

2004

İŞBANK 2004 ANNUAL REPORT

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Turkey's bank: İşbank

CORPORATE PROFILE

İşbank (Türkiye İş Bankası) was founded in 1924 upon a directive by Mustafa Kemal Atatürk, the leader of the War of Independence and the first president of the newly-born Republic of Turkey, ordering the formation of a new bank that would participate in the reconstruction of the war-torn national economy and contribute to its development. Today, İşbank numbers among the world's biggest companies and ranks high among Turkey's best-known and most trusted institutions.

From the standpoint of its tier 1 capitalization, İşbank is Turkey's biggest bank. The Banker, one of the world's most highly respected finance and banking journals, ranked it 110th in its "Top 1000 World Banks" survey. In terms of tier 1 capital the Bank is the biggest bank in Eastern Europe and the Middle East, a region that includes Russia, the Czech Republic, Romania, Poland, Ukraine, Greece, Israel, and Egypt.

With one of the world's most advanced online and real-time service backbones, İşbank's service network has an extensive national reach consisting of

848 Branches,
2,413 Bankamatiks (ATMs)
390 Netmatiks*
104 Kasamatiks**

Seven international branches, one of which is an offshore branch, and İşbank GmbH, with sixteen branches of which twelve are in Germany, are the elements that give İşbank the ability to provide service at the global level.

Active in the areas of retail, commercial, and non-branch banking, İşbank employs 16,055 people to provide nearly 13 million customers with high-quality, high value-added products and services.

Since the day it was founded, İşbank has been a driving force of Turkey's economic development and today the Bank controls a rich portfolio of stakes in companies ranging from financial services to glass and from energy to telecommunications as well as in other industrial and services groups.

As of August 2005, 30.36% of İşbank's shares were traded on the İstanbul and London stock exchanges and the Bank had the highest market value of the 299 companies whose shares are traded on the İstanbul Stock Exchange.

(*) Netmatik: Device that allows users to perform all the banking transactions that are possible over the internet (that is, other than withdrawing and depositing cash) to be performed with just an ATM or credit card and without the need to have entered into an interactive banking agreement with the Bank.

(**) Kasamatik: Device that accepts cash and allows the user to deposit money and perform other transactions such as paying credit card and other bills.

FINANCIAL HIGHLIGHTS



29.03%

With a capital adequacy ratio of 29.03%, İşbank's financial structure is robust and healthy.

Over the last ten years

İşbank's total assets have increased 200-fold. During the same decade, İşbank's shareholders' equity has also increased 405-fold.

(TL billion)	2004	2003
Total Assets	38,513,774	35,361,930
Total Loans	12,451,842	9,766,465
Total Deposits	24,320,442	22,268,978
Shareholders' Equity	7,639,999	6,381,244
Paid-in Capital (*)	1,640,757	1,426,724
Share Premiums	3,694	3,694
Revaluation Fund	1,638,961	849,952
Legal Reserves	800,183	756,100
Extraordinary Reserves	385,545	334,505
Difference due to Inflation Adjustment of Paid-in Capital	2,535,404	2,520,643
Profit/Loss	635,455	489,626
Prior Years Profit/Loss	0	7,961
Current Period Net Profit/Loss	635,455	481,665

(USD million)	2004	2003
Total Assets	28,828	26,469
Total Loans	9,320	7,310
Total Deposits	18,204	16,668
Shareholders' Equity	5,719	4,776
Paid-in Capital (*)	1,228	1,068
Share Premiums	3	3
Revaluation Fund	1,227	636
Legal Reserves	599	566
Extraordinary Reserves	289	250
Difference due to Inflation Adjustment of Paid-in Capital	1,898	1,887
Profit/Loss	476	366
Prior Years Profit/Loss	0	6
Current Period Net Profit/Loss	476	360

(*) As of 31.12.2004 the Bank's registered capital ceiling is TL 3,500,000,000,000,000 (USD 2,619,760,479).
Conversion rate as of 31.12.2004 USD 1 = TL 1,336,000

VISION, GOALS, AND OBJECTIVES

İşbank's vision is to maintain its position as a leading, pioneering, and trusted bank

so as to be the bank in Turkey that customers, shareholders, and employees most prefer.

Consistently enhancing the value that it creates for its shareholders

İşbank's goals

- Satisfy customers' needs with rapid, effective, high-quality solutions
- Consistently enhance the value that it creates for its shareholders
- Encourage its employees to exhibit the highest level of performance in everything that they do

İşbank's objectives

- Steadily increase its balance sheet dimensions with the support of a high capacity to create funds and a high capital adequacy ratio
- Take an increasingly greater customer-focused and marketing-oriented approach in the conduct of business
- Maintain a high level of asset quality in credit management while also giving greater emphasis to higher-yielding retail loans
- Diversify sources of income and increase the share of non-interest income in the total
- Make use of the most advanced and effective methods available in cost management

CHAIRMAN'S MESSAGE



PROF. DR. AHMET KIRMAN
Chairman of the Board of Directors

Our Bank is a prominent, deep-rooted institution whose own background and corporate history are inextricably woven into the history of the Republic of Turkey and whose actions are firmly guided by universal principles.

As Turkey's biggest privately-owned bank, İşbank continues to offer millions of people banking products, services, and solutions while also raising the general level of quality in banking services in our country.

Distinguished shareholders,

In its 81st year of operation, İşbank once again remained firmly committed to its principles and successfully added new successes to its outstanding record of achievements as a bank whose growth and development are nourished by the needs of the day.

As Turkey's biggest privately-owned bank, İşbank continues to offer millions of people banking products, services, and solutions while also raising the general level of quality in banking services in our country. Our Bank provides high value-added banking products and services not just to Turkish industrialists, SMEs, business people, and entrepreneurs but also to numerous foreign countries, individuals, and organizations that do business with Turkey.

Underlying the activities which we conduct under any and all market conditions and in which we strive to create only the best unquestionably lies our obligation to "give something back" not just to our shareholders, our customers, and our employees but also to the country, society, and world of which we are an integral part. Throughout its 81-year history, İşbank has experienced the satisfaction of being a successful corporate citizen that continuously produces value through its efforts to fulfill that obligation. We have not the slightest doubt but that you, our esteemed shareholders, partake in this view as well. The strength that we derive from you is what sustains and increases our determination to fulfill the obligations incumbent upon us.

The success that we have achieved is the natural outcome of the principles of institutionalization, commitment to the rules of ethics, transparency, and participatory management which all companies and organizations desire to possess and which İşbank has abided by strictly since the day it was founded. Upholding and building on those principles and never allowing them to weaken are inherent in our Bank's very nature.

Our Bank is a prominent, deep-rooted institution whose own background and corporate history are inextricably woven into the history of the Republic of Turkey and whose actions are firmly guided by universal principles.

İşbank has been on duty at every stage of our country's economic development. Having actively contributed towards shaping Turkey's economic history, it has also been a leading participant in each and every phase. Our Bank has been instrumental in the growth and development of many respected enterprises that play key roles in our national economy and many internationally recognized firms for the greater benefits of the national and world economies.

İşbank's actions are shaped by its commitment to being the greatest defender of ethical values and their best practitioner. We believe in competition. We also believe that competition must take place within a framework of mutual respect and that it must be correct, constructive, and honest. To our way of thinking, it is only through such competition that markets can achieve greater depth.

A natural consequence of an advanced corporate structure is that our Bank thinks on a long-term basis and formulates its strategies accordingly. It is through its experience and foresight that our Bank has always succeeded in adapting to the growing and changing market conditions of the day-and will

Our Bank's subsidiaries continuously and increasingly produce added value for Turkey's economy and people.

continue to succeed in the future as well. Doing business all over a country as big as Turkey demands competency in reaching out to every sector and to customers of every stripe. İşbank is one of only a small number of banks in Turkey that truly possesses the ability to provide service effectively on a national scale. Competencies in the national market are complemented and rounded out by İşbank's deep-rooted knowledge and experience in providing international service. These attributes generate increasing and rising value not just for our shareholders but for our employees and all the customers who avail themselves of our services and make it possible for them to be parts of İşbank as well.

İşbank's success lies in its being a family and that success comes alive through the combined efforts of a great and united team. Its corporate past and the lifelong business and social relationships that it establishes with its employees have made İşbank a school, a family, and a home. The existence of institutions and organizations that the thousands of people that have been and are being trained in this school contribute into is a vitally important spiritual value that enhances our Bank's worth.

Brought to life by its shareholders and employees, our Bank has all the support that it needs to take service to more and more customers as well as the infrastructure necessary to make those services a reality.

In 2004...

In 2004, İşbank became the biggest privately-owned bank in Turkey with total assets amounting to USD 29 billion at year-end. The Bank remains the industry's leader and trailblazer on many different levels ranging from deposits to capital market transactions.

In this annual report we shall be presenting for your information and consideration figures and charts that reveal the superior performance achieved by our Bank in 2004.

Our subsidiaries

Our Bank has equity participations in 55 companies that are active in different areas of the Turkish economy.

Each one of our subsidiaries is a successful, leading player in its own sector. The majority of them are publicly traded firms and each is firmly committed to the same corporate governance principles that are essential to our Bank. The goods and services produced by İşbank subsidiaries contribute significantly to the national and world economies.

Our industrial and services subsidiaries represent a significant economic force from the standpoint of their total business volumes, the taxes they pay, and the employment they create. Our financial subsidiaries create and offer financial products and services in areas ranging from brokerage services to private pensions.

Our Bank and its subsidiaries will continue to create economic value by making the best possible use of resources and competencies they have.

In a changeable world our Bank will protect and ensure the development of the immutable values that make İşbank what it is.

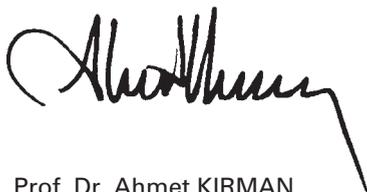
2005 and beyond

2004 was a successful year for Turkey and its banking industry. The continuation of that success in 2005 and beyond is a matter of great importance to all of our country's economic actors. In the process of sustainable economic growth, companies that manage this process well and play leading, global roles will be the ones that grow more and achieve bigger market shares. That in turn will result in more competition and further improvements in quality.

Our duty in this process is to fulfill without exception the responsibilities incumbent upon us as an industry leader as well as our commitments to our shareholders and customers and to generate increasingly more value as we do so.

İşbank is acknowledged to be one of the most valuable companies in Turkey's capital markets. Increasing that value, building upon it, and making it endure are duties with which we are charged and in our awareness of that fact, we shall strive even harder for the success of the entire economic system as well as our shareholders so as to make our Bank even more valuable.

As it has done every year since 1924, our Bank will continue to be everyone's bank in 2005 and the future by protecting the immutable values that make it İşbank in a changeable world and by keeping a close watch on the changing and developing needs of the day and acting accordingly.

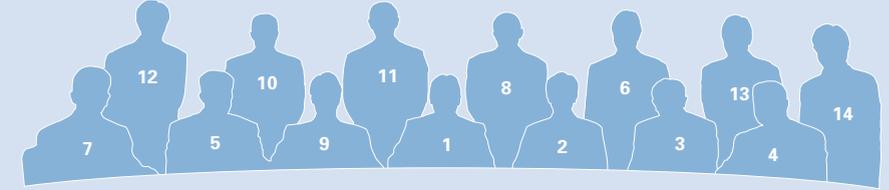


Prof. Dr. Ahmet KIRMAN
Chairman of the Board of Directors

BOARD OF DIRECTORS

Board of Directors

- 1 Prof. Dr. Ahmet Kirman, Chairman
- 2 H. Ersin Özince, Deputy Chairman and Chief Executive Officer
- 3 Prof. Dr. M. Baran Tuncer, Director
- 4 M. Nail Yağcı, Director
- 5 Dr. A. Yavuz Ege, Director
- 6 Atty. Nail Gürman, Director
- 7 Ali Ekber Güvenç, Director
- 8 Köksal Burkan, Director
- 9 Caner Çimenbiçer, Director
- 10 Salih Kurtuluş, Director
- 11 Prof. Dr. Savaş Taşkent, Director
- 12 Prof. Dr. Turkyay Berksoy, Auditor
- 13 H. Ahmet Ergenekon, Auditor
- 14 A. Taciser Bayer, Reporter



1- PROF. DR. AHMET KIRMAN

Chairman

Born in 1958 in Ankara, Prof. Dr. Ahmet Kirman graduated from the Faculty of Law at Ankara University in 1979. He received his Masters degree in European Union Law of Competition and Ph.D. degree in Private Law/Commercial Law from the Social Sciences Institute of the same university in 1981 and 1989, respectively. He became an associate professor of Public/Finance Law at the Faculty of Political Sciences, Ankara University in 1994 and a full professor in 2000. He worked at the State Council as a judge and at İşbank as a lawyer and financial consultant. He also taught at the Banks Association of Turkey, Banking Regulation and Supervision Agency, and Central Bank of the Republic of Turkey. He was appointed to İşbank's Board on 26 March 1999 as a member and as the Chairman on 16 July 2002. In addition to his post at İşbank, Prof. Dr. Ahmet Kirman is also serving as a consultant to Turkish Insurance and Reinsurance Companies Association, and the Head of the Finance Department at the Faculty of Political Sciences, Ankara University, the Chairman of Milli Reasürans company and Lecturer at Galatasaray University. Prof. Dr. Ahmet Kirman has numerous publications on his subject of academic interest.

2- H. ERSİN ÖZİNCE

Deputy Chairman and Chief Executive Officer

Born in 1953 in Havran, H. Ersin Özince graduated from Middle East Technical University with a BS degree in Management in 1975 and started his professional career in 1976 at İşbank's Board of Inspectors. After serving as the manager of various departments within İşbank, he was appointed as a Deputy Chief Executive in 1994 and was responsible for Treasury, Accounting, Securities, Commercial Loans and Credit Information and Financial Analysis functions of İşbank. He was appointed as the 15th Chief Executive Officer of İşbank on 28 October 1998. He is also serving on İşbank's Board of Directors as Deputy Chairman and Chairman at Şişecam, one of İşbank's major equity participations. Since May 2002, H. Ersin Özince is the Chairman of the Banks Association of Turkey, and a Board Member at The Institute of International Finance Inc., Vehbi Koç Foundation and İstanbul Culture and Arts Foundation. He is a member of Institut Internationale d'Etudes Bancaires, a Member of the Board of Trustees at Bilkent University and Education Volunteers Foundation of Turkey.

3- PROF. DR. M. BARAN TUNCER

Director

Born in 1934 in Bayburt, Prof. Dr. M. Baran Tuncer graduated from the Faculty of Political Sciences at Ankara University. He received his Masters degree from Kansas University in the USA and his Ph.D. degree from the Faculty of Political Sciences at Ankara University. He had post-graduate studies at California University in the USA and obtained his full professorship in 1976 in economics. He served on the academic staff of Boğaziçi and Ankara Universities and also taught at Middle East Technical, Hacettepe and Bilgi Universities. He worked as a researcher and visiting professor at Yale and Minnesota Universities in the USA. In the 1960s, he served as the Head of the Economic Planning Department at the State Planning Organization. He was the Minister of Customs and Monopolies in 1974 and a Board Member at Eczacıbaşı Holding during the 1970s. Between 1980 and 1995, he served at the World Bank at various departments such as Eastern Africa, Southeastern Asia, and Latin America. He also was the Chief Economist responsible for the Central American countries. Subsequent to his leave, he served temporarily as an advisor to India, Russia, Kazakhstan and Azerbaijan. He is currently the Chairman of the Turkish Family Health and Planning Foundation. He is the author of an economic column at a prominent Turkish daily. Prof. Dr. M. Baran Tuncer was appointed to İşbank's Board on 12 July 2002.

4- M. NAIL YAĞCI

Director

Born in 1950 in Güzül/Ankara, M. Nail Yağcı graduated from the Faculty of Law of Ankara University in 1972. Following the completion of his lawyer-training program, he started his professional career at the Board of Inspectors at İşbank in 1974. He was appointed to the Corporate Loans Department as assistant manager in 1985 and to the Problem Loans Department in 1986 as assistant manager. Subsequently, M. Nail Yağcı has served as the manager of various units and branches of İşbank until 2002. He was appointed to İşbank's Board on 12 July 2002.

5- DR. A. YAVUZ EGE

Director

Born in 1947 in Gemlik, Dr. A. Yavuz Ege graduated from the Department of Economics and Finance of the Faculty of Political Sciences, Ankara University in 1968. He obtained his post-graduate degree from the Department of Financial Management, Ankara Academy of Economic and Commercial Sciences in 1974 and from the Department of Economics, the University of Kent at Canterbury in 1981. He received his Ph.D. degree from the same university in 1989. From 1970 to 1993, he served in various public institutions as Reporter, Specialist, Department Head, and Deputy Undersecretary. In 1993, he was appointed as an advisor to the Prime Ministry and served until 1996. Dr. A. Yavuz Ege then served as the Undersecretary in State Planning Organization, Member of the Competition Board, Undersecretary at Undersecretariat of Foreign Trade and, between 2000-2001 Board Member in Çalık Investment Bank. He also served as Council Member, Board Member and Chairman at various governmental institutions and organizations including Turkish Eximbank. On a part-time basis, he taught Planning Methods in the Department of Financial Management at Hacettepe University, Economic Planning and Policy and Monetary Theory and Policy in the Department of Economics and Finance of the Faculty of Political Sciences, Ankara University. Dr. A. Yavuz Ege is the author of various economic and finance articles. He was appointed to İşbank's Board on 27 March 2003.

6- Atty. NAIL GÜRMAN

Director

Born in 1944 in Trabzon, Atty. Nail Gürman graduated from the Faculty of Law, Ankara University in 1971. Since 1972, Atty. Nail Gürman is working as an independent lawyer and legal counselor to many prominent companies and financial institutions. He also served as the Secretary General of the Turkish Law Institute for seven years. In 1965, he became a member of CHP and served in CHP and SODEP at various positions. He is currently a member of CHP. Atty. Nail Gürman was appointed to İşbank's Board on 27 March 2003.

7- ALI EKBER GÜVENÇ

Director

Born in 1950 in Ankara, Ali Ekber Güvenç is a secondary school graduate, and started his business life in 1966 as a printer's typesetter. He became a member of the Basın-İş Labor Union while working at the Ankara University's print shop and was selected as the work premises' representative of the union. In 1982, he became the Secretary General of Basın-İş Union and in 1983, the Chairman of the same union. Since 1983, he is serving as a member of the Chairmen's Council at Türk-İş. Ali Ekber Güvenç was appointed to İşbank's Board on 27 March 2003.

8- KÖKSAL BURKAN

Director

Born in Oltu/Erzurum in 1950, Köksal Burkan graduated from the Department of Sciences of Erzurum Institute of Education. He started his professional career at İşbank's Karadeniz Regional Department in 1980, and was appointed to Torul/Gümüşhane Branch as an assistant chief in 1983. After serving at various İşbank's branches as assistant chief, chief, assistant manager and branch manager he was appointed to Problem Loans Department as the Manager in 2003. Köksal Burkan was appointed to İşbank's Board on 31 March 2005.

9- CANER ÇİMENBİÇER

Director

Born in 1952 in Bursa, Caner Çimenbiçer graduated from the Faculty of Administrative Sciences, Middle East Technical University in 1973. He started his professional career at İşbank's Board of Inspectors in 1974. He was appointed to İşbank's Accounting Department as an Assistant Manager in 1983, and as a Group Manager in 1986, and Accounting Manager in 1987. He became Deputy Chief Executive in 1990, and Senior Deputy Chief Executive on 28 October 1998. Caner Çimenbiçer was appointed to İşbank's Board on 31 March 2005.

10- SALİH KURTULUŞ

Director

Born in Kalkandelen (Macedonia) in 1947, Salih Kurtuluş graduated from İstanbul Private School of Journalism. He started his professional career at İşbank's Ayaspaşa/İstanbul Branch in 1974 and became assistant chief in 1977, at the same Branch. He pursued his career at various İşbank branches as chief, assistant manager and branch manager until 2005. Salih Kurtuluş was appointed to İşbank's Board on 31 March 2005.

11- PROF. DR. SAVAŞ TAŞKENT

Director

Born in İstanbul in 1943, Prof. Dr. Savaş Taşkent graduated from the Faculty of Law, İstanbul University. He started his academic career in 1971, in the Department of Law of The Faculty of Basic Sciences, İstanbul Technical University. He received his Ph.D. degree from the Faculty of Law of İstanbul University in 1980, and became assistant professor at İstanbul Technical University, Faculty of Management Sciences and Engineering in 1982, and associate professor in the Department of Labour and Social Security Law in 1984, and professor in 1990, in the same Department. He served as the assistant-dean between 1986 and 1992, and the assistant-rector between 1996 and 1998. He had some studies at Erlanger and Heidelberg Universities in 1982 and in 1987. He served as an advisor to the Ministry of Work and Social Security between 1991 and 2000, and attended ILO Conferences in Geneva as the advisor to the Government between 1991 and 2003. He is the author of various articles and publications on Labour Law. Prof. Dr. Savaş Taşkent was appointed to İşbank's Board on 31 March 2005, and is currently a University Lecturer in the Department of Law, İstanbul Technical University.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



H. ERSİN ÖZİNCE
Deputy Chairman and Chief Executive Officer

Companies that are market leaders are the ones that create the highest long-term returns for their shareholders.

Işbank is Turkey's leading privately-owned bank.

The sustainable leadership position of the Bank will help it

- grow further,
- expand its market shares,
- produce more value

not only in the short term but also in the long run.

Distinguished shareholders, customers, colleagues, and business partners:

2004

2004 was a year in which the global economy achieved the best performance on record since 1973. For the Turkish economy, which registered its third consecutive year of sustained growth, it was a successful year as well. The national economy grew 9.9% year-to-year in 2004 while the efforts to finally solve the problem of chronic inflation that has plagued the country for so many years were highly successful.

In such a favorable climate, the Turkish banking industry shook off the last traces of the country's economic crisis and returned to the path of growth. Much more important than financial performance however was the fact that the country's banks returned to their basic functions of collecting resources and channeling them into productive economic activities. The result was a substantial increase in lending to both individuals and to companies. In 2004 the banking industry saw its total assets reach TL 306.5 quadrillion while it posted a net profit amounting to TL 6.5 quadrillion.

Işbank is the biggest privately owned bank of our country.

For Işbank, 2004 was also a successful and productive year in which it strengthened and built upon its leading position in the sector, pursued its strategy of growth with profitability, and further enhanced its financial performance.

We strengthened our financial performance by means of successful liquidity, credit, interest rate, and exchange rate risk management policies while further developing our Bank's existing competitive advantages.

As of year-end 2004, Işbank stood out among all private-sector banks as the one having the most profits, the most assets, and the most deposits and shareholders' equity in Turkey.

On the basis of its consolidated international financial figures at year-end 2004, Işbank also ranked as the company with the highest asset size and equity base in Turkey.

We are proud to bear the standard of our national banking industry thanks to:

- A stable and broad-based shareholder structure
- High growth potential
- A balance sheet structured so as to derive maximum advantage in a low-interest environment
- An ability to diversify and stabilize sources of income
- A preponderance of high-yield, interest-bearing Turkish lira assets
- Low funding costs

- Extensive delivery channels that take maximum advantage of sectoral and economic growth
- An entrenched lending culture and broad experience that spearheads growth in the credit market

At end-1994 Işbank's assets were worth USD 5 billion. A decade on, they were approaching USD 29 billion as of end-2004. Işbank's rapid yet healthy growth performance has enabled it to move well ahead of its competitors as it advances sure-footedly towards its goal of being a bank of international dimensions. The Bank's lendings amounting to TL 12.5 quadrillion, its deposits worth TL 24.3 quadrillion, and its TL 7.6 quadrillion in shareholders' equity are the other basic indicators that reveal Işbank's scale and position in the sector.

The dimensions and volumes revealed in these basic balance sheet figures also have an impact on Işbank's profitability. Our successful performance in 2004 reflected favorably on our results, generating a gross profit of TL 2.2 quadrillion. Net profit after setting aside provisions was up 32% compared with 2003 and amounted to TL 635 trillion.

A sound financial base

Excluding the period profit, Işbank's shareholders' equity has grown fourteen-fold over the last decade, rising from USD 352 million to USD 5.2 billion.

As defined by internationally accepted standards and criteria, our capital adequacy ratio, which is an indicator of the strength of a bank's financial and a

measure of its ability to support healthy growth, is three and a half times the legally required minimum.

Our shareholders' equity accounts for 20% of the Bank's total liabilities. Such a high ratio is an indication of a high level of potential leverage that is inherent in İşbank's balance sheet and will trigger its future growth.

The sources of our funding

İşbank is by far the leader in deposits among privately-owned banks in Turkey.

Looking at the liability structure of İşbank's balance sheet, one immediately notices that a broad base of low-cost deposits provides the main source of the banks funds. We foresee that our Bank's leadership in the area of deposits will be further entrenched as the unfair competition in the sector diminishes and that its market share of deposits will grow even more.

The amount of credit received by the Bank accounts for only a 10% share of total liabilities. This is a very low level and it is an indication that İşbank possesses significant potential that it has barely even begun to tap. Our success and the confidence that international markets have in us were clearly revealed in the USD 600 million securitization that the Bank negotiated in 2004. Not only was this the biggest loan of its kind ever raised in Turkey, but it also had the longest terms on offer.

The meaning of our leadership in deposits

İşbank's total deposits grew 9.2% in 2004 and reached TL 24.3 quadrillion. The Bank has further extended its lead among its competitors as the biggest privately-owned bank in Turkish lira and foreign currency deposits. In 2004 İşbank controlled a 12.3% market share of the system's total deposits.

İşbank's leadership in deposits is the clearest possible indication of the confidence that people have in the Bank and of their loyalty towards it.

Continued support for the real sector

In 2004 İşbank once again continued its long-standing policy of lending for the purpose of financing real-sector activities. The Bank increased the dimensions of its overall loan portfolio, raising it to the TL 12.5 quadrillion level. The portfolio of Turkish lira loans increased 60% and its share of the total reached 66%.

Another significant development in the loan portfolio last year was the rise in loans extended to retail customers and to small and medium-sized enterprises: such loans now make up 65% of the total. The growth in broad-based and high-yielding Turkish lira loans contributes substantially to our credit interest margins on the one hand while further enhancing İşbank's asset quality on the other.

The importance of non-interest income

The disinflationary process that has been going on in Turkey for the last three years has also had the effect of seriously narrowing lenders' interest margins. This situation has clearly exposed the need for the banking sector to increase its balance sheet dimensions. In a low-interest environment, scale and volume become the determining factors of success. The size of its shareholders' equity, a high capital adequacy ratio, and economies of scale all give İşbank the strength it needs to enlarge its balance sheet.

In the year to end-2004, İşbank secured TL 837 trillion in commissions, a performance that put it first among privately-owned banks in terms of such income. This is not only a sign of an increase in the quality of our revenue stream but also an indication of one of the underlying competitive advantages that allow us to sustain our profitability in a business environment in which interest rates are falling.

We are gearing up to carry the İşbank trademark into new territories in the near future.

Developing global service competencies

İşbank is committed to further developing its global service competencies.

We intend to pursue growth in Balkan countries through İşbank GmbH, our banking subsidiary in Germany, which has itself been demonstrating solid, successful growth for many years. As a first step in this strategy, we plan to open a branch in Bulgaria.

China and Russia are two other geographical markets that we are taking a close interest in. In a context of expanding trade with Arab countries, we are seeking ways to develop our banking business and increase our effectiveness in those markets as well.

We are gearing up to carry the İşbank trademark into new territories in the near future.

The dynamics of the coming period

The importance and value of having extensive service and delivery channels in banking industry will increase gradually. This is because greater use of alternative delivery channels increases the size and effectiveness of the customer base while simultaneously lowering costs. At the same time, an extensive branch network creates important competitive advantages by giving the Bank wider access to resources and creating more opportunities to make placements.

In this respect, İşbank is very well positioned in the sector. It has more branches in its network than any other privately-owned bank while it ranks first among all banks from the standpoint of the number of its installed and operating ATMs. As "Turkey's Bank" we are delighted to be cited by Retail Banking Research Ltd in its "Global ATM Market and Forecasts to 2009" survey of the world's top 100 banks with the most extensive ATM networks.

Since 2001 the Turkish banking sector has been undergoing a process of deep change and transformation. Another widely held expectation is that foreign banks will be taking an increasingly greater interest in the sector in the near and medium terms. Some of the world's leading international banks have been active in Turkey for quite some time but at present, their combined share of the sector is below 5%. That is likely to change considerably in the period ahead.

With its existing structure and position, İşbank is ready, willing, and able to take on any competition that the system can come up with. We are currently involved in major, comprehensive projects to further expand our competitive strengths and abilities. These projects will be brought to completion in the near future and put into effect, which will further contribute to our competitive position in the sector while also supporting the Bank in achieving its medium-term goal of raising its existing 13% market share of the sector's total asset by 50%.

As in the past, İşbank will continue to support the Turkish economy to an ever-increasing degree as the pioneer and leader of the national banking industry. In closing, I extend my thanks to our shareholders, employees, customers, and business partners for the valuable support with which we have all together been the authors of this success.

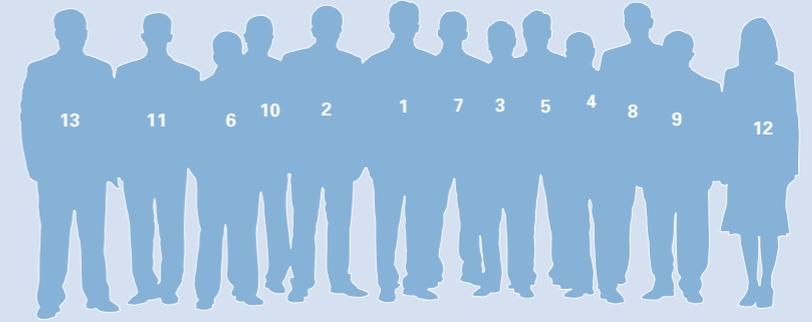


H. Ersin ÖZİNCE
Deputy Chairman and
Chief Executive Officer

EXECUTIVE COMMITTEE

Executive Committee

- 1 H. Ersin Özince, Deputy Chairman and Chief Executive Officer
- 2 A. Aykut Demiray, Deputy Chief Executive
- 3 A. Cüneyt Demren, Deputy Chief Executive
- 4 M. Sırrı Erkan, Deputy Chief Executive
- 5 Kadir Akgöz, Deputy Chief Executive
- 6 Özcan Türkakın, Deputy Chief Executive
- 7 Mete Uğurlu, Deputy Chief Executive
- 8 H. Fevzi Onat, Deputy Chief Executive
- 9 F. Kayhan Söyler, Deputy Chief Executive
- 10 Ali Kocabaş, Deputy Chief Executive
- 11 Zafer Memişoğlu, Deputy Chief Executive
- 12 Hülya Altay, Deputy Chief Executive
- 13 Mahmut Magemizöglü, Deputy Chief Executive



1- H. ERSİN ÖZİNCE

Deputy Chairman and Chief Executive Officer
(Please see page 11 for Mr. Özince's cv.)

2- A. AYKUT DEMİRAY

Deputy Chief Executive

1954, Balıkesir. A. Aykut Demiray is a graduate of Middle East Technical University (Faculty of Administrative Sciences, Department of Business Administration). He began his career at İşbank in 1979 on the Board of Inspectors and undertook various duties in a number of the Bank's units and branches. He was appointed Deputy Chief Executive on 28 October 1998.

3- A. CÜNEYT DEMREN

Deputy Chief Executive

1950, İstanbul. A. Cüneyt Demren is a graduate of the Academy of Economic and Commercial Sciences. He joined İşbank as a Trainee Clerk in 1973. After serving in positions in a number of the Bank's units and branches he was appointed Deputy Chief Executive on 28 October 1998.

4- M. SIRRI ERKAN

Deputy Chief Executive

1955, Siirt. M. Sirri Erkan is a graduate of Ankara University (Faculty of Political Sciences). He joined İşbank in 1981 as an Assistant Inspector and has served in a number of the Bank's units. He was appointed Deputy Chief Executive on 26 April 2001.

5- KADİR AKGÖZ

Deputy Chief Executive

1950, Trabzon. Kadir Akgöz is a graduate of Middle East Technical University (Faculty of Engineering, Department of Chemical Engineering). He began his career at İşbank in 1978 as an Assistant Systems Specialist in the Organization Department and has served in a number of the Bank's units. He was appointed Deputy Chief Executive on 27 February 2002.

6- ÖZCAN TÜRKAKIN

Deputy Chief Executive

1958, Afyon. Özcan Türkakin is a graduate of Boğaziçi University (Faculty of Administrative Sciences, Department of Economics) and received a master's degree from the same department. He joined İşbank in 1984 as an Assistant Economics Specialist in the Department of Economic Research and Planning and has served in a number of the Bank's units and İş Investment. He was appointed Deputy Chief Executive on 27 February 2002.

7- METE UĞURLU

Deputy Chief Executive

1955, Ankara. Mete Uğurlu graduated from the Faculty of Business Administration of the Middle East Technical University in 1978. He joined İşbank's Organization Department the same year as an Assistant Organization and Methodology Specialist. He then became a Systems Specialist and was appointed as the Assistant Manager of the IT Department in 1988, as the Group Manager of the same department in 1990 and the Manager of the Organization Department in 1996. He became a Deputy Chief Executive on 26 August 2002.

8- H. FEVZİ ONAT

Deputy Chief Executive

1959, Ankara. H. Fevzi Onat is a graduate of Hacettepe University (Faculty of Social and Administrative Sciences, Department of Economics). He began his career at İşbank as a member of the Bank's Board of Inspectors in 1981. After serving in a number of the Bank's units and branches, he was appointed Deputy Chief Executive on 26 August 2002.

9- F. KAYHAN SÖYLER

Deputy Chief Executive

1954, Kadiri. F. Kayhan Söyler is a graduate of Marmara University (Faculty of Economic and Administrative Sciences, Department of Economics). He began his career at İşbank in 1976 as a trainee clerk at the Galata branch. After serving in a number of the Bank's units and branches, he was appointed Deputy Chief Executive on 27 October 2003.

10- ALİ KOCABAŞ

Deputy Chief Executive

1952, Ödemiş. Ali Kocabaş is a graduate of Ege University (Faculty of Economics). He began his career at İşbank in 1976 as a Trainee Clerk. After serving in a number of the Bank's units and branches, he was appointed Deputy Chief Executive on 27 October 2003.

11- ZAFER MEMİŞOĞLU

Deputy Chief Executive

1952, Ceyhan. Zafer Memişoğlu is a graduate of the Adana Academy of Economic and Commercial Sciences. He joined İşbank in 1981 as an Assistant Inspector. After serving in a number of the Bank's units and branches, he was appointed Deputy Chief Executive on 30 March 2004.

12- HÜLYA ALTAY

Deputy Chief Executive

1958, Çanakkale. Hülya Altay is a graduate of Ankara University (Faculty of Political Sciences). She joined İşbank in 1982 as an Assistant Economics Specialist. After serving in a number of the Bank's units and branches, she was appointed Deputy Chief Executive on 30 March 2004.

13- MAHMUT MAGEMİZOĞLU

Deputy Chief Executive

1959, Antakya. Mahmut Magemizoğlu is a graduate of Middle East Technical University (Faculty of Administrative Sciences, Department of Business Administration). He holds a master's degree in investment analysis from the University of Stirling (UK).

Mr. Magemizoğlu began his career at İşbank in 1982 on the Board of Inspectors and served in a number of the Bank's units. He was appointed Deputy Chief Executive on 18 May 2005.

THE WORLD, TURKEY, AND BANKING INDUSTRY IN 2004

In 2004 the global economy grew by **5.1%**, while the Turkish economy registered a **9.9%** rate of growth.

Under the impact of volatilities in oil prices and of the imbalances brought on by rapid growth, it is expected that global growth will lose at least some of its momentum in 2005.

The global economy grew by 5.1% in 2004...

The global economy grew by 5.1% in 2004, its best performance on record since 1973, while the volume of world trade also expanded by 9.9%. Although the 33% rise in oil prices in 2004 adversely affected the global economy, rising consumption and investment outlays nourished an overall high rate of growth.

The 4.4% rate of growth observed in the US economy in 2004 is a reflection of increased domestic demand and investment. This growth was accompanied lower by unemployment levels, which, along with higher oil prices and a weak US dollar, spurred a rise in inflation. The US economy's biggest problems are high budget and current account deficits, neither of which look like being resolved any time soon. The 0.5% rate of growth registered in the Eurozone in 2003 rose a point and a half to 2% in 2004, largely because of increased external demand. Growth in the Eurozone remains sluggish and lags behind that in other industrialized economies primarily because domestic demand is so depressed in countries with big national economies like Germany and Italy. Japan's economy performed better than had been expected in 2004 but the 2.6% rate of growth observed was the result of higher exports and fixed capital investment that were associated with global economic growth.

Growth rates in developing countries were also up in 2004. China's low labor costs and undervalued currency continue to give it an increasingly bigger share of world trade. The Chinese economy grew 9.5% thanks to its exports, the effects of foreign direct investment inflows, and a general rise in investment. Another star performer last year was Russia, more than half of whose exports consist of oil, oil products, and natural gas and whose 7.1% growth rate was nourished by the rise in petroleum prices.

As markets expected, the US Federal Reserve Bank (FED) raised its short-term interest rates in 25 basis-point increases from 1% to 2.25% in an attempt to keep inflationary pressures under control. There were no changes in interest rates in either the Eurozone or Japan on the other hand. Throughout 2004 the dollar remained weak against the euro, a trend that was the result of US budget and current account deficits that were higher than expected. The FED's interest hikes did not support the dollar to the hoped-for degree. The Japanese yen remained generally flat against the dollar throughout 2004 though it too began to appreciate towards the end of the year thanks to high Japanese export performance and a current-account surplus.

The expectations for 2005

It is thought that global growth will lose some of its momentum in 2005 as the effects of volatile oil prices and the imbalances resulting from rapid growth take hold. Projections put the growth rate at 4.3% while world trade is expected to increase 7.4%. As higher energy prices are likely to depress domestic demand, US economic growth is expected to slip to 3.6% while in the Eurozone it will continue to be supported by external demand and drop less than half a point to 1.6%. Responding to the effects of a slowdown in the global economy, the growth rate in Japan may shrink to as low as 0.8%. As disinflation continues in that country, it is expected that

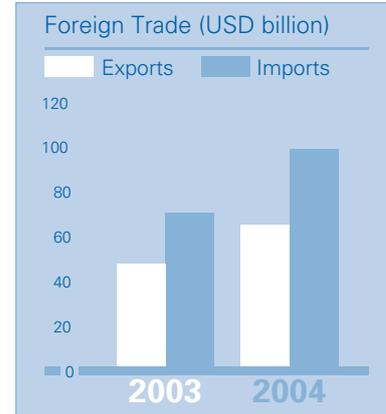
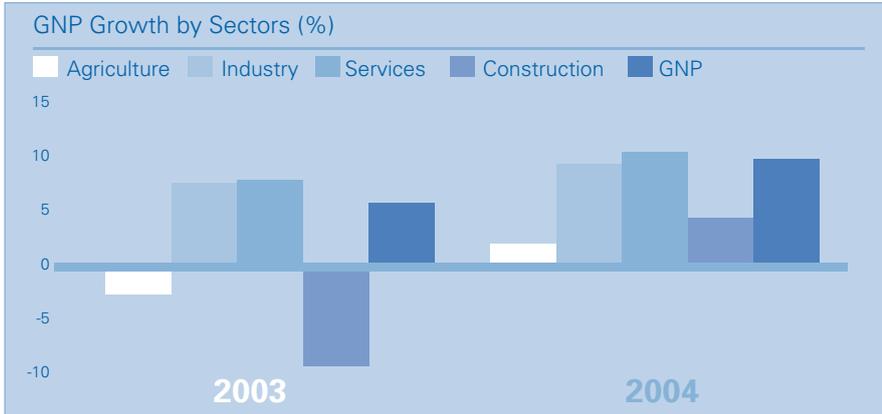
unemployment will decline while the rise in domestic demand will begin to slow down.

The anticipated slowdown in the global economy in 2005 will also take some of the steam out of China's growth and bring the rate down to 8.5%. In Russia, where stable growth is a problem because the country's export revenues are overly sensitive to movements in world commodity prices, growth will probably be around 6% in 2005.

The FED is expected to continue pushing up US interest rates in line with developments taking place on the economic growth, inflation, and employment fronts. In the Eurozone, where unemployment is likely to remain high and domestic demand weak, it seems unlikely that interest rates will be going up any time soon. Similarly Japan's central bank is not expected to make any changes in short-term interest rates so long as disinflation persists in that country.

High oil prices and the US's widening budget and current account deficits will keep any appreciation of the dollar against the euro in check. Because the US is Japan's biggest trading partner, the Bank of Japan frequently intervenes in the USD/JPY parity to prevent the yen from over-appreciating against the dollar. As it is likely to abide by this policy, no major changes in the USD/JPY parity are anticipated in 2005 either.

Adverse weather conditions, strong demand, and political tensions in the Middle East should keep oil prices high and most likely push them even higher in 2005. The impact of this on global growth and worldwide inflation can only be negative.



The Turkish Economy

Developments in the real sector in 2004

In 2004 the Turkish economy grew 9.9%. This is the highest rate of growth registered in 38 years.

Realization of deferred consumption and investment outlays, strong export performance, and increases in productivity were all influential in achieving this record-breaking growth.

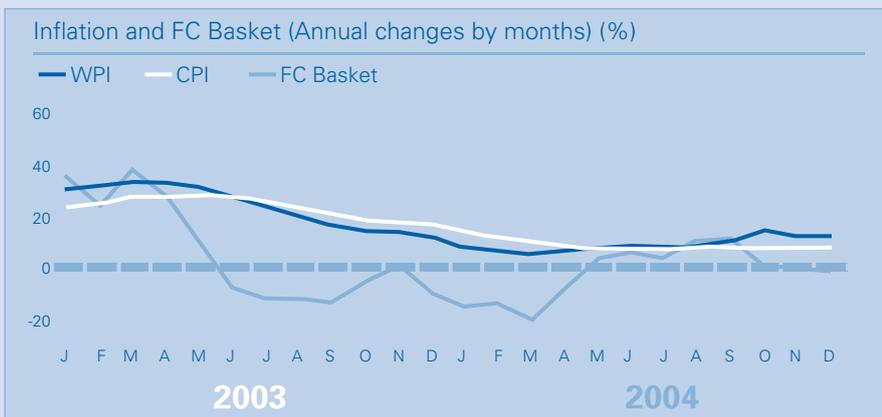
While the biggest contributors to growth throughout 2004 were services and manufacturing industries, there were tangible and long overdue improvements in the construction industry as well. Due to the tight fiscal policy that is in effect and also to the high primary surplus target, public-sector expenditures were kept under strict control and this had the effect of depressing overall growth to some extent.

Exports in 2004 were up 33.6% year-on and reached USD 63.1 billion while imports rose 40.7% during the same period and were worth USD 97.5 billion. The country's exports-to-imports ratio slipped 3.4 points to 64.7% last year.

The contributors to last year's strong export performance were rising productivity, low real wage levels, slimmer profit margins, a high level of global growth, and the appreciation of the euro.

Demand for imported intermediary goods (nourished by high domestic growth rates) and for imported consumer goods (encouraged by the appreciation in the Turkish lira) resulted in a wider foreign trade deficit and an expansion in the current account deficit as well. The latter, which reached USD 15.5 billion, was largely financed by means of portfolio investments, foreign direct investment, and loans secured from abroad by banks and by companies tapping international credit markets themselves. In 2004 the current account deficit amounted to about 5.2% of national income.

Consolidated budget performance in 2004 exceeded targets, with the budget deficit 24.6% lower than what it had been the year before. The ratio of the deficit to GNP declined by 4.2 percentage points to 7.1% in 2004 while the primary surplus weighed in at TL 26.2 quadrillion. The biggest contributor to this positive budget performance was the substantial contraction in interest payments due to the decline in interest rates; but continued budget discipline, which largely kept expenditures under control, and budget revenues unexpectedly greater than had been targeted were also instrumental in achieving these results.



In December 2004, the year-to-year rise in the wholesale price index was down to 13.8% while the increase in the consumer price index had slipped to 9.3%.

While the ratio of the net stock of public debt to GNP continued to decline in 2004, consolidated budget debt as denominated in USD rose 16.3% in USD terms in 2004 in line with the appreciation in TL and reached USD 235.8 billion from its 2003 level of USD 202.7 billion. Worries over the sustainability of the national debt lessened somewhat in 2004 on account of lower interest rates, longer maturities, and an increased appetite for Turkish Treasury debt even outside the banking system.

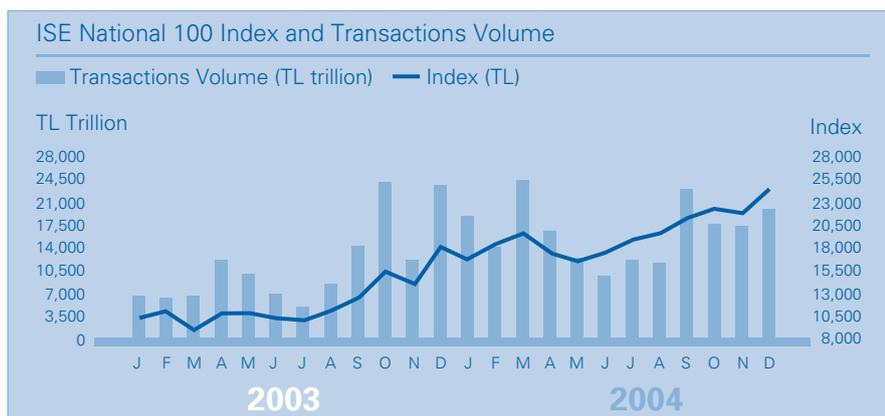
Despite a number of public-sector price hikes (brought on by higher international commodity prices), inflation continued to subside in 2004. This downward trend is attributable to a rapid drop in agricultural prices, tight fiscal policy, a strong Turkish lira, and limited pressure brought on by domestic demand. In December 2004, the year-to-year rise in the wholesale price index was 13.8% while the increase in the consumer price index was 9.3% during the same period. While consumer price inflation was below the government's 12% target, higher than expected oil prices pushed the rise in wholesale prices to almost two points above it.

Overnight borrowing interest rates, which were around 26% at the beginning of 2004, dipped to as low as 18% in a series of stages during the year in response to the decline in inflation and sustained budgetary discipline. The 25.5% benchmark rate on the Treasury's borrowing at the beginning of the year receded to the 20% level by the year-end. This is attributed to positive developments in macroeconomic indicators, to the announcement of a date for the start of Turkey's EU accession

negotiations in December, and a preliminary agreement with the IMF on a new economic program covering the years 2005-2007. The average compound interest rate resulting from the Treasury's auctions, which was 45% in 2003, nearly halved to 25.7% in 2004.

The risk premium on Turkish eurobonds followed a somewhat volatile course in 2004 as it responded to changes in US Federal Reserve interest rate policy, to developments on the economic and political fronts in Turkey, and to EU-related expectations. The 309 basis-point risk premium at the end of 2003 contracted to 265 by the end of December largely as a result of the EU negotiation date and new IMF stand-by agreement announcements.

Developments in domestic and international markets had an impact on exchange rates in Turkey all year long in 2004. In the twelve months to end-2004 USD depreciated 3.8% while the basket consisting of USD 1.00+EUR 0.77 appreciated 0.3% against Turkish lira. Based on the CPI, the rise in the real exchange rate index was 1.8%.



Paralleling positive developments on the growth front and declining interest rates, the volume of the sector's lending increased 56% and reached USD 74 billion.

Deposits and Loans (Changes over the previous year-end) (%)



Banking Industry Main Indicators (TL quadrillion)

	2003	2004
Assets	249.7	306.5
Deposits	155.3	191.1
Shareholders' Equity	35.5	46.0
Marketable Securities	106.8	123.7
Loans	66.2	99.3
Net Profit	5.6	6.5
Loans/Assets (%)	26.5	32.4
Marketable Securities/Assets (%)	42.8	40.4
Deposits/Liabilities (%)	62.2	62.3
Shareholders' Equity/Liabilities (%)	14.2	15.0

Source: BRSA

The ISE National-100 index, which began 2004 at 18,625, also followed a rather volatile course as it responded to domestic political and EU-related developments. The total volume of stock trading on the İstanbul Stock Exchange was up 42.1% year-on in 2004, while the Turkish lira value of the market's capitalization rose 38% and the index was up 34.1%. Developments on the economic front and positive expectations concerning the future led to an increase in public offerings last year.

Developments in the Turkish banking sector

At end-2003 the Turkish banking sector's total assets were worth USD 178.9 billion. During 2004 they increased 27.6% and reached USD 228.3 billion in value. While a strong Turkish lira and a weak US dollar were contributing factors to this hefty increase they were by no means the most important ones. In terms of profitability the sector performed less spectacularly however, with total profits going from USD 4 billion in 2003 to USD 4.8 billion in 2004.

Paralleling positive developments on the growth front and declining interest rates, the volume of the sector's lending increased 56% and reached USD 74 billion. The biggest contributors to this growth were a surge in retail loans and in lending to SMEs to support private-sector investment. Total consumer loans

It is also expected that retail loans will increase in importance in 2005 with home loans making up a larger share of retail loans. Investment security portfolios on the other hand will become less important among banks' assets.

and credit card lending was up 107.5% and the share of these placements in total lending reached 26.8%. Despite the expansion in lending however, the ratio of non-performing loans to total lending almost halved from 11.5% in 2003 to 6% in 2004. With banks lending out more of their funds and with non-banking sectors' preferences cutting back banks' resource inflows, the growth in banks' security portfolios was quite modest last year: indeed it even lagged considerably behind the expansion in the security portfolios of non-financial companies.

Total deposits at end-2004 were up 27.9% year-on, a rise in which the increase in Turkish lira accounts was instrumental, and reached USD 142.4 billion. The relatively higher interest rates offered on TL investment vehicles, the steady appreciation of the lira, and movements in parity reduced the share of foreign currency deposits in the total from 48.6% in 2003 to 44.7% in 2004. Although the rate of transforming deposits into credit was up, the increase in total deposits was less than that in total lending as investors preferred investing in treasury papers rather than deposits due to the yield difference. The total portfolio of Treasury debt held by non-bank entities rose 26% in real terms in 2004.

The increase of the share of loans in total assets, the downward trend in the ratio of non-performing loans to total lending, the reduced share of investment portfolios in total assets, and continued profitability should all be seen as evidence that the banking sector is on the right course.

Expectations for 2005

In the Turkish economy...

For 2005, the government has announced the fundamental priorities of its macroeconomic policies as "reducing interest rates on domestic borrowing while lengthening maturities, maintaining the downward trend in public debt-to-national income ratio, lowering inflation to single-digit figures, and pursuing growth based on rises in exports and productivity." In keeping with these objectives, in 2005 we can expect to see continued fiscal discipline focused on the primary surplus and on measures being taken to improve the investment and business climate and to further shrink the dimensions of the informal economy.

The government has also targeted a 5% rate of real growth, reducing consumer price inflation to 8%, and achieving a public-sector primary surplus equal to 6.5% of GNP in 2005. The Central Bank for its part has announced that it will abide by its floating exchange rate policy in 2005 and make the changeover to a forward-looking explicit inflation targeting framework system at the beginning of 2006.

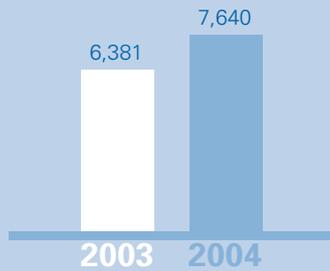
In the banking sector...

It is anticipated that the need for investment will continue, that the demand for medium and long-term investment credit, operating credit, and foreign currency credit will be lively as business volumes expand, and that loans will account for an even bigger share of banks' assets in 2005.

It is also expected that retail loans will increase in importance in 2005 with home loans making up a larger share of retail loans. Investment security portfolios on the other hand will become less important among banks' assets. Deposits will continue to be the main source of funds though it is thought that Turkey's banks will be tapping international markets for funding as well.

AN ASSESSMENT OF 2004 AT İŞBANK

Shareholders' Equity (TL trillion)



Capital Adequacy Ratio (%)

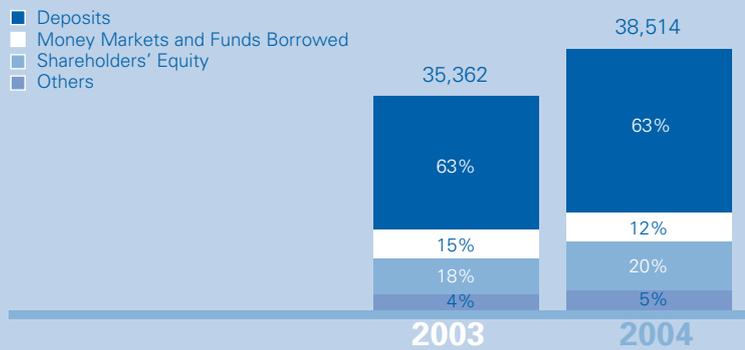


Net and Gross Profit (TL trillion)

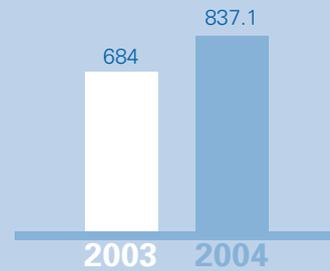


The composition of İşbank's balance sheet makes it ideal for taking maximum advantage of a low-interest business environment. A large part of the Bank's balance sheet consists of high-yielding, interest-earning assets denominated mainly in Turkish liras.

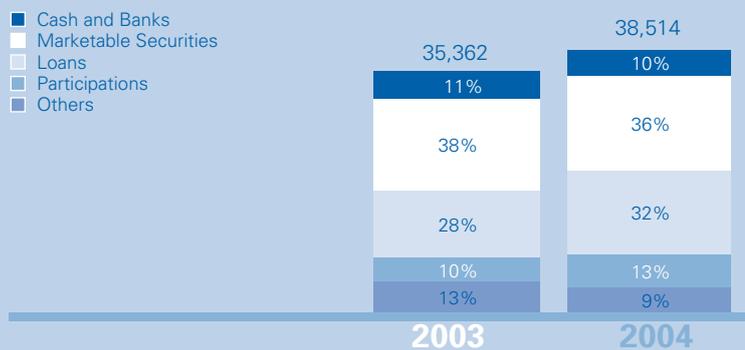
Liabilities Composition (TL trillion)



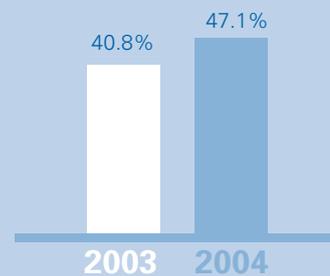
Commission Income (TL trillion)



Asset Composition (TL trillion)



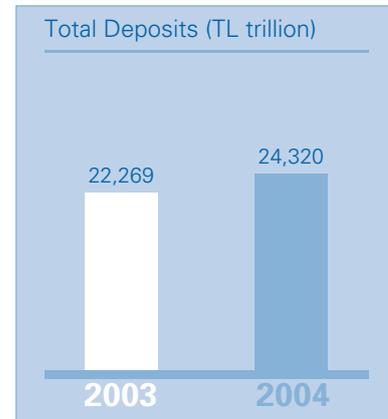
Net Commission Income/Operational Expenses



**Extensive delivery channels • specialized lending culture
• flexible organizational structure • advanced technology
• rich array of products • high capital adequacy**

According to its posted 2004 results:

- From the standpoint of shareholders' equity, İsbank has risen to first place, now surpassing even state-owned banks. The Bank retains its first-place position among privately-owned banks in terms of total assets, total deposits, TL loans, and mutual funds.
- In the last ten years the Bank's total assets increased 200-fold, reaching TL 38.5 quadrillion.
- The Bank is TL 1.75 quadrillion ahead of its closest rival among privately-owned banks in Turkish lira deposits.
- With 848 domestic branches, İsbank has the most extensive branch and alternative delivery channel network of any privately-owned bank in Turkey.
- İsbank generated more commission income (TL 837 trillion) than any other privately-owned bank and has the highest capacity to create non-interest income.
- At TL 2.2 quadrillion, the Bank had the highest gross profit of any privately-owned bank.
- In the last ten years, İsbank's shareholders' equity increased 405-fold and reached TL 7.6 quadrillion while its 29.03% capital adequacy ratio is an indication of its robust financial strength and high growth potential.



The composition of İsbank's balance sheet makes it ideal for taking maximum advantage of a low-interest business environment. A large part of the Bank's balance sheet consists of high-yielding, interest-earning assets denominated mainly in Turkish liras.

With low-cost resources on the one hand, İsbank also has the ability to tap national and international markets for funding under the best possible terms on the other.

The Bank's extensive branch network and delivery channels and its specialized lending culture are the basic components that it needs to take maximum advantage of economic growth and the development of the banking sector.

With a highly flexible organizational structure capable of adapting quickly to changing conditions, advanced technology, a high capital adequacy ratio, and a rich array of products, İsbank is ready to compete on every level nationally and internationally.

RETAIL BANKING

12.3% share of the
domestic market in
deposits

121% rate of growth in
retail loans

Işbank supplies high value adding retail banking products and services to millions of customers through a nationwide service network.

Retail banking

Within the framework of its customer-focused approach to service, Işbank has a strong presence in all the banking products and services that people may need. As in other areas of banking, Işbank has a reputation for being the first to introduce innovations in retail banking and is regarded as a model in the sector.

Işbank serves an extensive base of customers coming from every segment of society with a rich array of products consisting of investment accounts, credit cards, consumer loans, debit cards, ordinary banking transactions, private pensions, and insurance products.

Retail banking services

- In deposit-related services, the primary banking need of most people, Işbank retained its leading position among privately-owned banks with a 12.3% share of the domestic market in deposits in 2004.
- The increase in the Bank's retail loan business continued in 2004. Despite intense market competition, the Bank registered a 121% rate of growth in such loans.
- Salary payments are another retail banking service in which Işbank continues to lead the field. As of 31 December 2004, the number of people being paid their salaries through the Bank was 1.2 million, 6% more than at the end of 2003.
- The growth in credit cards continued, with the number of Işbank-issued cards reaching 3.1 million as of year-end.
- Automatic payment of utility and similar bills is a banking service that people especially appreciate because of its convenience. The number of instructions authorizing such payments increased 20.5% in 2004. The scope of this service is continuously expanding with the addition of new bill collection agreements. As of year-end 2004, the Bank had entered into agreements with 341 firms and organizations and had received 3.8 million bill-payment instructions.
- Işbank is the only privately-owned bank that sells and handles collections for the smartcard-based toll cards that can be used to pay tolls on the Bosphorus bridges and on highways all over Turkey.
- Işbank branches successfully sell insurance products and services of every kind to customers as agents of the Bank's insurance subsidiaries Anadolu Sigorta (general insurance) and Anadolu Hayat Emeklilik (life insurance and private pensions).

Credit cards

28% increase in issued credit cards

"Maximum" is the name of Işbank's credit card program, acknowledged to be one of our country's fastest growing credit card systems. The Bank's extensive national service network and outstanding brand recognition are the principal elements underlying Maximum's success in recent years.

As a result of its market penetration strategy, the total number of credit cards issued to bank customers stood at 3.1 million at year-end 2004. The year-on rise in credit card issues last year was 28%.

The Bank conducted promotional and marketing campaigns aimed at increasing credit card issues all year long, achieving a 70% increase in the use of credit cards by customers for shopping by offering cardholders advantageous shopping opportunities and high-quality service. In 2004 Işbank controlled an 11.8% share of the credit card sector's issued cards and a 13.3% share of its turnover.

Thanks to the inclusion of an increasingly greater number of nationally known brands in the Maximum program, to additional installment and bonus-point campaigns in cooperation with MasterCard and Visa and with leading brand names, and to campaigns offering customers advantageous shopping and repayment conditions on special days or for designated periods of time, the Bank registered an increase in its credit card turnover well above the sector's average.

RETAIL BANKING

Credit card advantages for ATM cards

Bankamatik is the name of İşbank's ATM card. The number of these cards in use at end-2004 was 5.5 million. To encourage the use of these cards as debit cards in shopping, İşbank has included them in its MaxiPuan bonus system. As with credit cards, every purchase made with an ATM card earns the user bonus points. By using their cards to shop in Maximum program member merchants, cardholders earn more bonus points than they can in other places.

Attractive opportunities make Maximum popular with customers

Another campaign launched in 2004 that has drawn strong interest from the Bank's customers is the "Maximum Travel" program. "Maximum Travel" is a loyalty program that allows Maximum cardholders to convert the bonus points they accrue through credit card purchases into airline tickets.

İşbank engages in ongoing R&D activities to identify ways in which to enhance the quality of service it provides its Maximum cardholders. One result of these efforts is "Maximum Opportunity", a program that offers personally-tailored service in the form of coupons and account statements with personalized messages based on a customer's spending habits as well as attractive installments when shopping.

Developments in member merchant numbers, transaction turnovers, and POS terminals

The number of İşbank member merchants increased 49% in 2004 and reached 160,684. The year-on rise in the number of POS terminals was 53%, with the total number reaching 175,672 as of year-end. As a result of the increasing numbers of cards, member merchants, and POS terminals, the turnover from credit card and bank card shopping at member merchants was up 65% year-on, going from TL 4,889.8 trillion to TL 8,070.8 trillion

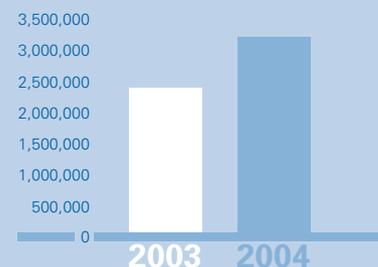
For the purpose of creating a competitive advantage in acquiring business and increasing the sales volumes of the member merchants, JCB (Japan) credit cards issued by banks and other concerns abroad are now being accepted by İşbank POS terminals as well. This addition gives İşbank member merchants access to all four of the world's major and most widely accepted credit card systems: VISA, MasterCard, Diners Club and JCB.

The "Joint POS" project was brought to completion in 2004. The purpose of this project is to allow different banks to share the same POS terminals, thereby reducing investment costs. All valid credit cards issued by other domestic banks can now be used in İşbank ATMs and İşbank-issued credit cards are now also accepted by other banks' ATM networks.

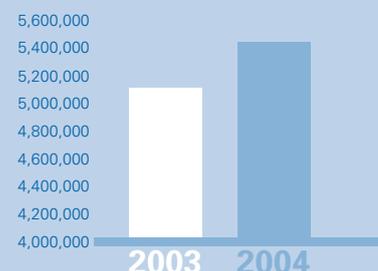
Projects designed to enhance the services offered to member merchants continued during 2004. A project was completed to send out account statements by mail or in electronic format according to members' preferences. A pilot project was also launched that will allow high-volume member merchants to process their account statements directly in their own computer systems.

Under our virtual POS program, it is now possible to purchase Turkish Airlines tickets in USD, EUR, GBP, and ten other currencies. Work is continuing on another project to make the Maxinet 3-D Secure security system available for the use of member merchants as well. This system, which provides the highest level of security in existence today in e-commerce, is already serving İşbank credit cardholders.

Number of Credit Cards



Number of ATM Cards



İşbank member merchants can now access all four of the world's major and most widely accepted credit card systems: **VISA, MasterCard, Diners Club and JCB.**

Rapid increase in the number of Maximum member merchants continues

Maximum is a loyalty program for member merchants that allow Maximum cardholders to take advantage of the many benefits of Maximum cards. The number of Maximum merchants increased 133% and reached 79,292 in 2004.

Major brands with nationwide dealership networks were added to the Maximum program during 2004. As part of the importance given to relationships with member merchants, İşbank organized training activities within the framework of the Maximum Development Club for Maximum member merchants' managers and employees and contributed to their career development.

İşbank will pursue its efforts to expand its member merchant network and continue to add reputable merchants with high transaction and turnover volumes to that network while always being mindful of security and productivity.

For higher-quality, faster service

In line with its objective of increasing its share of the credit card market, İşbank has launched a project to conduct all credit card allocation operations from a headquarters-based operational services unit. The purpose of this project is to provide higher-quality and faster service in credit card operations while also reducing branches' operational workloads and risk exposures.

Under this project, Operational Services Unit has also opened current, investment, and overdraft accounts for the employees of firms whose salary payments are made through the Bank and for various other customer groups. ATM and credit card issues are also being carried out by this unit as well.

Another project that is currently in progress is designed to automatically input the information supplied by customers on credit card application forms into the system using scanners. This system is currently being tested in a limited number of branches.

Consumer loans

The outstanding balance of İşbank's retail loans increased 121% last year.

İşbank is at the service of people from every walk of life with a rich array of personal loan products.

İşbank pursued an active marketing policy in the retail loan market in 2004 and accelerated its effectiveness particularly in motor vehicle, housing, and salary-based consumer loans. The outstanding balance of the Bank's retail loans increased 121% in 2004 and stood at TL 1,595 trillion as of year-end.

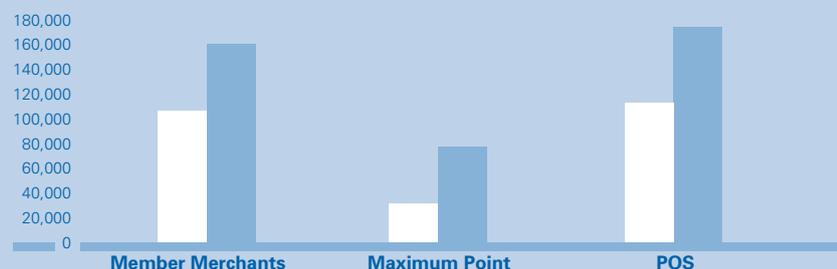
Breakdown of Retail Loans

(TL billion)

31.12.2004	
Consumer loans	1,594,830
Individual credit cards	1,575,968
Overdraft accounts	209,670
Total	3,380,468

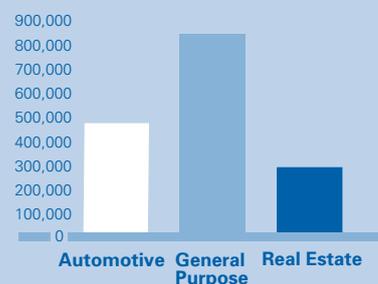
Developments in the Number of Member Merchants, Maximum Point and POS

2003 2004



Breakdown of Consumer Loans

(TL billion)



NON-BRANCH BANKING CHANNELS

Non-branch banking channels

İşbank makes intensive use of non-branch banking channels in order to provide its banking products and services exactly when, where, and how customers want them.

The Bank serves its customers through nine non-branch channels: internet banking, telephone banking, mobile banking, call center, ATMs, internet banking kiosks, automatic cash-deposit machines, and WAP-GPRS banking. The Bank's strategic goal in non-branch banking is to continuously develop their interactive capabilities and increase customers' use of these channels by equipping them with state-of-the-art features.

In 2004:

- The number of customers using non-branch service channels reached 7.5 million.
- The most widely used non-branch service channel is the ATM network, which had a usage ratio of 27.92% as of year end.
- The total number of transactions conducted via İşbank ATMs approached 575 million.
- During December 2004, 94.75% of İşbank ATMs were in operation on average and 98.16% of them were in communication with the system.
- The second most widely used non-branch service channel is internet banking, which was used by 16.39%.
- The number of calls responded to by the Call Center averaged nearly 204,000 a month.
- The Bank continued to provide its customers with brokerage services via its İş'te Yatırım hotline.
- Under its customer relations program, the Bank responded to a total of 105,237 incoming customer messages (complaints, suggestions, requests for information, etc) through all channels. The average response time was 5.71 days.
- The Bank secured TL 28 trillion in commission income through its non-branch service channels.

The utilization rates of İşbank's interactive delivery channels are increasing rapidly.

The Bank expects that more and more non-cash customer transactions will shift away from branches and ATMs to other interactive channels in the years ahead.

The call center's Ankara unit has gone into service.

As part of its Disaster Recovery and Emergency Plan, İşbank has set up another call center in Ankara. The technical infrastructure of this backup call center has been installed and twelve people who were recruited for this unit were given on-the-job training.

The Ankara call center is now providing service during business hours. One of this unit's objectives is to work in tandem with the İstanbul call center and pick up its excess workload during peak business hours. No matter where they may be calling from, customers calling the Bank's 444 0 202 toll-free number will be directed automatically to the İstanbul or Ankara unit according to the number of personnel available and the current volume of traffic at the site.

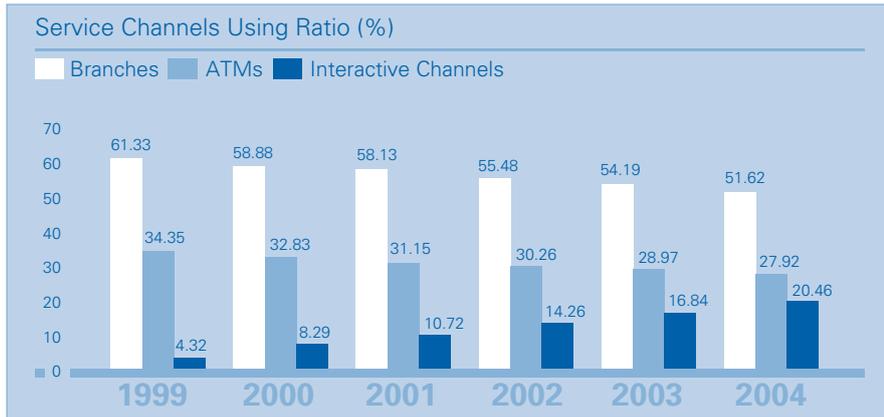
A revamped website and internet branch

İşbank's website and internet branch were completely overhauled during 2004 and began serving users on June 7th.

The content, design, and technical infrastructure of both were completely revamped to make them faster, easier, and more secure for people to use. One of the most important features of the new internet branch is multilayered security settings that customers can personalize according to their wishes.

İşbank is widely acknowledged to be one of the most successful, effective, and extensive users of non-branch banking in our country.

Seeking to provide its customers with banking products and services in the most streamlined format possible, in 2004 İşbank launched a project to allow customers to access their accounts through telephone banking and the internet using a single personal password if they wish. In parallel with technological advances, the Bank will continue to work on projects to achieve the highest level of security possible both for its internet branch and for its customers' accounts.



Anadolu Hayat Emeklilik product sales and promotional activities

The number of private pension accounts, the non-branch sale of which began on 27 October 2003 when Turkey's private pension system went into operation, reached 1,330 as of 31 December 2004. Of these accounts, 233 were sold via the İşbank internet branch.

Under a project conducted jointly by Anadolu Hayat Emeklilik and Petrol Ofisi (POAŞ), a POAŞ Group Pension Plan was developed under which the "retirement points" on purchases of fuel and LPG are transferred to their pension accounts as additional contributions. In this campaign, İşbank provided call center and telemarketing services.

In 2005, the Bank will continue to establish and develop multilevel relationships with customers in different income groups to further enhance retail banking customer productivity and profitability and to increase its transaction volumes in this business line with the objectives of strengthening customer loyalty and developing and deepening customer relationships by increasing the number and variety of the products that individual customers use.

CORPORATE AND COMMERCIAL BANKING

In line with the mission given to it at its inception, İşbank strives to satisfy the needs of different sectors in our country for resources and to support entrepreneurs without making distinctions as to size or scale.

Işbank's TL commercial loans increased 70% in 2004.

Corporate and commercial banking

In line with the mission given to it at its inception, Işbank strives to satisfy the needs of different sectors in our country for resources and to support entrepreneurs in awareness of its social responsibilities, within the framework of standard banking practices and its own basic lending principles without making distinctions as to size or scale.

Işbank's corporate and commercial banking target group

Işbank's corporate and commercial banking target group consists of all business enterprises engaged in production and services activities.

The Bank strives to meet the foreign trade, credit, and cash management requirements of major corporations on the one hand while also reaching out to the entire business world by serving those in every commercial segment in the market from largest to smallest.

Işbank provides its corporate and commercial customers with an extensive range of products and services from credit and loans to cash management services and from foreign trade transactions to project finance.

In 2004 the Bank had more than a quarter of a million active commercial credit customers. These were segmented into groups, placement targets were set for each, and satisfactory levels of results were achieved. Credit pricing was directly linked to data put out by the company rating system that has been developed by the Bank, making it possible to achieve a high degree of general competitiveness on a customer basis.

Developments in lending

Işbank's TL commercial loans increased 70% year-to-year in 2004, with the absolute increase amounting to TL 1,150,537 billion. During the same twelve months, the total of the Bank's foreign currency commercial loans was up the equivalent of USD 254 million or 9% on a USD basis.

The 70% rise in Turkish lira commercial loans stemmed, in order of importance, from increases in general-purpose business loans, medium and long-term loans, and lending to small businesses.

Project finance loans

Işbank is one of the biggest players in the business of project financing in Turkey.

During 2004 the Bank examined projects worth a total of USD 7.6 billion and essential feasibility studies were completed. The great majority of these were projects whose loans would largely be repaid by project-generated revenue streams.

Working in cooperation with domestic and foreign banks, efforts were made to enhance the effectiveness of Işbank in the business of project finance among companies and financial institutions. Even more importance will be given to project finance in 2005 because of its ability to create exceptionally high-quality assets.

Breakdown of Commercial and Corporate Loans

(TL billion)

31.12.2004

Discount Notes	15,924
Import-Export Loans	1,745,660
Loans Given to Financial Sector	143,870
International Loans	102,934
Commercial Loans by Instalments	1,776,922
Corporate Credit Loans	70,672
Commercial Overdraft Accounts	183,190
Other	5,032,202
Total	9,071,374

CORPORATE AND COMMERCIAL BANKING

Resources for small businesses

Small and medium-sized enterprises (SMEs) make up a huge and important target group for İşbank. The national reach of the Bank's service network naturally gives it the ability to serve SMEs that are active all over the country. As it did in 2003, the Bank continued to expand its "small business loan" project aimed at SMEs.

Under this project, the Bank extended loans to tradesmen and artisans and to the members of chambers of industry and commerce as well as to the members of other professional chambers and organizations, including those of physicians, dentists, pharmacists, mechanical engineers, civil engineers, architects, and accountants and the members of bar associations.

The total amount of lending in this category was up approximately four-fold in the year to 31 December 2004 and reached TL 1,551 trillion. Of these loans, 48% went to tradesmen and artisans, 49% to the members of chambers of industry or chambers of commerce, and 3% to members of other professional associations. The number of firms receiving loans was 63,125.

Under the Small Business Export Foreign Currency Loan program, which is aimed at small and medium-sized exporters and manufacturer-exporters, the Bank lent a total of USD 15.9 million to 147 firms last year. Under the Small Business Medium and Long-Term Investment Credit program, whose purpose is to provide financing for small and medium-sized industrial enterprise investments, the Bank lent a total of USD 10.7 million to 57 firms.

İşbank also provides support to the country's farmers. In regions where agricultural activity is widespread, the Bank has begun extending loans to farmers to finance their tractor purchases. These loans have maximum terms of thirty-six months and provide up to 75% of the delivery price of the tractor. During 2004, the Bank lent a total of TL 63,338 billion to 2,514 customers.

Two other loan packages designed to serve the needs of the agricultural sector are the Small and Medium Agricultural Enterprise Loan and the Small Business Greenhouse Production Loan programs. Both these programs are intended to provide financing needed at harvest time by farmers who are registered with a chamber of agriculture.

Cash management services

Taking advantage of its extensive service network and superior transaction capabilities, İşbank provides its customers with high-quality, added-value-creating cash management services.

The Bank's main cash management services consist of tax and social security premium collections; short-term cash facilities; collection agreements with utility, fixed-line telco, insurance, and similar companies and with professional chambers; customized pricing in letters of guarantee commissions direct debiting systems; vehicle recognition systems; dealership card programs; and proceeds collections.

Developments in the Bank's cash management services in 2004 and the results achieved are summarized below.

- There were net increases of 34.73% and 31.97% respectively in the tax and social security premium collections made through the Bank.
- Under the heading of direct debiting systems, which provide a bank guarantee on sales that firms make to their dealers and which also facilitate firms' cash management by making collections in an electronic environment, İşbank served 51 parent firms and 2,968 dealers, handling a total of TL 130.8 trillion in credit allocations.
- Dealership cards, which are as easy to use as credit cards, provide an İşbank

SMEs are an important target group for İşbank.

guarantee for sales on credit that a parent firm makes to its dealers. An important feature of these cards is that they impose no financing costs on the Bank. İşbank has entered into dealership card agreements with fifteen parent firms, which generated a transaction volume worth TL 792 trillion in 2004.

- Electronic check and note collections make it possible to more effectively serve customers that send the Bank large numbers of checks and notes for collection or as collateral while also reducing branches' operational workloads.
- İşbank has introduced a special EFT screen (TEFT) for companies that perform large numbers of EFT and money-order transactions. These screens enable the Bank to provide better-quality service while also reducing branches operational workloads. At end-2004 the number of firms taking advantage of this İşbank service was 133.
- Electronic account statements allow firms to electronically access their account summaries whenever they want and without creating additional operational workloads for branches. The number of firms currently taking advantage of this İşbank service is 17.

Rapid growth in customer desk transaction volumes

Under the Customer Desk program introduced by İşbank in 2004, 105 firms were provided with foreign currency, deposit, and derivative pricing services during the year.

The target group for the İşbank Customer Desk consists of large-scale firms which have high transaction volumes in the areas of foreign exchange, credit, and bank deposits and for whose business there is therefore stiff, price-based competition. The number of firms currently being served by the Customer Desk is 112. Foreign exchange transactions priced by the Customer Desk in 2004 were worth a total of USD 4.1 billion. The firms served by the Customer Desk accounted for a 34% share of İşbank's import-related foreign exchange transactions, a 19% share of its export-related foreign exchange transactions, and a 28% share of its overall foreign exchange transactions.

The Bank plans to expand its Customer Desk activities in 2005 and to pursue rapid growth in the volume of its foreign currency transactions.

Commercial deposits up 22.72%

İşbank's commercial deposit portfolio registered a 22.72% rate of growth in 2004.

Total commercial deposits, which stood at TL 5.8 quadrillion at year-end 2003, reached TL 7.1 quadrillion by the end of 2004.

Developments in Total Commercial Deposits (TL billion)

Commercial Deposits *	31.12.2003	31.12.2004	Change
Demand TL	1,693,987	1,878,077	%10,87
Time TL	1,582,211	2,150,755	%35,93
Total TL	3,276,198	4,028,832	%22,97
Demand FC	803,338	1,048,043	%30,46
Time FC	1,039,033	1,375,707	%32,40
Total FC	1,832,371	2,423,750	%32,27
Banks TL	333,323	428,611	%28,59
Banks FC	333,890	218,964	%(34,42)
Banks Total	667,213	647,575	%(2,94)
Total	5,785,782	7,100,157	%22,72

* Public sector deposits and other deposits are included.

CAPITAL MARKETS

Capital markets

Developments in Capital Market Transactions

(TL trillion)	Market volume			İşbank volume		
	2003	2004	Change (%)	2003	2004	Change (%)
Stocks	293,290	416,846	42.13	14,800*	26,542*	79.33
Bills, Bonds, Repos	3,094,900	3,456,440	11.68	365,796	580,277	58.63

* İş Yatırım Menkul Değerler A.Ş. (İşbank operates as an agency of İş Yatırım Menkul Değerler A.Ş. in the stock market.)

The enduring leader of Turkey's capital markets

İşbank once again maintained its position as the leader of Turkey's capital markets, registering significant increases in its mutual fund, stock market, bond and bill, and repo transactions during 2004.

İşbank's strength in capital markets is derived from:

- Product diversity
- Competitive pricing
- Ability to provide widespread, uninterrupted, high-quality service through its extensive network of branches, ATMs, banking kiosks, and internet branch.

The leader in stock trading volume

İşbank serves 37% of the 1,072,663 people who invest in stocks in Turkey.

As per the related regulations, the Bank acts as an agent of İş Yatırım (brokerage firm). İş Yatırım's transaction volume rose 79.3% in 2004, a year in which the company also saw its market share increase from 5.1% to 6.4%, ranking first among the 112 brokerage companies engaged in corporate share trading on the Istanbul Stock Exchange.

Non-branch service channels accounted for a 90% share of stock trading transactions taking place through İşbank.

High market share in fixed-income securities

İşbank also played an active role in the market for fixed-income securities in 2004.

The Bank successfully defended its high share of the trading on a market in which more than 140 banks and brokerage firms are active. İşbank ranked first from the standpoint of transaction volumes on ISE's "Bond and Bills" and "Repo/Reverse Repo" markets.

Işbank was once again the undisputed leader of Turkey's capital markets during 2004.

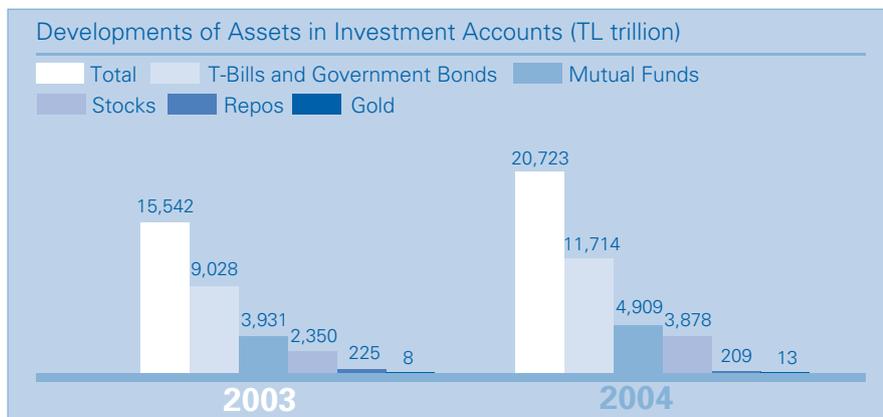
The undisputed leader in mutual funds

Işbank remains the undisputed leader of the mutual fund market, in which it controls a 20% share. Işbank serves investors with fourteen mutual funds designed to appeal to different risk/return profiles.

The customer assets under management in all Işbank mutual funds amounted to TL 4,909 trillion at year-end 2004, 25% higher than what they had been at end-2003.

The Işbank Liquid Fund has the largest portfolio among all the mutual funds active in Turkey. The value of this portfolio increased 50% in 2004 and reached TL 3.3 quadrillion. The Işbank Kumbara ("Moneybox") fund is preferred by more investors (45,928) than any other type-A fund in existence today and is also the first mutual fund targeted at children. In 2004 this fund's portfolio grew 69% in value and reached TL 28 trillion.

Paralleling the positive developments in the Turkish economy, average lending maturities are growing longer. In response to this the Bank is diversifying its mutual funds and has introduced a type-B fixed-income growth fund for investors who are interested in making long-term investments.



In 2004 İşbank completed a USD 600 million securitization deal based on diversified payment rights. **This was a turning-point for Turkey in terms of pricing, dimensions, and maturities.**

TREASURY MANAGEMENT

In a market environment in which different internal and external dynamics conflicted with one another in 2004, İşbank secured maximum advantage from the formation of new balances by means of the proactive strategies it followed within the framework of opportunities to create assets.

A positive economic outlook

Remaining on their relatively stable course, Turkey's financial markets reached a new balance in 2004. The positive appearance achieved by the Turkish economy through its own internal dynamics as well as the flow of global liquidity towards emerging market countries in pursuit of higher returns exerted pressure on Turkish lira interest rates and on the USD/TL parity.

Nevertheless the possibility of changes in international markets' attitudes, especially with respect to the US economy, and fears of inflationary pressures also brought with them the possibility that global liquidity would be diverted from emerging markets and turn instead towards the USA. From time to time such vacillation caused fragility in Turkish financial markets as indeed it did in other emerging markets.

Proactive strategies

In a market environment in which different internal and external dynamics conflicted with one another, İşbank secured maximum advantage from the formation of new balances by means of the proactive strategies that it followed within the framework of opportunities to create assets.

As a result of a dynamic but controlled pricing policy in which deposit dimensions and profitability targets were combined with expectations, İşbank increased its market shares in both Turkish lira and foreign currency deposits and became the leader among the country's privately-owned banks.

An active year in international borrowing

Taking advantage of positive developments, the Bank moved nimbly to benefit from opportunities to tap international sources of funding. Important progress was made in procuring resources with longer terms and at lower costs than deposits.

Having consistently demonstrated its effectiveness in the international arena and continuing to take advantage of alternative sources of funding both as a way of diversifying them and of becoming more integrated with international markets, İşbank last year received a total of USD 850 million on two separate one-year securitization deals carried out in August and December.

İşbank completed two securitizations in 2004. The first, based on the Bank's international credit card receivables, generated USD 150 million while the second,

based on diversified payment rights, brought in USD 600 million in funding.

A new model for the Turkish banking industry

In 2004 İşbank completed a USD 600 million securitization deal based on diversified payment rights. This was a landmark deal in terms of pricing, volume, and maturity, and the largest issue for any Turkish bank in the international debt capital markets.

İşbank's extensive branch network, its investments in alternative delivery channels as well as the greater capacity and quality that these channels make possible, the reputation that its corporate and retail services enjoy in the sector, and the strength of its financial statements were all undeniable contributors to this success.

The heightened international integration demonstrated by these two securitizations is more evidence that İşbank is an important player in financial markets not just in Turkey but internationally as well.

A balance sheet dominated by lending

An examination of the banking sector's consolidated balance sheet reveals that an important structural change took place in banks' asset structures last year: a strong movement away from portfolio investment in favor of loans. The growth in İşbank's assets stemmed from lending, with consumer loans predominating.

An extensive international service network reinforces İsbank's ability to offer products and services.

INTERNATIONAL BANKING

Extensive service network

İsbank's international trade financing and banking operations are carried out through 93 fully-authorized branches, a larger number of partially authorized branches, seven free zone branches, and international branches located in Bahrain, London, and the Turkish Republic of Northern Cyprus.

In the conduct of its international trade financing, İsbank also makes use of the international network of its German-based subsidiary, İsbank GmbH, which has 12 branches in Germany, two in Holland, and one each in France and Switzerland.

Nearly 1,400 correspondents and a transaction volume worth USD 15 billion

İsbank enjoys a strong presence in international banking with a correspondent network of 1,383 banks in 122 countries as of year-end 2004.

Thanks to this extensive correspondent network and to domestic branches located all over the country, the Bank processed foreign trade transactions worth USD 15 billion and was involved in foreign currency transfers totaling USD 30.1 billion.

The expansion of İsbank's international organization continued last year with the opening of its Eastern Mediterranean University branch in the Turkish Republic of Northern Cyprus. The Bank has also decided to open a representative's office in China.

The biggest national bank in Turkey and its neighboring region

İsbank has set its sights on becoming the biggest and best national bank in Turkey and its neighboring region. To this end, the Bank has identified a strategy that focuses on developing relationships and seeking out opportunities for collaboration with banks that are active in markets that are important for the Turkish economy.

In keeping with this strategy, the Bank sees Turkey's neighboring countries, and especially Russia, the Middle Eastern and North African countries, and China as its target markets.

CorrNet: Technology at the service of correspondent banking

As part of its ongoing efforts to develop its technological infrastructure and make it work more effectively for the customer's benefit, İsbank has set up its Ankara International Operations Center for the purpose of centralizing the conduct of branches' international operations.

The Bank has also made its CorrNet program, which makes it possible to view account balances and activities and to transfer funds to İsbank via the internet available for the use of correspondents with which it has accounts.

BUDGET AND PLANNING

Effective resource management

The basic goal of İsbank's budget and planning activities is to coordinate the process of identifying medium and long-term strategies and objectives by means of effective cost management that also complies with internationally recognized norms.

During 2004, the Bank's strategic business program and budget were formulated, product and customer profitability reports were generated, and the results of the fund transfer pricing system that shows the net interest margin on a branch/product/customer basis were monitored in order to achieve the following:

- Implement İsbank's strategies more effectively
- Reinforce a performance-based approach to management
- Identify areas in which profits can be increased and costs can be reduced
- Improve service quality
- Optimize dimensions
- Increase sales-focused activities

HUMAN RESOURCES AND TRAINING

İşbank has human resources that identify with a customer-focused approach to service, quickly adapt to innovations in banking when they occur, are well trained, and are highly motivated. As of year-end 2004, the Bank employed 16,055 people.

People at İş

A pilot project launched in September 2003 was carried out using a newly developed performance evaluation system that has been designed to determine the degree to which an employee satisfies the competencies expected of him and fulfills the tasks given to him while also identifying areas in which he is strong or needs to develop himself. Work is currently in progress on improving the system in light of the results obtained from the pilot project.

Under this project, work has begun in setting up a human resources information system that will make it possible for reports to be generated in whatever format needed while also permitting database management and backup. This involves designing and creating a hardware and software infrastructure for such processes as training management, performance management, and career progress that is capable of:

- Integrating databases
- Coordinating data flows and work flows
- Providing appropriate levels of authorization for those who log onto the system
- Supporting a self-service approach in accessing information.

A preferred employer

İşbank continues to be the banking industry employer that people most prefer to work for. The number of job applications submitted to the Bank in 2004 was 49,655.

As part of the "People at İş" Project, the Bank's recruitment and placement processes have been restructured and now all job applications must be submitted through the Bank's website at www.isbank.com.tr.

"People at İş" is İşbank's human resources management project.

Training management at İşbank is informed by a long-term approach that supports the Bank's principle of filling management position vacancies from within the company itself.

Training activities

A long-term point of view

Training management at İşbank is informed by a long-term approach that supports the Bank's principle of filling management position vacancies from within the company itself. A fundamental tenet of training policy is to give employees at every level opportunities to develop themselves technically, professionally and personally in the course of their careers at the Bank. In line with this approach, the Training Department monitors new developments, adapts them to the Bank's own needs, and conducts training programs to create and support high-quality human resources.

Training for 12,384 people

The total number of people taking part in all training activities in 2004 was 12,384. Overall training time per person was 41 hours.

The types of training and the numbers of their participants are summarized below.

- Classroom training provided in-house: 8,575 people
- Web-based e-training: 2,575 people
- Extramural training provided by other institutions and organizations: 1,219 people
- Trainings in other countries: 15 people

During 2004 the Training Department held examinations for the recruitment of bank personnel such as clerks, assistant specialists, and temporary hires; examinations for bank personnel for promotion to higher management positions; and financial analysis, foreign exchange operations, and foreign language competency examinations in which employees demonstrate their abilities in specialized areas in order to qualify for additional benefits. 23,399 people sat for the written examinations and 3,843 were called back for oral examinations.

A total of 117,375 copies of 22 different books were printed to help the personnel prepare for examinations and contribute to their professional and personal development and were distributed to bank employees.

INFORMATION TECHNOLOGIES

İşbank carries out its activities in the area of information technologies within the framework of its mission of supplying the best banking products and services in Turkey to customers on the most advanced platforms, at the most suitable price, and in the most secure way.

The following are highlights of the activities taking place at the Bank in line with this mission during 2004:

- The automation of user management and password changing systems was completed. Paralleling the Technological Advance Project (TAP), greater use of e-mail was made possible by means of updated and more functional software versions.
- Documents previously sent to branches in paper format can now be read in electronic format by means of an "E-list" program.
- The SWIFT link was transferred to an internet-based communication channel.
- Branches' data lines were improved with the addition of ADSL and G.SHDSL technologies to meet their greater bandwidth needs.
- Projects were conducted to make use of suitable wireless technologies in POS devices, ATMs etc, and branches where required.

Software development

The most intensive and comprehensive project undertaken in 2004 in software was concerned with the changeover to the new Turkish lira, when six zeros were discarded from the Turkish lira as of the beginning of 2005. The infrastructure changes required for this were successfully completed on schedule and at midnight on 31 December 2004, the Bank's entire system was up and running under the new currency.

Supplying the best in service on the most advanced, the most effectively priced, and the most secure platforms.

İşbank Central Operations Unit's new service building in Güneşli-İstanbul will be completed during 2005.

ORGANIZATIONAL ACTIVITIES

Central Operations Project

The Central Operations Project was launched with the vision of creating opportunities for İşbank business units to focus their attentions on customers, sales, and profits; increasing branches' business-creation capacities; and achieving operational perfection by allowing all operational transactions to be carried out from a single center rather than separately by individual units.

Work on this project continued in 2004 along a number of lines. Construction of a building in İstanbul-Güneşli to house the Central Operations Unit is slated for completion during 2005. Work is currently in progress on designing the unit's initial and ideal organizational structure. The project organization and project communication plan has been formulated; work on developing the project's human resources, logistical infrastructure, and coordination with other projects is proceeding on schedule.

Plans are to have the unit commence operations in May 2005, initially with the Credit Card Operations Center and the Foreign Exchange Operations Center. It is expected that other operations will be phased in and taken over by the unit by the end of 2005.

Process management

Activities under the heading of process management in 2004 were planned and carried out on the basis of processes identified as having high priority under the ongoing Central Operations Project.

The focus of planning process management activities in 2005 will again be the Central Operations Project as well as the TAP Project.

Technological Advance Project

The Infra/Superstructure Renovation, Graphical Signature, Electronic Form Processing, E-List, Customer Greeting, and Branch/Bank MIS modules of the Technological Advance Project (TAP) were completed in 2004 and are now in use throughout the Bank. The next phase being undertaken is the Branch Technological Advance Project, whose purpose is to reduce individual branches' workloads and enable them to devote their full attention to customer and marketing-focused activities.

Quality

Under the İşbank Service Quality Development Program, the findings and conclusions of the "Customer Feedback on Development" Pilot Project implemented in nine selected branches in İstanbul were reported to senior management. Work on the second phase has begun.

In 2005 the Bank will begin activities leading to the formation of a Quality Management System in the Central Operations Unit.

R&D activities

The objectives of İşbank's R&D activities are to develop new methods in the use of technology in banking and to strengthen the Bank's competitive advantages by researching and developing applications that will improve customer service quality and satisfaction.

R&D work is currently in progress on such projects as smartcard applications, biometric identity verification, digital signature pads, assistant teller money deposit/withdrawal systems, taking and databasing customers' photographs, and e-credit applications. Under the heading of R&D activities, a close watch is maintained on all developments related to banking and the use of technology and appropriate bank units are kept informed about them.

Branch renovation projects

Under the Systematic Branch Design Program, branches' physical layouts and operational organizations are being completely redesigned. During 2004, design work for 91 branches was completed, bringing the total number to 297. An additional 115 branches are slated to undergo redesign in 2005.

Under the Systematic Renovation Program, 54 branches were renovated in 2004 and another 26 have been included in the program in 2005.

RISK MANAGEMENT AND INTERNAL AUDIT AT İŞBANK

İşbank's risk management and internal audit systems are structured in parallel with the most advanced techniques in the world today and in accordance with the principles spelled out in the legal framework governing risk management and internal audit in our country.

For İşbank, risk management and internal audit processes are living and dynamic processes, and applied uniformly throughout the entire organization.

The Bank's internal audit system is the responsibility of the Board of Inspectors and Department of Internal Control while the risk management system is the responsibility of the Department of Risk Management.

The Board of Inspectors at İşbank reports directly to the chairman of the Board of Directors while internal audit and risk management units report to a company director who is responsible for risk management and internal audit.

The Internal Audit System

Board of Inspectors

The Board of Inspectors is responsible for conducting inspections, investigations, and examinations in the Bank's headquarters units and branches as well as in all organizations and companies that are subject to the Bank's oversight. The board also audits all bank activities and operations, with a special focus on the functioning of the risk management and internal audit systems.

The Board of Inspectors is responsible for the audit of the Bank's headquarters units and branches, of organizations subject to the Bank's oversight, and of the functioning of the risk management and internal audit systems.

Consisting of 90 inspectors and 133 assistant inspectors, the board has employed more than a thousand inspectors since its inception. With roots that run deep in İşbank traditions, the Board of Inspectors employs advanced notions of auditing in the conduct of its duties.

During 2004, the Board of Inspectors performed inspections at 360 branches, five headquarters units, and five bank subsidiaries. Reports of the findings of these inspections together with recommendations for improvements made by members of the board were sent to appropriate units for the purposes of eliminating shortcomings and increasing the productivity of business processes.

In keeping with its mission of also being an innovator and a pioneer, the board made important progress in 2004, in the direction of developing inspection methods and increasing risk-focus in the conduct of audits for the purposes of achieving economies in time and labor and of enhancing the effectiveness and quality of audits.

Especially in the auditing of activities, processes, and transactions that create credit risk and operational risk, the board eschews traditional inspection methods in favor of advanced auditing techniques that exploit technology to the maximum, focus on the basic areas of risk, and are able to spot early-warning signals that something is amiss. To this end, a remote auditing system and an early warning system have been set up and incorporated into the Bank's data processing infrastructure with the result that significant progress has been made in the direction of taking timely action when errors and irregularities occur and thereby minimizing the risks arising from them.

The board's reporting and information storage methodologies are continuously shaped according to changing needs and technological innovations. The resulting improvements in information accessibility and utility create added value for all of the units of the Bank.

Department of Internal Control

The Department of Internal Control is basically responsible for designing, developing, implementing, managing, monitoring, and assessing the internal controls that govern all the Bank's activities and for regularly, productively, and effectively reporting its findings to those concerned. The department's activities are informed by:

- İşbank's principles and goals
- Policies, methods, directives, and limits specified by the Bank's management
- The requirements of laws and regulations.

The İşbank Department of Internal Control conducts its internal control activities at the Bank's headquarters units and branches within a framework of rules

İşbank's internal audit system consists of the Board of Inspectors and the Department of Internal Control while the risk management system is the responsibility of the Department of Risk Management.

and procedures developed in accordance with internationally recognized internal audit and internal control standards. Employing a team of 35 people, the department takes a risk-focused approach as it plans and conducts the internal control activities that it carries out both from headquarters and on location.

The Risk Management System

Department of Risk Management

The financial and non-financial risks to which the Bank and all of its subsidiaries are exposed in today's business environment must be analyzed, monitored, and reported in line with banking-specific risk management principles and with İşbank's own attitudes towards risk management.

In today's business environment, risk management and reporting mean more than complying with the requirements of law: they have become a vitally important standard of the banking industry.

A risk management process which is organized within the framework of such rules and procedures and which fosters the development of a shared risk culture throughout the organization must be structured so that it focuses on good corporate governance, ensures that the units that are responsible for internal audit and control are independent of the units that incur risk, recognizes and addresses internationally defined risks, and fulfills all the functions of risk measurement, analysis, monitoring, reporting, and control.

Looking at the Bank's risk categories overall, the most important to which it was exposed in 2004 was credit risk, as was also the case in 2003. Next in importance was market risk, of which the interest rate risk component remained the most serious. During 2004, the department also devoted more of its attentions to non-financial risks in addition to financial risks. The risk management department employs a team of 20 people in the conduct of its activities.

Risk management processes and functions at İşbank rank high among the priorities of the Board of Directors. Through the Senior Risk Committee, a subcommittee of the board, the Bank Risk Committee, which is an operative element of risk management functions, is working together with the Bank Credit Committee and the Assets & Liabilities Committee to ready the Bank for compliance with the capital adequacy rules of Basel II.

The Credit Risk Group is responsible for monitoring risks arising from lending transactions within the limits imposed by law and by the Bank's own policies. The internal credit rating system employed in the measurement of credit risk, which was the greatest risk category to which the Bank was exposed in 2004, is a tool that makes it possible to assess the risk exposure of individual loans as well as the entire loan portfolio on the basis of bank, sector, and country limits.

Employing standard and value-at-risk (VaR) methods, **the Market Risk Group** identifies and measures the impact of possible price changes in market risk components on overall

portfolio value. To test and support the methodology being employed, regression tests are carried out and stress tests and scenario analyses are performed. Statutory and internal risk reporting takes place in accordance with framework of limits set out in the Bank's market risk policy.

The Operational Risk Group is responsible for identifying non-financial, operational risks arising from banking activities and for monitoring and assessing the degree to which such risks are kept under control. The likelihood and impact of risks that are identified on the basis of business processes and sub-activities are analyzed to make recommendations on ways to improve existing controls and develop new control mechanisms.

Basel II Compliance activities related to measuring and assessing capital adequacy and improving risk management in general are carried out by the risk management department within the framework of the roadmap laid out by the Banking Regulation and Supervision Agency.

The Subsidiaries Risk Group is responsible for identifying, measuring, monitoring, managing, and reporting risks that the subsidiaries in which the Bank has a controlling interest are exposed to. This group also monitors whether or not loans extended to firms in İşbank's risk group remain within legal limits and measures market risk on a consolidated basis as well. Another of the group's functions is to assist the Bank's subsidiaries in installing advanced risk management systems and fostering a risk management culture of their own.

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

İşbank has always complied with the banking regulations including Banks Act and other related legislations. On the other hand, most of the requirements of the Corporate Governance Principles issued by Capital Markets Board are already met by the public disclosures to ISE and CMB, İşbank's Articles of Incorporation that is available in the website of the Bank, annual report and website of the Bank.

Besides, all necessary requirements regarding corporate governance principles to be introduced by the expected revised version of Banks Act will certainly be adopted by İşbank including amendments in the Articles of Incorporation.

Without prejudice to the provisions of the Banks Act, our explanations with regard to Corporate Governance Principles of CMB, which should be covered in the annual reports of the publicly traded companies, are presented below.

SHAREHOLDERS

Shareholders Relations Department

Investor Relations division of İşbank which was founded in 1998, is headed by Mr. Ömer Karakuş, Accounting Department Manager and reports to Mr. Sırrı Erkan who is the CFO and Deputy CEO of İşbank.

Principle activities implemented by the Investor Relations Division over the year 2004 are as follows:

- Meeting the information requests of both existing and potential investors, participation in the conferences and Road Shows organized by international investment institutions.
- Compilation of periodic data and information requested by investment community,
- Formation and revision of investor presentation,
- Presenting to rating agencies, international lenders and other related institutions if necessary and provision of required information and data,
- Provision of essential and updated information and documentation to the investment community, shareholders, The Bank of New York that is the sponsor of ADR program of İşbank, London Stock Exchange where İşbank's stocks are listed and other interested parties via Investor Relations section of İşbank's English version website of
<<http://www.isbank.com.tr/ir.asp>>

212 information requests were received and met by Investor Relations division in 2004.

Use of Shareholders' Right to Obtain Information

Information requests of shareholders, received by mail, e-mail, telephone etc. are evaluated and replied in the most effective and fastest way. Around 100 information request received from shareholders, were replied in 2004. Furthermore, any developments and information of İşbank concerning the shareholders are regularly disclosed in our website and all related parties are regularly informed via e-mails as well.

Necessary announcements are made in our website prior to capital increases, which are made in the forms of right issue or bonus issue, and dividend payments. Related announcements remain in our website as long as rights issue procedures continue. As per the provisions of Commercial Code, and Capital Markets Regulations, we also inform our stockholders about capital increases and General Shareholders Meetings by way of daily newspapers.

In addition, in case of rights issue, e-mail messages are sent to all available shareholders. Those having no e-mail address are informed via regular mail. Also, if necessary, we inform our shareholders by e-mail in the event of bonus issue.

On the other hand, following information are provided to our shareholders and investors via our website for facilitating the shareholders' right to obtain information;

- Periodic financial statements and reports
- Annual reports
- Information concerning equity participations
- Backgrounds of board members and bank executives
- Ownership structure
- Prospectus and public offering circulars

İşbank's website covering aforementioned information and data is updated periodically.

İşbank is audited regularly by both external auditors as required by the Banks Act, and by two other auditors who are appointed at the Shareholders Meeting according to the Commercial Code and Articles of Incorporation of İşbank. As there is no specific regulation about auditors in the Banks Act, appointing auditors at the Shareholders Meetings of the joint stock companies is totally subjected to the articles of 347 - 359 of the Commercial Code. As per the article 348 of the Commercial Code, in case of need, shareholders can elect a special auditor for the investigation and inspection of the certain specific subjects. Shareholders representing minimum 10% of the share capital may request the appointment of a special auditor for the investigation of the subjects envisaged in the Commercial Code. In case the General Shareholder Meeting rejects the shareholder's request to appoint a special auditor, then minority shareholders would have a right to legally request the appointment of a special auditor from the court. Articles of Incorporation of İşbank does not regulate the appointment of special auditor.

Information on General Shareholders Meeting

Procedures of the General Shareholders Meetings is regulated by the Articles of Incorporation which is available via our website. As per the related regulations, agenda of Shareholders Meetings and other related issues are made publicly available by ways of media and internet before the Shareholders Meetings. In addition, annual reports prepared for the Shareholders' Meeting are also presented to shareholders before the General Shareholders Meetings.

In 2004, İşbank held two Shareholders Meetings. An extraordinary and an ordinary Shareholders Meetings were held on 9.2.2004 and on 31.3.2004 respectively.

Announcements, including the agenda of the meetings and sample of proxy, regarding both Shareholders Meetings, were registered with the Chamber of Commerce, and made public via media and website of İşbank within the legal periods. At the related meetings, 74.5 % and 76.5% of the shareholders were represented respectively. Invitations to Shareholders Meetings are made according to Capital Markets Board regulations and Commercial Code as well as Articles of Incorporation of İşbank. Balance sheet, financial statement footnotes, external audit report, bank auditors report, dividend distribution proposal of the board of directors and similar detailed information taking part in the annual reports are made available to our shareholders before the

CORPORATE GOVERNANCE

Shareholders Meetings at the certain branches in accordance with the connected regulations. On request, annual reports are provided with the shareholders before the General Shareholders Meetings.

At the Shareholders Meetings, all shareholders have a right to express their opinions on the subjects of the agenda and raise any questions without any restriction. On the other hand, proposals put forward by shareholders at the Shareholders Meetings, are submitted to the approval of shareholders as per the legal procedures.

Real estate related activities of İşbank are regulated by the article 63 of Articles of Incorporation. In addition, regarding the real estate related transactions of the Banks, following statement exists in the article 12/2 of Banks Act: "Banks shall not engage in purchase and sale of real estate or commodities for commercial purposes, except gold in coin and bullion and other precious metals deemed appropriate by the Board; or participate in companies trading exclusively in real estate, except real estate investment companies, or extend credits to natural and legal persons engaged in such trade." According to İşbank's Articles of Incorporation such transactions are under the authority of board of directors within the framework of Banks Act. Such decisions taken by either board of directors or by the Bank management with the consent of board of directors are also made public as special case disclosures under certain conditions.

Due to lack of a clear regulation about de-merger neither in the Commercial Code nor in the Banks Act, there is not a de-merger related arrangement in İşbank's existing Articles of Incorporation accordingly. In case Commercial Code or expected revised version of the Banks Act introduces new regulations about de-merger, required amendments in the Articles of Incorporation of İşbank might also be made accordingly.

Minutes of the Shareholders Meetings are registered with the Chamber of Commerce and they are available from the related head office department.

Voting Rights and Minority Rights

A and B type shares with lower nominal values compared to C type shares, have the same voting right as C type shares at the ordinary Shareholders Meetings. There are detailed explanations on capital structure and types of shares in both Articles of Incorporation and footnotes of the quarterly disclosed financials. Currently İşbank has not any board member elected by the minority shareholders and Articles of Incorporation does not regulate cumulative voting procedures.

Dividend Policy and Time for Dividend Distribution

İşbank's dividend distribution procedures, explained in detail in the Articles of Incorporation, which is available from the website of İşbank, are shared with the shareholders by that way. Dividend distributions are implemented within the legal periods.

Besides, dividend distribution proposal of Board of Directors also takes place in the annual report, which is provided, to the shareholders prior to the annual Shareholders Meetings. Dividend distribution that is a regular agenda of Shareholders Meeting becomes effective with the approval of shareholders.

Transfer of Shares

İşbank's Articles of Incorporation does not contain provisions to impede the transfer of shares.

PUBLIC DISCLOSURE AND TRANSPARENCY

Public Information Policy

Though İşbank did not disclose a public information policy as required by the Corporate Governance Principles issued by Capital Markets Board, maximum effort is spent to inform shareholders and related third parties via information releases to the Istanbul Stock Exchange and Capital Markets Board within the context of disclosure requirements for the publicly traded companies and banks in particular. Besides we further inform

our shareholders via detailed explanations taking part in the footnotes of quarterly disclosed financial statements, information shared with shareholders and other interested parties via website and various meetings conducted with media institutions from time to time.

Special Case Disclosures

In the year 2004, İşbank made 60 special case disclosures to the ISE in compliance with the "Special Case Disclosure Requirement" communiqué of the Capital Markets Board. All disclosures were made in due time and no additional disclosure was demanded from the Bank by Capital Markets Board. Besides no sanction was imposed on İşbank due to breach of disclosure requirements.

The Bank's depository receipts issued in USA are listed and already traded on the London Stock Exchange. Certain disclosures made to ISE are also regularly declared to the London Stock Exchange and The Bank of New York that is the sponsor of İşbank's DR program.

İşbank's website and its content

İşbank's website of www.isbank.com.tr contains a wide range of information and data. In consistence with the Banks Act, website covers the required information of the Corporate Governance Principles issued by the Capital Markets Board, and content of the web site is improved and updated continuously.

Disclosure of Ultimate Controlling Individual Shareholders

There is no controlling individual shareholder in İşbank. İşbank's ownership structure has been revealed to the public and this information is updated and disclosed in the footnotes of the financial statements on a quarterly basis.

On the other hand, principles and rules of indirect shareholding at the banks namely indirect shareholding of a real person or a legal person at a bank, is regulated by the Communiqué about the Foundations and Operations of the Banks.

Disclosure of officers who is able to deal with the insider-trading activities

As per the 9th paragraph of 22nd article of the Banks Act; officers and other employees of banks may not disclose confidential information relating to any bank or clients thereof which they have received in connection with their positions and duties to

any authority other than those which has been expressly authorized by law.

Provision of this Article shall survive after termination of employment contracts of any such officer or employee of a bank.

Any person, who has been found to have infringed provision of this Article, shall be sentenced to a heavy imprisonment term from one year to three years and a heavy fine which shall not be less than TL one billion, which shall also be applicable to any third party who has disclosed confidential information relating to a bank's clients. This liability continues even after they leave their job. One who discloses any confidential information in order to obtain benefits for himself or others shall be sentenced to a heavy imprisonment term from three years to five years and a heavy fine which shall not be less than TL three billion and shall also be prohibited temporarily or permanently from being employed by any institution in context of this Act depending on importance of the breach.

İşbank completely obeys the legal regulations about insider trading. What's more developing anti - insider trading policies is an indispensable part of corporate culture of İşbank. For these reasons, use of information in order to obtain benefits for himself or others by employees who are able to deal with insider trading activities is strictly prohibited. In this context, for instance, employees of the Capital Markets Department are prohibited from buying and selling equities including İşbank share.

CORPORATE GOVERNANCE

STAKEHOLDERS

Informing Stakeholders

Bank's stakeholders are regularly informed about required subjects and İşbank possess an organizational structure capable to satisfy the information demands of shareholders, employees and customers.

Participation of stakeholders in the Bank management

İşbank employees participate in the management of İşbank via the Private Pension Fund of Employees which controls 43.4 % of the Bank's share capital. Other shareholders participate in the management of İşbank in line with the regulations present in the Articles of Incorporation.

Human Resources Policy

Human Resources Policies of the Bank were defined and based on the equality of opportunity, fairness, transparency and performance criteria. The related policies are applied with the aim of increasing development opportunities through basic behavior rules and ethical values.

The human resource need is met in respect of Bank's human resource vision and mission, employing people who have the required qualifications of job with convenient evaluation facilities and methods. Performances of the employees are evaluated within the framework of "Personnel Evaluation Criteria" by periodic face to face interviews with the employee and strengths or/and weaknesses of the employees are defined to increase the performances of the employees and also to prepare employee for an upper position; related development and education schemes are formed; activities are designed for the purpose of realization of these plans and meeting the educational needs. For satisfying the needs of the Bank, staff force are employed at the optimum positions by taking into account the skills of the employees within a steadily development oriented career management philosophy.

Bank's employees have labor union representatives who are assigned by "Basisen Labor Union" to conduct relations with employees. Labor union representatives have a constructive and effective role in forming communication between the Bank and employees.

There has not been any complaint to our Head Office from our employees related with race, religion, language and sex discrimination and violation of human rights.

Information on Relations with Customers and Suppliers

A "Customer Relations Unit" was established within the Bank to ensure the customer satisfaction and this unit is accessible through the website via e-mail. All types of complaints received by the Bank are followed, assessed and resolved by this unit.

Social Responsibility

Together with its equity participations, İşbank is one of the biggest players in the Turkish Economy due to its contribution to economy, vision towards public interest, high level of employment and consciousness of social responsibility, being among the basic management principles.

In addition to our İşbank's contributions to the Turkish economy, it also provides support to non-governmental organizations, educational institutions, scientific studies, sports, art and cultural activities in the social fields.

There is no violation of environmental legislation regarding İşbank's operations, and the Bank has never faced a lawsuit for environmental issues.

BOARD OF DIRECTORS

Board of Directors Structure and Formation of the Board of Directors and Independent Members

İşbank's Board of Directors is comprised of 11 members, including the CEO. The members of the Board are listed below:

Name, Surname	Position
Prof. Dr. Ahmet Kirman	Chairman
H.Ersin Özince	Deputy Chairman-CEO
Prof. Dr. M.Baran Tuncer	Director
M. Nail Yağcı	Director
Dr. A.Yavuz Ege	Director
Att. Nail Gürman	Director
Ali Ekber Güvenç	Director
Köksal Burkan	Director
Caner Çimenbiçer	Director
Salih Kurtuluş	Director
Prof. Dr. Savaş Taşkent	Director

The election of the Board members is implemented according to article 25 of our Articles of Incorporation and the Banks Act. As per the Banks Act, the general manager of the Bank and, in his absence, his deputy shall be a natural member of the board.

Although there is no restriction for the board members to work in other areas, some activities of board members have been defined as "Forbidden Activities" in 32nd article of the Articles of Incorporation of İşbank.

The Qualifications of the Board Members

The Banks Act describes the qualifications required for a board member and our Bank complies with the aforementioned arrangement in the election of board members. As per sub-paragraph (a) of article no. 9/1 of the Banks Act, the qualifications required for the general manager, (The general manager of a bank must have at least a graduate degree in one of the fields of law, economics, business administration, finance, banking, public administration or an equivalent field or in a field of engineering related to any of the foregoing and possess a minimum of ten years of professional experience in the field of banking or business management.) shall also be required for the majority of the board members, except for the time criterion.

Vision, Mission and Strategic Targets of the Bank

The vision and general strategic goals of our Bank were approved by the Board of Directors and disclosed to public via our website. In this manner, İşbank's vision is to be the most preferred bank by customers, shareholders and employees in Turkey by maintaining its leading, pioneering and reliable position. Our mission, in general, is described as to meet the needs of our customers with fast, efficient and high standard solutions, to increase the shareholders' value and to encourage employees for the maximum performance.

The Board of Directors regularly monitors and supervise the performance of the Bank in terms of achieving these strategic targets.

Risk Management and Internal Control

According to the 4th paragraph of the article 9 of the Banks Act; banks are responsible for maintaining an efficient internal control, risk control and management systems whose basis and procedures to be defined in the regulation published by the Banking Regulation and Supervision Agency. Banks have to employ sufficient number of inspectors to audit the operations in terms of banking principles and legislation. A communiqué, which is about the risk management and internal control systems of banks, was published in the official Gazette No. 24312 dated 8 February 2001. Our risk management and internal control systems has been established in accordance with the best

CORPORATE GOVERNANCE

international practices as well as domestic regulations. İşbank's internal audit system is comprised of the Board of Inspectors and Internal Control Department and risk management group and Risk Management Group form risk management system. The Board of Inspectors reports to the Board of Directors while Internal Control and Risk Management departments report to the member of the Board who is in charge of internal audit and risk management.

The Authorities and Responsibilities of The Board of Directors and the Management

Authorities and responsibilities of the board members, the CEO and the auditors are clearly defined in the Banks Act, the related legislation to the Banks Act, Turkish Commercial Code and the Articles of Incorporation of İşbank.

Fundamental Functions of the Board of Directors

Although the Board meetings are held once a month in general, meetings might be held more frequently in case of need. Meetings agenda are organized in accordance with the proposals of head office departments. Moreover, various reports requested by the Board of Directors from the Bank management and topics put forward by the board members are discussed during the meetings. Meetings agenda and related documents are distributed to the board members before the meetings.

In order to provide information and communication between Board members, a separate secretariat has been operational.

21 Board meetings were held in 2004. The calls for the board meetings are made by the Chairman of the Board.

All opinions or objections of the Board members are recorded in the minutes of the meetings.

All Board members attend to the meetings in person, on the subjects described in 2.17.4th article of part IV of the Corporate Governance Principles issued by Capital Markets Board.

Prohibition of Transaction and Competition with the Company

As per the article 32 of our Articles of Incorporation; board members cannot directly or indirectly do commercial business with the bank for themselves or on behalf of another person unless they take the permission of the General Assembly.

Ethical Rules

For the aims to preserve stabilization and trust, to improve the service quality, to maintain respect of society to banking business by avoiding unfair competition in the banking sector, the banks including İşbank that made up the Turkish banking sector united under the "Banks Association of Turkey" to form the "Code of Ethics in Banking" for regulating ethical rules to be effective for the transactions between each other, with their customers, employees and other institutions. Banks Association of Turkey disclosed the aforementioned rules to public with the communiqué no. 01.11.2001/1012.

Within this framework, The Association of Capital Market Intermediary Institutions of Turkey disclosed "Capital Markets Board Code of Profession" to public according to the resolution of General Assembly dated 13.12.2001 that contains rules for banks and intermediary institutions to be applied in their business transactions and relations between each other, with their customers and employees in order to form a respectful society of the members of the profession.

The aforementioned codes of ethic that describe the culture of behaviors within our organization have been also adopted by İşbank and shared with our employees through internal communication channels (intranet).

Number, Structure and Independence of the Committees Formed within the Board of Directors

There has been a functional administrative and organizational structure in İsbank in accordance with the Banks Act and related legislation. İsbank will also adopt the required legislation following the enactment of Draft Financial Services Law and disclosure of Corporate Governance Principles for banking sector.

The Remuneration of Board of Directors

Monthly remunerations of the board members and auditors are determined annually at the General Shareholders Meetings and disclosed to İstanbul Stock Exchange. On the other hand, restrictions related with the loans to be extended to the Board members are defined in the Banks Act and İsbank complies with the requirements of related legislation. According to article no.11/9 of the Banks Act; Banks can not in any manner whatsoever incur exposures to, accept the warranties of, or purchase bonds or similar securities issued by the presidents and members of their boards of directors, their general managers and assistant general managers, their other officers who are authorized to extend loans, the spouses and minor children of these individuals, or companies in which these individuals hold separately or collectively twenty-five percent or more of the capital. Within this framework, İsbank does not extend loans to its board members.

As for the remuneration of the Board of Directors; article 58 of our Articles of Incorporation contains the following expression: "After the reserved fund and the first dividend have been allocated from the net profit, 2.5‰ of the balance is distributed among the members of the Board of Directors and the General Manager equally." Within the context of this regulation, financial rights of the Board members are determined with an approach that is sensitive to the financial performance and profitability of the Bank to a large extent.

CONTRIBUTIONS TO CULTURE AND THE ARTS

Since the day it was founded, adding value to our country's artistic and social life has ranked as high among İşbank's priorities as its ideal of playing a role in Turkey's economic and industrial development. The Bank has always played a leading and proactive role in the subject of contributing to culture and the arts in Turkey.

İş Sanat, İşbank's center for art and culture, has created lively animation in İstanbul's musician and art scenes since the day it opened its doors to the public, hosting concerts and performances by numerous Turkish and foreign artists such as Omara Portuondo; the Charles Lloyd- Zakir Hussain-Eric Harland Trio and the "Which Way to East" project; the Roby Lakatos Ensemble; the Esbjörn Svensson Trio; Dianne Reeves, one of today's most important jazz vocalists; Compañía Nacional de Danza; Stephen Kovacevic, acknowledged to be one of the greatest piano virtuosos of the 20th century; Eliane Elias; Mischa Maisky, one of the most original cellists; the Jacky Terrasson Trio; Balık Ayhan ve Grubu; Arto Tunçboyacıyan; and state artist Ayla Erduran as well as a number of theatrical companies and numerous young artists.

The Bank's Kibele art gallery hosted exhibitions of works by such masters as Kuzgun Acar, Şadi Çalık, and Ferruh Başağa as well as a widely acclaimed show of paintings by artists who flourished in the early years of the Republic. Some of the country's leading contemporary artists and up-and-coming newcomers mounted exhibitions in the Bank's two other galleries in İstanbul and İzmir.

İşbank continues to fulfill its mission of supporting art and culture through its three art galleries, more than a thousand books that it has contributed to the world of art and literature through its subsidiary and publishing house Kültür Yayınları İş Ltd, the sponsorship projects it has contributed, our country's biggest privately-owned collection of major works by Turkish artists, and its art and culture center that provides a meeting-place for artists and their audiences.

In the course of its eighty-year history, İşbank has held stakes in a total of 286 companies. Today the Bank's portfolio consists of 55 direct investments in companies active in financial services, glass, energy, telecommunications, industry, and services.

İŞBANK SUBSIDIARIES AND AFFILIATES

In General

Since the day it was founded in 1924, İşbank has made important contributions to the growth and development of industry as well as financial services in Turkey. Through its investments and stakes in industry and finance the Bank has pioneered the way for many new businesses in our country.

In the course of its eighty-year history, İşbank has owned stakes in a total of 286 companies and has divested itself of 231 of them. Today the Bank's portfolio consists of 55 direct investments in companies that are active in financial services, glass, energy, telecommunications, industry, and services.

In 2002 the Bank launched a merger and divestiture program to rationalize and restructure its portfolio in order to improve its productivity by combining stakes active in similar lines of business and selling off those engaged in areas that were of low priority from the standpoint of strategic considerations. Work on this program continued in 2004 as well.

In 2004, a stake was acquired in İDÇ Liman İşletmeleri AŞ, a company formed as a result of a partial demerger of Nemaş Nemrut Liman İşletmeleri AŞ while the sale of the Bank's shares in İş Factoring Finansman Hizmetleri AŞ and İztek Elektrik Üretimi AŞ removed both companies from the portfolio.

As a result of the mergers of Hizmet İşleri AŞ into İş Merkezleri Yönetim ve İşletim AŞ and of İş-Tim Telekomünikasyon Hizmetleri AŞ into Avea İletişim Hizmetleri AŞ, both of those companies were wound up. With the merger of TÛTAŞ Türk Turizm AŞ into Marmaris Altınyunus Turistik Tesisler AŞ, the Bank acquired a new stake in the latter company.

Financial services

Türkiye Sınai Kalkınma Bankası AŞ, an industrial development bank set up to supply medium and long-term Turkish lira and foreign currency credit and to acquire shareholding interests in order to support the growth and development of private-sector manufacturing industries, posted a net profit in 2004.

Germany-based İşbank GmbH, which has twelve branches in that country as well as in Paris, Zurich, Den Haag, and Amsterdam and which provides banking services in many European countries, posted a net profit in 2004.

Arap Türk Bankası AŞ, which was set up to develop and finance foreign trade between our country and Arab countries, posted a net profit in 2004.

Anadolu Sigorta TAŞ, a leading insurer in non-life branches in Turkey, posted a profit according to its financial statements prepared on the basis of historical costs. According to its inflation-adjusted accounts however, the company showed a net loss that was the result of the negative difference between the sale value of the old headquarters building and its inflation-adjusted cost value and did not involve a cash disbursement.

Anadolu Hayat Emeklilik AŞ, the leading life insurance company in Turkey that also has one of the fastest growing private pension portfolios in the industry, posted a net profit in 2004.

Milli Reasürans TAŞ, Turkey's oldest and most highly respected reinsurer, posted a net profit in 2004.

Destek Reasürans TAŞ, another reinsurance company posted a net loss in 2004 as a result of the damage frequency. At the beginning of 2005 the company was removed from the Bank's portfolio with the sale of its shares to Milli Reasürans TAŞ.

İş Finansal Kiralama AŞ, which provides medium-term financing in the form of leasing products and services, posted a net profit in 2004.

İŞBANK SUBSIDIARIES AND AFFILIATES

İş Gayrimenkul Yatırım Ortaklığı AŞ, the biggest real estate investment trust in Turkey, continued its ongoing projects last year while also managing its portfolio of real estate properties. The company posted a net profit in 2004.

İş Yatırım Ortaklığı AŞ, which was set up to invest in capital market vehicles and is Turkey's biggest investment trust today, posted a net profit in 2004.

İş Yatırım Menkul Değerler AŞ, a leading brokerage house that serves national and international clients and is a pioneer of the sector, posted a net profit in 2004.

İş Portföy Yönetimi AŞ, an asset management company that was set up to manage clients' portfolios of capital market vehicles and is the sector's leader in terms of the volume of assets under its management, posted a net profit in 2004.

Glass

The founder of Turkey's glass industry, Türkiye Şişe ve Cam Fabrikaları AŞ is the flagship company of the Şişecam Group, which consists of 43 companies active in five separate lines of business: flat glass, glassware, glass packaging, chemicals, and services. Besides its investments in Turkey, the group is engaged in investment and manufacturing activities in neighboring countries, with important operations in Bulgaria and Russia, that also increase its production strength and enhance its effectiveness in the sector. The company posted a net profit in 2004.

Last year Çayırova Cam Sanayii AŞ, one of the Glass Group's flat glass manufacturers and a producer of colored, colorless, and frosted glass in Gebze, transferred all its frosted glass operations to the Mersin plant of Trakya Cam Sanayii AŞ in order to increase productivity in its own facilities and no longer engages in this line of business. The company posted a net profit in 2004.

Camiş Madencilik AŞ is a mining and quarrying company in the Chemicals Group that engages in the exploration, extraction, and processing of the minerals such as sand, limestone, dolomite, and feldspar that are the principal raw materials from which glass is made. The company posted a net profit in 2004.

Energy

Petrol Ofisi AŞ, set up for the purposes of purchasing and importing petroleum products and natural gas and of storing, distributing, and marketing them around the country, maintained its leading position in the sector last year. The company posted a net profit in 2004.

Telecommunications

İş-Tim Telekomünikasyon Hizmetleri AŞ, which became the third GSM operator in Turkey in 2001 under the Aria trademark, merged with Aycell Haberleşme ve Pazarlama Hizmetleri AŞ, another company in the GSM mobile communications sector and the two began serving customers under the name Avea as of 23 June 2004. Avea İletişim Hizmetleri AŞ, the company resulting from the merger, is currently involved in post-merger integration and network investments and is still in the developmental stage. Largely because of this, the company posted a net loss in 2004.

İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri AŞ is an

internet service provider that received its long distance telephone service operator license from the Telecommunications Agency in May 2004. The company posted a net profit in 2004.

Manufacturing and services

İzmir Demir Çelik Sanayi AŞ produces billet iron from scrap in arc furnaces and manufactures rolled products from the billets. One of the leading privately-owned firms in the sector, the company made 89% of its sales abroad and posted a net profit in 2004.

Asmaş Ağır Sanayi Makinaları AŞ, a technology contractor active in the areas of turnkey plant installation, projects, and machinery and equipment production, posted a net profit in 2004.

Türk Pirelli Lastikleri AŞ, one of our country's leading companies in the manufacture of tires and tubes for motor vehicles, posted a net profit in 2004.

Çelikord AŞ, a joint venture set up by our Bank and the Pirelli Group, produces steel cord and wire for use in the manufacture of motor vehicle tires. The company posted a net profit in 2004.

Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği AŞ became a subsidiary of the Bank in 1999 and provides health care and treatment services in Ankara and İstanbul. The company posted a net profit in 2004.

Others

İş Merkezleri Yönetim ve İşletim AŞ provides group companies as well as many other public and private organizations with cleaning, maintenance, operation, and security services. In 2004 Hizmet İşleri AŞ, another subsidiary in a similar line of business, was merged into this one. The company posted a net profit in 2004.

Kültür Yayınları İş-Türk Limited Şirketi is the Bank's publishing house and publishes books with cultural, artistic, and scientific value. The company posted a net profit in 2004.

Nemtaş Nemrut Liman İşletmeleri AŞ is a port and ship operator based in Nemrut. The company owns and operates two dry bulk cargo ships and two tankers and also operates one dry bulk cargo ship belonging to İDÇ (a subsidiary of İşbank), two more dry bulk cargo ships and one tanker belonging to its subsidiary Gempport Gemlik Liman ve Depolama İşletmeleri AŞ in the transport of scrap, manufactured goods, and fuels. The company posted a net profit in 2004.

TÜTAŞ Türk Turizm AŞ, the former owner and operator of the Talya Hotel and Congress Center in Antalya, was wound up in 2004 and merged into Marmaris Altinyunus Turistik Tesisler AŞ, in which our Bank acquired a stake. The company posted a net loss in 2004.

İŞ-KORAY Turizm Ormanlık Madencilik İnşaat Taahhüt ve Ticaret AŞ is currently involved in the construction and sale of units in the second phase of the "Kasaba" housing project being undertaken in the Ömerli district near İstanbul. The company was adversely affected by the contraction experienced in the construction industry and posted a net loss in 2004.

TÜRKİYE İŞ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

INFORMATION ON DIVIDEND DISTRIBUTION AND CAPITAL INCREASE

INDEPENDENT AUDITOR'S REPORT

AS OF 31 DECEMBER 2004, UNCONSOLIDATED FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AND FOOTNOTES TO BE ANNOUNCED TO PUBLIC

TÜRKİYE İŞ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

BALANCE SHEET

LIABILITIES

SHAREHOLDERS' EQUITY

Our shareholders' equity consisting of paid-in capital, share premiums, legal reserves, optional reserves (extraordinary reserves), revaluation funds, capital reserves due to inflation adjustment, previous years profit and current period net profit are shown below:

(TL Billion)	2004(*)	2003(*)	Difference
Paid-in Capital	1,640,757	1,426,724	214,033
Share Premiums	3,694	3,694	0
Revaluation Fund	1,638,961	849,952	789,009
Legal Reserves	800,183	756,100	44,083
Extraordinary Reserves	385,545	334,505	51,040
Capital Reserves due to Inflation Adjustment	2,535,404	2,520,643	14,761
Profit/Loss	635,455	489,626	145,829
- Previous years profit / loss	0	7,961	-7,961
- Current period net profit / loss	635,455	481,665	153,790
Shareholders' Equity	7,639,999	6,381,244	1,258,755

(*) All TL amounts on this table and the following tables relevant to the years 2003 and 2004 are expressed in terms of the purchasing power parity as of 31.12.2004

The total of Legal Reserves and Optional Reserves stood at the level of TL 1,185,728 billion.

The bank's revaluation fund arises from the difference between the market price and internal return of securities available for sale and the valuation of participations listed on the stock exchange on the basis of their market prices. The amount of this fund currently stands at TL 1,638,961 billion.

Capital reserves due to inflation adjustment of paid-in capital totalled TL 2,535,404 billion.

Thus, our shareholders' equity at the end of 2004, reached TL 7,639,999 billion with the addition of our current period profit of TL 635,455 billion.

EXTERNAL FUNDING

DEPOSITS

Total deposits increased by 9.21% or by TL 2,051,464 billion, compared to the previous year and reached a total of TL 24,320,442 billion. The breakdown of the deposits in main groups and in comparison with 2003 is given below.

(TL Billion)	2004	2003	Difference
Savings deposits	7,089,941	6,246,807	843,134
Pubic sector, commercial and other deposits	4,028,832	3,276,198	752,634
- Public Sector	45,669	32,690	12,979
- Commercial	2,422,950	1,971,029	451,921
- Other	1,560,213	1,272,479	287,734
Foreign Currency Deposits	12,554,094	12,078,760	475,334
Bank Deposits	647,575	667,213	-19,638
Total Deposits	24,320,442	22,268,978	2,051,464

Our savings deposits increased by 13.50% or by TL 843,134 billion compared with 2003 to total TL 7,089,941 billion.

Government deposits, constituting an insignificant part of our total deposits, stood at TL 45,669 billion with an increase of 39.70%, commercial deposits stood at TL 2,422,950 billion with an increase of 22.93% and other deposits stood at TL 1,560,213 billion with an increase of 22.61%.

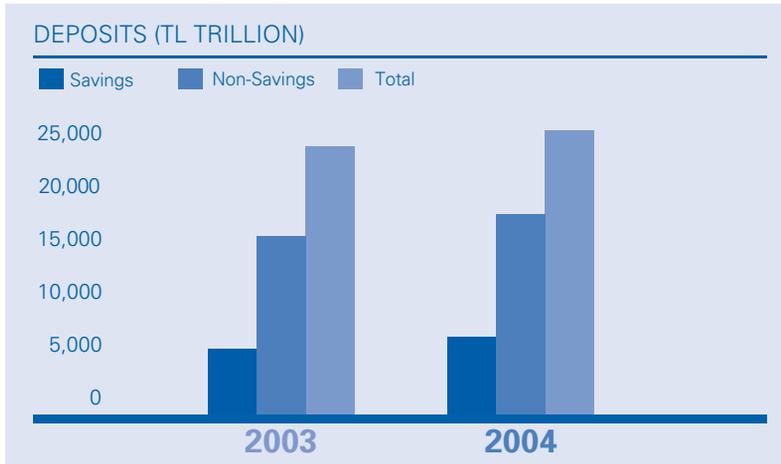
TÜRKİYE İŞ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

Our foreign exchange deposits increased by 3.94% to stand at TL 12,554,094 billion, while bank deposits decreased by 2.94% to stand at TL 647,575 billion.

The table showing the breakdown of time and demand deposits is presented below.

(TL billion)	2004	%	2003	%	Difference	%
Time	18,032,795	74.15	16,914,558	75.96	1,118,237	54.51
Demand	6,287,647	25.85	5,354,420	24.04	933,227	45.49
Total	24,320,442	100.00	22,268,978	100.00	2,051,464	100.00



MONEY MARKETS

The balance of this item stands at TL 799,638 billion. All of this item's balance is related to funds deposited by customers for repo transactions.

FUNDS BORROWED

The amount of loans borrowed from other sources mainly consists of foreign borrowings and increased by 24.49% over the previous year to total TL 3,863,641 billion.

MISCELLANEOUS PAYABLES

The end of year balance of this account consisting of cash guarantees received, blocked monies and funds payable to the Central Bank of Turkey totalled TL 237,928 billion.

OTHER EXTERNAL FUNDING

This heading covers transfer orders for imports completed through our Bank's position, money orders awaiting application by their beneficiaries and other provisional accounts. The balance of our external funds stands at TL 359,938 billion.

TAXES, DUTIES, FEES AND PREMIUMS PAYABLE

The balance of this account has decreased by 13.02% at the end of 2004 to total TL 63,365 billion TL.

LEASING DEBTS (Net)

The net balance of this account, consisting of debts in connection with the movable assets purchased through leasing from İş Genel Finansal Kiralama A.Ş., one of our participations, stands at TL 28,102 billion.

INTEREST AND EXPENSE ACCRUALS

Our accrual accounts consisting mainly (85.07%) of accrued interest payable on time deposits not yet due and therefore not entered in their relevant accounts, and of funds borrowed from domestic and international institutions decreased by 25.05% to a total of TL 208,884 billion.

TÜRKİYE İŞ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

PROVISIONS

The total balance of our provisions account is TL 991,837 billion. 9.61% of this account consists of general provisions set aside for loan accounts, 3% are provisions for termination indemnities, 50.15% are for taxes and 37.24% are set aside for other provisions.

ASSETS

CASH AND EQUIVALENTS

Our cash assets consisting mainly of cash balances and TL and FX denominated assets placed with the Central Bank stand at TL 1,143,562 billion.

BANKS AND OTHER FINANCIAL INSTITUTIONS

Our assets deposited with domestic and foreign banks decreased by 26.20% over 2003 and reached a total of TL 1,080,369 billion. Of this total, TL 40,538 billion consists of Turkish Lira deposits and the portion amounting to TL 1,039,831 billion which corresponds to USD 778 million is the sum of our foreign currency accounts deposited by the banks.

MONEY MARKETS

Money markets item that realized at TL 398,995 billion, as at the end of 2003 has no balance as at the end of 2004.

LIQUIDITY POSITION

Our liquid assets constitute 44.89% of the Bank's total assets and meet 71.09% of our total deposits, while 6.61% of the total liquid assets are formed by cash assets. The breakdown of the liquid assets is shown below.

(TL Billion)	2004	2003	Difference	%
Cash and Equivalents	1,143,562	794,717	348,845	43.90
Money Markets	0	398,995	-398,995	-100.00
Banks and Other Financial Institutions	1,080,369	1,463,962	-383,593	-26.20
Marketable Securities	13,518,578	12,372,807	1,145,771	9.26
Trading Securities	351,439	2,562,247	-2,210,808	-86.28
Securities Available for Sale	13,167,139	9,810,560	3,356,579	34.21
Reserve Deposits at the Central Bank	1,547,834	1,348,459	199,375	14.79
Total	17,290,343	16,378,940	911,403	5.56

Great care has been exercised over the year to maintain our liquid assets at levels sufficient to meet our commitments at any time.

PLACEMENTS

Our total placements increased with respect to the previous year by 13.25% or by TL 3,256,826 billion to reach TL 27,834,795 billion. Balances of loans and financial placements are given below in comparison with 2003.

(TL billion)	2004	2003	Difference
Loans	12,451,842	9,766,465	2,685,377
Financial Placements	15,382,953	14,811,504	571,449
Total	27,834,795	24,577,969	3,256,826

LOANS

Total loans increased by 27.50% or TL 2,685,377 billion over 2003 to make a total of TL 12,451,842 billion.

The highest priorities in our lending activities have always been safety, liquidity, recollection and profitability. Great care is always taken in selecting customers, efforts continue to further increase the portfolio quality, medium and long-term credits are only provided to established and well-known companies. Furthermore a balanced geographical diversification was maintained, risk concentrations were not allowed and legal action was taken immediately in problem cases.

TÜRKİYE İŞ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

The distribution of loans with respect to their terms and maturity is given below.

(TL billion)	2004	2003	Difference
Short-term Loans	6,543,884	5,452,405	1,091,479
Medium and Long-term Loans	5,907,958	4,314,060	1,593,898
Total	12,451,842	9,766,465	2,685,377

The ratio of short-term loans to the total loans was 55.83% in 2003 and stood at 52.55% in 2004, and

- short term loans which increased by 20.02% or TL 1,091,479 billion reached a total of TL 6,543,884 billion.

- medium and long term loans which increased by 36.95% or TL 1,593,898 billion reached a total of TL 5,907,958 billion .

FINANCIAL PLACEMENTS

Comparison of our financial placements with the year 2003 is shown below.

(TL billion)	2004	2003	Difference
Reserve Deposits at the Central Bank	1,547,834	1,348,459	199,375
Marketable Securities	13,835,119	13,463,045	372,074
Trading Securities	351,439	2,562,247	-2,210,808
Securities Available for Sale	13,167,139	9,810,560	3,356,579
Securities Held to Maturity	316,541	1,090,238	-773,697
Total	15,382,953	14,811,504	571,449

RESERVE DEPOSITS AT THE CENTRAL BANK

The reserve deposits at the central bank totalled TL 1,547,834 billion.

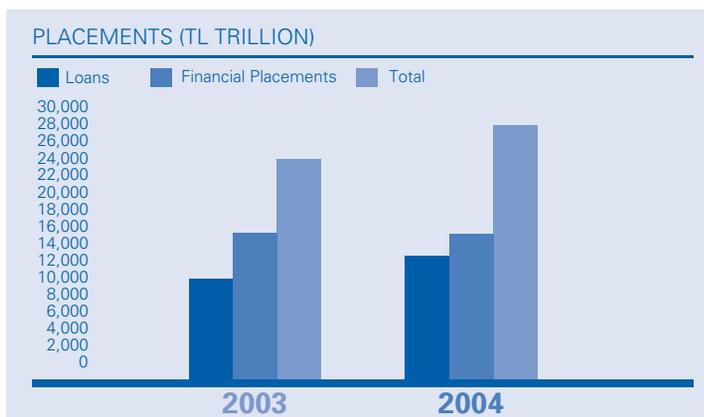
Of these reserve deposits TL 1,203,946 billion corresponding to USD 901 million is in foreign currency and TL 343,888 billion is in Turkish currency.

MARKETABLE SECURITIES

Our securities portfolio totalled TL 13,835,119 billion.

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

The development of our placements over the last two years is shown in the following graph.



TÜRKİYE İŞ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

LOANS IN ARREARS

In the year 2004, the balance of this account fell by 13.59% over the previous year. Provisions were set aside to cover the complete total.

OTHER RECEIVABLES

This account is for monitoring receivables other than credit transactions and the total balance realized in 2004 was TL 61,487 billion.

SUBSIDIARIES, PARTICIPATIONS AND MARKETABLE SECURITIES AVAILABLE FOR SALE

The comparative values of the Bank's subsidiaries and participations, adjusted for the year 2004 or marked to market in case the company's shares are traded at the Stock Exchange Market are shown below by sectors.

A) SUBSIDIARIES

(TL Billion)	2004	2003	Difference
Manufacturing Sector	357,139	370,830	-13,691
Service Sector	2,873,106	2,368,043	505,063
-Financial Companies	1,192,457	929,731	262,726
-Other Companies	1,680,649	1,438,312	242,337
Total	3,230,245	2,738,873	491,372

In 2004, all of our shares in İş Factoring Finansman Hizmetleri A.Ş. and a part of our shares in İş Gayrimenkul Yatırım Ortaklığı A.Ş. were divested, and we have established partnership with IDÇ Liman İşletmeleri A.Ş., which was founded as the spin-off of Nemtaş Nemrut Liman İşletmeleri A.Ş. The legal status of two companies ended through the merger of Hizmet İşleri A.Ş., followed under the Subsidiaries account, with İş Merkezleri Yönetim ve İşletim A.Ş. and the merger of İş-Tim Telekomünikasyon Hizmetleri A.Ş. with Avea İletişim Hizmetleri A.Ş., followed under the Participations account.

In our balance sheet of 31 December 2003, the value of our subsidiaries stood at TL 2,406 trillion, which corresponds to TL 2,739 trillion in terms of 2004 prices. TL 156 trillion of this indexing difference arises from the inflation-based adjustments of the share prices denominated in foreign currency and on the basis of their stock exchange values.

During 2004, a total portfolio increase of TL 1,588 trillion was realised based on TL 3.5 trillion of exchange rate differences, TL 608.3 trillion of capital increases, TL 6.3 trillion of which is from bonus shares and TL 976 trillion from stock market price rises. A total portfolio discharge of TL 941 trillion was realised based on TL 77 trillion of the sale of shares, TL 73 trillion from devaluation provisions and TL 791.1 trillion of the change of account at İş-Tim A.Ş. due to merger. Taking into account the inflation adjustment difference of TL 156 trillion on year 2003 values, our subsidiary partnerships have increased in value by TL 491 trillion over the previous year.

B) PARTICIPATIONS

(TL Billion)	2004	2003	Difference
Manufacturing Sector	116,109	115,073	1,036
Service Sector	1,477,628	707,919	769,709
-Financial Companies	47,695	45,771	1,924
-Other Companies	1,429,933	662,148	767,785
Total	1,593,737	822,992	770,745

In 2004, legal status of TÜTAŞ Türk Turizm A.Ş. ended through its merger with Marmaris Altinyunus Turistik Tesisler A.Ş. and as a result of this merger; we have established participation with Marmaris Altinyunus Turistik Tesisler A.Ş.

In our balance sheet of 31st December 2003, the value of our participations, which stood at TL 723 trillion, corresponds to TL 823 trillion in terms of 2004 prices. TL 79 trillion of this increase is an indexing difference due to the valuation of participation as of stock market prices.

In 2004, a total increase of TL 857 trillion occurred in portfolio; consisting of TL 25.8 trillion, of capital increase, TL 3 trillion of which is from bonus shares, TL 793 trillion from mergers and TL 37.5 trillion from stock market price rises. And a total portfolio decrease of TL 6.8 trillion occurred; consisting of TL 6.5 trillion from merger and TL 0.3 trillion from devaluation provision. Taking into account the inflation adjustment difference of TL 79 trillion for restating the market value of one of our listed participations from 2003 to 2004; our participations account increased by TL 771 trillion compared to the previous year.

TÜRKİYE İŞ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

C) MARKETABLE SECURITIES AVAILABLE FOR SALE

Marketable Securities Available for Sale, which stood at TL 11.6 trillion as of the end of 2003 corresponds to TL 13.2 trillion in terms of 2004 prices. Bonus shares were acquired due to capital increase of a company from reserves and Iztok Elektrik Üretimi A.Ş. shares were diversified within the year. End of year balance of the Marketable Securities Available for Sale account stood at TL 13.7 trillion. In 2004, participation was established with a new company, which was founded by spin-off and two of our participations were diversified. The legal status of three companies ceased as a result of their merger with three other companies. Two of the aforementioned mergers were with companies in our portfolio and a new company joined to our portfolio via merger. As a result, our participations, which totaled 58 at the end of 2003, have fallen to 55.

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 assets to be disposed of, amounted to TL 1,915,924 billion.

(TL Billion)	2004	2003	Difference
Equipment and fixtures	221,078	225,333	-4,255
Land and Buildings	1,199,658	1,745,309	-545,651
Leasehold Improvements	18,756	17,392	1,364
Foreclosures	476,432	523,114	-46,682
Total	1,915,924	2,511,148	-595,224

INTEREST AND REVENUE ACCRUALS AND REDISCOUNTS

Our interest, revenue accrual and rediscount accounts, which are predominantly from loans and securities decreased 24.76% compared to the previous year and realized at TL 1,269,353 billion.

OTHER ASSETS

Other assets, standing at TL 370,612 billion, include prepaid taxes, office supply inventory, intangible fixed assets, debtor provisional accounts.

PROFIT AND LOSS ACCOUNTS

REVENUES

Our revenues totalled TL 19,270,770 billion.

(TL Billion)	2004	2003	Difference	%
Interest Income	4,492,634	4,171,953	320,681	7.69
Operating Income	14,778,136	21,437,285	-6,659,149	-31.06
Total	19,270,770	25,609,238	-6,338,468	-24.75

Of our Interest income;

- TL 2,264,018 billion (50.39%) has been generated from loans,
- TL 2,002,355 billion (44.57%) has been generated from securities.
- TL 226,261 billion (5.04%) has been generated from banks and other interest bearing transactions.

Total non-interest income amounted to TL 14,778,136 billion.

Commission income included in non-interest income amounted to TL 837,100 billion.

Profit from capital market transactions was TL 438,855 billion. After the deduction of our TL 41,970 billion loss arising from capital market transactions, our net profit from capital market transactions was TL 396,885 billion.

Profit from foreign exchange transactions was TL 12,979,640 billion. After the deduction of our TL 12,883,007 billion loss arising from exchange transactions, our net profit from exchange transactions was TL 96,633 billion.

Dividend income from participations was TL 108,987 billion, other non-interest income totaled TL 413,554 billion.

TÜRKİYE İŞ BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

EXPENSES

Our expenses totalled TL 18,635,315 billion. Their breakdown is shown in the table below.

(TL billion)	2004	2003	Difference	%
Interest Expenses	2,400,052	2,925,360	-525,308	-17.96
Operating Expenses	16,101,546	22,080,130	-5,978,584	-27.08
Net Monetary Loss	133,717	122,083	11,634	9.53
Total	18,635,315	25,127,573	-6,492,258	-25.84

Interest expenses constitute 12.88% of our total expenses.

Interest paid on deposit accounts, constituting 81.41% of our interest expenses, was TL 1,953,902 billion and the amount of interest paid on funds borrowed, which constituted 4.95% of interest expenses, reached TL 118,876 billion. Other interest expenses which constituted 13.64% of total interest expenses were TL 327,274 billion.

Personnel expenses totalled TL 733,778 billion or 3.94% of our total expenses.

Other operating expenses stood at TL 782,706 billion, foreign exchange losses at TL 12,883,007 billion, capital market transaction losses at TL 41,970 billion, provision expenses at TL 1,532,485 billion and fees and commissions paid at TL 127,600 billion.

Our net monetary loss after inflation adjustment of balance sheet and income/expense items came to TL 133,717 billion.

PROFIT/LOSS

(TL Billion)	2004	2003	Difference	%
Total Income	19,270,770	25,609,238	-6,338,468	-24.75
Total Expenses	18,635,315	25,127,573	-6,492,258	-25.84
Profit/Loss	635,455	481,665	153,790	31.93

After recouping the net monetary loss through allocation of provisions for interest and non-interest expenses and inflation adjustment of income/expense items, an excess over 2003 of TL 153,790 billion resulted in a net profit of TL 635,455 billion as of the end of 2004.

TÜRKİYE İŞ BANKASI A.Ş. INFORMATION ON DIVIDEND DISTRIBUTION AND CAPITAL INCREASE

It was approved by Türkiye İş Bankası Shareholders' General Assembly held on March 31, 2005 that the Bank's inflation adjusted 2004 profit of TL 635,454,712,136,213 (TRY 635,454,712.14) shall be distributed in accordance with article 58 of the Bank's Articles of Incorporation and the Regulation on Accounting Practice (RAP) Communiqué No.14, as detailed below.

	(TL)	NEW TURKISH LIRA(TRY)
DISTRIBUTABLE PROFIT	635,454,712,136,213	635,454,712.14
I.FIRST DIVIDEND		
(Articles of Incorporation Art.58/a-b)		
• For Legal Reserves 5%	31,772,735,606,811	31,772,735.61
• Type One Extraordinary Reserve	325,510,812,640,926	325,510,812.64
• First Dividend		
To Group A Shares	60,000,000	60.00
To Group B Shares	1,740,000,000	1,740.00
To Group C Shares	98,443,636,200,000	98,443,636.20
	455,728,984,447,737	455,728,984.45
II. SECOND DIVIDEND		
(Articles of Incorporation Art.58/c-d-e)		
• To Founders' Shares	2,738,456,976	2,738.46
• 02.5 % to Members of the Board and the General Manager in Equal Amounts	449,314,319,221	449,314.32
• 20 % to Bank Employees	35,945,145,537,695	35,945,145.54
• 10 % to Legal Reserves	16,196,429,783,603	16,196,429.78
• 10 % to Type Two Extraordinary Reserves	17,972,572,768,848	17,972,572.77
• Second Dividend		
To Group A Shares	159,671,220	159.67
To Group B Shares	2,315,232,687	2,315.23
To Group C Shares	109,157,051,918,226	109,157,051.92
	179,725,727,688,476	179,725,727.69

Distribution of dividends to shareholders has commenced on 1.4.2005 and the following dividends will be paid:

- TL 109.84 (TRY 0.0001098) for each TL 500 1st category Group A shares,
- TL 1,398.36 (TRY 0.0013984) for each TL 10,000 1st category Group B shares,
- TL 5,061.19 (TRY 0.0050612) for each TL 40,000 1st - Xth category Group C shares,
- TL 1,114,099.66 (TRY 1.1140997) for each of the founders' shares.

Moreover, it was decided at the Board of Directors meeting held on 25.02.2005 to raise the Bank's capital from TRY 1,640,757,270 to TRY 1,968,941,924 and that TRY 70,909,212 of the total TRY 328,184,654 that will be added to our capital, will be met through Profit on Sale of Participations, TRY 93,183,115 will be met through Extraordinary Reserves and TRY 164,092,327 part will be met through Reserves Arising From the Restatement of Paid-in Capital. The capital increase procedures have been completed, and distribution of bonus shares started on 22.07.2005. As such, regardless of which category shares they may be, new Group "C" bonus shares worth NKR 0.8 is given for each share representing our equity.

TÜRKİYE İŞ BANKASI A.Ş.

INDEPENDENT AUDITOR'S REPORT

FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2004

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

TÜRKİYE İŞ BANKASI A.Ş.

INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2004

- 1.** We have audited the accompanying balance sheet of Türkiye İş Bankası A.Ş. ("the Bank") as at 31 December 2004 and the related statements of the income, changes in shareholders' equity, and the cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditor is to express an opinion on these financial statements based on our audit.
- 2.** We conducted our audit in accordance with 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 whether the financial statements are free of material misstatement. An audit includes examining, on 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 provides a reasonable basis for our opinion.
- 3.** In accordance with the regulation, investments quoted on a stock exchange have been valued at their fair values and gains or losses on these securities are included in equity. Unquoted investments are accounted for at indexed cost in the accompanying financial statements. For those unquoted investments for which no recent independent valuation reports are available, there is no clear evidence whether any permanent value decrease has occurred. Therefore, the accompanying financial statements do not include any provision for the decline in value for these investments. The net gain on participations and available for sale assets valued at market prices, amounting to TL 1,638,961 billion, are accounted in equity under the "revaluation reserve on securities" account.
- 4.** The accompanying financial statements include TL 144,000 billion provision, accounted in the Other Provisions and charged to the current period 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 paragraph 3 and 4 above, the financial statements referred to above present fairly, in all material respects, the financial position of the Türkiye İş Bankası A.Ş. as at 31 December 2004 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.



DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU
İstanbul, 15 February 2005
Hüseyin Gürer
Partner

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.

TÜRKİYE İŞ BANKASI A.Ş.

AS OF 31 DECEMBER 2004, UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES TO BE ANNOUNCED TO PUBLIC

Headquarters Address: İş Kuleleri, 34330, Levent/İstanbul
Telephone: 0212 316 00 00
Fax: 0212 316 09 00
Web site: www.isbank.com.tr

The Reporting Package prepared in accordance with the statement no.17 "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as regulated by Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- GENERAL INFORMATION ON THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS RELATED TO ACCOUNTING POLICIES
- INFORMATION REGARDING THE FINANCIAL STRUCTURE OF THE BANK
- INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- DISCLOSURES ON THE INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements and related disclosures and footnotes are prepared in accordance with the "Regulation on Accounting Practice", related communiqués and the financial records of our Bank. Unless otherwise indicated, the financial statements are indicated in TL billions, restated according to the relevant purchasing power of Turkish Lira, subjected to independent audit and enclosed.



İbrahim Babayiğit
Manager of Accounting
Department



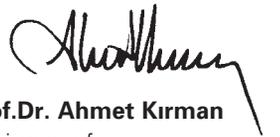
M. Sırrı Erkan
Deputy Chief
Executive



H. Ersin Özince
Chief Executive
Officer



H. Arslan Sarsar
Board Member
Responsible for
Internal Audit



Prof. Dr. Ahmet Kirman
Chairman of
The Board of Directors

TÜRKİYE İŞ BANKASI A.Ş.

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TÜRKİYE İŞ BANKASI A.Ş.

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TÜRKİYE İŞ BANKASI A.Ş.

PART ONE: GENERAL INFORMATION ON THE BANK

I. Explanation of Services and Areas of Activity of the Bank:

Türkiye İş Bankası A.Ş. ("the Bank"), established by the decree signed by the Council of Ministers on August 20th 1924, commenced its activities on August 26th 1924. The Bank's headquarters are located in Istanbul and the Bank had 848 domestic and 7 foreign branches as of 31 December 2004.

The bank, which was established with private capital and with the authority to accept deposits, is also active in corporate and retail banking. In addition to these, the Bank initiates or participates in all kinds of financial and industrial sector corporations as may be required.

II. Explanation Regarding the Bank's Risk Group:

As of the 31st of December 2004, 43.42% of the Bank shares belonged to T. İş Bankası A.Ş Pension Fund, 28.09% belonged to the Republican People's Party and 28.49% are free float.

III. Other Information

The address of the Bank's headquarters, telephone and fax numbers, web and E-mail addresses are given below.

1. Headquarters Address

İş Kuleleri, 34330, Levent / İstanbul

2. Telephone and Fax Numbers

Telephone : +90 (212) 316 00 00

Fax : +90 (212) 316 09 00

3. Web Site and E-mail Addresses

Web Site : www.isbank.com.tr

E-mail Address : 4440202@isbank.com.tr

4. Reporting Period

1 January - 31 December 2004

TÜRKİYE İŞ BANKASI A.Ş.

PART TWO: UNCONSOLIDATED FINANCIAL STATEMENTS

TÜRKİYE İŞ BANKASI A.Ş.	CURRENT PERIOD			PREVIOUS PERIOD - RESTATED		
UNCONSOLIDATED BALANCE SHEET	(31/12/2004)			(31/12/2003)		
ASSETS (TL billion / TRY thousand)	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	580,600	562,962	1,143,562	617,812	176,905	794,717
1.1.Cash	178,243	0	178,243	155,903	0	155,903
1.2.Foreign currency	0	113,829	113,829	0	110,646	110,646
1.3.Balances with the Central Bank of Turkey	402,357	446,626	848,983	461,909	63,465	525,374
1.4.Others	0	2,507	2,507	0	2,794	2,794
II. TRADING SECURITIES (Net)	338,479	12,960	351,439	2,550,727	11,520	2,562,247
2.1.Public sector debt securities	335,862	6,027	341,889	2,547,634	5,368	2,553,002
2.1.1.Government bonds	334,897	6,027	340,924	2,328,874	5,368	2,334,242
2.1.2.Treasury bills	965	0	965	218,760	0	218,760
2.1.3.Other public sector debt securities	0	0	0	0	0	0
2.2. Share certificates	113	0	113	874	0	874
2.3.Other marketable securities	2,504	6,933	9,437	2,219	6,152	8,371
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	40,538	1,039,831	1,080,369	278,363	1,185,599	1,463,962
3.1.Due from banks	40,538	1,039,831	1,080,369	278,363	1,185,599	1,463,962
3.1.1.Domestic banks	17,001	0	17,001	224,171	1	224,172
3.1.2.Foreign banks	23,537	1,039,831	1,063,368	54,192	1,185,598	1,239,790
3.1.3.Foreign head office and branches	0	0	0	0	0	0
3.2.Other financial institutions	0	0	0	0	0	0
IV. MONEY MARKET SECURITIES	0	0	0	184,869	214,126	398,995
4.1.Interbank money market placements	0	0	0	128,640	214,126	342,766
4.2.Istanbul Stock Exchange money market placements	0	0	0	0	0	0
4.3.Receivables from reverse repurchase agreements	0	0	0	56,229	0	56,229
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	4,913,640	8,267,187	13,180,827	2,437,935	7,385,863	9,823,798
5.1.Share certificates	13,688	0	13,688	13,238	0	13,238
5.2.Other marketable securities	4,899,952	8,267,187	13,167,139	2,424,697	7,385,863	9,810,560
VI. LOANS	8,226,301	4,225,541	12,451,842	5,153,193	4,613,272	9,766,465
6.1.Short term	4,707,742	1,836,142	6,543,884	3,286,500	2,165,905	5,452,405
6.2.Medium and long term	3,518,559	2,389,399	5,907,958	1,866,693	2,447,367	4,314,060
6.3.Loans under follow-up	1,131,538	1,793	1,133,331	1,310,258	1,261	1,311,519
6.4.Specific provisions (-)	1,131,538	1,793	1,133,331	1,310,258	1,261	1,311,519
VII. FACTORING RECEIVABLES	0	0	0	0	0	0
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	316,541	0	316,541	1,090,238	0	1,090,238
8.1.Public sector debt securities	316,541	0	316,541	1,090,238	0	1,090,238
8.1.1.Government bonds	316,541	0	316,541	1,090,238	0	1,090,238
8.1.2.Treasury bills	0	0	0	0	0	0
8.1.3.Other public sector debt securities	0	0	0	0	0	0
8.2.Other marketable securities	0	0	0	0	0	0
IX. INVESTMENTS AND ASSOCIATES (Net)	1,593,737	0	1,593,737	822,992	0	822,992
9.1.Financial investments and associates	47,695	0	47,695	45,771	0	45,771
9.2.Non-Financial investments and associates	1,546,042	0	1,546,042	777,221	0	777,221
X. SUBSIDIARIES (Net)	3,136,810	93,435	3,230,245	2,636,556	102,317	2,738,873
10.1.Financial subsidiaries	1,099,022	93,435	1,192,457	827,414	102,317	929,731
10.2.Non-Financial subsidiaries	2,037,788	0	2,037,788	1,809,142	0	1,809,142
XI. OTHER INVESTMENTS (Net)	0	0	0	0	0	0
XII. FINANCE LEASE RECEIVABLES (Net)	0	0	0	0	0	0
12.1.Gross finance lease receivables	0	0	0	0	0	0
12.2.Unearned income (-)	0	0	0	0	0	0
XIII. RESERVE DEPOSITS	343,888	1,203,946	1,547,834	267,897	1,080,562	1,348,459
XIV. MISCELLANEOUS RECEIVABLES	38,688	22,799	61,487	33,780	37,500	71,280
XV. ACCRUED INTEREST AND INCOME RECEIVABLE	1,039,061	230,292	1,269,353	1,472,949	214,057	1,687,006
15.1.Loans	687,167	53,681	740,848	412,315	72,907	485,222
15.2.Marketable securities	325,178	155,832	481,010	1,009,453	109,907	1,119,360
15.3.Other	26,716	20,779	47,495	51,181	31,243	82,424
XVI. PROPERTY AND EQUIPMENT (Net)	1,912,019	3,905	1,915,924	2,506,567	4,581	2,511,148
16.1.Book value	4,735,309	6,810	4,742,119	6,315,088	7,565	6,322,653
16.2.Accumulated Depreciation (-)	2,823,290	2,905	2,826,195	3,808,521	2,984	3,811,505
XVII. INTANGIBLE ASSETS [Net]	2	0	2	2	0	2
17.1.Goodwill	0	0	0	0	0	0
17.2.Other	2	0	2	2	0	2
17.3.Accumulated Amortization (-)	0	0	0	0	0	0
XVIII. OTHER ASSETS	367,276	3,336	370,612	96,111	185,637	281,748
TOTAL ASSETS	22,847,580	15,666,194	38,513,774	20,149,991	15,211,939	35,361,930

TÜRKİYE İŞ BANKASI A.Ş.

PART TWO: UNCONSOLIDATED FINANCIAL STATEMENTS

TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET	CURRENT PERIOD			PREVIOUS PERIOD - RESTATED		
	(31/12/2004)			(31/12/2003)		
LIABILITIES (TL billion / TRY thousand)	TL	FC	Total	TL	FC	Total
I. DEPOSITS	11,547,384	12,773,058	24,320,442	9,856,328	12,412,650	22,268,978
1.1.Bank deposits	428,611	218,964	647,575	333,323	333,890	667,213
1.2.Saving deposits	7,089,941	0	7,089,941	6,246,807	0	6,246,807
1.3.Public sector deposits	45,669	0	45,669	32,690	0	32,690
1.4.Commercial deposits	2,422,950	0	2,422,950	1,971,029	0	1,971,029
1.5.Other institutions deposits	1,560,213	0	1,560,213	1,272,479	0	1,272,479
1.6.Foreign currency deposits	0	12,554,094	12,554,094	0	12,078,760	12,078,760
1.7.Precious metals vault accounts	0	0	0	0	0	0
II. INTERBANK MONEY MARKET	491,347	308,291	799,638	1,442,153	729,760	2,171,913
2.1.Interbank money market takings	0	0	0	0	0	0
2.2.Istanbul Stock Exchange money market takings	0	0	0	2,449	0	2,449
2.3.Funds provided under repurchase agreements	491,347	308,291	799,638	1,439,704	729,760	2,169,464
III. FUNDS BORROWED	108,031	3,755,610	3,863,641	104,512	2,999,064	3,103,576
3.1.Funds borrowed from the Central Bank of Turkey	0	0	0	0	0	0
3.2.Other funds borrowed	108,031	3,755,610	3,863,641	104,512	2,999,064	3,103,576
3.2.1.Domestic banks and institutions	108,031	69,854	177,885	104,512	123,759	228,271
3.2.2.Foreign banks, institutions and funds	0	3,685,756	3,685,756	0	2,875,305	2,875,305
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	186,288	51,640	237,928	106,980	34,510	141,490
VII. OTHER EXTERNAL RESOURCES	54,392	305,546	359,938	49,360	441,723	491,083
VIII. TAXES AND OTHER DUTIES PAYABLE	63,234	131	63,365	72,703	143	72,846
IX. FACTORING PAYABLES	0	0	0	0	0	0
X. FINANCE LEASING PAYABLES (Net)	0	28,102	28,102	0	7,948	7,948
10.1.Finance Leasing Payables	0	30,496	30,496	0	8,726	8,726
10.2.Deferred finance leasing expenses (-)	0	2,394	2,394	0	778	778
XI. ACCRUED INTEREST AND EXPENSES PAYABLE	147,222	61,662	208,884	221,287	57,416	278,703
11.1.Deposits	123,160	29,254	152,414	140,946	33,124	174,070
11.2.Borrowings	4,743	20,531	25,274	7,920	13,371	21,291
11.3.Repurchase agreements	383	6,586	6,969	1,075	2,986	4,061
11.4.Other	18,936	5,291	24,227	71,346	7,935	79,281
XII. PROVISIONS	860,375	131,462	991,837	277,042	167,107	444,149
12.1.General provisions	94,877	441	95,318	76,635	486	77,121
12.2.Reserve for employee termination benefits	29,783	0	29,783	29,865	0	29,865
12.3.Provisions for income taxes	497,379	0	497,379	82,698	0	82,698
12.4.Insurance technical reserves (Net)	0	0	0	0	0	0
12.5.Other provisions	238,336	131,021	369,357	87,844	166,621	254,465
XIII. SUBORDINATED LOANS	0	0	0	0	0	0
XIV. SHAREHOLDERS' EQUITY	7,511,383	128,616	7,639,999	6,305,827	75,417	6,381,244
14.1.Paid-in capital	1,640,757	0	1,640,757	1,426,724	0	1,426,724
14.2.Capital Reserves	4,049,443	128,616	4,178,059	3,298,872	75,417	3,374,289
14.2.1.Share premium	3,694	0	3,694	3,694	0	3,694
14.2.2.Share cancellation profits	0	0	0	0	0	0
14.2.3.Marketable securities value increase fund	1,510,345	128,616	1,638,961	774,535	75,417	849,952
14.2.4.Revaluation fund	0	0	0	0	0	0
14.2.5.Value increase in revaluation fund	0	0	0	0	0	0
14.2.6.Other capital reserves	0	0	0	0	0	0
14.2.7.Difference arising from the restatement of paid-in capital	2,535,404	0	2,535,404	2,520,643	0	2,520,643
14.3.Profit reserves	1,185,728	0	1,185,728	1,090,605	0	1,090,605
14.3.1.Legal reserves	800,183	0	800,183	756,100	0	756,100
14.3.2.Status reserves	0	0	0	0	0	0
14.3.3.Extraordinary reserves	385,545	0	385,545	334,505	0	334,505
14.3.4.Other profit reserves	0	0	0	0	0	0
14.4. Profit or loss	635,455	0	635,455	489,626	0	489,626
14.4.1.Prior year income/loss	0	0	0	7,961	0	7,961
14.4.2.Current year income/loss	635,455	0	635,455	481,665	0	481,665
TOTAL LIABILITIES	20,969,656	17,544,118	38,513,774	18,436,192	16,925,738	35,361,930

TÜRKİYE İŞ BANKASI A.Ş.

PART TWO: UNCONSOLIDATED FINANCIAL STATEMENTS

TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS (TL billion / TRY thousand)	CURRENT PERIOD (31/12/2004)			PREVIOUS PERIOD - RESTATED (31/12/2003)		
	TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	7,301,031	6,687,197	13,988,228	5,955,674	7,506,937	13,462,611
I. GUARANTEES AND WARRANTIES	1,732,963	4,102,038	5,835,001	2,518,333	4,570,840	7,089,173
1.1.Letters of guarantee	1,732,910	2,375,920	4,108,830	1,513,603	3,167,853	4,681,456
1.1.1.Guarantees subject to State Tender Law	301,162	628,100	929,262	373,068	1,077,414	1,450,482
1.1.2.Guarantees given for foreign trade operations	111,248	685,981	797,229	100,840	620,746	721,586
1.1.3.Other letters of guarantee	1,320,500	1,061,839	2,382,339	1,039,695	1,469,693	2,509,388
1.2.Banks loans	0	186,312	186,312	0	188,663	188,663
1.2.1.Import letter of acceptance	0	180,545	180,545	0	148,744	148,744
1.2.2.Other bank acceptances	0	5,767	5,767	0	39,919	39,919
1.3.Letters of credit	53	1,538,883	1,538,936	9	1,213,228	1,213,237
1.3.1.Documentary letters of credit	7	1,442,735	1,442,742	9	1,213,228	1,213,237
1.3.2.Other letters of credit	46	96,148	96,194	0	0	0
1.4.Prefinancing given as guarantee	0	0	0	0	0	0
1.5.Endorsements	0	0	0	0	0	0
1.5.1.Endorsements to the Central Bank of Turkey	0	0	0	0	0	0
1.5.2.Other endorsements	0	0	0	0	0	0
1.6.Securities issue purchase guarantees	0	0	0	0	0	0
1.7.Factoring guarantees	0	0	0	0	0	0
1.8.Other guarantees	0	923	923	1,004,721	1,096	1,005,817
1.9.Other collaterals	0	0	0	0	0	0
II. COMMITMENTS	5,414,381	1,023,308	6,437,689	3,432,701	657,562	4,090,263
2.1.Irrevocable commitments	5,386,957	1,023,308	6,410,265	3,404,855	657,562	4,062,417
2.1.1.Asset purchase commitments	0	0	0	0	0	0
2.1.2.Deposit purchase and sales commitments	0	0	0	0	0	0
2.1.3.Share capital commitment to associates and subsidiaries	130	0	130	4,907	0	4,907
2.1.4.Loan granting commitments	0	599,107	599,107	0	129,892	129,892
2.1.5.Securities issue brokerage commitments	0	0	0	0	0	0
2.1.6.Commitments for reserve deposit requirements	0	0	0	0	0	0
2.1.7.Commitments for cheques	1,132,537	0	1,132,537	0	0	0
2.1.8.Taxes and funds payable due to export commitments	0	0	0	0	0	0
2.1.9.Commitments for credit card limits	4,198,274	406,307	4,604,581	3,347,123	477,768	3,824,891
2.1.10.Receivables from commitments for short-selling of securities	0	0	0	0	0	0
2.1.11.Payables to commitments for short-selling of securities	0	0	0	0	0	0
2.1.12.Other irrevocable commitments	56,016	17,894	73,910	52,825	49,902	102,727
2.2.Revocable commitments	27,424	0	27,424	27,846	0	27,846
2.2.1.Revocable loan granting commitments	0	0	0	0	0	0
2.2.2.Other revocable commitments	27,424	0	27,424	27,846	0	27,846

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TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS (TL billion / TRY thousand)	CURRENT PERIOD (31/12/2004)			PREVIOUS PERIOD - RESTATED (31/12/2003)		
	TL	FC	Total	TL	FC	Total
III. DERIVATIVE FINANCIAL INSTRUMENTS	153,687	1,561,851	1,715,538	4,640	2,278,535	2,283,175
3.1.Forward foreign currency buy/sell transactions	36,620	181,262	217,882	4,640	1,078,737	1,083,377
3.1.1.Forward foreign currency transactions-buy	18,783	90,260	109,043	2,387	539,272	541,659
3.1.2.Forward foreign currency transactions-sell	17,837	91,002	108,839	2,253	539,465	541,718
3.2. Swap transactions related to foreign currency and interest rates	0	508,009	508,009	0	928,474	928,474
3.2.1.Foreign currency swap-buy	0	254,339	254,339	0	467,427	467,427
3.2.2.Foreign currency swap-sell	0	253,670	253,670	0	461,047	461,047
3.2.3.Interest rate swaps-buy	0	0	0	0	0	0
3.2.4.Interest rate swaps-sell	0	0	0	0	0	0
3.3.Foreign currency and interest rate options	117,067	872,580	989,647	0	0	0
3.3.1.Foreign currency options-buy	42,930	25,551	68,481	0	0	0
3.3.2.Foreign currency options-sell	28,879	38,911	67,790	0	0	0
3.3.3.Interest rate options-buy	0	0	0	0	0	0
3.3.4.Interest rate options-sell	0	0	0	0	0	0
3.3.5.Securities options-buy	22,629	404,059	426,688	0	0	0
3.3.6.Securities options-sell	22,629	404,059	426,688	0	0	0
3.4.Foreign currency futures	0	0	0	0	198,307	198,307
3.4.1.Foreign currency futures-buy	0	0	0	0	99,814	99,814
3.4.2.Foreign currency futures-sell	0	0	0	0	98,493	98,493
3.5.Interest rate futures	0	0	0	0	73,017	73,017
3.5.1.Interest rate futures-buy	0	0	0	0	38,123	38,123
3.5.2.Interest rate futures-sell	0	0	0	0	34,894	34,894
3.6.Other	0	0	0	0	0	0
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	31,456,082	8,212,876	39,668,958	23,993,030	9,673,576	33,666,606
IV. ITEMS HELD IN CUSTODY	21,876,737	2,568,935	24,445,672	13,171,423	2,067,577	15,239,000
4.1.Assets under management	0	0	0	0	0	0
4.2.Investment securities held in custody	19,178,738	0	19,178,738	11,236,973	1,034,530	12,271,503
4.3.Checks received for collection	1,781,308	30,484	1,811,792	1,360,706	36,250	1,396,956
4.4.Commercial notes received for collection	771,187	1,035,236	1,806,423	550,924	988,531	1,539,455
4.5.Other assets received for collection	200	1,427	1,627	0	8,266	8,266
4.6.Assets received for public offering	60,980	0	60,980	0	0	0
4.7.Other items under custody	84,324	1,501,788	1,586,112	22,809	0	22,809
4.8.Custodians	0	0	0	11	0	11
V. PLEDGED ITEMS	9,579,345	5,643,941	15,223,286	10,821,607	7,605,999	18,427,606
5.1.Marketable securities	249,785	0	249,785	2,620,253	0	2,620,253
5.2.Guarantee notes	269,081	2,630,110	2,899,191	166,397	2,657,846	2,824,243
5.3.Commodity	0	0	0	1	0	1
5.4.Warranty	0	0	0	0	0	0
5.5.Immovables	9,001,904	2,969,019	11,970,923	7,974,717	4,883,564	12,858,281
5.6.Other pledged items	58,575	43,476	102,051	60,239	63,003	123,242
5.7.Pledged items-depository	0	1,336	1,336	0	1,586	1,586
VI. AVALS ACCEPTED AND WARRANTIES GIVEN	0	0	0	0	0	0
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)	38,757,113	14,900,073	53,657,186	29,948,704	17,180,513	47,129,217

TÜRKİYE İŞ BANKASI A.Ş.

PART TWO: UNCONSOLIDATED FINANCIAL STATEMENTS

TÜRKİYE İŞ BANKASI A.Ş.	TL billion (TRY thousand)	
UNCONSOLIDATED INCOME STATEMENT	CURRENT PERIOD (31/12/2004)	PREVIOUS PERIOD-RESTATED (31/12/2003)
I. INTEREST INCOME	4,492,634	4,171,953
1.1. Interest on loans	2,264,018	1,822,882
1.1.1. Interest on TL loans	1,989,578	1,494,058
1.1.1.1. Short term loans	1,261,256	1,162,493
1.1.1.2. Medium and long term loans	728,322	331,565
1.1.2. Interest on foreign currency loans	238,414	284,843
1.1.2.1. Short term loans	111,553	142,201
1.1.2.2. Medium and long term loans	126,861	142,642
1.1.3. Interest on loans under follow-up	36,026	43,981
1.1.4. Premiums received from Resource Utilization Support Fund	0	0
1.2. Interest received from reserve deposits	98,209	116,231
1.3. Interest received from banks	32,626	26,241
1.3.1. The Central Bank of Turkey	645	2
1.3.2. Domestic banks	2,372	1,754
1.3.3. Foreign banks	29,609	24,485
1.4. Interest received from money market transactions	4,921	55,150
1.5. Interest received from marketable securities portfolio	2,002,355	2,103,262
1.5.1. Trading securities	431,413	1,160,913
1.5.2. Available-for-sale securities	1,476,248	614,140
1.5.3. Held to maturity securities	94,694	328,209
1.6. Other interest income	90,505	48,187
II. INTEREST EXPENSE	2,400,052	2,925,360
2.1. Interest on deposits	1,953,902	2,544,403
2.1.1. Bank deposits	35,704	24,747
2.1.2. Saving deposits	1,276,863	1,757,456
2.1.3. Public sector deposits	2,696	533
2.1.4. Commercial deposits	198,648	174,862
2.1.5. Other institutions deposits	225,060	332,590
2.1.6. Foreign currency deposits	214,931	254,215
2.1.7. Precious metals vault accounts	0	0
2.2. Interest on money market transactions	313,479	266,823
2.3. Interest on funds borrowed	118,876	100,975
2.3.1. The Central Bank of Turkey	0	0
2.3.2. Domestic banks	22,424	39,589
2.3.3. Foreign banks	96,452	58,720
2.3.4. Foreign head office and branches	0	0
2.3.5. Other financial institutions	0	2,666
2.4. Interest on securities issued	0	0
2.5. Other interest expense	13,795	13,159
III. NET INTEREST INCOME (I - II)	2,092,582	1,246,593

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TÜRKİYE İŞ BANKASI A.Ş.	TL billion (TRY thousand)	
UNCONSOLIDATED INCOME STATEMENT	CURRENT PERIOD (31/12/2004)	PREVIOUS PERIOD-RESTATED (31/12/2003)
IV. NET FEES AND COMMISSIONS INCOME	709,500	551,333
4.1.Fees and commissions received	837,100	684,024
4.1.1.Cash loans	68,282	53,816
4.1.2.Non-cash loans	71,848	77,401
4.1.3.Other	696,970	552,807
4.2.Fees and commissions paid	127,600	132,691
4.2.1.Cash loans	23,050	11,244
4.2.2.Non-cash loans	30	34
4.2.3.Other	104,520	121,413
V. DIVIDEND INCOME	1,401	170
5.1.Trading securities	0	0
5.2.Available-for-sale securities	1,401	170
VI. NET TRADING INCOME	493,518	1,024,583
6.1.Profit/losses on trading account securities (Net)	396,885	763,290
6.1.1 Profit on trading account securities	438,855	769,762
6.1.1.1 Profit on derivative financial instruments	27,427	14,756
6.1.1.2 Other	411,428	755,006
6.1.2 Losses on trading account securities (-)	41,970	6,472
6.1.2.1 Losses on derivative financial instruments	23,433	5,854
6.1.2.2 Other	18,537	618
6.2.Foreign exchange gains/losses (Net)	96,633	261,293
6.2.1 Foreign exchange gains	12,979,640	19,536,333
6.2.2 Foreign exchange losses (-)	12,883,007	19,275,040
VII. OTHER OPERATING INCOME	413,554	371,314
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	3,710,555	3,193,993
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	1,068,686	920,064
X. OTHER OPERATING EXPENSES (-)	1,516,484	1,662,484
XI. NET OPERATING INCOME (VIII-IX-X)	1,125,385	611,445
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	107,586	75,682
XIII. NET MONETARY POSITION INCOME/EXPENSE	-133,717	-122,083
XIV. INCOME BEFORE TAXES (XI+XII+XIII)	1,099,254	565,044
XV. PROVISION FOR TAXES ON INCOME (-)	463,799	83,379
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)	635,455	481,665
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES	0	0
17.1.Extraordinary net income/expense before taxes	0	0
17.1.1.Extraordinary income	0	0
17.1.2.Extraordinary expense (-)	0	0
17.2.Provision for taxes on extraordinary income	0	0
XVIII. NET PERIOD PROFIT/LOSS (XVI+XVII)	635,455	481,665
Profit/Loss per Share (*)	387	338

(*) Shown in exact TRL amount

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TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

TL billion (TRY thousand)

	Paid-in Capital	Capital Reserves due to Inflation Adjustment of Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves
PREVIOUS PERIOD						
(31/12/2003)						
I. Balance at end of Previous Period	810,573	2,786,081	3,694	0	737,596	0
II. Changes Made in the Accounting Policies						
III. New Balance (I+II)						
IV. Net Profit/(Loss) for the Period						
V. Profit Distribution						
5.1.Dividends						
5.2.Transfers to Reserves					18,504	
5.3.Other						
VI. Capital Increase						
6.1.Cash						
6.2.Revaluation Fund						
6.3.Value Increase Revaluation Fund						
6.4.Marketable Securities Value Increase Fund						
6.5.Capital Reserves due to Inflation Adjustment of Paid-in Capital						
6.6.Issuance of Share Certificates	616,151	(265,438)				
6.7.Foreign Exchange Differences						
6.8.Other						
VII. Convertible Bonds						
Balance at End of Period (I+II+IV+V+VI+VII)	1,426,724	2,520,643	3,694	-	756,100	-
CURRENT PERIOD						
(31/12/2004)						
I. Balance at End of Previous Period	1,426,724	2,520,643	3,694	0	756,100	0
Increases in the Period:						
II. Investment Securities Available for Sale						
2.1.Net Fair Value Gains/Losses						
III. Cash-flow Hedge						
3.1.Net Fair Value Gains/Losses						
Transferred Amounts:						
IV. Investment Securities Available for Sale						
4.1.Amounts Transferred to Net Profit						
V. Cash-flow Hedge						
5.1.Amounts Transferred to Net Profit						
5.2.Amounts Transferred to Assets						
VI. Net Profit for the Period						
VII. Profit Distribution						
7.1.Dividend						
7.2.Amounts Transferred to Reserves					44,083	
7.3.Other						
VIII. Capital Increase						
8.1.Cash						
8.2.Revaluation Fund						
8.3.Value Increase Revaluation Fund						
8.4.Marketable Securities Value Increase Fund						
8.5.Capital Reserves due to Inflation Adjustment of Paid-in Capital						
8.6.Issuance of share Certificates	214,033	14,761				
8.7.Foreign Exchange Differences						
8.8.Other						
IX. Convertible Bonds						
Balance at End of Period (I+II+III+IV+V+VI+VII+VIII+IX)	1,640,757	2,535,404	3,694	-	800,183	-

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TÜRKİYE İŞ BANKASI A.Ş.	CURRENT PERIOD	PREVIOUS PERIOD
UNCONSOLIDATED STATEMENT OF CASH FLOW (TL billion/TRY thousand)	(31/12/2004)	(31/12/2003)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1. Operating Profit Before Changes in Operating Assets and Liabilities (+)	820,319	852,444
1.1.1. Interest Received (+)	4,627,703	3,578,959
1.1.2. Interest Paid (-)	-2,398,597	-2,969,482
1.1.3. Dividend Received (+)	26,103	75,852
1.1.4. Fees and Commissions Received (+)	837,100	663,846
1.1.5. Other Income (+)	541,143	1,236,631
1.1.6. Collections from Previously Written Off Loans and Other Receivables (+)	36,026	43,981
1.1.7. Cash Payments to Personnel and Service Suppliers (-)	-733,777	-707,016
1.1.8. Taxes Paid (-)	-126,260	-60,558
1.1.9. Extraordinary Items (+/-)	0	0
1.1.10. Other (+/-)	-1,989,122	-1,009,769
1.2. Changes in Operating Assets and Liabilities	527,432	1,073,955
1.2.1. Net Increase / Decrease in Trading Securities (+/-)	2,210,808	-1,128,290
1.2.2. Net Increase / Decrease Due From Banks (+/-)	383,594	-304,380
1.2.3. Net Increase / Decrease in Loans (+/-)	-3,193,242	-1,059,277
1.2.4. Net Increase / Decrease in Other Assets (+/-)	-278,446	-134,292
1.2.5. Net Increase / Decrease in Bank Deposits (+/-)	-19,638	256,047
1.2.6. Net Increase / Decrease in Other Deposits (+/-)	2,071,102	324,940
1.2.7. Net Increase / Decrease in Funds Borrowed (+/-)	760,065	1,241,666
1.2.8. Net Increase / Decrease in Matured Payables (+/-)	0	0
1.2.9. Net Increase / Decrease in Other Liabilities (+/-)	-1,406,811	1,877,541
I. Net Cash Provided From Banking Operations (+/-)	1,347,751	1,926,399
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Flow Provided from Investing Activities (+/-)	-1,206,058	-1,992,775
2.1. Cash Paid for Purchase of Participations, Subsidiaries and Other Investments (-)	-93,549	-22,586
2.2. Cash Obtained from Sale of Participations, Subsidiaries and Other Investments (+)	95,226	221,616
2.3. Fixed Assets Purchases (-)	-188,460	-156,523
2.4. Fixed Assets Sales (+)	1,422,692	138,969
2.5. Cash Paid for Purchase of Securities Available for Sale (-)	-3,250,593	-3,162,296
2.6. Cash Obtained from Sales of Securities Available for Sale (+)	0	0
2.7. Cash Paid for Purchase of Investment Securities (-)	0	0
2.8. Cash Obtained from Sales of Investment Securities (+)	773,697	852,088
2.9. Extraordinary Items (+/-)	0	0
2.10. Other (+/-)	34,929	135,957
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities (+/-)	-191,843	-469
3.1. Cash Obtained from Funds Borrowed and Securities Issued (+)	0	0
3.2. Cash Used for Repayment of Funds Borrowed and Securities Issued (-)	0	0
3.3. Capital Increase (+)	0	0
3.4. Dividends Paid (-)	-165,290	0
3.5. Payments made for Finance Leases (-)	-26,553	-469
3.6. Extraordinary Items (+/-)	0	0
3.7. Other (+/-)	0	0
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)	0	0
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)	-50,150	-66,845
VI. Cash and Cash Equivalents at Beginning of the Period (+)	1,193,712	1,260,557
VII. Cash and Cash Equivalents at End of the Period (V+VI)	1,143,562	1,193,712

TÜRKİYE İŞ BANKASI A.Ş.

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TÜRKİYE İŞ BANKASI A.Ş.	CURRENT PERIOD	PREVIOUS PERIOD
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE (TL billion/TRY thousand)	(31/12/2004)	(31/12/2003)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1.PROFIT FOR THE PERIOD	1,099,254	496,348
1.2.TAXES AND LEGAL OBLIGATIONS PAYABLE (-)	463,799	73,242
1.2.1.Corporate Tax (Income Tax)	462,480	65,214
1.2.2.Income Tax Withholding	1,319	8,028
1.2.3.Other Taxes and Legal Obligations	0	0
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	635,455	423,106
1.3.LOSSES IN PREVIOUS PERIODS (-)	0	0
1.4.FIRST LEGAL RESERVES (-)	0	21,155
1.5.LEGAL RESERVES TO BE KEPT AT BANK AND SAVED (-)	0	230,387
1.6.ADJUSTMENTS FOR INFLATION	0	0
1.7.FIRST EXTRAORDINARY RESERVES	0	0
B. DISTRIBUTABLE NET PROFIT FOR THE PERIOD [(A)-(1.3+1.4+1.5+1.6)] (1)	635,455	171,564
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	0	85,604
1.6.1.To Holders of Share Certificates	0	85,602
1.6.2.To Holders of Preferred Shares	0	2
1.6.3.To Participation Bonus Shares	0	0
1.6.4.To Profit Sharing Bonds	0	0
1.6.5.To Holders of Profit/Loss Share Certificates	0	0
1.7.DIVIDENDS TO EMPLOYEES (-)	0	17,192
1.8.DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	215
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	0	51,627
1.9.1.To Holders of Share Certificates	0	51,624
1.9.2.To Holders of Preferred Share Certificates	0	1
1.9.3.To Participation Bonus Shares	0	2
1.9.4.To Profit Sharing Bonds	0	0
1.9.5.To Holders of Profit/Loss Share Certificates	0	0
1.10.SECOND LEGAL RESERVES (-)	0	8,330
1.11.STATUTORY RESERVES (-)	0	0
1.12.EXTRAORDINARY RESERVES	0	8,596
1.13.OTHER RESERVES	0	0
1.14.SPECIAL FUNDS	0	0
II. DISTRIBUTION FROM RESERVES		
2.1.DISTRIBUTED RESERVES	0	0
2.2.SECOND LEGAL RESERVES (-)	0	0
2.3.SHARES TO SHAREHOLDERS (-)	0	0
2.3.1.To Holders of Share Certificates	0	0
2.3.2.To Holders of Preferred Share Certificates	0	0
2.3.3.To Participation Bonus Shares	0	0
2.3.4.To Profit Sharing Bonds	0	0
2.3.5.To Holders of Profit/Loss Participation Certificates	0	0
2.4.SHARES TO EMPLOYEES (-)	0	0
2.5.SHARES TO THE BOARD OF DIRECTORS (-)	0	0
III. PROFIT PER SHARE (2)		
3.1.TO HOLDERS OF SHARE CERTIFICATES	0	297
3.2.TO HOLDERS OF SHARE CERTIFICATES (%)	0	30
3.3.TO HOLDERS OF PREFERRED SHARE CERTIFICATES	0	0
3.4.TO HOLDERS OF PREFERRED SHARE CERTIFICATES (%)	0	0
IV. PROFIT PER SHARE (2)		
4.1.TO HOLDERS OF SHARE CERTIFICATES	0	3,847
4.2.TO HOLDERS OF SHARE CERTIFICATES (%)	0	10
4.3.TO HOLDERS OF PREFERRED SHARE CERTIFICATES	0	0
To Group A Shares	0	73
To Group B Shares	0	1,034
4.4.TO HOLDERS OF PREFERRED SHARE CERTIFICATES (%)	0	0
To Group A Shares	0	15
To Group B Shares	0	10

(1): Profit Distribution is decided upon by the Bank's General Assembly. The General Shareholders Assembly has not met as of the date at which the financial tables have been prepared.

(2): Indicated in full TL value.

(3): Net Profit for the Previous Period shows the balance before inflation adjustment. The inflation adjusted amount is TL 481,665 billion (TRY thousand).

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

I. PRESENTATION OF FINANCIAL STATEMENTS

The attached financial statements and the relevant explanations and footnotes have been prepared in accordance with the Regulation on Accounting Practice (RAP) effective from 01.10.2002 as well as the communiqués concerning accounting standards.

The accounting policies used in the preparation of the financial statements have not changed compared to year-end.

Unless otherwise indicated, all monetary values in the attached statements are expressed in billions of TL (TRY thousand). Except for the revaluation of fixed assets, financial statements have been prepared under the historical cost convention and on the basis of legal records; in order to portray the actual situation these financial statements have been prepared to include inflation accounting adjustments and classifications, taking into account the relevant purchasing power of the Turkish Lira on the date of the balance sheet, in accordance with the Regulation on Accounting Practice (RAP), Communiqué no.14: Accounting Standard Concerning the Preparation of Financial Statements in High Inflationary Periods.

Unless otherwise indicated, the phrase "Previous Period" in the explanations of the Balance Sheet and Off-Balance Sheet Commitments and the related notes, as well as those in the explanations of the Income Statement and the related notes means the date 31.12.2003.

In order to express values in terms of the purchasing power of Turkish Lira on 31.12.2004, previously published figures in the balance sheet, as well as the profit and loss statement, dated 31.12.2003 have been multiplied by a factor of 1.138402 and are thus restated in their adjusted version.

II. EQUITY PARTICIPATIONS

Equity participations are recorded at the cost of acquisition, and are restated on the balance sheet after having been adjusted according to inflation accounting principles. Participations and subsidiaries quoted on the stock exchange and regulated markets are stated at fair values and have not been adjusted for inflation.

III. FOREIGN EXCHANGE TRANSACTIONS

1. Asset and liability items in foreign currency have been converted to Turkish Lira (New Turkish Lira) ("TL" ("TRY")) at the exchange rates prevailing at the end of each period.

For the conversion of financial statements of the Bank's branches that have been established abroad, the year-end closing exchange rate has been used for the balance sheet items, while the average exchange rate has been used for items of the profit and loss statement. All exchange rate differentials resulting from conversion to TL (TRY) have been recorded in the accounts within the valuation fund under shareholders' equity.

2. The sum of the exchange rate differentials included in the net Profit/Loss of the period 1 January 2004 - 31 December 2004 as "FX Gains" is TL 96,633 billion (TRY thousand).

3. The total amount of the valuation fund resulting from exchange rate differentials, as of the date of the balance sheet stands at TL (-) 3,021 billion (TRY thousand).

The total of the valuation fund from exchange rate differentials at the end of the previous period and expressed in terms of purchasing power at the date of the balance sheet was TL (-) 2,602 billion (TRY thousand).

4. There are no exchange rate differentials capitalized as of the date of the balance-sheet.

No significant changes that would influence the financial statements significantly have been recorded in the exchange rates since the date of the balance sheet.

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

- 5.** Basic principles of foreign exchange risk management: The difference between FX denominated/indexed assets and liabilities constitutes the basis of exchange rate risk and is referred to as the "Net Overall FX Position". The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet periodically in order to take decisions to act in accordance with the basic limitations set by the "Net Overall FX Position/ Shareholders' Equity Ratio" and to take decisions to protect against exchange rate and parity risks. Derivative transactions are also employed on occasion to secure and protect against exchange rate and parity risks.
- 6.** The exchange rate differentials resulting from conversion to Turkish Lira of net investments abroad have been recorded to the profit and loss accounts and are considered as operating profit. There are no other instruments for protection against risk.
- 7.** No partnerships based abroad were acquired during the current period. The Bank does not have any accumulated goodwill in connection with any partnership abroad.
- 8.** No partnerships based abroad were disposed of in the current or former periods.
- 9.** All foreign currency transactions are calculated with the effective rate on the day of the transaction and the resulting profit or loss is reflected on the income statement of the period.
- 10.** There are no debt securities. The differences arising from the conversion of monetary financial assets to Turkish Lira are included in the income statement.

IV. EXPLANATIONS REGARDING FORWARD TRANSACTIONS, OPTION CONTRACTS, AND OTHER DERIVATIVE INSTRUMENTS

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

The Bank's swap transactions are implemented to minimize the differences between foreign currencies and to protect against liquidity risks. Futures transactions and forward buying-selling of foreign currencies are employed on occasion to hedge trading positions against market fluctuations. Foreign exchange transactions for the purpose of trading, and foreign currency and security based options transactions are also conducted. In addition, futures and option transactions and forward buying and selling of foreign currencies are conducted on behalf of customers, all of which are for the purpose of trading. While some derivative transactions economically provide protection from risk they still have to be accounted as "kept for trading purposes" within the framework of the "Accounting Standard for Financial Instruments" (RAP 1).

Liabilities and receivables arising from derivative transactions are monitored at their contractual values and within the off-balance-sheet liabilities.

Transactions related to derivative instruments are valued with fair value and accrued interest income and interest rediscount expenditures on interest and foreign exchange rate differences are reflected on the income statement.

As of 31 December 2004, the Bank has no reserves within its equity for protection against risk.

V. NET BALANCING OF FINANCIAL INSTRUMENTS

Net balancing of financial assets and liabilities are implemented when balancing is legally applicable or when it is foreseen by the bank that the assets and liabilities can be realized through the net balancing method. After balancing, assets and liabilities are shown in their net amounts on the financial statements. The attached statements do not contain any financial instruments, which have been net balanced.

VI. INTEREST INCOME AND EXPENSES

Interest income and expenses are recorded on accrual basis. Positive exchange rate differentials associated with foreign currency

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

indexed TL loans are entered in interest income account, whereas the negative exchange rate differentials are entered in impairment provision expense account. Positive exchange rate differentials associated with foreign currency indexed securities are entered in interest income account, whereas the negative exchange rate differentials are entered in other expenses account. Accrued interests and other interest receivables of the loans and other receivables that are classified as non performing are cancelled and the relevant figures are not recorded as interest income until the actual date of the collection as per the relevant legislation.

VII. FEE AND COMMISSION INCOME AND EXPENSES

Fee and commission income and expenses, loan fees and commissions paid to other lending institutions, as well as revenue generated by contracts or through the purchase of an asset on behalf of a third party, a real person or a corporate entity, are recorded in the period they are realized.

VIII. TRADING SECURITIES

Trading securities are those acquired for the purpose of gaining profit from short term market fluctuations in prices or similar elements, or securities which are part of a portfolio set up to realize profit in a short period of time, regardless of the purpose of its acquisition.

Trading securities are recorded on the balance sheet at the cost of their acquisition including their relevant transaction cost and thereafter carried at market value. In conditions where price formation which is the basis of market value fails to realize in active market conditions, it is accepted that the market value is not determined in a reliable fashion and a "discounted value", calculated by using the ratio of internal rate of return, is taken into account as the market value. Any gains or losses that emerged from evaluation are recorded in the profit and loss accounts. Interest income resulting from the retention of trading securities is shown as part of interest income in the profit/loss statement and any share of profits is shown within dividend income. Any profit or loss resulting from the disposal of the said securities before their maturity date is not booked under the account of "Profit/Losses on Trading Account Securities", as per the Uniform Code of Accounts.

IX. SALE AND REPURCHASE CONTRACTS AND TRANSACTIONS REGARDING THE LENDING OF SECURITIES

Securities subject to repo (repurchase) retained in the Bank's portfolio are classified according to their purpose of holding within the "Trading" or "Available for Sale" security portfolios and evaluated within the principles of the relevant portfolio.

As of the date of the balance sheet, the total value of securities subject to repo transactions and monitored in asset accounts stood at TL 899,656 billion (TRY thousand). The balance from funds acquired via repo contracts are monitored under liabilities and stood at TL 799,638 billion (TRY thousand). Interest expense rediscounts for repo transactions are monitored within the liabilities accounts.

Reverse repo transactions are entered in the "Receivables from Reverse Repurchase Agreements" account of the balance sheet. Income rediscount is calculated according to the effective interest rate method on the difference between the purchase and resale prices corresponding to the period designated by a reverse repo contract. The Bank has no reverse repo transactions as of 31 December 2004.

There are no security transactions that have been the subject of lending.

X. SECURITIES HELD TO MATURITY, SECURITIES AVAILABLE FOR SALE AND LOANS AND RECEIVABLES ORIGINATING FROM THE BANK

1. Financial assets to be held until the maturity date comprise those financial assets, other than loans and receivables originating from the bank, which are held with the intention of being retained until the maturity date, and for which the required conditions, including the capability of being funded, have been secured for the purpose of such retention until maturity date, and having fixed or determinable repayments and a fixed maturity date.

Financial assets available for sale comprise those financial assets other than loans and receivables originating from the bank, and other than those to be held until maturity date and those held for trading purposes.

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

Loans and receivables originating from the bank comprise those financial assets, which have been created by way of the provision of funds, goods or services to the debtor.

2. Securities held to maturity, financial assets available for sale as well as loans and receivables originating from the bank are recorded at their cost of acquisition.

Securities available for sale are valued according to their fair value in the period following their registration. In conditions where price formation, which is the basis of market value, fails to realize under active market conditions, it is accepted that the fair value is not determined in a reliable fashion and a "discounted value" calculated with the "Internal Rate of Return Method" is taken into account as the market value. Unrealized profit and loss resulting from the changes in market value of the securities available for sale, are not reflected to the income statement until the value of the financial asset is collected, the asset is sold or disposed, rather they are shown in the "Securities Value Increase Fund" account under shareholders' equity. In the event of the disposal or encashment of the relevant asset, the market value differences generated in shareholders' equity, resulting from the application of market valuation is reflected to the income statement.

3. Securities held to maturity are valued at the discounted cost, calculated by the method of internal rate of return, after deducting any provisions set aside for reduction in value.

4. There is no financial asset which has been previously classified as an asset to be held until the maturity date and which shall not be subject to such classification for a period of two years, as a result of non-adherence to classification rules.

5. Interest income generated from securities held to maturity is booked as interest income on the profit/loss account.

6. The purchase and sale transactions of securities held to maturity are booked according to their relevant delivery dates.

7. Securities held to maturity, acquired prior to the Regulation on Accounting Practice coming into effect, have been recorded in accordance with the provisions of "Uniform Code of Accounts and Explanatory Manual to be Used by Banks".

XI. LOANS AND RECEIVABLES ORIGINATED BY THE BANK, AND SPECIFIC PROVISIONS SET ASIDE

1. Loans and receivables originating from the bank are recorded at the cost of acquisition and subsequent valuation is made through their discounted values calculated using the internal rate of return method. Any fees, transaction costs and other similar costs incurred, attributable to assets taken as collateral for those mentioned above are reflected in the profit/loss accounts.

The loan portfolio is reviewed at regular intervals by the Bank's management, and in the event of there being any doubt about the collectibility of these loans, the said loans are classified in accordance with "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions shall be set aside by banks and to the Provisions to be set aside" published in the official Gazette No. 24448 dated 30 June 2001, as well as other communiqués and circulars, and specific provisions are set aside against these loans at ratios stipulated by the relevant regulations, communiqués and circulars. The specific provisions accounted for in the income statement are above the minimum legal requirements in the attached financial statements. Principal repayments made against these loans charged against principal, while interest payments are shown in the profit/loss statement under the item "Interest on loans under follow-up".

2. Apart from specific provisions, the Bank also sets aside general provisions against loans and other receivables, in accordance with the clauses of the regulation mentioned above. General provisions against cash loans and other receivables are set-aside at the ratio of 0.5%, and against non-cash loans at the ratio of 0.1%.

TÜRKİYE İŞ BANKASI A.Ş.

PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

3. Provisions released within the same year are booked by crediting the Provisions for Loan Losses account, while any released part of the provisions set aside in previous years is recorded by way of its transfer to the Other Operating Income account.

XII. GOODWILL AND OTHER INTANGIBLE ASSETS

1. The amortization period for goodwill is 5 years. Goodwill is amortized by the straight-line method.

2. The useful life of goodwill estimated at the time of its initial recognition is 5 years.

3. The amortization period for a brand name, this being another intangible asset, is determined in parallel with contract terms and stands at 10 years. Brand names are amortized by straight-line method.

4. There is no capitalization of computer software. Expenses for enhancing the computer software are recorded in the profit/loss statement.

5. No change is expected, that might have any significant impact on accounting estimates in terms of the depreciation period, the depreciation method or residual value, in the current or in following periods.

XIII. TANGIBLE FIXED ASSETS

1. The first registration of tangible assets is made through addition of the acquisition cost of the asset with any costs incurred to make the asset usable.

Tangible fixed assets are depreciated according to their respective expected useful lives, by straight-line method. The following table shows the rates applied in calculating the depreciation for tangible fixed assets and the respective periods for the estimated economic life foreseen.

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	50	2%
Safe Boxes	5-50	2-20%
Other Movables	5-17	6-20%
Leasehold	5-17	6-20%
Leasehold Improvements	5	20%

Tangible fixed assets are carried at the value derived by subtracting accumulated depreciation and provisions set aside against reduction in value, from the indexed value of historic cash investments made for the relevant assets. As a result of this adjustment applied to tangible fixed assets, the effect of the revaluation on these assets, conducted until 31.12.2004, in connection with the relevant legislation, has been removed.

2. Any gain and loss resulting from the disposal of tangible fixed assets is determined by calculating the difference between the net disposal value and the net book value of the relevant tangible fixed asset adjusted according to the current purchasing power of TL, and this difference is recorded in the income statement under other operating income or expense, or under shareholders' equity on the balance sheet.

3. Expenditure on repairs or maintenance of tangible assets is recognized as an expense and accounted accordingly.

4. There is no pledge, mortgage or other similar restrictions on tangible fixed assets.

5. TL 346,302 billion (TRY thousand) provision is set aside for the immovables, whose net total indexed value is TL 1,198,160 billion (TRY thousand), whereas their total expert value is TL 851,858 billion (TRY thousand).

On the other hand, TL 163,502 billion (TRY thousand) value increase of the immovables, whose net total indexed value is TL 264,300 billion (TRY thousand), whereas their total expert value is TL 427,802 billion (TRY thousand), has not been reflected to the attached financial statements.

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

6. There are no expectations of any changes that might have any significant impact on accounting estimates in the current period or in later periods.

XIV. LEASING TRANSACTIONS

Assets acquired through financial leasing are recorded in the "tangible fixed assets" account under assets. Debts incurred through financial leasing are recorded in the "finance leasing debts" account under liabilities. The maximum term for financial leasing contracts is 5 years.

All interest payments made for leasing activities are transferred to the income statement on a straight-line basis over the leasing period.

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

XV. PROVISIONS AND CONTINGENT LIABILITIES

All provisions other than specific and general provisions charged against loans and other receivables are evaluated within the scope of the RAP Communiqué No.8 "Accounting Standard for Provisions, Contingent Liabilities and Assets" and accounted for accordingly.

Detailed explanations on contingent liabilities are given under the heading "IV. Information and Disclosures Related to Off-Balance Sheet Items".

XVI. OBLIGATIONS REGARDING EMPLOYEE BENEFITS

Obligations concerning the rights of employees are accounted within the scope of the provisions of the RAP Communiqué No 10 "Accounting Standard for the Rights of Bank Employees".

Regarding the obligations arising from end of service benefit and severance pay, the arithmetic mean over 5 years of the ratios of actual payments, which forms the basis of the provisions allocated in respect of these liabilities, is 14.26%.

As of 31 December 2004, the Bank has no employees with periodical employment contracts, which will end in a period more than 12 months after the date of the balance sheet.

No provision was set aside in the attached financial statements related to Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (Isbank Members' Supplementary Pension Fund). The Bank has made no payments to this institution for the purpose of covering a technical deficit. The Bank management is of the opinion that the assets of this institution are capable of meeting its total obligations, and that it shall not constitute an additional liability for the Bank.

In accordance with Article 7 of the RAP Communiqué No 10, an actuary audit is carried out in respect of Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (Isbank Pension Fund), which has been established according to the provisional Article 20 of the Social Security Law No. 506. In accordance with the methods stipulated in the provisional Article 1 of the said Communiqué, provisions were allocated beginning from 31.01.2003 for the purpose of ensuring that the actual and technical deficits determined shall be covered in full by the end of 2007.

XVII. TAX APPLICATIONS

Corporation tax for 2004 income has been calculated at the rate of 33% in accordance with the "Act on making Amendments to Some Acts Nr. 5035", published in the Official Gazette Nr. 25334 (concurrent) dated 2 January 2004.

Provisional tax is calculated and paid on the corporate tax rate (33%) according to the principles stated in recurrent Article 120 of Income Tax Law, to be accounted for the corporation tax due for the current period.

In the event that a tax base arises from the financial profit, necessary provisions regarding corporation tax and income tax liabilities resulting from activities of the current period are set aside.

The Bank calculates deferred taxes and enters into accounts in accordance with the RAP Communiqué Nr. 18, for the "Temporary Differences" between the existing accounting policies and valuation principles, and the tax legislation.

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

Current period tax liabilities and current period tax expenses are TL 497,379 billion (TRY thousand); deferred tax liabilities and deferred tax expenses are TL (-) 10,501 billion (TRY thousand). The deferred tax that is subtracted from the value increase fund for marketable securities is TL 44,081 billion (TRY thousand). Net provision for tax is TL 463,799 billion (TRY thousand).

The tax legislation that points out the implementation of inflation accounting principles from the date of 1 January 2004 has been inured with the law Nr. 5024 published in the Official Gazette No. 25332 dated 30 December 2003. According to the law, corporate tax base will be calculated with the consideration of inflation accounting correction if the increase in the Wholesale Price Index (WPI) is higher than 100% for the last 36 months and is higher than 10% for the last 12 months.

The matter of whether these percentages are reached will be checked at the end of every 3-month provisional tax period and in the case of a need for an inflation correction in current year as of any provisional tax period, this correction will be applied to the whole year and past years including prior provisional tax periods.

Despite the fact that the increase in the price index for the last 36 months was 69.72% and for the last 12 months was 13.84% as of 31 December 2004, the Bank reflected in its records the difference derived from inflation corrections, which were made in the accounting period ended at 31 December 2004 for tax calculations, due to the reason that both conditions, required by the law in June 2004 provisional tax period, have been fulfilled.

XVIII. ADDITIONAL EXPLANATIONS REGARDING BORROWINGS

The bank resorts to obtaining funds from domestic or foreign institutions, as may be required. The said transactions are recorded at the cost of acquisition on the date of the transaction, and are also valued at their discounted values based on the internal rate of return method.

While the policies carried out aim at acquiring earning assets that would generate a yield higher than the cost of such borrowing instruments such as syndication, securitization, and collateralized borrowing, an effort is also made to ensure that the assets acquired are, as near as possible, of equal maturity or shorter, so that there is protection against interest rate and liquidity risks.

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

There have been no bonds or debt instruments issued that are convertible to share certificates.

XIX. PAID IN CAPITAL AND STOCK OF SHARES

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

Dividend payments are determined by the resolution of the General Assembly of Shareholders. General Assembly meeting has not taken place as of the publication date of the financial statements.

XX. BANK ACCEPTANCES

Bank acceptances and bills of guarantee are realized concurrently with the payments by customers, and are shown as possible liabilities and commitments under off-balance sheet items.

XXI. STATE INCENTIVES

No state incentives were received by the Bank during the current or previous accounting periods.

XXII. EXPLANATION OF THE REPORTING MADE ACCORDING TO DIVISIONS

The explanations regarding operational divisions of the Bank is placed in disclosure nr. X of Part Four.

XXIII. NEW TURKISH LIRA

The attached financial statements are reported in TL billion and as for TRY currencies, they should be considered as TRY thousand.

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PART FOUR: INFORMATION REGARDING THE FINANCIAL STRUCTURE

I. STRATEGY CONCERNING THE UTILIZATION OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

1. The Bank's principal areas of activity and strategies on financial instruments:

The Bank's principal areas of activity are retail and corporate banking, foreign exchange and money markets, securities trading and international banking services.

In consistency with the general liability structure of the banking system, the Bank's liabilities consist largely of short-term deposits and funds acquired through other medium to long term instruments. The potential liquidity risks of this structure are easily managed and controlled thanks to the continuity of deposits, the wide correspondent bank network, the market maker position of the Bank (the Bank is among market maker banks) and utilization of liquidity resources of the Turkish Central Bank. The liquidity position of the Bank and the market is monitored continuously. On the other hand, emerging foreign currency liquidity requirements are met through the money markets and swap transactions. Most of the loans have flexible rates allowing to reflect the interest rate changes to the customer and thus interest rate risk is kept at minimum levels. On the other hand, our high yield eurobond, government bonds and treasury bills portfolio provides a sufficient hedge against any risk resulting from interest rate changes. Most of the funds acquired have fixed interest rates, while placements are made at both fixed and variable interest rates depending on closely watched developments of the sector and the yields available through alternative investment instruments; a proportion of the collected funds are transferred to treasury guaranteed projects. The principle of security has the foremost priority in our placement activities, along with maturity structure. Lending is largely directed towards assets with a high yield and a low risk. As a result of these principles a pricing policy in line with targeting high yields is used in long term lending.

Loans and placements to securities are areas, which provide a yield higher than the average calculated yield for the Bank's overall areas of activity.

The Bank determines its strategy related with loans by taking into consideration international and domestic economic indicators and expectations, market conditions, current and potential credit customers' expectations and tendencies, the interest rate, liquidity, currency, credit risks, etc. Moreover, in balance sheet management the Bank acts parallel to this strategy by staying within the legal constraints.

The principal balance-sheet targets take shape from long-term plans emerging after budget studies, positions are taken against short-term exchange rates, interest rate and price movements in the money and capital markets based on changing market conditions, as well as the said plans.

Market fluctuations of exchange rates, interest rates and prices are monitored instantaneously, while positions are taken with strict adherence to legal limitations as well as the Bank's own transaction and control limits, thus preventing any breaches of these limits.

2. The Bank's strategy for hedging against the exchange rate risk resulting from foreign currency denominated capital market instruments available for sale, as well as the interest rate risk resulting from deposits with fixed or variable rates:

Foreign currency denominated capital instruments available for sale are financed with foreign currency funds of the same currency unit and same interest rate structure as much as possible. This eliminates parity and exchange rate risks. The deposit structure of the bank is parallel to the structure of the system; deposits accumulate in 1 and 3 month terms resulting in an interest rate risk structure similar to that of the system. The interest rate risk arising from deposits is closely monitored in line with the Bank's general interest rate risk policies; alternatives of fixed or variable rate borrowing are evaluated. The interest rate risk is reduced through the composition of the asset structure in line with fixed/variable borrowing costs of the deposits.

3. The composition of strategies for providing a hedge against the exchange rate risk resulting from other foreign currency transactions:

The existing foreign exchange position strategy is developed by the relevant units and carried out in line with the strategic decisions taken, the foreign currency position is managed through the balance of a basket of certain currencies in order to reduce parity risk. Derivative transactions are employed on occasion in order to hedge foreign exchange risks and parity risk.

4. Protection against exchange rate risks in the Bank's net investments in foreign institutions.

Similar strategies are employed in hedging against exchange rate risks in the bank's net investments with foreign institutions.

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PART FOUR: INFORMATION REGARDING THE FINANCIAL STRUCTURE

II. CAPITAL ADEQUACY STANDARD RATIO

The Bank's capital adequacy ratio is 29.03%. This ratio is considerably above the 8% minimum level stipulated by the relevant legislation.

The capital adequacy standard ratio is calculated by risk weighting of risk-weighted assets and non-cash loans in accordance with the relevant legislation, and by adding to the risk-weighted assets the value subject to risk determined by use of the Standard Method.

Information related to capital adequacy ratio:

	Risk Weights			
	Bank Only			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet Items (Net)	3,695,010	982,265	4,366,344	13,084,906
Cash	292,072	2,507	0	0
Due from Banks	848,983	979,365	0	101,004
Interbank Money Market Placements	0	0	0	0
Receivables from Reverse Repo Transactions	0	0	0	0
Reserve Deposits	1,547,834	0	0	0
Special Finance Houses	0	0	0	0
Loans	666,193	393	4,325,074	7,460,182
Loans under Follow-Up (Net)	0	0	0	0
Subsidiaries, Associates and Securities Available for Sale	0	0	0	3,583,830
Miscellaneous Receivables	6	0	0	61,481
Marketable Securities Held to Maturity (Net)	0	0	0	0
Advances for Assets Acquired by Financial Leasing	0	0	0	0
Financial Lease Receivables	0	0	0	0
Leased Assets (Net)	0	0	41,270	0
Fixed Assets (Net)	0	0	0	1,855,898
Other Assets	339,922	0	0	22,511
Off Balance Sheet Items	64,731	2,113,024	4,237,891	767,107
Guarantees and Pledges	32,210	2,066,942	920,570	81,044
Commitments	1,558	27,424	3,257,015	0
Other Off Balance Sheet Items	0	0	0	0
Transactions Related with Derivative Financial Instruments	0	11,209	0	1,382
Interest and Income Accruals	30,963	7,450	60,306	684,681
Not Risk Weighted Accounts	0	0	0	0
Total Risk Weighted Assets	3,759,741	3,095,290	8,604,235	13,852,013

Summary information about the bank only capital adequacy ratio:

	Bank Only	
	Current Period	Previous Period
Total Risk-Weighted Assets (RWA) ⁽¹⁾	18,773,188	15,933,691
Amount Subject to Market Risk (ASMR) ⁽²⁾	3,467,962	3,274,391
Shareholders' Equity	6,457,606	5,446,244
Shareholders' Equity / (RWA ¹ + ASMR ²) * 100	29.03	28.35

⁽¹⁾ RWA: Total Risk-Weighted Assets

⁽²⁾ ASMR: Amount Subject to Market Risk

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PART FOUR: INFORMATION REGARDING THE FINANCIAL STRUCTURE

Information about the shareholders' equity items:

	Current Period	Previous Period
CORE CAPITAL		
Paid-In Capital	1,640,757	1,426,724
Nominal Capital	1,640,757	1,426,724
Capital Commitments (-)	0	0
Differences due to Inflation Adjustment of Paid-In Capital	2,535,404	2,520,643
Share Premium and Share Cancellation Profits	3,694	3,694
Legal Reserves	800,183	756,100
First Legal Reserve (Turkish Commercial Code 466/1)	799,260	755,177
Second Legal Reserve (Turkish Commercial Code 466/2)	923	923
Reserves Allocated due to Special Laws	0	0
Statutory Reserves	0	0
Extraordinary Reserves	385,545	334,505
Reserves Allocated by the General Assembly	388,566	337,107
Retained Earnings	0	0
Accumulated Loss	0	0
Foreign Currency Share Capital Exchange Difference	-3,021	-2,602
Profit	635,455	489,626
Current Period Profit	635,455	481,665
Prior Period Profit	0	7,961
Loss (-)	0	0
Current Period Loss	0	0
Prior Period Loss	0	0
Total Core Capital	6,001,038	5,531,292
SUPPLEMENTARY CAPITAL		
Revaluation Fund	0	0
Furniture, Fixture and Vehicles	0	0
Buildings	0	0
Profit on Sale of Associates, Subsidiaries and Buildings to be Transferred to Share Capital	0	0
Revaluation Fund of Leasehold Improvement	0	0
Increase in the Value of Revaluation Fund	0	0
Foreign Exchange Differences	0	0
General Reserves	95,318	77,121
Provisions for Possible Losses	0	0
Subordinated Loans	0	0
Marketable Securities and Investment Securities Value Increase Fund	1,638,961	849,952
Associates and Subsidiaries	1,426,378	699,725
Investments Available for Sale	212,583	150,227
Investments Held for Structural Transactions	0	0
Total Supplementary Capital	1,734,279	927,073
TIER III CAPITAL	0	0
CAPITAL	7,735,317	6,458,365
DEDUCTIONS FROM THE CAPITAL	1,277,711	1,012,121
Investments in Unconsolidated Financial Companies Whose Main Activities are Money and Capital Markets, and Insurance and that Operate with Licenses Provided in accordance with Special Laws	1,250,774	986,123
Leasehold Improvements	18,756	17,392
Installation Costs	0	0
Prepaid Expenses	8,181	8,606
The Negative Difference Between the Market Values and the Carrying Amounts for Unconsolidated Investments, Subsidiaries, Other Investments, and Fixed Assets	0	0
Subordinated Loans given to Other Banks Which Operate in Turkey	0	0
Goodwill (Net)	0	0
Capitalized Expenses	0	0
Total Shareholders' Equity	6,457,606	5,446,244

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III. CREDIT RISK

1. In general, credit risk is defined as a situation where a party in a relationship with the Bank partially or completely fails to meet its contractual obligations with the Bank in due time.

The Bank carries out its placement activities in accordance with the credit limitations stipulated by legal regulations.

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

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

The distribution of our borrowers by sector is monitored closely for each period, making placements to prevent concentration of risk in sectoral sense.

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

Care is taken to ensure that loans are furnished with collateral. Most of the loans extended has been authorized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantors, depending on the financial status of the company and the type of the loan extended.

2. There are certain control limits on forward transactions carried out, and the risk taken concerning such types of instruments is evaluated along with other potential risks resulting from market fluctuations in due time.

3. Minimization of total risk, in case there is exposure to a significant level of credit risk, via termination of forward transactions, option contracts or contracts of similar nature by way of exercising rights, fulfilling obligations or sale: As a result of the present level of customers' need and the lack of depth in the domestic market in this particular area the Bank approaches derivative transactions in a limited manner in order to minimize the risks.

Despite the limited volume, derivative transactions are monitored in such a way that their liquidation is always considered a possibility.

4. Liquidated non-cash loans are considered as having the same risk weighting as cash loans, which have not been paid on the maturity date.

The rating system applied has been designed in such a way, that it can be used in rating all companies and loans, without any restrictions in terms of credit worthiness. Loans, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Within this framework, companies with low ratings are monitored more frequently, and special care is taken in this respect to decide the future direction of the relationship.

Within the framework of the Bank's risk management system, it is recognized that long-term liabilities are subject to greater credit risk than short-term liabilities and long-term risks are therefore subject to a separate and specialized rating system, based on realistic

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projections, a different rating methodology is applied to processes having properties of project financing thereby working to measure and manage long-term risks.

5. In connection with lending transactions abroad, the country risks and market conditions of the relevant countries and the relevant legal limitations are taken into account. Lending transactions of this type do not carry any significant element of risk.

6. (i) The share of the Bank's receivables from the top 100 cash borrowers in the overall cash loan portfolio stands at 27%.

(ii) The share of the Bank's receivables from the top non-cash borrowers in the overall non-cash portfolio stands at 50%.

(iii) The share of the value of the Bank's cash and non-cash receivables from the top 100 borrowers under balance-sheet and off-balance-sheet assets: Share of cash loans in total assets is 8% while share of non-cash loans in off balance sheet assets stands at 18%.

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

7. The total value of the general provisions set aside for credit risk stands at TL 95,318 billion (TRY thousand).

Information on geographical concentration:

	Assets	Liabilities***	Non-Cash Loans	Capital Expenditures	Net Profit
Current Period					
Domestic	32,623,582	25,475,831	3,787,257	4,744,235	506,246
European Union Countries	536,968	2,699,657	1,383,927	93,435	864
OECD Countries*	212,743	434,372	249,835	0	0
Off-Shore Banking Regions	51,636	755,709	13,123	0	120,110
USA, Canada	73,280	696,097	188,197	0	0
Other Countries	177,895	812,109	212,662	0	8,235
Unallocated Assets/Liabilities**	-	-	-	-	-
Total	33,676,104	30,873,775	5,835,001	4,837,670	635,455
Previous Period					
Domestic	29,458,502	24,693,151	4,752,286	3,472,786	436,343
European Union Countries	572,778	2,474,888	1,654,251	102,317	9,377
OECD Countries*	65,263	276,954	276,174	0	0
Off-Shore Banking Regions	1,244,538	230,693	14,740	0	31,073
USA, Canada	264,165	581,216	192,242	0	0
Other Countries	181,581	723,784	199,480	0	4,872
Unallocated Assets/Liabilities**	-	-	-	-	-
Total	31,786,827	28,980,686	7,089,173	3,575,103	481,665

* OECD countries other than EU countries, USA, and Canada.

** Assets/Liabilities, which could not be classified according to a consistent principle.

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

**** The totals of assets and capital expenditures reflect the total assets in the balance sheet.

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Sector concentration for cash loans:

	Current Period				Previous Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	277,848	3.38	61,354	1.46	175,074	3.40	57,880	1.25
Farming and Raising Livestock	252,569	3.07	57,305	1.36	159,963	3.10	54,709	1.19
Forestry	15,495	0.19	2,423	0.06	8,029	0.16	1,858	0.04
Fishing	9,784	0.12	1,626	0.04	7,082	0.14	1,313	0.03
Industry	2,665,159	32.40	2,501,000	59.18	1,708,973	33.16	2,442,787	52.95
Mining	30,002	0.36	145,529	3.44	30,581	0.59	82,875	1.80
Production	2,605,128	31.67	2,168,148	51.31	1,629,245	31.62	2,212,964	47.97
Electric, gas, and water	30,029	0.37	187,323	4.43	49,147	0.95	146,948	3.19
Construction	333,508	4.05	307,459	7.28	347,590	6.75	531,165	11.51
Services	1,701,490	20.68	802,567	18.98	1,057,735	20.53	955,199	20.71
Wholesale and Retail Trade	315,987	3.84	123,292	2.92	161,166	3.13	153,240	3.32
Hotel, Food and Beverage Services	108,895	1.32	92,534	2.19	96,174	1.87	69,522	1.51
Transportation and Telecommunication	378,854	4.61	65,595	1.55	253,180	4.91	515,614	11.18
Financial Institutions	86,104	1.05	402,885	9.53	437	0.01	51,116	1.11
Real Estate and Renting Services	37,221	0.45	10,147	0.24	26,044	0.51	1,989	0.04
Self-Employment Services	691,139	8.40	75,839	1.79	461,050	8.95	129,680	2.81
Education Services	29,728	0.36	23,317	0.55	19,470	0.38	17,283	0.37
Health and Social Services	53,562	0.65	8,958	0.21	40,214	0.78	16,755	0.36
Other	3,248,296	39.49	553,161	13.10	1,863,821	36.17	626,241	13.57
Total	8,226,301	100.00	4,225,541	100.00	5,153,193	100.00	4,613,272	100.00

IV. MARKET RISK:

The market risk carried by the Bank is measured in accordance with national regulations, which are in parallel with internationally accepted practices, and, by two separate methods known respectively as the Standard Method and the Value at Risk Method. In this context, interest rate risk emerges as the most important component forming the market risk.

The market risk measurements, which are carried out by applying the Standard Method at the end of each month and weekly measurements of exchange rate risk are reported to the Bank's top management in addition to being included in legally mandatory reports.

Another alternative used for measuring and monitoring risk is the Value at Risk Method (VAR). Using this method the market risk is measured on a daily basis to differentiate between interest rate risk, exchange rate risk and equity share risk and is the subject of daily internal reporting in the Bank. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR method, which is used to estimate the largest possible loss of the following day.

The VAR method used to measure the value losses that may occur in the market value of the Bank's portfolio under ordinary market conditions is also supported by analysis of scenarios developed to determine future outcomes under optimistic, base and worst case scenarios. The outcome of the scenario analyses and their possible impact on the Bank's portfolio value are reported to executive management.

The VAR method is also applied on a monthly basis to financial equity participations of the Bank.

The following table shows details of the market risk calculations carried out with the "Standard Method for Market Risk Measurement"

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and within the context of "Regulation for Evaluating and Measuring the Adequacy of the Bank's Capitalization" as of 31 December 2004.

	Amount
Capital to be Employed for Interest Rate Risk - Standard Method	173,310
Capital to be Employed for General Market Risk	162,700
Capital to be Employed for Specific Risk	9,098
Capital to be Employed for Options Subject to Interest Rate Risk	1,512
Capital to be Employed for Common Stock Position Risk - Standard Method	42,848
Capital to be Employed for General Market Risk	28,563
Capital to be Employed for Specific Risk	14,285
Capital to be Employed for Options Subject to Common Stock Position Risk	0
Capital to be Employed for Currency Risk - Standard Method	61,279
Capital Liability	61,279
Capital to be Employed for Options Subject to Currency Risk	0
Total Value-at-Risk (VAR) - Internal Model	0
Total Capital to be Employed for Market Risk	277,437
Amount Subject to Market Risk	3,467,962

V. CURRENCY RISK

The currency risk for the Bank is a result of the difference between the Bank's foreign currency denominated or indexed assets and the Bank's foreign currency liabilities. On the other hand, the fluctuations in parities of different foreign currencies are another dimension of the currency risk.

The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet regularly to make decisions for protection against exchange rate and parity risks, to keep the "Net FX Overall Position/ Shareholders' Equity" ratio within the framework of the legal requirement. These decisions are strictly conformed to. Forward transactions are conducted occasionally, in order to hedge against exchange rate risk.

In measuring exchange rate risk, both the Standard Method and the Value at Risk Methods (VAR) are used as in legally required reports. Measurements made within the scope of the Standard Method are carried out on a weekly basis and form the basis of determining the capital requirement for protection against exchange rate risk.

Risk measurements made within the context of the Value at Risk Method (VAR) are made on a daily basis using the historical simulation method. Furthermore, scenario analyses are conducted to support the calculations made within the VAR context. The results of the measurements made on exchange rate risk are reported to the Bank's Top Management and the risk is closely monitored by taking into account the market and the economic conditions.

Foreign exchange buying rates of the Bank at the date of the balance sheet and for the previous 5 working days:

Date	USD	EURO	YEN
31.12.2004	1,336,000.00 TL	1,822,972.00 TL	13,052.61 TL
30.12.2004	1,342,100.00 TL	1,826,732.31 TL	13,016.83 TL
29.12.2004	1,352,500.00 TL	1,842,781.25 TL	12,995.44 TL
28.12.2004	1,342,500.00 TL	1,829,827.50 TL	13,006.20 TL
27.12.2004	1,364,000.00 TL	1,845,492.00 TL	13,218.98 TL
24.12.2004	1,335,000.00 TL	1,807,590.00 TL	12,894.81 TL

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

USD : 1,366,903.33 TL
 EURO : 1,830,976.34 TL
 YEN : 13,164.70 TL

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Information on currency risk:

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	353,513	199,020	173	10,256	562,962
Due from Banks and Other Financial Institutions	185,404	203,952	5,689	644,786	1,039,831
Trading Securities	1,939	6,356	0	4,665	12,960
Interbank Placements	0	0	0	0	0
Investment Securities Available for Sale	1,856,858	6,410,329	0	0	8,267,187
Loans (1)	1,248,305	3,689,492	610	22,467	4,960,874
Investments in Subsidiaries and Associates	93,435	0	0	0	93,435
Investment Securities Held to Maturity (1)	0	316,541	0	0	316,541
Property and Equipment	0	123	0	3,782	3,905
Goodwill	0	0	0	0	0
Other Assets (1)	1,310,361	214,596	4	1,821	1,526,782
Total Assets (2)	5,049,815	11,040,409	6,476	687,777	16,784,477
Liabilities					
Banks Deposits	45,421	168,336	129	5,078	218,964
Foreign Currency Deposits	4,861,463	6,966,872	8,211	717,548	12,554,094
Interbank Funds	171,933	136,358	0	0	308,291
Funds Provided from Other Financial Institutions	27,118	3,727,255	438	799	3,755,610
Marketable Securities Issued	0	0	0	0	0
Miscellaneous Payables	17,991	31,400	119	2,130	51,640
Other Liabilities	82,435	423,605	3,430	12,868	522,338
Total Liabilities (3)	5,206,361	11,453,826	12,327	738,423	17,410,937
Net On Balance Sheet Position	-156,546	-413,417	-5,851	-50,646	-626,460
Net Off Balance Sheet Position	98,673	-216,835	-3,550	108,279	-13,433
Financial Derivative Assets (4)	251,230	414,700	0	108,279	774,209
Financial Derivative Liabilities	152,557	631,535	3,550	0	787,642
Non-Cash Loans (5)	1,342,150	2,558,398	88,380	113,110	4,102,038
Previous Period					
Total Assets	4,793,847	11,676,325	17,107	339,423	16,826,702
Total Liabilities	4,927,898	11,257,440	11,968	699,944	16,897,250
Net On Balance Sheet Position	-134,051	418,885	5,139	-360,521	-70,548
Net Off Balance Sheet Position	89,389	-440,123	-12,657	374,126	10,735
Non-Cash Loans	1,556,280	2,739,126	94,896	180,538	4,570,840

(1) Includes foreign currency indexed assets which are followed under TL accounts.

(2) TL 504,758 billion (TRY thousand) of the asset amount of TL 687,777 billion (TRY thousand) shown in the Other FC column under Total Assets is in GBP and TL 128,209 billion (TRY thousand) is in CHF. The remaining TL 54,810 billion (TRY thousand) is in other foreign currencies.

(3) TL 589,528 billion (TRY thousand) of the liability amount of TL 738,423 billion (TRY thousand) shown in the Other FC column under Total Liabilities is in GBP and TL 99,998 billion (TRY thousand) is in CHF. The remaining TL 48,897 billion (TRY thousand) is in other foreign currencies.

(4) Total amount of TL 108,279 billion (TRY thousand) shown in the Other FC column under Derivative Liabilities is in GBP.

(5) TL 60,028 billion (TRY thousand) of the loans amount of TL 113,110 billion (TRY thousand) shown in the Other FC column under Non-Cash Loans is in CHF, TL 24,256 billion (TRY thousand) is in GBP, TL 20,644 billion (TRY thousand) is in LYD and the remaining TL 8,182 billion (TRY thousand) is in other currencies.

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VI. INTEREST RATE RISK

Interest rate risk is defined as the increases or decreases that can arise in the value of interest sensitive assets and liabilities of the bank as a result of interest rate fluctuations. Measurement of interest rate risk is conducted through the Value at Risk Method along with the Standard Method. These measurements are supported with "interval analyses" to determine the direction of changes that may occur in the Bank's income and expenses as a result of interest rate risk.

The measurement of interest rate risks resulting from trading securities, securities available for sale and off-balance sheet positions is conducted in the context of the Standard Method as used in legally required reporting. This forms the basis for determining the capital required for interest rate risk. VAR calculations carried out on a daily basis forecast the changes in the said positions from fluctuations in the interest rates. These forecasts are further supported by various scenario analyses. The results of interest rate risk measurements are regularly reported to the Bank's top management.

The possible effects of interest rate risk on the Bank's assets and liabilities, market developments, the general economic environment and expectations are regularly covered in meetings of the Assets/Liabilities Committee, where further measures to reduce risk are taken when necessary.

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

End of Current Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Longer	Interest Free	Total
Assets							
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	848,983	0	0	0	0	294,579	1,143,562
Due from Banks and Other Financial Institutions	970,624	25	233	60,492	0	48,995	1,080,369
Trading Securities	54	466	32,876	31,747	286,173	123	351,439
Interbank Placements	0	0	0	0	0	0	0
Investment Securities Available for Sale	863,555	3,151,420	1,245,522	2,336,889	5,212,795	370,646	13,180,827
Loans	3,328,811	2,719,895	1,731,465	1,304,596	3,367,075	0	12,451,842
Investment Securities Held to Maturity	0	0	316,541	0	0	0	316,541
Other Assets	1,693,131	78,472	118,787	325,776	1,002,429	6,770,599	9,989,194
Total Assets	7,705,158	5,950,278	3,445,424	4,059,500	9,868,472	7,484,942	38,513,774
Liabilities							
Banks Deposits	586,068	4,145	8,586	33,500	0	15,276	647,575
Other Deposits	15,542,258	4,083,411	1,024,554	912,849	3,367	2,106,428	23,672,867
Interbank Funds	582,595	103,849	113,194	0	0	0	799,638
Miscellaneous Payables	41,630	0	805	0	195,493	0	237,928
Marketable Securities Issued	0	0	0	0	0	0	0
Funds Provided from Other Financial Institutions	200,698	2,050,726	1,229,242	351,560	31,415	0	3,863,641
Other Liabilities (1)	103,606	71,977	270,943	270,730	15,657	8,559,212	9,292,125
Total Liabilities	17,056,855	6,314,108	2,647,324	1,568,639	245,932	10,680,916	38,513,774
On Balance Sheet Interest Sensitivity Gap	-9,351,697	-363,830	798,100	2,490,861	9,622,540	-3,195,974	0
Off Balance Sheet Interest Sensitivity Gap	0	0	0	0	0	0	0
Total Interest Sensitivity Gap	-9,351,697	-363,830	798,100	2,490,861	9,622,540	-3,195,974	0

(1) Shareholders' equity is shown in interest free column.

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

End of Previous Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months and Longer	1 Year and Longer	Interest Free	Total
Assets							
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	525,374	0	0	0	0	269,343	794,717
Due from Banks and Other Financial Institutions	1,283,620	0	0	0	0	180,342	1,463,962
Trading Securities	43,997	88,542	816,460	1,476,920	135,369	959	2,562,247
Interbank Placements	398,995	0	0	0	0	0	398,995
Investment Securities Available for Sale	457,595	1,060,297	0	1,103,366	6,736,266	466,274	9,823,798
Loans	2,266,441	2,004,294	1,651,205	1,746,446	2,098,079	0	9,766,465
Investment Securities Held to Maturity	81,309	302,376	706,553	0	0	0	1,090,238
Other Assets	1,530,771	98,632	438,937	673,793	364,613	6,354,762	9,461,508
Total Assets	6,588,102	3,554,141	3,613,155	5,000,525	9,334,327	7,271,680	35,361,930
Liabilities							
Banks Deposits	523,135	9,517	1,145	0	0	133,416	667,213
Other Deposits	14,209,390	3,365,148	1,023,770	1,196,370	0	1,807,087	21,601,765
Interbank Funds	2,019,207	152,706	0	0	0	0	2,171,913
Miscellaneous Payables	74,062	0	244	0	67,184	0	141,490
Marketable Securities Issued	0	0	0	0	0	0	0
Funds Provided from Other Financial Institutions	182,207	771,789	1,407,249	697,698	44,633	0	3,103,576
Other Liabilities (1)	175,612	45,742	60,873	74,134	3,901	7,315,711	7,675,973
Total Liabilities	17,183,613	4,344,902	2,493,281	1,968,202	115,718	9,256,214	35,361,930
On Balance Sheet Interest Sensitivity Gap	-10,595,511	-790,761	1,119,874	3,032,323	9,218,609	-1,984,534	0
Off Balance Sheet Interest Sensitivity Gap	0	0	0	0	0	0	0
Total Interest Sensitivity Gap	-10,595,511	-790,761	1,119,874	3,032,323	9,218,609	-1,984,534	0

(1) Shareholders' equity is shown in interest free column.

Average interest rates applied to monetary financial instruments:

End of Current Period	EURO %	USD %	Yen %	TL %
Assets				
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	0.99	1.04	-	12.50
Due from Banks and Other Financial Institutions	1.98	1.93	-	16.94
Trading Securities	7.45	5.66	-	27.63
Interbank Placements	-	-	-	-
Investment Securities Available for Sale	8.94	7.45	-	25.62
Loans	5.41	5.49	1.24	34.62
Investment Securities Held to Maturity	-	7.40	-	-
Liabilities				
Banks Deposits	2.64	2.32	-	21.10
Other Deposits	1.83	1.63	0.03	16.75
Interbank Funds	3.69	2.81	-	22.73
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	3.95	3.30	0.62	17.41

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Average interest rates applied to monetary financial instruments:

End of Previous Period	EURO %	USD %	Yen %	TL %
Assets				
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	0.80	0.41	-	16.00
Due from Banks and Other Financial Institutions	1.81	0.87	-	25.15
Trading Securities	1.00	5.51	-	47.06
Interbank Placements	-	0.62	-	26.04
Investment Securities Available for Sale	9.46	8.80	-	30.73
Loans	6.01	5.23	2.31	42.49
Investment Securities Held to Maturity	-	7.01	-	31.69
Liabilities				
Banks Deposits	2.10	1.68	1.00	23.79
Other Deposits	2.06	1.81	-	21.19
Interbank Funds	-	-	-	25.06
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	3.97	2.79	3.98	27.06

VII. LIQUIDITY RISK

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

The Bank's principal source of funding is the deposits. While the average maturity of deposits are shorter than the maturity of our assets in line with market conditions, the Bank's wide network of branches and steady deposit base are its most important safeguards of the supply of deposits. On the other hand medium and long-term funds may be acquired abroad in the form of loans from foreign institutions.

In order to meet the liquidity requirements that may emerge from market fluctuations great care is taken to preserve liquid values, efforts in this framework are supported by projections of TL and FC cash flows. The term structure of TL and FC deposits, their cost and movements in the total amounts are monitored on a daily basis, also taking into account developments in former periods and developing expectations for the future. Based on cash flow projections, prices are differentiated for different maturities and thereby measures are taken to meet liquidity requirements; furthermore liquidity that may be required in extraordinary circumstances is estimated and alternative liquidity sources are determined for possible utilization. Swap transactions are carried out occasionally to hedge against liquidity risk.

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Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Longer	Not Classified ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,143,562	0	0	0	0	0	0	1,143,562
Due from Banks and Other Financial Institutions	146,957	917,412	0	0	16,000	0	0	1,080,369
Trading Securities	123	54	466	32,876	31,747	286,173	0	351,439
Interbank Placements	0	0	0	0	0	0	0	0
Investment Securities								
Available for Sale	370,647	49,965	580,002	1,274,400	2,668,190	8,237,623	0	13,180,827
Loans	0	2,252,070	1,273,013	1,428,719	2,159,043	5,338,997	0	12,451,842
Investment Securities Held to Maturity	0	0	0	0	0	316,541	0	316,541
Other Assets	1,583,896	118,868	82,954	120,727	325,776	1,002,429	6,754,544	9,989,194
Total Assets	3,245,185	3,338,369	1,936,435	2,856,722	5,200,756	15,181,763	6,754,544	38,513,774
Liabilities								
Banks Deposits	29,274	572,070	4,145	8,586	33,500	0	0	647,575
Other Deposits	6,258,373	11,390,313	4,083,411	1,024,554	912,849	3,367	0	23,672,867
Funds Provided from Other Financial Institutions	0	178,465	291,006	380,345	1,522,098	1,491,727	0	3,863,641
Interbank Funds	0	582,595	103,849	113,194	0	0	0	799,638
Marketable Securities Issued	0	0	0	0	0	0	0	0
Miscellaneous Payables	0	41,630	0	805	0	195,493	0	237,928
Other Liabilities	132	267,794	164,642	341,951	355,655	26,174	8,135,777	9,292,125
Total Liabilities	6,287,779	13,032,867	4,647,053	1,869,435	2,824,102	1,716,761	8,135,777	38,513,774
Net Liquidity Gap	-3,042,594	-9,694,498	-2,710,618	987,287	2,376,654	13,465,002	-1,381,233	0
Previous Period ⁽²⁾								
Total Assets	3,052,648	3,014,782	2,085,141	2,435,923	6,578,892	12,088,485	6,106,059	35,361,930
Total Liabilities	5,354,416	13,914,184	4,378,856	1,333,453	3,062,667	566,571	6,751,783	35,361,930
Net Liquidity Gap	-2,301,768	-10,899,402	-2,293,715	1,102,470	3,516,225	11,521,914	-645,724	0

⁽¹⁾ Subsidiaries and Associates, Tangible and Intangible Fixed Assets, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans in the Other Assets, and Shareholders' Equity and total Provisions except Corporate Tax Provisions that are in Other Liabilities are shown in 'Not Classified' column.

⁽²⁾ The required changes are made in the presentation of previous period's assets and liabilities, in accordance with the provisions of the communiqué amending the previous communiqué of BRSA no: 17, published in the Official Gazette no: 25524 dated 16.07.2004.

VIII. PRESENTATION OF ASSETS AND LIABILITIES WITH THEIR FAIR VALUES

The fair value of assets held to maturity is determined by market prices; in cases where this price cannot be established the quoted market prices of other securities with similar interest, maturity and redemption is taken as the basis of for determination of fair value. The fair value of demand deposits represents the amount to be paid when called. The fair value of placements with differing rates and

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overnight deposits represent their book values. The estimated fair value of fixed rate deposits is determined by finding the discounted cash flow based on market interest rates applied to similar loans and credits.

The total fair value of securities issued is calculated based on quoted market prices. When the market price cannot be found, a discounted cash flow model based on current yield is used for the remaining term.

The table below shows the book values and market values of some financial assets and liabilities of the Bank stated in the relevant communiqué (RAP 17). The book value represents the sum of the relevant acquisition cost of the asset and accumulated interest discounts.

	Book Value		Market Value	
	Current Period	Previous Period	Current Period	Previous Period
Financial Assets	15,426,720	12,903,372	15,899,894	13,238,397
Due from Banks and Other Financial Institutions	1,929,352	1,989,336	1,933,601	1,989,336
Investment Securities Available for Sale	13,180,827	9,823,798	13,639,743	10,095,538
Investment Securities Held to Maturity	316,541	1,090,238	326,550	1,153,523
Financial Liabilities	28,422,011	25,514,044	28,599,700	25,709,404
Interbank Deposits	647,575	667,213	653,824	668,326
Other Deposits	23,672,867	21,601,765	23,819,032	21,774,721
Funds Provided from Other Financial Institutions	3,863,641	3,103,576	3,888,916	3,124,867
Marketable Securities Issued	0	0	0	0
Miscellaneous Payables	237,928	141,490	237,928	141,490

IX. TRANSACTIONS MADE IN THE NAME AND ON ACCOUNT OF OTHERS, TRANSACTIONS BASED ON TRUST

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

2. There are no transactions carried out by the Bank based on trust.

X. FIELDS OF ACTIVITY

In addition to providing basic banking services, the Bank is active in retail banking services, private banking, corporate banking, fund management, international banking and through its participations it operates in various financial and non financial fields.

Technological developments in retail banking are evaluated and implemented rapidly and effectively to offer services such as deposit accounts, consumer loans, credit cards, automated payments, cheques-bills, money transfers, foreign exchange transactions, internet and interactive telephone banking, mobile banking, safe deposit boxes and insurance. Furthermore, the Bank offers management services on financing and cash flow management in line with customer requirements and within the context of private banking.

In the field of corporate banking, we offer banking services to large corporate customers and in the field of retail banking, small and medium enterprises through a diverse range of financial instruments. The services offered to corporate and commercial customers include operating loans in TL or foreign currency, medium and long-term investment loans, foreign trade financing, letters of credit and guarantees, foreign exchange transactions and other corporate financial and banking services. Requests for the financing of projects where the loan repayments will be largely realized from the income of the completed project are subject to feasibility analyses using project-financing techniques. Great emphasis is placed on these project-financing activities. In addition to these basic services the bank engages in active guidance of its corporate customers in line with the firm's requirements and special circumstances, develops financial solutions and takes on a permanent role in helping to maintain the survival of the firm.

The Bank's fund management services are carried out by the Treasury and Securities Units. The Treasury Unit engages in domestic and foreign securities trading, TL and FC money market transactions, TL and FC deposits and loan pricing, syndication, securitization etc. for securing medium and long-term funds and the marketing of derivative products like forward transactions, options and swaps hedging to customers. The Bank's Securities Unit acts as intermediary for the trading of securities and eurobonds, repo and reverse repo

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transactions, buying odd lot equity shares, as an intermediary for trading of equity shares and in public offerings as an agent of İş Yatırım Menkul Değerler A.Ş., as an intermediary for trading in 14 mutual funds established by the Bank, and the registered custody of these financial instruments. The Bank also offers safe custody abroad for domestic and foreign investors through its international custody services.

Computer, communication, data technologies and banking applications are monitored closely to determine the Bank's up-to-date data processing requirements and objectives are set accordingly. Technology acquisition, installation and upgrade are conducted to maintain the Bank's technology level and retain its competitive edge. It is ensured that the installed system and infrastructure are managed, operated and maintained effectively, efficiently and securely. The Bank's software requirements and application objectives are specified with the objective of ensuring that the software required for a more rational computer assisted working environment is created; to the same effect, existing software is improved, management information systems are implemented, security and integration of data are achieved, and computer software requirements are met by determining software standards.

The Bank's international banking activities are conducted through 1 branch in London, 1 in Bahrain, 5 in the Turkish Republic of Northern Cyprus. The Bank also benefits from the international branch network of İş Bankası GmbH with 12 branches in Germany, 2 in Holland and 1 each in France and Switzerland. The Bank's network of correspondent banks consists of about 1,383 banks in 122 countries.

The Bank operates in financial sector other than banking and real sector through its participations and subsidiaries details of which are presented on pages 110 and 113.

Illustration of particular balance sheet items by operational divisions:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Total Operation of Group
Operating Income	2,161,070	1,472,051	2,605,086	6,238,207
Other*	0	0	0	0
Operating Income	2,161,070	1,472,051	2,605,086	6,238,207
Net Income of the Division	290,480	106,324	727,179	1,125,385
Undistributed Costs**	0	0	0	-133,717
Operating Profit	0	0	0	991,668
Income From Associates	0	0	107,586	107,586
Pre-Tax Profit	0	0	0	1,099,254
Corporation Tax	0	0	0	-463,799
Profit After Tax	0	0	0	635,455
Minority Rights	0	0	0	0
Net Profit of Period	0	0	0	635,455
Assets of Divisions	2,769,950	11,793,060	18,786,860	33,349,870
Associates and Subsidiaries	0	0	4,823,982	4,823,982
Undistributed Assets	0	0	0	339,922
Total Assets	2,769,950	11,793,060	23,610,842	38,513,774
Liabilities of Divisions	15,006,467	10,782,608	4,092,863	29,881,938
Undistributed Liabilities	0	0	0	991,837
Total Liabilities	15,006,467	10,782,608	4,092,863	30,873,775
Other Division Items	0	0	0	0
Capital Investment	0	0	555,942	555,942
Depreciation	-41,582	-28,684	-32,094	-102,360
Decrease in Value	-117,729	-85,955	-218,760	-422,444
Other Non-Cash Earnings-Expenses	254,294	302,633	468,391	1,025,318
Restructuring Costs	0	0	0	0

* Net operating income obtained from transactions with other divisions.

** Costs that cannot be distributed to divisions on a consistent base.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSET ITEMS

1. Information related to the account of the Central Bank of Turkey:

	Current Period		Previous Period	
	TL	FC	TL	FC
Demand Unrestricted Amount	402,357	446,626	461,909	63,465
Time Unrestricted Amount	0	0	0	0
Total	402,357	446,626	461,909	63,465

2. Additional information on Trading Securities:

a. Trading securities given as collateral or blocked:
There are no trading securities given as collateral.

	Current Period		Previous Period	
	TL	FC	TL	FC
Share Certificates	0	0	0	0
Bond, Treasury Bill, and Similar Investment	0	0	2,224	0
Other	0	0	0	0
Total	0	0	2,224	0

b. Trading securities subject to repurchase agreements:

	Current Period		Previous Period	
	TL	FC	TL	FC
Government Bonds	322,902	0	1,143,063	0
Treasury Bills	0	0	0	0
Other Government Debt Securities	0	0	0	0
Bank Bonds and Bank Guaranteed Bonds	0	0	0	0
Asset Backed Securities	0	0	0	0
Other	0	0	0	0
Total	322,902	0	1,143,063	0

3. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Previous Period	Current Period	Previous Period
European Union Countries	637,835	504,888	14,023	15,754
USA, Canada	140,361	503,359	0	0
OECD Countries*	170,144	115,359	0	0
Off-shore Banking Regions	0	0	0	0
Other	101,005	100,430	0	0
Total	1,049,345	1,224,036	14,023	15,754

* OECD countries other than European Union countries, USA, and Canada.

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4. Information on receivables from reverse repo transactions:

	Current Period		Previous Period	
	TL	FC	TL	FC
From local transactions	0	0	56,229	0
Central Bank of the Republic of Turkey	0	0	0	0
Banks	0	0	0	0
Brokerage Houses	0	0	0	0
Other Financial Institutions and Organizations	0	0	56,229	0
Other Institutions and Organizations	0	0	0	0
Real Persons	0	0	0	0
From international transactions	0	0	0	0
Central Banks	0	0	0	0
Banks	0	0	0	0
Brokerage Houses	0	0	0	0
Other Financial Institutions and Organizations	0	0	0	0
Other Institutions and Organizations	0	0	0	0
Real Persons	0	0	0	0
Total	0	0	56,229	0

5. Information on investment securities available for sale:

a. Types of securities available for sale: Securities available for sale are comprised of 75 % government bonds, 21% Eurobond and % 4 stocks and other securities.

b. Information on investment securities available for sale:

	Current Period	Previous Period
Debt Securities	12,810,181	9,357,525
Quoted in a Stock Exchange	6,512,235	3,237,044
Not quoted (*)	6,297,946	6,120,481
Share Certificates	13,690	13,240
Quoted in a Stock Exchange	0	0
Not quoted	13,690	13,240
Impairment Provision (-)	2	2
Other	356,958	453,035
Total	13,180,827	9,823,798

(*) Indicates debt securities, listed on the stock exchange, that have not been traded on 31.12. 2004.

c. Investment securities available for sale given as collateral:

Securities available for sale given as collateral are comprised of TL and FC government bonds. The book value of these securities as of the balance sheet date stands at TL 2,224,454 billion (TRY thousand) that comprises of TL 2,173,398 billion (TRY thousand) cost and TL 51,056 billion (TRY thousand) valuation difference.

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d. Information on investment securities available for sale given as collateral or blocked:

Information on securities available for sale given as collateral or blocked have been shown in the below table on the basis of acquisition cost.

	Current Period		Previous Period	
	TL	FC	TL	FC
Share Certificates	0	0	0	0
Bond, T-Bill, and similar investment securities	1,351,701	821,698	412,296	1,012,027
Other	0	0	0	0
Total	1,351,701	821,698	412,296	1,012,027

e. Information on investment securities available for sale subject to repurchase agreements:

	Current Period		Previous Period	
	TL	FC	TL	FC
Government Bonds	164,084	412,670	0	252,549
Treasury Bills	0	0	0	0
Other Debt Securities	0	0	0	541,077
Bank Bonds and Bank Guaranteed Bonds	0	0	0	0
Asset Backed Securities	0	0	0	0
Other	0	0	0	0
Total	164,084	412,670	0	793,626

6. Information related to loans:

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

	Current Period		Previous Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	0	0	0	0
Corporate Shareholders	0	0	0	0
Real Person Shareholders	0	0	0	0
Indirect Loans Granted to Shareholders	0	0	0	0
Loans Granted to Employees	28,245	0	20,780	0
Total	28,245	0	20,780	0

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non Specialization Loans	11,870,812	0	280,988	300,042
Discount Notes	15,924	0	0	0
Export Loans	1,643,352	0	101,702	0
Import Loans	70	0	536	0
Loans Given to Financial Sector	143,870	0	0	0
International Loans	97,530	0	5,404	0
Consumer Loans	1,594,830	0	0	0
Credit Cards	1,646,579	0	62	0
Precious Metals Loans	0	0	0	0
Other	6,728,657	0	173,284	300,042
Specialized Lending	0	0	0	0
Other Receivables	4,865,334	0	0	0
Total	16,736,146	0	280,988	300,042

c. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-Term Loans	6,429,865	0	114,019	0
Non-Specialization Loans	6,429,865	0	114,019	0
Specialized Loans	0	0	0	0
Other Receivables	0	0	0	0
Medium and Long-Term Loans	5,440,947	0	166,969	300,042
Non-Specialization Loans	5,440,947	0	166,969	300,042
Specialized Loans	0	0	0	0
Other Receivables	0	0	0	0
Total	11,870,812	0	280,988	300,042

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d. Information on consumer loans:

	Short-Term	Medium and Long-Term	Total	Interest and Income Accruals
Consumer Loans-TL	561,545	914,794	1,476,339	199,169
Real Estate Loans	13,717	173,997	187,714	31,632
Automotive Loans	104,965	349,566	454,531	67,673
General Purpose Consumer Loans	431,036	380,929	811,965	97,631
Personnel Loans	11,827	10,302	22,129	2,233
Other Consumer Loans	0	0	0	0
Consumer Loans - Indexed to FC	9,660	108,831	118,491	11,285
Real Estate Loans	4,867	93,660	98,527	8,896
Automotive Loans	4,492	14,989	19,481	2,289
General Purpose Consumer Loans	301	182	483	99
Personnel Loans	0	0	0	1
Other Consumer Loans	0	0	0	0
Credit Cards	1,575,969	0	1,575,969	23,310
Total Consumer Loans	2,147,174	1,023,625	3,170,799	233,764

Equal installment loans extended to small and medium size enterprises, which used to be followed under consumer loans accounts, had the total of TL 1,776,922 billion (TRY thousand) as of 31.12.2004 and were classified under commercial loans accounts. Automotive loans extended to these companies amount to TL 1,572,928 billion (TRY thousand), real estate loans amount to TL 66,208 billion (TRY thousand) and other loans amount to 137,786 billion (TRY thousand).

The balance of corporate credit cards stands at TL 70,672 billion (TRY thousand) and the above table involves the amount of retail credit cards only.

The balance of retail overdraft accounts stands at TL 209,670 billion (TRY thousand) and the balance of commercial overdraft accounts stands at TL 183,190 (TRY thousand).

e. Loans according to type of borrowers:

	Current Period	Previous Period
Public Sector	505,883	427,512
Private Sector	11,945,959	9,338,953
Total	12,451,842	9,766,465

f. International and domestic loans:

	Current Period	Previous Period
Domestic Loans	12,312,830	9,596,683
International Loans	139,012	169,782
Total	12,451,842	9,766,465

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g. Loans granted to subsidiaries and participations:

	Current Period	Previous Period
Direct Loans Granted to Subsidiaries and Participations	480,509	1,051,101
Indirect Loans Granted to Subsidiaries and Participations	0	0
Total	480,509	1,051,101

h. Specific provisions provided against loans:

Specific Provisions	Current Period	Previous Period
Loans and Receivables with Limited Collectibility	76,097	14,411
Loans and Receivables with Doubtful Collectibility	108,405	63,187
Uncollectible Loans and Receivables	948,829	1,233,921
Total	1,133,331	1,311,519

j. Information regarding loans under follow-up (Net):

j.1. Information on loans and other receivables included in loans under follow-up account, which are restructured or rescheduled:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period			
(Gross amounts before the specific reserves)	22,418	0	395,611
Loans and Other Receivables which are Restructured	0	0	78,599
Rescheduled Loans and Other Receivables	22,418	0	317,012
Previous Period			
(Gross amounts before the specific reserves)	0	20,187	572,662
Loans and Other Receivables which are Restructured	0	0	208,157
Rescheduled Loans and Other Receivables	0	20,187	364,505

j.2. The changes in total loans under follow-up:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Previous Period End Balance (*)	12,659	55,505	1,083,906
Additions (+)	211,279	4,440	127,516
Transfers from Other Categories of Loans Under Follow-Up (+)	0	131,098	70,523
Transfers to Other Categories of Loans Under Follow-Up (-)	131,098	70,523	0
Collections (-)	16,669	12,007	209,534
Write-Offs (-)	74	108	123,582
Current Period End Balance	76,097	108,405	948,829
Specific Provisions (-)	76,097	108,405	948,829
Net Balance on Balance Sheet	0	0	0

(*) The balance shown, appertaining to the previous period is based on amounts that have not been inflation-adjusted. The inflation-adjusted amounts are TL 14,411 billion (TRY thousand) for group III, TL 63,187 billion (TRY thousand) for group IV, and TL 1,233,921 billion (TRY thousand) for group V.

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j.3. Information on foreign currency loans and other receivables under follow-up:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period:			
Period End Balance	1,540	0	253
Specific Provisions (-)	1,540	0	253
Net Balance on Balance Sheet	0	0	0
Previous Period:			
Period End Balance	0	907	354
Specific Provisions (-)	0	907	354
Net Balance on Balance Sheet	0	0	0

k. Main features of uncollectible loans and other receivables liquidation policy:

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

7. Information on factoring receivables: There are no factoring receivables.

8. Information on investment securities held-to-maturity (Net):

a. Information on investment securities held-to-maturity: All investment securities held-to-maturity are comprised of government bonds.

	Current Period	Previous Period
Debt Securities	316,541	1,090,238
Quoted in a Stock Exchange	0	383,685
Not Quoted (*)	316,541	706,553
Impairment Provision (-)	0	0
Total	316,541	1,090,238

b. Changes in investment securities held-to-maturity:

	Current Period	Previous Period
Beginning Balance	1,090,238	1,942,326
Difference Arising from Restatement	-132,546	0
Foreign Currency Differences on Monetary Assets	0	0
Purchases During the Year	0	0
Disposals through Sales and Redemption (*)	-641,151	-852,088
Impairment Provision (-)	0	0
Balance at the end of the Period	316,541	1,090,238

(*) Total amount was disposed through redemption.

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c.1. Information on accounts, in which investment securities held-to-maturity are recorded:

	Current Period				Previous Period			
	Historical Cost		Valuation		Historical Cost		Valuation	
	TL	FC	TL	FC	TL	FC	TL	FC
Investment securities held-to-maturity								
Given as collateral or blocked	316,541	0	326,550	0	981,771	0	1,030,033	0
Subject to repo transactions	0	0	0	0	0	0	0	0
Held for structural position	0	0	0	0	0	0	0	0
Receivables from Securities Lending	0	0	0	0	0	0	0	0
Collaterals on Securities Lending	0	0	0	0	0	0	0	0
Other	0	0	0	0	108,467	0	111,166	0
Total	316,541	0	326,550	0	1,090,238	0	1,141,199	0

c.2. Main characteristics of investment securities held-to-maturity, which have been given as collateral:

All investment securities held-to-maturity, which have been given as collateral consist of foreign currency indexed government bonds with floating rate.

Investment securities held-to-maturity, which have been given as collateral or blocked:

	Current Period		Previous Period	
	TL	FC	TL	FC
Bill	0	0	0	0
Bonds and Similar Securities	316,541	0	981,771	0
Other	0	0	0	0
Total	316,541	0	981,771	0

c.3. Investment securities held-to-maturity subject to repo transactions: None.

c.4. Investment securities held-to-maturity held for structural position: None.

9. Information on participations (Net):

a. General information on participations:

Seq. No.	Title	Address (City/Country)	Bank's Share Percentage -If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.00	20.00
2-	Avea İletişim Hizmetleri A.Ş. (*)	İstanbul/TURKEY	14.87	20.00
3-	Çelikord A.Ş.	İstanbul/TURKEY	48.00	49.00
4-	İŞ-KORAY Turizm Ormancılık Madencilik İnşaat Taahhüt ve Ticaret A.Ş.	İstanbul/TURKEY	49.97	50.00
5-	Marmaris Altinyunus Turistik Tesisler A.Ş.(**)	Muğla/TURKEY	10.27	10.29
6-	Petrol Ofisi A.Ş.	İstanbul/TURKEY	39.33	47.42
7-	(In Liquidation) "ETİTAŞ" Elektrik Teçhizatı İmalatı Tesisatı A.Ş.	İzmir/TURKEY	29.34	29.34
8-	(In Liquidation) Vadeli İşlemler Eğitim Danışmanlık A.Ş.	İzmir/TURKEY	8.70	10.39
9-	Türk Alkollü İçki ve Şarap End. Ltd.	Famagusta/TRNC	5.00	15.00
10-	Türk Pirelli Lastikleri A.Ş.	İstanbul/TURKEY	25.75	25.75

(*) After the merger of İş-Tim Telekomünikasyon Hiz. A.Ş. and Aycell Haberleşme ve Pazarlama Hizmetleri A.Ş. under the TTI İletişim ve Haberleşme Hizmetleri A.Ş., the company name became TT&TIM İletişim Hizmetleri A.Ş. on 19.02.2004. In October 2004 the title of company was changed to Avea İletişim Hizmetleri A.Ş.

(**) Tütaş Türk Turizm A.Ş. and Marmaris Altinyunus Turistik Tesisler A.Ş merged and the share transactions were completed as of December 2004.

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

Seq. No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss (31.12.2003)	Previous Period Profit/Loss (31.12.2002)	Fair Value
1-	296,641	54,561	21,588	26,426 ⁽¹⁾	1	6,268	2,873	
2-	-	-	-	-	-	-	-	
3-	65,234	36,155	25,658	157	1,365	2,752	1,952	
4-	36,609	1,744	27,045	229	0	-7,732	-4,205	
5-	36,719	35,133	32,976	104	0	-183	1,714	2,240
6-	4,429,740 ⁽²⁾	1,728,938 ⁽²⁾	2,181,504 ⁽²⁾	27,471 ⁽²⁾	0 ⁽²⁾	37,121 ⁽²⁾	303,973 ⁽³⁾	609,237
7-	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾	-2,123	
8-	70	59	0	16	0	10	10	
9-	2,895	530	70	0	0	1,620	837	
10-	282,656	176,127	96,458	3,014	0	12,349	13,691	

(1) Interest income of TL 26,426 billion (TRY thousand) includes securities income of TL15, 985 billion (TRY thousand).

(2) Information pertaining to the 30.09.2004 period.

(3) Information pertaining to the 31.12.2003 period.

(4) The Annual General Meeting for 2003 has not been held.

c. The accounting method used for participations: Has been explained in Footnote 2 of Part Three.

d. Information on participations (movement table):

	Current Period	Previous Period
Beginning balance (*)	822,992	1,093,073
Difference arising from inflation indexation (**)	-79,128	-127,881
Movements during the period		
Purchases (***)	819,144	2,869
Bonus shares acquired	0	0
Dividends received from the current year profit	0	0
Sales	-6,784	-20,084
Revaluation Surplus (****)	37,513	0
Impairment provision (****)	0	-124,985
Balance at the end of the period	1,593,737	822,992
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The market values of participations quoted on the stock exchange as of 31.12.2003 have been restated in terms of purchasing power of TL on 31.12.2004 and the balance is comprised of restated values.

(**) The difference that arises from the inflation adjustment of participations quoted on the stock exchange during the previous period.

(***) TL 791,097 billion (TRY thousand) of the current period purchase amount is a result of the merger of İş-Tim Telekomünikasyon Hiz. A.Ş. with TTI İletişim ve Haberleşme Hiz. A.Ş. After the merger, İş-Tim Telekomünikasyon Hiz. A.Ş., which used to be in the subsidiaries portfolio, started to be monitored under participations portfolio.

(****) The relevant amounts represent the increases and decreases in the market values of participations quoted in the stock exchange as of end of 2003 and December 2004.

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e. Valuation of investments:

	Current Period	Previous Period
Valuation with cost	982,260	172,141
Valuation with fair value	611,477	650,851
Valuation with equity method (*)	-	-
Total	1,593,737	822,992

(*) Equity method has not been used.

f. Sectoral information on financial participations and the related carrying amounts:

Participations	Current Period	Previous Period
Banks	47,695	45,771
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Participations	-	-

g. Participations quoted to a stock exchange:

	Current Period	Previous Period
Quoted to domestic stock exchanges	611,477	650,851
Quoted to international stock exchanges	0	0
Total	611,477	650,851

h. Participations divested in the current period: None.

i. Participations purchased in the current period: None.

10. Information on subsidiaries (Net):

a. Method of accounting used for subsidiaries: Has been explained in Footnote II of Part Three.

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PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

b. Information on subsidiaries:

Seq. No.	Title	Address (City/ Country)	Bank's Share Percentage -If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Anadolu Anonim Türk Sigorta Şirketi	İstanbul/TURKEY	35.53	57.31
2-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/ TURKEY	62.00	84.00
3-	Anadolu Turizm İnşaat ve Ticaret A.Ş.	İstanbul/ TURKEY	99.96	100.00
4-	Antıda Gıda Tarım Turizm Enerji ve Demir Çelik Sanayi Ticaret A.Ş.	Balıkesir/ TURKEY	99.89	99.99
5-	Asmaş Ağır Sanayi Makinaları A.Ş.	İzmir/ TURKEY	86.54	97.53
6-	Batı Karadeniz Elektrik Dağıtım ve Ticaret A.Ş.	İstanbul/ TURKEY	65.00	65.00
7-	Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	Ankara/ TURKEY	68.13	78.07
8-	Cam Pazarlama A.Ş.	İstanbul/ TURKEY	0.34	100.00
9-	Camiş Madencilik A.Ş.	İstanbul/ TURKEY	78.46	100.00
10-	Camiş Yatırım Holding A.Ş.	İstanbul/ TURKEY	99.97	100.00
11-	Çayırova Cam Sanayii A.Ş.	Kocaeli/ TURKEY	31.57	100.00
12-	Destek Reasürans T.A.Ş.	İstanbul/ TURKEY	98.23	100.00
13-	İDÇ Liman İşletmeleri A.Ş.	İzmir/ TURKEY	73.83	99.99
14-	İş Dublin Financial Services Plc	Dublin/IRELAND	100.00	100.00
15-	İş Finansal Kiralama A.Ş.	İstanbul/ TURKEY	35.29	70.59
16-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/ TURKEY	50.87	69.06
17-	İş Merkezleri Yönetim ve İşletim A.Ş.	İstanbul/ TURKEY	86.33	100.00
18-	İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	İstanbul/ TURKEY	95.00	100.00
19-	İş Portföy Yönetimi A.Ş.	İstanbul/ TURKEY	50.00	100.00
20-	İş Yatırım Menkul Değerler A.Ş.	İstanbul/ TURKEY	92.00	100.00
21-	İş Yatırım Ortaklığı A.Ş.	İstanbul/ TURKEY	10.00	19.85
22-	İşbank GmbH	Frankfurt/Main-GERMANY	100.00	100.00
23-	İzmir Demir Çelik Sanayi A.Ş.	İzmir/ TURKEY	54.68	54.68
24-	Kültür Yayınları İş-Türk Limited Şirketi	İstanbul/ TURKEY	99.17	100.00
25-	Milli Reasürans T.A.Ş.	İstanbul/ TURKEY	76.96	76.96
26-	Mipaş Mümessillik İthalat İhracat ve Pazarlama A.Ş.	İstanbul/ TURKEY	99.98	100.00
27-	Nemtaş Nemrut Liman İşletmeleri A.Ş.	İzmir/ TURKEY	73.83	99.99
28-	Trakya Yatırım Holding A.Ş.	İstanbul/ TURKEY	65.34	100.00
29-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/ TURKEY	40.52	44.30
30-	Türkiye Şişe ve Cam Fabrikaları A.Ş.	İstanbul/ TURKEY	66.11	70.33
31-	Zepa Tarımsal Hayvansal ve Sınai Ürünler Üretim ve Pazarlama A.Ş.	İzmir/ TURKEY	5.53	99.40

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

Seq. No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss (31.12.2003)	Previous Period Profit/Loss (31.12.2002)	Fair Value
1-	628,134 ⁽¹⁾	183,862 ⁽¹⁾	16,758 ⁽¹⁾	43,370 ⁽¹⁾	17,933 ⁽¹⁾	63,240 ⁽¹⁾	41,881 ⁽²⁾	116,077
2-	1,620,675 ⁽¹⁾	179,514 ⁽¹⁾	35,956 ⁽¹⁾	25,392 ⁽¹⁾	17,924 ⁽¹⁾	18,629 ⁽¹⁾	49,294 ⁽²⁾	249,178
3-	63	33	5	0	10	13	6	
4-	41,866	29,456	5,734	1,723	0	2,138	4,953	
5-	34,206	5,292	7,571	16	0	2,267	-1,994	
6-	847	1,035	439	0	34	-189	-37	
7-	35,120	25,524	22,342	89	278	-5,836	-6,364	
8-	550,138	154,498	1,190	14,124	2,454	-711	-522	
9-	72,598	54,508	8,971	919	2,250	2,881	3,828	
10-	79,489	16,586	0	0	134	86	204	
11-	94,926	79,439	12,736	1,228	225	2,239	2,588	
12-	97,202	20,875	6,313	6,245	2,130	365	4,436	
13-	- ⁽⁶⁾	- ⁽⁶⁾	- ⁽⁶⁾	- ⁽⁶⁾	- ⁽⁶⁾	- ⁽⁶⁾	- ⁽⁶⁾	
14-	11,316	10,890	0	7,981	550	-501	52	
15-	536,292 ⁽¹⁾	79,930 ⁽¹⁾	1,143 ⁽¹⁾	34,747 ⁽¹⁾	0 ⁽¹⁾	16,078 ⁽¹⁾	23,640 ⁽²⁾	39,600
16-	695,759 ⁽¹⁾	602,804 ⁽¹⁾	543,723 ⁽¹⁾	745 ⁽¹⁾	0 ⁽¹⁾	82,713 ⁽¹⁾	31,405 ⁽²⁾	319,788
17-	9,485	1,359	414	765	3	2,427	1,954	
18-	12,308	11,034	2,498	16	3,968	645	469	
19-	11,791	5,382	259	0	9,324	4,079	2,486	
20-	93,487	69,078	2,401	2,175	17,181	10,044	10,561	
21-	106,574 ⁽¹⁾	95,126 ⁽¹⁾	23 ⁽¹⁾	969 ⁽¹⁾	11,500 ⁽¹⁾	11,112 ⁽¹⁾	30,928 ⁽²⁾	9,381
22-	481,314	94,562	33,190	24,599 ⁽⁴⁾	231	3,783	2,499	
23-	278,451 ⁽¹⁾	110,600 ⁽¹⁾	128,895 ⁽¹⁾	817 ⁽¹⁾	48 ⁽¹⁾	46,776 ⁽¹⁾	-12,667 ⁽²⁾	109,943
24-	2,880	1,219	64	1	12	150	355	
25-	454,426	115,874	56,533	69,943	1,285	2,905	17,012	
26-	8,470	8,761	14	110	3	-297	519	
27-	180,652	111,410	63,127	84	140	8,375	779	
28-	137,740	137,412	0	0	453	312	390	
29-	2,123,926 ⁽¹⁾	308,439 ⁽¹⁾	25,921 ⁽¹⁾	128,267 ⁽¹⁾⁽⁵⁾	75 ⁽¹⁾	42,030 ⁽¹⁾	44,655 ⁽²⁾	76,271
30-	3,562,563 ⁽¹⁾	1,748,226 ⁽¹⁾	2,210,132 ⁽¹⁾	21,280 ⁽¹⁾	4,803 ⁽¹⁾	137,680 ⁽¹⁾	191,621 ⁽²⁾	1,049,860
31-	5,605	1,209	306	198	1	33	57	

(1) Information on the 30.09.2004 period.

(2) Information on the 31.12.2003 period.

(3) Information on the 31.12.2003 period, expressed in terms of 30.09.2004 prices.

(4) Interest income of TL 24,599 billion (TRY thousand), includes securities income in value of TL 4,081 billion(TRY thousand) .

(5) Interest income of TL 128,267 billion (TRY thousand), includes securities income in value of TL 75,808billion(TRY thousand) .

(6) Since the company was founded in October 2004, its financial statements have not been formed yet.

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d. Information on subsidiaries (movement table):

	Current Period	Previous Period
Balance at the Beginning of the Period (*)	2,738,873	2,514,921
Inflation adjustment difference (**)	-156,499	-82,836
Movements in the Period		
Purchases (***)	623,121	19,715
Bonus Shares Acquired		
Dividends Received from the Current Year Profit		
Sales (****)	-879,539	-181,409
Revaluation Surplus (*****)	976,281	468,482
Impairment Provisions	-71,992	0
Balance at the End of the Period	3,230,245	2,738,873
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) The market values of subsidiaries quoted on the stock exchange as of 31.12.2003 have been restated in terms of purchasing power of TL on 31.12.2004 and the balance is comprised of restated values.

(**) The difference that arises from the inflation adjustment of subsidiaries quoted on the stock exchange during the previous period and the book values of foreign exchange denominated subsidiaries.

(***) TL 555,379 billion (TRY thousand) of current period acquisition of TL 623,121 billion (TRY thousand) is due to the Bank's investment in İş-Tim Telekomünikasyon Hiz. A.Ş in return for the Bank's receivables from the company.

(****) TL 791,097 billion (TRY thousand) of the current period divestiture is formed as a result of the merger between the İş-Tim Telekomünikasyon Hiz. A.Ş whose name was changed as Avea İletişim Hizmetleri A.Ş. on 15.10.2004 and TTI İletişim ve Haberleşme Hiz. A.Ş. and thus being taken out of the company's subsidiaries portfolio and monitored under the participations portfolio. Moreover, the other important divestitures are TL 47,059 billion (TRY thousand) of İş Gayrimenkul Yatırım Ortaklığı A.Ş., TL 29,529 billion (TRY thousand) of İş Faktoring Hizmetleri A.Ş., TL 11,200 billion (TRY thousand) of Nemtaş Nemrut Liman İşletmeleri A.Ş. and the remaining TL 665 billion (TRY thousand) is formed as a result of mergers and divestitures of other subsidiaries.

(*****) The relevant amounts represent the increases and decreases in the market values of quoted in the stock exchange as of end of 2003 and December 2004.

e. Valuation of subsidiaries:

	Current Period	Previous period
Valuation with Cost	1,260,148	1,553,940
Valuation with Fair Value	1,970,097	1,184,933
Valuation with Equity Method (*)	-	-
Total	3,230,245	2,738,873

(*) Equity method has not been used.

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PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

Subsidiaries	Current Period	Previous Period
Banks	169,478	159,594
Insurance Companies	557,120	383,091
Factoring Companies	0	29,529
Leasing Companies	39,600	24,358
Finance Companies	228	249
Other Financial Subsidiaries	426,031	332,910
Total	1,192,457	929,731

g. Subsidiaries quoted to stock exchange:

	Current Period	Previous period
Quoted to domestic stock exchanges	1,970,097	1,184,934
Quoted to international stock exchanges	0	0
Total	1,970,097	1,184,934

h. Subsidiaries sold in the current period:

Name of the Subsidiary	Sale Price	Stock Price at Sales Date	Information on Cash and/or Term Sales
İş Gayrimenkul Yatırım Ortaklığı A.Ş.(*)	58,687	58,687	Cash
İş Factoring Finansman Hizmetleri A.Ş.(**)	14,048	-	Cash

(*) Has been disposed of in August 2004. The value of the selling price adjusted to 31.12.2004 stands at TL 62, 244 billion (TRY thousand).

(**) Has been disposed of in August 2003. The value of the selling price adjusted to 31.12.2004 stands at TL 14,900billion (TRY thousand).

i. Subsidiaries purchased in the current period: None.

11. Information on other investments:

There exist no jointly controlled partnerships or other investments of the Bank.

12. Information regarding financial leasing receivables of the Bank:

There are no financial leasing receivables of the Bank.

13. Information on receivables arising from term sales of assets included in miscellaneous receivables:

	Current Period	Previous Period
From Sale of Participations, Subsidiaries, and Joint Ventures	0	8,220
From Sale of Immovables	4,940	2318
From Sale of Other Assets	0	0
Total	4,940	10,538

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14. Explanations on interest and income accruals and rediscounts:

a. Information on interest and income accruals and rediscounts on loans:

Accrued Interest and Income	Current Period		Previous Period	
	TL	FC	TL	FC
Interest Accruals	7,447	66	4,530	352
Interest Rediscounts	679,244	53,615	407,537	72,555
Loan Commissions and Other Income Accruals	42	0	14	0
Loan Commissions and Other Income Rediscounts	434	0	234	0
Total	687,167	53,681	412,315	72,907

b. Information on other interest and income rediscounts:

Other Interest and Income Rediscounts	Current Period		Previous Period	
	TL	FC	TL	FC
Trading Securities	12,029	56	796,614	47
Investment Securities Available-For-Sale	303,140	155,776	161,879	109,860
Investment Securities Held-To-Maturity	10,009	0	50,960	0
Interest Rediscounts of Reverse Repo Transactions	0	0	80	0
Interest Rediscounts of Reserve Deposits	21,751	4,145	26,210	3,086
Income Rediscounts of Financial Derivative Instruments	920	4,023	190	12,113
Interest and Income Rediscounts	0	0	1	909
Income Rediscounts of Foreign Exchange Gains	920	4,023	189	11,204
Income Rediscounts of Financial Leasing Income	0	0	0	0
Other	4,045	12,611	24,701	16,044
Total	351,894	176,611	1,060,634	141,150

15. Information on tangible fixed assets (TFA) (Net):

There has not been a significant value reduction in terms of the overall financial statements during the current and previous period.

	Immovables	Leased TFA	Vehicles	Other TFA	Total
End of Previous Period:					
Cost of Acquisition	4,774,376	17,241	19,188	1,511,848	6,322,653
Accumulated Depreciation (-)	-2,505,952	-3,748	-15,560	-1,286,245	-3,811,505
Net Book Value	2,268,424	13,493	3,628	225,603	2,511,148
End of Current Period					
Net Book Value at the Beginning of the Period	2,268,424	13,493	3,628	225,603	2,511,148
Additions	128,157	38,060	142	22,101	188,460
Disposals (-)	-425,779		-8,072	-988,841	-1,422,692
Impairment	-346,302	0	0	0	-346,302
Depreciation (-)	-55,253	-7,143	-1,480	-38,483	-102,359
Currency Translation Differences Resulting from Foreign Investments (-)	0	0	0	0	0
Cost for the end of the current period	4,130,452	55,301	11,258	545,108	4,742,119
Accumulated depreciation at the end of the current period.	-2,455,000	-14,031	-10,161	-347,003	-2,826,195
Closing Net Book Value	1,675,452	41,270	1,097	198,105	1,915,924

TÜRKİYE İŞ BANKASI A.Ş.

PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

16. Information on intangible fixed assets:

a. The following table shows the useful life, depreciation method and rate, as well as book values of intangible fixed assets.

Type of Asset	Useful Life	Depreciation Method	Book Value at the Beginning of the Period	Accumulated Depreciation at the Beginning of the Period	Book Value at the End of the Period	Accumulated Depreciation at the End of the Period
Brand Name	10	Straight Line	2	0	2	0

b. Reconciliation of movements on fixed assets for the current period:

	Current Period
Beginning Balance (Net)	2
Amounts Formed Internally	-
Additions due to Mergers, Transfers and Acquisitions	-
Not Used and Disposed Items	-
Increases or Decreases in the Revaluation Fund	-
Impairment Charges	-
Reversal of Impairment Charges	-
Depreciation Expenses (-)	-
Currency Translation Differences Arising from Foreign Investments	-
Other Differences in Book Values	-
Period End Balance (Net)	2

c. There exist no intangible fixed assets that constitute an important factor in view of overall financial statements.

d. There exist no intangible assets acquired within the framework of state incentives.

e. There exist no intangible assets the use of which is restricted in any way or which have been pledged.

f. No commitments have been made for the acquisition of any intangible assets.

g. There exist no intangible assets that have been subjected to re-valuation.

h. The total value of the research and development activities, which have been booked as expenses during the period, stand at TL 2,409 billion (TRY thousand).

i. There is no goodwill arising from mergers or acquisitions.

17. Information on other assets:

a. The value of total pre-paid expenses is TL 8,181 billion (TRY thousand). Pre-paid taxes stand at TL 339,922 billion (TRY thousand).

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b. The amount of deferred tax asset calculated in accordance with the related legislation and the amount of loss deductible from tax, which constitutes a basis for the calculation of deferred tax asset:

- Current Period Tax Liabilities: TL 10,501 billion (TRY thousand).
- Current Period Tax Expenses: TL 497,379 billion (TRY thousand).
- Deferred Tax Asset: None
- Deferred Tax Income: TL 44,081 billion (TRY thousand). It was deducted from the marketable securities value increase fund.
- Deferred tax income resulting from the temporary differences is TL 33,578 billion (TRY thousand). Since the deferred tax calculations have started in the current period, there is no income or expense resulting from the elimination of temporary differences.
- Deferred tax asset and deductible temporary differences not included in Balance Sheet in prior periods: None
- Impairment provisions for deferred taxes: None
- The amounts of deferred tax assets and liabilities included in balance sheet, and deferred tax income and expenditures included in income statement are shown above concerning temporary differences, financial loss and the exceptions of tax reduction.

c. The “other assets” item of the balance sheet does not exceed 10% of total assets.

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on deposits:

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

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Total
Savings Deposits	939,990	0	3,564,048	1,645,099	317,763	260,161	362,880	7,089,941
Foreign Currency Deposits	3,440,304	0	5,101,337	2,485,405	696,540	113,372	717,136	12,554,094
Residents in Turkey	3,218,377	0	4,744,943	2,402,858	645,953	107,214	581,885	11,701,230
Residents Abroad	221,927	0	356,394	82,547	50,587	6,158	135,251	852,864
Deposits of Public Institutions	34,623	0	4,565	6,330	146	0	5	45,669
Commercial Deposits	1,437,728	0	558,635	273,133	131,069	16,614	5,771	2,422,950
Other Deposits	405,726	0	162,054	611,326	365,735	14,909	463	1,560,213
Precious Metals Vault	0	0	0	0	0	0	0	0
Interbank Deposits	29,276	0	404,689	163,370	6,160	27,080	17,000	647,575
The Central Bank of Turkey	710	0	0	0	0	0	0	710
Domestic Banks	4,706	0	346,073	163,370	1,000	10,580	17,000	542,729
Foreign Banks	23,045	0	58,616	0	5,160	16,500	0	103,321
Special Financial Institutions	815	0	0	0	0	0	0	815
Other	0	0	0	0	0	0	0	0
Total	6,287,647	0	9,795,328	5,184,663	1,517,413	432,136	1,103,255	24,320,442

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

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Total
Savings Deposits	629,147	0	2,910,422	1,728,714	303,175	675,349	0	6,246,807
Foreign Currency Deposits	2,987,666	0	5,193,306	2,422,260	644,610	77,241	753,677	12,078,760
Residents in Turkey	2,823,460	0	4,871,004	2,319,263	592,674	72,658	598,427	11,277,486
Residents Abroad	164,206	0	322,302	102,997	51,936	4,583	155,250	801,274
Deposits of Public Institutions	31,609	0	824	74	183	0	0	32,690
Commercial Deposits	1,248,436	0	458,175	189,731	29,939	44,744	4	1,971,029
Other Deposits	413,944	0	159,994	299,147	155,087	244,306	1	1,272,479
Precious Metals Deposits Vault	0	0	0	0	0	0	0	0
Interbank Deposits	43,618	0	553,242	65,665	3,550	1,138	0	667,213
The Central Bank of Turkey	9,776	0	0	0	0	0	0	9,776
Domestic Banks	16,128	0	428,038	65,345	2,277	1,138	0	512,926
Foreign Banks	16,865	0	125,204	320	1,273	0	0	143,662
Special Financial Institutions	850	0	0	0	0	0	0	850
Other	0	0	0	0	0	0	0	0
Total	5,354,420	0	9,275,963	4,705,591	1,136,544	1,042,778	753,682	22,268,978

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

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period	Previous Period	Current Period	Previous Period
Savings Deposits	4,597,973	6,123,979	2,343,668	0
Foreign Currency Savings Deposits	5,244,417	8,454,114	3,533,495	0
Other Deposits in the Form of Savings Deposits	0	0	0	0
Foreign Branches' Deposits Under Foreign Authorities' Insurance	485,610	459,938	84,584	76,346
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance	0	0	24,406	1,138

b.2. In accordance with the legislation, savings deposits that are held at branches abroad are not under the guarantee of deposit insurance fund, but they are under the insurance of relevant foreign authorities in line with the legislation of the relevant countries.

b.3. Savings deposits which are not under the guarantee of deposit insurance fund:

In accordance with the legislation, savings deposits that are held at branches abroad are not under the guarantee of deposit insurance fund, but they are under the insurance of relevant foreign authorities in line with the legislation of the relevant countries.

	Current Period	Previous Period
Foreign Branches' Deposits Under Foreign Authorities Insurance	84,584	76,346
Off-Shore Banking Regions' Deposits Under Foreign Authorities Insurance	24,406	1,138

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2. Information on funds provided from repurchase agreement transactions:

	Current Period		Previous Period	
	TL	FC	TL	FC
From Domestic Transactions	486,252	0	1,432,424	0
Financial Institutions and Organizations	8,211	0	2,857	0
Other Institutions and Organizations	369,859	0	1,288,867	0
Real Persons	108,182	0	140,700	0
From Foreign Transactions	5,095	308,291	7,280	729,760
Financial Institutions and Organizations	0	308,291	0	729,760
Other Institutions and Organizations	3,780	0	3,551	0
Real Persons	1,315	0	3,729	0
Total	491,347	308,291	1,439,704	729,760

3. Funds borrowed:

a. Information on funds borrowed:

	Current Period		Previous Period	
	TL	FC	TL	FC
Short-term	108,031	561,806	104,512	747,039
Medium and Long-term	0	3,193,804	0	2,252,025
Total	108,031	3,755,610	104,512	2,999,064

b. Concentration on the liabilities of the Bank:

63,15% of the Bank's liabilities is comprised of deposits and 10,3% of borrowed funds. Deposits are distributed among a large variety of customers with different characteristics. The borrowed funds, on the other hand, are comprised of various funds obtained from financial institutions through syndication, securitization, post-financing and money market operations. There exists no risk concentration related to the Bank's liabilities.

4. Securities issued: None.

5. Explanation on funds: None.

6. Explanation on miscellaneous payables: These are comprised of cash collaterals received for loans and various banking services and miscellaneous blocked funds and legal liabilities.

	Current Period	Previous Period
Total Amount of Cash Collateral Obtained	13,250	20,269

7. a. Deferred tax liability:

Deferred tax liability is TL 10,517 billion (TRY thousand). The amount of corporate taxes that is comprised of temporary differences to be paid in the following periods is TL 10,501 billion (TRY thousand). The amount of deferred taxes regarding our employees is TL 16 billion (TRY thousand).

b. Other external sources (Items constituting at least 20% thereof, in the event that they exceed 10% of the balance sheet total):

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

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8. Taxes, duties, fees and premiums payable:

a. Information on taxes payable:

	Current Period	Previous Period
Corporate Taxes Payable	0	0
Income Tax of Returns from Securities and Deposits	34,732	37,351
Income Tax of Returns from Real Estates	370	438
Banking Insurance Transaction Tax (BITT)	18,306	15,351
Foreign Exchange Transactions Tax	1,774	1,260
Value Added Tax Payable	381	463
Other	7,111	17,327
Total	62,674	72,190

b. Information on premiums payable:

	Current Period	Previous Period
Social Security Premiums-Employee	7	5
Social Security Premiums-Employer	9	6
Bank Pension Fund Premiums-Employee	0	0
Bank Pension Fund Premiums-Employer	0	0
Pension Fund Membership Fees and Provisions-Employee	0	0
Pension Fund Membership Fees and Provisions-Employer	0	0
Unemployment Insurance-Employee	225	213
Unemployment Insurance-Employer	450	433
Other	0	0
Total	691	656

9. Information on factoring payables: There are no factoring payables.

10. Information on financial leasing transactions:

a. Criteria used in leasing agreements for determining lease repayments and provisions resulting in significant liabilities for the Bank in connection with renewal and purchase options, and constraints within the agreement: Agreements are made with option for purchase, and repayments are made in equal installments.

b. Detailed explanation on changes in agreements and the obligations brought to the Bank by these changes: There have not been any changes in agreements during the current and previous periods.

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c. Liabilities resulting from financial leasing transactions:

	Current Period		Previous Period	
	Gross	Net	Gross	Net
Less than 1 Year	13,986	12,491	4,620	4,124
1-4 Years	16,499	15,611	4,089	3,824
More Than 4 Years	11	0	17	0
Total	30,496	28,102	8,726	7,948

d. Information on operational leasing: Transactions related to operational leasing are accounted on the basis of accrual as per the provisions of the agreement.

e. Sale and lease-back transactions: Contracts for 4 years have been signed in connection with armor-plating of the money transfer vehicles, while contracts for 8 years have been signed in connection with various equipment, generators and carpeting. There are no noteworthy clauses in these contracts.

11. Information on interest and expenditure rediscounts:

	Current Period		Previous Period	
	TL	FC	TL	FC
Interest Rediscounts on Deposits	123,160	29,254	140,946	33,124
Interest Rediscounts on Borrowings	4,743	20,531	7,920	13,371
Interest Rediscounts on Bonds	0	0	0	0
Interest Rediscounts on Repurchase Transactions	383	6,586	1,075	2,986
Interest Rediscounts on Financial Derivative Instruments	314	4,227	20	5,442
Interest and Expense Rediscounts	314	103	0	492
Foreign Exchange Losses Rediscounts	0	4,124	20	4,950
Rediscounts regarding the factoring payables	0	0	0	0
Other Interest and Expense Rediscounts	18,622	1,064	71,326	2,493
Total	147,222	61,662	221,287	57,416

12. Information on provisions and subordinated loans:

a. Information on general provisions:

	Current Period	Previous Period
General Provisions	95,318	77,121
Set aside for Group I. Loans and Receivables	56,022	41,844
Set aside for Group II. Loans and Receivables	2,906	4,408
Set aside for Non-cash Loans	12,063	10,858
Other	24,327	20,011

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b. Liabilities in connection with end of service benefits and notification indemnity:

	5th Previous Period	4th Previous Period	3rd Previous Period	2nd Previous Period	Previous Period	Current Period
Actual Payments of End of Service Benefits and Notification Indemnity	10,881	10,325	15,570	23,002	22,902	24,439
Liabilities of End of Service Benefits and Notification Indemnity	54,276	86,349	117,541	167,116	186,342	208,836
Actual Repayment Ratio	20.05	11.96	13.25	13.76	12.29	11.70
Ratio of Provisions for End of Service Benefits and Notification Indemnity	14.74	12.74	15.40	13.81	14.08	14.26
Possible Provisions for End of Service Benefits and Notification Indemnity	8,000	11,000	18,100	23,081	26,234 (*)	29,783

(*) The value for 2003 adjusted for inflation, stands at TL 29,865 billion.

c. Liabilities resulting from retirement benefits:

c.1 Liabilities for pension funds that have been established in accordance with "Social Security Institution":

	2nd Previous Period	Previous Period	Current Period
Provisions	-	21,970	30,333(*)
Actual and Technical Deficit	-	109,851	74,470
Provisions Ratio (%)	-	20.00	40.73

(*) Restated amount stands at TL 31,784 billion.

In accordance with Article 7 of the RAP Communiqué No. 10, an actuary audit is carried out for the pension fund, which has been established according to the provisional Article 20 of the Social Security Law No. 506. In accordance with the methods stipulated in the provisional Article 1 of the said Communiqué, provisions have been allocated since 31.01.2003 for the purpose of ensuring that the actual and technical deficits determined shall be covered in full by the end of 2007.

c.2. Liabilities for all types of foundations, pension funds and similar organizations providing the employees of the Bank with rights after retirement: Until today, there has not been a deficit on the part of the foundation providing benefits after retirement, established by the employees of the Bank in accordance with the provisions of the Civil Law, and no payments have been made by the Bank for this purpose. The assets of this foundation are capable of meeting the total obligations of the foundation, and it is deemed that it shall not constitute an additional liability for the Bank.

d. Characteristics of provisions, the timing and value of expected payments: The probable date and the amount of the risk in connection with conditional liabilities are not known.

e. Information on impairment provisions for foreign currency losses of foreign currency indexed loans: Since foreign currency indexed loans are translated into TL with the exchange rate prevailing on the date of the extension of the loan, the bank incurs a loss if the exchange rate decreases and makes a profit if the exchange rate increases. As at 31.12.2004, loss from exchange rate differentials of foreign currency indexed loans amounts to TL 69,483 billion (TRY thousand).

f. Information on accounting impairment provision as per the delivery date: None

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g. Information on special provisions for non-cash loans, which are not indemnified or not converted into cash: TL 142,345 billion (TRY thousand) of provisions are set aside for the non-cash loans of companies whose loans are monitored under non-performing loans accounts.

h. Information on other provisions: None

i. Subordinated debt: None.

13. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Previous Period
Common stock	1,640,727	1,426,694
Preferred stock	30	30
Total	1,640,757	1,426,724

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

Capital System	Paid-in Capital	Ceiling (*)
Registered Capital System	1,640,757	3,500,000

(*) Has been approved as TL 3,500,000 billion (TRY thousand) with the resolution of the Extraordinary Shareholders Assembly for the amendment of the Articles of Association, made on 9.2.2004.

c. Information on share capital increases and their sources; other information on increased capital shares in current period: The paid-in capital of the Bank was increased to 1,640,757 by TL 214,033 billion in the current year making use of extraordinary reserves. The information on the capital increase is summarized in the table shown below.

Date of Increase	Amount of Increase	Cash	Reserves	Revaluation Surplus Fund
20.08.2004	214,033	-	214,033	-

d. Information on share capital increases from revaluation fund: None.

e. Significant commitments of the Bank related to capital expenditures, the general purpose thereof, and the estimation of funds required for them: No commitments were made for capital expenditures.

f. Indicators of the previous period related to principal items of income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Bank's shareholders' equity: The Bank's balance sheet is managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level. This contributes to the development of the Bank's income on a continuously rising trend.

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g. Priority rights assigned to capital shares: Group A shares, with nominal value of TL 500.- each and Group B shares, with nominal value of TL 10,000.- each, have priorities over Group C shares, with a nominal value of TL 40,000 each. With nominal values of TL 500.- and TL 10,000 respectively Group A and B shares have the same rights as Group C shares on;

- the distribution of bonus shares issued from conversion of extraordinary reserves and revaluation funds generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation)
- exercise of pre-emption rights (Article 19 of the Articles of Incorporation)
- voting rights (Article 49 of the Articles of Incorporation)

Furthermore, Group A and B shares have priority rights over Group C shares in the distribution of profits pursuant to Article 58 of our Articles of Incorporation.

14. Common stock issue premiums, shares and equity instruments:

	Current Period	Previous Period
Number of shares (Thousand)	41,023,082	35,667,345
Preferred stock	4,900,000	4,900,000
Common stock issue premium (*)	3,694	3,694
Common stock canceling profit	0	0
Other equity instruments	0	0
Total common stock issue	0	0

(*) There is no common stock issue premium for the current period and previous period. The amounts in the table are restatements of the premiums of the year 2001 according to the current prices.

15. Explanations on marketable securities value increase fund:

a.1. Information on marketable securities value increase fund:

	Current Period		Previous Period	
	TL	FC	TL	FC
From Participants and Subsidiaries	1,426,378	0	699,725	0
From Investment Securities Available for Sale	83,967	128,616	74,810	75,417
From Investment Securities Held for Structural Position	0	0	0	0
Total	1,510,345	128,616	774,535	75,417

a.2. Information on marketable securities value increase fund:

	Current Period	Previous Period
Foreign Currency Marketable Securities Value Increase Fund	128,616	75,417
Part of the above amount including Foreign Exchange Gains Resulting from Foreign Currency Participations, Subsidiaries, and Investment Securities held- to- maturity	0	0
Total	128,616	75,417

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b. Information on financial statement presentation of foreign exchange gains arising from foreign currency participations, subsidiaries, and investment securities available-for-sale: Differences have been entered into the foreign exchange profit/loss account and reflected onto the profit and loss statement.

c. Accumulated exchange rate differences carried forward from previous periods and included within shareholders equity, with the exception of situations where the relevant amount could not be established during the first implementation of the procedures for the "Accounting of the Impacts of Fluctuations in Foreign Exchange Rates": None.

16. Information on Revaluation Fund:

Financial statements do not include any balances related to revaluation. Revaluations made as per the Tax Procedure Law are cancelled in accordance with the inflation accounting practices.

17. Information on revaluation surplus:

Pursuant to the application of inflation accounting, the Bank's book value increases are not shown on the balance sheet.

18. Information on legal reserves:

	Current Period	Previous Period
First Legal Reserves	799,260	755,177
Second Legal Reserves	923	923
Other Legal Reserves Allocated Per Special Legislation	0	0
Total	800,183	756,100

19. Information on extraordinary reserves:

	Current Period	Previous Period
Reserves Allocated by the General Assembly	388,566	337,107
Retained Earnings	0	0
Accumulated Losses	0	0
Foreign Currency Share Capital Exchange Rate Difference	-3,021	-2602
Total	385,545	334,505

20. Real persons and institutions with an equity participation and/or voting right of 10% or more:

Name/Commercial Title	Share	Shareholding (%)	Paid-in Capital	Unpaid Capital
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (Isbank Members' Supplementary Pension Fund)	712,463	43.42%	712,463	0
Cumhuriyet Halk Partisi (Atatürk's Shares)	460,923	28.09%	460,923	0

III. INFORMATION AND DISCLOSURES RELATED TO INCOME STATEMENT

There is no principal error related to any section or item in previous periods.

There is no change in accounting estimates.

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

	Current Period	Previous Period
Interest Received from Associates and Subsidiaries	6,205	79,626

2. Information on financial leasing income:

There is no financial leasing income.

3. Interest received from reverse repurchase agreement transactions:

	Current Period		Previous Period	
	TL	FC	TL	FC
Interest received from reverse repurchase agreement transactions	89	0	80	0

4. Information on interest received from factoring receivables: Does not exist.

5. Information on interest given to associates and subsidiaries:

	Current Period	Previous Period
Interest Paid to Associates and Subsidiaries	7,295	6,809

6. Information related to financial leasing expenses:

	Current Period	Previous Period
Financial Leasing Expenses	1,727	469

7. Maturity structure of the interest expense on deposits:

Name of the Account	Demand Deposits	Up to 1 Month	Time Deposits				Total
			Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
Turkish Lira							
Interbank deposits	258	26,791	4,083	202	1,998	0	33,332
Saving deposits	4,386	682,424	352,439	79,314	158,300	0	1,276,863
Public sector deposits	528	857	1,282	29	0	0	2,696
Commercial deposits	2,560	103,244	62,796	12,880	17,168	0	198,648
Other deposits	608	45,738	97,063	42,553	39,098	0	225,060
Deposits with 7 days notification	0	0	0	0	0	0	0
Precious metal deposits	0	0	0	0	0	0	0
Total TL	8,340	859,054	517,663	134,978	216,564	0	1,736,599
Foreign Currency							
Foreign currency deposits	1,041	105,616	61,842	19,256	27,176	0	214,931
Interbank deposits	94	1,425	732	121	0	0	2,372
Deposits with 7 days notification	0	0	0	0	0	0	0
Precious metal deposits	0	0	0	0	0	0	0
Total FC	1,135	107,041	62,574	19,377	27,176	0	217,303
Total	9,475	966,095	580,237	154,355	243,740	0	1,953,902

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8. Interest given to repurchase agreement transactions:

	Current Period		Previous Period	
	TL	FC	TL	FC
Interest given to repurchase agreement transactions	299,411	11,009	230,492	2,986

9. Interest paid for factoring payables: Does not exist.

10. Information regarding other operating income:

There is no income resulting from extraordinary items.

11. Provision expenses due to Bank's loans and other receivables:

	Current Period	Previous Period
Specific Provisions for Loans and Other Receivables	360,210	770,009
From Group III Loans and Receivables	73,501	89,472
From Group IV Loans and Receivables	78,683	172,781
From Group V Loans and Receivables	208,026	507,756
General Provision Expenses	33,343	22,152
Optional Provisions Allocated for Probable Risks	0	0
FX Differential Losses of Foreign Currency Indexed Loans	56,508	0
Marketable Securities Impairment Expense	241	2
Trading Securities	241	0
Securities Available-for-sale	0	2
Impairment Provision Expense	59,078	604
Participations	0	572
Subsidiaries	59,078	32
Partnerships under Joint Control	0	0
Securities Held-to-Maturity	0	0
Other	544,018	101,156
Total (*)	1,053,398	893,923

(*) The difference from the "Provision for Loans and Other Receivables" in the Income Statement stems from the Reserve for Employee Termination Benefits and Bank Pension Fund Deficit Provisions.

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12. Other operating expenses:

a. Information related to other operational expenses.

	Current Period	Previous Period
Personnel Expenses	733,778	707,016
Reserve for Employee Termination Benefits	3,714	3,666
Bank Pension Fund Deficit Provisions	11,574	22,475
Depreciation Expenses of Fixed Assets	102,359	99,706
Depreciation Expenses of Intangible Assets	0	5
Other Operating Expenses	356,300	301,073
Maintenance Expenses	12,196	15,190
Advertisement Expenses	158,253	72,752
Other Expenses	185,851	213,131
Loss on Sales of Assets	113,697	37,843
Operational Leasing Expenses	32,005	0
Other	178,345	516,841
Total (*)	1,531,772	1,688,625

(*) The difference with the "Other Operating Expenses" in the Income Statement stems from the Reserve for Employee Termination Benefits and Bank Pension Fund Deficit Provisions.

b. Expenses related to extraordinary items: None.

c. Information related to goodwill:

c.1 Item on the income statement that includes amortization of goodwill: None.

c.2. Information on negative goodwill: There is no negative goodwill.

13. a. Income and expenses relating to associates and subsidiaries:

	Current Period	Previous Period
Income and loss from subsidiaries (+/-)	88,380	49,826
Income and loss from associates (+/-)	19,206	25,856
Income and loss from other investments (+/-) (*)	1,401	170
Total (+/-)	108,987	75,852

(*) Dividend income from securities available-for-sale.

b. Information regarding the profit and loss related to transactions with real persons and corporations within the same risk group as the Bank: The related explanations can be found on Part VIII - Information And Disclosures Related To Bank's Risk Group.

14. Net period profit and loss:

a. Income and expenses from regular banking transactions: No specific explanation is required for comprehension of the Bank's performance for the period 01.01.2004 -31.12.2004.

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b. Effect of changes in accounting estimates on the profit and loss for the current and future periods: The communiqué regarding "Accounting of Taxation Standard" (RAP 18) has come into effect from 01.07.2004.

15. Characteristic and amount of any change in an accounting estimate with a significant effect within the current period or in future periods: No further explanation is required.

IV. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS

1. a. Conditional issues related to partnerships under joint control with the Bank, and share of the Bank in contingent liabilities with other investors: There is no partnership, which is jointly controlled.

Share of the partnership under joint control in its own contingent liabilities: None.

Contingent liabilities of the Bank arising from the responsibility for liabilities of other investors in the partnership under joint control: None.

b. Accounting and presentation of contingent assets and liabilities:

The Bank has a commitment in respect of project loans, under the guarantee of the Undersecretariat of the Treasury, amounting to USD 448 million, which are yet to be utilized and a commitment to pay back a securitization loan of USD 13 million.

Capital increase commitments (TL 130 billion (TRY thousand)), commitments arising from various guarantee letters (TL 56,637 billion (TRY thousand)) submitted by the Bank pursuant to its own internal affairs, unused portion of bonus points in return for credit card usage (TL 27,424 billion (TRY thousand)), payment commitment, as per the Law No 4814, arising from the cheques given to customers (TL 1,132,537 billion (TRY thousand)) have been recognized under our commitment accounts.

c. Estimation of the financial impact arising from the materialization of contingent assets/liabilities:

Project loans are utilized by companies any time during the period of agreement and up to the limit specified in the agreement, with interest and commission income accruing from their utilization. The profit/loss statement shall also be affected in the event of the materialization of commitments undertaken by the Bank in connection with guarantee letters, submitted by the Bank pursuant to its own internal affairs. The credit card bonus points acquired through shopping must be paid to the customers upon their request and the amounts are recognized in the profit/loss accounts. In case the cheque presented for payment is without cover, the bank has an obligation to pay the uncovered amount up to TL 350 billion (TRY thousand). The bank will try to collect the amount paid from the customer and the uncollected amount will be followed under Indemnified Non-Cash Loans account.

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2. Information related to financial derivative instruments:

	Current Period	Previous Period
Types of Trading Activities		
Foreign Currency Related Derivative Transactions (I)	862,162	1,207,449
Forward FC Transactions	217,882	80,668
FC Swap Transactions	508,009	928,474
FC Futures Transactions	0	198,307
FC Option Transactions	136,271	0
Interest Related Derivative Transactions (II)	0	1,075,726
Forward Interest Contract Trading Transactions	0	1,002,709
Interest Rate Swap Transactions	0	0
Interest Rate Option Transactions	0	0
Futures Interest Rate Transactions	0	73,017
Other Trading Derivative Transactions (III)	853,376	0
A. Total Trading Derivative Transactions (I+II+III)	1,715,538	2,283,175
Types of Hedging Transactions	0	0
Hedging changes in fair value	0	0
Hedging cash flow	0	0
Hedging FC investments in participations	0	0
B. Total Hedging Related Derivatives	0	0
Total Derivative Transactions (A+B)	1,715,538	2,283,175

The larger proportion of forward transactions consists of currency swaps largely used to arrange the foreign currency distribution in the Bank's liquidity. Swap transactions are implemented with the best possible maturities and according to the dynamics of the domestic and external markets; the swaps minimize risk by regulating foreign currency liquidity; swap transactions have no negative effects on the balance sheet. In addition to swap transactions, forward buying and selling of foreign currencies and options transactions are conducted to meet our customers' requirements. Options transactions may be used for trading purposes in international markets on foreign currency basis / foreign currency and securities basis.

3. Off-balance sheet liabilities:

a. Types and amounts of irrevocable loan commitments:

There is a standing commitment of TL 4,604,581 billion (TRY thousand) for the spending limits of customers' credit cards.

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

There are no probable losses related to off-balance sheet items, Commitments resulting from off-balance sheet liabilities are shown on the table "Off-Balance Sheet Liabilities".

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

	31.12.2004
Bank Acceptances	186,312
Letters of Credit	1,538,936
Other Guarantees	923
Total	1,726,171

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

	31.12.2004
Provisional Letters of Guarantee	80,967
Definite Letters of Guarantee	2,597,584
Advance Letters of Guarantee	596,268
Letters of Guarantee Addressed to Customs	183,643
Other Letters of Guarantee	650,368
Total	4,108,830

4. Concentration of off-balance sheet liabilities:

The Bank's receivables in terms of non-cash loans from its top 100 customers constitute 50% of the total non-cash loan portfolio. The said companies are leaders in their own sector, and loans are extended in accordance with their market share, operational income and financial size.

53% of non-cash loans have been extended to the manufacturing industry, which has a wide range of sub-sectors, while 11% has been extended to the services sector. The distribution of non-cash loans by sector is in parallel with the volume of industrial and commercial activity in the country.

Furthermore, the analysis of government-private, domestic-foreign and country risks indicates that there is no irrational concentration of risk in existence.

5.a. Total amount of non-cash loans:

	Current Period	Previous Period
Guarantees given against cash loans	650,300	837,594
With maturity of 1 year or less than 1 year	393,470	451,216
With maturity of more than 1 year	256,830	386,378
Other non-cash loans	5,184,701	6,251,579
Total	5,835,001	7,089,173

b. Restrictions regarding fixed assets and commitments made in respect of purchases of fixed assets:

There are no restrictions on fixed assets belonging to the Bank. There are no commitments made for the fixed assets.

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6. Notes on services provided in the name and on account of other parties: The related explanations can be found in note number IX in Part Four.

7. Summary information regarding credit ratings given by international rating agencies: The most recent ratings received from international rating agencies are presented below.

Standard & Poor's	19.08.2004
Long-term counter party credit rating	BB -
Short-term counter party credit rating	B
Outlook	Stable
Long-term certificate of deposit	BB -
Short-term certificate of deposit	B
Moody's	30.09.2004
Financial Strength	D
Outlook	Stable
Long term foreign currency deposit	B2
Short term foreign currency deposit	Not Prime
Outlook	Stable
Long term local currency deposit	Baa2
Short term local currency deposit	Prime-2
Outlook	Stable
Fitch Ratings	14.01.2005
Foreign Currency	
Long-term	BB-
Short-term	B
Outlook	Stable
Local Currency	
Long-term	BB-
Short-term	B
Outlook	Stable
National	
Long-term	A (tur)
Outlook	Stable
Individual rating	C/D
Support	4

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8.a. Sectoral Concentration of Non-Cash Loans:

	Current Period				Previous Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	47,666	2.75	59,601	1.45	45,242	1.80	53,127	1.16
Farming and Livestock	42,769	2.47	55,078	1.34	41,282	1.64	52,581	1.15
Forestry	3,804	0.22	4,139	0.10	2,071	0.08	546	0.01
Fishing	1,093	0.06	384	0.01	1,889	0.08	0	0.00
Industry	974,213	56.22	2,438,688	59.45	845,243	33.56	2,603,885	56.97
Mining and Quarrying	16,879	0.97	24,943	0.61	16,977	0.67	21,162	0.46
Manufacturing Industry	947,242	54.66	2,166,357	52.81	824,169	32.73	2,254,775	49.33
Electricity, Gas, Water	10,092	0.58	247,388	6.03	4,097	0.16	327,948	7.17
Construction	173,351	10.00	482,863	11.77	159,849	6.35	520,559	11.39
Services	506,996	29.26	325,809	7.95	426,897	16.95	787,038	17.22
Wholesale and Retail Trade	243,915	14.08	98,425	2.40	193,959	7.70	166,088	3.63
Hotel and Restaurant Services	26,918	1.55	47,459	1.16	22,547	0.90	50,466	1.10
Transportation and Telecommunication	39,754	2.29	47,248	1.15	36,628	1.45	275,965	6.04
Financial Institutions	81,234	4.69	54,230	1.32	78,197	3.11	201,053	4.40
Real Estate and Rental Services	10,296	0.59	15,546	0.38	8,539	0.34	29,006	0.63
Self-employment Services	84,551	4.88	31,271	0.76	72,093	2.86	31,158	0.68
Educational Services	4,963	0.29	25,673	0.63	4,782	0.19	26,270	0.57
Health and Social Services	15,365	0.89	5,957	0.15	10,152	0.40	7,032	0.15
Others	30,737	1.77	795,077	19.38	1,041,102	41.34	606,231	13.26
Total	1,732,963	100.00	4,102,038	100.00	2,518,333	100.00	4,570,840	100.00

b. Information about the first and second group non-cash loans:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans	1,715,130	3,917,984	17,833	184,054
Letters of Guarantee	1,715,077	2,247,549	17,833	128,371
Bank Acceptances	0	143,477	0	42,835
Letters of Credit	53	1,526,035	0	12,848
Endorsements	0	0	0	0
Underwriting Commitments	0	0	0	0
Factoring Guarantees	0	0	0	0
Other Guarantees and Warranties	0	923	0	0

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V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. Information on adjustments made to the previous period due to the application of the Standard Related to Accounting for Financial Instruments in the current period:

a. Increase after revaluation of investments available for sale: None

In the case that the gain or loss resulting from the revaluation of investments available for sale, other than the hedging items, by their market values, is recorded in the shareholders' equity, the amount recorded in the current period: Explained in the second paragraph.

b. Information regarding increases in items for hedging cash-flow risk: None.

b.1. Reconciliation at the beginning and end of the current period: Reconciliation has been provided at the beginning and end of the period.

b.2. The amount recorded in shareholders' equity in the current period for the gain or loss on derivatives and non-derivative financial assets and liabilities set up for protection against cash-flow risk: None

c. Reconciliation related to the values of exchange rate differentials at the beginning and end of the period: None

2. Information about adjustments made within the current period due to application of the Standard Related to Accounting for Financial Instruments:

a. Information regarding investments available for sale: The net amount resulting from the revaluation of investments available for sale according to market value, stands at TL 1,638,961 billion (TRY thousand), as recorded in the "Marketable Securities Value Increase Fund" under shareholders' equity account, The net increase from the previous year on inflation adjusted financial statements is TL 789,009 billion (TRY thousand).

b. Information regarding protection against cash-flow risk: The amount recorded in shareholders' equity and transferred to the net profit/loss account in the current period, for the gain or loss on financial assets and liabilities set up for protection against cash-flow risk: None.

3. Information regarding dividends: Not determined.

a. Total amount of dividends declared before the disclosure of financial statements but after the date of the balance sheet: No declaration has been made in respect of dividends.

b. Net dividend per share for the period, proposed for payment to shareholders after the date of the balance sheet: The decision for dividend payment shall be taken at the General Assembly of Shareholders, which is yet to convene.

4. Amounts transferred to the legal reserves account: TL 280,253 billion (TRY thousand) has been transferred from the profits of the year 2003 to the extraordinary reserves account and TL 44,083 billion (TRY thousand) to the legal reserves account.

5. Information regarding share issue: The Bank's paid-in capital was increased by TL 214,033 billion (TRY thousand) during the year 2004 and 5,350,836,750 of class "C" shares were issued as a result of this operation, Information regarding rights of various classes of shares can be found in note II/13/g of Section Five.

6. Information on other capital increase items on the Change of Shareholders' Equity Table: None.

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VI. INFORMATION AND DISCLOSURES RELATED TO THE CASH-FLOW STATEMENT

1. The effect of other items on the Cash-Flow Statement and changes in the exchange rate on cash and cash equivalents:

The operating profit of TL 820,319 billion (TRY thousand) before the change in assets and liabilities, consists of interest received at TL 4,627,703 billion (TRY thousand) predominantly from loans and securities, and of interest paid at TL 2,398,597 billion (TRY Thousand) predominantly on deposits, Interbank money market transactions and funds borrowed by the Bank. The other income items largely consist of profits (net) on capital market transactions and income on sale of participations and immovables. The "Other" item includes foreign exchange gains (net), fees and commissions, advertising, rental payments and monetary losses.

Changes in the other loans are predominantly from fund value decreases acquired through repo transactions.

The effect of changes in foreign exchange rates on cash and cash equivalents has been reflected in the net exchange rate differentials profit/loss account. The said amount was realized as income on exchange rate differentials during the year 2004, and is shown in the "Other Income" item under "Operational Profit before Changes in Assets/Liabilities Related to Banking Operations".

2. Information on cash flows arising from the acquisition of associates, subsidiaries and other investments:

A cash-outflow of TL 93,549 billion (TRY thousand) resulted from the acquisition of associates and subsidiaries.

	Current Period	Previous Period
Cash and Cash Equivalents		
Loans Extended		
Other Assets		
Funds Received from Other Financial Institutions		
Other Liabilities		
Goodwill		
Total Acquisition Cost	93,549	22,586
Income on Exchange Rate Differentials		
Acquisition Cost	93,549	22,586
The Amount of Cash and Cash Equivalents Existing at Acquired Participation		
Cash Outflow Caused by Acquisition	93,549	22,586

3. Information on disposal of associates, subsidiaries, and other investments:

During the current period, TL 95,226 billion (TRY thousand) of cash was received in relation to the disposal of assets and subsidiaries.

	Current Period	Previous Period
Net Assets		
Cash and Cash equivalents		
Receivables from Other Banks and Financial Institutions		
Loans Extended		
Interbank Deposits		
Funds Provided for Other Financial Institutions		
Other Liabilities		
Proceeds Obtained from Sales	95,226	221,616
The Amount of cash and cash equivalents Existing at Disposed Participations		
Net Cash Inflow from Sales	95,226	221,616

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4. Information on cash and cash equivalents at the beginning of the period:

a. The items constituting cash and cash equivalents, and the accounting policy used in determining these items: Cash, foreign currency items, balances with the Central Bank of Turkey, money in transit, purchased bank cheques and money market transactions are defined as cash and cash equivalents.

b. Effects of changes made in the accounting policy: In the year 2003, foreign exchange profit/loss account was shown under "Other Profits Gained", whereas this amount was placed in the "Other" item in the year 2004.

Cash and cash equivalents at the beginning of the period:

	Current Period	Previous Period
Cash	794,717	438,051
Cash and Foreign Exchange Items	266,549	288,414
Balances with the Central Bank of Turkey and Others	528,168	149,637
Cash Equivalents	398,995	822,506
Money Market Transactions	398,995	822,506
Total Cash and Cash Equivalents	1,193,712	1,260,557

The total value found in relation to the transactions made during the previous period, is the total amount of the cash and cash equivalents at the beginning of the current period.

5. Information on cash and cash equivalents at the end of the period:

	Current Period	Previous Period
Cash	1,143,562	794,717
Cash and Foreign Exchange Items	292,072	266,549
Balances with the Central Bank of the Turkey and Others	851,490	528,168
Cash Equivalents	0	398,995
Money Market Transactions	0	398,995
Total Cash and Cash Equivalents	1,143,562	1,193,712

6. Information on Cash and Cash-equivalents held by the Bank, but not available for free use by the Bank on grounds of legal restrictions or other reasons:

There is a balance of TL 14,023 billion (TRY thousand) in the foreign banks account, which is not free. Apart from this, there is no asset, which is not available for use freely.

7. Further information on banks, in addition to the information provided in the first clause, on their financial situations and liquidity positions:

a. Restrictions on and regarding the use of, if any, borrowing facilities that could be utilized, but have not yet been resorted to, in connection with banking activities and the fulfillment of equity commitments: None.

b. The separate total amounts of cash flows (pro rata to the Bank's shareholding) arising from banking, investment and finance activities of partnership under joint control recorded according to the partial consolidation method: There is no partnership under joint control on the solo financial statement of the Bank, recorded according to partial consolidation method.

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c. Total amount of cash flow displaying the increase in the banking activity capacity, apart from the cash flow required for the continuation of the existing banking activity capacity: There is no cash flow required displaying the increase in the banking activity capacity, other than the cash flow required for the continuation of the existing banking activity capacity.

VII. INFORMATION AND DISCLOSURES RELATED TO ACCOUNTING FOR BANK MERGER AND TRANSFERS, AND ACQUISITIONS

None.

VIII. INFORMATION AND DISCLOSURES RELATED TO BANK'S RISK GROUP

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

a. Current Period:

Bank's Risk Group*	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Items that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	1,051,101	685,943	-	-	71,805	29,978
Balance at the end of the period	480,509	201,993	-	-	18,808	14,637
Interest and commission income received	6,205	10,681	-	-	2,286	963

* Defined in the second paragraph of 20th Article of the "Regulation on the Establishment and Operations of Banks".

b. Previous Period:

Bank's Risk Group*	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Items that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	616,453	738,737	-	-	810,981	17,230
Balance at the end of the period	1,051,101	685,943	-	-	71,805	29,978
Interest and commission income received	79,626	7,237	-	-	11,313	1,096

* Defined in the second paragraph of 20th Article of the "Regulation on the Establishment and Operations of Banks".

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

Bank's Risk Group*	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Items that have been Included in the Risk Group	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Deposits						
Balance at the beginning of the period	361,096	144,076	14,902	18,095	87,543	19,471
Balance at the end of the period	278,581	361,096	3,990	14,902	92,095	87,543
Interest on deposits	7,295	6,809	1,013	2,824	596	5,756

* Defined in the second paragraph of 20th Article of the "Regulation on the Establishment and Operations of Banks".

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

Bank's Risk Group*	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Items that have been Included in the Risk Group	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Deposits						
Transactions for trading purposes						
Beginning of the period	67,602	-	-	-	-	-
End of the period	92,050	67,602	-	-	-	-
Total Profit/ Loss	-2,771	-3,523	-	-	-	-
Transactions for hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
Total Profit/ Loss	-	-	-	-	-	-

* Defined in the second paragraph of 20th Article of the "Regulation on the Establishment and Operations of Banks".

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

a. Regardless of there being any transactions between the parties, the relationship of the Bank with corporations within the same risk group as the Bank and under the control of the Bank:

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

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

The transactions carried out are mainly loan and deposit transactions. The ratio of loans extended to the risk group to the overall loans is 4,0%, while the ratio to the overall assets is 1,3%; the ratio of deposits of the risk group corporations to the overall deposits is 1,54%, while the ratio to overall liabilities is 1,0%. The method of comparable prices has been used in the transactions.

c. Transactions recorded according to equity method: None.

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

Movables are purchased via leasing through the associate of the Bank, İş Genel Finansal Kiralama A.Ş., when required, The Bank's branches also act as agents for Anadolu Sigorta A.Ş., Anadolu Hayat Emeklilik A.Ş. and İş Yatırım Menkul Değerler A.Ş., İş Portföy Yönetimi A.Ş. manages the portfolios of 14 mutual funds which were founded by the Bank.

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

IX. INFORMATION AND DISCLOSURES RELATED TO INFLATION ACCOUNTING

Required disclosures regarding inflation accounting:

a. Disclosure regarding the restatement of current and previous period financial statements according to the purchasing power at the balance sheet date in order to eliminate the affect of changes in the purchasing power on financial statements:

The attached financial statements have been prepared in accordance with the principle of historic costs and on the basis of legal records, and include inflation accounting adjustments and classifications pursuant to the Regulation on Accounting Practice (RAP) and the Communiqué No. 14: Accounting Standard Concerning the Preparation of Financial Statements in High Inflationary Periods ("Communiqué 14"), in order to portray the actual situation, taking into account the relevant purchasing power of Turkish Lira as of the date of balance sheet. The adjustments and classifications made in financial statements have been recorded in the legal books of the Bank, which are kept in accordance with accounting applications in Turkey.

In conformity with the provisions of the Communiqué No. 14, various adjustments were made in the attached financial statements by using general price indices, in order to reflect the change in the purchasing power of Turkish Lira.

b. Information on cost accounting method used in arrangement of the financial statement items before being subjected to inflation adjustment:

Before the fixed asset items are subjected to inflation adjustment, related fixed asset revaluation value increases are excluded and historic cost values are taken as a basis.

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c. Information on adjustment coefficients used in restatement of financial statement items in current purchasing power, price index used, its magnitude on the balance sheet date and changes in the last two years including the current period:

The provisions of the Communiqué No. 14 stipulate the preparation of financial statements based on the measurement unit as of the date of balance sheet, and the statement of balances of the previous periods in terms of the same measurement unit by using general price index. One of the conditions that make the application of the Communiqué No. 14 compulsory is the event that the three-year cumulative inflation rate is 100% or higher and that the current year inflation rate is 10% or higher. The relevant cumulative ratio for the 36-month period ending on 31 December 2004 is calculated to be 69.72 % and for the last 12 months it is 13.84 %, on the basis of the Wholesale Price Index published by the State Institute of Statistics (SIS). Indexation adjustments have been calculated by using the wholesale price indices published by BRSA (Banking Regulation and Supervision Agency) and the SIS wholesale price index.

Period	Index	Coefficient
31 December 2002	6,478.8	1.297122
31December 2003	7,382.1	1.138402
31December 2004	8,403.8	1.000000

d. Information on adjustments made on non-monetary items:

Inflation adjustments were carried out in accordance with the following general principles:

- Financial statements have been prepared by considering the purchasing power of Turkish Lira as of the date of balance sheet in accordance with the Communiqué No. 14. All amounts, which do not reflect the purchasing power of Turkish Lira at balance sheet date, have been adjusted by using price indices.
- Monetary items on the balance sheet have not been subject to any inflationary adjustments, as they have already been stated at the current purchasing power of Turkish Lira as of the date of balance sheet. Monetary items are those, which are kept, received or paid in cash.
- Non-monetary assets, liabilities and components of the shareholders' equity, appearing in the financial statements at historic cost values, have been restated by using adjustment coefficients corresponding to the initial acquisition date of the redeemed assets, if any, the collection date or the date of entry on the balance sheet accounts, In the attached financial statements, revaluations appearing in legal records have been ignored.
- All items appearing on the income statement have been adjusted by using the relevant adjustment coefficients.
- The effects of inflation on the monetary position of the Bank are shown on the income statement as profit/loss on net monetary position item.

e. Information regarding assets subject to depreciation, their estimated useful life, calculation of depreciation within the framework of related legislation and their adjusted values and whether or not the expertise is made to determine the fair values of these assets: Acquisition values of assets, subject to depreciation, have been indexed by using coefficients calculated for the period from the date of entry into assets to the date of balance sheet, and have been depreciated by taking into account the estimated useful life thereof based on the indexed costs of acquisition. Expert valuation of the buildings in use of the Bank was realized and provision was set aside as a result of this study. Detailed information is available in note no. XIII/5 of Section Three.

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f. Information regarding the registered values of reserves, within the framework of the articles of incorporation of banks or pursuant to the Turkish Commercial Code, and the paid-up or issued capital:

Information regarding the registered and indexed values of reserves, within the framework of the articles of incorporation of banks or pursuant to the Turkish Commercial Code, and the paid-up or issued capital, is presented below,

The indexed value of the paid-up capital of our Bank stands at TL 4,176,161 billion. The registered value of the paid-up capital, which was TL 1,426,724 billion, in the previous period, has increased to TL 1,640,757 billion. The new inflation adjusted balances of the items related to the "Legal" and "Optional Reserves" Accounts as of 31.12.2004 stand at TL 800,183 billion and TL 385,545 billion, respectively.

g. Information on income statement:

Provisions against loans under follow-up and other provisions appearing on the income statement of the Bank, the Parent Company, have been stated at indexed values, with the indexation difference having been recognized as monetary profit or loss; the balance of the said item prior to inflation adjustment is TL 1,020,821 billion.

h. Information on whether or not the financial statements were audited by an independent audit firm:

The financial statements of the previous period have been audited by Denetim Yeminli Mali Müşavirlik (Member Firm of Deloitte Touche Tohmatsu).

i. Information on the availability of objective criteria proving that expenses accrued within the period and incurred across the period, as well as the income received, and movements in the income and expense items are distributed evenly within the period and do not show any seasonality.

Expenses accrued within the period and incurred across the period, as well as the income received, and movements in the income and expense items are distributed evenly within the period and do not show any seasonality. Although this situation creates a suitable environment for the application of an "average index" in the indexation of the Income Statement, the application of inflation accounting to the income statement has been affected by way of determining the "individual monthly" income and expenditure figures and by multiplying the said figures with the relevant period coefficients, resulting in their statement at values as of 31.12.2004.

TÜRKİYE İŞ BANKASI A.Ş.

PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

X. INFORMATION RELATED TO DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIONS OF THE BANK

	Number	Employees			
Domestic Branches(*)	848	15,915			
			Country of Incorporation		
Foreign Representative Offices	0	0	1. -		
			2. -		
			3. -		
				Total Assets	Statutory Share Capital
Foreign Branches	1	23	1. United Kingdom	824,214	258
	5	110	2. T.R.N.C.	735,847	8,328
			3. -		
Off-shore Branches	1	7	1. Bahrain	3,027,109	0
			2. -		
			3. -		

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

XI. INFORMATION AND DISCLOSURES RELATED TO ISSUES WHICH OCCURRED AFTER THE DATE OF BALANCE SHEET

1. Post balance sheet date issues, unfinished transactions and their effects on the financial statements:

As it has already been announced on ISE on 04.02.2005, the sale of the Bank's shares in its participations, İDÇ Liman İşletmeleri A.Ş. and Destek Reasürans T.A.Ş. and İş Gayrimenkul Yatırım Ortaklığı A.Ş. has been realized and it is decided to use the TRY 24,014,973 profit gained from the sale of İDÇ Liman İşletmeleri A.Ş., TRY 46,894,239 profit gained from the sale of Destek Reasürans T.A.Ş. and İş Gayrimenkul Yatırım Ortaklığı A.Ş. On the other hand, the Bank's 3.37% share, equal to TRY 11,638,221, in Petrol Ofisi A.Ş. has been sold on 11.02.2005 at TRY 52,371,995 to corporate investors located abroad and it has been announced on ISE on the same day.

2. Changes which occurred in exchange rates after the date of the balance sheet which are of mere importance to affect the use of and decisions based on the balance sheets, and their impact on foreign currency transactions and items in the balance sheets as well as the effects on the Bank's foreign activities:

No significant exchange rate changes occurred after the date of the balance sheet.

TÜRKİYE İŞ BANKASI A.Ş.

PART SIX : OTHER DISCLOSURES AND FOOTNOTES

I. Other Disclosures on the Bank's Activities: None.

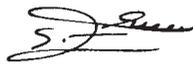
TÜRKİYE İŞ BANKASI A.Ş. PART SEVEN: DISCLOSURES ON THE INDEPENDENT AUDITOR'S REPORT

I. DISCLOSURES ON THE INDEPENDENT AUDITOR'S REPORT:

The Bank's unconsolidated financial statements prepared as of 31 December 2003, for the financial period ending on the same date, have been subject to the audit of Denetim Serbest Mali Müşavirlik (Member Firm of Deloitte Touche Tohmatsu).



İbrahim Babayiğit
Manager of Accounting
Department



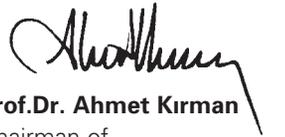
M. Sırrı Erkan
Deputy Chief
Executive



H. Ersin Özince
Chief Executive
Officer



H. Arslan Sarsar
Board Member
Responsible for
Internal Audit



Prof. Dr. Ahmet Kırman
Chairman of
The Board of Directors

TÜRKİYE İŞ BANKASI A.Ş. THE MANAGEMENT

As of June 2005

Manager

Halil Oğuz Su

Ömer Karakuş
Serdar Gencer
Fusun Tümsavaş
Ömer Çelebi
Ertuğrul Bozgedik
Aydın Süha Önder
Uğur Çelebioğlu
Nihat Özdemir
Yılmaz Ertürk
Selim Selvi
Burhanettin Kantar
O. Haluk Solak
M. Turgay Atalay
K. Nilay Çelebi
M. Ali Madendere
Necati Aksoyoğlu
Buket Himmetoğlu
Yalçın Sezen
Süheyla Altundağ
Sedat A. Tosyalı
İbrahim Hızlıkan
M. Fikret Çelik
Doğan Sarban
Bülent Naci İnan
Hasan Candan
A. Taciser Bayer
Rıza İhsan Kutlusoy
Hakan Aran
H. Belhi Sarı
Haluk İmamoğlu
A. Erdal Aral

Department

Board of Inspectors

Accounting
Budgeting & Planning
Commercial Loans
Consumer Loans
Corporate Loans
Corporate Marketing
Credit Cards
Credit Information & Financial Analysis
Economic Research
Electronic Data Processing
Equity Participations
Financial Operations
Foreign Affairs
Human Resources
Internal Control
Legal Affairs Counselor
Legal Counselor
Marketing & Deposits (Consumer Banking)
Non-Branch Banking
Organization
Pension Fund
Premises & Real Estate
Problem Loans
Public Relations
Risk Management
Secretariat to the Board of Directors
Securities
Software Development
Staff Training
Support Services & Purchasing
Treasury

TÜRKİYE İŞ BANKASI A.Ş. DIRECTORY

TÜRKİYE İŞ BANKASI A.Ş.

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www.isbank.com.tr
Call Center: 444 02 02

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ANKARA II REGIONAL DEPARTMENT

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ÇUKUROVA REGIONAL DEPARTMENT

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Fax: (+90232) 364 28 98

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Fax: (+90216) 370 60 13

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MARMARA REGIONAL DEPARTMENT

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Fax: (+90224) 224 16 99

ORTA ANADOLU REGIONAL DEPARTMENT

Erciyesevler M. Güney S. Sevgin Apt. Zemin Kat N:46 38020 Kocasinan/Kayseri
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Fax: (+90352) 240 38 16

TRAKYA REGIONAL DEPARTMENT

İzzettin Çalışlar Cad. Çınarlı Sok. No: 18/1 34180 Bahçelievler/İstanbul
Phone: (+90212) 555 53 76, 555 84 29, 555 92 14, 555 38 64
Fax: (+90212) 316 07 73

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