

Turkey's bank

Annual Report 2005

İŞBANK



Always a good business partner...

We create added value for the economy while supporting you in your business.

Always the closest to you...

We are at your service whenever and wherever you need it.

Always caring for you...

We listen to you and understand. We meet your expectations with our services.

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Our 81st year...



İŞBANK

Always with confidence...

Transparency, honesty, accountability, and a commitment to ethical values are the lifeblood of our customer service philosophy.

Always for the future...

Together we shape Turkey's future and lay strong foundations for tomorrow.

3.

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London
STOCK EXCHANGE

İşbank shares are traded on the İstanbul and London stock exchanges and as American depository receipts (ADR-144 A) issued by the Bank of New York. (See page 144).

Always a good business partner...

İşbank stands by you at every moment with its knowledge and experience and with its rich array of products and services.



In 2005 İşbank served a customer base numbering some 15 million.

This huge and highly diversified customer base consisting of everyone from major multinationals and SMEs to private individuals provide the energy that keeps İşbank alive and growing.

Developing and offering financial products and services that meet different customers' demands and needs within the framework of a productivity-based and customer-focused approach is one of our most fundamental business strategies.



Corporate Profile

İşbank (Türkiye İş Bankası) was founded in Ankara in **1924** upon a directive by Mustafa Kemal Atatürk, the founder and the first president of the newly-born Republic of Turkey.

For eighty-one years, İşbank has been an expression of confidence, honesty, high-quality service, and innovation both for our country and for its people. Today it ranks among the biggest banks of the world's developing markets. In terms of its tier 1 capital, İşbank is the biggest bank in an extensive region that includes Turkey, Russia, Eastern Europe, and the Middle East. (*)

As of end-2005, İşbank's shareholders' equity was worth TRY 9.7 billion and the Bank's total assets amounted to TRY 63.7 billion.

With **17,111 employees**, İşbank offers banking products and services with a quality-focused approach to some **15 million retail, corporate, commercial, and SME customers**.

İşbank has the ability to respond completely and absolutely to a customer's request for any kind of financial product or service. The Bank's financial subsidiaries are active and uniquely specialized in every line of business from investment banking to portfolio management and from leasing to private pensions. This diversity is the source of the Bank's unchallengeable strength in delivering service.

(*) The Banker magazine's "Top 1000 World Banks" survey based on 2004 figures.

(**) 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.

(****) Core Ratings DNV, December 2005.

İşbank's extensive national service network consisting of **870 branches, 2,659 Bankamatiks (ATM), 881 Netmatiks (**), and 104 Kasamatiks (***)** is a fundamental indication of its tremendous scale and service-provision competency. İşbank also has its own international network consisting of nine of its own branches and the sixteen branches of İşbank GmbH, twelve of which are located in Germany.

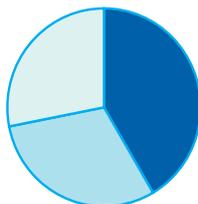
Originally founded to accept even the smallest deposits and put them to work on behalf of the country's development, İşbank was **Turkey's first truly national bank**. Successfully continuing to carry out its historical mission today, İşbank controls a portfolio of equity stakes in companies that are the active leaders in a wide range of fields, principally in the glass industry.

İşbank's superior performance in corporate governance applications was acknowledged by its corporate governance rating of 9 (out of a possible 10) in 2005. (***) 30.37% of the Bank's shares are traded on the **Istanbul (ISE) and London (LSE) stock exchanges**. İşbank also has the highest market capitalization of any company trading on the ISE.

With its immutable, deep-rooted values, İşbank will continue to be Turkey's bank and a source of pride in a dynamic and rapidly-changing world.

İşbank's Shareholder Structure

The chart below shows the shareholding structure of İşbank as of 31 December 2005.



On 1 August 2005 the İşbank Supplementary Pension Fund sold İşbank shares corresponding to about 1.88% of the Bank's capitalization on the Istanbul Stock Exchange. No other changes affecting the overall composition of the Bank's shareholder structure occurred last year.

No company director, statutory auditor, chief executive officer, or deputy chief executive owns more than a negligible shareholding interest in the Bank.

Always the closest to you...

İşbank is proud to be “the bank that is always accessible” to its customers.



Eighteen years ago on 25 December 1987, İşbank installed its first automatic teller machine in its Yenışehir branch in Ankara and introduced the word bankamatik to the Turkish language. Today İşbank has an extensive service network consisting of:

870 domestic branches

9 international branches

2,659 Bankamatiks

881 Netmatiks

104 Kasamatiks.

In addition to these physical delivery channels, the Bank also reaches out and serves its customers spanning both time and space by means of:

Internet banking: www.isbank.com.tr

Telephone banking: 444 02 02

Mobile banking: *100#

wap GPRS banking: wap.isbank.com.tr

2005

FINANCIAL HIGHLIGHTS

Total Assets **TRY 63,712 million**

İşbank's assets grew 65% in 2005. This overall growth was contributed to significantly by the Bank's deposits, which increased 54% year-on.

Shareholders' Equity **TRY 9,677 million**

As of end-year 2005, İşbank was conducting business with a high capital adequacy ratio on the order of 25%. In terms of shareholders' equity, the Bank is not just the biggest in Turkey but has also become the leader of its geographical region.

Net Profit **TRY 956 million**

Effectively combining a customer and service-focused attitude towards business with a profitability-focused operational approach, İşbank saw its net profit increase 50% last year.

In 2005 İşbank once again stood out as Turkey's privately-owned bank with the highest gross profit. (*) From the standpoint of total assets, it also ranks first among the country's privately-owned banks.

(*) Gross Profit: Profit before tax and other provision expenses

(TRY million)**31.12.2005 31.12.2004 Change (%)****KEY FINANCIAL HIGHLIGHTS**

Total Assets	63,712	38,514	65
Total Loans	20,750	12,452	67
Total Deposits	37,400	24,320	54
Shareholders' Equity	9,677	7,640	27
Gross Profit	2,749	2,168	27
Net Profit/Loss	956	635	50

(USD million) (*)**31.12.2005 31.12.2004 Change (%)****KEY FINANCIAL HIGHLIGHTS**

Total Assets	46,404	28,828	61
Total Loans	15,113	9,320	62
Total Deposits	27,240	18,204	50
Shareholders' Equity	7,048	5,719	23
Gross Profit	2,002	1,623	23
Net Profit/Loss	696	476	46

(%)**31.12.2005 31.12.2004****KEY FINANCIAL RATIOS**

Interest Earning Assets/Total Assets	85	77
Loans/Total Assets	33	32
NPL Ratio	4.83	8.34
Demand Deposits/Total Deposits	19	26
Capital Adequacy Ratio	25	29
Return on Average Assets	1.94	1.83
Return on Average Equity	11	10
Operational Expenses/Operational Revenues (Net)	37	40

İşbank, 81 years young, continues to create added value for its shareholders, its employees, its customers, and all of society.

İşbank's summarized financial statements for 2001-2005 are presented on page 86.

(*) USD 1 = TRY 1.373 as of 31 December 2005
USD 1 = TRY 1.336 as of 31 December 2004

Always caring for you...

All İşbank employees identify with an approach that is focused on achieving and maintaining the highest level of customer satisfaction possible.



Everyone at İşbank is very much aware of how important it is to listen to customers and understand them.

Throughout 2005, İşbank's 17,111 employees abided strictly by this philosophy in all their efforts to provide customers with only the best.

Our shared objective is to meet your expectations with İşbank's traditional service approach and offer you the highest-quality banking products and services.

Milestones in İşbank's history

Declaration of the republic and the founding of İşbank

- With the end of the War of Independence and the declaration of the republic, there is an urgent need in Turkey not just for a national banking system but especially for a national institution which would encourage people to save and channel their savings into productive economic activities and which would also spearhead the country's industrialization when need be.
- İşbank is established on 26 August 1924 upon a directive by President Atatürk in line with a resolution passed at the First İzmir Economic Congress.
- In just three months, the name, charter, headquarters, and staff of the new Turkish Republic's new national bank are readied and under the leadership of its first director-general it goes into service with two branches and 37 personnel.
- The Bank's initial capitalization is one million Turkish liras.
- The Bank's first customer in Ankara is the Grand National Assembly of Turkey.
- Shortly afterwards, the two Ankara branches are joined by two more: the Yeniciami branch in İstanbul and a branch in Bursa.

The first Turkish bank to open a branch outside the country

- As the years go by the Bank continues to grow steadily. In 1932 it opens its first branch outside Turkey in the city of Hamburg, Germany. This is also the first branch of a Turkish bank to be opened outside the country.
- The Hamburg branch is followed by branches in Alexandria and Lefkoşa. The Bank's international organization continues to grow over the years.
- İşbank GmbH is founded in 1992. İşbank GmbH today is an İşbank subsidiary with sixteen branches and a presence in four European countries.

The Bank and its branch network grow

- By the end of the 1950s, İşbank has become the leader of Turkey's privately-owned banking sector. Its real growth however corresponds to the period of national economic plans and rapid industrialization after 1963. During the 60s and 70s the Bank accelerates the expansion of its branch network and by 1980, there are 872 İşbank branches located all over the country.
- Despite intensive competition in the 1980s and 1990s when the number of banks in the country nearly doubles, İşbank maintains its leadership.
- With a network of 870 domestic and 9 international branches, İşbank is an institution that sets the pace of competition in the Turkish banking industry today as it advances confidently with its vision of the future.

From Ankara to İstanbul

- In 2000 the Bank relocates its headquarters from Ankara to İstanbul. İşbank's solid and stable growth continues.
- Despite the worst national economic crisis experienced in the history of the Turkish Republic in 2001, İşbank continues to be a safe and calm harbor and to provide people with uninterrupted service.

Standing on the summit of the world's banks

- In 2005 The Banker identifies İşbank as the bank with the greatest tier-1 capital both in Turkey and in Eastern Europe and the Middle East in its "Top 1000 World Banks" survey based on 2004 figures.
- The same year, Forbes ranked İşbank as the only Turkish company among the biggest 500 companies in its "Global 2000" survey based on 2004 figures.

“Türkiye İş Bankası is an institution that will have a unique place in the history of the Republic from the standpoint of its economy.”

Kemal Atatürk, 26 August 1936

İşbank: The author of **firsts** in the Turkish banking industry

The first national bank of the Turkish Republic, İşbank has continued to play a pioneering role in the national banking industry for more than eight decades.

- İşbank introduced the concept of “moneybox” to the Turkish public as a way of inculcating and reinforcing ideas of saving, especially among children. For generations, an İşbank moneybox was often a child's first introduction to the notion of thrift.
- İşbank introduced the country's first personal checking accounts and encouraged the use of checks to make day-to-day payments, thereby launching a revolution in people's habits about carrying cash around. İşbank personal checks were the forerunners of another İşbank innovation in Turkey: electronic banking and ATMs.
- İşbank laid the foundations of electronic banking in Turkey, thereby introducing the concept of ATM and adding the word bankamatik to the Turkish language as the name of this new convenience.
- İşbank was the first Turkish bank to open branches in Europe and Cyprus.
- İşbank was the first bank in Turkey to offer an investment account service to its retail customers.
- İşbank also launched the country's first mutual funds.
- İşbank was the first to offer customers in-house trading in investment securities as a way to put their savings to work.
- İşbank inaugurated the country's first interactive banking system (1996).
- İşbank introduced Turkey's first internet banking kiosks. Called netmatik, these kiosks allowed customers without access to a PC to enjoy the convenience of internet banking as well.
- İşbank launched the first WAP banking service in Turkey.
- İşbank's “Bankamatik (+)” machines were the first to transfer money deposited via an ATM immediately into the designated account.
- İşbank's “Maximum Cash Points” were the first to give its debit and credit card customers the convenience of withdrawing cash wherever and whenever they wanted, even in places where there were no ATMs.

- **İşbank Moneybox • Bankamatik • Investment Account**
- **Mutual Fund • Interactive Banking • Netmatik**
- **WAP Banking • Bankamatik(+) • Maximum Cash Points...**

İşbank will continue to be the author of firsts in the future as well...



Always with confidence...

Ever since it was founded in 1924, İřbank has always striven to give not just its customers but all its stakeholders the full benefit of their confidence in the Bank.



In 2005 İşbank was the author of yet another first in Turkey and its banking sector by receiving a corporate governance rating of 9 (out of a possible 10) from CoreRatings DNV, a corporate governance rating agency recognized by the Capital Markets Board.

This high rating is a measure of the effectiveness of İşbank's corporate governance policy and of its success in implementing it. In the summary of its corporate governance rating report CoreRatings said: İşbank has, to a large degree, identified its material corporate governance risks and actively manages these through good internal controls and well developed management systems.

İşbank's rating is a natural outcome of the deep-rooted and sound corporate culture that it has built up as a publicly-held company since the day it was founded manifesting itself in the best possible way in its approach to corporate governance.



CHAIRMAN'S MESSAGE



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

İşbank's efforts to create increasingly more added value for the national economy do not stop at Turkey's borders.

Our Bank gives the utmost priority and care to highlighting Turkey in all its activities around the world while advancing confidently on course towards becoming a leading player in its immediate hinterland and then in the global arena.

Since the beginning of the Turkish Republic, İşbank has stood by this country and its people and has, since the day it was founded, contributed unceasingly to the development of the nation's economy, social life, and culture.

In its 81st year of operation, İşbank passed yet another milestone last year by achieving the best financial and operational performance in its corporate history. This is a source of pride not just for its shareholders, its customers, and its employees but for the whole country. It is also still more proof of the aptness of its strength, corporate competencies, and strategies as well as the validity of its underlying principles and work ethics. On behalf of the Board of Directors I thank our shareholders for their confidence and unstinting support, our customers for choosing our Bank, and our 17,111 employees for their tremendous dedication, contributions, and efforts: -it is to all of them that we owe last year's successful results.

If an organization is to be accepted and survive it must first and foremost become an intrinsic element of the lives of the people of its community. For over eight decades we have been striving to do exactly that. And we have succeeded: we have made İşbank "Turkey's bank".

- Since the beginning of the Turkish Republic, İşbank has stood by this country and its people and has, since the day it was founded, contributed unceasingly to the development of the nation's economy, social life, and culture.
- Created by the people of this country, our Bank has become a part of their world. It has shared the joys and sorrows with the people of Turkey. And in return, it has given back to society no less than it has gained. Today the laborers, white collar workers, business people, teachers, civil servants, retired folks-in short people of every age and from every walk of life have become the shareholders and customers of İşbank.

- Look at the underlying foundations of all of our country's economic actors, especially its companies and corporate groups that are active worldwide, and you will find our Bank's support, contributions, and investments. This is not by chance: -it is an expression of the mission we have erected for ourselves on the confidence we have in our country and its people.

- As a consequence of the approach to which it has been committed since the day it was founded, İşbank has pursued its activities within a framework of specific and enduring corporate principles. Adapting customary practices to the needs of the day, it has built on them and been a pioneer of innovation. It has created opportunities for shareholders, customers, and employees alike to be a part of a strong, deep-rooted, ethical, and exemplary company.

- The efforts of our Bank to create increasingly more added value for the national economy do not stop at Turkey's borders. Starting from its immediate hinterland and moving onward into the global arena, our Bank gives the utmost priority and care to highlighting Turkey in all its activities around the world.

- The fact that we are Turkey's bank plays a key role in determining the strategy that we have shaped so as to keep an eye on developments according to the conditions of the past and the present. It is also evidence of the aptness of our mission to contribute to the affluence of the people of our country, to assist the emergence of institutions that will make themselves heard in the global economy, and to support them all.

These are the qualities that have put us in the front ranks of the world's leading banks and this is why İşbank has always been "Turkey's bank" ever since the day it was founded.

İşbank is the bank most preferred by its shareholders, its customers, and its employees. Our Bank is an asset created by the people of our country: an asset beside which even global giants pale in value. All the financial and operational results achieved by İşbank in 2005-including its market value-once again demonstrated the rightness of their choice.

Just as İşbank shares are a driving force of the stock exchange and rank high among the equities most preferred by national and international investors, the market value of this company surpasses that of many global

İşbank has the most extensive branch network of any privately-owned bank in Turkey.

giants. These facts rank high among the considerations that rightly lead people to prefer İşbank and identify with it. Our investors have always been rewarded for having confidence in İşbank, be it in the short, medium, or long term and no matter what the economic situation may be. They always have been and they always will be.

İşbank has the most extensive branch network of any privately-owned bank in Turkey. Our customers are able to avail themselves of our services conveniently and without interruption anywhere in the country or throughout the world by taking advantage of our physical and alternative delivery channels. İşbank stands by its customers and serves them, in good times and bad, everywhere, and always and that is yet another reason why our Bank is the one that they choose. Every member of İşbank does the utmost to ensure that this preference is sustained and grows even stronger.

Being the number one choice as an employer is another important quality that İşbank has had since the day it was founded and indeed this has become something of a tradition, a way of life that has been handed down from generation to generation. Every İşbank employee strongly identifies with the company that he works for and in turn is supported by the company to a degree rarely seen in the world. Because of this, every İşbank employee knows that striving on the company's behalf to make it successful means that he is working for himself and for his own success.

Ensuring that our shareholders, customers, and employees continue to stand by our Bank and become even more strongly loyal to it is our highest-priority objective and duty. Let no one doubt but that we shall achieve this objective and fulfill this duty with our eyes set firmly on the future but without ever losing sight of our past.

I wish to state with the utmost assurance that İşbank will always remain the biggest contributor to our country's people and economy, their most effective service provider, and their most enduring and dependable supporter while further developing its own competitive strengths. In a sector in which foreign banks are increasing their market shares and the effects of competition are felt more and more, our most important advantage springs from the fact that we have become as one with our country within the framework of our vision of being Turkey's bank. Since the day it was founded, our Bank has dedicated itself to meeting the needs of society and to nurturing the country's growth and development. It should be obvious that it is also our most important competitive advantage as well.

Dear shareholders,

Compliance with corporate governance principles and the rules of good management have become the fundamental criteria that are rapidly gaining recognition throughout the world. In addition to revealing a company's attitudes and approaches towards how it does business, they also have as direct an impact on its market value as on its financial performance.

İşbank is the best adherent of corporate governance principles in our country. This is not a hollow claim or advertising hype but a simple fact attested to by an independent international rating agency and based entirely on internationally recognized criteria. In 2005 İşbank was rated by CoreRatings DNV, a corporate governance rating agency selected by the Capital Markets Board, for compliance with corporate governance principles. CoreRatings gave our Bank a score of nine out of a possible ten points. This rating, which confirms the institutionalized quality of our Bank's corporate governance, shows that İşbank's 81 years of consistent success are no accident but rather the natural outcome of thought-out, discerning, and coherent strategies.

**İşbank is
acknowledged to be
the most effective
implementer of
corporate governance
principles in our
country.**

İşbank's style of corporate governance is shaped in light of the principles that were laid down back when the Bank was first established. Our employees see themselves as members of a corporate body whose standards of management are based on institutionalized rules that are bound by those principles and are entirely independent of individuals. This fact is the bedrock of our successful management culture.

Our shareholders wish to see that the İşbank in which they have invested is governed within a framework of world-recognized principles and this desire is a driving force that has brought us to the point we have reached today in our compliance with corporate governance principles.

Similarly our customers' expectations of the management of the Bank whose service they avail themselves of unquestionably play a key role in this result as well.

İşbank controls direct stakes in 44 companies that are active in different sectors of the Turkish economy. This fact makes the İşbank Group one of the biggest economic actors in Turkey by virtue of the employment that it creates and of the social, financial, and commercial consequences of its activities. The companies in our subsidiaries and affiliates portfolio all continued to register successful results in 2005 and to contribute to the national and global economies by means of the goods and services that they produced. Since the day it was founded it has been our Bank's mission to contribute to the economy of our country and İşbank has every intention of continuing to carry out that mission through and together with its equity stakes.

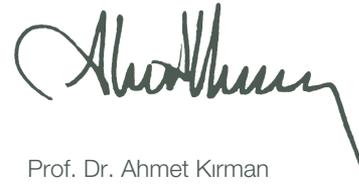
2005 was a year in which our Bank achieved successful results not just financially but operationally as well. At a time when our country's financial sector was expanding

rapidly, İşbank once again demonstrated that it was the leader of the sector by posting the finest financial and operational results in its history. Over the last four years, our Bank has seen its assets grow about fourfold in volume and as of end-2005 its balance sheet bottom line was close to TRY 64 billion. In addition to the dimensions of its asset and shareholders' equity resources, İşbank successfully defended its sectoral leadership in such categories as deposits and local currency credit placements. With a robust capital structure, revealed in its solid 25% capital adequacy ratio, our Bank has all the infrastructure and energy needed to support further growth in the years ahead.

As the Turkish economy progresses even more in a process of stable growth that we believe will be sustained, İşbank will continue to pursue growth both at home and in its region without ever sacrificing anything of its coherent and risk-sensitive policies. It will of course increase its market shares, enhance its service quality, and continue its successful performance as well.

We shall not lapse in our efforts and endeavors on behalf of our investors to further increase profitability and shareholder value, on behalf of our employees to further raise the level of participation, or on behalf of our customers to further provide them with service at the highest quality.

In closing, I thank you, our esteemed shareholders, for your confidence in İşbank-in Turkey's bank-and for your continued support.



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

CHIEF EXECUTIVE OFFICER'S MESSAGE



H. ERSİN ÖZİNCE
Director and Chief Executive Officer

In 2005 İşbank registered the best balance sheet performance in its 81-year history.

In the 12 months to year-end, our Bank saw its total assets increase 65% and reach TRY 63.7 billion. Our gross profit amounted to TRY 2.7 billion. Our net profit after provision expenses was TRY 956 million, 50% higher than what it was in 2004.

Since the day it was founded, our Bank has been publicly held, has joined hands with the Turkish people, and has marched along with them. Today İşbank is the most valuable company in our country's capital markets.

Dear shareholders, customers, colleagues and partners,

Record-breaking balance sheet performance

In 2005 İşbank registered the best balance sheet performance in its 81-year history. In the 12 months to year-end, our Bank saw its total assets increase 65% and reach TRY 63.7 billion. Our gross profit amounted to TRY 2.7 billion. Our net profit after provision expenses was TRY 956 million, 50% higher than what it was in 2004. This performance should be a source of pride and a cause for satisfaction among all of İşbank's stakeholders.

Eighty-one years young, İşbank last year further improved on its already proven track record of producing only the best for shareholders, employees, and customers as well as all of society.

Strong and steady investor loyalty

Since the day it was founded, our Bank has been publicly held, has joined hands with the Turkish people, and has marched along with them in both good times and bad. Today İşbank is the most valuable company in our country's capital markets.

İşbank is an institution that has reached the present day thanks to the strong commitment and loyalty of its shareholders.

Foreign investment continues to flow strongly into our sector. That being so, we foresee that the Basel II risk management criteria that are to go into effect in 2008 are going to lead to rapid changes in banks' capital policies and encourage our industry to explore new avenues and possibilities. In such an environment, İşbank stands out as a company with a tremendous amount of capital strength. In 2005 İşbank's investors once again unmistakably demonstrated the support and loyalty that have made the Bank so strong in this respect.

Growth and developments in our balance sheet

İşbank's balance sheet grew 65% in 2005.

Furthermore our growth in 2005 was as strong qualitatively as it was numerically. The Bank registered significant gains in nearly all of its

productivity and profitability ratios and increased its free equity as well as its capital. The question of how one is to be profitable in an economic environment characterized by low inflation and low interest rates is at or at least near the top of the banking industry's agenda today. Our industry is extremely sensitive towards interest rates and banks' profitability is largely determined by movements in net interest margins. This being so, the diversification of one's sources of income becomes as critical an element of success as profitable growth.

As has traditionally been the case, non-interest income topped the list of İşbank's most strongly performing income statement items in 2005. Our Bank saw its net commission income increase 26% last year to TRY 894 million. This is tangible evidence of our ability to create non-interest income.

In addition to the quality of our revenue streams, the quality of our assets also continued to improve in 2005. We abided by our broad-based lending policies which, combined with our unmatched service scale consisting of a customer base numbering in the millions, resulted in a very low-risk placement structure. A huge and extensive cross-section of corporate, commercial, SME, and retail customers contributes significantly to our asset quality by distributing risk.

As a natural and direct outcome of all these developments, İşbank's non-performing loan ratio contracted substantially last year and was a mere 4.8% as of end-2005.

İşbank's culture of change

One issue to which İşbank attaches great importance is to reinforce its culture of change.

In that respect, 2005 will be remembered as both a milestone and a watershed year. Having formulated and adopted a culture of change, we are now making an intensive effort to build on it in order to make our Bank an even stronger institution and ensure that the İşbank trademark is passed on to future generations.

Foremost among the parameters that shape our culture of change is the present-day appearance of our sector and our country's hinterland. An enormous transformation is

İşbank's strategy is long-term, consistent, and enduring.

taking place both in our country and in the region of the world of which Turkey is the focal point. This transformation is advancing full speed simultaneously on the political, social, and economic fronts.

İşbank's tier 1 capital is greater than that of any other financial institution in a huge region extending from Eastern Europe to the Middle East. This success is a source of pride not just for our esteemed shareholders and employees but for our whole country as well. İşbank is committed to defending this position and to make it the basis for the planning and sustaining of its growth. Our Bank has every intention of remaining the lead actor in any photograph that is taken of the region of which it is a part. İşbank and its group will continue to grow and make their voice heard throughout that region, particularly through ventures in financial services and in glass.

A youthful organization

İşbank is a youthful organization: the average age of its employees is 32. This fact both represents and dictates change. To put it another way, change constitutes the dynamics of İşbank's way of life.

Competency in managing change is our prime corporate objective but also stands out as our fundamental competitive advantage. Since the day it was founded, İşbank has been an organization capable of embracing and serving every segment of society. Eighty-one years of providing service have made our ability to manage change a part of our corporate culture and an intrinsic element of our corporate foundations. In the pursuit of its strategic objectives, İşbank will always be in control of developments and lead the way in issues involving changes in the society capital and business.

A consistent and enduring strategy

İşbank's strategy is long-term, consistent, and enduring.

There are two main axes to this strategy of continuity: further developing the value that we create for our shareholders on the one hand while responding to the changing needs of customers and consumers by continuously raising the standards of our service quality on the other.

In the process of providing the services demanded by a market such as Turkey where the rate at which use of banking products and services is not especially high, İşbank will continue to transform its long-term, consistent, and enduring strategy into reality.

Carrying our mission into the future...

İşbank was founded with the mission of promoting and increasing national thrift, capital, and investment by providing a way for even the most modest of personal savings to be put to work.

Our objective is to cultivate and inculcate banking habits in Turkey and even to define the course and lead the way in achieving this by persistently coming to grips with society's changing needs and with innovative trends. To this end, our Bank will continue to carry out the pioneering mission that it has always undertaken in the financial services sector.

İşbank's network (which for many years was criticized as being unnecessarily too big and even redundant) of branches, ATMs, and non-branch delivery channels has today become a very important competitive advantage in the convergence of growth, development, and even more widespread service provision. Our Bank will exploit all the advantages at its disposal as it continues to do what it must do as the leader of its sector.

Reaching out to the whole world...

İşbank will continue to be a conduit for Turkey's international trade. Our Bank regularly handles a significant volume of our country's foreign trade and offers high-quality, high added value international banking products and services backed by the İşbank reputation for reliability.

İşbank was the first Turkish bank to open a branch outside Turkey. Today it is the owner of İşbank GmbH, which has the oldest and most extensive Turkish banking network in Europe. This subsidiary will continue to pursue growth and be our principal artery in the EU.

İşbank also controls an important share of the financing of our country's foreign trade with neighboring markets as well, among which are markets that have an intimate relationship with our national economy and are natural extensions of it. As political and economic stability improves in Turkey's hinterland, we

In 2024, when İşbank celebrates its first centennial, İşbank will still be Turkey's biggest publicly-traded bank and the company that has the greatest number of shareholders and is the most valuable in our country's capital markets.

intend to be the first Turkish bank making the most of those markets, the foremost of which are northern Iraq, Syria, and Azerbaijan.

Other markets that we will also be looking into in the near term are those of the Balkan countries, the Russian Federation, and the Turkic republics.

At the point that our growth in Turkey reaches a sufficient level of maturity or begins to lose momentum or that enduring stability is achieved in the markets I just referred to, İşbank will be well positioned to play an active and influential role in its hinterland. It is an overriding and underlying principle that İşbank only moves into markets in which it can safeguard and build upon its capital. This represents a fundamental element of our commitment and obligations towards our shareholders.

Our 2024 Vision

İşbank was founded immediately after the War of Independence with money that had managed to survive that conflict. Ever since then, it has remained an institution that defines and embodies the country's view of a free market economy, liberalism, and financial capital.

In 2024, when İşbank celebrates its centennial, it will still be carrying out this mission as the biggest publicly-held company in Turkey and as the company with the biggest shareholder base and market capitalization. As an institution that was created with the participation of small investors in Turkey, İşbank will maintain that identity 2024 as well.

In its 75th year, we relocated our Bank from Ankara to İstanbul. We are now envisaging ways to take İşbank beyond İstanbul in terms of the scale of its activities in the years ahead. Our Bank's long-term way of thinking, its intellectual strength, its robust capitalization, and its unchallenged scale will also play key roles in transforming this vision into reality.

Our expectations for 2006

Both as a bank and as a corporate group, İşbank has contributed substantially to stability in our country over the years. We shall continue to do our part to ensure that 2006 is yet another year of stable growth in our country.

In 2006 we will be continuing with our investments in banking and other business lines in Turkey. We are also determined to go

on increasing the synergies with our financial services subsidiaries both in banking and in other related areas of business. With the exception of a number of businesses in which we watch out for market concentration and are relatively more reticent about becoming involved, we intend to take the biggest share of the growth of the banking industry by expanding all our business volumes and increasing our customer numbers.

2006 will be a year in which we will take the standard of success up yet another notch and put our standing as Turkey's biggest bank to the test.

A message for our national and international business partners

İşbank is a company that has demonstrated time and time again that it is a strong and reliable business partner no matter what conditions in Turkey may be.

We invite our international business partners seeking to benefit from Turkey's growth and development and our existing and potential investors to join hands with us in our efforts to create added value for everyone by deploying İşbank's strength and constancy in the future just as we have done in the past.

Thanks

Looking back at 2005 one more time, I wish to thank our shareholders for their steadfast and supportive attitude, our employees for their dedicated efforts to continue adding still more pages to the İşbank success story, and our business partners for helping us create added value for the benefit of all.

In closing, I extend my gratitude to all the people who, for 81 years, have been committed to the values of the Republic of Turkey and believed in its virtues, for having chosen to stand by us and associate themselves with the İşbank organization and its products and services.



H. Ersin Özince
Director and Chief Executive Officer

Always for the future...

İşbank shapes the future of Turkey with its deep-rooted market experience, its sterling brand, and its tremendous financial strength.



Together with you we are advancing towards newer and even brighter horizons.

İşbank will continue to respond to the increasingly more diversified needs of individuals and organizations for financial services with high-quality products and services by pioneering and managing change in the future, just as it has done in the past.

We know that we must work even harder for the well-being and future of Turkey and its people. Our Bank has all the resources it needs to do this.

İşbank will continue to be everyone's bank by safeguarding its unchanging values in a rapidly-changing world.

Creating strong foundations for tomorrow: That is the heart of İşbank's commitment to Turkey.



The economic environment in 2005

THE GLOBAL ECONOMY

It is estimated that the global economy grew by some 4.3% in 2005.

Developments in 2005

While the global economy lost a bit of its momentum in 2005, it is nevertheless estimated to have grown by some 4.3%. The principle reasons for this high estimate of year-long growth in the face of the adverse impact that a 47.5% rise in petroleum prices had in 2005 are that long-term interest rates remained fairly low and the situation in global liquidity remained positive.

In the United States, economic growth also lost some of its momentum in 2005 compared with the previous year despite a rise in domestic demand nourished by rising house prices and improvements in labor markets. Chilled by a string of natural disasters and more expensive oil, the economy grew by 3.5%. High budget and current account deficits continued to be the US economy's main problems.

Growth in the Eurozone is estimated to be a mere 1.3% in 2005. This lackluster performance is generally attributed to weak domestic demand despite the beneficial effects of higher external demand paralleling the greater vigor of the global economy. Low levels of domestic demand in its major economies such as Germany and Italy were the main reason why the zone's growth lagged so far behind that in the other industrialized countries.

The Japanese economy by comparison did rather better, growing around 2.8% in response to a revival in domestic demand brought on by rising employment and investment.

The Federal Reserve, which serves as the United States' central banking system, raised short-term interest rates in 25 basis-point increases from 2.25% to 4.25% during 2005. Eurozone short-term interest rates remained at the 2% level most of the year though inflationary pressures made it necessary to push them up to 2.25% as of the beginning of December.

The US dollar, which looked weak against the euro as a result of the high US budget and current account deficits at the beginning of

the year, began appreciating against that currency as the Fed's interest rate hikes continued, the US economy sent out increasingly more positive signals, and political uncertainties in the EU hampered the euro's performance.

Due partly to greater demand for oil nourished by growth in the global economy but also to interruptions on the supply side resulting from natural disasters and geopolitical risks, Brent crude prices rose from USD 39.80 a barrel at end-2004 to USD 58.70 a barrel by end-2005. The average price of a barrel of oil, which was USD 38.40 in 2004, was USD 54.40 in 2005.

Expectations

Notwithstanding imbalances brought on by the rise in oil prices and by rapid growth, it is thought that global growth in 2006 will again be about the 2005 level of 4.3% while the volume of world trade will expand by some 7.4%.

It is also expected that higher energy prices will depress domestic demand in the US and reduce the growth rate to 3.3%. In the Eurozone, growth should be around the 1.8% level but that is dependent on external demand and also on the zone's companies channeling the increases in their profitability into investment. In Japan, projections put the growth rate in 2006 at 2% thanks to improvements in domestic demand and export performance.

Paralleling favorable developments in economic growth, inflation, and employment, it is likely that the Fed will refrain from additional interest rate hikes in 2006. Inflationary pressures in the Eurozone on the other hand keep expectations high that interest rates there will go higher. The decisions that the US Federal Reserve and the European Central Bank take about interest rates, economic performance in the US, and political and economic developments in Europe are all expected to have an impact on relative movements in the EUR/USD parity in the near term. In the oil market, where demand is expected to remain strong, prices are likely to remain high all year long in 2006.

THE TURKISH ECONOMY

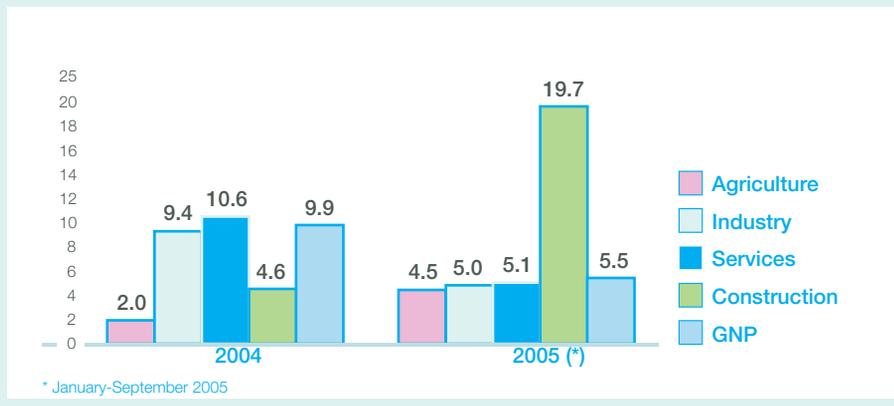
The Turkish economy registered a 5.5% rate of growth in the first nine months of 2005.

Real-sector developments in 2005

In the first nine months of 2005 the Turkish economy grew by 5.5%, which is somewhat slower than the growth rate in the same period of the previous year. The base affect resulting from the strong growth performance achieved in 2004 as well as loss of momentum in both exports and domestic demand were influential in this slowdown.

The sectors making the biggest contributions to growth in the first nine months of the year were services and manufacturing but there was also a welcome increase to be observed in the role of construction as well. Even the public sector, which contracted overall in 2004, lent a helping hand to total growth in parallel with a rise in investment outlays in 2005.

GNP Growth by Sectors (%)



Inflation and FC Basket (annual changes by months) (%)



Exports in 2005 were up 15.8% year-on and were worth USD 73.1 billion. Imports rose somewhat faster (19%) and reached USD 116 billion in value. The country's exports lost some of their momentum in 2005 and the principal reasons for this are said to be slightly more modest global growth, political and economic uncertainties in the EU (one of the important export markets of Turkey), increasingly stiff competition resulting from the removal of quotas in textiles and garments, and higher oil prices.

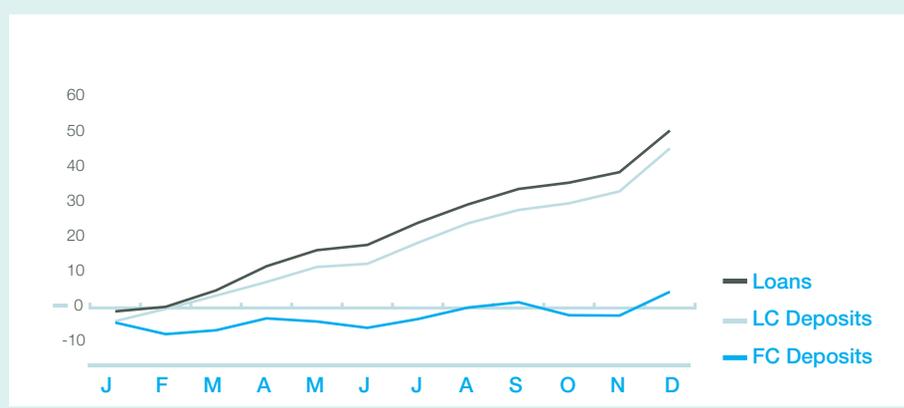
Imports remained strong throughout the year due to increasing use of imported inputs that were made more attractive by an appreciating new Turkish lira and to high international commodity prices, especially oil. In spite of the slowdown in its growth rate, a bigger foreign trade deficit was the determining factor that increased the current account deficit, which reached USD 22.9 billion in 2005. This deficit was largely financed by means of portfolio investment and by banks and companies tapping international credit markets however there was also a marked rise in foreign direct investment recently.

In 2005, the consolidated budget showed an overall deficit of TRY 9.7 billion, the primary surplus weighed in at TRY 35.9 billion. A primary surplus of such dimensions is important for two reasons: it reduces the Treasury's need to borrow while supporting the fiscal discipline that is essential to reducing inflation. The total stock of consolidated budget debt, which was USD 235.8 billion at end-2004, rose 4.7% in 2005 and closed the year

(*) In the chart above, the figures for the year 2005 represent the Producer Prices Index (PPI). The Turkish Statistical Institute has been announcing PPI instead of Wholesale Prices Index (WPI) since the beginning of 2005.

THE TURKISH ECONOMY

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



Banking Industry Main Indicators (USD billion)

	2004	November 2005
Assets	228.3	276.1
Deposits	142.4	170.2
Shareholders' Equity	34.2	38.2
Marketable Securities	92.2	106.0
Loans	74.0	104.5
Net Profit	4.8	4.2
Loans/Assets (%)	32.4	37.9
Marketable Securities/Assets (%)	40.4	38.4
Deposits/Liabilities (%)	62.4	61.6
Shareholders' Equity/Liabilities (%)	15.0	13.8

Source: BRSA

at USD 246.9 billion. In 2005, worries over the sustainability of the national debt were diminished somewhat by lower interest rates, longer terms, and the greater share of the debt in the hands of market actors.

In the face of higher oil and commodity prices and price-intransigence in services in 2005, a tight fiscal policy was nevertheless adhered to with the result that the new Turkish lira

appreciated and inflation continued to subside in response to the limited pressure exerted by demand. At 7.72%, CPI inflation last year fell below the government's 8% target while producer prices were up only 2.66%.

At the beginning of 2005, overnight borrowing interest rates were at the 18% level. Influenced by the downward trend in inflation, consistent adherence to budget discipline, the start of EU accession negotiations, and improvements in Turkey's country rating by international rating agencies, this figure slipped to 13.50% by the end of the year. The compound yield on benchmark Treasury borrowing instruments, which was around 20% at the beginning of 2005, was down to 13.83% by year-end. The 265 basis point risk premium on Turkish eurobonds at the end of 2004 was down to 223 basis points twelve months later.

Although the local currency depreciated 0.1% against the US dollar in 2005, this was more the result of movements in the EUR/USD parity in favor of the dollar than anything else. In fact the lira rose 12.9% against the euro and 6.6% against a basket consisting of USD 1.00 and EUR 0.77. The CPI-based real exchange rate index rose 19.6%.

Developments in the banking sector in 2005

Driven by positive developments in the Turkish economy and expectations about its future, the banking sector's total assets went from USD 228.3 billion at end-2004 to USD 276.1 billion as of November 2005. This corresponds to a rise of 20.9%.

The significant rise in the share of loans in the sector's aggregate balance sheet in recent years continued unmistakably in 2005 while there was a gradual decline in the share of the investment securities portfolio. The increased share of loans in the sector's assets combined with a lower share of investment securities and reductions in non-performing loan ratios are all evidence that the sector is on a healthy course. Thanks also to progress in Turkey's EU accession and to positive developments in the economy, foreign

2006 year targets

- Economic growth: 5%
- Consumer price inflation: 5%
- Ratio of public-sector primary surplus/GNP: 6.5%

investors are taking an increasingly greater interest in the Turkish banking industry.

Paralleling continued economic growth and greater demand for credit as interest rates came down, the banking sector saw the volume of its lending increase 51.6% in 2005. Particularly influential in this development were rises in consumer loans (particularly to finance housing purchases) and loans to SMEs to finance privately-owned investment. Last year the share of consumer loans in total placements went from 13.1% to 19.4%; however the share of housing loans in total consumer loans more than doubled, going from 20.7% to 43.3%.

Total deposits at end-2005 were 27.1% more than they were at the beginning. This increase was nourished by the expansion in local currency deposits. The appreciation in the local currency and stiffer competition raised the share of local currency deposits in the total. Stiffer competition also caused bank deposit interest rates to rise above the Treasury's compound borrowing rate and this further accelerated the growth in local currency deposits while also greatly reducing non-banking sectors' appetite for Treasury debt: in 2004 the growth in non-banking sectors' Treasury instrument portfolios was 38%; in 2005 it was a mere 6.9%.

Because they are less costly than deposits, Turkish banks in 2005 again continued to give greater weight to non-deposit liabilities in their portfolios. Spurred by favorable developments in the economy, net resources procured from outside the country amounted to USD 9.1 billion last year.

Expectations

The government has announced the priorities of its medium-term program for the years 2006-2008 as:

- Achieving a high and sustainable rate of economic growth
- Increasing employment

- Further reducing inflation to developed-country levels
- Zeroing the public sector borrowing requirement by the end of the program period
- Maintaining the downward trend in the ratio of the PSBR to national income.

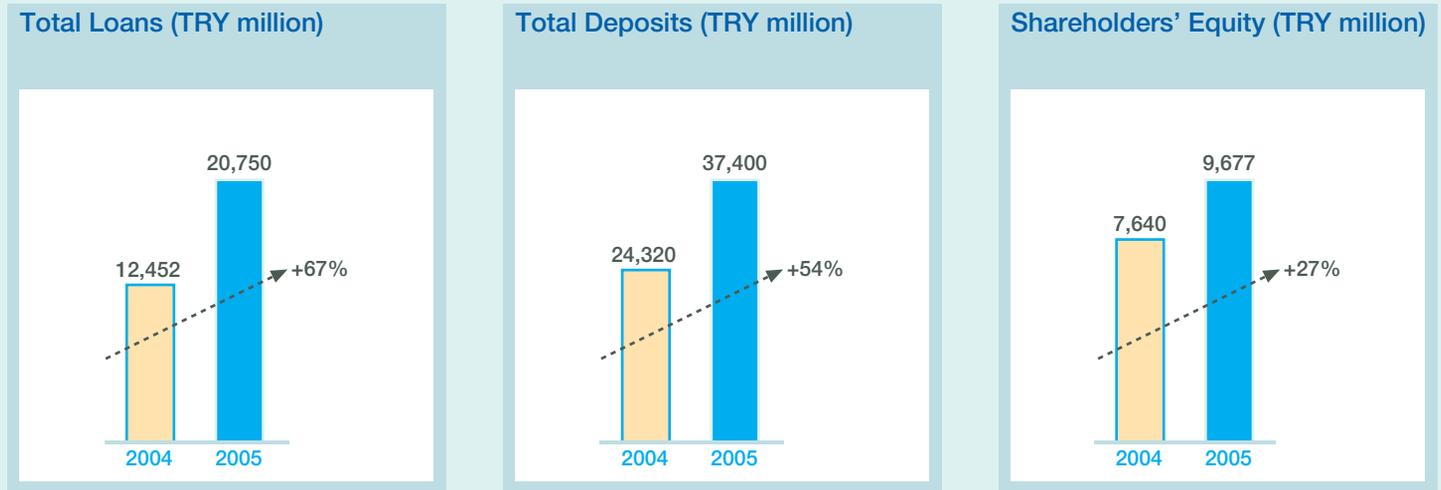
In line with this, the government has set 2006-year targets of 5% for real growth and 5% for consumer price inflation as well as a public-sector primary surplus equal to 6.5% of GNP.

Factors such as the increased market optimism brought on by the start of EU accession negotiations, the confidence inspired by the IMF-backed economic program, greater expectations that inflation will continue to subside (albeit more slowly), the institution of structural reforms, and entrenchment of the country's floating exchange rate system should all contribute favorably to the achievement of these 2006-year targets.

Both the assets of the banking industry and their ratio to national income are expected to increase in parallel with the performance of the Turkish economy and developments in the EU accession process during 2006. Similarly, it is anticipated that interest rates will continue to come down in line with inflation and that banks will be growing their loan portfolios with healthy new additions. The ratio of loans to national income is also expected to rise in 2006 and in this process, it is foreseen that consumer loans (especially to finance housing) and SME loans will become even more important.

With inflation moving still lower and following the introduction of a uniform system of taxing the gains from financial instruments, it is to be expected that the maturities of the deposits that are banks' principal sources of income will grow increasingly longer and that Turkey's banks will continue to be able to tap international markets for funding under favorable conditions.

An assessment of 2005 at İşbank



İşbank's fundamental competitive advantages are:

- **A strong brand and unchallenged position in the national market,**
- **A strong corporate culture and deep-rooted business experience that are shared throughout the Bank,**
- **A huge customer base**
- **Extensive physical and virtual service delivery channels,**
- **An all-inclusive line of products and services,**
- **A huge deposit base,**
- **A well-established identity as a financial supermarket.**

In 2005 these qualities continued to have a positive impact on İşbank's performance and to nourish the Bank's growth in all lines of business.

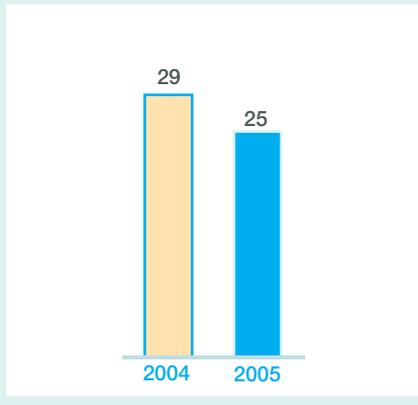
On the basis of its 2005-year results:

- İşbank ranks first among Turkey's privately-owned banks in terms of total assets, total deposits, local currency loans, and mutual funds.
- The year-on growth in the Bank's total assets was 65%. Cumulative growth in the five years to end-2005 was 289%.
- İşbank's total lending increased 67% in 2005 while the cumulative rise in lending during the last five years was 424%. The Bank's share of the sector's credit placements in 2005 was up to 13.6%.
- The Bank's total deposits were up 54% in 2005 and 227% in the last five years. Last year İşbank's share of the sector's deposits was up to 14.9%.

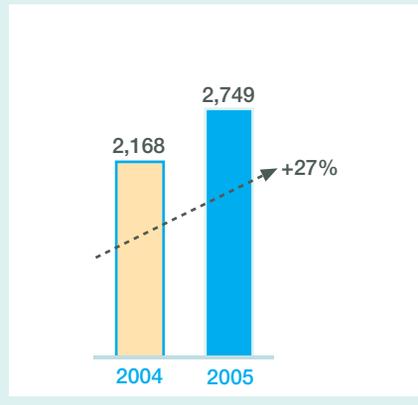
- İşbank's shareholders' equity increased 27% in 2005 and 233% in the period of 2001-2005. İşbank's shareholders' equity is greater than that of any other bank in Turkey.

As a leading Turkish national bank, İşbank will continue to pursue growth in all service lines in 2006 and thereafter but with a particular focus on retail, corporate, and commercial banking in a business climate characterized by economic stability.

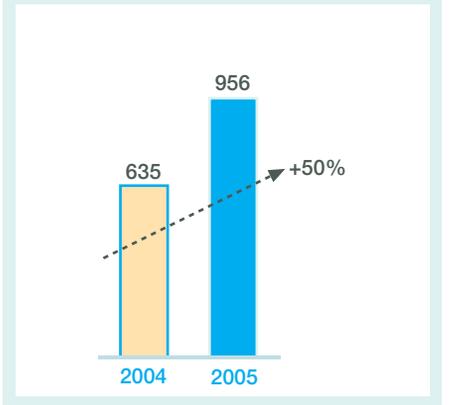
Capital Adequacy Ratio (%)



Gross Profit (*) (TRY million)

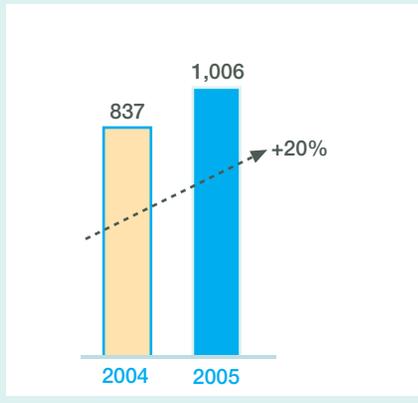


Net Profit (TRY million)

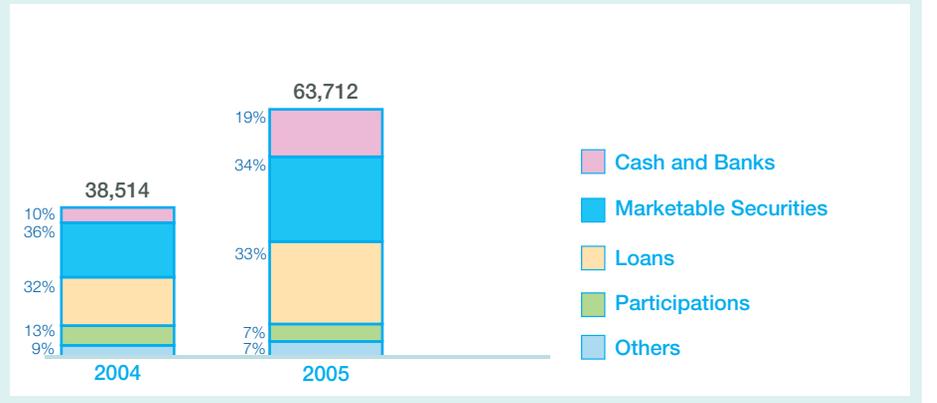


(*) Gross Profit: Profit before tax and other provisions

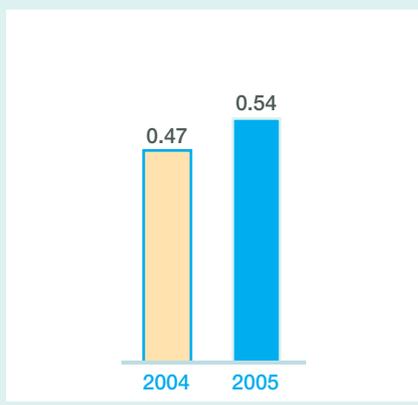
Fees and Commissions Income (TRY million)



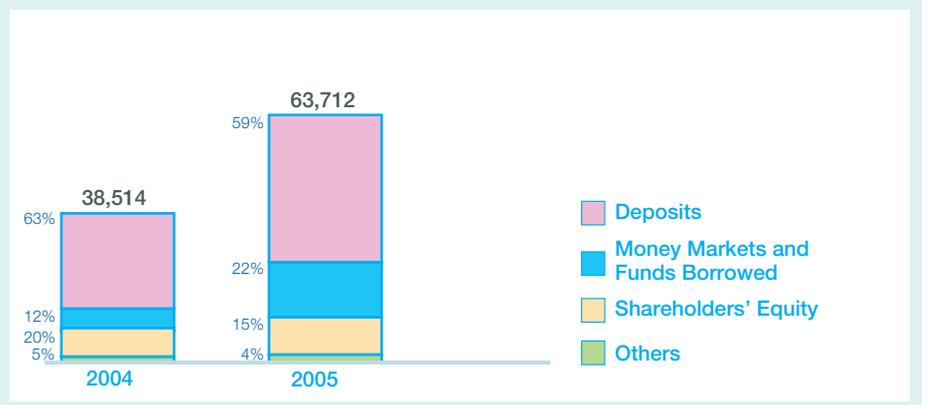
Asset Composition (TRY million)



Ratio of Net Fees and Commissions to Operational Expenses (%)



Liabilities Composition (TRY million)

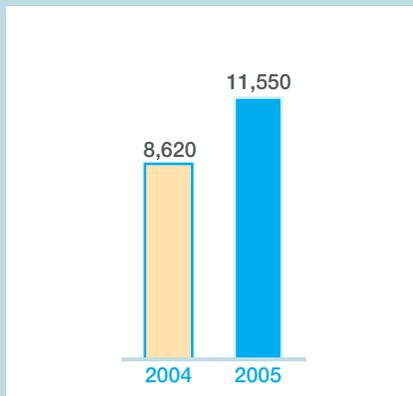


RETAIL BANKING

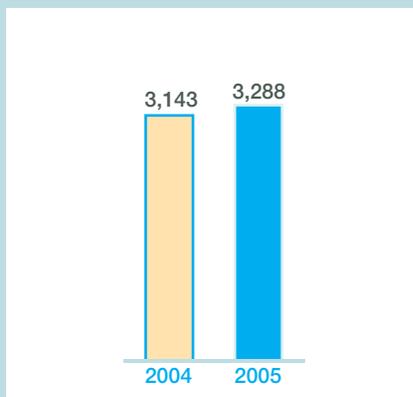
Breakdown of Retail Loans (TRY million)

31.12.2005	
Consumer Loans	4,276
Retail Credit Cards	2,093
Retail Overdraft Accounts	216
Total	6,585

Credit Card Volume (TRY million)



Number of Credit Cards (thousand)



The power of service that recognizes no limits

Retail banking products and services reaching nearly 7.4 million active customers through a nationwide network of 870 branches as well as state-of-the-art alternative delivery channels are an expression of İşbank's unchallenged scale, technological superiority, and unbounded service strength.

In addition to classical banking products, the Bank also supplies its retail customers with complementary products such as insurance, investment instruments, and private pensions—all with the same İşbank service quality.

İşbank puts the customer at the focal point of everything that it does. This approach has been shaping İşbank's customer-focused business philosophy for 81 years. İşbank's objective is to stand by its retail customers always and everywhere, to meet all their financial needs, and to help them plan their investments and to contribute to their future well-being. This is the core of İşbank's retail banking mission.

Retail banking highlights

- In 2005 İşbank once again maintained its leadership among privately-owned banks in the deposit services that are the primary need of most people. The Bank commanded a 14.9% share of the market in total deposits. The Bank's total deposits amounted to TRY 37.4 billion, of which TRY 9.9 billion were savings accounts.
- The Bank continued to offer retail loan products to provide the financial support that its customers need at different stages of their lives. In a market characterized by fierce competition, İşbank's retail loan portfolio increased 95% in size last year.
- Salary payments are another retail banking service in which İşbank continues to lead the field. As of 31 December 2005, the number of people being paid their salaries through the Bank was 1.24 million, 4% more than at the end of 2004.
- The number of Maximum credit cards issued reached 3.3 million as of end-2005.
- The number of instructions authorizing electronic bill payments increased 17% in 2005. The Bank entered into 34 new bill

collection agreements last year. As of end-2005, the number of the Bank's electronic payment instructions stood at 4.4 million.

- İşbank 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 and debit cards

In card-based transactions, İşbank ranks 1st in Turkey and 20th in Europe.

According to The Nilson Report, the world's leading source of news on consumer payment systems, İşbank ranked first among all Turkish banks and twentieth in Europe in terms of number of issued cards and total transaction volume in 2004.

In a ranking of the 500 biggest financial institutions based on transaction volume, İşbank stood 54th worldwide among 268 banks.

Maximum: New image, bigger volumes

With its diversified campaign and product schemes and its attractive offers and loyalty programs for consumers, Maximum has become one of the most talked-about credit cards in Turkey in recent years.

The steady growth in the number of Maximum cards continued without letup in 2005. Particular importance was given to market penetration and the total number of issued cards as of 31 December 2005 reached 3.3 million.

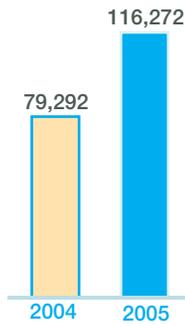
In 2005 İşbank refurbished the Maximum image for customers through a campaign that focused on emphasizing the card's maximum customer-friendliness and its identity as a maximum solution-provider. In 2005 İşbank controlled an 11% share of the credit card market in terms of number of cards as well as a 13.5% share of the market's turnover.

New ways to please our customers

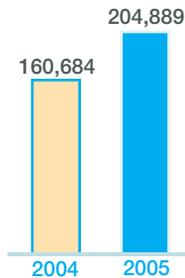
İşbank gives special importance to activities that will increase its credit card customers' satisfaction. The focal point of these activities

In card-based transactions, İşbank ranks 1st in Turkey and 20th in Europe.

Number of Maximum Points



Number of Member Merchants



is the idea that the card should make its user's life easier and more convenient. Offering customer-friendly products and services is a basic concept that is carefully adhered to in all these activities.

One innovation introduced in 2005 in line with this allows Maximum cardholders to pay their credit card bills through PTT (postal and telecommunications company). This agreement between İşbank and PTT greatly increases the number of payment-channel options available to customers, who can now also make their payments before noon on Saturdays. İşbank credit card bills in local currency can be paid during working hours through any online PTT office. In another program introduced in 2005, customers were given MaxiPuan bonus points in return for their electronic bill payments.

The "Maximum Travel" campaign enables customers to earn bonus points towards round-trip air tickets through expenditures that they make or contract to make with their credit cards. Another program that has increased İşbank customer satisfaction is the ability to give instructions for automatic credit card bill payments under the SOS unlimited automatic payment service.

Cards while shopping

In 2005 İşbank launched its Acil Kart (Instant Card) program under which customers may be issued a credit card while shopping at a member merchant's place of business. This scheme has proven to be popular with customers and is coordinated with member merchants' promotional and sales campaigns.

Maximum Cash Points

In 2005 İşbank introduced Turkey to a brand-new service.

Another of the long line of services that İşbank offers to make its customers' lives easier, Maximum Cash Point allows Maximum and İşbank ATM cardholders to withdraw cash from their accounts through the POS terminals of member merchants in locations where there are no ATMs.

The objectives of Maximum Cash Point are to encourage the use of credit cards and debit cards while also providing customers with an opportunity to withdraw cash in places where installing an ATM is uneconomical. The program went into service in late 2005 at 121 Petrol Ofisi dealerships.

Special programs

İşbank continued with its special and supplementary card programs last year. Activities were conducted on campuses to promote the "İş'te Üniversiteli" credit card designed for university students.

Work continued in 2005 on expanding the dealership card program, which allows dealerships to pay their suppliers using a specially designed credit card. The number of vendors signing up with the program has reached 18 and the number of subscribing dealerships is 1,993. To date, 2,373 dealership cards have been issued.

The infrastructure needed for a prepaid card-based toll collection system (KGS) that allows tolls to be paid on bridges and toll roads using smart-card technology has been completed under a protocol signed between İşbank and the General Directorate for Highways. The new system is now in operation. İşbank also allows its customers to automatically replenish their KGS cards from their credit card accounts.

More member merchants

İşbank continued to increase the number of well-known national brands that are included in the Maximum card member merchant program.

The number of member merchants reached 204,889 in 2005. This is a year-on increase of 28% over the 160,684 that there were in 2004. The number of Maximum sales points that allow Maximum cardholders to take full advantage of all the features offered by their cards also increased last year and reached 116,272, up from the previous year's 79,292.

RETAIL BANKING

İşbank's turnover from shopping taking place in member merchants increased 31% in 2005.

The rapid rise in POS numbers also continued in 2005. The number of POS devices, which serve as the delivery channel for the Maximum program, increased 26% year-on to 220,567. The Joint POS project that was completed in 2004 and allows different banks to share the same POS terminals, thereby reducing investment costs, also continued successfully in last year.

As a result of the expansion in the POS network resulting from the greater numbers of cards, member merchants, and Maximum sales points, İşbank's turnover from shopping taking place in member merchants using its credit cards and debit cards increased 31%, going from TRY 8,071 million in 2004 to TRY 10,574 million in 2005.

For even more member merchants

Successful efforts on a variety of levels were made all year long to add more member merchants to the Maximum program while also including in it more brands with nationwide dealership networks of their own.

Campaigns aimed at raising brand visibility were conducted throughout the year and activities were carried out to increase Maximum card use in member merchants and İşbank's own market share. Within the framework of the activities of the Maximum Development Club, whose aim is to develop relationships with member merchants and increase their loyalty, training programs were organized that contributed to the career development of member merchants' management personnel.

In keeping with efforts to increase member merchant activation, a number of technological infrastructure projects were also carried out and innovative methods were used in 2005 in order to provide better service to them.

- Member merchant account summaries were improved and new ways to send them out were introduced.
- The account summaries of high-volume member merchants are now being prepared in a format that will allow them to process them directly on their own computer systems.
- More extensive use of mobile POS devices was made possible as a result of the introduction of GPRS technology by mobile network operators.
- The Maximum Opportunity scheme, which makes installment-plan sales possible, was made available to virtual POS member merchants in line with the requests of those who make credit card sales over the internet.
- The Autoexpress scheme, which allows credit cards to be used to pay for fuel purchased with keychain-cards at Petrol Ofisi stations, is now being carried over İşbank's POS infrastructure.

İşbank is determined to further expand its member merchant network. In keeping with its approach of being mindful of productivity, the Bank will continue to add reliable member merchants that have high turnovers and large transaction volumes to its network.

Credit Card Operations Center

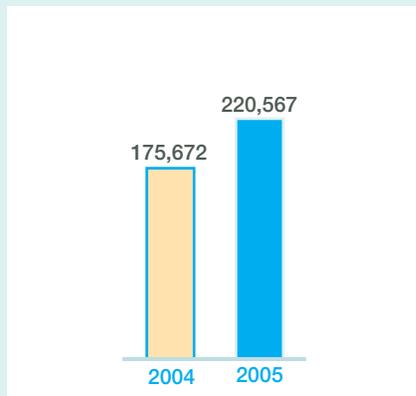
İşbank's Credit Card Operations Center went into service in 2005.

The objective of this project is to reduce the workload that credit cards impose on branches so as to allow our branches to focus more on marketing activities.

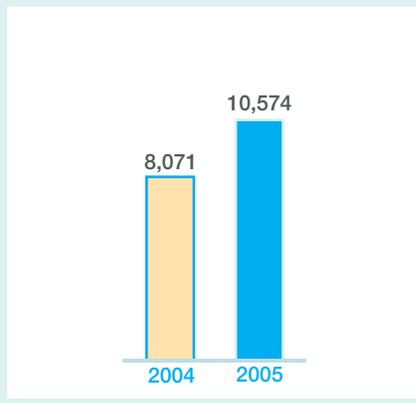
Credit cards to be replaced

In compliance with the current security standards laid down by international card organizations, the software needed to replace İşbank credit cards with chip cards was installed and in December 2005 the Bank began producing chip cards and replacing old ones with them. The Bank's goal is to

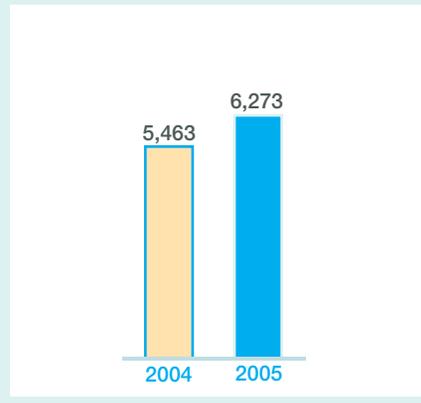
Number of POS Devices



Business Volume of Member Merchants (TRY million)



Number of Debit Cards (thousand)



İşbank's consumer loan portfolio grew 168% in 2005 and reached TRY 4,276 million.

convert all its existing credit cards to chip cards during the first half of 2006.

Bankamatik

Bankamatik is İşbank's debit (ATM) card. As of year-end 2005 the number of debit cards in use was 6.3 million. To encourage the use of debit cards in shopping, they were included in the MaxiPuan program in 2004. This inclusion continued in 2005 and its scope was further expanded.

For higher-quality service

İşbank's goal is to steadily increase its share of the credit card market.

The Bank is involved in a number of ongoing infrastructure and other projects in the area of credit cards that will enable it to provide even faster and higher-quality service.

These projects address a wide range of issues from the security infrastructure of payment systems and card products to the services provided to member merchants and the development of marketing policies. These projects all have one common goal however: to reinforce İşbank's identity as the highest-quality service provider in Turkey's credit card market.

Consumer loans

Financial support for nearly 600,000 individuals

Providing financial support for nearly 600,000 people, İşbank has been offering its customers innovative, high-quality, and fast consumer loan services for fifteen years.

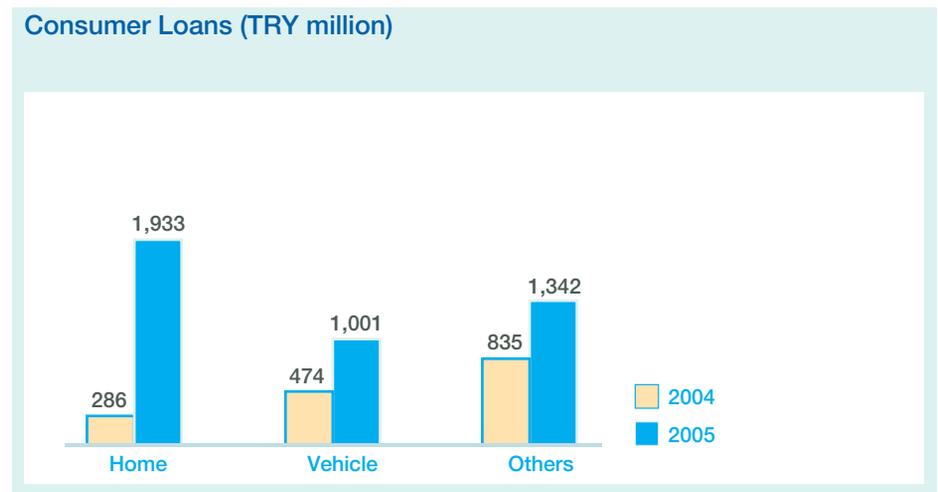
İşbank's consumer loan portfolio grew 168% in 2005 and reached TRY 4,276 million in value.

As a result of its efforts throughout the year, the Bank responded to the consumer loan needs of 599,294 customers, the biggest share of which was accounted for by loans to finance housing purchases.

Record-breaking increase in housing loans

İşbank continued to provide its customers with long-term financing for their housing purchases.

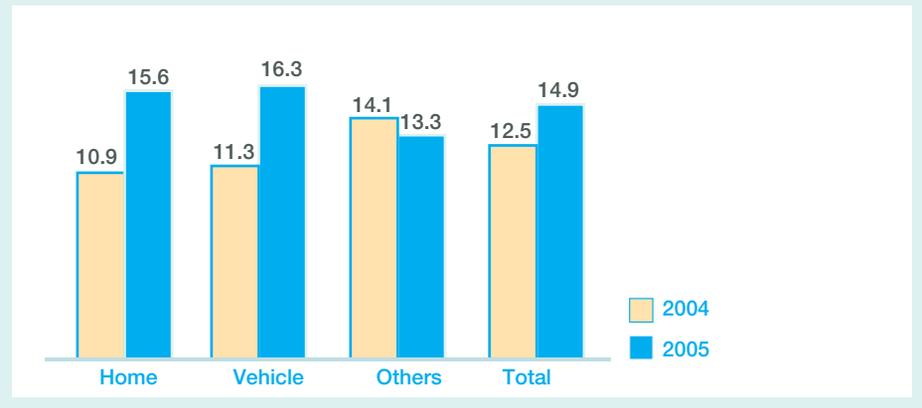
In addition to serving customers directly in this way, the Bank's effectiveness in the home loan market is further enhanced by the collaborations that it has developed with real estate brokers and construction companies.



RETAIL BANKING

A trademark synonymous with trust, quick service, and a service network with a national reach are İşbank's major competitive advantages in the area of deposit services.

Market Share in Consumer Loans (%)



The year-on-year increase in İşbank's home loan portfolio in 2005 was 576%.

Where consumer loans accounted for a 13% share of İşbank's total loans in 2004, in 2005 that was up to 21%. Successful efforts on the part of the Bank to market consumer loans also had a favorable impact on its market share as well, which was up significantly last year.

İşbank also continued to diversify its home-loan products. In line with this in 2005, İşbank offered its customers consumer support loans that provide financing against a mortgage on their existing homes; the "Maximum Home Package", which provides home financing while also creating cross-sale opportunities for other banking products; and specially-designed loans to finance the rehabilitation and reinforcement of structures to make them more earthquake-resistant.

Growth target in consumer loans

İşbank is committed to offering individuals increasingly more credit products and to expand its business volumes in this line.

The Bank plans to restructure its marketing activities to be on a more personalized scale by making greater use of technology to support

its corporate experience in consumer loans. İşbank will continue to give weight to marketing activities and to offer consumer loan products specifically designed for different segments of society within the overall framework of its approach to business that never loses sight of risk factors and always is mindful of profitability. This approach is what will make İşbank's consumer loan customer base even broader and enable the Bank to increase its market share.

Developments in deposits

More than 15 million deposit accounts

İşbank stands out among all banks as the one that individuals and organizations prefer to entrust their deposits to. A trademark synonymous with trust, quick service, and a service network with a national reach are İşbank's major competitive advantages in the area of deposit services.

As of 31 December 2005, the total volume of deposits held by İşbank stood at TRY 37.4 billion. The net rise in the sector's total deposits in 2005 was greater than had been projected thanks to favorable developments in both the national and global economies. This helped support the increase in İşbank's Turkish lira and foreign currency deposits, both categories

İşbank's savings deposits increased 40% in 2005.

İşbank offers derivative deposit products in addition to its existing traditional ones.

of which grew faster than the sector average while also exceeding the Bank's market share targets.

The Bank registered significant growth in its (local currency) savings deposits in 2005. Savings deposits, which amounted to TRY 7,090 million at end-2004, increased 40% in the twelve months to end-2005 and reached TRY 9,945 million.

New products for a new economic climate

Falling interest rates and economic stability are encouraging depositors to seek out alternative ways to put their money to work.

In 2005 İşbank began diversifying its deposit account product line and offering derivative deposit products in addition to its existing traditional ones. The Bank deploys such products as a way of attracting customers who are not yet depositors and who are

particularly sensitive to interest rates and are willing to accept a reasonable level of risk.

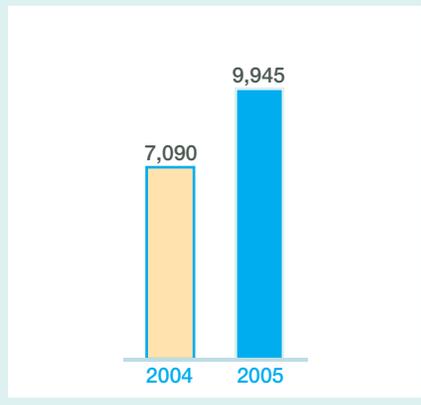
Private pensions

Synergetic collaboration with Anadolu Hayat Emeklilik

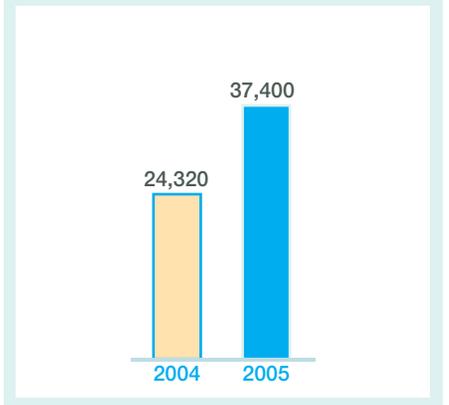
İşbank offers its retail customers private pension products in collaboration with its subsidiary, Anadolu Hayat Emeklilik, a life insurance and private pension company.

Thanks in part to marketing efforts in 2005, Anadolu Hayat Emeklilik ranked first among the country's private pension companies in terms of the number of new private pension accounts that it opened last year. Private pensions generate a significant stream of commission income for İşbank and the Bank intends to increase its marketing activities in this business line and to offer these products to its customers via all its delivery channels.

Savings Deposits (TRY million)



Total Deposits (TRY million)



NON-BRANCH BANKING CHANNELS

In 2005 İşbank expertly employed its non-branch banking channels to serve its customers all over the country.

10 different channels

The Bank serves its customers through ten non-branch channels: internet banking, telephone banking, mobile banking, call center, ATMs, internet banking kiosks, automatic cash-deposit machines, WAP-GPRS banking, and Maximum Cash Points.

9 million customers

In 2005 the number of İşbank customers making use of the Bank's non-branch banking channels increased 20% and reached 9 million.

This growth is evidence of İşbank's superior competency in making use of alternative delivery channels as a way of improving service while cutting operational costs.

Numbers

Among all of the Bank's service channels, ATMs once again were the non-branch banking channel most frequently used by customers in 2005. The ATM network had a usage ratio of 26.2% as of year-end and the total number of transactions conducted via ATMs last year approached 620 million. (These figures include automatic cash-deposit machine transactions as well.)

The second highest rate of usage (19.9%) among non-branch channels was achieved by internet banking. The number of our internet branch's active users approached 700,000 in 2005. Located at isbank.com.tr, the İşbank internet banking module was visited an average

of 250,000 times a day last year, making it one of our country's most frequently called-at websites.

The İşbank Call Center responded to nearly 300,000 calls a month on average in 2005. A total of 141,101 messages reaching the Bank in a variety of ways throughout the year on issues related to customer complaints, suggestions, and requests for information were responded to and finalized.

İşbank received a total of TRY 36.3 million in commission income from the use of its non-branch channels.

Research & development

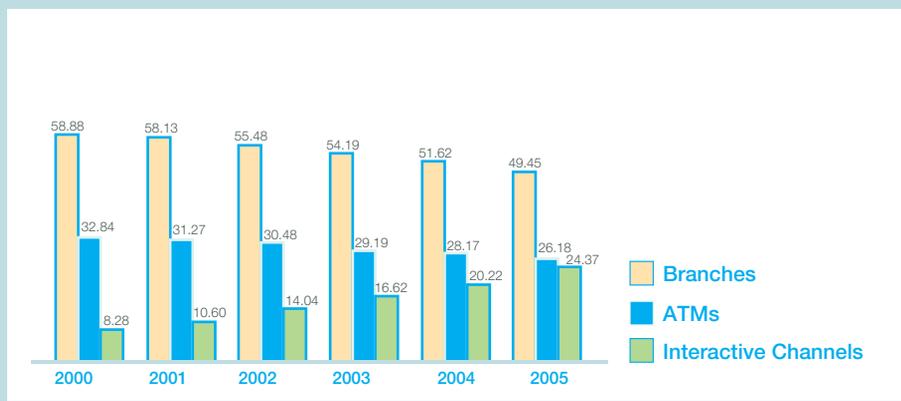
İşbank engages in an ongoing effort to enhance the effectiveness and productivity of its non-branch banking channels and the level of customer satisfaction with them.

In 2005:

- Two new modules ("i-Key" and "Security Circle") were added to the internet branch to increase the security of internet banking transactions.
- It is now possible for customers to set and change their internet banking and telephone banking passwords etc via the Call Center, ATMs, and the internet branch.
- Under a project to renovate the external appearance of the Bank's ATMs and internet banking kiosks, new modular cabin designs have been prepared and they are currently being installed.
- Work to increase the number of ATM installations is continuing. In 2005 the number of installed ATMs reached 2,659, up from the 2,413 in the network at the beginning of the year.
- The number of internet banking kiosks located in İşbank branches has reached 881.
- Projects have been launched to renew İşbank's ATMs and make them fully EMV-compliant. As of year-end 2005, the number of EMV-compliant units in the network was 808.

İşbank is fully committed to increasing both the reach and the effectiveness of its non-branch banking channels out of its belief that doing so will shift increasingly more of its customers' non-cash transactions away from branches and ATMs.

Usage Ratios of Delivery Channels (%)



CORPORATE AND COMMERCIAL BANKING

İşbank's lending to its corporate and commercial customers increased 56% and the Bank's share of the market rose to 13.18%.

Breakdown of Commercial and Corporate Loans (TRY million)

Commercial Loans by Instalments	5,250
Import-Export Loans	1,748
International Loans	389
Loans Given to Financial Sector	174
Corporate Credit Card Loans	106
Discount Notes	4
Other	6,495
Total	14,166

Supporting companies, businesses, and entrepreneurs everywhere and always

In line with the mission given to it at its inception, İşbank comes to the support of any company, business, or entrepreneur that is productive, provides employment, exports goods and services, and contributes to the development of Turkey by creating value. In the fulfillment of this mission, the Bank makes no distinctions as to size, scale, or sector.

Under the heading of corporate and commercial banking, the Bank offers customers a rich and diverse array of services ranging from foreign trade finance to short-term working capital loans and cash management products.

Growth in corporate and commercial lending

İşbank's lending to its corporate and commercial customers increased 56% year-on in 2005 and reached a total of TRY 14,166 million. As a result of this growth, İşbank's share of the market in corporate and commercial credit rose from 12.07% in 2004 to 13.18% in 2005.

To a very great degree, this rise in corporate and commercial lending stemmed from Turkish lira loans, which grew 89% and reached a year-end balance of TRY 9,145 million. As a result of this, the share of high-yield Turkish lira loans in the Bank's portfolio also increased from 53% in 2004 to 65% in 2005. The growth in Turkish lira lending stemmed largely from equal-installment commercial loans made to SMEs and from general-purpose market loans. The total value of the equal-installment commercial loans made to İşbank customers reached TRY 5,250 last year.

Total foreign currency loans extended by İşbank to its customers increased 15.6% on a US dollar basis and reached USD 3,657 million in value from their 2004 level of USD 3,163.

Developments in non-cash credit

There was a 17.9% rise in the amount of non-cash credit extended by İşbank to its corporate

and commercial customers last year. The biggest increase (32.8%) was experienced in the Turkish lira letter of guarantee category. The Bank's share of the market for non-cash credit in 2005 was 10.7%.

Project finance

Turkey's ongoing privatization program sparked a large number of mergers and acquisitions in 2005.

Because of its strong financial structure and its experience in this business line, İşbank was one of the most active banks involved in project finance in Turkey in 2005. The demand for project financing was particularly heavy last year and the Bank received applications for USD 4,328 million in cash and USD 448 million in non-cash credit for 71 investment projects whose total investment value amounted to nearly USD 22,443 million.

All loan applications were evaluated within the framework of İşbank's strict project finance principles and the Bank decided to provide financing for 22 of them, supplying a total of USD 1,729 million in cash and non-cash credit to the projects that it deemed to be suitable. As a result of this, the Bank took on a total USD 266 million in new risk on project finance loans that are to be serviced entirely out of project revenue streams.

In 2006 and beyond, İşbank intends to continue contributing to the growth and development of the Turkish economy by providing increasingly more financing for investments that conform to the Bank's project finance principles.

Financial support for small businesses

Small to medium-sized enterprises are the lifeblood of the national economy and for that reason these companies represent one of İşbank's most important customer groups. Through its network of branches located all over the country, the Bank provides banking products and services to tens and thousands of SMEs active in many different sectors.

CORPORATE AND COMMERCIAL BANKING

Small-business loans are a financing model that İşbank has developed for the country's SMEs.

The total number of recipients of small-business loans last year was 143,479.

Breakdown of Corporate and Commercial Loans (%)

Manufacturing (*)	50
Financial Intermediation	6
Defense and Public Administration	6
Wholesale and Retail Trade	6
Transportation, Warehousing,	
Communication	6
Construction	5
Other Services	8
Others	13
Total	100

(*) In the manufacturing segment which represents a 50% share in the total, textiles-leather accounts for 7%, metals and machinery 7%, food 6%, petrochemicals 6%, construction equipment 3%, transportation vehicles 2%, rubber and plastics 2% and others 17%.

Development of Corporate and Commercial Loans (USD million)

	2003	2004	Change (%)	2005	Change (%)
Local Currency	1,182	3,627	206.9	6,662	83.7
Foreign Currency	2,909	3,163	8.7	3,657	15.6
Total	4,091	6,790	66.0	10,319	52.0

Breakdown of Corporate and Commercial Loans by Currency (%)

	2003	2004	2005
Local Currency	28.9	53.4	64.6
Foreign Currency	71.1	46.6	35.4

Non-cash Loans (TRY million)

	31.12.2004	31.12.2005	Change (%)
FC Letters of Guarantee	2,376	2,425	2.1
LC Letters of Guarantee	1,733	2,301	32.8
Acceptance Credits, L/Cs, Others	1,726	2,154	24.8
Total	5,835	6,880	17.9

Small-business loans: A pioneering model for the sector

Small-business loans are a financing model that İşbank has developed for the country's small to medium-sized enterprises. The Bank extends such credit and loans to a diversified group of tradesmen and artisans, members of chambers of industry and commerce, and members of professional organizations.

İşbank intends to provide an increasing amount of financing to small and medium-sized enterprises.

The numbers speak for themselves...

The total amount of small-business loans extended by the Bank increased 230% year-on in 2005 and reached TRY 2,244 million. 60% of these loans went to tradesmen and

artisans, 37% to members of chambers of industry and commerce, and 3% to members of other professional organizations. The total number of recipients of small-business loans last year was 143,479.

İşbank provides small to medium-sized exporters and exporting manufacturers with SME foreign-currency export project financing. As of 31 December 2005, the total value of this category of the Bank's loan book was USD 5 million.

Under a protocol signed between İşbank and the Association of Machinery Manufacturers in 2005, the Bank has expanded the scope of the financial support it gives to the real sector in the form of medium-term machinery and equipment investment credit and

Breakdown of SME Loans by Users (%)



Development of Total Commercial Deposits (TRY thousand)

Commercial Deposits (*)	31.12.2004	31.12.2005	Change (%)
Demand Deposits-LC	1,882,603	2,314,169	22.9
Time Deposits-LC	2,574,840	9,795,828	280.4
Total-LC	4,457,443	12,109,997	171.7
Demand Deposits-FC	1,072,791	1,042,571	-2.8
Time Deposits-FC	1,569,923	4,253,828	171.0
Total-FC	2,642,714	5,296,399	100.4
Total	7,100,157	17,406,396	145.2

(*) including bank deposits, public sector deposits and other deposits.

machinery and equipment export credit that is made available to the association's members and to the firms that they make sales to.

Support for agriculture

İşbank also supports farmers.

Within the framework of İşbank's approach to supporting the agricultural sector, the scope of the tractor purchase financing loans that were introduced in 2004 was expanded so as to include second-hand machines as well.

As of end-2005, the Bank reached a total of TRY 357 million in lending in this category on its books. Last year İşbank also introduced agricultural equipment financing loans, which it treats as a complementary service for its customers in this group.

Since 2002, İşbank has been providing loans to small and medium agricultural enterprises that are registered with a chamber of agriculture and located in designated regions to provide them with financing at harvest time. The scope of this program was expanded last year to cover the whole country.

Under an agreement with the Turkish Grain Board, İşbank now accepts the "commodity receipts" that change hands in the trade of agricultural products as credit instruments, thereby providing an additional source of financing for the agricultural sector. With its extensive branch-level presence in Turkey's agricultural markets, İşbank foresees that this new product will enable it to provide producers with more credit support beginning in 2006.

Developments in commercial deposits

İşbank registered a high rate of growth in its commercial deposits portfolio that was on the order of 145%.

Total commercial deposits, which amounted to TRY 7.1 billion at end-2004, reached TRY 17.4 billion by the end of 2005.

Greater branch specialization

Seeking to further enhance the quality of the services it offers its corporate and commercial banking customers, İşbank has been looking into the idea of branch specialization. Two pilot projects were launched to test the feasibility of the concept.

The results of the Maslak and Güneşli corporate banking branch pilot projects were very successful and it has been decided to expand the program to include branches outside İstanbul as well, with the goal of completing this new structuring before the end of 2006.

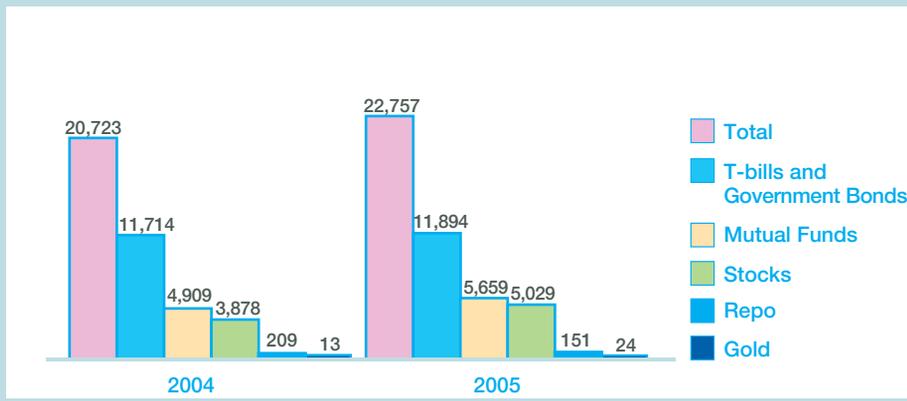
CAPITAL MARKETS

Capital Market Transactions (TRY million)

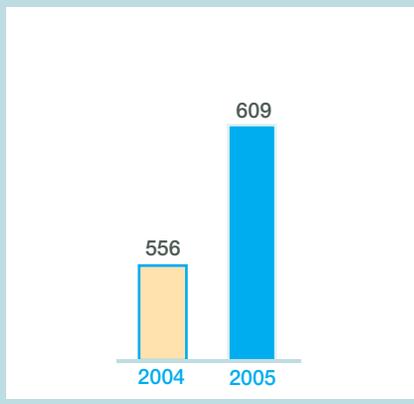
	İşbank's Trading Volume		
	2004	2005	Change (%)
Stocks	26,542 (*)	33,918*	27.79
Bills, Bonds and Repos	580,277	855,731	47.47

(*) İşbank acts as an agent for İş Yatırım Menkul Değerler A.Ş. in stocks trading market.

Developments of Assets in Investment Accounts (TRY million)



Number of Investors in Mutual Funds (thousand)



An undisputed leader

İşbank achieved substantial increases in its mutual fund, corporate share trading, and bond and repo transaction volumes in 2005 and further strengthened its undisputed leadership of Turkey's capital markets.

- Product diversity and competitive pricing policies
- Extensive branch network
- Highly effective use of non-branch banking channels
- Ability to provide uninterrupted, high-quality service

These are the keystones of İşbank's strength in capital markets.

First among 107 brokerages

İşbank acts as an agent for İş Yatırım, a brokerage house that is one of the Bank's subsidiaries to provide its own customers with stock trading brokerage services.

According to 18 November 2005 figures published by Takasbank, Turkey's central securities depository, 36.9% of the country's corporate share trading accounts are under the control of İşbank.

İş Yatırım's transaction volume increased 27.8% in 2005. As a result of this growth, İş Yatırım successfully defended its position as the leader among 107 brokerages active in the ISE's stock market with a market share of 6.3%.

In 2005 İşbank's non-branch banking channels together commanded a 90% share of all share trading. Such preeminence is clear evidence of the Bank's service effectiveness and productivity.

Fixed-income securities

İşbank continued to play an active role in the ISE bond and bill market in 2005, successfully defending its high market share in a market in which 148 banks and brokerages are active.

Undisputed leader in mutual funds

İşbank serves its investment products customers with 17 mutual funds, each with its own risk vs return profile. Commanding a 19.3% market share, the Bank remained the undisputed leader of the mutual funds market in 2005.

The total value of customer assets under the management of İşbank's 17 mutual funds increased 15.3% last year, going from TRY 4,909 million in 2004 to TRY 5,659 million in 2005.

İşbank's bond & bill fund has the biggest portfolio of any mutual fund in that category in Turkey. This fund registered a 30% rate of growth in 2005 that gave it a total portfolio value of TRY 1.2 billion.

With 74,933 participants, the İşbank "moneybox fund" is the type-A fund most preferred by investors. This fund, which is also the first in Turkey to be targeted at children, grew its portfolio 95% in 2005 and raised its total value to TRY 55 million.

İşbank continued to diversify its mutual funds in 2005 and offered three new funds for its customers: a type-B bond & bill fund (USD eurobonds), a type-B bond & bill fund (EUR eurobonds), and a type-B money-market fund.

TREASURY MANAGEMENT

In line with its mission of continuous support to manufacturing industry İşbank channelled international funds in the amount of USD 3 billion into the country's economy.

The positive outlook grows even stronger
2005 was a year during which the Turkish economy proved that its positive performance in recent years is genuine and sustainable. The country's own financial markets remained firmly on course and were affected very little by the effects that volatilities in global liquidity and in the US economy otherwise had on international markets.

As a natural outcome of the reversal of its dollarization in recent years, the structure and growth of the Turkish banking industry's balance sheet continued to be dominated by the Turkish lira. The impact of this process is unmistakably evident in bank's balance sheet compositions in 2005.

With the end of the country's chronic high inflation and with more and more evidence that the ensuing economic stability was indeed sustainable, interest rates tumbled rather quickly. This process once again demonstrated the importance that net interest margins have for the Turkish banking industry.

İşbank's general strategy

In developing its treasury management strategies, İşbank made net interest margin-focused growth its objective thereby taking maximum advantage from reverse-dollarization. İşbank's share of the Turkish banking industry's total deposits continued to increase steadily in 2005. As in previous years, the flexibility afforded by a dynamic but controlled pricing policy enabled the Bank to achieve profitability at the same time it was attracting more funds.

Balance sheet growth driven by loans

The growth in the Bank's asset structure is driven mainly by its loan book and particularly by its retail loans. İşbank continued to invest in its securities portfolio however in order to benefit from conjunctural changes. İşbank is a designated "market maker" bank and the responsibilities that it incurs in that capacity also had an influence on its activities in this respect.

The importance of balance sheet management

The Treasury Management Unit is responsible for managing the Bank's assets/liabilities position on a day-to-day basis in line with the Assets & Liabilities Committee's decisions and for ensuring that the Bank has sufficient resources on hand with which to deal with the needs of the products and services that it offers to customers throughout the Bank's entire service network.

The unit made use of capital market instruments as well as of derivative products as dictated by market conditions in 2005 in the conduct of liquidity management, which is one of its principal duties. Another important duty of the unit is proactive and effective risk management. To this end, the Bank

continuously and systematically monitors and assesses domestic and international market developments and risk parameters..

USD 3 billion in funding

As one of the best-known Turkish banks in the international arena, İşbank was able to tap international markets for more than USD 3 billion in resources during 2005, employing syndication, securitization, and other structured financing techniques in the process. These funds, which have the advantage of being long-term as well as low-cost, were secured in a number of different currencies, including the Turkish lira.

Until recently it was İşbank's practice to go into the syndicated loan market to borrow US dollars. In August 2005, it concluded an agreement for its first euro-denominated syndicated facility in the amount of EUR 750 million. This is a one-year loan with an option to extend it for another year at maturity.

A second syndication, (a club deal) in which a limited number of banks chosen by İşbank took part, was contracted in December last year. This was another one-year loan in the amount of USD 400 million.

The narrowness of the interest margins in both syndications is an important indication of the confidence that international markets have both in İşbank and in the Turkish economy. The funds received in these syndications have been earmarked for real sector companies to finance their exports in keeping with İşbank's mission of continued support for the development of the national economy.

In a securitization that İşbank undertook in 2004, the Bank succeeded in tapping international markets for the most funds at one time and with the lowest rate and longest terms ever received by a Turkish bank.

In 2005, İşbank successfully concluded two new securitizations. The first, which took place in May, was a structured facility backed by the Bank's international fund transfers in which İşbank received a total of USD 700 million with maturities of 5, 7, and 8 years. The second securitization took place in December and was based on the Bank's international credit card receivables. In this deal, İşbank secured with 8-year final maturity USD 350 million that it was able to put to immediate work for the benefit of the Turkish economy.

Deals such as these are evidence of İşbank's increasingly greater integration with international markets. They are also still more proof that the Bank is a strong player not just in Turkey but in the international arena as well.

INTERNATIONAL BANKING

During 2005 İşbank handled USD 21 billion worth of foreign trade transactions and USD 50 billion worth of foreign currency transfers.

An active role in international trade

İşbank international trade finance services are provided to customers by 95 fully-authorized branches, a large number of partially-authorized branches, and seven free zone branches as well as by the Bank's overseas branches in London, TRNC, and Bahrain.

In the conduct of its international trade financing services, İşbank also takes advantage of the international network of İşbank GmbH, which has twelve branches in Germany, two in Holland, and one each in France and Switzerland.

Correspondents in 123 countries

A strong and effective player in international banking, in addition to its own international network İşbank can also take advantage of its network of more than 1,400 correspondent banks in 123 countries to provide active and extensive international services to its customers.

50% growth in international transactions

During 2005 İşbank handled USD 21 billion worth of foreign trade transactions and USD 50 billion worth of foreign currency transfers.

These numbers imply a 50% rate of year-on growth in the volume of international transactions in which İşbank was involved last year. This increase is well above the average in Turkey and is yet another manifestation of the Bank's strength.

International expansion

In line with its strategy of expanding internationally, İşbank opened its Middle East Technical University branch in the Turkish Republic of Northern Cyprus last year. In a similar vein, İşbank's application to the China Banking Supervision Commission has been approved and the Bank plans to open a representative's office in Shanghai in the early part of 2006.

Rapidly changing economic conditions and international relationships will continuously present new opportunities in international trade. At the same time, international trade is likely to become increasingly freer in the years ahead as the world economy becomes more and more globalized.

In such an environment, İşbank's goal is to be the biggest and the best national bank in Turkey and its surrounding region. In line with this, the Bank gives special weight to developing its relationships with banks that are active in markets that are important for the Turkish economy and also to exploring and increasing opportunities to collaborate with them.

İşbank regards all of Turkey's neighbors and also Russia, China, and the countries of the Middle East and North Africa as target markets. The Bank is undertaking the expansion of its international service network with this approach in mind.

İŞBANK'S SOCIAL RESPONSIBILITY

İşbank is a good corporate citizen that believes in the necessity of giving what it gains back to society.

The principal tenets of the Bank's sense of social responsibility are these:

- **Contribute to education,**
- **Protect the environment and encourage public awareness about this issue,**
- **Provide humanitarian assistance to people and regions that have suffered from natural disasters,**
- **Support culture and the arts,**
- **Stand by national efforts in sports activities,**
- **Contribute to health-related projects,**
- **Support scientific and scholarly research.**

İşbank's primary objective is to initiate and ensure the continuity of projects in these areas that will serve as examples to others. The highlights of the Bank's activities under the heading of social responsibility are summarized below.

Contributing to education, the environment, and people...

- **"Golden Youths"** The Bank once again handed out its "Golden Youth" awards to students who placed highest on the national university entrance examinations. The number of the recipients of this award, which has become an İşbank tradition, is determined every year on the basis of the Bank's age. In 2005, it was given to the 81 students who scored highest on the exam.
- **Book donations** In late 2005 İşbank donated 137,000 books to the Association in Support of Contemporary Living. This is the biggest single book donation ever made in Turkey. The books were distributed to about 340 regional primary boarding schools and fine arts lycees around the country.
- **Support for foundations** During 2005 İşbank contributed towards the educational activities of the Sports, Assistance, and Education for the Disabled Foundation of Turkey and of the Uğur Mumcu Investigative Journalism Foundation.
- **Batman Gercüş Regional Primary Boarding School** As part of the Association In Support Of Contemporary Living's campaign to rehabilitate regional primary boarding schools, İşbank undertook the rehabilitation of the Batman Gercüş Regional Primary Boarding School. In this project the school was revamped to improve its students' living conditions and enable them to receive a better education.
- **Aid to Pakistan earthquake victims** İşbank and its subsidiaries contributed a total of TRY 1,750,000 to the aid campaign launched in the wake of the disastrous earthquake that struck Pakistan on October 8th last year. The aid money was delivered to Pakistan by the Turkish Red Crescent Society.

Contributing to culture and the arts...

- **Kumbara Magazine, first cinema in Ankara, movies for children** Since the day it was founded, İşbank has regularly contributed to culture and the arts. It was the first bank in Turkey to support the musical, cinematic, and theatrical arts and also the first to take an interest in cultural and artistic activities. Among its many firsts, İşbank

spearheaded the opening of the first movie theater in Ankara and spoke out to children and young people through its magazine Kumbara and children's films.

- **İş Sanat** İş Sanat, one of the most important and prestigious of Istanbul's cultural centers, continued to be a venue at which many nationally and internationally famous artists and Istanbul art lovers had a chance to get together in 2005. More than 50,000 people attended a total of 114 events (54 concerts and 60 plays) at İş Sanat during the 2004-2005 season.
- **Kibele Art Gallery** Located in the İş Sanat center, the Kibele Art Gallery hosted retrospective exhibitions of works by some of Turkey's most famous artists.
- **2,000 paintings** İşbank has one of the oldest and most prestigious privately-owned collections of paintings in Turkey today. Numbering more than 2,000 works, this collection is unique not only because of its size but also because it contains paintings by every significant representative of Turkish art. İşbank began systematically acquiring paintings for its collection in the 1940s with a visionary approach that went far beyond what was the standard in those days. In doing so, it laid the contemporary foundations of art collecting in Turkey.
- **Türkiye İş Bankası Kültür Yayınları** Türkiye İş Bankası Kültür Yayınları is a publishing house that specializes in culture-related publications. Founded in 1956, the company will be celebrating its 50th anniversary next year. To date it has published nearly a thousand works on a variety of subjects including culture, art, history, and economics. Most of its publications are regarded as reference works.

Contributing to the national effort in sports...

- **Turkish Chess Federation** İşbank became an official sponsor of the Turkish Chess Federation in 2005, thereby becoming the author of yet another first in Turkey. Chess is much more than a game but rather an activity that strengthens the intellect in ways that can have important contributions for educational and academic development. The reason İşbank chose to sponsor the federation is the role that chess can play in the education and development of young people. With its slogan of "Our children today, for tomorrow", the Bank is supporting the teaching of chess to millions of children because of the proven benefits it has as an unequalled teaching instrument.

Subsidiaries and Affiliates

GENERAL ASSESSMENT

Since its inception, İşbank has contributed a great deal to Turkey's industrial development as well as to its financial services sector.

The Bank has pioneered the establishment of many new industries and nourished their growth. At year-end 2005, İşbank held stakes in 44 companies active in many different sectors.

Over the years since its inception, İşbank has participated in the equity of a total of 286 companies and has divested itself of 242 of them. At year-end 2005, the Bank controlled direct stakes in 44 firms active in financial services, glass, telecoms, and manufacturing & services.

In 2002 the Bank launched an ongoing program to restructure its subsidiaries and affiliates portfolio and make it more productive. Under this program, the Bank sold off all its shares in 11 companies that it removed from the portfolio in 2005. These divestments resulted in reducing the number of the İşbank's equity participations to 44 from their end-2004 number of 55.

From the complete or partial sale of non-financial subsidiaries and affiliates that the Bank decided to dispose of in line with its strategy of focusing more on financial services and improving its subsidiaries and affiliates

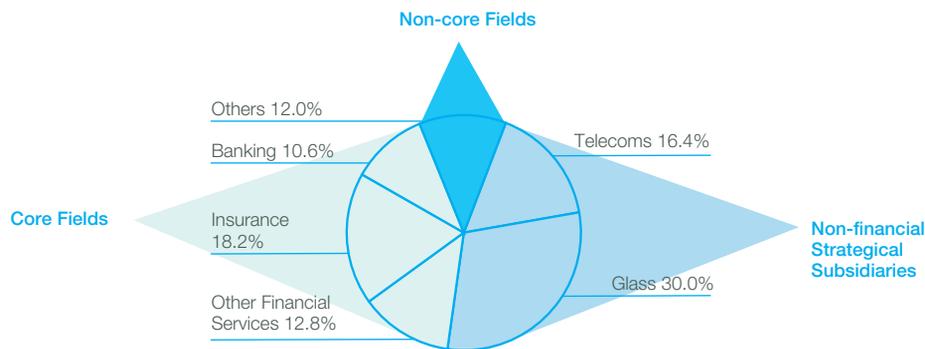
portfolio productivity, the Bank secured a total of TRY 1,030 million during 2005. Of these proceeds, TRY 138.6 million qualified as gains and it has been decided to capitalize TRY 70.4 million of that amount.

With the divestment of these equity stakes in 2005, particularly of the Bank's shares in Petrol Ofisi (energy) and İzmir Demir Çelik (iron & steel), the ratio of İşbank's subsidiaries and affiliates portfolio to its total assets slipped from 10% to 7.5%.

In 2005 İşbank secured a total of TRY 92 million in dividend income from its subsidiaries. Six of the companies in the portfolio representing 59% of its aggregate value are publicly-traded concerns. The total market value of these six companies exceed their book value by some TRY 2.2 billion, which makes a non-negligible contribution to the Bank's overall shareholders' equity.

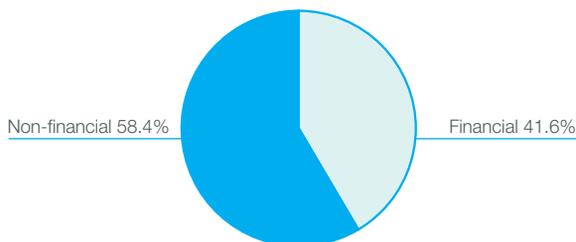
A robust and diversified subsidiaries and affiliates portfolio (31 December 2005)

Sectoral Breakdown

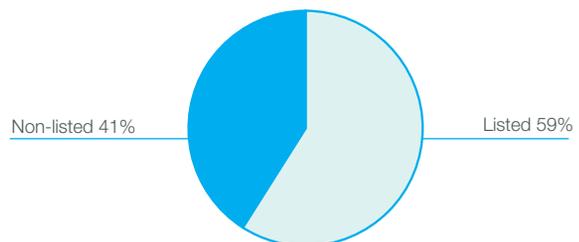


İşbank's approach to its subsidiaries and affiliates portfolio is to focus on sectors that are profitable and have high potential with the objective of creating the maximum amount of added value. In keeping with this, İşbank will continue to take its closely held stakes public and increase the percentage of public ownership in the ones that are already publicly traded to the degree that market conditions permit in 2006 and the years beyond as a way of creating more financial resources for itself. In doing so, the Bank will always give priority to increasing the sectoral focus and productivity of its subsidiaries and affiliates portfolio.

Financial vs Non-financial



Listed vs Non-listed



HIGHLIGHTS FROM İŞBANK'S MAJOR SUBSIDIARIES AND AFFILIATES

Financial services

İşbank controls equity stakes in companies active in the areas of banking, insurance, private pensions, capital market brokerage, asset management, venture capital, factoring, reinsurance, financial leasing, investment banking, and real estate investment.

The depth and breadth of this structure enriches the range of products and services that İşbank is able to supply its millions of customers all over the country while also giving it unrivaled strength in making cross and complementary sales.

Türkiye Sınai Kalkınma Bankası

Investment and development banking

The mission of this company is to promote the growth of the private sector, to encourage and assist the participation of local and foreign capital to participate in Turkish companies, and to contribute to the growth of the capital markets in Turkey. In 2004 the Euromoney magazine included TSKB in its "Best Local Partner" list. The Bank has total assets amounting to TRY 3.3 billion. Its shares are traded on ISE under the symbol TSKB.

www.tskb.com.tr

İşbank GmbH

Commercial banking

İşbank GmbH is the Bank's extension into the EU and also its principal service network there. One of the leading Turkish-owned financial institutions in Europe, İşbank GmbH provides customers with trade finance, corporate banking, and retail banking products and services through 16 branches located in Germany, France, Holland, and Switzerland.

Anadolu Hayat Emeklilik

Private pensions and life insurance

Anadolu Hayat Emeklilik is the leader of Turkey's life insurance industry and is also the country's first and only publicly-traded life insurance and private pension company. As of September 2005 the company had total assets worth TRY 1.9 billion and shareholders' equity amounting to TRY 294 million. The company's shares are traded on ISE under the symbol ANHYT.

www.anadoluhayat.com.tr

Anadolu Sigorta

General insurance

Anadolu Sigorta is one of Turkey's top general insurance companies and has been the sector's leader in terms of premium production for four years in a row. In both 2004 and 2005 the company won the Active Academy Private Customer Satisfaction Award in Insurance for being the insurer whose products and services generated the greatest general satisfaction among its policyholders. As of September 2005 the company had total assets worth TRY 874 million and shareholders' equity amounting to TRY 366 million. The company's shares are traded on ISE under the symbol ANSGR.

www.anadulusigorta.com.tr

Milli Reasürans

Reinsurance services

Turkey's first and only reinsurance company, in 2005 Milli Reasürans TAŞ acquired all of the assets and liabilities of Destek Reasürans TAŞ (in which it already controlled a 98.23% stake) and merged the company into itself.

www.millire.com

İş Finansal Kiralama

Financial leasing services

One of the pioneers of its sector, İş Finansal Kiralama also ranks among its leaders in terms of market share. Pursuing a policy of creating and maintaining a high-quality portfolio, in the company had total assets worth TRY 733 million and shareholders' equity amounting to TRY 130 million. The company's shares are traded on ISE under the symbol ISGEN.

www.isleasing.com.tr

İş GYO

Real estate investment trust

İş GYO is Turkey's biggest real estate investment trust in terms of the value of its market capitalization and net assets. The company controls a portfolio of premier properties located all over the country and continues to successfully undertake real estate development projects with high return potential. The company's shares are traded on ISE under the symbol ISGYO.

www.isgyo.com

İş Yatırım

Capital market brokerage and investment banking

The acknowledged leader of Turkey's capital markets, İş Yatırım is also active in international markets, providing a huge portfolio of private and corporate client investors with high-quality service. İş Yatırım ranks first among 107 brokerages active in the ISE stock market in terms of the total transaction volume that it handles.

www.isyatirim.com.tr

İş Portföy Yönetimi

Asset management services

The leader of the asset management sector in Turkey, the company's mission is to manage corporate clients' portfolios of capital market instruments. The number of clients served by İş Portföy Yönetimi increased 24% in 2005.

www.isportfoy.com.tr

İş Factoring (*)

Domestic and cross-border factoring services

With its robust capital structure, expert personnel, and principle of providing clients with only the best in service, İş Factoring is one of the leading service providers in its sector. The company makes effective use of the Bank's domestic branch network, international correspondent network, and advanced electronic banking platform in the conduct of its business. İş Factoring is a member of Factors Chain International.

www.isfactoring.com.tr

(*) İş Factoring is an indirect subsidiary of İşbank.

HIGHLIGHTS FROM İŞBANK'S MAJOR SUBSIDIARIES AND AFFILIATES

Glass

Investments in the glass industry represent İşbank's biggest venture outside financial services today.

The Glass Group has a global reach and is a leader of the glassmaking industry by virtue of the investments that it has undertaken in Bulgaria, Georgia, and Russia as well as in Turkey and thanks to the goods that it exports all over the world.

Şişecam Group**Flat glass, glassware, glass packaging, and chemicals**

The founder and leader of Turkey's glass industry, Türkiye Şişe ve Cam Fabrikaları is the flagship company of the Şişecam Group, which consists of 48 companies active in five lines of business: flat glass, glassware, glass packaging, chemicals, and services. The Şişecam Group continues to increase its production strength and enhance its effectiveness in the sector through investments that it is undertaking in Bulgaria, Georgia, and Russia while also expanding its geographical reach.

The Şişecam Group numbers among the biggest companies in its industry both in Europe and the world, ranking anywhere from third to twelfth on the basis of different criteria. As of September 2005 the company had total consolidated assets worth TRY 4.1 billion and shareholders' equity amounting to TRY 2.2 billion. The company's shares are traded on ISE under the symbol SISE. www.sisecam.com.tr

Telecommunications

AVEA**Mobile telecommunications services**

AVEA is Turkey's only GSM-1800 mobile communications operator. With more than 6 million subscribers, the company controls a market share of 15%.

Industry

ASMAŞ**Heavy industry plant and machinery manufacture and installation**

ASMAŞ designs, builds, installs, and commissions turnkey-delivery facilities in line with the needs of industrial concerns nationwide. The company acts as a technological contractor on projects and in the manufacture of machinery and equipment. ASMAŞ serves customers in many different sectors ranging from petroleum and chemicals to defense industry as well as iron & steel and cement.

Others

NEMTAŞ**Shipowning & management, chartering, shipbroking**

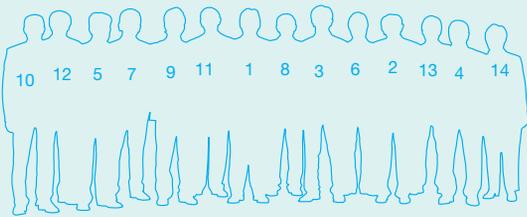
Nemtaş Nemrut Liman İşletmeleri employs a fleet of six vessels with a total capacity of 199,000 DWT in the conduct of its logistical services. Nemtaş controls a 51% stake in Gempport Gemlik Liman ve Depolama İşletmeleri, Turkey's first privately-owned port operations company.

Management and Corporate Governance at İşbank

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Board of Directors and Auditors



Board of Directors and Auditors

- 1 Prof. Dr. Ahmet Kirman, Chairman
- 2 Prof. Dr. M. Baran Tuncer, Deputy Chairman
- 3 H. Ersin Özince, Director and Chief Executive Officer
- 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. Turkey 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 March 26, 1999 as a member and as the Chairman on July 16, 2002. Prof. Dr. Kirman is also the Chairman of İşbank Audit Committee. 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- PROF. DR. M. BARAN TUNCER**Deputy Chairman**

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 Bosphorus 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 July 12, 2002 as a member, and as Deputy Chairman on December 30, 2005.

3- H. ERSİN ÖZİNCE**Director 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 October 28, 1998. He is also serving as 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 Istanbul 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.

4- M. NAİL YAĞCI**Director**

Born in 1950 in Gündül/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 July 12, 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 as a Member of the Board at İşbank on March 27, 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 March 27, 2003.

7- ALİ 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 March 27, 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 of Directors on March 31, 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 Account Manager in 1987. He became Deputy Chief Executive in 1990, and Senior Deputy Chief Executive on October 28, 1998. Caner Çimenbiçer was

appointed to İşbank's Board of Directors on March 31, 2005. He is also a member of the İşbank Audit Committee.

10- SALİH KURTULUŞ**Director**

Born in Kalkandelen (Macedonia) in 1947, Salih Kurtuluş graduated from Istanbul Private School of Journalism. He started his professional career at İşbank's Ayaspaşa/Istanbul 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 of Directors on March 31, 2005.

11- PROF. DR. SAVAŞ TAŞKENT**Director**

Born in Istanbul in 1943, Prof. Dr. Savaş Taşkent graduated from the Faculty of Law, Istanbul University. He started his academic career in 1971, in the Department of Law of The Faculty of Basic Sciences, Istanbul Technical University. He received his Ph.D. degree from the Faculty of Law of Istanbul University in 1980, and became assistant professor at Istanbul 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 March 31, 2005, and is currently a University Lecturer in the Department of Law, Istanbul Technical University.

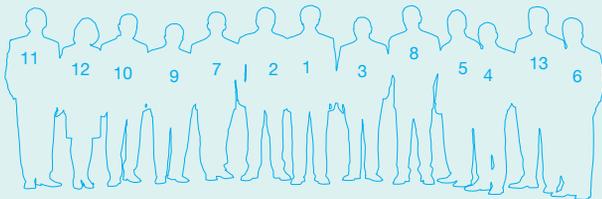
AUDITORS**12- PROF. DR. TURKAY BERKSOY**

Born in 1951 in Elazığ, Prof. Dr. Turkey Berksoy graduated from Istanbul Academy of Economic and Commercial Sciences in 1975. He started his academic career in the School of Political Sciences, Istanbul Academy of Economic and Commercial Sciences at the same year. He received his M.A (in economics) from Bosphorus University, and his Ph.D. (in finance) from Marmara University, the Faculty of Economics and Administrative Sciences. He was visiting lecturer at University of East Anglia School of Development Studies, England in 1985, assistant professor at M.U., the Faculty of Economics and Administrative Sciences in 1986. He became associate professor and professor in 1988 and 1993, respectively. Between 1985-1999 he served as the assistant-head, the assistant principal, deputy manager, the assistant dean in the Faculty of Economics and Administrative Sciences of Marmara University. He was administrative board member and board of study member between 1994-2000 at the same faculty. Besides, he was adviser to Şekerbank general manager, Turkish Eximbank and Emlakbank general manager. He also served as board member at various institutions and organizations. He is the chairman of the board of directors at the Center of Finance Research and Application, Marmara University since 1998. Prof. Dr. Turkey Berksoy was appointed as İşbank's Auditor at the General Assembly on March 31, 2005.

13- H. AHMET ERGENEKON

Born in 1951 in Istanbul, H. Ahmet Ergenekon graduated from Marmara University, the Faculty of Economics and Administrative Sciences, the Department of Public Administration. He started his professional career at İşbank's Kabataş/Istanbul Branch in 1973, and became assistant chief at the same Branch in 1977. After serving at various İşbank's branches as assistant chief, chief, assistant manager and branch manager he was appointed to Istanbul III Regional Department as Regional Manager in 1997 and served there until 2002. He was then appointed to the Marketing and Deposits Department as the Manager in 2002. After his retirement, H. Ahmet Ergenekon was appointed as İşbank's Auditor at the General Assembly on March 31, 2005.

Executive Committee



Executive Committee

- 1 H. Ersin Özince, Director 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 Magemizoğlu, Deputy Chief Executive

* Mr. Uğurlu left his position at İşbank on 27.1.2006.

1- H. ERSİN ÖZİNCE**Director and Chief Executive Officer**

(Please see page 51 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. Sırrı 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 Bosphorus 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**

(Mr. Uğurlu left his position at İşbank on 27.1.2006.)

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, Kadirli. 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**

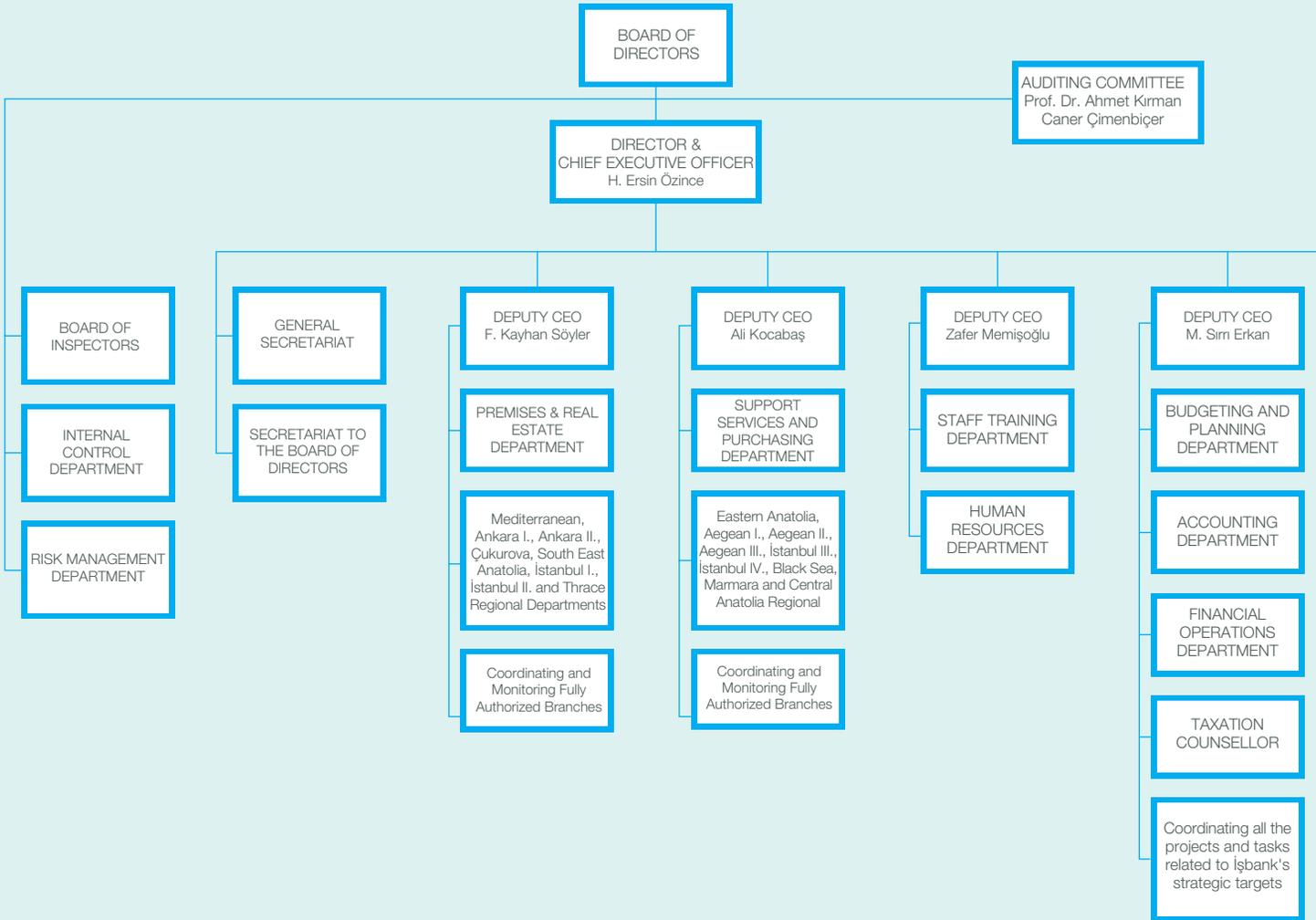
1958, Çanakkale. Hülya Altay is a graduate of Ankara University (Faculty of Political Sciences). She joined İşbank in 1982 as an Assistant Economics Specialist. After serving in a number of the Bank's units and branches, she was appointed Deputy Chief Executive on 30 March 2004.

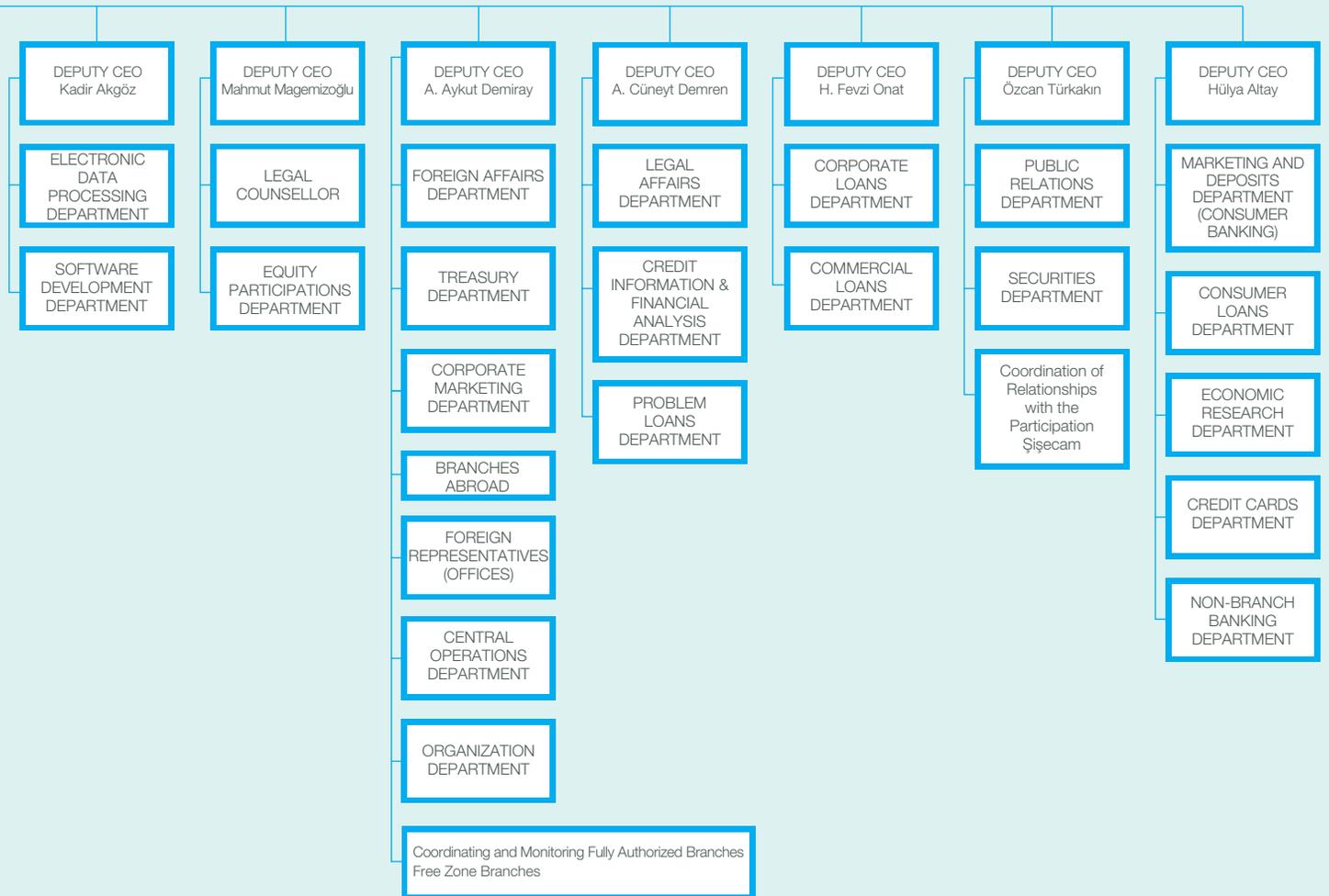
13- MAHMUT MAGEMİZOĞLU**Deputy Chief Executive**

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.

Organization Chart





İŞBANK COMMITTEES

İşbank Audit Committee

As required by new rules introduced by Banking Act No. 5411, which went into effect with its publication in duplicate issue 25983 of the official gazette on 1 November 2005, İşbank set up the İşbank Audit Committee during the same month. This committee is charged with assisting the İşbank Board of Directors in the conduct of its duties of supervision and control.

The authorities and responsibilities of the Audit Committee are as follows:

- Setting up internal control, risk management, and internal audit systems as required by law and ensuring their operability, effectiveness, and adequacy.
- Monitoring the operation of the internal control, risk management, and internal audit systems in conjunction with the accounting and reporting systems and the integrity of the information that is generated by them.
- Ensuring that İşbank's financial statements and information pertaining to them are prepared in accordance with accounting standards and the requirements of law and are duly published. Confirming and attesting to the conformity of financial reports prepared by the Bank with reporting requirements and accounting records.
- Investigating independent auditors and preparing a short list of them for the Board of Directors to choose among. Regularly monitoring the activities of the independent auditor selected by the board.
- Ensuring that the internal audit functions of companies that are subject to consolidation are coordinated and properly consolidated as required by law.
- When deemed to be necessary, obtaining regular reports from internal control, internal audit, and risk management units and from independent auditors concerning their performance of their duties.
- Notifying the İşbank Board of Directors of any issues that it may become aware of that could have an adverse impact on the continuity or security of the Bank's activities or are in violation of the requirements of law or of the Bank's own rules.
- When circumstances require, obtaining information and documents from all İşbank units, support service contractors, and independent auditors; subject to the approval of the İşbank Board of Directors, procuring consultancy services from those who are specialists in their respective fields.
- Submitting the internal audit report prepared by internal audit units to the İşbank Board of Directors at least once every three months.

Pursuant to İşbank Board of Directors resolution 31911 dated 16 November 2005, company directors Prof. Dr. Ahmet Kirman and Caner Çimenbiçer were chosen to be the members of the İşbank Audit Committee and were charged with the conduct of matters related to internal audit as required by "Regulations concerning the internal audit of banks and their risk management systems". The head of the İşbank Audit Committee is Prof. Dr. Kirman.

İşbank Credit Committee

The activities of the İşbank Credit Committee are governed by the Banking Act and relevant laws, regulations, and administrative provisions. In line with the authorities and responsibilities with which it is charged by the İşbank Board of Directors, this committee assesses and finalizes credit applications. Consisting of three people, bank's chief executive officer is a permanent member of the İşbank Credit Committee, whose other two members are company directors who are rotated on a monthly basis. The non-permanent members of the Credit Committee and the schedule of their monthly assignments up until the next general meeting are determined every year at the first meeting of the İşbank Board of Directors that is held after the general meeting for the previous year. Two alternate committee members are also designated who will stand in if need be. Chief Executive Officer H. Ersin Özince is the head of the İşbank Credit Committee.

The schedule of İşbank Credit Committee monthly memberships during 2005 is as follows:

January 2005	H. Ersin Özince	Dr. A. Yavuz Ege	M. Nail Yağcı
February 2005	H. Ersin Özince	Atty. Nail Gürman	Ethem Öz
March 2005	H. Ersin Özince	H. Arslan Sarsar	Prof. Dr. M. Baran Tuncer
April (*) 2005	H. Ersin Özince	Dr. A. Yavuz Ege	M. Nail Yağcı
May 2005	H. Ersin Özince	Atty. Nail Gürman	Caner Çimenbiçer
June 2005	H. Ersin Özince	Prof. Dr. Savaş Taşkent	M. Nail Yağcı
July 2005	H. Ersin Özince	Prof. Dr. M. Baran Tuncer	Caner Çimenbiçer
August 2005	H. Ersin Özince	Dr. A. Yavuz Ege	M. Nail Yağcı
September 2005	H. Ersin Özince	Atty. Nail Gürman	Caner Çimenbiçer
October 2005	H. Ersin Özince	Prof. Dr. Savaş Taşkent	M. Nail Yağcı
November 2005	H. Ersin Özince	Prof. Dr. M. Baran Tuncer	Caner Çimenbiçer
December 2005	H. Ersin Özince	Dr. A. Yavuz Ege	M. Nail Yağcı

The alternate committee members** chosen for 2005 are Prof. Dr. Ahmet Kirman and Prof. Dr. M. Baran Tuncer.

* New Credit Committee members were designated at the first meeting of the İşbank Board of Directors that was held after the general meeting for 2005.

** Alternate Credit Committee members chosen for 2005-2006 and who will service until the end of March 2006.

İŞBANK COMMITTEES

Risk management committees

In line with the requirements of law, the İşbank risk management organization consists of two main committees, the Executive Risk Committee and the Bank Risk Committee, which operate on an unconsolidated and consolidated basis, and of committees subordinate to them.

Executive Risk Committee

The Executive Risk Committee is responsible for formulating the risk management strategies and policies that İşbank will adhere to on both a consolidated and unconsolidated basis, presenting them to the İşbank Board of Directors for its approval, and monitoring compliance with them. The Executive Risk Committee is the highest-ranking body of the risk management system that the Bank has created to ensure that the risks to which it is exposed are managed systematically and it is responsible to the İşbank Board of Directors for every aspect of the risk management system.

The committee's principal duties are the following:

- Preparing the risk management strategies and policies that İşbank will adhere to, presenting them to the İşbank Board of Directors for its approval, and monitoring compliance with them.
- Making recommendations to the İşbank Board of Directors concerning the determination of limits for the basic risks to which the Bank is exposed and watching out for any violations of those limits.
- Submitting opinions to the İşbank Board of Directors concerning changes in risk policies.
- Monitoring and reporting on the processes of risk identification, definition, measurement, assessment, and management that are carried out by the Risk Management Department.
- Monitoring to ensure that risk management methods and their results remain valid and reliable.
- Reviewing and assessing the activities of the İşbank Risk Committee.

The head of the Executive Risk Committee and its members chosen from within the Bank are appointed by the İşbank Board of Directors in accordance with criteria that are specified by law.

Members of the committee:

Caner Çimenbiçer Director and Audit Committee member
H. Ersin Özince Head of the Credit Committee
Aykut Demiray Head of the Assets & Liabilities Committee
Hasan Candan Head of the Risk Committee

The head of the Executive Risk Committee is Caner Çimenbiçer.

In the activities that the Executive Risk Committee carries out on a consolidated basis, the subsidiaries of the Bank are represented by the following:

- İş Finansal Kiralama A.Ş., by H. Fevzi Onat, İşbank Deputy Chief Executive
- Anadolu Anonim Türk Sigorta Şirketi ve Anadolu Hayat Emeklilik A.Ş., by Burhanettin Kantar, İşbank, Manager-Equity Participations
- İşbank GmbH, by M. Turgay Atalay, İşbank, Manager-Foreign Affairs
- İş-Dublin Financial Services Plc, by Erdal Aral, İşbank, Manager-Treasury
- İş Gayrimenkul Yatırım Ortaklığı A.Ş., by Gürman Tevfik, İş Portföy Yönetimi A.Ş. General Manager
- Türkiye Sınai Kalkınma Bankası A.Ş., by Murat Bilgiç, İşbank, Regional Manager-Corporate Loans
- İş Yatırım Menkul Değerler A.Ş. ve İş Portföy Yönetimi A.Ş., by Güliz Aykan, İşbank, Group Manager-Equity Participations
- Milli Reasürans T.A.Ş., by O. Haluk Solak, İşbank, Manager-Financial Operations

The Executive Risk Committee convened a total of ten times during 2005, three of which occasions were on a consolidated basis. At these meetings, the risk management activities of İşbank and of its consolidated subsidiaries were assessed, ten risk management reports submitted to the committee were examined, and six decisions concerning the risk management system and its processes were adopted.

Bank Risk Committee

The İşbank Bank Risk Committee is responsible for making recommendations to the Executive Risk Committee concerning the formulation of risk management strategies and policies that the Bank will adhere to on a consolidated and unconsolidated basis and for monitoring compliance with them.

The committee's principal duties are the following:

- Preparing the risk management strategies and policies that İşbank will adhere to, presenting them to the Executive Risk Committee for its consideration, and monitoring compliance with them.
- Submitting opinions to the Executive Risk Committee concerning changes in risk policies.
- Monitoring and reporting on the processes of risk identification, definition, measurement, assessment, and management that are carried out by the Risk Management Group.
- Monitoring to ensure that risk management methods and their results remain valid and reliable.
- Providing information to the Executive Risk Committee concerning the determination of limits for the basic risks to which the Bank is exposed and of the principles governing the delegation of authority on issues related to risk management.
- Preparing reports evaluating the levels of the Bank's risk exposure and submitting an emergency and unexpected situation plan to the Executive Risk Committee for its consideration.

İŞBANK COMMITTEES

Members of the committee:

Hasan Candan, İşbank, Manager-Risk Management
Öykü Karan Tunaboyu, İşbank, Assistant Manager-Risk Management
Gamze Yalçın, İşbank, Assistant Manager-Risk Management
Soner Benli, İşbank, Assistant Manager-Risk Management
Burak Sezercan, İşbank, Assistant Manager-Risk Management

The head of the Bank Risk Committee is Hasan Candan.

The Bank Risk Committee met 46 times during 2005. At these meetings, issues that were to be presented to the Executive Risk Committee and to the İşbank Board of Directors were discussed; assessments were made of the Bank's exposure to credit, market, and operational risks; and the activities related to the Basel II compliance process were carried out.

The Bank Risk Committee serves as the Bank's Risk Management Department and is organized into five subcommittees: Credit Risk, Market Risk, Subsidiaries Risk, Operational Risk, and Basel II Groups.

GENERAL ASSESSMENT OF THE 2005-YEAR ACTIVITIES OF THE İŞBANK INTERNAL AUDIT, INTERNAL CONTROL, AND RISK MANAGEMENT SYSTEMS OPERATING UNDER THE BOARD OF DIRECTORS VIA THE AUDIT COMMITTEE

İşbank Board of Inspectors

The İşbank Board of Inspectors reports to the Board of Directors via Audit Committee and is responsible for the auditing functions pertaining to all of the Bank's activities. In the performance of its duties, the board also conducts inspections, investigations, and examinations in the Bank's head office units and branches as well as in all organizations and companies that are subject to the Bank's oversight.

Staffed by 215 inspectors and assistant inspectors, the İşbank Board of Inspectors combines deep-rooted İşbank traditions with advanced technology in a modern, risk-focused approach to auditing in the performance of its duties. The board's auditing functions are carried out by on-location inspections as well as remotely by making use of the Bank's data processing infrastructure.

Depending on their content, the reports of the results of the board's inspections are submitted to the head office units concerned or directly to the Board of Directors with the knowledge of the Audit Committee.

The İşbank Board of Directors also closely monitors the activities of the Board of Inspectors through monthly reports of its activities.

During 2005, inspections were carried out on 413 branches and 4 head office units. Inspections of two head office units and one subsidiary company that were begun in November 2005 were completed in early 2006.

In addition to their inspection-related activities, members of the İşbank Board of Inspectors also undertake duties on major projects that the Bank is involved in and they participate actively in all project processes from initial design to final realization.

2005 was a year in which an important change took place in İşbank's inspection methods and priorities and a risk-focused approach based on detecting and analyzing early warning signals was adopted. The regularly scheduled inspections of the past have been largely supplanted by inspections that are planned on the basis of loan book volumes and quality, with priority being given to loan portfolio positions that have relatively greater risk in them. This approach makes it possible to spot areas of risk sooner and to intervene faster and more effectively and it also allowed a much bigger part of the portfolio to be examined during the year. In 2006, the plan is to subject more than 80% of the Bank's total placements to inspection.

Thanks to advances in remote auditing techniques, more effective controls have been developed for a variety of risks to which the Bank is exposed, especially compliance risk. Considerable progress has been made on the subject of the centralized monitoring of the legal obligations that İşbank branches are required to fulfill.

İşbank Internal Control System

The İşbank Internal Control System is structured so as to make it possible for all financial and operational risks identified as being related to the Bank's activities can be kept continuously under control and at reasonable levels.

Activity-related procedures, work flows, duties, authorities, and limits are set down in writing and announced to all personnel. They are continuously reviewed and updated in line with changing requirements, risks, and conditions.

Activity-related work flows incorporate all of the necessary and appropriate controls capable of responding to the particular risks of that activity and this ensures that the controls automatically take place. Activity-based functional duties, transaction conduct and approval authorities and limits, systemic controls, post-transaction controls, and other processing related controls all work together to sure that the Bank's activities and transactions are continuously carried out effectively, correctly, systematically, and securely.

The Internal Control Department is responsible for designing, developing, implementing, and managing internal control activities for the purpose of ensuring that the Bank's activities are conducted systematically, productively, and effectively within the framework of laws and regulations and in accordance with İşbank's principles and objectives and with policies, methods, directives, and limits determined by management and, within this framework, for monitoring, assessing, and reporting the results to the appropriate echelons of management. By means of risk-focused and interactive controls performed by both head office and internal control personnel on location in the Bank's head office units and branches, the department ensures that İşbank's internal control system operates systematically, effectively, and reliably.

The findings, opinions, and recommendations resulting from internal control activities are shared first of all with those performing the activities and evaluated with them. This makes it possible for complementary and preventive measures to be quickly identified and put into effect while also allowing suitable and practicable solutions for improving processes and activities to be implemented. All of these proceedings are continuously and closely monitored while evaluated by those responsible for the conduct of the activities as well as by internal control personnel.

The results of internal control activities are periodically reviewed and assessed by the Bank Audit Committee and by the İşbank Board of Directors.

İşbank has appropriate and functional control mechanisms in place at every level that enable the Bank to effectively manage its risks by defining, assessing, and controlling them fully, correctly, systematically, and carefully. Information and communication channels function productively and effectively while activity and control processes are continuously and systematically monitored and assessed.

On the basis of what has been said so far, the conclusion to be reached is that the İşbank Internal Control System is risk-focused, strong, and healthy and that it is functioning productively and effectively in line with the banks goals and objectives.

GENERAL ASSESSMENT OF THE 2005-YEAR ACTIVITIES OF THE İŞBANK INTERNAL AUDIT, INTERNAL CONTROL, AND RISK MANAGEMENT SYSTEMS OPERATING UNDER THE BOARD OF DIRECTORS VIA THE AUDIT COMMITTEE

Risk management at İşbank

Besides the risks arising as a result of its banking activities, there are also financial and non-financial risks to which İşbank is exposed as a result of its being a member of a group of companies. These risks need to be considered, analyzed, monitored, and reported from the standpoint of group risk management in addition to that of banking-specific risk management principles. This aspect of risk management goes beyond what is required by law and has become a touchstone of our industry.

A risk management process which is organized within the framework of risk management methodologies and which aids the formulation of a shared risk management culture throughout a company must be structured in such a way that it emphasizes good corporate governance, isolates the units that actually assume risk from the internal units responsible for monitoring and controlling risk, defines risks in internationally recognized terms, and fulfills its measurement, analysis, monitoring, reporting, and control functions within the same framework.

When a general assessment of risk categories is made, one observes that the most important of the risks to which the Bank was exposed in 2005 was credit risk, just as was also the case in 2004. Second in importance was market risk, especially interest rate risk. In the activities carried out during 2005, greater weight was also given to non-financial risks in addition to strictly financial risks.

İşbank's credit risk and operational risk policies were approved and put into effect by the Board of Directors in previous years. In 2005, the board approved and published İşbank's market risk policies, which are among the most fundamental of the risks to which the Bank is exposed.

The process of risk management and the functions involved in that process are among the highest-priority responsibilities of the İşbank Board of Directors. Acting through the Executive Risk Committee, the Bank Credit Committee and the Assets & Liabilities Committee together with the Bank Risk Committee in its capacity as a functional component of risk management are engaged in efforts to bring the Bank into compliance with Basel II capital adequacy rules.

The Bank Risk Committee serves as the Bank's Risk Management Department and is organized into five subcommittees: Credit Risk, Market Risk, Subsidiaries Risk, Operational Risk, and Basel II Groups.



Caner Çimenbiçer
Member of the Board of Directors and
the Audit Committee



Prof. Dr. Ahmet Kirman
Chairman of the Board of Directors and
the Audit Committee

HUMAN RESOURCES RECRUITMENT AND CAREER DEVELOPMENT AT İŞBANK

Recruitment

The conditions for being hired by İşbank are summarized below. Note that these are the general conditions and will be more detailed according to the position being applied for. To be hired by the Bank, a person:

1. Must be a citizen of the Republic of Turkey
2. Must be at least 18 years of age and must also satisfy the age requirements of the qualifying examination for whatever position is being applied for
3. Must not be deprived of any of his civil rights
4. Must never have been convicted of any crime punishable by imprisonment, even if subsequently pardoned
5. Must have no compulsory service obligations towards any agency or organization
6. If male, must have completed his active military service or else have a military service deferment or exemption
7. Must suffer from no health condition that would preclude his being able to work anywhere in Turkey
8. Must not have received an unsatisfactory score on his former job interviews at the Bank.

Job application

Since the day it was founded, it has been İşbank's policy and practice to train its own management personnel in-house. İşbank only recruits for entry-level positions and does not recruit for any management position vacancies from outside the Bank.

Applications for all positions must be made by filling out the Resume Form on the job applications page of the human resources section of the Bank's website at www.isbank.com.tr.

The Bank no longer accepts written applications for job positions. İşbank maintains a database of more than 100,000 people's applications and resumes. All job applications made via the internet to İşbank are processed exclusively by the Bank. İşbank does not employ the portal management services of any firm.

In addition to receiving job applications, all notifications to sit for entrance exams and exam results are announced via the internet. Other recruitment-related procedures are also carried out on the same platform. The resume form is continuously accessible, which means that those who have submitted their resumes to the İşbank database can view the status of their application and the results of all the exams they have taken whenever they wish and they can also update their resumes at any time.

Career development

Assistant section head qualifying examinations

Vacancies in assistant section head positions are filled by means of qualifying exams that are held from time to time as the Bank's needs dictate. Any employee in the senior clerk grade may sit for these exams. Senior clerks who pass the exam are appointed to assistant section head vacancies that the Bank deems it necessary to fill on the basis of a point system whose principles are spelled out in article 39 of the İşbank Collective Bargaining Agreement and also taking candidates' preferences into account.

Sub-manager qualifying examinations

Promotions to sub-manager grade are made by means of a qualifying exam that is taken by active senior section heads and also by section heads and senior assistant section heads who have completed at least five years of service since becoming an assistant section head.

Vacancies in sub-manager positions are filled by means of qualifying exams that are held from time to time as the Bank's needs dictate. Those who pass the exam are appointed to sub-manager vacancies that the Bank deems it necessary to fill on the basis of a point system whose principles are spelled out in article 43 of the İşbank Collective Bargaining Agreement and also taking candidates' preferences into account. Employees in the sub-manager grade may be promoted to assistant manager or branch manager positions on the basis of their performance and length of service at the Bank.

Appointment of inspectors and specialists to management positions

Assistant inspectors and assistant specialists at İşbank take an oral qualifying examination after reaching senior grade. Successful candidates are appointed to 5th-class inspector or specialist positions. Based on their performance they may be promoted one class every other year. Inspectors and specialists in class one through four may be promoted to management positions.

Promotions of those who are attorneys, architects, and engineers

Attorneys, architects, and engineers who have been hired by the Bank are promoted respectively to consulting attorney, chief architect, and chief engineer positions depending on their performance and length of service at the Bank. These employees may also be appointed to management positions if a vacancy occurs in one that is pertinent to their professional background.

INFORMATION ON THE TRANSACTIONS CARRIED OUT WITH İŞBANK'S RISK GROUP

All types of services, provided to the firms within İşbank's Risk Group are carried under the same policies and procedures applied to the third parties. Risk Management Department analyses the loans extended to the firms within the Bank's Risk Group and monitors whether or not these loans remain within legal limits.

In 2005, loans extended to the group companies were within legal risk limits.

Information and disclosures related to transactions carried out with İşbank's Risk Group in 2005 are stated in the Notes to Financial Statements at Part 5, Section VIII, within the annual report.

İŞBANK'S DIVIDEND DISTRIBUTION POLICY

İşbank's principles of dividend distribution are set by article 58 of the Articles of Incorporation. According to this article, after deducting all general expenses from the income arising from the operations of the Bank within a year, including premiums and bonuses and similar payments to the personnel of the Bank, and funds for all kinds of depreciations, as well as necessary provisions, the net profit obtained shall partly be set aside as contingency reserves and partly distributed in the order, manner and at the rates indicated below:

a) 5% to statutory reserve fund, (a/1)

5% as provision for probable future losses, (a/2)

10% as first contingency reserve (a/3)

If the cause for setting aside of a provision and fund for a probable future loss and/or risk doesn't exist any more, the remaining fund will be added to first contingency reserve (a/3) after distribution of net profit referred to in paragraph (a).

b) From the balance of the net profit after the reserve fund referred to in paragraph (a) above have been set aside, an amount equal to 6% of the paid up capital represented by Classes (A), (B) and (C) share certificates, shall be distributed to shareholders as the "first dividend". Should the profit realized in any year be insufficient to provide for the first dividend of 6% referred to above, the balance shall be made up and distributed out of the contingency reserve fund. Provided, however, that any amount thus taken out of the reserve fund shall constitute a charge to be made up out of the profits to be realized in the subsequent years.

c) After the reserved fund and the first dividend referred to in paragraphs (a) and (b) above have been provided for, the balance of the net profit shall be set aside and distributed as follows:

10% for founder shares (limited to the portion of TRY 250 thousand of paid capital)

0.25% among the members of the Board of Directors and the General Manager equally,

20% to the employees of the Bank, and

10% as second contingency reserve.

d) After the amounts set forth in paragraphs (a), (b) and (c) have been set aside and distributed, the balance shall be distributed to the shareholders as "second dividend" in the manner stated below and taking into consideration paragraph (e).

1) The net total of the dividends to be distributed to the holders of Class (A) share certificates as first and second dividends under paragraphs (b) and (d) may not exceed 60% of the capital paid up by them, the net total of the dividends to be distributed to holders of Class (B) share certificates may not exceed 30% of the capital paid up by them, and the net total of the dividends to be distributed to holders of Class (C) share certificates may not exceed 25% of the capital paid up by them.

2) After the amounts set forth in paragraphs (a), (b) and (c) have been set aside and distributed, should the balance be insufficient to distribute the second dividend in the manner specified by the paragraph (1) above, twice the amount of the paid up capital represented by Class (A) share certificates the actual amount of the capital represented by Class (B) share certificates, and the 5/6 (five sixth) amount of the capital represented by Class (C) share certificates shall be taken as the basis, and, total dividends to be paid to the three Classes of shares shall be calculated separately in the distribution of the second dividend.

e) Furthermore, the amount required to be added to contingency reserve under paragraph 3 of Article 466 of the Turkish Commercial Code, shall be set aside. Following the allocation and the distribution of the net profits in accordance with the foregoing provisions, upon the proposal of the Board of Directors, it shall be resolved at the General Assembly whether the outstanding balance should be set aside as contingency reserves or be transferred to the subsequent year, or, should up to 80% (net) of this balance be divided to the number of share certificates and net worth distributed to holders of share certificates and the remainder be set aside as contingency reserve or transferred to the subsequent year. However at the calculation of the dividends to be paid to all three Classes of share certificates, for group A 2 times of the share quantity, for group B 1,5 times of the share quantity, for group C same quantity will be considered

MATTERS RELATED TO İŞBANK'S ANNUAL GENERAL MEETING

AGENDA OF THE ANNUAL GENERAL MEETING

1. Opening Ceremony, establishment of Chairmanship Council and authorization of the Chairmanship Council to sign Minutes of the General Meeting.
2. Presentation and discussion of the Management's and Auditors' Reports.
3. Examination and ratification of 2005 Balance Sheet and Income Statement and discharge of the Board of Directors and Auditors from their responsibilities for the transactions and accounts of the aforementioned year.
4. Determination of the method and the date of dividend distribution.
5. Determination of the allowance for the members of the Board of Directors.
6. Election of the Auditors for 2006.
7. Determination of the Auditors' fees.

MATTERS RELATED TO İŞBANK'S ANNUAL GENERAL MEETING

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

Welcome to the 82nd ordinary general assembly of our Bank.

Before presenting the Board of Directors Report, Auditors' Report and the Profit and Loss Statement for the financial year 2005 for your review, we respectfully greet our shareholders, their representatives and our guests who have honored this meeting.

2005 has been an important year, in which the Turkish economy maintained its positive performance as in the recent years. In the year 2005, appreciation of domestic currency continued, interest rates declined and the targets of the national program were largely met, while the domestic financial markets pursued a steady course.

During this period, in line with the improvements in the Turkish economy and positive expectations, it was observed that the banking sector's total assets increased significantly and the asset composition changed in favor of loan portfolio. Increase in the share of loans in total assets, the downward trend in the ratio of non-performing loans to total lending and decrease in the share of marketable securities in total assets indicate that the banking sector is in a healthy development process. On the other hand, the share of local currency deposits in total deposits increased due to appreciation in domestic currency and intensifying competition.

As a result of persisting cost advantage, the banks continued to focus on liability items other than deposits. On the other hand, foreign investors' interest in Turkish banking sector has increased due to positive developments in the economy and the progress in the EU membership process in line with the expectations.

Thanks to the precautions taken by the Bank with rapid and correct assessment of the developments in the national economy and the contribution of our employees, the following results have been realized as of 31.12.2005, compared to the end of the previous year;

- Our shareholders' equity, consisting of paid-in capital, legal reserves, valuation differences, other capital and profit reserves and profit items has increased by 26.67%, reaching TRY 9,677,343 thousand,
- Total deposits with the Bank based on local and foreign currency accounts have increased by 53.78% reaching TRY 37,399,979 thousand,
- Total placements have increased by 56.61%, reaching TRY 43,592,022 thousand,
- Net profit has increased by 50.38%, reaching TRY 955,628 thousand.

On the other hand, our capital adequacy ratio was calculated as 25% as of 31.12.2005.

Considering that the initiation of EU membership negotiation process has increased optimism in markets, the IMF-backed economic program has created a significant confidence, the expectations that the downward trend in the inflation rates will be maintained (though at a slower pace than the previous years), are getting stronger, structural reforms are realized and uncertainties about floating exchange rate system disappear, it is expected that economic targets can be met and positive developments will maintain in the year 2006 as well.

Dear Shareholders,

We hereby submit our Balance Sheet and Profit and Loss Statement within our 2005 Annual Report for your examination and approval.

We would like to take this opportunity to express our gratitude to the Turkish public for their unwavering trust in our Bank which has proven its stature both in Turkey and abroad through its endeavors in conformity with laws and the principles of banking without deviating from the directives of the Bank's founder and the nation's great leader Atatürk, to the institutions of the Turkish state for their continuing support, our employees whose self-sacrificing and unstinting contribution to our success is beyond all praise and once again extend our best regards to our distinguished shareholders and their representatives who have honored this General Assembly with their presence.

TÜRKİYE İŞ BANKASI A.Ş.
BOARD OF DIRECTORS

MATTERS RELATED TO İŞBANK'S ANNUAL GENERAL MEETING

AUDITORS' REPORT

TO THE GENERAL ASSEMBLY OF
TÜRKİYE İŞ BANKASI A.Ş.
İSTANBUL

The operations, accounts and records of Türkiye İş Bankası A.Ş. for the year 2005 have been examined, the explanations of the Bank executives have been assessed and it is concluded that operations have been conducted in conformity with the rules and regulations while the balance sheet and income statement are in conformity with accounting records.

The main balance sheet items as well as the revenues and expenses of the Bank as of December 31st 2005, compared to the previous year are presented below.

(TRY thousand)	31.12.2005	31.12.2004
Cash and Banks	8,993,421	2,223,931
Money Market Securities	1,776,500	0
Financial Placements	22,842,167	15,382,953
Loans	20,749,855	12,451,842
Participations, Subsidiaries and "Marketable Securities of Participation Status" Available for Sale	4,770,077	4,837,670
Fixed Assets	1,762,104	1,915,924
Local and Foreign Currency Deposits	37,399,979	24,320,442
Money Market Takings	5,669,591	799,638
Funds Borrowed	8,185,468	3,863,641
Provisions	1,486,366	991,837
Shareholders' Equity	9,677,343	7,639,999
Income	11,327,512	19,270,770
Expenses and Provisions	10,371,884	18,635,315
Profit / Loss	955,628	635,455

As can be seen from the information presented above for your review, the year 2005 has been more profitable and successful compared to 2004, as a result of the Bank management's adaptation to the decisions which were implemented in the overall economy, appropriate and timely measures and the contribution of the devoted efforts of the entire bank employees.

The Board of Directors has prepared the proposal for the distribution of profit in accordance with the Bank's Articles of Incorporation.

We would like to present for your information that the Bank has continued its efforts in connection with the adoption and implementation of the latest technological developments without interruption and respectfully request your approval of the Balance Sheet and Profit/Loss Account for the year 2005.

Sincerely,



Auditor
H. Ahmet Ergenekon



Auditor
Prof. Dr. Turkey Berksoy

MATTERS RELATED TO İŞBANK'S ANNUAL GENERAL MEETING

DIVIDEND DISTRIBUTION

It is proposed that 2005 profit of TRY 955,627,715 be distributed in accordance with article 58 of İşbank's Articles of Incorporation and the relevant legislation, as detailed below.

	TRY
DISTRIBUTABLE PROFIT	955,627,715
I. FIRST DIVIDEND	646,193,620
(Articles of Incorporation Art. 58/a-b)	
- For Legal Reserves 5%	47,781,386
- Type One Extraordinary Reserve	480,275,719
- First Dividend	
To Group A Shares	60
To Group B Shares	1,740
To Group C Shares	118,134,715
II. SECOND DIVIDEND	309,434,095
(Articles of Incorporation Art.58/c-d-e)	
- To Founders' Shares	3,929
- 0.25% to the Board Members and the CEO in Equal Amounts	773,585
- 20% to Bank Employees	61,886,819
- 10% to Legal Reserves	27,107,282
- 10% to Type Two Extraordinary Reserves	30,943,410
- Second Dividend	
To Group A Shares	230
To Group B Shares	3,336
To Group C Shares	188,715,504

In case the said proposal is approved by the Bank's General Assembly, distribution of dividends to shareholders will commence on 3.4.2006 and the following amounts will be paid as gross dividend:

- TRY 0.2900 for each 1st category Group A shares with a nominal value of TRY 1,
- TRY 0.1750 for each 1st category Group B shares with a nominal value of TRY 1,
- TRY 0.1558 for each 1st-11th category Group C shares with a nominal value of TRY 1,
- TRY 1.5984 for each of the founders' shares.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

İşbank has always complied with the banking regulations including Banks Act and other related legislations.

Most of the requirements of the Corporate Governance Principals issued by the Capital Markets Board have been met through the public disclosures to ISE and CMB, İşbank's Articles of Incorporation which is available on the website of the Bank, the annual report of the Bank and the Bank's website itself.

As required by Article 24 of the new Banking Law Nr. 5411, İşbank has established an "Audit Committee" in accordance with the resolution of the Board of Directors dated November 16th, 2005 and Prof. Ahmet Kirman (Chairman) and Mr. Caner Çimenbiçer (Director) have been appointed as committee members.

On the other hand, as per Article 23 of the said Banking Law, chief executive officers of banks can no longer be in the position of neither the chairman nor deputy chairman. Therefore, İşbank's Chief Executive Officer, Mr. H. Ersin Ozince has ceased his duty as Deputy Chairman and as per the resolution of the Board of Directors dated 30 December 2005, Prof. M. Baran Tuncer, one of the Board members, has been elected as the Deputy Chairman. Without prejudice to the provisions of the Banking Law, explanations with regard to Corporate Governance Principles of the Capital Markets Board, which should be covered in the annual reports of the publicly traded companies, are presented below.

SHAREHOLDERS

Shareholders Relations Department

Investor Relations Unit of İşbank was founded in 1998 and works as a separate group within the head office department responsible for accounting and financial reporting. Following list presents the names and contact details of employees who are working at the Investor Relations Unit, which reports to Mr. M. Sırrı Erkan who is the Deputy Chief Executive of İşbank, responsible for accounting, financial reporting, budgeting and planning and financial operations.

Name, Surname	Title	Telephone Number	E-mail Address
Ömer Karakuş	Manager	(0212) 316 30 02	Omer.Karakus@isbank.com.tr
A. Ferit Eraslan	Group Manager	(0212) 316 30 16	Ferit.Eraslan@isbank.com.tr
Alper Turgal	Specialist	(0212) 316 30 36	Alper.Turgal@isbank.com.tr
İpek Taşkın	Section Head	(0212) 316 30 55	Ipek.Taskin@isbank.com.tr
Yeşim Tohma	Assistant Section Head	(0212) 316 30 97	Yesim.Tohma@isbank.com.tr
Meral Didem Orçen	Officer	(0212) 316 30 50	Didem.Orcen@isbank.com.tr

Principle activities implemented by the Investor Relations Unit are as follows:

- Providing both the existing and potential shareholders and investors, rating agencies, international lenders and other related institutions with requested information which are not categorized as commercial secrets, and making the necessary presentations to these institutions;
- Participating in domestic and overseas investor meetings and conferences organized by international investment institutions;
- Informing the investors about the disclosures of material events and other news on İşbank through the web site and via e-mail;
- Providing the essential and updated information and documentation to the investment community, shareholders, the Bank of New York, which is the sponsor of Is-C ADR/GDR (American/Global Depository Receipt) program of İşbank, London Stock Exchange, where İşbank's GDRs (Global Depository Receipts) are listed, and other interested parties via "Investor Relations" sections of İşbank's website both in English and Turkish through the links <<http://www.isbank.com.tr/ir/ir.asp>> and <<http://www.isbank.com.tr/yatirimci/yi-yatirimci.html>> and keeping the contents of these pages updated.

In the year 2005, more than 500 inquiries were sent to the Investor Relations Unit, and all inquiries have been promptly replied. Meanwhile, the IR group participated in 9 international investor conferences abroad, meeting with 328 investors, and attended 126 investor meetings held in Turkey.

Use of Shareholders' Right to Obtain Information

Information requests of shareholders, received by İşbank via mail, e-mail, and other media are evaluated and replied in the most effective and fastest way. In the year 2005, around 350 information requests were received from shareholders and replied by İşbank. Furthermore, any developments and information on İşbank concerning the shareholders are regularly disclosed on the website and all related parties are regularly informed via e-mail as well.

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

In addition, in case of rights issue, e-mail messages are sent to all shareholders whose e-mail addresses are available in İşbank's records. Those having no e-mail addresses are informed via regular mail. Also, if necessary, İşbank's shareholders are informed by e-mail in the event of bonus issue.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

On the other hand, following information are provided both in English and in Turkish to İşbank's shareholders and investors via the Bank's website for facilitating the shareholders' right to obtain information;

- Periodic financial statements and reports,
- İşbank's presentations,
- Annual reports,
- Rating notes and reports,
- Article of Incorporation,
- Information concerning equity participations,
- Organization Chart,
- Backgrounds of the Board Members and the Bank Executives,
- Ownership structure,
- Prospectus and public offering circulars,
- Disclosures of material events,
- Activities implemented within the framework of Corporate Governance Principles and the report evaluating İşbank's compliance with the Corporate Governance Principles

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

İşbank is audited regularly both by external auditors as required by the Banking Law, and by two other auditors who are appointed at the Shareholders Meeting according to the Turkish Commercial Code and Articles of Incorporation of İşbank.

On the other hand, the "Audit Committee", established in accordance with the resolution of the Board of Directors dated 16 November 2005, as required by Article 24 of the Banking Law, has taken office and undertaken the functions stated in the aforementioned Law. İşbank's Audit Committee members are Prof. Ahmet Kırman (Chairman) and Mr. Caner Çimenbiçer (Director). As per the article 348 of the Turkish Commercial Code, in case of need, shareholders can elect a special auditor for the investigation and inspection of 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 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. İşbank's Articles of Incorporation do not regulate the appointment of special auditor.

Information on General Shareholders Meeting

Procedures of the General Shareholders Meetings are regulated by the Articles of Incorporation which is available on İşbank's 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, İşbank's annual reports prepared for the Shareholders Meeting are also presented to shareholders before the General Shareholders Meeting.

In 2005, İşbank held an Ordinary General Shareholders Meeting on 31.03.2005. Announcements, including the agenda of the meetings and sample of proxy, regarding both Shareholders Meetings, were published on the Trade Registry Gazette, and made public via media and website of İşbank within the legal periods. At the Ordinary General Shareholders Meeting held on 31.03.2005, 75.1% of the shareholders were represented respectively. Invitations to Shareholders Meetings are made according to the Capital Markets Board regulations and the Turkish Commercial Code as well as the 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 at branches to İşbank's shareholders before the Shareholders Meetings in accordance with the connected regulations. Upon request, annual reports are provided to the shareholders before the General Shareholders Meetings.

At İşbank's Shareholders Meetings, all shareholders have right to express their opinions on the subjects of the agenda and raise any questions without any restriction. Moreover, proposals regarding the agenda, which are 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 article 63 of the Articles of Incorporation. In addition, regarding the real estate related transactions of the Banks, according to article no.57 of the Banking Law: "Banks shall not engage in purchase and sale of real estate or commodities for commercial purposes, excluding the contracts based on real estate and commodity under the Capital Market Law No. 2499 except precious metals deemed appropriate by the Board; or participate in companies, whose core business is real estate trading, except mortgage and real estate investment companies." According to İşbank's Articles of Incorporation such transactions are under the authority of board of directors within the framework of Banking Law. Such decisions taken either by the board of directors or by the Bank management with the consent of board of directors, are also made public as "Disclosures of material events" under certain conditions.

Minutes of the Shareholders Meetings are published on the Trade Registry Gazette and they are available from the related head office department of İşbank.

Voting Rights and Minority Rights

İşbank's 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 General Shareholders Meetings. There are detailed explanations on the Bank's capital structure and types of shares both in the Articles of Incorporation and footnotes of the quarterly disclosed financials and these explanations are submitted to the shareholders' information.

Currently İşbank does not have any board member elected by the minority shareholders. There is not any regulation in the Articles of Incorporation regarding cumulative voting procedures. However, this does not prevent minority shareholders from using their voting rights through the same proxy.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Dividend Policy and Deadline for Dividend Distribution

İşbank's dividend distribution principles are explained in detail in the Articles of Incorporation, which is also available on İşbank's website. Thus the Bank's dividend distribution policy is shared with the shareholders. İşbank's dividend distribution is implemented within the legal periods.

On the other hand, dividend distribution proposal of the Board of Directors also takes place in the annual report, which is provided to the shareholders prior to the annual Ordinary General Shareholders Meetings. Dividend distribution is a regular agenda of the General Shareholders Meeting and it is presented to the approval of shareholders and implemented after being approved by the General Meeting.

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

İşbank's information policy has been approved by the Board of Directors and disclosed to public in the year 2005.

General Framework of Information Policy

İşbank discloses all kinds of financial information and other disclosures required within the framework of mainly the Banking Law and the related regulations, the Capital Markets Board regulations, Turkish Commercial Code and the regulations of Istanbul Stock Exchange and London Stock Exchange where the Bank's shares are quoted and the ADR program in the U.S.A. where the Bank's shares are registered, by also considering the generally accepted accounting principles and corporate governance principles; and conducts a detailed policy of disclosure and public information.

The main purpose of information policy is to submit the required information and disclosure, other than trade secrets, to the shareholders, investors, employees, clients, creditors and other related parties with equal treatment, in a timely, accurate, complete, clear and construable manner and to make them easily available with the lowest cost.

İşbank, who has an active approach towards adopting and implementing Corporate Governance Principles, puts great effort in carrying out the requirements of the related regulations and the best international practices with regards to public disclosure and information. Being set in accordance with the above-mentioned context, İşbank's Information Policy has been ratified and put into effect by the Board of Directors.

Authority and Responsibility

Information Policy has been formed by the Board of Directors. Monitoring and improvement of the public disclosure and information policy of İşbank is under the authority and responsibility of the Board of Directors. Managers responsible for financial management and reporting and the investor relations group have been assigned for the coordination of information function. The said authorities fulfill their responsibilities by close cooperation with the Audit Committee and the Board of Directors.

Work Done and Methods and Devices Used in Public Disclosure

The work done and devices and methods used in public disclosure within the framework of banking regulations, Capital Markets Board Regulations, Turkish Commercial Code and other related regulations, are listed below:

- Bank-only and consolidated financial statements and related notes and explanations together with the independent auditor's review report thereon, prepared in accordance with the regulations of the Banking Regulation and Supervision Agency (BRSA) on a quarterly basis, are sent to the Istanbul Stock Exchange (ISE) within the legal time frame and are published on İşbank's website. The related financial statements are signed by the members of the Audit Committee and the managers of the Bank, who are responsible for financial reporting together with a statement of accuracy. Furthermore, the Bank makes a press release related to the quarterly published financial statements and informs the public about the activities implemented during the related period, İşbank's market position, general financial performance and other significant subjects.

Both the financial statements and the press releases are translated into English and submitted to the related parties and published on İşbank's website. Following the ordinary general meeting at the end of a year, regularly an evaluation of the previous year is made in the press conference held by the Chairman of the Board and/or the Chief Executive Officer and the pressmen's questions are answered.

- Bank-only financial statements and related notes and explanations together with the independent auditor's review report thereon, prepared in accordance with the International Accounting Standards on a quarterly basis, are sent to specific creditor institutions and also published on İşbank's website.
- Consolidated financial statements and related notes and explanations together with the independent auditor's review report thereon, prepared in accordance with the International Accounting Standards on yearly basis are published on İşbank's website.
- Disclosures of material events required as per the regulations of the Capital Markets Board (CMB) are sent to the CMB and the ISE within its time limit. Although disclosures of material events are signed on principle by the managers responsible for financial reporting, sometimes as an exception they are also signed by the managers responsible for the departments related to the subject and presented to the related authorities.
- In such cases as changes in the Articles of Incorporation, General Meetings and capital increases, necessary disclosures are made via Trade Registry Gazette and Dailies.
- Before each Annual General Meeting, an Annual Report, including the necessary information and disclosures, is prepared both in Turkish and in English in accordance with the rules of the BRSA, and presented in hard copy form to the shareholders and published on İşbank's website (www.isbank.com.tr). The hard copies of the Annual Reports are also available and can be provided by the Investor Relations group of the Bank, upon request.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

- When necessary, press releases are made through written and visual media. Press releases to the written and visual media can be made by the Chairman of the Board, Chief Executive Officer or Deputy Chief Executive, or by the ones authorized by the said persons.
- Occasionally, shareholders and related parties are informed through conference calls. These conference calls are coordinated by the investor relations group.
- Shareholders and other related parties are kept informed through investor meetings and road-shows in Turkey and abroad. These meetings are conducted by the Investor Relations Group and the Chief Executive Officer, managers responsible for financial management and reporting and the managers of the investor relations group participate in these meetings and road-shows, depending on their availability. If necessary, the teams of participation can be extended.
- The investor relations group sends regularly and periodically by e-mail the financial statements and related disclosures to the shareholders, creditors, rating institutions and researchers that prepare reports about İşbank.
- Detailed information is available on the Investor Relations pages of İşbank's corporate website (www.isbank.com.tr) both in Turkish and in English in line with the corporate governance principles. The said pages are monitored and updated by the investor relations group. All kinds of inquiries sent by the shareholders and related parties via e-mail, letter or telephone are replied in coordination with the investor relations group within the shortest time possible.

Other Disclosures

Public disclosures other than the above are made within the boundaries determined by the framework of the Bank's authorized signatures.

İşbank Corporate Web-site (www.isbank.com.tr) and its Contents

İşbank's website is actively used for information and public disclosure. The website includes the information and data required by the Corporate Governance principles and regulatory authorities, both in Turkish and in English. Information available on the website are notices on the general meetings, agenda of the general meetings, information circular related to the agenda, other information, documents and reports related to the agenda, and methods of participation in the general meeting. Utmost care is given to keep the website up to date.

Disclosure of Material Events

In the year 2005, İşbank made 55 disclosures of material events to the ISE in compliance with the "Material Events Disclosure Requirement" communiqué of the Capital Markets Board. Additional disclosures demanded by the Capital Markets Board were made in due time.

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

Disclosure of Ultimate Controlling Individual Shareholders

There is no controlling individual shareholder of İşbank. İşbank's ownership structure has been revealed to public and this information is updated and disclosed in the footnotes of the financial statements published at the ISE on a quarterly basis. On the other hand, principles and rules of indirect shareholding at 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 on Insiders

As per article 73 of the Banking Law, banks' partners, members of board of directors, employees, representatives and officials shall 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.

This obligation shall continue after leaving office, too. Any person, who has been found to infringe provision of this article, shall be sentenced to a heavy imprisonment term from one year to three years and a judicial fine starting from a thousand days up to two thousand days.

It is also applicable to any third party who has disclosed confidential information relating to a bank's clients. In cases where the persons defined in the above paragraph disclosed confidential information and documents with a view to acquiring benefits for themselves or for others, the penalties shall be increased by one sixth. Furthermore, depending on the importance of the offense, the responsible persons shall be prohibited from working at the institutions subject to this Law temporarily for a period that is not less than two years or permanently.

İşbank fully complies with the legal regulations on insider trading. İşbank has also adopted developing anti-insider trading policies as an indispensable part of its corporate culture. For this reason, using information in order to obtain benefits for oneself or for 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 shares.

STAKEHOLDERS

Informing Stakeholders

İşbank's stakeholders are regularly informed about required subjects and the necessary organizational structure has been formed to satisfy the information demands of shareholders, employees and customers.

Participation of Stakeholders in the Bank Management

İşbank employees participate in the management of the Bank via İşbank Private Pension Fund of Employees, which controls 41.5% 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.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Human Resources Policy

Human Resources Policies of the Bank were defined and based on the principles of equal opportunity, fairness, transparency and performance. The related policies are implemented with the aim of increasing the means for employee progress adhering to basic rules of conduct and ethical values. The need for human resources is met in line with İşbank's vision and mission in respect of human resources, through recruiting people who have the required qualifications for the job using convenient evaluation methods and instruments.

Performances of the employees are evaluated within the framework of personnel evaluation criteria periodically by face to face interviews with the employees; strengths and/or weaknesses of the employees are defined to increase their performances and also to prepare them for a higher position; related development and education schemes are formed; activities are designed for the purpose of realization of these plans and meeting the educational needs. In line with a career management concept based on constant development, by taking into account their skills, staff is employed according to their skills at positions that they are best fit for in terms of satisfying the needs of the Bank and productivity.

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

Social Responsibility

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

In addition to İşbank's contributions to the Turkish economy, it also provides support in the social fields to non-governmental organizations, educational institutions, scientific studies, sports, art and cultural activities. There is no violation of environmental legislation regarding İşbank's operations, and the Bank has never faced legal sanctions thereon.

BOARD OF DIRECTORS

Structure and Composition 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 Kırmızı	Chairman
Prof. Dr. M. Baran Tuncer	Deputy Chairman
H. Ersin Özince	Director and CEO
M. Nail Yağcı	Director
Dr. A. Yavuz Ege	Director
Atty. 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 İşbank Board members is implemented according to article 25 of the Articles of Incorporation and the Banking Law. As per the Banking Law, 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 elsewhere, some activities of board members have been defined as "Forbidden Activities" in article 32 of the Articles of Incorporation of İşbank.

The Qualifications of the Board Members

The Banking Law describes the qualifications required for a board member and İşbank complies with the aforementioned arrangement in the election of board members.

As per article 23 of the Banking Law, the qualifications required for the general manager (The general manager of a bank must have at least undergraduate degrees in the disciplines of law, economics, finance, banking, business administration, public administration and related fields and those that have undergraduate degrees in engineering fields must have a graduate degree in the aforementioned fields, and they must have at least ten years of professional experience in the field of banking or business administration), shall also be required for majority of the board of directors.

Vision, Mission and Strategic Goals of the Bank

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

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Risk Management and Internal Control

As per article 29 of the Banking Law, banks are obliged to establish and operate adequate and efficient internal control, risk management and internal audit systems that are in harmony with the scope and structure of their activities, that can respond to changing conditions and that cover all their branches and participations subject to consolidation in order to monitor and control the risks that they encounter. Internal control activities are carried out by the internal control department and the internal control personnel reporting to the board of directors, and risk management activities are performed by the Risk Management Department and personnel reporting to the board of directors. Furthermore, banks have to establish internal audit systems that involve all their units, branches and participations subject to consolidation. In this context, bank auditors investigate the conformity of the banking activities to the legislation, articles of association, internal regulations and banking principles.

The communiqué on the Risk Management and Internal Control Systems of Banks was published on the official Gazette No. 24312 dated 8 February 2001, regarding the risk management and internal control systems of banks. İşbank's risk management and internal control systems have been established in accordance with the best international practices as well as domestic regulations. İşbank's internal audit system is comprised of the Board of Inspectors and Internal Control Department and the risk management system is comprised of Risk Management Department. 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 Authority and Responsibilities of the Board of Directors and the Management

Authorizations and responsibilities of the board members, the CEO and the auditors are clearly defined in the Banking Law, the related legislation to the Banking Law, the Turkish Commercial Code and the Articles of Incorporation of İşbank.

Fundamental Functions of the Board of Directors

The Board meetings are held once a month. The 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.

The Secretariat to the Board of Directors provides information and communication between İşbank Board members.

21 Board meetings were held in the year 2005. 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 the meetings in person, on the subjects described in 2.17.4 article of part IV of the Corporate Governance Principles issued by the Capital Markets Board.

Prohibition of Transaction and Competition with the Company

As per the article 32 of İşbank's Articles of Incorporation; board members cannot directly or indirectly do commercial business with the Bank for themselves or on behalf of others 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 society's respect to the business of banking by avoiding unfair competition in the banking sector, the banks, including İşbank, that constitute the Turkish banking sector, united under the "Banks Association of Turkey" to form the "Code of Banking Ethics" for regulating ethical rules to be effective for the banks' 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 Markets 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 the organization have also been adopted by İşbank and shared with its employees through internal communication channels (intranet). On the other hand, İşbank has formed its policies and procedures on anti-money laundering and shared them with its employees through the intranet.

Number, Structure and Independency of the Committees Established within the Board of Directors

The administrative and organizational structuring required by the Banking Law Nr. 5411 and related legislation, exists in İşbank.

As required by article 24 of the Banking Law, İşbank Audit Committee has been established in accordance with the resolution of İşbank Board of Directors dated 16 November 2005, nr. 31911 and directors Prof. Ahmet Kırmacı and Mr. Caner Çimenbiçer were appointed as committee members. The Audit Committee convenes at least twice a year, no longer than six month intervals, and determines the consequences of the its activities, the measures to be taken at the Bank, the practices that are needed and other issues that it deems important for İşbank to operate safely, and reports them to the Board.

The resolutions of the Audit Committee are recorded to the book. Each resolution is signed by the members. In case of a tie vote, decision is taken in line with the vote of the Chairman of the Committee. The resolutions of the Audit Committee and the minutes of the meeting are recorded and filed by the secretariat to the board.

The Remuneration of Board of Directors

Monthly remunerations of the Board members and auditors are determined annually at İşbank's General Shareholders Meetings and disclosed to the İstanbul Stock Exchange.

On the other hand, restrictions related with the loans to be extended by İşbank to the Board members are defined in the Banking Law and İşbank complies with the requirements of the related legislation. According to article 50 of the Banking Law, banks shall under no condition and in no way grant cash or non-cash loans to, and purchase bonds or similar securities of the board members. In this context, İşbank does not extend loans to its board members.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

As for the remuneration of the Board of Directors; article 58 of İşbank's Articles of Incorporation contains the following expression: "After the legal and extraordinary reserves fund and the first dividend have been allocated from the net profit, 0.25% of the remaining 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 İşbank to a large extent.

Financial Information and Assessment on Risk Management

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TÜRKİYE İŞ BANKASI A.Ş.

INDEPENDENT AUDITOR'S REPORT

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 2005

1. We have audited the accompanying balance sheet of Türkiye İş Bankası A.Ş. ("the Bank") as at 31 December 2005 and the related statements of income, changes in shareholders' equity and cash flow for the year then ended. These financial statements are the responsibility of the Bank's management. As independent auditor, our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the accounting rules and policies, and the accounting and auditing standards, set out in the Banks Act No: 5411 and in accordance with the temporary article 1 of the Banks Act No: 5411. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 where no recent independent valuation reports are available, there is no clear evidence to indicate whether any decrease in permanent value has occurred. Therefore, the accompanying financial statements do not contain any provision for potential decline in these investments. For those unquoted investments where independent valuations are available, a total provision of YTL 454,085 Thousand has been allocated in the accompanying financial statements.
4. Included in free provisions allocated throughout the year 2005, certain free provisions have been converted into specific provisions. Free provisions in the amount of YTL 343,972 Thousand has been allocated as the specific provision for the decline in value of the unquoted investments, free provisions in the amount of YTL 285,630 Thousand has been allocated as the specific provision calculated within the context of the temporary article 23 of the Banks Act No: 5411 for the technical deficit of Employees' Pension Fund of Türkiye İş Bankası A.Ş. which is established within the context of the temporary article 20 of the Social Insurance Law No: 506, and free provisions in the amount of YTL 128,833 Thousand has been allocated as the specific provision for the decline in value of the fixed assets to be sold. In addition to, the accompanying financial statements include YTL 82,000 Thousand free provision, accounted in the other provisions.
5. In our opinion, except for such adjustments as may be necessary in respect of the matters set out in paragraphs 3 and 4 above, we are not aware of any material modifications that should be made to the financial statements showing the financial position of Türkiye İş Bankası A.Ş. as at 31 December 2005 and the results of its operations and its cash flow for the period then ended in order for them to be in conformity with the accounting principles and standards set out in the article 37 of the Banks Act No: 5411 and the temporary article 1 of the Banks Act No: 5411.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU

İstanbul, 14 February 2006



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.

UNCONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET (TRY THOUSAND)	CURRENT PERIOD			PREVIOUS PERIOD		
	(31/12/2005)			(31/12/2004)		
ASSETS	LC	FC	Total	LC	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	3,560,364	1,398,610	4,958,974	580,600	562,962	1,143,562
1.1.Cash	193,653	0	193,653	178,243	0	178,243
1.2.Foreign currency	0	99,211	99,211	0	113,829	113,829
1.3.Balances with the Central Bank of Turkey	3,366,711	1,298,986	4,665,697	402,357	446,626	848,983
1.4.Others	0	413	413	0	2,507	2,507
II. TRADING SECURITIES (Net)	827,594	155,053	982,647	338,479	12,960	351,439
2.1.Public sector debt securities	824,564	147,961	972,525	335,862	6,027	341,889
2.1.1.Government bonds	373,485	147,961	521,446	334,897	6,027	340,924
2.1.2.Treasury bills	451,079	0	451,079	965	0	965
2.1.3.Other public sector debt securities	0	0	0	0	0	0
2.2.Share certificates	153	0	153	113	0	113
2.3.Other marketable securities	2,877	7,092	9,969	2,504	6,933	9,437
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	45,959	3,988,488	4,034,447	40,538	1,039,831	1,080,369
3.1.Due from banks	45,959	3,988,488	4,034,447	40,538	1,039,831	1,080,369
3.1.1.Domestic banks	6	0	6	17,001	0	17,001
3.1.2.Foreign banks	45,953	3,988,488	4,034,441	23,537	1,039,831	1,063,368
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	1,776,500	0	1,776,500	0	0	0
4.1.Interbank money market placements	1,200,000	0	1,200,000	0	0	0
4.2.Istanbul Stock Exchange money market placements	0	0	0	0	0	0
4.3.Receivables from reverse repurchase agreements	576,500	0	576,500	0	0	0
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	10,275,173	9,998,661	20,273,834	4,913,640	8,267,187	13,180,827
5.1.Share certificates	13,683	0	13,683	13,688	0	13,688
5.2.Other marketable securities	10,261,490	9,998,661	20,260,151	4,899,952	8,267,187	13,167,139
VI. LOANS	15,729,149	5,020,706	20,749,855	8,226,301	4,225,541	12,451,842
6.1.Short term	6,541,787	1,778,823	8,320,610	4,707,742	1,836,142	6,543,884
6.2.Medium and long term	9,187,362	3,241,883	12,429,245	3,518,559	2,389,399	5,907,958
6.3.Loans under follow-up	1,051,488	1,947	1,053,435	1,131,538	1,793	1,133,331
6.4.Specific provisions (-)	1,051,488	1,947	1,053,435	1,131,538	1,793	1,133,331
VII. FACTORING RECEIVABLES	0	0	0	0	0	0
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	316,541	0	316,541	316,541	0	316,541
8.1.Public sector debt securities	316,541	0	316,541	316,541	0	316,541
8.1.1.Government bonds	316,541	0	316,541	316,541	0	316,541
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)	825,888	0	825,888	1,593,737	0	1,593,737
9.1.Financial investments and associates	48,895	0	48,895	47,695	0	47,695
9.2.Non-Financial investments and associates	776,993	0	776,993	1,546,042	0	1,546,042
X. SUBSIDIARIES (Net)	3,847,469	83,037	3,930,506	3,136,810	93,435	3,230,245
10.1.Financial subsidiaries	1,836,960	83,037	1,919,997	1,099,022	93,435	1,192,457
10.2.Non-Financial subsidiaries	2,010,509	0	2,010,509	2,037,788	0	2,037,788
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	0	1,282,828	1,282,828	343,888	1,203,946	1,547,834
XIV. MISCELLANEOUS RECEIVABLES	54,964	164,248	219,212	38,688	22,799	61,487
XV. ACCRUED INTEREST AND INCOME RECEIVABLE	1,765,716	232,278	1,997,994	1,039,061	230,292	1,269,353
15.1.Loans	1,056,557	52,190	1,108,747	687,167	53,681	740,848
15.2.Marketable securities	648,101	145,354	793,455	325,178	155,832	481,010
15.3.Other	61,058	34,734	95,792	26,716	20,779	47,495
XVI. PROPERTY AND EQUIPMENT (Net)	1,758,632	3,472	1,762,104	1,912,019	3,905	1,915,924
16.1.Book value	4,639,531	6,350	4,645,881	4,735,309	6,810	4,742,119
16.2.Accumulated Depreciation (-)	2,880,899	2,878	2,883,777	2,823,290	2,905	2,826,195
XVII. INTANGIBLE ASSETS [Net]	1	0	1	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 (-)	1	0	1	0	0	0
XVIII. DEFERRED TAX ASSETS	0	0	0	0	0	0
XIX. OTHER ASSETS	535,648	65,489	601,137	367,276	3,336	370,612
TOTAL ASSETS	41,319,598	22,392,870	63,712,468	22,847,580	15,666,194	38,513,774

TÜRKİYE İŞ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET (TRY THOUSAND)	CURRENT PERIOD			PREVIOUS PERIOD		
	(31/12/2005)			(31/12/2004)		
LIABILITIES	LC	FC	Total	LC	FC	Total
I. DEPOSITS	22,055,305	15,344,674	37,399,979	11,547,384	12,773,058	24,320,442
1.1.Bank deposits	1,122,409	1,339,172	2,461,581	428,611	218,964	647,575
1.2.Saving deposits	9,945,308	0	9,945,308	7,089,941	0	7,089,941
1.3.Public sector deposits	82,444	0	82,444	45,669	0	45,669
1.4.Commercial deposits	6,961,131	0	6,961,131	2,422,950	0	2,422,950
1.5.Other institutions deposits	3,944,013	0	3,944,013	1,560,213	0	1,560,213
1.6.Foreign currency deposits	0	14,005,502	14,005,502	0	12,554,094	12,554,094
1.7.Precious metals vault accounts	0	0	0	0	0	0
II. INTERBANK MONEY MARKET	4,174,931	1,494,660	5,669,591	491,347	308,291	799,638
2.1.Interbank money market takings	0	0	0	0	0	0
2.2.Istanbul Stock Exchange money market takings	0	0	0	0	0	0
2.3.Funds provided under repurchase agreements	4,174,931	1,494,660	5,669,591	491,347	308,291	799,638
III. FUNDS BORROWED	1,632,452	6,553,016	8,185,468	108,031	3,755,610	3,863,641
3.1.Funds borrowed from the Central Bank of Turkey	0	0	0	0	0	0
3.2.Other funds borrowed	1,632,452	6,553,016	8,185,468	108,031	3,755,610	3,863,641
3.2.1.Domestic banks and institutions	89,742	42,550	132,292	108,031	69,854	177,885
3.2.2.Foreign banks, institutions and funds	1,542,710	6,510,466	8,053,176	0	3,685,756	3,685,756
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	295,283	84,086	379,369	186,288	51,640	237,928
VII. OTHER EXTERNAL RESOURCES	55,642	207,845	263,487	54,392	305,546	359,938
VIII. TAXES AND OTHER DUTIES PAYABLE	63,809	129	63,938	63,234	131	63,365
IX. FACTORING PAYABLES	0	0	0	0	0	0
X. FINANCE LEASING PAYABLES (Net)	0	55,877	55,877	0	28,102	28,102
10.1.Finance Leasing Payables	0	60,820	60,820	0	30,496	30,496
10.2.Deferred finance leasing expenses (-)	0	4,943	4,943	0	2,394	2,394
XI. ACCRUED INTEREST AND EXPENSES PAYABLE	382,488	138,509	520,997	147,222	61,662	208,884
11.1.Deposits	273,733	36,144	309,877	123,160	29,254	152,414
11.2.Borrowings	87,695	31,186	118,881	4,743	20,531	25,274
11.3.Repurchase agreements	4,205	19,399	23,604	383	6,586	6,969
11.4.Other	16,855	51,780	68,635	18,936	5,291	24,227
XII. PROVISIONS	1,374,621	111,745	1,486,366	860,375	131,462	991,837
12.1.General provisions	148,827	436	149,263	94,877	441	95,318
12.2.Reserve for employee termination benefits	30,593	0	30,593	29,783	0	29,783
12.3.Provisions for income taxes	743,425	0	743,425	497,379	0	497,379
12.4.Insurance technical reserves (Net)	0	0	0	0	0	0
12.5.Other provisions	451,776	111,309	563,085	238,336	131,021	369,357
XIII. SUBORDINATED LOANS	0	0	0	0	0	0
XIV. DEFERRED TAX LIABILITIES	10,053	0	10,053	0	0	0
XV. SHAREHOLDERS' EQUITY	9,383,782	293,561	9,677,343	7,511,383	128,616	7,639,999
15.1.Paid-in capital	1,968,942	0	1,968,942	1,640,757	0	1,640,757
15.2.Capital Reserves	4,971,782	293,561	5,265,343	4,049,443	128,616	4,178,059
15.2.1.Share premium	3,694	0	3,694	3,694	0	3,694
15.2.2.Share cancellation profits	0	0	0	0	0	0
15.2.3.Marketable securities value increase fund	2,427,082	293,561	2,720,643	1,510,345	128,616	1,638,961
15.2.4.Revaluation fund	70,391	0	70,391	0	0	0
15.2.5.Value increase in revaluation fund	99,303	0	99,303	0	0	0
15.2.6.Other capital reserves	2,371,312	0	2,371,312	2,535,404	0	2,535,404
15.2.7.Difference arising from the restatement of paid-in capital	0	0	0	0	0	0
15.3.Profit reserves	1,487,430	0	1,487,430	1,185,728	0	1,185,728
15.3.1.Legal reserves	848,152	0	848,152	800,183	0	800,183
15.3.2.Status reserves	0	0	0	0	0	0
15.3.3.Extraordinary reserves	638,866	0	638,866	385,545	0	385,545
15.3.4.Other profit reserves	412	0	412	0	0	0
15.4. Profit or loss	955,628	0	955,628	635,455	0	635,455
15.4.1.Prior year income/loss	0	0	0	0	0	0
15.4.2.Current year income/loss	955,628	0	955,628	635,455	0	635,455
TOTAL LIABILITIES	39,428,366	24,284,102	63,712,468	20,969,656	17,544,118	38,513,774

TÜRKİYE İŞ BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS

OFF-BALANCE SHEET COMMITMENTS (TRY THOUSAND)		CURRENT PERIOD (31/12/2005)			PREVIOUS PERIOD (31/12/2004)		
		LC	FC	Total	LC	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	10,480,439	15,127,003	25,607,442	7,301,031	6,687,197	13,988,228
I.	GUARANTEES AND WARRANTIES	2,300,793	4,579,401	6,880,194	1,732,963	4,102,038	5,835,001
1.1.	Letters of guarantee	2,300,784	2,424,525	4,725,309	1,732,910	2,375,920	4,108,830
1.1.1.	Guarantees subject to State Tender Law	322,282	523,393	845,675	301,162	628,100	929,262
1.1.2.	Guarantees given for foreign trade operations	86,963	664,322	751,285	111,248	685,981	797,229
1.1.3.	Other letters of guarantee	1,891,539	1,236,810	3,128,349	1,320,500	1,061,839	2,382,339
1.2.	Banks loans	0	146,071	146,071	0	186,312	186,312
1.2.1.	Import letters of acceptance	0	143,112	143,112	0	180,545	180,545
1.2.2.	Other bank acceptances	0	2,959	2,959	0	5,767	5,767
1.3.	Letters of credit	9	1,936,219	1,936,228	53	1,538,883	1,538,936
1.3.1.	Documentary letters of credit	9	1,614,547	1,614,556	7	1,442,735	1,442,742
1.3.2.	Other letters of credit	0	321,672	321,672	46	96,148	96,194
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	72,586	72,586	0	923	923
1.9.	Other warranties	0	0	0	0	0	0
II.	COMMITMENTS	7,371,928	815,169	8,187,097	5,414,381	1,023,308	6,437,689
2.1.	Irrevocable commitments	7,365,566	815,169	8,180,735	5,386,957	1,023,308	6,410,265
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	130	0	130
2.1.4.	Loan granting commitments	0	397,867	397,867	0	599,107	599,107
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	1,482,639	0	1,482,639	1,132,537	0	1,132,537
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	5,795,111	404,120	6,199,231	4,198,274	406,307	4,604,581
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	87,686	13,182	100,868	56,016	17,894	73,910
2.2.	Revocable commitments	6,362	0	6,362	27,424	0	27,424
2.2.1.	Revocable loan granting commitments	0	0	0	0	0	0
2.2.2.	Other revocable commitments	6,362	0	6,362	27,424	0	27,424
III.	DERIVATIVE FINANCIAL INSTRUMENTS	807,718	9,732,433	10,540,151	153,687	1,561,851	1,715,538
3.1.	Forward foreign currency buy/sell transactions	671,654	707,429	1,379,083	36,620	181,262	217,882
3.1.1.	Forward foreign currency transactions-buy	188,879	485,862	674,741	18,783	90,260	109,043
3.1.2.	Forward foreign currency transactions-sell	482,775	221,567	704,342	17,837	91,002	108,839
3.2.	Swap transactions related to foreign currency and interest rates	82,503	5,644,847	5,727,350	0	508,009	508,009
3.2.1.	Foreign currency swap-buy	0	2,854,222	2,854,222	0	254,339	254,339
3.2.2.	Foreign currency swap-sell	82,503	2,790,625	2,873,128	0	253,670	253,670
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	52,610	3,310,546	3,363,156	117,067	872,580	989,647
3.3.1.	Foreign currency options-buy	26,855	55,576	82,431	42,930	25,551	68,481
3.3.2.	Foreign currency options-sell	25,755	56,622	82,377	28,879	38,911	67,790
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	0	1,599,174	1,599,174	22,629	404,059	426,688
3.3.6.	Securities options-sell	0	1,599,174	1,599,174	22,629	404,059	426,688
3.4.	Foreign currency futures	951	917	1,868	0	0	0
3.4.1.	Foreign currency futures-buy	171	755	926	0	0	0
3.4.2.	Foreign currency futures-sell	780	162	942	0	0	0
3.5.	Interest rate futures	0	68,694	68,694	0	0	0
3.5.1.	Interest rate futures-buy	0	35,742	35,742	0	0	0
3.5.2.	Interest rate futures-sell	0	32,952	32,952	0	0	0
3.6.	Other	0	0	0	0	0	0

TÜRKİYE İŞ BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS

OFF-BALANCE SHEET COMMITMENTS (TRY THOUSAND)		CURRENT PERIOD (31/12/2005)			PREVIOUS PERIOD (31/12/2004)		
		LC	FC	Total	LC	FC	Total
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	193,047,437	9,440,393	202,487,830	31,456,082	8,212,876	39,668,958
IV.	ITEMS HELD IN CUSTODY	26,198,584	2,103,262	28,301,846	21,876,737	2,568,935	24,445,672
4.1.	Assets under management	0	0	0	0	0	0
4.2.	Investment securities held in custody	21,031,426	1,083,112	22,114,538	19,178,738	0	19,178,738
4.3.	Checks received for collection	2,606,242	60,061	2,666,303	1,781,308	30,484	1,811,792
4.4.	Commercial notes received for collection	1,349,292	920,391	2,269,683	771,187	1,035,236	1,806,423
4.5.	Other assets received for collection	0	2,418	2,418	200	1,427	1,627
4.6.	Assets received for public offering	88,412	0	88,412	60,980	0	60,980
4.7.	Other items under custody	1,123,208	37,280	1,160,488	84,324	1,501,788	1,586,112
4.8.	Custodians	4	0	4	0	0	0
V.	PLEDGED ITEMS	166,848,853	7,337,131	174,185,984	9,579,345	5,643,941	15,223,286
5.1.	Marketable securities	150,407,150	0	150,407,150	249,785	0	249,785
5.2.	Guarantee notes	415,739	2,603,729	3,019,468	269,081	2,630,110	2,899,191
5.3.	Commodity	570,576	0	570,576	0	0	0
5.4.	Warranty	0	0	0	0	0	0
5.5.	Immovables	15,347,507	4,698,678	20,046,185	9,001,904	2,969,019	11,970,923
5.6.	Other pledged items	107,881	34,724	142,605	58,575	43,476	102,051
5.7.	Pledged items-depository	0	0	0	0	1,336	1,336
VI.	AVALS ACCEPTED AND WARRANTIES GIVEN	0	0	0	0	0	0
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		203,527,876	24,567,396	228,095,272	38,757,113	14,900,073	53,657,186

TÜRKİYE İŞ BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT	TRY THOUSAND	
	CURRENT PERIOD	PREVIOUS PERIOD
	(31/12/2005)	(31.12.2004)
I. INTEREST INCOME	5,400,610	4,492,634
1.1. Interest on loans	2,978,779	2,264,018
1.1.1. Interest on LC loans	2,674,162	1,989,578
1.1.1.1. Short term loans	1,420,664	1,261,256
1.1.1.2. Medium and long term loans	1,253,498	728,322
1.1.2. Interest on foreign currency loans	263,034	238,414
1.1.2.1. Short term loans	102,234	111,553
1.1.2.2. Medium and long term loans	160,800	126,861
1.1.3. Interest on loans under follow-up	41,583	36,026
1.1.4. Premiums received from Resource Utilisation Support Fund	0	0
1.2. Interest received from reserve deposits	117,692	98,209
1.3. Interest received from banks	46,943	32,626
1.3.1. The Central Bank of Turkey	65	645
1.3.2. Domestic banks	5,867	2,372
1.3.3. Foreign banks	41,011	29,609
1.3.4. Branches and offices abroad	0	0
1.4. Interest received from money market transactions	12,287	4,921
1.5. Interest received from marketable securities portfolio	2,127,842	2,002,355
1.5.1. Trading securities	109,563	431,413
1.5.2. Available-for-sale securities	1,996,894	1,476,248
1.5.3. Held to maturity securities	21,385	94,694
1.6. Other interest income	117,067	90,505
II. INTEREST EXPENSE	2,818,937	2,400,052
2.1. Interest on deposits	2,226,340	1,953,902
2.1.1. Bank deposits	67,147	35,704
2.1.2. Saving deposits	1,123,554	1,276,863
2.1.3. Public sector deposits	7,249	2,696
2.1.4. Commercial deposits	359,341	198,648
2.1.5. Other institutions deposits	445,975	225,060
2.1.6. Foreign currency deposits	223,074	214,931
2.1.7. Precious metals vault accounts	0	0
2.2. Interest on money market transactions	271,473	313,479
2.3. Interest on funds borrowed	301,966	118,876
2.3.1. The Central Bank of Turkey	0	0
2.3.2. Domestic banks	17,159	22,424
2.3.3. Foreign banks	284,807	96,452
2.3.4. Foreign head office and branches	0	0
2.3.5. Other financial institutions	0	0
2.4. Interest on securities issued	0	0
2.5. Other interest expense	19,158	13,795
III. NET INTEREST INCOME (I - II)	2,581,673	2,092,582
IV. NET FEES AND COMMISSIONS INCOME	893,866	709,500
4.1. Fees and commissions received	1,006,469	837,100
4.1.1. Cash loans	58,106	68,282
4.1.2. Non-cash loans	69,819	71,848
4.1.3. Other	878,544	696,970
4.2. Fees and commissions paid	112,603	127,600
4.2.1. Cash loans	25,833	23,050
4.2.2. Non-cash loans	12	30
4.2.3. Other	86,758	104,520

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INCOME STATEMENT	TRY THOUSAND	
	CURRENT PERIOD	PREVIOUS PERIOD
	(31/12/2005)	(31.12.2004)
V. DIVIDEND INCOME	875	1,401
5.1. Trading securities	0	0
5.2. Available-for-sale securities	875	1,401
VI. NET TRADING INCOME	238,693	493,518
6.1. Profit/losses on trading account securities (Net)	214,183	396,885
6.1.1 Profit on trading account securities	477,386	438,855
6.1.1.1 Profit on derivative financial instruments	183,197	27,427
6.1.1.2 Other profit on trading account securities	294,189	411,428
6.1.2. Losses on trading account securities (-)	263,203	41,970
6.1.2.1 Losses on derivative financial instruments	202,104	23,433
6.1.2.2 Other losses on trading account securities	61,099	18,537
6.2. Foreign exchange gains/losses (Net)	24,510	96,633
6.2.1 Foreign exchange gains	3,745,352	12,979,640
6.2.2 Foreign exchange losses (-)	3,720,842	12,883,007
VII. OTHER OPERATING INCOME	606,079	413,554
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	4,321,186	3,710,555
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	1,099,956	1,068,686
X. OTHER OPERATING EXPENSES (-)	1,662,886	1,516,484
XI. NET OPERATING INCOME (VIII-IX-X)	1,558,344	1,125,385
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	90,736	107,586
XIII. NET MONETARY POSITION INCOME/EXPENSE	0	-133,717
XIV. INCOME BEFORE TAXES (XI+XII+XIII)	1,649,080	1,099,254
XV. PROVISION FOR TAXES ON INCOME (-)	693,453	463,799
15.1. Current Provision for Tax	743,425	463,799
15.2. Deferred Provision for Tax	-49,972	0
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)	955,627	635,455
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES	1	0
17.1. Extraordinary net income/expense before taxes	1	0
17.1.1. Extraordinary income	5	0
17.1.2. Extraordinary expense (-)	4	0
17.2. Provision for taxes on extraordinary income (-)	0	0
XVIII. NET PERIOD PROFIT/LOSS (XVI+XVII)	955,628	635,455
Profit/Loss Per Share (*)	0,000485	0,000387

* Shown in exact TRY amount.

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UNCONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (TRY THOUSAND)

	Paid-in Capital	Capital Reserves due to Inflation Adjustment of Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves
PREVIOUS PERIOD (31/12/2004)					
I. Balance at end of Previous Period	1,426,724	2,520,643	3,694	-	756,100
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					44,083
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	214,033	14,761			
6.7.Foreign Exchange Differences					
6.8.Other					
VII. Convertible Bonds					
VIII. Other					
Balance at End of Period (I+II+IV+V+VI+VII+VIII)	1,640,757	2,535,404	3,694	-	800,183
CURRENT PERIOD (31/12/2005)					
I. Balance at End of Previous Period	1,640,757	2,535,404	3,694	-	800,183
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					47,969
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	328,185	(164,092)			
8.7.Foreign Exchange Differences					
8.8.Other					
IX. Convertible Bonds					
X. Other					
Balance at End of Period (I+II+IV+V+VI+VII+VIII+IX+X)	1,968,942	2,371,312	3,694	-	848,152

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Statutory Reserves	Extraordinary Reserves	Other Reserves	Net Current Period Profit (Loss)	Previous Period Profit (Loss)	Revaluation Fund	Value Increase Revaluation Fund	Marketable Securities Value Increase Fund	Total
-	334,505	-	-	489,626	-	-	849,952	6,381,244
								-
			635,455					635,455
				(165,290)				(165,290)
	280,253			(324,336)				-
								-
								-
								-
								-
	(228,794)							-
								-
	(419)						789,009	788,590
-	385,545	-	635,455	-	-	-	1,638,961	7,639,999
-	385,545	-	-	635,455	-	-	1,638,961	7,639,999
								-
					141,300	99,303	1,081,682	1,322,285
								-
								-
								-
								-
								-
			955,628					955,628
				(244,003)				(244,003)
	343,483			(391,452)				-
								-
								-
								-
								-
								-
	(93,184)				(70,909)			-
								-
	3,022	412						3,434
-	638,866	412	955,628	-	70,391	99,303	2,720,643	9,677,343

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UNCONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH-FLOW (TRY THOUSAND)	CURRENT PERIOD (31/12/2005)	PREVIOUS PERIOD (31/12/2004)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1. Operating Profit Before Changes in Operating Assets and Liabilities (+)	1,311,855	820,319
1.1.1. Interest Received (+)	4,591,237	4,627,703
1.1.2. Interest Paid (-)	-2,606,563	-2,398,597
1.1.3. Dividend Received (+)	37,096	26,103
1.1.4. Fees and Commissions Received (+)	1,006,469	837,100
1.1.5. Other Income (+)	258,910	541,143
1.1.6. Collections from Previously Written Off Loans and Other Receivables (+)	41,583	36,026
1.1.7. Cash Payments to Personnel and Service Suppliers (-)	-818,547	-733,777
1.1.8. Taxes Paid (-)	-535,521	-126,260
1.1.9. Extraordinary Items (+/-)	0	0
1.1.10. Other (+/-)	-662,809	-1,989,122
1.2. Changes in Operating Assets and Liabilities	10,494,386	527,432
1.2.1. Net Increase/Decrease in Trading Securities (+/-)	-631,208	2,210,808
1.2.2. Net Increase/Decrease Due From Banks (+/-)	-2,954,078	383,594
1.2.3. Net Increase/Decrease in Loans (+/-)	-8,214,540	-3,193,242
1.2.4. Net Increase/Decrease in Other Assets (+/-)	-60,944	-278,446
1.2.5. Net Increase/Decrease in Bank Deposits (+/-)	1,814,006	-19,638
1.2.6. Net Increase/Decrease in Other Deposits (+/-)	11,265,531	2,071,102
1.2.7. Net Increase/Decrease in Funds Borrowed (+/-)	4,321,827	760,065
1.2.8. Net Increase/Decrease in Matured Payables (+/-)	0	0
1.2.9. Net Increase/Decrease in Other Liabilities (+/-)	4,953,792	-1,406,811
I. Net Cash Provided From Banking Operations (+/-)	11,806,241	1,347,751
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Flow Provided from Investing Activities (+/-)	-5,939,679	-1,206,058
2.1. Cash Paid for Purchase of Participations, Subsidiaries and Other Investments (-)	-48,598	-93,549
2.2. Cash Obtained from Sale of Participations, Subsidiaries and Other Investments (+)	697,338	95,226
2.3. Fixed Assets Purchases (-)	-265,588	-188,460
2.4. Fixed Assets Sales (+)	267,922	1,422,692
2.5. Cash Paid for Purchase of Securities Available for Sale (-)	-6,750,908	-3,250,593
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 (+)	0	773,697
2.9. Extraordinary Items (+/-)	0	0
2.10. Other (+/-)	160,155	34,929
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities (+/-)	-274,650	-191,843
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 (-)	-244,003	-165,290
3.5. Payments made for Finance Leases (-)	-30,647	-26,553
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)	5,591,912	-50,150
VI. Cash and Cash Equivalents at Beginning of the Period (+)	1,143,562	1,193,712
VII. Cash and Cash Equivalents at End of the Period (V+VI)	6,735,474	1,143,562

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UNCONSOLIDATED FINANCIAL STATEMENTS

	CURRENT PERIOD (31/12/2005)	PREVIOUS PERIOD (31/12/2004)
PROFIT DISTRIBUTION TABLE (TRY THOUSAND)		
I.DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1.PROFIT FOR THE PERIOD	1,649,081	1,099,254
1.2.TAXES AND LEGAL OBLIGATIONS PAYABLE (-)	693,453	463,799
1.2.1.Corporate Tax (Income Tax)	742,305	462,480
1.2.2.Income Tax Withholding	1,120	1,319
1.2.3.Other Taxes and Legal Obligations	-49,972	0
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	955,628	635,455
1.3.LOSSES IN PREVIOUS PERIODS (-)	0	0
1.4.FIRST LEGAL RESERVES (-)	0	31,773
1.5.LEGAL RESERVES TO BE KEPT AT BANK AND SAVED (-)	0	325,511
B. DISTRIBUTABLE NET PROFIT FOR THE PERIOD [(A)-(1.3+1.4+1.5)] (1)	955,628	278,171
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	0	98,446
1.6.1.To Holders of Share Certificates	0	98,444
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	35,945
1.8.DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	449
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	0	109,162
1.9.1.To Holders of Share Certificates	0	109,157
1.9.2.To Holders of Preferred Share Certificates	0	2
1.9.3.To Participation Bonus Shares	0	3
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	16,196
1.11.STATUTORY RESERVES (-)	0	0
1.12.EXTRAORDINARY RESERVES	0	17,973
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 (3)		
3.1.TO HOLDERS OF SHARE CERTIFICATES	0	0.000387
3.2.TO HOLDERS OF SHARE CERTIFICATES (%)	0	39
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	0.005061
4.2.TO HOLDERS OF SHARE CERTIFICATES (%)	0	13
4.3.TO HOLDERS OF PREFERRED SHARE CERTIFICATES	0	0
To Group A Shares	0	0.000110
To Group B Shares	0	0.001398
4.4.TO HOLDERS OF PREFERRED SHARE CERTIFICATES (%)	0	0
To Group A Shares	0	22
To Group B Shares	0	14

(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): The amount shown under Other Tax and Legal Requirements is the Deferred Tax income.

(3): Indicated in full TRY value.

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FINANCIAL HIGHLIGHTS AND MAIN RATIOS FOR THE PERIOD OF 2001-2005

ASSETS (TRY thousand)	31/12/01	31/12/02	31/12/03	31/12/04	31/12/05
Cash and Banks (*)	2,949,248	2,946,095	3,519,083	3,771,765	12,052,749
Securities (Net)	3,921,333	7,573,398	11,837,891	13,848,807	21,573,022
Loans	3,958,663	6,540,676	8,579,098	12,451,842	20,749,855
Associates and Subsidiaries (Net)	2,131,803	2,781,534	3,128,828	4,823,982	4,756,394
Fixed Assets (Net)	1,319,947	1,999,296	2,205,855	1,915,926	1,762,105
Other Assets	2,111,746	1,890,291	1,792,015	1,701,452	2,818,343
Total Assets	16,392,740	23,731,290	31,062,770	38,513,774	63,712,468
LIABILITIES (TRY thousand)	31/12/01	31/12/02	31/12/03	31/12/04	31/12/05
Deposits	11,432,358	16,720,074	19,561,606	24,320,442	37,399,979
Interbank Money Market	0	302,922	1,907,861	799,638	5,669,591
Funds Borrowed	1,259,223	1,435,416	2,726,256	3,863,641	8,185,468
Provisions	203,813	328,488	390,151	991,837	1,486,366
Other Liabilities	591,122	696,854	871,458	898,217	1,293,721
Shareholders' Equity	2,906,224	4,247,536	5,605,438	7,639,999	9,677,343
Total Liabilities	16,392,740	23,731,290	31,062,770	38,513,774	63,712,468
INCOME STATEMENT (TRY thousand)	31/12/01	31/12/02	31/12/03	31/12/04	31/12/05
Interest Income	3,158,464	3,334,198	3,664,745	4,492,634	5,400,610
Interest Expense	2,018,979	2,202,965	2,569,707	2,400,052	2,818,937
Net Interest Income	1,139,485	1,131,233	1,095,038	2,092,582	2,581,673
Foreign Exchange Gains/Losses (Net)	-639,871	-439,029	229,526	96,633	24,510
Adjusted Net Interest Income	499,614	692,204	1,324,564	2,189,215	2,606,183
Profit/(Loss) on Trading Account Securities (Net)	-65,128	353,391	670,492	396,885	214,183
Net Fees and Commissions Income	285,116	261,389	484,304	709,500	893,866
Dividend Income	96,268	110,873	66,630	108,987	91,611
Other Non-interest Income	292,400	483,667	326,171	413,554	606,080
Operating Income (Net)	1,108,270	1,901,524	2,872,161	3,818,141	4,411,923
Operating Expense	963,502	1,062,230	1,460,366	1,516,484	1,662,886
OPERATING PROFIT	144,768	839,294	1,411,795	2,301,657	2,749,037
Provision Expense	701,619	575,793	808,206	1,068,686	1,099,956
PROFIT/(LOSS) BEFORE TAXES AND MONETARY POSITION	-556,851	263,501	603,589	1,232,971	1,649,081
Net Monetary Position Profit/(Loss)	-204,360	47,315	-107,241	-133,717	0
PROFIT/(LOSS) BEFORE TAXES	-761,211	310,816	496,348	1,099,254	1,649,081
Provision for Taxes	836	0	73,242	463,799	693,453
NET PERIOD PROFIT/(LOSS)	-762,047	310,816	423,106	635,455	955,628
GROSS INCOME (**)	3,229,877	4,225,408	5,558,427	6,345,793	7,343,463
GROSS PROFIT (***)	-59,592	886,609	1,304,554	2,167,940	2,749,037
KEY RATIOS	31/12/01	31/12/02	31/12/03	31/12/04	31/12/05
Interest Earning Assets/Total Assets	63.97%	70.82%	76.26%	77.28%	84.86%
Interest Earning Assets/Interest Bearing Liabilities	82.62%	91.05%	97.90%	102.69%	105.49%
Securities/Total Assets	23.92%	31.91%	38.11%	35.96%	33.86%
Loans/Total Assets	24.15%	27.56%	27.62%	32.33%	32.57%
NPL Ratio	28.14%	15.32%	11.84%	8.34%	4.83%
Coverage Ratio	28.38%	41.34%	100.00%	100.00%	100.00%
Demand Deposits/Total Deposits	22.48%	24.09%	24.04%	25.85%	19.38%
Shareholders' Equity/Total Liabilities	17.73%	17.90%	18.05%	19.84%	15.19%
Capital Adequacy Ratio	21.81%	25.34%	28.35%	29.03%	25.00%
Net Interest Margin (****)	4.80%	7.07%	8.80%	9.33%	7.56%
ROAA	-6.09%	1.60%	1.61%	1.83%	1.94%
ROAE	-28.21%	9.19%	8.80%	9.63%	11.47%
Operating Expense/Operating Income (Net)	86.94%	55.86%	45.67%	40.17%	37.14%
OTHER INFORMATION (TRY thousand)	31/12/01	31/12/02	31/12/03	31/12/04	31/12/05
Regulatory Capital	2,310,580	3,761,844	4,784,112	6,457,606	7,754,594
Core Capital	2,024,115	3,767,925	4,858,820	6,001,038	6,787,006
Free Capital	-1,052,506	-624,349	1,127,659	2,140,243	5,127,736
Demand Deposits	2,570,500	4,027,153	4,703,451	6,287,647	7,247,305

(*) Composed of Cash and Balances with the Central Bank of Turkey, Banks and Other Financial Institutions, Interbank Money Market Placements and Reserve Deposits.

(**) Gross Income = Interest Income + Net Foreign Exchange Gains/Losses + Net Profit/(Loss) on Trading Account Securities + Fees and Commissions Income + Other Non-interest Income + Net Monetary Position Profit/(Loss)

(***) Gross Profit: Profit Before Provision for Taxes and Other Provisions

(****) Adjusted for Foreign Exchange Gains/Losses and Profit/(Loss) on Trading Account Securities.

TÜRKİYE İŞ BANKASI A.Ş.

DISCLOSURES ON İŞBANK'S FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

Maintaining its leading position among Turkish private banks in terms of gross profit (1) in the year 2005, as well as in 2004, İşbank increased its gross profit to TRY 2,749 million from TRY 2,168 million. As the largest private bank in terms of total assets, İşbank has continued its rapid growth and increased its total assets to TRY 63,712 million.

Assets

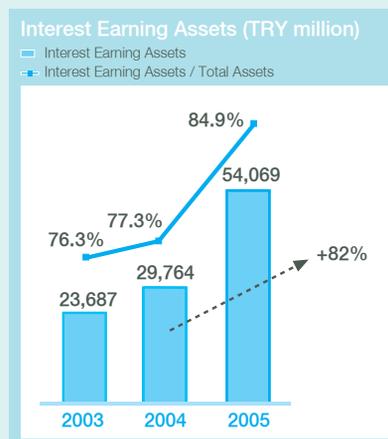
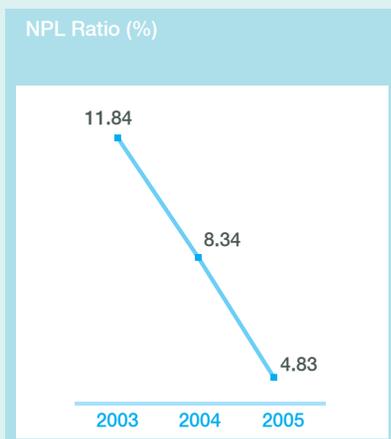
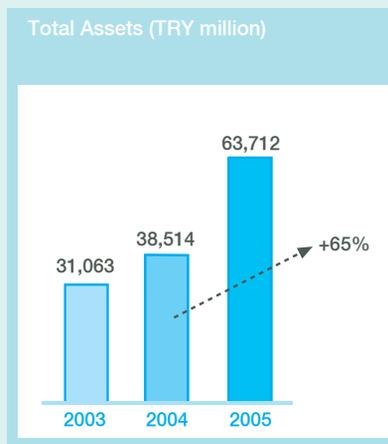
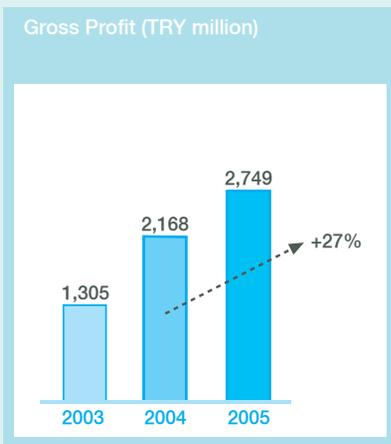
The loans, which were increased by 67% compared to the previous year, played a major role in the 65% asset growth. The surge in the loan portfolio mainly arises from the loans extended to SMEs and from the growth highly above the portfolio average in retail loans, especially house loans. As a positive reflection of İşbank's lending policy, which enables to distribute the credit risk adequately and to build a strong collateral deposit according to the type of credits extended, the NPL ratio, which was 8.3% in the year 2004, decreased to 4.8% and has set an example unlike the trend in the increase of NPLs throughout the banking sector due to especially the adverse conditions arising from the over-due receivables from the credit cards. With the high asset quality of its retail loans, in which it has been a pioneer ever since, İşbank maintained its outstanding performance in the banking sector in the year 2005, too.

İşbank has made competent changes in its lending policy during, the year, in favor of high yielding TRY loans and partially hedged the adverse effects of the decreasing interest rates on the margins. The Bank also benefited as much as possible from the pricing advantages arising from loans other than housing loans, which have longer maturity compared to deposits especially.

In accordance with İşbank's strategy of increasing its yielding and liquid assets, the share of the associates and subsidiaries in total assets decreased to 7.5%, which was 12.5% in the year 2004, thanks to the sale of participations during the year 2005.

Even though the marketable securities, which continued to be a profitable investment throughout the year, increased by 55.8% compared to the year 2004, its share in total assets decreased by 2 points to 33.9% from 36.0% in the previous year.

In line with the decision to increase interest earning assets, both the amount of tangible fixed assets has absolutely decreased and the share of the related asset item in total assets decreased to 2.8% from 5.0%.



(1) Profit Before Provision for Taxes and Other Provisions

TÜRKİYE İŞ BANKASI A.Ş.

DISCLOSURES ON İŞBANK'S FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

Liabilities

Achieving a 54% growth in deposits, İşbank has skillfully managed to grow out of the highly competitive environment, which had been a major obstacle for the expected decrease in cost of deposits in the year 2005. With the impact of the transition in the market from FC to LC, the share of TL deposits increased to 59.0% from 47.4% and İşbank maintained and strengthened its leading position among private banks in terms of FC and LC deposits.

İşbank has decided to use methods to eliminate maturity risk in funding of long-term house loans, which have gained momentum especially beginning from the first quarter of the year. Within this context, İşbank kept generating positive spreads by making use of funding instruments such as cross currency swaps and foreign TRY borrowing with more favorable costs compared to deposits.

Parallel to the economic recovery and stability in Turkey, borrowing facilities from international markets on favorable terms have been enhanced in the year 2005. In such circumstances, İşbank's foreign borrowings, especially foreign long-term collateralized borrowings, which is utilized for foreign trade financing, have increased 118.5% and become a significant part of the liabilities with a share of 12.6%.



Even in an environment where interest rates decrease rapidly, İşbank has managed to make optimum use of its potential to generate profit, and was able to reflect to its income statement with equal success the significant balance sheet growth achieved by way of changing the asset composition in favor of high yielding items and by pushing through the media offering favorable cost of funding. Within this framework, in addition to the 50% increase in profit, the Bank has increased its equity by 27% with the help of the valuation of its assets with increased market capitalization.

İşbank has taken steps to enter with a sound capital to the new banking era, where there will be intense rational competition due to especially foreign banks' increasing weight in the sector, and where international criteria like Basel II will play a more active role. In this context, as at the end of 2005, İşbank continued its operations with a high capital adequacy ratio of 25% and with its current level of shareholders' equity, surpassed Turkish criteria and achieved an exceptional position. This feature of İşbank has found its place among the most respectable international banking publications, including "The Banker".

Profitability

In the year 2005, İşbank has increased its total interest income by 20.2% and net interest income by 23.4% and has increased its interest income on loans by 31.6% whereas the 6.3% increase in interest received from marketable securities, whose weight in assets decreased relatively, remained at a limited level. Due to the reason that the desired decrease in the cost of deposits has not been achieved during the year, İşbank used alternative funding methods more intensely and thus within this context kept the increase in interest expenses at 17.5%.

In the new banking environment, where contemporary norms will be much more binding for the Turkish banking, İşbank has perfectly combined its customer and service oriented business concept with its profitability aimed operational method, and has achieved to increase the preference ratio of transaction based non-interest income items as well as interest earning assets and has become a pioneer in this area, too. As a matter of fact, İşbank gained net non-interest income of TRY 893,866 thousand commissions and fees in the year 2005, with a 26.0% increase compared to the previous year. With this, the Bank has achieved to earn an income much larger than the personnel expenses, which constitutes 50.4% of total operational expenses. İşbank will endeavor to maintain and increase its efficiency on the subject, in the new era, too, where the trend will continue in decreasing interest rates.

The analyses brought up in the meetings of the Asset Liability Committee, where domestic and international developments are evaluated on a daily basis within the framework of the general policies of the Committee, the real interest rate calculations in domestic and foreign markets, and the financial models formed within this frame are used in determining İşbank's both asset and liability strategies. After subjecting the models, which come up as a result of the

TÜRKİYE İŞ BANKASI A.Ş.

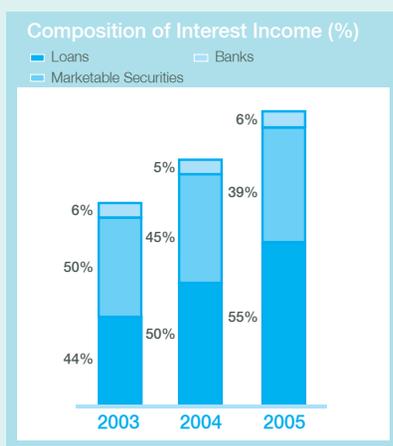
DISCLOSURES ON İŞBANK'S FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

extensive daily market analyses, to various stress tests and scenario analyses, the processes of assessed risk-return and maturity optimization are completed and the favorable asset and liability structure is formed.

In the year 2005, İşbank, who has preserved its stabilized deposit base, increased the means of long-term borrowings through the securitization of strong foreign cash flows (remittances and credit cards), has continued to receive syndicated loans with similar maturities but with higher amounts and has extended the facilities to provide permanent financing for its increasing foreign trade volume.

İşbank has made optimum use of its long-term borrowings and long-term TL money market facilities in the year 2005. With the contributions of the factors like the positive developments in the conditions of international liquidity, general budget performance, higher than expected growth, particularly due to huge increase in the industrial production and privatization revenue which reached its historical peak, the risk premium of Turkey has decreased substantially. As a result of this, the cost of borrowing abroad has fallen to a great extent for both public and private sector.

In line with the approach summarized as İşbank's using proactively the positive and promising developments in the economy parallel to the downfall in the cost of funding and achieving sustainable profitability, strategy has been made to form long-term and profitable assets at first and implementation started. As a result of the strategic decision taken in this context and in line with goal to increase interest-earning assets to the maximum level, there has been substantial disposal from İşbank's participations and fixed asset portfolio, mainly the non-financial associates and subsidiaries like Petrol Ofisi A.Ş. and İzmir Demir Çelik A.Ş.



With the help of the aforementioned sales, all of which provided substantial cash flow contribution to its strong funding base, İşbank increased the share of loans in its asset composition, especially the loans extended to SMEs and retail loans, and has also actively participated public tenders. In the year 2005, İşbank has given maximum importance to optimize the management of foreign currency position, and has endeavored to increase tradings that have significant potential for non-interest income in the economic conjuncture where there is a trend of fast downfall in interest rates.

Solvency

Its strong and stable deposit base, its borrowing ability owing to its market maker identity and extensive network of correspondent banks are the positive influences that effect İşbank's short-term solvency.

Especially, the systematic increase in liquid and high yielding assets' share in total assets has been another factor that strengthened the Bank's solvency in the year 2005. İşbank is determined to proactively sustain the strategy of forming profitable assets within the context of growth and recovery in the Turkish economy. In this context, it is expected that the assets formed by the Bank will continue to have positive effects on its solvency in the following years, too.

İşbank's credit rating, which is above the sovereign rating, given by Fitch Ratings and renewed regularly each year, should be considered as the Bank's financial capacity and an indicator of its strong market position.

Another indicator of İşbank's exceptional position in the Turkish economy and the degree of its financial strength and capacity, is its market capitalization that reached USD 17,204 million as at the end of 2005, leaving a lot of world's giant companies behind.

TÜRKİYE İŞ BANKASI A.Ş.

RISK MANAGEMENT

Information on risk policies by risk categories

Bank's risk policies and procedures refer to written standards constituted and enforced by the Board of Directors upon the recommendations of the Risk Management Group.

The policies are general standards in accordance with best practice, comprising organizational structure and scope of the risk management function, risk measuring methodologies, roles and responsibilities of the Risk Management Group, methods for assigning risk limits, rules for limit breaches and approving and confirming requirements.

Operational risk policy:

Operational risk is defined as “any risk out of the scope of credit and market risks, that could face the Bank with physical and/or reputational losses, which may occur within the organization, business continuity, technology, human resources, legislation, managerial and business environment”. Risk Management Department is responsible for the risk management activity on this particular risk.

Operational risk management activities comprise defining, measuring, analyzing, monitoring and reporting of operational risks, following up the new techniques on management of operational risks besides regulatory and internal reporting.

Categorization of inherited operational risks within the activities is made possible by the Enterprise Risk Framework. It serves as the basic document to define and classify the risks and is subject to alteration as conditions change.

The methodology to identify operational risks is “self-assessment”. This methodology requires staff that has roles and responsibilities within that particular activity to get involved in the risk and control assessment process.

The Risk Management Group employs both top-down and bottom-up approaches.

Operational risk management processes combines qualitative and quantitative methods in measurement and assessment. The measurement process uses data obtained from “impact - likelihood analysis”, “control culture profile surveys” and internal and external “loss database”.

All of the inherited operational risks within the activities, risk levels of new products and processes, operational losses incurred by the Bank are monitored periodically, risk assessments are updated when necessary and reported to the Executive Risk Committee regularly.

Employees have the understanding of the Bank's wishes to attain a working environment aiming to reduce the probability of loss, considering that the entire internal rules and regulations, leadingly operational risk policy, are sensitive to the inherited operational risks and controls.

Credit risk policy

Credit risk policy sets the framework on credit risk management, control and monitoring, responsibilities and credit risk limits.

Credit risk stems from a counter party to an agreement with the Bank does or cannot fulfill his obligations partly or wholly on agreed maturity.

Not being limited solely to credit products, İşbank maintains identification, measurement and management of credit risk across all products and activities.

The Board reviews credit risk policies and strategies of the Bank at least annually. The implementation of the credit risk policies is the province of senior management.

The findings of the independent examination of loans and credit risk are reported to the Board and the executives regularly.

Monitoring credit risk is carried out on the basis of risk and composition of loan portfolio as well as on significant loans individually. Monitoring covers credit risk by maturity, industry, collateral, geography, currency, loan type, credit risk ratings parameters as a whole, apart from obligor and transactional basis.

Credit risk monitoring encompasses any additional risks that could stem from possible adverse changes within the economic conditions and forecasted negative conditions.

Credit risk policy requires diversification of the portfolio. Implementation of diversification strategy is carried out through segmentation. Segmentation is to slice and dice the portfolio by large obligor groups with same characteristics in terms of getting affected from unfavorable conditions.

TÜRKİYE İŞ BANKASI A.Ş.

RISK MANAGEMENT

Internal audit function and risk management group continually review, improve and adjust the credit risk rating system on its compliance with the profile, size and complexity of the activities.

Credit risk review is primarily carried out as an independent audit of the compliance of the actual quality of loans and loan processes with the Bank policy and procedures and the adequacy of loan loss reserves and other provisions.

Market risk policy

Market risk consisting of "interest rate risk", "equity share price risk", "exchange rate risk", "commodity risk" and "specific risk" is defined as the risk of loss due to a decline in the value of financial positions related with,

- financial instruments, returns of which are correlated with interest rates,
- equity shares,
- other securities,
- all on and off-balance sheet assets and liabilities in foreign currencies or indexed to foreign currencies,
- derivatives with the a.m. underlying assets,

because of fluctuations of rates of interest, share prices and foreign exchange rates.

The essence of market risk policy of the Bank leads to a return considering market risk, which is measured, reported and controlled.

The priority in market risk is to keep in line with both the legal requirements and house risk limits revealing the risk appetite.

Main phases of the market risk management process are as follows:

- market risk is measured regularly,
- measurements are tested in terms of their reliability,
- risk is monitored under different scenarios,
- calculated risks and test results are monitored by executive units, executive risk committee and senior management,
- exposure versus risk limits are monitored

Liquidity risk is monitored using the required techniques as an integral part of market risk monitoring and reported to the Board and the Executive Risk Committee.

Calculation methodology used in regulatory reporting, is suggested by the Risk Management Group and approved by the Board of Directors.

Bank has three basic approaches for calculating the market risk:

Standard method: One of the internationally accepted methodologies for market risk calculation, which is adopted by the national regulator also.

Value-at-Risk (VaR) calculation: In calculating the capital charge for market risk internationally acknowledged statistical methodologies are employed. Since the calculations reveal the forecast of risk for the following day, reliability of the forecast is checked on a daily basis by comparing with the actual values afterwards.

Stress - tests: Tests carried out to measure the impact of events with low probability and high impact on the value-at-risk.

Measured market risk is reported timely and in detail to the Board, Executive Risk Committee, Asset and Liability Committee (ALCO) and executive units taking market risk.

It is the responsibility of the Board of Directors, ALCO and executive units to whom market risk is reported, to monitor market risk and assuring its being in line with limits and act accordingly.

The return on financial positions is assessed within the context of the risks exposed and the amount of capital allocated for those risks.

TÜRKİYE İŞ BANKASI A.Ş.

RISK MANAGEMENT

Risk dimension is taken into consideration as an integral part of determining the strategies of targets.

Market risk review and assessment process covers the following:

- quality of positions originating from money and capital market transactions,
- adequacy of general risk management and processes,
- compliance with risk limits,
- data integrity and quality,
- integrity and quality of reports on limit breaches and violations,
- compliance of staff with policy and procedures.

Information and recommendations on taking measures are submitted to the senior management and the Board.

Board identifies the framework for the way to review the market risk, reporting of the findings of the review and action plans required.

TÜRKİYE İŞ BANKASI A.Ş.

RATINGS

MOODY'S	Rating	Outlook*
Financial Strength	D	Positive
Long-term foreign currency deposit	B1	Stable
Long-term local currency deposit	A3	Stable
Short-term foreign currency deposit	NP	-
Short-term local currency deposit	P2	-

FITCH RATINGS	Rating	Outlook*
Long-term Foreign Currency	BB-	Positive
Long-term Local Currency	BB**	Positive
Short-term Foreign Currency	B	-
Short-term Local Currency	B	-
Long-term National	AA- (tur)	Stable
Individual	C	-
Support	4	-

STANDARD & POOR'S	Rating	Outlook*
Long-term counter party credit rating	BB -	Positive
Long-term certificate of deposit	BB -	Positive
Short-term counter party credit rating	B	-
Short-term certificate of deposit	B	-

CORE RATINGS	Rating	Outlook*
Corporate Governance ***	9	-

* Outlook:

Positive: Indicates that the current rating is very likely to be upgraded.

Stable: Indicates that the current rating will not be changed in the short term.

** Sovereign credit ratings set the upper limits of companies' credit ratings. Companies are rated higher than their country's sovereign rating only in exceptional cases. On September 7th, 2005, Fitch Ratings stated İşbank's long-term local currency rating as "BB", which is higher than the sovereign rating of "BB-".

*** Indicates that the Bank's compliance with the "Corporate Governance Principles" is "VERY WELL" (9 out of a scale of 10).

TÜRKİYE İŞ BANKASI A.Ş.**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2005**

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Telephone: 0212 316 00 00

Fax: 0212 316 09 00

Web site: www.isbank.com.tr

E-mail: 4440202@isbank.com.tr

The unconsolidated year-end financial report 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 year-end financial statements and related disclosures and footnotes in this report are prepared in accordance with the Regulation on Accounting Practice, which is in effect within the framework of provision of article 13, named "Account and Record Systems" of the Banks Act Nr.4389, repealed as per provisional article Nr.1 of the Banking Law Nr.5411, related communiqués and the financial records of our Bank. Unless otherwise indicated, the financial statements are indicated in New Turkish Lira (TRY) thousand, subjected to independent audit and enclosed.



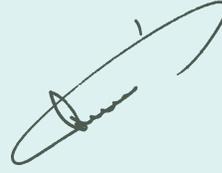
Ömer Karakuş
Manager of
Accounting Department



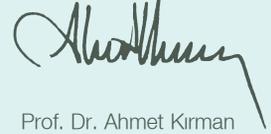
M. Sırrı Erkan
Deputy Chief Executive
Responsible for
Financial Reporting



A. Aykut Demiray
Deputy of Chief
Executive Officer



Caner Çimenbiçer
Member of
the Board and
the Audit Committee



Prof. Dr. Ahmet Kirman
Chairman of
the Board of Directors
and the Audit Committee

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

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(*) The unconsolidated financial statements are presented on pages 76 to 85 of the annual report.

TÜRKİYE İŞ BANKASI A.Ş.

PART I

General Information on the Bank

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PART II

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TÜRKİYE İŞ BANKASI A.Ş.

PART ONE: GENERAL INFORMATION ON THE BANK

I. Date of Establishment and the Initial Status of the Bank, and the History Including the Changes in the Said Status, Summary Information on Type of Service and Fields of Activity:

Türkiye İş Bankası A.Ş. ("Bank"), was established on August 26th 1924, with private capital and with the authority to accept deposits, in order to operate in corporate and retail banking activities, in addition to initiating or participating in all kinds of financial and industrial sector corporations as may be required. There has not been any change in the Bank's status since its establishment.

II. Capital Structure; Shareholders of the Bank, which Directly or Indirectly, Solely or Jointly Take the Management and the Control of the Bank; Changes in the Shareholding Structure During the Year, If Any; Explanation Regarding the Bank's Risk Group:

As of December 31st 2005, 41.54% of the Bank shares belonged to T. İş Bankası A.Ş. Pension Fund, 28.09% belonged to the Republican People's Party and 30.37% are free float. During the year, T. İş Bankası A.Ş. Pension Fund, one of the shareholders of the Bank, has sold its stocks equal to 1.88% of the capital, at the Istanbul Stock Exchange.

III. Chairman of the Board, Board Members, Auditors, Chief Executive Officer and Deputy Chief Executives of the Bank

Board of Directors and Auditors:

Name	Title
Prof. Dr. Ahmet Kirman	Chairman
Prof. Dr. M. Baran Tuncer	Deputy Chairman
H. Ersin Özince	Chief Executive Officer and Director
M. Nail Yağcı	Director
Dr. A. Yavuz Ege	Director
Av. Nail Gürman	Director
Ali Ekber Güvenç	Director
Köksal Burkan (1)	Director
Caner Çimenbiçer (1)	Director Responsible for Internal Audit
Salih Kurtuluş (1)	Director
Prof. Dr. Savaş Taşkent (1)	Director
Prof.Dr. Turky Berksoy (2)	Auditor
H.Ahmet Ergenekon (2)	Auditor

(1) They were appointed to the Board on 31.03.2005. Bahtiyar Sönmez, H. Arslan Sarsar, Prof. Dr. Toker Dereli and Ethem Öz left their positions on the Board on the same date.

(2) They were appointed to the position of auditor on 31.03.2005. Volkan Taşkın and Nilgün Erkan left their positions at the Bank on the same date.

Chief Executive Officer and Deputy Chief Executives (1):

Name	Title & Administrative Position
H. Ersin Özince	Chief Executive Officer
A. Aykut Demiray	Deputy of CEO, Foreign Affairs, Treasury, Corporate Marketing, Foreign Branches, Foreign Representative Offices, Central Operation , Organization and Coordinating and Monitoring Fully Authorized Branches
A. Cüneyt Demren	Legal Affairs, Credit Information and Financial Analysis
M. Sırrı Erkan	Budgeting and Planning, Financial Operations, Accounting, Taxation Counselor, Coordination of Work and Projects on Strategic Missions
Kadir Akgöz	Electronic Data Processing and Software Development
Özcan Türkakın	Public Relations, Securities, Coordination of Relationships with Şişecam A.Ş.
H. Fevzi Onat	Corporate and Commercial Loans
F. Kayhan Söyler	Premises and Real Estate, Mediterranean, Ankara I., Ankara II., Çukurova, South East Anatolia, İstanbul I., İstanbul II. and Thrace Regional Departments, Coordinating and Monitoring Fully Authorized Branches
Ali Kocabaş	Support Services and Purchasing, Eastern Anatolia, Aegean I., Aegean II., Aegean III., İstanbul III., İstanbul IV., Black Sea, Marmara and Central Anatolia Regional Departments, Coordinating and Monitoring Fully Authorized Branches
Zafer Memişoğlu	Staff Training and Human Resources
Hülya Altay	Retail Banking, Retail Loans, Economic Research, Credit Cards and Non-branch Banking
Mahmut Magemizoğlu (2)	Legal Counselor and Equity Participations

(1) Deputy Chief Executive Mete Uğurlu left his position at the Bank on 27.01.2006.

(2) He was appointed Deputy Chief Executive on 18.05.2005.

The Chairman, the Directors and the Deputy Chief Executives' shares in the Bank are of minor importance.

TÜRKİYE İŞ BANKASI A.Ş.

PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

I. PRESENTATION OF FINANCIAL STATEMENTS

The unconsolidated year-end financial statements and related disclosures and footnotes in this report are prepared in accordance with the Regulation on Accounting Practice, which is in effect within the framework of provision of article 13, named "Account and Record Systems" of the Banks Act Nr.4389, repealed as per provisional article Nr.1 of the Banking Law Nr.5411, related communiqués and the financial records of our Bank.

The accounting policies used in the preparation of the financial statements have not changed compared to the previous year-end. However, as per the resolution nr.1623 made by the Banking Regulation and Supervision Agency on 21.04.2005, it is decided that the indicators mentioned in article 5 of the Regulation on Accounting Practice (RAP), Communiqué no.14: "Accounting Standard Concerning the Preparation of Financial Statements in High Inflationary Periods", related to the existence of high inflation, have ceased to exist and therefore, since banks are not obliged to prepare their financial statements in accordance with the rules of this communiqué, there is no inflation accounting adjustment made in the attached financial statements.

Unless otherwise indicated, all monetary values in the attached statements are expressed in TRY thousand. 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 31.12.2004.

The valuation principles used in the preparation of the financial statements are presented in detail below:

II. EQUITY PARTICIPATIONS

Equity participations are recorded at their cost of acquisition. Participations and subsidiaries quoted on the stock exchange and regulated markets are stated at fair values.

III. FOREIGN EXCHANGE TRANSACTIONS

1. Asset and liability items in foreign currency have been converted to Turkish currency 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 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 2005-31 December 2005 as "FC Gains" is TRY 24,510.
 3. The total amount of the valuation fund resulting from exchange rate differentials, as of the date of the balance sheet stands at TRY (+) 412.
- The total of the valuation fund from exchange rate differentials at the end of the previous period was TRY (-) 3,021.
4. There are no exchange rate differentials capitalized as of the date of the balance-sheet.
 5. Basic principles of foreign exchange risk management: The difference between FC denominated/indexed assets and liabilities constitutes the basis of exchange rate risk and is referred to as the "Net Overall FC 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 FC Position/Shareholders' Equity Ratio" and by the internal guidelines of the currency risk determined by the Bank's market risk policy 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.
 8. Türk Alkollü İçki ve Şarap Endüstrisi Ltd., İsbank's participation based in T.R.N.C. was disposed of in the current period and the results of this transaction was transferred to the profit/loss accounts.
 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 issued by the Bank. 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

TÜRKİYE İŞ BANKASI A.Ş.

PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

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.

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.

VI. INTEREST INCOME AND EXPENSES

Interest income and expenses are recorded on accrual basis. Positive exchange rate differentials associated with foreign currency indexed LC loans and securities are entered in other operating income account, whereas the negative exchange rate differentials are entered in other operating expense 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 booked under the accounts of “Interest Income/Expense” and “Profit/Losses on Trading Account Securities”, as per the Uniform Code of Accounts, and shown in the income statement.

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 TRY 5,762,995. The balance from funds acquired via repo contracts are monitored under liabilities and stood at TRY 5,669,591. 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 balance of the Bank’s receivables from reverse repurchase agreements account stands at TRY 576,500 as of 31 December 2005.

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.

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.

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

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 financial assets 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%.

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.

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

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	10-50	2-10%
Safe Boxes	2-50	2-50%
Other Movables	2-25	4-50%
Leasehold	4-5	20-25%
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 value of historic cash investments, indexed to 31.12.2004, 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 31.12.2003, in connection with the relevant legislation, has been removed.

2. Any gain and loss resulting from the disposal of tangible fixed assets is calculated by adding the net book value of the relevant tangible fixed assets' inflation adjusted values at 31.12.2004 to the additional costs, if any, after that date, as well as the sales income, 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 the Bank's tangible fixed assets, which are actually in use.

5. TRY 452,880 provision for value decrease is set aside for the immovables, whose net total inflation adjusted value is TRY 1,300,122 whereas their total expert value is TRY 847,242.

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.

Transactions related to operational leasing are accounted as per the provisions of the related agreement and on accrual basis.

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 13.30%.

As of 31 December 2005, 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 (İsbank 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 the RAP Communiqué No 10, an actuary audit is carried out in respect of Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İsbank Pension Fund), which has been established according to the provisional Article 20 of the Social Security Law No. 506. Regarding the said pension fund, which is supposed to be transferred to the Social Security Institution as per provisional article nr.23 of the Banking Law Nr.5411, within 3 years after the publication of the said law; provisions were allocated in accordance with the methods stipulated in the provisional article nr.1 of the RAP Communiqué No 10, for the actual and technical deficits determined in the audited technical balance sheet report, which was prepared by using the 10.24% technical interest rate, stated by government authorities, and provisions shall be allocated to cover them in full by the end of 2007.

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PART THREE: EXPLANATIONS RELATED TO ACCOUNTING POLICIES

XVII. TAX APPLICATIONS

Corporate tax for 2005 income has been calculated at the 30% rate in accordance with the amended article 25 of Corporate Tax Law 4369.

Provisional tax is calculated and will be paid in February 2006 on the corporate tax rate (30%) according to the principles stated in recurrent Article 120 of Income Tax Law, to be accounted for the corporate tax due for the current period.

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

For the "Temporary Differences" between the existing accounting policies and valuation principles, and the tax legislation, the Bank calculates deferred taxes and enters into accounts.

Current period tax liabilities and current period tax expenses are TRY 743,425; deferred tax liabilities are TRY 10,053 (previous period TRY 10,501). The deferred tax that is subtracted from the value increase fund for marketable securities is TRY 93,605 (previous period TRY 44,081). Net provision for tax is TRY 693,453.

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.

PART FOUR: INFORMATION REGARDING THE FINANCIAL STRUCTURE

I. THE 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

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PART FOUR: INFORMATION REGARDING THE FINANCIAL STRUCTURE

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. The Bank's asset-liability management is conducted by the Asset-Liability Management Committee, within the risk limits determined by the Bank's Top Executive Risk Committee, in order to keep the liquidity risk, as far as the shareholders' equity lets, interest rate risk, currency risk and credit risk within certain limits, and to maximize profitability.

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 3 and 6 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.

General foreign exchange position strategy practices are employed in hedging against exchange rate risks in the Bank's net investments with foreign institutions.

II. CAPITAL ADEQUACY STANDARD RATIO

The Bank's capital adequacy ratio is 25.00%. 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.

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PART FOUR: INFORMATION REGARDING THE FINANCIAL STRUCTURE

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)	9,708,299	3,939,413	8,548,781	16,200,109
Cash	292,864	413	0	0
Due from Banks	4,665,697	3,923,158	0	111,289
Interbank Money Market Placements	1,200,000	0	0	0
Receivables from Reverse Repo Transactions	576,500	0	0	0
Reserve Deposits	1,282,828	0	0	0
Special Finance Houses	0	0	0	0
Loans	868,070	15,842	8,478,140	11,387,803
Loans under Follow-Up (Net)	0	0	0	0
Subsidiaries, Associates and Securities Available for Sale	0	0	0	2,787,502
Miscellaneous Receivables	6	0	0	219,206
Marketable Securities Held to Maturity (Net)	316,541	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	70,641	0
Fixed Assets (Net)	0	0	0	1,669,551
Other Assets	505,793	0	0	24,758
Off Balance Sheet Items	101,552	2,659,975	8,285,099	1,018,434
Guarantees and Pledges	47,556	2,553,360	969,082	129,063
Commitments	890	0	7,074,229	0
Other Off Balance Sheet Items	0	0	0	0
Transactions Related with Derivative Financial Instruments	0	92,348	0	3,144
Interest and Income Accruals	53,106	14,267	241,788	886,227
Not Risk Weighted Accounts	0	0	0	0
Total Risk Weighted Assets	9,809,851	6,599,388	16,833,880	17,218,543

Summary information about the Bank only capital adequacy ratio:

	Bank Only	
	Current Period	Previous Period
Total Risk-Weighted Assets (RWA) (1)	26,955,361	18,773,188
Amount Subject to Market Risk (ASMR) (2)	4,052,513	3,467,962
Shareholders' Equity	7,754,594	6,457,606
Shareholders' Equity/(RWA(1)+ASMR(2))*100	25.00	29.03

(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	1,968,942	1,640,757
Nominal Capital	1,968,942	1,640,757
Capital Commitments (-)	0	0
Capital Reserves arising from Inflation Accounting	2,371,312	2,535,404
Share Premium and Share Cancellation Profits	3,694	3,694
Legal Reserves	848,152	800,183
First Legal Reserve (Turkish Commercial Code 466/1)	831,145	799,260
Second Legal Reserve (Turkish Commercial Code 466/2)	17,007	923
Reserves Allocated due to Special Laws	0	0
Statutory Reserves	0	0
Other Profit Reserves	412	0
Extraordinary Reserves	638,866	385,545
Reserves Allocated by the General Assembly	638,866	388,566
Retained Earnings	0	0
Accumulated Loss	0	0
Foreign Currency Share Capital Exchange Difference	0	-3,021
Profit	955,628	635,455
Current Period Profit	955,628	635,455
Prior Period Profit	0	0
Loss (-)	0	0
Current Period Loss	0	0
Prior Period Loss	0	0
Total Core Capital	6,787,006	6,001,038
SUPPLEMENTARY CAPITAL		
Revaluation Fund	70,391	0
Furniture, Fixture and Vehicles	0	0
Buildings	0	0
Profit on Sale of Associates, Subsidiaries and Buildings to be Transferred to Share Capital	70,391	0
Revaluation Fund of Leasehold Improvement	0	0
Increase in the Value of Revaluation Fund	99,303	0
Foreign Exchange Differences	0	0
General Reserves	149,263	95,318
Provisions for Possible Losses	0	0
Subordinated Loans	0	0
Marketable Securities and Investment Securities Value Increase Fund	2,720,643	1,638,961
Associates and Subsidiaries	2,215,487	1,426,378
Investments Available for Sale	505,156	212,583
Investments Held for Structural Transactions	0	0
Total Supplementary Capital	3,039,600	1,734,279
TIER III CAPITAL		0
CAPITAL	9,826,606	7,735,317
DEDUCTIONS FROM THE CAPITAL	2,072,012	1,277,711
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	1,979,514	1,250,774
Leasehold Improvements	21,912	18,756
Installation Costs	0	0
Prepaid Expenses	70,586	8,181
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	7,754,594	6,457,606

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

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 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 and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation.

Care is taken to ensure that loans are furnished with collateral. Most of the loans extended have 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 and scoring systems applied includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. The companies established to implement a certain project are subject to a separate and specialized rating system, thus the Bank tries to eliminate the long-term credit risk.

5. The Bank conducts the lending transactions abroad, by determining the country risks of related countries within the context of the current rating system and by taking into account the market conditions and country risks of the relevant countries and the relevant legal limitations. Furthermore, the credibility of banks and other financial institutions established abroad is examined within the framework of the developed rating system and credit limits are assigned accordingly. 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 22%.

(ii) The share of the Bank's receivables from the top non-cash borrowers in the overall non-cash portfolio stands at 49%.

(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 7% while share of non-cash loans in off balance sheet assets stands at 1%.

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 TRY 149,263.

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Information on geographical concentration:

	Assets	Liabilities***	Non-Cash Loans	Capital Expenditures	Net Profit
Current Period					
Domestic	54,374,776	42,930,100	4,309,085	4,770,077	886,924
European Union Countries	3,495,463	5,982,896	1,278,452	0	515
OECD Countries *	22,127	440,132	287,603	0	0
Off-Shore Banking Regions	0	0	0	0	63,125
USA, Canada	555,984	1,157,531	283,573	0	0
Other Countries	494,041	3,524,466	721,481	0	5,064
Unallocated Assets/Liabilities**	-	-	-	-	-
Total	58,942,391	54,035,125	6,880,194	4,770,077	955,628
Previous 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

* 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.

Sector concentration for cash loans:

	Current Period				Previous Period			
	LC	(%)	FC	(%)	LC	(%)	FC	(%)
Agricultural	509,004	3.24	79,511	1.59	277,848	3.38	61,354	1.46
Farming and Raising Livestock	473,662	3.01	61,624	1.23	252,569	3.07	57,305	1.36
Forestry	23,494	0.15	15,369	0.31	15,495	0.19	2,423	0.06
Fishing	11,848	0.08	2,518	0.05	9,784	0.12	1,626	0.04
Industry	4,671,753	29.70	2,673,204	53.24	2,665,159	32.40	2,501,000	59.18
Mining	51,841	0.33	71,924	1.43	30,002	0.36	145,529	3.44
Production	4,550,831	28.93	2,308,211	45.97	2,605,128	31.67	2,168,148	51.31
Electric, gas, and water	69,081	0.44	293,069	5.84	30,029	0.37	187,323	4.43
Construction	437,168	2.78	263,491	5.25	333,508	4.05	307,459	7.28
Services	2,987,506	18.99	1,188,828	23.68	1,701,490	20.68	802,567	18.98
Wholesale and Retail Trade	708,968	4.51	130,525	2.60	315,987	3.84	123,292	2.92
Hotel, Food and Beverage Services	93,645	0.60	44,951	0.90	108,895	1.32	92,534	2.19
Transportation and								
Telecommunication	548,502	3.49	246,311	4.91	378,854	4.61	65,595	1.55
Financial Institutions	370,747	2.36	482,645	9.61	86,104	1.05	402,885	9.53
Real Estate and Renting Services	53,433	0.34	91,595	1.82	37,221	0.45	10,147	0.24
Self-Employment Services	1,092,875	6.95	138,840	2.77	691,139	8.40	75,839	1.79
Education Services	34,641	0.22	24,538	0.49	29,728	0.36	23,317	0.55
Health and Social Services	84,695	0.52	29,423	0.58	53,562	0.65	8,958	0.21
Other	7,123,718	45.29	815,672	16.25	3,248,296	39.49	553,161	13.10
Total	15,729,149	100.00	5,020,706	100.00	8,226,301	100.00	4,225,541	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.

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

The following table shows details of the market risk calculations carried out with the "Standard Method for Market Risk Measurement" and within the context of "Regulation for Evaluating and Measuring the Adequacy of the Bank's Capitalization" as of 31 December 2005.

	Amount
Capital to be Employed for Interest Rate Risk-Standard Method	240,687
Capital to be Employed for General Market Risk	224,220
Capital to be Employed for Specific Risk	3,119
Capital to be Employed for Options Subject to Interest Rate Risk	13,348
Capital to be Employed for Common Stock Position Risk-Standard Method	57,572
Capital to be Employed for General Market Risk	38,379
Capital to be Employed for Specific Risk	19,193
Capital to be Employed for Options Subject to Common Stock Position Risk	0
Capital to be Employed for Currency Risk-Standard Method	25,942
Capital Liability	25,938
Capital to be Employed for Options Subject to Currency Risk	4
Total Value-at-Risk (VAR)-Internal Model	0
Total Capital to be Employed for Market Risk	324,201
Amount Subject to Market Risk	4,052,513

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 currency risk, which is a part of the Bank's risk policies, is managed by the internal currency risk limits established. 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 FC 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
30.12.2005	1.3730	1.6201	0.0116
29.12.2005	1.3700	1.6221	0.0116
28.12.2005	1.3650	1.6264	0.0116
27.12.2005	1.3650	1.6189	0.0117
26.12.2005	1.3600	1.6109	0.0117
23.12.2005	1.3300	1.5787	0.0114

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

USD: TRY 1.3399 EURO: TRY 1.5889 YEN: TRY 0.0113

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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	1,342,607	48,166	183	7,654	1,398,610
Due from Banks and Other Financial Institutions	1,000,260	2,816,632	2,013	169,583	3,988,488
Trading Securities	1,011	149,690	0	4,352	155,053
Interbank Placements	0	0	0	0	0
Investment Securities Available for Sale	1,839,087	8,159,574	0	0	9,998,661
Loans (1)	1,610,670	4,156,324	134	21,840	5,788,968
Investments in Subsidiaries and Associates	83,037	0	0	0	83,037
Investment Securities Held to Maturity (1)	0	316,541	0	0	316,541
Property and Equipment	0	101	0	213	314
Goodwill	0	0	0	0	0
Other Assets (1)	1,342,742	383,415	105	1,713	1,727,975
Total Assets (3)	7,219,414	16,030,443	2,435	205,355	23,457,647
Liabilities					
Banks Deposits	377,186	943,163	111	18,712	1,339,172
Foreign Currency Deposits	5,583,180	7,705,582	8,210	708,260	14,005,502
Interbank Funds	747,619	747,041	0	0	1,494,660
Funds Provided from Other Financial Institutions	1,247,938	5,303,889	134	1,055	6,553,016
Marketable Securities Issued	0	0	0	0	0
Miscellaneous Payables	24,121	50,654	1,928	7,383	84,086
Other Liabilities (2)	87,277	389,324	2,100	9,717	488,418
Total Liabilities (4)	8,067,321	15,139,923	12,483	745,127	23,964,854
Net On Balance Sheet Position	-847,907	890,520	-10,048	-539,772	-507,207
Net Off Balance Sheet Position	1,024,958	-1,198,075	7,915	560,834	395,632
Financial Derivative Assets (5) (8)	1,805,359	2,940,741	9,412	568,121	5,323,633
Financial Derivative Liabilities (6) (8)	780,401	4,138,816	1,497	7,287	4,928,001
Non-Cash Loans (7)	1,116,352	3,303,862	88,230	70,957	4,579,401
Previous Period					
Total Assets	5,049,815	11,040,409	6,476	687,777	16,784,477
Total Liabilities	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
Non-Cash Loans	1,342,150	2,558,398	88,380	113,110	4,102,038

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

(2) Includes foreign currency indexed liabilities, which are followed under TRY accounts.

(3) TRY 155,497 of the asset amount of TRY 205,355 shown in the Other FC column is in GBP. The remaining TRY 49,858 is in other foreign currencies.

(4) TRY 604,129 of the liability amount of TRY 745,127 shown in the Other FC column is in GBP and TRY 93,309 is in CHF. The remaining TRY 47,689 is in other foreign currencies.

(5) TRY 465,118 of the Derivative Assets amount of TRY 568,121 shown in the Other FC column is in GBP and TRY 78,731 is in CHF. The remaining TRY 24,272 is in other foreign currencies.

(6) TRY 6,428 of the Derivative Liabilities amount of TRY 7,287 shown in the Other FC column is in GBP. The remaining TRY 859 is in other foreign currencies.

(7) TRY 26,623 of the Non-Cash Loans amount of TRY 70,957 shown in the Other FC column is in CHF, TRY 20,151 is in LYD, TRY 16,594 is in GBP. The remaining TRY 7,589 is in other currencies.

(8) The amounts include two days term foreign currency trading.

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.

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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 periods)

End of Current Period (31.12.2005)	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	4,665,697	0	0	0	0	293,277	4,958,974
Due from Banks and Other Financial Institutions	3,085,192	87	0	0	820,111	129,057	4,034,447
Trading Securities	1,740	18,543	167,518	691,382	103,260	204	982,647
Interbank Placements	1,776,500	0	0	0	0	0	1,776,500
Investment Securities Available for Sale	747,784	7,239,437	1,760,748	1,009,068	9,023,460	493,337	20,273,834
Loans	5,114,099	2,661,063	3,083,378	1,616,142	8,275,173	0	20,749,855
Investment Securities Held to Maturity	0	0	316,541	0	0	0	316,541
Other Assets	1,506,006	458,263	115,804	366,661	1,053,300	7,119,636	10,619,670
Total Assets	16,897,018	10,377,393	5,443,989	3,683,253	19,275,304	8,035,511	63,712,468
Liabilities							
Banks Deposits	2,274,973	165,283	2,000	0	0	19,325	2,461,581
Other Deposits	23,059,168	6,926,741	1,240,829	1,121,465	57,730	2,532,465	34,938,398
Interbank Funds	4,685,980	848	231,072	137,468	614,223	0	5,669,591
Miscellaneous Payables	244,356	0	1,063	0	133,950	0	379,369
Marketable Securities Issued	0	0	0	0	0	0	0
Funds Provided from Other Financial Institutions	303,071	3,084,060	1,014,501	1,997,598	1,786,237	0	8,185,468
Other Liabilities (1)	226,721	1,081,638	52,188	69,684	28,688	10,619,143	12,078,061
Total Liabilities	30,794,269	11,258,570	2,541,653	3,326,215	2,620,828	13,170,933	63,712,468
On Balance Sheet Interest Sensitivity Gap	-13,897,251	-881,177	2,902,336	357,038	16,654,476	-5,135,422	0
Off Balance Sheet Interest Sensitivity Gap	0	2,775	0	0	0	0	2,775
Total Interest Sensitivity Gap	-13,897,251	-878,402	2,902,336	357,038	16,654,476	-5,135,422	2,775

(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 periods)

End of Previous Period (31.12.2004)	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.

Average interest rates applied to monetary financial instruments:

End of Current Period	EURO %	USD %	Yen %	TRY %
Assets				
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.14	2.03	-	10.25
Due from Banks and Other Financial Institutions	2.27	4.10	-	12.04
Trading Securities	1.98	4.80	-	16.27
Interbank Placements	-	-	-	14.09
Investment Securities Available for Sale	7.74	7.74	-	17.50
Loans	4.89	6.75	2.10	21.96
Investment Securities Held to Maturity	-	7.51	-	-
Liabilities				
Banks Deposits	2.71	4.46	-	14.68
Other Deposits	1.85	2.58	0.01	12.73
Interbank Funds	2.46	4.27	-	13.15
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	2.77	4.96	1.35	13.39

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Average interest rates applied to monetary financial instruments:

End of Current Period	EURO %	USD %	Yen %	TRY %
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

VII. LIQUIDITY RISK

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

The Bank's principal source of funding is 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 residual 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 LC and FC cash flows. The term structure of LC 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.

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	4,958,974	0	0	0	0	0	0	4,958,974
Due from Banks and Other Financial Institutions	237,852	2,976,484	0	0	0	820,111	0	4,034,447
Trading Securities	204	1,687	18,479	19,761	691,295	251,221	0	982,647
Interbank Placements	0	1,776,500	0	0	0	0	0	1,776,500
Investment Securities Available for Sale	493,337	482,289	1,064,565	687,282	1,495,906	16,050,455	0	20,273,834
Loans	0	3,333,375	1,190,161	1,484,283	3,251,173	11,490,863	0	20,749,855
Investment Securities Held to Maturity	0	0	0	316,541	0	0	0	316,541
Other Assets	1,300,512	218,071	460,592	119,273	366,661	1,053,300	7,101,261	10,619,670
Total Assets	6,990,879	8,788,406	2,733,797	2,627,140	5,805,035	29,665,950	7,101,261	63,712,468
Liabilities								
Banks Deposits	97,999	2,196,299	165,283	2,000	0	0	0	2,461,581
Other Deposits	7,149,307	18,442,326	6,926,741	1,240,829	1,121,465	57,730	0	34,938,398
Funds Provided from Other Financial Institutions	0	300,748	544,173	478,535	2,884,102	3,977,910	0	8,185,468
Interbank Funds	0	4,685,980	848	231,072	137,468	614,223	0	5,669,591
Marketable Securities Issued	0	0	0	0	0	0	0	0
Miscellaneous Payables	0	244,356	0	1,063	0	133,950	0	379,369
Other Liabilities	30,559	416,903	1,087,528	183,540	69,684	38,741	10,251,106	12,078,061
Total Liabilities	7,277,865	26,286,612	8,724,573	2,137,039	4,212,719	4,822,554	10,251,106	63,712,468
Net Liquidity Gap	-286,986	-17,498,206	-5,990,776	490,101	1,592,316	24,843,396	-3,149,845	0
Previous Period								
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
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

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

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PART FOUR: INFORMATION REGARDING THE FINANCIAL STRUCTURE

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 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 rediscounts.

	Book Value		Market Value	
	Current Period	Previous Period	Current Period	Previous Period
Financial Assets	24,624,822	15,426,720	25,261,792	15,899,894
Due from Banks and Other Financial Institutions	4,034,447	1,929,352	4,050,537	1,933,601
Investment Securities Available for Sale	20,273,834	13,180,827	20,892,329	13,639,743
Investment Securities Held to Maturity	316,541	316,541	318,926	326,550
Financial Liabilities	45,964,816	28,422,011	46,393,574	28,599,700
Interbank Deposits	2,461,581	647,575	2,484,518	653,824
Other Deposits	34,938,398	23,672,867	35,225,338	23,819,032
Funds Provided from Other Financial Institutions	8,185,468	3,863,641	8,304,349	3,888,916
Marketable Securities Issued	0	0	0	0
Miscellaneous Payables	379,369	237,928	379,369	237,928

IX. TRANSACTIONS MADE IN THE NAME OR 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 LC 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, LC and FC money market transactions, LC 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 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 17 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.

TÜRKİYE İŞ BANKASI A.Ş.

PART FOUR: INFORMATION REGARDING THE FINANCIAL STRUCTURE

The Bank's international banking activities are conducted through 1 branch in London, 1 in Bahrain, 7 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 more than 1,400 banks in 123 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 120 and 122.

Illustration of particular balance sheet items by operational divisions:

Current Period				Total Operation of
	Retail Banking	Corporate Banking	Investment Banking	Group
Operating Income	2,278,872	2,309,651	2,663,329	7,251,852
Other *	0	0	0	0
Operating Income	2,278,872	2,309,651	2,663,329	7,251,852
Net Income of the Division	403,686	988,688	847,309	2,239,683
Undistributed Costs**	0	0	0	-682,213
Operating Profit	0	0	0	1,557,470
Income From Associates	0	0	91,611	91,611
Pre-Tax Profit	0	0	0	1,649,081
Corporation Tax	0	0	0	-693,453
Profit After Tax	0	0	0	955,628
Minority Rights	0	0	0	0
Net Profit of Period	0	0	0	955,628
Assets of Divisions	7,301,323	22,371,181	28,777,777	58,450,281
Associates and Subsidiaries	0	0	4,756,394	4,756,394
Undistributed Assets	0	0	0	505,793
Total Assets	7,301,323	22,371,181	33,534,171	63,712,468
Liabilities of Divisions	19,003,903	16,985,483	16,559,373	52,548,759
Undistributed Liabilities	0	0	0	11,163,709
Total Liabilities	19,003,903	16,985,483	16,559,373	63,712,468
Other Division Items	0	0	0	0
Capital Investment	0	0	-530,683	-530,683
Depreciation	-32,192	-21,502	-38,751	-92,445
Decrease in Value	-37,135	-113,782	-339,081	-489,998
Other Non-Cash Earnings-Expenses	302,225	616,545	551,635	1,470,405
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.

PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSET ITEMS

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

	Current Period		Previous Period	
	LC	FC	LC	FC
Demand Unrestricted Amount	3,366,711	1,298,986	402,357	446,626
Time Unrestricted Amount	0	0	0	0
Total	3,366,711	1,298,986	402,357	446,626

2. Additional information on Trading Securities:

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

b. Trading securities subject to repurchase agreements:

	Current Period		Previous Period	
	LC	FC	LC	FC
Government Bonds	318,905	0	322,902	0
Treasury Bills	446,891	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	765,796	0	322,902	0

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PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

3. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Previous Period	Current Period	Previous Period
European Union Countries	1,362,357	637,835	13,020	14,023
USA, Canada	2,517,891	140,361	0	0
OECD Countries*	29,614	170,144	0	0
Off-shore Banking Regions	0	0	0	0
Other	111,559	101,005	0	0
Total	4,021,421	1,049,345	13,020	14,023

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

4. Information on receivables from reverse repo transactions:

	Current Period		Previous Period	
	LC	FC	LC	FC
From local transactions	576,500	0	0	0
Central Bank of the Republic of Turkey	0	0	0	0
Banks	576,500	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
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	576,500	0	0	0

5. Information on investment securities available for sale:

a. Types of securities available for sale: Securities available for sale are comprised of 97% government bonds and 3% stocks and other securities.

b. Information on investment securities available for sale:

	Current Period	Previous Period
Debt Securities	19,801,870	12,810,181
Quoted in a Stock Exchange	13,627,850	6,512,235
Not quoted (*)	6,174,020	6,297,946
Share Certificates	13,683	13,690
Quoted in a Stock Exchange	0	0
Not quoted	13,683	13,690
Impairment Provision (-)	55,833	2
Other	514,114	356,958
Total	20,273,834	13,180,827

(*) Indicates debt securities, listed on the stock exchange, that have not been traded at the end of related periods.

c. Investment securities available for sale given as collateral:

Securities available for sale given as collateral are comprised of LC and FC government bonds. The book value of these securities as of the balance sheet date stands at TRY 3,092,310 that comprises of TRY 3,048,688 cost and TRY 43,622 valuation difference.

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	
	LC	FC	LC	FC
Share Certificates	0	0	0	0
Bond, T-Bill and similar investment securities	1,386,513	1,662,176	1,351,701	821,698
Other	0	0	0	0
Total	1,386,513	1,662,176	1,351,701	821,698

TÜRKİYE İŞ BANKASI A.Ş.

PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

	Current Period		Previous Period	
	LC	FC	LC	FC
Government Bonds	3,314,695	1,544,332	164,084	412,670
Treasury Bills	0	0	0	0
Other 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	138,171	0	0
Total	3,314,695	1,682,503	164,084	412,670

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	147,066	0	28,245	0
Total	147,066	0	28,245	0

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non Specialization Loans	20,172,972	0	186,653	390,230
Discount Notes	4,014	0	0	0
Export Loans	1,679,631	0	67,041	0
Import Loans	1,121	0	0	0
Loans Given to Financial Sector	174,199	0	0	0
International Loans	388,758	0	0	0
Consumer Loans	4,275,705	0	152	0
Credit Cards	2,198,527	0	22	0
Precious Metals Loans	0	0	0	0
Other	11,451,017	0	119,438	390,230
Specialized Lending	0	0	0	0
Other Receivables	7,002,407	0	0	0
Total	27,175,379	0	186,653	390,230

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	8,247,879	0	72,731	0
Non-Specialization Loans	8,247,879	0	72,731	0
Specialized Loans	0	0	0	0
Other Receivables	0	0	0	0
Medium and Long-Term Loans	11,925,093	0	113,922	390,230
Non-Specialization Loans	11,925,093	0	113,922	390,230
Specialized Loans	0	0	0	0
Other Receivables	0	0	0	0
Total	20,172,972	0	186,653	390,230

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

	Short-Term	Medium and Long-Term	Total	Interest and Income Accruals
Consumer Loans-LC	481,770	3,559,168	4,040,938	383,244
Real Estate Loans	14,318	1,775,967	1,790,285	143,026
Automotive Loans	86,827	886,180	973,007	98,609
General Purpose Consumer Loans	379,249	895,928	1,275,177	141,427
Other Consumer Loans	1,376	1,093	2,469	182
Consumer Loans-FC Indexed	4,282	135,591	139,873	13,917
Real Estate Loans	705	119,891	120,596	12,860
Automotive Loans	3,575	15,529	19,104	1,049
General Purpose Consumer Loans	2	171	173	8
Other Consumer Loans Indexed to FC	0	0	0	0
Consumer Loans - FC	0	0	0	0
Real Estate Loans	0	0	0	0
Automotive Loans	0	0	0	0
General Purpose Consumer Loans	0	0	0	0
Other FC Consumer Loans	0	0	0	0
Retail Credit Cards-LC	2,054,046	0	2,054,046	19,807
Installment Based	599,757	0	599,757	0
Other Credit Cards	1,454,289	0	1,454,289	19,807
Retail Credit Cards-FC	0	0	0	0
Installment Based	0	0	0	0
Other Credit Cards	0	0	0	0
Personnel Loans-LC	24,139	70,767	94,906	6,781
Real Estate Loans	224	22,043	22,267	1,540
Automotive Loans	696	8,574	9,270	1,025
General Purpose Consumer Loans	23,206	40,104	63,310	4,213
Other Consumer Loans	13	46	59	3
Personnel Loans- FC Indexed	0	140	140	13
Real Estate Loans	0	8	8	2
Automotive Loans	0	21	21	0
General Purpose Consumer Loans	0	111	111	11
Other Consumer Loans	0	0	0	0
Personnel Loans-FC	0	0	0	0
Real Estate Loans	0	0	0	0
Automotive Loans	0	0	0	0
General Purpose Consumer Loans	0	0	0	0
Other Consumer Loans	0	0	0	0
Personnel Credit Cards-LC	38,658	0	38,658	96
Installment Based	11,794	0	11,794	0
Other Credit Cards	26,864	0	26,864	96
Personnel Credit Cards-FC	0	0	0	0
Installment Based	0	0	0	0
Other Credit Cards	0	0	0	0
Total	2,602,893	3,765,666	6,368,559	423,858

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PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

e. Installment based commercial loans and corporate credit cards:

	Short-Term	Medium and Long Term	Total	Interest and Income Accruals
Installment Based Commercial Loans-LC	723,648	4,323,902	5,047,550	534,402
Real Estate Loans	5,202	183,336	188,538	9,914
Automotive Loans	195,187	1,758,772	1,953,959	253,165
General Purpose Commercial Loans	397,238	2,155,632	2,552,870	241,864
Other Commercial Loans	126,021	226,162	352,183	29,459
Installment Based Commercial Loans- FC Indexed	16,422	186,430	202,852	14,508
Real Estate Loans	331	33,812	34,143	2,754
Automotive Loans	12,874	125,493	138,367	9,738
General Purpose Commercial Loans	3,217	27,125	30,342	2,016
Other Commercial Loans	0	0	0	0
Installment Based Commercial Loans-FC	0	0	0	0
Real Estate Loans	0	0	0	0
Automotive Loans	0	0	0	0
General Purpose Commercial Loans	0	0	0	0
Other Commercial Loans	0	0	0	0
Corporate Credit Cards-LC	105,845	0	105,845	76
Installment Based	0	0	0	0
Other Credit Cards	105,845	0	105,845	76
Corporate Credit Cards-FC	0	0	0	0
Installment Based	0	0	0	0
Other Credit Cards	0	0	0	0
Total	845,915	4,510,332	5,356,247	548,986

f. Loans according to type of borrowers:

	Current Period	Previous Period
Public Sector	1,050,640	505,883
Private Sector	19,699,215	11,945,959
Total	20,749,855	12,451,842

g. International and domestic loans:

	Current Period	Previous Period
Domestic Loans	20,361,097	12,312,830
International Loans	388,758	139,012
Total	20,749,855	12,451,842

h. Loans granted to subsidiaries and participations:

	Current Period	Previous Period
Direct Loans Granted to Subsidiaries and Participations	347,939	506,184
Indirect Loans Granted to Subsidiaries and Participations	0	0
Total	347,939	506,184

i. Specific provisions provided against loans:

Specific Provisions	Current Period	Previous Period
Loans and Receivables with Limited Collectibility	40,642	76,097
Loans and Receivables with Doubtful Collectibility	115,327	108,405
Uncollectible Loans and Receivables	897,466	948,829
Total	1,053,435	1,133,331

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PART FIVE: INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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)	222	3,231	386,472
Loans and Other Receivables which are Restructured	0	0	61,706
Rescheduled Loans and Other Receivables	222	3,231	324,766
Previous 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

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	76,097	108,405	948,829
Additions (+)	254,178	4,821	131,537
Transfers from Other Categories of Loans Under Follow-Up (+)	0	252,063	221,259
Transfers to Other Categories of Loans Under Follow-Up (-)	252,063	221,259	0
Collections (-)	37,487	28,540	394,248
Write-Offs (-)	83	163	9,911
Current Period End Balance	40,642	115,327	897,466
Specific Provisions (-)	40,642	115,327	897,466
Net Balance on Balance Sheet	0	0	0

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	0	0	1,947
Specific Provisions (-)	0	0	1,947
Net Balance on Balance Sheet	0	0	0
Previous Period:			
Period End Balance	1,540	0	253
Specific Provisions (-)	1,540	0	253
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.

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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	316,541
Quoted in a Stock Exchange	0	0
Not Quoted	316,541	316,541
Impairment Provision (-)	0	0
Total	316,541	316,541

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

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

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

Investment securities held-to-maturity	Current Period				Previous Period			
	Historical Cost		Valuation		Historical Cost		Valuation	
	LC	FC	LC	FC	LC	FC	LC	FC
Given as collateral or blocked	0	0	0	0	316,541	0	326,550	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	316,541	0	318,662	0	0	0	0	0
Total	316,541	0	318,662	0	316,541	0	326,550	0

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

There are no investment securities held-to-maturity, which have been given as collateral.

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

	Current Period		Previous Period	
	LC	FC	LC	FC
Bill	0	0	0	0
Bonds and Similar Securities	0	0	316,541	0
Other	0	0	0	0
Total	0	0	316,541	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	14.03	18.87
3-	Çelikord A.Ş.	İstanbul/TURKEY	48.00	49.00
4-	İŞ-KORAY Turizm Ormancılık Madencilik İnşaat Taahhüt ve Ticaret A.Ş.	İstanbul/TURKEY	1.80	50.00
5-	(In Liquidation) "ETİTAŞ" Elektrik Teçhizatı İmalatı Tesisatı A.Ş.	İzmir/TURKEY	29.34	29.34
6-	(In Liquidation) Vadeli İşlemler Eğitim Danışmanlık A.Ş.	İzmir/TURKEY	8.70	10.39
7-	Türk Pirelli Lastikleri A.Ş.	İstanbul/TURKEY	25.75	25.75

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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	Previous Period	Fair Value
						Profit/Loss (31.12.2004)	Profit/Loss (31.12.2003)	
1-	330,555	68,502	24,616	29,203(1)	3,431	6,025	7,542	0
2-	11,798,668	10,674,634	1,306,811	11,719	0	-804,147	-	0
3-	81,400	44,579	33,879	1,867	161	3,161	2,752	0
4-	60,761	8,079	41,827	204	0	-4,889	-7,732	0
5-	(2)	(2)	(2)	(2)	(2)	(2)	(2)	0
6-	75	-160	0	5	0	235	10	0
7-	325,445	214,841	99,301	6,279	475	4,948	12,349	0

(1) Interest Income of TRY 29,203 includes Securities Income of TRY 21,863.

(2) The Annual General Meetings for 2003 and 2004 have 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	1,593,737	822,992
Difference arising from inflation indexation	0	-79,128
Movements during the period		
Purchases (*)	27,506	819,144
Bonus shares acquired	1,256	0
Dividends received from the current year profit	0	0
Sales	-492,940	-6,784
Revaluation Surplus (**)	-144,670	37,513
Impairment provision	-159,001	0
Balance at the end of the period	825,888	1,593,737
Capital commitments	0	0
Share percentage at the end of the period (%)	0	0

(*) Includes the amount of transactions related to cash capital increases.

(**) The relevant amount is the cancellation of the increases in the market value of the quoted participations sold in the current period.

e. Valuation of investments:

	Current Period	Previous Period
Valuation with cost	825,888	982,260
Valuation with fair value	0	611,477
Valuation with equity method (*)	0	0
Total	825,888	1,593,737

(*) Equity method has not been used.

f. Sectoral information on financial participations and the related carrying amounts:

Participations	Current Period	Previous Period
Banks	48,895	47,695
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Participations	-	-

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g. Participations quoted to a stock exchange:

	Current Period	Previous Period
Quoted to domestic stock exchanges	0	611,477
Quoted to international stock exchanges	0	0
Total	0	611,477

h. Participations sold in the current period:

Title	Sales Price	Market Price at	
		Sales Date	Terms of Sales
Petrol Ofisi A.Ş. (Partial Sale)	52,372	52,372	Cash
Marmaris Altinyunus Turistik Tesisler A.Ş. (Block Sale)	3,001	3,001	Cash
Petrol Ofisi A.Ş. (Block Sale)	667,660	745,545	(1)
Türk Alkollü İçki ve Şarap Endüstrisi Limited (Block Sale)	111	-	Cash

(1) The disclosures on the terms of the sales are given in Footnote "X - Information and Disclosures Related to Issues which Occurred After the Date of the Balance Sheet".

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.

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	84
3-	Anadolu Turizm İnşaat ve Ticaret A.Ş.	İstanbul/TURKEY	99.96	100
4-	Antıda Gıda Tarım Turizm Enerji ve Demir Çelik Sanayi Ticaret A.Ş.	İzmir/TURKEY	99.89	99.99
5-	Asmaş Ağır Sanayi Makinaları A.Ş.	İzmir/TURKEY	97.53	99.95
6-	Batı Karadeniz Elektrik Dağıtım ve Ticaret A.Ş.	İstanbul/TURKEY	65	65
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
9-	Camiş Madencilik A.Ş.	İstanbul/TURKEY	78.46	100
10-	Camiş Yatırım Holding A.Ş.	İstanbul/TURKEY	99.97	100
11-	Çayırova Cam Sanayii A.Ş.	Kocaeli/TURKEY	31.57	100
12-	İş Dublin Financial Services Plc	Dublin/IRELAND	99.995	100
13-	İş Finansal Kiralama A.Ş.	İstanbul/TURKEY	27.79	58.21
14-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	42.23	59.69
15-	İş Merkezleri Yönetim ve İşletim A.Ş.	İstanbul/TURKEY	86.33	100
16-	İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	İstanbul/TURKEY	95	100
17-	İş Portföy Yönetimi A.Ş.	İstanbul/TURKEY	50	100
18-	İş Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	92	100
19-	İşbank GmbH	Frankfurt-Main/GERMANY	100	100
20-	Kültür Yayınları İş-Türk Limited Şirketi	İstanbul/TURKEY	99.17	100
21-	Milli Reasürans T.A.Ş.	İstanbul/TURKEY	76.64	77.05
22-	Mipaş Mümesillik İthalat İhracat ve Pazarlama A.Ş.	İstanbul/TURKEY	99.98	100
23-	Nemtaş Nemrut Liman İşletmeleri A.Ş.	İzmir/TURKEY	99.81	100
24-	Trakya Yatırım Holding A.Ş.	İstanbul/TURKEY	65.34	100
25-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/TURKEY	40.52	50.1
26-	Türkiye Şişe ve Cam Fabrikaları A.Ş.	İstanbul/TURKEY	66.11	70.32
27-	Zepa Tarımsal Hayvansal ve Sınai Ürünler Üretim ve Pazarlama A.Ş.	İzmir/TURKEY	5.53	99.4

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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	Previous Period	Fair Value
						Profit/Loss (31.12.2004)	Profit/Loss (31.12.2003)	
1-	874,286(1)	366,370(1)	16,487(1)	(1)	2,116(1)	22,267(1)	63,240(2)	185,307
2-	1,896,357(1)	293,806(1)	22,231(1)	(1)	3,008(1)	34,806(1)	18,629(2)	439,518
3-	1,119	1,096	1,044	0	9	4	13	0
4-	50,946	52,390	1,066	1,027	0	-12,069	2,138	0
5-	48,525	42,306	11,856	24	0	803	1,829	0
6-	1,443	1,926	941	0	16	-483	-189	0
7-	77,280	62,582	52,890	395	156	-6,381	-5,836	0
8-	735,184	265,601	9,742	-	-	18,292	-711	0
9-	150,963	137,012	11,205	879	1,856	762	2,881	0
10-	66,815	58,944	0	0	1,301	1,160	85	0
11-	128,724	110,146	24,512	1,003	3,601	7,999	2,239	0
12-	14,567	11,022	0	676(3)	0	3,546	-521	0
13-	634,516(1)	117,300(1)	873(1)	3,497(1)	73(1)	27,709(1)	16,742(2)	98,739
14-	827,061(1)	782,828(1)	135,801(1)	1,058(1)	2,036(1)	21,405(1)	82,713(2)	407,631
15-	13,372	5,133	326	900	176	2,097	2,427	0
16-	18,786	16,581	4,922	6	1,620	1,054	645	0
17-	14,168	9,204	281	0	0	3,386	4,643	0
18-	108,038	86,545	1,709	4	105	11,337	11,434	0
19-	578,407	98,304	33,406	23,290(4)	0	5,622	3,932	0
20-	2,716	1,242	108	0	5	473	150	0
21-	695,580	257,250	119,826	69,263	7	2,550	2,905	0
22-	11,784	10,813	1,005	582	151	707	-297	0
23-	193,278	108,962	36,482	388	634	25,016	8,375	0
24-	435,887	435,797	0	1	313	85	312	0
25-	3,019,712(1)	496,804(1)	26,029(1)	175,585(1)(5)	108,812(1)	70,049(1)	43,770(2)	364,818
26-	4,160,244(1)	2,247,578(1)	2,499,773(1)	38,931(1)	17,691(1)	113,258(1)	143,381(2)	1,318,904
27-	5,181	1,969	341	164	1	-764	33	0

(1) Information on the 30.09.2005 period.

(2) Information on the 30.09.2004 period.

(3) Interest Income of TRY 676, includes Securities Income in value of TRY 664.

(4) Interest Income of TRY 23,290, includes Securities Income in value of TRY 3,934.

(5) Interest Income of TRY 175,585, includes Securities Income in value of TRY 107,755.

d. Information on subsidiaries (movement table):

	Current Period	Previous Period
Balance at the Beginning of the Period	3,230,245	2,738,873
Inflation adjustment difference	0	-156,499
Movements in the Period		
Purchases (*)	75,608	623,121
Bonus Shares Acquired	98,113	0
Dividends Received from the Current Year Profit	0	0
Sales	-140,857	-879,539
Revaluation Surplus (**)	890,461	976,281
Impairment Provisions (***)	-223,064	-71,992
Balance at the End of the Period	3,930,506	3,230,245
Capital Commitments	0	0
Share Percentage at the End of the Period (%)	0	0

(*) Includes the amount of transactions related to cash capital increases.

(**) The relevant amounts represent the increases and decreases in the market values of participations quoted in the stock exchange as of related periods.

(***) Impairment provisions set aside for Mıpaş A.Ş., Ant Gıda A.Ş. and Trakya Yatırım Holding A.Ş.

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e. Valuation of subsidiaries:

	Current Period	Previous period
Valuation with Cost	1,115,590	1,260,148
Valuation with Fair Value	2,814,916	1,970,097
Valuation with Equity Method (*)	0	0
Total	3,930,506	3,230,245

(*) Equity method has not been used.

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

Subsidiaries	Current Period	Previous Period
Banks	447,652	169,478
Insurance Companies	865,614	557,120
Factoring Companies	0	0
Leasing Companies	98,739	39,600
Finance Companies	203	228
Other Financial Subsidiaries	507,789	426,031
Total	1,919,997	1,192,457

g. Subsidiaries quoted to stock exchange:

	Current Period	Previous period
Quoted to domestic stock exchanges	2,814,916	1,970,097
Quoted to international stock exchanges	0	0
Total	2,814,916	1,970,097

h. Subsidiaries sold in the current period:

Title	Sales Price	Stock Price at Sales Date	Terms of Sales
İş Gayrimenkul Yatırım Ortaklığı A.Ş. (Partial Sale)	62,909	62,909	Cash
İş Finansal Kiralama A.Ş. (Partial Sale)	18,750	18,750	Cash
Destek Reasürans T.A.Ş. (Block Sale)	73,700	-	Cash
İDÇ Liman İşletmeleri A.Ş. (Block Sale)	35,215	-	Cash
İş Yatırım Ortaklığı A.Ş. (Block Sale)	8,520	8,520	Cash
İzmir Demir Çelik Sanayi A.Ş. (Block Sale)	106,718*	106,718	Cash

(*) TRY Equivalent of USD 79,050,000 at Isbank USD buying rate of TRY 1.35 on 14 October 2005.

i. Subsidiaries purchased in the current period:

Title	Purchase Price	Stock Price at Purchase Date	Terms of Sales
Asmaş Ağır Sanayi Makinaları A.Ş.	2,286	-	Cash
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	754	754	Cash
Nemtaş Nemrut Liman İşletmeleri A.Ş.	33,056	-	Cash

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 (Net):

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	161,196	0
From Sale of Immovables	2,036	4,940
From Sale of Other Assets	0	0
Total	163,232	4,940

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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	
	LC	FC	LC	FC
Interest Accruals	12,369	200	7,447	66
Interest Rediscounts	1,039,395	51,990	679,244	53,615
Loan Commissions and Other Income Accruals	127	0	42	0
Loan Commissions and Other Income Rediscounts	4,666	0	434	0
Total	1,056,557	52,190	687,167	53,681

b. Information on other interest and income rediscounts:

Other Interest and Income Rediscounts	Current Period		Previous Period	
	LC	FC	LC	FC
Trading Securities	21,334	1,241	12,029	56
Investment Securities Available-For-Sale	624,382	144,113	303,140	155,776
Investment Securities Held-To-Maturity	2,385	0	10,009	0
Interest Rediscounts of Reverse Repo Transactions	242	0	0	0
Interest Rediscounts of Reserve Deposits	34,361	4,598	21,751	4,145
Income Rediscounts of Financial Derivative Instruments	1,326	10,211	920	4,023
Interest and Income Rediscounts	0	0	0	0
Income Rediscounts of Foreign Exchange Gains	1,326	10,211	920	4,023
Income Rediscounts of Factoring Receivables	0	0	0	0
Other	25,129	19,925	4,045	12,611
Total	709,159	180,088	351,894	176,611

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	4,130,452	55,301	11,258	545,108	4,742,119
Accumulated Depreciation (-)	-2,455,000	-14,031	-10,161	-347,003	-2,826,195
Net Book Value	1,675,452	41,270	1,097	198,105	1,915,924
End of Current Period					
Net Book Value at the Beginning of the Period	1,675,452	41,270	1,097	198,105	1,915,924
Additions	123,640	51,823	998	89,127	265,588
Disposals (-)	-229,550	0	-846	-24,851	-255,247
Impairment	-106,579	0	0	0	-106,579
Depreciation (-)	-36,642	-18,250	-734	-36,801	-92,427
Currency Translation Differences Resulting from Foreign Investments (-)	0	0	0	0	0
Cost for the end of the current period	3,917,963	107,124	11,410	609,384	4,645,881
Accumulated depreciation at the end of the current period	-2,424,092	-32,281	-10,152	-417,252	-2,883,777
Closing Net Book Value	1,493,871	74,843	1,258	192,132	1,762,104

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	1	1

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b. Reconciliation of movements on fixed assets for the current period:

	Current Period
Beginning Balance (Net)	2
Amounts Formed Internally	0
Additions due to Mergers, Transfers and Acquisitions	0
Not Used and Disposed Items	0
Increases or Decreases in the Revaluation Fund	0
Impairment Charges	0
Reversal of Impairment Charges	0
Depreciation Expenses (-)	1
Currency Translation Differences Arising from Foreign Investments	0
Other Differences in Book Values	0
Period End Balance (Net)	1

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 TRY 4,954.

i. There is no goodwill arising from mergers or acquisitions.

17. Information on deferred tax asset:

There is no deferred tax asset.

18. Information on other assets:

a. The value of total pre-paid expenses is TRY 70,586 and pre-paid taxes stand at TRY 505,793.

b. 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	1,560,094	0	4,455,620	2,923,145	724,721	104,090	177,638	9,945,308
Foreign Currency Deposits	3,322,496	0	5,030,395	3,728,497	850,522	194,345	879,247	14,005,502
Residents in Turkey	3,129,818	0	4,724,655	3,595,217	794,954	186,029	737,079	13,167,752
Residents Abroad	192,678	0	305,740	133,280	55,568	8,316	142,168	837,750
Deposits of Public Institutions	32,771	0	12,741	29,348	5,856	0	1,728	82,444
Commercial Deposits	1,948,279	0	1,285,325	2,461,606	1,117,810	143,584	4,527	6,961,131
Other Deposits	285,666	0	449,481	1,585,700	1,060,803	547,010	15,353	3,944,013
Precious Metals Vault	0	0	0	0	0	0	0	0
Interbank Deposits	97,999	0	1,466,238	710,174	185,124	0	2,046	2,461,581
The Central Bank of Turkey	22,309	0	0	0	0	0	0	22,309
Domestic Banks	4,868	0	1,268,055	276,569	101,954	0	2,000	1,653,446
Foreign Banks	69,464	0	198,183	33,605	83,170	0	46	384,468
Special Financial Institutions	1,358	0	0	400,000	0	0	0	401,358
Other	0	0	0	0	0	0	0	0
Total	7,247,305	0	12,699,800	11,438,470	3,944,836	989,029	1,080,539	37,399,979

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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	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 Deposits 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

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	6,079,460	4,597,973	3,702,541	2,343,668
Foreign Currency Savings Deposits	4,944,003	5,244,417	3,583,727	3,533,495
Other Deposits in the Form of Savings Deposits	0	0	0	0
Foreign Branches' Deposits Under Foreign Authorities' Insurance	500,593	485,610	88,517	84,584
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance	0	0	66,378	24,406

b.2. 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	88,517	84,584
Off-Shore Banking Regions' Deposits Under Foreign Authorities Insurance	66,378	24,406

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Previous Period	
	LC	FC	LC	FC
From Domestic Transactions	4,167,274	0	486,252	0
Financial Institutions and Organizations	1,006,954	0	8,211	0
Other Institutions and Organizations	3,079,456	0	369,859	0
Real Persons	80,864	0	108,182	0
From Foreign Transactions	7,657	1,494,660	5,095	308,291
Financial Institutions and Organizations	0	1,494,660	0	308,291
Other Institutions and Organizations	6,700	0	3,780	0
Real Persons	957	0	1,315	0
Total	4,174,931	1,494,660	491,347	308,291

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3. Funds borrowed:

a. Information on funds borrowed:

	Current Period		Previous Period	
	LC	FC	LC	FC
Short-term	89,742	1,839,560	108,031	561,806
Medium and Long-term	1,542,710	4,713,456	0	3,193,804
Total	1,632,452	6,553,016	108,031	3,755,610

b. Concentration on the liabilities of the Bank:

58.70% of the Bank's liabilities is comprised of deposits and 12.85% 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	14,185	13,250

7. 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.

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	30,890	34,732
Income Tax of Returns from Real Estates	401	370
Banking Insurance Transaction Tax (BITT)	21,136	18,306
Foreign Exchange Transactions Tax	1,473	1,774
Value Added Tax Payable	339	381
Other	7,699	7,111
Total	61,938	62,674

b. Information on premiums payable:

	Current Period	Previous Period
Social Security Premiums-Employee	7	7
Social Security Premiums-Employer	8	9
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	661	225
Unemployment Insurance-Employer	1,324	450
Other	0	0
Total	2,000	691

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.

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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.

c. Liabilities resulting from financial leasing transactions:

	Current Period		Previous Period	
	Gross	Net	Gross	Net
Less than 1 Year	33,969	30,581	13,986	12,491
1-4 Years	26,842	25,296	16,499	15,611
More Than 4 Years	9	0	11	0
Total	60,820	55,877	30,496	28,102

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: None.

11. Information on interest and expenditure rediscounts:

	Current Period		Previous Period	
	LC	FC	LC	FC
Interest Rediscounts on Deposits	273,733	36,144	123,160	29,254
Interest Rediscounts on Borrowings	87,695	31,186	4,743	20,531
Interest Rediscounts on Bonds	0	0	0	0
Interest Rediscounts on Repurchase Transactions	4,205	19,399	383	6,586
Interest Rediscounts on Financial Derivative Instruments	2,841	38,750	314	4,227
Interest and Expense Rediscounts	0	13,477	314	103
Foreign Exchange Losses Rediscounts	2,841	25,273	0	4,124
Rediscounts regarding the factoring payables	0	0	0	0
Other Interest and Expense Rediscounts	14,014	13,030	18,622	1,064
Total	382,488	138,509	147,222	61,662

12. Information on provisions and subordinated loans:

a. Information on general provisions:

	Current Period	Previous Period
General Provisions	149,263	95,318
Set aside for Group I. Loans and Receivables	97,199	56,022
Set aside for Group II. Loans and Receivables	2,209	2,906
Set aside for Non-cash Loans	14,842	12,063
Other	35,013	24,327

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	18,993	23,002	22,902	24,439	24,219
Liabilities of End of Service Benefits and Notification Indemnity	86,349	117,541	167,116	186,342	208,836	229,966
Actual Repayment Ratio	12.60	16.16	13.76	12.29	11.70	10.53
Ratio of Provisions for End of Service Benefits and Notification Indemnity	12.74	15.40	13.81	14.08	14.26	13.30
Possible Provisions for End of Service Benefits and Notification Indemnity	11,000	18,100	23,081	26,234	29,783	30,593

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	326,090
Actual and Technical Deficit	109,851	74,470	543,484
Provisions Ratio (%)	20.00	40.73	60.00

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In accordance with the RAP Communiqué No 10, an actuary audit is carried out in respect of Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İsbank Pension Fund), which has been established according to the provisional Article 20 of the Social Security Law No. 506. Regarding the said pension fund, which is supposed to be transferred to the Social Security Institution as per provisional article nr.23 of the Banking Law Nr.5411, within 3 years after the publication of the said law; provisions were allocated in accordance with the methods stipulated in the provisional article nr.1 of the RAP Communiqué No 10, for the actual and technical deficits determined in the audited technical balance sheet report, which was prepared by using the 10.24% technical interest rate, stated by government authorities, and provisions shall be allocated to cover them 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 31.12.2005, loss from exchange rate differentials of foreign currency indexed loans amounts to TRY 35,579.

f. Information on accounting impairment provision as per the delivery date: None.

g. Information on special provisions for non-cash loans, which are not indemnified or not converted into cash: TRY 124,308 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: There are no non-specific provisions set aside for possible risks.

i. Subordinated debt: None.

13. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Previous Period
Common stock	1,968,912	1,640,727
Preferred stock	30	30
Total	1,968,942	1,640,757

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	1,968,942	3,500,000

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 has been increased in the current year to TRY 1,968,942, raising it by TRY 328,185, TRY 70,909 of which it was covered by the Profit Gained From The Sale of Participations, TRY 93,184 by Extraordinary Reserves and TRY 164,092 by the Difference Arising From the Restatement of Paid-in Capital. Information regarding the capital increase is summarized below.

Date of Increase	Amount Increased	Cash	Reserves	Increase in the Value of Revaluation Fund
05.08.2005	328,185	0	328,185	0

d. Information on share capital increases from revaluation fund:

Fixed Assets Value Increase	Participations Value Increase	Real Estate Sales Profit	Participations Sales Profit	Revaluation Fund of Leasehold Improvement
0	0	0	70,909	0

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.

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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.

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.

h. Information on the Differences due to Inflation Adjustment of Paid-in Capital:

As per the resolution nr.1623 made by the Banking Regulation and Supervision Agency on 21.04.2005, it is decided that the indicators mentioned in article 5 of the Regulation on Accounting Practice (RAP), Communiqué no.14: Accounting Standard Concerning the Preparation of Financial Statements in High Inflationary Periods, related to the existence of high inflation, have ceased to exist and that banks and financial institutions are not obliged to prepare their financial statements in accordance with the rules of this communiqué.

Accordingly, as per the Circular nr.2005/5 published by the Banking Regulation and Supervision Agency on 28.04.2005, the amount of TRY 2,535,404 in the "Differences Due to Inflation Adjustment of Paid-in Capital" account was transferred to the "Other Capital Reserves" account as of 31.12.2004.

14. Common stock issue premiums, shares and equity instruments:

	Current Period	Previous Period
Number of shares (Thousand)	49,227,698	41,023,082
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	49,227,698	41,023,082

(*)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	
	LC	FC	LC	FC
From Participants and Subsidiaries	2,215,487	0	1,426,378	0
From Investment Securities Available for Sale	211,595	293,561	83,967	128,616
From Investment Securities Held for Structural Position	0	0	0	0
Total	2,427,082	293,561	1,510,345	128,616

a.2. Information on marketable securities value increase fund:

	Current Period	Previous Period
Foreign Currency Marketable Securities Value Increase Fund	293,561	128,616
Part of the above amount including Foreign Exchange Gains Resulting from Foreign Currency Participations, Subsidiaries, and Investment Securities held- to- maturity	0	0
Total	293,561	128,616

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.

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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.

	Current Period		Previous Period	
	LC	FC	LC	FC
Movables	0	0	0	0
Immovables	0	0	0	0
Gain on Sale of Immovables and Shares of Subsidiaries and associates to be added to Capital	70,391	0	0	0
Leasehold Improvement Revaluation Fund	0	0	0	0
Total	70,391	0	0	0

17. Information on revaluation surplus:

The amounts corresponding to the bonus shares acquired through capital increases made via internal funds other than the period profit in associates, subsidiaries and jointly controlled partnerships are recorded in this account. As of 31.12.2005, the amount of TRY 99,303 in this account comes from the bonus shares acquired in a way as mentioned before.

18. Information on legal reserves:

	Current Period	Previous Period
First Legal Reserves	831,145	799,260
Second Legal Reserves	17,007	923
Other Legal Reserves Allocated Per Special Legislation	0	0
Total	848,152	800,183

19. Information on extraordinary reserves:

	Current Period	Previous Period
Reserves Allocated by the General Assembly	638,866	388,566
Retained Earnings	0	0
Accumulated Losses	0	0
Foreign Currency Share Capital Exchange Rate Difference	0	-3,021
Total	638,866	385,545

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 (İsbank Members' Supplementary Pension Fund)	817,967	41.54	817,967	0
Cumhuriyet Halk Partisi (Ataturk's Shares)	553,116	28.09	553,116	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.

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

	Current Period	Previous Period
Interest Received from Associates and Subsidiaries	21,894	21,280

2. Information on financial leasing income: There is no financial leasing income.

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3. Interest received from reverse repurchase agreement transactions:

	Current Period		Previous Period	
	LC	FC	LC	FC
Interest received from reverse repurchase agreement transactions	615	0	89	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	18,545	8,118

6. Information related to financial leasing expenses:

	Current Period	Previous Period
Financial Leasing Expenses	5,124	1,727

7. Maturity structure of the interest expense on deposits:

Name of the Account	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
Local Currency							
Interbank deposits	734	30,794	16,221	3,521	6,020	373	57,663
Saving deposits	4,978	593,774	305,591	101,122	46,835	71,254	1,123,554
Public sector deposits	265	2,133	3,526	1,257	0	68	7,249
Commercial deposits	2,310	106,173	149,481	75,702	24,788	887	359,341
Other deposits	475	66,635	216,674	159,931	1,751	509	445,975
Deposits with 7 days notification	0	0	0	0	0	0	0
Precious metal deposits	0	0	0	0	0	0	0
Total LC	8,762	799,509	691,493	341,533	79,394	73,091	1,993,782
Foreign Currency							
Foreign currency deposits	589	103,745	72,435	20,409	3,170	22,726	223,074
Interbank deposits	83	8,128	1,048	225			9,484
Deposits with 7 days notification	0	0	0	0	0	0	0
Precious metal deposits	0	0	0	0	0	0	0
Total FC	672	111,873	73,483	20,634	3,170	22,726	232,558
Total	9,434	911,382	764,976	362,167	82,564	95,817	2,226,340

8. Interest given to repurchase agreement transactions:

	Current Period		Previous Period	
	LC	FC	LC	FC
Interest given to repurchase agreement transactions	248,583	22,880	299,411	11,009

9. Interest paid for factoring payables: Does not exist.

10. Information regarding other operating income:

The balance of the Extraordinary Income and Cost items originates from the roundings during the process of convergence to TRY and the net balance of the aforementioned account is TRY 1.

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11. Provision expenses due to Bank's loans and other receivables:

	Current Period	Previous Period
Specific Provisions for Loans and Other Receivables	295,180	360,210
From Group III Loans and Receivables	153,385	73,501
From Group IV Loans and Receivables	437	78,683
From Group V Loans and Receivables	141,358	208,026
General Provision Expenses	53,951	33,343
Optional Provisions Allocated for Probable Risks	0	0
FC Differential Losses of Foreign Currency Indexed Loans (1)	-	56,508
Marketable Securities Impairment Expense	55,018	241
Trading Securities	0	241
Securities Available-for-sale	55,018	0
Impairment Provision Expense	382,065	59,078
Participations	343,972	0
Subsidiaries	38,093	59,078
Partnerships under Joint Control	0	0
Securities Held-to-Maturity	0	0
Other	17,174	544,018
Total (2)	803,388	1,053,398

(1) TRY 29,526 of FC differential losses of foreign currency indexed loans are shown under other operating expenses.

(2) 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.

12. Other operating expenses:

a. Information related to other operational expenses:

	Current Period	Previous Period
Personnel Expenses	818,547	733,778
Reserve for Employee Termination Benefits	811	3,714
Bank Pension Fund Deficit Provisions	295,757	11,574
Depreciation Expenses of Fixed Assets	92,444	102,359
Depreciation Expenses of Intangible Assets	0	0
Other Operating Expenses	441,584	356,300
Maintenance Expenses	7,857	12,196
Advertisement Expenses	174,364	158,253
Other Expenses	259,363	185,851
Loss on Sales of Assets	59,765	113,697
Operational Leasing Expenses	38,528	32,005
Other	212,018	178,345
Total (*)	1,959,454	1,531,772

(*) 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.

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13. a. Income and expenses relating to associates and subsidiaries:

	Current Period	Previous Period
Income and loss from subsidiaries (+/-)	61,502	88,380
Income and loss from associates (+/-)	29,234	19,206
Income and loss from other investments (+/-) (*)	875	1,401
Total (+/-)	91,611	108,987

(*) 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 VI - Information And Disclosures Related To Bank's Risk Group.

14. Information on tax provision:

Current Tax Expense: TRY 743,425 and the deferred tax provision is TRY 49,524.

Deferred Tax Liability: TRY 10,053 (Previous Period: TRY 10,501).

Net provision for deferred tax liability is TRY 49,972.

15. 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 01.01.2005 -31.12.2005.

b. Effect of changes in accounting estimates on the profit and loss for the current and future periods: No further explanation is required.

16. 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 249,800 thousand and EUR 33,882 thousand, which are yet to be utilized.

Capital increase commitments (TRY 130), commitments arising from various guarantee letters (TRY 100,868) submitted by the Bank pursuant to its own internal affairs, payment commitment, as per the Law No 4814, arising from the cheques given to customers (TRY 1,482,639) 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. In case the cheque presented for payment is without cover, the Bank has an obligation to pay the uncovered amount up to TRY 370. 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)	7,273,109	862,162
Forward FC Transactions	1,379,083	217,882
FC Swap Transactions	5,727,350	508,009
FC Futures Transactions	1,868	0
FC Option Transactions	164,808	136,271
Interest Related Derivative Transactions (II)	68,694	0
Forward Interest Contract Trading Transactions	0	0
Interest Rate Swap Transactions	0	0
Interest Rate Option Transactions	0	0
Futures Interest Rate Transactions	68,694	0
Other Trading Derivative Transactions (III)	3,198,348	853,376
A. Total Trading Derivative Transactions (I+II+III)	10,540,151	1,715,538
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)	10,540,151	1,715,538

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 TRY 6,199,231 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".

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

	31.12.2005
Bank Acceptances	146,071
Letters of Credit	1,936,228
Other Guarantees	72,586
Total	2,154,885

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

	31.12.2005
Provisional Letters of Guarantee	375,169
Definite Letters of Guarantee	2,880,429
Advance Letters of Guarantee	593,861
Letters of Guarantee Addressed to Customs	238,659
Other Letters of Guarantee	637,191
Total	4,725,309

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4. Concentration of off-balance sheet liabilities:

The Bank's receivables in terms of non-cash loans from its top 100 customers constitute 49% 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.

56% of non-cash loans have been extended to the manufacturing industry, which has a wide range of sub-sectors, while 16% has been extended to the services sector and 10% has been extended to the construction 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	635,833	650,300
With maturity of 1 year or less than 1 year	426,246	393,470
With maturity of more than 1 year	209,587	256,830
Other non-cash loans	6,244,361	5,184,701
Total	6,880,194	5,835,001

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.

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.

MOODY'S (20.12.2005*)	RATING	OUTLOOK
Financial Strength	D	Stable
Long-term foreign currency deposit	B1	Stable
Long-term local currency deposit	A3	Stable
Short-term foreign currency deposit	Not Prime	-
Short-term local currency deposit	Prime-2	-
FITCH RATINGS (08.12.2005*)	RATING	OUTLOOK
Long-term Foreign Currency	BB-	Positive
Long-term Local Currency	BB	Positive
Short-term Foreign Currency	B	-
Short-term Local Currency	B	-
Long-term National	AA- (tur)	Stable
Individual	C	-
Support	4	-
STANDARD & POOR'S (26.01.2006*)	RATING	OUTLOOK
Long-term counter party credit rating	BB -	Positive
Long-term certificate of deposit	BB -	Positive
Short-term counter party credit rating	B	-
Short-term certificate of deposit	B	-
CORE RATINGS (22.12.2005*)	RATING	OUTLOOK
Corporate Governance	9	-

(*) The dates are the last dates of change in the rating or the outlook.

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8. a. Sectoral Concentration of Non-Cash Loans:

	Current Period				Previous Period			
	LC	(%)	FC	(%)	LC	(%)	FC	(%)
Agriculture	67,859	2.95	21,943	0.48	47,666	2.75	59,601	1.45
Farming and Livestock	61,255	2.67	17,920	0.39	42,769	2.47	55,078	1.34
Forestry	5,169	0.22	3,514	0.08	3,804	0.22	4,139	0.10
Fishing	1,435	0.06	509	0.01	1,093	0.06	384	0.01
Industry	1,345,760	58.49	2,817,000	61.52	974,213	56.21	2,438,688	59.45
Mining and Quarrying	23,668	1.03	31,445	0.69	16,879	0.97	24,943	0.61
Manufacturing Industry	1,299,274	56.47	2,547,840	55.64	947,242	54.66	2,166,357	52.81
Electricity, Gas, Water	22,818	0.99	237,715	5.19	10,092	0.58	247,388	6.03
Construction	218,426	9.49	449,626	9.82	173,351	10.00	482,863	11.77
Services	634,136	27.56	438,561	9.57	506,996	29.26	325,809	7.95
Wholesale and Retail Trade	274,956	11.95	113,036	2.47	243,915	14.08	98,425	2.40
Hotel and Restaurant Services	22,700	0.99	41,799	0.91	26,918	1.55	47,459	1.16
Transportation and								
Telecommunication	60,619	2.63	57,912	1.26	39,754	2.29	47,248	1.15
Financial Institutions	89,319	3.88	78,817	1.72	81,234	4.69	54,230	1.32
Real Estate and Rental Services	14,595	0.63	21,757	0.48	10,296	0.59	15,546	0.38
Self-employment Services	148,138	6.44	44,642	0.97	84,551	4.88	31,271	0.76
Educational Services	5,705	0.25	21,065	0.46	4,963	0.29	25,673	0.63
Health and Social Services	18,104	0.79	59,533	1.30	15,365	0.89	5,957	0.15
Others	34,612	1.51	852,271	18.61	30,737	1.78	795,077	19.38
Total	2,300,793	100.00	4,579,401	100.00	1,732,963	100.00	4,102,038	100.00

b. Information about the first and second group non-cash loans:

	Group I		Group II	
	LC	FC	LC	FC
Non-cash Loans	2,285,398	4,405,499	15,395	173,902
Letters of Guarantee	2,285,389	2,305,211	15,395	119,314
Bank Acceptances	0	103,576	0	42,495
Letters of Credit	9	1,924,881	0	11,338
Endorsements	0	0	0	0
Underwriting Commitments	0	0	0	0
Factoring Guarantees				
Other Guarantees and Warranties	0	72,586	0	0

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: The value of the valuation account arising from exchange rate differentials is TRY (-) 3,021 at the beginning of the period and TRY (+) 412 at the end of the period.

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 TRY 2,720,643, as recorded in the "Marketable Securities Value Increase Fund" under shareholders' equity account.

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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.

c. Proposals to the General Assembly on the dividend payment dates and if there will not be any dividends paid, the reason for it: Proposals to the General Assembly on the dividend payment have not become finalized as at the publishing date of the balance sheet.

4. Amounts transferred to the legal reserves account: TRY 343,483 has been transferred from the profits of the year 2004 to the extraordinary reserves account and TRY 47,969 to the legal reserves account.

5. Information regarding share issue: The Bank's paid-in capital was increased by TRY 328,185 during the year 2005 and 8,204,616,350 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.

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 TRY 1,311,855 before the change in assets and liabilities consists of interest received at TRY 4,591,237 predominantly from loans and securities, and of interest paid at TRY 2,606,563 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, and rental payments.

Changes in the other loans are predominantly from funds value increases acquired through money market operations.

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 2005, 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 TRY 48,598 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	48,598	93,549
Income on Exchange Rate Differentials		
Acquisition Cost	48,598	93,549
The Amount of Cash and Cash Equivalents Existing at Acquired Participation		
Cash Outflow Caused by Acquisition	48,598	93,549

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3. Information on disposal of associates, subsidiaries, and other investments:

During the current period, TRY 697,338 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	697,338	95,226
The Amount of cash and cash equivalents Existing at Disposed Participations		
Net Cash Inflow from Sales	697,338	95,226

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: No change was made in the accounting policy.

Cash and cash equivalents at the beginning of the period:

	Current Period 31.12.2004	Previous Period 31.12.2003
Cash	1,143,562	794,717
Cash and Foreign Exchange Items	292,072	266,549
Balances with the Central Bank of 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

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 31.12.2005	Previous Period 31.12.2004
Cash	4,958,974	1,143,562
Cash and Foreign Exchange Items	292,864	292,072
Balances with the Central Bank of the Turkey and Others	4,666,110	851,490
Cash Equivalents	1,776,500	0
Money Market Transactions	1,776,500	0
Total Cash and Cash Equivalents	6,735,474	1,143,562

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 TRY 13,020 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.

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

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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						
The period	480,509	201,993	0	0	18,808	14,637
Balance at the end of the period	347,927	97,756	1	0	21,606	17,784
Interest and commission income received	20,025	3,743	0	0	905	1,030

* Defined in the second paragraph of Article 20 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						
The period	1,051,101	685,943	0	0	71,805	29,978
Balance at the end of the period	480,509	201,993	0	0	18,808	14,637
Interest and commission income received	6,205	10,681	0	0	2,286	963

* Defined in the second paragraph of Article 20 of the "Regulation on the Establishment and Operations of Banks".

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						
The period	278,581	361,096	3,990	14,902	92,095	87,543
Balance at the end of the period	869,583	278,581	288,110	3,990	312,426	92,095
Interest on deposits	16,710	7,295	23,045	1,013	2,799	596

* Defined in the second paragraph of Article 20 of the "Regulation on the Establishment and Operations of Banks".

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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
Transactions for trading purposes						
Beginning of the period	92,050	67,602	0	0	0	0
End of the period	34,047	92,050	0	0	0	0
Total Profit/Loss	24	-2,771	0	0	0	0
Transactions for hedging purposes						
Beginning of the period	0	0	0	0	0	0
End of the period	0	0	0	0	0	0
Total Profit/Loss	0	0	0	0	0	0

* Defined in the second paragraph of Article 20 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 1.8%, while the ratio to the overall assets is 0.6%; the ratio of deposits of the risk group corporations to the overall deposits is 3.9%, while the ratio to overall liabilities is 2.3%. The method of comparable prices has been used in the transactions.

c. Transactions recorded according to equity method: None.

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 17 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 RELATED TO DOMESTIC, FOREIGN, AND OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIONS OF THE BANK

	Number	Employees			
Domestic Branches(*)	870	16,975			
			Country of Incorporation		
Foreign Representative Offices	0	0	1. -		
			2. -		
			3. -		
				Total Assets	Statutory Share Capital
Foreign Branches	1	19	1. United Kingdom	4,227,558	705
	7	110	2. T.R.N.C.	919,765	6,771
			3. -		
Off-shore Branches	1	7	1. Bahrain	9,266,881	64,998
			2. -		
			3. -		

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

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X. INFORMATION AND DISCLOSURES RELATED TO ISSUES OCCURRED AFTER THE DATE OF THE BALANCE SHEET

1. Post balance sheet date issues, unfinished transactions and their effects on the financial statements:

Related to the sale of the Bank's 35.96% share in Petrol Ofisi A.Ş. to Doğan Şirketler Grubu Holding A.Ş. on 02.09.2005 for a price of USD 502,752,342, a down payment was received as per the agreement with the following payment plan.

02.09.2005 (Down payment)	USD 257,905,422
02.09.2006	USD 20,403,910
02.09.2007	USD 20,403,910
02.09.2008	USD 40,807,820
02.09.2009	USD 81,615,640
02.09.2010	USD 81,615,640

However, a supplementary agreement was signed on 6 January 2006 and USD 163,231,280 was collected in January 2006 and the remaining receivables for USD 81,615,640 were rescheduled as per the following payment plan.

02.09.2008	USD 16,323,128
02.09.2009	USD 32,646,256
02.09.2010	USD 32,646,256

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.

PART SIX: OTHER DISCLOSURES AND FOOTNOTES

1. Other Disclosures on Bank's Activities: None.

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 2005, for the financial period ending on the same date, have been subject to review of Denetim Serbest Mali Müşavirlik (Member Firm of Deloitte Touche Tohmatsu).



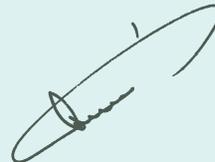
Ömer Karakuş
Manager of
Accounting Department



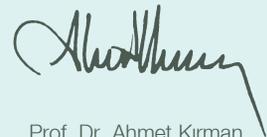
M. Sırn Erkan
Deputy Chief Executive
Responsible for
Financial Reporting



A. Aykut Demiray
Deputy of Chief
Executive Officer



Caner Çimenbiçer
Member of
the Board and
the Audit Committee



Prof. Dr. Ahmet Kirman
Chairman of
the Board of Directors
and the Audit Committee

TÜRKİYE İŞ BANKASI A.Ş.

INFORMATION FOR INVESTORS

Annual general meeting

Pursuant to a decision taken at the 28 February 2006 meeting of the Board of Directors of Türkiye İş Bankası, the annual general meeting of the Bank will be held at 14:00 hours on 31 March 2006 in the İş Kuleleri Headquarters Auditorium, 34330 Levent-İstanbul.

Independent auditors

Denetim Serbest Mali Müşavirlik AŞ
Member of Deloitte Touche Tohmatsu
İstanbul Headquarters
Büyükdere Caddesi
Yapı Kredi Plaza B Blok Kat: 5
Levent-İstanbul
Telephone: (+90 212) 317 6400
Fax: (+90 212) 317 6464

Company announcements and financial data

İşbank's financial statements, independent auditor's reports, annual reports, press releases, disclosures of material events are available on the company's corporate websites at:

- <http://www.isbank.com.tr/yatirimci/yi-yatirimci.html> (Turkish)
- <http://ir.isbank.com> (English)

In addition, information may also be requested from the Bank's Investor Relations Unit, the contact information for which is given below.

Investor Relations Unit

A. Ferit Eraslan (Group Manager)
İş Kuleleri Kule: 1 Kat: 15
34330 Levent-İstanbul
Telephone: (+90 212) 316 3016
E-mail: investorrelations@isbank.com.tr

Dividend payments

İşbank's dividend payment policy is set out in detail in article 58 of the Bank's articles of incorporation. Information about the policy is provided on page 62 of this annual report. Information about the financial performance and dividend payments of the Bank in the most recent two years is presented below.

	2003	2004
Profit per share	29.66%	38.73%
% dividend paid	32.43%	32.67%

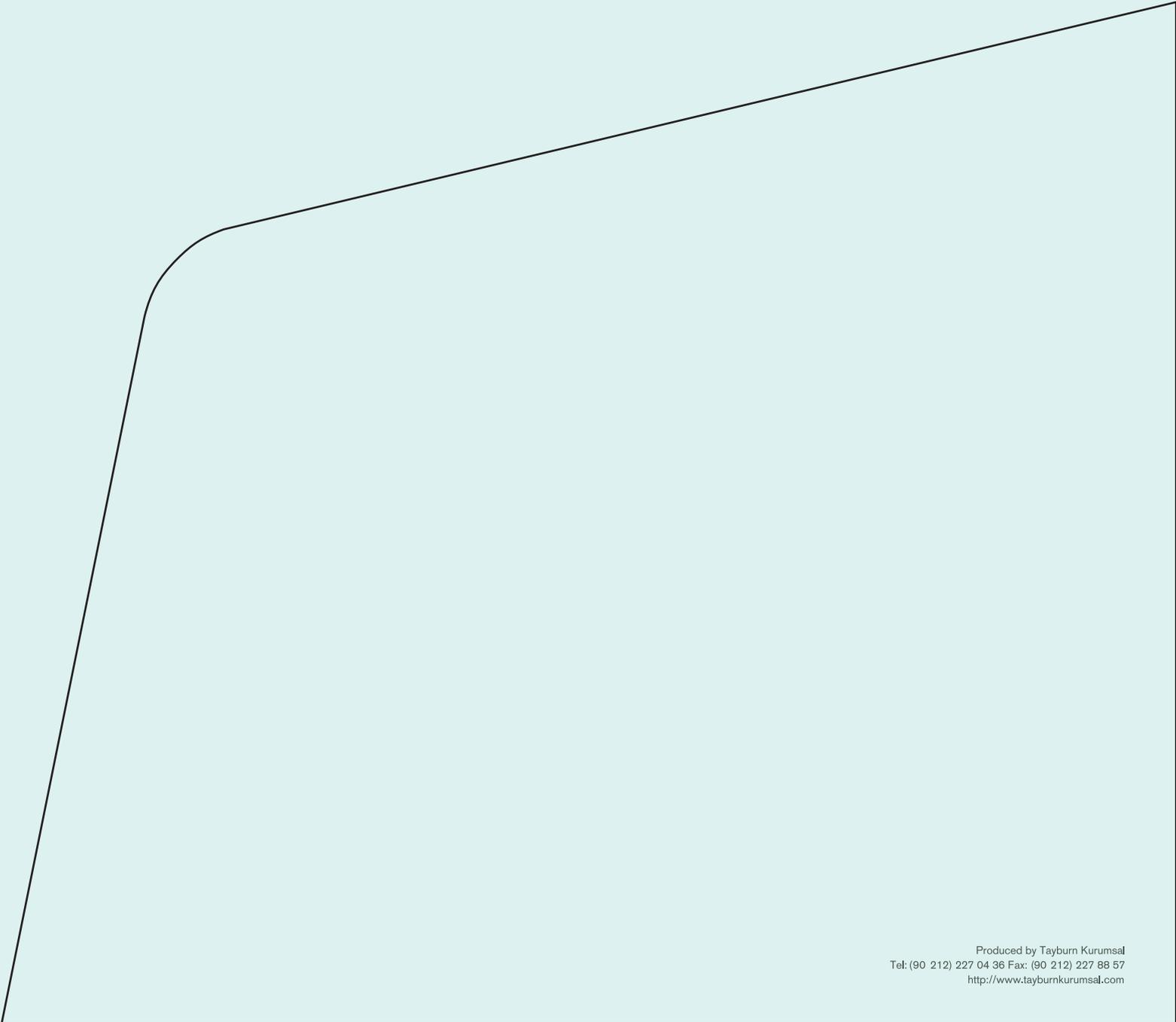
Company share information

İşbank has issued three classes of shares (A, B, and C), which are traded in the ISE National Market under the symbols ISATR, ISBTR, and ISCTR respectively. They are also traded on the New York Stock Exchange under the symbol TYABY as American depository receipts (ADR-144 A) issued by the Bank of New York and on the London Stock Exchange as global depository receipts (GDR-REG S) under the symbol TIBD. As of 31 December 2005, İşbank had a total market capitalization of TRY 23,104,965,000 making it the most valuable publicly traded company in Turkey. As of the same date, İşbank's market capitalization corresponded to 10.58% of the total market capitalization (TRY 218,317,837,000) of the 304 companies whose shares are traded on the İstanbul Stock Exchange.

2005 (TRY)	High	Low
1st quarter	9.15	7.25
2nd quarter	8.15	6.85
3rd quarter	9.35	6.70
4th quarter	12.1	8.35

The chart below shows the performance of İşbank class C shares in 2005.





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Information on Consolidated
Financial Statements **2005**

İŞBANK

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TÜRKİYE İŞ BANKASI A.Ş.

INDEPENDENT AUDITOR'S REPORT

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 2005

1. We have audited the accompanying consolidated balance sheet of Türkiye İş Bankası A.Ş. and its subsidiaries as at 31 December 2005 and the related statements of income, changes in shareholders' equity and cash flow for the year then ended. These financial statements are the responsibility of the Bank's management. As independent auditor, our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the accounting rules and policies, and the accounting and auditing standards, set out in the Banks Act No: 5411 and in accordance with the temporary article 1 of the Banks Act No: 5411. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In accordance with the regulation, unconsolidated investments quoted on a stock exchange have been valued at their fair values and gains or losses on these securities are included in equity. Unconsolidated and unquoted investments are accounted for at indexed cost in the accompanying financial statements. For those unconsolidated and 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 contain any provision for value decline for these investments. For those unconsolidated and unquoted investments for which independent valuations are available, it has been allocated a total provision of TRY 462,760 thousand in the accompanying financial statements.

4. Including the free provisions allocated throughout the year 2005, it has been converted the free provision into the specific provisions via allocating TRY 343,972 thousand as a provision for value decline in unquoted investments, TRY 285,630 thousand as a provision calculated within the context of the temporary article 23 of the Banks Act No: 5411 for the technical deficit of Employees' Pension Fund of Türkiye İş Bankası A.Ş. established within the context of the temporary article 20 of the Social Insurance Law No: 506, and TRY 128,833 thousand as a provision for value decline in fixed assets to be sold. Besides, the accompanying financial statements include TRY 82,000 thousand free provision, accounted in the other provisions.

5. In our opinion, except for such adjustments as may be necessary in respect of the matters set out in paragraphs 3 and 4 above, we are not aware of any material modifications that should be made to the financial statements showing the financial position of Türkiye İş Bankası A.Ş. as at 31 December 2005 and the results of its operations and its cash flow for the period then ended in order for them to be in conformity with the accounting principles and standards set out in the article 37 of the Banks Act No: 5411 and the temporary article 1 of the Banks Act No: 5411.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU

İstanbul, 30 March 2006



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.

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

TRY THOUSAND

ASSETS	CURRENT PERIOD (31/12/2005)			PREVIOUS PERIOD (31/12/2004)		
	LC	FC	Total	LC	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	3,561,054	1,409,330	4,970,384	581,213	578,435	1,159,648
1.1.Cash	194,092	24	194,116	178,598	0	178,598
1.2.Foreign currency	0	104,669	104,669	0	120,598	120,598
1.3.Balances with the Central Bank of Turkey	3,366,962	1,304,224	4,671,186	402,615	455,330	857,945
1.4.Others	0	413	413	0	2,507	2,507
II. TRADING SECURITIES (Net)	1,263,073	215,735	1,478,808	2,531,654	187,431	2,719,085
2.1.Public sector debt securities	1,139,809	208,643	1,348,452	2,381,171	171,512	2,552,683
2.1.1.Government bonds	657,025	208,643	865,668	2,208,035	85,276	2,293,311
2.1.2.Treasury bills	482,784	0	482,784	173,136	0	173,136
2.1.3.Other public sector debt securities	0	0	0	0	86,236	86,236
2.2.Share certificates	49,271	0	49,271	103,436	545	103,981
2.3.Other marketable securities	73,993	7,092	81,085	47,047	15,374	62,421
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	88,172	4,241,753	4,329,925	98,290	1,249,596	1,347,886
3.1.Due from banks	88,172	4,241,753	4,329,925	98,290	1,249,596	1,347,886
3.1.1.Domestic banks	42,219	100,697	142,916	74,753	129,374	204,127
3.1.2.Foreign banks	45,953	4,141,056	4,187,009	23,537	1,120,222	1,143,759
3.1.3.Branches and offices abroad	0	0	0	0	0	0
3.2.Other financial institutions	0	0	0	0	0	0
IV. MONEY MARKET SECURITIES	1,737,381	0	1,737,381	9,297	0	9,297
4.1.Interbank money market placements	1,200,000	0	1,200,000	0	0	0
4.2.Istanbul Stock Exchange money market placements	0	0	0	7,433	0	7,433
4.3.Receivables from reverse repurchase agreements	537,381	0	537,381	1,864	0	1,864
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	12,246,667	10,394,644	22,641,311	5,320,538	8,539,509	13,860,047
5.1.Share certificates	34,460	0	34,460	34,747	0	34,747
5.2.Other marketable securities	12,212,207	10,394,644	22,606,851	5,285,791	8,539,509	13,825,300
VI. LOANS	16,088,388	6,165,036	22,253,424	8,343,527	5,219,884	13,563,411
6.1.Short term	6,564,049	1,959,943	8,523,992	4,726,247	1,958,468	6,684,715
6.2.Medium and long term	9,524,339	4,205,093	13,729,432	3,617,280	3,261,416	6,878,696
6.3.Loans under follow-up	1,086,994	37,185	1,124,179	1,169,555	52,912	1,222,467
6.4.Specific provisions (-)	-1,086,994	-37,185	-1,124,179	-1,169,555	-52,912	-1,222,467
VII. FACTORING RECEIVABLES	0	0	0	10,585	2,270	12,855
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	606,677	46,281	652,958	316,541	61,581	378,122
8.1.Public sector debt securities	606,677	46,281	652,958	316,541	34,336	350,877
8.1.1.Government bonds	550,021	22,068	572,089	316,541	34,336	350,877
8.1.2.Treasury bills	56,656	0	56,656	0	0	0
8.1.3.Other public sector debt securities	0	24,213	24,213	0	0	0
8.2.Other marketable securities	0	0	0	0	27,245	27,245
IX. INVESTMENTS AND ASSOCIATES (Net)	830,251	0	830,251	1,612,106	0	1,612,106
9.1.Financial investments and associates	25,625	0	25,625	22,144	0	22,144
9.2.Non-Financial investments and associates	804,626	0	804,626	1,589,962	0	1,589,962
X. SUBSIDIARIES (Net)	2,200,348	203	2,200,551	2,073,818	228	2,074,046
10.1.Financial subsidiaries	178,885	203	179,088	13,362	228	13,590
10.2.Non-Financial subsidiaries	2,021,463	0	2,021,463	2,060,456	0	2,060,456
XI. OTHER INVESTMENTS (Net)	0	0	0	0	0	0
XII. FINANCE LEASE RECEIVABLES (Net)	166,983	614,786	781,769	68,203	529,330	597,533
12.1.Gross finance lease receivables	213,686	717,536	931,222	89,309	612,428	701,737
12.2.Unearned income (-)	-46,703	-102,750	-149,453	-21,106	-83,098	-104,204
XIII. RESERVE DEPOSITS	0	1,307,839	1,307,839	343,997	1,204,440	1,548,437
XIV. MISCELLANEOUS RECEIVABLES	610,931	206,916	817,847	383,960	76,407	460,367
XV. ACCRUED INTEREST AND INCOME RECEIVABLE	1,994,173	269,994	2,264,167	1,285,259	255,594	1,540,853
15.1.Loans	1,062,262	72,945	1,135,207	691,915	64,073	755,988
15.2.Marketable securities	865,072	153,416	1,018,488	565,070	165,404	730,474
15.3.Other	66,839	43,633	110,472	28,274	26,117	54,391
XVI. PROPERTY AND EQUIPMENT (Net)	2,696,529	42,273	2,738,802	2,816,274	43,887	2,860,161
16.1.Book value	5,788,911	61,243	5,850,154	5,854,915	64,262	5,919,177
16.2.Accumulated depreciation (-)	-3,092,382	-18,970	-3,111,352	-3,038,641	-20,375	-3,059,016
XVII. INTANGIBLE ASSETS [Net]	24,606	983	25,589	26,011	702	26,713
17.1.Goodwill	0	0	0	0	0	0
17.2.Other	31,062	8,738	39,800	32,506	8,174	40,680
17.3.Accumulated amortisation (-)	-6,456	-7,755	-14,211	-6,495	-7,472	-13,967
XVIII. DEFERRED ASSETS FOR TAX	19,248	0	19,248	0	0	0
XIX. OTHER ASSETS	612,916	70,071	682,987	452,533	6,656	459,189
TOTAL ASSETS	44,747,397	24,985,844	69,733,241	26,273,806	17,955,950	44,229,756

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

TRY THOUSAND

LIABILITIES	CURRENT PERIOD (31/12/2005)			PREVIOUS PERIOD (31/12/2004)		
	LC	FC	Total	LC	FC	Total
I. DEPOSITS	21,562,855	15,577,988	37,140,843	11,492,711	12,953,573	24,446,284
1.1.Interbank deposits	1,122,542	1,330,868	2,453,410	428,682	187,357	616,039
1.2.Saving deposits	9,945,308	0	9,945,308	7,089,941	0	7,089,941
1.3.Public sector deposits	82,444	0	82,444	45,669	0	45,669
1.4.Commercial deposits	6,468,548	0	6,468,548	2,368,206	0	2,368,206
1.5.Other institutions deposits	3,944,013	0	3,944,013	1,560,213	0	1,560,213
1.6.Foreign currency deposits	0	14,247,120	14,247,120	0	12,766,216	12,766,216
1.7.Precious metals vault accounts	0	0	0	0	0	0
II. INTERBANK MONEY MARKET	4,524,932	1,577,849	6,102,781	693,363	334,993	1,028,356
2.1.Interbank money market takings	0	0	0	0	0	0
2.2.Istanbul Stock Exchange money market takings	19,284	0	19,284	5,633	0	5,633
2.3.Funds provided under repurchase agreements	4,505,648	1,577,849	6,083,497	687,730	334,993	1,022,723
III. FUNDS BORROWED	1,681,495	8,956,733	10,638,228	124,285	5,494,716	5,619,001
3.1.Funds borrowed from the Central Bank of Turkey	0	0	0	0	0	0
3.2.Other funds borrowed	1,681,495	8,956,733	10,638,228	124,285	5,494,716	5,619,001
3.2.1.Domestic banks and institutions	128,243	441,915	570,158	113,743	346,514	460,257
3.2.2.Foreign banks, institutions and funds	1,553,252	8,514,818	10,068,070	10,542	5,148,202	5,158,744
IV. MARKETABLE SECURITIES ISSUED (Net)	1	0	1	1	0	1
4.1.Bills	1	0	1	1	0	1
4.2.Asset backed securities	0	0	0	0	0	0
4.3.Bonds	0	0	0	0	0	0
V. FUNDS	232	0	232	686	0	686
VI. MISCELLANEOUS PAYABLES	605,157	133,164	738,321	294,240	113,514	407,754
VII. OTHER EXTERNAL RESOURCES	70,986	238,348	309,334	101,037	319,873	420,910
VIII. TAXES AND OTHER DUTIES PAYABLE	90,401	597	90,998	85,224	131	85,355
IX. FACTORING PAYABLES	0	0	0	0	0	0
X. FINANCE LEASE PAYABLES (Net)	0	0	0	0	0	0
10.1.Finance leasing payables	0	0	0	0	0	0
10.2.Deferred finance leasing expenses (-)	0	0	0	0	0	0
XI. ACCRUED INTEREST AND EXPENSES PAYABLE	381,950	178,169	560,119	148,620	75,174	223,794
11.1.1.Deposits	268,817	37,880	306,697	123,159	30,743	153,902
11.2.Borrowings	87,742	67,293	155,035	4,779	32,916	37,695
11.3.Repurchase agreements	4,342	20,425	24,767	1,385	6,587	7,972
11.4.Other	21,049	52,571	73,620	19,297	4,928	24,225
XII. PROVISIONS	3,870,910	125,913	3,996,823	3,151,853	146,167	3,298,020
12.1.General provisions	153,321	12,333	165,654	96,630	12,398	109,028
12.2.Reserve for employee termination benefits	32,314	0	32,314	31,628	0	31,628
12.3.Provisions for income taxes	808,629	0	808,629	538,739	128	538,867
12.4.Insurance technical reserves (Net)	2,416,983	0	2,416,983	2,226,663	953	2,227,616
12.5.Other provisions	459,663	113,580	573,243	258,193	132,688	390,881
XIII. SUBORDINATED LOANS	0	67,300	67,300	0	66,950	66,950
XIV. DEFERRED TAX LIABILITIES	10,053	0	10,053	0	0	0
XV. MINORITY INTEREST	896,671	0	896,671	918,430	0	918,430
XVI. SHAREHOLDERS' EQUITY	8,874,105	307,432	9,181,537	7,573,329	140,886	7,714,215
16.1.Paid-in capital	1,968,942	0	1,968,942	1,640,757	0	1,640,757
16.2.Supplementary capital	3,702,748	294,942	3,997,690	3,614,067	130,136	3,744,203
16.2.1.Share premium	3,918	0	3,918	6,242	0	6,242
16.2.2.Share cancellation profits	0	0	0	0	0	0
16.2.3.Marketable securities value increase fund	1,249,784	294,942	1,544,726	1,071,266	130,136	1,201,402
16.2.4.Revaluation fund	74,665	0	74,665	1,155	0	1,155
16.2.5.Value increase in revaluation fund	3,069	0	3,069	0	0	0
16.2.6.Other capital reserves	2,371,312	0	2,371,312	2,535,404	0	2,535,404
16.2.7.Adjustment to paid-in capital	0	0	0	0	0	0
16.3.Profit reserves	1,646,852	9,526	1,656,378	1,446,895	5,097	1,451,992
16.3.1.Legal reserves	912,418	0	912,418	892,049	0	892,049
16.3.2.Status reserves	1,932	0	1,932	937	0	937
16.3.3.Extraordinary reserves	730,690	10,750	741,440	552,414	5,097	557,511
16.3.4.Other profit reserves	1,812	-1,224	588	1,495	0	1,495
16.4. Profit or loss	1,555,563	2,964	1,558,527	871,610	5,653	877,263
16.4.1.Prior year income/loss	328,904	0	328,904	17,489	0	17,489
16.4.1.1.Group's share	317,106	0	317,106	182,419	0	182,419
16.4.1.2.Minority shares	11,798	0	11,798	-164,930	0	-164,930
16.4.2.Current year income/loss	1,226,659	2,964	1,229,623	854,121	5,653	859,774
16.4.2.1.Group's share	1,080,098	2,964	1,083,062	738,672	5,653	744,325
16.4.2.2.Minority shares	146,561	0	146,561	115,449	0	115,449
TOTAL LIABILITIES	42,569,748	27,163,493	69,733,241	24,583,779	19,645,977	44,229,756

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

OFF-BALANCE SHEET COMMITMENTS

TRY THOUSAND

	CURRENT PERIOD (31/12/2005)			PREVIOUS PERIOD (31/12/2004)		
	LC	FC	Total	LC	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	11,022,287	15,829,257	26,851,544	7,508,052	6,975,168	14,483,220
I. GUARANTEES AND WARRANTIES	2,326,435	4,698,331	7,024,766	1,758,868	4,217,420	5,976,288
1.1.Letters of guarantee	2,326,418	2,456,054	4,782,472	1,758,807	2,425,099	4,183,906
1.1.1.Guarantees subject to State Tender Law	322,282	523,393	845,675	301,162	628,100	929,262
1.1.2.Guarantees given for foreign trade operations	86,963	664,322	751,285	111,248	685,981	797,229
1.1.3.Other letters of guarantee	1,917,173	1,268,339	3,185,512	1,346,397	1,111,018	2,457,415
1.2.Banks loans	0	146,071	146,071	0	186,312	186,312
1.2.1.Import letters of acceptance	0	143,112	143,112	0	180,545	180,545
1.2.2.Other bank acceptances	0	2,959	2,959	0	5,767	5,767
1.3.Letters of credit	9	2,023,620	2,023,629	53	1,605,086	1,605,139
1.3.1.Documentary letters of credit	9	1,696,649	1,696,658	7	1,497,042	1,497,049
1.3.2.Other letters of credit	0	326,971	326,971	46	108,044	108,090
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	8	72,586	72,594	8	923	931
1.9.Other warranties	0	0	0	0	0	0
II. COMMITMENTS	7,770,118	1,203,308	8,973,426	5,595,141	1,260,947	6,856,088
2.1.Irrevocable commitments	7,377,390	855,915	8,233,305	5,375,984	1,051,173	6,427,157
2.1.1.Asset purchase commitments	1,379	18,411	19,790	0	5,742	5,742
2.1.2.Deposit purchase and sales commitments	34,733	16,859	51,592	0	0	0
2.1.3.Share capital commitment to associates and subsidiaries	130	0	130	130	0	130
2.1.4.Loan granting commitments	0	397,867	397,867	0	599,107	599,107
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	1,482,639	0	1,482,639	1,132,537	0	1,132,537
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	5,795,111	404,120	6,199,231	4,198,274	406,307	4,604,581
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	63,398	18,658	82,056	45,043	40,017	85,060
2.2.Revocable commitments	392,728	347,393	740,121	219,157	209,774	428,931
2.2.1. Revocable loan granting commitments	386,366	344,302	730,668	65,268	209,774	275,042
2.2.2.Other revocable commitments	6,362	3,091	9,453	153,889	0	153,889
III. DERIVATIVE FINANCIAL INSTRUMENTS	925,734	9,927,618	10,853,352	154,043	1,496,801	1,650,844
3.1.Forward foreign currency buy/sell transactions	692,798	728,062	1,420,860	36,976	196,867	233,843
3.1.1.Forward foreign currency transactions-buy	207,070	488,554	695,624	18,905	98,078	116,983
3.1.2.Forward foreign currency transactions-sell	485,728	239,508	725,236	18,071	98,789	116,860
3.2.Swap transactions related to foreign currency and interest rates	156,583	5,713,171	5,869,754	0	423,320	423,320
3.2.1.Foreign currency swap-buy	0	2,924,890	2,924,890	0	213,066	213,066
3.2.2.Foreign currency swap-sell	156,583	2,787,109	2,943,692	0	210,254	210,254
3.2.3.Interest rate swaps-buy	0	577	577	0	0	0
3.2.4.Interest rate swaps-sell	0	595	595	0	0	0
3.3.Foreign currency and interest rate options	75,390	3,399,563	3,474,953	117,067	872,580	989,647
3.3.1.Foreign currency options-buy	49,635	105,789	155,424	42,930	25,551	68,481
3.3.2.Foreign currency options-sell	25,755	85,896	111,651	28,879	38,911	67,790
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	0	1,599,174	1,599,174	22,629	404,059	426,688
3.3.6.Securities options-sell	0	1,608,704	1,608,704	22,629	404,059	426,688
3.4.Foreign currency futures	963	18,128	19,091	0	0	0
3.4.1.Foreign currency futures-buy	183	17,478	17,661	0	0	0
3.4.2.Foreign currency futures-sell	780	650	1,430	0	0	0
3.5.Interest rate futures	0	68,694	68,694	0	0	0
3.5.1.Interest rate futures-buy	0	35,742	35,742	0	0	0
3.5.2.Interest rate futures-sell	0	32,952	32,952	0	0	0
3.6.Other	0	0	0	0	4,034	4,034

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

OFF-BALANCE SHEET COMMITMENTS

TRY THOUSAND

	CURRENT PERIOD (31/12/2005)			PREVIOUS PERIOD (31/12/2004)		
	LC	FC	Total	LC	FC	Total
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	194,422,315	12,035,914	206,458,229	34,656,110	10,509,077	45,165,187
IV. ITEMS HELD IN CUSTODY	27,452,676	2,311,698	29,764,374	24,910,220	2,734,969	27,645,189
4.1.Assets under management	7,016	21,279	28,295	16,597	15,629	32,226
4.2.Investment securities held in custody	21,407,266	1,270,202	22,677,468	21,593,249	150,405	21,743,654
4.3.Checks received for collection	2,606,269	60,128	2,666,397	1,781,308	30,484	1,811,792
4.4.Commercial notes received for collection	1,349,292	920,391	2,269,683	771,187	1,035,236	1,806,423
4.5.Other assets received for collection	0	2,418	2,418	200	1,427	1,627
4.6.Assets received for public offering	88,412	0	88,412	60,980	0	60,980
4.7.Other items under custody	1,525,429	37,280	1,562,709	484,680	1,501,788	1,986,468
4.8.Custodians	468,992	0	468,992	202,019	0	202,019
V. PLEDGED ITEMS	166,969,639	9,724,216	176,693,855	9,745,890	7,774,108	17,519,998
5.1.Marketable securities	150,407,729	201	150,407,930	249,786	0	249,786
5.2.Guarantee notes	420,210	3,785,447	4,205,657	273,936	3,746,295	4,020,231
5.3.Commodity	570,576	0	570,576	0	0	0
5.4.Warranty	0	0	0	0	0	0
5.5.Immovables	15,439,644	5,846,544	21,286,188	9,124,099	3,969,495	13,093,594
5.6.Other pledged items	131,480	92,024	223,504	98,069	56,982	155,051
5.7.Pledged items-depository	0	0	0	0	1,336	1,336
VI. AVALS ACCEPTED AND WARRANTIES GIVEN	0	0	0	0	0	0
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)	205,444,602	27,865,171	233,309,773	42,164,162	17,484,245	59,648,407

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT	TRY THOUSAND	
	CURRENT PERIOD (31/12/2005)	PREVIOUS PERIOD (31/12/2004)
I. INTEREST INCOME	5,872,017	4,962,269
1.1. Interest on loans	3,060,792	2,336,950
1.1.1. Interest on LC loans	2,688,722	2,000,624
1.1.1.1. Short term loans	1,422,629	1,265,163
1.1.1.2. Medium and long term loans	1,266,093	735,461
1.1.2. Interest on foreign currency loans	328,156	298,047
1.1.2.1. Short term loans	109,448	118,761
1.1.2.2. Medium and long term loans	218,708	179,286
1.1.3. Interest on loans under follow-up	43,914	38,279
1.1.4. Premiums received from Resource Utilisation Support Fund	0	0
1.2. Interest received from reserve deposits	117,823	98,233
1.3. Interest received from banks	56,064	45,158
1.3.1. The Central Bank of Turkey	207	774
1.3.2. Domestic banks	11,065	12,608
1.3.3. Foreign banks	44,792	31,776
1.3.4. Branches and offices abroad	0	0
1.4. Interest received from money market transactions	25,246	5,586
1.5. Interest received from marketable securities portfolio	2,416,918	2,302,058
1.5.1. Trading securities	167,570	619,848
1.5.2. Available-for-sale securities	2,187,198	1,583,420
1.5.3. Held to maturity securities	62,150	98,790
1.6. Other interest income	195,174	174,284
II. INTEREST EXPENSE	2,921,729	2,466,055
2.1. Interest on deposits	2,211,562	1,948,792
2.1.1. Interbank deposits	68,159	36,623
2.1.2. Saving deposits	1,123,554	1,276,863
2.1.3. Public sector deposits	7,249	2,696
2.1.4. Commercial deposits	340,552	191,366
2.1.5. Other institutions deposits	445,975	225,060
2.1.6. Foreign currency deposits	226,073	216,184
2.1.7. Precious metals vault accounts	0	0
2.2. Interest on money market transactions	302,149	319,451
2.3. Interest on funds borrowed	384,404	177,041
2.3.1. The Central Bank of Turkey	0	0
2.3.2. Domestic banks	33,024	45,762
2.3.3. Foreign banks	296,157	103,457
2.3.4. Branches and offices abroad	0	0
2.3.5. Other financial institutions	55,223	27,822
2.4. Interest on securities issued	0	0
2.5. Other interest expense	23,614	20,771
III. NET INTEREST INCOME (I-II)	2,950,288	2,496,214
IV. NET FEES AND COMMISSIONS INCOME	893,818	752,522
4.1. Fees and commissions received	1,011,972	886,887
4.1.1. Cash loans	67,240	77,480
4.1.2. Non-cash loans	71,654	73,497
4.1.3. Other	873,078	735,910
4.2. Fees and commissions paid	118,154	134,365
4.2.1. Cash loans	27,093	25,378
4.2.2. Non-cash loans	20	197
4.2.3. Other	91,041	108,790

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT	TRY THOUSAND	
	CURRENT PERIOD (31/12/2005)	PREVIOUS PERIOD (31/12/2004)
V. DIVIDEND INCOME	3,341	1,823
5.1.Trading securities	1,409	128
5.2.Available-for-sale securities	1,932	1,695
VI. NET TRADING INCOME	246,462	583,502
6.1.Profit/losses on trading account securities (Net)	219,566	482,102
6.1.1.Profit on trading account securities	510,355	543,857
6.1.1.1.Profit on derivative financial instruments	194,333	31,331
6.1.1.2.Other Profit on trading account securities	316,022	512,526
6.1.2.Losses on trading account securities (-)	-290,789	-61,755
6.1.2.1.Losses on derivative financial instruments	214,964	28,507
6.1.2.2.Other Losses on trading account securities	75,825	33,248
6.2.Foreign exchange gains/losses (Net)	26,896	101,400
6.2.1.Foreign exchange gains	4,030,124	13,549,663
6.2.2.Foreign exchange losses (-)	-4,003,228	-13,448,263
VII. OTHER OPERATING INCOME	4,018,596	5,054,299
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	8,112,505	8,888,360
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	1,121,835	1,105,551
X. OTHER OPERATING EXPENSES (-)	5,063,143	6,018,435
XI. NET OPERATING INCOME (VIII-IX-X)	1,927,527	1,764,374
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	63,476	68,252
XIII. NET MONETARY POSITION GAIN/LOSS	0	-459,804
XIV. INCOME BEFORE TAXES (XI+XII+XIII)	1,991,003	1,372,822
XV. PROVISION FOR TAXES ON INCOME (-)	761,310	513,451
15.1.Current Tax Provision	828,771	513,451
15.2.Deferred Tax Provision	-67,461	0
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)	1,229,693	859,371
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES	-70	403
17.1.Extraordinary net income/expense before taxes	-70	403
17.1.1.Extraordinary income	486	417
17.1.2.Extraordinary expense (-)	-556	-14
17.2.Provision for taxes on extraordinary income	0	0
XVIII. PROFIT/LOSSES ON UNCONSOLIDATED INVESTMENTS (-)	0	0
XIX. NET PROFIT/LOSSES (XVI+XVII+XVIII)	1,229,623	859,774
19.1.Group's profit/loss	1,083,062	744,325
19.2.Minority shares	146,561	115,449
Profit/Losses per share(*)	0.000624	0.000524

(*) Shown in exact TRY amount.

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (*)

TRY THOUSAND

	Paid-in Capital	Capital Reserves Due to Inflation Adjustment of Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves
PREVIOUS PERIOD (31/12/2004)					
I. Balances at end of Previous Period	1,426,724	2,520,643	3,733		861,990
II. Changes Made in the Accounting Policies					
III. New Balance (I+II)	1,426,724	2,520,643	3,733		861,990
Deduction of Previous Period Losses					-13,453
IV. Net Profit/(Loss) for the Period					
V. Profit Distribution					49,293
5.1.Dividend					
5.2.Transfers to legal reserves					49,293
5.3.Other					
VI. Capital Increase	214,033	14,761			
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	214,033	14,761			
6.7.Foreign Exchange Differences					
6.8.Other					
VII. Convertible Bonds					
VIII. Other			2,509		-5,781
Balance at End of Period (I+II+IV+V+VI+VII+VIII)	1,640,757	2,535,404	6,242	0	892,049
CURRENT PERIOD (31/12/2005)					
I. Balance at End of Previous Period	1,640,757	2,535,404	6,242		892,049
Changes in Accounting Policies and Deduction of Losses (**)			-2,536		-4,563
Adjusted Balance at End of Previous Period	1,640,757	2,535,404	3,706		887,486
Increases in the period:					
II. Investments 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. Investments 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 Net Assets					
VI. Net Profit for the Period					
VII. Profit Distribution					24,932
7.1.Dividend					
7.2.Amounts Transferred to Reserves					24,932
7.3.Other					
VIII. Capital Increase	328,185	-164,092	212		
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	328,185	-164,092	212		
8.7.Foreign Exchange Differences					
8.8.Other					
IX. Convertible bonds					
X. Other					
Balance at End of Period (I-II+III+IV+V+VI+VII+VIII+IX+X)	1,968,942	2,371,312	3,918	0	912,418

(*) Minority interests excluded.

(**) Previous period effect of subsidiaries that are not consolidated in accordance with the changes on Regulation on Accounting Practice.

TÜRKİYE İŞ BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS

Statutory Reserves	Extraordinary Reserves	Other Reserves	Net Current Period Profit/(Loss)	Previous Period Profit/(Loss)	Revaluation Fund	Value Increases Revaluation Fund	Marketable Securities Value Increase Fund	Total
	517,309			650,627	120		719,806	6,700,952
	517,309			650,627	120		719,806	6,700,952
	-72,786			60,258				-25,981
			744,325					744,325
937	312,946			-528,466				-165,290
				-165,290				-165,290
937	312,946			-363,176				0
	-229,791							-997
	-228,794							-997
	-997							-997
	29,833	1,495			1,035		481,596	510,687
937	557,511	1,495	744,325	182,419	1,155	0	1,201,402	7,763,696
937	557,511	1,495		926,744	1,155		1,201,402	7,763,696
-5	-36,235	-30		-10,976	-1,155		5,347	-50,153
932	521,276	1,465		915,768			1,206,749	7,713,543
					127,173	3,069	346,838	477,080
					127,173	3,069	346,838	477,080
			1,083,062					1,083,062
1,000	328,727			-598,662				-244,003
				-244,003				-244,003
1,000	328,727			-354,659				0
	-111,585				-52,508			212
	-111,585				-52,508			212
	3,022	-877					-8,861	-6,716
1,932	741,440	588	1,083,062	317,106	74,665	3,069	1,544,726	9,023,178

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

TRY THOUSAND

	CURRENT PERIOD (*) (31/12/2005)	PREVIOUS PERIOD (31/12/2004)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1. Operating Profit Before Changes in Operating Assets and Liabilities (+)	1,483,161	695,830
1.1.1. Interest Received (+)	5,117,436	5,466,677
1.1.2. Interest Paid (-)	-2,633,968	-2,526,603
1.1.3. Dividend Received (+)	38,792	23,607
1.1.4. Fees and Commissions Received (+)	1,011,972	886,887
1.1.5. Other Income (+)	4,218,687	5,515,880
1.1.6. Collections from Previously Written Off Loans and Other Receivables (+)	43,914	38,279
1.1.7. Cash Payments to Personnel and Service Suppliers (-)	-934,978	-849,183
1.1.8. Taxes Paid (-)	-629,342	-215,511
1.1.9. Extraordinary Items (+/-)	-70	0
1.1.10. Other (+/-)	-4,749,282	-7,644,203
1.2. Changes in Operating Assets and Liabilities	11,906,637	696,794
1.2.1. Net Increase/Decrease in Trading Securities (+/-)	962,044	1,629,081
1.2.2. Net Increase/Decrease Due From Banks (+/-)	-2,992,272	198,260
1.2.3. Net Increase/Decrease in Loans (+/-)	-8,602,975	-2,580,696
1.2.4. Net Increase/Decrease in Other Assets (+/-)	-559,154	-419,463
1.2.5. Net Increase/Decrease in Bank Deposits (+/-)	1,837,371	1,921
1.2.6. Net Increase/Decrease in Other Deposits (+/-)	10,857,188	2,114,741
1.2.7. Net Increase/Decrease in Funds Borrowed (+/-)	5,019,826	874,598
1.2.8. Net Increase/Decrease in Matured Payables (+/-)	0	0
1.2.9. Net Increase/Decrease in Other Liabilities (+/-)	5,384,609	-1,121,648
I. Net Cash Provided From Banking Operations (+/-)	13,389,798	1,392,624
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from Investing Activities (+/-)	-7,722,416	-1,387,638
2.1. Cash Paid for Purchase of Participations, Subsidiaries and Other Investments (-)	-51,015	-700,862
2.2. Cash Obtained from Sale of Participations, Subsidiaries and Other Investments (+)	674,305	121,107
2.3. Fixed Assets Purchases (-)	-368,761	-450,270
2.4. Fixed Assets Sales (+)	296,020	1,599,122
2.5. Cash Paid for Purchase of Securities Available for Sale (-)	-8,489,607	-3,228,718
2.6. Cash Obtained from Sales of Securities Available for Sale (+)	0	0
2.7. Cash Paid for Purchase of Investment Securities (-)	-274,836	0
2.8. Cash Obtained from Sales of Investment Securities (+)	0	850,981
2.9. Extraordinary Items (+/-)	0	0
2.10. Other (+/-)	491,478	421,002
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities (+/-)	-119,254	-60,058
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 (+)	212	0
3.4. Dividends Paid (-)	-244,003	-165,290
3.5. Payments Made for Finance Leases (-)	0	-26,790
3.6. Extraordinary Items (+/-)	0	0
3.7. Other (+/-)	124,537	132,022
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)	5,548,128	-55,072
VI. Cash and Cash Equivalents at Beginning of the Period (+)	1,159,637	1,224,017
VII. Cash and Cash Equivalents at End of the Period (V+VI)	6,707,765	1,168,945

(*) Current period consolidated cash flow statement is prepared in accordance with the changes made to the scope of consolidation by applying these changes to the previous period figures.

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

PROFIT DISTRIBUTION TABLE (*)	TRY THOUSAND	
	CURRENT PERIOD (31/12/2005)	PREVIOUS PERIOD (31/12/2004)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1.PROFIT FOR THE PERIOD	1,649,081	1,099,254
1.2.TAXES AND LEGAL OBLIGATIONS PAYABLE (-)	693,453	463,799
1.2.1.Corporate Tax (Income tax)	742,305	462,480
1.2.2.Income Withholding Tax	1,120	1,319
1.2.3.Other Taxes and Legal Obligations	-49,972	0
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	955,628	635,455
1.3.LOSSES IN PREVIOUS PERIODS (-)	0	0
1.4.FIRST LEGAL RESERVES (-)	0	31,773
1.5.LEGAL RESERVES TO BE KEPT AT BANK AND SAVED (-)	0	325,511
B. DISTRIBUTABLE NET PROFIT FOR THE PERIOD [(A-(1.3+1.4+1.5))] (**)	955,628	278,171
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	0	98,446
1.6.1.To Holders of Share Certificates	0	98,444
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	35,945
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	0	449
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	0	109,162
1.9.1.To Holders of Share Certificates	0	109,157
1.9.2.To Holders of Preferred Shares	0	2
1.9.3.To Participation Bonus Shares	0	3
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	16,196
1.11.STATUTORY RESERVES (-)	0	0
1.12.EXTRAORDINARY RESERVES	0	17,973
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 (***)		
3.1.TO HOLDERS OF SHARE CERTIFICATES	0	0.000387
3.2.TO HOLDERS OF SHARE CERTIFICATES (%)	0	39
3.3.TO HOLDERS OF PREFERRED SHARE CERTIFICATES	0	0
3.4.TO HOLDERS OF PREFERRED SHARE CERTIFICATES (%)	0	0
IV. DIVIDEND PER SHARE		
4.1.TO HOLDERS OF SHARE CERTIFICATES	0	0.005061
4.2.TO HOLDERS OF SHARE CERTIFICATES (%)	0	13
4.3.TO HOLDERS OF PREFERRED SHARE CERTIFICATES	0	0
To Group A Shares	0	0.000110
To Group B Shares	0	0.001398
4.4.TO HOLDERS OF PREFERRED SHARE CERTIFICATES (%)	0	0
To Group A Shares	0	22
To Group B Shares	0	14

(*) Profit Distribution is made according to the unconsolidated financial tables.

(**) 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.

(***) Indicated in full TRY value.

TÜRKİYE İŞ BANKASI A.Ş.

CONSOLIDATED FINANCIAL HIGHLIGHTS AND MAIN RATIOS FOR THE PERIOD 2002-2005

ASSETS (TRY thousand)	31/12/02	31/12/03	31/12/04	31/12/05
Cash and Banks (*)	3,347,706	3,619,022	4,065,268	12,345,529
Securities (Net)	9,288,173	14,145,837	16,957,254	24,773,077
Loans	7,324,758	9,468,222	13,563,411	22,253,424
Associates and Subsidiaries (Net)	2,242,073	2,351,131	3,686,152	3,030,802
Fixed Assets (Net)	2,848,301	3,002,490	2,886,874	2,764,391
Other Assets	2,807,404	2,979,992	3,070,797	4,566,018
Total Assets	27,858,415	35,566,694	44,229,756	69,733,241
LIABILITIES (TRY thousand)	31/12/02	31/12/03	31/12/04	31/12/05
Deposits	16,917,574	19,614,877	24,446,284	37,140,843
Interbank Money Market	410,660	1,948,965	1,028,356	6,102,781
Funds Borrowed	2,815,230	4,167,598	5,619,001	10,638,228
Provisions	1,627,226	2,298,405	3,298,020	3,996,823
Other Liabilities	922,532	1,051,712	1,205,450	1,776,358
Shareholders' Equity (**)	5,165,193	6,485,137	8,632,645	10,078,208
Total Liabilities	27,858,415	35,566,694	44,229,756	69,733,241
INCOME STATEMENT (TRY thousand)	31/12/02	31/12/03	31/12/04	31/12/05
Interest Income	3,713,766	4,508,939	4,962,269	5,872,017
Interest Expense	2,287,658	2,660,063	2,466,055	2,921,729
Net Interest Income	1,426,108	1,848,876	2,496,214	2,950,288
Foreign Exchange Gains/Losses (Net)	-437,549	243,013	101,400	26,896
Adjusted Net Interest Income	988,559	2,091,889	2,597,614	2,977,184
Profit/(Loss) on Trading Account Securities (Net)	371,438	790,860	482,102	219,566
Net Fees and Commissions Income	354,150	512,547	752,522	893,818
Dividend Income	33,743	53,900	70,075	66,817
Other Non-interest Income	3,336,314	3,363,971	5,054,702	4,018,526
Operating Income (Net)	5,084,204	6,813,167	8,957,015	8,175,911
Operating Expense	3,685,359	5,099,195	6,018,435	5,063,143
OPERATING PROFIT	1,398,845	1,713,972	2,938,580	3,112,768
Provision Expense	619,403	867,346	1,105,551	1,121,835
PROFIT/(LOSS) BEFORE TAXES AND MONETARY POSITION	779,442	846,626	1,833,029	1,990,933
Net Monetary Position Profit/(Loss)	-264,737	-253,849	-459,804	0
PROFIT/(LOSS) BEFORE TAXES	514,705	592,777	1,373,225	1,990,933
Provision for Taxes	104,535	142,902	513,451	761,310
NET PERIOD PROFIT/(LOSS)	410,170	449,875	859,774	1,229,623
GROSS INCOME (***)	7,487,199	9,604,355	11,557,435	11,215,794
GROSS PROFIT (****)	1,134,108	1,460,123	2,478,776	3,112,768
KEY RATIOS	31/12/02	31/12/03	31/12/04	31/12/05
Interest Earning Assets/Total Assets	70.56%	75.65%	77.20%	84.59%
Interest Earning Assets/Interest Bearing Liabilities	97.36%	104.54%	109.58%	109.34%
Securities/Total Assets	33.34%	39.77%	38.34%	35.53%
Loans/Total Assets	26.29%	26.62%	30.67%	31.91%
NPL Ratio	14.86%	11.69%	8.27%	4.81%
Coverage Ratio	42.86%	100.00%	100.00%	100.00%
Demand Deposits/Total Deposits	24.69%	24.60%	26.41%	19.83%
Shareholders' Equity/Total Liabilities	18.54%	18.23%	19.52%	14.45%
Capital Adequacy Ratio	25.67%	33.79%	34.96%	29.06%
Net Interest Margin (*****)	6.92%	10.71%	9.02%	5.42%
ROAA	1.55%	1.47%	2.16%	2.22%
ROAE	8.38%	7.79%	11.42%	13.43%
Operating Expense/Operating Income (Net)	72.49%	74.84%	67.19%	61.93%
OTHER INFORMATION (TRY thousand)	31/12/02	31/12/03	31/12/04	31/12/05
Regulatory Capital	4,405,410	6,485,550	8,668,921	9,963,533
Core Capital	3,714,294	5,834,675	7,405,837	8,383,189
Free Capital	-655,544	1,131,516	2,059,619	4,283,015
Demand Deposits	4,177,640	4,825,991	6,456,399	7,363,333

(*) Composed of Cash and Balances with the Central Bank of Turkey, Banks and Other Financial Institutions, Interbank Money Market Placements and Reserve Deposits.

(**) Balance of Minority Rights is included.

(***) Gross Income = Interest Income + Net Foreign Exchange Gains/Losses + Net Profit/(Loss) on Trading Account Securities + Fees and Commissions Income + Other Non-interest Income + Net Monetary Position Profit/(Loss) + Dividend Income+ Extraordinary Net Income/Expense Before Tax.

(****) Gross Profit: Profit Before Provision for Taxes and Other Provisions

(*****) Adjusted for Foreign Exchange Gains/Losses and Profit/(Loss) on Trading Account Securities.

TÜRKİYE İŞ BANKASI A.Ş.

DISCLOSURES ON CONSOLIDATION

Consolidated financial statements have been prepared in accordance with the Regulation on Accounting Practice (RAP), Communiqué no.15: "Accounting Standard for Investments in Subsidiaries, Associates and Jointly Controlled Entities and Preparation of Consolidated Financial Statements".

The entities listed below have been consolidated in accordance with the above-mentioned regulation:

Subsidiaries;

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

Associate;

- ARAP-TÜRK BANKASI A.Ş.

Arap-Türk Bankası A.Ş. has been consolidated with equity-pick up method and subsidiaries have been consolidated under line-by-line method in the consolidated financial statements.

Under line-by-line method, the assets, liabilities, income and expenses and off-balance sheet items of subsidiaries are combined with the equivalent items of Türkiye İş Bankası A.Ş. (Parent Bank) on a line-by-line basis. The book value of the Parent Bank's investment in each of the subsidiaries and the group's portion of equity of each subsidiary are eliminated. All significant transactions and balances between the Parent Bank and its consolidated subsidiaries are eliminated reciprocally. Minority interests in the net income of consolidated subsidiaries are calculated separately from group's net income and are subtracted from consolidated subsidiaries' net income. Minority interests in the equity of consolidated subsidiaries are identified separately from the group's liabilities and the group's shareholders' equity. Minority interests are also identified separately from the group's income.

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

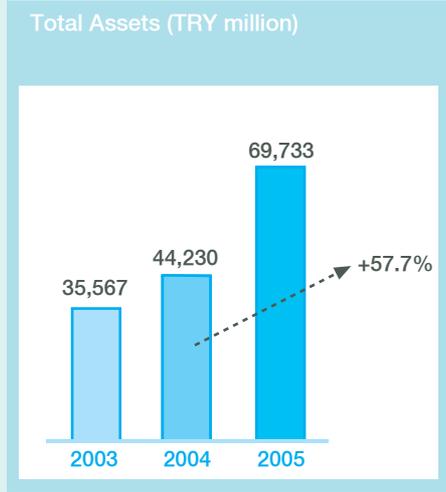
Equity pick-up method is an evaluation method of associates by which the Parent Bank's share in the associates' equity is compared with the book value of the associate, which the Parent Bank shows in its balance sheet, and the difference is recognized in consolidated income statement as gain or loss.

The highlights of the 2005 activities of consolidated entities are given on page 47 of the Annual Report.

TÜRKİYE İŞ BANKASI A.Ş.

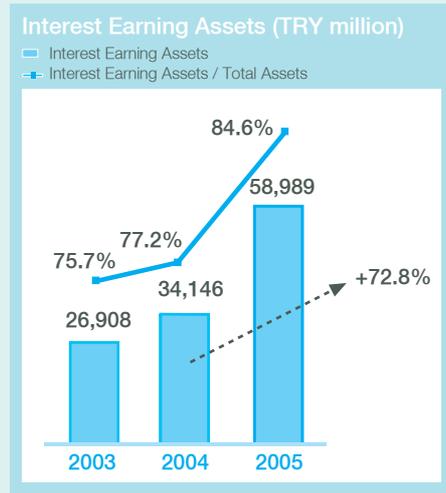
ASSESSMENT OF MAJOR CONSOLIDATED ITEMS

The Group has maintained its rapid growth in 2005 and as a result of this rapid growth, Group's gross profit has reached TRY 2,054,008 thousand by increasing 43.8% and asset worth has reached TRY 69,733,241 thousand by increasing 57.7% compared to the previous year.



Loan Portfolio

As of end-2005, consolidated loan portfolio reached TRY 22,253,424 thousand by increasing 64% compared to the previous year. 92.2% of the consolidated loan portfolio is originated by the Parent Bank and 6.8% is originated by Türkiye Sınai Kalkınma Bankası A.Ş. (T.S.K.B.). Even though T.S.K.B.'s loan portfolio has also increased, main increase resulted from the Parent Bank's portfolio. Growth in the loan portfolio mainly arises from the loans extended to SMEs and from the growth highly above the portfolio average in retail loans, especially house loans. On the other hand, subject to the private sector fixed capital investments, investment loans, which were granted by T.S.K.B., also kept on its growth.



Securities Portfolio

Group's securities portfolio reached TRY 24,773,077 thousand by increasing 46.09% compared to the previous year. 91.6% of the securities portfolio is originated by banking group and 8.1% is originated by insurance group. Although a noteworthy change is not observed in the insurance group sector portfolio, banking group's portfolio increased by 56.4%.

TÜRKİYE İŞ BANKASI A.Ş.

ASSESSMENT OF MAJOR CONSOLIDATED ITEMS

Deposits

98.8% and 98.2% of consolidated deposits are the Parent Bank's deposits in the years 2004 and 2005 respectively. For deposits item an TRY 12,694,559 thousand with 51.9% increase was realized in accordance with the development of the Parent Bank's deposits.

Funds Borrowed (Borrowings)

In 2004, Parent Bank's borrowings constitute 68.76%, T.S.K.B. borrowings constitute 28.5% and İş Genel Finansal Kiralama A.Ş. borrowings constitute 2.7% of total borrowings and in 2005 these ratios were 93.2%, 20% and 3% respectively. This liability item has reached to TRY 5,019,227 thousand by increasing 89.3% compared to the previous year. Spurred also by the economic stability, loans borrowed from international financial institutions, which are initially utilized for foreign trade by the Parent Bank and for private sector investments by T.S.K.B., act an important role on the increase.

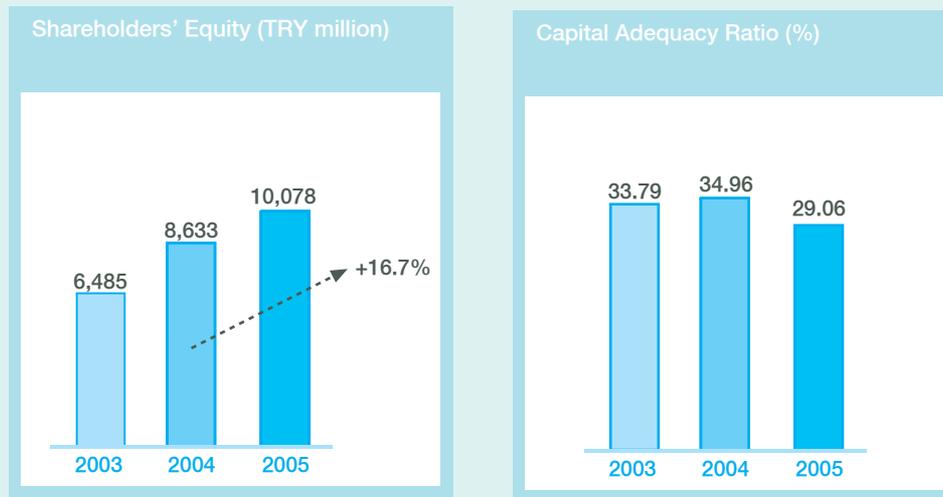
Provisions

Compared to 2004 figures provisions increased by 21.2% with TRY 698,803 thousand changes. This increase was mainly caused by tax provision and in addition general loan loss provision, which is related to the volume of loans granted, and technical deficit provision for the Parent Bank's pension fund.

Shareholder's Equity

The paid-in capital of the Bank has been increased in the current year from TRY 1,640,757 thousand to TRY 1,968,942 thousand. As of end-2005, total shareholder's equity worth including minority shares, which represents the shares of third party individuals and institutions on group entities, has reached to TRY 10,078,208 thousand by increasing 16.7% compared to the end of the year 2004.

Consolidated capital adequacy ratio is 29.06% as of end-2005.



Net Interest Income

Net interest income reached TRY 2,950,288 thousand by increasing 21.4% compared to the previous year 2004. 92.9% of net interest income is originated by banking group and 5.07% is originated by insurance group. Interest income on loans increased by 31%, whereas, with the ongoing decrease of interest rates on Treasury debt, 4.9% increase in interest received from marketable securities portfolio remained at a limited level. On the other hand, the desired decrease in the cost of deposits has not been achieved during the year, alternative funding methods were more intensely used and thus within this context interest expenses increased by 18.4% compared to the previous year.

Net Fees and Commissions Income

With the improvements of Parent Bank's commission yielding activities, net fee and commission income reached TRY 893,818 thousand by increasing 18.8% compared to the end of the year 2004.

Other Income/Expenses

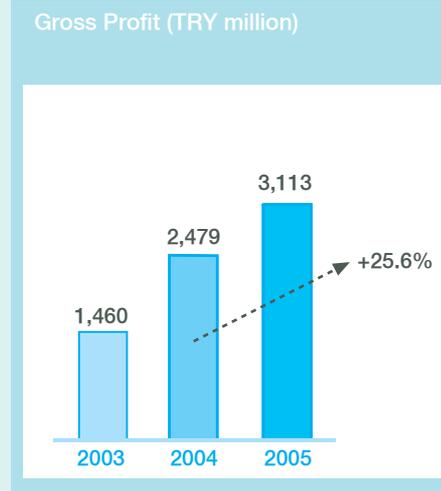
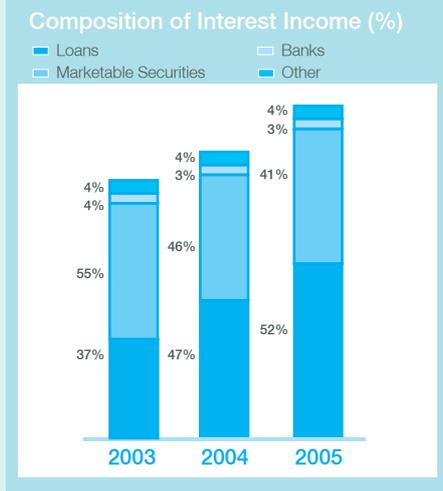
Net balance of this item that consists of operating costs and insurance policy revenues and claims and compensation payment expenses of insurance group reached to TRY 1,019,495 thousand with a minor increase on expense side.

TÜRKİYE İŞ BANKASI A.Ş.

ASSESSMENT OF MAJOR CONSOLIDATED ITEMS

Profit/Loss

Although the decrease of the interest rates on deposits is not satisfying, cost of funding was held at minimum levels by utilizing opportunities both in domestic TRY money market and foreign finance markets. Furthermore non interest expense has been prevented to increase to a certain level and with the increase of interest and commission income, gross profit reached TRY 2,054,008 thousand by increasing 43.8% and net profit after tax provisions reached TRY 1,292,628 thousand by increasing 41.3% as of end-2005.



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