

# Türkiye İş Bankası A.Ş.

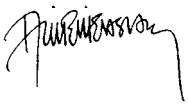
## The Unconsolidated Year End Financial Report as of December 31, 2009

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The unconsolidated 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE CURRENT PERIOD
- INFORMATION ON THE BANK'S FINANCIAL STRUCTURE
- DISCLOSURES AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON INDEPENDENT AUDITORS' REPORT

The unconsolidated 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.



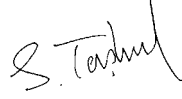
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 Management Division



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.

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# Türkiye İş Bankası A.Ş.

	Page
<b>PART I</b>	
<b>General Information about the Bank</b>	
I. Explanations on the Establishment Date and Initial Status of the Bank, and History Including the Changes in the Former Status	111
II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Bank, any Changes in the Period, and Information on the Bank's Risk Group	111
III. Explanations on the Shares of the Chairman of the Board, Directors, Auditors, Chief Executive Officer and Deputy Chief Executives, if any, and their Areas of Responsibility at the Bank	111
IV. Information on the Bank's Qualified Shareholders	112
V. Summary Information on the Bank's Functions and Business Lines	112
<b>PART II</b>	
<b>Unconsolidated Financial Statements</b>	
Presented starting from page 92.	
<b>PART III</b>	
<b>Explanations on Accounting Policies</b>	
I. Explanations on the Basis of Presentation	112
II. Explanations on the Usage Strategy of Financial Instruments and on Foreign Currency Transactions	112
III. Explanations on Investments in Associates and Subsidiaries	113
IV. Explanations on Forward and Option Contracts and Derivatives Instruments	113
V. Explanations on Interest Income and Expenses	113
VI. Explanations on Fee and Commission Income and Expenses	113
VII. Explanations on Financial Assets	113
VIII. Explanations on Impairment of Financial Assets	115
IX. Explanations on Offsetting Financial Instruments	115
X. Explanations on Sale and Repurchase Agreements and Securities Lending Transactions	115
XI. Explanations on Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities	115
XII. Explanations on Goodwill and Other Intangible Assets	116
XIII. Explanations on Tangible Assets	116
XIV. Explanations on Leasing Transactions	116
XV. Explanations on Provisions and Contingent Liabilities	116
XVI. Explanations on Contingent Assets	117
XVII. Explanations on Liabilities Regarding Employee Benefits	117
XVIII. Explanations on Taxation	117
XIX. Additional Explanations on Borrowings	118
XX. Explanations on Share Certificates and Issues	118
XXI. Explanations on Bank Acceptances and Bills of Guarantee	118
XXII. Explanations on Government Incentives	119
XXIII. Explanations on Segment Reporting	119

# Türkiye İş Bankası A.Ş.

	Page
<b>PART IV</b>	
<b>Information on the Financial Structure</b>	
I. Explanations on Capital Adequacy Standard Ratio	119
II. Explanations on Credit Risk	121
III. Explanations on Market Risk:	126
IV. Explanations on Operational Risk	127
V. Explanations on Currency Risk	127
VI. Explanations on Interest Rate Risk	129
VII. Explanations on Liquidity Risk	133
VIII. Explanations on Other Price Risks	136
IX. Explanations on Presentation of Assets and Liabilities at Fair Value	136
X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions	137
XI. Explanations on Business Segmentation	137
<b>PART V</b>	
<b>Explanations and Notes to the Unconsolidated Financial Statements</b>	
I. Explanations and Notes on Assets	139
II. Explanations and Notes on Liabilities	154
III. Explanations and Notes on Off-Balance Sheet Commitments	159
IV. Explanations and Notes on the Income Statement	161
V. Explanations and Notes on the Statement of Changes in Shareholders' Equity	164
VI. Explanations and Notes on the Cash-Flow Statement	164
VII. Explanations and Notes on the Bank's Risk Group	165
VIII. Explanations on the Bank's Domestic, Foreign, Off-Shore Branches and Representative Offices	167
<b>PART VI</b>	
<b>Explanations on the Independent Auditors' Report</b>	
I. Explanations on the Independent Auditors' Report	167
II. Explanations and Notes of the Independent Auditors	167

# Türkiye İş Bankası A.Ş.

## Part One: General Information About the Bank

### PART ONE: GENERAL INFORMATION ABOUT THE BANK

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

TÜRKİYE İŞ BANKASI A.Ş. ("the 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 Bank, any Changes in the Period, and Information on the Bank's Risk Group

As of December 31, 2009, 41.54% of the 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 of the Chairman of the Board, Directors, Auditors, Chief Executive Officer and Deputy Chief Executives, if any, and their Areas of Responsibility at the Bank

##### Board of Directors and Auditors:

Name	Areas of Responsibility
Caner Çimenbiçer	Chairman of the Board, the Audit Committee and TRNC Internal Systems Committee; 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 Erçenk	Director
Adnan Keskin	Director
Ali Sözen	Director
Füsun Tümsavaş	Director, Member of the Credit Committee
Hasan Koçhan	Director, Alternate Member of the Credit Committee
Prof. Dr. Turkay 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 Demiryar	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.

## Türkiye İş Bankası A.Ş.

### Part Three: Explanations on Accounting Policies

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.

#### IV. Information on the 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	0
Cumhuriyet Halk Partisi – Republican People's Party -(Atatürk's Shares)	865,134	28.09%	865,134	0

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

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the 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.

## Part Two: Unconsolidated Financial Statements

Unconsolidated financial statements are presented starting from page 92.

## Part Three: Explanations on Accounting Policies

#### I. Explanations on the Basis of Presentation

The unconsolidated 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 financial statements are presented in detail below:

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

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

The Bank's main activities comprise private, retail, commercial and corporate banking, money market and securities market operations, as well as activities related to international banking services.

In conformity with the general liability structure of the banking system, the Bank's liabilities are mainly composed of short-term deposits and other medium and long-term liabilities. 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 Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of Turkey. As a result, the liquidity of the Bank 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 sectoral developments and the yields of alternative investment instruments, fixed and floating rate placements are made 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.

Safety principle has always been the top priority in placements and the placements are focused on high yielding and low risk assets by considering their maturity structure. Accordingly, a pricing policy aiming at high return is implemented in the long-term placements and attention is paid to the maximum use of non-interest income generation opportunities. The Bank determines its lending strategy by taking into consideration the international and national economic data and expectations, market conditions, current and potential credit customers' expectations and tendencies, and risks such as; interest rate, liquidity, currency and credit risks. Furthermore, in conformity with this strategy, the Bank acts within the legal limits in terms of asset-liability management.

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 Bank's own transaction and control limits are effectively monitored in order to avoid limit overrides.

The Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined 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.

# Türkiye İş Bankası A.Ş.

## Part Three: Explanations on Accounting Policies

### 2. Explanations on Foreign Currency Transactions

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.

The financial statements of the Bank's foreign branches are prepared in currencies (functional currency) prevailing in the economic environment that they operate in and expressed in TL, which is the functional currency of the Bank and the presentation currency of the financial statements. For the conversion of the assets and liabilities of the foreign branches to TL, end of period foreign currency closing rates are used, and for the conversion of income and expenses foreign currency rates on the transaction date are taken into account. The exchange rate differences arising from the conversion are recorded in the "Other Profit Reserves" account under the shareholders' equity.

### III. Explanations on Investments in Associates and Subsidiaries

Investments in associates and subsidiaries are recorded within the scope of the "Turkish Accounting Standard Nr:39: Financial Instruments: Recognition and Measurement" (TAS 39). Investments in subsidiaries, whose shares are traded in an active market (stock market), are shown in the financial statements with their fair values by taking into account their prices recorded in the related market (stock market). Investments in subsidiaries and associates, whose shares are not traded in an active market (stock market) are followed at their cost of acquisition and these assets are shown in the financial statements with their cost values after the deduction of, if any, impairment provisions.

### IV. Explanations on Forward and Option Contracts and Derivatives Instruments

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

Derivative transactions are carried at their fair values at the contract dates and the receivables and payables arising from these transactions are followed under off-balance sheet accounts. Derivative transactions are measured by 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 Turkish Accounting Standard Nr:39 "Financial Instruments: Recognition And Measurement" (TAS 39). The valuation differences arising from the valuation of derivative transactions are associated with the income statement.

On the other hand, on the off-balance sheet table, the options that generate assets for the Bank 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 comprise 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 Bank'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 Bank determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. However, estimating the fair values through assessing the market information requires interpretation and judgement. As a result, the estimations presented

# Türkiye İş Bankası A.Ş.

## Part Three: Explanations on Accounting Policies

herein cannot be an indicator of the amounts that could be obtained by the Bank 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 Bank, other than those classified 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 Bank, and other than those which are classified 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.

There are 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 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.

## Türkiye İş Bankası A.Ş.

### Part Three: Explanations on Accounting Policies

Foreign currency indexed retail and commercial 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 Bank evaluates 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 Bank measures the related impairment amount.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (loss/damage event) of one or more than one event (or occurrence) 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 Bank also allocates general provisions against loans and other receivables, in line with the requirements set out in the regulation mentioned above.

#### IX. Explanations on Offsetting Financial Instruments

Financial assets and liabilities are offset when the Bank has a legally enforceable right to offset, and when the Bank has an intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right 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" or "Investments Held to Maturity" according to their purposes to be held in the Bank's portfolio and evaluated within the principles of the relevant portfolio.

Funds obtained from repurchase agreements are followed under the "Funds from Repo Transactions" 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 December 31, 2009.

#### 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.



## Türkiye İş Bankası A.Ş.

### Part Three: Explanations on Accounting Policies

#### XII. Explanations on Goodwill and Other Intangible Assets

As at the balance sheet date, The Bank does not have any goodwill in its accompanying unconsolidated financial statements.

Intangible assets are composed of software programs. The ones which were purchased before 1 January 2005, are presented at their inflation adjusted acquisition cost as of December 31, 2004, and the ones which were purchased in the following periods are presented with their acquisition costs less the accumulated amortization and impairment provisions. The related assets are amortized by the straight-line method in 1-3 years. 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.

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 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 acquired through finance lease are amortized at the estimated useful life or the leasing period, whichever is shorter.

The difference between the sales proceeds arising from the disposal of tangible assets or the inactivation of a tangible asset and the book value of the tangible assets are 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.

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 fair 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 expense. 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 Bank'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.

The Bank conducts no leasing operations as a "Lessor".

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

#### XV. 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 estimated reliably.

The provision amount is calculated by estimating in the most reliable way the expense to be made 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 resource 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 information is provided thereon in the notes.

# Türkiye İş Bankası A.Ş.

## Part Three: Explanations on Accounting Policies

### XVI. Explanations on Contingent Assets

Contingent Assets consist of unplanned or other unexpected events that usually cause a probable entry of economic uses in the 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 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 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.

### XVII. Explanations on Liabilities Regarding Employee Benefits

#### 1. Seniority Pay and Leave Entitlement

According to the related regulation and the collective bargaining agreements, the Bank is obliged 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. Within the scope of TAS 19 "Employee Benefits", the Bank allocates seniority pay provisions for employee benefits by estimating the present value of the probable future liabilities. The Bank also allocates provision for the unused vacation pay.

#### 2. Retirement Rights

Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund), of which each Bank employee is a member, has been established according to the provisional Article 20 of the Social Security Act No. 506. As per provisional article nr.23 of the Banking Law Nr.5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Institution Law, will 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 "Emendating 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.

In line with the new law, the 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 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.

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 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.

### XVIII. Explanations on Taxation

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.

## Türkiye İş Bankası A.Ş.

### Part Three: Explanations on Accounting Policies

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 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 for 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, if the deferred tax is related to assets directly associated with the equity in the same or different period, it 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.

#### XIX. Additional Explanations on Borrowings

The Bank resorts to obtaining funds from domestic or foreign institutions, as may be required. Such transactions are at first carried at 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 are issued.

#### XX. 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.

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	2,372,407	1,509,408
Weighted average number of share certificates ('000)	76,993,217	76,993,217
Earnings per share – in exact TL	0.030813195	0.019604428

#### XXI. Explanations on Bank Acceptances and Bills of Guarantee

The Bank's 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.

## Türkiye İş Bankası A.Ş.

### Part Three: Explanations on Accounting Policies

#### XXII. Explanations on Government Incentives

The Bank has received no government incentives during the current or prior accounting periods.

#### XXIII. 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 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 Bank's activity segmentation is given in Part Four Note XI.

## Part Four: Information on the Financial Structure

#### I. Explanations on Capital Adequacy Standard Ratio

The Bank's capital adequacy standard ratio is 18.31%.

The capital adequacy standard ratio is calculated 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%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>24,764,779</b>		<b>8,516,460</b>	<b>10,768,154</b>	<b>42,744,233</b>	<b>231,520</b>	<b>102,327</b>
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		
<b>Off Balance Sheet Items</b>	<b>3,064,406</b>		<b>419,325</b>	<b>624,902</b>	<b>10,809,388</b>		
Non-cash Loans and Commitments	3,064,406		62,332	624,902	10,714,447		
Derivative Financial Instruments			356,993		94,941		
<b>Non- Risk-Weighted Accounts</b>							
<b>Total Risk Weighted Assets</b>	<b>27,829,185</b>		<b>8,935,785</b>	<b>11,393,056</b>	<b>53,553,621</b>	<b>231,520</b>	<b>102,327</b>

#### Summary information about the bank only capital adequacy ratio:

	Current Period	Prior Period
Value at Credit Risk (VaCR)	61,589,240	57,131,601
Value at Market Risk (VaMR)	5,692,075	5,215,625
Value at Operational Risk (VaOR)	8,984,569	7,699,174
Shareholders' Equity	13,963,036	10,638,323
<b>Shareholders' Equity/(VaCR+VaMR+VaOR)*100</b>	<b>18.31</b>	<b>15.19</b>

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

#### Information about the shareholders' equity items:

	Current Period (31.12.2009)	Prior Period (31.12.2008)
<b>CORE CAPITAL (TIER I)</b>		
<b>Paid-In Capital</b>	<b>3,079,639</b>	<b>2,756,585</b>
Nominal Capital	3,079,639	2,756,585
Capital Commitments (-)		
Paid-in Capital Inflation Adjustments	1,977,491	1,977,491
Share Premium	3,694	3,694
Share Cancellation Profits		
Legal Reserves	1,274,405	1,154,745
I. Legal Reserve (Turkish Commercial Code 466/1)	1,091,369	1,017,480
II. Legal Reserve (Turkish Commercial Code 466/2)	183,036	137,265
Other Legal Reserve Per Special Legislation		
Statutory Reserves		
Other Profit Reserves	-9,205	-6,689
Extraordinary Reserves	3,468,758	2,675,926
Reserves Allocated by the General Assembly	2,964,085	2,592,410
Retained Earnings	504,673	83,516
Accumulated Loss		
Foreign Currency Share Capital Exchange Difference		
Legal, Statutory and Extraordinary Reserves Inflation Adjustments		
Profit	2,372,407	1,509,408
Current Period Profit	2,372,407	1,509,408
Prior Periods' Profit		
Provision for Possible Losses (up to 25% of the Core Capital)	950,000	820,000
Gain on Sale of Associates, Subsidiaries and Real Estates		
Primary Subordinated Loans (up to 15% of the Core Capital)		
Losses Excess of Reserves (-)		
Current Period Loss		
Prior Periods' Loss		
Leasehold Improvements (-)	103,854	
Prepaid Expenses (-)	48,010	29,658
Intangible Assets (-)	32,754	56,674
Deferred Tax Asset excess of 10% of the Core Capital (-)		
Limit Excesses as per Paragraph 3 of Article 56 of the Banking Law (-)		
<b>Total Core Capital</b>	<b>12,932,571</b>	<b>10,804,828</b>
<b>SUPPLEMENTARY CAPITAL (TIER II)</b>		
General Loan Loss Provision	504,551	465,589
45% of Movable's Revaluation Reserve		
45% of Immovable's 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		
45% of Marketable Securities Revaluation Reserve (*)	596,230	-631,832
Associates and Subsidiaries	518,696	-615,805
Financial Assets Available for Sale	77,534	-16,027
Capital Reserves, Profit Reserves and Prior Periods' Profit/Loss Inflation Adjustments (excluding the inflation adjustments to legal reserves, status reserves and extraordinary reserves)		
<b>Total Supplementary Capital</b>	<b>1,102,164</b>	<b>-166,243</b>

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

	Current Period (31.12.2009)	Prior Period (31.12.2008)
<b>TIER III CAPITAL</b>		
<b>CAPITAL</b>	14,034,735	10,638,585
<b>DEDUCTIONS FROM THE CAPITAL</b>	71,699	262
Investments in unconsolidated entities (domestic/foreign) of which the Bank Keeps 10% or More of the Shares and Operating in Banking and Financial Sectors	262	262
Investments in entities (domestic/foreign) operating in Banking and Financial Sectors of which the Bank keeps the shares less than 10%, but exceeding 10% or more of the total core and supplementary capitals		
Loans to banks, financial institutions (domestic/foreign), holders of qualified shares in the form of secondary subordinated loan and loan instruments purchased from those parties qualified as primary or secondary subordinated loan		
Loans granted non-compliant with the articles 50 and 51 of the Banking Law		
Net book values of real estates 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	71,437	
Others		
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>13,963,036</b>	<b>10,638,323</b>

(\*) 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 Bank.

The 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.

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 Executives responsible for loans, the CEO, the Credit Committee and the Board of Directors. These limits may be changed as may be 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.

Utmost importance is given 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 risks taken for derivative instruments are 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 market in this particular area, the Bank uses derivative transactions either for hedging or for commercial purposes.

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

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

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

The rating and scoring systems applied by the 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 Bank's receivables from the top 100 cash loan borrowers in the overall cash loan portfolio stands at 28% (31.12.2008: 26%).

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

(iii) The share of the Bank's cash and non-cash receivables from the top 100 borrowers in the overall cash and non-cash loans stands at 15% (31.12.2008: 16%).

Companies that are among the top 100 credit 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 stands at TL 504,551.

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	499,006	451,878
Banks	8,432,564	6,788,148
Financial Assets Available for Sale	25,980,621	21,250,457
Loans	48,334,786	47,610,332
Investments Held to Maturity	12,929,454	3,461,854
<b>Total</b>	<b>96,176,431</b>	<b>79,562,669</b>
Guarantees and Suretyships	12,501,273	11,712,176
Commitments	37,076,394	18,885,925
<b>Total Sensitivity to Credit Risk</b>	<b>145,754,098</b>	<b>110,160,770</b>

9. Within the framework of the 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.)

The 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,

- 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,

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

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 percentage 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%

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

10. The net values of the collaterals of the 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 (*)	1,008,533	1,008,533	625,473	625,473
Vehicle Pledge	163,244	163,244	180,305	180,305
Cash Collateral (Cash provisions, securities pledge, etc.)	14,243	14,243	17,080	17,080
Earnings Pledge	55,125	55,125	27,245	27,245
Cheques & Bills	35,632	35,632	33,918	33,918
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	174,856	174,856	108,265	108,265
Non-collateralized		745,380		723,613
Interest and Income Accruals (**)				72,068
<b>Total</b>	<b>1,451,633</b>	<b>2,197,013</b>	<b>992,286</b>	<b>1,787,967</b>

(\*) 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.

(\*\*) Interest and income accruals in the current period are shown in the related credit balances.

11. The net values of the collaterals of 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 (*)	659,434	659,434	616,565	616,565
Cash Collateral	95	95	342	342
Vehicle Pledge	167,882	167,882	146,979	146,979
Other (suretyship, commercial enterprise under pledge, commercial papers, etc.)	70,334	70,334	124,139	124,139

(\*) 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 assets 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	8,759,973			8,759,973
Financial Assets at Fair Value through Profit/Loss	499,006			499,006
Banks	8,432,564			8,432,564
Financial Assets Available for Sale	25,980,621			25,980,621
Loans:				
Corporate/Commercial Loans (*)	32,928,975	(**)118,173	(***)	33,047,148
Consumer Loans	10,439,215	(**)57,202	(***)	10,496,417
Credit Cards	4,585,103	206,118	(***)	4,791,221
Investments Held to Maturity	12,929,454			12,929,454
Associates and Subsidiaries	5,031,079			5,031,079

\* 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).

\*\*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.

\*\*\* 100% Provisioning was made for all the impaired loans.



## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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	11,836,821			11,836,821
Financial Assets at Fair Value through Profit/Loss	451,878			451,878
Banks	6,788,148			6,788,148
Financial Assets Available for Sale	21,250,457			21,250,457
Loans:				
Corporate/Commercial Loans (*)	32,631,670	(**)208,619	(***)	32,840,289
Consumer Loans	10,126,328	(**)60,981	(***)	10,187,309
Credit Cards	4,346,825	235,909	(***)	4,582,734
Investments Held to Maturity	3,461,854			3,461,854
Associates and Subsidiaries	3,095,507			3,095,507

\* 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).

\*\*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.

\*\*\* 100% Provisioning was made for all the impaired loans.

13. The aging analysis of the past due but unimpaired loans in terms of financial asset classes is as follows:

Current Period	31-60 Days	61-90 Days	Total
Loans			
Corporate/Commercial Loans (*)	76,000	42,173	118,173
Consumer Loans (*)	37,581	19,621	57,202
Credit Cards	98,146	107,972	206,118
<b>Total</b>	<b>211,727</b>	<b>169,766</b>	<b>381,493</b>

(\*) 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.

Prior Period	31-60 Days	61-90 Days	Total
Loans			
Corporate/Commercial Loans (*)	98,724	109,895	208,619
Consumer Loans (*)	36,899	24,082	60,981
Credit Cards	136,827	99,082	235,909
<b>Total</b>	<b>272,450</b>	<b>233,059</b>	<b>505,509</b>

(\*) 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.

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		
Banks		
Financial Assets Available for Sale		
Loans:	1,079,785	76,024
Corporate/Commercial Loans	695,989	55,936
Consumer Loans	124,595	
Credit Cards	259,201	20,088
Investments Held to Maturity		
Associates and Subsidiaries		

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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

	Loans to Individuals and Entities		Loans to Banks and Other Financial Institutions		Securities (*)		Other Loans (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Borrowers' Concentration</b>								
Private Sector	30,148,479	30,498,241	1,404,428	740,734	92,161	88,194	20,696,510	16,124,000
Public Sector	1,481,908	1,652,709			35,671,618	22,624,639	792,249	994,220
Banks			231,842	132,665	3,513,253	2,257,472	17,720,128	15,526,785
Retail Customers	15,068,129	14,585,983					13,385,775	12,266,001
Share Certificates					12,685	10,713	5,031,079	3,095,507
<b>Geographical Concentration</b>								
Domestic	46,088,472	46,021,658	1,261,000	650,633	35,736,773	22,667,089	39,543,583	32,276,189
European Union (EU)	85,666	107,812	367,069	213,425	3,537,755	2,295,778	12,324,582	13,317,880
OECD Countries (***)		1,543	367				1,973,152	842,131
Off-Shore Banking Regions								
USA, Canada	149	81	59				3,254,048	891,101
Other Countries	524,229	605,839	7,775	9,341	15,189	18,151	530,376	679,212
<b>Total</b>	<b>46,698,516</b>	<b>46,736,933</b>	<b>1,636,270</b>	<b>873,399</b>	<b>39,289,717</b>	<b>24,981,018</b>	<b>57,625,741</b>	<b>48,006,513</b>

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

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

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

#### 16. Information on geographical concentration:

	Assets (*)	Liabilities (**)	Non-Cash Loans	Fixed Capital Investments	Net Profit
<b>Current Period</b>					
Domestic	95,235,236	81,303,839	11,975,626	12,622	2,822,620
European Union Countries	10,308,354	14,988,567	206,484	41,742(***)	5,582
OECD Countries (****)	892,650	360,012	83,882		
Off-Shore Banking Regions					-471,440
USA, Canada	887,109	1,269,072	28,696		
Other Countries	856,254	1,808,286	206,585		15,645
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				4,989,337	
Unallocated Assets/Liabilities					
<b>Total</b>	<b>108,179,603</b>	<b>99,729,776</b>	<b>12,501,273</b>	<b>5,043,701</b>	<b>2,372,407</b>
<b>Prior Period</b>					
Domestic	84,237,350	70,124,711	11,063,976	10,622	1,161,921
European Union Countries	8,155,085	13,496,505	242,613	41,742(***)	540
OECD Countries (****)	234,351	1,614,178	92,179		
Off-Shore Banking Regions					325,925
USA, Canada	867,988	739,127	11,082		
Other Countries	951,019	2,128,390	302,326		21,022
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				3,053,765	
Unallocated Assets/Liabilities					
<b>Total</b>	<b>94,445,793</b>	<b>88,102,911</b>	<b>11,712,176</b>	<b>3,106,129</b>	<b>1,509,408</b>

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

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

(\*\*\*) The Balance indicates our subsidiaries located in EU countries.

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

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

#### 17. Sector concentration of cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	623,774	1.81	20,176	0.14	735,654	2.24	20,565	0.14
Farming and Raising Livestock	528,653	1.54	12,835	0.09	619,926	1.89	15,156	0.10
Forestry	69,923	0.20	1,893	0.01	86,885	0.26	1,210	0.01
Fishing	25,198	0.07	5,448	0.04	28,843	0.09	4,199	0.03
Industry	5,828,995	16.93	6,139,526	44.17	4,571,628	13.94	6,666,217	44.99
Mining	504,602	1.47	307,179	2.21	227,621	0.69	146,260	0.99
Production	5,155,849	14.97	4,516,814	32.50	4,268,923	13.02	5,952,836	40.17
Electricity, gas, and water	168,544	0.49	1,315,533	9.46	75,084	0.23	567,121	3.83
Construction	1,465,818	4.26	996,449	7.17	1,439,939	4.39	825,302	5.57
Services	11,166,801	32.43	5,261,372	37.85	10,596,017	32.32	5,745,663	38.77
Wholesale and Retail Trade	5,780,355	16.79	1,464,807	10.54	5,425,733	16.55	1,607,114	10.84
Hotel, Food and Beverage								
Services	388,175	1.13	250,121	1.80	401,466	1.22	122,449	0.83
Transportation and								
Telecommunication	2,402,855	6.98	2,100,601	15.11	2,413,419	7.36	1,610,208	10.86
Financial Institutions	1,032,987	3.00	488,301	3.51	621,860	1.90	1,118,261	7.55
Real Estate and Renting Services	562,781	1.63	527,880	3.80	782,437	2.39	706,896	4.77
Self-Employment Services	542,165	1.57	180,812	1.30	595,533	1.82	443,057	2.99
Education Services	154,389	0.45	172,382	1.24	121,701	0.37	99,707	0.67
Health and Social Services	303,094	0.88	76,468	0.55	233,868	0.71	37,971	0.26
Other	15,349,931	44.57	1,481,944	10.67	15,448,569	47.11	1,560,778	10.53
<b>Total</b>	<b>34,435,319</b>	<b>100.00</b>	<b>13,899,467</b>	<b>100.00</b>	<b>32,791,807</b>	<b>100.00</b>	<b>14,818,525</b>	<b>100.00</b>

#### III. Explanations on Market Risk:

The market risk carried by the Bank 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 market risk measurements are carried out by applying the Standard Method at the end of each month and the results are included in the statutory reports as well as being reported to the Bank's top management.

The Value at Risk Model (VAR) is another alternative for the Standard Method used for measuring and monitoring market risk. 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 model 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 Bank's portfolio are determined and the results are reported to the Top Executive Management.

The limits set for the market risk management within the framework of the 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.

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

#### 1. Information on the market risk:

	Amount
(I) Capital to be Employed for General Market Risk – Standard Method	259,626
(II) Capital to be Employed for Specific Risk – Standard Method	36,265
(III) Capital to be Employed for Currency Risk – Standard Method	159,217
(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	258
(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)	455,366
(IX) Value at Market Risk (12.5 x VIII) or (12.5 x VII)	5,692,075

#### 2. Table of the average market risk related to the market risk calculated at the ends of months during the period:

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	332,074	393,666	349,967	280,304	351,389	252,090
Share Certificate Risk	7,344	7,065	6,871	6,708	6,475	6,979
Currency Risk	123,580	161,687	26,879	107,468	164,518	56,338
Commodity Risk						
Settlement Risk						
Options Risk	171	100	122	875	444	2,464
<b>Total Value at Risk</b>	<b>5,789,613</b>	<b>7,031,475</b>	<b>4,797,988</b>	<b>4,941,938</b>	<b>6,535,325</b>	<b>3,973,388</b>

#### 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 classification of operational risks that might be encountered during the activities is followed 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 Bank arising from operational risks are regularly monitored by the Risk Management Department, 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 Bank is exposed, is measured using the Basic Indicator Approach in which the average of 15% of the year-end gross incomes of the last three years is multiplied by 12.5, in line with the domestic regulations. The operational risk amount used for the current period is TL 8,984,569.

#### V. Explanations on Currency Risk

The currency risk for the Bank is a result of the difference between the Bank’s assets denominated in foreign currencies 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 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 exchange rate risk, both the Standard Method and the Value at Risk Model (VAR) are used as applied in the statutory reporting.

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

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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 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 Bank's sensitivity to any potential change in foreign currency rates has been analyzed. In the analysis presented below 10% change, which is also the amount used for the internal reporting purposes, is anticipated in USD, EUR and GBP.

	% Change in Foreign Currency	Effects on Profit/Loss (*)	
		Current Period	Prior Period
USD	10% increase	185,539	-37,663
	10% decrease	-185,539	37,663
EURO	10% increase	-110,011	90,934
	10% decrease	110,011	-90,934
GBP	10% increase	4,042	-6,595
	10% decrease	-4,042	6,595

(\*) Indicates the values before tax.

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

#### Information on currency risk:

	EURO	USD	Yen	Other FC	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,739,613	110,397	105	116,406	2,966,521
Banks	4,201,704	3,125,277	1,911	902,051	8,230,943
Financial Assets at Fair Value through Profit/Loss (1)	27,374	42,878			70,252
Money Market Placements					
Financial Assets Available for Sale	1,162,891	9,401,093			10,563,984
Loans (2)	4,523,819	10,711,009	94,212	124,013	15,453,053
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	41,742				41,742
Investments Held to Maturity	1,318,530	2,146		5,464	1,326,140
Derivative Financial Assets Held for Hedging Purposes					
Tangible Assets		60		2,542	2,602
Intangible Assets					
Other Assets (1)	3,480	306,137	11	1,131	310,759
<b>Total Assets</b>	<b>14,019,153</b>	<b>23,698,997</b>	<b>96,239</b>	<b>1,151,607</b>	<b>38,965,996</b>
<b>Liabilities</b>					
Banks Deposits	619,725	245,094	23	207,775	1,072,617
Foreign Currency Deposits (3)	11,049,314	14,337,633	7,956	1,037,871	26,432,774
Money Market Funds	1,441,894	3,157,911			4,599,805
Funds Provided from Other Financial Institutions	1,850,682	5,494,759	229	2,999	7,348,669
Marketable Securities Issued					
Sundry Creditors	65,996	87,994	1,471	5,497	160,958
Derivative Financial Liabilities Held for Hedging Purposes					
Other Liabilities (1)	52,543	246,795	16	2,795	302,149
<b>Total Liabilities</b>	<b>15,080,154</b>	<b>23,570,186</b>	<b>9,695</b>	<b>1,256,937</b>	<b>39,916,972</b>
<b>Net On Balance Sheet Position</b>	<b>-1,061,001</b>	<b>128,811</b>	<b>86,544</b>	<b>-105,330</b>	<b>-950,976</b>
<b>Net Off Balance Sheet Position</b>	<b>-42,012</b>	<b>969,870</b>	<b>-3,771</b>	<b>179,710</b>	<b>1,103,797</b>
Derivative Financial Assets (4)	511,143	2,711,017	8,811	187,321	3,418,292
Derivative Financial Liabilities (4)	553,155	1,741,147	12,582	7,611	2,314,495
Non-Cash Loans	2,776,017	4,515,524	83,998	66,063	7,441,602
<b>Prior Period</b>					
Total Assets	12,221,611	25,958,799	202,924	951,627	39,334,961
Total Liabilities	11,537,236	22,979,544	43,788	1,023,944	35,584,512
<b>Net Balance Sheet Position</b>	<b>684,375</b>	<b>2,979,255</b>	<b>159,136</b>	<b>-72,317</b>	<b>3,750,449</b>
<b>Net Off Balance Sheet Position</b>	<b>134,031</b>	<b>-3,612,072</b>		<b>91,496</b>	<b>-3,386,545</b>
Derivative Financial Assets	756,523	1,314,414		94,682	2,165,619
Derivative Financial Liabilities	622,492	4,926,486		3,186	5,552,164
Non-Cash Loans	2,735,460	4,836,720	121,434	70,272	7,763,886

(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 22,302), Prepaid Expenses (TL 35,355) in assets and Derivative Financial Instruments Foreign Currency Expense Accruals (TL 59,865) and Shareholders' Equity (TL 36,135) in liabilities are not taken into consideration in the currency risk measurement,

(2) Includes foreign currency indexed loans, which are followed under TL accounts, Of the total amount of TL 1,553,586 of the aforementioned loans; TL 946,885 is USD indexed, TL 497,709 is EUR indexed, TL 20,388 is CHF indexed, TL 814 is GBP indexed, TL 87,766 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 of the bank as a result of interest rate fluctuations. Measurement of interest rate risk is conducted through the scenario analysis on structural interest rate.

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

Potential effects of interest rate risk on the 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 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 Bank's assets and liabilities to the interest rates has been analyzed assuming that the year end balance figures were the same throughout the year.

During the measurement of the Bank'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 Bank'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.

% Change in the Interest Rate (*)	TL	FC (****)	Effect On Profit/Loss (**)		Effect on Equity (***)	
			Current Period	Prior Period	Current Period	Prior Period
3% increase		1% increase	-583,858	-649,248	-211,892	-56,706
3% decrease		1% decrease	324,762	489,229	242,425	62,706
5% increase		2% increase	-1,032,216	-1,121,333	-339,368	-91,614
5% decrease		2% decrease	503,130	820,224	425,267	108,370

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

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

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

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

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	5,230,494					3,529,479	8,759,973
Banks	6,307,481	124,699	1,936,668			63,716	8,432,564
Financial Assets at Fair Value through Profit/Loss	152,429	129,789	145,345	69,748	1,632	63	499,006
Money Market Placements							
Financial Assets Available for Sale	5,280,866	9,693,036	1,856,205	5,394,247	3,687,928	68,339	25,980,621
Loans	17,022,605	5,452,088	9,999,431	14,470,975	1,369,182	20,505	48,334,786
Investments Held to Maturity	151,358	5,170,661	3,352,194	4,255,241			12,929,454
Other Assets	117,196	15	7	89		8,169,593	8,286,900
<b>Total Assets</b>	<b>34,262,429</b>	<b>20,570,288</b>	<b>17,289,850</b>	<b>24,190,300</b>	<b>5,058,742</b>	<b>11,851,695</b>	<b>113,223,304</b>
<b>Liabilities</b>							
Banks Deposits	1,434,486	254,819	86,067			83,648	1,859,020
Other Deposits	48,080,176	10,702,129	4,096,421	80,056		7,359,261	70,318,043
Money Market Funds	6,693,783	2,586,845	1,564,630	138,620			10,983,878
Sundry Creditors	1,130					1,936,403	1,937,533
Marketable Securities Issued							
Funds Provided from Other Financial Institutions	545,778	5,744,394	1,411,802	1,997,485	44,400		9,743,859
Other Liabilities*	117,142	270,681	175,667	9,631		17,807,850	18,380,971
<b>Total Liabilities</b>	<b>56,872,495</b>	<b>19,558,868</b>	<b>7,334,587</b>	<b>2,225,792</b>	<b>44,400</b>	<b>27,187,162</b>	<b>113,223,304</b>
Balance Sheet Long Position		1,011,420	9,955,263	21,964,508	5,014,342		37,945,533
Balance Sheet Short Position	-22,610,066					-15,335,467	-37,945,533
Off Balance Sheet Long Position	1,303,757	1,982,250					3,286,007
Off Balance Sheet Short Position			-244,480	-3,013,200			-3,257,680
<b>Total Position</b>	<b>-21,306,309</b>	<b>2,993,670</b>	<b>9,710,783</b>	<b>18,951,308</b>	<b>5,014,342</b>	<b>-15,335,467</b>	<b>28,327</b>

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



## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	11,243,492					593,329	11,836,821
Banks	4,084,659	259,529	2,266,444			177,516	6,788,148
Financial Assets at Fair Value through Profit/Loss	95,529	155,360	112,013	88,204	681	91	451,878
Money Market Placements							
Financial Assets Available for Sale	2,172,341	7,536,411	2,910,871	4,570,181	4,012,650	48,003	21,250,457
Loans	16,256,644	6,249,630	9,979,874	13,589,453	1,477,832	56,899	47,610,332
Investment Held to Maturity		811,400	2,650,454				3,461,854
Other Assets	21	118	258	48		6,151,987	6,152,432
<b>Total Assets</b>	<b>33,852,686</b>	<b>15,012,448</b>	<b>17,919,914</b>	<b>18,247,886</b>	<b>5,491,163</b>	<b>7,027,825</b>	<b>97,551,922</b>
<b>Liabilities</b>							
Banks Deposits	1,234,232	90,365	6,422			56,810	1,387,829
Other Deposits	37,369,042	14,850,753	3,714,718	121,109		6,095,734	62,151,356
Money Market Funds	5,952,468	558,434	495,654				7,006,556
Sundry Creditors						1,608,325	1,608,325
Marketable Securities Issued Funds Provided from Other Financial Institutions	2,155,582	5,715,444	952,035	2,165,776	44,400		11,033,237
Other Liabilities*	157,897	104,058	663,156	173,330		13,266,178	14,364,619
<b>Total Liabilities</b>	<b>46,869,221</b>	<b>21,319,054</b>	<b>5,831,985</b>	<b>2,460,215</b>	<b>44,400</b>	<b>21,027,047</b>	<b>97,551,922</b>
Balance Sheet Long Position			12,087,929	15,787,671	5,446,763		33,322,363
Balance Sheet Short Position	-13,016,535	-6,306,606				-13,999,222	-33,322,363
Off Balance Sheet Long Position	130,000	1,064,197	19,325				1,213,522
Off Balance Sheet Short Position				-1,117,640			-1,117,640
<b>Total Position</b>	<b>-12,886,535</b>	<b>-5,242,409</b>	<b>12,107,254</b>	<b>14,670,031</b>	<b>5,446,763</b>	<b>-13,999,222</b>	<b>95,882</b>

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

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

#### Average interest rates applied to monetary financial instruments:

	EURO	USD	Yen	TL
	%	%	%	%
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				5.20
Banks	0.22	1.03		6.19
Financial Assets at Fair Value through Profit/Loss	3.43	5.13		10.83
Money Market Placements				
Financial Assets Available for Sale	4.40	5.14		9.79
Loans	4.66	3.95	4.14	16.45
Investments Held to Maturity	0.44	1.00		13.16
<b>Liabilities</b>				
Banks Deposits	1.07	2.18		7.18
Other Deposits	1.89	2.21	0.02	7.67
Money Market Funds	0.78	2.18		6.67
Sundry Creditors				
Marketable Securities Issued				
Funds Provided from Other Financial Institutions	2.81	1.43	2.78	15.99
<b>Prior Period</b>				
<b>Assets</b>				
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	1.90	2.97	0.04	13.88
Financial Assets at Fair Value through Profit/Loss	7.13	8.64		15.66
Money Market Placements				
Financial Assets Available for Sale	4.99	5.94		18.91
Loans	6.68	4.27	3.71	23.40
Investments Held to Maturity	1.00	2.00		18.45
<b>Liabilities</b>				
Banks Deposits	2.69	1.67	1.00	17.58
Other Deposits	3.14	3.63	0.13	16.83
Money Market Funds	3.19	2.88		14.34
Sundry Creditors				
Marketable Securities Issued				
Funds Provided from Other Financial Institutions	3.61	2.71	1.57	16.15

#### 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 to maintain the consistency between the maturities of assets and liabilities; strategies are used to acquire funds over longer terms.

The Bank's principal source of funding is 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 residual deposit base are its most important safeguards of the supply of funds. On the other hand, medium and long-term funds are acquired from institutions abroad.

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 TL and FC 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 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.

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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 for 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

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1				5 Years and Over	Unallocated (*)	Total
		Month	1-3 Months	3-12 Months	1-5 Years			
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,729,238		30,735					8,759,973
Banks	298,566	5,774,632	65,099	133,767	2,115,800	44,700		8,432,564
Financial Assets at Fair Value through Profit/Loss	63	58,709	22,810	81,568	334,222	1,634		499,006
Money Market Placements								
Financial Assets Available for Sale	68,339	1,170,332	4,479,903	3,186,113	12,682,560	4,393,374		25,980,621
Loans	5,329,774	8,338,826	4,512,827	11,862,203	16,197,025	2,094,131		48,334,786
Investments Held to Maturity			1,316,590	15,180	11,446,326	151,358		12,929,454
Other Assets	815	379,438	28,115	422	236,050	121,000	7,521,060	8,286,900
<b>Total Assets</b>	<b>14,426,795</b>	<b>15,721,937</b>	<b>10,456,079</b>	<b>15,279,253</b>	<b>43,011,983</b>	<b>6,806,197</b>	<b>7,521,060</b>	<b>113,223,304</b>
<b>Liabilities</b>								
Bank Deposits	198,125	1,320,009	254,819	86,067				1,859,020
Other Deposits	11,060,636	44,378,715	10,702,118	4,096,518	80,056			70,318,043
Funds Provided from Other Financial Institutions		169,369	733,447	3,915,676	4,715,743	209,624		9,743,859
Money Market Funds		6,471,285	2,527,143	1,392,466	223,064	369,920		10,983,878
Marketable Securities Issued								
Sundry Creditors	964,650	888,186	1,249	6,858	76,590			1,937,533
Other Liabilities	45,745	291,203	443,106	84,276	103,400		17,413,241	18,380,971
<b>Total Liabilities</b>	<b>12,269,156</b>	<b>53,518,767</b>	<b>14,661,882</b>	<b>9,581,861</b>	<b>5,198,853</b>	<b>579,544</b>	<b>17,413,241</b>	<b>113,223,304</b>
<b>Liquidity Gap</b>	<b>2,157,639</b>	<b>-37,796,830</b>	<b>-4,205,803</b>	<b>5,697,392</b>	<b>37,813,130</b>	<b>6,226,653</b>	<b>-9,892,181</b>	
<b>Prior Period (31.12.2008)</b>								
Total Assets	17,189,301	11,567,757	6,019,106	15,993,968	33,280,297	8,073,669	5,427,824	97,551,922
Total Liabilities	9,618,405	42,508,368	16,878,867	9,237,170	6,193,569	207,047	12,908,496	97,551,922
<b>Liquidity Gap</b>	<b>7,570,896</b>	<b>-30,940,611</b>	<b>-10,859,761</b>	<b>6,756,798</b>	<b>27,086,728</b>	<b>7,866,622</b>	<b>-7,480,672</b>	

(\*) 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.

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

In compliance with the Turkish Financial Reporting Standard nr.7, the following table indicates the maturities of the Bank'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
<b>Assets</b>									
Financial Assets Held for Trading	63	3,949	19,271	76,476	302,028	2,491	404,278	24,636	379,642
Banks	298,566	5,774,860	65,340	143,123	2,172,012	45,851	8,499,752	67,188	8,432,564
Financial Assets Available for Sale	68,339	1,486,219	4,914,918	4,000,625	15,568,681	6,916,750	32,955,532	6,974,911	25,980,621
Loans	5,329,774	8,486,776	5,041,608	13,792,721	19,256,299	2,372,005	54,279,183	5,944,397	48,334,786
Investments Held to Maturity		3,459	1,792,989	731,653	14,052,669	163,875	16,744,645	3,815,191	12,929,454
<b>Liabilities</b>									
Deposits	11,258,761	45,855,947	11,051,512	4,261,024	84,751		72,511,995	334,932	72,177,063
Funds Provided from Other									
Financial Institutions		185,881	750,060	4,153,060	5,331,935	339,861	10,760,797	1,016,938	9,743,859
Money Market Funds		6,475,967	2,552,451	1,423,201	270,575	408,521	11,130,715	146,837	10,983,878
<b>Prior Period</b>									
<b>Assets</b>									
Financial Assets Held for Trading	91	8,368	23,190	43,843	273,237	1,144	349,873	81,166	268,707
Banks	478,317	3,704,205	183,709	216,636	2,389,504	50,572	7,022,943	234,795	6,788,148
Financial Assets Available for Sale	48,003	398,523	1,405,508	2,658,071	16,928,676	7,743,595	29,182,376	7,931,919	21,250,457
Loans	4,888,281	7,602,063	5,433,400	14,547,409	19,702,330	2,534,607	54,708,090	7,097,758	47,610,332
Investments Held to Maturity			75,947	2,368,812	1,690,314	768,667	4,903,740	1,441,886	3,461,854
<b>Liabilities</b>									
Deposits	8,787,962	36,163,826	15,205,241	3,834,725	130,093		64,121,847	582,662	63,539,185
Funds Provided from Other									
Financial Institutions		571,377	685,474	4,511,658	6,746,521	229,589	12,744,619	1,711,382	11,033,237
Money Market Funds		5,014,902	1,124,584	658,835	211,559		7,009,880	3,324	7,006,556

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	245,552	324,374	583,584	935,417	486,840		2,575,767
Endorsements		5,960	23,658	11,920			41,538
Letters of Guarantee	5,508,944	166,582	592,251	2,059,381	1,090,028	148,135	9,565,321
Acceptances	41,332	17,985	36,725	43,501	11,652		151,195
Other	167,452						167,452
<b>Total</b>	<b>5,963,280</b>	<b>514,901</b>	<b>1,236,218</b>	<b>3,050,219</b>	<b>1,588,520</b>	<b>148,135</b>	<b>12,501,273</b>
<b>Prior Period</b>							
Letters of Credit	634,881	228,494	557,463	1,210,347	822,769	3,209	3,457,163
Endorsements							
Letters of Guarantee	4,689,046	141,775	378,372	1,601,465	1,167,134	69,422	8,047,214
Acceptances	21,557	16,594	27,647	49,738	15,180		130,716
Other	77,083						77,083
<b>Total</b>	<b>5,422,567</b>	<b>386,863</b>	<b>963,482</b>	<b>2,861,550</b>	<b>2,005,083</b>	<b>72,631</b>	<b>11,712,176</b>

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	291,742	304,076	586,811	156,161		1,338,790
Forwards Contracts- Sell	291,626	303,868	586,389	156,020		1,337,903
Swaps-Buy	1,134,812	34,229	302,333	4,246,955	1,189,905	6,908,234
Swaps-Sell	1,144,544	33,821	248,813	4,270,906	1,189,905	6,887,989
Futures-Buy						
Futures-Sell						
Options-Call	663,115	167,404	511,274	426,440		1,768,233
Options-Put	642,115	156,404	496,274	426,440		1,721,233
Other		16,222				16,222
<b>Total</b>	<b>4,167,954</b>	<b>1,016,024</b>	<b>2,731,894</b>	<b>9,682,922</b>	<b>2,379,810</b>	<b>19,978,604</b>

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	941,186	821,120	1,057,743	51,231		2,871,280
Forwards Contracts- Sell	1,039,152	857,750	1,093,983	51,193		3,042,078
Swaps-Buy	847,471	91,452		1,150,000		2,088,923
Swaps-Sell	847,629	92,776		1,150,000		2,090,405
Futures-Buy						
Futures-Sell						
Options-Call	254,594	225,373	1,220,680	481,800		2,182,447
Options-Put	284,530	188,592	1,230,180	471,600		2,174,902
Other			480,725	582,840		1,063,565
<b>Total</b>	<b>4,214,562</b>	<b>2,277,063</b>	<b>5,083,311</b>	<b>3,938,664</b>		<b>15,513,600</b>

#### VIII. Explanations on Other Price Risks

The Bank 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, Bank'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 334,797 (31.12.2008: TL 143,765) 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
<b>Financial Assets</b>	<b>95,677,425</b>	<b>79,110,791</b>	<b>98,019,978</b>	<b>78,674,018</b>
Money Market Placements				
Banks	8,432,564	6,788,148	8,439,838	6,802,486
Financial Assets Available for Sale	25,980,621	21,250,457	25,980,621	21,250,457
Investments Held to Maturity	12,929,454	3,461,854	13,801,721	3,488,485
Loans	48,334,786	47,610,332	49,797,798	47,132,590
<b>Financial Liabilities</b>	<b>83,858,455</b>	<b>76,180,747</b>	<b>84,208,159</b>	<b>76,099,681</b>
Banks Deposits	1,859,020	1,387,829	1,860,610	1,388,956
Other Deposits	70,318,043	62,151,356	70,365,943	62,158,338
Funds Provided from Other Financial Institutions	9,743,859	11,033,237	10,044,073	10,944,062
Marketable Securities Issued				
Sundry Creditors	1,937,533	1,608,325	1,937,533	1,608,325

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 the prices cannot be measured in an active market, 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.

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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.

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

IFRS 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
<b>Financial Assets at Fair Value Through Profit and Loss</b>			
Debt Securities	379,579		
Share Certificates	63		
Derivative Financial Assets Held for Trading		119,364	
Other			
<b>Financial Assets Available-for-Sale*</b>			
Debt Securities	15,404,015		10,508,267
Other		55,717	
<b>Investments in Subsidiaries and Associates**</b>	<b>3,347,970</b>		
<b>Derivative Financial Liabilities</b>		<b>486,822</b>	

\* 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 12,622) 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.

\*\* 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 available-for-sale at level 3 are given below.

<b>Balance at the Beginning of the Period</b>	<b>12,607,114</b>
Purchases	8,375,417
Redemption or Sales	9,860,015
Valuation Difference	-614,249
<b>Balance at the end of the Period</b>	<b>10,508,267</b>

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

1. Transactions in connection with the trading of government bonds and repo intermediation are being carried out on the ISE (Istanbul Stock Exchange) Bond Market in the name and on the account of certain participations and customers with a portfolio larger than a certain size. Furthermore, all securities in customer portfolios are kept under custody. Due to the provisions of the Capital Market Law, the Bank is not able to provide management and consultancy services in connection with transactions on capital markets.

2. The Bank has no fiduciary transactions.

#### XI. Explanations on Business Segmentation

The Bank's operations are classified as corporate, commercial, retail and private banking, as well as treasury/investment banking.

The Bank provides services to the large corporations, SMEs and other trading companies (excluding real person merchants) through various financial media within the course of its corporate and commercial 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, forfaiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided for the aforementioned customer segments.

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

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 Bank's investments in associates and subsidiaries operating in the financial and non-financial sector 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.

Statement of information related to business segmentation is given below.

Current Period	Corporate	Commercial	Retail	Private	Treasury/Investment	Unallocated	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>Interest Income</b>							<b>10,200,437</b>
Interest Income from Loans	1,112,604	2,490,166	2,965,067	64,963		131,925	6,764,725
Interest Income from Banks					93,727		93,727
Interest Income from Securities					3,017,404		3,017,404
Other Interest Income					267,415	57,166	324,581
<b>Interest Expense</b>							<b>5,332,949</b>
Interest Expense on Deposits	1,000,227	196,641	1,601,032	1,769,678			4,567,578
Interest Expense on Funds Borrowed					586,219		586,219
Interest Expense on Money Market Transactions					166,190		166,190
Other Interest Expense						12,962	12,962
<b>Net Interest Income</b>							<b>4,867,488</b>
<b>Net Fees and Commissions Income</b>							<b>1,252,604</b>
Fees and Commissions Received	100,640	368,884	503,160	68,812		313,253	1,354,749
Fees and Commissions Paid						102,145	102,145
<b>Dividend Income</b>					<b>325,037</b>		<b>325,037</b>
<b>Trading Income/Loss (Net)</b>					<b>408,373</b>		<b>408,373</b>
<b>Other Income</b>						<b>1,073,275</b>	<b>1,073,275</b>
<b>Prov. for Loans and Other Receivables</b>					<b>64,849</b>	<b>2,221,625</b>	<b>2,286,474</b>
<b>Other Operating Expense</b>	<b>155,740</b>	<b>455,253</b>	<b>1,003,753</b>	<b>50,074</b>		<b>1,029,867</b>	<b>2,694,687</b>
<b>Income Before Tax</b>							<b>2,945,616</b>
<b>Tax Provision</b>							<b>573,209</b>
<b>Net Period Profit</b>							<b>2,372,407</b>
<b>SEGMENT ASSETS</b>							
Fin. Assets At Fair Value Through P/L					499,006		499,006
Banks and Other Financial Institutions					8,432,564		8,432,564
Financial Assets Available for Sale					25,980,621		25,980,621
Loans	18,487,764	13,766,333	15,585,265	495,424			48,334,786
Investments Held to Maturity					12,929,454		12,929,454
Associates and Subsidiaries					5,031,079		5,031,079
Other						12,015,794	12,015,794
							<b>113,223,304</b>
<b>SEGMENT LIABILITIES</b>							
Deposits	16,339,229	6,355,123	26,509,703	22,973,008			72,177,063
Derivative Financial Liabilities							
Held for Trading					486,822		486,822
Funds Borrowed					9,743,859		9,743,859
Money Market Funds					10,983,878		10,983,878
Other Liabilities						2,844,352	2,844,352
Provisions						3,493,802	3,493,802
Shareholders' Equity						13,493,528	13,493,528
							<b>113,223,304</b>

## Türkiye İş Bankası A.Ş.

### Part Four: Information on the Financial Structure

Prior Period	Corporate	Commercial	Retail	Private	Treasury/Investment	Unallocated	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>Interest Income</b>							
Interest Income from Loans	1,196,862	2,419,192	2,935,009	62,159		172,123	10,596,147
Interest Income from Banks					260,123		260,123
Interest Income from Securities					3,175,427		3,175,427
Other Interest Income					324,630	50,622	375,252
<b>Interest Expense</b>							
Interest Expense on Deposits	1,424,006	200,824	1,718,459	2,158,327			5,501,616
Interest Expense on Funds Borrowed					768,714		768,714
Interest Expense on Money Market Transactions					669,183		669,183
Other Interest Expense						38,339	38,339
<b>Net Interest Income</b>							
<b>Net Fees and Commissions Income</b>							
Fees and Commissions Received	75,612	348,939	497,278	66,518		326,433	1,314,780
Fees and Commissions Paid						110,566	110,566
<b>Dividend Income</b>							
					284,846		284,846
<b>Trading Income/Loss (Net)</b>							
					472,650		472,650
<b>Other Income</b>							
					70,612	580,924	651,536
<b>Prov. for Loans and Other Receivables</b>							
					7,633	1,606,356	1,613,989
<b>Other Operating Expense</b>							
	150,776	295,377	759,257	46,218	9	1,567,901	2,819,538
<b>Income Before Tax</b>							
							1,798,014
<b>Tax Provision</b>							
							288,606
<b>Net Period Profit</b>							
							1,509,408
<b>SEGMENT ASSETS</b>							
Fin. Assets At Fair Value Through P/L					451,878		451,878
Banks and Other Financial Institutions					6,788,148		6,788,148
Financial Assets Available for Sale					21,250,457		21,250,457
Loans	17,165,064	14,534,204	15,520,141	390,923			47,610,332
Investments Held to Maturity					3,461,854		3,461,854
Associates and Subsidiaries					3,095,507		3,095,507
Other						14,893,746	14,893,746
<b>97,551,922</b>							
<b>SEGMENT LIABILITIES</b>							
Deposits	16,050,993	4,518,057	21,457,153	21,512,982			63,539,185
Derivative Financial Liabilities							
Held for Trading					518,165		518,165
Funds Borrowed					11,033,237		11,033,237
Money Market Funds					7,006,556		7,006,556
Other Liabilities						2,906,236	2,906,236
Provisions						3,099,532	3,099,532
Shareholders' Equity						9,449,011	9,449,011
<b>97,551,922</b>							

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

### I. EXPLANATIONS AND NOTES ON 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	562,958	214,628	365,286	218,597
Central Bank of Turkey	5,230,494	2,644,965	8,565,644	2,677,848
Other		106,928		9,446
<b>Total</b>	<b>5,793,452</b>	<b>2,966,521</b>	<b>8,930,930</b>	<b>2,905,891</b>



# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5,230,494	883,605	8,565,644	890,437
Unrestricted Time Deposit				
Restricted Time Deposit				
Other (*)		1,761,360		1,787,411
<b>Total</b>	<b>5,230,494</b>	<b>2,644,965</b>	<b>8,565,644</b>	<b>2,677,848</b>

(\*) 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 72 (December 31, 2008: TL 62).

#### 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 362,023 (December 31, 2008: TL 242,872).

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

Derivative Financial Instruments Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	28,514	12,447	25,433	16,207
Swap Transactions	1,084	70,438	37,736	66,054
Futures				
Options	329	6,552		37,741
Other				
<b>Total</b>	<b>29,927</b>	<b>89,437</b>	<b>63,169</b>	<b>120,002</b>

### 3. Banks:

#### a. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	3,153	86,379	1,034	1,969
Foreign Banks	198,468	8,144,564	217,301	6,567,844
Foreign Head Office and Branches				
<b>Total</b>	<b>201,621</b>	<b>8,230,943</b>	<b>218,335</b>	<b>6,569,813</b>

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### b. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	6,280,454	5,381,850		
USA, Canada	861,346	867,830	75	77
OECD Countries (*)	892,124	217,738		
Off-shore Banking Regions				
Other	309,033	317,650		
<b>Total</b>	<b>8,342,957</b>	<b>6,785,068</b>	<b>75</b>	<b>77</b>

(\*) 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 2,528,803 as of December 31, 2009. (December 31, 2008: TL 1,886,528).

##### 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 7,629,755 as of December 31, 2009. (December 31, 2008: TL 7,776,697).

##### c. Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	25,914,573	21,491,988
Traded on the Stock Exchange	15,406,306	8,637,180
Not Traded on the Stock Exchange (*)	10,508,267	12,854,808
Share Certificates	12,622	10,622
Traded on the Stock Exchange		
Not Traded on the Stock Exchange (*)	12,622	10,622
Impairment Provision (-)	2,291	289,534
Other	55,717	37,381
<b>Total</b>	<b>25,980,621</b>	<b>21,250,457</b>

(\*) 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 bank:

	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	336,972		288,468	
<b>Total</b>	<b>336,972</b>		<b>288,468</b>	

# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Non-Specialized Loans</b>	<b>45,984,704</b>	<b>153,069</b>	<b>1,270,297</b>	<b>926,716</b>
Discount Notes	777		529	58
Export Loans	2,916,016		48,169	9,919
Import Loans	4,619			
Loans Extended to Financial Sector	1,261,000			
International Loans	985,281		33	
Consumer Loans	10,090,145	483	281,677	124,112
Credit Cards	4,426,981	152,586	105,039	106,615
Precious Metal Loans	7,738			
Other	26,292,147		834,850	686,012
<b>Specialized Lending</b>				
<b>Other Receivables</b>				
<b>Total</b>	<b>45,984,704</b>	<b>153,069</b>	<b>1,270,297</b>	<b>926,716</b>

c. Cash Loans according to their maturity structures:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Short-term Loans and Other Receivables</b>	<b>18,016,635</b>	<b>152,609</b>	<b>421,372</b>	<b>169,263</b>
Non-Specialized Loans	18,016,635	152,609	421,372	169,263
Specialized Loans				
Other Receivables				
<b>Medium and long-term Loans and Other Receivables</b>	<b>27,968,069</b>	<b>460</b>	<b>848,925</b>	<b>757,453</b>
Non-Specialization Loans	27,968,069	460	848,925	757,453
Specialized Loans				
Other Receivables				

## Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated 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
Auto 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	82	180,793	49,443	230,318
Real Estate Loans	10	171,808	47,413	219,231
Auto Loans	72	8,638	1,924	10,634
General Purpose Consumer Loans		200	84	284
Other Consumer Loans		147	22	169
Consumer Loans – FC				
Real Estate Loans				
Auto 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	23,703	211,947	4,587	240,237
Real Estate Loans	890	54,695	2,672	58,257
Auto Loans	145	7,918	82	8,145
General Purpose Consumer Loans	22,668	144,900	1,778	169,346
Other Consumer Loans		4,434	55	4,489
Personnel Loans- FC Indexed		2,141	500	2,641
Real Estate Loans		2,129	496	2,625
Auto Loans		12	4	16
General Purpose Consumer Loans				
Other Consumer Loans				
Personnel Loans-FC				
Real Estate Loans				
Auto Loans				
General Purpose Consumer Loans				
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)				
<b>Total</b>	<b>5,222,561</b>	<b>9,529,990</b>	<b>315,578</b>	<b>15,068,129</b>

# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated 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
Auto 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	0	38,962	9,680	48,642
Auto 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				
Real Estate Loans				
Auto Loans				
General Purpose Commercial Loans				
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)				
<b>Total</b>	<b>1,433,126</b>	<b>7,038,568</b>	<b>198,866</b>	<b>8,670,560</b>

### f. Allocation of loan by customers:

	Current Period	Prior Period
Public Sector	1,525,045	1,652,709
Private Sector	46,809,741	45,957,623
<b>Total</b>	<b>48,334,786</b>	<b>47,610,332</b>

### g. International and domestic loans:

	Current Period	Prior Period
Domestic Loans	47,349,472	46,672,291
International Loans	985,314	938,041
<b>Total</b>	<b>48,334,786</b>	<b>47,610,332</b>

### h. Lending to subsidiaries and associates:

	Current Period	Prior Period
Direct Lending to Subsidiaries and Associates	164,571	328,478
Indirect Lending to Subsidiaries and Associates		
<b>Total</b>	<b>164,571</b>	<b>328,478</b>

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### i. Specific provisions provided against loans:

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	1,370,825	585,912
Loans and Receivables with Doubtful Collectibility	474,859	335,054
Uncollectible Loans and Receivables	922,512	1,274,527
<b>Total</b>	<b>2,768,196</b>	<b>2,195,493</b>

#### 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:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
<b>Current Period</b>			
(Gross amounts before the specific provisions)	42,398	15,407	63,183
Loans and Other Receivables which are Restructured			
Rescheduled Loans and Other Receivables	42,398	15,407	63,183
<b>Prior Period</b>			
(Gross amounts before the specific provisions)	1,515	9,719	126,014
Loans and Other Receivables which are Restructured			
Rescheduled Loans and Other Receivables	1,515	9,719	52,539

# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

### 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
<b>Prior Period Ending Balance</b>	<b>585,912</b>	<b>335,054</b>	<b>1,274,527</b>
Corporate and Commercial Loans	398,678	192,824	1,042,203
Retail Loans	103,533	58,733	90,464
Credit Cards	83,701	64,443	141,860
Other		19,054	
<b>Additions (+)</b>	<b>1,726,094</b>	<b>62,732</b>	<b>191,051</b>
Corporate and Commercial Loans	943,127	33,121	174,355
Retail Loans	382,774	22,781	13,101
Credit Cards	400,191	4,515	3,595
Other	2	2,315	
<b>Transfers from Other Non-performing Loans Accounts (+)</b>		<b>481,663</b>	<b>178,733</b>
Corporate and Commercial Loans		309,294	115,048
Retail Loans		92,967	31,068
Credit Cards		79,402	32,617
Other			
<b>Transfers to Other Non-performing Loans Accounts (-)</b>	<b>481,663</b>	<b>178,733</b>	
Corporate and Commercial Loans	309,294	115,048	
Retail Loans	92,967	31,068	
Credit Cards	79,402	32,617	
Other			
<b>Collections (-)</b>	<b>455,217</b>	<b>213,620</b>	<b>314,188</b>
Corporate and Commercial Loans	242,740	133,336	254,809
Retail Loans	105,655	50,378	33,236
Credit Cards	106,822	29,102	26,143
Other		804	
<b>Write-Offs (-)(*)</b>	<b>4,301</b>	<b>12,237</b>	<b>407,611</b>
Corporate and Commercial Loans	3,569	11,644	399,413
Retail Loans	41	270	3,639
Credit Cards	691	170	4,559
Other		153	
<b>Current Period Ending Balance</b>	<b>1,370,825</b>	<b>474,859</b>	<b>922,512</b>
Corporate and Commercial Loans	786,202	275,211	677,384
Retail Loans	287,644	92,765	97,758
Credit Cards	296,977	86,471	147,370
Other	2	20,412	
<b>Specific Provisions (-)</b>	<b>1,370,825</b>	<b>474,859</b>	<b>922,512</b>
Corporate and Commercial Loans	786,202	275,211	677,384
Retail Loans	287,644	92,765	97,758
Credit Cards	296,977	86,471	147,370
Other	2	20,412	
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) TL 37,824 of the NPL portfolio 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.

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### j.3. Information on 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
<b>Current Period:</b>			
Period Ending Balance	1,160	1,122	51,078
Specific Provisions (-)	1,160	1,122	51,078
Net Balance on Balance Sheet			
<b>Prior Period:</b>			
Period Ending Balance	48,959	480	2,973
Specific Provisions (-)	48,959	480	2,973
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
<b>Current Period (Net)</b>			
Loans to Individuals and Corporates (Gross)	1,370,823	454,447	922,404
Specific Provisions (-)	1,370,823	454,447	922,404
Loans to Individuals and Corporates (Net)			
Banks (Gross)			108
Specific Provisions (-)			108
Banks (Net)			
Other Loans and Receivables (Gross)	2	20,412	
Specific Provisions (-)	2	20,412	
Other Loans and Receivables (Net)			
<b>Prior Period (Net)</b>			
Loans to Individuals and Corporates (Gross)	585,912	316,000	1,274,419
Specific Provisions (-)	585,912	316,000	1,274,419
Loans to Individuals and Corporates (Net)			
Banks (Gross)			108
Specific Provisions (-)			108
Banks (Net)			
Other Loans and Receivables (Gross)		19,054	
Specific Provisions (-)		19,054	
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 512,671 as of December 31, 2009. (December 31, 2008: TL 0).

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

Investments held to maturity, which are subject to repurchase agreements amount to TL 4,295,249 as of December 31, 2009. (December 31, 2008: TL 0).



# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

### c. Information on government securities held to maturity:

	Current Period	Prior Period
Government Bonds	11,597,684	3,447,236
Treasury Bills		
Other Public Debt Securities		
<b>Total</b>	<b>11,597,684</b>	<b>3,447,236</b>

### d. Information on investments held-to-maturity:

	Current Period	Prior Period
Debt Securities	12,929,454	3,461,854
Not traded on a Stock Exchange	11,597,684	3,447,236
Not Traded	1,331,770	14,618
Impairment Provision (-)		
<b>Total</b>	<b>12,929,454</b>	<b>3,461,854</b>

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

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>3,461,854</b>	<b>1,955,393</b>
Foreign Exchange Differences Arising on Monetary Assets		
Purchases During the Year	11,212,522	885,079
Transfers		294,242
Disposals through Sales and Redemption	-1,678,312	
Impairment Provision (-)		
Changes in amortized costs of the investments	-66,610	327,140
<b>Balance at the end of the Period</b>	<b>12,929,454</b>	<b>3,461,854</b>

### 7. Information on associates (Net):

#### a. General information on associates:

Seq. No.	Title	Address (City/Country)	Bank's Share Percentage- If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.58	20.58
2-	Avea İletişim Hizmetleri A.Ş.	İstanbul/TURKEY	13.86	18.63
3-	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	9.98	9.98
4-	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	9.09	9.09

#### b. Information on financial statements of associates in the above order:

Seq. No.	Total Assets(1)	Shareholders' Equity(1)	Total Tangible Assets (1)	Interest Income (1)(2)	Securities Income(1)	Current Period Profit/Loss(1)	Prior Period Profit/Loss(3)	Fair Value
1-	866,365(4)	280,687(4)	21,519(4)	58,513(4)	317(4)	21,977(4)	25,720(5)	-
2-	10,755,988	7,733,355	9,703,399	55,234		-514,343	-516,440	-
3-	16,962	13,333	5,734	1,665		1,533	1,157	-
4-	24,925	19,399	1,837	3,266	6	6,693	3,457	-

(1) Indicates value as of 31.12.2008.

(2) Includes Interest Income on Securities.

(3) Indicates value as of 31.12.2007.

(4) Indicates value as of 30.09.2009.

(5) Indicates value as of 30.09.2008.

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### c. Information on associates (movement table):

	Current Period	Prior Period
Beginning balance	743,262	766,434
Movements during the period		
Purchases (*)		39,419
Bonus shares acquired		
Dividends received from the current year profit		
Sales		-117,538
Revaluation Increase		
Impairment		54,947(**)
Balance at the end of the period	743,262	743,262
Capital commitments		
Contribution in equity at the end of the period (%)		

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

(\*\*) The amount of released provisions related to the companies disposed of in current period.

#### d. Sectoral information on financial associates and the related carrying amounts:

Associates	Current Period	Prior Period
Banks	85,295	85,295
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations	3,019	3,019

e. Associates traded on a stock exchange: None.

f. Associates disposed of in the current period: None.

g. Associates acquired in the current period: None.

# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

### 8. Information on subsidiaries (Net):

#### a. General information on subsidiaries:

Seq. No.	Title	Address (City/Country)	Bank's Share Percentage- If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Anadolu Anonim Türk Sigorta Şirketi	İstanbul/TURKEY	35.53	57.31
2-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/TURKEY	62.00	83.00
3-	Antgıda Gıda Tarım Turizm Enerji ve Demir Çelik Sanayi Ticaret A.Ş.	İzmir/TURKEY	99.89	99.99
4-	Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	Ankara/TURKEY	78.07	89.46
5-	Camiş Madencilik A.Ş.	İstanbul/TURKEY	78.46	100.00
6-	Camiş Yatırım Holding A.Ş.	İstanbul/TURKEY	99.97	100.00
7-	Çayırova Cam Sanayii A.Ş.	Kocaeli/TURKEY	31.57	100.00
8-	İş Dublin Financial Services Plc	Dublin/IRELAND	99.99	100.00
9-	İş Finansal Kiralama A.Ş.	İstanbul/TURKEY	27.79	57.70
10-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	42.23	57.67
11-	İş Merkezleri Yönetim ve İşletim A.Ş.	İstanbul/TURKEY	86.33	100.00
12-	İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	İstanbul/TURKEY	94.65	100.00
13-	İş Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	65.65	72.14
14-	İşbank GmbH	Frankfurt-Main/GERMANY	100.00	100.00
15-	Kültür Yayınları İş-Türk Limited Şirketi	İstanbul/TURKEY	99.17	100.00
16-	Milli Reasürans T.A.Ş.	İstanbul/TURKEY	76.64	77.06
17-	Mıpaş Mümessillik İthalat İhracat ve Pazarlama A.Ş.	İstanbul/TURKEY	99.98	100.00
18-	Nemtaş Nemrut Liman İşletmeleri A.Ş.	İzmir/TURKEY	99.81	100.00
19-	Trakya Yatırım Holding A.Ş.	İstanbul/TURKEY	65.34	100.00
20-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/TURKEY	40.52	50.10
21-	Türkiye Şişe ve Cam Fabrikaları A.Ş.	İstanbul/TURKEY	64.11	71.99

#### b. Financial statement information related to subsidiaries in the above order:

Seq. No.	Total Assets(1)	Shareholders' Equity(1)	Total Tangible Assets (1)	Interest Income (1)(2)	Securities Income(1)	Current Period Profit/Loss(1)	Prior Period Profit/Loss(3)	Fair Value
1-	1,659,340 (6)	638,406(6)	38,251(6)	64,966(6)	54,801(6)	50,904(6)	96,349(7)	205,363
2-	4,280,937(6)	414,097(6)	23,953 (6)	205,842(6)	31,485(6)	62,275(6)	52,945(7)	765,700
3-	39,679	34,893	5,546	1,060		-3,111	-6,333	
4-	47,150	10,929	21,624	24	18	-7,667	-4,711	
5-	150,017	106,209	49,903	2,018	904	-8,585	187	
6-	83,883	83,883		393	1,258	3,422	-2,873	
7-	67,873	64,832	21,920	1,398	16	5,185	4,954	
8-	1,079(4)	1,513(4)		307(4)	12(4)	1,122(4)	99(5)	
9-	1,440,580(8)	404,502(8)	2,546(8)	133,370(8)	692(8)	105,388(8)	76,309(1)	72,265
10-	1,011,678(8)	951,603(8)	1,634(8)	6,674(8)	3,662(8)	60,299(8)	53,095(1)	315,495
11-	20,984	8,268	1,365	1,499	246	2,605	4,402	
12-	21,936	19,425	5,858	293	324	1,170	908	
13-	2,182,590(6)	496,594(6)	6,810(6)	97,461(6)	1,589(6)	94,777(6)	36,811(7)	230,441
14-	1,440,750(8)	145,652(8)	34,288(8)	70,003(8)		9,589(8)	7,737(1)	
15-	6,478	2,385	96		69	263	111	
16-	1,565,545(8)	773,051(8)	24,757(8)	130,000(8)	42,843(8)	91,705(8)	141,457(1)	
17-	24,978	24,741	979	313	286	928	-43	
18-	422,146	232,476	257,432	331	7,512	41,232	35,268	
19-	436,442	436,442			156	131	200	
20-	7,270,042(8)	1,140,609(8)	34(8)	503,147(8)	20,115(8)	260,898(8)	116,464(1)	440,018
21-	6,747,399(6)	2,828,000(6)	3,489,818(6)	48,384(6)	1,404(6)	78,696(6)	217,391(7)	1,318,688

(1) Indicates values as of 31.12.2008 . (2) Includes Interest Income on Securities. (3) Indicates value as of 31.12.2007. (4) Indicates values as of 30.06.2009. (5) Indicates values as of 30.06.2008. (6) Indicates values as of 30.09.2009. (7) Indicates values as of 30.09.2008. (8) Indicates values as of 31.12.2009.

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### c. Information on subsidiaries (movement table):

	Current Period	Prior Period
Balance at the Beginning of the Period	2,352,245	4,050,326
Movements in the Period		
Purchases (*)	231,905	184,719
Bonus Shares Acquired		
Dividends Received from the Current Year Profit		
Sales		-91,733
Revaluation Surplus (**)	1,768,463	-1,852,861
Impairment	-64,796(****)	61,794(***)
Balance at the End of the Period	4,287,817	2,352,245
Capital Commitments		
Contribution in equity at the end of the period (%)		

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

(\*\*) The relevant amounts represent the increases and decreases in the market value of participations traded on the stock exchange.

(\*\*\*) The amount of released provisions related to the companies disposed of.

(\*\*\*\*) The amount of provisions set aside within the scope of the appraisal report prepared on Antgıda Tarım Turizm Enerji ve Demir Çelik Sanayi Ticaret A.Ş.

#### d. Sectoral information on financial subsidiaries and the related carrying amounts:

Subsidiaries	Current Period	Prior Period
Banks	481,498	221,782
Insurance Companies	1,244,040	613,378
Factoring Companies		
Leasing Companies	72,265	26,738
Finance Companies	262	262
Other Financial Subsidiaries	545,936	199,996
<b>Total</b>	<b>2,344,001</b>	<b>1,062,156</b>

#### e. Subsidiaries traded on stock exchange:

	Current Period	Prior Period
Traded on domestic stock exchanges	3,347,970	1,437,654
Traded on international stock exchanges		
<b>Total</b>	<b>3,347,970</b>	<b>1,437,654</b>

#### f. Subsidiaries disposed of in the current period: None.

#### g. Subsidiaries acquired in the current period:

As per the resolution of the Board of Directors dated 10.06.2009, regarding the exercise of the Bank's pre-emptive rights of TL 22,825 in TL 33,500 cash capital increase of its subsidiary Bayek Tedavi Sağlık Hizmetleri İşletmeciliği A.Ş., and its commitment to pay the unused pre-emptive rights in cash and in one payment, the Bank's share of TL 22,825 call payment was made on August 21, 2009. As of August 28, 2009, TL 6,409 was transferred to the subsidiary accounts related to the unused pre-emptive rights. The Bank's 68.13% share in its subsidiary before the capital increase, reached 78.07% as a result of the use of pre-emptive rights.

#### 9. Information on jointly controlled entities:

There are no jointly controlled associates of the Bank.

#### 10. Information regarding finance lease receivables of the Bank (Net):

The Bank has no finance lease receivables.

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

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

# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

### 12. Information on Tangible Assets (Net):

Current Period	Land	Buildings	Construction in Progress	Vehicles	Other	Total
<b>Acquisition Cost</b>						
Balance at the Beginning of the Period	81,479	3,494,061	70,209	15,499	954,424	4,615,672
Movements in the Period						
- Additions	15,351	38,935	32,312	2,195	147,233	236,026
- Disposals	-9,740	-99,042	-2,178	-2,163	-25,764	-138,887
- Transfers	450	42,592	-38,803			4,239
- Impairment Release (-)	-3,073	27				-3,046
Balance at End of Current Period	84,467	3,476,573	61,540	15,531	1,075,893	4,714,004
<b>Accumulated Depreciation</b>						
Balance at the Beginning of the Period		-2,128,102		-7,989	-601,109	-2,737,200
Movements in the Period						
- Depreciation Charge		-51,835		-2,734	-93,972	-148,541
- Disposals		17,820		2,082	13,565	33,467
- Transfers		262				262
- Impairment Release (-)						
Balance at the End of Current Period		-2,161,855		-8,641	-681,516	-2,852,012
Net Book Value at the End of Prior Period	81,479	1,365,959	70,209	7,510	353,315	1,878,472
<b>Net Book Value at the End of Current Period</b>	<b>84,467</b>	<b>1,314,718</b>	<b>61,540</b>	<b>6,890</b>	<b>394,377</b>	<b>1,861,992</b>

As of the balance sheet date the book value of tangible assets purchased through finance lease amounts to TL 52,045 (2008: TL 97,453).

The additions in the current period are TL 88 (2008: TL 14,275). The book value of tangible assets required during the period due to receivables amount s to TL 62,956.

Prior Period	Land	Buildings	Construction in Progress	Vehicles	Other	Total
<b>Acquisition Cost</b>						
Balance at the Beginning of the Period	82,858	3,637,212	72,060	13,692	833,631	4,639,453
Movements in the Period						
- Additions	6,764	50,709	34,877	3,639	146,823	242,812
- Disposals	-8,055	-122,653	-2,165	-1,832	-26,030	-160,735
- Transfers	-88	-72,253	-34,563			-106,904
- Impairment Release (-)		1,046				1,046
Balance at End of Current Period	81,479	3,494,061	70,209	15,499	954,424	4,615,672
<b>Accumulated Depreciation</b>						
Balance at the Beginning of the Period		-2,179,659		-7,619	-530,149	-2,717,427
Movements in the Period						
- Depreciation Charge		-53,970		-2,134	-87,980	-144,084
- Disposals		17,285		1,764	17,020	36,069
- Transfers		88,389				88,389
- Impairment Release (-)		-147				-147
Balance at the End of Current Period		-2,128,102		-7,989	-601,109	-2,737,200
Net Book Value at the End of Prior Period	82,858	1,457,553	72,060	6,073	303,482	1,922,026
<b>Net Book Value at the End of Current Period</b>	<b>81,479</b>	<b>1,365,959</b>	<b>70,209</b>	<b>7,510</b>	<b>353,315</b>	<b>1,878,472</b>

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### 13. Information on Intangible Assets:

	Current Period	Prior Period
<b>Acquisition Cost</b>		
Balance at the Beginning of the Period	112,165	63,024
Movements in the Period	21,453	49,141
- Acquired	21,453	49,141
- Disposed (-)		
- Impairment		
Balance at the End of the Period	133,618	112,165
<b>Accumulated Amortization</b>		
Balance at the Beginning of the Period	55,491	14,221
Movements in the Period	45,373	41,270
- Amortization Charge (-)	45,373	41,270
- Disposed		
- Impairment		
Balance at the End of the Current Period	100,864	55,491
Net Book Value at the End of the Prior Period	56,674	48,803
<b>Net Book Value at the End of the Period</b>	<b>32,754</b>	<b>56,674</b>

#### 14. Information on investment property: None.

#### 15. Information on deferred tax asset:

The Bank has TL 510,519 deferred tax asset as of December 31, 2009. Such deferred tax asset is calculated based on the temporary differences between the book value of the Bank's 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 is directly recognized under equity items. As of December 31, 2009, the Bank does not have any deferred tax asset arising from either carry forward losses or tax rebates.

	Current Period	Prior Period
<b>Deferred Tax (Asset)/Liability:</b>		
Tangible Assets Base Differences	25,011	18,996
Provisions (*)	-332,750	-291,548
Valuation of Financial Assets	-202,780	-67,737
Net Deferred Tax (Asset)/Liability:	-510,519	-340,289

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

#### Movements of deferred tax asset:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>340,289</b>	<b>225,359</b>
Deferred Tax Benefit/(Charge) (Net)	210,258	96,653
Deferred Tax Recognized under Equity	-40,028	18,277
<b>Deferred Tax Asset</b>	<b>510,519</b>	<b>340,289</b>

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

	Current Period	Prior Period
Balance at the Beginning of the Period	17,674	6,879
Additions	27,273	21,754
Transfers	-4,501	18,515
Disposals (-)	13,173	29,474
Impairment Losses (-)		
<b>Balance at End of Current Period (Net)</b>	<b>27,273</b>	<b>17,674</b>

The Bank has no discontinued operations. The assets classified as "Assets Held for Sale" consist of real estates. Those real estates 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.

# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

### 17. Information on Other Assets:

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

## II. EXPLANATIONS AND NOTES ON LIABILITIES

### 1. Information on Deposits:

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

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	3,338,969		15,914,795	9,273,682	708,481	466,735	335,613		30,038,275
Foreign Currency Deposits	4,295,737		9,592,029	8,253,769	851,525	1,121,030	2,205,989		26,320,079
Residents in Turkey	4,130,871		9,065,682	7,984,478	709,280	603,845	1,544,407		24,038,563
Residents Abroad	164,866		526,347	269,291	142,245	517,185	661,582		2,281,516
Deposits of Public Institutions	286,394		87,419	281,271	3,363		12,194		670,641
Commercial Deposits	2,829,524		1,700,936	2,919,136	391,335	32,177	707,583		8,580,691
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	198,125		516,554	894,874	205,026	2,989	41,452		1,859,020
The Central Bank of Turkey	62,546								62,546
Domestic Banks	9,538		111,701	500,793			1,108		623,140
Foreign Banks	124,244		404,853	394,081	205,026	2,989	40,344		1,171,537
Special Finance Institutions	1,797								1,797
Other									
<b>Total</b>	<b>11,258,761</b>		<b>28,874,437</b>	<b>24,616,874</b>	<b>2,172,372</b>	<b>1,623,671</b>	<b>3,630,948</b>		<b>72,177,063</b>

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

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	2,420,962		15,014,145	7,302,844	700,944	88,838	211,483		25,739,216
Foreign Currency Deposits	3,969,984		9,373,001	5,007,240	844,215	673,764	2,288,065		22,156,269
Residents in Turkey	3,756,704		8,922,314	4,849,236	772,288	242,329	1,713,253		20,256,124
Residents Abroad	213,280		450,687	158,004	71,927	431,435	574,812		1,900,145
Deposits of Public Institutions	336,837		185,132	71,008	3,008		410		596,395
Commercial Deposits	1,763,659		3,701,335	2,501,042	100,127	157,780	43,099		8,267,042
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	116,054		934,715	291,491	32,837	6,273	6,459		1,387,829
The Central Bank of Turkey	17,234								17,234
Domestic Banks	7,463		322,130	212,073		48			541,714
Foreign Banks	89,926		612,585	79,418	32,837	6,225	6,459		827,450
Special Finance Institutions	1,431								1,431
Other									
<b>Total</b>	<b>8,787,962</b>		<b>30,178,455</b>	<b>17,908,426</b>	<b>1,815,908</b>	<b>2,282,174</b>	<b>2,566,260</b>		<b>63,539,185</b>

#### 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	600,848	628,267	65,140	139,210
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance			51,867	80,040

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Foreign Branches' Deposits Under Foreign Authorities Insurance		117,007		219,250
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				

#### 2. Information on Derivative Financial Liabilities Held for Trading:

##### Negative differences on derivative financial liabilities held for trading:

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	303	39,504	259,342	7,308
Swap Transactions	324,706	109,879	99,281	10,374
Futures				
Options	293	12,137		141,860
Other				
<b>Total</b>	<b>325,302</b>	<b>161,520</b>	<b>358,623</b>	<b>159,542</b>

#### 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	139,928	161,485	208,086	78,775
Funds borrowed from Foreign banks, institutions and funds	2,255,262	7,187,184	2,566,488	8,179,888
<b>Total</b>	<b>2,395,190</b>	<b>7,348,669</b>	<b>2,774,574</b>	<b>8,258,663</b>

##### b. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	139,928	2,995,027	208,086	2,003,093
Medium and Long-term	2,255,262	4,353,642	2,566,488	6,255,570
<b>Total</b>	<b>2,395,190</b>	<b>7,348,669</b>	<b>2,774,574</b>	<b>8,258,663</b>

##### c. Concentration of the liabilities of the Bank:

64% of the Bank's liabilities are comprised of deposits, 10% are of funds obtained through repurchase transactions and 9% are 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 Bank's liabilities.

#### 4. Other Liabilities:

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

#### 5. Information on lease payables (net):

a. Finance lease contracts are signed with purchasing options and the payments are made in equal installments. There has not been any change in finance lease contracts during the current and previous periods.



## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### b. Liabilities resulting from finance lease transactions:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	16,193	14,949	38,979	34,934
1-4 Years	3,302	3,065	20,033	18,531
More Than 4 Years				
<b>Total</b>	<b>19,495</b>	<b>18,014</b>	<b>59,012</b>	<b>53,465</b>

c. Information on operating lease transactions: Transactions related to operating lease are accounted on accrual basis.

d. Sale and lease-back transactions: None.

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

The Bank 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	504,551	465,589
Provision for Group I Loans and Receivables	301,034	296,210
Provision for Group II Loans and Receivables (*)	44,733	36,589
Provision for Non-cash Loans	52,956	45,220
Other	105,828	87,570

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

##### b. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Bank 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 Bank's liabilities for employee termination benefits have been determined by an actuarial report prepared by an independent valuations firm and within this context, the provision set aside and shown in the financial statements as of 31.12.2009 stands at TL 150,371 (31.12.2008: TL 133,002).

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 salary ceiling, 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	133,002	125,851
Service Cost	9,407	8,576
Interest Cost	13,186	11,284
Benefits paid	-19,240	-17,309
Loss/(Gain) due to Settlements/Reductions/Terminations	258	
Actuarial loss/(gain)	13,758	4,600
Defined benefit obligation at the end of the period	150,371	133,002

In addition to the employee termination benefits, the Bank also allocates provision for the unused vacation pay. Provision for unused vacation pay for the year 2009 stands at TL 15,209 (31.12.2008: TL 17,598).

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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 rate increases. As of 31.12.2009, provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans is TL 8,868 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 190,801 provision (31.12.2008: TL 212,472) 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:

- Liabilities of pension funds founded as per the Social Security Act:

Within the scope of the explanations given in Part Three Note XVII, 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.

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
<b>Net Cash Value of Total Liabilities Other Than Health</b>	<b>(1,667,816)</b>	<b>(1,585,484)</b>
Cash Value of Health Liabilities	(398,851)	(345,314)
Cash Value of Health Premiums	613,297	550,974
<b>Net Cash Value of Health Liabilities</b>	<b>214,446</b>	<b>205,660</b>
<b>Pension Fund Assets</b>	<b>157,385</b>	<b>103,386</b>
<b>Amount of Actuarial and Technical Deficit</b>	<b>(1,295,985)</b>	<b>(1,276,438)</b>

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
<b>Total</b>	<b>157.385</b>	<b>103.386</b>

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:

TL 112,306 provision is set aside related to the ongoing lawsuits due to tax disputes and TL 50,040 provision is set aside related to the lawsuits for dispute on lending.

#### 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 XVIII of Part 3. The remaining corporate tax liability after the deduction of the temporary tax amount stands at TL 172,428 as of December 31, 2009.

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	172,428	66,123
Tax on Securities Income	72,215	126,202
Tax on Real Estate Income	1,215	976
Banking Insurance Transaction Tax	38,225	47,631
Foreign Exchange Transaction Tax	25	23
Value Added Tax Payable	481	626
Other	15,134	12,313
<b>Total</b>	<b>299,723</b>	<b>253,894</b>

#### a.3. Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employees	31	27
Social Security Premiums - Employer	36	24
Bank Pension Fund Premiums - Employees		
Bank Pension Fund Premiums - Employer		
Pension Fund Membership Fees and Provisions-Employees		
Pension Fund Membership Fees and Provisions-Employer		
Unemployment Insurance - Employees	490	452
Unemployment Insurance – Employer	979	903
Others		
<b>Total</b>	<b>1,536</b>	<b>1,406</b>

#### b. Information on deferred tax liabilities:

None.

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

None.

#### 10. Subordinated loans used by the Bank:

None.

#### 11. Information on shareholders' equity:

##### a. Presentation of paid-in capital:

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

##### 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

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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 Bank's equity: The Bank's balance sheet is 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. This contributes to the development of the Bank'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 more 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 20 times more of the preference rights (Article 19 of the Articles of Incorporation), and
- 20 shares of 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	1,152,658		-615,805	
Revaluation Reserve	1,152,658		-615,805	
Foreign Exchange Differences				
Financial Assets Available for Sale	136,163	36,135	-23,950	17,606
Revaluation Reserve	170,203	36,135	-29,938	17,606
Deferred Tax Effect on Revaluation	-34,040		5,988	
Foreign Exchange Differences				
<b>Total</b>	<b>1,288,821</b>	<b>36,135</b>	<b>-639,755</b>	<b>17,606</b>

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

##### 1. Explanations to liabilities related to off-balance items:

###### 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	130,716
Letters of Credit	2,575,767	3,457,163
Other Guarantees	208,990	77,083
<b>Total</b>	<b>2,935,952</b>	<b>3,664,962</b>

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### 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	7,130,630	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	260,512	351,970
<b>Total</b>	<b>9,565,321</b>	<b>8,047,214</b>

#### c. 1. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	245,507	315,591
With Original Maturity of 1 Year or Less	77,408	192,738
With Original Maturity More Than 1 Year	168,099	122,853
Other Non-cash Loans	12,255,766	11,396,585
<b>Total</b>	<b>12,501,273</b>	<b>11,712,176</b>

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	91,111	1.80	6,874	0.09	66,871	1.69	5,501	0.07
Farming and Stockbreeding	43,269	0.86	6,192	0.08	33,484	0.85	4,746	0.06
Forestry	46,225	0.91	461	0.01	31,215	0.79	387	0.01
Fishery	1,617	0.03	221	0.00	2,172	0.05	368	0.00
Industry	1,388,159	27.43	3,610,387	48.51	1,121,259	28.40	3,458,287	44.54
Mining and Quarrying	46,492	0.92	79,953	1.07	41,111	1.04	55,649	0.72
Manufacturing	1,144,723	22.62	2,706,073	36.36	998,029	25.28	2,923,467	37.65
Electricity, Gas, Water	196,944	3.89	824,361	11.08	82,119	2.08	479,171	6.17
Construction	533,339	10.54	878,111	11.80	469,747	11.90	1,365,006	17.58
Services	2,934,413	58.00	1,750,269	23.53	2,186,779	55.39	1,446,882	18.64
Wholesale and Retail Trade	2,013,098	39.79	1,153,498	15.50	1,537,032	38.93	977,614	12.59
Hotel and Restaurant Services	79,809	1.58	12,891	0.17	43,297	1.10	15,652	0.20
Transportation and Communication	246,662	4.88	156,363	2.10	163,945	4.15	106,023	1.37
Financial Institutions	303,991	6.01	188,703	2.54	225,955	5.72	139,042	1.79
Real Estate and Rental Services	126,231	2.49	182,129	2.45	92,640	2.35	166,756	2.15
Self-Employed Services	116,439	2.30	26,532	0.36	81,331	2.06	18,731	0.24
Educational Services	11,574	0.23	17,508	0.24	10,457	0.27	10,085	0.13
Health and Social Services	36,609	0.72	12,645	0.17	32,122	0.81	12,979	0.17
Others	112,649	2.23	1,195,961	16.07	103,634	2.62	1,488,210	19.17
<b>Total</b>	<b>5,059,671</b>	<b>100.00</b>	<b>7,441,602</b>	<b>100.00</b>	<b>3,948,290</b>	<b>100.00</b>	<b>7,763,886</b>	<b>100.00</b>

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

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-cash Loans</b>	<b>4,969,034</b>	<b>7,308,513</b>	<b>90,637</b>	<b>133,089</b>
Letters of Guarantee	4,914,988	4,444,325	90,637	115,371
Bank Acceptances	2,997	134,081		14,117
Letters of Credit		2,572,166		3,601
Endorsements		41,538		
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties	51,049	116,403		

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

#### 2. Information on Derivative Financial Instruments:

Majority of the Bank's derivative transactions comprise 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 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 Bank has an obligation to pay the uncovered amount up to TL 600 (exact amount). The Bank 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 INCOME STATEMENT

##### 1.a. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans(*)				
Short-term Loans	2,741,005	166,538	2,820,010	160,527
Medium and Long-term Loans	3,214,120	511,137	3,048,027	584,657
Interest on Non-performing Loans	131,843	82	172,082	42
Premiums Received from State Resource Utilization Support Fund				

(\*) Includes fee and commission income on cash loans.

##### 1.b. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey				35
Domestic Banks	373	250	191	1,619
Foreign Banks	14,511	78,593	22,633	235,645
Foreign Head Offices and Branches				
<b>Total</b>	<b>14,884</b>	<b>78,843</b>	<b>22,824</b>	<b>237,299</b>

##### 1.c. Information on interest income from securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Financial Assets Held for Trading	69,533	20	55,717	108
Interest Income on Financial Assets at Fair Value through Profit and Loss				
Interest Income on Financial Assets Available for Sale	1,332,147	623,749	1,818,768	796,075
Investments Held to Maturity	991,308	647	504,651	108
<b>Total</b>	<b>2,392,988</b>	<b>624,416</b>	<b>2,379,136</b>	<b>796,291</b>

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	10,642	17,423

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	395,730	114,857	457,143	154,798
Central Bank of Turkey				
Domestic Banks	26,195	5,987	27,671	3,323
Foreign Banks	369,535	108,870	429,472	151,475
Foreign Head Offices and Branches				
Other Institutions		75,632		156,773
<b>Total (*)</b>	<b>395,730</b>	<b>190,489</b>	<b>457,143</b>	<b>311,571</b>

(\*) 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	122,596	173,486

#### 2.c. Information on interest paid to marketable securities issued:

None.

#### 2.d. 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		
<b>TL</b>								
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		253		21,887
Commercial Deposits	2,091	264,640	424,701	110,067	14,281	3,041		818,821
Other Institutions Deposits	457	169,061	117,035	17,017	30,508	3,221		337,299
Deposits with 7 Days Maturity								
<b>Total</b>	<b>8,504</b>	<b>2,180,891</b>	<b>1,465,745</b>	<b>205,451</b>	<b>68,163</b>	<b>44,501</b>		<b>3,973,255</b>
<b>FC</b>								
Foreign Currency Deposits	353	237,047	192,029	26,270	14,463	99,750		569,912
Bank Deposits	95	10,423	9,206	3,246	318	1,123		24,411
Deposits with 7 Days Maturity								
Precious Metals Deposits								
<b>Total</b>	<b>448</b>	<b>247,470</b>	<b>201,235</b>	<b>29,516</b>	<b>14,781</b>	<b>100,873</b>		<b>594,323</b>
<b>Grand Total</b>	<b>8,952</b>	<b>2,428,361</b>	<b>1,666,980</b>	<b>234,967</b>	<b>82,944</b>	<b>145,374</b>		<b>4,567,578</b>

#### 3. Information on dividend income:

	Current Period	Prior Period
Financial Assets Held for Trading		
Financial Assets at Fair Value Through Profit and Loss		
Financial Assets Available for Sale	1,547	18,679
Other	323,490	266,167
<b>Total</b>	<b>325,037</b>	<b>284,846</b>

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

	Current Period	Prior Period
<b>Profit</b>		
Securities Trading Gains	425,132	85,528
Gains on Derivative Financial Instruments	2,069,283	2,514,653
Foreign Exchange Gains	48,349,046	51,707,392
<b>Losses (-)</b>		
Securities Trading Losses	834	105,982
Losses on Derivative Financial Instruments	1,728,889	2,956,130
Foreign Exchange Losses	48,705,365	50,772,811

#### 5. Information on other operating income:

An important part of the other operating income is 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.

#### 6. Information on provision for loans and other receivables:

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	1,471,079	1,054,196
Group III Loans and Receivables	1,295,443	1,008,810
Group IV Loans and Receivables	35,730	19,958
Group V Loans and Receivables	139,906	25,428
General Provision Expenses	70,263	169,427
Provision Expenses for Possible Risks	292,000	50,000
Marketable Securities Impairment Losses	53	100,669
Financial Assets at Fair Value through Profit and Loss	53	1,151
Financial Assets Available for Sale		99,518
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		
Others	388,283	239,697
<b>Total</b>	<b>2,286,474</b>	<b>1,613,989</b>

#### 7. Other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1,404,808	1,251,804
Reserve for Employee Termination Benefits	17,369	7,151
Bank Pension Fund Deficit Provisions	19,547	68,037
Impairment Losses on Tangible Assets		12
Depreciation Expenses of Tangible Assets	139,874	134,025
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		
Amortization Expenses of Intangible Assets	45,373	41,270
Impairment Losses on Share of Participations Accounted for Using the Equity Method		
Impairment Losses on Assets to be Disposed	3,073	
Depreciation Expenses of Assets to be Disposed	8,667	10,059
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations		
Other Operating Expenses	816,030	942,129
Operating Lease Expenses	116,374	88,906
Repair and Maintenance Expenses	18,256	13,747
Advertisement Expenses	100,822	106,807
Other Expenses	580,578	732,669
Loss on Sale of Assets	19,073	130,143
Other	220,873	234,908
<b>Total</b>	<b>2,694,687</b>	<b>2,819,538</b>



## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

The Bank's profit before tax is generated from its continuing operations. The profit before tax consists of net interest income of TL 4,867,488, net fee and commission income of TL 1,252,604 and the other operation expenses amount to TL 2,694,687.

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

As of December 31, 2009 the Bank's total tax provision of TL 573,209 consists of current tax expense of TL 783,467 and deferred tax income of TL (210,258).

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

The Bank's net profit generated from its continuing operations amounts to TL 2,372,407.

#### 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 Bank's performance in the period 01.01.2009-31.12.2009.

b. Any changes in estimations that might have a material effect on current and subsequent period results: No disclosure is required.

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

#### V. EXPLANATIONS AND NOTES ON THE STATEMENT OF CHANGES IN 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 1,274,405 and the balance of extraordinary reserves is TL 3,468,758.

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

The details of revaluation surplus of securities are shared in the Note nr. V-II-11-h. TL (34,040) of this amount is the deferred tax effect on available for sale securities. (December 31, 2008: TL 5,988)

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

The operating profit of TL 5,003,471 before the changes in operating assets and liabilities, consists of TL 10,970,598 of interest received predominantly from loans and securities, and TL 5,601,202 of interest paid predominantly on deposits, interbank money market transactions and funds borrowed by the Bank.

The effect of changes in foreign exchange rates on cash and cash equivalents is approximately TL (21,989) as of December 31, 2009. (December 31, 2008: TL 48,356).

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.

# Türkiye İş Bankası A.Ş.

## Part Five: Explanations and Notes to the Unconsolidated Financial Statements

### Cash and cash equivalents at beginning of period:

	Current Period 31.12.2008	Prior Period 31.12.2007
<b>Cash</b>	11,754,813	7,025,497
Cash in TL and Foreign Currency	583,883	500,284
Central Bank of Turkey and Other	11,170,930	6,525,213
<b>Cash Equivalents</b>	4,349,655	4,783,953
Banks' Demand Deposits and Time Deposits Up to 3 Months	4,349,655	4,783,953
<b>Total Cash and Cash Equivalents</b>	16,104,468	11,809,450

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:

	Current Period 31.12.2009	Prior Period 31.12.2008
<b>Cash</b>	8,729,238	11,754,813
Cash in TL and Foreign Currency	777,586	583,883
Central Bank of Turkey and Other	7,951,652	11,170,930
<b>Cash Equivalents</b>	6,132,582	4,349,655
Banks' Demand Deposits and Time Deposits Up to 3 Months	6,132,582	4,349,655
<b>Total Cash and Cash Equivalents</b>	14,861,820	16,104,468

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

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

#### a. Current Period:

Bank'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	328,466	1,067,977	1	9	318,534	110,846
Balance at the end of the period	162,500	1,381,322		10	444,192	102,324
Interest and commission income received	10,642	517			29,920	1,310

#### b. Prior Period:

Bank'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	317,870	858,320	1		212,780	88,731
Balance at the end of the period	328,466	1,067,977	1	9	318,534	110,846
Interest and commission income received	17,406	277			20,794	945

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

Bank'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	1,722,749	1,126,005	152,957	70,837	290,005	187,060
Balance at the end of the period	1,514,269	1,722,749	237,295	152,957	882,232	290,005
Interest expense on deposits	120,544	171,116	12,112	20,803	28,360	32,089

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

Bank'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	41,148	71,134				
End of the period	3,581	41,148				
Total Profit/Loss	-2,579	455				
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						

#### 2. In connection with the Bank's risk group:

##### a. The relationship of the Bank 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 transactions carried out are mainly loan and deposit transactions. The ratio of loans extended to the risk group to the overall loans is 1.26%, while the ratio to the overall assets is 0.54%; the ratio of deposits of the risk group corporations to the overall deposits is 3.65%, while the ratio to overall liabilities is 2.33%. 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 its properties through its associate, İş Finansal Kiralama A.Ş., when required. The Bank's branches also act as agents for Anadolu Sigorta A.Ş., 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 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.

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

Benefits paid to key management personnel in the year 2009 amount to TL 14,074 (December 31, 2008: TL 13,348).

## Türkiye İş Bankası A.Ş.

### Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

	Number	Employees		Total Assets	Legal Capital
Domestic Branches (*)	1,078	22,281			
			<b>Country of Incorporation</b>		
Foreign Representative Offices	1	1	China		
Foreign Branches	1 13	29 153	England TRNC	3,312,665 1,039,873	241 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.

### Part Six: Explanations on the Independent Auditors' Report

#### I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT:

The Bank's unconsolidated financial statements prepared for the financial period 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 Bank's operations other than those mentioned above.