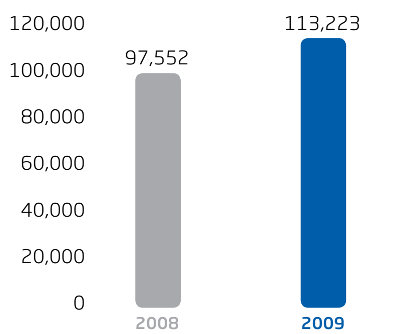
Türkiye İş Bankası A.Ş.
Explanations on İşbank's Financial Condition, Profitability and Solvency

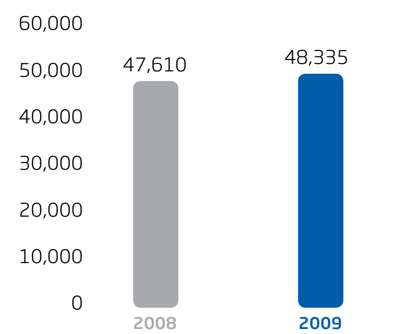
Assets
In 2009, İşbank grew its total assets by 16.1%, and continued its leadership among private-sector banks with TL 113.2 billion of total assets. While loan growth was limited to 1.5% due to the slowdown in the economy, poor credit demand and contraction in foreign trade volume, increase in securities portfolio was realized as 57.3%. On the other hand, associates and subsidiaries grew by 62.5%, mainly due to the mark-to market gains in listed participations.

As at the end of 2009, İşbank continued to be the market leader in TL loans, which constituted 71.2% of its total loans. The share of housing loans, which grew by 14.0% throughout the year, reached 8.9% of the total loan portfolio. On the other hand, due to adverse economic conditions, non-performing loans (NPLs) increased in parallel with the trend in the sector, throughout the year, TL 223.9 million of NPL sale was realized, and in this context the ratio of NPLs to total loans increased by one percentage point compared to the end of the previous year, reaching 5.4 %. While the NPL coverage ratio was 83.5% in the sector at the end of the year, İşbank continued with its 100% provisioning policy.

Total Assets
TL million



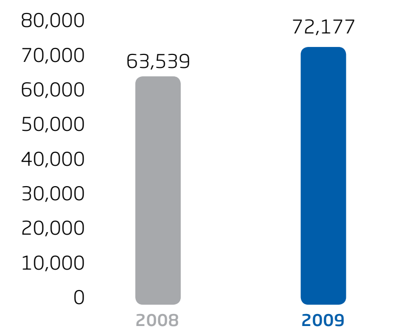
Loans
TL million



Liabilities
In 2009, increase in İşbank's total deposits was 13.6%. As of 2009, İşbank was the market leader among private-sector banks in TL deposits, foreign currency deposits and total deposits. Its widespread deposit base resulting from the Bank's mainly deposit based funding structure and widespread branch network in Turkey, contributed to the Bank to retain its strong liquidity profile during the crisis. The share of demand deposits, which grew by 28.1% compared to previous year, reached 15.6% of total deposits. This improvement in the composition of deposits was one of the factors that affected the funding cost of the Bank positively in 2009.

On the other hand, İşbank, by obtaining syndicated loans, repo and other non-deposit funds, benefited from the arising opportunities regarding duration and cost of funding. The share of non-deposit funding sources in total liabilities did not change considerably compared to the previous year and was realized at 18.3%.

Total Deposits
TL million



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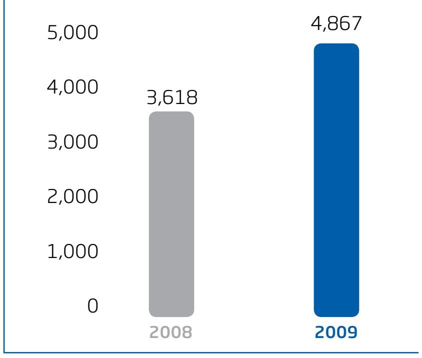
Profitability

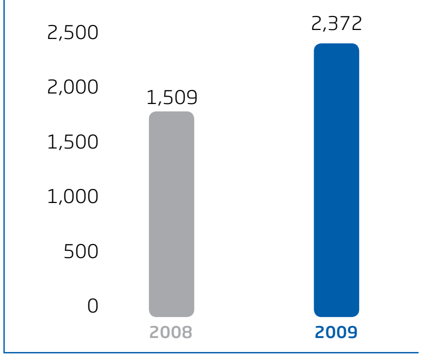
In 2009, while interest paid for deposits declined by 17.0% due to decreasing borrowing costs and short-term maturity structure of deposits, interest income from TL loans and TL securities increased by a limited amount based on volume growth. As a result, net interest income increased by 34.5% in 2009. In the same period, net fees and commission income increased by 4.0%.

In 2009, there was a 4.4% reduction in operating expenses due to policies focusing on controlling monitored costs. Cost to income ratio, an important indicator of efficiency, improved from 45.2% in 2008, to 34.0% in 2009. Return on equity and return on assets, which were respectively 20.7% and 2.3% at the end of 2009, showed considerable improvement compared to previous year. İşbank's net profit rose by 57.2% in 2009.

Net Interest Income
TL million



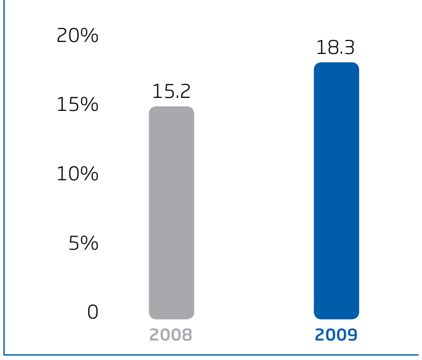
Net Profit
TL million



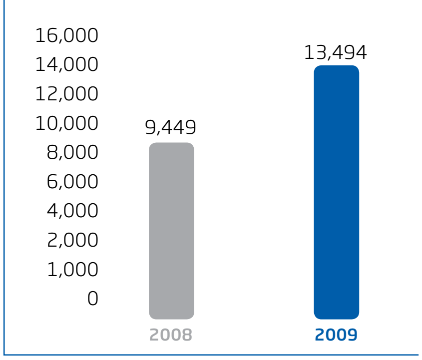
Solvency

Due to high profitability and mark-to market gains in listed participations, shareholders' equity reached 11.9% of total liabilities, increasing by 42.8% in 2009 compared to previous year.. In line with this development, capital adequacy ratio increased from 15.2% at the end of 2008, to 18.3% at the end of 2009. Both the capital adequacy ratio and the loans/deposits ratio, which was 67.0%, indicate that the Bank is in a favorable position to support growth in the upcoming period. Furthermore, the liquidity ratios of the Bank were above the legal requirements.

Capital Adequacy Ratio
(%)



Shareholders' Equity
TL million



Loans/Deposits
(%)