

Hardly a day goes by without İşbank...





Contents

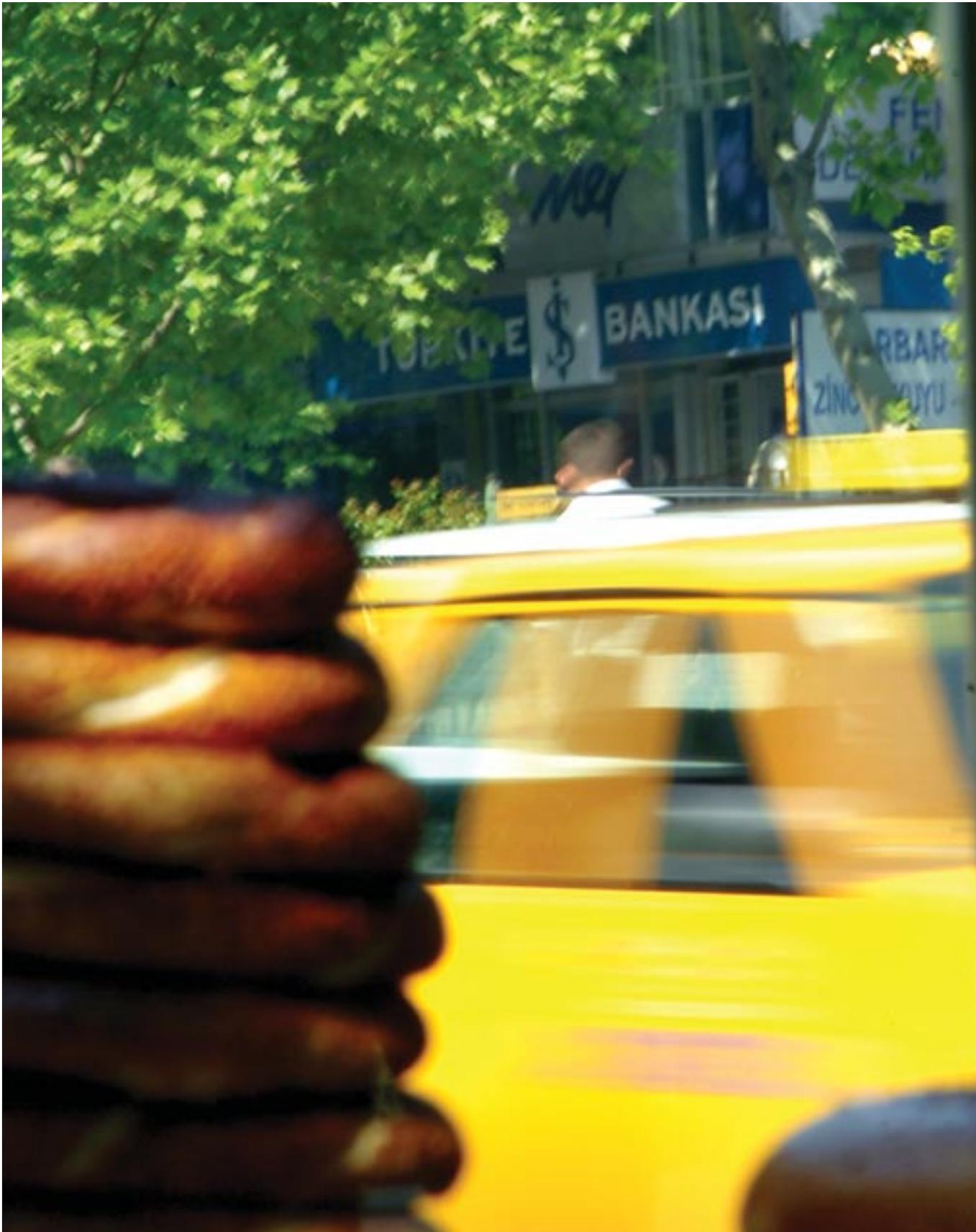
- 03 [Financial Highlights](#)
- 05 [İşbank - Turkey's Bank](#)
- 06 [Board of Directors](#)
- 08 [Message from the CEO](#)
- 12 [Executive Committee](#)
- 15 [The Turkish Economy](#)
- 23 [Business Review](#)
- 57 [Financial Statements and Notes to Financial Statements](#)
- 70 [Organizational Chart](#)
- 72 [Department Managers](#)
- 73 [Major Equity Participations and their Operations in 2002](#)
- 76 [Branches Authorized to Handle International Transactions](#)
- 78 [Directory](#)



İşbank, touching our lives...

For many generations since 1924, İşbank has been a part of every day life in Turkey. Currently, İşbank serves a large number of citizens from all corners of the country via a vast 846-branch network. Additionally, through alternative distribution channels and the branches of its subsidiary bank in Europe, İşbank virtually reaches anywhere in the world where Turkish people live and work. To youngsters the name "İşbank" has become synonymous with savings and the moneybox while for adults - it represents business, strength and trust.

As the theme for this year's annual report, we have attempted to picture İşbank in the daily lives of Turkish people; on the streets, in shopping centers, in playgrounds, in workplaces and even in their homes. Hardly a day goes by without İşbank...



Financial Highlights

<i>(TL billions)</i>	2002	2001
Total Assets	23,731,290	21,639,333
Total Loans	6,540,676	5,179,511
Total Deposits	16,720,074	14,958,088
Shareholders' Equity	4,247,536	3,993,588
Paid-in Capital (*)	810,573	810,573
Legal Reserves	568,641	639,409
Revaluation Fund	479,611	1,154,151
Capital Reserves due to Inflation Adjustment	1,962,220	1,962,220
Profit / (Loss) due to Inflation Adjustment	310,816	(1,472,088)
Current Period Profit / (Loss)	310,816	(997,062)
Previous Years' Profit / (Loss)	0	(475,026)

<i>(US\$ millions)</i>	2002	2001
Total Assets	14,832	13,525
Total Loans	4,088	3,237
Total Deposits	10,450	9,349
Shareholders' Equity	2,655	2,496
Paid-in Capital (*)	507	507
Legal Reserves	355	400
Revaluation Fund	300	721
Capital Reserves due to Inflation Adjustment	1,226	1,226
Profit / (Loss) due to Inflation Adjustment	194	(920)
Current Period Profit / (Loss)	194	(623)
Previous Years' Profit / (Loss)	0	(297)

(*) The Bank's registered share capital as of 12/31/2002 is TL 1,500,000,000,000 or US\$ 937,500,000.

2002 conversion rate as of 12/31/2002: US\$ 1 = TL 1,600,000

<i>İşbank's Banking Network</i>	2002	2001
Domestic Branches	839	842
Overseas Branches	7	7
Representative Offices Abroad	1	1
Total Employees	14,873	15,541



İşbank- Turkey's Bank

One year after the establishment of the Republic of Turkey, Mustafa Kemal Atatürk instructed bureaucrats in the economic sector to establish a bank that would assist in the rebuilding and development of the country's economy. Established in 1924, a year full of challenges for the young Republic, İşbank's aim was to contribute to the development of both the banking system and the economy while providing financial sources for industrial investments. İşbank is proud to be one of the few corporations established during the first few years of the Republic that is still operating today. İşbank continues to radiate the same level of enthusiasm and dynamism it had at its inception.

Currently, İşbank plays a leading role in the Turkish economy both as one of the country's foremost private banks and as a major powerhouse for such diverse industries as glass, metallurgy, distribution of petroleum products and telecommunications.

The majority of its shares have been publicly owned since its establishment, resulting in a unique shareholder structure for İşbank. With more than 300,000 shareholders, including the Bank's Pension Fund, representing both active and retired Bank employees as the major shareholder, close to 27% of İşbank shares are traded on the Istanbul and London Stock Exchanges.

The Bank closed 2002 with TL 23,731 trillion (US\$ 14,832 million) in total assets. With TL 4,248 trillion (US\$ 2,655 million) İşbank ranks the first among all private banks in Turkey in terms of shareholders' equity.

Taking into account its equity participations, İşbank is one of the world's largest corporations.

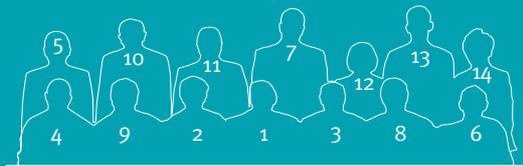
Its corporate values, supported by the high quality of its services, enhance client, employee and shareholder satisfaction, while making the Bank the most trusted bank among Turkish depositors and clients.

İşbank is proud to be one of the few corporations established during the first few years of the Republic that is still operating today.



Board of Directors

- 1 Prof. Dr. Ahmet Kırman
Chairman
- 2 H. Ersin Özince
Deputy Chairman and Chief Executive Officer
- 3 Bahtiyar Sönmez
Director
- 4 H. Arslan Sarsar
Director
- 5 Prof. Dr. Toker Dereli
Director
- 6 Kemal Kılıçdaroğlu
Director
- 7 Ethem Öz
Director
- 8 M. Cevdet Selvi
Director
- 9 Bülent H. Tanla
Director
- 10 Prof. Dr. Baran Tuncer
Director
- 11 M. Nail Yağcı
Director
- 12 Nilgün Erkan
Auditor
- 13 Volkan Taşkın
Auditor
- 14 A. Taciser Bayer
Reporter



As of March 2002

Message from the CEO



Looking at the sequence of events that took place during 2002, we may conclude that positive results were achieved in the Turkish economy under the ongoing economic program. Economic growth was realized at a rate above the target, inflation turned out to be lower than anticipated, and a degree of stability was achieved in the interest and FX rates.

However, the surge of events in 2002 can be categorized into three phases: optimistic, the first half of the year, with rising economic indicators; gloomy during most of the second half due to developments in the political arena; and hopeful and confident again in the last months of the year.

With these developments on stage, the Turkish banking industry has undergone a significant reform and consolidation process. As a factor that helped restore confidence in the markets, work on restructuring state-owned banks was completed and the sale, merger and liquidation processes for all banks under the control of the Savings Deposit Insurance Fund, with the exception of two, were concluded. Efforts continued throughout the year by the regulatory bodies to bring banking regulations and controls in line with international standards.

In terms of laying the foundations for prospective healthy growth, these changes made 2002 a positive year for the banking sector. With the destabilizing effect of state banks eliminated and lowering of interest rates and margins, the general trend in the system is shifting towards productivity, efficiency and diversity in funding. In this environment where Turkish banks are compelled to perform according to global competitive conditions, the market position of strongly capitalized, large and well-managed banks has improved considerably.

In 2002, the volume of deposits in the banking system suffered a fall in real terms partially attributable to attractive returns on alternative investment instruments and the appreciation of the Turkish lira. At the same time, the volume of loans in the banking system decreased in real terms partly due to non-performing loans previously classified as performing loans being transferred to loans in arrears, as a result of the three-tier audits by the Banking Regulation and Supervision Agency.

Despite these difficulties and uncertainties experienced in the markets during 2002, İşbank achieved

some striking results thanks to our management's swift and sound assessment of events and the dedicated work of our employees.

At İşbank, shareholders' equity increased by 6.4% and reached US\$ 2,655 million at the end of the year with a net profit of US\$ 194 million. İşbank has the highest shareholders' equity figure among private banks in Turkey, a stimulating force to look ahead with confidence and optimism. At the end of 2002, total assets stood at US\$ 14,832 million, representing one of the largest asset bases among privately owned Turkish banks. Total deposits increased by 11.8% over the previous year totaling US\$ 10,450 million while total loans increased by 26.3% reaching US\$ 4,088 million. Our capital adequacy ratio, which stood at 25.34% demonstrated our strong capital base capable of supporting the Bank's future growth.

In 2002, İşbank affirmed its role as the leading bank for providing flexible solutions to the financial needs of its customers and succeeded in offering more products than any other time in its history. İşbank continued to benefit from its highly reputed position in the market and the consolidation in the banking industry helped İşbank to



İşbank has always been a pioneer and a key player in Turkish capital markets, and 2002 was no exception. The Bank's strength in capital markets stems from its product diversity, competitive pricing policy and the extensive distribution network.



display its core competencies with major progress in all areas of banking. During the year, with improved overall economic conditions, market shares increased in all service and product categories, especially in loans where İşbank's share rose markedly from 10.4% to 16.8%. Its sound deposit base continued to foster the Bank's growth.

Aggressive marketing and promotional campaigns were launched countrywide to extend the usage of Maximum Card, an innovative new credit card scheme. Additional co-branded credit cards were introduced to the members of well-reputed organizations and Maximum Card features were added to all other İşbank credit cards. Plans for the coming year include the introduction of chip cards that will allow the Bank to monitor consumer behavior as well as providing the opportunity to add numerous other advantages to İşbank credit cards.

We continued to grant retail loans during 2002, despite challenging market conditions. Contrary to İşbank's noticeably high market share of 24.7% in consumer loans, the ratio of problem loans to total consumer loans has always been below the sector average as a result of the sophisticated credit scoring system and rigorous customer selection procedures. In the years ahead, we are determined to maintain our leadership in consumer, vehicle and housing loans in this highly competitive segment of the banking industry.

İşbank commands the largest market share of ATMs among private banks in Turkey. During the year, our service portfolio of alternative distribution channels was increased by numerous new facilities to make the lives of our customers easier. The share of non-branch channels in overall transactions has been increasing continuously over the recent years, greatly reducing operational expenses.

At the end of 2002, we established a Corporate Marketing Department, in an effort to better serve our corporate customers. Through the activities of this department, we are able to increase efficiency, analyze the needs of our corporate customers and tailor products and services accordingly. Concurrently, the Bank is developing a CRM system that will help determine customer-oriented marketing strategies and practices. To achieve anticipated benefits, great importance is being placed on training programs geared to continuous upgrading of staff skills and qualifications for enhancing customer satisfaction.

Similar to our accomplishments in the area of consumer credits, we have never ceased our support to the manufacturing and exporting industries and are proud to have the largest exposure to the real economy. At the end of 2002, İşbank's market share of commercial credits increased significantly reaching 16.1% within the entire banking industry and 23.6%

among private banks. Significant increase was achieved in cash credits mainly as a result of additional credit lines allocated to new customers, which were financially sound, meeting the requirements of our risk management guidelines.

İşbank's balance sheet is managed in a prudent way to contribute to the development of the Bank's income on a continuously rising trend. The ratio of NPL/Overall Loans which stood at 28% after the three-tier audit process based on inflation-adjusted financial statements in 2001 dropped to 15% in 2002, and is expected to be lower than 10% in 2003.

Extending support to small businesses, İşbank launched a new credit program in April 2002, entitled SME Credits. As overall economic conditions permit, the Bank plans to increase the SME credit volume and introduce specialized credits tailored to the requirements of certain small business segments. Additionally, FX loans to finance export activities of small businesses will be launched in the first half of 2003.

In 2002, we handled export transactions totaling US\$ 4,092 million, illustrating a market share of 12% and import transactions of US\$ 3,894 million, representing a market share of 8%. These figures substantiate the importance İşbank places on international trade finance activities as part of its growth strategy.

Message from the CEO

By leveraging our advantages and strengths, we are increasing our market shares in all areas of growth in foreign trade and especially in export related transactions, particularly when exports are contributing greatly to the increase in GDP.

İşbank has always been a pioneer and a key player in Turkish capital markets, and 2002 was no exception. Considerable increases in stock, bonds, bills and repo trading were achieved as well as in the sale of mutual funds. The Bank's strength in capital markets stems from its product diversity, competitive pricing policy and the extensive distribution network in which it operates, comprised of both branches and alternative distribution channels.

In 2002 again, İşbank maintained its leadership position with a 20.4% share in the mutual funds market, with 13 mutual funds catering to differing risk-return profiles of vast numbers of investors. Assets under management in İşbank's mutual funds rose to TL 2,036 trillion by the end of 2002, recording an 80% increase. İşbank's Liquid Fund reached a portfolio size of TL 1.5 quadrillion and maintained its position as the largest mutual fund in Turkey.

Another ambitious project launched by İşbank in 2002 was the Technological Breakthrough Project, to elevate the quality of the Bank's services and create a more efficient banking platform

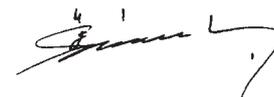
through the use of contemporary IT tools. Process analysis and planning will continue next year and include the redesigning of all processes currently in place. We anticipate that by the end of 2004, all branches will be operating under this new system.

İşbank remains committed to its historic mission of contributing to the development of our country through our Group's financial and industrial activities. In 2003, we are confident that, the favorable developments in the economy will continue if structural reforms are strictly adhered to and monetary and financial policies are followed as planned. As the improvement in the economic and financial environment continues, economic growth will increase our Bank's business opportunities and income while we continue to ride the tide of consolidation, which also increases our efficiency.

Managing private pension schemes is a new business line in Turkey and our subsidiary Anadolu Pension Company, among the first companies to be licensed in this line, is prepared to be one of the major players in this business. We anticipate that the synergy to be derived from the cooperation of İşbank and its subsidiary will create a new and potentially large business opportunity for the İşbank Group, which has been successfully integrating the sales of insurance products into its banking activities since 1925.

Profitable growth of our business lines shall remain at the core of our business focus. Our efforts toward growth will be aided by efficient management of our operations via ongoing restructuring projects and the continued broadening of the Bank's sources of income for creating additional shareholder value. As we grow prudently, we shall continue to implement strict cost control measures to improve efficiency and capitalize on our widespread customer base, vast distribution network, and wide-ranging product and service portfolio. We shall increase our market shares further in all major areas and maximize income. One of the key pillars of our business remains our strong and growing deposit base, which speaks for the confidence that the banking public has in us.

In closing, on behalf of the Board of Directors, I would like to thank our shareholders, employees, customers, business partners and correspondent banks for their valuable contributions that have helped make İşbank an accomplished financial institution.



H. Ersin Özince
Deputy Chairman and CEO



Executive Committee

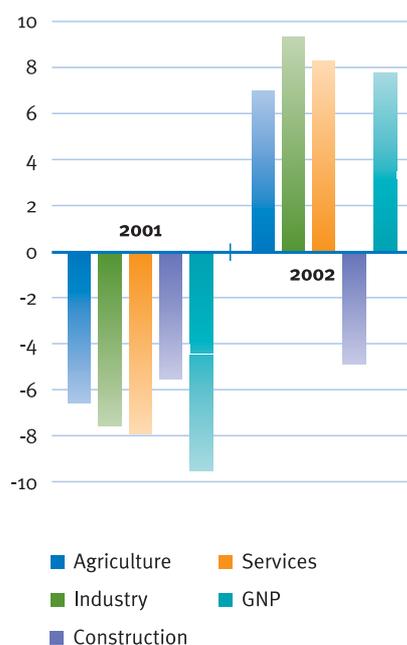
- 1 H. Ersin Özince
Deputy Chairman and Chief Executive Officer
- 2 Caner Çimenbiçer
Senior Deputy Chief Executive
- 3 Kadir Akgöz
Deputy Chief Executive
- 4 A. Aykut Demiray
Deputy Chief Executive
- 5 A. Cüneyt Demren
Deputy Chief Executive
- 6 M. Sırrı Erkan
Deputy Chief Executive
- 7 B. Daver Orhon
Deputy Chief Executive
- 8 H. Fevzi Onat
Deputy Chief Executive
- 9 Turgut Sungur
Deputy Chief Executive
- 10 Yusuf Ziya Toprak
Deputy Chief Executive
- 11 Özcan Türkakın
Deputy Chief Executive
- 12 Mete Uğurlu
Deputy Chief Executive





The Turkish Economy

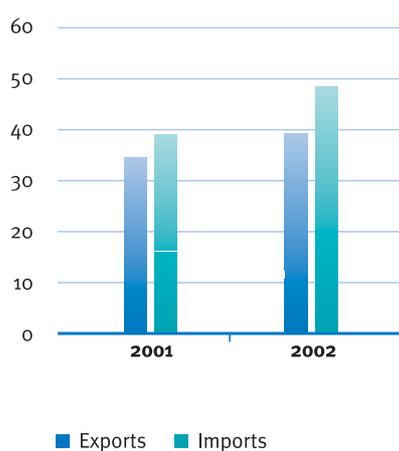
GNP Sectoral Growth Rates (%)



Developments in the Real Sector

After suffering through a record contraction of 9.5% in 2001, the Turkish economy enjoyed a growth rate of 7.8% in 2002. Sectoral breakdown of national income shows that there were increases of 7.1% in agriculture, 9.4% in industry and 8.3% in services; the construction sector on the other hand experienced a 4.9% decrease. According to GDP statistics by expenditures, consumer demand contributed to annual growth by 1.9% and change in stocks by 7% while shares of investments and foreign demand were negative. It can be said that economic growth in 2002, derived from the rise in stocks as a response to expectations of consumer demand increases. However, by the end of the year, there was no evidence that investment demand had been activated.

Foreign Trade (US\$ billions)



In 2002, imports rose over 2001 levels by 22.8%, reaching US\$ 47.8 billion. Exports increased by 13.9% to US\$ 39.1 billion, the foreign trade deficit thus widening by US\$ 4 billion. Imports gained momentum and had an expanding effect on the foreign trade deficit because the increase in export-oriented production simultaneously brought an increase in imports of intermediate goods. As a result of the rapid increase in imports, the current account balance also displayed a deficit of US\$ 1.8 billion in 2002.

After suffering through a record contraction of 9.5% in 2001, the Turkish economy enjoyed a growth rate of 7.8% in 2002.

The consolidated budget exhibited a TL 39.1 quadrillion deficit in 2002, while the primary balance, excluding interest payments, recorded a surplus of TL 12.8 quadrillion. Domestic debt stock,



Wholesale price inflation rose to an average of 50.1% in 2002; the increase was 30.8% year-on-year and consumer price inflation materialized at an average of 45% and 29.7% year-on-year.



The Turkish Economy

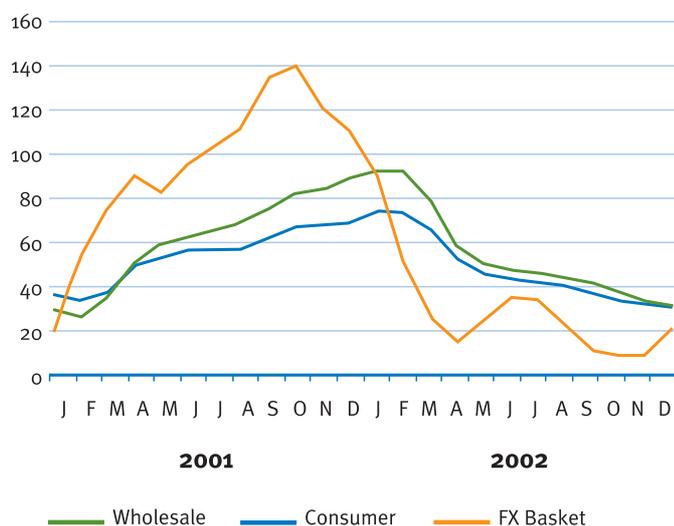
which was TL 122.2 quadrillion at the end of 2001, increased by 22.7% to reach TL 149.9 quadrillion as of end of December 2002. Foreign debt stock rose by 15.4% over the previous year, reaching US\$ 131.6 billion.

Wholesale price inflation rose to an average of 50.1% in 2002; the increase was 30.8% year-on-year and consumer price inflation materialized at an average of 45% and 29.7% year-on-year. Factors that contributed to an inflation rate below what was expected for the year included the cost advantage caused by the appreciation of the Turkish lira in wholesale prices, the contraction in domestic demand due to the tight fiscal policy and low level of disposable income in consumer prices.

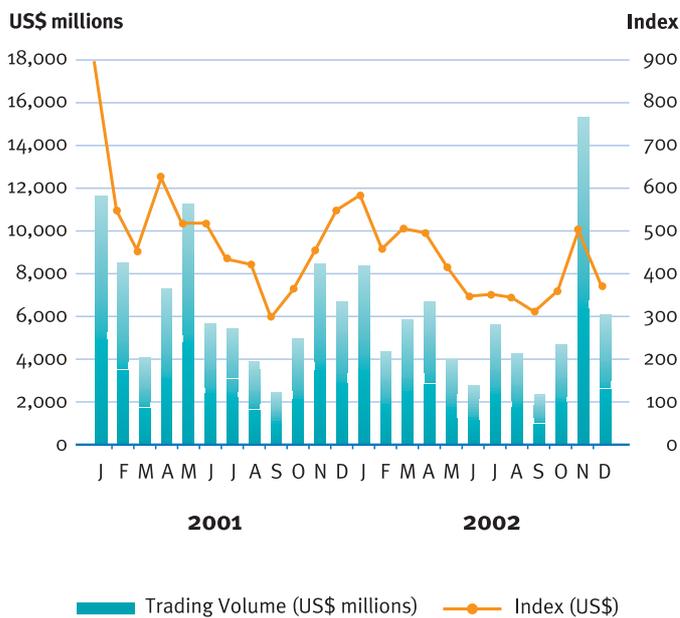
Overnight interest rates, which had been 59% at the beginning of 2002, were pulled back to 44% gradually during the year parallel to the decline in the inflation rate. The average interest rate for government securities, which was at the 74% level at the beginning of the year, showed a decreasing trend in response to the decline in inflation and in response to expectations that market quotations would be lowered. In May, this rate had gone back as far as 57%. However, with increased political uncertainties that month and the possibility of the negative effects this could have on macroeconomic balances, as well as the debate over early elections and signals coming from the government over disputes on EU reforms - interest rates on government securities started to rise. The announcement of the early election date lowered interest rates once again as hopes for stability following the elections appeared. Interest on government securities maintained an average rate of 63.8% for the year 2002.

Foreign exchange rates followed a parallel trend to economic and political developments in 2002, displaying a decline against the Turkish lira in the last quarter of the year. At the end of the year, the US dollar appreciated by 13.5% to TL 1,634,501; the euro increased by 34.3% to TL 1,703,477; and the foreign exchange basket consisting of US\$ 1 + € 0.77 marked a rise of 21.9% compared to the previous year-end figures.

**Changes in the Price Indices and FX Rates
(Year-on-Year Percentage Changes)**

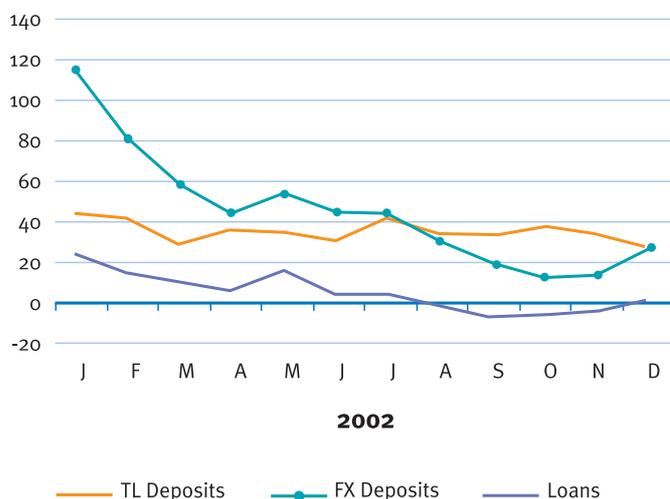


The ISE National-100 Index and Stock Trading Volume



Starting 2002 at 13,783 points, the Istanbul Stock Exchange National-100 Index moved between 10,000-12,000 points until May in response to a possibility of war in Iraq and tensions brought about by the uncertainty on EU harmonization legislation. The increasing political worries after May caused the Index to recede to 8,500 points. Fluctuating between a narrow band of 9,000-10,000 points before the election, the Index rose to the 14,000-point level following the emergence of a single party government. The possibility of Iraq operation however, caused unrest and a fall back to the 10,000-point mark. The Index closed the year at 10,370 points for a decline of 24.8% compared to year-end 2001.

Changes in Total Deposits and Loans in 2002 (Year-on-Year Percentage Changes)



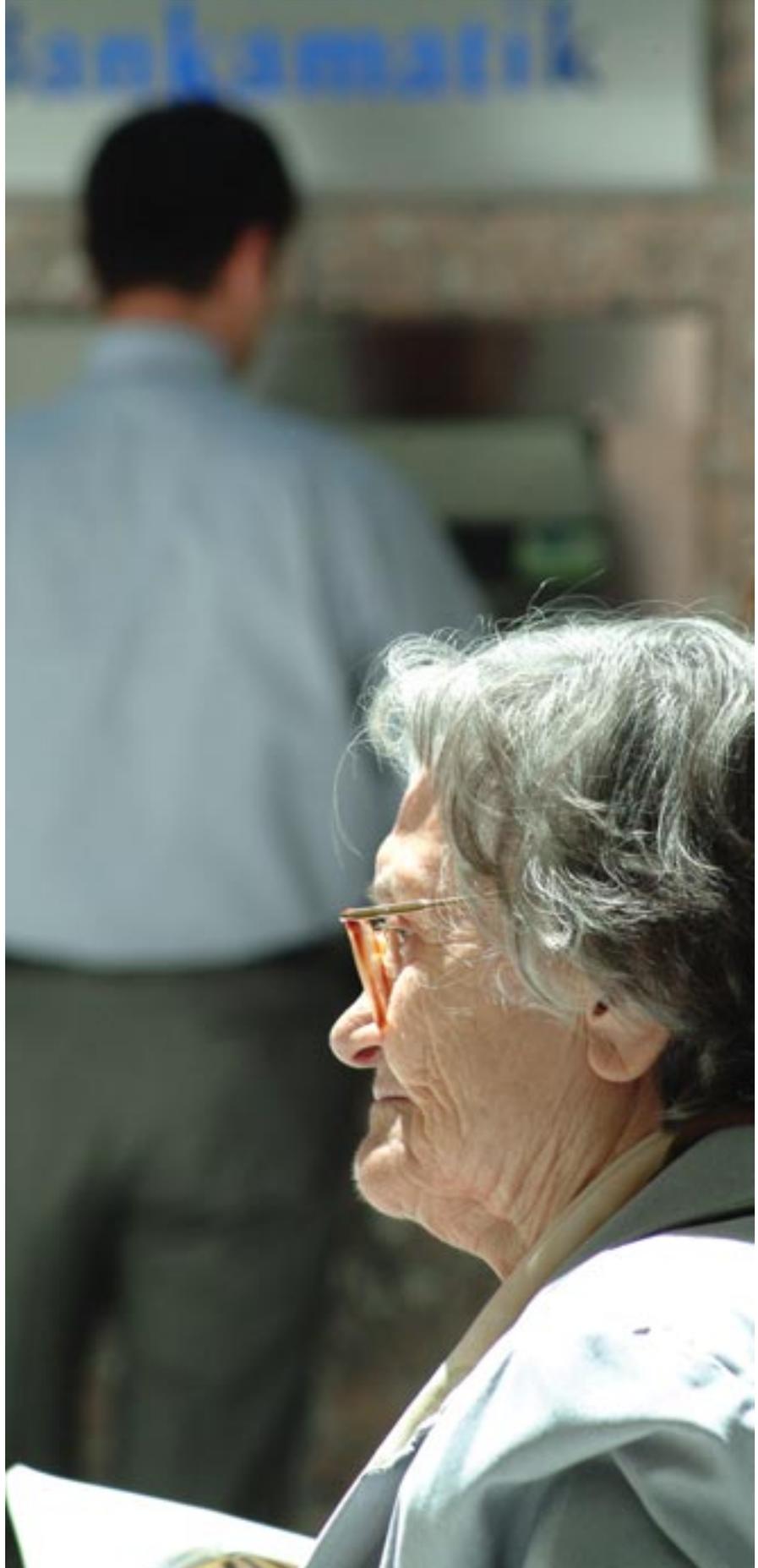
Developments in the Banking Sector

Work on restructuring state-owned banks within the scope of banking sector reforms was completed in 2002. Some of the pending issues related to banks under the control of the Saving Deposit Insurance Fund, excluding Bayindirbank and Pamukbank, were resolved through sales, mergers and liquidation. Measures were implemented to improve the financial structure of private banks by strengthening their capitals. Banks included in this program were subjected to a three-tier audit process by the Banking Regulation and Supervision Agency (BRSA).



BANKASI

The Turkish Economy



Work on restructuring state-owned banks within the scope of banking sector reforms was completed in 2002.

TÜRKİYE İŞ BANKASI

Banka

TÜRKİYE İŞ BANKASI

Bankamatik



The Turkish Economy

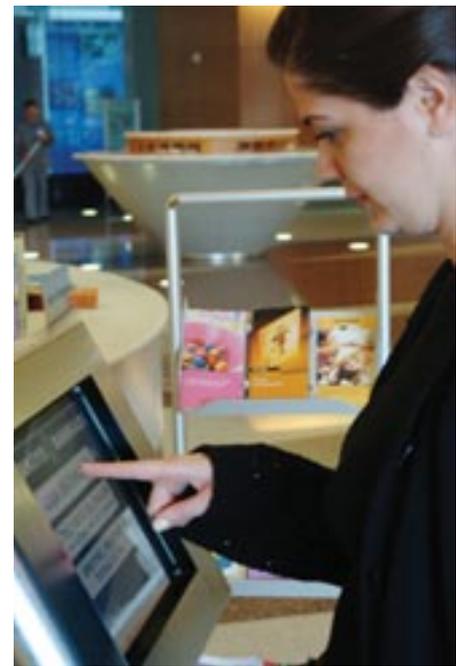
In addition, the restructuring of private sector debt to the banking sector was started, with new regulations devised to facilitate the collection of overdue receivables by the banks.

In strengthening the banking sector and providing adequate equity capital, market risk was monitored more closely while internal control and risk management systems were established. As part of the restructuring program for banks, in the audits performed by the BRSA, the real picture in credits could not be seen because non-performing credits were transferred to overdue receivables. As a result, the increase in credit volume appeared to be only around 1%. When receivables to be liquidated were accounted for in this way, there was a contraction in real credit stock. Since past due loans were relatively much smaller in consumer loans and particularly due to renewed activity toward the end of the year, there was an increase of 25% in consumer loans. The decline in the inflow of foreign resources, the tendency of banks to avoid credit risk and the continuation of public deficit financing were some of the reasons why investments in government securities showed an increase on the

banks' balance sheets. The amount of loans channeled to the real sector however, fell by 22.2% on a real basis. Attractive yields offered by alternative investment instruments and relatively low FX rates resulted in a real decline of 4.8% in total deposits expressed in terms of Turkish lira.

Expectations

Targets for 2003 include achieving a 5% real growth rate, bringing the consumer inflation rate down to 20% and achieving a primary surplus of 6.5% of the gross national product. These targets are in line with the program entitled "Transition to a Strong Economy" planned for years 2002-2004. Major deviations from the main guidelines of this program are not expected. The program achieved economic growth and curbed inflation in 2002. Despite some unexpected developments and adversities in domestic and international arenas, current events support the continuation



Targets for 2003 include achieving a 5% real growth rate, bringing the consumer inflation rate down to 20% and achieving a primary surplus of 6.5% of the gross national product.

of the positive trend into 2003. Some of the factors fostering favorable expectations for 2003 include the presence of a new and strong political administration, public confidence instilled by the strict implementation of the program, increasing expectations that the inflation will continue to fall, positive effects to be gleaned from structural changes and the adaptation of the markets to the floating exchange rate system. The overall outlook for the future is positive. If fiscal discipline can be maintained and monetary policies continue to be adhered to, the economy will resume in the correct direction.



Business Review

All İşbank credit cards can now make use of the Maximum Card features at Maximum member merchants, whereby the Maximum Card has been turned into a loyalty program for credit cardholders.



RETAIL BANKING

Credit Cards

Maximum Card – Offering the maximum

All İşbank credit cards can now make use of the Maximum Card features at Maximum member merchants, whereby the Maximum Card has been turned into a loyalty program for credit cardholders.

The İşPuan bonus point application provided for cardholders has been enhanced whereby bonus points earned through purchases made with İşbank credit cards can instantly be converted to cash at Maximum member merchants through POS terminals, enabling cardholders to use their bonus points to purchase goods.

With a market share of 12.3% and 1,934,078 credit cards, a 17.6% increase over the previous year, İşbank ranked third in issued credit cards.

The number of ATM cards increased by 3.0% reaching 4,858,269 while the average credit card balance in Turkish lira terms increased by 38.3% from TL 270.7 trillion to TL 374.5 trillion.

In 2002, the turnover of credit card transactions increased by 64.6% to TL 3,230.4 trillion up from TL 1,963.1 trillion. İşbank ranked third among credit card issuing banks in Turkey in terms of turnover.

Co-branded credit cards help widen the customer base

Marketing of İşbank credit cards bearing corporate or association logos continued throughout 2002. New agreements were concluded with well-known clubs or associations of Turkey.

Additional facilities such as payments on an installment basis, discounts and MaxiPuan bonus points were made available to all İşbank credit cardholders.

More card products to come next year

Work is underway to synchronize the existing payment method to a new system that operates with 'chip' cards.

A project, called Maxinet, aimed at enhancing the security of transactions made over the Internet by İşbank credit cardholders through the 3-D Secure electronic commerce protocol is nearing completion.

The İşPuan scheme and the MaxiPuan scheme will be merged, whereby purchases by all İşbank credit cardholders will be rewarded with MaxiPuans.

New applications in member merchants and POS network

The number of member merchants increased by 22% from 63,036 at the end of 2001 to 76,842 at the end of 2002; the number of POS terminals went up by 26% to total 80,476 by the end of 2002. Meanwhile, the turnover of credit card transactions at the Bank's member merchants went up by 88% - from TL 1,756 trillion to TL 3,302 trillion.

In an effort to increase the Bank's competitiveness and diversify its range of POS services, the cash register POS application was added to the services provided by the Bank's member merchants. In addition to the virtual POS service provided in connection with credit card purchases on the Internet, as part of the e-commerce practice, the Electronic On-Line Payment system has been developed as an alternative to credit card payments.

Consumer Credits

An increased share in consumer credits despite stagnant market conditions

The impact of the economic crises experienced in November 2000 and

February 2001 was felt most in the consumer credit market as well as in all other segments of the economy. Despite the limited 24.9% growth experienced in this market in 2002, İşbank's consumer credits went up by 74.7%.

Thanks to aggressive marketing policies implemented in the last quarter of the year particularly when the economy showed signs of improvement, the Bank's share in the system, on a balance sheet basis, which was 16.8% at the end of 2001, rose to 23.5% at the end of 2002.

İşbank granted new consumer credits of TL 1,102,351 billion during 2002 where TL 723,228 billion worth of principal was collected through regular monthly payments. The consumer credits balance at the end of the year stood at TL 718,420 billion. Of this amount, TL 573 billion will be paid back during 2003 as scheduled. Of the total outstanding consumer credits at the end of 2002, 91% were made up of credits in Turkish lira while 9% were FX-denominated.

The balance of overdraft accounts, including commercial overdrafts, were

TL 58,192 billion as of 2001, increased by 72% as of 2002, and reached TL 99,895 billion.

More expansion is planned in 2003 as economic conditions allow

Maintaining İşbank's leadership position in consumer, vehicle and housing loans will only be possible by pursuing forceful marketing strategies in this highly competitive segment of the banking industry. It is anticipated that in the next year, some 400,000 new consumer credits will be granted and that the Bank's share in overall consumer loans will be around 20-25%.

New and Creative Services in Retail Banking

Introducing banking to teenagers - the First Signature Account

With the product package Banking for Youngsters – First Signature Account, teenagers are provided with banking services and certain benefits at the Bank and contracted establishments.



Business Review

With the product package, Banking for Youngsters – First Signature Account, teenagers are provided with banking services and certain benefits at İşbank and contracted establishments.





In 2002, the number of transactions conducted through the Call Center increased by 91.14%, the Internet by 53.68% and the banking kiosks (Netmatik) by 12.93%.

Business Review

As a result of this innovative scheme, İşbank is currently serving 92,730 First Signature Account holders.

The ease of getting salaries from İşbank

As a means of reaching large numbers of individuals, İşbank provides salary payment services to the employees of contracted companies. By the end of 2002, the number of companies to which İşbank provides these services increased 13% compared to the previous year's total of 11,717, while the number of employees to whom this payment service is provided increased 6% and now totals 1,101,054. Salary payment service offers numerous cross-selling opportunities helping to increase the Bank's retail customer portfolio.

Extended range of remotely accessed services

In 2002, additions to the alternative distribution channels service portfolio included foreign exchange transfers to accounts in both domestic and overseas banks, non-Bank customers applying for the Bank's products over the Internet and the Call Center, life insurance products, personalized e-mail messages to customers and the implementation of a password panel and periodic password change option.

Alternative Distribution Channels

Bringing bank branches to offices and homes - anywhere the customers are

As a result of progressive work launched in 2001, concerning services provided through channels other than the Bank's branches, non-branch transaction volumes have recorded significant increases. In 2002, the number of transactions conducted through the Call Center increased by 91.14%, the Internet by 53.68% and the banking kiosks (Netmatik) by 12.93%.

As a result, the share of transactions carried out in the Bank's branches in the overall volume of transactions fell by 4.27 percentage points while the share of transactions completed over the Internet went up by 2.17 percentage points reaching 8.14%.

Number of transactions completed at branches and alternative distribution channels

	2001	2002
	Share	Share
	(%)	(%)
Branch	47.27	43.00
ATM	25.43	23.62
Internet	5.97	8.14
Call center	0.29	0.49
Netmatik	0.65	0.65
Telephone	1.72	1.60
Other	18.67	22.50
Total	100.00	100.00

The largest ATM network in Turkey

At the end of 2002, İşbank had 2,278 ATMs, 384 banking kiosks, 107 automatic cash deposit machines and 7 foreign exchange dispensing ATMs. With figures like these, the Bank is able to maintain its leadership in the number of self-service devices installed by private banks.

Banking on the move

Within the framework of mobile banking applications, all Aria subscribers can carry out bank transfers, EFT, trading instructions for stocks and payment of credit card debts and utility bills using their mobile phones.

maXimum



taklit taklit çek çek puan hemen kazan

www.maximum.com.tr | www.isbank.com.tr

TÜRKİYE İŞ BANKASI
Türkiye'nin Bankası





COMMERCIAL BANKING

The Corporate Marketing Department – A result of customer-focused banking

In an effort to serve corporate customers more attentively, İşbank has established a Corporate Marketing Department at the end of 2002. Through this Department's activities, the Bank will be able to analyze the needs of its corporate customers more efficiently.

Based on their transaction volume and profitability, customer target groups will be pro-actively determined for marketing of the Bank's products. In order to meet the requirements and expectations of the target customer groups and to develop new products and services that address their needs, more comprehensive and systematic efforts will be made. Marketing officers will have the means to assess their corporate customers to decide with which ones they can continue working or to determine those customers that

cannot reach adequate levels of volume and efficiency. A study will be conducted on a company-by-company basis early next year, to find the underlying reasons why some corporate customers cannot achieve targeted business volume with the Bank. Marketing efforts will continue through various new channels, including the branch offices, in order to acquire new customers.

Development of a CRM (Customer Relations Management) system is also envisioned to help determine the Bank's marketing strategies. As a result of this implementation, branches will be assigned targets for the sales of corporate banking products and profits next year.

Cash Credits

İşbank's market share in commercial loans increased noticeably during 2001 and 2002, to reach 16.1% in the banking industry and 23.6% among private banks at the end of 2002. These results are noteworthy in that during 2001 and 2002 Turkey experienced a series of severe economic problems.

In 2002, total commercial cash credits registered a substantial increase of

Marketing efforts will continue through various new channels, including the branch offices, in order to acquire new customers.

İşbank's Market Shares in Commercial Cash Credits (%)

	2000	2001	2002
In the banking industry	8.9	11.1	16.1
Among private banks	15.7	20.1	23.6

İşbank's share within the banking industry with regard to non-cash credits was 10.96% at the end of 2001 and 11.27% at the end of 2002.

24% according to inflation-indexed values. This increase was a result of providing additional credit lines to new customers, financing viable projects and restructuring of some credits categorized as doubtful receivables at the end of 2001. Moreover, the expansion in the credit portfolio, 78% of which is comprised of foreign exchange loans, has been affected by the increases in the FX rates.

As a result of the triple staged bank audit process undertaken following the deep economic crisis Turkey went through, certain loans were categorized as non-performing loans; accordingly, the Bank's loans in 2001 receded while in 2002 they rose above the 2000 levels. Also, in parallel with the efforts to preserve the foreign exchange position on the balance sheet, the ratio of foreign exchange credits within total credits remained the same.

Non-Cash Credits

In 2002, non-cash credits decreased to 3.21% according to inflation-indexed values, the largest increase among the non-cash credits (19%) was in Turkish lira letters of guarantee. The Bank's share within the banking industry with regard to non-cash credits was 10.96% at the end of 2001 and 11.27% at the end of 2002.

Development of the Cash Credit Portfolio (TL billions) (Including transactions abroad)

	2001(*)	2002	Change (%)
TL Cash Credits			
Market + Discount + Redemption	451,795	532,885	17.95
Exports	17,938	16,019	-10.70
Eximbank Credits	71,825	51,419	-28.41
Medium/Long-Term	346,946	573,453	65.29
TL Total	888,504	1,173,776	32.11
FX Cash Credits			
From Bank's Sources – Short-Term	2,112,107	1,939,608	-8.17
From Bank's Sources - Medium/Long-Term	1,087,098	2,071,657	90.57
Eximbank Credits	162,179	65,412	-59.67
FX Total	3,361,384	4,076,677	21.28
Total Cash Credits	4,249,888	5,250,453	23.54

(*) Inflation-adjusted values

Development of the Non-Cash Credit Portfolio (TL billions)

	2001(*)	2002	Change (%)
FX Letters of Guarantee	3,126,923	2,909,451	-6.95
TL Letters of Guarantee	907,006	1,078,009	18.85
Acceptances and Letters of Credit	1,314,380	1,189,993	-9.46
Other Guarantees	3,183	1,825	-42.66
Total Non-Cash Credits	5,351,492	5,179,278	-3.21

(*) Inflation-adjusted values

Business Review





Business Review

Extending support to small businesses

In order to support the development of the portfolio a new credit program, Small Enterprises Credits, which was directed toward small businesses, was launched in April 2002. Under this scheme, TL 107 trillion in loans was assigned to a total of 7,349 small businesses as of 31.12.2002. The breakdown of these loans on a segment basis is: 53% to companies under the Chambers of Small Businessmen and Artisans, 45% to companies under Chambers of Commerce, 2% to companies under Chambers of Independent Certified Accountants and Chambers of Pharmacists.

More products will be launched under the SME Credits program

Considering anticipated global developments in 2003 that might have a significant impact on Turkey, coupled with economic uncertainty, İşbank will continue operating along the lines of its prudent credit allocation policies. However, efforts to meet the credit requirements of the small and medium-

size companies through the SME Credits program will continue, not neglecting the cash and non-cash credit requirements of companies already in the corporate customer portfolio including large corporations, which have been deemed creditworthy.

In 2003, İşbank aims to provide loans for members of self-employed professionals unions within the framework of the SME Credits initiative and to increase the overall credit volume as compared to year-end 2002.

Meanwhile, specialized credits will be introduced to small and medium-size agricultural concerns and will include loans to build and maintain greenhouses. Pilot studies for these loans were initiated in 2002 and preparations were completed by the end of the year to launch these schemes in 2003.

In order to support the development of the portfolio a new credit program, Small Enterprises Credits, which was directed toward small businesses, was launched in April 2002.

Additionally, FX loans under the SME Credits program to finance export activities of small industrial businesses is in the development phase; it is anticipated to be launched in the first half of 2003.

CAPITAL MARKETS

Always a key player in capital markets

İşbank was again a key player in Turkey's capital markets during 2002, and increased its market share achieving considerable expansion in stocks, bonds, bills and repo trading as well as in mutual fund transactions.

Wide diversity of capital market products

The strength of İşbank in capital markets stems from its product diversity and competitive pricing policy, as well as its ability to provide extensive and uninterrupted high quality distribution service through a wide branch network, ATMs, banking kiosks and the Internet.

Capital Market Transactions (TL trillions)

	Market Transaction			İşbank's Transaction		
	Volume	Change	(%)	Volume	Change	(%)
	2001	2002	(%)	2001	2002	(%)
Stocks	186,238	212,605	14.2	8,900*	10,312*	15.9
Bills, Bonds, Repo	2,400,268	2,210,586	(7.9)	227,139	246,157	8.4

* Transaction volume of İş Yatırım Menkul Değerler A.Ş. (İş Investment). İşbank operates in the stock market as the agent of İş Investment.

Equity trading

İşbank provides services to 38% of the total 1,204,914 stock investors in Turkey. In 2002, while the Bank's trading volume on the Istanbul Stock Exchange (ISE) Stock Market rose 14.2% compared to the previous year, equity trading volume of İş Yatırım Menkul Değerler A.Ş. (İş Investment), to which the Bank provides cashier services in the capacity of its agent in accordance with the relevant capital market regulations, increased 16%. In parallel with this development, İş Investment's market share went up from 4.8% to 4.9% while it ranked second in trading volume in the ISE Stock Market, where 126 brokerage houses operate.

Throughout Turkey, the Investment at İş Internet-based stock market trading service was extended, whereby its share within the Bank's total equity trading volume reached 7.6%.

Fixed income instruments

İşbank continued to actively participate in the fixed income markets in 2002 as in previous years and maintained a significant market share in Treasury auctions. In terms of transaction volume in 2002, İşbank rose from third to second place compared to the previous year in the ISE Bonds and Bills Market and Repo-Reverse Repo Market. It maintained second place in off-exchange repo and reverse repo transactions and third place in the ISE Bonds and Bills Market Outright Sales and Purchases Market.

Leader in mutual funds

In 2002, İşbank maintained its leadership position with a 20.4% share in the mutual fund market, where it offers 13 mutual funds catering to a wide range of risk-return profiles of

investors with different portfolio structures. Assets under management in İşbank's mutual funds, which amounted to TL 1,130 trillion at the end of 2001 rose to TL 2,036 trillion by the end of 2002, recording an 80% increase. The İşbank Liquid Fund reached a portfolio size of TL 1.5 quadrillion, a 70% growth compared to the end of 2001, maintaining its position as the largest mutual fund in Turkey. Meanwhile, in 2002, the İşbank Bonds and Bills Fund became one of the fastest growing funds with a portfolio size of TL 380 trillion and a 50% market share within its peer group. In 2002, the İşbank Moneybox Fund with 16,710 investors, the greatest number of investors in Type A funds and also the first and only fund in Turkey geared toward children, reached a portfolio size of TL 5,109 billion; an increase of 259% compared to the previous year.

TREASURY

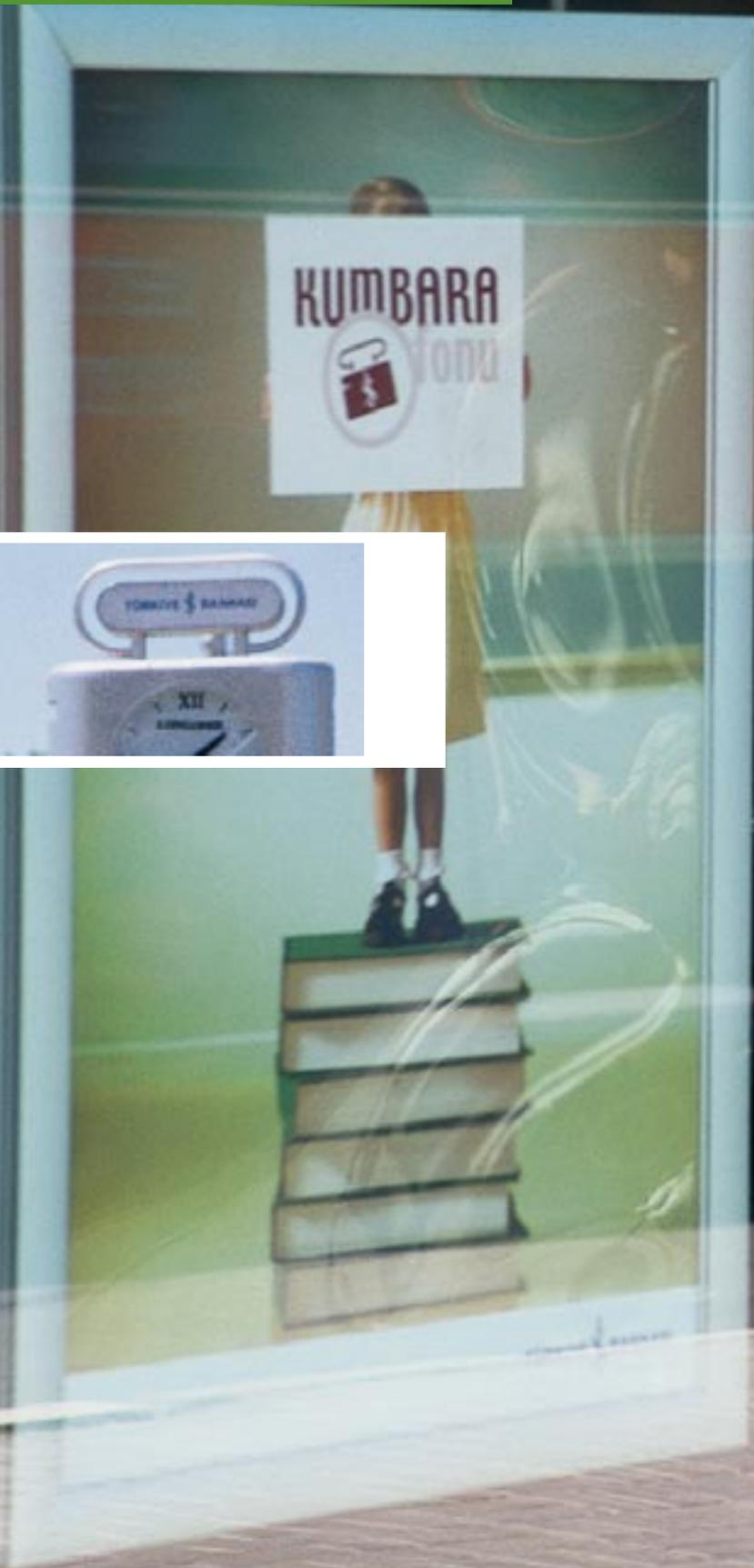
A flexible strategy in asset-liability management

After the turbulent market conditions of 2001, the financial markets entered 2002 with greater prospects for stability and with the positive results that were emerging as a result of a strict adherence to the monetary program. Financial markets followed a rather calm course during the first few months of the year but were more fragile and susceptible to adverse developments taking place in both domestic and international political area starting from May. In this respect, İşbank implemented a flexible pricing strategy with regard to its asset and liability management taking into account cost and return in the first few months of the year initially, and liquidity in the following months.



İşbank implemented a flexible pricing strategy with regard to its asset and liability management taking into account cost and return in the first few months of the year initially, and liquidity in the following months.

Business Review







Business Review

Flight to quality in deposits during distressed times

Demand for loans was low throughout most the year and İşbank enjoyed high liquidity stemming from its extensive Turkish lira and FX-denominated deposits. At a time when depositor and investor confidence was narrowing due to ongoing tensions in the marketplace, İşbank succeeded in increasing its deposits in particular due to its widespread branch network, diverse product range and reliable image. Excess funds, obtained through deposits as a result of flight to quality, were channeled into Turkish Treasury's longer-term securities with a view to sustaining profitability.

Serving customers treasury products directly through the Customer Desk

In 2002, when FX and interest rate volatility was relatively lower, İşbank's FX and Turkish lira transaction volume increased as a result of competitive pricing policies, effective interactive banking practices and extensive branch network. The number of customers served on a one-to-one basis through the Customer Desk as well as the transaction volume registered a significant growth.

Raising funds in international markets at favorable terms and conditions

As an indication of good reputation in international markets, İşbank obtains facilities at favorable terms and conditions. In December 2002, as a

regular borrower, İşbank obtained a one-year US\$ 300 million syndicated facility through the participation of 43 banks and channeled the proceeds to export finance transactions.

İşbank will continue to exploit alternative fund raising instruments by closely monitoring developments in domestic and overseas markets with a view to diversifying funding sources and being integrated into international markets.

İşbank arranged major project finance facilities in 2002

Low demand for loans in general, with the exception of consumer loans and a stable entry of new resources, have forced the Bank to take an active stance in money and capital markets. Notwithstanding these circumstances, İşbank took important steps toward increasing its market share of project finance loans in 2002 by pursuing a quite active role in both the primary and secondary markets.

Through agreements concluded during the year, the Bank participated in the Toprakkale-İskenderun Motorway, İzmir-Aydın Motorway, Ankara-Pozantı Motorway, Gaziantep-Şanlıurfa Motorway and Turkish Republic of Northern Cyprus Water Supply Projects as the arranger.

INTERNATIONAL BANKING

An international banking network spanning major centers

Banking operations for İşbank's international trade activities are delivered through 83 fully, numerous semi-authorized domestic and six free trade zone branches in Turkey as well as a branch in London, branches in the Turkish Republic of Northern Cyprus and the off-shore branch in Bahrain. Additionally, İşbank also benefits from the international branch network of its subsidiary, İşbank GmbH, that operates through twelve branches in Germany, two in the Netherlands, one in France and another in Switzerland.

Pursuant to İşbank's expanding its overseas network, feasibility studies involving mainly the close environment of Turkey have been started.

Reaching 122 countries worldwide through the correspondent network

At the end of 2002, the number of İşbank's correspondents in 122 countries totals to 1,258 banks. Thanks to the extensive correspondent banking network and the branches covering almost all of Turkey, incoming foreign exchange transfers reached US\$ 10.3



Pursuant to İşbank's expanding its overseas network, feasibility studies involving mainly the close environment of Turkey have been started.

billion while outgoing transfers during 2002 totaled US\$ 9.3 billion. As of April 11, 2002, İşbank's private customers were given the opportunity to make foreign currency transfers to Turkish and overseas banks via the Internet.

Handling a large share of Turkey's foreign trade transactions

In 2002, İşbank handled export transactions worth US\$ 4,092 million, which represented a market share of 12%, while import transactions totaled US\$ 3,894 million, for an 8% market share.

While efforts are ongoing to strengthen the Bank's presence in international banking spheres, technical work is being conducted at home to increase the efficiency of operations handling import and export transactions and enlarging the service platform in Turkey.

EQUITY PARTICIPATIONS

With its subsidiaries, İşbank has pioneered many new areas of business in Turkey

Since its establishment in 1924, İşbank has occupied a very important place not

only in the Turkish financial sector but also in manufacturing industries. The Bank has pioneered many new areas of business through investments and participations in the industrial and financial services sectors. For 78 years, İşbank has invested in the equity of 283 companies and divested shares in 209 of these companies over time. As of December 2002, İşbank is holding equity in 74 companies operating in finance, glass, energy, telecommunications and other major groups that provide industrial services.

To escalate the activities of subsidiary portfolios, a re-structuring scheme was implemented in 2002. Within this scheme, the sales potential of companies within group organization, mergers and other sales were evaluated. Consequently, a strategy concerning the merger of the subsidiaries operating in similar businesses and the sale of shares in subsidiaries operating in strategically minor areas has been pursued.

In this respect, operations carried out in 2002 such as the acquisition of Sınai Yatırım Bankası A.Ş. by Türkiye Sınai Kalkınma Bankası A.Ş.; the merger of İş Doğan Petrol Yatırımları A.Ş. and Petrol Ofisi A.Ş.; the sale of shares in İş Risk Sermayesi Yatırım Ortaklığı A.Ş. to İş Yatırım Menkul Değerler A.Ş.; the sale of shares in Cam Elyaf Sanayii A.Ş. and Paşabahçe Cam Sanayi ve Ticaret A.Ş. to Türkiye Şişe ve Cam Fabrikaları A.Ş. group companies and the sale of shares in Trakya İplik Sanayii A.Ş. to a non-group organization has been accomplished. The number of subsidiaries decreased to 74 in 2002 down from the previous year's total of 79.

Business Review







INFORMATION TECHNOLOGY

Information technology brings branches anywhere customers are located

İşbank attaches great importance to information technology and has been making investments for many years in this area. İşbank also provides services through other channels such as Internet, GPRS and ATMs. Up-to-date information technology projects bring the Bank's branches into offices and homes - anywhere customers are located.

Upgrading main operating system

The main operating system has been upgraded to enable it to make use of the new additions and, in particular, to be able to incorporate software compatible with the new communication infrastructure. The relational database constituting the basis of the Data Warehouse project has been installed in the IBM DB2 production medium and the system is now operational.

The Technological Breakthrough Project

The Technological Breakthrough Project, consisting of 17 sub-projects, was launched in 2002 within the scope of customer-focused banking approach of İşbank with a view to enhancing the quality of services and creating a more efficient banking platform through the use of contemporary technological means, with a budget of US\$ 10 million. Process analysis and streamlining work will continue next year whereby the technological basis of all processes will be re-designed.

Feasibility studies concerning the logistics plan for the hardware and software enabling the use of graphics-based applications in the branches within the framework of the Technological Breakthrough Project has been completed by the end of 2002. In December 2004, all branches are anticipated to be operating within the new system.

The project is carried out jointly by the IT and Organization Departments and will be implemented first in major Istanbul branches and later progressively in all other branches.

A bank of information - Customer Data Warehouse

The Customer Data Warehouse and Data Quality Project enabling the consolidation of all accounts of the same customer under a single interactive customer number, clearing all inactive customer accounts, updating of customer data and the maintenance of updated data in a systematic manner was launched in 2002 as a sub-project of the Technological Breakthrough Project. This massive IT-related project will be completed in the near future and will include investments to be made in technological infrastructure.

İşbank attaches great importance to information technology and has been making investments for many years in this area.



The Technological Breakthrough Project, consisting of 17 sub-projects, was launched in 2002 within the scope of customer-focused banking approach of İşbank with a view to enhancing the quality of services and creating a more efficient banking platform through the use of contemporary technological means.

Business Review



Annual Emergency Test

The scheduled annual Emergency Test, aiming to test the capability of the main system to carry on banking activities as soon as possible in an emergency case, was conducted successfully at the Izmir Disaster Recovery Center. This test is repeated every year.

Banking all over the country through wireless connections

The GSM and GPRS POS infrastructure was installed in several branches and ATM locations in order to establish faster links through the Aria mobile infrastructure and to save on data line costs. In 2003, the number of POS access centers and capacities will be increased as well as the extended use of digital lines.

Massive investments in IT

In 2002, US\$ 9.1 million was spent on IT investments, the majority of which went to enhancing the POS network.

Similarly, in 2003, an additional US\$ 17.8 million will be spent on IT investments with US\$ 7.4 million going to the POS network and US\$ 6.0 million to the implementation of the Technological Breakthrough Project.

More technology-based services to come

In 2003, new applications in telephone banking will enable customers to give voice instructions, which will be automatically translated into transactions using techniques such as Speech Recognition (SR), Text To Speech (TTS) and Voice Recognition (VR)/Speaker Authentication (SA).

The Bank will also increase the number of commercial banking services on the Internet and organize intensive promotional and marketing campaigns during 2003 through the e-marketing scheme where every product offer and message sent to customers will be recorded and individually followed up.

ORGANIZATION AND EFFICIENCY

One of Turkey's largest financial service distribution networks – İşbank's countrywide branches

Ten new branches became operational in 2002 to cope with developing market conditions and competition. The performances of the branches were reviewed throughout the year and as a result, 13 branches were closed. The total number of branches was 846 at the end of 2002.





New branch organization project

During 2002, 198 branches were included in the Systematic Branch Design Project that was launched at the end of 1999 aiming to redesign branch organizations under a customer-focused approach and operational structure. Together with the new additions, the number of branches included in this project reached 400 at the end of 2002. Next year, implementation work will be carried out at approximately 200 small and medium-sized branches within the Project aiming to expand the new concept to all İşbank branches around the country.

Project Management –

New projects initiated in 2002

In 2002, a Process Analysis has been initiated to develop and document definitions of jobs conducted by the headquarters units. In this study, the processes and job definitions for

nine units have been completed. Also during the year, a Project Management Model was developed with a view to enhancing effectiveness and competence in project based work undertaken at the Bank.

Project management applications and methodologies in the world are reviewed continuously and best practices are applied to the Bank.

The proposal system helps to improve operational efficiency

Work concerning the evaluation of proposals made by the Bank personnel to improve operational efficiency and work processes and to increase personnel participation in the management process continued throughout the year. The review of 3,762 proposals forwarded to the Headquarters in 2002 was completed in collaboration with the relevant units concerned and appropriate proposals were included in the business development plans.

Activity-Based Management Project

In today's low inflationary environment with narrower interest margins, it has become imperative to keep costs under constant control. In February 2002, a team of experts made up of employees

of PwC Consulting and İşbank initiated the Activity-Based Management Project (ABM) to satisfy the requirements of the current economic climate. The ABM, used in leading global banks, has begun at İşbank, the country's first commercial bank.

The project was planned in two stages:

Stage 1: Defining the Bank's full activities map and product range, establishing the relationship between costs/ revenue and products/ customers.

Stage 2: Calculating the cost of activities and channels, taking into consideration customer profitability and products, developing and improving an infrastructure to periodically report on the performance evaluations of the branch, head office and regional managers and establishment of Activity-Based Budgeting (ABB) systematics.

As substantiated by the project plan, the first stage was successfully completed in September 2002.

The second stage, started in October 2002, covers the installation of the software for Activity-Based Management that will enable the Bank to automatically report all data and the connection of the software to the data pool and the Bank's systems, as well as the establishment of the Activity Based Budgeting (ABB) systematics and the finalization of the project by December 2003.



İşbank, as the main sponsor, contributed to the success of the national football team in the World Cup.



İşbank's mobile branch is fully equipped to provide full-scale banking services required anytime and anywhere.



Business Review



HUMAN RESOURCES

Qualified, well educated and highly motivated staff

The highly competitive banking environment has produced new market practices and raised customer expectations. Rapidly changing technology is shaping today's supply-demand structure and e-trade practices are being used by more conscientious customers everyday. These changes in the marketplace have necessitated the adoption of a more customer-oriented service approach. Pioneering numerous innovative IT-based banking applications, İşbank employs qualified, well educated and highly motivated staff who are able to rapidly adapt new trends in modern banking.

As a major employer in Turkey, İşbank had 14,873 personnel at the end of 2002, including security staff.

Work, begun in collaboration with Andersen Business Consulting in October 1999, to review the human resources policy and its adaptation to other changing processes within the Bank and to redesign Human Resources and Training Departments was completed in May 2002.

IT-based HR management applications

The decision to transfer the Personnel Assessment Forms to the Bank's Intranet was taken in 2001 and implemented the same year. This decision was necessitated by the Bank's changing organizational structure and requirements, and as the first stage of the implementation, the 2001 Personnel Assessment Forms of the Headquarters and the Regional Directorates were developed on the Intranet. In 2002, this practice was extended throughout the entire organization.

All units in the Headquarters, Regional Directorates and Branches are able to access the read-only personnel data via the Intranet and make queries.

Filling vacancies from within the ranks fosters İşbank's unique corporate culture

As a long-time policy of the Bank, vacant managerial positions have always been filled by promotions from within the lower ranks. For this reason, İşbank attaches great importance to the personal advancement of its employees

and offers training and internship opportunities both within Turkey and abroad. İşbank believes that training is an essential tool in increasing the motivation and helps to form a close-knit organization based on teamwork. Depending upon each employee's professional field of interest, career plan and position, and the needs of the organization, in-house and on-the-job training programs are conducted at the Bank's training centers in Istanbul, Ankara and Izmir, as well as at other locations.

During 2002, a total of 18,844 staff members attended 73 different training programs organized within the Bank.

In addition to in-house training, 1,391 personnel attended training programs conducted outside the Bank, which were provided by professionals and/or academic institutions in 2002. Additionally, 25 personnel attended overseas training courses; eight of whom have been enrolled in Masters' Programs.



As part of fulfilling the social responsibilities, İşbank has contributed to many projects including the re-construction of the Sakarya University student dorms severely damaged in the 1999 earthquake.

e-learning

After a year's research and analysis, it was decided to use e-learning technique as a supportive function. A start was given for a comprehensive and detailed study and work. The contents were firstly delivered after a full seminar on e-learning, preparation phase and test applications by the end of the year 2002.

Total quality

Additional training materials have been distributed to all employees for the Quality Kit designed within the framework of the Service Quality Enhancement Project, which aims to maintain and increase the awareness of "quality".

Work toward the development of a Quality Assurance System at the Bank continued throughout the year. The Quality Development Project aiming to enhance service quality also continued with the participation of the entire staff of the Bank.

CONTRIBUTION TO CULTURE AND THE ARTS

İşbank is also a part of art lovers' lives

Since its establishment by Atatürk in 1924, İşbank has adhered to its principle of contributing to the country's economic, social, cultural and artistic life. In addition to various publications, art galleries, collections and diverse exhibitions, the Bank continues to organize cultural activities, including concerts, films and poetry readings at the İş Sanat Cultural Center. This Center, opened in 2000 within the İş Towers Complex, has quickly become one of the most distinguished art complexes - not only in Istanbul - but also across the country, due to its technical features and the rich contents of its annual programs.

İşbank plays a leading role in enriching the contributions of other distinguished corporations toward Turkish cultural life. The Bank continued hosting and sponsoring various important events during 2002.

In its third year, the İş Sanat Cultural Center hosted world famous Turkish and foreign performers, artists and orchestras such as Aziza Mustafa-Zadeh, Cesaria Evora, Dee Dee Bridgewater, Charlie Haden-Gonzalo

Rubalcaba Nocturne, St. Petersburg Philharmonic Orchestra, Mischa Maisky, Vienna Strauss Capelle, Jacques Loussier, Al di Meola, Suna Kan, İdil Biret and Misia.

A number of renowned local and foreign artists from diverse fields have had their work exhibited at the Kibele Art Gallery located within the İş Sanat Cultural Center during the year.

INTERNAL AUDIT AND RISK MANAGEMENT

The risk management and internal audit system at İşbank has been structured in line with the best practices and in accordance with the principles and organizational set-up required by Turkish regulations. Legislation in Turkey, in addition to other financial regulations, is continuously upgraded to reach internationally accepted standards for risk management. Consequently, İşbank has pro-actively adopted the optimum practices, techniques and methodologies for risk management available in international banking spheres.

The risk management and internal audit system at İşbank is made up of the Internal Audit System comprised of the Board of Inspectors, Internal Control Department and the Risk Management Group. The Board of Inspectors report directly to the Chairman, whereas the Internal Control and Risk Management Departments report directly to the Chief Risk Officer, who also is a member of the Bank's Board of Directors.

Business Review





İşbank organizes numerous activities for children in an effort to assist children in their mental and social development.

Business Review

The risk management system is made up of the Executive Risk Committee and the Bank-wide Risk Committee as well as the Credit, Market, Operational and Equity Participations Risk Groups operating under the Risk Management Department.

Internal Audit System

Board of Inspectors

The Board of Inspectors aims to ensure the efficiency and effectiveness of activities, to secure reliability, completeness and timeliness of financial and management information and make sure that the activities of the Bank are fully in compliance with applicable laws and regulations.

The scope of the audit process covers all activities and units of the Bank. Branches, Head Office units and the subsidiaries are audited periodically. The audit process includes both on-site and off-site examination of all material information, accounts, records and documents and all other factors, which may affect the safety of the personnel and the Bank.

The Board of Inspectors also examines the functioning of the internal control and risk management systems.

Investigation, examination or audit reports are directly submitted to the Bank's Board of Directors and to Senior Management for execution of necessary actions, depending on their importance and priority.

With established traditions and dynamic, highly qualified staff of 37 inspectors, 144 assistant inspectors and 34 intern assistant inspectors, the

Board of Inspectors uses all contemporary auditing techniques and systems.

In 2002, the audits of the Support Services and Procurement Departments were completed and the audits of the Public Relations, Construction and Real Estate Departments were started. The number of branch offices audited during the year reached 416, exceeding the annual target of 360. Additionally, the audit of the overseas affiliate İşbank GmbH was also completed in 2002 and the audit of Nemtaş Nemrut Liman İşletmeleri A.Ş. was initiated.

Throughout the year numerous meetings were held where important aspects of the audit process were shared with staff from the headquarters units, regional directorates and also providing an opportunity for the inspectors to voice their views and comments.

Training programs geared specifically for the members of the Board of Inspectors were organized in the areas of export-import transactions, financial analysis, management and other areas. In 2002, members of the Board of Inspectors attended eight in-house training programs, 48 training programs provided by professional and academic training institutions and four overseas graduate programs.

Internal Control Department

The Internal Control Department focuses on the internal auditing of Head Office departments and branches within the framework and principles, which are determined in accordance with international standards for internal auditing.

The Internal Control Department, organizes, manages and coordinates the Bank's internal control activities with a view to enable the Bank's activities to be carried out along the objectives, principles and provisions that have been laid down by the Bank's management, and the legislation and regulations in effect, in a secure and efficient manner.

All control activities are implemented with a risk-oriented approach and are constantly enhanced by closely following up the newest and best international methods and practices. Most of the internal control activities are carried out using computer-assisted techniques. The findings of the internal control process and assessments are communicated to the parties concerned and the results of these reports are systematically followed up.



The premises of İş Cultural Publications host various conversations.



Risk Management System

Recent developments in banking have made risk management more important than ever. Parallel to developments throughout the world banking industry, new regulations on risk management have come into effect in Turkey and achieved immediate and widespread implementation. New measures for risk management have forced banks to adopt the concept of corporate governance in structuring their organization and operations, and helped them to differentiate between taking risk, and managing and controlling risk. This new approach to risk taking has made it possible for risk management and control systems to work independent of executive action. New techniques were introduced to calculate expected return in accordance with different risk tolerance levels and new systems were devised whereby shareholders' and, in a broader sense, public interests would be safeguarded in addition to protecting the interests of depositors.

Helping to establish a 'common risk culture' within the organization, the risk management process within a bank is among the primary responsibilities of the Board of Directors which sets the risk definition, its measurement, the

creation and implementation of risk policies, the analysis and monitoring of risks, reporting, inspection and controlling, all of which entail various stages of the process.

In terms of risk management, 2002 was a year in which organizational procedures were completed, the deficiencies of the system in terms of conforming to risk management regulations were addressed, various risk measurement methodologies were tested and the results reported to the decision-making authorities and other relevant departments of the Bank. To promote the risk culture within the organization, the Bank organized seminars on risk management and established a risk management web page. Financial risk is monitored on the basis of credit risk, market risk and operational risk. Within these risk categories, research shows that credit risk is the highest in Turkey, followed by market risk.

The Board of Directors is the highest management body at İşbank to

organize and oversee the risk management process. Chief Risk Officer, nominated member of the Board, heads the Executive Risk Committee that reports directly to the Board of Directors. Other members are the heads of Credit Committee, Assets and Liability Committee and the Bank-wide Risk Committee.

Performing the functions of the Bank-wide Risk Committee as well, the Risk Management Department is made up of groups related to credit, market and operational risks as well as the equity participations group. Main task of the Committee includes the definition, measurement, monitoring and management of risk that emerge during the normal course of operations. Additionally, it makes proposals to the Executive Risk Committee with regard to the determination of risk policies and strategies of the Bank.

Business Review



İş Cultural Publications contribute significantly to the artistic enrichment of Turkish society.





Parallel to developments throughout the world banking industry, new regulations on risk management have come into effect in Turkey and achieved immediate and widespread implementation.

Within this context –

- The Credit Risk Group is involved in the measurement of counter-party risk encountered during credit transactions and monitoring of risk in comparison to legal requirements and Bank limits. The credit rating system that has been incorporated into the credit process provides a means for measurement of credit risk, the largest risk category the Bank encounters among its assets. This rating system also allows the monitoring of risk with regard to industries, locations and time and helps assess the risk of the overall credit portfolio;
- The Market Risk Group is involved in the measurement of market risk in the trading of financial instruments resulting from changes in interest and FX rates and equity prices, conducting back-testing and measuring risk using Value-at-Risk (VaR) methodology in addition to the BIS Standard Method and supporting these analyses by stress testing, determination and monitoring of VaR-based risk limits;

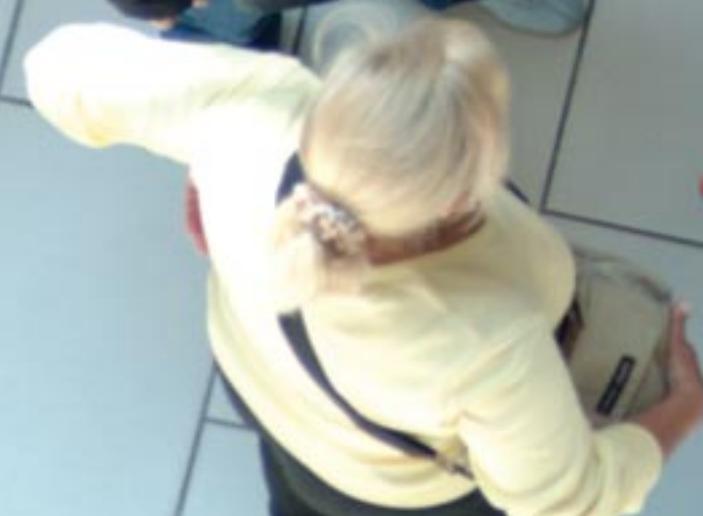
- The Operational Risk Group is involved in measuring the impact and likelihood of wide-ranging operational risk, not included within the scope of credit and market risk and the competence of current control practices using self-assessment methodology, improvement of inadequate control mechanisms and the development of new control mechanisms. In 2002, policies governing operational risk were approved by the Board of Directors and were included in the Bank's directives. Additionally, operational risk management procedures were completed for 14 headquarters departments. Furthermore, the Group is involved in identifying and assessing risks inherent in new products, services and systems and continued its efforts to create an operational loss database which will support the accuracy in quantification of the Bank's own risk assessments;
- The Equity Participations Risk Group oversees the performance of necessary actions to ensure risk management on a Group basis, of which the Bank is a part. Monitoring of legally allowable credit lines granted by the Bank to Group companies and the measurement of market risk on a consolidated basis are the responsibilities of this Risk Group.

Business Review



\$

BANK



Financial Statements and Notes to Financial Statements

DRT Denetim Revizyon Tasdik
Yeminli Mali Müşavirlik A.Ş.
Büyükdere Caddesi
Yapı Kredi Plaza,
B Blok Kat: 6, 80620
Levent-İstanbul
Türkiye

Tel : (212) 339 84 00 (Pbx)
Fax : (212) 339 84 84
www.deloitte.com.tr

**Deloitte
& Touche**

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

TÜRKİYE İŞ BANKASI A.Ş.
INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2002

1. We have audited the accompanying balance sheet of Türkiye İş Bankası A.Ş. ("the Bank") as at December 31, 2002 and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. As an independent auditor, our responsibility is to present our report on these financial statements based on our audit.
2. We conducted our audit in accordance with the accounting rules and policies, and the accounting and auditing standards, set out in the Banks Act No: 4389. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.
3. In accordance with the regulation, investments quoted on the stock-exchange have been valued at their fair values and gains or losses on these securities are included in equity. Unquoted investments are accounted at indexed cost at the accompanying financial statements. Since there are no recent independent valuation reports for the unquoted investments, there is no clear evidence whether any permanent value decrease has occurred. Therefore, the accompanying financial statements do not include any provision for value decline for these investments. The net gains on participations and available for sale assets valued at market prices, amounting to TL 308,736 Billion, are accounted in equity under "revaluation reserve of securities" account.
4. The accompanying financial statements include TL 122,657 Billion free provision, accounted in the Other Provisions and charged to the current year income statement as an expense, in addition to the provisions required by the related regulations.
5. In our opinion, except for such adjustments as may be necessary in respect of the matters set out in paragraphs 3 and 4 above, the financial statements referred to above present fairly, in all material respects, the financial position of Türkiye İş Bankası A.Ş. as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles and standards set out in Article 13 of the Banks Act.

DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Member Firm of **DELOITTE TOUCHE TOHMATSU**



LEVENT YAVEROĞLU
Partner

İstanbul, February 17, 2003

Additional paragraph for English translation:

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Turkey. The standards, procedures and practices to audit the accompanying financial statements are those generally accepted and applied in Turkey.

**Deloitte
Touche
Tohmatsu**

TÜRKİYE İŞ BANKASI A.Ş.

INFLATION ADJUSTED BALANCE SHEET

ASSETS	TL BILLION					
	CURRENT PERIOD (31/12/2002)			PREVIOUS PERIOD (31/12/2001)		
	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY						
1.1. Cash	221,584	116,127	337,711	180,741	297,343	478,084
1.2. Effective Stock	108,422	0	108,422	118,168	0	118,168
1.3. Balances with the Central Bank of Turkey	0	113,927	113,927	0	293,856	293,856
1.4. Other	113,162	25	113,187	62,573	39	62,612
1.4. Other	0	2,175	2,175	0	3,448	3,448
II. TRADING SECURITIES (Net)	1,097,721	7,769	1,105,490	1,301,722	1,880,360	3,182,082
2.1. Public Sector Debt Securities	1,093,838	2,464	1,096,302	1,295,257	1,619,769	2,915,026
2.1.1. Government Bonds	363,057	2,464	365,521	1,000,095	1,608,846	2,608,941
2.1.2. Treasury Bills	730,781	0	730,781	295,162	10,923	306,085
2.1.3. Other	0	0	0	0	0	0
2.2. Share Certificates	512	0	512	996	0	996
2.3. Other Marketable Securities	3,371	5,305	8,676	5,469	260,591	266,060
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	6,702	887,263	893,965	7,909	769,380	777,289
3.1. Due from Banks	6,702	887,263	893,965	7,909	769,380	777,289
3.1.1. Domestic Banks	1,002	62	1,064	4	86	90
3.1.2. Foreign Banks	5,700	887,201	892,901	7,905	769,294	777,199
3.2. Other Financial Institutions	0	0	0	0	0	0
IV. MONEY MARKET SECURITIES	186,100	448,000	634,100	711,115	555,958	1,267,073
4.1. Interbank Money Market Placements	186,100	448,000	634,100	711,115	555,958	1,267,073
4.2. Istanbul Stock Exchange Money Market Placements	0	0	0	0	0	0
4.3. Receivables from Reverse Repurchase Agreements	0	0	0	0	0	0
V. INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	747,975	4,222,522	4,970,497	0	0	0
5.1. Share Certificates	29,158	0	29,158	0	0	0
5.2. Other Marketable Securities	718,817	4,222,522	4,941,339	0	0	0
VI. LOANS	3,157,829	4,076,818	7,234,647	2,260,893	4,370,927	6,631,820
6.1. Short-Term	1,642,566	2,005,020	3,647,586	1,285,107	2,274,284	3,559,391
6.2. Medium and Long-Term	821,434	2,071,656	2,893,090	533,020	1,087,100	1,620,120
6.3. Loans Under Follow-Up	1,182,817	299	1,183,116	767,114	1,262,292	2,029,406
6.4. Specific Provisions (-)	(488,988)	(157)	(489,145)	(324,348)	(252,749)	(577,097)
VII. FACTORING RECEIVABLES	0	0	0	0	0	0
VIII. INVESTMENT SECURITIES HELD-TO-MATURITY (Net)	1,497,411	0	1,497,411	907,767	1,040,821	1,948,588
8.1. Public Sector Debt Securities	1,497,411	0	1,497,411	875,641	1,040,821	1,916,462
8.1.1. Government Bonds	1,348,870	0	1,348,870	875,641	1,040,821	1,916,462
8.1.2. Treasury Bills	148,541	0	148,541	0	0	0
8.1.3. Other	0	0	0	0	0	0
8.2. Other Marketable Securities	0	0	0	32,126	0	32,126
IX. INVESTMENTS AND PARTICIPATIONS (Net)	842,689	0	842,689	509,107	0	509,107
9.1. Financial Investments and Participations	35,286	0	35,286	48,653	0	48,653
9.2. Non-Financial Investments and Participations	807,403	0	807,403	460,454	0	460,454
X. SUBSIDIARIES (Net)	1,852,943	85,902	1,938,845	2,196,234	83,908	2,280,142
10.1. Financial Subsidiaries	481,728	85,902	567,630	656,417	83,908	740,325
10.2. Non-Financial Subsidiaries	1,371,215	0	1,371,215	1,539,817	0	1,539,817
XI. OTHER INVESTMENTS (Net)	0	0	0	0	0	0
XII. FINANCE LEASING RECEIVABLES (Net)	0	0	0	0	0	0
12.1. Gross Finance Leasing Receivables	0	0	0	0	0	0
12.2. Unearned Income (-)	0	0	0	0	0	0
XIII. RESERVE DEPOSITS	171,032	909,287	1,080,319	156,023	1,180,324	1,336,347
XIV. MISCELLANEOUS RECEIVABLES	23,234	27,690	50,924	32,639	9,739	42,378
XV. ACCRUED INTEREST AND INCOME RECEIVABLE	916,469	151,961	1,068,430	1,053,545	171,465	1,225,010
15.1. Loans	420,372	75,792	496,164	593,481	110,783	704,264
15.2. Marketable Securities	415,435	68,438	483,873	397,893	55,106	452,999
15.3. Other	80,662	7,731	88,393	62,171	5,576	67,747
XVI. PROPERTY AND EQUIPMENT (Net)	1,994,797	4,493	1,999,290	1,918,655	(551)	1,918,104
16.1. Book Value	4,895,198	6,886	4,902,084	4,776,453	345	4,776,798
16.2. Accumulated Depreciation (-)	(2,900,401)	(2,393)	(2,902,794)	(2,857,798)	(896)	(2,858,694)
XVII. INTANGIBLE FIXED ASSETS (Net)	6	0	6	14	0	14
17.1. Goodwill	20	0	20	34	0	34
17.2. Other	0	0	0	0	0	0
17.3. Accumulated Depreciation (-)	(14)	0	(14)	(20)	0	(20)
XVIII. OTHER ASSETS	73,724	3,242	76,966	38,988	4,307	43,295
TOTAL ASSETS	12,790,216	10,941,074	23,731,290	11,275,352	10,363,981	21,639,333

TÜRKİYE İŞ BANKASI A.Ş.

INFLATION ADJUSTED BALANCE SHEET

60/61

LIABILITIES	TL BILLION					
	CURRENT PERIOD (31/12/2002)			PREVIOUS PERIOD (31/12/2001)		
	TL	FC	Total	TL	FC	Total
I. DEPOSITS	5,794,205	10,925,869	16,720,074	4,170,965	10,787,123	14,958,088
1.1. Bank Deposits	228,889	88,094	316,983	272,986	60,092	333,078
1.2. Savings Deposits	3,659,099	0	3,659,099	2,762,672	0	2,762,672
1.3. Public Sector Deposits	21,330	0	21,330	24,977	0	24,977
1.4. Commercial Deposits	1,106,255	0	1,106,255	787,590	0	787,590
1.5. Other Institutions Deposits	778,632	0	778,632	322,740	0	322,740
1.6. Foreign Currency Deposits	0	10,837,775	10,837,775	0	10,727,031	10,727,031
1.7. Precious Metals Vault Accounts	0	0	0	0	0	0
II. INTERBANK MONEY MARKET	302,922	0	302,922	0	0	0
2.1. Interbank Money Market Takings	0	0	0	0	0	0
2.2. Istanbul Stock Exchange Money Market Takings	0	0	0	0	0	0
2.3. Funds Provided Under Repurchase Agreements	302,922	0	302,922	0	0	0
III. FUNDS BORROWED	171,329	1,264,087	1,435,416	72,761	1,574,805	1,647,566
3.1. Funds Borrowed from the Central Bank of Turkey	0	0	0	0	0	0
3.2. Other Funds Borrowed	171,329	1,264,087	1,435,416	72,761	1,574,805	1,647,566
3.2.1. Domestic Banks and Institutions	51,419	155,995	207,414	72,761	252,261	325,022
3.2.2. Foreign Banks, Institutions and Funds	119,910	1,108,092	1,228,002	0	1,322,544	1,322,544
IV. MARKETABLE SECURITIES ISSUED (Net)	0	0	0	0	0	0
4.1. Bills	0	0	0	0	0	0
4.2. Asset Backed Securities	0	0	0	0	0	0
4.3. Bonds	0	0	0	0	0	0
V. FUNDS	0	0	0	0	0	0
VI. MISCELLANEOUS PAYABLES	114,725	14,426	129,151	65,989	17,547	83,536
VII. OTHER EXTERNAL RESOURCES	23,626	264,914	288,540	136,419	300,650	437,069
VIII. TAXES AND OTHER DUTIES PAYABLE	51,465	127	51,592	50,899	147	51,046
IX. FACTORING PAYABLES	0	0	0	0	0	0
X. FINANCE LEASING PAYABLES (Net)	0	4,699	4,699	0	5,770	5,770
10.1. Financial Leasing Payables	0	4,699	4,699	0	5,770	5,770
10.2. Deferred Financial Leasing Expenses (-)	0	0	0	0	0	0
XI. ACCRUED INTEREST AND EXPENSES PAYABLE	174,032	48,840	222,872	127,519	68,482	196,001
11.1. Deposits	156,617	29,648	186,265	104,228	46,608	150,836
11.2. Borrowings	9,293	17,900	27,193	8,185	16,511	24,696
11.3. Repurchase Agreements	474	0	474	0	0	0
11.4. Other	7,648	1,292	8,940	15,106	5,363	20,469
XII. PROVISIONS	222,213	106,275	328,488	266,203	466	266,669
12.1. General Provisions	49,128	449	49,577	41,177	466	41,643
12.2. Reserve for Employee Termination Benefits	23,081	0	23,081	23,682	0	23,682
12.3. Provisions for Income Taxes	0	0	0	1,094	0	1,094
12.4. Insurance Technical Reserves (Net)	0	0	0	0	0	0
12.5. Other Provisions	150,004	105,826	255,830	200,250	0	200,250
XIII. SUBORDINATED LOANS	0	0	0	0	0	0
XIV. MINORITY INTERESTS	0	0	0	0	0	0
XV. SHAREHOLDERS' EQUITY	4,247,536	0	4,247,536	3,993,588	0	3,993,588
15.1. Paid-In Capital	810,573	0	810,573	810,573	0	810,573
15.2. Capital Reserves	2,444,678	0	2,444,678	3,121,444	0	3,121,444
15.2.1. Share Premiums	2,847	0	2,847	5,073	0	5,073
15.2.2. Share Cancellation Profits	0	0	0	0	0	0
15.2.3. Marketable Securities Value Increase Fund	308,736	0	308,736	535,533	0	535,533
15.2.4. Revaluation Fund	170,875	0	170,875	618,618	0	618,618
15.2.5. Value Increase in Revaluation Fund	0	0	0	0	0	0
15.2.6. Other Capital Reserves	0	0	0	0	0	0
15.2.7. Reserves Arising from the Restatement of Equity Items	1,962,220	0	1,962,220	1,962,220	0	1,962,220
15.3. Profit Reserves	681,469	0	681,469	1,533,659	0	1,533,659
15.3.1. Legal Reserves	568,641	0	568,641	639,409	0	639,409
15.3.2. Status Reserves	0	0	0	0	0	0
15.3.3. Extraordinary Reserves	112,828	0	112,828	894,250	0	894,250
15.3.4. Other Profit Reserves	0	0	0	0	0	0
15.4. Profit or Loss	310,816	0	310,816	(1,472,088)	0	(1,472,088)
15.4.1. Previous Years Profit/Loss	0	0	0	(475,026)	0	(475,026)
15.4.1.1. Group's Share	0	0	0	(475,026)	0	(475,026)
15.4.1.2. Minority Shares	0	0	0	0	0	0
15.4.2. Current Year Net Profit/Loss	310,816	0	310,816	(997,062)	0	(997,062)
15.4.2.1. Group's Share	310,816	0	310,816	(997,062)	0	(997,062)
15.4.2.2. Minority Shares	0	0	0	0	0	0
TOTAL LIABILITIES	11,102,053	12,629,237	23,731,290	8,884,343	12,754,990	21,639,333

TÜRKİYE İŞ BANKASI A.Ş.

INFLATION ADJUSTED INCOME STATEMENT

INCOME AND EXPENSES	TL BILLION	
	CURRENT PERIOD (31/12/2002)	PREVIOUS PERIOD (31/12/2001)
I. INTEREST INCOME	3,334,198	4,132,532
1.1. Interest on Loans	1,410,045	2,332,535
1.1.1. Interest on TL Loans	1,065,182	1,728,236
1.1.1.1. Short-Term Loans	812,614	1,091,060
1.1.1.2. Medium and Long-Term Loans	252,568	637,176
1.1.2. Interest on Foreign Currency Loans	292,088	576,359
1.1.2.1. Short-Term Loans	172,826	387,946
1.1.2.2. Medium and Long-Term Loans	119,262	188,413
1.1.3. Interest on Loans under Follow-Up	52,775	27,940
1.1.4. Premiums Received from Resource Utilization Support Fund	0	0
1.2. Interest Received from Reserve Deposits	71,342	25,581
1.3. Interest Received from Banks	26,318	70,022
1.3.1. The Central Bank of Turkey	59	18
1.3.2. Domestic Banks	1,089	15,361
1.3.3. Foreign Banks	25,170	54,643
1.4. Interest Received from Money Market Transactions	124,210	355,098
1.5. Interest Received from Marketable Securities Portfolio	1,665,855	1,315,215
1.5.1. Trading Securities	149,582	1,315,215
1.5.2. Available-For-Sale Securities	1,112,345	0
1.5.3. Held-to-Maturity Securities	403,928	0
1.6. Other Interest Income	36,428	34,081
II. INTEREST EXPENSES	2,202,965	2,641,631
2.1. Interest on Deposits	1,928,550	2,429,026
2.1.1. Bank Deposits	90,936	194,573
2.1.2. Savings Deposits	1,337,880	1,375,961
2.1.3. Public Sector Deposits	549	318
2.1.4. Commercial Deposits	122,842	172,599
2.1.5. Other Institutions Deposits	139,447	127,977
2.1.6. Foreign Currency Deposits	236,896	557,598
2.1.7. Precious Metals Vault Accounts	0	0
2.2. Interest on Money Market Transactions	666	6,644
2.3. Interest on Funds Borrowed	81,250	185,623
2.3.1. The Central Bank of Turkey	0	0
2.3.2. Domestic Banks	38,768	45,102
2.3.3. Foreign Banks	39,074	140,499
2.3.4. Other Financial Institutions	3,408	22
2.4. Interest on Securities Issued	0	0
2.5. Other Interest Expenses	192,499	20,338
III. NET INTEREST INCOME (I-II)	1,131,233	1,490,901
IV. NET FEES AND COMMISSIONS INCOME	261,389	373,046
4.1. Fees and Commissions Received	382,308	507,325
4.1.1. Cash Loans	37,809	66,599
4.1.2. Non-Cash Loans	71,948	92,834
4.1.3. Other	272,551	347,892
4.2. Fees and Commissions Paid	120,919	134,279
4.2.1. Cash Loans	6,700	15,136
4.2.2. Non-Cash Loans	14	4
4.2.3. Other	114,205	119,139
V. DIVIDEND INCOME	0	0
5.1. Trading Securities	0	0
5.2. Available-For-Sale Securities	0	0
VI. NET TRADING PROFIT/LOSS	(85,638)	(922,420)
6.1. Profit/Loss on Trading Account Securities (Net)	353,391	(85,213)
6.2. Foreign Exchange Gains/Losses (Net)	(439,029)	(837,207)
VII. PROFIT/LOSS FROM HELD-TO-MATURITY MARKETABLE SECURITIES	0	0
VIII. OTHER OPERATING INCOME	483,667	382,576
IX. TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)	1,790,651	1,324,103
X. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	575,793	917,998
XI. OTHER OPERATING EXPENSES (-)	1,062,230	1,260,646
XII. OPERATING PROFIT (IX-X-XI)	152,628	(854,541)
XIII. PROFIT/LOSSES FROM PARTICIPATIONS AND SUBSIDIARIES	110,873	125,957
XIV. INCOME BEFORE TAXES (XII+XIII)	263,501	(728,584)
XV. PROVISION FOR TAXES ON INCOME (-)	0	1,094
XVI. OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)	263,501	(729,678)
XVII. EXTRAORDINARY PROFIT/LOSS AFTER TAXES	0	0
17.1. Extraordinary Net Profit/Loss Before Taxes	0	0
17.1.1. Extraordinary Income	0	0
17.1.2. Extraordinary Expenses (-)	0	0
17.2. Provision for Taxes on Extraordinary Profit (-)	0	0
XVIII. NET PROFIT/LOSS FOR THE PERIOD (XVI+XVII)	263,501	(729,678)
XIX. NET MONETARY PROFIT/LOSS	47,315	(267,384)
XX. NET PROFIT/LOSS (XVIII+XIX)	310,816	(997,062)

NOTES TO THE BALANCE SHEET

BALANCE SHEET LIABILITIES

Shareholders' Equity

Shareholders' Equity consisting of Paid-In Capital, Share Premiums, Legal Reserves, Optional Reserves, Capital Reserves due to Inflation Adjustment and the Net Profit for the Period, is given below:

(TL billion)

	2002(*)	2001 (*)	Difference
Paid-in Capital	810,573	810,573	0
Share Premiums	2,847	5,073	(2,226)
Revaluation Fund	479,611	1,154,151	(674,540)
Legal Reserves	568,641	639,409	(70,768)
Optional Reserves	112,828	894,250	(781,422)
Capital Reserves due to Inflation Adjustment	1,962,220	1,962,220	0
Profit/Loss	310,816	(1,472,088)	1,782,904
- Previous Years' Profits and Losses	0	(475,026)	475,026
- Current Period Profit and Loss	310,816	(997,062)	1,307,878
Shareholders' Equity	4,247,536	3,993,588	253,948

(*) All 2001 and 2002 amounts shown in this and the following tables are expressed in terms of the purchasing power of TL as of December 31, 2002.

The total of Legal Reserves and Optional Reserves amounted to TL 681,469 billion.

Total revaluation fund consisting of TL 308,736 billion corresponding to the revaluation, on the basis of Stock Exchange prices, of the shares of all participations traded on the Stock Exchange and TL 170,875 billion corresponding to the profit generated from participations and real estates sold in 2002 which the Board of Directors decided to use for capital increase purposes, stood at TL 479,611.

Capital Reserves stemming from the inflation adjustment to share capital totaled TL 1,962,220 billion.

Previous years' balance sheet loss was reset as of November 30, 2002 being deducted from revaluation funds and reserves, and 2002 year-end profit as shown on the balance sheet stood at TL 310,816 billion.

Thus, as of the end of 2002, the shareholders' equity stood at TL 4,247,536 billion, with an increase of 6.36% compared to previous year.

External Funding

Deposits

Total deposits increased by 11.78%, or by TL 1,761,986 billion, compared to previous year and reached TL 16,720,074 billion. Breakdown of the deposits in comparison with 2001 is given below:

(TL billion)

	2002(*)	2001 (*)	Difference
Savings Deposits	3,659,099	2,762,672	896,427
Public Sector, Commercial and Other Deposits	1,906,217	1,135,307	770,910
- Public Sector	21,330	24,977	(3,647)
- Commercial	1,106,255	787,590	318,665
- Other	778,632	322,740	455,892
Deposits in Foreign Currencies	10,837,775	10,727,031	110,744
Bank Deposits	316,983	333,078	(16,095)
Total Deposits	16,720,074	14,958,088	1,761,986

Savings deposits totaled TL 3,659,099 billion, having increased by 32.45%, or by TL 896,427 billion compared to previous year.

Public sector deposits, constituting an insignificant part of total deposits, stood at TL 21,330 billion after a decrease of 14.60%, commercial deposits stood at TL 1,106,255 billion after an increase of 40.46%, and other deposits stood at TL 778,632 billion after an increase of 141.26%.

Foreign exchange deposits increased by 1.03%, or by TL 110,744 billion, to reach TL 10,837,775 billion, while bank deposits decreased by 4.83%, or by TL 16,095 billion, to stand at TL 316,983 billion.

NOTES TO THE BALANCE SHEET continued

The table showing the distribution of deposit accounts to demand and time deposits is given below:

(TL billion)

	2002	%	2001	%	Difference	%
Time	12,692,921	75.91	11,594,848	77.52	1,098,073	62.32
Demand	4,027,153	24.09	3,363,240	22.48	663,913	37.68
Total	16,720,074	100.00	14,958,088	100.00	1,761,986	100.00

Interbank Funds Borrowed

This account shows no balance as of December 31, 2002.

Funds Provided from Repo Transactions

This account showing a balance of TL 302,922 billion consists of the amounts deposited by customers for repo transactions.

Central Bank Loans

This account shows no balance for 2002, since no loans were obtained from the Central Bank during the year.

Other Funds Borrowed

The amount of loans borrowed from other sources, mainly corresponding to foreign borrowings, decreased by 12.88% compared to previous year and totaled TL 1,435,416 billion.

Miscellaneous Payables

The year-end balance of this account, consisting of cash guarantees received, blocked money, and funds payable to the Central Bank of Turkey, stood at TL 129,151 billion.

Other External Funding

Transfer orders in connection with importation performed out of Bank's position, money orders waiting for application of their beneficiaries, and other provisional accounts are recorded under this group. The balance of other External Funds stands at TL 288,540 billion.

Taxes, Duties, Fees and Premiums Payable

The balance of this account stood at TL 51,592 billion as of the end of 2002, with an increase of 1.07%.

Leasing Debts

The balance of this account, consisting of the debts in connection with the securities purchased through leasing from İş Genel Finansal Kiralama A.Ş., one of our participations, stands at TL 4,699 billion.

Interest and Expense Accruals

Accrual accounts, composed mostly (95.78%) of accrued interest payable on time deposits which are not due and therefore not yet entered under the relevant accounts, and of funds borrowed from domestic and foreign institutions, amounted to TL 222,872 billion, increasing 13.71%.

Provisions

The balance of provisions account is TL 328,488 billion. 15.09% of this amount is comprised of General Provisions set aside for loan accounts, 7.03% of the Provision for Termination Indemnity and 77.88% for other provisions.

BALANCE SHEET ASSETS

Cash and Equivalents

Cash assets, consisting primarily of cash balances and TL and FC denominated assets placed with the Central Bank stood at TL 337,711 billion.

Banks and Other Financial Institutions

Out of assets deposited with domestic and foreign banks which reached TL 893,965 billion with an increase of 15.01% compared to 2001, the portion amounting to TL 6,702 billion indicates the sum of Turkish Lira deposit accounts, and the portion amounting to TL 887,263 billion which corresponds to US\$ 555 million indicates the sum of foreign currency accounts deposited with these banks.

Receivables from Interbank Funds Sold

This account with a balance of TL 634,100 billion indicates deposits in TL and foreign currency in Interbank as of the end of 2002.

Liquidity Position

Liquid assets constitute 37.89% of the Bank's total assets and correspond to 53.79% of our total deposits, while 3.76% of the total liquid assets are formed by cash assets. The composition of liquid assets is shown below:

(TL billion)

	2002	2001	Difference	%
Cash and Equivalents	337,711	478,084	(140,373)	(29.36)
Money Markets	634,100	1,267,073	(632,973)	(49.96)
Banks and Other Financial Institutions	893,965	777,289	116,676	15.01
Marketable Securities	6,046,829	3,182,082	2,864,747	90.03
- Trading Securities	1,105,490	3,182,082	(2,076,592)	(65.26)
- Securities Available-for-Sale	4,941,339	0	4,941,339	-
Reserve Deposits at the Central Bank	1,080,319	1,336,347	(256,028)	(19.16)
Total	8,992,924	7,040,875	1,952,049	27.72

Maximum care has been taken throughout the year to keep liquid assets at a level sufficient to meet commitments at any time.

Placements

Total placements increased with respect to previous year by 30.57%, or by TL 3,550,833 billion, to reach TL 15,165,235 billion. Balances of loans and financial placements are given below in comparison with 2001:

(TL billion)

	2002	2001	Difference
Loans	6,540,676	5,179,511	1,361,165
Financial Placements	8,624,559	6,434,891	2,189,668
Total	15,165,235	11,614,402	3,550,833

Loans

Loans amounted to TL 6,540,676 billion, with an increase of 26.28%, or of TL 1,361,165 billion.

The principles of safety, liquidity, recollection and profitability have been given a high priority in lending activities. As always, great care was taken in selection of customers and, in order to further increase the portfolio quality, medium and long-term credits in general were not extended, except to experienced and well-known companies. Furthermore, a balanced geographical diversification was maintained, risk concentrations were not allowed, and legal action was immediately taken in problematic cases.

The distribution of loans with respect to their maturity on short and medium-long-term basis is given below:

(TL billion)

	2002	2001	Difference
Short-Term Loans	3,647,586	3,559,391	88,195
Medium and Long-Term Loans	2,893,090	1,620,120	1,272,970
Total	6,540,676	5,179,511	1,361,165

NOTES TO THE BALANCE SHEET continued

The ratio of short-term loans to total loans was 68.72% in 2001 and stood at 55.77% in 2002, and

- short-term loans which increased by TL 88,195 billion at a rate of 2.48% reached TL 3,647,586 billion,

- medium and long-term loans which increased by TL 1,272,970 billion at a rate of 78.57% reached TL 2,893,090 billion.

Financial Placements

Comparison of financial placements with the year 2001 is shown below:

(TL billion)

	2002	2001	Difference
Reserve Deposits at the Central Bank	1,080,319	1,336,347	(256,028)
Marketable Securities	7,544,240	5,098,544	2,445,696
- Trading Securities	1,105,490	3,182,082	(2,076,592)
- Securities Available-for-Sale	4,941,339	0	4,941,339
- Long-Term Securities	1,497,411	1,916,462	(419,051)
Total	8,624,559	6,434,891	2,189,668

Reserve Deposits at the Central Bank

Reserve deposits at the Central Bank stood at TL 1,080,319 billion.

Of these reserve deposits, TL 909,287 billion corresponding to US\$ 568 million is in foreign currency, and TL 171,032 billion is in Turkish currency.

Marketable Securities

Securities portfolio amounted to TL 7,544,240 billion.

The amount of Government Bonds and Treasury Bills in marketable securities portfolio is above the amount required for legal reserves.

Loans in Arrears

In the year 2002, the balance of this account fell by 41.70% with respect to the previous year and provisions for loans in arrears were set aside at the rates stipulated by the Regulation for Provisioning for Non-performing Loans.

Other Receivables

This account under which receivables other than credit transactions are recorded stood at TL 50,924 billion in 2002.

Subsidiaries, Participations and Marketable Securities Ready-for-Sale

The comparative values of the Bank's subsidiaries and participations, restated for the year 2002 or marked to market in case the company's shares are traded at Stock Exchange Market, are shown below by sectors:

a) Subsidiaries

(TL billion)

	2002	2001	Difference
Manufacturing Sector	416,315	573,516	(157,201)
Service Sector	1,522,530	1,706,626	(184,096)
- Financial Companies	567,630	740,325	(172,695)
- Other Companies	954,900	966,301	(11,401)
Total	1,938,845	2,280,142	(341,297)

During 2002, İşbank divested all its shares in three subsidiaries and part of its shares in other three companies, and more shares were acquired of an existing company.

In balance sheet of December 31, 2001, the value of subsidiaries stood at TL 1,742,696 billion. This corresponds to TL 2,280,142 billion in terms of 2002 prices. Out of this amount, the value (adjusted for 2002 inflation) of companies which have a book value of TL 438 trillion and which are denominated in foreign currency terms and on the basis of their stock exchange value is equal to TL 1,106 trillion. Due to adjustments for exchange rate differences and valuation based on stock market prices, the book value of these companies as of December 31, 2002 increased from TL 678 trillion to TL 803 trillion. Due to the accounting method that is currently being implemented, the value of these companies fell by TL 543 trillion as compared to the previous year.

The Subsidiaries item increased by TL 315 trillion as a result of stock purchases and capital increases effected during the year, and fell by TL 113 trillion due to sold items. As a result, the Subsidiaries item fell by TL 341 trillion as compared to the previous year.

b) Participations

(TL billion)

	2002	2001	Difference
Manufacturing Sector	92,679	93,706	(1,027)
Service Sector	750,010	415,401	334,609
- Financial Companies	35,286	48,653	(13,367)
- Other Companies	714,724	366,748	347,976
Total	842,689	509,107	333,582

Within the year 2002, participation in a company took place by purchasing shares in it, and all the Bank's shares in another company were sold out. Additionally, the corporate existences of three companies included within this group were terminated, due to one of them merging with a company under the group of subsidiaries, one of them with a company under the group of marketable securities ready for sale, and one of them with a company under the group of participations.

An increase of TL 334 trillion in the participations account has occurred from last year, out of which TL 137 trillion is attributable to capital increases, including capital increase due to merger, TL 120 trillion to purchase of shares, TL 704 trillion to revaluation including the TL 447 trillion arising from revaluation at stock exchange market prices, and a total of TL 370 trillion is attributable to discharges from the portfolio, TL 369 trillion of which was coming from company mergers.

c) Marketable Securities Ready-for-Sale

The balance of the equity participations recorded under the account for marketable securities ready for sale stood at TL 29 trillion, compared to previous year's figure of TL 32 trillion. In these companies during the year, an increase of TL 4 trillion has occurred due to company mergers, capital increases and the value rise stemming from revaluation at the stock exchange market prices, and a decrease of TL 7 trillion due to a partial sale of our shares in a company and the value drop arising from revaluation at the stock exchange market prices.

A participation in a new company took place in 2002, and the Bank's shares in four companies have been completely sold out. Three companies have been turned over to another three companies and thus were divested of their corporate existences. Two of these company mergers were made with existing companies in the portfolio while a new company was included in the portfolio by means of the other merger. Therefore the number of participations dropped to 74 from the 2001 year-end figure of 79.

A table containing the sectoral distribution of these companies and general information of major subsidiaries and participations can be found at the end of this report.

Fixed Assets

The total of the net book values of equipment and fixtures, land and buildings and leasehold improvements, after deduction of their accumulated depreciations, coupled with the total indexed value of foreclosures, stood at TL 1,999,290 billion.

(TL billion)

	2002	2001	Difference
Equipment and Fixtures	177,790	159,542	18,248
Land and Buildings	1,425,308	1,467,355	(42,047)
Leasehold Improvements	12,926	12,426	500
Foreclosures	383,266	278,781	104,485
Total	1,999,290	1,918,104	81,186

Other Assets

Other assets account included in the asset side of the balance sheet cover the debtors' and other provisional accounts.

NOTES TO THE INCOME STATEMENT

PROFIT AND LOSS ACCOUNTS

Revenues

Revenues stood at TL 21,875,188 billion.

(TL billion)

	2002	2001	Difference	%
Interest Income	3,334,198	4,132,532	(798,334)	(19.32)
Operating Income	18,493,675	25,028,126	(6,534,451)	(26.11)
Net Monetary Profit	47,315	0	47,315	-
Total	21,875,188	29,160,658	(7,285,470)	(24.98)

Of interest income;

- TL 1,410,045 billion (42.29%) has been generated from loans,
- TL 1,665,855 billion (49.96%) has been generated from securities,
- TL 258,298 billion (7.75%) has been generated from banks and other interest bearing transactions.

Total non-interest income was TL 18,493,675 billion.

Commission income included in operating income was TL 382,308 billion.

Profit from capital market transactions was TL 369,163 billions.

Dividend income from participations was TL 110,873 billion, other non-interest income reached a total of TL 483,666 billion, and foreign currency profit amounted to TL 17,147,665 billion.

Our net monetary profit arising from the inflation adjustment of balance sheet and profit/loss items amounts to TL 47,315 billion.

Expenses

The breakdown of expenses standing at a total of TL 21,564,372 billion is given below:

(TL billion)

	2002	2001	Difference	%
Interest Expenses	2,202,965	2,641,631	(438,666)	(16.61)
Operating Expenses	19,361,407	27,248,705	(7,887,298)	(28.95)
Net Monetary Loss	0	267,384	(267,384)	-
Total	21,564,372	30,157,720	(8,593,348)	(28.49)

Interest expenses constitute 10.22% of total expenses.

The amount of interest the Bank paid on the deposit accounts, constituting 87.54% of total interest expenses, is TL 1,928,550 billion, whereas the amount of TL 81,250 billion the Bank paid on loans taken constitutes 3.69% of total interest expenses.

Personnel expenses are TL 520,715 billion and constitute 2.41% of total expenses.

The Bank's net loss on foreign exchange amounted to TL 439,029 billion, calculated by deduction of the foreign exchange losses of TL 17,147,665 billion, from the foreign exchange profits of TL 17,586,694 billion arising from the regulatory requirement to record the revenue from foreign exchange differences in FX-based assets as an interest revenue.

Profit/Loss

(TL billion)

	2002	2001	Difference	%
Total Income	21,875,188	29,160,658	(7,285,470)	(24.98)
Total Expenses	21,564,372	30,157,720	(8,593,348)	(28.49)
Profit/Loss	310,816	(997,062)	1,307,878	++

After allocation of interest and non-interest expenses and the provisions and after the addition of the net monetary profit that arose from the inflation adjustment of income/expense figures, a net profit of TL 310,816 billion has been posted as of the end of 2002, representing an increase of TL 1,307,878 billion compared to the 2001 figure.

DIVIDEND DISTRIBUTION

The inflation adjusted profit of TL 310,815,355,853,734 has been proposed to be distributed in accordance with Article 58 of Incorporation and Regulation on Accounting Practice (RAP) Communiqué No.14, as detailed below:

INFLATION ADJUSTED NET INCOME	310,815,355,853,734
INFLATION ADJUSTMENTS	6,137,701,404,437
DISTRIBUTABLE NET INCOME	304,677,654,449,297
(Articles of Incorporation, Art. 58/a-b)	
- To the I. Legal Reserves	15,233,882,722,465
- To the I. Extraordinary Reserves	289,443,771,726,832
TOTAL DISTRIBUTION	304,677,654,449,297

As a result of the year 2002 dividend distribution, the first dividend shares of Group A, B and C shares could not be paid, in accordance with Article 58/b of our Articles of Incorporation, "first dividend share" of Group A, B and C shares, which correspond to 6% of the paid-in capital represented by these shares, will be distributed as bonus shares and the distribution will be in the form of payables to be deducted from the net profit of the following years and funded from the Extraordinary Reserves of the dividend distribution of the year 2002.

DIVIDEND TO BE DISTRIBUTED FROM EXTRAORDINARY RESERVES	49,444,922,500,000
- First dividend	
To Group A Shares (*)	60,000,000
To Group B Shares (*)	1,740,000,000
To Group C Shares (*)	48,632,550,000,000
- To the II. Legal Reserves	810,572,500,000
TOTAL DISTRIBUTION	49,444,922,500,000

(*) Will be distributed as bonus shares.

The bonus shares will be distributed as first dividend, after they are registered by the Capital Market Board. Dividend distribution will be as follows:

- For each First Group A share of TL 500, Group C share of TL 30 will be given
- For each First Group B share of TL 10,000, Group C share of TL 600 will be given
- For each First-Eighth Group C share of TL 40,000, Group C share of TL 2,400 will be given

On the other hand, on March 03, 2003 the Board of Directors resolved to raise İsbank's capital from TL 810,572,500 million to TL 1,426,723,800 million. Of total increase TL 616,151,300 million, TL 48,634,350 million will be covered by the bonus shares to be distributed as dividend and TL 567,516,950 million will be covered by own funds.

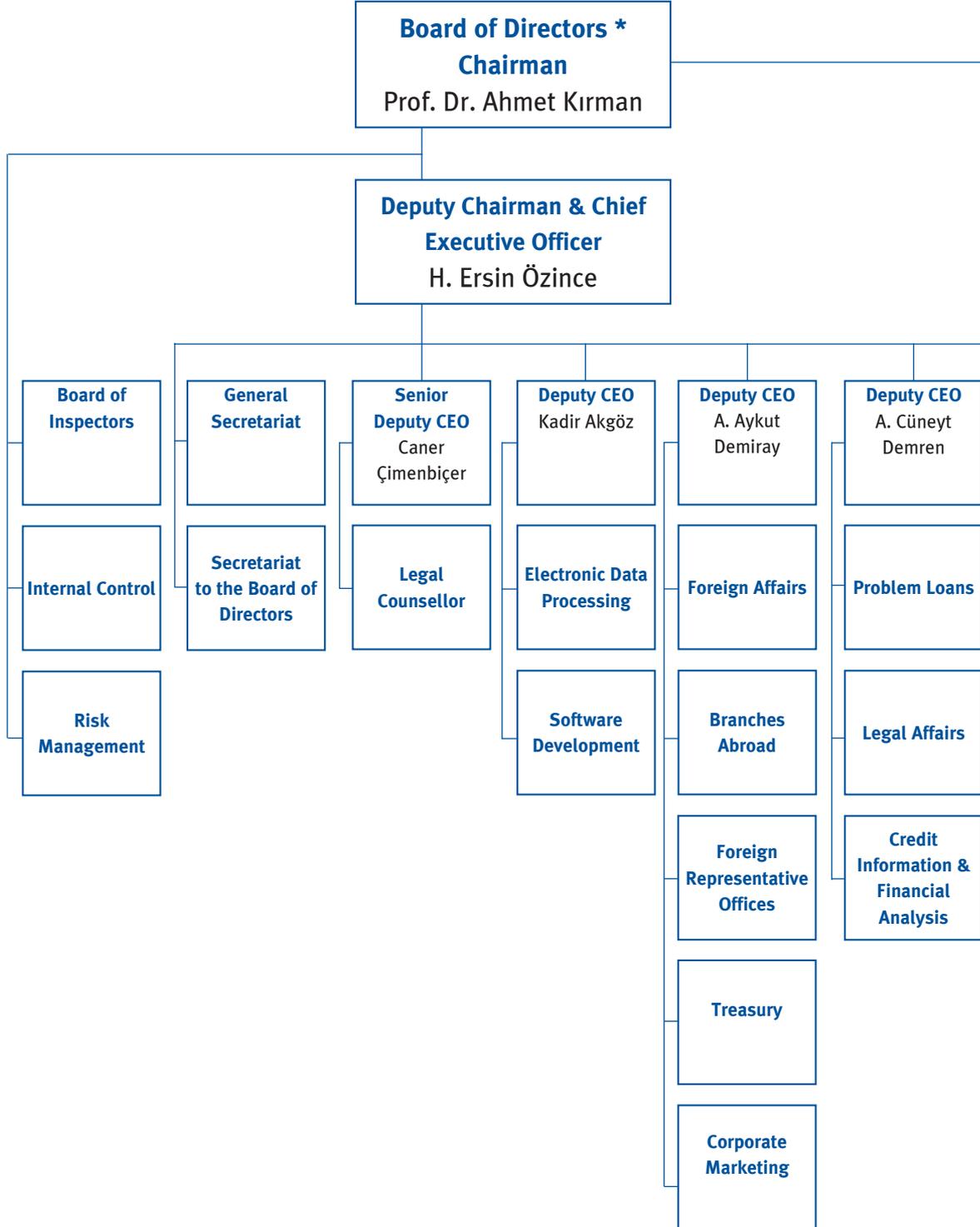
According to this;

Each A Group share will receive new Group C shares of TL 28,030, composed of TL 30 in dividend and TL 28,000 in bonus shares.

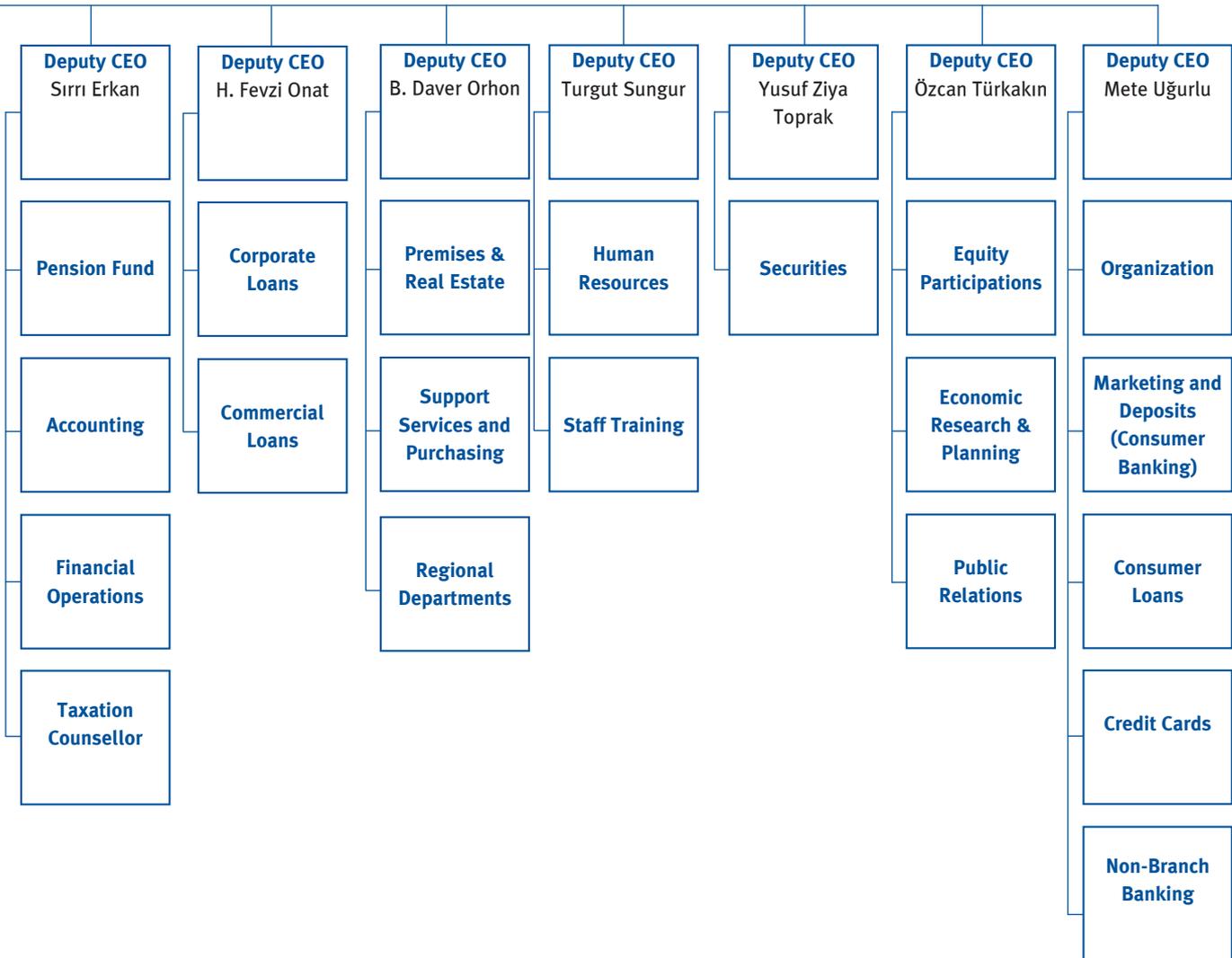
Each B Group share will receive new Group C shares of TL 28,600, composed of TL 600 in dividend and TL 28,000 in bonus shares.

Each C Group share will receive new Group C shares of TL 30,400, composed of TL 2,400 in dividend and TL 28,000 in bonus shares.

ORGANIZATIONAL CHART



Chairman Prof. Dr. Ahmet Kırman
Deputy Chairman & CEO H. Ersin Özince
Director Prof. Dr. Toker Dereli
Director Dr. A. Yavuz Ege
Director Nail Gürman
Director Ali Ekber Güvenç
Director Ethem Öz
Director H. Arslan Sarsar
Director Bahtiyar Sönmez
Director Prof. Dr. Baran Tuncer
Director M. Nail Yağcı
Auditor Nilgün Erkan
Auditor Volkan Taşkın



DEPARTMENT MANAGERS

As of August 2003

Halil Oğuz Su	Board of Inspectors
Kemal Ađanođlu	Credit Information & Financial Analysis
Necati Aksoyođlu	Legal Affairs Counsellor
Vasfi Amcaođlu	Support Services and Purchasing
A. Erdal Aral	Treasury
M. Turgay Atalay	Foreign Affairs
Cana Atınc	Public Relations
İbrahim Babayiđit	Accounting
A. Taciser Bayer	Secretariat to the Board of Directors
Hasan Budda	Staff Training
Hasan Candan	Risk Management
Ömer Çelebi	Consumer Loans
K. Nilay Çelebi	Human Resources
Uđur Çelebiođlu	Credit Cards
M. Fikret Çelik	Premises & Real Estate
H. Ahmet Ergenekon	Marketing & Deposits (Consumer Banking)
Yılmaz Ertürk	Economic Research & Planning
Mehmet Esen	Electronic Data Processing
İbrahim Hızlıkan	Pension Fund
Buket Himmetođlu	Legal Counsellor
Bülent Naci İnan	Non-Branch Banking
Suat İnce	Corporate Loans
Süleyman Kalkan	Problem Loans
Rıza Kutlusoy	Securities
M. Ali Madendere	Internal Control
Mahmut Magemizođlu	Equity Participations
Seyhan Odabaşı	Commercial Loans
Aydın Süha Önder	Corporate Marketing
H. Belhi Sarı	General Secretariat
O. Haluk Solak	Financial Operations
Sedat A. Tosyalı	Organization
E. Murat Yüksel	Software Development

MAJOR EQUITY PARTICIPATIONS AND THEIR OPERATIONS IN 2002

72/73

	Paid-in Capital (TL millions)	İşbank Share (%)	Group Share (%)
GLASS INDUSTRY			
ANADOLU CAM SANAYİİ A.Ş. Manufactures glass packaging	96,600,000	33.16	80.53
CAMIŞ AMBALAJ SANAYİİ A.Ş. Manufactures paper packaging	36,248,000	4.42	100.00
CAMIŞ MADENCİLİK A.Ş. Supplies raw material for glass producing Group companies	30,893,500	78.46	100.00
ÇAYIROVA CAM SANAYİİ A.Ş. Manufactures colored and white figured glass, coated glass, tempered glass and double-glazing unit	23,161,000	31.57	100.00
TRAKYA CAM SANAYİİ A.Ş. Manufactures flat glass, automotive glass, mirror, laminated glass, coated glass, tempered glass and double-glazing unit using 'Float' technology	140,140,000	15.94	68.69
TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş. The holding company for the Glass Group of companies	285,000,000	66.11	71.57
METAL MANUFACTURING AND MACHINERY INDUSTRIES			
ASMAŞ AĞIR SANAYİ MAKİNALARI A.Ş. Manufactures various machinery and equipment, establishes turnkey industrial plants	6,600,000	86.54	97.53
CAMIŞ MAKİNA VE KALIP SANAYİİ A.Ş. Manufactures various moulds and spare parts	14,947,263	0.00001	100.00
ETİTAŞ ELEKTRİK TEÇHİZATI İMALATI TESİSATI A.Ş. Manufactures transformers and capacitors	6,047,630	29.34	29.34
METALLURGY			
FERRO DÖKÜM SANAYİİ VE TİCARET A.Ş. Involved in iron casting	11,185,000	0.000002	99.99
İZMİR DEMİR ÇELİK SANAYİ A.Ş. Manufactures billets and construction steel bars using scrap iron	62,250,000	54.68	58.15
AUTOMOTIVE AND TIRE INDUSTRIES			
ÇELİKORD A.Ş. Manufactures steel cord for vehicle tires and steel wire for pressure resistant pipes	17,100,000	48.00	49.00
TÜRK PİRELLİ LASTİKLERİ A.Ş. Manufactures inner and outer tires for motor vehicles	88,000,000	25.75	25.75
CHEMICAL INDUSTRY			
SODA SANAYİİ A.Ş. Manufactures soda ash, soda derivatives and chromium compounds	62,630,000	33.64	87.31
FOOD			
ANTGIDA GIDA TARIM TURİZM ENERJİ VE DEMİR ÇELİK SAN. TİC. A.Ş. Olive Processing	30,000,000	99.89	99.99

MAJOR EQUITY PARTICIPATIONS AND THEIR OPERATIONS IN 2002 continued

ENERGY

PETROL OFİSİ A.Ş. Distributor of petroleum products and lubricants	252,441,386	39.30	47.40
---	-------------	-------	-------

TELECOMMUNICATION

İŞ-TİM TELEKOMÜNİKASYON HİZMETLERİ A.Ş. Establishment and operation of a GSM 1800 digital cellular mobile telephone system	545,000,000	14.00	51.00
---	-------------	-------	-------

İŞ NET ELEKTRONİK BİLGİ ÜRETİM DAĞITIM TİCARET VE İLETİŞİM HİZMETLERİ A.Ş. Internet Service Provider	7,600,000	95.00	100.00
--	-----------	-------	--------

INSURANCE

ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ Insurance Company	80,000,000	35.53	64.60
--	------------	-------	-------

ANADOLU HAYAT SİGORTA A.Ş. Life Insurance Company	65,000,000	62.00	86.92
--	------------	-------	-------

DESTEK REASÜRANS T.A.Ş. Reinsurance Company	11,000,000	98.23	100.00
--	------------	-------	--------

MİLLİ REASÜRANS T.A.Ş. Reinsurance Company	22,275,000	75.37	75.37
---	------------	-------	-------

BANKING

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. Investment Bank	114,000,000	40.52	53.41
--	-------------	-------	-------

İŞBANK GmbH Commercial Bank	EURO 51,129,188.12	100.00	100.00
--------------------------------	--------------------	--------	--------

ARAP-TÜRK BANKASI A.Ş. Commercial Bank	20,000,000	20.00	20.00
---	------------	-------	-------

FINANCIAL SERVICES

İŞ GENEL FİNANSAL KİRALAMA A.Ş. Financial Leasing Services	20,000,000	35.29	70.59
---	------------	-------	-------

İŞ FACTORING FİNANSMAN HİZMETLERİ A.Ş. Factoring Services	16,000,000	70.42	100.00
--	------------	-------	--------

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. Real Estate Investment Company	235,690,000	66.34	74.92
---	-------------	-------	-------

YATIRIM FİNANSMAN MENKUL DEĞERLER A.Ş. Capital Markets Investment and Brokerage Services	9,000,000	33.74	90.13
---	-----------	-------	-------

İŞ YATIRIM MENKUL DEĞERLER A.Ş. Capital Markets Investment and Brokerage Services	38,000,000	92.00	100.00
--	------------	-------	--------

İŞ YATIRIM ORTAKLIĞI A.Ş. Investment Trust	30,000,000	10.00	29.64
---	------------	-------	-------

İŞ PORTFÖY YÖNETİMİ A.Ş. Asset Management Company	1,000,000	50.00	100.00
--	-----------	-------	--------

İŞ DUBLIN FINANCIAL SERVICES Plc Trade Finance Services	EURO 125,000	99.995	100.00
--	--------------	--------	--------

DOMESTIC AND FOREIGN TRADE

CAM PAZARLAMA A.Ş. Glass Group Foreign Trade Marketing Company	28,127,000	0.05	100.00
CAMSAR SANAYİ ARA MALLARI PAZARLAMA A.Ş. Marketing of raw materials and semi-finished goods in domestic and foreign markets	12,323,000	0.002	100.00
CAMTAŞ DÜZCAM PAZARLAMA A.Ş. Marketing of flat glass and glass containers in domestic and foreign markets	38,400,000	0.64	100.00
PAŞABAHÇE MAĞAZALARI A.Ş. Retailing Services	5,500,000	0.01	100.00
ZEPA TARIMSAL HAYVANSAL VE SİNÂİ ÜRÜNLER ÜRETİM VE PAZARLAMA A.Ş. Olive Marketing	500,000	5.53	99.40
TOURISM			
TÜTAŞ TÜRK TURİZM A.Ş. Owner and operator of Talya Hotel at Antalya	4,300,000	23.23	23.28
OTHERS			
BATI KARADENİZ ELEKTRİK DAĞITIM VE TİCARET A.Ş. Electricity Distribution in Zonguldak, Çankırı, Bartın, Karabük	1,200,000	65.00	65.00
BAYEK TEDAVİ SAĞLIK HİZMETLERİ VE İŞLETMECİLİĞİ A.Ş. Health Care Services	20,000,000	57.61	66.02
İŞ-KORAY ORMANCILIK MADENCİLİK İNŞAAT TAAHHÜT VE TİCARET A.Ş. Land Development and Construction	1,500,000	49.97	50.00
CAMIŞ SİGORTA HİZMETLERİ A.Ş. Insurance Brokerage Services	608,000	0.002	100.00
CAMIŞ YATIRIM HOLDİNG A.Ş. Participation in capital and management of all types of domestic and foreign companies	16,105,000	99.97	100.00
TRAKYA YATIRIM HOLDİNG A.Ş. Participation in capital and management of all types of domestic and foreign companies	137,005,000	65.34	100.00
HİZMET İŞLERİ LTD. ŞTİ. Service Company	500	75.00	100.00
İŞ MERKEZLERİ YÖNETİM VE İŞLETİM A.Ş. Service Company	300,000	84.67	100.00
KÜLTÜR YAYINLARI İŞ-TÜRK LTD. ŞTİ. Arts and Culture Publications	475,000	99.17	100.00
NEMTAŞ NEMRUT LİMAN İŞLETMELERİ A.Ş. Port and Sea Vessels Administration	70,000,000	73.83	99.99

BRANCHES AUTHORIZED TO HANDLE INTERNATIONAL TRANSACTIONS

	Fax Number
Adana	
Main	0322-351 20 30
Kuruköprü/Adana	0322-351 20 25
Adapazarı	0264-277 43 43
Afyon	0272-213 57 19
Ankara	
Main	0312-311 36 60
Başkent/Ankara	0312-413 90 89
Kavaklıdere/Ankara	0312-467 29 31
Kızılay/Ankara	0312-417 23 18
Ostim/Ankara	0312-354 09 69
Yenişehir/Ankara	0312-435 19 95
Yıldız/Ankara	0312-441 66 15
Antalya	0242-241 20 35
Bursa	
Main	0224-224 16 78
Buttim/Bursa	0224-211 13 09
Denizli	0258-263 00 71
Diyarbakır	0412-223 18 47
Eskişehir	0222-221 97 60
Gaziantep	0342-231 79 07
Hatay	
İskenderun	0326-614 01 65
Antakya/Hatay	0326-212 30 25
İstanbul	
Main	0212-316 08 48
Altunizade	0216-474 03 77
Arapcamii/İstanbul	0212-237 94 75
Avcılar/İstanbul	0212-591 18 12
Bakırköy/İstanbul	0212-542 28 73
Balmumcu/İstanbul	0212-267 03 12
Bayrampaşa/İstanbul	0212-567 47 58
Beşiktaş/İstanbul	0212-236 45 67
Beyazıt/İstanbul	0212-516 49 15
Beylikdüzü/İstanbul	0212-852 39 36
Beyoğlu/İstanbul	0212-293 67 28
Bostancı/İstanbul	0216-361 33 05
Cağaloğlu/İstanbul	0212-513 68 09
Dudullu Sanayi/İstanbul	0216-364 81 42
Galata/İstanbul	0212-249 53 80
Gayrettepe/İstanbul	0212-216 82 15
Güneşli/İstanbul	0212-471 20 93
İkitelli Sanayi/İstanbul	0212-549 10 69
Kabataş/İstanbul	0212-243 22 76
Karaköy/İstanbul	0212-243 61 12
Kartal/İstanbul	0216-353 76 18

	Fax Number
İstanbul	
Kartal Sanayi Bölgesi/İstanbul	0216-387 21 81
Kazlıçeşme/İstanbul	0212-582 59 86
Kışla Caddesi-Rami/İstanbul	0212-567 36 00
Kozyatağı/İstanbul	0216-416 55 20
Kurtköy/İstanbul	0216-378 28 26
Levent/İstanbul	0212-278 86 33
Maslak/İstanbul	0212-285 44 37
Mecidiyeköy/İstanbul	0212-274 61 43
Merter Tekstil Merkezi/İstanbul	0212-637 12 91
Nişantaşı/İstanbul	0212-241 13 44
Otosanayi-Levent/İstanbul	0212-283 80 11
Pangaltı/İstanbul	0212-232 19 07
Perpa/İstanbul	0212-221 68 71
Rıhtım-Kadıköy/İstanbul	0216-337 59 58
Sefaköy/İstanbul	0212-580 43 02
Selamiçeşme/İstanbul	0216-360 91 85
Sirkeci/İstanbul	0212-513 93 65
Sultanhamam/İstanbul	0212-522 90 20
Şişli/İstanbul	0212-246 06 21
Taksim/İstanbul	0212-255 03 18
Tuzla Deri Sanayi/İstanbul	0216-394 25 19
Ümraniye/İstanbul	0216-344 01 65
Yedpa/İstanbul	0216-471 10 59
Yenicami/İstanbul	0212-527 63 38
Zincirlikuyu/İstanbul	0212-272 86 11
İzmir	
Main	0232-483 45 93
Atatürk Org. San. Böl./İzmir	0232-376 76 97
Bornova/İzmir	0232-373 77 78
Karabağlar/İzmir	0232-237 12 84
Yenigün/İzmir	0232-425 95 38
İzmit/Kocaeli	
Main	0262-321 68 46
Gebze/Kocaeli	0262-641 27 97
Kahramanmaraş	
	0344-221 25 09
Kayseri	
Main	0352-222 64 22
Sanayi/Kayseri	0352-336 64 01
Konya	
Main	0332-353 40 05
Karatay Sanayi Sitesi/Konya	0332-235 19 62
Malatya	
	0422-325 34 33
Mersin	
	0324-232 64 70
Samsun	
	0362-431 54 74
Trabzon	
	0462-326 63 13
Uşak	
	0276-223 99 05

DIRECTORY

Head Office

İş Kuleleri 34330
Levent-Istanbul, Turkey
Phone : (+90-212) 316 00 00
Fax : (+90-212) 316 09 00

Foreign Department

Phone : (+90-212) 316 28 02
Fax : (+90-212) 316 09 28
Tlx : 31000 isex tr
E-mail : gmo179@isbank.com.tr

Investor Relations

Phone : (+90-212) 316 30 02
Fax : (+90-212) 316 09 30

Treasury

Phone : (+90-212) 316 32 02
Fax : (+90-212) 316 09 32

Securities

Phone : (+90-212) 316 34 02
Fax : (+90-212) 316 09 34

Branches Abroad

London, England

8 Princes Street London EC2R 8HL
Phone : (+44-207) 397 14 28
Fax : (+44-207) 726 25 66
Tlx : 8951543 tibank g

Lefkoşa

Turkish Republic of Northern Cyprus
Girne Cad. No: 9
Phone : (+90-392) 228 31 33
Fax : (+90-392) 227 83 15
Tlx : 57570 tisb tk (via Turkey)

Gazimağusa

Turkish Republic of Northern Cyprus
Namık Kemal Meydanı No: 18
Phone : (+90-392) 366 53 18
Fax : (+90-392) 366 49 88

Girne

Turkish Republic of Northern Cyprus
Hürriyet Cad. No: 27
Phone : (+90-392) 815 14 39
Fax : (+90-392) 815 10 90

Güzelyurt

Turkish Republic of Northern Cyprus
Ecevit Cad. No: 24-B
Phone : (+90-392) 714 68 60
Fax : (+90-392) 714 68 59

Küçükaymaklı/Lefkoşa

Turkish Republic of Northern Cyprus
Şehit Mustafa Ruso Cad.
Muhtar Yusuf Galeria, No: 13
Phone : (+90-392) 227 04 15
Fax : (+90-392) 227 76 02

Offshore Branches

Bahrain

Road 1702, Building No: 95
Al Jasrah Tower, 8th Floor,
Diplomatic Area P.O. Box: 10205
Manama/Kingdom of Bahrain
Phone : (+973) 549 222
Fax : (+973) 549 218

İŞBANK GmbH

Hauptverwaltung

Rossmarkt 9
60311 Frankfurt/Main
Germany
Phone : (+49-69) 29 90 10
Fax : (+49-69) 28 75 87
Tlx : 4189385 isch d
E-mail : hv@isbankgmbh.de

Filiale Berlin

Müller Str. 150
13353 Berlin
Germany
Phone : (+49-30) 254 22 70
Fax : (+49-30) 265 552 52

Zweigstelle Kreuzberg/Berlin

Kottbusser Str. 2
10999 Berlin
Germany
Phone : (+49-30) 616 95 50
Fax : (+49-30) 614 89 88

Filiale Düsseldorf

Graf-Adolf Str. 73
40210 Düsseldorf
Germany
Phone : (+49-211) 388 010
Fax : (+49-211) 388 01 30

Filiale Frankfurt

Rossmarkt 9
60311 Frankfurt/Main
Germany
Phone : (+49-69) 29 90 10
Fax : (+49-69) 28 75 87
Tlx : 4189385 isch d

Zweigstelle Hauptbahnhof/Frankfurt

Münchener Str. 49
60329 Frankfurt/Main
Germany
Phone : (+49-69) 29 90 11 46
Fax : (+49-69) 25 38 75

Zweigstelle Gelsenkirchen

Bahnhofsvorplatz 5
45879 Gelsenkirchen
Germany
Phone : (+49-209) 14 40 02
Fax : (+49-209) 14 67 50

Filiale Hamburg

Ballindamm 8
20095 Hamburg
Germany
Phone : (+49-40) 30 29 010
Fax : (+49-40) 30 29 01 22

Zweigstelle Karlsruhe

Amalien Str. 23
76133 Karlsruhe
Germany
Phone : (+49-721) 257 35
Fax : (+49-721) 266 44

Zweigstelle Cologne

Untersachsenhausen 35
50667 Cologne
Germany
Phone : (+49-221) 91 38 210
Fax : (+49-221) 91 38 21 20

Filiale München

Goethe Str. 21
80336 München
Germany
Phone : (+49-89) 530 79 23
Fax : (+49-89) 538 03 02

Zweigstelle Nürnberg

Am Plarrer 8
90429 Nürnberg
Germany
Phone : (+49-911) 92 99 53 80
Fax : (+49-911) 92 99 53 820

Zweigstelle Stuttgart

Kronprinz Str. 12
70173 Stuttgart
Germany
Phone : (+49-711) 222 99 16
Fax : (+49-711) 222 99 177

Succursale de Paris

3, rue Scribe
75009 Paris
France
Phone : (+33-1) 43 12 93 70
Fax : (+33-1) 43 12 93 83

Amsterdam Branch

Frederiksplein 1
10 1 7 X K Amsterdam
Holland
Phone : (+31-20) 530 63 33
Fax : (+31-20) 530 63 40

Den Haag Office

Paletplein 23
2526 GW, Den Haag
Holland
Phone : (+31-70) 364 20 60
Fax : (+31-70) 356 11 91

Zweigniederlassung Zürich

Löwen Str. 61
Postfach 6275 CH-8023 Zürich
Switzerland
Phone : (+41-1) 226 41 00
Fax : (+41-1) 226 41 09

Hardly a day goes by without İşbank...

We would like to thank the following photographers who, with their skill and unique vision, have contributed to this project.

Serhat Yüce

Baki Kara

Selim Seval

İŞBANK

Head Office: İş Kuleleri 34330 Levent - İstanbul, Turkey

Phone: (90-212) 316 00 00 Fax: (90-212) 316 09 00

www.isbank.com.tr