	0
3.2.5.2.Interest Rate Sell Futures	0	1,643,661	1,643,661	0	514,422	514,422
3.2.6.Other	69,325	39,505	108,830	515,831	636,792	1,152,623

Türkiye İş Bankası A.Ş.

Consolidated Off-Balance Sheet Commitments

(NOTE: V-III)	TL THOUSAND					
	CURRENT PERIOD (31/12/2009)			PRIOR PERIOD (31/12/2008)		
	TL	FC	Total	TL	FC	Total
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	113,177,673	30,291,284	143,468,957	120,573,869	25,743,148	146,317,017
IV. ITEMS HELD IN CUSTODY	58,439,212	5,204,617	63,643,829	79,351,692	4,821,833	84,173,525
4.1.Assets under management	3,935,034	651,634	4,586,668	2,543,507	397,721	2,941,228
4.2.Investment securities held in custody	45,201,151	425,310	45,626,461	68,002,515	1,571,347	69,573,862
4.3.Checks received for collection	4,685,426	626,262	5,311,688	4,515,165	459,789	4,974,954
4.4.Commercial notes received for collection	1,932,760	1,932,235	3,864,995	1,664,748	2,192,157	3,856,905
4.5.Other assets received for collection	2,783	9,948	12,731	0	16,378	16,378
4.6.Assets received for public offering	68,166	0	68,166	68,166	0	68,166
4.7.Other items under custody	1,277,080	1,559,228	2,836,308	1,655,252	184,441	1,839,693
4.8.Custodians	1,336,812	0	1,336,812	902,339	0	902,339
V. PLEDGED ITEMS	54,738,461	25,086,667	79,825,128	41,222,177	20,921,315	62,143,492
5.1.Marketable securities	398,272	513,643	911,915	355,254	514,285	869,539
5.2.Guarantee notes	2,375,786	5,574,033	7,949,819	1,124,322	5,334,481	6,458,803
5.3.Commodity	10,391,911	31,588	10,423,499	6,243,206	0	6,243,206
5.4.Warranty	0	0	0	0	0	0
5.5.Real Estates	40,368,598	13,300,130	53,668,728	33,302,027	11,501,179	44,803,206
5.6.Other pledged items	1,203,894	5,618,097	6,821,991	197,368	3,571,370	3,768,738
5.7.Pledged items-depository	0	49,176	49,176	0	0	0
VI. ACCEPTED BILL GUARANTEES AND SURETIES	0	0	0	0	0	0
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)	154,202,154	64,294,210	218,496,364	150,099,125	46,354,667	196,453,792

Türkiye İş Bankası A.Ş.

Consolidated Income Statement

		TL THOUSAND		
		CURRENT PERIOD	PRIOR PERIOD	
		Note (01/01/2009 - 31/12/2009)	(01/01/2008 - 31/12/2008)	
I.	INTEREST INCOME	V-IV-1	11,370,516	11,769,369
1.1	Interest Income on Loans		7,042,088	6,998,647
1.2	Interest Received from Reserve Deposits		180,758	298,381
1.3	Interest Received from Banks		240,221	418,160
1.4	Interest Received from Money Market Placements		101,806	42,520
1.5	Interest Received from Marketable Securities Portfolio		3,644,342	3,840,229
1.5.1	Financial Assets Held for Trading		131,466	141,102
1.5.2	Financial Assets at Fair Value Through Profit and Loss		0	0
1.5.3	Financial Assets Available for Sale		2,476,046	3,163,508
1.5.4	Investments Held to Maturity		1,036,830	535,619
1.6	Finance Lease Income		103,441	112,982
1.7	Other Interest Income		57,860	58,450
II.	INTEREST EXPENSE	V-IV-2	5,630,372	7,175,786
2.1	Interest on Deposits		4,491,236	5,355,532
2.2	Interest on Funds Borrowed		767,418	901,816
2.3	Interest on Money Market Funds		362,312	887,109
2.4	Interest on Securities Issued		0	0
2.5	Other Interest Expense		9,406	31,329
III.	NET INTEREST INCOME/EXPENSE (I - II)		5,740,144	4,593,583
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1,159,630	1,165,780
4.1	Fees and Commissions Received		1,416,141	1,358,025
4.1.1	Non-cash Loans		114,905	90,641
4.1.2	Other		1,301,236	1,267,384
4.2	Fees and Commissions Paid		256,511	192,245
4.2.1	Non-cash Loans		3,654	1,847
4.2.2	Other		252,857	190,398
V.	DIVIDEND INCOME	V-IV-3	166,338	128,351
VI.	TRADING INCOME (NET)	V-IV-4	557,041	546,400
6.1	Gains/Losses on Securities Trading		520,537	-20,860
6.2	Derivative Financial Transactions Gains/Losses		393,497	-417,398
6.3	Foreign Exchange Gains/Losses		-356,993	984,658
VII.	OTHER OPERATING INCOME	V-IV-5	3,499,043	2,707,938
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		11,122,196	9,142,052
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6	2,363,565	1,709,042
X.	OTHER OPERATING EXPENSES (-)	V-IV-7	5,397,647	5,217,181
XI.	NET OPERATING INCOME (VIII-IX-X)		3,360,984	2,215,829
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		0	0
XIII.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		6,525	-107
XIV.	NET MONETARY POSITION GAIN/LOSS		0	0
XV.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)	V-IV-8	3,367,509	2,215,722
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	V-IV-9	615,205	396,692
16.1	Current Tax Provision		923,537	497,552
16.2	Deferred Tax Provision		-308,332	-100,860
XVII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	V-IV-10	2,752,304	1,819,030
XVIII.	INCOME ON DISCONTINUED OPERATIONS		0	0
18.1	Income on Assets Held for Sale		0	0
18.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
18.3	Other Income on Discontinued Operations		0	0
XIX.	EXPENSE ON DISCONTINUED OPERATIONS (-)		0	0
19.1	Expense on Assets Held for Sale		0	0
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
19.3	Other Expense on Discontinued Operations		0	0
XX.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)	V-IV-8	0	0
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	V-IV-9	0	0
21.1	Current Tax Provision		0	0
21.2	Deferred Tax Provision		0	0
XXII.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	V-IV-10	0	0
XXIII.	NET PERIOD PROFIT/LOSS (XVII+XXII)	V-IV-11	2,752,304	1,819,030
23.1	Group's Profit/Loss		2,497,629	1,588,946
23.2	Minority Shares		254,675	230,084
	Earnings Per Share (in full TL)		0.032439598	0.020637480

Türkiye İş Bankası A.Ş.

Consolidated Statement of Income and Expense Items Accounted Under Equity

	TL THOUSAND	
	CURRENT PERIOD (31/12/2009)	PRIOR PERIOD (31/12/2008)
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	756,408	-199,372
II. TANGIBLE ASSETS REVALUATION RESERVES	0	0
III. INTANGIBLE ASSETS REVALUATION RESERVES	0	0
IV. TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS	-44,324	34,146
V. PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)	0	0
VI. PROFIT/LOSS ON NET FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)	0	0
VII. THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN THE ACCOUNTING POLICY	0	0
VIII. OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH TAS	616,097	-853,310
IX. DEFERRED TAX EFFECT OF REVALUATION	-62,243	24,880
X. NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX)	1,265,938	-993,656
XI. PROFIT/LOSS FOR THE PERIOD	-415,535	52,485
1.1 Net Changes in the Fair Values of Marketable Securities (Transfer to Profit/Loss)	-415,535	52,485
1.2 The Portion of Cash-flow Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement	0	0
1.3 The Portion of Net Foreign Investment Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement	0	0
1.4 Other	0	0
XII. TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X±XI)	850,403	-941,171

(*) The amounts include minority shares.

Türkiye İş Bankası A.Ş.

Consolidated Statement of Changes in Shareholders' Equity

	Note	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves
PRIOR PERIOD (31/12/2008)		V-V					
I.	Beginning Balance	2,756,585	1,977,491	31,008	0	1,096,374	9,387
II.	Corrections Made According to TAS 8						
2.1.	The Effect of Corrections of Errors						
2.2.	The Effect of Changes in Accounting Policies						
III.	Adjusted Beginning Balance (I+II)	2,756,585	1,977,491	31,008		1,096,374	9,387
Changes During the Period							
IV.	Increase/Decrease Due to Mergers						
V.	Marketable Securities Revaluation Reserve						
VI.	Hedge Funds(Effective Portion)						
6.1.	Cash Flow Hedges						
6.2.	Net Foreign Investment Hedges						
VII.	Tangible Assets Revaluation Reserve						
VIII.	Intangible Assets Revaluation Reserve						
IX.	Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities(Joint Ventures)						
X.	Foreign Exchange Differences						
XI.	The Effect of Disposal of Assets						
XII.	The Effect of Reclassification of Assets						
XIII.	The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank						
XIV.	Capital Increase						
14.1.	Cash						
14.2.	Internal Sources						
XV.	Share Issue						
XVI.	Share Cancellation Profits						
XVII.	Paid-in-Capital Inflation Adjustment						
XVIII.	Other						
XIX.	Net Profit/Loss for the Period						
XX.	Profit Distribution					160,672	5,593
20.1.	Dividend Paid						
20.2.	Transfer to Reserves					160,672	5,593
20.3.	Other						
Ending Balance (III+IV+V...+XVIII+XIX+XX)		2,756,585	1,977,491	31,008	0	1,257,046	14,980
CURRENT PERIOD (31/12/2009)		V-V					
I.	Beginning Balance	2,756,585	1,977,491	31,008	0	1,257,046	14,980
Changes During the Period							
II.	Increases/Decreases Due to Mergers						
III.	Marketable Securities Revaluation Reserve						
IV.	Hedge Funds (Effective Part)						
4.1.	Cash-flow Hedge						
4.2.	Net Foreign Investment Hedges						
V.	Tangible Assets Revaluation Reserve						
VI.	Intangible Assets Revaluation Reserve						
VII.	Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities(Joint Ventures)						
VIII.	Foreign Exchange Differences						
IX.	The Effect of Disposal of Assets						
X.	The Effect of Reclassification of Assets						
XI.	The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank						
XII.	Capital Increase	323,054					
12.1.	Cash						
12.2.	Internal Sources	323,054					
XIII.	Share Premium						
XIV.	Share Cancellation Profits						
XV.	Paid-in-Capital Inflation Adjustment						
XVI.	Other						
XVII.	Net Profit/Loss for the Period						
XVIII.	Profit Distribution					147,442	5,382
18.1.	Dividend Paid						
18.2.	Transfer to Reserves					147,442	5,382
18.3.	Other						
Ending Balance (I+II+III+...+XVI+XVII+XVIII)		3,079,639	1,977,491	31,008	0	1,404,488	20,362

Türkiye İş Bankası A.Ş.

Consolidated Statement of Changes in Shareholders' Equity

TL Thousand												
Extraordinary Reserves	Other Reserves	Net Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Marketable Securities Revaluation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Equity Participations	Hedge Funds	Accumulated Rev. Reserve on Assets Held for Sale and Discontinued Oper.	Total Shareholders' Equity Except Minority Shares	Minority Shares	Total Shareholders' Equity	
2,057,456	-10,518	0	1,733,792	786,084	0	0	0	0	10,437,659	1,438,811	11,876,470	
2,057,456	-10,518		1,733,792	786,084					10,437,659	1,438,811	11,876,470	
				-895,146					-895,146	-80,171	-975,317	
	34,146								34,146		34,146	
853,167		1,588,946	-1,748,564						1,588,946	230,084	1,819,030	
			-729,132						-729,132	-33,946	-763,078	
853,167			-1,019,432						0	-33,946	-763,078	
									0		0	
2,910,623	23,628	1,588,946	-14,772	-109,062	0	0	0	0	10,436,473	1,554,778	11,991,251	
2,910,623	23,628		1,574,174	-109,062					10,436,473	1,554,778	11,991,251	
				685,112					685,112	209,615	894,727	
-1,383	-44,324		40,416			1,383			0		0	
									-3,908		-3,908	
			-323,054						0		0	
			-323,054						0		0	
796,069		2,497,629	-1,221,372						2,497,629	254,675	2,752,304	
			-272,479						-272,479	-55,970	-328,449	
796,069			-948,893						-272,479	-55,970	-328,449	
									0		0	
3,705,309	-20,696	2,497,629	70,164	576,050	0	1,383	0	0	13,342,827	1,963,098	15,305,925	

Türkiye İş Bankası A.Ş.

Consolidated Cash Flow Statement

	(TL THOUSAND)	
	Note	CURRENT PERIOD (31/12/2009)
A. CASH FLOWS FROM BANKING OPERATIONS	V-VI	PRIOR PERIOD (31/12/2008)
1.1. Operating Profit Before Changes in Operating Assets and Liabilities		3,082,386
1.1.1. Interest Received		12,112,040
1.1.2. Interest Paid		-5,899,304
1.1.3. Dividend Received		35,182
1.1.4. Fees and Commissions Received		1,416,141
1.1.5. Other Income		3,592,313
1.1.6. Collections from Previously Written Off Loans and Other Receivables		571,879
1.1.7. Cash Payments to Personnel and Service Suppliers		-1,630,241
1.1.8. Taxes Paid		-896,398
1.1.9. Other		-3,486,216
1.2. Changes in Operating Assets and Liabilities		9,871,216
1.2.1. Net (Increase) Decrease in Financial Assets Held for Trading		-315,777
1.2.2. Net(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		0
1.2.3. Net (Increase) Decrease in Due From Banks		20,930
1.2.4. Net (Increase) Decrease in Loans		-4,873,913
1.2.5. Net (Increase) Decrease in Other Assets		-851,441
1.2.6. Net Increase (Decrease) in Bank Deposits		580,831
1.2.7. Net Increase (Decrease) in Other Deposits		9,747,570
1.2.8. Net Increase (Decrease) in Borrower Funds		-388,336
1.2.9. Net Increase (Decrease) in Matured Payables		0
1.2.10. Net Increase (Decrease) in Other Liabilities		5,951,352
I. Net Cash Provided From Banking Operations		15,686,612
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from Investing Activities		-15,842,610
2.1. Cash Paid for Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-34,709
2.2. Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		33
2.3. Tangible Asset Purchases		-224,763
2.4. Tangible Asset Sales		147,935
2.5. Cash Paid for Purchase of Financial Assets Available for Sale		-24,561,546
2.6. Cash Obtained from Sales of Financial Assets Available for Sale		18,160,016
2.7. Cash Paid for Purchase of Investment Securities		-10,717,635
2.8. Cash Obtained from Sales of Investment Securities		1,388,059
2.9. Other		0
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities		-328,449
3.1. Cash Obtained from Funds Borrowed and Securities Issued		0
3.2. Cash Used for Repayment of Funds Borrowed and Securities Issued		0
3.3. Share Certificates Issued		0
3.4. Dividends Paid		-328,449
3.5. Payments for Finance Leases		0
3.6. Other		0
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		-19,468
V. Net Increase in Cash and Cash Equivalents		4,661,780
VI. Cash and Cash Equivalents at Beginning of the Period		12,624,013
VII. Cash and Cash Equivalents at End of the Period		17,285,793
		16,781,878

Türkiye İş Bankası A.Ş.

Consolidated Profit Distribution Table

	(TL THOUSAND)	
	CURRENT PERIOD (31/12/2009)	PRIOR PERIOD (31/12/2008)
I. DISTRIBUTION OF CURRENT YEAR PROFIT (1)		
1.1. CURRENT PERIOD PROFIT	2,945,616	1,798,014
1.2. TAXES AND DUES PAYABLE (-)	573,209	288,606
1.2.1. Corporate Tax (Income Tax)	780,959	384,943
1.2.2. Income Tax Withholding	2,508	316
1.2.3. Other Taxes and Dues Payable (2)	-210,258	-96,653
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	2,372,407	1,509,408
1.3. PRIOR YEARS' LOSSES (-)	0	0
1.4. FIRST LEGAL RESERVES (-)	0	73,890
1.5. OTHER STATUTORY RESERVES (-)	0	741,337
B. NET PROFIT ATTRIBUTABLE TO [(A)-(1.3+1.4+1.5)]	2,372,407	694,181
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	0	165,395
1.6.1. To Owners of Ordinary Shares	0	165,393
1.6.2. To Owners of Preferred Shares	0	2
1.6.3. To Preferred Shares (Preemptive Rights)	0	0
1.6.4. To Profit Sharing Bonds	0	0
1.6.5. To Holders of Profit/Loss Share Certificates	0	0
1.7. DIVIDENDS TO PERSONNEL (-)	0	105,757
1.8. DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	1,322
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	0	323,059
1.9.1. To Owners of Ordinary Shares	0	323,049
1.9.2. To Owners of Preferred Shares	0	5
1.9.3. To Preferred Shares (Preemptive Rights)	0	5
1.9.4. To Profit Sharing Bonds	0	0
1.9.5. To Holders of Profit/Loss Share Certificates	0	0
1.10. SECOND LEGAL RESERVES (-)	0	45,770
1.11. STATUTORY RESERVES (-)	0	0
1.12. EXTRAORDINARY RESERVES	0	52,878
1.13. OTHER RESERVES	0	0
1.14. SPECIAL FUNDS	0	0
II. DISTRIBUTION FROM RESERVES		
2.1. DISTRIBUTED RESERVES	0	0
2.2. SECOND LEGAL RESERVES (-)	0	0
2.3. DIVIDENDS TO SHAREHOLDERS (-)	0	0
2.3.1. To Owners of Ordinary Shares	0	0
2.3.2. To Owners of Preferred Shares	0	0
2.3.3. To Preferred Shares (Preemptive Rights)	0	0
2.3.4. To Profit Sharing Bonds	0	0
2.3.5. To Holders of Profit/Loss Share Certificates	0	0
2.4. DIVIDENDS TO PERSONNEL (-)	0	0
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
III. EARNINGS PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES (3)	0.0308	0.0219
3.2. TO OWNERS OF ORDINARY SHARES (%)	77	55
3.3. TO OWNERS OF PREFERRED SHARES (3)	0	0
3.4. TO OWNERS OF PREFERRED SHARES (%)	0	0
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES (3)	0	0.0071
4.2. TO OWNERS OF ORDINARY SHARES (%)	0	18
4.3. TO OWNERS OF PREFERRED SHARES (3)	0	0.0054
4.4. TO OWNERS OF PREFERRED SHARES (%)	0	54

(1) The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been held as of the reporting date.

(2) The amount included in Other Taxes and Dues Payable refers to Deferred Tax Income, which will not be included within the profit distribution. (3) Expressed in full TL

Türkiye İş Bankası A.Ş.

Part Three: Explanations on Accounting Policies

PART THREE: EXPLANATIONS ON ACCOUNTING POLICIES

I. Explanations on the Basis of Presentation

The consolidated financial statements and related disclosures and notes in this report are prepared in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the Communiqué on "Principles and Procedures on the Accounting Practice and Documentation of Banks", and the other regulations, disclosures and circulars related to the accounting and financial reporting principles published by the Banking Regulatory and Supervisory Agency ("BRSA").

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are presented in detail below:

II. Explanations on the Usage Strategy of Financial Instruments and on Foreign Currency Transactions

1. The Group's Strategy for the Use of Financial Instruments

The Group's main financial activities comprise a wide range of activities such as banking, insurance, intermediary services, real estate portfolio management and financial lease. The liabilities on the Group's balance sheet are mainly composed of relatively short-term deposits, parallel to general liability structure of the banking system, which is its main field of activity. As for the non-deposit liabilities, funds are collected through medium and short-term instruments.

The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Parent Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of Turkey. The liquidity of the Group and the banking system can be easily monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed-interest, and by monitoring the developments in the financial system fixed and floating rate placements are made according to the yields of alternative investment instruments, and some of the funds are transferred to the Treasury guaranteed projects. On the other hand, high yielding Eurobonds and government debt securities portfolios are of sufficient quality and quantity to reduce the risk which may arise from the fluctuations in the interest rates.

By taking into account the international and national economic outlook, market conditions, current and potential credit customers' expectations and tendencies, and risks such as; interest rate, liquidity and currency risks, the Group's placements are focused on high yielding and low risk assets and safety principle has always been the top priority. Generally a pricing policy aiming at high return is implemented in the long-term placements of the Group, and attention is paid to the maximum use of non-interest income generation opportunities.

Main growth targets for different asset classes are set by the long-term plans shaped along with budgeting; and the Bank takes the required positions against the short-term currency, interest rates and price fluctuations in accordance with these plans and the course of the market conditions.

Foreign currency, interest rate and price fluctuations in the markets are monitored instantaneously. While taking positions, in addition to the legal limits, the Parent Bank's own transaction and control limits are effectively monitored in order to avoid limit overrides.

The Parent Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits specified by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

2. Other Explanations on Foreign Currency Transactions

The financial statements of the Parent Bank's foreign branches and its financial institutions that have been established abroad are prepared in currencies (functional currency) prevailing in the economic environment that they operate in and at the consolidation period they are presented in TL, which is the functional currency of the Parent Bank and also the currency used in presentation of the financial statements.

Foreign currency monetary assets and liabilities on the balance sheet are converted to Turkish Lira by using the prevailing exchange rates at the balance sheet date. Non-monetary foreign currency items measured at fair value are converted by the rates at the date of the fair value assessments. Exchange rate differences arising from the conversion of monetary items and the collections and payments in foreign currency are recognized in the income statement.

In accordance with the Turkish Accounting Standard Nr:21 "Effects of Changes In Foreign Exchange Rates" (TAS 21), net investments in non-domestic companies are considered as non-monetary items, measured on the basis of historical cost and converted to Turkish Currency at the currency rates at the transaction date, and also in accordance with the Turkish Accounting Standard Nr:29 "Financial Reporting In Hyperinflationary Economics" (TAS 29), the inflation adjusted value is calculated by using the inflation indices prevailing between the date of transaction and final date that the inflation adjustment is applied, 31 December 2004, and it is accounted by allocating provision amounts for any permanent impairment losses.

End of period foreign currency closing rates are used for conversion to TL of the assets and liabilities of the Parent Bank's foreign branches and its financial institutions that have been established abroad. The income and expenses of foreign branches are converted to TL by using the foreign currency exchange rates on the transaction date and the income and expenses of the financial institutions that are established abroad are converted to TL by using the average currency rates unless there is a significant fluctuation in the rates during the period. The exchange rate differences arising from the conversions are recorded in the "Other Profit Reserves" account under the shareholders' equity.

While the Parent Bank and Türkiye Sınai Kalkınma Bankası A.Ş. use their own exchange rates, the other consolidated financial institutions use the Central Bank of Turkey (CBT) exchange rates. Foreign exchange gains and losses arising from the conversion of monetary items and the collection and payment of foreign currency transactions are recognized in the income statement.

III. Information about the Consolidated Companies

1. Basis of Consolidation:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No.26340 dated 8 November 2006.

a. Basis of consolidation of subsidiaries:

A subsidiary is an entity that is controlled by the Parent.

Control: The Parent Bank's power to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person's capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding privileged shares or of agreements with other shareholders although not owning the majority of capital.

Türkiye İş Bankası A.Ş.

Part Three: Explanations on Accounting Policies

In accordance with the procedures listed in the "Communiqués Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No.26340 dated 8 November 2006, some of the financial subsidiaries are not included in consolidation whose assets do not exceed one percent of the Parent Bank's total assets or share totals do not exceed five percent of the Parent Bank's total assets. In this context, as of 31.12.2009, İş Dublin Financial Services PLC, İş Factoring Finansman Hizmetleri A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., İş Portföy Yönetimi A.Ş., İş Yatırım Ortaklığı A.Ş., Maxis Securities Ltd., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş., TSKB Yatırım Ortaklığı A.Ş. and Yatırım Finansman Menkul Değerler A.Ş. whose assets do not exceed one percent of the Parent Bank's total assets and whose share totals do not exceed five percent of the Parent Bank's total assets are not included in the consolidation in the current period. Detailed information about the unconsolidated financial institutions is given in Part Five under the caption of "I. Explanations and Notes Related to the Consolidated Assets" at item 8.a.

Under line-by-line method, the assets, liabilities, income and expenses and off-balance sheet items of subsidiaries are combined with the equivalent items of the Parent Bank on a line-by-line basis. The book value of the Parent Bank's investment in each of the subsidiaries and the Group's portion of equity of each subsidiary are eliminated. All significant transactions and balances between the Parent Bank and its consolidated subsidiaries are eliminated reciprocally. Minority interests in the net income and in the equity of consolidated subsidiaries are calculated separately from the Group's net income and the Group's shareholders' equity. Minority interests are presented separately in the balance sheet and in the income statement.

In preparing the consolidated financial statements, if a subsidiary uses accounting policies other than those adapted by the Parent Bank, appropriate adjustments are made to subsidiaries' financial statements. There is no item where a different accounting policy is applied.

IFRS 3 "Business Combinations" standard prescribes no depreciation to be recognized for goodwill arising on the acquisitions on or after 31.03.2004, realizing positive goodwill as an asset and application of impairment analysis as of balance sheet dates. In the same standard, it is also required from that date onwards that the negative goodwill, which occurs in the case of the Group's interest in the fair value of acquired identifiable assets and liabilities exceeds the acquisition cost to be recognized in profit or loss.

The details of positive goodwill obtained from Group's investments to its subsidiaries in investment basis are as follows:

Name of the Investment	Amount of the Positive Consolidation Goodwill
İş Finansal Kiralama A.Ş.	611
Türkiye Sınai Kalkınma Bankası A.Ş.	4,792
Anadolu Anonim Türk Sigorta Şirketi	1,767
Total	7,170

b. Basis of consolidation of associates:

An associate is a partnership which the Parent Bank participates in its capital and over which it has a significant influence but no control, established at home and abroad.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds qualified shares in the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Qualified share is the share that directly or indirectly constitutes ten or more than ten percent of an entity's capital or voting rights and irrespective of this requirement, possession of privileged shares giving right to appoint members of board of directors.

Equity method is an evaluation method of associates, by which the book value of the Parent Bank's share in the associate's equity is increased or decreased by the proportional share of the Parent Bank in the change in the associate company's equity and the dividend received by the Parent Bank is deducted.

The accounting policies of Arap-Türk Bankası A.Ş., the only associate that is consolidated using the equity method are not different than the Parent Bank's. Thus, no adjustments of compliance have been applied.

c. Basis of consolidation of joint ventures:

The Bank does not have any partnership to be consolidated.

d. Principles applied during share transfer, merger and acquisition: None.

2. Presentation of unconsolidated subsidiaries, associates and share certificates included in the available-for-sale portfolio in consolidated financial statements:

Turkish Lira denominated unconsolidated subsidiaries, associates and investments in shares included in the available-for-sale portfolio are accounted in the financial statements by the value reached after the deduction of permanent impairment losses, if any, from their acquisition costs.

Unconsolidated and listed on the stock market subsidiaries, associates and investments in shares included in the available-for-sale portfolio are recognized in the consolidated financial statements at their market value.

Foreign currency denominated subsidiaries, associates and investments in shares included in the available-for-sale portfolio are measured at historical cost and translated into Turkish Lira using the exchange rates prevailing at the transaction date and recognized in financial statements at the inflation adjusted values calculated by using the inflation indices between the transaction date and 31.12.2004, the last date for the inflation adjustment, less any impairment losses.

IV. Explanations on Forward and Option Contracts and Derivatives Instruments

The Group's derivative transactions predominantly consist of currency and interest rate swaps, forward foreign currency trading and currency options. The Group has no derivative products that are separated from the host contract.

Derivative financial instruments are carried at their fair values at the contract dates and the receivables and payables arising in these transactions are followed under off-balance sheet accounts. Derivative transactions are remeasured at their fair values in the reporting periods following their recording and the valuation differences are shown under the accounts, "Derivative Financial Assets Held for Trading" and "Derivative Financial Liabilities Held for Trading", depending on the difference being positive or negative. Even though some derivative transactions economically provide risk hedging, since not all the necessary conditions are met for them to be defined as items suitable for financial risk hedging accounting, they are recognized as "held for trading purposes" within the scope of TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition And Measurement". The valuation differences arising from the valuation of derivative transactions are associated with the income statement.

Türkiye İş Bankası A.Ş.

Part Three: Explanations on Accounting Policies

On the other hand, on the off-balance sheet table, the options that generate assets for the Group are presented under "call options" line and the ones that generate liabilities are presented under "put options" line.

V. Explanations on Interest Income and Expenses

Interest income and expenses are recorded on accrual basis by using the effective interest method (the ratio which equalizes the future cash flows of a financial asset or liability to net present book value) within the framework of TAS 39 "Financial Instruments: Recognition And Measurement".

As per the relevant legislation, accrued interests and other interest receivables on loans and other receivables that are classified as non-performing are cancelled and the relevant figures are recorded as interest income only when collected.

VI. Explanations on Fee and Commission Income and Expenses

Fee and commission income and expenses are recorded on accrual or collection basis, depending on the nature of the transaction.

VII. Explanations on Financial Assets

Financial instruments include financial assets, financial liabilities and derivative instruments. Financial instruments are presented in the balance sheet when the Bank becomes contractually a party of such instruments.

Financial instruments constitute the basis of the Group's commercial activities and operations. These financial instruments expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

Fair value is the amount for which an asset could be exchanged or a liability could be settled between knowledgeable willing parties in an arms length transaction. Fair value of a financial instrument is equal to the market price obtainable from the sale, or payable on the acquisition of the instrument in an active market, if one exists.

The estimated fair value of financial instruments is determined by using the current market information and appropriate valuation methods. However, estimating the fair values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts that could be obtained by the Group in case of disposal of assets at the current market conditions. Book value of some financial instruments, which equals to the acquisition cost, is assumed to be equal to fair value due to their short-term maturities.

The methods and assumptions used to determine the estimated fair value of each financial instrument are given below.

1. Cash and Banks

Cash consists of cash in vault, foreign currency cash, money in transit, cheques purchased and precious metals. Foreign currency cash and banks are shown in the balance sheet by their amounts converted to TL at the foreign exchange rate on the balance sheet date. The carrying values of both the cash and banks, are their estimated fair values.

2. Marketable Securities

a. Financial Assets at Fair Value through Profit And Loss

a.1. Financial Assets Held for Trading

Financial assets held for trading are those acquired for the purpose of generating profit from short term market fluctuations in prices or similar elements, or securities which are part of a portfolio set up to realize short term profit regardless of the purpose of acquisition.

Financial assets held for trading are recognized at their fair values in the balance sheet and thereafter carried at fair values. In cases where values that form the basis for the fair value do not exist in active market conditions, it is accepted that the fair value is not reliably determined and "amortized cost", calculated by the internal rate of return method, is taken into account as the fair value. Any gains or losses resulting from such valuation are recorded in the profit and loss accounts. Interest income resulting from financial assets held for trading is presented as part of interest income in the profit/loss statement and dividends are presented within dividend income. Any profit or loss resulting from the disposal of those assets before their maturity date is recognized under the accounts of "Interest Income/Expense" and "Gains/losses on securities trading", as per the Uniform Code of Accounts, and presented in the income statement.

a.2. Financial Assets at Fair Value through Profit and Loss

Financial Assets Classified at Fair Value through Profit and Loss are financial assets which have not been acquired for trading purposes, but classified as at fair value through profit and loss at the initial accounting. The recognition of such assets at fair value is accounted similar with the financial assets held for trading.

b. Explanations on Financial Assets Available for Sale and Investments Held to Maturity

b.1. Financial assets available for sale are non-derivative financial assets other than loans and receivables originated by the Parent Bank, other than, those classified as financial assets at fair value through profit and loss, and other than investments held to maturity. Initial recognition and the subsequent valuation of financial assets available for sale, including their transaction costs, is made on a fair value basis and the difference between the cost and the "amortized cost" calculated using the "Internal Rate of Return Method" is reflected to the income statement. In conditions where values that form the basis of fair value do not exist under active market conditions, it is deemed that the fair value is not reliably determined and the amortized cost calculated using the "Internal Rate of Return Method" is taken into account as the fair value. Unrealized profit and loss resulting from the changes in fair values of the financial assets available for sale, are not reflected to the income statement until the corresponding values are realized through sale or disposal, rather they are recognized in the "Marketable Securities Revaluation Reserve" account under the shareholders' equity. In the event of any disposal or redemption of the relevant asset, the fair value differences accumulated in the shareholders' equity, resulting from market valuation are reflected to the income statement.

b.2. Investments held to maturity are non-derivative financial assets, other than loans and receivables originated by the Parent Bank, other than, those which are classified as financial assets at fair value through profit and loss at initial recognition and other than those which are defined as available for sale. These financial assets are held with the intention of being retained until the maturity date, and for which the required conditions, including the capability of being funded, are secured for holding until maturity, and they have a fixed maturity date or a maturity date that can be deemed fixed due to its determinable payments. Investments held to maturity, that are initially recorded at their fair values including the cost of transaction, are carried at amortized cost, calculated using the internal rate of return method, less any impairment losses. Interest income generated from investments held to maturity is accounted as interest income on the profit/loss account.

Türkiye İş Bankası A.Ş.

Part Three: Explanations on Accounting Policies

The Group has no financial assets that have been previously classified as held to maturity investments but cannot be classified as held to maturity for two consecutive years due to "tainting" rules.

3. Loans and Receivables

Loans and receivables are financial assets, which are generated by providing funds, goods or services to the debtor, with fixed or determinable repayment schedules and they are not traded in an active market.

The initial recognitions of loans and receivables are made at fair values including the cost of acquisition and subsequent valuations are made at amortized cost, which is calculated using the internal rate of return method. Any fees, transaction costs and other similar costs attributable to assets taken as collaterals for loans are reflected in the profit/loss accounts.

Retail and corporate loans that are followed under cash loans are accounted at original balances, based on their types, under the accounts defined by the Uniform Code of Accounts (UCA) and the Explanatory Manual.

Foreign currency indexed loans are converted to Turkish Lira at the rates prevailing at the opening date; they are followed under the Turkish Currency ("TL") accounts, and amount of increases or decreases in the principal amount of the loans, depending on the exchange rate of the following periods being higher or lower than the ones on the lending date, are recognized in the profit/loss accounts. Repayment amounts are calculated at the exchange rate on the repayment date and the foreign exchange differences are reflected in the Foreign Exchange Gains/Losses" account.

VIII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Group companies evaluate the carrying amount of its financial assets or a group of its financial assets to determine whether there is an objective indication if those assets have suffered an impairment loss. Where there is an impairment, the related impairment amount is measured.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event (loss/damage event) subsequent to initial recognition of that financial asset; and such loss event (or events) causes an subsequent to initial recognition of that asset; and such loss event causes an impairment loss as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of the materiality, no estimated loss that might arise from future events is recognized in the financial statements.

If there is an impairment loss in investments held to maturity, the amount of loss is measured as the difference between the book value and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate, and the book value of the asset shall be reduced by recognizing such loss. In the following periods, if the amount of impairment loss decreases, the previously recognized amount shall be reversed.

In case an available-for-sale financial asset, which is accounted at fair value and whose value increases and decreases are recognized directly in equity, is impaired, accumulated profit or loss that had been recognized directly in equity shall be removed from equity and recognized in period net profit or loss. If, in a subsequent period, the fair value of the related financial asset increases, the impairment loss is reversed.

Loans are classified and followed in line with the provisions of the "Regulation on Identification of Loans and Other Receivables and Provisioning against Them", published on the Official Gazette nr.26333 dated 1 November 2006. Specific provision is allocated for the total amount of loans and other receivables, which is deemed non-performing, without being restricted by the minimum legal requirements stated in the related regulation, and such specific provisions are recognized in the income statement. The provisions, which are released within the same year, are credited to the "Provision Expenses" account and the released parts of the provisions from the previous years are transferred to and recognized in the "Other Operating Income" account.

Apart from specific provisions, the Parent Bank and the financial institutions affiliated to the Group also allocate general provisions against loans and other receivables.

IX. Explanations on Offsetting Financial Instruments

Financial assets and liabilities are offset when the Bank has a legally enforceable right to offset, and when it is possible to collect or pay the net amount of related assets and liabilities or when it is possible to offset the assets and liabilities simultaneously.

X. Explanations on Sale and Repurchase Agreements and Securities Lending Transactions

Securities subject to repo (repurchase agreements) are classified as "Financial Assets at Fair Value through Profit and Loss", "Financial Assets Available for Sale" and "Investments Held to Maturity" according to their purposes to be held in the Group's portfolio and evaluated within the principles of the relevant portfolio.

Funds obtained from repurchase agreements are followed under the "Funds Provided Under Repurchase Agreements" account in liabilities, and interest expense accruals are calculated using the internal rate of return method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

Reverse repo transactions are recorded under the "Receivables from Reverse Repurchase Agreements" account. Interest income accruals are calculated according to the internal rate of return method on the difference between the purchase and resale prices corresponding to the period designated by a reverse repo agreement. There are no reverse repurchase agreements as of the balance sheet date.

XI. Explanations on Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities

Assets held for sale are measured at the lower of the carrying value of assets and fair value less any cost incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. An asset shall be classified as held for sale, only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed of (or else the group of assets), together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. Various events and conditions may extend the completion period of the disposal more than a year. If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

A discontinued operation is a part of the Bank's business classified as sold or held-for-sale. The results of the discontinued operations are disclosed separately in the income statement. Neither the Parent Bank nor its financial institutions have any discontinued operation.

XII. Explanations on Goodwill and Other Intangible Assets

Intangible assets consist of consolidation goodwill and software programs.

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Goodwill arising from the acquisition of a subsidiary or joint venture, represents the excess of cost of acquisition over the fair value of Group's share of the identifiable assets, liabilities, or contingent liabilities of the acquired subsidiary or joint venture at the date of acquisition. Goodwill is recognized as an asset at cost and then carried at cost less accumulated impairment losses. In impairment-loss test, goodwill is allocated among the Group's every cash-generating unit that is expected to benefit from the synergies of the business merger. To control whether there is an impairment loss in the cash-generating units that goodwill is allocated, impairment-loss test is applied every year or more often if there is indications of impairment loss. In the cases, recoverable amount of cash-generating unit is smaller than its book value; impairment loss is firstly used in reduction of book value of the goodwill of the cash-generating unit, and than the other assets proportionally. Impairment losses, which are allocated for the goodwill, cannot be reversed. When a subsidiary or joint venture is to be sold, related goodwill amount is combined with the profit/loss relating to this disposal. Positive goodwill arising from the Group's investments in its subsidiaries is recognized in Intangible Assets.

Intangible assets purchased before 1 January 2005, are presented with their inflation adjusted historical acquisition cost until December 31, 2004, end-date of the hyperinflationary period, and the intangible assets purchased in the subsequent periods are presented with their acquisition cost less the accumulated amortization, and impairment provisions. Such assets are amortized by the straight-line method, between 1-3 year considering their useful life. The amortization method and period are periodically reviewed at the end of each year.

XIII. Explanations on Tangible Assets

Tangible assets purchased before 1 January 2005, are presented in the financial statements at their inflation adjusted acquisition costs as of December 31, 2004, and the items purchased in the subsequent periods are presented at acquisition costs less accumulated amortization and impairment provisions.

The acquisition costs of tangible assets other than the land and the fixed assets under construction, are amortized by the straight-line method, according to their estimated useful lives. The estimated useful life, residual amount and the method of amortization are reviewed every year for the possible effects of the changes that occur in the estimates and if there is any change in the estimates, they are recognized prospectively. Assets under construction for leasing or for administrative purposes or for other objectives, which are not presently determined, are amortized when they are ready for use.

The profits and losses arising from the disposal or inactivation of tangible assets are specified as the difference between the sales proceeds and the book value of the tangible asset and then recognized in the income statement. Regular maintenance and repair costs incurred for tangible assets, are recorded as expense.

There are no restrictions such as pledges, mortgages on tangible assets.

These explanations are the same for the property held to earn rentals and/or for capital appreciation or both and recognized as "Investment Property".

The depreciation rates used in amortization of tangible assets and their estimated useful lives are as follows:

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	4-50	2-25%
Safe Boxes	2-50	2-50%
Other Movables	2-25	4-50%
Leased Assets	4-5	20-25%

XIV. Explanations on Leasing Transactions

Assets acquired through finance lease are capitalized by the lower of the market values or the discounted values of the leasing payments, and the total amount of leasing payments are recorded as liabilities while the interest amounts are recorded as deferred interest. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps a fixed rate interest on the remaining principal amount of the debt to be calculated. Within the context of the Group's general borrowing policy, financial expenses are recognized in the income statement. Leased assets are recorded under "Tangible Assets" account and they are amortized by straight-line method.

There is one company which exclusively does finance leases (İş Finansal Kiralama A.Ş.) and one bank (Türkiye Sınai Kalkınma Bankası A.Ş.) which operates finance lease activities as per provisional article nr.4 of the Banking Law Nr.5411. Finance lease activities are carried out according to the "Law on Financial Leasing" nr: 3226.

In cases when the Group is the "lessor", the value of the assets subject to leasing at the beginning of leasing transaction is recognized in the balance sheet as finance lease receivable. The interest income generated by the difference between the total finance lease receivables and the investment value of the asset subject to leasing are recorded to the related period's income statement throughout its leasing period by allocating each period's receivables with a fixed interest rate to periods and the interest income, which has not accrued in the related period are recognized in the unearned interest income account.

Transactions related to operating lease are accounted as per the provisions of the relevant agreement and on accrual basis.

XV. Explanations on Insurance Technical Income and Expense

In insurance companies premium income is obtained subsequent to the share of reinsurers in policy income is deducted as they are reported and paid. Claims are recorded in expense as they are reported. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reinsurers' share of claims paid and outstanding loss are offset in these provisions.

XVI. Explanations on Insurance Technical Provisions

According to the current insurance regulation, insurance companies should recognize provisions for unearned premium claims, unexpired risk reserves, provision for outstanding claims, life-mathematical provisions and equalization provisions.

The provision for unearned premiums represents the amount of net premiums underwritten in current period but corresponding to period subsequent to balance sheet date and is calculated on a daily basis.

In case the expected loss premium ratio is over 95%, the unexpired risk reserves are recognized by the amount found as multiplication of this exceeding ratio with unearned premium provision for the branches specified by the Undersecretariat of Treasury.

Provision for outstanding losses is recognized for the claims reported at period end but not paid yet or for the incurred but not reported claims. The reinsurance shares of outstanding losses are offset in the provision for outstanding losses.

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Mathematical provision is recognized on actuarial bases in order to meet the requirements of policyholders and beneficiaries for life, health and personal accident insurance contracts for a period longer than a year.

Equalization provision is recognized in order to balance the fluctuations in the claim ratios that may occur in the following accounting periods.

On the other hand, actuarial chain ladder method is used to estimate the provision amount to be set aside in the current period by looking at the data of the past materialized losses. If the provision amount found as a result of this method exceeds the amount of provision for the amount of uncertain indemnity, additional provision must be set aside for the difference.

Reinsurance companies recognize for the outstanding claims that is declared by the companies, accrued and determined on account.

On the other hand, effective January 1, 2005, the Group's insurance subsidiaries adopted TFRS 4, Insurance Contracts ("TFRS 4"). TFRS 4 represents the completion of phase I and is a transitional standard until the recognition and measurement of insurance contracts has more fully addressed. TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. TFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. Only in case of presentation of more reliable figures a change in accounting policy shall be carried out. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TAS 39 revised.

Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted. Insurance premiums ceded to reinsurers on contracts that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

Costs which vary and are directly associated with the acquisition of insurance and reinsurance contracts including brokerage, commissions, underwriting expenses and other acquisition costs are deferred and amortized over the period of contract, consistent with the earning of premium.

XVII. Explanations on Provisions and Contingent Liabilities

Provision is set aside in the financial statements in case that a liability resulting from past events exists, that an outflow funds, which have economic use is probable in order to fulfill the liability and that the amount of the related liability can be measured reliably. The provision amount is calculated by the most reliable estimates of the expense to be made by the Parent Bank's and Group Companies' management as at the balance sheet date to fulfill the liability by considering the risks and uncertainties related to the liability. In case the provision is measured by using the estimated cash flows required to fulfill the existing liability, the book value of the related liability is equal to the present value of the related cash flows.

In case there is no probability of cash outflow in order to fulfill the liability and that the amount of liability cannot be measured in a sufficiently reliable way, the liability is considered as "Contingent Liability" and disclosure is made thereon in the notes.

XVIII. Explanations on Contingent Assets

Contingent Assets consist of unplanned or other unexpected events that usually cause a probable entry of economic uses in the Parent Bank. Since showing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements, but on the other hand, if the entry of the economic uses of these assets in the Parent Bank is probable, an explanation is made thereon in the notes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and in case the entry of the economic use in the Parent Bank is almost certain, the related asset and the respective income is shown in the financial statements of the period in which the change occurred.

XIX. Explanations on Liabilities Regarding Employee Benefits

1. Employee Termination Benefits and Leave Entitlement

Liabilities concerning the rights of employees are accounted within the scope of TAS 19 "Employee Benefits Standard". In accordance with the requirements of Turkish Labor Law, there is an obligation to pay termination benefits for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. In this context, the Parent Bank and consolidated Group companies (except İşbank GmbH) allocate retirement pay provisions for employee benefits by the way of estimating the present value of the probable future liabilities. As German legislation does not require retirement pay provision, no provision liability has been recognized for İşbank GmbH. In addition, provision is also allocated for the unused paid vacation.

2. Retirement Rights

As per provisional article nr.23 of the Banking Law Nr.5411, it is ruled that the pension funds, which were established for the personnel of banks, insurance and reinsurance companies within the framework of Social Security Institution Law, shall be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 nr. 2006/11345. However, the related article of the act has been cancelled upon the President's request dated 02.11.2005, by the Supreme Court's decision dated 22.03.2007, nr. E.2005/39, K.2007/33, which was published on the Official Gazette dated 31.03.2007 and nr. 26479 and the execution decision was ceased as of the issuance date of the related decision.

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated 15 December 2007 and nr.26731, Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law nr. 5754 "Emending Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published on the Official Gazette dated 08.05.2008 and nr. 26870, came into effect. The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation, and that the three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision. The above mentioned law also states that

- Related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.8% will be used in the actuarial calculation of the value in cash,
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

On the other hand, on June 19th, 2008, the Republican People's Party applied to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers. As at the date of publication of financial statements, there are no decisions announced by the Constitutional Court on the related issue.

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In line with the new law, the Parent Bank had an actuarial audit made for the aforementioned pension fund as of 31.12.2009 and set aside additional provisions for the difference between the amount of actuarial and technical deficit in the actuarial report and the amount of provision set aside in the financial statements until the current period. The actuarial assumptions used in the related actuarial report are given in Part Five Note II-7. Besides the Parent Bank, Milli Reasürans T.A.Ş., one of the Group companies, also had an actuarial audit at 31.12.2009 for the pension fund and set aside TL 1.234 additional provision for the difference between the amount of actuarial and technical deficit in the actuarial report and the amount of provision set aside in the financial statements until the current period. In the current consolidated financial statements there are provisions equal to the amount of actuarial and technical deficit in the actuarial report.

Up to now, there has not been any deficit in Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund), which has been founded by the Parent Bank employees in accordance with the rules of the Civil Code and which provides subsequent retirement benefits; and the Bank has made no payment for this purpose. It is believed that the assets of this institution are capable of covering its total obligations, and that it shall not constitute an additional liability for the Bank. The same is valid for the supplementary pension funds of the employees of Anadolu Anonim Türk Sigorta Şirketi, Milli Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş., which are among the other financial institutions of the Group.

XX. Explanations on Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

In accordance with Article nr. 32 of the Corporate Tax Law nr. 5520, 20% rate is used in the calculation of the corporate tax. As per the related law, temporary tax is calculated and paid quarterly in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax. The temporary tax for the end of 2009 will be paid in February 2010 and will be offset with the current period's corporate tax.

Tax expense is the total amount of current tax and deferred tax. Tax liability for the current period is calculated over the taxable part of the period profit. Taxable profit differs from the profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax asset or liability is recognized by calculating the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit and this calculation is made by using the balance sheet liability method based on enacted tax rates. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The general provisions and other provisions that are allocated by the Bank for possible future risks are included in the tax base and they are not subject to deferred tax calculation. No tax assets or liabilities are recognized regarding the temporary timing difference that affects neither the taxable profit nor the accounting profit and that arises from the initial recognition in the balance sheet, of assets and liabilities, other than the goodwill and mergers.

The carrying values of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, the deferred tax related to assets directly associated with the equity in the same or different period, is directly recognized in the equity accounts.

Current taxes are offset with prepaid taxes due to being levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

XXI. Additional Explanations on Borrowings

The Parent Bank and the consolidated Group companies resort to obtaining funds from domestic or foreign institutions, as may be required. Such transactions are carried at fair values on the transaction date including the acquisition cost, and in the following periods they are valued at amortized cost measured by using the internal rate of return method.

While the policies carried out are aiming at acquiring assets that would generate higher yields than the costs of borrowing instruments such as syndication, securitization, and collateralized borrowing, an effort is also made to ensure that the assets acquired are, as much as possible, of equal maturity or shorter, in order to avoid interest rate and liquidity risks.

Furthermore, the Bank aims to achieve an asset composition that is compatible, as much as possible, with the fixed/variable cost structure of borrowing instruments.

No convertible bonds or debt instruments have been issued.

XXII. Explanations on Share Certificates and Issues

Costs incurred during the issue of shares are accounted as expenses.

Dividend payments are determined by the resolution of the General Assembly of Shareholders of the Parent Bank.

In the Ordinary General Meeting, which was held on March 31, 2009, resolution was made to distribute group C bonus shares to shareholders by way of injecting the capital with TL 323,054 of the 2008 profit. The process, which was started according to this resolution, to increase the paid-in capital by the same amount to TL 3,079,639, has been completed and the Bank's paid-in capital was registered as TL 3,079,639. As a result of this increase, 8,076,341,775 group C shares were issued.

Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods. The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The Bank's earnings per share calculations taking place in the income statement are as follows.

	Current Period	Prior Period
Profit attributable to shareholders	2,497,629	1,588,946
Weighted average number of share certificates (Thousand)	76,993,217	76,993,217
Earnings per share (in exact TL)	0.032439598	0.020637480

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Part Three: Explanations on Accounting Policies

XXIII. Explanations on Bank Acceptances and Bills of Guarantee

Acceptances and bills of guarantee are accounted concurrently with the payments by customers, and are shown as potential liabilities and commitments under off-balance sheet items.

XXIV. Explanations on Government Incentives

None.

XXV. Explanations on Segment Reporting

For the segmental reporting, focus is made on the field of activity method by taking into consideration the basic sources and qualities of the Parent Bank's risks and returns. Field of activity is a part of a company which presents a single product or a single service, or a correlated group of product or service, and which has distinguished characteristics that separate it from other fields of activities in terms of risk and return.

Information on the Group's activity segmentation is given in Part Four Note XI.

Part Four: Information on the Financial Structure

I. Explanations on Consolidated Capital Adequacy Standard Ratio

The Group's and the Parent Bank's capital adequacy standard ratios are 18.13% and 18.31% respectively.

Bank-Only and consolidated capital adequacy standard ratios are calculated according to the "Regulation on Measurement and Assessment of Capital Adequacy of the Banks" published in the Official Gazette No.26333 dated November 1, 2006, by risk weighting of risk-weighted assets and non-cash loans in accordance with the ratios in the relevant legislation, and by adding the Value at Market Risk which is determined by the Standard Method, and the Value at Operational Risk which is determined by the Basic Indicator Approach, to the risk-weighted assets.

Information related to capital adequacy ratio:

	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	24,764,779		8,516,460	10,768,154	42,744,233	231,520	102,327
Cash	884,319		195				
Securities in Redemption							
Balances with the Central Bank of Turkey	6,083,364						
Balances with Domestic and Foreign Banks, Foreign Head Offices and Branches			8,108,064		309,477		
Interbank Money Market Placements							
Receivables from Reverse Repo Transactions							
Reserve Deposits	1,761,360						
Loans	1,938,603		200,011	10,557,873	34,505,152	231,520	102,327
Non-performing Loans (Net)							
Lease Receivables							
Financial Assets Available for Sale							
Investments Held to Maturity	12,399,910				14,797		
Receivables From Installment Sale of Assets							
Sundry Debtors	6				521,896		
Interest and Income Accruals	566,745		17,337	210,281	595,968		
Investments in Associates, Subsidiaries and							
Jointly-Controlled Entities (Net)					5,030,817		
Tangible Assets					1,713,974		
Other Assets	1,130,472		190,853		52,152		
Off Balance Sheet Items	3,064,406		419,325	624,902	10,809,388		
Non-cash Loans and Commitments	3,064,406		62,332	624,902	10,714,447		
Derivative Financial Instruments			356,993		94,941		
Non- Risk-Weighted Accounts							
Total Risk Weighted Assets	27,829,185		8,935,785	11,393,056	53,553,621	231,520	102,327

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Part Four: Information on the Financial Structure

Information related to consolidated capital adequacy ratio:

	Risk Weights						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	27,462,186	0	11,241,463	11,785,746	48,026,967	231,520	102,327
Cash	893,235		195				
Securities in Redemption	0		0		0		
Balances with the Central Bank of Turkey	6,086,237						
Balances with Domestic and Foreign Banks, Foreign Head Offices and Branches	25,592		10,091,366		309,477		
Interbank Money Market Placements							
Receivables from Reverse Repo Transactions							
Reserve Deposits	1,779,326						
Loans	1,965,541		793,598	11,299,565	37,373,333	231,520	102,327
Non-performing Loans (Net)							
Lease Receivables	67,321		10,317	209,879	625,633		
Financial Assets Available for Sale(1)	1,696,570						
Investments Held to Maturity	12,802,482				21,096		
Receivables From Installment Sale of Assets							
Sundry Debtors	6		114,325		3,554,155		
Interest and Income Accruals	774,385		40,809	276,302	736,277		
Investments in Associates, Subsidiaries and Jointly-Controlled Entities (Net)						2,622,486	
Tangible Assets						2,698,009	
Other Assets	1,371,491		190,853		86,501		
Off Balance Sheet Items	4,011,012		1,879,592	639,148	11,102,430		
Non-cash Loans and Commitments	4,011,012		1,503,331	639,148	11,003,098		
Derivative Financial Instruments			376,261		99,332		
Non- Risk-Weighted Accounts							
Total Risk Weighted Assets	31,473,198		13,121,055	12,424,894	59,129,397	231,520	102,327

(1) Composed of marketable securities blocked on behalf of insurance clients of the group company Anadolu Hayat Emeklilik A.Ş. (Private Pension).

Summary information about the consolidated capital adequacy standard ratio:

	Bank-Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Value at Credit Risk (VaCR)	61,589,240	57,131,601	68,517,989	63,909,036
Value at Market Risk (VaMR)	5,692,075	5,215,625	6,540,925	5,954,363
Value at Operational Risk (VaOR)	8,984,569	7,699,174	11,161,297	9,135,920
Shareholders' Equity	13,963,036	10,638,323	15,632,586	12,828,095
Shareholders' Equity/(VaCR+VaMR+VaOR)*100	18.31	15.19	18.13	16.24

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Part Four: Information on the Financial Structure

Information about the consolidated shareholders' equity items:

	Current Period	Prior Period
CORE CAPITAL (TIER I)		
Paid-In Capital	3,079,639	2,756,585
Nominal Capital	3,079,639	2,756,585
Capital Commitments (-)		
Paid-in Capital Inflation Adjustments	1,977,491	1,977,491
Share Premium	31,008	31,008
Share Cancellation Profits		
Legal Reserves	1,404,488	1,257,046
I. Legal Reserve (Turkish Commercial Code 466/1)	1,170,088	1,083,396
II. Legal Reserve (Turkish Commercial Code 466/2)	234,398	173,648
Other Legal Reserve Per Special Legislation	2	2
Statutory Reserves	20,362	14,980
Other Profit Reserves	-20,696	23,628
Extraordinary Reserves	3,705,309	2,910,623
Reserves Allocated by the General Assembly	3,170,414	2,798,729
Retained Earnings	534,895	111,894
Accumulated Loss		
Foreign Currency Share Capital Exchange Difference		
Legal, Statutory and Extraordinary Reserves Inflation Adjustments		
Profit	2,567,793	1,574,174
Current Period Profit(1)	2,497,629	1,588,946
Prior Periods' Profit	70,164	-14,772
Provision for Possible Losses (up to 25% of the Core Capital)	950,000	845,000
Gain on Sale of Associates, Subsidiaries and Real Estates		
Primary Subordinated Loans (up to 15% of the Core Capital)		
Minority Shares	1,809,467	1,610,762
Losses Excess of Reserves (-)		
Current Period Loss		
Prior Periods' Loss		
Leasehold Improvements (-)	109,738	
Prepaid Expenses (-)	242,512	219,465
Intangible Assets (-)	38,077	61,299
Deferred Tax Asset excess of 10% of the Core Capital (-)		
Limit Excesses as per Paragraph 3 of Article 56 of the Banking Law (-)		
Consolidation Surplus (Net) (-)	7,170	7,170
Total Core Capital	15,127,364	12,713,363
SUPPLEMENTARY CAPITAL (TIER II)		
General Loan Loss Provision	538,702	498,988
45% of Movables' Revaluation Reserve		
45% of Immovables' Revaluation Reserve		
Bonus Shares of Associates, Subsidiaries and Jointly-Controlled Entities (Joint Ventures)	1,383	
Primary Subordinated Loans Excluding the Portion included in the Core Capital		
Secondary Subordinated Loan	74,850	75,800
45% of Marketable Securities Revaluation Reserve (2)	259,223	-109,062
Associates and Subsidiaries	146,771	-80,325
Financial Assets Available for Sale	112,452	-28,737
Capital Reserves, Profit Reserves and Prior Periods' Profit/Loss Inflation Adjustments (excluding the inflation adjustments to legal reserves, status reserves and extraordinary reserves)		
Minority Shares	69,134	-55,984
Total Supplementary Capital	943,292	409,742

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	Current Period	Prior Period
TIER III CAPITAL		
CAPITAL	16,070,656	13,123,105
DEDUCTIONS FROM THE CAPITAL	438,070	295,010
Investments in Unconsolidated Banks and Financial Institutions	306,204	240,638
Loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of secondary subordinated debt and debt instruments purchased from such parties qualified as primary or secondary subordinated debt		
Investments in Banks and Financial Institutions, to which Equity Method has been applied but whose Assets and Liabilities are Unconsolidated	59,757	53,232
Loans granted against the articles 50 and 51 of the Banking Law		
Net book values of immovables exceeding 50% of the capital and of assets acquired against overdue receivables and held for sale as per article 57 of the Banking Law but retained more than five years	72,109	1,140
Others		
TOTAL SHAREHOLDERS' EQUITY	15,632,586	12,828,095

(1) Difference between effective and direct shareholding was TL 20,289 in the current period (December 31, 2008: TL 23,219).

(2) According to the related regulation, when calculating the supplementary capital, total balance amount is taken into consideration if the items subject to the Marketable Securities Revaluation Reserve have a negative balance, and 45% of the balance amount is taken into consideration if their balance is positive.

II. Explanations on Credit Risk

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Group.

Banks and financial institutions affiliated to the Group, carry out their placement activities in accordance with the credit limitations stipulated by legal regulations of the countries in which they operate.

The Parent Bank's position against the credit risk limits defined by the current legislation is monitored by the Board. Within this framework, loans extended to Risk Groups and the Bank's Risk Group, including the Bank; large loans and limitations regarding the shares in participations are monitored according to the limits determined in connection with the size of the shareholders' equity calculated on a bank-only and consolidated basis.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Divisions, the Deputy Chief Executive responsible for loans, the CEO, the Credit Committee and the Board of Directors. These limits may be changed when deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, provided that each period does not exceed a year. Furthermore, the borrowers and borrower groups forming a large proportion of the overall placement are subject to risk limits in order to provide further minimization of potential risk.

The geographical distribution of borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is monitored on a consistent basis by using company rating and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation.

The Parent Bank and its financial affiliates give utmost importance to ensure that loans are furnished with collaterals. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantees.

2. There are certain control limits on forward transactions in terms of counter parties, and the credit risk taken for derivative instruments is evaluated along with other potential risks resulting from the market fluctuations.

3. As a result of the current level of customers' needs and the progress in the domestic derivatives market in this particular area, the Bank uses derivative transactions more frequently both for hedging and commercial purposes.

Derivative instruments, which consist a remarkable volume, are monitored with consideration that they can always be liquidated in case of need.

4. Indemnified non-cash loans are considered as having the same risk weights as unpaid cash loans.

The rating and scoring systems applied by the Parent Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized Loans are evaluated by a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the projects undertaken or the asset financed.

5. Lending transactions abroad are conducted by determining the country risks of related countries within the context of the current rating system and by taking the market conditions, country risks, and the relevant legal limitations into account. Furthermore, the credibility of banks and other financial institutions established abroad is examined within the framework of the rating system that has been developed and credit limits are assigned accordingly.

6. (i) The share of the Group's receivables from the top 100 cash loan customers in the overall cash loan portfolio stands at 28% (31.12.2008: 25%).

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(ii) The share of the Group's receivables from the top 100 non-cash loan customers in the overall non-cash portfolio stands at 44% (31.12.2008: 44%).

(iii) The share of the Group's cash and non-cash receivables from top 100 loan customers in the overall cash and non-cash loans stands at 28% (31.12.2008: 15%).

Companies that are among the top 100 loan customers ranked according to cash, non-cash and total risks are leaders in their own sectors, the loans advanced to them are in line with their volume of industrial and commercial activity. A significant part of such loans is extended on a project basis, with their repayment sources being analyzed in accordance with the banking principles to be considered as satisfactory, and associated risks are determined and duly covered by obtaining appropriate guarantees when deemed necessary.

7. The total value of the general provisions allocated for credit risk carried by the Group stands at TL 538,702.

8. The following table shows maximum credit exposure to credit risk for the components of the financial statements.

	Current Period	Prior Period
Financial Assets at Fair Value through Profit/Loss	1,318,144	1,058,266
Banks	10,451,745	8,008,993
Financial Assets Available for Sale	30,559,433	24,860,084
Loans	52,760,440	51,689,972
Investments Held to Maturity	13,347,307	3,765,859
Lease Receivables	931,016	1,095,478
Insurance Receivables	515,815	514,430
Total	109,883,900	90,993,082
Guarantees and Suretyships	13,266,468	12,331,050
Commitments	39,298,889	20,730,388
Total Sensitivity to Credit Risk	162,449,257	124,054,520

9. Within the framework of the Parent Bank's rating and scoring system, classification of cash commercial and corporate loans and explanations of rating/scoring codes are as follows (Following figures are in full amount). Other credit institutions within the Group also have their own internal rating systems.

The Parent Bank evaluates

- its customers, whose General Limit is below USD 60,000 or whose yearly net sales are below USD 1,000,000 with micro scoring system,

- its customers whose General Limit is between USD 60,000 and USD 1,000,000 or whose yearly net sales are below USD 5,000,000 with SME scoring system,

- its customers whose General Limit is above USD 1,000,000 or whose yearly net sales are above USD 5,000,000 with rating system.

The rating/scoring results related to the cash commercial and corporate loans portfolio are classified as "Strong", "Standard" and "Below Standard" by considering their default features.

The loans whose borrowers' capacity to fulfill their obligations is very good, are defined as "Strong", whose borrowers' capacity to fulfill its obligations in due time is reasonable, are defined as "Standard" and whose borrowers' capacity to fulfill their obligations is poor, are defined as "Below Standard". The breakdown of the portfolio according to the rating/scoring results is as follows.

Strong	30.20%
Standard	54.95%
Below Standard	10.60%
Not Rated/Scored	4.25%

10. The net values of the collaterals of the Group's closely monitored loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Credit Balance	Net Value of the Collateral	Credit Balance
Real Estate Mortgage (1)	1,008,533	1,008,533	625,473	625,473
Vehicle Pledge	167,539	167,539	180,305	180,305
Cash Collateral (Cash provisions, securities pledge, etc.)	14,243	14,243	17,080	17,080
Pledge on Wages	55,125	55,125	27,245	27,245
Cheques & Notes	35,632	35,632	33,918	33,918
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	244,246	244,246	172,470	172,470
Non-collateralized		745,380		723,613
Interest and Income Accruals (2)				72,068
Total	1,525,318	2,270,698	1,056,491	1,852,172

(1) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and credit balances, the smallest figures are considered to be the net value of collaterals.

(2) Interest and income accruals in the current period are shown in the related loan balances.

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11. The net values of the collaterals of the Group's non-performing loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Credit Balance	Net Value of the Collateral	Credit Balance
Real Estate Mortgage (1)	679,915	679,915	637,931	637,931
Cash Collateral	95	95	2,105	2,105
Vehicle Pledge	167,882	167,882	146,979	146,979
Other (suretyship, commercial enterprise under pledge, commercial papers, etc.)	78,821	78,821	126,768	126,768
Total	926,713	926,713	913,783	913,783

(1) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports, and after comparing the results to the mortgage/pledge amounts and credit balances the smallest figures are considered to be the net value of collaterals.

12. As of December 31, 2009, loan quality in terms of financial asset classes is as follows:

Current Period	Neither Past Due nor Impaired	Past Due but not Impaired	Past Due and Impaired	Total
Cash and Balances with the Central Bank of Turkey	8,789,728			8,789,728
Financial Assets at Fair Value through Profit/Loss	1,318,144			1,318,144
Banks	10,451,745			10,451,745
Money Market Placements				
Financial Assets Available for Sale	30,559,433			30,559,433
Loans:				
Corporate/Commercial Loans (1)	37,210,395	(2) 118,518	(4)	37,328,913
Consumer Loans	10,583,104	(2) 57,202	(4)	10,640,306
Credit Cards	4,585,103	206,118	(4)	4,791,221
Investments Held to Maturity	13,347,307			13,347,307
Associates and Subsidiaries	2,996,044			2,996,044
Lease Receivables	916,178	(3) 14,838		931,016
Insurance Receivables	468,748	47,067		515,815

(1) Corporate credit cards balance amounting to TL 219,509 is included in Credit Cards Balance. (The amount of overdue corporate credit cards is TL 4,862).

(2) Related figures show only overdue amounts of installment based commercial loans and installment based consumer loans, the principal amounts which are not due as of the balance sheet date are equal to TL 471,974 and TL 240,381 respectively.

(3) Includes only overdue installments and the principal amount which is not due as of the balance sheet date is TL 167,209.

(4) 100% Provisioning was made for all the impaired loans.

Prior Period	Neither Past Due nor Impaired	Past Due but not Impaired	Past Due and Impaired	Total
Cash and Balances with the Central Bank of Turkey	11,891,868			11,891,868
Banks	8,008,993			8,008,993
Financial Assets at Fair Value through Profit/Loss	1,058,266			1,058,266
Money Market Placements	24,641			24,641
Financial Assets Available for Sale	24,860,084			24,860,084
Loans:				
Corporate/Commercial Loans (1)	36,581,833	(2) 209,715	(4)	36,791,548
Consumer Loans	10,254,709	(2) 60,981	(4)	10,315,690
Credit Cards	4,346,825	235,909	(4)	4,582,734
Investments Held to Maturity	3,765,859			3,765,859
Associates and Subsidiaries	2,265,925			2,265,925
Lease Receivables	1,086,136	(3) 9,342		1,095,478
Insurance Receivables	467,133	47,297		514,430

(1) Corporate credit cards balance amounting to TL 184,060 is included in Credit Cards Balance. (The amount of overdue corporate credit cards is TL 11,046).

(2) Related figures show only overdue amounts of installment based commercial loans and installment based consumer loans, the principal amounts which are not due as of the balance sheet date are equal to TL 518,476 and TL 281,945 respectively.

(3) Includes only overdue installments and the principal amount which is not due as of the balance sheet date is TL 119,589.

(4) 100% Provisioning was made for all the impaired loans.

13. The aging analysis of the past due but not impaired loans in terms of financial asset classes is as follows:

Current Period	31-60 Days	61-90 Days	91 +	Total
Loans				
Corporate/Commercial Loans (1)	76,052	42,466		118,518
Consumer Loans (1)	37,581	19,621		57,202
Credit Cards	98,146	107,972		206,118
Lease Receivables (2)	5,405	3,449	5,985	14,839
Insurance Receivables	15,371	6,933	24,763	47,067
Total	232,555	180,441	30,748	443,744

(1) Related figures show only overdue amounts of installment based commercial loans and installment based consumer loans; the principal amounts which are not due as of the balance sheet date are equal to TL 471,974 and TL 240,381 respectively.

(2) Includes only overdue installments, the principal amount which is not due as of the balance sheet date is TL 167,206.

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Prior Period	31-60 Days	61-90 Days	91 +	Total
Loans				
Corporate/Commercial Loans (1)	99,623	110,092		209,715
Consumer Loans (1)	36,899	24,082		60,981
Credit Cards	136,827	99,082		235,909
Lease Receivables (2)	5,422	2,125	1,795	9,342
Insurance Receivables	22,643	6,935	17,719	47,297
Total	301,414	242,316	19,514	563,244

(1) Related figures show only overdue amounts of installment based commercial loans and installment based consumer loans; the principal amounts which are not due as of the balance sheet date are equal to TL 518,476 and TL 281,945 respectively.

(2) Includes only overdue installments, the principal amount which is not due as of the balance sheet date is TL 119,589.

14. Carrying values of the financial assets, of which terms have been renegotiated, are shown below:

	Current Period	Prior Period
Cash and Balances with the Central Bank of Turkey		
Financial Assets at Fair Value through Profit/Loss		
Financial Assets Available for Sale		
Banks		
Loans:	1,146,733	76,501
Corporate/Commercial Loans	762,937	56,413
Consumer Loans	124,595	
Credit Cards	259,201	20,088
Investments Held to Maturity		
Associates and Subsidiaries		
Lease Receivables		
Insurance Receivables		

15. Credit risk by types of borrowers and geographical concentration:

	Loans to Individuals and Entities		Loans to Banks and Other Financial Institutions		Securities (1)		Other Loans (2)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Borrowers' Concentration								
Private Sector	33,444,983	33,795,113	1,872,824	1,017,009	318,384	240,949	22,445,287	18,468,892
Public Sector	1,481,908	1,652,709			40,999,956	26,903,892	831,254	1,020,471
Banks			708,912	513,173	3,626,495	2,269,801	21,646,556	18,163,594
Retail Customers	15,251,813	14,711,968					13,400,560	12,267,227
Share Certificates					133,441	65,041	2,996,044	2,265,925
Geographical Concentration								
Domestic	48,805,665	48,722,187	2,142,654	1,302,505	41,307,773	27,084,405	42,546,291	36,034,290
European Union (EU)	770,995	749,000	377,900	213,425	3,682,811	2,351,760	12,719,055	13,657,943
OECD Countries (3)	7,106	9,976	367				2,222,766	847,767
Off-Shore Banking Regions		1,257	52,981		25,452		101	100
USA, Canada	14,603	8,951	59		47,051	25,367	3,280,746	894,512
Other Countries	580,335	668,419	7,775	14,252	15,189	18,151	550,742	751,497
Total	50,178,704	50,159,790	2,581,736	1,530,182	45,078,276	29,479,683	61,319,701	52,186,109

(1) Includes financial assets at fair value through profit or loss, financial assets available for sale and investments held to maturity.

(2) Includes banks, non-cash loans, commitments, share certificates, and derivative instruments.

(3) OECD countries other than EU countries, USA and Canada.

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16. Information on geographical concentration:

	Assets (1)	Liabilities(2)	Non-Cash Loans	Fixed Capital Investments (1)	Net Profit
Current Period					
Domestic	111,824,338	89,551,220	12,698,633	40,801	2,936,980
European Union Countries	11,158,868	18,568,082	247,637	(3) 10,687	14,758
OECD Countries (4)	912,300	404,561	84,895		413
Off-Shore Banking Regions	116,337	111,040			-470,167
USA, Canada	952,460	3,164,484	28,718		
Other Countries	912,371	1,811,164	206,585		15,645
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				2,988,314	
Unallocated Assets/Liabilities					
Total	125,876,674	113,610,551	13,266,468	3,039,802	2,497,629
Prior Period					
Domestic	97,619,008	76,056,081	11,643,133	34,443	1,221,886
European Union Countries	9,027,237	16,884,468	281,446	9,479	7,502
OECD Countries (4)	248,051	1,704,550	93,063		775
Off-Shore Banking Regions	18,889	215,136			337,761
USA, Canada	905,636	2,219,835	11,082		0
Other Countries	1,085,885	2,136,710	302,326		21,022
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				2,259,403	
Unallocated Assets/Liabilities					
Total	108,904,706	99,216,780	12,331,050	2,303,325	1,588,946

(1) The sum of assets and fixed capital investments reflect total assets in the balance sheet.

(2) Among Liabilities, the Shareholders' Equity items are not taken into consideration.

(3) The balance indicates our subsidiaries and other capital investments in EU countries.

(4) OECD countries other than EU countries, the USA, and Canada.

17. Sector concentration of cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	623,774	1.72	21,124	0.13	762,213	2.22	21,891	0.13
Farming and Raising Livestock	528,653	1.46	13,773	0.08	646,485	1.88	16,482	0.10
Forestry	69,923	0.19	1,903	0.01	86,885	0.25	1,210	0.01
Fishing	25,198	0.07	5,448	0.04	28,843	0.09	4,199	0.02
Industry	6,602,278	18.29	7,461,411	44.77	5,278,960	15.35	7,820,397	45.23
Mining	514,177	1.42	307,357	1.84	233,587	0.68	146,595	0.85
Production	5,526,359	15.31	5,164,762	30.99	4,626,778	13.45	6,652,523	38.47
Electricity, gas, and water	561,742	1.56	1,989,292	11.94	418,595	1.22	1,021,279	5.91
Construction	1,470,951	4.08	1,184,929	7.11	1,448,540	4.21	1,045,555	6.05
Services	11,970,894	33.17	6,352,430	38.11	11,419,480	33.19	6,626,034	38.32
Wholesale and Retail Trade	5,781,744	16.02	1,600,476	9.60	5,432,997	15.79	1,810,101	10.47
Hotel, Food and Beverage Services	456,366	1.26	350,731	2.10	465,388	1.35	255,125	1.48
Transportation and Telecommunication	2,469,236	6.84	2,296,451	13.79	2,463,233	7.16	1,791,661	10.36
Financial Institutions	1,656,991	4.59	948,459	5.69	1,272,610	3.70	1,273,157	7.36
Real Estate and Renting Services	567,349	1.57	586,503	3.52	783,288	2.28	780,111	4.51
Self-Employment Services	557,443	1.54	278,837	1.67	615,737	1.79	552,928	3.20
Education Services	175,172	0.49	177,045	1.06	152,359	0.44	105,313	0.61
Health and Social Services	306,593	0.86	113,928	0.68	233,868	0.68	57,638	0.33
Other (1)	15,425,521	42.74	1,647,128	9.88	15,490,971	45.03	1,775,931	10.27
Total	36,093,418	100.00	16,667,022	100.00	34,400,164	100.00	17,289,808	100.00

(1) Interest income and accruals are included in the "Other" item.

III. Explanations on Market Risk:

The market risk carried by the Group is measured by two separate methods known respectively as the Standard Method and the Value at Risk Model in accordance with the local regulations adopted from internationally accepted practices. In this context, interest rate risk emerges as the most important component of the market risk.

The consolidated market risk measurements are carried out on a quarterly basis, using the Standard Method, and the results are taken into consideration in the calculation of the capital adequacy standard ratio.

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The Value at Risk Model (VAR) is another alternative for the Standard Method in measuring and monitoring market risk carried by the Parent Bank. This model is used to measure the market risk on a daily basis in terms of interest rate risk, exchange rate risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR model, which is used to estimate the maximum possible loss for the following day.

Scenario analyses which support the VAR method used to measure the losses that may occur in the ordinary market conditions are conducted, and the possible impacts of scenarios, that are developed based on the future predictions and the past crises, on the value of the Parent Bank's portfolio are determined and the results are reported to the Top Executive Management. Financial participations also make VAR calculations within the frame determined by the Bank, and the results are reported to the Top Executive Management.

The limits set for the market risk management within the framework of the Parent Bank's asset liability management risk policy, are monitored by the Risk Committee and reviewed in accordance with the market conditions.

The following table shows details of the market risk calculations carried out with the "Standard Method for Market Risk Measurement" and within the context of "Regulation for Evaluating and Measuring the Capital Adequacy of Banks" as of December 31, 2009.

a. Information on the market risk:

	Amount
(I) Capital to be Employed for General Market Risk – Standard Method	287,108
(II) Capital to be Employed for Specific Risk – Standard Method	54,441
(III) Capital to be Employed for Currency Risk – Standard Method	181,463
(IV) Capital to be Employed for Commodity Risk – Standard Method	
(V) Capital to be Employed for Settlement Risk – Standard Method	
(VI) Capital to be Employed for Market Risk of Options – Standard Method	262
(VII) Capital to be Employed for Market Risks of Banks Applying Risk Measurement Models	
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	523,274
(IX) Value at Market Risk (12.5 x VIII) or (12.5 x VII)	6,540,925

b. Table of the average market risk related to the market risk calculated quarterly during the period:

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	365,256	420,653	398,123	319,801	308,377	317,785
Share Certificate Risk	30,958	27,671	20,578	22,985	33,457	20,086
Currency Risk	154,689	176,038	91,122	122,712	147,548	91,455
Commodity Risk	968	868	2,971	89		207
Settlement Risk						
Options Risk	209	117	143	834	1,475	1,366
Total Value at Risk	6,900,991	7,816,838	6,411,713	5,830,269	6,135,713	5,386,238

IV. Explanations on Operational Risk

Operational risk is defined in general as "the risk of loss that may be arising from inadequate or ineffective internal processes, people, systems or other external factors".

The operational risks that might be encountered by the Parent Bank during the activities are tracked by preparing the "Risk Catalog of the Bank". This Risk Catalogue is the basis to be used in the definition and classification of all risks that may be exposed to and is updated parallel to the changing conditions.

The definitions related to operational risk, the methodology of its measurement and evaluation, and the responsibilities regarding operational risk management are stated in the "Operational Risk Policy".

In the assessment of operational risk, "Self-Assessment Methodology" is applied. This method requires identifying the risks through the participation of the personnel who is responsible for undertaking the operation. Both qualitative and quantitative methods are used in the measurement and evaluation of operational risk. Information derived from the "Impact-Likelihood Analysis", "Control Culture Survey" and "Loss Database" are used in the measurements.

All the operational risks that are carried during the operations, the risk levels of the operations and/or new products/services, together with the losses of the Parent Bank arising from operational risks are regularly monitored by the Risk Management Department of the Bank, and if deemed necessary, the risk levels are updated and periodically reported to the Risk Committee and the Board of Directors.

The operational risk, to which the Group is exposed, is measured using the Basic Indicator Approach, in which the average of 15% of the year-end gross income figures of the last three years is multiplied by 12.5, in line with the provisions of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks". The operational risk amount calculated for the current period is TL 11,161,297.

V. Explanations on Currency Risk

The currency risk for the Group is a result of the difference between the Group's assets denominated in and indexed to foreign currencies and liabilities denominated in foreign currencies. On the other hand, parity fluctuations of different foreign currencies are also another element of the currency risk.

The currency risk for the Parent Bank is managed by the internal currency risk limits which are established as a part of the Bank's risk policies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet regularly to take the necessary decisions for hedging exchange rate and parity risks, within the limits of "Net FC Overall Position/ Shareholders' Equity" ratio, which is a part of the legal requirement, and decisions made on such compliance are strictly applied.

In measuring currency risk, which the Group is exposed to, both the Standard Method and the Value at Risk Model (VAR) are used as applied in the statutory reporting.

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Measurements made for the Parent Bank within the scope of the Standard Method are carried out on a monthly basis and form the basis of determining the capital requirement arising from exchange rate risk.

Risk measurements made within the context of the Value at Risk Model (VAR) are made on a daily basis using the historical and Monte Carlo simulation methods. Furthermore, scenario analyses are conducted to support the calculations made within the VAR context.

The results of the measurements made on exchange rate risk are reported to the Top Management and the risks are closely monitored by taking into account the market and the economic conditions.

Foreign exchange buying rates of the Parent Bank at the date of the balance sheet and for the 5 working days prior to the related date:

Date	USD	EURO	YEN
31.12.2009	1.4900	2.1322	0.0160
30.12.2009	1.5000	2.1450	0.0162
29.12.2009	1.5000	2.1608	0.0163
28.12.2009	1.5000	2.1600	0.0164
25.12.2009	1.5000	2.1600	0.0165
24.12.2009	1.4790	2.1253	0.0161

The Bank's average FC buying rate over a period of thirty days preceding the date of the financial statement:

USD: 1.4765 TL

EURO: 2.1481 TL

YEN: 0.0164 TL

Sensitivity to currency risk:

The impact of a 10% change in USD, EUR and GBP rates on the profit/loss and shareholders' equity is analyzed in the following table. 10% is the ratio that is also used in the internal reporting of the Parent Bank.

	% Change in Foreign Currency	Effects on Profit/Loss (1)	
		Current Period	Prior Period
USD	10% increase	200,374	-29,512
	10% decrease	-200,374	29,512
EURO	10% increase	-88,897	104,441
	10% decrease	88,897	-104,441
GBP	10% increase	12,339	-5,694
	10% decrease	-12,339	5,694

(1) Indicates the values before tax.

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Information on currency risk:

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,767,788	110,767	105	116,536	2,995,196
Banks	4,548,934	3,170,899	2,675	917,344	8,639,852
Financial Assets at Fair Value through Profit/Loss (1)	35,262	64,346			99,608
Money Market Placements					
Financial Assets Available for Sale	1,400,533	9,965,559			11,366,092
Loans (2)	7,107,344	12,397,696	115,405	131,120	19,751,565
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	262			7,468	7,730
Investments Held to Maturity	1,324,837	2,146		5,464	1,332,447
Derivative Financial Assets Held for Hedging Purposes					
Tangible Assets	34,073	212		2,551	36,836
Intangible Assets (1)					
Other Assets (1)	541,783	731,376	3,062	101,924	1,378,145
Total Assets	17,760,816	26,443,001	121,247	1,282,407	45,607,471
Liabilities					
Banks Deposits	688,247	282,924	23	206,727	1,177,921
Foreign Currency Deposits (3)	11,869,496	14,269,922	7,688	1,045,444	27,192,550
Money Market Funds	1,461,044	3,185,170			4,646,214
Funds Provided from Other Financial Institutions	4,400,230	7,782,119	39,227	3,482	12,225,058
Marketable Securities Issued					
Sundry Creditors	99,668	176,032	1,473	8,313	285,486
Derivative Financial Liabilities Held for Hedging Purposes					
Other Liabilities (1)	125,408	428,776	168	12,318	566,670
Total Liabilities	18,644,093	26,124,943	48,579	1,276,284	46,093,899
Net On Balance Sheet Position	-883,277	318,058	72,668	6,123	-486,428
Net Off Balance Sheet Position	-4,219	919,065	9,730	179,732	1,104,308
Derivative Financial Assets (4)	654,077	2,821,597	33,298	188,068	3,697,040
Derivative Financial Liabilities (4)	658,296	1,902,532	23,568	8,336	2,592,732
Non-Cash Loans	2,926,862	4,783,898	83,998	67,076	7,861,834
Prior Period					
Total Assets	15,646,215	28,676,268	261,535	975,379	45,559,397
Total Liabilities	14,807,347	25,474,261	124,527	1,038,805	41,444,940
Net Balance Sheet Position	838,868	3,202,007	137,008	-63,426	4,114,457
Net Off Balance Sheet Position	189,554	-3,721,262	21,878	93,204	-3,416,626
Derivative Financial Assets	835,533	1,471,440	21,878	96,390	2,425,241
Derivative Financial Liabilities	645,979	5,192,702		3,186	5,841,867
Non-Cash Loans	2,922,097	5,015,343	122,396	101,832	8,161,668

(1) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position/Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TL 22,374), Prepaid Expenses and Taxes (TL 39,614), Intangible Assets (TL 649) in assets and General Reserves (TL 688), Derivative Financial Instruments Foreign Currency Expense Accruals (TL 60,621) and Shareholders' Equity (TL 99,406) in liabilities are not taken into consideration in the currency risk measurement.

(2) Includes foreign currency indexed loans, which are followed under TL account. Of the total amount of TL 3,084,543 of the aforementioned loans; TL 1,569,708 is USD indexed, TL 1,399,551 is EUR indexed, TL 20,388 is CHF indexed, TL 814 is GBP indexed, TL 94,058 is JPY indexed and TL 24 is CAD indexed.

(3) The item includes TL 112,695 precious metals deposit accounts.

(4) The derivative transactions are taken into consideration within the context of the forward foreign currency trading definitions in the above mentioned Regulation.

VI. Explanations on Interest Rate Risk

Interest rate risk is defined as the increase or decrease that can arise in the value of interest sensitive assets and liabilities as a result of interest rate fluctuations. Measurement of interest rate risk is conducted through the scenario analysis on structural interest rate.

Potential effects of interest rate risk on the Parent Bank's assets and liabilities, market developments, the general economic environment and expectations are regularly covered in meetings of the Asset-Liability Committee, where further measures to reduce risk are taken when necessary.

The Parent Bank's on and off-balance sheet interest sensitive accounts other than the assets and liabilities exposed to market risk are monitored and controlled by the limits above the average maturity gaps according to the repricing periods determined by the Board within the scope of asset-liability management risk policy. Moreover, scenario analyses formed in line with the expectations are also used in the management of the related risk.

Interest rate sensitivity:

In this part, the sensitivity of the Group's assets and liabilities to the interest rates has been analyzed assuming that the year end balance figures were the same throughout the year.

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During the measurement of the Group's interest rate sensitivity, the difference between the portfolio values of the asset and liability items evaluated with market value and the portfolio value calculated by using the interest shock applied discount curve, is considered as the reflection of the interest shock to the income statement accounts.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current market prices, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities having variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, ceteris paribus, the possible changes that may occur in the Group's profit and shareholders' equity in case of 3 and 5 points increase/decrease in TL interest rates, and 1 and 2 points increase/decrease in FC interest rates on the reporting day are given below.

TL	% Change in the Interest Rate (1)	Effect On Profit/Loss (2)		Effect on Equity (3)		
		FC (4)	Current Period	Prior Period	Current Period	Prior Period
3% increase	1% increase		-590,997	-665,084	-250,138	-82,091
3% decrease	1% decrease		331,756	505,978	283,791	90,271
5% increase	2% increase		-1,045,662	-1,153,740	-401,584	-132,860
5% decrease	2% decrease		517,504	855,561	496,195	155,705

(1) The effects on the profit/loss and shareholders' equity are stated with their before tax values.

(2) The effect on the profit/loss is mainly arising from the fact that the average maturity of the Group's fixed rate liabilities is shorter than the average maturity of its fixed rate assets.

(3) The effect on the shareholders' equity is arising from the change of the fair value of securities followed under the Group's Financial Assets Available for Sale.

(4) Due to the reason that the LIBOR rates were at low levels in both periods, the negative shock imposed on FC interest rates in some maturity brackets remained below the aforementioned rates.

Interest rate sensitivity of assets, liabilities and off balance sheet items (Based on repricing periods):

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	5,248,460					3,541,268	8,789,728
Banks	7,996,402	282,539	2,070,666			102,138	10,451,745
Financial Assets at Fair Value through Profit/Loss	215,797	277,408	524,513	133,121	1,632	165,673	1,318,144
Money Market Placements							
Financial Assets Available for Sale	5,990,286	11,184,062	2,892,990	6,260,178	4,128,991	102,926	30,559,433
Loans	18,546,007	7,045,744	11,015,502	14,685,069	1,447,613	20,505	52,760,440
Investments Held to Maturity	176,132	5,369,695	3,363,930	4,437,550			13,347,307
Other Assets	585,026	109,916	230,098	464,849	19,982	10,279,808	11,689,679
Total Assets	38,758,110	24,269,364	20,097,699	25,980,767	5,598,218	14,212,318	128,916,476
Liabilities							
Banks Deposits	1,458,289	269,643	126,579			110,055	1,964,566
Other Deposits	47,602,754	10,474,059	4,455,267	186,517	31,882	7,339,927	70,090,406
Money Market Funds	8,876,285	2,834,762	1,622,970	138,620			13,472,637
Sundry Creditors	484,587	660		5,183		4,086,806	4,577,236
Marketable Securities Issued							
Funds Provided from Other Financial Institutions	2,443,762	7,764,725	2,532,487	2,034,212	99,101		14,874,287
Other Liabilities (1)	115,908	270,450	172,521	13,167		23,365,298	23,937,344
Total Liabilities	60,981,585	21,614,299	8,909,824	2,377,699	130,983	34,902,086	128,916,476
Balance Sheet Long Position		2,655,065	11,187,875	23,603,068	5,467,235		42,913,243
Balance Sheet Short Position	-22,223,475					-20,689,768	-42,913,243
Off Balance Sheet Long Position		1,982,239					1,982,239
Off Balance Sheet Short Position	-340,680		-244,316	-3,008,058			-3,593,054
Total Position	-22,564,155	4,637,304	10,943,559	20,595,010	5,467,235	-20,689,768	-1,610,815

(1) Shareholders' equity is shown in "non-interest bearing" column.

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Interest rate sensitivity of assets, liabilities and off balance sheet items (Based on repricing periods):

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	11,284,227					607,641	11,891,868
Banks	5,049,008	362,955	2,366,822			230,208	8,008,993
Financial Assets at Fair Value through Profit/Loss	146,575	268,183	318,633	268,590	681	55,604	1,058,266
Money Market Placements	23,358					1,283	24,641
Financial Assets Available for Sale	2,177,160	9,016,127	3,972,128	5,181,858	4,435,287	77,524	24,860,084
Loans	17,958,161	7,529,232	10,589,213	13,897,538	1,658,929	56,899	51,689,972
Investments Held to Maturity	20,236	955,529	2,790,094				3,765,859
Other Assets	65,454	203,422	299,624	492,626	33,288	8,813,934	9,908,348
Total Assets	36,724,179	18,335,448	20,336,514	19,840,612	6,128,185	9,843,093	111,208,031
Liabilities							
Banks Deposits	1,231,285	90,365	6,422			70,214	1,398,286
Other Deposits	36,981,566	14,337,546	3,834,244	224,437	18,518	6,193,405	61,589,716
Money Market Funds	7,112,542	1,092,535	496,304				8,701,381
Sundry Creditors						3,263,713	3,263,713
Marketable Securities Issued							
Funds Provided from Other Financial Institutions	3,708,806	7,829,923	2,174,299	2,287,155	83,263		16,083,446
Other Liabilities (1)	161,837	106,455	647,046	158,318		19,097,833	20,171,489
Total Liabilities	49,196,036	23,456,824	7,158,315	2,669,910	101,781	28,625,165	111,208,031
Balance Sheet Long Position			13,178,199	17,170,702	6,026,404		36,375,305
Balance Sheet Short Position	-12,471,857	-5,121,376				-18,782,072	-36,375,305
Off Balance Sheet Long Position	123,910	1,064,211					1,188,121
Off Balance Sheet Short Position			-499,806	-1,108,005			-1,607,811
Total Position	-12,347,947	-4,057,165	12,678,393	16,062,697	6,026,404	-18,782,072	-419,690

(1) Shareholders' equity is shown in "non-interest bearing" column.

Average interest rates applied to monetary financial instruments:

Current Period	EURO %	USD %	Yen %	TL %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				5.20
Banks	0.37	1.06		9.35
Financial Assets at Fair Value through Profit/Loss	8.28	8.41		11.02
Money Market Placements				5.50
Financial Assets Available for Sale	4.48	5.23		10.32
Loans	5.02	3.41	4.71	16.42
Investments Held to Maturity	0.45	1.00		13.17
Liabilities				
Banks Deposits	1.03	2.04		7.18
Other Deposits	2.01	2.22	0.02	7.67
Money Market Funds	0.78	2.17		6.81
Sundry Creditors				
Marketable Securities Issued				
Funds Provided from Other Financial Institutions	2.26	1.46	1.96	15.02

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Prior Period	EURO	USD	Yen	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.18	0.15		12.00
Banks	2.15	2.94	0.04	19.82
Financial Assets at Fair Value through Profit/Loss	8.86	7.81		18.82
Money Market Placements		2.00		14.71
Financial Assets Available for Sale	5.11	6.03		18.99
Loans	6.82	4.42	4.78	23.39
Investments Held to Maturity	4.02	2.00		18.64
Liabilities				
Banks Deposits	2.75	1.67	1.00	17.58
Other Deposits	3.19	3.63	0.13	16.83
Money Market Funds	3.17	2.86		14.64
Sundry Creditors				
Marketable Securities Issued				
Funds Provided from Other Financial Institutions	4.48	2.95	1.96	16.16

VII. Explanations on Liquidity Risk

Liquidity risk can arise as a result of funding long-term assets with short-term resources. Utmost care is taken by the Parent Bank and its financial institutions to maintain the consistency between the maturities of assets and liabilities; and strategies are used to acquire funds over longer terms.

TL and FC liquidity needs are principally met by deposits. While the average maturity of deposits is shorter than the average maturity of assets as a result of the market conditions, the Bank's wide network of branches and steady deposit base are its most important safeguards of the supply of funds. On the other hand, medium and long-term funds can also be acquired from international funding institutions.

In order to meet the liquidity requirements that may emerge from market fluctuations, considerable attention is paid to preserve liquid assets, efforts in this framework are supported by cash flows projections. The term structure of TL and FC deposits, their costs and movements in the total amounts are monitored on a daily basis, also accounting for developments in former periods and expectations for the future. Furthermore, foreign currency and total liquidity adequacy ratio, which are subject to weekly legal reporting and calculated separately for 7 and 31 days following the reporting date, and liquidity adequacy ratios calculated under the classification of foreign currencies for maturity segments of 7 days, 31 days, 1 month, 3 months and 12 months are also used as indicators to monitor liquidity. Based on cash flow projections, prices are differentiated for different maturities and thereby measures are taken to meet liquidity requirements; moreover liquidity that may be required for extraordinary circumstances is estimated and alternative liquidity sources are determined for possible utilization.

Evaluated within the framework of the Bank's asset-liability management risk policy, the limits determined related to the liquidity risk management are monitored by the Risk Committee of the Bank and in case of extraordinary situations where a quick action should be taken due to the unfavorable market conditions, emergency measures and funding plans related to liquidity risk are put into effect.

As per the Communiqué on "Measurement and Assessment of the Adequacy of Banks' Liquidity", the liquidity ratios that are measured for terms of 7 and 31 days should not be less than 80% and 100%, respectively. Foreign currency liquidity adequacy ratio means the ratio of foreign currency assets to foreign currency liabilities and the total liquidity adequacy ratio means the ratio of total assets to total liabilities. The highest, lowest and average liquidity adequacy ratios of the Parent Bank in 2009 are given below, compared to the prior period.

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	274.43	267.63	143.14	146.45
Highest (%)	426.40	347.42	179.13	165.92
Lowest (%)	172.63	200.73	114.21	126.64
Prior Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	247.23	194.81	170.51	136.78
Highest (%)	395.63	297.36	245.77	174.18
Lowest (%)	158.42	154.42	126.77	116.79

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Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1Month	1-3Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated (1)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,758,993		30,735					8,789,728
Banks	337,047	7,463,494	222,939	267,765	2,115,800	44,700		10,451,745
Financial Assets at Fair Value through Profit/Loss	165,673	89,279	146,279	425,481	489,486	1,946		1,318,144
Money Market Placements								
Financial Assets Available for Sale	102,927	1,206,359	4,716,667	4,785,749	14,808,996	4,938,735		30,559,433
Loans	5,510,414	8,519,150	4,743,643	12,549,696	18,643,055	2,794,482		52,760,440
Investments Held to Maturity		11,440	1,353,193	15,180	11,816,136	151,358		13,347,307
Other Assets	2,810,271	840,548	92,736	229,651	756,229	140,982	6,819,262	11,689,679
Total Assets	17,685,325	18,130,270	11,306,192	18,273,522	48,629,702	8,072,203	6,819,262	128,916,476
Liabilities								
Bank Deposits	224,532	1,343,812	269,643	126,579				1,964,566
Other Deposits	11,207,750	43,719,874	10,466,615	4,477,770	186,517	31,880		70,090,406
Funds Provided from Other								
Financial Institutions		596,825	890,619	4,574,332	6,387,387	2,425,124		14,874,287
Money Market Funds		8,653,787	2,775,060	1,450,806	223,064	369,920		13,472,637
Marketable Securities Issued								
Sundry Creditors	3,119,191	1,371,043	1,909	3,320	81,773			4,577,236
Other Liabilities	46,482	293,453	477,205	76,205	106,936		22,937,063	23,937,344
Total Liabilities	14,597,955	55,978,794	14,881,051	10,709,012	6,985,677	2,826,924	22,937,063	128,916,476
Liquidity Gap	3,087,370	-37,848,524	-3,574,859	7,564,510	41,644,025	5,245,279	-16,117,801	
Prior Period								
Total Assets	20,244,095	12,768,011	6,504,013	18,001,072	38,566,426	9,585,957	5,538,457	111,208,031
Total Liabilities	11,313,010	43,699,164	16,945,043	10,302,351	7,860,075	2,363,821	18,724,567	111,208,031
Liquidity Gap	8,931,085	-30,931,153	-10,441,030	7,698,721	30,706,351	7,222,136	-13,186,110	

(1) Asset items, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which cannot be converted to cash in short-term, other liabilities such as Provisions which are not considered as payables and Shareholders' Equity, are shown in "Unallocated" column.

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In compliance with the Turkish Financial Reporting Standard No.7, the following table indicates the maturities of the Group's major financial assets and liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of collections and payments without discounting the assets and liabilities. The interest to be collected from and paid to the related assets and liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The values of the related assets and liabilities registered in balance sheet do not include these amounts.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments	Balance Sheet Value
Assets									
Financial Assets Held for Trading	165,673	34,605	125,854	426,601	450,937	2,793	1,206,463	34,927	1,171,536
Banks	337,047	7,391,224	260,291	324,536	2,172,012	45,851	10,530,961	79,216	10,451,745
Financial Assets Available for Sale	102,927	1,547,895	5,199,315	5,721,374	17,902,914	7,545,300	38,019,725	7,460,292	30,559,433
Loans	5,510,414	8,633,182	5,315,740	14,631,933	22,012,910	3,139,283	59,243,462	6,483,022	52,760,440
Investments Held to Maturity		14,959	1,829,582	737,024	14,479,763	163,875	17,225,203	3,877,896	13,347,307
Liabilities									
Deposits	11,432,282	45,220,809	10,831,456	4,693,874	213,547	46,297	72,438,265	383,293	72,054,972
Funds Provided from Other									
Financial Institutions		565,753	924,699	4,854,693	7,150,621	2,669,403	16,165,169	1,290,882	14,874,287
Money Market Funds		8,661,777	2,802,304	1,486,716	270,575	408,521	13,629,893	157,256	13,472,637
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments	Balance Sheet Value
Assets									
Financial Assets Held for Trading	55,604	33,898	94,626	292,157	497,135	6,144	979,564	125,824	853,740
Banks	531,011	4,670,715	301,134	319,092	2,389,504	50,572	8,262,028	253,035	8,008,993
Financial Assets Available for Sale	77,524	457,789	1,629,863	3,726,524	19,196,930	8,683,842	33,772,472	8,912,388	24,860,084
Loans	5,198,986	7,769,919	5,529,143	15,056,937	22,469,554	3,311,358	59,335,897	7,645,925	51,689,972
Investments Held to Maturity			75,947	2,511,647	1,854,863	780,411	5,222,868	1,457,009	3,765,859
Liabilities									
Deposits	8,940,172	35,732,772	14,693,363	3,956,498	252,896	28,104	63,603,805	615,803	62,988,002
Funds Provided from Other									
Financial Institutions		918,163	769,361	5,610,576	8,294,456	3,092,951	18,685,507	2,672,690	16,012,817
Money Market Funds		6,179,963	1,667,289	659,489	211,559		8,718,300	16,919	8,701,381

The following table shows the remaining maturities of non-cash loans of the Group.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	296,272	326,511	594,014	948,089	514,415	96,035	2,775,336
Endorsements		5,960	23,658	11,920			41,538
Letters of Guarantee	5,537,147	166,628	626,830	2,245,484	1,181,373	195,184	9,952,646
Acceptances	41,332	17,985	36,725	43,501	11,652		151,195
Other	244,009			3,637		98,107	345,753
Total	6,118,760	517,084	1,281,227	3,252,631	1,707,440	389,326	13,266,468
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	747,203	230,959	558,732	1,257,307	841,508	91,129	3,726,838
Endorsements							
Letters of Guarantee	4,753,002	142,866	384,551	1,837,919	1,200,030	70,075	8,388,444
Acceptances	21,557	16,594	27,647	50,177	15,180		131,155
Other	77,091			7,522			84,613
Total	5,598,853	390,419	970,930	3,152,925	2,056,718	161,204	12,331,050

The following table shows the remaining maturities of derivative financial assets and liabilities of the Group.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	306,559	319,221	587,720	156,161		1,369,661
Forwards Contracts- Sell	306,238	318,925	587,292	156,020		1,368,475
Swaps-Buy	1,167,133	34,621	340,929	4,306,673	1,189,905	7,039,261
Swaps-Sell	1,177,827	34,224	287,245	4,327,979	1,189,905	7,017,180
Futures-Buy	13,901	5,687				19,588
Futures-Sell	13,656	5,659	1,123,134	520,527		1,662,976
Options-Call	686,448	187,790	631,761	455,515		1,961,514
Options-Put	665,448	176,790	616,812	455,515		1,914,565
Other	828	65,587		42,415		108,830
Total	4,338,038	1,148,504	4,174,893	10,420,805	2,379,810	22,462,050

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Part Four: Information on the Financial Structure

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	947,203	900,354	1,057,743	51,231		2,956,531
Forwards Contracts- Sell	1,045,199	932,814	1,093,983	51,193		3,123,189
Swaps-Buy	903,501	100,117	68,265	1,213,977		2,285,860
Swaps-Sell	903,211	99,530	72,980	1,207,122		2,282,843
Futures-Buy		73,459				73,459
Futures-Sell		584,050				584,050
Options-Call	297,199	233,117	1,262,326	481,800	34,482	2,308,924
Options-Put	333,620	196,336	1,271,820	471,600	34,482	2,307,858
Other		46,092	480,923	625,608		1,152,623
Total	4,429,933	3,165,869	5,308,040	4,102,531	68,964	17,075,337

VIII. Explanations on Other Price Risks

The Group is exposed to the equity share risk arising from its investments in companies which are traded on the ISE. Equity shares are generally obtained for investment purposes.

As of the reporting date, Group's sensitivity to equity shares price risk has been analyzed. In the analysis, it is assumed that all the other variables are constant and the data used in the valuation method (share prices) are 10% more/less.

According to this assumption TL 141,991 (31.12.2008: TL 73,561) increase/decrease is expected in the Marketable Securities Revaluation Reserve account under the Shareholders' Equity. This, in fact, is arising from the increase/decrease in the fair values of the publicly-traded subsidiaries and associates.

IX. Explanations on Presentation of Assets and Liabilities at Fair Value

1. Information on fair values of financial assets and liabilities

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	107,118,925	88,349,549	109,460,499	87,790,684
Money Market Placements		24,641		24,641
Banks	10,451,745	8,008,993	10,458,886	8,019,907
Financial Assets Available for Sale	30,559,433	24,860,084	30,559,433	24,860,084
Investments Held to Maturity	13,347,307	3,765,859	14,219,574	3,797,469
Loans	52,760,440	51,689,972	54,222,606	51,088,583
Financial Liabilities	91,506,495	82,335,161	91,841,011	82,268,396
Banks Deposits	1,964,566	1,398,286	1,966,661	1,399,399
Other Deposits	70,090,406	61,589,716	70,126,421	61,619,805
Funds Provided from Other Financial Institutions	14,874,287	16,083,446	15,170,693	15,985,479
Marketable Securities Issued				
Sundry Creditors	4,577,236	3,263,713	4,577,236	3,263,713

Fair values of investments held to maturity are determined by using the market prices; in cases where market prices cannot be measured, quoted market prices of other securities that are subject to amortization having similar interest, maturity and other conditions are taken as the basis for the fair value determination.

Market prices are taken into account in determining the fair values of the securities available for sale. When price formation is not realized under active market conditions, fair values are not deemed to be reliably determined and amortized cost, calculated by the internal rate of return method, are taken into account as the fair values.

Fair values of banks, loans granted, deposits and funds borrowed from other financial institutions are calculated by discounting the amounts in each maturity bracket formed according to repricing periods, using the rate corresponding to relevant maturity bracket in the discount curves based on current market conditions.

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Part Four: Information on the Financial Structure

2. Information on fair value measurements recognized in the financial statements

TFRS 7 "Financial Instruments: Disclosures" standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles of ranking.

	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss			
Debt Securities	976,260		
Share Certificates	89,683		
Derivative Financial Assets Held for Trading	15,822	130,786	
Other	103,883	1,710	
Financial Assets Available-for-Sale			
Debt Securities	19,511,896		10,944,610
Share Certificates (1)	8,285		
Other	3,452	55,717	
Investments in Subsidiaries and Associates(2)	1,419,763		
Derivative Financial Liabilities		498,835	

(1) The fair values of debt securities, which are classified at the third level are determined by the internal rate of return method. Since they are not traded in an active market, the share certificates (TL 35,473) under the financial assets available-for-sale are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

(2) Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost within the framework of TAS 39, these companies are not included in the table.

There has not been any transition between level 1 and level 2 during the period.

The movement table of financial assets whose fair values are determined according to data that are not based on market figures, are given below.

	Financial Assets available for Sale
Balance at the Beginning of the Period	13,008,813
Purchases	8,496,809
Redemption or Sales	-9,980,283
Valuation Difference	-580,729
Balance at the end of the Period	10,944,610

X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions

1. Transactions both in national and international capital markets in connection with the trading and custody on behalf of others are carried out, and portfolio management and investment consulting services are provided.

2. The Group has no fiduciary transactions.

XI. Explanations on Business Segmentation

The Group's operations are classified as corporate, commercial, retail and private banking, as well as treasury/investment banking. While the commercial and corporate operations are differentiated by the Parent Bank and its financial institutions, according to their own criterion, in the classification of other operations, the same methods are applied by the Group.

Services to the large corporations, SMEs and other trading companies (excluding real person merchants) are provided through various financial media within the course of the corporate and commercial banking operations. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantee, letter of credit, forfeiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided for the aforementioned customer segments.

Services are provided to individuals, real-person merchants and non-trading corporations and institutions within the context of "Retail Banking". The requirements of this customer segment are met by performing banking services such as deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, investment accounts and by other banking services. For the private banking category, any kind of financial and cash management related services are provided for individuals within the high-income segment.

Within the context of treasury transactions, medium and long term funding is being fulfilled by tools such as securities trading, money market transactions, spot and forward TL and foreign currency trading, and derivative transactions such as forwards, swaps, futures and options, as well as syndications and securitizations.

The Group's investments in unconsolidated associates and subsidiaries are evaluated within the context of investment banking. The details about the aforementioned investments are stated in note I.7 and I.8 section of Part Five.

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Part Four: Information on the Financial Structure

Prior Period	Corporate	Commercial	Retail	Private	Treasury/Investment	Unallocated	Total
OPERATING INCOME/EXPENSE							
Interest Income							
Interest Income from Loans	1,327,304	2,478,314	2,958,747	62,159		172,123	11,769,369
Interest Income from Banks					418,160		418,160
Interest Income from Money Market Transactions					42,520		42,520
Interest Income from Securities					3,840,229		3,840,229
Finance Lease Income	28,293	84,689			0		112,982
Other Interest Income	1,445		104		304,646	50,636	356,831
Interest Expense							
Interest Expense on Deposits	1,254,731	218,346	1,724,128	2,158,327			5,355,532
Interest Expense on Funds Borrowed	38,574				863,242		901,816
Interest Expense on Money Market Transactions					887,109		887,109
Other Interest Expense						31,329	31,329
Net Interest Income							
4,593,583							
Net Fees and Commissions Income							
1,237,128							
Fees and Commissions Received	80,277	351,970	512,302	66,518	49,612	297,346	1,358,025
Fees and Commissions Paid	78	492			9,142	111,185	120,897
Dividend Income							
128,351							
Trading Income/Loss (Net)					546,400		546,400
Other Income	732,033	487,777	773,691		146,408	567,922	2,707,831
Prov. for Loans and Other Receivables	3,267				14,308	1,691,467	1,709,042
Other Operating Expense	930,287	733,170	1,822,732	46,218	140,671	1,615,451	5,288,529
Income Before Tax							
2,215,722							
Tax Provision							
396,692							
Net Period Profit							
1,819,030							
Group Profit/Loss							
1,588,946							
Minority Shares' Profit/Loss							
230,084							
SEGMENT ASSETS							
Fin. Assets At Fair Value Through P/L							
1,058,266							
Banks and Other Financial Institutions					8,008,993		8,008,993
Money Market Placements					24,641		24,641
Financial Assets Available for Sale					24,860,084		24,860,084
Loans and Receivables	19,493,141	16,161,927	15,643,981	390,923			51,689,972
Investments Held to Maturity					3,765,859		3,765,859
Associates and Subsidiaries					2,265,925		2,265,925
Lease Receivables	311,843	782,127			1,508		1,095,478
Other					1,099,747	17,339,066	18,438,813
111,208,031							
SEGMENT LIABILITIES							
Deposits	14,606,391	5,207,304	21,661,325	21,512,982			62,988,002
Derivative Financial Liabilities Held for Trading					544,597		544,597
Funds Borrowed	543,636				15,539,810		16,083,446
Money Market Funds					8,701,381		8,701,381
Other Liabilities						4,631,899	4,631,899
Provisions						6,267,455	6,267,455
Shareholders' Equity						11,991,251	11,991,251
111,208,031							

Part Five: Explanations and Notes to the Consolidated Financial Statements

I. EXPLANATIONS AND NOTES ON CONSOLIDATED ASSETS

1. Cash and Central Bank of Turkey:

a. Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	563,586	222,916	365,873	229,701
Central Bank of Turkey	5,230,946	2,665,352	8,566,128	2,720,720
Other		106,928		9,446
Total	5,794,532	2,995,196	8,932,001	2,959,867

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b. Information on Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5,230,946	886,026	8,566,128	892,574
Unrestricted Time Deposit				
Restricted Time Deposit				
Other (1)		1,779,326		1,828,146
Total	5,230,946	2,665,352	8,566,128	2,720,720

(1) The amount of reserve deposits held at the Central Bank of Turkey regarding the foreign currency liabilities

c. Information on reserve requirements:

As per the Communiqué nr.2005/1 "Reserve Deposits" of the Central Bank of Turkey (CBT), banks keep reserve deposits at the CBT for their TL and FC liabilities mentioned in the communiqué at the rates of 5% (6% before 16.10.2009) and 9%, respectively. Reserves are calculated and set aside every two weeks on Fridays for 14-day periods in TL for TL liabilities and in US Dollar and/or Euro for FC liabilities. Within the framework of the aforementioned communiqué, the CBT pays interest in quarterly periods for TL reserves at the rates determined by itself (31.12.2009: 5.20%). No interest is paid for FC reserve requirements by the CBT.

2. Information on Financial Assets at Fair Value through Profit and Loss:

a. Financial assets at fair value through profit and loss, which are given as collateral or blocked:

Financial assets at fair value through profit and loss, which are given as collateral or blocked as of December 31, 2009 are amounting to TL 4,258 (December 31, 2008: TL 1,046).

b. Financial assets at fair value through profit and loss, which are subject to repurchase agreements:

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as of December 31, 2009 are amounting to TL 447,269 (December 31, 2008: TL 242,872).

c. Positive differences on derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	28,514	12,469	25,787	16,210
Swap Transactions	7,874	73,179	56,434	66,721
Futures	15,822			
Options	627	8,123		39,374
Other				
Total	52,837	93,771	82,221	122,305

3. Banks:

a. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	1,613,424	331,350	814,210	37,959
Foreign Banks	198,469	8,308,502	217,302	6,939,522
Foreign Head Office and Branches				
Total	1,811,893	8,639,852	1,031,512	6,977,481

b. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	6,407,047	5,661,597		
USA, Canada	865,408	871,241	75	77
OECD Countries (1)	904,882	222,489		
Off-shore Banking Regions	101	100		
Other	329,458	401,320		
Total	8,506,896	7,156,747	75	77

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

4. Information on Financial Assets Available for Sale:

a. Information on financial assets available for sale, which are given as collateral or blocked:

Financial assets available for sale, which are given as collateral or blocked amount to TL 4,757,220 as of December 31, 2009. (December 31, 2008: TL 3,733,761).

b. Information on financial assets available for sale, which are subject to repurchase agreements:

Financial assets available for sale which are subject to repurchase agreements amount to TL 8,705,551 as of December 31, 2009. (December 31, 2008: TL 8,645,455).

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Part Five: Explanations and Notes to the Consolidated Financial Statements

c. Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	30,466,371	25,110,217
Traded on the Stock Exchange	19,521,761	11,880,887
Not Traded on the Stock Exchange (1)	10,944,610	13,229,330
Share Certificates	51,704	43,918
Traded on the Stock Exchange	8,545	6,122
Not Traded on the Stock Exchange	43,159	37,796
Impairment Provision (-)	17,811	334,174
Other	59,169	40,123
Total	30,559,433	24,860,084

(1) Indicates unlisted debt securities, and debt securities that have not been traded at the end of the related periods although they are listed.

5. Information related to loans:

a. Information on all types of loans and advances given to shareholders and employees of the group:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Lending to Shareholders				
Corporate Shareholders				
Real Person Shareholders				
Indirect Lending to Shareholders				
Lending to Employees	339,264	81	290,543	98
Total	339,264	81	290,543	98

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

Cash Loans	Standard Loans and Other Receivables		Closely Monitored Loans and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-Specialized Loans	50,331,596	158,146	1,282,111	988,587
Discount Notes	48,591		529	58
Export Loans	2,916,016		48,169	9,919
Import Loans	4,619			
Loans Extended to Financial Sector	1,955,073			
International Loans	1,637,771		33	
Consumer Loans	10,234,034	483	281,677	124,112
Credit Cards	4,426,981	152,586	105,039	106,615
Precious Metal Loans	7,738			
Other	29,100,773	5,077	846,664	747,883
Specialized Lending				
Other Receivables				
Total	50,331,596	158,146	1,282,111	988,587

c. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Closely Monitored Loans and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	18,387,616	152,609	421,372	169,263
Non-Specialized Loans	18,387,616	152,609	421,372	169,263
Specialized Loans				
Other Receivables				
Medium and long-term Loans and Other Receivables	31,943,980	5,537	860,739	819,324
Non-Specialized Loans	31,943,980	5,537	860,739	819,324
Specialized Loans				
Other Receivables				

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Part Five: Explanations and Notes to the Consolidated Financial Statements

d. Information on consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Consumer Loans-TL	653,139	8,856,101	219,408	9,728,648
Real Estate Loans	36,318	3,823,747	163,380	4,023,445
Vehicle Loans	27,291	768,690	8,016	803,997
General Purpose Consumer Loans	588,329	4,171,634	47,237	4,807,200
Other Consumer Loans	1,201	92,030	775	94,006
Consumer Loans – FC Indexed	789	322,112	49,443	372,344
Real Estate Loans	10	171,808	47,413	219,231
Vehicle Loans	72	8,638	1,924	10,634
General Purpose Consumer Loans	707	141,519	84	142,310
Other Consumer Loans		147	22	169
Consumer Loans – FC				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other Consumer Loans				
Retail Credit Cards-TL	4,191,684	279,008	31,816	4,502,508
With Installments	1,337,348	279,008		1,616,356
Without Installments	2,854,336		31,816	2,886,152
Retail Credit Cards-FC				
With Installments				
Without Installments				
Personnel Loans-TL	23,886	212,013	4,587	240,486
Real Estate Loans	890	54,695	2,672	58,257
Vehicle Loans	145	7,918	82	8,145
General Purpose Consumer Loans	22,668	144,900	1,778	169,346
Other Consumer Loans	183	4,500	55	4,738
Personnel Loans- FC Indexed		2,141	500	2,641
Real Estate Loans		2,129	496	2,625
Vehicle Loans		12	4	16
General Purpose Consumer Loans				
Other Consumer Loans				
Personnel Loans-FC	52	1,562		1,614
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans	52	1,562		1,614
Other Consumer Loans				
Personnel Credit Cards-TL	68,449		755	69,204
With Installments	23,179			23,179
Without Installments	45,270		755	46,025
Personnel Credit Cards-FC				
With Installments				
Without Installments				
Overdraft Accounts – TL (real persons)	285,504		9,069	294,573
Overdraft Accounts – FC (real persons)				
Total	5,223,503	9,672,937	315,578	15,212,018

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Part Five: Explanations and Notes to the Consolidated Financial Statements

e. Installment based commercial loans and corporate credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Commercial Loans With Installments-TL	553,325	6,603,693	111,513	7,268,531
Real Estate Loans	2,837	451,723	7,947	462,507
Vehicle Loans	79,025	1,781,753	20,810	1,881,588
General Purpose Commercial Loans	469,769	4,316,506	76,365	4,862,640
Other Commercial Loans	1,694	53,711	6,391	61,796
Commercial Loans With Installments-FC Indexed	15,176	434,864	61,241	511,281
Real Estate Loans		38,962	9,680	48,642
Vehicle Loans	1,202	181,461	25,211	207,874
General Purpose Commercial Loans	13,974	214,441	26,350	254,765
Other Commercial Loans				
Commercial Loans With Installments-FC	950	90,183		91,133
Real Estate Loans				
Vehicle Loans				
General Purpose Commercial Loans	950	90,183		91,133
Other Commercial Loans				
Corporate Credit Cards-TL	219,330	11	168	219,509
With Installments	13,702	11		13,713
Without Installments	205,628		168	205,796
Corporate Credit Cards-FC				
With Installments				
Without Installments				
Overdraft Accounts – TL (corporate)	645,295		25,944	671,239
Overdraft Accounts – FC (corporate)				
Total	1,434,076	7,128,751	198,866	8,761,693

f. Allocation of loan by customers:

	Current Period	Prior Period
Public Sector	1,525,045	1,652,709
Private Sector	51,235,395	50,037,263
Total	52,760,440	51,689,972

g. International and domestic loans:

	Current Period	Prior Period
Domestic Loans	50,948,319	50,024,692
International Loans	1,812,121	1,665,280
Total	52,760,440	51,689,972

h. Lending to subsidiaries and associates:

	Current Period	Prior Period
Direct Lending to Subsidiaries and Associates	211,116	51,850
Indirect Lending to Subsidiaries and Associates		
Total	211,116	51,850

i. Specific provisions provided against loans:

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	1,398,777	612,372
Loans and Receivables with Doubtful Collectibility	474,859	335,054
Uncollectible Loans and Receivables	944,187	1,299,955
Total	2,817,823	2,247,381

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

j.1. Information on loans and other receivables included in non-performing loans, which are restructured or rescheduled by the Group:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period			
(Gross Amounts Before the Specific Provisions)	42,398	15,407	69,532
Restructured Loans and Other Receivables			
Rescheduled Loans and Other Receivables	42,398	15,407	69,532
Prior Period			
(Gross Amounts Before the Specific Provisions)	1,515	9,719	131,350
Restructured Loans and Other Receivables			73,475
Rescheduled Loans and Other Receivables	1,515	9,719	57,875

j.2. Movement of total non-performing loans:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Prior Period Ending Balance	612,372	335,054	1,299,955
Corporate and Commercial Loans	422,256	192,824	1,067,631
Retail Loans	106,415	58,733	90,464
Credit Cards	83,701	64,443	141,860
Other		19,054	
Additions (+)	1,737,930	62,736	192,288
Corporate and Commercial Loans	951,838	33,125	175,592
Retail Loans	385,899	22,781	13,101
Credit Cards	400,191	4,515	3,595
Other	2	2,315	
Transfers from Other Non-performing Loan Accounts (+)		481,663	178,914
Corporate and Commercial Loans		309,294	115,229
Retail Loans		92,967	31,068
Credit Cards		79,402	32,617
Other			
Transfers to Other Non-performing Loan Accounts (-)	481,844	178,733	
Corporate and Commercial Loans	309,475	115,048	
Retail Loans	92,967	31,068	
Credit Cards	79,402	32,617	
Other			
Collections (-)	458,173	213,624	319,246
Corporate and Commercial Loans	245,419	133,340	259,867
Retail Loans	105,932	50,378	33,236
Credit Cards	106,822	29,102	26,143
Other		804	
Write-Offs (-)(*)	11,508	12,237	407,724
Corporate and Commercial Loans	8,661	11,644	399,526
Retail Loans	2,156	270	3,639
Credit Cards	691	170	4,559
Other		153	
Current Period Ending Balance	1,398,777	474,859	944,187
Corporate and Commercial Loans	810,539	275,211	699,059
Retail Loans	291,259	92,765	97,758
Credit Cards	296,977	86,471	147,370
Other	2	20,412	
Specific Provisions (-)	1,398,777	474,859	944,187
Corporate and Commercial Loans	810,539	275,211	699,059
Retail Loans	291,259	92,765	97,758
Credit Cards	296,977	86,471	147,370
Other	2	20,412	

Net Balance on Balance Sheet

(*) TL 37,824 of the NPL portfolio of the Parent Bank were transferred in the current year to LBT Asset Management A.S. in exchange for TL 9,550, and TL 186,114 of it were transferred to Standard Varlık Yönetim A.Ş. in exchange of payment of TL 8,500 in cash and payment of 40% of the gross collections made by the company with respect to the NPL portfolio on sale.

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j.3. Information on the Group's non-performing foreign currency loans and other receivables:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period:			
Period Ending Balance	29,112	1,122	56,763
Specific Provisions (-)	29,112	1,122	56,763
Net Balance on Balance Sheet			
Prior Period:			
Period Ending Balance	75,419	480	10,437
Specific Provisions (-)	75,419	480	10,437
Net Balance on Balance Sheet			

j.4. Information on gross and net non-performing loans and receivables as per customer categories:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Individuals and Corporates (Gross)	1,398,703	454,447	938,735
Specific Provisions (-)	1,398,703	454,447	938,735
Loans to Individuals and Corporates (Net)			
Banks (Gross)	72		108
Specific Provisions (-)	72		108
Banks (Net)			
Other Loans and Receivables (Gross)	2	20,412	5,344
Specific Provisions (-)	2	20,412	5,344
Other Loans and Receivables (Net)			
Prior Period (Net)			
Loans to Individuals and Corporates (Gross)	612,154	316,000	1,294,504
Specific Provisions (-)	612,154	316,000	1,294,504
Loans to Individuals and Corporates (Net)			
Banks (Gross)	218		108
Specific Provisions (-)	218		108
Banks (Net)			
Other Loans and Receivables (Gross)		19,054	5,343
Specific Provisions (-)		19,054	5,343
Other Loans and Receivables (Net)			

k. Main guidelines used in the liquidation policy on uncollectible loans and other receivables:

In order to ensure liquidation of non-performing loans, all possible alternatives within the existing legislation are evaluated in a way that repayments are maximized. First, administrative initiatives are taken to reach an agreement with the borrower; in case the negotiations for collection, liquidation or restructuring of receivables fail, legal action is taken for collection.

l. Information on "Write-off" policies:

In case there is still a residual receivable despite all the borrowers' assets are liquidated in terms of legal follow-up, or a legal follow-up fails due to the fact that the borrowers do not have any assets to be liquidated, the Bank's receivables are reduced to one if an evidence of borrowers' insolvency is obtained; when no such evidence is available, totally uncollectible receivables are written-off.

6. Investments Held to Maturity:

a. Information on investments held to maturity, which are given as collateral or blocked:

Investments held to maturity, which are given as collateral or blocked amount to TL 597,775 as of December 31, 2009. (December 31, 2008: TL 116,994).

b. Information on investments held to maturity, which are subject to repurchase agreements:

Assets held to maturity, which are subject to repurchase agreements amount to TL 4,306,196 as of December 31, 2009. (December 31, 2008: TL 168).

c. Information on government securities held to maturity:

	Current Period	Prior Period
Government Bonds	12,009,230	3,697,672
Treasury Bills		40,739
Other Public Debt Securities		
Total	12,009,230	3,738,411

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d. Information on investments held-to-maturity:

	Current Period	Prior Period
Debt Securities	13,347,307	3,765,859
Traded on the Stock Exchange	12,009,230	3,715,217
Not Traded on the Stock Exchange	1,338,077	50,642
Impairment Provision (-)		
Total	13,347,307	3,765,859

e. Movement of the investments held to maturity during the year:

	Current Period	Prior Period
Beginning Balance	3,765,859	2,127,556
Foreign Exchange Differences Arising on Monetary Assets	-343	7,575
Purchases During the Year	11,234,302	1,019,598
Transfers	273,581	-10,729
Disposals through Sales and Redemption	-1,855,318	291,600
Impairment Provision (-)		
Changes in amortized costs of the investments	-70,774	330,259
Balance at the end of the Period	13,347,307	3,765,859

7. Associates (Net):

a.1. Information on unconsolidated subsidiaries:

In accordance with the article nr.5 of the "Communiqué Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No.26340 dated 8 November 2006, by taking the materiality principle into account as well, associates whose assets do not exceed one percent of the Parent Bank's total assets and whose share totals do not exceed five percent of the Parent Bank's total assets by taking into account materiality principle and whose titles and other information are presented below, are not included in the consolidation.

The amount of unconsolidated subsidiaries at the consolidated financial statements is TL 3,150.

	Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	9.98	9.98
2-	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	9.09	9.09

a.2. Financial statement information of associates according to the order above:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (2)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss (3)	Fair Value
1-	16,962	13,333	5,734	1,665		1,533	1,157	(1)
2-	24,925	19,399	1,837	3,266	6	6,693	3,457	(1)

(1) Indicates value as of 31.12.2008.

(2) Includes Interest Income on Securities.

(3) Indicates profit/loss as of 31.12.2007.

b.1. Information on consolidated associates:

	Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.58	79.42

Information on financial statements of associates in the above order:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss(2)	Fair Value
	866,365	280,687	21,519	58,513	317	21,977	25,720	

(1) Includes Interest Income on Securities.

(2) Indicates profit/loss as of 30.09.2008.

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b.2. Movement table on consolidated associates:

	Current Period	Prior Period
Beginning balance	85,295	48,895
Movements during the period		
Purchases (1)		36,400
Bonus shares acquired		
Dividends received from the current year profit		
Sales		
Revaluation Increase		
Impairment		
Balance at the end of the period	85,295	85,295
Capital commitments		
Contribution in equity at the end of the period (%)		

(1) Also includes the acquisitions related to capital increases through retained earning.

b.3. Sectoral information on consolidated associates and the related carrying amounts:

	Current Period	Prior Period
Banks	85,295	85,295
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations		
Total	85,295	85,295

b.4. Consolidated associates traded on a stock exchange: None.

b.5. Consolidated associates disposed of in the current period: None.

b.6. Consolidated associates acquired in the current period: None.

8. Information on subsidiaries (Net):

a. Information on unconsolidated subsidiaries:

In accordance with the procedures nr.5 of the "Communique Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No.26340 dated 8 November 2006, subsidiaries whose assets do not exceed the one percent of the Parent Bank's total assets or share totals do not exceed five percent of the Parent Bank's total assets by taking into account materiality principle and whose title and other information are presented below, are not included in the consolidation.

The amount of unconsolidated subsidiaries at the consolidated financial statements is TL 303,054.

	Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%) (1)	Bank's Risk Group Share Percentage (%)
1-	Camiş Menkul Değerler A.Ş.	İstanbul/TURKEY	67.60	68.89
2-	İş Dublin Financial Services PLC	Dublin/IRELAND	100.00	100.00
3-	İş Factoring Finansman Hizmetleri A.Ş.	İstanbul/TURKEY	40.51	44.02
4-	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	33.95	35.33
5-	İş Portföy Yönetimi A.Ş.	İstanbul/TURKEY	66.12	67.74
6-	İş Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	19.69	20.06
7-	Maxis Securities Ltd.	London/ENGLAND	67.61	68.90
8-	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	41.68	47.59
9-	TSKB Yatırım Ortaklığı A.Ş. (2)	İstanbul/TURKEY	17.15	18.91
10-	Yatırım Finansman Menkul Değerler A.Ş.	İstanbul/TURKEY	41.34	47.79

(1) The Group's indirect shares are taken into account as The Parent Bank's share.

(2) As of 19.06.2009, Yatırım Finansman Yatırım Ortaklığı A.Ş. was transferred to TSKB Yatırım Ortaklığı A.Ş. with its all rights, receivables, debts and liabilities by ending its legal entity.

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Financial statement information related to unconsolidated subsidiaries in the above order:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss(2)	Fair Value
1-	13,244	2,897	286	714	96	-369	50	
2-	1,079	1,513		307	12	1,122	99	(3) (4)
3-	276,112	41,069	104	20,103	382	7,194	20,016	
4-	131,920	129,052	710	14,165	1,144	8,250	19,833	(5) (6)
5-	49,962	47,417	892	3,575	1,643	12,707	8,644	
6-	232,812	230,782	7	2,021	43,369	51,751	-7,090	(5) (6)
7-	40,206	2,263	561	12		-342	-1,478	
8-	298,351	164,133	25	844	7	55,346	3,063	
9-	39,166	38,856		851	10,548	10,040	-6,793	(5) (6)
10-	332,211	50,419	1,653	9,915	4,773	6,434	715	

(1) Includes interest income on Securities . (2) Period profit/loss as of 31.12.2008. (3) Values are related to İş Dublin Financial Services PLC as of 30.06.2009 . (4) Prior period values of İş Dublin Financial Services indicate period profit/loss as of 30.06.2008. (5) Values are related to İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., İş Yatırım Ortaklığı A.Ş. and TSKB Yatırım Ortaklığı A.Ş. as of 30.09.2009. (6) Prior period values of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., İş Yatırım Ortaklığı A.Ş. and TSKB Yatırım Ortaklığı A.Ş. indicate period profit/loss as of 30.09.2008 .

b.1. Information on consolidated subsidiaries:

Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%) (1)	Bank's Risk Group Share Percentage (%)
1- Anadolu Anonim Türk Sigorta Şirketi	İstanbul/TURKEY	52.22	47.78
2- Anadolu Hayat Emeklilik A.Ş.	İstanbul/TURKEY	73.21	26.79
3- İşbank GmbH	Frankfurt/GERMANY	100.00	0.00
4- İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	50.69	49.31
5- İş Finansal Kiralama A.Ş.	İstanbul/TURKEY	39.94	60.06
6- İş Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	66.62	33.38
7- Milli Reasürans T.A.Ş.	İstanbul/TURKEY	76.64	23.36
8- Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/TURKEY	42.56	57.44

(1) As of Parent Bank's share percentage, the indirect share of the Group is considered.

Financial statement information related to consolidated subsidiaries in the above order:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss(2)	Fair Value
1-	1,659,340	638,406	38,251	64,966	54,801	50,904	96,349	(3) (4)
2-	4,280,937	414,097	23,953	205,842	31,485	62,275	52,945	(3) (4)
3-	1,440,750	145,652	34,288	70,003		9,589	7,737	
4-	1,011,678	951,603	1,634	6,674	3,662	60,299	53,095	
5-	1,440,580	404,502	2,546	133,370	692	105,388	76,309	
6-	2,182,590	496,594	6,810	97,461	1,589	94,777	36,811	(3) (4)
7-	1,565,545	773,051	24,757	130,000	42,843	91,705	141,457	
8-	7,270,042	1,140,609	34	503,147	20,115	260,898	116,464	

(1) Includes interest income on Securities . (2) Period profit/loss as of 31.12.2008. (3) Since the financial statements of Anadolu Anonim Türk Sigorta Şirketi, Anadolu Hayat Emeklilik A.Ş. and İş Yatırım Menkul Değerler A.Ş., prepared according to the CMB Communiqué Serial:XI No:29, are not published as of the date of the report, the values are related to 30.09.2009. (4) Prior period values of Anadolu Anonim Türk Sigorta Şirketi, Anadolu Hayat Emeklilik A.Ş. and İş Yatırım Menkul Değerler A.Ş. indicate profit/loss as of 30.09.2008.

b. 2. Information on consolidated subsidiaries (movement table):

	Current Period	Prior Period
Balance at the Beginning of the Period	1,061,894	1,969,247
Movements in the Period		
Purchases (1)	81,734	119,828
Bonus Shares Acquired		
Dividends Received from the Current Year Profit		
Sales		
Revaluation Surplus (2)	1,200,111	-1,027,181
Impairment		
Balance at the End of the Period	2,343,739	1,061,894
Capital Commitments		
Contribution in equity at the end of the period (%)		

(1) Also includes the acquisitions related to capital increases through retained earning.

(2) The relevant amounts represent the increases and decreases in the market value of participations traded on the stock exchange during the related periods.

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b. 3. Sectoral information on consolidated subsidiaries and the related carrying amounts:

Subsidiaries	Current Period	Prior Period
Banks	481,498	221,782
Insurance Companies	1,244,040	613,377
Factoring Companies		
Leasing Companies	72,265	26,738
Finance Companies		
Other Financial Subsidiaries	545,936	199,997
Total	2,343,739	1,061,894

b. 4. Consolidated subsidiaries traded on stock exchange:

	Current Period	Prior Period
Traded on domestic stock exchanges	2,029,282	747,437
Traded on international stock exchanges		

b. 5. Consolidated subsidiaries disposed of in the current period: None.

b. 6. Subsidiaries acquired in the current period: None

9. Information on jointly controlled entities (Net):

There are no jointly controlled entities of the Parent Bank.

10. Information regarding finance lease receivables (Net):

a. 1. Presentation of finance lease receivables according to their remaining maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	416,567	342,330	476,273	393,587
1-4 Years	596,162	512,313	748,396	645,455
More than 4 Years	82,301	75,428	65,132	54,928
Total	1,095,030	930,071	1,289,801	1,093,970

a. 2. Information regarding net investments made on finance lease:

	Current Period	Prior Period
Gross Finance Lease Investment	1,095,030	1,289,801
Unearned Financial Revenue from Financial Lease (-)	164,959	195,831
Net Finance Lease Investment	930,071	1,093,970

b. Presentation of operating lease receivables according to their remaining maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	945	945	1,508	1,508
1-4 Years				
More than 4 Years				
Total	945	945	1,508	1,508

11. Explanations on derivative financial assets held for hedging purposes:

The Group has no derivative financial assets held for hedging purposes.

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12. Information on Tangible Assets (Net):

Current Period	Land	Buildings	Construction in Progress	Vehicles	Other	Total
Acquisition Cost						
Balance at the Beginning of the Period	154,373	3,600,186	70,896	18,116	1,047,523	4,891,094
Movements in the Period						
- Acquisitions	15,354	39,317	32,312	3,232	165,265	255,480
- Disposals	-12,262	-99,416	-2,178	-2,649	-35,013	-151,518
- Impairment	-3,041	27			-525	-3,539
- Transfers	-58,627	113,697	-39,490		525	16,105
Balance at the End of the Current Period	95,797	3,653,811	61,540	18,699	1,177,775	5,007,622
Accumulated Depreciation						
Balance at the Beginning of the Period		-2,156,941		-9,225	-671,122	-2,837,288
Movements in the Period						
- Depreciation Charge		-54,788		-3,225	-104,143	-162,156
- Disposals		17,914		2,474	15,194	35,582
- Impairment						
- Transfers		-3,487				-3,487
Balance at the End of the Current Period		-2,197,302		-9,976	-760,071	-2,967,349
Net Book Value at the End of the Prior Period	154,373	1,443,245	70,896	8,891	376,401	2,053,806
Net Book Value at the End of the Current Period	95,797	1,456,509	61,540	8,723	417,704	2,040,273

(*) As of the balance sheet date, the book value of tangible assets acquired during the period due to receivables amounts to TL 64,836.

Prior Period	Land	Buildings	Construction in Progress	Vehicles	Other	Total
Acquisition Cost						
Balance at the Beginning of the Period	115,489	3,735,350	72,747	17,023	913,027	4,853,636
Movements in the Period						
- Acquisitions	48,855	59,992	34,877	4,357	162,285	310,366
- Disposals	-8,174	-93,170	-2,165	-3,264	-26,985	-133,758
- Impairment	-1,709	399				-1,310
- Transfers	-88	-102,385	-34,563		-804	-137,840
Balance at End of Current Period	154,373	3,600,186	70,896	18,116	1,047,523	4,891,094
Accumulated Depreciation						
Balance at the Beginning of the Period		-2,205,124		-9,946	-589,697	-2,804,767
Movements in the Period						
- Depreciation Charge		-57,481		-2,462	-96,608	-156,551
- Disposals		9,169		3,183	14,880	27,232
- Impairment		-48				-48
- Transfers		96,543			303	96,846
Balance at the End of the Current Period		-2,156,941		-9,225	-671,122	-2,837,288
Net Book Value at the End of the Prior Period	115,489	1,530,226	72,747	7,077	323,330	2,048,869
Net Book Value at the End of the Current Period	154,373	1,443,245	70,896	8,891	376,401	2,053,806

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13. Information on Intangible Assets:

Explanation regarding consolidation goodwill that is included in intangible assets is given in Section Three under the caption of "XII. Explanations on Goodwill and Other Intangible Assets." The table consisting movements of other intangible assets are presented below.

	Current Period	Prior Period
Acquisition Cost		
Balance at the Beginning of the Period	126,420	74,392
Movements in the Period		
- Acquisitions	24,485	52,407
- Disposals	-1,905	-379
- Impairment		
- Transfers		
- Effect of Inclusion of Subsidiary in Consolidation		
Balance at the End of the Period	149,000	126,420
Accumulated Amortization		
Balance at the Beginning of the Period	-65,121	-22,363
Movements in the Period		
- Amortization Charge	-47,607	-42,879
- Disposals	1,805	121
- Impairment		
- Transfers		
- Effect of Inclusion of Subsidiary in Consolidation		
Balance at the End of the Current Period	-110,923	-65,121
Net Book Value at the End of the Prior Period	61,299	52,029
Net Book Value at the End of the Period	38,077	61,299

14. Information on investment property:

Investment properties are properties that the Group holds to earn rentals. These properties are also subject to the same course of action with the other properties in terms of recognition and valuation. Explanations on these subjects are given in "Section Three: XIII. Explanations on Tangible Assets" section.

	Current Period	Prior Period
Acquisition Cost		
Balance at the Beginning of the Period	983,620	966,083
Movements in the Period		
- Acquisitions	34,119	4,696
- Disposals	-15,600	-20,175
- Impairment	8,937	-276
- Transfers	-11,866	33,292
Balance at the End of the Period	999,210	983,620
Accumulated Amortization		
Balance at the Beginning of the Period	-185,747	-162,796
Movements in the Period		
- Amortization Charge	-22,030	-22,573
- Disposals	15,600	2,790
- Impairment		
- Transfers	3,749	-3,168
Balance at the End of the Current Period	-188,428	-185,747
Net Book Value at the End of the Prior Period	797,873	803,287
Net Book Value at the End of the Period	810,782	797,873

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15. Information on deferred tax asset:

The Parent Bank and the other consolidated Group companies have TL 616,132 deferred tax asset as of December 31, 2009. Such deferred tax asset is calculated based on the temporary differences between the book value of assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising the temporary differences are followed under equity, the related tax asset/liability calculated on such temporary differences is recognized under related equity items. As of December 31, 2009, the Group does not have any deferred tax asset arising from either carry forward losses or tax rebates.

	Current Period	Prior Period
Tangible Assets Base Differences	20,677	14,748
Provisions (1)	-364,280	-311,344
Valuation of Financial Assets	-199,879	-68,744
Other (2)	-72,650	-5,902
Net Deferred Tax (Asset)/Liability:	-616,132	-371,242

(1) Comprises of employee termination benefits, actual and technical deficits of the Pension Fund, insurance technical provisions, the provisions for credit card bonus points, and other provisions.

(2) The investment incentive application has been removed starting from January, 1 2006 and since the taxable income of the companies are not enough, the investment incentives not used as of December, 31 2005 are enabled to be used by deducting from incomes of years 2006, 2007 and 2008; and it is stated that the amount, if not deducted from the 2008 income, will not be transferred to other periods. On the other hand, the Court of Constitution has cancelled this regulation that removes the gained rights at the meeting on 15 October 2009, finding it against the Constitution, and in this way, the time limitation with respect of the deferred tax amount calculated was removed as of the date of reporting. The related decision was published on the Official Gazette dated January, 8 2010. Within this context, the Group's subsidiary, İş Finansal Kiralama A.Ş. has TL 447,107 investment incentive not used with regard to the aforementioned periods and TL 62,431 of the item "Other" on the table above consists of the deferred tax amount calculated taking this investment incentive into consideration.

Movements of deferred tax asset:

	Current Period	Prior Period
Balance at the Beginning of the Period	370,043	244,303
Deferred Tax Benefit/(Charge) (Net)	308,332	100,860
Deferred Tax Recognized under Equity	-62,243	24,880
Deferred Tax Asset	616,132	370,043

16. Information on Assets held for sale and discontinued operations:

	Current Period	Prior Period
Balance at the Beginning of the Period	20,542	17,389
Additions	27,298	21,852
Transfers	-4,501	10,870
Disposals (-)	-13,377	-29,569
Impairment Losses (-)	-1,161	
Balance at the End of the Current Period (Net)	28,801	20,542

The Group has no discontinued operations. The assets classified as "Assets Held for Sale" of the Group consist of real estates. Those real estates of the Parent Bank subject to sale are announced on the Bank's web site. Announcements about the real estates subject to sale are also made by means of newspaper advertisements and similar media.

17. Information on Other Assets of the Group:

The "other assets" item does not exceed 10% of total assets.

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II. Explanation and Notes on Consolidated Liabilities

1. Information on Deposits:

a.1. The maturity structure of deposits (Current Period):

	Demand	With	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
		7 Days Maturity							
Savings Deposits	3,338,969		15,914,795	9,273,682	708,481	466,735	335,613		30,038,275
Foreign Currency Deposits	4,448,444		9,600,625	8,179,852	974,103	1,426,653	2,450,178		27,079,855
Residents in Turkey	4,167,426		9,035,866	7,874,404	708,472	626,787	1,571,979		23,984,934
Residents Abroad	281,018		564,759	305,448	265,631	799,866	878,199		3,094,921
Deposits of Public Institutions	286,394		87,419	281,271	3,363		12,194		670,641
Commercial Deposits	2,823,931		1,571,523	2,066,729	391,335	32,177	707,583		7,593,278
Other Institutions Deposits	197,317		1,062,704	2,994,142	12,642	740	328,117		4,595,662
Precious Metals Deposits	112,695								112,695
Interbank Deposits	224,532		516,554	927,104	254,147		42,229		1,964,566
The Central Bank of Turkey	62,546								62,546
Domestic Banks	36,842		161,763	564,789			1,108		764,502
Foreign Banks	123,347		354,791	362,315	254,147		41,121		1,135,721
Participation Banks	1,797								1,797
Other									
Total	11,432,282		28,753,620	23,722,780	2,344,071	1,926,305	3,875,914		72,054,972

a.2. The maturity structure of deposits (Prior Period):

	Demand	With	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
		7 Days Maturity							
Savings Deposits	2,420,962		15,014,145	7,302,844	700,944	88,838	211,483		25,739,216
Foreign Currency Deposits	4,112,842		9,212,640	5,176,184	1,007,299	798,543	2,455,743		22,763,251
Residents in Turkey	3,755,740		8,706,346	4,963,523	864,985	260,482	1,723,058		20,274,134
Residents Abroad	357,102		506,294	212,661	142,314	538,061	732,685		2,489,117
Deposits of Public Institutions	336,837		185,132	71,008	3,008		410		596,395
Commercial Deposits	1,759,607		3,228,791	1,809,016	100,127	157,780	43,099		7,098,420
Other Institutions Deposits	172,401		970,127	2,734,801	134,777	1,355,519	16,744		5,384,369
Precious Metals Deposits	8,065								8,065
Interbank Deposits	129,458		892,822	330,437	32,837	6,273	6,459		1,398,286
The Central Bank of Turkey	17,234								17,234
Domestic Banks	13,045		298,355	235,848		48			547,296
Foreign Banks	97,748		594,467	94,589	32,837	6,225	6,459		832,325
Participation Banks	1,431								1,431
Other									
Total	8,940,172		29,503,657	17,424,290	1,978,992	2,406,953	2,733,938		62,988,002

b.1. Savings deposits which are under the guarantee of Savings Deposits Insurance Fund and which exceed the limit of deposit insurance:

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Savings Deposits	13,768,529	12,149,886	16,015,035	13,312,241
Foreign Currency Savings Deposits	5,999,584	5,831,968	11,005,466	8,581,817
Other Deposits in the Form of Savings Deposits				
Foreign Branches' Deposits Under Foreign Authorities' Insurance	1,428,195	1,231,801	65,140	139,210
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance			51,867	80,040

b.2. Savings deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign Branches' Deposits Under Foreign Authorities Insurance	251,869	501,683
Deposits and Other Accounts held by Main Shareholders and their Relatives		
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	7,175	6,784
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004		
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey		

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2. Information on Derivative Financial Liabilities Held for Trading:

Negative differences on derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	303	39,539	259,342	8,388
Swap Transactions	331,679	113,065	117,195	9,046
Futures				
Options	591	13,658		150,368
Other				258
Total	332,573	166,262	376,537	168,060

3. Banks and Other Financial Institutions:

a. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds borrowed from the Central Bank of Turkey				
Funds borrowed from Domestic Banks and Institutions	389,813	456,196	232,062	520,826
Funds borrowed from Foreign banks, institutions and funds	2,259,416	11,693,519	2,627,366	12,632,552
Total	2,649,229	12,149,715	2,859,428	13,153,378

b. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	417,261	3,848,143	316,438	2,917,015
Medium and Long-term	2,231,968	8,301,572	2,542,990	10,236,363
Total	2,649,229	12,149,715	2,859,428	13,153,378

c. Concentration of the liabilities of the Group:

Of the Group's liabilities, 66% are comprised of deposits and funds provided from repurchase agreements and 11% are comprised of borrowings. Deposits are distributed among a large variety of customers with different characteristics. The borrowings, on the other hand, are comprised of various funds obtained from financial institutions through syndication, securitization, post-financing and money market operations. No risk concentration exists related to the Group's liabilities.

4. Other Liabilities:

Other liabilities do not exceed 10% of the balance sheet total.

5. Information on lease payables (Net):

a. Clauses that subject the Group to important liabilities about criteria used in defining rent installments of finance lease contracts, renewal and buy options, and limitations taking place at the arrangements: Finance lease contracts are signed with purchasing options and the payments are made in equal installments.

b. The detailed information on changes of contracts and new liabilities formed by these contract changes: There have not been any changes.

c. Liabilities resulting from finance lease transactions: None.

d. Information on operating lease transactions: Transactions related to the operating lease are accounted on accrual basis according to the articles of the agreement.

e. Sale and lease-back transactions: There are no sale and lease-back transactions of the Group.

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

The Group does not have any derivative financial liabilities held for hedging purposes.

7. Information on provisions:

a. Information on general provisions:

	Current Period	Prior Period
General Provisions	538,702	498,988
Provision for Group I Loans and Receivables	328,331	322,100
Provision for Group II Loans and Receivables(1)	46,432	37,969
Provision for Non-cash Loans	54,079	46,038
Other	109,860	92,881

(1) Also includes general provision for Group II Non-cash Loans.

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b. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Group is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee termination benefits is one month salary for each service year. The base salary ceiling for employee termination benefits as of 01.01.2010 stands at TL 2,427.04 (in full TL amount). The Bank books provisions for employee termination benefits by calculating the present value of potential liabilities. The Parent Bank's liabilities for employee termination benefits have been determined by an actuarial report prepared by an independent valuations firm.

On Group basis, the provision set aside and shown in the financial statements as of 31.12.2009 stands at TL 166,068 (31.12.2008: TL 146,343).

The main actuarial assumptions used in the calculation of the employee termination benefits:

- the discount rate used for the current year is 5.92%.
- TL 2,427.04 (in full amount) salary, which was effective as at 01.01.2010 was taken into account in the current year calculations.
- it is assumed that the amount of the salary ceiling will increase each year in line with the inflation rate.
- the age of retirement is considered as the earliest age possible that an individual can retire.
- CSO 1980 table is used for the mortality rate for female and male employees

The movements related to provision for employee termination benefits are given below.

	Current Period	Prior Period
Defined benefit obligation at the beginning of the period	146,343	138,698
Service Cost	12,838	10,301
Interest Cost	13,782	11,804
Benefits paid	-20,911	-19,060
Actuarial Loss/(gain)	14,016	4,600
Effect of inclusion of subsidiary in consolidation		
Defined benefit obligation at the end of the period	166,068	146,343

In addition to the employee termination benefits, the Bank and consolidated Group companies also allocate provision for the unused vacation pay. Provision for unused vacation pay as of 31.12.2009 stands at TL 17,738 (31.12.2008: TL 19,625).

c. Provisions for exchange losses in the principal amount of foreign currency indexed loans:

Since foreign currency indexed loans are followed based on the rates on the lending date, the Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rates increase. As of 31.12.2009, provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans is TL 20,689 and this amount is offset against foreign currency indexed loan balance in the financial statements.

d. Special provisions for non-cash loans, which are not indemnified and not converted into cash:

TL 190,805 provision (31.12.2008: TL 212,476) is allocated for the non-cash loans of companies whose loans are followed under non-performing loans accounts.

e. Information on other provisions:

e.1. Provisions for potential risks:

Taking the potential risks in the economy and in the markets into account, TL 950,000 provision was allocated in total in accordance with the precautionary principle.

e.2. Liabilities arising from retirement rights:

Within the scope of the explanations given in Part Three Note XIX, in the actuarial report which was prepared as of 31.12.2009 for Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund), of which each Bank employee is a member, and which has been established according to the provisional Article 20 of the Social Security Act No. 506, the amount of actuarial and technical deficit stands at TL 1,295,985. Additional provision was allocated for TL 19,547, which is the difference between the above mentioned deficit amount and the TL 1,276,438 provision, which was allocated for the related pension fund until the current period. Besides the Bank, as a result of the actuarial audit of Milli Reasürans T.A.Ş as of 31.12.2009, TL 1,234 additional provision is kept and has been presented in the financial statements as TL 19,417 provision.

The above mentioned actuarial audit, which was made in accordance with the principles of the related law, measures the cash value of the liability as of 31.12.2009. In other words, it measures the amount to be paid to the Social Security Institution by the Bank. CSO 1980 mortality table, 9.8% technical deficit interest rate and 33.5% premium rate were taken into account in calculations. Below table shows the cash values of premium and salary payments as of 31.12.2009, taking the health expenses within the Social Security Institution limits into account.

	Current Period	Prior Period
Cash Value of Total Liabilities Other than Health	(2,922,287)	(2,712,478)
Cash Value of Long Term Insurance Line Premiums	1,254,471	1,126,994
Net Cash Value of Total Liabilities Other than Health	(1,667,816)	(1,585,484)
Cash Value of Health Liabilities	(398,851)	(345,314)
Cash Value of Health Premiums	613,297	550,974
Net Cash Value of Health Liabilities	214,446	205,660
Pension Fund Assets	157,385	103,386
Amount of Actuarial and Technical Deficit	(1,295,985)	(1,276,438)

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The assets of the pension fund are as follows.

	Current Period	Prior Period
Cash	104.361	66.620
Securities Portfolio	43.975	29.907
Other	9.049	6.859
Total	157.385	103.386

Actuarial assumptions used in the calculation:

- Discount rate is taken as 9.8%.
- There is not any real increase/decrease expected in salary and health expenses.
- The forecasts related to future mortality rates are based on the current statistics and mortality tables.

On the other hand, after the transfer, the currently paid health benefits will be revised within the framework of the Social Security Institution legislation and related regulations.

e.3. Provisions for the Lawsuits:

The Parent Bank has set aside TL 50,040 provision related to the ongoing lawsuits due to tax disputes and TL 49,913 provision related to the lawsuits for dispute on lending. Besides the Bank, TL 1,803 provision related to the ongoing lawsuits due to tax disputes on consolidated Group companies is reflected on the consolidated financial statements.

8. Information on Tax Liability:

a. Explanations related to current tax liability:

a.1. Information on tax provision:

Explanations in relation to taxation and tax calculations were stated in Note XX of Part 3. The remaining corporate tax liability of the Parent Bank after the deduction of the temporary tax amount stands at TL 172,428 as of December 31, 2009.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	186,941	85,469
Tax on Securities Income	77,149	130,276
Tax on Real Estate Income	1,253	1,006
Banking Insurance Transaction Tax	46,302	55,679
Foreign Exchange Transaction Tax	25	23
Value Added Tax Payable	1,668	1,203
Other	24,066	22,689
Total	337,404	296,345

a.3. Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employees	521	465
Social Security Premiums - Employer	554	487
Bank Pension Fund Premiums - Employees		
Bank Pension Fund Premiums - Employer		
Pension Fund Membership Fees and Provisions-Employees	830	872
Pension Fund Membership Fees and Provisions-Employer	34	1
Unemployment Insurance - Employees	615	578
Unemployment Insurance - Employer	1,084	999
Other	203	446
Total	3,841	3,848

b. Information on deferred tax liabilities:

None.

9. Information on payables for assets held for sale and discontinued operations:

None.

10. Explanations on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks				
Other Domestic Institutions				
Foreign Banks				
Other Foreign Institutions		75,343		70,629
Total		75,343		70,629

T.S.K.B A.Ş., consolidated affiliate of the Bank, has used a subordinated loan amounting USD 50 Million from International Finance Corporation through direct financing on 5 November 2004. The maturity date of the subordinated loan with interest rate of Libor + 2.5% and without any repayment of principal in the first five years, is 15.10. 2016.

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11. Information on consolidated shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Prior Period
Ordinary shares	3,079,609	2,756,555
Preferred shares	30	30
Total	3,079,639	2,756,585

b. Explanation as to whether the registered share capital system ceiling is applicable at bank, if so, the amount of registered share capital:

Capital System	Paid-in Capital	Ceiling
Registered Capital System	3,079,639	7,000,000

c. The capital increase made in current period:

Date of Increase	Increased Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
04.05.2009	323,054	-	323,054	-

At the Ordinary General Meeting, which was held on March 31, 2009, resolution was made to distribute group C bonus shares to shareholders by way of injecting the capital with TL 323,054 of the 2008 profit. The process, which was started according to this resolution, to increase the paid-in capital by the same amount to TL 3,079,639, has been completed and the Bank's paid-in capital was registered as TL 3,079,639.

d. Capital increase through transfer from capital reserves during the period: None

e. Significant commitments of the Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: There are no capital commitments.

f. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Group's equity: The Parent Bank's and the Group companies' balance sheets are managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level and this contributes to the development of the Group's income on a continuously rising trend.

g. Privileges Granted to Shares:

Group (A) shares each with a nominal value of 1 Kurus have the privileges of;

- receiving 20 times the number of shares in the distribution of bonus shares issued from conversion of extraordinary and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation)
- exercising the preference rights as 20 times (Article 19 of the Articles of Incorporation), and
- 20 voting rights (Article 49 of the Articles of Incorporation)

Despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 Kurus, have the same rights with the Group (C) shares having a nominal value of 4 Kurus each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 Kurus, are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

h. Information on marketable securities revaluation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Jointly Controlled Entities	479,788		-136,309	
Revaluation Reserve	479,788		-136,309	
Foreign Exchange Differences				
Financial Assets Available for Sale	201,387	48,506	-16,284	-12,453
Revaluation Reserve	253,769	48,506	-26,145	-12,453
Deferred Tax Effect on Revaluation	-52,382		9,861	
Foreign Exchange Differences				
Total (*)	681,175	48,506	-152,593	-12,453

(*) The minority shares are included and the related values are TL 153,631 for the current period and TL (55,984) for the prior period.

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12. Explanations on Minority Shares:

	Current Period	Prior Period
Paid-in Capital	1,109,128	1,000,725
Share Premium	13,791	13,791
Marketable Securities Revaluation Reserve	153,631	-55,984
Legal Reserves	76,568	54,186
Statutory Reserves	19,252	14,792
Extraordinary Reserves	124,861	122,650
Other Profit Reserves	1,677	1,677
Prior Years' Profit/Loss	189,226	149,638
Current Year Profit/Loss (1)	274,964	253,303
Period Ending Balance	1,963,098	1,554,778

(1) Difference between effective and direct share holding was TL 20,289 in the current period. (31.12.2008: TL 23,219)

III. EXPLANATIONS AND NOTES ON CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

1. a. Types and amounts of irrevocable loan commitments:

Commitment for customer credit card limits amounts to TL 11,792,182 and commitment for overdraft account limits amounts to TL 3,530,717. The Bank has project loans commitments amounting to TL 850,729, which are yet to be utilized. TL 194,302 of the mentioned commitments consist of project loans under the guarantee of the Undersecretariat of Turkish Treasury. The amount of commitment for the forward purchase of assets is TL 58,102 and for the forward sale of assets is TL 59,342.

b. The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

There are no probable losses related to off-balance sheet items, Commitments are shown in the table of "Off-Balance Sheet Liabilities".

b.1. Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	151,195	131,155
Letters of Credit	2,775,336	3,726,838
Other Guarantees	387,291	84,613
Total	3,313,822	3,942,606

b.2. Definite guarantees, provisional guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Provisional Letters of Guarantee	332,779	281,490
Definite Letters of Guarantee	7,488,391	5,386,419
Advance Letters of Guarantee	1,507,720	1,788,219
Letters of Guarantee Addressed to Customs	333,680	239,116
Other Letters of Guarantee	290,076	693,200
Total	9,952,646	8,388,444

c.1. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	343,614	323,121
With Original Maturity of 1 Year or Less	77,408	192,738
With Original Maturity More Than 1 Year	266,206	130,383
Other Non-cash Loans	12,922,854	12,007,929
Total	13,266,468	12,331,050

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c. 2. Sectoral Risk Concentration of Non-cash Loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	91,111	1.69	6,874	0.09	66,871	1.60	5,505	0.07
Farming and Stockbreeding	43,269	0.80	6,192	0.08	33,484	0.80	4,750	0.07
Forestry	46,225	0.86	461	0.01	31,215	0.75	387	0.00
Fishery	1,617	0.03	221	0.00	2,172	0.05	368	0.00
Industry	1,503,606	27.82	3,745,640	47.64	1,186,187	28.45	3,614,738	44.28
Mining and Quarrying	46,896	0.87	79,953	1.02	45,612	1.10	55,649	0.68
Manufacturing	1,152,489	21.32	2,731,432	34.74	1,007,039	24.15	2,955,601	36.21
Electricity, Gas, Water	304,221	5.63	934,255	11.88	133,536	3.20	603,488	7.39
Construction	563,510	10.43	908,438	11.56	478,870	11.49	1,415,914	17.35
Services	3,057,201	56.57	1,981,676	25.21	2,333,807	55.97	1,617,291	19.82
Wholesale and Retail Trade	2,013,098	37.25	1,263,285	16.07	1,537,032	36.86	1,130,541	13.85
Hotel and Restaurant Services	79,809	1.48	14,357	0.18	43,297	1.04	18,010	0.22
Transportation and Communication	246,664	4.56	256,957	3.27	163,947	3.93	109,344	1.34
Financial Institutions	422,610	7.82	198,514	2.53	368,976	8.85	148,636	1.82
Real Estate and Rental Services	126,398	2.34	182,557	2.32	92,645	2.22	167,059	2.05
Self-Employed Services	120,439	2.23	35,853	0.46	85,331	2.05	20,633	0.25
Educational Services	11,574	0.21	17,508	0.22	10,457	0.25	10,085	0.13
Health and Social Services	36,609	0.68	12,645	0.16	32,122	0.77	12,983	0.16
Others	189,206	3.50	1,219,206	15.51	103,647	2.49	1,508,220	18.48
Total	5,404,634	100.00	7,861,834	100.00	4,169,382	100.00	8,161,668	100.00

c. 3. Non-cash Loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans	5,313,997	7,728,745	90,637	133,089
Letters of Guarantee	5,183,394	4,563,244	90,637	115,371
Bank Acceptances	2,997	134,081		14,117
Letters of Credit		2,771,735		3,601
Endorsements		41,538		
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties	127,606	218,147		

2. Information on Derivative Financial Instruments:

Majority of the Group's derivative transactions comprise of foreign currency and interest rate swaps, forward foreign exchange trading and currency trading options. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as "held for trading purposes" within the framework of Turkish Accounting Standard No: 39 "Financial Instruments: Recognition and Measurement" (TAS 39).

3. Explanations Related to Contingencies and Commitments:

Total amount of letters of guarantees submitted by the Parent Bank pursuant to its own internal affairs stands at TL 499,932. The profit/loss statement shall also be affected in the event of materialization on commitments undertaken by the Bank in connection with these guarantee letters. TL 3,978,131 which is the liability of the bank regarding the checks given to customers is presented under off balance sheet commitments, as per Law nr. 3167. Starting from 20.12.2009, in case the check presented for payment is not covered, the Parent Bank has an obligation to pay the uncovered amount up to TL 600 (exact amount) and will try to collect the amount paid for the customer and the uncollected amount will be followed under "Indemnified Non-Cash Loans".

4. Explanations related to transactions made on behalf of or on the account of others:

It is explained in Note X under Part Four.

IV. EXPLANATIONS AND NOTES ON THE CONSOLIDATED INCOME STATEMENT

1.a. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans (1)	6,196,102	845,986	6,126,646	872,001
Short-term Loans	2,748,358	182,096	2,832,925	170,158
Medium and Long-term Loans	3,312,621	663,808	3,118,538	701,356
Interest on Non-performing Loans	135,123	82	175,183	487
Premiums Received from State Resource Utilization Support Fund				

(1) Includes fee and commission income on cash loans.

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Part Five: Explanations and Notes to the Consolidated Financial Statements

1.b. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey				35
Domestic Banks	133,589	9,830	141,132	6,933
Foreign Banks	14,755	82,047	22,650	247,410
Foreign Head Offices and Branches				
Total	148,344	91,877	163,782	254,378

1.c. Information on interest income from securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Financial Assets Held for Trading	128,664	2,802	139,810	1,292
Interest Income on Financial Assets at Fair Value through Profit and Loss				
Interest Income on Financial Assets Available for Sale	1,817,387	658,659	2,336,678	826,830
Investments Held to Maturity	1,034,492	2,338	534,069	1,550
Total	2,980,543	663,799	3,010,557	829,672

1.d. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	9,237	6,780

2.a. Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	404,075	157,560	470,434	223,440
Central Bank of Turkey	28		48	
Domestic Banks	33,909	23,625	33,008	21,819
Foreign Banks	370,138	133,935	437,378	201,621
Foreign Head Offices and Branches				
Other Institutions		205,783		207,942
Total (1)	404,075	363,343	470,434	431,382

(1) Includes fee and commission expenses regarding to cash loans.

2.b. Information on interest paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	19,484	13,276

2.c. Information on Interest Expense on Deposits According to Maturity Structure:

	Demand Deposits			Time Deposits			Accumulated Deposits	Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
TL								
Bank Deposits	646	16,415	31,895	3	3,304			52,263
Savings Deposits	5,008	1,718,577	883,280	78,064	20,070	37,986		2,742,985
Public Sector Deposits	302	12,198	8,834	300	0	253		21,887
Commercial Deposits	2,091	246,066	351,788	104,575	9,229	2,913		716,662
Other Institutions Deposits	457	169,061	117,035	17,017	30,508	3,221		337,299
Deposits with 7 Days Maturity								
Total	8,504	2,162,317	1,392,832	199,959	63,111	44,373		3,871,096
FC								
Foreign Currency Deposits	353	239,446	196,497	30,723	21,747	106,635		595,401
Bank Deposits	73	10,338	10,079	3,126	0	1,123		24,739
Deposits with 7 Days Maturity								
Precious Metals Deposits								
Total	426	249,784	206,576	33,849	21,747	107,758		620,140
Grand Total	8,930	2,412,101	1,599,408	233,808	84,858	152,131		4,491,236

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Part Five: Explanations and Notes to the Consolidated Financial Statements

3. Information on dividend income:

	Current Period	Prior Period
Financial Assets Held for Trading	4,732	2,692
Financial Assets at Fair Value Through Profit and Loss		
Financial Assets Available for Sale	6,489	23,757
Other	155,117	101,902
Total	166,338	128,351

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

	Current Period	Prior Period
Profit	54,124,114	58,127,052
Securities Trading Gains	589,356	185,827
Gains on Derivative Financial Instruments	2,286,134	2,909,352
Foreign Exchange Gains	51,248,624	55,031,873
Losses (-)	53,567,073	57,580,652
Securities Trading Losses	68,819	206,687
Losses on Derivative Financial Instruments	1,892,637	3,326,750
Foreign Exchange Losses	51,605,617	54,047,215

5. Information on other operating income:

TL 2,284,514 of other operating income sources from inclusion and classification of operations of insurance and reinsurance companies; 95% of which is from insurance premiums. Other items of the other operating income are composed of collections and cancellations of the provisions set aside in prior years for various reasons mainly for non-performing loans, and of the fee income received from customers on various banking services.

In prior period, operating income of insurance and reinsurance companies in this item is TL 1,931,145; 96% of which is from insurance premiums.

6. Information on provision for loans and other receivables:

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	1,493,497	1,085,753
Group III Loans and Receivables	1,317,170	1,030,535
Group IV Loans and Receivables	35,734	19,958
Group V Loans and Receivables	140,593	35,260
General Provision Expenses	71,127	182,629
Provision Expenses for Potential Risks	292,000	75,000
Marketable Securities Impairment Losses	5,139	102,137
Financial Assets at Fair Value through Profit and Loss	130	1,167
Financial Assets Available for Sale	5,009	100,970
Impairment Losses on Investments in Associates, Subsidiaries, Jointly Controlled Entities and Investments Held to Maturity	64,796	
Investment in Associates		
Subsidiaries	64,796	
Jointly Controlled Entities		
Investments Held to Maturity		
Other	437,006	263,523
Total	2,363,565	1,709,042

7. Other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1,619,438	1,433,603
Reserve for Employee Termination Benefits	19,725	7,948
Bank Pension Fund Deficit Provisions	20,781	68,037
Impairment Losses on Tangible Assets		1,997
Depreciation Expenses of Tangible Assets	174,178	167,407
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		
Amortization Expenses of Intangible Assets	47,607	42,879
Impairment Losses on Share of Participations Accounted for Using the Equity Method		
Impairment Losses on Assets to be Disposed	3,780	548
Depreciation Expenses of Assets to be Disposed	10,008	11,717
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations	1,161	
Other Operating Expenses	900,334	1,072,428
Operating Lease Expenses	104,409	105,046
Repair and Maintenance Expenses	21,789	16,444
Advertisement Expenses	125,676	135,302
Other Expenses	648,460	815,636
Loss on Sale of Assets	19,099	134,871
Other	2,581,536	2,275,746
Total	5,397,647	5,217,181

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On the table above, TL 2,452,118 of other operating expenses include expenses of insurance and reinsurance companies' operations, 14% of which is from technical provisions, 69% from paid claims.

In prior period, operating expenses of insurance and reinsurance companies in this item is TL 2,218,292; 14% of which is from technical provisions and 67% from paid claims.

8. Information on Profit/loss before taxes including profit/loss from continuing and discontinued operations

The Group's profit before tax is generated from its continuing operations. The profit before tax consists of net interest income of TL 5,740,144, net fee and commission income of TL 1,159,630 and the other operation expenses amount to TL 5,397,647.

9. Information on Provision for taxes including taxes from continuing and discontinued operations

As of December 31, 2009 the Group's total tax provision of TL 615,205 consists of current tax expense of TL 923,537 and deferred tax income of TL (308,332).

10. Information on Net operating profit/loss after taxes including net profit/loss from continuing and discontinued operations:

The Group's net profit generated from its continuing operations amounts to TL 2,752,304.

11. Explanation on Net Period Profit/Loss:

a. Income and expense resulting from regular banking activities: No further explanation on operating results is needed for better understanding of the Group's performance in the period 01.01.2009-31.12.2009.

b. Any material effect of the changes in accounting estimations on current and subsequent period results:
No disclosure is required.

c. Net profit/loss of minority shares:

	Current Period	Prior Period
Net Profit/Loss of Minority Shares	254,675	230,084

12. Other Items of the Income Statement:

Other items do not exceed 10% of the total amount of the income statement.

V. EXPLANATIONS AND NOTES ON THE STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

The paid-in capital is TL 3,079,639 in legal records. As of balance sheet date, the balance of legal reserves is TL 1,404,488 and the balance of extraordinary reserves is TL 3,705,309.

In the current period, the change in other reserves item is a result of the conversion losses of foreign branches and financial institutions.

The details of revaluation surplus account of securities are shared in the Note nr. V-II-11-g. TL (52,382) of this amount is the deferred tax effect on available for sale securities. (December 31, 2008: TL 9,860)

VI. EXPLANATIONS AND NOTES ON THE CONSOLIDATED CASH-FLOW STATEMENT

The operating profit of TL 5,815,396 before the changes in operating assets and liabilities, consists of interests received at TL 12,112,040 predominantly from loans and securities, and TL 5,899,304 of interest paid predominantly on deposits, interbank money market transactions and funds borrowed by the Bank. An important part of other revenues, TL 3,592,313, consists of premium collections of insurance companies. Other commissions and claims expenses of insurance composes the major part of the items that results in fund outflow, TL 3,486,216 and foreign exchange losses (net), fees and commissions expense, advertisement and rent expenses are the other expenses of this type.

The effect of changes in foreign exchange rates on cash and cash equivalents is approximately TL (19,468) as of December 31, 2009. (December 31, 2008: TL 45,845).

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, reserve deposits at the Central Bank, money in transit, cheques purchased, interbank money market transactions and time deposits up to 3 months are defined as cash and cash equivalents.

Cash and cash equivalents at beginning of period:

	31.12.2008	31.12.2007
Cash	11,809,860	7,073,441
Cash in TL and Foreign Currency	595,574	508,766
Central Bank of Turkey and Other	11,214,286	6,564,675
Cash Equivalents	5,475,933	5,550,572
Money Market Placements	24,187	3,595
Banks' Demand Deposits and Time Deposits Up to 3 Months	5,451,746	5,546,977
Total Cash and Cash Equivalents	17,285,793	12,624,013

The total amount resulting from the transactions made in the previous period, shows the total cash and cash equivalents as of the beginning of the current period.

Cash and Cash equivalents as of end of the period:

	31.12.2009	31.12.2008
Cash	8,758,993	11,809,860
Cash in TL and Foreign Currency	786,502	595,574
Central Bank of Turkey and Other	7,972,491	11,214,286
Cash Equivalents	8,022,885	5,475,933
Money Market Placements		24,187
Banks' Demand Deposits and Time Deposits Up to 3 Months	8,022,885	5,451,746
Total Cash and Cash Equivalents	16,781,878	17,285,793

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Part Five: Explanations and Notes to the Consolidated Financial Statements

VII. EXPLANATIONS AND NOTES ON THE GROUP'S RISK GROUP

1. Information on the volume of transactions relating to the Group's risk group, incomplete loan and deposit transactions and period's profit and loss:

a. Current Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	43,453	1,067,977	1	141,768	468,129	111,034
Balance at the end of the period	48,578	1,498,801		10	658,037	102,675
Interest and commission income received	2,910	901			41,054	1,313

b. Prior Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	109,569	858,320	1	24,347	277,795	88,899
Balance at the end of the period	43,453	1,067,977	1	141,768	468,129	111,034
Interest and commission income received	4,136	277			28,256	946

c.1. Information on deposits held by the Group's risk group:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	347,729	222,564	152,957	70,837	379,210	340,482
Balance at the end of the period	349,909	347,729	237,295	152,957	898,213	379,210
Interest expense on deposits	116,432	4,100	12,112	20,803	28,794	34,308

c.2. Information on forward and option and other similar agreements made with the Group's risk group:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit and Loss						
Beginning of the period		71,134				
End of the period	3,581					
Total Profit/Loss	-2,579					
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						

2. In connection with the Group's risk group:

a. The relationship of the Group with corporations in its risk group and under its control regardless of any transactions between the parties:

All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

b. The type and amount of transaction carried out, and its ratio to the overall transaction volume, values of principal items and their ratios to overall items, pricing policy and other items in addition to the structure of the relationship:

The ratio of loans extended to the risk group to the overall loans is 1.34%, while the ratio to the overall assets is 0.55%; the ratio of deposits of the risk group corporations to the overall deposits is 2.06%, while the ratio to overall liabilities is 1.15%. Comparable price method is used in pricing the transactions.

c. Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals, and management agreements:

The bank acquires generally its properties via leasing through one of its group companies, İş Finansal Kiralama A.Ş. in general. The Parent Bank's branches also act as agents for Anadolu Anonim Türk Sigorta Şirketi., Anadolu Hayat Emeklilik A.Ş., and İş Yatırım Menkul Değerler A.Ş. İş Portföy Yönetimi A.Ş. manages the portfolios of 22 mutual funds which were founded by the Parent Bank.

If requested, cash and non-cash loan requirements of corporations within the risk group are met in accordance with the limits imposed by the Banking Law and the prevailing market conditions.

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Consolidated Financial Statements

3. Total salaries and similar benefits paid to the key management personnel

Benefits the Parent Bank provided to key management personnel during the current period amount to TL 14,074 (December 31, 2008: TL 13,348).

VIII. EXPLANATIONS ON THE GROUP'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND REPRESENTATIVE OFFICES

The Parent Bank – Türkiye İş Bankası A.Ş.

	Number	Employees		Total Assets	Legal Capital
Domestic Branches(*)	1,078	22,281			
			Country of Incorporation		
Foreign Representative Offices	1	1	China		
Foreign Branches	1	29	England	3,312,665	241
	13	153	TRNC	1,039,873	30,522
Off-Shore Branches	1	9	Bahrain	20,804,227	

(*) The Branches located in Free Trade Zones in Turkey are included among domestic branches.

İşbank GmbH

	Number	Employees		Total Assets	Legal Capital
Domestic Branches(*)	11	147			
			Country of Incorporation		
Foreign Representative Offices					
Foreign Branches	3	23	The Netherlands	357,093	
			France	49,579	
			Switzerland	19,189	
Off-Shore Branches					

(*) Germany is meant by the term "domestic".

Türkiye Sınai Kalkınma Bankası A.Ş.

	Number	Employees		Total Assets	Legal Capital
Domestic Branches	2	308			
			Country of Incorporation		
Foreign Representative Offices					
Foreign Branches					
Off-Shore Branches	1	2	Bahrain	257,037	

Milli Reasürans T.A.Ş.

	Number	Employees		Total Assets	Legal Capital
Domestic Branches	1	210			
			Country of Incorporation		
Foreign Representative Offices					
Foreign Branches					
Off-Shore Branches	1	9	Singapore	37,868	

Number of employees of consolidated companies that does not have agencies and branches abroad:

	Employees
Anadolu Anonim Türk Sigorta Şirketi	819
Anadolu Hayat Emeklilik A.Ş.	678
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	36
İş Finansal Kiralama A.Ş.	93
İş Yatırım Menkul Değerler A.Ş.	92

Part Six: Explanations on the Independent Auditors' Report

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT:

The Parent Bank's and financial institutions' consolidated financial statements as of December 31, 2009 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu).

II. EXPLANATIONS AND NOTES OF THE INDEPENDENT AUDITORS

There are no significant issues or necessary disclosures or notes in relation to the Group's operations other than those mentioned above.

Türkiye İş Bankası A.Ş.

Financial Highlights and Key Ratios for the Five Years Period Including the Reported Period

ASSETS (TL thousand) *	2005/12	2006/12	2007/12	2008/12	2009/12
Cash and Cash Equivalents	299,198	477,110	511,311	605,020	893,430
Banks and Money Market Placements (1)	12,105,160	12,221,022	14,388,777	19,320,482	18,348,043
Securities (Net)	25,793,919	29,802,637	28,689,213	29,479,683	45,078,276
Loans (2)	23,388,631	32,136,918	36,800,215	51,689,972	52,760,440
Associates and Subsidiaries (Net)	3,028,897	3,006,775	3,058,096	2,265,925	2,996,044
Finance Lease Receivables (Net)	791,444	940,199	921,614	1,095,478	931,016
Fixed Assets (Net)	2,752,442	2,846,717	2,928,744	2,940,690	2,925,103
Other Assets	1,569,588	1,595,301	2,780,352	3,810,781	4,984,124
Total Assets	69,729,279	83,026,679	90,078,322	111,208,031	128,916,476
LIABILITIES (TL thousand) *	2005/12	2006/12	2007/12	2008/12	2009/12
Deposits	36,959,507	46,306,374	48,063,949	62,988,002	72,054,972
Funds Borrowed and Interbank Money Market	16,989,113	19,804,992	20,875,569	24,784,827	28,346,924
Provisions	4,022,517	4,254,578	5,250,533	6,267,455	7,112,309
Other Liabilities	1,946,338	2,407,187	4,011,801	5,176,496	6,096,346
Shareholders' Equity	9,811,804	10,253,548	11,876,470	11,991,251	15,305,925
Total Liabilities	69,729,279	83,026,679	90,078,322	111,208,031	128,916,476
INCOME STATEMENT (3) (TL thousand)	2005/12	2006/12	2007/12	2008/12	2009/12
Interest Income	5,939,257	8,413,588	10,096,731	11,769,369	11,370,516
Interest Expense	2,948,822	5,194,852	6,387,105	7,175,786	5,630,372
Net Interest Income	2,990,435	3,218,736	3,709,626	4,593,583	5,740,144
Net Trading Income	256,860	35,060	434,530	546,400	557,041
Net Fees and Commissions Income	853,671	982,355	1,090,624	1,165,780	1,159,630
Dividend Income	164,616	50,116	408,459	128,351	166,338
Other Operating Income	4,251,127	3,537,813	3,193,837	2,707,831	3,505,568
Total Operating Income	8,516,709	7,824,080	8,837,076	9,141,945	11,128,721
Operating Expenses	5,543,358	4,936,678	4,671,405	5,217,181	5,397,647
NET OPERATING PROFIT/LOSS	2,973,351	2,887,402	4,165,671	3,924,764	5,731,074
Provision for Impairment Losses	827,396	881,738	1,650,772	1,709,042	2,363,565
PROFIT/(LOSS) BEFORE TAXES AND MONETARY POSITION	2,145,955	2,005,664	2,514,899	2,215,722	3,367,509
Net Monetary Position Profit/(Loss)	0	0	0	0	0
PROFIT/(LOSS) BEFORE TAXES	2,145,955	2,005,664	2,514,899	2,215,722	3,367,509
Provision for Taxes	766,015	590,401	488,104	396,692	615,205
NET PERIOD PROFIT/(LOSS)	1,379,940	1,415,263	2,026,795	1,819,030	2,752,304
GROSS INCOME (4)	11,556,592	13,088,221	15,337,669	16,509,976	17,015,604
GROSS PROFIT (5)	2,973,351	2,887,402	4,165,671	3,924,764	5,731,074
KEY RATIOS	2005/12	2006/12	2007/12	2008/12	2009/12
Interest Earning Assets/Total Assets	88.19%	90.23%	89.50%	91.25%	90.74%
Interest Earning Assets/Interest Bearing Liabilities	113.99%	113.31%	116.94%	115.62%	116.52%
Securities/ Total Assets	36.99%	35.90%	31.85%	26.51%	34.97%
Loans / Total Assets	33.54%	38.71%	40.85%	46.48%	40.93%
Loans/ Deposits	63.28%	69.40%	76.57%	82.06%	73.22%
Retail Loans / Total Loans	29.15%	28.73%	32.20%	28.47%	28.83%
NPL Ratio	4.59%	3.63%	3.98%	4.17%	5.07%
Coverage Ratio	100.00%	100.00%	100.00%	100.00%	100.00%
Demand Deposits / Total Deposits	18.60%	16.78%	16.92%	14.19%	15.87%
Shareholders' Equity / Total Liabilities	14.07%	12.35%	13.18%	10.78%	11.87%
Capital Adequacy Standard Ratio	29.06%	24.82%	21.13%	16.24%	18.13%
Return on Average Assets (6)	2.42%	1.85%	2.34%	1.81%	2.29%
Return on Average Equity (6)	14.96%	14.11%	18.32%	15.24%	20.17%
Cost / Income (7)	43.52%	43.24%	37.01%	43.31%	33.95%
OTHER INFORMATION (TL thousand)	2005/12	2006/12	2007/12	2008/12	2009/12
Regulatory Capital	9,963,533	9,835,719	12,210,735	12,828,095	15,632,586
Core Capital	8,383,189	9,518,667	11,829,029	12,994,127	15,127,364
Free Capital (8)	4,233,273	4,606,592	6,121,964	7,078,506	9,750,739
Demand Deposits	6,875,300	7,771,005	8,132,787	8,940,172	11,432,282

* Interest accruals are included in all interest related items.

(1) Includes Deposits at the Central Bank and Reserve Requirements.

(2) Excludes receivables under Follow-up.

(3) Fees and Commissions Received from Cash Loans are showed under Interest Income; Fees and Commissions Paid to Cash Loans are shown under Interest Expense.

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

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

(6) Averages are calculated over year-end figures.

(7) Operating Income and Operating Expenses are adjusted for the Gains/Losses due to FX indexed items and Insurance Technical Gains/Losses.

(8) Free Equity = Shareholders' Equity - (Fixed Assets + Non-Financial Associates and Subsidiaries + Receivables under Follow-Up - Specific Provisions)

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