

Turkey's Bank

İŞBANK
ANNUAL REPORT 2007

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Stepping into 2008...

iŞBANK

Stepping into 2008, İşbank holds a net vision for the future.

We look at the future and we see:

- **Fiercer competition**

The Turkish economy gradually becomes more integrated with the global markets. Competition gains momentum and requires provision of services at international norms.

- **A deeper and multi-dimensional business environment**

The financial services sector increases its depth and scale. In the process, the business environment develops in a number of dimensions such as transparency, accountability, corporate governance and communication.

- **Further advanced technology**

Technology is one of the key determinants in the rapidly evolving business environment. In an environment of increased competition, speed, quality, coverage and creativity in products and services offered will depend on heavier use of continually advancing technology.

- **New innovations**

Customer expectations increase and diversify by the day, increasing their weight as a telling factor in service and product offering. The way to success is through the provision of new products and services that will respond to various needs of customers at the right time and at the right place.

- **More cooperation**

In the current market conditions in which coverage, depth, quality and speed are vital, closer cooperations are established primarily among customers, suppliers, employees and shareholders and then among all stakeholders in a number of aspects that include distribution, technology and product development.

Just as in 1924, so too in 2024 we will be Turkey's bank.

The coming period presents growth opportunities through which İşbank will create more added value particularly for its customers, shareholders and employees, and for all of its stakeholders. We are determined to capitalize on these opportunities.

İŞBANK

İşbank in Brief

Established in 1924 in Ankara, İşbank is the founder, pioneer and symbol of banking in the Republic era.

Taking on key roles in every stage of the national economy, İşbank has offered service to individuals, entrepreneurs and enterprises from every segment of the society, in keeping with its mission summed up in the expression “Turkey's Bank”.

Founded with a modest start-up capital of TL 1 million at a time of scarce capital accumulation, İşbank actively took part in the economic construction of Turkey in this initial phase and played a major role in the development of the nation. Focusing on training and developing its human resource within its own organization in the process, İşbank sustained its stable growth, opening branches all over the country.

In the 1950s, on the other hand, İşbank's subsidiaries and affiliates became the engines of industry, undersigning many investments particularly in the manufacturing industries and extending financial support to a large number of establishments. From the '60s, momentum was given to expanding its presence by opening branches, while the 1980s saw special emphasis placed on the development of branch network.

Relocating its headquarters to İstanbul at the onset of the new millennium, İşbank adopted an approach focusing on sales and marketing that steer the demand. This lean approach that will leverage İşbank's growth capacity and competitive muscle under the Customer Focused Transformation (in Turkish: MOD) program aims at enhancing customer satisfaction on many fronts, as well as customer loyalty.

Today İşbank provides service in corporate, commercial, retail and private banking business lines to a broad-based and large portfolio of customers numbering millions. Consisting of 19,414 employees, 928 domestic and 11 international branches, 3,005 Bankamatiks (İşbank ATMs), 909 kiosks and 100 CRSs, the unparalleled service delivery network is what defines the bank's key competitive edge and superior scale.

İşbank possesses a portfolio of financial services subsidiaries consisting of companies based in and out of Turkey which are active in banking, leasing, factoring, investment banking, asset management, insurance and private pension. This constitution further strengthens İşbank's competency in product and service delivery.

In addition to its subsidiaries and affiliates engaged in the financial services sector, İşbank controls direct or indirect equity stakes in companies operating in glass, telecommunication, and industry and service sectors.

İşbank in Brief

Today İşbank is one of the top banks in the world...

İşbank,

- is the only Turkish company ranking among the top 500 in Forbes magazine's list of the world's top 2000 largest companies(*) since 2004.
- ranked 53rd in October 2007 issue of The Banker magazine's list of Top 300 European Banks (* *). İşbank takes the first place among other Turkish banks that were included in the same list.
- takes the 19th place in Europe and the 1st place in Turkey in terms of card production volume based on The Nilson Report's survey published in May 2007.
- numbered 102nd in the World's Top 1000 Largest Bank list with a total capital of USD 6.8 billion in The Banker magazine's listing based on tier-1 capital in accord with Basel criteria (* * *).

According to year-end 2007 data İşbank's shareholders' equity stands at TRY 10.6 billion and total assets at TRY 80.2 billion. Representing the bank's best-ever balance sheet performance in its 83 years of history, these results also summarize İşbank's identity as Turkey's leading bank.

(*) Based on the annual rankings among publicly-floated companies.

(**) Based on tier-1 capitals of banks as reported in their 2006 consolidated financial statements.

(***) Based on banks' year-end 2006 consolidated financial statements.

İşbank's Vision and Objectives

Our Vision

“To be the most preferred bank in Turkey by customers, shareholders and employees by maintaining its leading, pioneering, and trusted position”

Our Objectives

For our customers:

- To be the bank that is the most preferred as a service provider in all the sectors and customer groups that we target
- To provide our customers complete, reliable, and high quality service by means of our capable employees, extensive branch network, and non-branch banking channels
- To abide by our high business ethics and principles without exception

For our shareholders:

- To consistently increase the value of our shares
- To manage risk effectively in whatever we do

For our employees:

- To be a preferred employer and offer employees programs and training opportunities that will foster their personal and professional development
- To propagate our customer-focused approach among all our personnel
- To support and reward loyalty, responsibility taking, and creativity
- To deploy a hiring, evaluation, appointment, and advancement system that is based on competencies and performance and is fair and trustworthy.

To sum up:

“İşbank's goal is to consistently increase the value that it creates for its shareholders by being a bank which responds to its customers' needs quickly, effectively, and with high-quality solutions and which encourages its employees to achieve high levels of performance in their jobs”

Some of the “firsts” Introduced to the Turkish Banking Industry by İşbank...

İşbank is the first national bank of the Turkish Republic. The bank has steadfastly pursued its pioneering mission ever since its inception.

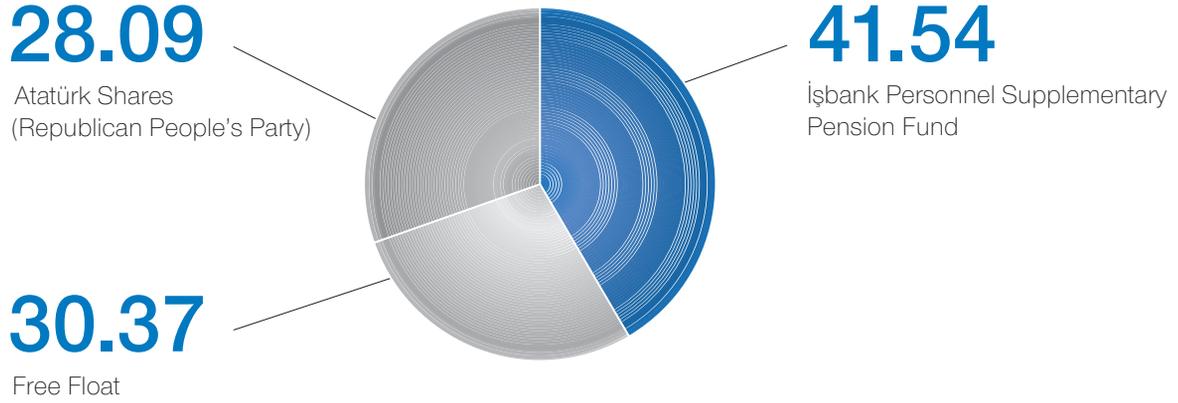
İşbank is the name that

- introduced “moneybox” to the Turkish people to create and inculcate the notion of saving
- originated the practice of using checks in ordinary expenditures
- set up electronic banking in Turkey with "Bankamatik" ATMs
- established the first Turkish bank branches in Europe and Cyprus
- offered the first investment account service in Turkey
- founded the first mutual funds
- initiated trading in investment securities by a bank in Turkey
- launched the first interactive telephone banking service
- introduced the first internet branch
- commenced kiosks, the internet banking kiosks which allow for customers without access to a PC to take advantage of internet banking
- started WAP telephone banking transactions
- presented a new delivery channel for the Turkish banking industry with Maximum Cash Points
- became the first privately-owned bank to offer prepaid toll cards (KGS) and automated pass (OGS) systems, which are used for the payment of bridge and motorway tolls
- began the first Java-based Mobile Phone Banking service.

İşbank has, for 83 years, been authoring “first and exemplary” initiatives and continues incessantly to work towards offering the best in service to Turkey and to our people.

İşbank's Shareholder Structure and Financial Indicators

Shareholder Structure of İşbank as of 31 December 2007 (%)



No changes occurred in the bank's shareholder structure in 2007.

Directors, Chief Executive Officer, statutory auditors or executive vice presidents do not control more than a negligible shareholding interests in the bank.

We are working hard at İşbank to help our customers, employees and shareholders to achieve their own goals. Our target is to grow steadily by producing more value for all our stakeholders.

6.6%

Total Assets

In 2007, İşbank's total assets increased 6.6% and reached TRY 80.2 billion.

14.0%

Total Loans

Up 14.0%, total loans stood at TRY 34.0 billion in 2007.

53.4%

Net Profit

With 53.4% rise year-on, net profits rose to TRY 1.7 billion in 2007.

% 20.5

Capital Adequacy Ratio

Also in the period coming, growth will be driven by İşbank's solid equity structure and its strong funding ability, as it has always been.

KEY FINANCIAL HIGHLIGHTS

(TRY million)	31.12.2007	31.12.2006	Change (%)
Total Assets	80,181	75,205	6.6
Total Loans	33,980	29,818	14.0
Total Deposits	48,533	46,399	4.6
Shareholders' Equity	10,604	9,410	12.7
Net Profit/Loss	1,702	1,109	53.4
Gross Profit	3,721	2,540	46.5

KEY FINANCIAL HIGHLIGHTS

(USD million)*	31.12.2007	31.12.2006	Change (%)
Total Assets	68,825	53,910	27.7
Total Loans	29,167	21,375	36.5
Total Deposits	41,659	33,261	25.2
Shareholders' Equity	9,102	6,746	34.9
Net Profit/Loss	1,461	795	83.8
Gross Profit	3,194	1,821	75.4

(*) 1 USD = TRY 1.165 as of 31.12.2007
1 USD = TRY 1.395 as of 31.12.2006

KEY FINANCIAL RATIOS (%)

	31.12.2007	31.12.2006
Interest Earning Assets/Total Assets	89.6	90.0
Loans/Total Assets	42.4	39.6
Loans/Deposits	70.0	64.3
Non-Performing Loans Ratio	4.2	3.8
NPL Coverage Ratio	100.0	100.0
Demand Deposits/Total Deposits	16.5	16.5
Shareholders' Equity/Total Liabilities	13.2	12.5
Capital Adequacy Ratio	20.5	23.9
Return on Average Assets	2.2	1.6
Return on Average Equity	17.0	11.9
Cost/Income Ratio	36.7	42.0

Chairman's Message

Esteemed shareholders,

2007 was a successful year for İşbank.

Our bank once again surpassed the targets it had set for itself and fulfilled the dictates of market competition, posting financial results above its last year's performance. All of us at İşbank take pride in this achievement and we are happy to share these results with our fellow countrymen.



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

Chairman's Message

In keeping with its strategic goals, İşbank continued to increase its business volumes and the number of customers it services in 2007. Our bank endorsed its superiority in different business lines and kept being the choice of millions of people owing to its high quality approach to service. Our bank also accelerated its restructuring initiatives last year.

The synergies we generate with our subsidiaries and affiliates on the broadest perspective have enabled, and will keep enabling, us to continually create added value for our shareholders, customers, employees and the entire society. Our most ambitious goal is to maintain and further improve this quality we possess in keeping with our mission.

What defines our distinction is our solid foundation.

İşbank is Turkey's bank. It was born with the Republic and it has always been there for our people. It has always produced value, served as the bank of a developing Turkey. It has been a part of the lives of industrialists, workers, students, pensioners, and farmers, and fulfilled their banking needs. It has always been the first to introduce numerous novelties in banking and played a key role in the foundation of national capital markets. In this respect, İşbank is the founder, pioneer and natural leader of the Republic's banking business.

İşbank is unrivalled also with its corporate identity, qualities and culture. Our bank has solidly built its traditions and values and carried them on into the present unrelentingly and unwaveringly. It was able to constantly update its code of conduct in accord with the realities of the market. Yet, İşbank always remained young, dynamic and agile.

İşbank builds its distinctions on the basis of these qualities which also point at our competitive strength. These qualities that also make up our corporate foundations will provide us with the energy and the driving force we will need for the growth we will achieve in the coming period.

The world conjuncture drives competition to a different level.

Once thought of to be unshakeable, the developed Western economies' and banking systems' vulnerability in the face of risks were bared by the events in 2007. While the corporations that were taken as models booked the biggest losses in their histories, global economic balances were unsettled.

Competition is driven well beyond its perceived scope by these hot developments experienced in the world economy which is totally dominated by global capitalism.

Our country has fully integrated into the world markets in the recent years. Global banks, as well as largest international companies started furnishing service in the Turkish market and joined the group of telling factors that set the terms of competition.

The only option facing local service providers is to base their service delivery in the national market on global competitive conditions. Players who fail to confront with this reality and to position themselves in line with the global competitive conditions in the medium run will be sidelined.

İşbank's perception of competition finds its description in its primary goal of maintaining an organization through which it will be able to manage even the severest market conditions. In other words, İşbank's approach to business is erected on self-improvement even in an extremely challenging and competitive environment. Recognizing that the tough competitive conditions compel us to work much harder, we put our committed efforts and strive to produce the better for our customers and shareholders.

İşbank continuously reviews and revises its corporate structuring, strategy and goals on this axis. Our bank optimally reflects the realities of the market in its business processes, services and products.

The synergies we generate with our subsidiaries and affiliates have enabled, and will keep enabling, us to continually create added value for our shareholders, customers, employees and the entire society.

Chairman's Message

In the current stages of our ongoing transformation process, İşbank will first of all further build up its global service standard that is complementary to its strengths, and will increase its speed in its course while sustaining its transformation.

İşbank's unchanging leadership is born out of its customer-focused service tradition.

At İşbank, we base everything we do on enhancing the quality of the service offered to customers and on customer satisfaction.

This corporate philosophy, which dates back to the 1930s, is strictly adhered to and furthered also today. On the date it will celebrate its 100th anniversary in 2024, İşbank will keep delivering its services, still crowned as Turkey's bank and still placing the customer in the focal point of everything. Our principal guide and our key strength is the principle of good service to customers who are our benefactors.

We manage change with a dynamic approach and introduce it in progressive stages.

The transformation program launched in 2006 at our Bank is progressing rapidly.

The project targets redefining and introducing change management that is an ongoing and central consideration at our Bank, based on a customer-focused approach, and aims to render the change process continual.

Discovering and updating our Bank down to the finest detail, the project describes all the aspects needed for customer-focus. The same project quantifies the performance of our human resource, our services and effectiveness, and repaves the road that leads to employee satisfaction as well as customer satisfaction, employing the most current methodology. Our bank is focused on managing change and stepping up its performance in this department. As such, İşbank will proceed along the lines of its key objective and keep presenting the best in service and the most innovative products to its customers. This process will also help our bank consolidate its natural leadership in all arenas of banking.

In the management of transformation processes required by the present time, İşbank focuses on their improvement with a keen eye on their benefits to shareholders, customers and our employees. We regard competition, along with the new opportunities emerging in the dynamic structure of the world conjuncture and our country's market conditions, in the heart of our projects and take necessary steps therefor.

In the current stages of our ongoing transformation process, İşbank will first of all further build up its global service standard that is complementary to its strengths, and will increase its speed in its course while sustaining its transformation.

Esteemed shareholders,

İşbank possesses a strong ability to anticipate and mastery in strategic management.

The developments in 2007 revealed once again the other two vital assets of our Bank.

First of these assets is our ability to anticipate. Ever since its inception, our bank has witnessed countless political conjunctures in the national and global arenas, and reached today after actually living through different economic processes. As a corporation that has witnessed our entire Republic history, we own a corporate history paralleling the development of the Turkish economy. In the journey from the first attempts at development to national economic plans and today's liberal economy, our bank's role has always been one to allocate resources and to accelerate economic development. İşbank always maintained its strong prediction ability in this multiple-stage process, and because of this capability, it has become one of the most valuable and strongest corporations in our country.

Chairman's Message

Our Bank's financial strength and strong shareholders' equity enabling growth provide us with the driving force we need to continue contending at global competitive conditions.

Our other vital asset is our strategic management power. İşbank has a clearly defined corporate strategy. On another hand, our bank enjoys a strong and institutionalized management team. The combination of these two components characterizes İşbank's strategic management power. Presenting unparalleled synergy, our human resource and service platform run perfectly, and vest in the bank the ability to undersign every year a performance excelling itself. This ongoing specialty is the key in the creation of a bank, which people are happy to be associated with as shareholders, as employees or as customers.

On behalf of the Board of Directors and myself, I thank our management team and 19,414 İşbank employees who carry İşbank to success under any condition and who build this performance with their commitment and dedication.

Even though we predict difficulties in the medium term, strong growth is ahead in the long term.

We anticipate that 2008 will be a rough year. Volatilities will continue on the global scale and economic growth will decelerate.

In the medium term, however, our country points at a strong growth potential. Almost all of the global actors penetrated the Turkish market in view of the short-term growth opportunities. Our young population, the strong demand structure posed by our economy and Turkey's unchanging importance in the changing balances of the world represent a unique growth opportunity for the banking business.

İşbank is the bank that will capitalize the most on these growth potentials anticipated in the medium run. İşbank is a powerful and fully equipped bank.

One of Turkey's banks with the widest outreach, our bank also possesses a broad portfolio of financial services subsidiaries, as well as an extensive international service network. As pioneering service points taking the pulse of the markets in which we have a presence, our international organization has long been operating in harmony with the relevant markets. Our bank is focused on building its organization in the neighboring geography as soon as possible. Egypt, Azerbaijan and Russia signify the primary markets that will be tapped in terms of growth potential.

As we will keep working towards transporting our ability to correctly read the market dynamics into our performance, the Bank's financial strength and strong shareholders' equity enabling growth provide us with the driving force we need to continue contending at global competitive conditions.

All of us united in our hearts, we are carrying Turkey's bank to new horizons. So long as our national and international shareholders and customers trust in us and prefer us, we will keep covering new ground in our global voyage and landing in new geographies.

We thank you for your unwavering confidence in İşbank, in Turkey's bank.



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

CEO's Message

Esteemed shareholders, customers, colleagues and business partners,

İşbank completed another highly successful year in financial, operational and strategic terms.

Our proactive strategy focused on organic growth exhibited once again in 2007 our Bank's capability to achieve strong and disciplined performance and pointed out to an unequaled potential for the future.



H. Ersin Özince
Director and Chief Executive Officer

CEO's Message

In 2007, our gross profit grew 46.5% and net profit 53.4%.

Last year, our total assets reached TRY 80.2 billion. Assets entrusted to us by our more than ten million deposit customers totaled TRY 48.5 billion and the volume of our placements rose to TRY 34.0 billion. While our shareholders' equity reached TRY 10.6 billion, our capital adequacy ratio was 20.5%. Our gross profit and net profit increased to TRY 3,721 million and TRY 1,702 million respectively.

During 2007, İşbank sustained its leadership among privately-owned banks in deposits, shareholders' equity and asset size. Having grown 46.5%, our gross profit signifies the highest amount posted by a private sector bank. As our performance helps us further build up the strength of our financial structure, it also constitutes a crucial reserve and power for the future.

Our policy was adapted to market conditions, while our focus always remained unchanged.

As we strongly captured share from the recent intense consolidation and concentration in the industry, we also timely anticipated the developments that occurred in global and national markets during the year, and pursued a growth strategy focused on profitability, cutting down on our appetite for balance sheet increase.

2007 was a year of challenges for our country. Though it continued, growth was at a slower pace. Led by the EU integration process, many political and economic pegs were neglected. In this period, we chose to cautiously watch our competitors in certain business lines where we thought we were less than efficient. We maintain, under any market condition, a balanced and easy-to-control financial structure that is conservative just to the necessary degree. It is this financial structure that made it possible for us to display yet again a healthy performance at a period characterized by fluctuations.

Beyond financial performance

The success we achieved in 2007 goes well beyond financial results. İşbank is undergoing a strategic development process which is of vital importance. Firmly maintaining all the aspects of the spirit carried in 1924, our bank is building the İşbank of 2024 when it will celebrate its 100th anniversary, in other words the bank of the future.

We see that we are in a better position than ever to respond to the market demands in the short term. We keep reflecting the power at our disposal on our results, by managing it optimally. Our long-term prediction is that İşbank will again be the bank to make the most of the development and growth opportunities the Turkish market presents.

We are really enthusiastic about the MOD Program.

Our Bank's customer focused transformation project MOD undersigned significant introductions in 2007. Our sales organization was reorganized and started working. On another wing, all introductions slated for the reporting period were timely made in business and information technology projects.

Our structuring efforts that were given speed in 2007 will contribute greatly to our corporate culture. The initiatives we focus on will lend a significant momentum first of all to our bank and then to our group in terms of efficient management and efficient production.

We must at all times be equipped with the best business model, service organization, human resource and tools in order to keep running the race ahead of competition. Throughout its 83 years of history, İşbank has upheld its corporate culture, managed change in a way that always best fit the current conditions and been able to respond realistically to customer needs. Our success in managing change over a period of nearly a century played a major part in making us what we are today: the strongest and most consistent player in a market that is for the most part constituted by global actors and that is highly integrated with the world.

I would like to mention another aspect of change management from the standpoint of the group. We look at change management as a whole. Our subsidiaries and affiliates cannot be held outside this scope. Representing a collective body, all our subsidiaries and affiliates from insurance to private pension, from asset management to financial leasing and the glass group must acquire more efficient, more productive and more agile structures. This is essential for strengthening our leadership in different lines of business, as much as it is for competition.

İşbank in 2007 sustained its leadership among privately-owned banks in deposits, shareholders' equity and asset size.

CEO's Message

One of the key distinctions of İşbank that sets it apart from its competition is the continued provision of all banking transactions from under the same roof with support services.

Our holistic structure fortifies our brand equity.

One of the key distinctions of İşbank that sets it apart from its competition is the continued provision of all banking transactions from under the same roof with support services. We believe that this does not pose a disadvantage in Turkey as opposed to many developed markets; to the contrary, we believe that companies which are not divided in terms of banking's core activities and supporting activities possess a more significant brand equity given the current realities of our country. We think that the level of maturity and professionalism in the business world and the banking industry is not suitable for being separated in every aspect and for gaining expertise and increasing efficiency in every department.

The difficulties will continue in the future.

2007 allowed us to see how big the scale of the problem in international markets is. Financial vulnerabilities that emerged in the so-called Anglo-Saxon system that we adopt as a model are surprising from the standpoint of emerging markets. The revelation that the markets, which we espoused as a model in numerous headlines from risk management to institutionalization, embrace many vulnerabilities presents us with a case that needs to be analyzed and watched closely.

The key here is how the worldwide capital and financial markets can be synchronized. The markets adopted as models are confronted with serious issues. While the agenda is dogged by regulating emerging markets, the necessity is now obvious for developed markets to set themselves in order and strictly adhere to Basel II principles.

In this process, our country will continue to accommodate possibilities and risks simultaneously. It is a point of common agreement that our country, which has turned into a fully open market, bears significant growth potential. From now on, the key lies in the correct management of growth process and change.

During 2007, the political uncertainties in our country were eliminated to a great extent. We believe that the reforms will be persevered targeting the EU and international developed models, which in turn will contribute to the social and economic environment and will give us the chance to improve our businesses.

Turkey in 2008 will be able to secure a stable environment by eliminating certain faults in her economic policies. Political consistency will bring along economic stability and an inflation that moves along the lines of the target. Significant steps will be taken also in current deficit, so long as policies highlighting Turkey's comparative superiorities and therefore increasing employment are implemented. To the extent that these conditions are met, İşbank will be the bank to extend the greatest support to this development and will also get the best share in the developing market.

CEO's Message

Its ability to anticipate, effective change management and careful planning have made İşbank's position among the best in the industry permanent for 83 years.

İşbank is determined to proceed in its path with strict adherence to its strategies.

We presume that 2008 will be a better year than 2007 for our Bank and for our subsidiaries and affiliates.

As İşbank, we have made a fast start into 2008. I am happy to report that we already began reaping the short-term benefits of the MOD program. With the reorganization, our speed in sales and marketing in particular has become much more evident and stronger. Our Bank will display a much stronger activity and competition in the market in 2008.

İşbank's priority development areas will be retail and SME-focused retail banking. Yet, we will continue to strongly and assertively take part in all business lines, as we always have. Despite unfair competition, we will continue and even increase our efforts to be competitive in corporate banking. İşbank will maintain its position as the bank that most comfortably undertakes Turkey's country risk.

We are in the process of making a serious move in private banking. İşbank has long possessed in-depth experience and background in the higher-income group. In this process where we concentrate on offering customized service, we are intending to win our retail banking customers from international banks providing service in foreign countries for the most part.

Our pursuit for creating synergy with group companies will further increase in 2008. Our wish is to see our private companies heading towards public offering upon completion of their structuring. This will vest in us greater efficiency while also presenting new growth opportunities.

The ability to anticipate, effective change management and careful planning have made İşbank's position among the best in the industry permanent for 83 years. It is because of the combination of the professional skills and commitment of our management team and our employees with a sound financial structure that we have reached this point. The point we stand is of immense spiritual value to us. Stepping into 2008, İşbank enjoys a more competitive and stronger position than ever. Its competent human resource, sound financial structure and nationwide branch network will make it possible for our bank to offer service to more customers at more locations.

With the support of our shareholders and our Board of Directors, with the faith of our correspondents and investors, with the trust of our customers and with the contributions of our employees, our Bank will continue to create increasing value for our national and international customers and business partners in 2008 and thereafter.

Yours sincerely,



H. Ersin Özince
Director and Chief Executive Officer

Customer Focused Transformation (MOD) Program

İşbank's Customer Focused Transformation (in Turkish: MOD) Program implementations started to be rolled out in 2007.

“Customer Satisfaction” is a key priority at İşbank.

The MOD Program launched in 2006 at İşbank has the primary objective of increasing customer satisfaction, along with the Bank's commercial efficiency and operational productivity.

The goals of the MOD Program are to enable İşbank:

- to be much closer to its customers,
- to build much warmer and healthier relationships with its customers,
- to further improve the services offered qualitatively and quantitatively,
- to maximize its operational productivity.

İşbank is determined to remain and further its position as Turkey's bank and as the industry's leader.

The MOD Program in place reshapes İşbank's corporate competencies in accord with the new conditions of competition, while contributing the necessary energy the Bank needs to maintain its leadership.

Upon completion of the program, İşbank will achieve the “world's best practices” level, advance its identity as Turkey's bank to a new platform and be an actor in global competition.

The MOD Program consists of 9 business and 14 information technology projects.

Transformation carried out under the program covers changes and improvements in the following areas:

- human resources
- technological infrastructure and tools
- organizational structure and processes

With this project conducted in line with the vision of “being the most preferred bank in Turkey by customers, shareholders and employees by maintaining its leading, pioneering, and trusted position”, İşbank furthers the position it has earned in the country and in the industry.

İşbank's customer segmentation was redefined.

İşbank has restructured its customer segments and the products and services to be offered to its customers with a view to best fulfilling customer needs and expectations.

Under the restructuring, İşbank's new business units were defined as follows:

- Corporate Banking
- Commercial Banking
- Retail Banking
- Private Banking

In addition, marketing, sales and product management sub-units are created reporting to these business units.



Headlines from the 2007 introductions of the MOD Program...

MOD reconstructs İşbank's corporate competencies in line with the new terms of competition.

Sales force started working at İşbank.

The sales model and target customer management organization that will be introduced in business units are finalized.

Within the frame of structuring efforts...

- 24 retail banking and 24 commercial banking sales regions are set up under İşbank organization.
- Sales directors and sales coordinators who will be working within the scope of restructuring have started serving in their such positions in 2007.
- Completed at the headquarters and in regions, the sales force organization will be expanded across the branches in 2008.
- Within the scope of efforts for constantly increasing the quality and speed of the service offered to customers, 17 regional commercial lending and operation units are established at İşbank; branch operations are reorganized and momentum is given to centralization of processes.
- Organization of centralized operation was carried on in line with the targets set.
- The İstanbul arm of Credit Information and Financial Analysis Department was divided into two and relocated to Güneşli and Kozyatağı districts that house a concentrated population of our customers. Further, Regional Commercial Credit Information Units were set up at 12 different locations to operate at places where regional organizations of Corporate Loans Department are present.
- The design phase of the project for bringing all headquarters units and functions into compliance with the new business model has been completed under MOD. The implementation is targeted to be finalized swiftly during 2008.

Our technological infrastructure is changing fast.

Another key heading under MOD is the technological infrastructure change needed by the reorganized sales and service processes at İşbank. One of the most important projects carried out in this scope, the CRM project's new applications are started to be launched during 2007, while other technology projects were continued at full speed.

To correctly manage the change in corporate culture

Another very important component of the project is the change in corporate culture resulting from MOD and gearing up the organization for this change. It will only be possible through continuous support and contribution of İşbank employees to successfully and effectively launch the business and business model targeted by MOD. The primary objectives are to ensure total harmonization of the human resource with the new structure, and adoption of the new working patterns across the entire organization.

İşbank remains **Turkey's bank** even when changing.

The Economic Environment in 2007

It is estimated that the global growth was on the order of **4.9% in 2007**. Despite the deceleration in developed countries, emerging countries continued to be the drivers of global growth.

THE WORLD ECONOMY

The negativities in the US housing sector...

The negativities of 2007 in the US housing sector and the volatilities in the credit markets led to a poor performance by the American economy last year.

FED's gradual cuts in short-term interest rates starting from 2001 triggered the economic growth on a global scale, resulting in increased liquidity. The vibrant economic environment brought about increased demand for and higher prices in housing units primarily in the USA and other developed countries, and also across the world. During the process of growth in the housing sector, credit agencies acting in pursuit of high returns extended mortgage loans to customers with low creditworthines that were highly above their payment capabilities.

From the second half of 2004, the upward change in the interest rate policies in the USA resulted in a gradually increasing burden exerted by these loans most of which had been extended at variable interest terms, followed by regression in credit markets. Concurrently, problems started to arise in the liquidity and valuation of instruments offered in connection with these loans.

... caused volatilities in the markets on a global scale.

The problem grew in time, and the credit agencies holding these instruments in their portfolios began experiencing hardships in funding. Overall, deterioration in financial and monetary terms arose as well as an increased risk perception.

Negative news on the US economy and the balance sheets of large financial institutions still cause short-lived volatilities in macro-economic balances.

While the risks against growth increase in the Euro Zone that has registered a moderate growth in 2007, housing investments and consumption outlays adopted a downward trend because of the more stringent lending conditions that resulted from the volatilities in global markets. Also losing pace in 2007 was the Japanese economy.

In an environment dominated by international discrepancies in interest rates...

International discrepancies in interest rates worked in favor of euro in 2007. FED lowered its short-term interest rate to 4.25% at year-end 2007, which was 5.25% at the end of 2006. The European Central Bank (ECB), on the other hand, raised the interest rates from 3.5% to 4% in the first half of the year. ECB halted interest rate increases from July 2007. The Bank of Japan (BOJ) also upped the interest rates to 0.50% from 0.25%.

In 2007 dollar lost value against euro. This was contributed by FED's reduction in interest rates despite ECB's continued increases. The fall in the value of dollar gained speed after September when FED decided to cut down interest rates. 1.32 at year-end 2006, the euro/dollar parity went up to 1.48 in 2007.

... oil prices followed a fluctuating course.

Oil prices followed a fluctuating course also in 2007. Standing at USD 59 a barrel at year-end 2006, oil prices materialized on the order of USD 95 a barrel at end-2007. The telling factors in increased oil prices in 2007 were the concerns about supply and strong demand resulting from the recent geopolitical risks and natural disasters.

The Economic Environment in 2007

In the first three quarters of 2007, the **Turkish economy grew 4% year-on.**

In 2008, during which global growth will slow down...

It is projected that the global growth will continue at a slower pace in 2008.

It is expected that the growth will back down to some extent in emerging countries but will still contribute significantly to global growth.

... the delayed effects of the mortgage crisis will continue.

It is projected that the interest rates on mortgage loans will rise in 2008, which are still continued at low rates and have an average monthly volume of USD 20 billion. While this will put repayment hardship pressure on borrowers, it may also instigate an even more pronounced damage caused by the recent volatilities in the balance sheets of financial institutions.

In summary, it is anticipated that the impact of the mortgage crisis will live on in 2008 and the volatilities in the financial markets will be ongoing. In this frame, it is projected that the global growth will decline to 4.1% in 2008.

In a year during which FED will continue to reduce interest rates...

It is expected that FED will keep decreasing the interest rates in 2008 in line with the data to be published and the developments in financial markets. The Euro Zone will also possibly reduce the interest rates gradually in 2008 in parallel with inflationist risks. BOJ, however, is expected to leave the interest rates unchanged.

... it is believed that the oil price will test the order of USD 100 a barrel.

It is believed that during 2008 the oil prices might test the order of USD 100 a barrel in the short run with the impact of the weak dollar. In the overall year, the oil price is expected to remain in the range of USD 80 to 85 a barrel.

THE TURKISH ECONOMY

Developments in the manufacturing sector

While domestic demand's contribution to growth was limited...

In the first nine months of 2007, the Turkish economy grew 4% year-on.

While the contribution of domestic demand to growth was limited in the first half of the year, the foreign demand supported the growth. There was increased contribution from the public sector with the impact of public investments, and the private consumption outlays lost momentum paralleling the deceleration in domestic demand.

Although the uncertainty in relation to elections ceased to exist in the second half of the year, the adverse developments in global economy significantly restricted the expansion in domestic and foreign demand.

... the increase in exports was higher than that in imports.

In 2007, the exports increased at a higher rate than imports and the foreign trade deficit registered a limited growth compared with the previous years. In view of the fact that the large part of Turkey's exports goes to EU countries, the valuation of euro was particularly telling in the strong performance displayed by exports.

The elements that drove the increase in imports were the strong course of the Turkish lira, high level of imported input use and the high prices of international commodities led by oil.

The Economic Environment in 2007

The 12-month rise in inflation as measured in producer prices was 5.94% in 2007; in terms of consumer prices it was 8.39%.

While 52% of the current deficit was financed through direct foreign investments...

The current deficit rose to USD 38 billion in 2007. During the reporting period, 52% of current deficit was financed through direct foreign investments.

... 96.5% of the primary surplus target was attained, which was defined by the Ministry of Finance.

In 2007, the budget deficit materialized as TRY 13.9 billion, while primary surplus was TRY 34.8 billion. As revealed by these figures, the budget deficit remained below the target set for 2007 while the primary surplus target as defined by the Ministry of Finance was achieved by 96.5%.

While total demand conditions supported the decline in inflation during 2007...

Despite the fluctuations in energy and food prices in 2007, total demand conditions supported the downward move in inflation because of the delayed reflection of the tight monetary policy implemented in 2006.

Another factor that caused the declining trend in annual inflation after April was the improvement observed in the service sector inflation.

...the increase in consumer prices was 8.39%.

Factors such as the increased excise tax rates levied on fuel oil and tobacco products in the last quarter of the year and particularly in November, and higher water prices were influential on the inflation's escalation once again.

The 12-month rise in inflation as measured in producer prices was 5.94% in 2007; in terms of consumer prices it was 8.39%, which was significantly above the targeted 4%.

As TCMB moved in parallel with global markets...

The Central Bank of Turkey (TCMB) lowered the overnight borrowing rate by 175 basis points in total in the September to December period to 15.75%, which it had maintained at 17.50% since August 2006.

TCMB's decision to reduce the interest rate was driven by the expectations that the recovery in domestic demand would be moderate and the foreign demand would slow down depending on international developments.

Uncertainties in relation to food and energy prices, the intransigent inflation expectations, the position of international liquidity and the developments in credit markets were among the significant risk factors with regard to inflation.

Although the strong course of the Turkish lira led the inflation rate expectation to be bettered relatively, maintaining a cautious approach to fiscal and monetary policies bears importance with respect to continuance of the decline in inflation.

... interests on government borrowing instruments dropped.

Having gone up to as high as 21% at the beginning of 2007, the compound interest on benchmark government borrowing instruments dropped to the 16% level with the impact of elimination of uncertainties arising from the elections, TCMB's interest rate cuts, and the foreign investors' purchases in the bonds and bills market.

The course of exchange rates during 2007 was influenced by the changed risk perception in international markets, the developments in relation to inflation and current deficit, TCMB's decisions on interest rates, and foreign fund inflow.

The exchange rates displayed a downward trend in the first seven months of the year, but adopted a volatile course in the remaining five months due to the turbulence experienced by the markets. The exchange rates declined significantly in the aftermath of the decisions of FED and TCMB to lower interest rates.

The Economic Environment in 2007

DEVELOPMENTS IN THE BANKING INDUSTRY

In the banking industry that keeps expanding...

The banking industry registered increases in the number of personnel and branches, as well as in total assets, lending and deposit volumes.

While the share of loans in total assets continued to rise as it had been doing now for several years, investment securities portfolio kept getting slimmer.

... the increase in lending volume slowed down.

The expansion in the banking industry's lending volume decelerated as compared with the previous year, depending on the moderate economic growth, the uncertainties related to elections and the high interest rates.

Increase in lending stemmed primarily from the growth in consumer loans (particularly general purpose consumer loans and housing loans) and in installment commercial loans. In the reporting period, the increase in general purpose consumer loans outdid the housing loans and consumer loans kept growing its share in total lending volume.

Investment securities continued to lose their share in assets...

Having adopted a fluctuating course during 2007 with the impact of high interest rates and political uncertainties, the bank's investment securities portfolio registered a lower increase compared with the lending volume, and its share in assets declined.

... and the rate of increase dropped in total deposits.

In 2007, total deposits slightly increased as compared with year-end 2006.

Following the turbulence in financial markets in May and June 2006, the rise that started in FX deposits on USD basis continued. However, influenced by the increased value of the Turkish lira, FX deposit accounts in TRY basis grew even if to a small extent. In the same period, TRY deposits exhibited an upward trend and grew its share in total deposits.

Outlook...

The Turkish economy and the banking industry are expected to sustain their positive courses in 2008.

- The downward trend in interest rates is expected to continue in 2008. In parallel, domestic demand might gradually revive and support growth.
- With respect to inflation targeting, it is critical not to slacken the fiscal discipline in all possible alternatives after May 2008 when the existing stand-by arrangement with the IMF will end (the alternatives including: renewal of the existing stand-by, precautionary stand-by, possible reserve increase, post-program monitoring).
- High oil and food prices and relative revival in domestic demand despite continued high value of the Turkish lira are considered among the most important risk factors that might have an impact on inflation in 2008.
- Volatilities in global markets in 2008 might lead to increased risk perception in international markets and to slowdown in the capital inflow in the short term into emerging countries including Turkey. Increased wavering in capital and foreign currency markets in Turkey, on the other hand, might adversely affect economic stability.
- The growth in the lending volume of the banking system will be parallel to borrowing opportunities from international resources. This is due to the fact that deposits making up the primary source of funding are still very short term and high-costing.
- In view of the significant maturity mismatches in the balance sheets of banks in the current system, it is regarded unlikely that banks will achieve significant growth in their long-term and fixed-interest rate lending without securing low-costing funds with matching maturities.

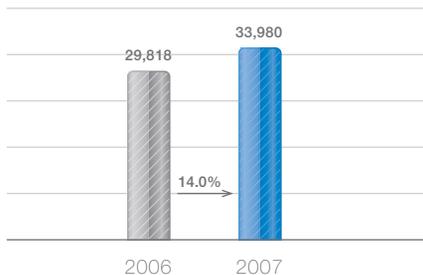
İşbank in 2007

2007 was a year in which İşbank successfully reinforced its leadership in various areas.

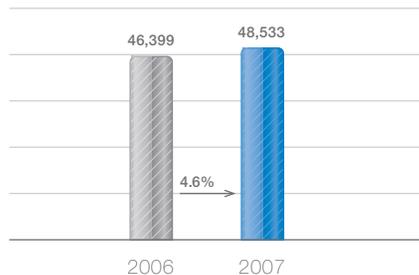
İşbank in 2007;

- reached TRY 80.2 billion in asset size, registering 6.6% growth,
- sustained its growth in retail, corporate and commercial banking. Total lending was up 14.0% at TRY 34.0 billion while total deposits increased by 5% to TRY 48.5 billion,
- set up Private Banking Business Unit with a view to achieving enhanced customer satisfaction and loyalty through developing customized and special services, along with product alternatives fitting the expectations and needs of wealthy and very wealthy individuals.
- continued to increase the diversity and number of transactions offered via non-branch delivery channels,
- kept funding its thousands of customers of different sectors, scales and structures, and thus supporting economic development. The bank's commercial and corporate cash lendings totaled TRY 22.2 billion,
- maintained its leadership in Turkey's capital markets, registering significant increases in mutual fund, company share, bond & bill, and repo trading,
- increased the volume of derivative transactions under treasury activities to TRY 24.5 billion with a year on rise by 240% as compared with TRY 7.2 billion in 2006. Profit on capital market transactions, on the other hand, rose to TRY 546 million, up 175% from the 2006 figure of TRY 198 million,
- with a total of USD 1.7 billion, secured the highest amount of credit obtained through syndication in a single calendar year in its history.
- put a fresh funding worth USD 550 million with an ultimate maturity of 7-8 years to the service of the economy through securitization backed by international fund transfers.
- increased the number of its branches in the country to 928.
- continued with its social contributions to the community via constant support extended to educational institutions, scientific studies, sports, culture and the arts.

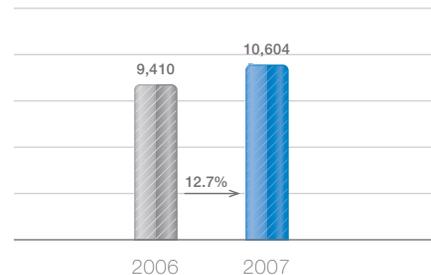
Total Loans (TRY million)



Total Deposits (TRY million)



Shareholders' Equity (TRY million)

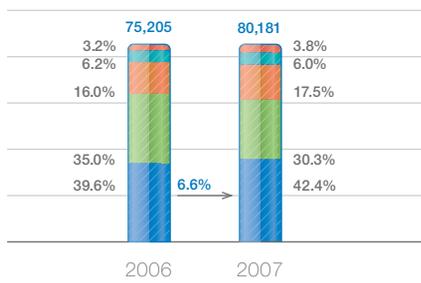


İşbank in 2007

6.6%

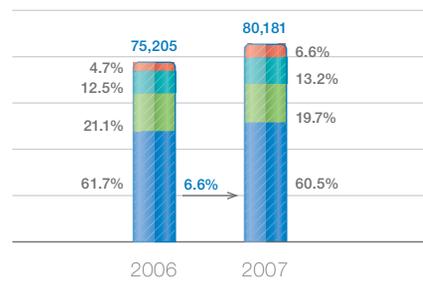
Total assets grew 6.6% and reached TRY 80.2 billion.

Asset Composition (TRY million)



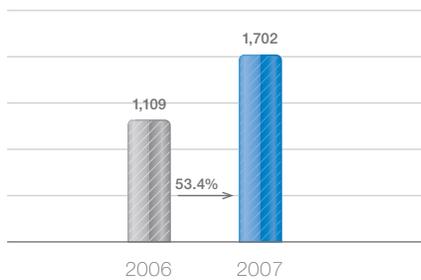
- Others
- Associates and Subsidiaries (Net)
- Cash and Banks
- Securities (Net)
- Loans

Liabilities Composition (TRY million)

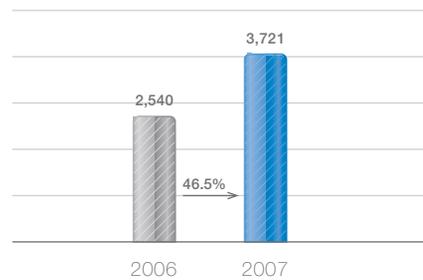


- Other Liabilities
- Shareholders' Equity
- Money Market Funds and Other Funds Borrowed
- Deposits

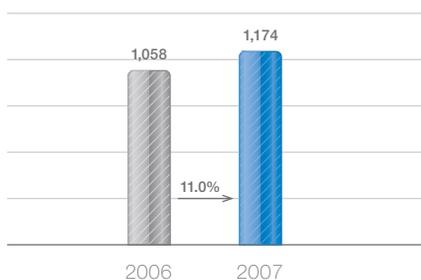
Net Profit (TRY million)



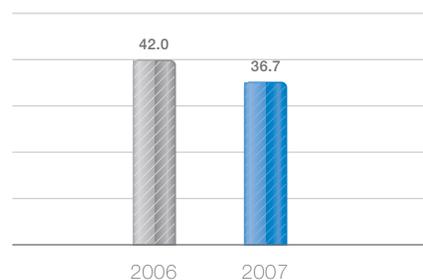
Gross Profit (TRY million)



Gross Fees and Commissions Income (TRY million)



Cost/Income Ratio (%)



İşbank in 2007

With a customer-focused approach, İşbank offers all kinds of services and products that people need at different stages of their lives.

RETAIL BANKING

İşbank serves 14.1 million retail customers with its trusted and strong brand, extensive distribution network, and broad product and service portfolio able to respond to the financial needs individuals have at different stages of life.

In 2007, İşbank segmented its customers based on the depth and frequency of their business relationships with the bank and on their different financial needs. The bank gave momentum to customer-focused marketing activities through the Customer Relations Management Program introduced, with a keen eye on its customer-focused approach to business and service. These initiatives made it possible to offer the right product to the right customer via the right channel, and thus enabled the bank to stand by its customers always and everywhere.

In Turkey, İşbank is solidly positioned among the leading service providers in the retail banking business line.

In a market characterized by globalized competition, İşbank stands out as the bank with,

- the deepest insight into the national market,
- the ability to most correctly comprehend the demands and needs of individuals,
- sharp perception of the risk.

In this frame, İşbank is focused on getting the biggest share within the growth potential offered by retail banking business line. Its unrivalled scale, technological superiority, and approach to service that knows no bounds solidly back İşbank in its target of growing in retail banking.

2007 saw continued breakthrough initiatives undertaken by İşbank in all the fields of retail banking.

- İşbank remained the leader in deposits in 2007.

A year of intense competition among the banks, in 2007 İşbank maintained its leadership in deposits among all privately-owned banks drawing on its customer-focused restructuring, contemporary banking philosophy, extensive branch network and trusted image. The bank's total deposits materialized as TRY 48.5 billion, while its savings deposits amounted to TRY 30.6 billion. Of the latter, TRY 18.4 billion worth was in Turkish lira and the remaining TRY 12.2 billion in foreign currency accounts.

- İşbank achieved considerable development in personal lending volume in 2007. The total volume of the bank's personal lending increased 28.2% and reached TRY 11.8 billion.

- As the Maximum Card Program carries on with its solid progress, İşbank continued to pioneer cooperation in the credit cards sector. The agreement with Oyakbank in 2006 was followed by one with Ziraat Bank in 2007. From 24 May 2007, Ziraat Bank credit cards possessing Maximum features are able to benefit from the possibility of making purchases with installment and MaxiPoint advantages at Maximum member merchants. At the end of 2007, the number of cards within the scope of this program reached 5.8 million. İşbank's share in the credit card market went up to 14.0% on the basis of transaction volume.

- İşbank was the undisputed leader in private pension products also in 2007. Up 53.2%, the number of private pension accounts sold via the bank reached 202,232 at end-2007 under the synergetic cooperation carried out with Anadolu Hayat Emeklilik.

- İşbank commenced presenting "Expatriate Banking" service at 63 of its branches with a view to improving the service quality offered to foreigners residing in Turkey as well as the relationships with these individuals. The bank also introduced its Internet branch in English, thus providing customized service to foreign clients.

Maximum Card Program continued to improve and present its holders with multi-faceted opportunities in 2007.

Credit cards remained a line of business with intensified competition also in 2007.

İşbank responded to the competition in the market with proactive product and service strategies, and initiated a number of campaigns and new practices. Along the same lines, service processes were improved, and the bank kept consistently increasing the number of credit cards issued and business volumes based on its approach to business seeing its customers as the focal point of everything.

İşbank in 2007

In 2007, the bank...

- carried out customized campaigns, as well as those directed at the overall customer base to encourage credit card activation and specific campaigns targeting to encourage inactive customers to start using their cards,
- organized gift draws for university students using the "İş'te Üniversiteli" ("University Students at İş") service package covering "İş'te Üniversiteli" credit card, thus helping extend the reach of this package,
- added the International Flights Terminals of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport to the chain of Millennium Lounge service which was first commenced at İstanbul Atatürk Airport International Flights Terminal in 2000,
- launched "Maximum Shuttle" service aiming to offer comfortable ride for Maximum cardholders at special discounted rates to the airport,
- conducted an "All Flights on Maximum" campaign, which covered airplane ticket promotion in line with the needs and expectations of customers.
- made alternative channels available for requesting periodic increases for credit card limits in order to make sure that sufficient line is allocated to fulfill its holder's needs. In this frame, cardholders are now able to do so by way of a single instruction which they can issue via SMS, automated voice calling system, ATMs, branches or the Internet branch,
- introduced automated bill payment orders via credit cards for Avea at the start of 2007, followed by Turkcell included under the said service scope from the middle of the year.

With 7.2% increase, the total number of credit cards issued by İşbank surpassed the 4 million mark.

The bank's credit card turnover that stood at TRY 14.5 billion in 2006 rose to TRY 19.8 billion, signifying a 37.1% growth. As revealed by these data, İşbank increased its share in credit card turnover market to 14.0%.

With the aim of expanding the use of Maximum, İşbank continued throughout 2007 to further develop its member merchant, POS and Maximum point network. In this scope;

- 22 new chains were added to the Maximum implementation, thus achieving expanded acceptance by companies possessing high brand strength. Maximum implementation was once again the "card program accepted at the highest number of points of sale" in 2007.

- One-to-one sales campaigns continued to be held through joint promotional and advertising initiatives carried out with Maximum member merchants.

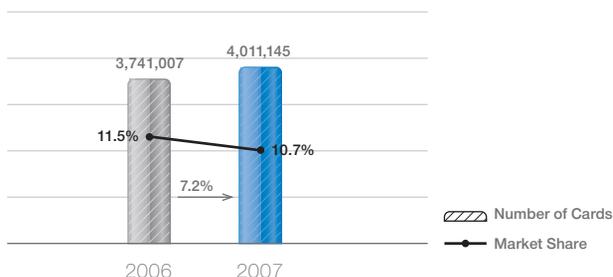
- General campaigns were organized offering additional advantages to cardholders on their purchases during special periods of increased sectoral turnover and of revived shopping such as the New Year's Eve, Valentine's Day, Mothers' Day, Fathers' Day, Ramadan Fest and Sacrifice Fest.

With its range, scale, high quality service and its trademark identified with trustworthiness, İşbank continued to be the bank preferred by an increasing number of customers.

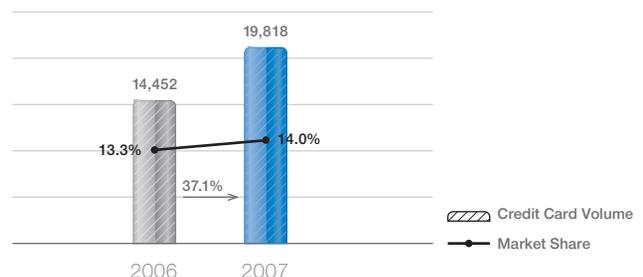
Displaying a nearly 50% rise, total transaction volume of İşbank's member merchants arrived at TRY 18.6 billion at end-2007. Owing to this high performance, İşbank increased its market share in credit card member merchant transaction volume to 14.1%.

Up 14.8%, the number of Maximum Points went over 162 thousand.

Number of Credit Cards



Credit Card Volume* (TRY million)



(* Beginning from 2007 transactions with dealership cards are started to be included in the credit card transaction volume.

İşbank in 2007

With its range, scale, high quality service and its trademark identified with trustworthiness, İşbank continued to be the bank preferred by an increasing number of customers

İşbank is the leader in consumer loans.

In the cash credits segment that was scene to intense competition in 2007, İşbank fulfilled its customers' financing needs with various cash credits designed for different needs that included Holiday Loans, Retiree Loans, Teachers Loans, Salaried People Loans, and Perfect Loans.

Undersigning a worldwide first, the bank offered its customers using electronic signature the opportunity to file credit applications from the Internet branch and to use cash loans without going to the branches.

A separate brand introduced within the scope of housing loans was the "New Generation Housing Loan" that covered 11 sub-products including those with increasing repayments, with equal principal amount repayments, with all-inclusive repayments, with features specific to the person and with discounts.

Within the scope of car loans, campaigns offering discounted interest rates were organized in cooperation with the major automotive brands active in Turkey throughout the year. In order to speed up and facilitate car loan applications of customers, "dealernet" practice was put in place which enabled referral of loan applications from the dealers to the bank's branches.

Based on year-end data, the volume of consumer loans made available by the bank to its consumers rose 29.8% to TRY 8.6 billion.

A determined strategy in a volatile year

In 2007, İşbank formulated its overall strategy for consumer loans with a focus on increasing its cash loans in particular and on sustaining its share in the sector. As a result, the bank's consumer loans portfolio performed in parallel with the sector. While the rate of increase slowed down in consumer loans in the first quarter of 2007, the remainder of the year saw a rapid escalation.

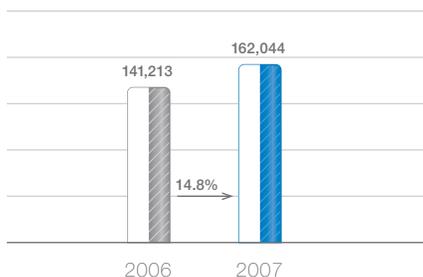
Strategy to expand the deposit base

Having adopted it as a key strategy to expand the deposit base, İşbank, with its range, scale, high quality service and its trademark identified with trustworthiness, continued to be the bank preferred by an increasing number of corporate and retail customers for their savings.

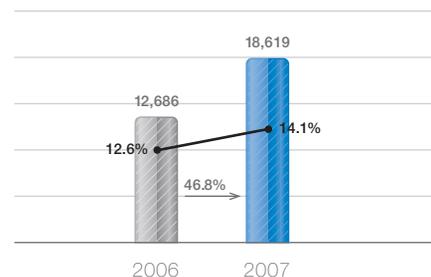
In a period of strong inter-bank competition, İşbank increased its market share in deposits owing to its customer-focused service strategies and broad product range.

With its customer-focused restructuring, contemporary approach to banking, extensive branch network and trusted image, İşbank was once again the leading privately-owned bank in 2007.

Maximum Points



Transaction Volume (TRY million)



Transaction Volume Market Share

(*) Beginning from 2007 transactions with dealership cards are started to be included in the credit card transaction volume.

İşbank in 2007

Growth outperforming the industry in savings deposits

With the increase achieved in savings deposits, İşbank outperformed the banking industry and took the first rank among all privately-owned banks.

Within the scope of its strategy to expand deposits to the base, İşbank gave weight to its retail customers and espoused the method of collecting a large number of savings in small amounts. The bank exceeded the targets that were set along the same lines in 2007.

Different prioritization in commercial deposits...

Generally composed of high-amount and short-term placements, commercial deposits occupied a significant place in the price-based competition that dominated the industry in 2007.

In line with its strategy to expand deposits to the base, İşbank in 2007 concentrated on securing profitability in commercial deposits by way of attracting a large number of deposits making use of its vast customer base, in lieu of collecting a limited number of large deposits that impose high costs.

Insurance products and private pension

In 2007, İşbank collaborated with its financial subsidiaries Anadolu Hayat Emeklilik and Anadolu Sigorta, and conducted various prize-awarding campaigns with a view to increasing the sales performance of insurance products and private pension accounts.

Contributed by the campaigns organized, İşbank took 72.5% share within the sales of Anadolu Hayat Emeklilik.

The number of private pension accounts sold by İşbank during 2007 reached 202,232, corresponding to a 53.2% rise year-on.

Practices to make everyday life easier...

İşbank serves as a solution partner and offers practical solutions that make life easier at all possible points of its customers' lifecycles.

İşbank is able to reach large populations with a high variety of products and services that its customers need. The bank serves its vast customer base with many products from loans to bill payments. The company salary payments made through the bank allows for İşbank to meet the financial needs of almost 1.5 million customers by this way, while effective and productive management of cash flow is guaranteed for customers via SOS (Unlimited Automated Service) and Maximum Account implementations.

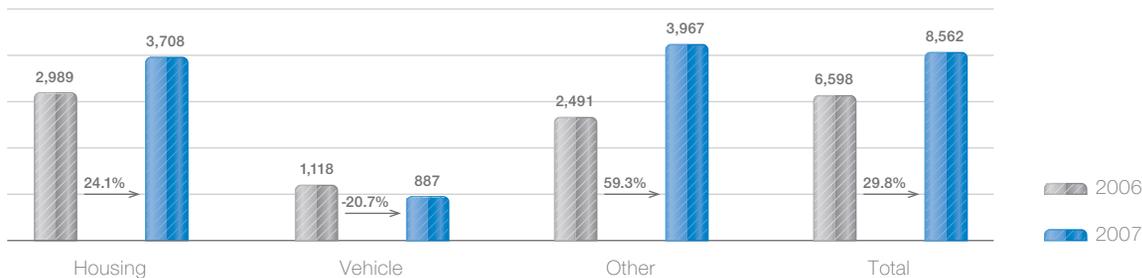
Under the protocol signed between İşbank and General Directorate of Highways (KGM), automated pass system (OGS) service was started to be rendered from 22 May 2007. Channels through which OGS devices are sold include the Internet branch, as well as the branches.

The only privately-owned bank offering OGS service to its customers, İşbank sold OGS devices to 70 thousand customers during 2007.

İşbank maintained its market leadership in prepaid toll card (KGS) system in 2007.

Associating customer satisfaction with its corporate success, İşbank will continue to make a difference in the lives of individuals.

Consumer Loans (TRY million)



İşbank in 2007

Associating customer satisfaction with its corporate success, İşbank will continue to make a difference in the lives of individuals.

The number of KGS cards used under the prepaid toll card system that enables collection of highway and bridge tolls via smart cards reached 290,000.

The work for topping up prepaid cell phone lines of Turkcell and Vodafone via the ATMs and the Internet branch were brought to completion, followed by the launch of the service at the beginning of 2008.

In an effort to broaden the electronic bill collection service, contracts were made with 53 additional establishments, bringing the total number up to 165 during 2007.

PRIVATE BANKING

A new structure

Combining its expertise with "customer-focused approach to service", İşbank set up the Private Banking Business Line to offer personalized investment alternatives and products aligned with the expectations and needs of retail customers with a net worth of TRY 100,000 and above, so as to enhance customer satisfaction and loyalty.

Managing a total asset size worth TRY 21 billion of over 70,000 private banking customers, the Private Banking focused on segment management targeting to increase the portfolio shares through retaining existing customers, and to increase the average assets managed through winning new customers.

Private Banking Divisions were set up at certain branches in order to present effective, rapid and high quality services on the principle of customer confidentiality to private banking customers, who need attention, time and professionalism when steering their investments. Account representatives offer financial solutions and investment alternatives that best fit the limited number of customers in their portfolios based on a personalized service concept.

Branches covering the private banking divisions are located in İstanbul, Ankara and İzmir; the number of branches offering this service reached 16 at end-2007.

Privia

Launched in 2006, the loyalty program under the trademark "Privia" targets our retail banking customers with a net worth of TRY 400,000 and above.

A card serving to identification purposes, Privia Card holders receive priority and one-on-one service across all our branches in and out of Turkey. The cardholders are able to enjoy the Millennium Lounge service at the airports accompanied with as many guests as they like, and offered reduced prices on the publications by the bank's publishing house, Türkiye İş Bankası Kültür Yayınları.

In line with its goals of deepening its relationships with its private banking customers and of increasing customer loyalty among them, Privia Card holders were introduced with special new features in 2007.

Privia Card's enriched features included the following: Anadolu Hayat Emeklilik created group pension plans for Privia cardholders. Within the scope of a cooperation established with Bayındır Hospital, an İşbank group company, cardholders were offered reduced charges on healthcare services along with "VIP service".

Type-A and Type-B Variable Mutual Funds were created to present the customers holding Privia Cards with special product options.

A website went live that is dedicated to information and detailed description on Privia Card implementation.

İşbank in 2007

NON-BRANCH DELIVERY CHANNELS

Limitless banking

In addition to its nationwide branch network, İşbank serves its customers through the following channels:

- Internet banking
- Mobile Banking
- ATMs
- Automatic cash-deposit machines (CRS)
- Maximum Cash Points
- Telephone banking
- Call Center
- Internet banking kiosks
- WAP-GPRS Banking
- İşCep (new mobile)

Usage ratios of non-branch delivery channels

İşbank's non-branch delivery strategy is built on offering banking services independent from place and time limitations. In parallel with this strategy, the bank persistently continued to work on increasing the diversity and number of transactions performed via non-branch banking channels.

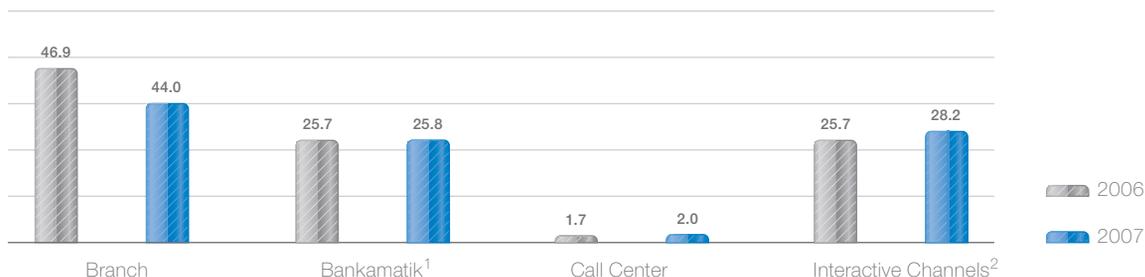
In 2007...

- As a result of the cooperative efforts of the bank's different units, Quick Loan applications started to be collected at işbank.com.tr, the Internet branch, telephone branch, Bankamatik (ATM) and Bankamatik+ points.
- İşbank's ATM network reached 3,005 machines, 936 of which are Bankamatik+ units. (*)
- Designated as advanced security tools, i-key and mobile signature practices were integrated into Bankamatik and Bankamatik+ points, allowing cardless cash withdrawal.
- An implementation was launched which makes it possible for the customers to pay their consumer loan installments using their cards on Bankamatik and Bankamatik+ machines.

- The number of customers using non-branch delivery channels reached 11.5 million, corresponding to a growth rate of 11.5%.
- The most heavily used non-branch banking channel was Bankamatik, the İşbank ATM, whose usage ratio went up to 25.8% as of year-end.
- A total of 760 million transactions were performed by means of İşbank ATMs in 2007.
- Within the other non-branch channels, Internet banking has the highest usage ratio with 25.4%, signifying a year-on rise by 3.0% in the share taken by this channel.
- Calls responded by the Call Center during 2007 averaged 430 thousand on a monthly basis.
- Within the scope of Customer Relations Program, 265 thousand messages were received by the bank through different channels; average response time to queries was 4.2 days.
- İşbank derived TRY 42.7 million on commission income in 2007 from non-branch channels.

(*) Bankamatik+ units perform all the transactions that Bankamatiks can but also allow users to deposit money in their demand TRY account and make online credit card and utility bill payments by depositing cash.

Usage of Delivery Channels (%)



(1) CRS figures are also included.

(2) Internet, Kiosk, Interactive Telephone, Mobile Bank

İşbank in 2007

Servicing the Turkish industry, the service sector and the agricultural sector ever since its inception, İşbank is a bank that welcomes all business lines of the economy.

İşbank's online presence keeps growing.

İşbank's online presence grew further owing to comprehensive projects finalized in 2007.

In this scope,

- www.isbank.co.uk for the London branch and www.isteevim.com.tr website for housing loan sales and project promotions went live.
- www.privia.com.tr was launched within the scope of Privia Card implementation, designed to introduce and provide information on products and services presented to Privia Card holders.
- With a view to broadening the scope of transactions under Expatriate Banking and to increase the accessibility of İşbank Internet Branch, transactions that can be performed via the Internet Branch in English were further increased.
- İşbank Internet Branch was vested in a structure that enables its use by sightless customers.
- New features were added to the Internet Branch during the year, which included "My Balance Sheet" and "My Agenda" applications, "Stocks Instruction Display/Cancellation", "Search Bank Receipts" and "OGS" menus.
- The bank undertook improvements and developments to the existing transactions and menus on the Internet Branch, for ensuring customer satisfaction.

İşCep: İşbank's new mobile banking application

Developed in view of the progresses in mobile phone banking technologies and the changes in customer expectations, "İşCep" mobile banking application was launched for the service of İşbank customers in the second half of 2007.

Unprecedented in Turkey, İşCep enables offering banking services independent from the GSM operator.

İşCep application can be used by mobile phones whose make and model are compatible with Java (MIDP 2.0) that is tested and proved to support İşCep, and whose WAP/GRPS settings are made. The relevant mobile phone number must be registered in the İşbank system.

A worldwide innovation brought along by mobile signature

In 2007, İşbank integrated its systems with Turkcell Mobile Signature application.

With the Mobile Signature enabling İşbank customers to enter the Internet Branch securely, the bank undersigned an unprecedented initiative in loans across the world. İşbank commenced extending cash loans instantly to its customers through the use of mobile signature.

In this scope, the customers are able to immediately withdraw the loan amount using the cardless transactions menu on Bankamatik machines.

At end-2007, integration was secured also with Avea Mobile Signature application.

CORPORATE BANKING

Organization of Corporate Business Unit at İşbank

İşbank, during 2007, set up the Corporate Business Unit organization that will serve nearly 3,500 corporate customers in Turkey.

Under the projects that were gradually introduced since 2004, service processes for corporate customers were redefined at İşbank, and corporate branches structures staffed by sales teams formed on the basis of portfolios went live at two pilot branches opened in 2005. With the addition of five new branches opened last year, the number of İşbank corporate branches reached 12.

İşbank in 2007

Stable development in the loan portfolio

Servicing the Turkish industry, the service sector and the agricultural sector ever since its inception, İşbank is a bank that welcomes all business lines of the economy. Under its placement activities, the bank funds its thousands of customers of different sectors, scales and structures, and thus supports economic development.

İşbank's commercial and corporate cash credits extended to its customers totaled TRY 22.2 billion as at end-2007. This amount, for the most part, consisted of loans in Turkish lira, with a total value of TRY 13.3 billion. Turkish lira loans have 60% share within the corporate and commercial loan portfolio.

Standing at TRY 7.5 billion in value in 2006, İşbank's foreign currency lending was up to TRY 8.9 billion at year-end 2007. Such loans accounted for a 40% share of the bank's corporate and commercial loan portfolio.

Growth in non-cash credit

There was a 2.6% year-on rise in the volume of non-cash credit extended by İşbank to its corporate and commercial customers in 2007.

An active year in project finance activities

In the reporting period, İşbank continued to work towards securing the financing necessitated by the major privatization projects, private sector investments, mergers and acquisitions realized in Turkey.

As a result of the assessments made in line with its project finance principles, İşbank provided new financing with a total worth of USD 1,217 million, of which USD 1,084 million was in cash.

Energy and transportation industries took the foreground

Energy and transportation industries were the ones taking to the forefront in 2007 with respect to volume. İşbank took place in the biggest loan package allocated by domestic banks to an energy investment with USD 350 million, and provided a USD 346 million financing for the cash payment of Turkish Telecom's privatization price. Further, with EUR 275 million, the bank took equal part in the financing of the acquisition involving the highest leverage in Turkey ever, which was arranged for the purchasing of the largest container transport operator in the Mediterranean Region.

In the period coming, the bank will continue to allocate increased funds both through participation in syndications and by direct lending for privatization activities in Turkey and to investment projects in:

- energy,
- generation and distribution,
- transportation (giving priority to railways, highways, airways, seaways and inner-city transport areas aimed at infrastructure).

A field of business offering versatile potential

For İşbank, project finance represents a field of business offering versatile potential. The bank's target is to develop versatile business relations with companies and investors through effective presentation of other banking services, as well as provision of high amounts of funding to such companies and investors through project finance.

İşbank is focused on achieving growth in the project finance segment. As was the case in 2007, the bank will continue to allocate more funds to the growing Turkey also in 2008.

Cash management services in 2007

Electronic payment and collection systems of İşbank attracted intense demand from the customers also during the reporting period.

Successful results were attained also in 2007 in all cash management products consisting of Direct Debiting System and Dealership Cards, and increases in real terms were achieved on such fronts as the volume of transactions handled, the number of customers, the funds taken in and average deposit sizes, and commission income earned.

İşbank will keep developing its presence in cash management services, which are founded on the principles of proactive identification of customers' needs and production of extensive solutions.

İşbank in 2007

İşbank continues to be the bank, consultant and business partner of SMEs.

COMMERCIAL BANKING

Commercial Business Unit started activities in 2007.

Committed to offer more focused service to its thousands of commercial and SME customers operating all over the country, İşbank put its Commercial Business Unit into service.

Continuous support to the SMEs

At the heart of economic development process in Turkey and increasingly more vital to it, small to medium-sized enterprises (SMEs) continued to receive uninterrupted support from İşbank. Making it a fundamental tenet to be always there for industrialists and tradesmen since its debut, İşbank, via its nationwide branch network, offers banking products and services fulfilling the needs of thousands of SMEs from different sectors.

Agreements with chambers of commerce and industry gained momentum.

Placements geared towards the SMEs were given much weight by İşbank also in 2007, and the bank stepped up the agreements made with chambers of commerce and industry. Along these lines, protocols covering loans and cash management products were signed with 30 chambers of commerce and/or industry, and cooperations were established with other non-governmental organizations such as the Chamber of Shipping, and Industrialists' and Businessmen's Association.

Small Business Loan

The Small Business Loan, which is designed for SMEs and which turned into a success story, continues to support a large number of companies financially.

İşbank is the leader in installment-based commercial lending

In addition to providing SMEs with investment financing and operating capital, İşbank also supports their purchases of commercial vehicles and places of business with credit as well.

These loans, which are repaid in installments, contributed TRY 7,033 million towards the bank's commercial lending portfolio as of year-end 2007.

The leader in installment-based commercial loans sector, İşbank controls a market share of 23.19% including the commercial overdraft accounts.

Sector-specific packages

İşbank designs sector-specific packages to fulfill the differentiated demands and needs of SMEs.

With scales, employment structures, manufacturing models and cash flows that are quite different from corporate and commercial customers, SMEs need a bank that is able to move as nimbly as they can and also recognizes the importance and value of long-term solution partnerships.

Based on this approach, İşbank focused on sectoral variabilities, and undertook a thorough review of the needs of SMEs from different sectors, aiming to provide optimum benefit to its customers through the product packages designed.

The products introduced in this frame include the Logistics Industry Support Package, Plastics Industry Support Package and Kocaeli ABİGEM (EU Business Centers) Support Package.

The bank, consultant and business partner of SMEs

İşbank regards SME banking as a key area in the industry's future growth roadmap.

Informative meetings were organized in various cities targeting SMEs, which tackled conjunctural and global topics under various headlines that also covered Basel II, General Economic Developments, Insurance Transactions, etc.

During 2007, various campaigns targeting sectors and subsegments were planned taking into consideration seasonality and sectoral differences in accord with the customers' needs.

Always there for industrialists and tradesmen since its debut, İşbank will continue to be the bank, consultant and business partner of SMEs.

İşbank in 2007

CAPITAL MARKETS

Leader in capital markets

Registering unmistakable increases in its mutual fund, stock, bond & bill, and repo trading, İşbank maintained its leadership in Turkey's capital markets in 2007.

Its branch network, ATMs, internet banking kiosks, and internet branch as well as product diversity and competitive pricing policies are the basic elements that support İşbank's muscle in capital markets.

Leader in corporate share trading

The volume of share trading handled by the bank and İş Yatırım, İşbank's subsidiary brokerage house, increased 17.3% in 2007. Commanding a 6.3% market share, İş Yatırım defended its first-place position among the 104 brokerages doing business on the İstanbul Stock Exchange (ISE) equities market.

Leader in fixed-income securities market

The bank continued to play an active role in the ISE bond & bill, and repo and reverse repo markets in 2007, successfully expanding its market share in this market in which 132 banks and brokerages are active. İşbank remained the leader, increasing its business volume by 32.1%.

Leader in mutual funds

In the mutual funds market that mostly grew in liquid funds due to the economic volatilities and uncertainties in 2007, İşbank maintained its leadership through the year with 19 mutual funds diversified according to different risk/return profiles.

With 19.7% market share, the bank completed 2007 as the leader in mutual funds sector, a market of fierce competition.

Moneybox Fund: A success story in mutual funds in Turkey

With 117 thousand 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 specifically at children, grew 52% in 2007 and reached a portfolio size of to TRY 111 million.

The Bank's Other Activities

TurkDEX

The bank offers brokerage service to its customers in TurkDEX (Turkish Derivatives Exchange). Provided via 21 branches as well as the internet branch, the target of this service is an extensive customer base from corporate to individual investors.

Gold trading

A member of İstanbul Gold Exchange, the bank intermediates gold importation from foreign countries, while also offering possibilities for individual investors and the goldsmith industry to optimize on their savings in gold.

Investment Finance Portal at İş

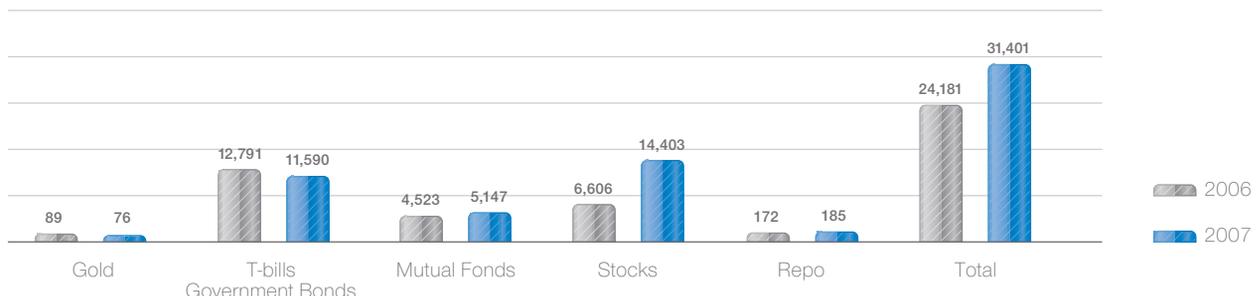
Turkey's first finance portal, İş'te Yatırım (Investment at İş) makes it possible for its customers to steer their investments and carry on trading by providing real-time market data.

International custody service

Providing custody service to foreign investors since 1992, İşbank is the only national bank within the five offering custody service in Turkey.

İşbank is intent on diversifying its product range in capital markets and maintaining its pioneering and leading position in the market through best meeting the needs of its customer base in this segment, and closely monitoring the economic developments and new arrangements in the capital market legislation in the coming period.

Development of Assets in Investment Accounts (%)



İşbank in 2007

With a total worth of **USD 1.7 billion**, İşbank reached the highest amount of credit the bank obtained through syndication in a single calendar year.

TREASURY MANAGEMENT

An outlook of uncertainty in the world economy...

Uncertainties in relation to the growth of the world economy and the direction of global liquidity throughout 2007 dominated the international markets particularly during the second half of the year. The volatility in the financial markets was further added to by the credit crisis that occurred by late July and early August in the USA in relation to subprime housing loans. Liquidity injection into the markets by central banks, and FED's 100 base point cut in the interest rates in September-December period helped redress the initial impact of the credit crisis to a significant extent.

The impact of the fluctuation experienced in international financial markets in 2007 remained limited in respect of emerging markets. During the process, the currencies of some emerging countries including Turkey, Brazil, and South Africa gained value with the concurrent increase in demand for precious metals and commodities such as gold and oil that provide natural protection against inflation.

Key component of treasury management

At İşbank, treasury management process is conducted on the basis of constant evaluation of the developments in the national and international markets and various risk parameters, and employing effective risk management techniques.

Increasing importance of derivative products

Among the key activities of treasury management at İşbank, the derivative transactions grew in volume to TRY 24.5 billion, up 241% from the TRY 7.2 billion in 2006, while profit from capital market transactions rose to TRY 546 million representing a year-on growth of 175% from TRY 198 million.

The derivative transactions carried out on the dual axis of trading and custody improved also with respect to the product line. The product range covers forward foreign currency trading, loan default swap and TurkDEX transactions, in addition to securities, money and interest options.

International borrowing

During 2007, İşbank once again employed syndications, securitizations, and other structured financing techniques to tap international markets for the funding it requires.

USD 1.7 billion from syndication credits

Under two credit syndications, İşbank obtained a funding with a total worth of USD 1.7 billion in 2007. This represents the highest amount of credit that the bank has ever obtained through syndications in a single calendar year.

The market's lowest-costing 2-year syndication

Obtained in June 2006 and representing the lowest-costing credit received by İşbank in its history, the syndicated loan in the amount of USD 600 million has been prepaid in March 2007.

In lieu of the said loan, İşbank obtained a new two-year syndication loan in the amount of USD 900 million in April 2007. This syndication loan is the one with longest term ever utilized by İşbank, and signifies the lowest-costing syndication loan with such maturity received by any Turkish bank.

İşbank had obtained a one-year syndication loan of USD 900 million in September 2006, with the option of rolling it over for another year at maturity. This option was exercised in September 2007 and the bank rolled over a portion corresponding to USD 800 million of this loan for a period of one year.

The narrowness of the interest rate margins in both syndications is a clear indication of the confidence that international markets hold both in the Turkish economy and in İşbank. A natural outcome of the lower cost of these resources is that they were supplied to real sector companies to finance their exports, in keeping with the bank's mission of continued support for the development of national economy.

Growing amount of long-term funds for the national economy

İşbank has been arranging funds from securitization markets since 2000.

İşbank in 2007

In 2004 İşbank arranged its first securitization backed by its international fund transfers in the amount of USD 600 million and a second one in May 2005 in the amount of USD 700 million. In June 2006, the bank won its third securitization to the national economy, this time for USD 800 million.

Having continued to work in this field in 2007, İşbank injected the economy with fresh funding as a result of the transaction finalized in March. Again backed by international fund transfers, the USD 550 million funding has a final maturity of 7-8 years.

These syndications secured at a time when volatilities in international markets were ongoing are indications of İşbank's competency in tapping international markets for long-term, low-cost and high-amount resources. They are also a reaffirmation of the strong and unmistakable role that the bank plays in its own national economy.

**An active role in project finance operations in which the Turkish Treasury is either the borrower or the guarantor
İşbank kept providing resources for investments with a view to contributing to the development of the Turkish economy.**

Under this heading, İşbank signed credit agreements with the Turkish Treasury for the financing of:

- Bağbaşı Dam - Blue Tunnel Construction project in May 2007, worth EUR 92.9 million,
- İzmir-Aydın Highway project in July 2007, worth USD 135 million,
- Kemerhisar-Eminlik section of Ankara-Pozantı Highway project in December 2007, worth USD 140 million;
- Giresun-Espiye section of the Black Sea Coastal Highway project, worth USD 25 million.

INTERNATIONAL BANKING

Growing transaction volumes in foreign trading and foreign currency transfers

Drawing on its extensive correspondent network, broad domestic and international organization, high quality approach to service, cutting-edge technological infrastructure and experienced teams, İşbank consistently augments its transaction volume in foreign trading and foreign currency transfers.

Having almost quadrupled its foreign trade volume to USD 26.1 billion in the last five years, İşbank also boosted its transaction volume in foreign currency transfers to USD 84 billion, undersigning a 4.3-fold growth.

High quality in international banking transactions

The bank keeps expanding its transaction volumes in international banking with strict adherence to quality.

Because of the high ratio of error-free transactions achieved in foreign currency transfers to foreign countries, İşbank in 2007 was honored with quality awards by The Bank of New York, JP Morgan Chase Bank, Citibank and American Express Bank.

Ability to reach a large part of the worldwide geography

Increasing every day are the importance of foreign trade for national economy and the number of countries Turkish companies do business with. Companies engaged in foreign trading enjoy the convenience of doing business comfortably with a broad part of the world geography via İşbank which possesses an extensive correspondent network covering over 1,400 banks in 124 countries.

Broadest free zone branch network

Having started providing service in the Thrace Free Zone during 2007, İşbank further solidified its position as the bank with the most extensive service network in free zones in Turkey with a total of 7 branches.

The Turkish bank with the widest branch network in TRNC

Currently standing out as the Turkish bank with the widest branch network in the Turkish Republic of Northern Cyprus with 9 branches, İşbank targets to increase the number of its branches in this country in 2008.

From London to China

London and Bahrain branches and the representative office in China lend an increasing support to the bank's activities in international banking arena.

İşbank GmbH

İşbank's banking subsidiary headquartered in Germany, İşbank GmbH offers services in retail, commercial and corporate banking through 15 branches located in Germany, France, the Netherlands and Switzerland, where significant Turkish populations reside.

2008 is expected to see the sculpting of İşbank GmbH's strategy to grow in the Balkan countries.

İşbank's goal is to develop and expand its international organization in line with the opportunities offered by different geographies.

On this axis, İşbank will in 2008 focus on acquiring subsidiaries in Russia, Kazakhstan and Ukraine, three countries with increasing commercial relations with our country. In the same period, the bank also aims at taking on efforts for establishing an international organization in Azerbaijan and Egypt as well.

İşbank in 2007

It is among the priorities of İşbank to add value to the cultural, artistic and social life in our country.



SOCIAL RESPONSIBILITY ACTIVITIES

One of Turkey's biggest economic actors ever since its foundation, the bank remains a dedicated creator of value not just for the country's economy but also for its people by supporting:

- Education
- Cultural and artistic activities
- Healthcare initiatives
- Sports
- Environmental protection.

Adding value to cultural, artistic and social life in our country is among the priorities of İşbank.

"Golden Youths" project lives on...

"Golden Youths" is İşbank's award program in university entrance examinations. 83 highest scorers in each of the 2 different types of scoring at the exam were awarded under the Golden Youths program, for which the number of students to be awarded is set in parallel with the age of İşbank,

İşbank's support for university students will be ongoing.

The biggest supporter of chess in our country...

It is the aim of İşbank to make chess a widely practiced sport in Turkey.

Banking is not only about numbers

İşbank organizes various advertising campaigns throughout the year within the context of its promotional and public relations activities directed towards enhancing its brand equity. Formulated in parallel with the bank's corporate strategies, these efforts take the form of advertising films aired on national TV channels, ads in printed media and internet campaigns.

The visuals presented above are from the advertising film titled "Banking is not only about numbers" aired in celebration of İşbank's 83rd anniversary.



To contribute to the "intellectual power" of future generations

Winning Chess Openings and Winning Chess Combinations that make up the first two books of the seven-volume series by Yasser Seirewan, one of the world's grandmasters in chess, were published by Türkiye İş Bankası Kültür Yayınları. From the same series, Winning Chess Strategies will soon be available for chess aficionados.

İşbank in 2007

In keeping with this goal, the bank established a wide-ranging cooperation with the Turkish Chess Federation from the end of 2005 and undertook the sponsorship of chess countrywide.

İşbank's sponsorship of chess has been an exemplary initiative complementing the concurrent decision to include chess as an elective in primary and secondary schools, and supported this project on a national scale.

İşbank assumed the responsibility of procuring the educational materials for all students taking the chess course and started opening chess classes all over Turkey. The number of chess classes the bank opened nationwide stood at 600 as of end-2007.

In the two years that passed since the signing of the agreement with the Turkish Chess Federation;

- the number of chess players increased from 80 thousand to 155 thousand;
- the number of students taking chess as an elective increased from 300 thousand to 1.5 million;
- the number of chess trainers increased from 8 thousand to 30 thousand;
- the number of chess tournaments increased from 400 to 1,400;
- the number of chess clubs increased from 600 to 1,000.

İşbank will continue to contribute to the “intellectual power” of the future generations.



Commemorating our founder Atatürk, the Great Leader

In memoriam of its founder, the Great Leader Atatürk, İşbank developed a film which was aired on national TV channels in the week of November 10.

Widely appreciated and communicating Atatürk's vision to withstand and fight challenges to younger generations, the film remained on air during the two weeks following the commemoration day upon intense demand.

İşbank in 2007

The museum opened its doors with a collection of tens of thousands of documents, objects, films and photographs witnessing the bank's 83 years of proud history.



TÜRKİYE İŞ BANKASI MUSEUM

The museum opened on 14 November 2007 in the bank's historically important Yenıcamı branch in İstanbul.

After two years invested in diligent preparations, Türkiye İş Bankası Museum (the Museum) opened its doors on 14 November 2007 in the bank's historic İstanbul Yenıcamı Branch building, to share a collection of tens of thousands of documents, objects, films and photographs witnessing its 83 years of history.

It is a corporate history museum whereby information and data on the economic, social and corporate development of İşbank since its foundation are gathered, preserved and shared with the community.

Yenıcamı Branch: A monumental structure in the history of the Turkish banking business

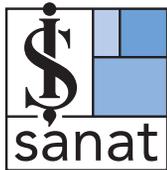
Built in 1890 and characterized as a monumental structure in the history of the Turkish banking business, Yenıcamı branch is carefully preserved with strict loyalty to its original structure, fixed furniture and other details. The added features of the building include climatization, security and lighting systems at international norms to enable best fulfillment of its function as a museum.

Located on the basement of the building, the vault and safe deposit boxes are arranged so as to be exhibited. One of the sections previously used as archives was remodeled into a hall seating 50 to host various events, museum meetings and film showings.

The work of comprehensive and long-lasting efforts of a vast team

Put into life upon intense and long-lasting efforts of a big team, the Museum brings to light historical archives carefully collected from all over Turkey, and meticulously restored.

Within the scope of identification of the works to be put on display at the museum, documents, photographs, films and objects collected and safeguarded for 83 years across the country were collected and restored scrupulously.



İşbank in 2007

Every year İş Sanat brings together numerous nationally and internationally famous artists with the art lovers in İstanbul.

During the preparation of the Museum displays, archives and collections, more than 500 thousand documents have been reviewed, and 114 boxes and 106 thousand meters of film were restored and taken under preservation.

The extensive scope of work also covered digitalization of the entire archives. In the Museum, there are 12 information kiosks, 4 plasma screen TVs, 19 projectors and audio guides are available for foreign visitors.

www.muze.isbank.com.tr

İŞ SANAT

The unvarying address for art lovers of İstanbul

The unvarying address for art lovers of İstanbul, İş Sanat is one of İstanbul's traditional centers of culture and the arts.

Attaching much importance to its social responsibilities since its debut, İşbank carries out its activities in music and performed arts under the roof of İş Sanat since 2000. Traditionally opened in November, İş Sanat's season lasts until the end of the following May. Concert performances are planned so as to cover all genres of music from classic to jazz, world music to traditional music.

Every year bringing many nationally and internationally famous artists together with the art lovers in İstanbul, İş Sanat hosted a total of 112 events in 2006-2007 season; of which 55 were plays and 57 were concerts including big names ranging from Michel Camilo-Tomatito to Dmitri Hvorostovsky, Georges Moustaki to Dave Holland Quintet. This year, the number of people attending İş Sanat events increased 6% and the ticket revenues 13%. The project "classical music for children" launched by İş Sanat last year continued in 2007 with the famous Russian composer Mussorgsky's "Pictures at an Exhibition".

www.issanat.com.tr



GALLERIES

İşbank has art galleries in İstanbul and İzmir.

While İş Sanat Kibele Art Gallery hosts retrospective exhibitions of contemporary Turkish masters of painting, İzmir Art Gallery continues to provide opportunities to be recognized for promising national artists.

Visited by nearly 35,000 people during 2007, İş Sanat Kibele Art Gallery staged retrospective exhibitions of eminent names of contemporary Turkish painting including Aydın Ayan, Balkan Naci İslimyeli, Ali Teoman Germaner, Ayfer Karamani and Güven Zeyrek last year. To contribute permanence to retrospective exhibitions, comprehensive works were published on the artists by Kültür Yayınları, İşbank's publishing house.

İş Sanat İzmir Art Gallery brought the works of 22 artists in 11 exhibitions to the art lovers, in addition to the exhibition "Cumhuriyet'e Doğru" ("Towards the Republic").

TÜRKİYE İŞ BANKASI KÜLTÜR YAYINLARI

Over 1,400 works

Another key social responsibility project of the bank and its publishing arm, Türkiye İş Bankası Kültür Yayınları to date has published over 1,400 works on a variety of subjects including culture, art, history, and economics. Most of its publications are regarded as reference works.

www.iskulturyayinlari.com.tr

Subsidiaries and Affiliates

A major contributor to the industrial development, as well as to the financial sector, İşbank controls direct stakes in 33 firms.

General assessment

A major contributor to the industrial development, as well as to the financial sector, İşbank, at end-2007, controlled direct stakes in 33 firms.

Ever since its inception, İşbank has participated in the equity of a total of 288 companies and has divested itself of 255 of them. At end-2007, the bank controlled direct stakes in 33 firms that are active primarily in financial services, glass, telecommunication, and manufacturing & services. Of these companies, 23 are closely-held subsidiaries, 4 are minority stakes, and 6 are in the investment securities available for sale portfolio.

Constituting 66% of the S&A portfolio, TSKB, Anadolu Sigorta, Anadolu Hayat Emeklilik, İş Finansal Kiralama, İş Gayrimenkul Yatırım Ortaklığı, İş Yatırım Menkul Değerler, and Şişecam are publicly-floated concerns and their shares are traded on the ISE National Market.

The ratio of the S&A portfolio to İşbank's total assets stands at 6%, and to total shareholders' equity at 46%.

Productivity and profitability make up the pillars of İşbank's equity stake policy.

In its equity investments, İşbank places much emphasis on capitalizing on alternatives that will serve to the enhancement of the productivity of its S&A portfolio in accord with applicable legislation and in line with market opportunities.

Within the framework of its strategy of focusing on the financial services sector, İşbank will continue its efforts to enhance the productivity of its S&A portfolio to the degree that market conditions allow in 2008.

Highlights from İşbank's major subsidiaries and affiliates...

İşbank controls equity stakes in companies that are active in the following areas:

- banking
- insurance
- private pensions
- capital market brokerage
- asset management
- venture capital
- factoring
- reinsurance
- financial leasing
- investment banking
- real estate investment

The depth and breadth of this structure enriches the range of products and services that the bank can supply its millions of customers all over the country while also strengthening its cross and complementary sales abilities.

Subsidiaries and Affiliates

Financial Services



Türkiye Sınai Kalkınma Bankası

Investment and development banking

Türkiye Sınai Kalkınma Bankası (TSKB) successfully pursues its activities in line with its mission of providing the manufacturing sector with medium and long-term financing, supporting entrepreneurs in their investments particularly in industry, providing guidance to the foreign capital owners that will invest in Turkey and offering customized consultancy services.

Turkey's first and only bank backed with Turkish capital to earn ISO 14001 certification at the beginning of 2007 with its Environmental Management Systems (EMS) project, TSKB leveraged its expertise and experience in environmental loans to the next level.

With TRY 4.9 billion in total assets at year-end 2007, TSKB controls a 26% market share among the development and investment banks. In December 2007, Fitch Ratings raised TSKB's long-term Turkish currency credit rating from "BB" to "BB+" and its long-term national credit rating from "AA+(tur)" to "AA+(tur)".

www.tskb.com.tr



İşbank GmbH

Commercial banking

Founded in 1992 in Germany to conduct İşbank's European commercial banking operations, İşbank GmbH is one of the leading Turkish-owned financial institutions in Europe.

Headquartered in Frankfurt, İşbank GmbH is subject to German law and has 15 branches located in Germany (12), Holland (1), France (1), and Switzerland (1).

İşbank GmbH supplies trade finance, corporate banking, and retail banking products and services to customers in Turkey and in Europe, as well as financing service for real estates in Turkey.

www.isbank.de



Anadolu Hayat Emeklilik

Private pensions and life insurance

Turkey's only publicly-traded private pension and life insurance company, Anadolu Hayat Emeklilik maintained its leadership in life insurance also in 2007.

Turkey's first life insurer, and the company with the highest number of private pension participants according to 2007 data, the company attained TRY 2,672 million in asset size and TRY 339 million in shareholders' equity as of September 2007.

www.anadoluhayat.com.tr



Anadolu Sigorta

Non-life insurance

One of Turkey's top insurance companies and active in non-life branches, Anadolu Sigorta sustained its leadership with TRY 1,193 million in premium production, a success repeated every year since 2002.

As of September 2007, the company had TRY 1,366 million in total assets and TRY 679 million in shareholders' equity with a year-on rise by 41%.

www.anadolusigorta.com.tr

Subsidiaries and Affiliates



Milli Reasürans

Reinsurance services

The longest standing company in the reinsurance industry, Millî Reasürans (Millî Re) meets 35% of the Turkish insurance industry's need for reinsurance coverage on its own.

Millî Re's financial strength rating "B+" assigned by A. M. Best Company was raised to "B++" by this world's most highly respected rating agency in insurance as of December 2007. An indicator of the firm belief in the continuance of Millî Re's dominant position in the Turkish insurance industry, the rating points to the company's solid capital structure and the adequacy of its retrocession programs. Having received a "trA+" Turkish national scale rating from Standard & Poor's rating agency in July 2007, the company had TRY 1,223 million in total assets and TRY 707 million in shareholders' equity at year-end 2007.

www.millire.com



İş Leasing

Financial leasing services

One of the pioneers of the leasing sector, İş Finansal Kiralama pursues its operations with the mission of giving priority to the funding of SMEs, building and managing an extensive portfolio of high-quality leasing contracts, and fulfilling customer demands through effective, rapid and good quality solutions. At year-end 2007, the company's assets totaled TRY 1,052 million, its portfolio was worth TRY 762 million, and its shareholders' equity amounted to TRY 213 million.

www.isleasing.com.tr



İş GYO

Real estate investment

İş GYO is Turkey's biggest publicly-traded real estate investment trust in terms of the value of its net assets. While continuing to increase the quality of its existing portfolio, the company also develops projects aimed at expanding and diversifying its portfolio as well.

At year-end 2007, İş GYO had TRY 899 million in assets and TRY 883 million in shareholders' equity. The value of the company's net assets was TRY 1,140 million.

www.isgyo.com



İş Yatırım Menkul Değerler

Capital market brokerage and investment banking

İş Yatırım Menkul Değerler provides its customers with corporate finance, investment consulting and private portfolio management services, as well as a complete line of national and international capital market products that include all investment vehicles, underwriting public offerings, repo and reverse repo contracts, margin trading, securities lending, forwards, and options.

Having ranked first in terms of business volume among 104 brokerages licensed to operate on the ISE equities market, the company also sustained its leadership as the market-maker on TurkDEX, the Turkish Derivatives Exchange. The company went public in May 2007 and as such became the only publicly-held brokerage. As of September 2007, İş Yatırım Menkul Değerler had TRY 1,165 million in assets and TRY 236 million in shareholders' equity.

www.isyatirim.com.tr

Subsidiaries and Affiliates

Glass



Şişecam

The founder and leader of the Turkish glass industry

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 51 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 to create new capacity in countries such as Russia, Bulgaria, Georgia, and Bosnia-Herzegovina, while also continuously developing its effectiveness in its own hinterland. With the latest investments, the capacity of the glass packaging production facilities in Russia exceeded the installed capacity in Turkey.

The Şişecam Group numbers among the biggest companies in its industry both in Europe and the world, ranking anywhere from third to eighth on the basis of different criteria.

As of September 2007, the company had total consolidated assets worth TRY 5.2 billion and shareholders' equity amounting to TRY 2.4 billion. The company's EBITDA stood at TRY 547 million as at the same date.

www.sisecam.com.tr

Telecommunication



AVEA

Mobile telecommunications services

Turkey's only GSM-1800 mobile communications operator, Avea commands a share of above 15% in the mobile communications market with 10 million subscribers. As of year-end 2007, Avea has reached TRY 5.7 billion in asset size and TRY 3.3 billion in shareholders' equity. The company's rapid growth and development has been ongoing also in 2007.

www.avea.com.tr

Other



NEMTAŞ

Shipping, Shipowning & management, chartering, shipbroking

Nemtaş Nemrut Liman İşletmeleri is active in the areas of shipowning, ship management, chartering, and broking. The company employs a fleet of seven vessels with a total capacity of 265,780 DWT in the conduct of its logistical services. Controlling a 51% stake in Gempport Gemlik Liman ve Depolama İşletmeleri, Turkey's first privately-owned port operations company, Nemtaş, at end-September 2007, had TRY 310 million in assets and TRY 192 million in shareholders' equity.

www.nemtas.com.tr

Changes in İşbank's Articles of Incorporation

At İşbank's Extraordinary General Meeting and Private Meetings for Group A, B, and C Shareholders, which were held on 25 July 2007, the change of articles 3, 5, 6, 7, 8, 12, 16, 18, 19, 21, 28, 49, 58, and 62 of İşbank's Articles of Incorporation as follows and to add a provisional article to İşbank's Articles of Incorporation were discussed and the changes and addition were adopted. The aforementioned changes were registered and published on the Trade Registry Gazette dated 01.08.2007 and nr. 6864.

The grounds for the aforementioned changes:

Article	Ground
3	Ensuring the consistency of the Head Office address with the current status The abolishing of the obligation to inform the Ministry of Industry and Trade about the changes of address and the obligation to inform the Capital Markets Board about the changes
5	To raise the registered capital ceiling to TRY 7 billion
5-18-19-49-58-62 Provisional Article 17	In accordance with the Law nr. 5274 related to changing the Turkish Commercial Code, it is legally decided that the nominal value of shares must be at least 1 New Kuruş and adjustments related to the aforementioned regulation must be made by 31.12.2009. Within this context, a provisional article was added regarding the change of 20 Group A shares, each with a value of TL 500 with a Group A share with a value of 1 New Kuruş, and the articles related to preserving the existing privileges of Group A shares were amended.
5-6-7-8-12-21	The capital market instruments and related rights are now electronically registered at Central Registry Agency as per article 10/A of Capital Markets Law
16	The abolishing of obligation for each shareholder to show a legal residence in places where the company head office or company branches are located
28	The regulation made for the assembly of the Board of Directors at least once a month
49	The abolishing of the obligation for the proxies themselves to be shareholders with regards to voting by proxy

Annual Activity Report Compliance Opinion

To the General Assembly of Türkiye İş Bankası A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of Türkiye İş Bankası A.Ş. (the "Bank") with the audit report issued as of December 31, 2007. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual activity report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of Türkiye İş Bankası A.Ş. as of December 31, 2007 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary Management report and our audit opinion on these financial statements.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU



Hüseyin Gürer
Partner

İstanbul, March 6, 2008

Management and Corporate Governance at İşbank

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Board of Directors & Auditors



PROF. DR. AHMET KIRMAN Chairman

Prof. Dr. Ahmet Kirman graduated from the Faculty of Law at Ankara University. He received his Masters degree in European Community Law of Competition at Ankara University in 1981 and Ph.D. degree in Commercial Law in 1989. Prof. Kirman has continued his studies in Financial Law and he became an associate professor in 1994 and a full professor in 2000. Prof. Dr. Ahmet Kirman served as a professor, Institute Director, Head of Major Discipline, and Department Head at the Faculty of Political Sciences of Ankara University. He currently teaches at the Faculty of Law of Galatasaray University.

Prof. Dr. Ahmet Kirman, who is also an attorney and a certified financial advisor, has been working in different positions at Türkiye İş Bankası A.Ş. for more than twenty five years. He is currently the chairman of the Board of Directors of Türkiye İş Bankası A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. He has several published works on finance and financial law. On March 9, 1995, Prof. Dr. Ahmet Kirman was elected to the Board of Milli Resürans T.A.Ş. and since August 20, 1999 he has been serving as the Chairman of the Board of Milli Resürans T.A.Ş.



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 Boğaziçi and Ankara Universities and also taught at Middle East Technical, Hacettepe and Bilgi Universities. He worked as a researcher and visiting professor at Yale and Minnesota Universities in the USA. In the 1960s, he served as the Head of the Economic Planning Department at the State Planning Organization. He was the Minister of Customs and Monopolies in 1974 and a Board Member at Eczaacıbaşı 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 elected to a seat on İşbank's Board of Directors twice: the first time on July 12, 2002 and the second on March 31, 2005. He was appointed as Deputy Chairman on December 30, 2005.



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 head 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 Chief Executive Officer of İşbank at 1998. He is also serving as 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.

Board of Directors & Auditors



M. NAIL 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 Non-performing 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 elected to a seat on İşbank's board of directors twice: the first time on July 12, 2002 and the second on March 31, 2005.



DR. A. YAVUZ EGE Director

Born in 1947 in Gemlik, Dr. A. Yavuz Ege graduated from the Department of Finance and Economics of the Faculty of Political Sciences at Ankara University. He gained his postgraduate degree from the Department of Financial Management at Ankara Academy of Economic and Commercial Sciences. He received his postgraduate and Ph.D. degrees from the Department of Economics at the University of Kent in the United Kingdom. He served for a long time at the State Planning Organization as a specialist, advisor, Head of Annual Programs Department, Head of Economical Planning, and Deputy Undersecretary. He served as Undersecretary of Foreign Trade between 1997-1999. Dr. Ege was a member of Supreme Council of Informatics, Turkish Council of Higher Education, Competition Board and Supreme Council of Science and Technology. He served as the chairman of the boards of Eximbank, Export Promotion Center and Güven Sigorta (Insurance). Between 2000-2001 he administrated GAP (Southeast Anatolia Project) (2002-2010) Development Plan as Project Director. In 2001-2002, he served as member of Strategy and Planning Committee of GAP Regional Development Administration and member of advisory board of Metropolitan Municipality of Izmir. He also served at various government and private sector institutions and organizations and non-governmental organizations. Dr. Ege taught "Planning Techniques", "Economic Policy and Planning" and "Monetary Theory and Policy" at various universities. He was elected to a seat on İşbank's Board of Directors first on March 27, 2003 and second on March 31, 2005.



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 elected to a seat on İşbank's board of directors twice: the first time on March 27, 2003 and the second on March 31, 2005.



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 elected to a seat on İşbank's board of directors twice: the first time on March 27, 2003 and the second on March 31, 2005.



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 as the head of Non-performing Loans Department in 2003. Köksal Burkan was appointed to İşbank's Board of Directors on March 31, 2005.

Board of Directors & Auditors



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 Head of Accounting Department 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.



SALİH KURTULUŞ Director

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



PROF. DR. SAVAŞ TAŞKENT Director

Born in İyidere in 1943, Prof. Dr. Savaş Taşkent graduated from the Faculty of Law at İstanbul University. He started his academic career in 1971 as an assistant at İstanbul Technical University, the Faculty of Basic Sciences, Chair of Law. He received his Ph.D. degree from the Faculty of Law of İstanbul University, and became assistant professor at İstanbul Technical University, Faculty of Management Engineering, and associate professor in the Department of Labor and Social Security Law, and became a professor in 1990. He served as Dean and Vice Rector at the same university. Serving as advisor to the Minister at the Ministry of Labor and Social Security, he attended the ILO Conference held in Geneva as the advisor to the Government. He is currently serving as the Head of Major Discipline of Law at İstanbul Technical University, Faculty of Business Administration. Prof. Dr. Savaş Taşkent was appointed to İşbank's Board on March 31, 2005.



PROF. DR. TURKAY BERKSOY Auditor

Born in 1951 in Elazığ, Prof. Dr. Turkey Berksoy graduated from İstanbul Academy of Economic and Commercial Sciences in 1975. He started his academic career in the School of Political Sciences, İstanbul Academy of Economic and Commercial Sciences at the same year. He received his M.A. (in economics) from Boğaziçi 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 chief executive officer, Turkish Eximbank and Emlakbank chief executive officer. 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.



H. AHMET ERGENEKON Auditor

Born in 1951 in İstanbul, 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/İstanbul 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 İstanbul III Regional Department as Regional Manager in 1997 and served there until 2002. He was then appointed as the head of Marketing and Deposits Department in 2002. After his retirement, H. Ahmet Ergenekon was appointed as İşbank's Auditor at the General Assembly on March 31, 2005.

Executive Committee



H. ERSİN ÖZİNCE
Director and Chief Executive Officer
(please see page 49 for Mr. Özince's cv.)



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.



M. SİRRI 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 different positions in Accounting Department. He was appointed Deputy Chief Executive on 26 April 2001.



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.



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



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.

Executive Committee



F. KAYHAN SÖYLER Deputy Chief Executive

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



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.



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.



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.



HAKAN BARUT Deputy Chief Executive

1957, İzmir. Hakan Barut is a graduate of Middle East Technical University (Faculty of Administrative Sciences, Department of Economics). He joined İşbank in 1981 and has served in a number of the Bank's units and branches. He was appointed Deputy Chief Executive on 30 May 2006.



TÜLİN AYKIN Deputy Chief Executive

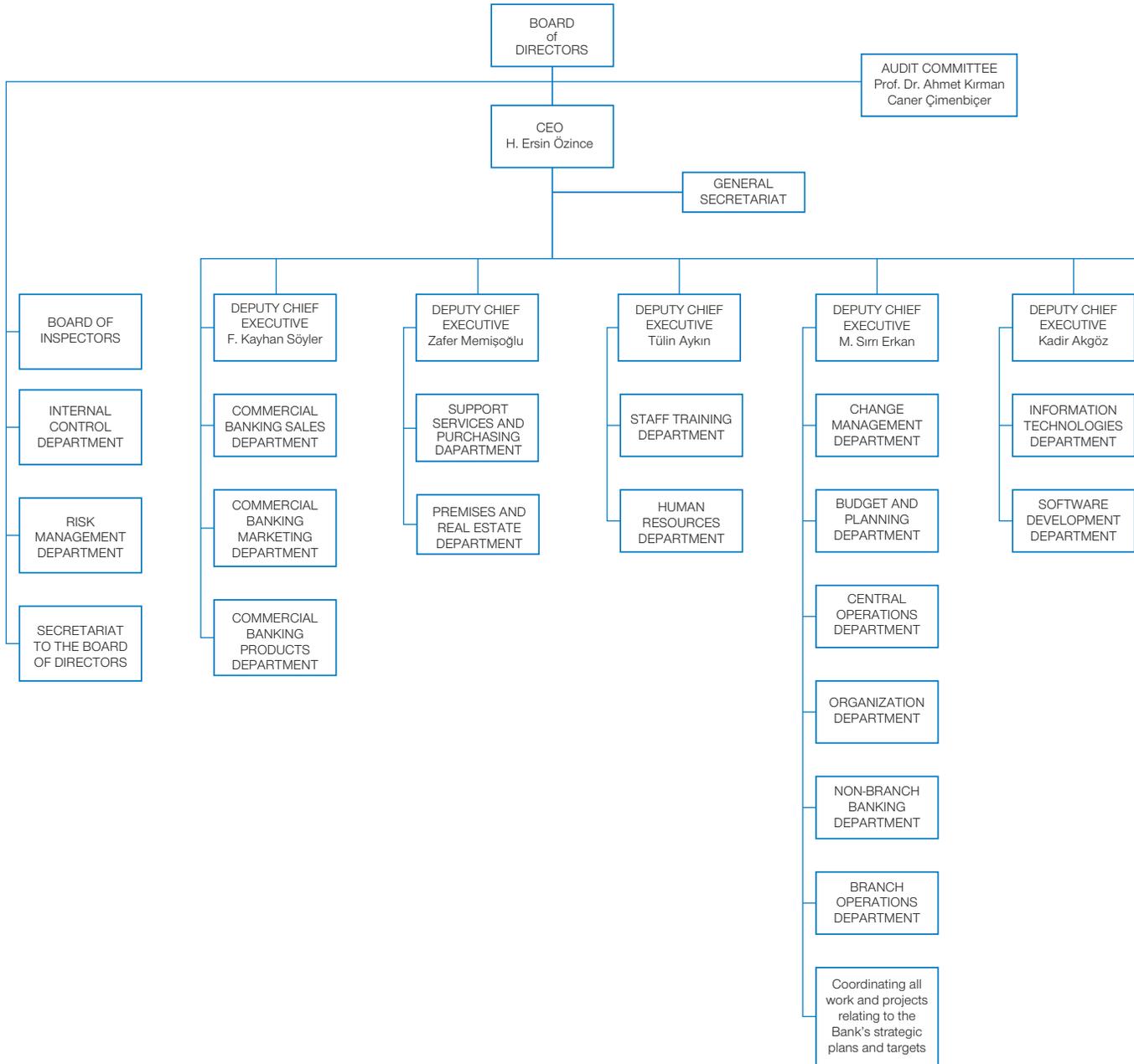
1963, İzmir. Tülin Aykin is a graduate of Boğaziçi University (Faculty of Engineering, Department of Industrial Engineering). She joined İşbank in 1986 as an Assistant Specialist and has served in a number of Bank's units and branches. She was appointed Deputy Chief Executive on 30 May 2006.

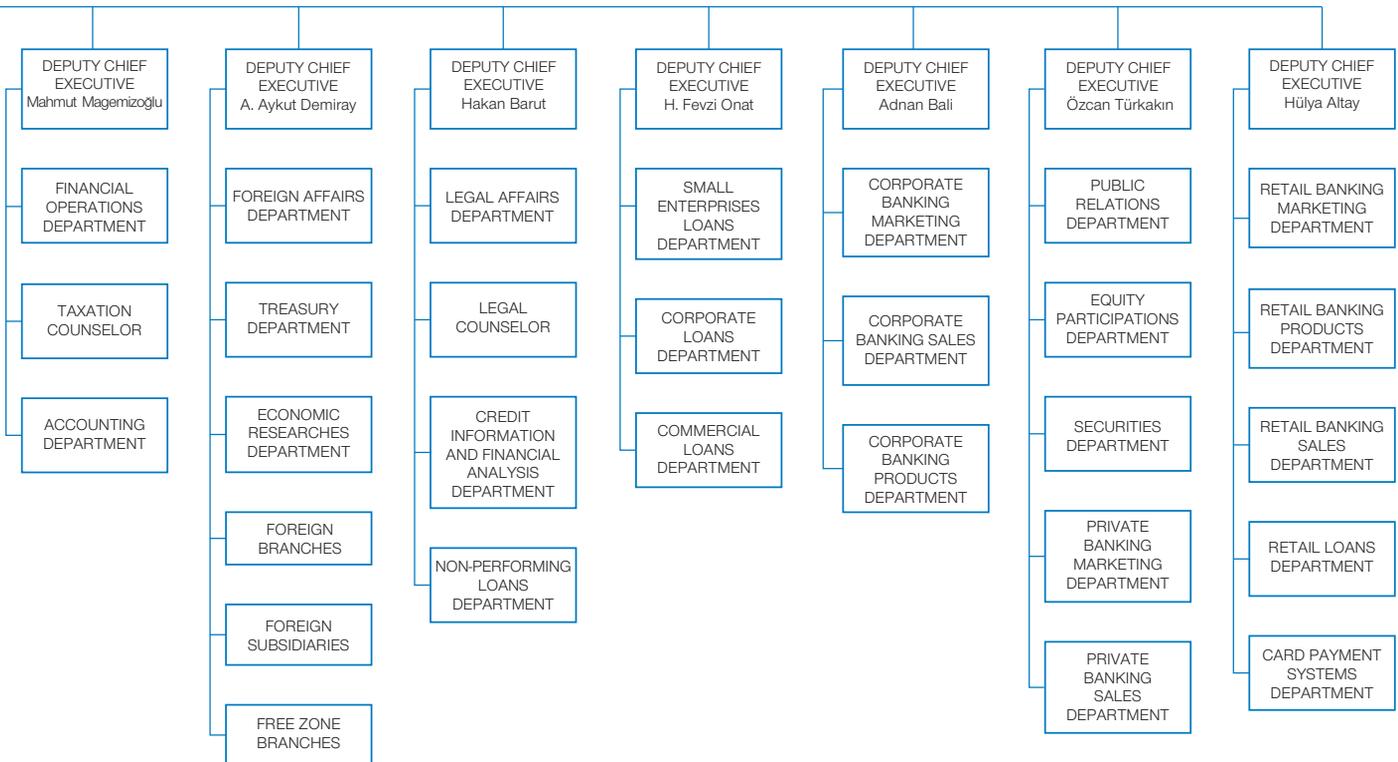


ADNAN BALI Deputy Chief Executive

1962, İslahiye. Adnan Balı is a graduate of Middle East Technical University (Faculty of Administrative Sciences, Department of Economics). He joined İşbank as an Assistant Inspector in the Board of Inspectors in 1986 and has served in a number of Bank's units and branches. He was appointed Deputy Chief Executive on 30 May 2006.

Organization Chart





Türkiye İş Bankası A.Ş. Managers of Internal Systems

Names and surnames, terms of office, areas of responsibility, academic backgrounds and professional experiences of managers of Internal Systems, which consists of Board of Inspectors, Risk Management Department and Internal Control Department, are presented below.

Chairman of the Board of Inspectors: Halil Oğuz Su

Term of Office	Professional Experience	Departments Worked Previously	Academic Background
8 years	30 years	Board of Inspectors, Accounting Department Administrative Affairs Department, Premises and Real Estate Department	B.A. Degree from a Domestic University

Head of Risk Management: Hasan Candan

Term of Office	Professional Experience	Departments Worked Previously	Academic Background
6.5 years	18 years	Board of Inspectors, Foreign Affairs Department, Accounting Department	M.A. Degree from a Foreign University

Head of Internal Control: Mehmet Ali Madendere

Term of Office	Professional Experience	Departments Worked Previously	Academic Background
6 years	21 years	Board of Inspectors, Istanbul III. Regional Department, Loans Department	B.A. Degree from a Domestic University

Information About the Meetings of the Board of Directors

In general, meetings of the Board of Directors are held monthly in our bank. Extra meetings are arranged when necessary. Agendas of the meeting are determined in accordance with the proposals submitted by the departments. Various reports requested by the Board from the Executive Committee and matters brought up by the directors are also put on the agenda. Agenda and relevant files are given out to all directors 5 days before the meetings.

During 2007, 20 meetings were held. Meetings are generally held with the participation of all board members. All members were present at 18 meetings held, however two meetings were held with one missing member. Apart from the meetings, the Board of Directors also resolves through the individual analysis of board members on various files. During 2007, 1,141 loan files, 1,070 of which are on loan allocation and 71 of them on other credit related issues, and 650 files on matters other than loans were analyzed and resolutions were taken accordingly.

Türkiye İş Bankası A.Ş. İşbank Committees

Credit Committee

The activities of İşbank Credit Committee are governed by the Banking Law and relevant laws, regulations and administrative provisions. In line with the authorities and responsibilities with which it is charged by İşbank Board of Directors, this committee assesses and finalizes credit applications.

Consisting of three people, the Bank's chief executive officer is a permanent member of İşbank's Credit Committee, whose other two members are company directors who are changed 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 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 chairman of İşbank Credit Committee.

As of end at December 2007, the Credit Committee has taken decisions concerning 348 credit files.

Committee Members	Duty	Primary Duty	Months on Duty
Prof. Dr. M. Baran Tuncer	Member	Deputy Chairman	March, July, November
H. Ersin Özince	Chairman of the Committee	CEO and Director	January, February, March, April, May, June, July, August, September, October, November, December
M. Nail Yağcı	Member	Director	February, April, June, August, October, December
Dr. A. Yavuz Ege	Member	Director	April, August, December
Atty. Nail Gürman	Member	Director	January, May, September
Caner Çimenbiçer	Member	Director	January, March, May, July, September, November
Prof. Dr. Savaş Taşkent	Member	Director	February, June, October

Note: Prof. Dr. Ahmet Kirman and Prof. Dr. M. Baran Tuncer are the alternate Credit Committee members chosen for the period of 2007-2008 and will serve until the end of March 2008.

Revision Committee

As per the article of Revision of Limits within the context of Credit Risk Policy, which came into effect by the resolution of the Board of Directors dated 30.09.2003 and nr 30249, within the framework of the policy of reviewing the loan portfolio and evaluating the relations with credit customers at the end of the year and determining the limits which will be taken into consideration after one year, regarding the said persons and corporations, as per the resolution of the Board of Directors dated 28.12.2006 and nr 32991, İşbank's Revision Committee, members of which are Deputy Chairman Prof. Dr. Baran Tuncer, Directors Köksal Burkan, Salih Kurtuluş and M. Nail Yağcı, revised all the firms and institutions under the authority of the Board of Directors and Credit Committee, on 02.03.2007, completed its examination of total 4,699 firms, which are monitored by Corporate and Commercial Loans Departments; 301 of these firms are individual and 4,398 group firms, 855 of which are within the group.

Moreover, for the year 2008, as per the resolution of the Board of Directors dated 24.12.2007 and nr 33904, the new Revision Committee has been set up and started operating.

Social Responsibility Committee

As per the resolution of the Board of Directors dated 07.11.2007 and nr.33785, the Committee mentioned in article 5 of the Regulation on Social Responsibility Practice, which was adopted with the resolution of the Board of Directors as of 07.11.2007 nr.33784, consists of the Deputy Chairman Prof. Dr. Baran Tuncer, Director M. Nail Yağcı, Deputy Chief Executives Özcan Türkakın and Tülin Aykın and the Manager of Public Relations Department Bülent Naci İnan. The Committee started operating in line with the Regulation principles, by considering the basic fields of contribution, which are determined as Education, Culture and Art, Health, Protection of the Environment and Other Activities.

Committees reporting to the Board that are established to support the Board under the framework of risk management systems in accordance with the regulation on internal systems of banks

The Audit Committee and Risk Committee are in place to form the risk management system.

The Audit Committee

The Committee has two members. It is chaired by Prof. Dr. Ahmet Kirman, Chairman of the Board of Directors. Board member Caner Çimenbiçer is the other member of the Committee.

The Committee holds its meetings within the framework of the related regulation and conveys to the Board of directors the results of its activities and the measures to be taken by the Bank, practices that are required and its opinions on other matters that are deemed to be significant for the Bank to conduct its business safely.

Türkiye İş Bankası A.Ş. İşbank Committees

The Audit Committee is in charge of;

- establishing the internal audit and risk management systems in compliance with legal and internal regulations, ensuring that they function effectively and sufficiently,
- ensuring that the internal audit, risk management and internal control units and the accounting and reporting systems operate within the framework of the related regulations and that the information produced has integrity,
- ensuring that İşbank's financial statements and relevant information are in accordance with the accounting standards and the requirements of regulations and are duly published,
- carrying out the preliminary assessment of external auditors to be selected by the Board and monitoring the appointed auditor's activities on a regular basis,
- ensuring that the internal audit functions of subsidiaries on a consolidated basis are coordinated in line with regulations.
- informing the Board of any issues or incidents that could have an adverse impact on the continuity or soundness of the Bank's activities or are in violation of the requirements of regulation or of internal procedures.
- if circumstances require, gathering information and related documents from all units, support service contractors, and independent auditors; being subject to Board approval obtaining consultancy from those who are specialists in their respective fields.
- submitting the internal audit report prepared by internal audit and risk management units to the Board.

In 2007, Audit Committee held 25 meetings and adopted 27 resolutions.

Risk Committee

Risk Committee is responsible for formulating the risk management strategies and policies İşbank will adhere to both on a consolidated and unconsolidated basis, presenting them to the İşbank Board of Directors for approval, and monitoring compliance with them. Committee is the common communication platform with Bank's executive departments in terms of assessing the risk the bank is exposed, making suggestions about the precautions to be taken and methods to be followed. The Committee's principal duties are the following:

- Prepare the risk strategies and policies, and present to the Board for approval, and monitor compliance.
- Recommend the level of risk limits for exposures and monitor the risk versus limits.
- Propose changes in risk policies if diverse circumstances require.
- Monitor risk identification, definition, measurement, assessment, and management processes carried out by Risk Management Department.
- Ensure that risk management methodologies and their results remain valid and reliable.
- Coordination of Internal Audit process

Committee Members in 2007 are:

- Caner Çimenbiçer, Director and member of the Audit Committee
- H. Ersin Özince, CEO and Head of the Credit Committee
- A. Aykut Demiray, Deputy Chief Executive and Head of the Asset & Liability Management Committee
- H.Fevzi Onat, Deputy Chief Executive
- Hasan Candan, Head of Bank Risk Committee

Risk Committee contributes to the configuration of Group risk policies also through consolidated group meetings. In the activities that the 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 and Anadolu Hayat Emeklilik A.Ş., by Emre Duranlı, İşbank, Assistant Manager-Equity Participations
- Milli Reasürans T.A.Ş., by Tülin Aykın, İşbank, Deputy Chief Executive
- İşbank GmbH, by M. Turgay Atalay, İşbank, Head of Change Management
- İş-Dublin Financial Services Plc, by Erdal Aral, İşbank, Head of Treasury
- İş Gayrimenkul Yatırım Ortaklığı A.Ş., by Adnan Bali, İşbank, Deputy Chief Executive
- Türkiye Sınai Kalkınma Bankası A.Ş., by Murat Bilgiç, İşbank, Group Manager-Corporate Loans
- İş Yatırım Menkul Değerler A.Ş. and İş Portföy Yönetimi A.Ş., by Gülliz Aykan, İşbank, Group Manager-Equity Participations

In 2007, the Risk Committee held 12 meetings, 4 of which were on a consolidated basis. In the meetings, in addition to the evaluations of the risk management facilities of İşbank and its affiliates those are subject to consolidation, 12 risk reports presented to the Committee were examined and 11 resolutions related to the risk management system and process were adopted.

Türkiye İş Bankası A.Ş.

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 not suffer from any 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 300,000 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 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 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 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 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.

Türkiye İş Bankası A.Ş.

Information on the Transactions Carried out with İşbank's Risk Group

All İşbank Risk Group companies are provided with the same kind of financial assistance, by the same procedures and policies, as those provided for third parties. The Risk Management Department analyzes the approved credit lines and other lending procedures in favor of İşbank Group companies, and monitors to ensure compliance with legal requirements.

In 2007, the loans extended to the group companies had all been within the regulatory risk limits. Group companies had mainly been involved in credit products and deposits. The cash loans approved for the Risk Group was 1.56% of the total approved credit lines and the deposits of the group companies contributed 2.85% of the total deposits.

Activities for which Support Services are Received in Accordance with the Regulation on Procurement of Support Services for Banks and Authorization of Organizations Providing These Services

It is thought that services listed below, which are received by İşbank, are appraisable within the context of the Regulation on Procurement of Support Services of Banks and Authorization of Organizations Providing These Services;

- Support services received from IBM for Emergency Center located in Izmir for back up of the system,
- Support services received from Provus Bilişim Hizmetleri A.Ş. for printing, enveloping and delivery of credit card statements to The General Directorate of Post and Telegraph Organization,
- Secure e-payment infrastructure service received from EST Elektronik Sanal Tic. Bil. Hiz. A.Ş. for electronic commerce,
- Support service received from E-Kart Elektronik Kart Sistemleri San ve Tic. A.Ş. for customization of our credit cards equipped by chip technology.

Türkiye İş Bankası A.Ş. 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,
5% as provision for probable future losses,
10% as first contingency reserve

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 Group 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 – two hundred and fifty - of paid capital)
- 02.5% 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 Group (A) shares 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 Group (B) shares may not exceed 30 % of the capital paid up by them, and the net total of the dividends to be distributed to holders of Group (C) shares 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 Group (A) shares the actual amount of the capital represented by Group (B) shares, and the 5/6 (five sixth) amount of the capital represented by Group (C) shares shall be taken as the basis, and, total dividends to be paid to the three Groups 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.

f) 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.

In the calculation of the dividends to be paid to all three Groups of shares; group A shares will be considered as 40 times the share quantity, due to the reason that 20 Group (A) shares each with a nominal value of TL 500 have been changed with 1 Group (A) share with a nominal value of 1 New Kuruş, group B shares will be considered as 1.5 times of the share quantity, and group C shares will be considered as the same quantity.

Türkiye İş Bankası A.Ş. 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 of and discussion on the Management's and Auditors' Reports,
3. Examination and ratification of 2007 Balance Sheet and Income Statement and separate discharge of the Board of Directors and Auditors from their responsibilities for the transactions and accounts of the aforementioned year,
4. Determination of the dividend distribution and the method and date of allotment of dividends,
5. Presenting information on the Independent Audit Firm, which was selected by the Board of Directors for the periods between 2007 and 2009,
6. Election of the members of the Board of Directors,
7. Determination of the allowance for the members of the Board of Directors,
8. Election of the Auditors for 2008,
9. Determination of the Auditors' salaries.

Türkiye İş Bankası A.Ş.

Report of the Board of Directors

Dear Shareholders,

Welcome to the 84th Ordinary General Assembly of our Bank.

Before presenting the Board of Directors Report, Auditors' Report and the Profit and Loss Statement including the operating results of the financial year 2007 for your review, we respectfully greet our shareholders, their representatives and our guests who have honored this meeting.

In the first nine months of 2007, the Turkish economy grew 4% compared to the same period of the previous year. In the first half of the year, foreign demand contributed to the growth while contribution of domestic demand was limited. The overall contribution of public sector to the growth increased through public investment, whereas private sector consumption decelerated parallel to the slowdown in domestic demand. In the second half of the year, despite the end of uncertainties related to the elections, adverse conditions in the global economy limited the growth in both domestic and foreign demand. At the end of 2007, the year-on-year inflation was 8.39%, which was above the target. In the year 2007, the Central Bank of Turkey lowered the interest rates and the overnight borrowing rate slipped to 15.75%. Expectations that the improvement in domestic demand would be moderate and that the foreign demand would slow down in accordance with international developments were the biggest contributors to the interest rate cuts.

In 2007, the size of total assets, loans and deposits of the banking sector grew and the number of employees and branches increased significantly. The share of securities portfolio in total assets continued to decrease gradually, while the share of loans kept increasing. On the other hand, the growth in the credit volume of the banking sector decelerated compared to the previous year, due to the moderate trend in the economic growth, the uncertainties about the elections and the high level of the interest rates. Similarly, the rate of increase in total deposits of the banking sector lost momentum, compared to the year 2006.

For our Bank, the year 2007 has been a year, in which our Bank's performance improved. Preserving its leading position in terms of deposits size among private banks, İşbank continued to grow, focusing on profitability. As at 31.12.2007, compared to the previous year end;

- Our deposits reached TRY 48,533,145 thousand, increasing 5%,
- Our loan portfolio reached TRY 33,979,841 thousand, increasing 14%,
- Our shareholders' equity reached TRY 10,603,862 thousand, increasing 13%,
- Our net profit reached TRY 1,701,807 thousand, increasing 53%.

Our capital adequacy ratio of 20.53% at the end 2007 is at a level that would help us to gain significant share in benefiting from the growing potential in markets and to expand our balance sheet.

In the year 2008, depending on the trend in the interest rates, it's probable that the domestic demand will go through a gradual recovery and uphold growth. Furthermore, due to the short term nature and high cost of deposits, which is the main funding source of banks, it's expected that the growth in loan portfolio of the banking sector will be depending on the effect of fluctuations in developed financial markets on foreign borrowing opportunities.

On the other hand, initial steps were taken in 2007 with regard to the Customer Oriented Transformation (MOD) Program that had been launched in 2006. The MOD Program introduced the applications that will enhance our Bank's commercial effectiveness and operational efficiency, focusing on customer satisfaction. These applications include improvements and alterations in human resources, technological infrastructure and devices as well as organizational structure and process. Our Bank, evaluating the needs and expectations of its customers within the framework of changing and developing conditions, restructured its customer segmentation framework as well as its products and services and formed relevant business units. The support of technological infrastructure required by the sales and service processes that are restructured in order to find much faster solutions in line with our customers' needs and expectations, is also dealt within the context of the MOD Program. In accordance with the MOD Program, the know-how, ability and competency of İşbank's employees are constantly developed and intensive training is given accordingly.

Shareholders,

We hereby submit our Balance Sheet and Profit and Loss Statement within our 2007 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 continuous support, to 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

Türkiye İş Bankası A.Ş. 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 2007 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 2007, compared to the previous year are presented below.

(TRY thousand)

	31.12.2007	31.12.2006
Cash and Central Bank of Turkey	7,090,810	5,596,611
Banks	6,954,291	6,453,663
Financial Assets Available for Sale	21,774,803	26,019,745
Loans	33,979,841	29,818,316
Participations and Subsidiaries	4,816,760	4,695,007
Investments Held to Maturity	1,955,393	0
Tangible and Intangible Assets	1,970,829	1,781,665
Local and Foreign Currency Deposits	48,533,145	46,399,355
Money Market Funds	5,802,558	5,364,253
Funds Borrowed	9,962,882	10,529,955
Provisions	2,568,896	1,843,147
Shareholders' Equity	10,603,862	9,410,158
Income	12,273,135	9,695,577
Expenses and Provisions	10,571,328	8,586,359
Profit/Loss	1,701,807	1,109,218

The year 2007 has been a successful year, as a result of the Bank management's strategies and policies applied and measures taken in line with the developments in the economy during 2007 and the contribution of the devoted efforts of the bank employees.

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

We would like to present for your information that the Bank has continued its efforts in connection with the object of maintaining and enhancing its competitive capacity in the heightened competition atmosphere without interruption and respectfully request your approval of the Balance Sheet and Profit/Loss Account for the year 2007.

Sincerely,



Auditor
H. Ahmet Ergenekon



Auditor
Prof. Dr. Turkey Berksoy

Türkiye İş Bankası A.Ş. Dividend Distribution

- As a result of activities in 2007, a net current period profit of TRY 1,701,807,318 was made. TRY 37,020,793 of the profit figure is the income from sale of participations and real estates which were sold in 2007. As per the resolution of the Board of Directors, this amount is booked to a special account under liabilities and is to be used for capital increase when necessary, in order to benefit from the exemption clauses of the fifth article of Corporate Tax Law no. 5520. It is proposed that this amount of TRY 37,020,793 which is not subject to dividend distribution, be transferred to capital reserves.
- It is proposed that the total amount of TRY 1,664,786,525 be distributed in accordance with article 58 of İşbank's Articles of Incorporation and the relevant legislation, as detailed below:

	TRY	
NET PERIOD PROFIT		1,701,807,318
NON-DISTRIBUTABLE PROFIT		37,020,793
DISTRIBUTABLE PROFIT		1,664,786,525
I. FIRST DIVIDEND		
(Articles of Incorporation Art. 58/a-b)		
- For Legal Reserves 5%	83,239,326	
- Type One Extraordinary Reserve	724,077,416	
- First Dividend		
To Group A Shares	60	
To Group B Shares	1,740	
To Group C Shares	165,393,300	972,711,842
		692,074,683
II. SECOND DIVIDEND		
(Articles of Incorporation Art.58/c-d-e)		
- To Founders' Shares	6,277	
- 0.25% to the Board Members and the CEO in Equal Amounts	1,730,187	
- 20% to Bank Employees	138,414,937	
- 10% to Legal Reserves	59,130,279	
- 10% to Type Two Extraordinary Reserves	69,207,468	
- Second Dividend		
To Group A Shares	369	
To Group B Shares	5,347	
To Group C Shares	423,579,819	692,074,683

In case the said proposal is approved by the Bank's General Assembly, distribution of dividends to shareholders will commence on 1.4.2008 and the following amounts will be paid as gross dividend:

- TRY 0.42879 for each Group A share with a nominal value of TRY 1,
- TRY 0.24440 for each Group B share with a nominal value of TRY 1,
- TRY 0.21366 for each category Group C share with a nominal value of TRY 1,
- TRY 2.55352 for each of the founders' shares.

Türkiye İş Bankası A.Ş. Corporate Governance Principles Compliance Statement

İşbank operates in compliance primarily with the Banking Law Nr. 5411 and the related regulations of the Banking Law, as well as all the other regulatory provisions, which banks are subject to.

The public disclosures made to the Istanbul Stock Exchange, İşbank's Articles of Incorporation that has been opened to public through the Bank's official website, the annual reports, and the Bank's website, which contains updated information for the Bank's shareholders, play the most important role in compliance with majority of the provisions of the "Corporate Governance Principles" published by the Capital Markets Board.

Prof. Ahmet Kirman (Chairman) and Mr. Caner Çimenbiçer (Director) are members of the "Audit Committee", which was established on November 16th, 2005, as required by the article 24 of the Banking Law Nr. 5411.

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 Unit

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. Mahmut Magemizoğlu who is the Deputy Chief Executive of İşbank in charge of accounting, financial reporting, and financial operations.

Name, Surname	Title	Telephone Number	E-mail Address
A. Ferit Eraslan	Manager	(0212) 316 30 02	Ferit.Eraslan@isbank.com.tr
Alper Turgal	Assistant Manager	(0212) 316 30 36	Alper.Turgal@isbank.com.tr
İpek Taşkın	Section Head	(0212) 316 30 55	Ipek.Taskin@isbank.com.tr
Meral Didem Orçen	Assistant Section Head	(0212) 316 30 50	Didem.Orcen@isbank.com.tr
Zeynep Eylem Baş	Officer	(0212) 316 30 87	Eylem.Bas@isbank.com.tr

Principal activities performed by the Investor Relations Unit are as follows:

- Answering both the existing and potential investors', rating agencies', international lenders' and other related institutions' information requests, which are not categorized as commercial or customer secrets;
- Participating in domestic and overseas investor meetings and conferences on behalf of İşbank and making presentations to the related parties when necessary;
- Informing the shareholders about the material events and other news on İşbank through the website and via e-mail; providing the essential information to the Bank of New York, which is the sponsor of Is-C ADR/GDR (American/Global Depository Receipt) program of İşbank and to the London Stock Exchange, where İşbank's GDRs (Global Depository Receipts) are listed;
- Keeping the contents of English and Turkish pages of the "Investor Relations" website updated, at <<http://www.isbank.com.tr/ir/ir.asp>> and <http://www.isbank.com.tr/yatirimci/yi-yatirimci.html>.

In the year 2007, more than 500 inquiries were sent to the Investor Relations Unit through telephone and e-mail, and all inquiries have been promptly replied. In the same year, the IR group participated in 5 international and 3 domestic investor conferences, meeting with 270 investors and more than 300 analysts. Furthermore, the IR group hosted around 170 investor meetings and 13 conference calls, meeting with more than 280 people.

Use of Shareholders' Right to Obtain Information

Information requests of shareholders, received by İşbank via mail, telephone, e-mail and other media are evaluated and replied in the most effective and fastest way. In the year 2007, more than 500 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 rights issue or bonus issue. As per the provisions of the Turkish Commercial Code, and the Capital Markets Regulations, the shareholders are also informed by way of daily newspapers about capital increases and General Shareholders Meetings.

On the other hand, regarding the use of shareholders' right to obtain information, shareholders and investors are provided with the following information, both in English and Turkish via the Bank's website, in order to facilitate the shareholders' right to obtain information;

- Periodical financial statements and footnotes,
- İşbank's presentation,
- Annual reports,
- Credit ratings and reports,
- Articles of Incorporation,
- Information concerning equity participations,
- Organization chart,
- Backgrounds of the Directors and the Senior Executives,
- Ownership structure,

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- Information on capital increases and dividend distribution,
- Calendar of events
- Prospectus and public offering circulars,
- Disclosures of material events,
- Activities implemented within the framework of Corporate Governance Principles and İşbank's statement of compliance with the Corporate Governance Principles

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

İşbank is audited regularly both by independent external auditors as required by the Banking Law, and by two other auditors who are appointed at the General Shareholders' Meeting within the framework of the Turkish Commercial Code and mentioned in the 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 the 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 Kırmacı (Chairman) and Mr. Caner Çimenbiçer (Director). As per article 348 of the Turkish Commercial Code, in case of need, the Bank's shareholders can elect at the general meeting a special auditor for the investigation and inspection of specific subjects. Shareholders representing minimum 10 % of the share capital may request at the general the appointment of a special auditor for the investigation of the subjects envisaged in the Code. In case the shareholders' request to appoint a special auditor is rejected at the general meeting, then they would have the right to apply to the court against the decision of rejection. İşbank's Articles of Incorporation do not have a separate regulation for the appointment of a special auditor.

Information on General Shareholders Meeting

Regulations related to the General Shareholders Meetings are stated in the Articles of Incorporation which is publicly disclosed and also available on İşbank's website. As per the related regulations, the agenda of Shareholders Meetings and other related issues are made publicly available by means of media and internet before the Shareholders Meetings. In addition, İşbank's annual reports prepared for the Shareholders Meeting are also presented to the shareholders for their information and examination before the General Shareholders Meeting.

İşbank held an Ordinary General Shareholders Meeting on 30.03.2007. Announcements, including the agenda of the meeting and sample of proxy, 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 30.03.2007, 72.9 % of the shareholders were represented. 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, independent auditors' 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 within the legal time period required in accordance with the related regulations. Upon request, annual reports are provided to the shareholders before the General Shareholders Meetings.

At İşbank's Shareholders Meetings, all shareholders have the 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 nr.57 of the Banking Law: "Banks shall not engage in purchase and sale of real estate or commodities for commercial purposes, excluding the real estate and commodity contracts under the Capital Markets Law Nr. 2499 or contracts on 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 the 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 on 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.

Moreover, in the year 2007, İşbank held an Extraordinary General Meeting on 25th July 2007 in order to discuss on the items of the agenda regarding the changes in Articles 3, 5, 6, 7, 8, 12, 16, 18, 19, 21, 28, 49, 58 and 62 and to add Provisional Article 17 in the Articles of Incorporation. At the aforementioned General Meeting of which meeting quorum was %72.2, resolution was made to modify articles 3, 5, 6, 7, 8, 12, 16, 18, 19, 21, 28, 49, 58 and 62 of the Articles of Incorporation regarding raising the registered capital from TRY 3.5 billion to TRY 7.0 billion, the name and the head office of the Corporation, Capital, Form of Share Certificates, Majority of Capital, Transfer of Shares, Legal Domiciles of Shareholders, New Shares to be Issued in Case of Capital Increase, Pre-emptive Right, Loss of Share Certificates, Debenture and Other Capital Market Instruments, Meetings of the Board of Directors, Votes, Distribution of Dividends and the Conclusion of the Liquidation and to add a provisional article regarding the change of the nominal values of A, B and C Group shares and the aforementioned resolution was ratified at the Private Meetings for Group A, B, and C Shareholders which was held at the same date with the General Meeting.

Voting and Minority Rights

There are detailed explanations on the Bank's capital structure and qualifications of shares both in the Articles of Incorporation and footnotes of the quarterly disclosed financials and these explanations are submitted to the shareholders for their 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.

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Dividend Policy and Dividend Pay Date

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 payment is made 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 at the General Meeting.

Transfer of Shares

Transfer of shares can be done in accordance with the related legislation and the Articles of Incorporation of İşbank.

PUBLIC DISCLOSURE AND TRANSPARENCY

Public Information Policy

İşbank's information policy was 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 and other information required within the framework of primarily 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 disclosures, 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 are under the authority and responsibility of the Board of Directors. Managers in charge of 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 auditors' report, prepared on a quarterly basis in accordance with the regulations of the Banking Regulation and Supervision Agency (BRSA), 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 in charge of 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 to English and submitted to the related parties and published on İşbank's website. Following the ordinary general meeting at the end of each 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 questions of the press are answered.

- Bank-only financial statements and related notes and explanations together with the independent auditors' report, prepared on a quarterly basis, in accordance with the International Accounting Standards, 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 auditors' report, prepared in accordance with the International Accounting Standards on a 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 ISE within its time limit. Although disclosures of material events are signed on principle by the managers in charge of 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 cases such 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, the Annual Report, including the necessary information and disclosures, is prepared in accordance with the regulations of the BRSA, and presented to the shareholders for their information and examination and it is also published on İşbank's website (www.isbank.com.tr). In case the hard copies of the Annual Reports are requested, they can be obtained from the Investor Relations group of the Bank.

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- 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 roadshows in Turkey and abroad. These meetings are conducted by the Investor Relations Group and the Chief Executive Officer, managers in charge of financial management and reporting and the managers of the investor relations group participate in these meetings and roadshows, depending on their availability. If necessary, the teams of participation can be extended.
- By e-mail, the investor relations group sends regularly and periodically 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 Website (www.isbank.com.tr) and its contents

İşbank's website is actively and intensely used for public disclosures and communicating information. 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 on Material Events

In 2007, İşbank made 77 disclosures of material events to the ISE in compliance with the "Material Events Disclosure Requirement" communiqué of the Capital Markets Board. In the same year, one supplementary disclosure was demanded by the Capital Markets Board and it was made in due time.

İşbank's depositary 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 on Ultimate Controlling Real Person Shareholder/Shareholders

There is no ultimate controlling real person shareholder of İşbank. Moreover, 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, are regulated by the Regulation Regarding the Establishment and Operation of Banks.

Disclosure on Insiders

As per article 73 of the Banking Law, banks' partners, directors, employees, representatives and officials shall not disclose trade secrets related to banks or their clients thereof which they have received in connection with their positions and duties, to any authority other than those which have 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 trade secrets related to a bank and its 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 one-self 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 of the Articles of Incorporation.

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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. It is essential for İşbank that there is not any 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 customer 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 economic players in 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. For these purposes, Social Responsibility Committee was founded as per the resolution of the Board of Directors dated 07.11.2007. 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 Kirman	Chairman
Prof. Dr. M. Baran Tuncer	Deputy Chairman
H. Ersin Özince	Director and CEO
M. Nail Yağcı	Director
Dr. A. Yavuz Ege	Director
Att. Nail Gürman	Director
Ali Ekber Güvenç	Director
Köksal Burkan	Director
Caner Çimenbiçer	Director
Salih Kurtuluş	Director
Prof. Dr. Savaş Taşkent	Director

The election of İşbank Board members is implemented according to article 25 of the Articles of Incorporation and the Banking Law. As per the Banking Law, the chief executive officer 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 regulations in the election of board members.

As per article 23 of the Banking Law, the qualifications required for the chief executive officer (The chief executive officer of a bank must have at least an undergraduate degree 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 meeting the needs of its customers with fast, efficient and high standard solutions, increasing with stability the value it created for its shareholders and encouraging 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.

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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 controlling 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. 26333 dated 1 November 2006, 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. The units constituting the internal systems are the Board of Inspectors, the Internal Control and the Risk Management departments. The units constituting the internal systems, work under the Board of Directors through Audit Committee.

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 of the Banking Law, the Turkish Commercial Code and the Articles of Incorporation of İşbank.

Fundamentals of the Functions of the Board of Directors

The Board meetings are held once a month and interim meetings might be held in case of need. Meetings agenda are prepared 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 off the agenda 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.

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.

20 Board meetings were held in the year 2007. Generally, full participation is achieved at the meetings. In 2007, 18 meetings were held by full participation and one member did not attend in each of the other 2 meetings. Other than the meetings, the Board of Directors takes decisions also upon the inquiries made separately by the members. In 2007, Board of Directors took decisions regarding 1,141 files of which consist of 1,070 concerning credit allocations and 71 concerning other matters and 650 decisions were taken concerning subjects other than credits.

Prohibition of Transaction and Competition with the Bank

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 consent 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 the same 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.

The Audit Committee

The Committee has two members. It is chaired by Prof. Dr. Ahmet Kirman, Chairman of the Board of Directors. Board member Caner Çimenbiçer is the other member of the Committee.

The Committee holds its meetings within the framework of the related regulation and conveys to the Board of directors the results of its activities and the measures to be taken by the Bank, practices that are required and its opinions on other matters that are deemed to be significant for the Bank to conduct its business safely.

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The Audit Committee is in charge of;

- establishing the internal audit and risk management systems in compliance with legal and internal regulations, ensuring that they function effectively and sufficiently,
- ensuring that the internal audit, risk management and internal control units and the accounting and reporting systems operate within the framework of the related regulations and that the information produced has integrity,
- ensuring that İşbank's financial statements and relevant information are in accordance with the accounting standards and the requirements of regulations and are duly published,
- carrying out the preliminary assessment of external auditors to be selected by the Board and monitoring the appointed auditor's activities on a regular basis,
- ensuring that the internal audit functions of subsidiaries on a consolidated basis are coordinated in line with regulations.
- informing the Board of any issues or incidents that could have an adverse impact on the continuity or soundness of the Bank's activities or are in violation of the requirements of regulation or of internal procedures.
- if circumstances require, gathering information and related documents from all units, support service contractors, and independent auditors; being subject to Board approval obtaining consultancy from those who are specialists in their respective fields.
- submitting the internal audit report prepared by internal audit and risk management units to the Board.

In 2007, Audit Committee held 25 meetings and adopted 27 resolutions.

Credit Committee

The activities of İşbank Credit Committee are governed by the Banking Law and relevant laws, regulations and administrative provisions. In line with the authorities and responsibilities with which it is charged by İşbank Board of Directors, this committee assesses and finalizes credit applications. Consisting of three people, the Bank's chief executive officer is a permanent member of İşbank's Credit Committee, whose other two members are company directors who are changed 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 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 chairman of İşbank Credit Committee.

As of end of December 2007, the Credit Committee has taken decisions concerning 348 credit files.

Committee Members	Duty	Primary Duty	Months on Duty
Prof. Dr. M. Baran Tuncer	Member	Deputy Chairman	March, July, November
H. Ersin Özince	Chairman of the Committee	CEO and Director	January, February, March, April, May, June, July, August, September, October, November, December
M. Nail Yağcı	Member	Director	February, April, June, August, October, December
Dr. A. Yavuz Ege	Member	Director	April, August, December
Atty. Nail Gürman	Member	Director	January, May, September
Caner Çimenbiçer	Member	Director	January, March, May, July, September, November
Prof. Dr. Savaş Taşkent	Member	Director	February, June, October

Note: Prof. Dr. Ahmet Kirman and Prof. Dr. M. Baran Tuncer are the alternate Credit Committee members chosen for the period of 2007-2008 and will serve until the end of March 2008.

Revision Committee

As per the article of Revision of Limits within the context of Credit Risk Policy, which came into effect by the resolution of the Board of Directors dated 30.09.2003 and nr 30249, within the framework of the policy of reviewing the loan portfolio and evaluating the relations with credit customers at the end of the year and determining the limits which will be taken into consideration after one year, regarding the said persons and corporations, as per the resolution of the Board of Directors dated 28.12.2006 and nr 32991, İşbank's Revision Committee, members of which are Deputy Chairman Prof. Dr. Baran Tuncer, Directors Köksal Burkan, Salih Kurtuluş and M. Nail Yağcı, revised all the firms and institutions under the authority of the Board of Directors and Credit Committee, on 02.03.2007, completed its examination of total 4,699 firms, which are monitored by Corporate and Commercial Loans Departments; 301 of these firms are individual and 4,398 group firms, 855 of which are within the group.

Moreover, for the year 2008, as per the resolution of the Board of Directors dated 24.12.2007 and nr 33904, the new Revision Committee has been set up and started operating.

Social Responsibility Committee

As per the resolution of the Board of Directors dated 07.11.2007 and nr.33785, the Committee mentioned in article 5 of the Regulation on Social Responsibility Practice, which was adopted with the resolution of the Board of Directors as of 07.11.2007 nr.33784, consists of Deputy Chairman Prof. Dr. Baran Tuncer, Director M. Nail Yağcı, Deputy Chief Executives Özcan Türkakın and Tülin Aykın and the Manager of Public Relations Department Bülent Naci İnan. The Committee started operating in line with the Regulation principles, by considering the basic fields of contribution, which are determined as Education, Culture and Art, Health, Protection of the Environment and Other Activities.

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Risk Committee

Risk Committee is responsible for formulating the risk management strategies and policies İşbank will adhere to both on a consolidated and unconsolidated basis, presenting them to the İşbank Board of Directors for approval, and monitoring compliance with them. Committee is the common communication platform with Bank's executive departments in terms of assessing the risk the bank is exposed, making suggestions about the precautions to be taken and methods to be followed. The Committee's principal duties are the following:

- Prepare the risk strategies and policies, and present to the Board for approval, and monitor compliance.
- Recommend the level of risk limits for exposures and monitor the risk versus limits.
- Propose changes in risk policies if diverse circumstances require.
- Monitor risk identification, definition, measurement, assessment, and management processes carried out by Risk Management Department.
- Ensure that risk management methodologies and their results remain valid and reliable.
- Coordination of Internal Audit process

Committee Members in 2007 are:

- Caner Çimenbiçer, Director and member of the Audit Committee
- H. Ersin Özince, CEO and Head of the Credit Committee
- A. Aykut Demiray, Deputy Chief Executive and Head of the Asset & Liability Management Committee
- H.Fevzi Onat, Deputy Chief Executive
- Hasan Candan, Head of Bank Risk Committee

Risk Committee contributes to the configuration of Group risk policies also through consolidated group meetings. In the activities that the 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 and Anadolu Hayat Emeklilik A.Ş., by Emre Duranlı, İşbank, Assistant Manager-Equity Participations
- Milli Reasürans T.A.Ş., by Tülin Aykın, İşbank, Deputy Chief Executive
- İşbank GmbH, by M. Turgay Atalay, İşbank, Head of Change Management
- İş-Dublin Financial Services Plc, by Erdal Aral, İşbank, Head of Treasury
- İş Gayrimenkul Yatırım Ortaklığı A.Ş., by Adnan Bali, İşbank, Deputy Chief Executive
- Türkiye Sınai Kalkınma Bankası A.Ş., by Murat Bilgiç, İşbank, Group Manager-Corporate Loans
- İş Yatırım Menkul Değerler A.Ş. and İş Portföy Yönetimi A.Ş., by Güliz Aykan, İşbank, Group Manager-Equity Participations

In 2007, the Risk Committee held 12 meetings, 4 of which were on a consolidated basis. In the meetings, in addition to the evaluations of the risk management facilities of İşbank and its affiliates those are subject to consolidation, 12 risk reports presented to the Committee were examined and 11 resolutions related to the risk management system and process were adopted.

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 Istanbul Stock Exchange.

On the other hand, restrictions related with the loans to be extended by İşbank to the Board members are defined in Article 50 of the Banking Law and İşbank complies with the requirements of the related legislation. In this context, İşbank does not extend loans to its board members other than those allowed by the law.

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 Chief Executive Officer 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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Türkiye İş Bankası A.Ş.

Audit Committee's Assessments on the Operation of Internal Control, Internal Audit and Risk Management Systems, and Its Activities in the Reported Period

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 166 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-site 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 oversight 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 presented by the Audit Committee.

During 2007, inspections were carried out on 376 branches including the Bahrain Branch, 5 head office units, 2 subsidiary companies and 4 facility processes. 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.

With the help of the risk focused inspection schedule prepared by the early warning signaling system, the inspection of a high proportion of İşbank's entire credit risk portfolio has been inspected in 2007. The remote inspection activities performed by The İşbank Board of Inspectors has given the Bank the opportunity to monitor the intensive risk areas, especially in loans, accounts and human resources applications regularly and intervene in the risk potentials before their realization. As to the research and development facilities of 2007; the reporting system of our Bank was subjected to certain changes in order to adopt our inspection approach to our Customer-Focused Transformation Program based changes in our Bank's implementations thus aiming the enhancement of the said reporting system's efficiency. Moreover, research and development facilities on remote inspection activities have been continued, projects towards the increasing the effectiveness of the work flows on the Board's facilities have been conducted and activities for the internal audit of the information systems have been carried out in 2007.

In context with the clauses of the Regulations on the Internal Systems of the Banks implemented in accordance with the Banking Law numbered 5411, the compliance activities to the Regulation have been executed by the Board of Inspectors. In 2007, the works of the Board have been aimed to be scaled up to the level of international standards, being in accordance with the national banking regulations; in order to fulfill this objective, our activities are supported by consulting services, and in the period ahead the work will continue.

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. This constructive activity and internal control structure plays a determining role also on the reliability of financial reporting and on effective and efficient operation of the background activities and controls of financial reporting.

The Internal Control Department, which operates under the direction of and reports to the Board of Directors, is responsible for examining, controlling, monitoring and evaluating the Bank's activities and reporting to the parties concerned, by way of internal control activities that is conducted to ensure to get the risks associated with the Bank's activities under control in a sound, strong and effective internal control structure that is also functioning in compliance with the related laws, regulations and international standards.

By means of risk-focused analysis and controls performed in the Bank's head office units and branches, it is ensured that İşbank's internal control system operates regularly, effectively, and reliably so that:

- The activities can be conducted effectively, efficiently and in compliance with the laws, regulations and internal rules and procedures,
- The findings can be reported reliably to the related parties.

The findings, opinions, and recommendations resulting from internal control activities are shared at first 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 adequate 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.

Türkiye İş Bankası A.Ş.

Audit Committee's Assessments on the Operation of Internal Control, Internal Audit and Risk Management Systems, and Its Activities in the Reported Period

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

In İşbank;

- an appropriate and functional control environment is in place at every level,
- risks are identified, assessed and managed appropriately and effectively,
- to meet the risks taken, adequate and appropriate controls are determined and implemented,
- information and communication mechanisms function efficiently and effectively and
- activities and control processes are monitored and assessed continuously and regularly.

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 Bank's goals and objectives.

Risk Management

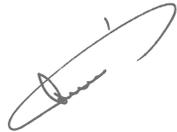
Other than banking activities, both financial and non-financial risks encompassing the whole group required to be analyzed, monitored and reported from the standpoint of group risk management in addition to that of banking-specific risk management principles. This aspect of risk management, beyond regulatory requirements has become an industry standard.

The risk management process, organized within the framework of advanced risk management methodologies and favors a common risk management culture throughout the establishment, is structured to emphasize good corporate governance, assures independency of units responsible for monitoring and controlling risk from executive functions, so that risk definition, measurement, analysis, monitoring, reporting, and control functions within the same framework.

A general assessment of risk by categories suggests that the most significant risk Bank was exposed in 2007 was credit risk, just as was also the case in 2006. This was followed by market risk, especially interest rate risk. In the activities carried out during 2007, operations was completed to allocate capital for nonfinancial operational risk according to framed policy beside financial risk.

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 Risk Committee, the Bank Credit Committee and the Assets & Liabilities Committee together with the Risk Management Department 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.

Sub-committees of risk management department are Credit Risk, Market Risk, Equity Participations Risk and Operational Risk Groups.



Caner Çimenbiçer
Member of the Board and
Audit Committee



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

Türkiye İş Bankası A.Ş.

Independent Auditors' Report

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

TÜRKİYE İŞ BANKASI A.Ş.

INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD 1 JANUARY 2007 – 31 DECEMBER 2007

1. We have audited the accompanying balance sheet of Türkiye İş Bankası A.Ş. as at 31 December 2007, and the related statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures And Principles Regarding Banks' Accounting Practices And Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. As of the balance sheet date, the Bank management has provided TRY 770,000 Thousand of free provision fully charged to the current year income statement as an expense for the purpose of the conservatism principle considering the potential circumstances which may arise from any changes in the economy or market conditions.

Independent Auditors' Opinion

5. In our opinion, except for such adjustments as may be necessary in respect of the matter set out in paragraph 4 above, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye İş Bankası A.Ş. as at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411 and other regulations, pronouncements in respect of accounting and financial reporting issued by BRSA.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU



Hüseyin Gürer
Partner

İstanbul, 15 February 2008

Additional paragraph for the English translation:

(The effect of the differences between the accounting principles applied in the accompanying financial statements and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.)

Türkiye İş Bankası A.Ş.

Unconsolidated Balance Sheet

		TRY THOUSAND						
		CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)			
ASSETS	Footnote	TRY	FC	Total	TRY	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	4,682,923	2,407,887	7,090,810	3,055,130	2,541,481	5,596,611
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	V-I-2	940,581	51,336	991,917	293,429	44,908	338,337
2.1	Financial Assets Held for Trading		574,772	21,372	596,144	254,766	44,421	299,187
2.1.1	Government Debt Securities		571,091	12,694	583,785	251,377	35,387	286,764
2.1.2	Share Certificates		65	0	65	110	0	110
2.1.3	Other Marketable Securities		3,616	8,678	12,294	3,279	9,034	12,313
2.2	Financial Assets at Fair Value Through Profit and Loss		0	0	0	0	0	0
2.2.1	Government Debt Securities		0	0	0	0	0	0
2.2.2	Share Certificates		0	0	0	0	0	0
2.2.3	Other Marketable Securities		0	0	0	0	0	0
2.3	Derivative Financial Assets Held for Trading		365,809	29,964	395,773	38,663	487	39,150
III.	BANKS	V-I-3	129,845	6,824,446	6,954,291	67,702	6,385,961	6,453,663
IV.	MONEY MARKET PLACEMENTS		0	0	0	0	0	0
4.1	Interbank Money Market Placements		0	0	0	0	0	0
4.2	Istanbul Stock Exchange Money Market Placements		0	0	0	0	0	0
4.3	Receivables from Reverse Repurchase Agreements		0	0	0	0	0	0
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	V-I-4	11,525,860	10,248,943	21,774,803	14,151,427	11,868,318	26,019,745
5.1	Share Certificates		13,640	0	13,640	13,441	0	13,441
5.2	Government Debt Securities		11,512,220	8,463,126	19,975,346	14,137,986	11,012,050	25,150,036
5.3	Other Marketable Securities		0	1,785,817	1,785,817	0	856,268	856,268
VI.	LOANS	V-I-5	25,067,717	8,912,124	33,979,841	22,352,733	7,465,583	29,818,316
6.1	Loans		25,067,717	8,912,124	33,979,841	22,352,733	7,465,583	29,818,316
6.1.1	Loans to the Bank's Risk Group		86,428	444,223	530,651	49,618	274,333	323,951
6.1.2	Other		24,981,289	8,467,901	33,449,190	22,303,115	7,191,250	29,494,365
6.2	Non-Performing Loans		1,491,117	2,928	1,494,045	1,161,247	2,968	1,164,215
6.3	Specific Provisions (-)		1,491,117	2,928	1,494,045	1,161,247	2,968	1,164,215
VII.	FACTORING RECEIVABLES		0	0	0	0	0	0
VIII.	INVESTMENTS HELD TO MATURITY (Net)	V-I-6	1,955,393	0	1,955,393	0	0	0
8.1	Government Debt Securities		1,955,393	0	1,955,393	0	0	0
8.2	Other Marketable Securities		0	0	0	0	0	0
IX.	INVESTMENTS IN ASSOCIATES (Net)	V-I-7	766,434	0	766,434	785,129	0	785,129
9.1	Associates Accounted for Using the Equity Method		0	0	0	0	0	0
9.2	Unconsolidated Associates		766,434	0	766,434	785,129	0	785,129
9.2.1	Financial Investments		48,895	0	48,895	48,895	0	48,895
9.2.2	Non-Financial Investments		717,539	0	717,539	736,234	0	736,234
X.	INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	4,008,584	41,742	4,050,326	3,864,385	45,493	3,909,878
10.1	Unconsolidated Financial Subsidiaries		1,927,767	41,742	1,969,509	1,834,724	45,493	1,880,217
10.2	Unconsolidated Non-Financial Subsidiaries		2,080,817	0	2,080,817	2,029,661	0	2,029,661
XI.	JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	V-I-9	0	0	0	0	0	0
11.1	Jointly Controlled Entities Accounted for Using the Equity Method		0	0	0	0	0	0
11.2	Unconsolidated Jointly Controlled Entities		0	0	0	0	0	0
11.2.1	Jointly Controlled Financial Entities		0	0	0	0	0	0
11.2.2	Jointly Controlled Non-Financial Entities		0	0	0	0	0	0
XII.	LEASE RECEIVABLES	V-I-10	0	0	0	0	0	0
12.1	Finance Lease Receivables		0	0	0	0	0	0
12.2	Operating Lease Receivables		0	0	0	0	0	0
12.3	Other		0	0	0	0	0	0
12.4	Unearned Income (-)		0	0	0	0	0	0
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	V-I-11	0	0	0	0	0	0
13.1	Fair Value Hedging		0	0	0	0	0	0
13.2	Cash Flow Hedging		0	0	0	0	0	0
13.3	Net Foreign Investment Hedging		0	0	0	0	0	0
XIV.	TANGIBLE ASSETS (Net)	V-I-12	1,919,047	2,979	1,922,026	1,762,634	3,703	1,766,337
XV.	INTANGIBLE ASSETS [Net]	V-I-13	48,803	0	48,803	15,328	0	15,328
15.1	Goodwill		0	0	0	0	0	0
15.2	Other		48,803	0	48,803	15,328	0	15,328
XVI.	INVESTMENT PROPERTY (Net)	V-I-14	0	0	0	0	0	0
XVII.	TAX ASSETS	V-I-15	225,359	0	225,359	263,707	0	263,707
17.1	Current Tax Asset		0	0	0	0	0	0
17.2	Deferred Tax Asset		225,359	0	225,359	263,707	0	263,707
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	V-I-16	6,879	0	6,879	14,843	0	14,843
18.1	Held For Sale		6,879	0	6,879	14,843	0	14,843
18.2	Discontinued Operations		0	0	0	0	0	0
XIX.	OTHER ASSETS	V-I-17	257,762	156,273	414,035	173,018	49,846	222,864
	TOTAL ASSETS		51,535,187	28,645,730	80,180,917	46,799,465	28,405,293	75,204,758

Türkiye İş Bankası A.Ş.

Unconsolidated Balance Sheet

		TRY THOUSAND					
LIABILITIES	Footnote	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	V-II-1	31,266,802	17,266,343	48,533,145	28,288,192	18,111,163	46,399,355
1.1 Deposits from the Bank's Risk Group		886,351	497,551	1,383,902	897,837	459,394	1,357,231
1.2 Other		30,380,451	16,768,792	47,149,243	27,390,355	17,651,769	45,042,124
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	V-II-2	2,519	196,809	199,328	151	45,018	45,169
III. FUNDS BORROWED	V-II-3	3,054,913	6,907,969	9,962,882	2,952,181	7,577,774	10,529,955
IV. MONEY MARKET FUNDS		2,906,900	2,895,658	5,802,558	1,965,086	3,399,167	5,364,253
4.1 Interbank Money Market Funds		0	0	0	0	0	0
4.2 Istanbul Stock Exchange Money Market Funds		0	0	0	0	0	0
4.3 Funds Provided Under Repurchase Agreements		2,906,900	2,895,658	5,802,558	1,965,086	3,399,167	5,364,253
V. MARKETABLE SECURITIES ISSUED (Net)		0	0	0	0	0	0
5.1 Bills		0	0	0	0	0	0
5.2 Asset-backed Securities		0	0	0	0	0	0
5.3 Bonds		0	0	0	0	0	0
VI. FUNDS		0	0	0	0	0	0
6.1 Funds Borrowed		0	0	0	0	0	0
6.2 Other		0	0	0	0	0	0
VII. SUNDRY CREDITORS		1,321,202	161,135	1,482,337	1,033,264	124,037	1,157,301
VIII. OTHER LIABILITIES	V-II-4	209,972	521,261	731,233	46,490	98,484	144,974
IX. FACTORING PAYABLES		0	0	0	0	0	0
X. LEASE PAYABLES (Net)	V-II-5	833	70,872	71,705	0	72,311	72,311
10.1 Finance Lease Payables		929	79,377	80,306	0	80,328	80,328
10.2 Operating Lease Payables		0	0	0	0	0	0
10.3 Other		0	0	0	0	0	0
10.4 Deferred Finance Lease Expenses (-)		96	8,505	8,601	0	8,017	8,017
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	V-II-6	0	0	0	0	0	0
11.1 Fair Value Hedging		0	0	0	0	0	0
11.2 Cash Flow Hedging		0	0	0	0	0	0
11.3 Net Foreign Investment Hedging		0	0	0	0	0	0
XII. PROVISIONS	V-II-7	2,481,203	87,693	2,568,896	1,735,826	107,321	1,843,147
12.1 General Loan Loss Provision		296,308	367	296,675	216,550	458	217,008
12.2 Provision for Restructuring		0	0	0	0	0	0
12.3 Reserves for Employee Benefits		138,786	0	138,786	124,654	0	124,654
12.4 Insurance Technical Reserves (Net)		0	0	0	0	0	0
12.5 Other Provisions		2,046,109	87,326	2,133,435	1,394,622	106,863	1,501,485
XIII. TAX LIABILITY	V-II-8	224,775	196	224,971	237,974	161	238,135
13.1 Current Tax Liability		224,775	196	224,971	237,974	161	238,135
13.2 Deferred Tax Liability		0	0	0	0	0	0
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	V-II-9	0	0	0	0	0	0
14.1 Held For Sale		0	0	0	0	0	0
14.2 Discontinued Operations		0	0	0	0	0	0
XV. SUBORDINATED LOANS	V-II-10	0	0	0	0	0	0
XVI. SHAREHOLDERS' EQUITY	V-II-11	10,571,920	31,942	10,603,862	9,376,285	33,873	9,410,158
16.1 Paid-in Capital		2,756,585	0	2,756,585	2,756,585	0	2,756,585
16.2 Capital Reserves		3,267,258	31,942	3,299,200	3,284,465	33,873	3,318,338
16.2.1 Share premium		3,694	0	3,694	3,694	0	3,694
16.2.2 Share Cancellation Profits		0	0	0	0	0	0
16.2.3 Marketable Securities Revaluation Reserve		1,286,073	31,942	1,318,015	1,303,280	33,873	1,337,153
16.2.4 Tangible Assets Revaluation Reserve		0	0	0	0	0	0
16.2.5 Intangible Assets Revaluation Reserve		0	0	0	0	0	0
16.2.6 Investment Property Revaluation Reserve		0	0	0	0	0	0
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0	0	0	0	0
16.2.8 Hedging Funds (Effective Portion)		0	0	0	0	0	0
16.2.9 Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		0	0	0	0	0	0
16.2.10 Other Capital Reserves		1,977,491	0	1,977,491	1,977,491	0	1,977,491
16.3 Profit Reserves		2,846,270	0	2,846,270	1,844,196	0	1,844,196
16.3.1 Legal Reserves		1,012,375	0	1,012,375	923,041	0	923,041
16.3.2 Statutory Reserves		0	0	0	0	0	0
16.3.3 Extraordinary Reserves		1,845,621	0	1,845,621	921,155	0	921,155
16.3.4 Other Profit Reserves		-11,726	0	-11,726	-798	0	-798
16.4 Profit or Loss		1,701,807	0	1,701,807	1,491,039	0	1,491,039
16.4.1 Prior Years' Profit/Loss		0	0	0	381,821	0	381,821
16.4.2 Current Year Profit/Loss		1,701,807	0	1,701,807	1,109,218	0	1,109,218
TOTAL LIABILITIES AND EQUITY		52,041,039	28,139,878	80,180,917	45,635,449	29,569,309	75,204,758

Türkiye İş Bankası A.Ş.

(Unconsolidated) Off-Balance Sheet Contingencies and Commitments

		TRY THOUSAND					
TÜRKİYE İŞ BANKASI A.Ş. (UNCONSOLIDATED)		CURRENT PERIOD			PRIOR PERIOD		
OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS		(31/12/2007)			(31/12/2006)		
Footnote		TRY	FC	Total	TRY	FC	Total
A.	OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	27,573,882	18,766,078	46,339,960	12,272,607	10,900,423	23,173,030
I.	GUARANTEES AND SURETYSHIPS	3,104,157	4,382,107	7,486,264	2,561,125	4,738,470	7,299,595
1.1.	Letters of Guarantee	3,094,578	2,314,021	5,408,599	2,561,002	2,745,530	5,306,532
1.1.1.	Guarantees Subject to State Tender Law	274,971	452,701	727,672	285,407	805,304	1,090,711
1.1.2.	Guarantees Given for Foreign Trade Operations	263,588	548,974	812,562	183,064	621,417	804,481
1.1.3.	Other Letters of Guarantee	2,556,019	1,312,346	3,868,365	2,092,531	1,318,809	3,411,340
1.2.	Bank Loans	9,579	111,877	121,456	0	158,191	158,191
1.2.1.	Import Letters of Acceptance	9,579	107,255	116,834	0	154,616	154,616
1.2.2.	Other Bank Acceptances	0	4,622	4,622	0	3,575	3,575
1.3.	Letters of Credit	0	1,901,957	1,901,957	123	1,765,057	1,765,180
1.3.1.	Documentary Letters of Credit	0	1,406,741	1,406,741	123	1,392,353	1,392,476
1.3.2.	Other Letters of Credit	0	495,216	495,216	0	372,704	372,704
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.	Purchase Guarantees for Securities Issued	0	0	0	0	0	0
1.7.	Factoring Guarantees	0	0	0	0	0	0
1.8.	Other Guarantees	0	54,252	54,252	0	69,692	69,692
1.9.	Other Suretyships	0	0	0	0	0	0
II.	COMMITMENTS	12,074,257	2,248,826	14,323,083	7,398,297	1,288,211	8,686,508
2.1.	Irrevocable Commitments	12,074,257	2,248,826	14,323,083	7,398,297	1,288,211	8,686,508
2.1.1.	Forward Asset Purchase Commitments	0	37,553	37,553	0	0	0
2.1.2.	Forward Deposit Purchase and Sale Commitments	0	0	0	0	0	0
2.1.3.	Capital Commitment for Affiliates	0	0	0	0	0	0
2.1.4.	Loan Granting Commitments	2,513,215	1,059,589	3,572,804	0	187,017	187,017
2.1.5.	Securities Underwriting 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 Check Payments	1,880,153	0	1,880,153	1,705,608	0	1,705,608
2.1.8.	Tax and Fund Liabilities from Export Commitments	0	0	0	0	0	0
2.1.9.	Commitments for Credit Card Expenditure Limits	7,539,459	332,346	7,871,805	5,580,087	402,039	5,982,126
2.1.10.	Commitments for Credit Cards and Banking Services Promotions	22,562	0	22,562	9,241	0	9,241
2.1.11.	Receivables from Short Sale Commitments	0	0	0	0	0	0
2.1.12.	Payables for Short Sale Commitments	0	0	0	0	0	0
2.1.13.	Other Irrevocable Commitments	118,868	819,338	938,206	103,361	699,155	802,516
2.2.	Revocable Commitments	0	0	0	0	0	0
2.2.1.	Revocable Loan Granting Commitments	0	0	0	0	0	0
2.2.2.	Other Revocable Commitments	0	0	0	0	0	0
III.	DERIVATIVE FINANCIAL INSTRUMENTS	12,395,468	12,135,145	24,530,613	2,313,185	4,873,742	7,186,927
3.1.	Derivative Financial Instruments for Hedging Purposes	0	0	0	0	0	0
3.1.1.	Fair Value Hedges	0	0	0	0	0	0
3.1.2.	Cash Flow Hedges	0	0	0	0	0	0
3.1.3.	Net Foreign Investment Hedges	0	0	0	0	0	0
3.2.	Derivative Financial Instruments Held for Trading	12,395,468	12,135,145	24,530,613	2,313,185	4,873,742	7,186,927
3.2.1.	Forward Foreign Currency Buy/Sell Transactions	4,689,115	3,917,996	8,607,111	1,102,579	1,000,939	2,103,518
3.2.1.1.	Forward Foreign Currency Buy Transactions	3,280,166	1,200,451	4,480,617	732,818	346,148	1,078,966
3.2.1.2.	Forward Foreign Currency Sell Transactions	1,408,949	2,717,545	4,126,494	369,761	654,791	1,024,552
3.2.2.	Currency and Interest Rate Swaps	687,803	647,216	1,335,019	317,513	940,612	1,258,125
3.2.2.1.	Currency Swap Buy Transactions	157,040	303,493	460,533	16,010	599,391	615,401
3.2.2.2.	Currency Swap Sell Transactions	90,763	343,723	434,486	301,503	341,221	642,724
3.2.2.3.	Interest Rate Swap Buy Transactions	220,000	0	220,000	0	0	0
3.2.2.4.	Interest Rate Swap Sell Transactions	220,000	0	220,000	0	0	0
3.2.3.	Currency, Interest Rate and Security Options	7,018,550	6,474,833	13,493,383	893,093	1,512,763	2,405,856
3.2.3.1.	Currency Call Options	3,612,701	2,688,529	6,301,230	578,339	272,018	850,357
3.2.3.2.	Currency Put Options	3,405,849	2,879,761	6,285,610	314,754	495,384	810,138
3.2.3.3.	Interest Rate Call Options	0	0	0	0	0	0
3.2.3.4.	Interest Rate Put Options	0	0	0	0	0	0
3.2.3.5.	Securities Call Options	0	684,739	684,739	0	351,606	351,606
3.2.3.6.	Securities Put Options	0	221,804	221,804	0	393,755	393,755
3.2.4.	Currency Futures	0	0	0	0	0	0
3.2.4.1.	Currency Buy Futures	0	0	0	0	0	0
3.2.4.2.	Currency Sell Futures	0	0	0	0	0	0
3.2.5.	Interest Rate Futures	0	0	0	0	0	0
3.2.5.1.	Interest Rate Buy Futures	0	0	0	0	0	0
3.2.5.2.	Interest Rate Sell Futures	0	0	0	0	0	0
3.2.6.	Other	0	1,095,100	1,095,100	0	1,419,428	1,419,428

Türkiye İş Bankası A.Ş.

(Unconsolidated) Off-Balance Sheet Contingencies and Commitments

TÜRKİYE İŞ BANKASI A.Ş. (UNCONSOLIDATED) OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS		Footnote		TRY THOUSAND			
		CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
		TRY	FC	Total	TRY	FC	Total
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	63,119,477	10,403,954	73,523,431	56,993,920	11,255,032	68,248,952
IV.	ITEMS HELD IN CUSTODY	32,450,369	2,951,540	35,401,909	33,463,046	3,374,340	36,837,386
4.1.	Assets under management	0	0	0	0	0	0
4.2.	Investment securities held in custody	25,207,141	1,054,315	26,261,456	27,341,195	1,207,918	28,549,113
4.3.	Checks received for collection	4,782,043	127,441	4,909,484	3,765,342	65,620	3,830,962
4.4.	Commercial notes received for collection	1,182,891	1,625,292	2,808,183	1,103,139	1,930,138	3,033,277
4.5.	Other assets received for collection	0	3,814	3,814	0	4,687	4,687
4.6.	Assets received for public offering	69,391	0	69,391	69,391	0	69,391
4.7.	Other items under custody	1,197,313	140,678	1,337,991	1,171,139	165,977	1,337,116
4.8.	Custodians	11,590	0	11,590	12,840	0	12,840
V.	PLEDGED ITEMS	30,669,108	7,452,414	38,121,522	23,530,874	7,880,692	31,411,566
5.1.	Marketable securities	358,603	0	358,603	323,306	0	323,306
5.2.	Guarantee notes	805,752	2,594,245	3,399,997	612,978	2,615,417	3,228,395
5.3.	Commodity	3,199,549	0	3,199,549	1,265,971	0	1,265,971
5.4.	Warranty	0	0	0	0	0	0
5.5.	Real Estates	26,220,726	4,804,023	31,024,749	21,211,024	5,229,936	26,440,960
5.6.	Other pledged items	84,478	54,146	138,624	117,595	35,339	152,934
5.7.	Pledged items-depository	0	0	0	0	0	0
VI.	ACCEPTED BILL GUARANTEES AND SURETIES	0	0	0	0	0	0
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		90,693,359	29,170,032	119,863,391	69,266,527	22,155,455	91,421,982

Türkiye İş Bankası A.Ş.

Income Statement

INCOME STATEMENT		Footnote	TRY THOUSAND	
			CURRENT PERIOD (01/01-31/12/2007)	PRIOR PERIOD (01/01-31/12/2006)
I.	INTEREST INCOME	V-IV-1	9,134,079	7,671,519
1.1	Interest Income on Loans		5,266,810	4,211,935
1.2	Interest Received from Reserve Deposits		274,906	209,599
1.3	Interest Received from Banks		266,040	147,778
1.4	Interest Received from Money Market Placements		5,774	19,603
1.5	Interest Received from Marketable Securities Portfolio		3,221,552	2,961,990
1.5.1	Financial Assets Held for Trading		54,803	54,627
1.5.2	Financial Assets at Fair Value Through Profit and Loss		0	0
1.5.3	Financial Assets Available for- Sale		3,077,850	2,879,224
1.5.4	Investments Held to Maturity		88,899	28,139
1.6	Finance Lease Income		0	0
1.7	Other Interest Income		98,997	120,614
II.	INTEREST EXPENSE	V-IV-2	6,173,858	5,084,205
2.1	Interest on Deposits		4,668,531	3,994,558
2.2	Interest on Funds Borrowed		887,274	724,492
2.3	Interest on Money Market Funds		588,485	351,099
2.4	Interest on Securities Issued		0	0
2.5	Other Interest Expense		29,568	14,056
III.	NET INTEREST INCOME/EXPENSE (I - II)		2,960,221	2,587,314
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1,074,511	978,059
4.1	Fees and Commissions Received		1,174,306	1,057,588
4.1.1	Non-cash Loans		81,806	81,705
4.1.2	Other		1,092,500	975,883
4.2	Fees and Commissions Paid		99,795	79,529
4.2.1	Non-cash Loans		94	18
4.2.2	Other		99,701	79,511
V.	DIVIDEND INCOME	V-IV-3	503,063	117,121
VI.	TRADING INCOME (NET)	V-IV-4	426,164	63,870
6.1	Gains/Losses on Securities Trading		545,510	198,025
6.2	Foreign Exchange Gains/Losses		-119,346	-134,155
VII.	OTHER OPERATING INCOME	V-IV-5	910,969	651,324
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		5,874,928	4,397,688
IX.	PROVISION FOR LOANS AND OTHER RECEIVABLES (-)	V-IV-6	1,617,804	909,161
X.	OTHER OPERATING EXPENSES (-)	V-IV-7	2,154,043	1,857,939
XI.	NET OPERATING INCOME (VIII-X-X)		2,103,081	1,630,588
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		0	0
XIII.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		0	0
XIV.	NET MONETARY POSITION GAIN/LOSS		0	0
XV.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)	V-IV-8	2,103,081	1,630,588
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	V-IV-9	401,274	521,370
16.1	Current Tax Provision		406,482	280,719
16.2	Deferred Tax Provision		-5,208	240,651
XVII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	V-IV-10	1,701,807	1,109,218
XVIII.	INCOME ON DISCONTINUED OPERATIONS		0	0
18.1	Income on Assets Held For Sale		0	0
18.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
18.3	Other Income on Discontinued Operations		0	0
XIX.	EXPENSE ON DISCONTINUED OPERATIONS (-)		0	0
19.1	Expense on Assets Held For Sale		0	0
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
19.3	Other Expense on Discontinued Operations		0	0
XX.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVII-XIX)	V-IV-8	0	0
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	V-IV-9	0	0
21.1	Current Tax Provision		0	0
21.2	Deferred Tax Provision		0	0
XXII.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	V-IV-10	0	0
XXIII.	NET PERIOD PROFIT/LOSS (XVII+XXII)	V-IV-11	1,701,807	1,109,218
	Earnings Per Share (in full TRY)		0.024693618	0.016095013

Türkiye İş Bankası A.Ş.

Statement of Profit and Loss Items Accounted Under Equity

		TRY THOUSAND	
STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY		CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
I.	ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	299,396	-594,132
II.	TANGIBLE ASSETS REVALUATION RESERVES	0	0
III.	INTANGIBLE ASSETS REVALUATION RESERVES	0	0
IV.	TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS	0	14,531
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)	0	0
VI.	PROFIT/LOSS ON NET FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)	0	0
VII.	THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN THE ACCOUNTING POLICY	0	0
VIII.	OTHER INCOME AND EXPENSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS	-286,877	19,136
IX.	DEFERRED TAX EFFECT OF REVALUATION	-43,556	124,870
X.	NET INCOME/EXPENSE DIRECTLY RECOGNIZED IN EQUITY (I+II+...+IX)	-31,037	-435,595
XI.	PROFIT/LOSS FOR THE PERIOD	971	-182,519
1.1	Net Changes in the Fair Values of Marketable Securities (Transfer to Profit/Loss)	-28,256	-182,519
1.2	The Portion of Cash-flow Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement	0	0
1.3	The Portion of Net Foreign Investment Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement	0	0
1.4	Other	29,227	0
XII.	TOTAL PROFIT/LOSS RECOGNIZED FOR THE PERIOD (X±XI)	-30,066	-618,114

Türkiye İş Bankası A.Ş.

(Unconsolidated) - Statement Of Changes In Shareholders' Equity

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Footnote	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Cancellation Profits
PRIOR PERIOD (31/12/2006)					
I. Beginning Balance	V-V	1,968,942	2,371,312	3,694	-
II. Corrections According to TAS 8					
2.1. The Effect of Corrections of Errors					
2.2. The Effect of Changes in Accounting Policies					
III. Adjusted Beginning Balance (I+II)		1,968,942	2,371,312	3,694	-
Changes During the Period					
IV. Increase/Decrease Due to Mergers					
V. Marketable Securities Revaluation Reserve					
VI. Hedge Funds(Effective Portion)					
6.1. Net Cash Flow Hedges					
6.2. Net Foreign Investment Hedges					
VII. Tangible Assets Revaluation Reserve					
VIII. Intangible Assets Revaluation Reserve					
IX. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities(Joint Ventures)					
X. Foreign Exchange Differences					
XI. The Effect of Disposal of Assets					
XII. The Effect of Reclassification of Assets					
XIII. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank					
XIV. Capital Increase					
14.1. Cash					
14.2. Internal Sources		787,643	(393,821)		
XV. Share Issue					
XVI. Share Cancellation Profits					
XVII. Paid-in-Capital Inflation Adjustment					
XVIII. Other					
XIX. Net Profit/Loss for the Period					
XX. Profit Distribution					
20.1. Dividend Paid					
20.2. Transfer to Reserves					
20.3. Other					
Ending Balance (III+IV+V...+XVIII+XIX+XX)		2,756,585	1,977,491	3,694	-
CURRENT PERIOD (31/12/2007)					
I. Beginning Balance		2,756,585	1,977,491	3,694	-
Changes During the Period					
II. Increases/Decreases Due to Mergers					
III. Marketable Securities Revaluation Reserve					
IV. Hedge Funds (Effective Part)					
4.1. Cash-flow Hedge					
4.2. Foreign Investment Hedges					
V. Tangible Assets Revaluation Reserve					
VI. Intangible Assets Revaluation Reserve					
VII. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities(Joint Ventures)					
VIII. Foreign Exchange Differences					
IX. The Effect of Disposal of Assets					
X. The Effect of Reclassification of Assets					
XI. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank					
XII. Capital Increase					
12.1. Cash					
12.2. Internal Sources					
XIII. Share Premium					
XIV. Share Cancellation Profits					
XV. Paid-in-Capital Inflation Adjustment					
XVI. Other					
XVII. Net Profit/Loss for the Period					
XVIII. Profit Distribution					
18.1. Dividend Paid					
18.2. Transfer to Reserves					
18.3. Other					
Ending Balance (I+II+III+...+XVI+XVII+XVIII)		2,756,585	1,977,491	3,694	-

Türkiye İş Bankası A.Ş.

(Unconsolidated) - Statement Of Changes In Shareholders' Equity

TRY THOUSAND											
Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Net Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Marketable Securities Revaluation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Equity Participations	Hedge Funds	Accumulated Rev. Reserve on Assets Held for Sale and Discontinued Oper.	Total Shareholders' Equity
848,152	-	638,866	412	-	1,502,495	1,954,057	-	-	-	-	9,287,930
848,152	-	638,866	412	-	1,502,495	1,954,057	-	-	-	-	9,287,930
						(616,904)					(616,904)
			(1,210)								(1,210)
		(228,133)		(643)	(165,046)						-
			1,109,861							1,109,861	
				(369,519)						(369,519)	
74,889		511,220			(586,109)						-
923,041	-	921,953	(798)	1,109,218	381,821	1,337,153	-	-	-	-	9,410,158
923,041	-	921,953	(798)		1,491,039	1,337,153	-	-	-	-	9,410,158
					(19,138)					(19,138)	
		(10,928)								(10,928)	
			1,701,807							1,701,807	
				(478,037)						(478,037)	
89,334		923,668			(1,013,002)						-
1,012,375	-	1,845,621	(11,726)	1,701,807	-	1,318,015	-	-	-	-	10,603,862

Türkiye İş Bankası A.Ş. Cash Flow Statement

TÜRKİYE İŞ BANKASI A.Ş. (UNCONSOLIDATED)		TRY THOUSAND	
UNCONSOLIDATED CASH FLOW STATEMENT		CURRENT PERIOD	PRIOR PERIOD
	Footnote	(01/01-31/12/2007)	(01/01-31/12/2006)
A.	CASH FLOWS FROM BANKING OPERATIONS		
	V-VI		
1.1.	Operating Profit Before Changes in Operating Assets and Liabilities	3,680,646	1,449,565
1.1.1.	Interest Received	9,619,794	6,963,172
1.1.2.	Interest Paid	-6,122,098	-4,900,895
1.1.3.	Dividend Received	72,205	29,920
1.1.4.	Fees and Commissions Received	1,174,306	1,087,298
1.1.5.	Other Income	641,448	366,013
1.1.6.	Collections from Previously Written Off Loans and Other Receivables	363,414	313,904
1.1.7.	Cash Payments to Personnel and Service Suppliers	-1,085,006	-936,890
1.1.8.	Taxes Paid	-300,714	-419,311
1.1.9.	Other	-682,703	-1,053,646
1.2.	Changes in Operating Assets and Liabilities	-2,849,572	3,587,777
1.2.1.	Net (Increase) Decrease in Financial Assets Held for Trading	-294,833	694,022
1.2.2.	Net(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	0	0
1.2.3.	Net (Increase) Decrease in Due From Banks	-10,416	-607,910
1.2.4.	Net (Increase) Decrease in Loans	-5,137,258	-7,273,206
1.2.5.	Net (Increase) Decrease in Other Assets	-236,346	-189,060
1.2.6.	Net Increase (Decrease) in Bank Deposits	-1,417,570	-657,072
1.2.7.	Net Increase (Decrease) in Other Deposits	3,544,459	9,377,555
1.2.8.	Net Increase (Decrease) in Funds Borrowed	-608,203	2,170,347
1.2.9.	Net Increase (Decrease) in Matured Payables	0	0
1.2.10.	Net Increase (Decrease) in Other Liabilities	1,310,595	73,101
I.	Net Cash Provided From Banking Operations	831,074	5,037,342
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	2,172,923	-4,695,287
2.1.	Cash Paid for Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-6,229	-19,979
2.2.	Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	66,608	268,320
2.3.	Tangible Asset Purchases	-118,818	-154,752
2.4.	Tangible Asset Sales	95,065	89,695
2.5.	Cash Paid for Purchase of Financial Assets Available For Sale	0	-5,164,942
2.6.	Cash Obtained from Sales of Financial Assets Available For Sale	4,002,992	0
2.7.	Cash Paid for Purchase of Investment Securities	-1,866,695	0
2.8.	Cash Obtained from Sales of Investment Securities	0	316,541
2.9.	Other	0	-30,170
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	-560,839	-413,505
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.	Share Certificates Issued	0	0
3.4.	Dividends Paid	-478,037	-369,519
3.5.	Payments for Finance Leases	-82,802	-43,986
3.6.	Other	0	0
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	-471,963	95,311
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)	1,971,195	23,861
VI.	Cash and Cash Equivalents at Beginning of the Period	8,197,171	8,173,310
VII.	Cash and Cash Equivalents at End of the Period (V+VI)	10,168,366	8,197,171

Türkiye İş Bankası A.Ş. Profit Distribution Table

TÜRKİYE İŞ BANKASI A.Ş. (UNCONSOLIDATED)		TRY THOUSAND	
PROFIT DISTRIBUTION TABLE		CURRENT PERIOD (31.12.2007)	PRIOR PERIOD (31.12.2006)
I. DISTRIBUTION OF CURRENT YEAR PROFIT (1)			
1.1.	CURRENT PERIOD PROFIT	2,103,081	1,630,588
1.2.	TAXES AND DUES PAYABLE (-)	401,274	521,370
1.2.1.	Corporate Tax (Income Tax)	401,947	280,081
1.2.2.	Income Tax Withholding	4,535	638
1.2.3.	Other Taxes and Dues Payable (2)	-5,208	240,651
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	1,701,807	1,109,218
1.3.	PRIOR YEARS' LOSSES (-)	0	0
1.4.	FIRST LEGAL RESERVES (-)	0	55,314
1.5.	OTHER STATUTORY RESERVES (-)	0	503,328
B.	NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5))]	1,701,807	550,576
1.6.	FIRST DIVIDEND TO SHAREHOLDERS (-)	0	165,395
1.6.1.	To Owners of Ordinary Shares	0	165,393
1.6.2.	To Owners of Preferred Shares	0	2
1.6.3.	To Preferred Shares (Preemptive Rights)	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 PERSONNEL (-)	0	77,036
1.8.	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	963
1.9.	SECOND DIVIDEND TO SHAREHOLDERS (-)	0	234,643
1.9.1.	To Owners of Ordinary Shares	0	234,636
1.9.2.	To Owners of Preferred Shares	0	3
1.9.3.	To Preferred Shares (Preemptive Rights)	0	4
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	34,021
1.11.	STATUTORY RESERVES (-)	0	0
1.12.	EXTRAORDINARY RESERVES	0	38,518
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.	DIVIDENDS TO SHAREHOLDERS (-)	0	0
2.3.1.	To Owners of Ordinary Shares	0	0
2.3.2.	To Owners of Preferred Shares	0	0
2.3.3.	To Preferred Shares (Preemptive Rights)	0	0
2.3.4.	To Profit Sharing Bonds	0	0
2.3.5.	To Holders of Profit/Loss Share Certificates	0	0
2.4.	DIVIDENDS TO PERSONNEL (-)	0	0
2.5.	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
III. EARNINGS PER SHARE			
3.1.	TO OWNERS OF ORDINARY SHARES (3)	0	0.4024
3.2.	TO OWNERS OF ORDINARY SHARES (%)	0	40
3.3.	TO OWNERS OF PREFERRED SHARES (3)	0	0
3.4.	TO OWNERS OF PREFERRED SHARES (%)	0	0
IV. DIVIDEND PER SHARE			
4.1.	TO OWNERS OF ORDINARY SHARES (3)	0	0.0058
4.2.	TO OWNERS OF ORDINARY SHARES (%)	0	15
4.3.	TO OWNERS OF PREFERRED SHARES (3)	0	0.0018
4.4.	TO OWNERS OF PREFERRED SHARES (%)	0	43

(1) The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been made as of balance sheet date.

(2) The amount included in Other Taxes and Dues Payable refers to Deferred Tax income.

(3) Expressed in full TRY

Türkiye İş Bankası A.Ş.

Financial Highlights and Key Ratios for the Five Years Period Including the Reported Period *

ASSETS (TRY thousand) **	2003/12	2004/12	2005/12	2006/12	2007/12
Cash and Cash Equivalents	236,597	294,579	293,277	466,809	502,828
Banks and Money Market Placements (1)	3,354,889	3,524,681	11,815,711	11,583,465	13,542,273
Securities (Net)	12,821,164	14,329,817	22,366,477	26,318,932	24,326,340
Loans (2)	9,005,328	13,192,690	21,858,602	29,818,316	33,979,841
Associates and Subsidiaries (Net)	3,128,828	4,823,982	4,756,394	4,695,007	4,816,760
Tangible and Intangible Assets (Net)	2,205,855	1,915,926	1,762,105	1,796,508	1,977,708
Other Assets	310,108	432,099	902,224	525,721	1,035,167
Total Assets	31,062,770	38,513,774	63,754,790	75,204,758	80,180,917
LIABILITIES (TRY thousand) **	2003/12	2004/12	2005/12	2006/12	2007/12
Deposits	19,714,513	24,472,856	37,221,823	46,399,355	48,533,145
Money Market Funds and Other Funds Borrowed	4,656,386	4,695,522	13,997,544	15,894,208	15,765,440
Provisions	390,151	991,837	1,690,522	1,843,147	2,568,896
Other Liabilities	696,281	713,560	1,556,971	1,657,890	2,709,574
Shareholders' Equity	5,605,438	7,639,999	9,287,930	9,410,158	10,603,862
Total Liabilities	31,062,770	38,513,774	63,754,790	75,204,758	80,180,917
INCOME STATEMENT (3) (TRY thousand)	2003/12	2004/12	2005/12	2006/12	2007/12
Interest Income	3,712,017	4,560,916	5,458,716	7,671,519	9,134,079
Interest Expense	2,579,584	2,423,102	2,844,770	5,084,205	6,173,858
Net Interest Income / Expense	1,132,434	2,137,814	2,613,946	2,587,314	2,960,221
Foreign Exchange Gains/Losses	229,526	96,633	34,908	-134,155	-119,346
Gains/Losses on Securities Trading	670,492	396,885	214,183	198,025	545,510
Net Fees and Commissions Income / Expense	446,908	664,268	861,593	978,059	1,074,511
Dividend Income	66,630	108,987	190,914	117,121	503,063
Other Operating Income	326,171	413,554	845,096	651,324	910,969
Total Operating Income	2,872,161	3,818,141	4,760,640	4,397,688	5,874,928
Operating Expenses	1,460,366	1,516,484	2,099,301	1,857,939	2,154,043
NET OPERATING PROFIT / LOSS	1,411,795	2,301,657	2,661,339	2,539,749	3,720,885
Provision Charges	808,206	1,068,686	805,517	909,161	1,617,804
PROFIT / LOSS BEFORE TAXES AND MONETARY POSITION	603,589	1,232,971	1,855,822	1,630,588	2,103,081
Net Monetary Position Profit/(Loss)	-107,241	-133,717	0	0	0
PROFIT / LOSS BEFORE TAXES	496,348	1,099,254	1,855,822	1,630,588	2,103,081
Provision for Taxes	73,242	463,799	693,496	521,370	401,274
NET PERIOD PROFIT / LOSS	423,106	635,455	1,162,327	1,109,218	1,701,807
GROSS INCOME (4)	5,558,427	6,345,793	7,692,180	9,561,422	12,148,581
GROSS PROFIT (5)	1,304,555	2,167,940	2,661,340	2,539,749	3,720,885
KEY RATIOS	2003/12	2004/12	2005/12	2006/12	2007/12
Interest Earning Assets / Total Assets	81.0%	80.6%	87.9%	90.0%	89.6%
Interest Earning Assets / Interest Bearing Liabilities	103.3%	106.4%	109.4%	108.7%	111.7%
Securities / Total Assets	41.3%	37.2%	35.1%	35.0%	30.3%
Loans / Total Assets	29.0%	34.3%	34.3%	39.6%	42.4%
Loans / Deposits	45.7%	53.9%	58.7%	64.3%	70.0%
Retail Loans / Total Loans	11.4%	25.8%	32.1%	30.8%	34.7%
NPL Ratio	11.3%	7.9%	4.6%	3.8%	4.2%
Non-Performing Loans Coverage Ratio	100.0%	100.0%	100.0%	100.0%	100.0%
Demand Deposits / Total Deposits	23.9%	25.7%	18.2%	16.5%	16.5%
Shareholders' Equity / Total Liabilities	18.0%	19.8%	14.6%	12.5%	13.2%
Capital Adequacy Standard Ratio	28.4%	29.0%	25.0%	23.87%	20.53%
Return on Average Assets (6)	1.5%	1.8%	2.3%	1.6%	2.2%
Return on Average Equity (6)	8.6%	9.6%	13.7%	11.9%	17.0%
Cost / Income (7)	45.5%	40.2%	43.6%	42.0%	36.7%
OTHER INFORMATION (TRY thousand)	2003/12	2004/12	2005/12	2006/12	2007/12
Regulatory Capital	4,784,112	6,457,606	7,754,594	8,793,538	10,834,242
Core Capital	4,858,820	6,001,038	6,787,006	8,163,778	10,055,847
Free Capital (8)	1,127,660	2,140,243	4,738,323	4,847,755	5,827,798
Demand Deposits	4,703,451	6,287,647	6,759,272	7,678,420	7,990,755

* The financial data of the year 2004 and the previous years are taken from the financial statements prepared according to RAP legislation, other data are taken from TAS and the related legislation.

** Interest accruals are included in all interest related items.

(1) Includes Balances with the Central Bank

(2) Excludes Non-Performing Loans

(3) Fees and Commissions Received from Cash Loans are reclassified under Interest Income; Fees and Commissions Paid to Cash Loans are reclassified under Interest Expense.

(4) Gross Income = Interest Income+Foreign Exchange Gains/Losses+Trading Gains/Losses on Securities+Fees and Commissions Income (Gross)+Dividend Income+Other Operating Income

(5) Gross Profit = Net Period Profit/(Loss)+Provision for Taxes+Provision for Impairment Losses

(6) Averages are calculated over year-end balances.

(7) Operating Expenses are adjusted for the Gains/Losses due to FX indexed Items.

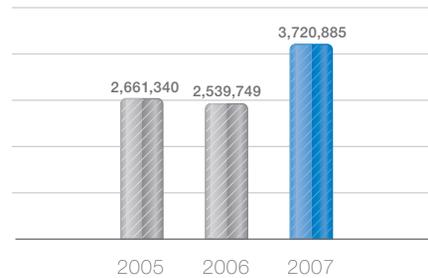
(8) Shareholders' Equity - (Tangible and Intangible Assets + Non-Financial Associates and Subsidiaries + Non-performing Loans (Net))

Türkiye İş Bankası A.Ş.

Explanations to İşbank's Financial Condition, Profitability and Solvency

In 2007, İşbank continued its leadership among private banks with respect to size of total deposits, shareholders' equity and total assets. The gross profit grew 46.5% and reached TRY 3.7 billion, which was the highest amount attained among private sector banks.

Gross Profit (TRY Thousand)

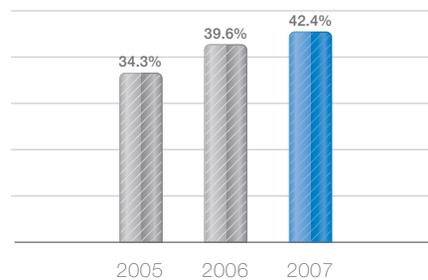


Assets

İşbank's loan to asset ratio increased to 42.4% on the back of a loan growth of 14.0%. While the trend of increase in the share of loans in total assets has been continuing since 2001, housing and general purpose consumer loans were the fastest growing loan segments in 2007. TRY denominated loans preserved their weights in total loans having a share of 73.8% in the year 2007, too. In fact, in 2007, İşbank continued to play an active role in corporate lending in with a way that is consistent with its credit policies. As a matter of fact, the growth in foreign currency loans, majority of which have been used in project financing, reached 42.9% on US Dollar base. While the NPL ratio for the total loan portfolio was 4.2% at the end of 2007, it was limited to 1.1% for the consumer loans which was the segment with a relatively more rapid growth in the loan portfolio. İşbank maintained its policy of 100% coverage for non performing loans.

The share of securities portfolio in total assets decreased to 30.3% from 35.0% in 2006. Considering these developments, it is seen that asset growth, which was 6.6%, arose mainly from the increase in loans in 2007.

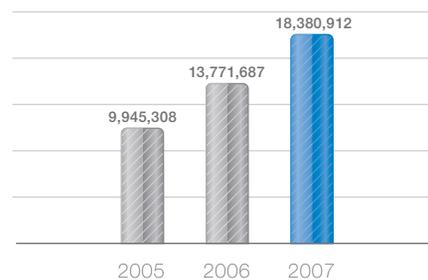
Loans / Total Assets



Liabilities

Deposits continued to be the most important funding source for İşbank in 2007. During 2007, TRY savings deposits grew by 33.5% versus a total deposit growth of 4.6%. Thereby, the increase of the TRY retail deposits' share in the total deposit base, not only strengthens the sustainability of deposits as a funding base, but also positively affects the cost structure. On the other hand, demand deposits, which is the outcome of having the most widespread branch network among private banks together with a high transaction volume, lowers İşbank's funding costs significantly. At the end of 2007, the share of demand deposits in the total deposits was 16.5%.

TRY Savings Deposits (TRY Thousand)



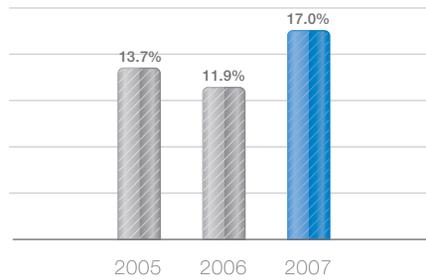
Türkiye İş Bankası A.Ş.

Explanations to İşbank's Financial Condition, Profitability and Solvency

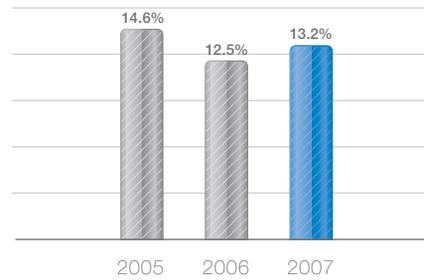
In 2007, in order to benefit from the cost advantage, some funds were obtained through repurchase agreements, as well. The share of local and foreign currency loans received in the form of syndicated loan, securitization, post-financing, collateralized borrowings and swap transactions other than deposits and repurchase agreement funds, was 12.4% in total liabilities. Last year's crisis, which emerged in the U.S. mortgage market and later spread over all global credit markets, might cause decrease in loan and capital flows to the emerging markets in 2008 due to risk aversion. İşbank will be one of the least affected banks from the global credit crunch, thanks to its relatively low share of loans borrowed from abroad in its liabilities and its high capacity of creating TRY funds.

As at 2007 year end, İşbank's capital adequacy ratio was 20.5%. In year 2007, inclusion of operational risk in the capital adequacy ratio calculation, was one of the noteworthy steps in the process of transition to Basel II. Having a higher capital adequacy ratio compared to its peers, İşbank maintained its policy of reinforcing its shareholders' equity, considering the developments in domestic and global markets, market regulations and various risks related to the banking sector in 2007.

Return on Average Equity



Shareholders' Equity / Total Liabilities



Profitability

In 2007, there was improvement in all the key profitability indicators such as return on average assets, return on average equity and efficiency ratio, compared to the previous year. Cost/income ratio, which is the indicator of cost efficiency, improved to 36.7% in 2007 from 42.0% in 2006 and formed an example to the positive outcomes of effective cost management. Last year, parallel to the balanced and profit oriented growth policy, which was pursued considering the market conditions, the growth in interest paid for deposits was limited to 16.9%, while interest income on loans increased by 25.0%. On the other hand, fees and commissions income continued to contribute to the operating income with a growth rate of 11.0%.

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 general policies of the Committee, the real interest rate calculations in domestic and foreign markets, and the financial models formed within this framework are used in determining İşbank's both asset and liability strategies. After subjecting the models, which come up as a result of the extensive daily market analyses, to various stress tests and scenario analyses, the processes of the assessed risk-return and maturity optimization are completed and the favorable asset and liability structure is formed.

Within this framework, İşbank significantly increased its activity in derivative trading markets, which offered an appropriate environment for income generation. The high amount of income that İşbank gained within this context from forward foreign currency transactions, options, etc., had a major contribution to the Bank's profitability along with the highest trading income attained in the system, in addition to interest and commission income.

Solvency

As at year end 2007, İşbank's 70.0% loan to deposit ratio is at quite an optimum level when compared to its peers. The low level of this ratio implies the existing fund generation capacity for the expected loan growth, which is to be funded by deposits. Furthermore, its large branch network and stable savings deposits base are the factors that positively affect İşbank's solvency. The large size of core deposits in total deposits that have lower interest rate sensitivity and the solid demand deposit base are also great advantages for İşbank in terms of liquidity.

Türkiye İş Bankası A.Ş.

Information on Risk Management Policies Applied per Risk Types

Bank risk policies and procedures constitute the internal rules and principles which are approved and enforced by the Board considering Risk Management Department suggestions and executed by the senior management. Segregated by credit, market, liquidity and operational risk categories, the policies in line with best practice approved by the Board of Directors stipulate general standards including the organization and scope of risk management function, risk measurement methods, roles and responsibilities of the risk management group, risk limit setting methodology, rules governing the breach of limits.

To ensure the conformity of the Bank's risk appetite with business plan and prevailing market environment, risk limits set by the Board of Directors are monitored. In this context, breaches in market, liquidity and credit risk limits are analyzed by Risk Management Department taking market and industry conditions into consideration, and findings are reported to the Audit Committee.

Credit Risk Policy

Credit risk policy sets the framework for credit risk management, control and monitoring, roles and responsibilities and credit risk limits. Credit risk is defined as any situation where the counterparty obligation will not or can not be fulfilled partially or fully on maturity as affirmed in the agreement.

İşbank maintains identification, measurement and management of credit risk across all products and activities. The Board reviews credit risk policies and strategies annually at minimum. Senior management is responsible for the execution of credit risk policies.

The findings of review of loans and credit risk are reported to the Board and the senior management regularly. Monitoring credit risk is based on the risk levels and composition of the loan portfolio. The monitoring process includes parameters such as maturity, industry, collateral, geography, currency, loan type, and credit risk ratings as a whole, in addition to the assessments on the obligor and the facility. Credit risk monitoring encompasses any additional risks that could stem from possible macroeconomic changes and potential adverse conditions.

Bank's credit risk management policy entails credit portfolio diversification. Segmentation is used to execute dispersion of diversified risk strategy. Segmentation is the separation of portfolio into wide customer groups according to geography, sector, product and similarly affected by the negative changes at the economic and financial sector.

Internal audit and risk management functions regularly assess the internal credit risk rating system as to its compatibility with the structure, size and complexity of the Bank's operations. If diverse circumstances required, necessary adjustments and/or modifications are made to the system.

Credit Risk audition implies independent control of compatibility of credit quality and crediting process with the Bank's policy and application principles by legal arrangements and assessment of credit and other asset provision adequacy.

Market Risk Policy

Market risk consisting of "interest rate risk", "equity position 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 interest rates, share prices, foreign exchange rates and settlement risk.

Bank's market risk policy is structured on a return on 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.

Türkiye İş Bankası A.Ş.

Information on Risk Management Policies Applied per Risk Types

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 treasury units, executive risk committee and senior management
- Exposure versus risk limits are monitored
- The market risk and the limits specific to the market risk are regularly 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 proposed 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 was adopted by the national regulator also.

Value-at-Risk (VaR): internationally acknowledged statistical methodologies are employed in calculating the capital charge for market risk. 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 are 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 bearing 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 it is 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. 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.

Türkiye İş Bankası A.Ş.

Information on Risk Management Policies Applied per Risk Types

Liquidity Risk Policy:

Liquidity Risk is defined as the probability of loss due to lack of cash holdings or cash inflows to cover Bank's cash outflows precisely and on time at an adequate level and quality.

It is the basic principle that Bank should hold adequate amount of liquidity in order to cover payment requirements, seasonal deposit fluctuations and credit demand. Banks should make sure that cash flows related to credit and deposit fluctuations and other assets and liabilities which are not definitely foreseeable but predictable are covered at a moderate level.

It is primary priority that the liquidity risk Bank exposed to should be within the limits defined by legislation and compatible with Bank's fundamental strategies. Nonetheless, in determining proficiency of Bank's liquid assets, actual liquidity requirements exceeding regulatory liquidity obligations and specified in the light of experiences gained in the liquidity risk management process should be taken into account additional to criteria set by regulatory authority.

Basic phases of liquidity risk management process are:

- Bank's liquidity position is determined daily and liquidity risk is measured in the division of domestic and abroad organization periodically,
- Liquidity risk limits determined within the framework of Bank's risk policies and risk appetite approved by the Board of Directors are effectively used in monitoring measurement results,
- Scenario analysis and stress tests are exercised in order to estimate the size of liquidity risk on the basis of various risk factors and possible situations

Bank uses three basic approaches to measure liquidity risk:

1. Static Methodologies
2. Dynamic Methodologies
3. Scenario Analysis and Stress Tests

Bank uses static and dynamic methodologies which are internationally accepted and taking place in legislation to measure liquidity risk. Scenario analysis and stress tests are applied in order to estimate Bank's future funding requirements for monthly, quarterly, semi-annually and yearly periods and reported to upper management.

Measuring and monitoring liquidity risk are fulfilled by Risk Management Department. Information and limit indicators related to liquidity risk are computed by Risk Management Department and reported to Board of Directors, Risk Committee, Asset-Liability Management Committee and related executive units through Audit Committee.

It is the responsibility of Board of Directors, Audit Committee, Asset-Liability Management Committee and executive units to whom the reporting is made, to prosecute the risk, control the position within risk limits and take necessary actions.

Processes related to liquidity risk management and accordance with liquidity risk policy are reviewed and supervised by internal audit system. The principles related to the implementation of auditing liquidity risk, reporting of audit results and fulfillment of action plans oriented to overcome the errors and omissions determined as a result of audit are set by Board of Directors.

Operational Risk Policy:

Operational risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". 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 and processes 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.

Türkiye İş Bankası A.Ş.

Information on Risk Management Policies Applied per Risk Types

The methodology employed to identify operational risks is "self-assessment". This methodology requires staff with roles and responsibilities in a particular activity to get involved in the risk and control assessment process of that process. Operational risk management process combines both qualitative and quantitative approaches 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 operational risks inherited in the activities, risk levels of new products and processes, operational losses incurred by the Bank are monitored continuously, risk assessments are updated regularly and reported to the Risk Committee and the Board in a timely manner.

Employees have the understanding of the Bank's objective to attain a working environment aiming to reduce the probability of loss, considering that the entire internal rules and procedures, led by operational risk policy, and act sensitively to the inherited operational risks and controls.

Equity Participations Risk Policy:

Compliance with risk management principles related to the banks participants are monitored by the Equity Participations Risk Group. Subsidiaries consolidated in financials identify their specific risk management policies that cannot divert from or conflict with group risk management principles. Subsidiary boards approve company risk policies that form the framework of their risk management systems and processes.

Türkiye İş Bankası A.Ş. İşbank's Credit Ratings

	Rating	Outlook*
MOODY'S		
Bank Financial Strength	D+	Stable
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		
Long Term Foreign Currency Issuer Default Rating	BB	Stable
Long Term Local Currency Issuer Default Rating	BBB-	Stable
Short Term Foreign Currency Issuer Default Rating	B	-
Short Term Local Currency Issuer Default Rating	F3	-
National Long-term Rating	AAA (tur)	Stable
Individual Rating	C	-
Support Rating	4	-
STANDARD & POOR'S		
Long-term Counterparty Credit Rating	BB-	Stable
Long-term Certificate of Deposit	BB-	Stable
Short-term Counterparty Credit Rating	B	-
Short-term Certificate of Deposit	B	-
Long-term National Scale	trA+	-
Short-term National Scale	trA-1	-

* Outlook:

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

Türkiye İş Bankası A.Ş.

The Unconsolidated Year end Financial Report as of December 31, 2007

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The unconsolidated year-end financial report prepared in accordance with the Communiqué on "Presentation & Disclosures of Financial Statements and the Related Footnotes to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE CURRENT PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and related disclosures and footnotes in this report are prepared, unless otherwise indicated, in thousands of the New Turkish Lira (TRY), in accordance with the Communiqué on "Principles and Procedures on the Accounting Practice and Documentation of Banks", Banking Regulation and Supervision Agency (BRSA) regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and the Bank's financial records have been independently audited and presented as the attached. .



Aziz Ferit Eraslan
Manager of
Accounting
Department



Mahmut Magemizoğlu
Deputy Chief Executive
In Charge of Financial
Reporting



H. Ersin Özince
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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Türkiye İş Bankası A.Ş.

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Türkiye İş Bankası A.Ş.

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Türkiye İş Bankası A.Ş.

Part One: General Information About the Bank

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

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank"), was established on August 26th 1924, using private capital and with the authority to accept deposits, in order to operate in corporate and retail banking activities and, to initiate or participate in all kinds of financial and industrial sector corporations as may be required. There is no change in the Bank's status since its establishment.

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

As of 31 December 2007, 41.54% of the Bank's shares are owned by T. İş Bankası A.Ş. Pension Fund, 28.09% are owned by the Republican People's Party (Atatürk's shares) and 30.37% are on free float. There is no change in the capital structure during the year.

III. Explanation on the 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 of the Board of Directors and the Audit Committee
Prof. Dr. M. Baran Tuncer	Deputy Chairman
H. Ersin Özince	Chief Executive Officer and Director
M. Nail Yağcı	Director
Dr. A. Yavuz Ege	Director
Atty. Nail Gürman	Director
Ali Ekber Güvenç	Director
Köksal Burkan	Director
Caner Çimenbiçer	Member of the Board and the Audit Committee the Audit Committee
Salih Kurtuluş	Director
Prof. Dr. Savaş Taşkent	Director
Prof. Dr. Turky Berksoy	Auditor
H. Ahmet Ergenekon	Auditor

Chief Executive Officer and Deputy Chief Executives:

Name	Title & Administrative Position
H. Ersin Özince	Chief Executive Officer
A. Aykut Demiray	Foreign Affairs, Treasury, Economic Research, Foreign Branches, Foreign Representative Offices, Coordinating and Monitoring Free Zone Branches
M. Sırrı Erkan	Budgeting and Planning, Central Operations, Organization, Board of Change Management, Branch Operations, Non-branch Banking, Coordination of Tasks and Projects Related to Strategic Targets
Kadir Akgöz	Electronic Data Processing and Software Development
Özcan Türkakın	Public Relations, Equity Participations, Marketable Securities, Private Banking Customer and Distribution Departments
H. Fevzi Onat	Corporate and Commercial Loans, SME Loans
F. Kayhan Söyler	Commercial Banking Customer, Distribution and Product Departments
Zafer Memişoğlu	Support Services and Purchasing, Premises and Real Estate Departments
Hülya Altay	Retail Loans, Card Payment Systems, Retail Banking Customer, Distributions and Product Department
Mahmut Magemizoğlu	Taxation Counselor, Financial Operations and Accounting Departments
Hakan Barut	Legal Counselor, Legal Affairs, Credit Information and Financial Analysis, and Problem Loans Departments
Tülin Aykın	Staff Training and Human Resources Departments
Adnan Bali	Corporate Banking Marketing, Distribution and Product Departments

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

IV . Information on the Individuals and Institutions That Have Qualified Shares in the Bank:

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund)	1,145,176	41.54%	1,145,176	0
Cumhuriyet Halk Partisi (Atatürk's Shares)	774,381	28.09%	774,381	0

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

In line with the relevant legislation and the principles stated in the Articles of Incorporation of the Bank, the Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

Türkiye İş Bankası A.Ş.

Part Three: Explanations to Accounting Policies

I. BASIS OF PRESENTATION

The unconsolidated year-end financial statements and related disclosures and footnotes in this report are prepared in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the Communiqué on "Principles and Procedures on the Accounting Practice and Documentation of Banks", and the other regulations, disclosures and circulars related to the accounting and financial reporting principles published by the Banking Regulatory and Supervisory Agency ("BRSA").

Accounting policies and the valuation principles used in the preparation of the financial statements are presented in detail below:

II. EXPLANATIONS ON THE USAGE STRATEGY OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

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

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

In conformity with the general liability structure of the banking system, the Bank's liabilities are composed of short-term deposits and other medium and long-term liabilities. The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of Turkey; as a result the liquidity of The Bank and the banking system is perpetually monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps. High yielding Eurobonds and government debt securities portfolio are sufficient to reduce the risk of which may arise from the fluctuations in the interest rates. Most of the funds collected bear fixed-interest rate, and by monitoring the sectoral developments and according to the yields of alternative investment instruments, placements bearing both fixed and floating interest rates are made and some of the funds are transferred to the Treasury guaranteed projects. For placement activities, safety principle has always been the priority of the Bank and the placements are focused on high yielding and low risk assets by considering their maturity structure. Accordingly, a pricing policy aiming high return is implemented in the long-term placements and much attention have been paid to the maximum use of non-interest income generation opportunities.

Placements made through loans and marketable securities are areas with higher returns than the average return calculated for The Bank's activities.

The Bank determines its lending strategy by taking into consideration the international and national economic data and expectations, market conditions, current and potential credit customers' expectations and tendencies, and the risks like interest rate, liquidity, currency and credit risks. Furthermore, in conformity with this strategy, The Bank acts within the legal limits in terms of asset-liability management.

Main growth targets for different asset classes are set by the long-term plans shaped along with budgeting; and the bank takes the required position in accordance with these plans and the course of the market conditions, against the short-term currency, interest rates and price fluctuations.

Foreign currency, interest rate and price fluctuations are monitored instantaneously. When taking position, the Bank's own transaction and control limits are effectively monitored in addition to the legal limits, and limit overrides are avoided. The Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Risk Committee, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits and to maximize profitability depending on the equity adequacy.

2.The Bank's strategy for hedging currency risk caused by available for sale capital market instruments denominated in foreign currency and the practices for hedging interest rate risk from fixed or floating rate deposits

The Bank is funding its available for sale capital market instruments denominated in foreign currency with resources having the same interest characteristics and denominated in same currency type, as much as possible. Thus, currency and parity risks are being hedged. In consistency with the deposit structure of the banking system, The Bank's deposits are accumulated in short-terms; therefore, its interest rate risk is similar to the interest rate risk of the system. Within the frame of the Bank's general interest rate policies, interest rate risk from deposits is closely monitored and the fixed and floating rate options are evaluated. Interest rate risk is reduced by establishing an asset composition, which is in line with the fixed/floating cost structure of the deposits.

3. Strategies for hedging currency risk from other foreign currency transactions

The difference between foreign currency denominated/indexed assets and liabilities constitutes the basis of currency risk and is referred to as the "Net Overall FC Position". The Bank's current strategy for FC position is monitored in line with the strategic decisions taken by the related units and in order to hedge parity risk, FC position is monitored in accordance with a balanced basket composed of certain currencies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meets 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 hedge currency and parity risks.

4. Methods used to hedge the currency risk of the Bank's net investments in foreign companies

Methods used to hedge the currency risk of the Bank's net investments in foreign companies are also determined within the frame of practices for overall FC position strategy.

5. Other Explanations on Foreign Currency Transactions

The financial statements of the Bank's branches that have been established abroad are prepared in currencies (functional currency) prevailing in the economic environment that they are operating in. The financial statements of the foreign branches are presented in TRY, which is the functional currency of the Bank and the presentation currency of the financial statements.

Türkiye İş Bankası A.Ş.

Part Three: Explanations to Accounting Policies

The assets and liabilities of the Bank's branches that have been established abroad are converted to TRY by using the foreign currency rates prevailing at the balance sheet date. Unless there is a significant fluctuation in the currency rates during the period, income and expenses of the foreign branches are converted by using average rates. The exchange rate differences arising from the conversion are recorded in the other reserves account under the shareholders' equity. The foreign exchange differences are recognized in profit or loss accounts in the period in which the foreign investment is disposed of the goodwill and fair value adjustments resulting from the acquisition of foreign investments are considered as the assets and liabilities of the foreign investment and converted by using the exchange rates at the balance sheet date.

In the legal books of the Bank, transactions in foreign currencies (currencies other than TRY), are converted to the New Turkish Lira by using the exchange rates on the transaction date. Foreign currency indexed monetary assets and liabilities are converted to the New Turkish Lira by using the exchange rates prevailing at the balance sheet date. Non-monetary foreign currency items measured at fair value are converted by the rates at the date of the fair value assessments. Foreign exchange gains and losses arising from the conversion of monetary items and the collection and payment of foreign currency transactions are recognized in the income statement.

In accordance with Turkish Accounting Standard No: 21 "The Effects of Changes In Foreign Exchange Rates" ("TAS 21"), net investments in foreign based companies are considered as non-monetary items, measured on the basis of historical cost and converted to the Turkish Lira with the currency rates at the transaction date, and in accordance with Turkish Accounting Standard No: 29 "Financial Reporting In Hyperinflationary Economics" in ("TAS 29"), the inflation adjusted value is calculated by using the inflation indices prevailing between the date of transaction and 31.12.2004, the last date used for the inflation adjustment, and it is accounted by allocating provision amounts for any permanent impairment losses.

III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTION CONTRACTS, AND OTHER DERIVATIVE INSTRUMENTS

The Bank's derivative transactions predominantly consist of currency swaps, forward foreign currency trading, credit default swaps, currency options and option contracts on securities. The Bank has no derivative products that are detached from the host contract.

Derivative financial instruments are carried at their fair value at the contract date and remeasured by their prevailing fair value in the following reporting periods. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as "held for trading purposes" within the framework of the Turkish Accounting Standard No: 39 "Financial Instruments: Recognition And Measurement" ("TAS 39") and the profit and loss resulting from the said instruments are associated with the income statement.

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recorded on accrual basis, using the effective interest method (the ratio which equalizes the future cash flows of a financial asset or liability to net present book value) within the framework of TAS 39 "Financial Instruments: Recognition And Measurement".

As per the relevant legislation, accrued interests and other interest receivables on loans and other receivables that are classified as non-performing are cancelled and the relevant figures are recorded as interest income only when collected.

V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

Fee and commission income and expenses are recorded on accrual or collection basis, depending on the nature of the transaction.

VI. EXPLANATIONS ON FINANCIAL ASSETS

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments are presented in the Bank's balance sheet if the Bank is legally a part of such financial instruments.

Financial instruments constitute the basis of the Bank's commercial activities and operations. These financial instruments expose, affect and diminish the liquidity and the credit and interest risks in the financial statements.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Fair value is best evidenced by a market price, being the amount obtainable from the sale, or payable on the acquisition, of a financial instrument in an active market, if one exists.

Estimated fair value of financial assets is determined by the Bank by using the market data and necessary valuation methods. However, the market data used to determine the fair value must be interpreted. For this reason, the forecasts presented in this report may not be the values that can be obtained when the Bank disposes its assets under prevailing market conditions. Some financial instruments' book values, which are equal to their acquisition costs, are assumed to be equal to their fair values due to their short-term maturities.

The methods and assumptions used to determine the estimated reasonable value of each financial instrument are given below.

1. Cash and Banks

The balances of foreign currency cash and banks are evaluated at The Bank's exchange rates at the end of the current period. The carrying values of the cash, foreign currency and bank deposits in the Bank's balance sheet are the approximate fair values of these assets.

2. Marketable Securities

a. Financial Assets at Fair Value through Profit And Loss

a.1. Financial Assets Held for Trading

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

Türkiye İş Bankası A.Ş.

Part Three: Explanations to Accounting Policies

Financial assets held for trading are recognized in the balance sheet at their fair values and thereafter carried at fair value. In cases where values that form the basis of fair value does not exist in active market conditions, it is accepted that the fair value is not reliably determined and "discounted value", calculated by using the internal rate of return method, is taken into account as the fair value. Any gains or losses resulting from such valuation are recorded in the profit and loss accounts. Interest income resulting from financial assets held for trading is shown as part of interest income in the profit/loss statement and dividends are shown within dividend income. Any profit or loss resulting from the disposal of those assets before their maturity date is recognized under the accounts of "Interest Income/Expense" and "Gains/losses on financial assets held for trading", as per the Uniform Code of Accounts, and presented in the income statement.

a.2. Financial Assets at Fair Value through Profit and Loss

Financial Assets Classified at Fair Value through Profit and Loss are those financial assets which have not been acquired for trading purposes, but classified as at fair value through profit and loss at the initial accounting. The recognition of such assets at fair value is realized similar with the trading securities.

b. Explanations on Financial Assets Available For Sale and Investments Held to Maturity

b.1. Financial assets available for sale are those non-derivative financial assets other than loans and receivables originated by the Bank and other than those classified at fair value through profit and loss. Initial recognition and the subsequent valuation of financial assets available for sale, including their transaction costs, is made on a fair value basis and the difference between the cost and the "discounted value" calculated using the "Internal Rate of Return Method" and the cost is reflected to the income statement. In conditions where values that form the basis of fair value, does not exist under active market conditions, it is deemed that the fair value is not reliably determined and the "discounted value" calculated using the "Internal Rate of Return Method" is taken into account as the fair value. Unrealized profit and loss resulting from the changes in fair value of the financial assets available for sale, are not reflected to the income statement until the corresponding value of the financial asset is realized through sale or disposal, rather they are recognized in the "Marketable Securities Revaluation Reserve" account under the shareholders' equity. In the event of any disposal or redemption of the relevant asset, the fair value differences accumulated in the shareholders' equity, resulting from market valuation are reflected to the income statement.

b.2. Investments held to maturity are those non-derivative financial assets, other than loans and receivables originated by 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, are secured for the purpose of such retention until maturity date, those which have fixed maturity date or a maturity date that can be deemed fixed due to its determinable payments, those which are classified at fair value through profit and loss at initial recognition and those which are defined as available for sale. Investments held to maturity, that are initially carried at fair value, including the cost of transaction, are carried at their discounted acquisition cost calculated using the internal rate of return method less impairment losses, if there is any. Interest income generated from investments held to maturity is accounted as interest income on the profit/loss account. There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two consecutive years due to "tainting" rules.

3. Loans and Receivables

Loans and receivables are those financial assets, which are generated by way of providing funds, good or services to the debtor, with fixed or determinable repayment schedules and they are not traded in an active market.

The initial recognition of loans and receivables are made 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 loans, are reflected in the profit/loss accounts.

Retail and corporate loans that are followed under cash loans are accounted with their original balances, based on their types, under the accounts defined by the Uniform Code of Accounts (UCA) and the Explanatory Manual.

Foreign currency indexed retail and commercial loans are converted to the New Turkish Lira at the rate on the lending date; they are followed under the Turkish Lira ("TL") accounts, and amount of increases or decreases in the capital amount of the loans, depending on the exchange rate of the following periods being higher or lower than the ones on the lending date, are recognized in the profit/loss accounts. Repayment amounts are calculated at the exchange rate on the repayment date and the foreign exchange differences are reflected in the profit/loss accounts.

Loans considered as non-performing are classified in accordance with the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables", published on the Official Gazette nr.26333 dated 1 November 2006, and specific provisions are allocated for them. Specific provisions are accounted in the "820/821 Provisions and Impairment Losses – 82000/82100 Specific Provision Expenses Account". The provisions released in the same year are accounted by being credited to the Provision Expenses Account and the released parts of the previous years' provisions are recorded to the Other Operating Income account.

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, the Bank evaluates a financial asset or a group of financial assets to determine whether there is an objective evidence of impairment. If any such indication exists, the Bank determines the amount of impairment.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized.

Türkiye İş Bankası A.Ş.

Part Three: Explanations to Accounting Policies

If there is an impairment loss in investments held to maturity, the amount of loss is measured as the difference between the book value and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate, and the book value of the asset shall be reduced by recognizing such loss. In the following periods, if the amount of impairment loss decreases, the amount of impairment loss previously recognized shall be reversed.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

The Bank management reviews its loan portfolio on a continuous basis and when there is a doubt about the collectibility of the loans, such loans are classified in line with the provisions of the "Regulation on Identification of and Provisioning against Non-Performing Loans and Other Receivables", published on the Official Gazette nr.26333 dated 1 November 2006. On the other hand, specific provision is allocated for the total amount of those loans, without being restricted by the minimum legal requirements stated in the regulation, and such specific provisions are recognized in the income statement. Principal payments made for these loans are charged against principal, while interest payments are recognized in the profit/loss statement under the item "Interest on non-performing loans".

Apart from specific provisions, the Bank also allocates general provisions against loans and other receivables, in accordance with the requirements set out in the regulation mentioned above.

VIII. EXPLANATIONS ON OFFSETTING THE FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has an intension of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously.

IX. EXPLANATIONS ON SALE AND REPURCHASE AGREEMENTS AND TRANSACTIONS REGARDING THE LENDING OF SECURITIES

Securities subject to repo (repurchase agreements), retained in the Bank's portfolio are classified according to their classification purposes, within the security portfolios such as "At Fair Value Through Profit and Loss" or "Available for Sale" and evaluated within the principles of the relevant portfolio.

Funds obtained from repurchase agreements are followed under the "Funds from Repo Transactions" account in liabilities, and income rediscount is calculated using the internal rate of return method on the difference between the purchase and resale prices corresponding to the period designated by a repurchase agreement.

Reverse repo transactions are entered in the "Receivables from Reverse Repurchase Agreements" account. Income rediscount is calculated according to the internal rate of return method on the difference between the purchase and resale prices corresponding to the period designated by a reverse repo agreement. There are no reverse repurchase agreements as of 31 December 2007.

X. EXPLANATIONS ON NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

Assets held for sale are measured at the lower of the carrying amount of assets and fair value less any cost incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed of (or else the group of assets), together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. Various events and conditions may extend the completion period of the disposal more than a year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

A discontinued operation is a part of the Bank's business classified as sold or held-for-sale. The results of the discontinued operations are disclosed separately in the income statement.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

Intangible assets purchased before 1 January 2005, are presented with their inflation adjusted historical acquisition cost and intangible assets purchased in the subsequent periods, are presented with their acquisition cost less the accumulated amortization, and impairment provisions. Intangible assets are amortized by the straight-line method, considering their useful life. The amortization method and period are periodically reviewed at the end of each year. Intangible assets are comprised of computer software and they are amortized by the straight-line method in 1-3 years.

XII. EXPLANATIONS ON TANGIBLE ASSETS

Tangible assets purchased before 1 January 2005, presented with their inflation adjusted acquisition cost as at 31 December 2004, and for the items purchased in the subsequent periods, at acquisition cost less accumulated depreciation and the permanent losses.

Tangible assets are amortized by the straight-line method, in line with the principle of useful life.

Gains/losses arising from the disposal of tangible assets or the inactivation of a tangible asset, are recognized in the income statement by taking into account the difference between the net book value and the net proceeds.

Regular maintenance and repair costs incurred for tangible assets, are recorded as expense.

Türkiye İş Bankası A.Ş.

Part Three: Explanations to Accounting Policies

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

The estimated useful lives of the tangible assets are as follows:

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	10-50	% 2-10
Safe Boxes	2-50	% 2-50
Other Movables	2-25	% 4-50
Leased Assets	4-5	% 20-25
Leasehold Improvements	Lease Period (*)	Determined according to the lease period

(*) In case the lease period is indefinite, the estimated economic life is considered as 5 years and the depreciation rate as 20%.

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired through finance lease are capitalized by the lower of the market values or the discounted values of the leasing payments and the total amount of leasing payments are recorded as liabilities while the interest amounts are recorded as deferred interest amount. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps calculating a fixed rate interest on the remaining principal amount of the debt. Within the context of the Bank's general borrowing policy, financial expenses are recorded to the income statement. Leased assets are accounted under tangible assets (movables) account and they are amortized by straight-line method.

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

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

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

Provision is made in case there is an existing liability resulting from past events and if it is probable that the liability will be fulfilled and the amount of liability is measured reliably. Provisions are calculated based on the best estimates of the Bank's management on the expenses to incur as of the balance sheet date and, if they have specific impact, such expenses are discounted to their current values.

XV. EXPLANATIONS ON LIABILITIES REGARDING EMPLOYEE BENEFITS

Liabilities concerning the rights of employees are accounted within the scope of TAS 19 "Employee Benefits". According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or pay for the female employees who have voluntarily quit within one year after the date of their marriage. The Bank allocates retirement pay provisions for employee benefits by the way of estimating the present value of the probable future liabilities.

Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İsbank Pension Fund), of which each Bank employee is a member, has been established according to the provisional Article 20 of the Social Security Act No. 506. As per provisional article nr.23 of the Banking Law Nr.5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Institution Law, will be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 nr. 2006/11345. However, the related article of the act has been cancelled upon the President's request dated 02.11.2005, by the Supreme Court's decision dated 22.03.2007, nr. E.2005/39, K.2007/33, which was published on the Official Gazette dated 31.03.2007 and nr. 26479 and the execution decision was ceased as of the issuance date of the related decision.

On the other hand, within the scope of the principles in the Cabinet decision dated 30.11.2006 nr. 2006/11345, actuarial audit has been carried for İsbank Pension Fund as at 31.12.2006, using 10.24% technical interest rate, and in the related period's balance sheet, provision has been allocated for the total amount of actuarial and technical deficit stated in the technical balance sheet, and such provision amount has been preserved in the financial statements dated 31.12.2007. As a matter of the fact, the BRSB delivered an opinion that even though the provisional article nr.23 of the Banking Law was cancelled, it would be best to preserve the provision amount, which was calculated as at end of 2006, within the framework of the Cabinet decision.

Furthermore, as per article 58 and provisional article 7 of the Banking Law, starting from January 1, 2008, banks are not allowed to transfer funds to cover the deficits of these pension funds.

Up to now, there has not been any deficit in Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik Yardımlaşma Sandığı Vakfı (İsbank Members' Supplementary Pension Fund), which has been founded by the Bank employees in accordance with the rules of the Civil Code and which provides subsequent retirement benefits; and the Bank has made no payment for this purpose. It is believed that the assets of this institution are capable of covering its total obligations, and that it shall not constitute an additional liability for the Bank.

XVI. EXPLANATION ON TAXATION

In accordance with Article nr. 32 of the Corporate Tax Law nr. 5520, 20% rate is used in the calculation of the corporate tax. As per the related law, temporary tax is calculated and paid quarterly, in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax. The temporary tax for 2007 year-end, which will be paid in February 2008 and will be offset with the current period's corporate tax.

Tax expense is the total amount of current tax and deferred tax. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Türkiye İş Bankası A.Ş.

Part Three: Explanations to Accounting Policies

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is also recognized directly in the group of equity accounts.

Current taxes are offset with prepaid taxes due to being levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

While the policies carried out aiming 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.

No convertible bonds or debt instruments are issued.

XVIII. EXPLANATIONS ON SHARES CERTIFICATES

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

Dividend payments are determined by the resolution of the General Assembly of Shareholders.

Weighted average of the number of shares was taken into account in the calculation of earnings per share.

	Current Period	Prior Period
Profit attributable to shareholders	1,701,807	1,109,218
Number of weighted share certificates ('000)	68,916,875	68,916,875
Earnings per share-TRY	0.024693618	0.016095013

XIX. EXPLANATIONS ON BANK ACCEPTANCES AND BILLS OF GUARANTEE

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

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

No government incentives were received by the Bank during the current or prior accounting periods.

XXI. EXPLANATIONS ON SEGMENT REPORTING

For the segmental reporting, focus is made on the field of activity method by taking into consideration the basic source and quality of the Bank's risks and returns. Field of activity is a part of a company which presents a single product or a single service, or a correlated group of product or service, and which has distinguished characteristics that separate it from other fields of activity in terms of risk and return.

Information on the Bank's activity segmentation are given in Part Four footnote XI.

XXII. EXPLANATIONS ON OTHER MATTERS

None.

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

PART FOUR: INFORMATION ON THE FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO CAPITAL ADEQUACY STANDARD RATIO

The Bank's capital adequacy ratio is 20.53%.

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

Information related to capital adequacy ratio:

	Risk Weights			
	Bank Only			
	0%	20%	50%	100%
Amount Subject to Credit Risk				
Balance Sheet Items (Net)	10,750,827	7,038,696	16,968,029	23,216,680
Cash	501,804	1,025	0	0
Securities in Redemption	0	0	0	0
Balances with the Central Bank of Turkey	4,881,584	0	0	0
Balances with Domestic and Foreign Banks, Foreign Head Offices and Branches	0	6,616,666	0	289,774
Interbank Money Market Placements	0	0	0	0
Receivables from Reverse Repo Transactions	0	0	0	0
Reserve Deposits	1,641,083	0	0	0
Loans	1,148,428	9,624	16,618,983	15,277,673
Non-performing Loans (Net)	0	0	0	0
Lease Receivables	0	0	0	0
Financial Assets Available for Sale	0	0	0	0
Investments Held to Maturity	1,866,695	0	0	0
Receivables From Installment Sale of Assets	0	0	0	0
Sundry Debtors	6	0	0	305,019
Interest and Income Accruals	171,167	411,381	349,046	579,110
Investments in Associates, Subsidiaries and Jointly-Controlled Entities (Net)	0	0	0	4,816,498
Tangible Assets	0	0	0	1,902,747
Other Assets	540,060	0	0	45,859
Off Balance Sheet Items	48,155	2,447,780	724,827	8,666,916
Non-cash Loans and Commitments	48,155	2,027,455	724,827	8,663,985
Derivative Financial Instruments	0	420,325	0	2,931
Non- Risk-Weighted Accounts	0	0	0	0
Total Risk Weighted Assets	10,798,982	9,486,476	17,692,856	31,883,596

Summary information on the capital adequacy ratio:

	Current Period	Prior Period
Amount Subject to Credit Risk	42,627,319	35,970,835
Amount Subject to Market Risk	3,726,425	861,700
Amount Subject to Operational Risk	6,408,553	-
Shareholders' Equity	10,834,242	8,793,538
Shareholders' Equity/(ASCR+ASMR+ASOR)* 100	20.53	23.87
ASCR: Amount Subject to Credit Risk		
ASMR: Amount Subject to Market Risk		
ASOR: Amount Subject to Operational Risk		

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

Information about the shareholders' equity items:

	Current Period (31.12.2007)	Prior Period (31.12.2006)
CORE CAPITAL (TIER I)		
Paid-In Capital	2,756,585	2,756,585
Nominal Capital	2,756,585	2,756,585
Capital Commitments (-)	0	0
Paid-in Capital Inflation Adjustments	1,977,491	1,977,491
Share Premium	3,694	3,694
Share Cancellation Profits	0	0
Legal Reserves	1,012,375	923,041
I. Legal Reserve (Turkish Commercial Code 466/1)	934,240	878,927
II. Legal Reserve (Turkish Commercial Code 466/2)	78,135	44,114
Other Legal Reserve Per Special Legislation	0	0
Statutory Reserves	0	0
Other Profit Reserves	-11,726	-30,025(*)
Extraordinary Reserves	1,845,621	921,953
Reserves Allocated by the General Assembly	1,842,682	921,953
Retained Earnings	2,939	0
Accumulated Loss	0	0
Foreign Currency Share Capital Exchange Difference	0	0
Legal, Statutory and Extraordinary Reserves Inflation Adjustments	0	0
Profit	1,701,807	1,491,039
Current Period Profit	1,701,807	1,109,218
Prior Periods' Profit	0	381,821
Provision for Possible Losses (up to 25% of the Core Capital)	770,000	120,000
Gain on Sale of Associates ,Subsidiaries and Real Estates	0	0
Primary Subordinated Loans (up to 15% of the Core Capital)	0	0
Losses Excess of Reserves (-)	0	0
Current Period Loss	0	0
Prior Periods' Loss	0	0
Leasehold Improvements (-)	26,158	32,116
Prepaid Expenses (-)	36,164	51,787
Intangible Assets (-)	48,803	15,328
Deferred Tax Asset excess of 10% of the Core Capital (-)	0	0
Limit Excesses as per Paragraph 3 of Article 56 of the Banking Law (-)	0	0
Total Core Capital (**)	10,055,847	8,163,778
SUPPLEMENTARY CAPITAL (TIER II)		
General Loan Loss Provision	296,675	217,008
45% of Movables' Revaluation Reserve	0	0
45% of Immovables' Revaluation Reserve	0	0
Bonus Shares of Associates, Subsidiaries and Jointly-Controlled Entities (Joint Ventures)	0	0
Primary Subordinated Loans Excluding the Portion included in the Core Capital	0	0
Secondary Subordinated Loan	0	0
45% of Marketable Securities Revaluation Reserve	593,107	614,871
Associates and Subsidiaries	556,675	680,852
Financial Assets Available For Sale	36,432	-65,981
Capital Reserves, Profit Reserves and Prior Periods' Profit/Loss Inflation Adjustments (excluding the inflation adjustments to legal reserves, status reserves and extraordinary reserves)	0	0
Total Supplementary Capital	889,782	831,879
TIER III CAPITAL	0	0
CAPITAL	10,945,629	8,995,657
DEDUCTIONS FROM THE CAPITAL	111,387	202,119
Investments in unconsolidated entities (domestic/foreign) of Which the Bank Keeps 10% or More of the Shares and Operating in Banking and Financial Sectors	262	102,888
Investments in entities (domestic/foreign) operating in Banking and Financial Sectors of which the Bank keeps the shares less than 10% , but exceeding 10% or more of the total core and supplementary capitals	0	0
Loans to banks, financial institutions (domestic/foreign) ,holders of qualified shares in the form of secondary subordinated loan and loan instruments purchased from those parties qualified as primary or secondary subordinated loan	0	0
Loans granted non-compliant with the articles 50 and 51 of the Banking Law	0	0
Net book values of real estates exceeding 50% of the capital and of assets acquired against overdue receivables and held for sale as per article 57 of the Banking Law but retained more than five years	0	0
Others	0	0
TOTAL SHAREHOLDERS' EQUITY	10,834,242	8,793,538

(*) TRY (29,227) of the relevant amount stems from the foreign exchange differences arising from subsidiaries presented in Other Profit Reserves in the financial statements dated 31.12.2006, are followed under Marketable Securities Revaluation Reserve, in line with the provisions of the Uniform Code of Accounts (UCA) and the Explanatory Manual, which was published in the Official Gazette dated 26.01.2007 and nr. 26415 effective from 01.01.2007.

(**) Leasehold improvements, prepaid expenses and intangible assets shown under the core capital, are not included in the total of core capital in accordance with the related regulation, but shown under the deductions from the capital.

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

II. EXPLANATIONS RELATED TO CREDIT RISK

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement entered with the Bank.

Banks and financial institutions affiliated to the group, carry out their placement activities in accordance with the credit limitations stipulated by legal regulations of the countries in which they operate.

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 in participations are monitored according to the limits determined in connection with the size of the shareholders' equity calculated on a bank-only and consolidated basis.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Departments, the Deputy Chief Executive responsible for loans, the CEO, the Credit Committee and the Board of Directors; these limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, 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 borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is regularly monitored 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.

The Bank and its financial affiliates give utmost importance to ensure that loans are furnished with collaterals. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantors.

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

3. As a result of the present level of customers' need and the maturity in the domestic market in this particular area, the Bank uses more derivative transactions more either for hedging or commercial purposes.

Despite the increasing volume of derivative instruments compared to the previous years, derivative transactions are monitored in such a way that their liquidation process is always available in case of need.

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

The rating and scoring systems applied by the Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized Loans are evaluated by using a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the project undertaken or the asset financed.

5. Lending transactions abroad are conducted by determining the country risks of related countries within the context of the current rating system and by taking 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.

6. (i) The share of the Bank's receivables from the top 100 cash borrowers in the overall cash loan portfolio stands at 23%.

(ii) The share of the Bank's receivables from the top non-cash borrowers in the overall non-cash portfolio stands at 42%.

(iii) The share of the Bank's cash and non-cash receivables from the top 100 borrowers in the overall cash and non-cash loans stands at 12%.

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 such loans is extended on a project basis, with their repayment sources are analyzed in accordance with the banking principles and considered as being satisfactory, and associated risks are determined and duly covered, when deemed necessary, by obtaining appropriate guarantees.

7. The total value of the general provisions allocated for credit risk stands at TRY 296,675.

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

8. In accordance with the Turkish Financial Reporting Standard nr.7, the following table shows maximum credit exposure to credit risk for the components of the financial statements.

	Current Period	Prior Period
Financial Assets at Fair Value through Profit/Loss	991,917	338,337
Banks	6,954,291	6,453,663
Financial Assets Available For Sale	21,774,803	26,019,745
Investments Held To Maturity	1,955,393	0
Loans	33,979,841	29,818,316
Total	65,656,245	62,630,061
Guarantees and Suretyships	7,486,264	7,299,595
Commitments	14,323,083	8,686,508
Total Sensitivity to Credit Risk	87,465,592	78,616,164

Studies on supplying and arranging the detailed information in order to form the necessary base regarding Turkish Financial Reporting Standards nr.7, could only be conducted for the year 2007 and some tables could not be presented comparatively.

Credit risk is evaluated according to the Bank's internal rating system.

Within the framework of the Bank's rating and scoring system, classification of cash commercial and corporate loans is as follows. The Bank;

Considering the new credit offers, the Bank evaluates the corporate/commercial customers, with total TRY and FC General Limits between USD 50,001 and USD 1,000,000 and having an annual net sales (turnover) not exceeding TRY 25,000,000 (in full TRY) with the scoring system, and

It also evaluates the corporate/commercial customers, with total TRY and FC General Limits at USD 1,000,001 and over and having an annual net sales (turnover) amount exceeding TRY 25,000,000 (in Full TRY) with the rating system. On the other hand, no rating/scoring is made for credit customers having total TRY and FC General Limits under USD 50,000.

Rating/Scoring Code	Credit Balance
A+	1,247,554
A	2,024,973
A-	5,167,700
B+	3,713,145
B	3,112,645
B-	1,607,278
C+	897,041
C	191,846
D	32,336
Under USD 50,000	3,329,088
No rating/scoring done	190,881
Interest and Income Accruals	528,999
Total	22,043,486

*Total international loans are included in the above given table.

Rating/Scoring Code	Description
A+	The capacity of the borrower to fulfill its credit liabilities is perfect.
A	The capacity of the borrower to fulfill its credit liabilities is very good.
A-	The will and capacity of the borrower to fulfill all its credit liabilities in due time is good.
B+	The will and capacity of the borrower to fulfill all its credit liabilities in due time is adequate.
B	The capacity of the borrower to fulfill all its credit liabilities in due time is reasonable.
B-	The capacity of the borrower to fulfill all its credit liabilities in due time is limited and it has to be specially monitored by the management.
C+	The capacity of the borrower to fulfill all its credit liabilities in due time is inadequate.
C	The capacity of the borrower to fulfill all its credit liabilities in due time is doubtful.
D	The borrower's debt to the Bank is due more than 90 days or legal follow-up has been started for the borrower.

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

The fair values of the collaterals of the Bank's closely monitored loans and other elements enhancing the credit security are given below in terms of collateral type and risk match.

Type of Collateral	Fair Value of the Collateral	Total Credit Balance
Real Estate Mortgage*	302,831	81,649
Cash Collateral	29,333	29,333
Vehicle Pledge**	324	324
Other (surety, commercial enterprise under pledge* etc.)	17,801	5,109
Without collateral	-	16,266
Interest and Income Accruals		563
Total	350,289	133,244

* The amount of third parties' mortgage claims or distraints, if any, with a higher rank than the Bank's are deducted from the fair values of the related mortgaged immovables in the expertise reports and the net values are compared with the mortgage amount, and if the net value is greater than the mortgage amount, the mortgage amount is considered as the fair value, and if the net value is smaller than the mortgage value, then the net value is considered as the fair value.

** The fair values of vehicle pledges are considered as the amount of the risk on the related loans.

In accordance with the Turkish Financial Reporting Standards nr.7, the fair values of the collaterals of the Bank's non-performing loans and other elements enhancing the credit security are given below in terms of collateral type and risk match.

Type of Collateral	Fair Value of the Collateral	Total Credit Balance
Mortgage*	521,460	521,460
Vehicle Pledge*	89,111	89,111
Cash Collateral	33,242	33,242
Other (guarantees, pledge of assets* etc.)	99,118	99,118
Without collateral	-	751,114
Total	742,931	1,494,045

* The amount of third parties' mortgage claims, distraints or pledges, if any, with a higher rank than the Bank's are deducted from the fair values of the collaterals in the expert reports and the net values are compared to the mortgage/pledge amount, and if the net value is larger than the mortgage/pledge amount, the mortgage/pledge amount is considered as the fair value, and if the net value is smaller than the mortgage/pledge value, then the net value is considered as the fair value. On the other hand, in accordance with the related regulation, these loans are accounted according to their collaterals' fair values and the collaterals on the above table are shown with their fair values as reflected to the accounts.

As of 31 December 2007, the loan quality in terms of financial asset classification is as follows:

Current Period	Neither Past Due nor Impaired	Past Due but not Impaired	Total
Banks	6,954,291	0	6,954,291
Financial Assets at Fair Value through Profit/Loss	991,917	0	991,917
Loans:			
Corporate/Commercial Loans***	21,802,291	*241,195	22,043,486
Consumer Loans	8,539,395	**22,852	8,562,247
Credit Cards	3,074,692	299,416	3,374,108
Financial Assets Available For Sale	21,744,803	0	21,744,803
Investments Held to Maturity	1,955,393	0	1,955,393

* Includes only overdue installment amounts of installment based commercial loans and the principle amount which is not due as of the balance sheet date is amounting to TRY 532,396.

** Includes only overdue installments and the principle amount which is not due as of the balance sheet date is amounting to TRY 175,226.

*** The total international loans are included in this line item.

The aging analysis of neither past due nor impaired loans in terms of financial instrument classification are as follows:

Current Period	Less Than 30 Days	31-60 Days	61-90 Days	Total
Loans (*):				
Corporate/Commercial Loans (**)	199,061	26,246	15,888	241,195
Consumer Loans (**)	10,484	7,039	5,329	22,852
Credit Cards	201,826	60,602	36,988	299,416

(*) Since the information on fair value of the collaterals of the Bank's overdue but not impaired loans and other receivables is not available as at 31 December 2007 no collateral information could be presented in connection with such loan amounts.

(**) The remaining principal amounts of such commercial loans and consumer loans of which overdue installment totals are presented above are TRY 532,396 and TRY 175,226 respectively.

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

Carrying value of the financial assets, of which terms have been renegotiated

	Current Period	Prior Period
Banks	0	0
Financial Assets at Fair Value through Profit/Loss	0	0
Loans:	77,094	280,424
Corporate/Commercial Loans	77,094	280,424
Consumer Loans	0	0
Credit Cards	0	0
Financial Assets Available For Sale	0	0
Investment Held to Maturity	0	0

Credit risk by types of borrowers and geographical concentration:

	Loans to Individuals and Corporate		Loans to Banks and Other Financial Institutions		Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Borrowers Concentration								
Private Sector	19,793,087	18,640,073	209,550	228,847	92,402	176,614	10,191,133	8,786,973
Public Sector	1,065,937	1,149,895	0	0	22,514,519	26,147,308	1,471,938	577,661
Banks	0	0	1,003,332	604,865	2,101,219	20,364	8,163,075	7,064,404
Retail Customers***	11,907,935	9,194,636	0	0	268	245	9,239,818	5,991,493
Equity Shares	0	0	0	0	13,705	13,551	4,816,760	4,695,007
Geographical Concentration								
Domestic	32,436,183	28,887,748	872,109	333,708	22,561,657	26,203,928	25,122,313	19,230,795
European Union (EU)	61,382	47,173	274,659	270,900	2,121,956	117,906	6,668,715	5,414,108
OECD Countries ****	0	0	2,859	257	24,109	138	630,169	538,129
Off-Shore Banking Regions	0	0	0	0	0	0	726	0
USA, Canada	811	0	0	0	2,092	23,791	875,334	1,336,456
Other Countries	268,583	49,683	63,255	228,847	12,299	12,319	585,467	596,050
Total	32,766,959	28,984,604	1,212,882	833,712	24,722,113	26,358,082	33,882,724	27,115,538

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

** Includes banks, non-cash loans, commitments (excluding the Bank's commitments to various institutions for his own internal affairs), equity shares, and derivative instruments (within the limits of the Regulation on Banks Credit Transactions).

*** Includes the figures related to foreign branches.

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

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Information on geographical concentration:

	Assets	Liabilities (***)	Non-Cash Loans	Fixed Capital Investments	Net Profit
Current Period					
Domestic	65,593,628	55,636,622	6,971,215	13,640	1,764,241
European Union Countries	7,704,315	10,306,190	136,157	41,742(*)	-1,045
OECD Countries (**)	598,969	2,210,771	46,353	0	0
Off-Shore Banking Regions	0	126	0	0	-87,889
USA, Canada	822,559	1,011,442	39,482	0	0
Other Countries	631,046	411,904	293,057	0	26,500
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	0	0	0	4,775,018	0
Unallocated Assets/Liabilities (***)	0	0			
Total	75,350,517	69,577,055	7,486,264	4,830,400	1,701,807
Prior Period					
Domestic					
European Union Countries	4,896,063	10,762,255	143,427	45,493(*)	22,467
OECD Countries (**)	502,453	296,351	36,044	0	0
Off-Shore Banking Regions	0	0	0	0	11,786
USA, Canada	1,348,328	1,399,401	5,561	0	0
Other Countries	422,667	4,601,708	464,232	0	5,881
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	0	0	0	4,649,514	0
Unallocated Assets/Liabilities (***)	0	0			
Total	70,496,310	65,794,600	7,299,595	4,708,448	1,109,218

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

(**) OECD countries other than EU countries, the 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 fixed capital investments reflect the total assets in the balance sheet.

Sector concentration of cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	757,810	3.02	19,688	0.22	850,776	3.81	17,310	0.23
Farming and Raising Livestock	658,047	2.63	16,072	0.18	768,308	3.44	15,251	0.20
Forestry	73,910	0.29	1,216	0.01	62,583	0.28	1,209	0.02
Fishing	25,853	0.10	2,400	0.03	19,885	0.09	850	0.01
Industry	3,127,793	12.48	3,547,396	39.81	1,863,768	8.34	3,860,654	51.71
Mining	145,530	0.58	81,896	0.92	36,159	0.16	65,911	0.88
Production	2,914,509	11.63	3,201,890	35.93	1,706,228	7.64	3,425,422	45.88
Electricity, gas, and water	67,754	0.27	263,610	2.96	121,381	0.54	369,321	4.95
Construction	1,000,941	3.99	548,582	6.16	830,327	3.71	255,341	3.42
Services	8,221,408	32.80	3,536,435	39.67	7,547,060	33.77	2,134,066	28.59
Wholesale and Retail Trade	4,065,942	16.22	660,966	7.42	3,802,548	17.01	778,199	10.43
Hotel, Food and Beverage Services	324,134	1.29	101,970	1.14	281,806	1.26	99,612	1.33
Transportation and Telecommunication	1,985,082	7.92	1,208,564	13.56	1,917,156	8.57	119,582	1.60
Financial Institutions	516,161	2.06	963,361	10.81	433,583	1.94	675,098	9.04
Real Estate and Renting Services	495,333	1.98	208,713	2.34	356,542	1.60	261,140	3.50
Self-Employment Services	536,005	2.14	335,248	3.76	506,511	2.27	142,415	1.91
Education Services	105,615	0.42	30,674	0.34	81,938	0.37	27,689	0.37
Health and Social Services	193,136	0.77	26,939	0.30	166,976	0.75	30,331	0.41
Other (1)	11,959,765	47.71	1,260,023	14.14	11,260,802	50.37	1,198,212	16.05
Total	25,067,717	100.00	8,912,124	100.00	22,352,733	100.00	7,465,583	100.00

(1) Interest income accruals are included in "other" line item.

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III. EXPLANATIONS RELATED TO MARKET RISK:

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

The market risk measurements, 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 and included in the statutory reports.

The Value at Risk Method (VAR) is another alternative for the Standard Method used for measuring and monitoring market risk. This method is used to measure the market risk daily on the basis of interest rate risk, exchange rate risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR method, which is used to estimate the largest possible loss of the following day.

Scenario analyses are made, which support the VAR method used to measure the value losses that may occur in the ordinary market conditions; the possible impact of the optimistic, base and worst case scenarios that are developed based on the future predictions and the crises in the past, on the value of the Bank's portfolio is determined and the results are reported to the Top Executive Management. VAR calculations are made by the financial participations within the frame determined by the Bank and the results are reported to the Top Executive Management.

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

The following table shows details of the market risk calculations carried out with the "Standard Method for Market Risk Measurement" and within the context of "Regulation for Evaluating and Measuring the Capital Adequacy of Banks" as of 31 December 2007.

a. Information on the market risk:

	Amount
(I) Capital to be Employed for General Market Risk – Standard Method	222,746
(II) Capital to be Employed for Specific Risk – Standard Method	33,254
(III) Capital to be Employed for Currency Risk – Standard Method	40,486
(IV) Capital to be Employed for Commodity Risk – Standard Method	0
(V) Capital to be Employed for Settlement Risk – Standard Method	0
(VI) Capital to be Employed for Market Risk of Options – Standard Method	1,628
(VII) Capital to be Employed for Market Risks of Banks Applying Risk Measurement Models	0
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	298,114
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	3,726,425

b. Table of the average market risk related to the market risk calculated at the end of month during the period:

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	281,413	354,168	221,161	216,165	259,907	14,230
Share Certificate Risk	10,174	9,172	7,031	25,299	51,795	9
Currency Risk	51,243	98,036	42,280	35,854	55,540	25,902
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Options Risk	6,518	5,340	3,385	6,282	11,157	4,047
Total Amount Subject to Risk	4,366,850	5,833,950	3,423,213	3,545,000	4,729,988	552,350

IV. EXPLANATIONS RELATED TO OPERATIONAL RISK

Operational risk is defined in general as "the risk of loss that may be arising from inadequate or ineffective internal processes, people, systems or other external factors".

The classification of operational risks to be encountered during the activities is followed by preparing the "Risk Catalog of the Bank". This Risk Catalogue is the basis to be used in the definition and classification of all risks that may be exposed to and is updated parallel to the changing conditions.

The definitions related to operational risk, the methodology of its measurement and evaluation, and the responsibilities regarding operational risk management are stated in the "Operational Risk Policy".

In the assessment of operational risk, "Self Evaluation Methodology" is applied. This method requires displaying the matters through participation of the personnel who is responsible from undertaking operations identified as risky. Qualitative and quantitative methods are both used in the measurement and evaluation of operational risk in the measurements, the information derived from "Effect-Possibility Analysis", "Control Culture Survey" and "Loss Database".

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All the operational risks that maybe exposed to during the operations, the risk level of the operation and/or new product/service, and the losses of the Bank arising from operational risks are regularly monitored by the Risk Management Department, and if deemed necessary, the risk level is updated and periodically reported to the Risk Committee and the Board of Directors.

The operational risk, to which the Bank is exposed to, is measured by using the indicator method multiplying by 12.5 of the average of 15% of the year-end gross income for the last three years, in line with the domestic regulations. The operational risk amount used for the current period is TRY 6,408,553.

V. EXPLANATIONS RELATED TO CURRENCY RISK

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

The currency risk, 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, within the limits of "Net FC Overall Position/Shareholders' Equity" ratio, which is a part of the legal requirement and decisions made on such compliance are strictly applied.

In measuring exchange rate risk, both the Standard Method and the Value at Risk Methods (VAR) are used as applied in the statutory reporting. 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 risks are closely monitored by taking into account the market and the economic conditions.

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

Date	USD	EURO	YEN
31.12.2007	1.1650	1.7009	0.0104
28.12.2007	1.1480	1.6887	0.0102
27.12.2007	1.1540	1.6814	0.0101
26.12.2007	1.1560	1.6762	0.0101
25.12.2007	1.1590	1.6678	0.0102
24.12.2007	1.1580	1.6681	0.0101

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

USD: 1.1537 TRY EURO: 1.6791 TRY YEN: 0.0103 TRY

In accordance with the Turkish Financial Reporting Standard nr.7, it has been analyzed the Bank's sensitivity to a potential change in foreign currency rates which may have a significant impact. In the analysis presented below 10% change is anticipated in USD, EUR and GBP and such change is used in the Bank's internal reporting.

	% Change in Foreign Currency	Effects on Profit/Loss *		Effects on Equity *	
		31 December 2007	31 December 2006	31 December 2007	31 December 2006
USD	10% increase	-56,963	-13,245	-	-
	10% decrease	56,963	13,245	-	-
EURO	10% increase	47,984	-19,858	-	-
	10% decrease	-47,984	19,858	-	-
GBP	10% increase	6,907	2,722	-	-
	10% decrease	-6,907	-2,722	-	-

* The above impacts on the profit/loss and shareholders' equity indicate the values before tax.

The Bank's sensitivity to fluctuation in foreign currency rates has increased due to increase in the absolute values of positions taken for each foreign currency during the current period.

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Information on currency risk:

	EURO	USD	Yen	Other FX	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,335,501	55,526	310	16,550	2,407,887
Banks (1)	1,671,692	4,248,419	11,559	892,776	6,824,446
Financial Assets at Fair Value through Profit/Loss (2)	4,356	12,283	0	5,385	22,024
Money Market Placements	0	0	0	0	0
Financial Assets Available for Sale	1,183,637	9,065,306	0	0	10,248,943
Loans (3)	3,443,368	6,274,032	2,972	63,326	9,783,698
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	41,742	0	0	0	41,742
Investments Held to Maturity	0	0	0	0	0
Derivative Financial Assets Held for Hedging Purposes	0	0	0	0	0
Tangible Assets (2)	0	81	0	201	282
Intangible Assets	0	0	0	0	0
Other Assets (2)	10,947	119,635	37	264	130,883
Total Assets	8,691,243	19,775,282	14,878	978,502	29,459,905
Liabilities					
Banks Deposits	77,977	23,805	12	75,410	177,204
Foreign Currency Deposits (4)	6,972,358	9,296,680	18,750	801,351	17,089,139
Money Market Funds	708,923	2,186,735	0	0	2,895,658
Funds Provided from Other Financial Institutions	27,857	6,871,170	589	8,353	6,907,969
Marketable Securities Issued	0	0	0	0	0
Sundry Creditors	71,361	80,396	622	8,756	161,135
Derivative Financial Liabilities Held for Hedging Purposes	0	0	0	0	0
Other Liabilities (2)	89,318	618,849	5	4,832	713,004
Total Liabilities	7,947,794	19,077,635	19,978	898,702	27,944,109
Net Balance Sheet Position	743,449	697,647	-5,100	79,800	1,515,796
Net Off Balance Sheet Position	-402,213	-1,406,099	48,430	11,450	-1,748,432
Derivative Financial Assets (5)	329,633	3,782,748	110,040	11,681	4,234,102
Derivative Financial Liabilities (5)	731,846	5,188,847	61,610	231	5,982,534
Non-Cash Loans	1,363,640	2,894,409	58,829	65,229	4,382,107
Prior Period					
Total Assets	8,287,006	20,080,043	3,843	902,197	29,273,089
Total Liabilities	8,157,498	20,420,839	14,155	900,797	29,493,289
Net Balance Sheet Position	129,508	-340,796	-10,312	1,400	-220,200
Net Off Balance Sheet Position	-343,866	41,978	0	28,018	-273,870
Derivative Financial Assets	974,756	1,717,987	0	40,309	2,733,052
Derivative Financial Liabilities	1,318,622	1,676,009	0	12,291	3,006,922
Non-Cash Loans	1,306,026	3,308,908	56,668	66,868	4,738,470

(1) TRY 892,776 of the asset amount of TRY 722,943 shown in the Other FC column is in GBP and the remaining TRY 169,833 is in other foreign currencies.

(2) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position/Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TRY 29,312), Leasehold Improvements (TRY 2,697), Prepaid Expenses (TRY 25,390) in assets and General Reserves (TRY 367), Derivative Financial Instruments Foreign Currency Expense Accruals (TRY 163,460) and Shareholders' Equity (TRY 31,942) in liabilities are not taken into consideration in the currency risk measurement.

(3) Includes foreign currency indexed loans, which are followed under TRY accounts. TRY 533,846 of these loans amounting to TRY 871,574 are USD indexed, TRY 336,270 of them are EUR indexed, TRY 172 of them are CHF indexed, TRY 242 of them are GBP indexed and TRY 1,044 of them are JPY indexed.

(4) TRY 638,469 of the liability amount of TRY 801,352 shown in the Other FC column is in GBP, TRY 96,540 is in CHF and TRY 27,149 is in SEK. The remaining TRY 39,194 is in other foreign currencies.

(5) The derivative transactions are taken into consideration within the context of the forward foreign currency trading definitions in the above mentioned Regulation.

VI. EXPLANATIONS RELATED TO 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. Such 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 financial assets held for trading ,available for sale and off-balance sheet positions is conducted in the context of the Standard Method as used in the statutory 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 such 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.

In accordance with the Turkish Financial Reporting Standard nr.7, the sensitivity of the Bank's assets and liabilities has been analyzed and accordingly, it is assumed that the year end balance figures are deemed to be the same throughout the year.

During the measurement of the Bank's interest rate sensitivity, the difference between the portfolio values of the asset and liability items evaluated with market value and the portfolio value calculated by using the interest shock applied discount curve, is considered as the reflection of the interest shock to the income statement accounts.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current markets price, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities with variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, the possible changes that may occur in the Bank's profit and shareholders' equity are given below, if there is an increase/decrease of 3%-5%-8% in TRY interest rates, 1%-2%-3% in FC interest rates and all other variables are kept constant at the reporting date.

% Change in Interest Rate***		Effect On Profit/Loss *	Effect on Equity**
TRY	FC	31 December 2007	31 December 2007
3% increase	1% increase	-670,617	-144,955
3% decrease	1% decrease	527,743	159,599
5% increase	2% increase	-1,147,771	-234,542
5% decrease	2% decrease	879,539	275,462
8% increase	3% increase	-1,818,924	-355,774
8% decrease	3% decrease	1,378,827	465,985

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

** The impact on the shareholders' equity is arising from the change of the fair value of the government bonds followed under the Bank's Financial Assets Available for Sale.

*** The above impacts on the profit/loss and shareholders' equity are stated with their before tax values.

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5Years	5 Years and Over	Non-interest Bearing(1)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	6,587,981	0	0	0	0	502,829	7,090,810
Banks	4,682,797	197,108	1,726,137	183,739	0	164,510	6,954,291
Financial Assets at Fair Value through Profit/Loss	49,153	103,010	781,129	52,760	5,800	65	991,917
Money Market Placements	0	0	0	0	0	0	0
Financial Assets Available for Sale	2,889,345	6,343,243	4,373,871	6,394,832	1,716,531	56,981	21,774,803
Loans	10,248,670	3,160,641	7,381,476	11,446,691	1,742,363	0	33,979,841
Investments Held to Maturity	0	743,296	0	1,212,097	0	0	1,955,393
Other Assets	19	1	135	275	0	7,433,432	7,433,862
Total Assets	24,457,965	10,547,299	14,262,748	19,290,394	3,464,694	8,157,817	80,180,917
Liabilities							
Banks Deposits	632,134	67,797	7,183	0	0	44,389	751,503
Other Deposits	32,539,896	6,054,401	3,726,587	122,569	0	5,338,189	47,781,642
Money Market Funds	4,971,735	780,801	50,022	0	0	0	5,802,558
Sundry Creditors	0	0	0	0	0	1,482,337	1,482,337
Marketable Securities Issued	0	0	0	0	0	0	0
Funds Provided from Other Financial Institutions	2,457,195	3,372,935	986,192	3,100,224	46,336	0	9,962,882
Other Liabilities	12,031	11,239	429,976	206,042	4,353	13,736,354	14,399,995
Total Liabilities	40,612,991	10,287,173	5,199,960	3,428,835	50,689	20,601,269	80,180,917
Balance Sheet Long Position	0	260,126	9,062,788	15,861,559	3,414,005	0	28,598,478
Balance Sheet Short Position	-16,155,026	0	0	0	0	-12,443,452	-28,598,478
Off Balance Sheet Long Position	0	0	0	955,300	93,200	0	1,048,500
Off Balance Sheet Short Position	-354,358	-108,577	0	0	0	0	-462,935
Total Position	-16,509,384	151,549	9,062,788	16,816,859	3,507,205	-12,443,452	585,565

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5Years	5 Years and Over	Non-interest Bearing(1)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	5,134,958	0	0	0	0	461,653	5,596,611
Banks	4,231,092	69,736	2,013,016	2,104	0	137,715	6,453,663
Financial Assets at Fair Value through Profit/Loss	3,210	7,396	205,715	121,906	0	110	338,337
Money Market Placements	0	0	0	0	0	0	0
Financial Assets Available for Sale	2,135,744	6,183,235	9,910,166	4,569,461	3,097,590	123,549	26,019,745
Loans	5,248,304	6,465,691	6,464,499	10,176,573	1,463,249	0	29,818,316
Investment Held to Maturity	0	0	0	0	0	0	0
Other Assets	117,511	12,054	468	18,691	16,358	6,813,004	6,978,086
Total Assets	16,870,819	12,738,112	18,593,864	14,888,735	4,577,197	7,536,031	75,204,758
Liabilities							
Banks Deposits	2,059,405	91,038	19,338	0	0	12,287	2,182,068
Other Deposits	30,979,026	7,161,264	3,107,427	73,287	0	2,896,283	44,217,287
Money Market Funds	3,459,396	1,205,255	699,602	0	0	0	5,364,253
Sundry Creditors	0	0	0	0	0	1,157,301	1,157,301
Marketable Securities Issued	0	0	0	0	0	0	0
Funds Provided from Other Financial Institutions	1,658,102	5,259,691	2,156,526	1,440,132	15,504	0	10,529,955
Other Liabilities	4,685	6,746	28,783	32,097	0	11,681,583	11,753,894
Total Liabilities	38,160,614	13,723,994	6,011,676	1,545,516	15,504	15,747,454	75,204,758
Balance Sheet Long Position	0	0	12,582,188	13,343,219	4,561,693	0	30,487,100
Balance Sheet Short Position	-21,289,795	-985,882	0	0	0	-8,211,423	-30,487,100
Off Balance Sheet Long Position	0	0	0	0	0	0	0
Off Balance Sheet Short Position	0	0	0	0	0	0	0
Total Position	-21,289,795	-985,882	12,582,188	13,343,219	4,561,693	-8,211,423	0

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

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Part Four: Information on the Financial Structure

Average interest rates applied to financial instruments:

Current Period (31.12.2007)	EURO %	USD %	Yen %	TRY %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.80	1.95	-	11.81
Banks	4.14	5.21	0.04	15.14
Financial Assets at Fair Value through Profit/Loss	4.22	6.46	-	18.20
Money Market Placements	-	-	-	-
Financial Assets Available For Sale	7.85	7.82	-	18.48
Loans	6.29	6.87	3.27	22.23
Investments Held to Maturity	-	-	-	18.38
Liabilities				
Banks Deposits	4.58	2.75	-	13.86
Other Deposits	3.23	4.44	0.25	17.10
Money Market Funds	5.06	5.33	-	15.87
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	5.21	5.49	1.87	15.69
Prior Period (31.12.2006)				
	EURO %	USD %	Yen %	TRY %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.73	2.52	-	13.12
Banks	3.40	5.20	0.23	14.97
Financial Assets at Fair Value through Profit/Loss	2.97	4.61	-	21.10
Money Market Placements	-	-	-	-
Financial Assets Available For Sale	6.62	8.20	-	18.16
Loans	5.38	7.17	2.88	21.12
Investments Held to Maturity	-	-	-	-
Liabilities				
Banks Deposits	2.62	5.32	-	18.44
Other Deposits	2.15	3.74	0.02	16.11
Money Market Funds	3.28	5.50	-	17.43
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	4.94	5.76	2.04	14.78

VII. EXPLANATIONS RELATED TO 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 funds. 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 considerable attention is given to preserve liquid values, efforts in this framework are supported by projections of TRY and FC cash flows. The term structure of TRY 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 expectations for the future. Furthermore, foreign currency and total liquidity adequacy ratio, which are subject to weekly legal reporting since November 2006 and calculated separately for 7 and 31 days following the reporting date, is also used as an indicator to monitor liquidity. 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.

Within the framework of the bank liquidity risk policy, which came into effect on 01.12.2007, the limits determined related to the liquidity risk management are monitored by the Risk Committee and in case of extraordinary situations where a quick action should be taken due to the negative market conditions, emergency actions and funding plans are applied in relation to the liquidity risk.

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Part Four: Information on the Financial Structure

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated (1)	Total
Current Period (31.12.2007)								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	7,090,810	0	0	0	0	0	0	7,090,810
Banks	404,516	4,381,654	3,332	0	2,129,302	35,487	0	6,954,291
Financial Assets at Fair Value through Profit/Loss	65	3,231	29,344	781,155	172,242	5,880	0	991,917
Money Market Placements	0	0	0	0	0	0	0	0
Financial Assets Available for Sale	56,981	247,791	453,050	3,217,452	15,284,270	2,515,259	0	21,774,803
Loans	3,725,065	4,677,042	2,846,868	8,580,265	10,872,831	3,277,770	0	33,979,841
Investments Held to Maturity	0	0	0	0	1,212,097	743,296	0	1,955,393
Other Assets	0	144,232	42,498	596	161,822	20,213	7,064,501	7,433,862
Total Assets	11,277,437	9,453,950	3,375,092	12,579,468	29,832,564	6,597,905	7,064,501	80,180,917
Liabilities								
Bank Deposits	199,504	477,019	67,797	7,183	0	0	0	751,503
Other Deposits	7,791,251	30,086,834	6,054,401	3,726,587	122,569	0	0	47,781,642
Funds Provided from Other Financial Institutions	0	101,134	122,523	1,868,599	5,745,845	2,124,781	0	9,962,882
Money Market Funds	0	3,165,852	491,942	1,784,697	360,067	0	0	5,802,558
Marketable Securities Issued	0	0	0	0	0	0	0	0
Sundry Creditors	790,838	664,088	1,435	298	25,678	0	0	1,482,337
Other Liabilities	0	245,028	110,120	419,118	200,538	50,996	13,374,195	14,399,995
Total Liabilities	8,781,593	34,739,955	6,848,218	7,806,482	6,454,697	2,175,777	13,374,195	80,180,917
Liquidity Gap	2,495,844	-25,286,005	-3,473,126	4,772,986	23,377,867	4,422,128	-6,309,694	0
Prior Period (31.12.2006)								
Total Assets	8,009,509	8,581,702	3,295,512	13,518,171	29,004,574	5,982,286	6,813,004	75,204,758
Total Liabilities	8,406,085	32,833,894	9,244,035	8,158,753	1,934,590	3,324,655	11,302,746	75,204,758
Liquidity Gap	-396,576	-24,252,192	-5,948,523	5,359,418	27,069,984	2,657,631	-4,489,742	0

(1) Asset items, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which can not be converted to cash in short-term, and other liabilities such as Provisions which are not considered as payables and shareholders' equity, are shown in 'Unallocated' column.

In accordance with the Turkish Financial Reporting Standard nr.7, the following table indicates the maturities of the Bank's major financial assets and liabilities, which are not qualified as derivatives. The following tables have been prepared without discounting the assets and liabilities and by taking the earliest dates of collections and payments. The interests to be collected and paid to the related assets and liabilities are included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The related item has been included in the maturity analysis, but has not been included in the balance sheet values of the financial assets and liabilities.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments	Balance Sheet Value
Assets									
Banks	404,516	4,394,349	12,390	88,431	2,436,582	42,160	7,378,428	424,137	6,954,291
Financial Assets Held For Trading	65	4,676	7,087	459,377	171,100	8,295	650,600	54,456	596,144
Financial Assets Available For Sale	56,981	564,985	1,017,694	4,376,788	19,095,495	3,125,583	28,237,526	6,462,723	21,774,803
Loans	3,725,065	4,834,324	3,439,033	10,859,607	13,518,244	3,571,852	39,948,125	5,968,284	33,979,841
Investments Held To Maturity	0	0	67,089	67,089	2,048,673	897,207	3,080,058	1,124,665	1,955,393
Liabilities									
Deposits	7,990,755	31,007,366	6,299,198	3,858,318	139,044	0	49,294,681	761,536	48,533,145
Funds Provided from Other Financial Institutions	0	155,421	388,896	2,484,571	7,496,132	2,309,052	12,834,072	2,871,190	9,962,882
Money Market Funds	0	3,190,730	512,023	1,836,396	374,393	0	5,913,542	110,984	5,802,558

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Part Four: Information on the Financial Structure

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	64,209	226,110	3,816,443	373,855	0	4,480,617
Forwards Contracts- Sell	64,136	201,019	3,548,890	312,449	0	4,126,494
Swaps-Buy	291,843	0	191,030	197,660	0	680,533
Swaps-Sell	290,373	0	166,500	197,613	0	654,486
Futures-Buy	0	0	0	0	0	0
Futures-Sell	0	0	0	0	0	0
Options-Call	1,088,683	1,626,182	3,390,054	881,050	0	6,985,969
Options-Put	754,657	1,626,182	3,248,575	878,000	0	6,507,414
Other	0	0	0	1,001,900	93,200	1,095,100
Total	2,553,901	3,679,493	14,361,492	3,842,527	93,200	24,530,613

VIII. EXPLANATIONS RELATED TO OTHER PRICE RISKS

The Bank is exposed to the equity share risk arising from its investments in companies, which are traded on the ISE. Equity share investments are generally made for investment purpose.

The following sensitivity analyses are determined by the share price risks exposed to on the reporting date. On the reporting date, in case all the other variables are constant and the data in valuation method (share prices) are 10% more/less;

- Unless the equity share investments classified as assets available for sale are disposed of or impaired, the net profit/loss will not be effected,
- TRY 317,069 increase/decrease is expected in the Marketable Securities Revaluation Reserve account under the Shareholders' Equity (TRY 289,669 increase/decrease occurred in 2006). This, in fact, is arising from the increase/decrease in the equity shares portfolio under the assets available for sale and in the fair value of such portfolio.

IX. EXPLANATIONS RELATED TO PRESENTATION OF ASSETS AND LIABILITIES AT FAIR VALUE

	Book Value		Fair Value	
	Current Period	Prior Prior	Current Period	Prior Period
Financial Assets	64,664,328	62,291,724	64,830,230	62,291,724
Money Market Placements	0	0	0	0
Banks	6,954,291	6,453,663	6,960,998	6,453,663
Financial Assets Available for Sale	21,774,803	26,019,745	21,774,803	26,019,745
Investments Held to Maturity	1,955,393	0	1,977,919	0
Loans	33,979,841	29,818,316	34,116,510	29,818,316
Financial Liabilities	59,978,364	58,086,611	59,992,986	58,086,611
Banks Deposits	751,503	2,182,068	751,730	2,182,068
Other Deposits	47,781,642	44,217,287	47,835,467	44,217,287
Funds Provided from Other Financial Institutions	9,962,882	10,529,955	9,923,452	10,529,955
Marketable Securities Issued	0	0	0	0
Sundry Creditors	1,482,337	1,157,301	1,482,337	1,157,301

Studies on forming the necessary base regarding the calculation of fair values of financial assets and liabilities could be solely concluded for the year 2007 and accordingly, no adjustments could be made concerning the prior period.

Fair value of assets held to maturity is determined by using the market prices; in cases where market value cannot be measured, quoted market price of other securities that are subject to amortization having similar interest, maturity and other conditions is taken as the basis of for the fair value determination.

Market prices are taken into account in determining the fair value of the securities available for sale when the price cannot be measured in an active market fair value is not deemed to be reliably determined and the discounted value, calculated by using the internal rate of return method, is taken into account as the fair value.

The discounted values of bank loans and receivables calculated by using the internal rate of return method are deemed to be the fair value.

The estimated fair value of demand deposits represents the amount to be paid when called and the discounted value of time deposits and other liabilities calculated by the internal rate of return method reflects their fair value.

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

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X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND FIDUCIARY TRANSACTIONS

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

2. The Bank has no fiduciary transactions.

XI. EXPLANATIONS RELATED TO THE BUSINESS SEGMENTATION

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

The Bank's provides services to the large corporations, SMEs and other trading companies (excluding real trading individuals) within the course of its corporate and commercial operations through various financial media. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantee, letter of credit, forfaiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are being provided for the aforementioned customer segments.

Services are being provided to individuals, real trading individuals and non-trading corporations and institutions within the context of "Retail Banking". The requirements of this customer segment are met by performing banking services such as deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, investment accounts and by other banking services. For the private banking category, any kind of financial and cash management services are provided for individuals within the high-income group.

Within the context of treasury transactions, medium and long term funding is being fulfilled by tools such as security trading, money market transactions, spot and installment based TRY and foreign currency trading, and derivative transactions such as forward, swap, futures and options, as well as syndication and securitization.

The Bank's associates and subsidiaries operating in the financial and real sector are evaluated within the context of investment banking. The details about the Bank's participations and subsidiaries are stated in footnote I.7 and I.8 section of Part Five.

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Statement of information related to segmentation, prepared as at 31.12.2007 is given below.

	Corporate	Commercial	Retail	Private	Treasury/ Investment	Unallocated	Total
OPERATING INCOME/EXPENSE							
Interest Income							9,134,079
Interest Income from Loans (*)	982,587	1,644,129	2,442,440	53,998		143,656	5,266,810
Interest Income from Securities					3,221,552		3,221,552
Interest Income from Banks					266,040		266,040
Other Interest Income					5,774	373,903	379,677
Interest Expense							6,173,858
Interest Expense on Deposits	1,838,223	134,521	1,397,012	1,298,775			4,668,531
Interest Expense on Funds Borrowed (*)	17,032	12,206			858,036		887,274
Interest Expense on Money Market Transactions					588,485		588,485
Other Interest Expense					29,568		29,568
Net Interest Income							2,960,221
Net Fees and Commissions Income (*)							1,074,511
Fees and Commissions Received	45,773	186,307	292,142	10,817		639,267	1,174,306
Fees and Commissions Paid						99,795	99,795
Trading Income/Loss (Net)						426,164	426,164
Dividend Income					503,063		503,063
Other Income					92,300	818,669	910,969
Prov. for Loans and Other Receivables					156,128	1,461,676	1,617,804
Other Expense	201,985	129,119	587,280	22,592		1,213,067	2,154,043
Income Before Tax							2,103,081
Tax Provision							401,274
Net Period Profit							1,701,807
SEGMENT ASSETS							
Fin. Assets At Fair Value Through P/L					991,917		991,917
Banks and Other Financial Institutions					6,954,291		6,954,291
Financial Assets Available For Sale					21,774,803		21,774,803
Investments Held to Maturity					1,955,393		1,955,393
Associates and Subsidiaries					4,816,760		4,816,760
Loans	10,862,513	8,587,176	14,172,195	357,957			33,979,841
Other						9,707,912	9,707,912
							80,180,917
SEGMENT LIABILITIES							
Deposits	13,366,562(**)	2,792,112	18,752,282	13,622,189			48,533,145
Derivative Financial Liabilities							
Held for Trading					199,328		199,328
Money Market Funds					5,802,558		5,802,558
Funds Borrowed	121,863	87,336			9,753,683		9,962,882
Other Liabilities						2,510,246	2,510,246
Provisions						2,568,896	2,568,896
Shareholders Equity						10,603,862	10,603,862
							80,180,917

(*) In accordance with the amendment made in Communiqué on "Financial Statements and Related Disclosures and Footnotes to be Announced Publicly" on 22 September 2007, fees and commissions received from cash loans are included in interests received from cash loans, and the fees and commissions paid to cash loans are included in interest paid to cash loans as of 31.12.2007 in the income statement.

(**) The interest paid to bank deposits classified under the Treasury account in prior periods are classified under the bank deposits account in the Corporate segment.

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Part Five: Explanations and Notes to the Unconsolidated Financial Statements

PART FIVE: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES TO ASSETS

1. Cash and Central Bank of Turkey:

a. Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	362,414	137,869	340,948	120,200
Central Bank of Turkey	4,320,509	2,267,473	2,714,182	2,415,620
Other	0	2,545	0	5,661
Total	4,682,923	2,407,887	3,055,130	2,541,481

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	4,320,509	615,848	2,714,182	659,535
Unrestricted Time Deposit	0	0	0	0
Restricted Time Deposit	0	0	0	0
Other (*)	0	1,651,625	0	1,756,085
Total	4,320,509	2,267,473	2,714,182	2,415,620

(*) The amount of reserve deposits held at the Central Bank of Turkey regarding the foreign currency liabilities

2. Information on Financial Assets at Fair Value through Profit and Loss:

a. Financial assets at fair value through profit and loss, which are given as collateral or blocked:

Financial assets at fair value through profit and loss, which are given as collateral or blocked as of 31 December 2007 are amounting to TRY 65 (31 December 2006: None).

b. Financial assets at fair value through profit and loss, which are subject to repurchase agreements:

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as of 31 December 2007 are amounting to TRY 488,642 (31 December 2006: TRY 237.047).

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

Derivative Financial Instruments Held for Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	346,512	406	38,566	161
Swap Transactions	19,296	2,361	0	326
Futures	0	0	0	0
Options	1	27,197	97	0
Other	0	0	0	0
Total	365,809	29,964	38,663	487

d. Information on financial assets held for trading:

	Current Period	Prior Period
Debt Securities	596,083	299,077
Quoted in a Stock Exchange	575,423	252,327
Not quoted (*)	20,660	46,750
Share Certificates	65	119
Quoted in a Stock Exchange	0	0
Not quoted	65	119
Impairment Provision (-)	4	9
Other	0	0
Total	596,144	299,187

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

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Part Five: Explanations and Notes to the Unconsolidated Financial Statements

The Bank's all unlisted investments held for trading are carried with their fair values, but if the fair values can not be measured in a reliable manner, then the investments are accounted by using the internal rate of return method.

3. Banks:

a. Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	4,240	25,516	16,767	18,398
Foreign Banks	125,605	6,798,930	50,935	6,367,563
Foreign Head Office and Branches	0	0	0	0
Total	129,845	6,824,446	67,702	6,385,961

b. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	5,245,998	4,460,084	0	0
USA, Canada	819,656	1,324,537	0	0
OECD Countries (*)	572,001	502,058	0	0
Off-shore Banking Regions	0	0	0	0
Other	286,880	131,819	0	0
Total	6,924,535	6,418,498	0	0

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

4. Information on Financial Assets Available for Sale:

a. Information on financial assets available for sale, which are given as collateral or blocked:

Financial assets available for sale which are given as collateral or blocked amount to TRY 1,469,078 as of 31 December 2007. (31 December 2006: TRY 2,226,132).

b. Information on financial assets available for sale, which are subject to repurchase agreements:

Financial assets available for sale which are subject to repurchase agreements amount to TRY 5,857,814 as of 31 December 2007. (31 December 2006: TRY 5,605,286).

c. Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	21,932,631	26,138,181
Quoted on a Stock Exchange	11,695,286	15,941,015
Not quoted (*)	10,237,345	10,197,166
Share Certificates	13,640	13,441
Quoted on a Stock Exchange	0	0
Not quoted	13,640	13,441
Impairment Provision (-)	214,809	241,984
Other	43,341	110,107
Total	21,774,803	26,019,745

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

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct 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	252,181	0	193,665	0
Total	252,181	0	193,665	0

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Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non Specialization Loans	33,846,597	0	56,150	77,094
Discount Notes	2,090	0	0	0
Export Loans	1,600,928	0	15,458	0
Import Loans	1,235	0	0	0
Loans Given to Financial Sector	848,844	0	0	0
International Loans	671,549	0	0	0
Consumer Loans	8,562,247	0	0	0
Credit Cards	3,374,075	0	33	0
Precious Metal Loans	2,730	0	0	0
Other	18,782,899	0	40,659	77,094
Specialized Lending	0	0	0	0
Other Receivables	0	0	0	0
Total	33,846,597	0	56,150	77,094

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 and Other Receivables	10,597,140	0	51,580	0
Non-Specialization Loans	10,597,140	0	51,580	0
Specialized Loans	0	0	0	0
Other Receivables	0	0	0	0
Medium and long-term Loans and Other Receivables	23,249,457	0	4,570	77,094
Non-Specialization Loans	23,249,457	0	4,570	77,094
Specialized Loans	0	0	0	0
Other Receivables	0	0	0	0

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

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Consumer Loans-TRY	586,477	7,064,960	333,393	7,984,830
Real Estate Loans	13,245	3,274,959	260,776	3,548,980
Auto Loans	30,343	798,575	31,452	860,370
General Purpose Consumer Loans	542,841	2,990,679	41,137	3,574,657
Other Consumer Loans	48	747	28	823
Consumer Loans – FC Indexed	898	109,680	12,864	123,442
Real Estate Loans	398	94,090	11,489	105,977
Auto Loans	500	15,514	1,374	17,388
General Purpose Consumer Loans	0	76	1	77
Other Consumer Loans	0	0	0	0
Consumer Loans – FC	0	0	0	0
Real Estate Loans	0	0	0	0
Auto Loans	0	0	0	0
General Purpose Consumer Loans	0	0	0	0
Other Consumer Loans	0	0	0	0
Retail Credit Cards-TRY	3,128,023	0	33,218	3,161,241
With Installments	981,135	0	0	981,135
Without Installments	2,146,888	0	33,218	2,180,106
Retail Credit Cards-FC	0	0	0	0
With Installments	0	0	0	0
Without Installments	0	0	0	0
Personnel Loans-TRY	25,733	149,629	5,404	180,766
Real Estate Loans	110	47,803	3,456	51,369
Auto Loans	185	9,128	305	9,618
General Purpose Consumer Loans	25,438	92,694	1,643	119,775
Other Consumer Loans	0	4	0	4
Personnel Loans- FC Indexed	37	1,658	21	1,716
Real Estate Loans	0	1,579	13	1,592
Auto Loans	37	36	0	73
General Purpose Consumer Loans	0	43	8	51
Other Consumer Loans	0	0	0	0
Personnel Loans-FC	0	0	0	0
Real Estate Loans	0	0	0	0
Auto Loans	0	0	0	0
General Purpose Consumer Loans	0	0	0	0
Other Consumer Loans	0	0	0	0
Personnel Credit Cards-TRY	53,330	0	280	53,610
With Installments	17,035	0	0	17,035
Without Installments	36,295	0	280	36,575
Personnel Credit Cards-FC	0	0	0	0
With Installments	0	0	0	0
Without Installments	0	0	0	0
Overdraft Accounts – TRY (real persons)	261,655	0	9,838	271,493
Overdraft Accounts – FC (real persons)	0	0	0	0
Total	4,056,153	7,325,927	395,018	11,777,098

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e. Installment based commercial loans and corporate credit cards:

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Commercial Loans With Installments-TRY	572,266	5,895,247	268,922	6,736,435
Real Estate Loans	4,114	400,891	18,938	423,943
Auto Loans	96,355	1,968,326	69,066	2,133,747
General Purpose Commercial Loans	451,000	3,229,723	119,673	3,800,396
Other Commercial Loans	20,797	296,307	61,245	378,349
Commercial Loans With Installments-FC Indexed	19,682	257,522	19,183	296,387
Real Estate Loans	152	30,326	3,550	34,028
Auto Loans	7,617	151,534	12,694	171,845
General Purpose Commercial Loans	11,913	75,662	2,939	90,514
Other Commercial Loans	0	0	0	0
Commercial Loans With Installments-FC	0	0	0	0
Real Estate Loans	0	0	0	0
Auto Loans	0	0	0	0
General Purpose Commercial Loans	0	0	0	0
Other Commercial Loans	0	0	0	0
Corporate Credit Cards-TRY	159,052	0	205	159,257
With Installments	0	0	0	0
Without Installments	159,052	0	205	159,257
Corporate Credit Cards-FC	0	0	0	0
With Installments	0	0	0	0
Without Installments	0	0	0	0
Overdraft Accounts – TRY (corporate)	734,620	0	28,775	763,395
Overdraft Accounts – FC (corporate)	0	0	0	0
Total	1,485,620	6,152,769	317,085	7,955,474

f. Allocation of loan by customers:

	Current Period	Prior Period
Public Sector	1,089,202	1,156,928
Private Sector	32,890,639	28,661,388
Total	33,979,841	29,818,316

g. International and domestic loans:

	Current Period	Prior Period
Domestic Loans	33,308,292	29,239,423
International Loans	671,549	578,893
Total	33,979,841	29,818,316

h. Loans granted to subsidiaries and participations:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associations	320,690	283,139
Indirect Loans Granted to Subsidiaries and Associations	0	0
Total	320,690	283,139

i. Specific provisions provided against loans:

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	259,843	117,524
Loans and Receivables with Doubtful Collectibility	190,763	156,695
Uncollectible Loans and Receivables	1,043,439	889,996
Total	1,494,045	1,164,215

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j. Information on non-performing loans (Net):

j.1. Information on loans and other receivables included in non-performing loans, which are restructured or rescheduled:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period			
(Gross amounts before the specific provisions)	1,753	5,058	244,331
Loans and Other Receivables which are Restructured	0	0	164,723
Rescheduled Loans and Other Receivables	1,753	5,058	79,608
Prior Period			
(Gross amounts before the specific provisions)	3,770	12,490	369,625
Loans and Other Receivables which are Restructured	0	0	184,516
Rescheduled Loans and Other Receivables	3,770	12,490	185,109

j.2. Movement of total non-performing loans:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Prior Period Ending Balance	117,524	156,695	889,996
Corporate and Commercial Loans	80,198	104,857	809,430
Retail Loans	18,153	21,496	20,100
Credit Cards	19,173	30,342	52,023
Other	0	0	8,443
Additions (+)	727,038	208,969	4,863
Corporate and Commercial Loans	503,590	198,604	4,004
Retail Loans	89,390	4,152	737
Credit Cards	134,058	2,785	121
Other	0	3,428	1
Transfers from Other Categories of Non-performing Loans (+)	0	458,825	538,916
Corporate and Commercial Loans	0	315,384	440,285
Retail Loans	0	64,087	43,143
Credit Cards	0	70,911	55,488
Other	0	8,443	0
Transfers to Other Categories of Non-performing Loans (-)	450,382	538,916	8,443
Corporate and Commercial Loans	315,384	440,285	0
Retail Loans	64,087	43,143	0
Credit Cards	70,911	55,488	0
Other	0	0	8,443
Collections (-)	134,297	94,483	343,976
Corporate and Commercial Loans	81,129	55,151	308,994
Retail Loans	19,270	19,931	15,102
Credit Cards	33,898	18,772	19,880
Other	0	629	0
Write-Offs (-)	40	327	37,917
Corporate and Commercial Loans	2	141	35,562
Retail Loans	4	8	355
Credit Cards	34	65	2,000
Other	0	113	0
Current Period Ending Balance	259,843	190,763	1,043,439
Corporate and Commercial Loans	187,273	123,268	909,163
Retail Loans	24,182	26,653	48,523
Credit Cards	48,388	29,713	85,752
Other	0	11,129	1
Specific Provisions (-)	259,843	190,763	1,043,439
Corporate and Commercial Loans	187,273	123,268	909,163
Retail Loans	24,182	26,653	48,523
Credit Cards	48,388	29,713	85,752
Other	0	11,129	1
Net Balance on Balance Sheet	0	0	0

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j.3. Information on non-performing foreign currency loans and other receivables:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period:			
Period Ending Balance	0	427	2,501
Specific Provisions (-)	0	427	2,501
Net Balance on Balance Sheet	0	0	0
Prior Period:			
Period Ending Balance	0	1,037	1,931
Specific Provisions (-)	0	1,037	1,931
Net Balance on Balance Sheet	0	0	0

j.4. Information on gross and net non-performing loans and receivables as per customer categories:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Individuals and Corporates (Gross)	259,843	179,634	1,043,330
Specific Provisions (-)	259,843	179,634	1,043,330
Loans to Individuals and Corporates (Net)	0	0	0
Banks (Gross)	0	0	108
Specific Provisions (-)	0	0	108
Banks (Net)	0	0	0
Other Loans and Receivables (Gross)	0	11,129	1
Specific Provisions (-)	0	11,129	1
Other Loans and Receivables (Net)	0	0	0
Prior Period (Net)	0	0	0
Loans to Individuals and Corporates (Gross)	117,524	156,695	881,445
Specific Provisions (-)	117,524	156,695	881,445
Loans to Individuals and Corporates (Net)	0	0	0
Banks (Gross)	0	0	108
Specific Provisions (-)	0	0	108
Banks (Net)	0	0	0
Other Loans and Receivables (Gross)	0	0	8,443
Specific Provisions (-)	0	0	8,443
Other Loans and Receivables (Net)	0	0	0

k. Main guidelines used in the liquidation policy on uncollectible loans and other receivables:

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

l. Information on "Write-off" policies:

In case there is still a residual receivable despite all the borrowers' assets are liquidated in terms of legal follow-up, or a legal follow-up fails due to the fact that the borrowers do not have any assets to be liquidated, the Bank's receivables are reduced to one if an evidence of borrowers' insolvency or other documentary proof is obtained; when no such document is obtained, totally uncollectible receivables are written-off.

6. Investments Held to Maturity:

a. Information on investments held to maturity, which are given as collateral or blocked:

There are no investments held to maturity, which are given as collateral or blocked in the current period and prior period.

b. Information on government securities held to maturity:

	Current Period	Prior Period
Government Bonds	1,955,393	0
Treasury Bills	0	0
Other Debt Securities	0	0
Total	1,955,393	0

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c. Information on investments held-to-maturity:

	Current Period	Prior Period
Debt Securities	1,955,393	0
Quoted in a Stock Exchange	1,955,393	0
Not Quoted	0	0
Impairment Provision (-)	0	0
Total	1,955,393	0

d. Movement of the investments held to maturity during the year:

	Current Period	Prior Period
Beginning Balance	0	318,926
Foreign Exchange Differences Arising on Monetary Assets	0	0
Purchases During the Year	1,866,695	0
Disposals through Sales and Redemption	0	318,926
Impairment Provision (-)	0	0
The Impact of Coupon Gains on the Cost	88,698	0
Balance at the end of the Period	1,955,393	0

7. Information on associates (Net):

a. General information on associates:

Seq. No.	Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.00	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-	Türk Pirelli Lastikleri A.Ş.	İstanbul/TURKEY	25.75	25.75

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

Seq. No.	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/Loss	(31.12.2006) Prior Period Profit/Loss	Fair Value
1-	372,818	81,682	20,970	32,038	5,085	5,006	4,821	-
2-	11,278,756	9,496,311	10,347,669	28,125	0	-732,173	-783,076	-
3-	93,413	47,279	29,565	4,356	0	7,388	2,812	-
4-	387,704	217,633	87,914	12,343	0	16,812	8,558	-

(1) Includes Interest Income on Securities.

c. Information on associates (movement table):

	Current Period	Prior Period
Beginning balance	785,129	825,888
Movements during the period		
Purchases	0	0
Bonus shares acquired	0	0
Dividends received from the current year profit	0	0
Sales	0	-4,507
Revaluation Increase	0	0
Impairment	-18,695	-36,252
Balance at the end of the period	766,434	785,129
Capital commitments	0	0
Share percentage at the end of the period (%)	0	0

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

Associates	Current Period	Prior Period
Banks	48,895	48,895
Insurance Companies	0	0
Factoring Companies	0	0
Leasing Companies	0	0
Finance Companies	0	0
Other Financial Participations	0	0

e. Associates quoted to a stock exchange: None.

f. Associates sold in the current period: None.

g. Associates purchased in the current period: None.

8. Information on subsidiaries (Net):

a. General information on subsidiaries:

Seq. No	Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Anadolu Anonim Türk Sigorta Şirketi	İstanbul/TURKEY	35.53	57.31
2-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/TURKEY	62.00	83.00
3-	Anadolu Turizm İnşaat ve Ticaret A.Ş.	İstanbul/TURKEY	99.96	100.00
4-	Antgıda 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-	Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	Ankara/TURKEY	68.13	78.07
7-	Camiş Madencilik A.Ş.	İstanbul/TURKEY	78.46	100.00
8-	Camiş Yatırım Holding A.Ş.	İstanbul/TURKEY	99.97	100.00
9-	Çayırova Cam Sanayii A.Ş.	Kocaeli/TURKEY	31.57	100.00
10-	İş Dublin Financial Services Plc	Dublin/IRELAND	99.99	100.00
11-	İş Finansal Kiralama A.Ş.	İstanbul/TURKEY	27.79	57.70
12-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	42.23	58.03
13-	İş Merkezleri Yönetim ve İşletim A.Ş.	İstanbul/TURKEY	86.33	100.00
14-	İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	İstanbul/TURKEY	95.00	100.00
15-	İş Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	65.65	72.14
16-	İşbank GmbH	Frankfurt-Main/GERMANY	100.00	100.00
17-	Kültür Yayınları İş-Türk Limited Şirketi	İstanbul/TURKEY	99.17	100.00
18-	Milli Reasürans T.A.Ş.	İstanbul/TURKEY	76.64	77.05
19-	Mipaş Mümessilik İthalat İhracat ve Pazarlama A.Ş.	İstanbul/TURKEY	99.98	100.00
20-	Nemtaş Nemrut Liman İşletmeleri A.Ş.	İzmir/TURKEY	99.81	100.00
21-	Trakya Yatırım Holding A.Ş.	İstanbul/TURKEY	65.34	100.00
22-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/TURKEY	40.52	50.10
23-	Türkiye Şişe ve Cam Fabrikaları A.Ş.	İstanbul/TURKEY	64.11	70.32

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

Seq. No	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/Loss	(31.12.2006) Prior Period Profit/Loss	Fair Value
1-	1,365,533(2)	639,662(2)	25,037(2)	74,497(2)	18,136(2)	39,459(2)	16,677(3)	194,438
2-	2,672,260(2)	310,939(2)	5,810(2)	136,490(2)	15,096(2)	28,024(2)	23,838(3)	534,905
3-	1,178	1,120	1,044	0	0	27	16	0
4-	55,263	53,365	5,522	281	75	-4,831	-6,941	0
5-	82,625	39,762	10,930	190	0	8,304	-3,347	0
6-	44,235	28,939	22,552	102	12	-5,632	-5,065	0
7-	165,977	122,913	27,408	3,831	1,341	4,797	3,791	0
8-	82,018	74,641	0	1,333	2,200	7,377	132	0
9-	116,511	113,005	23,066	984	3,018	3,359	4,115	0
10-	16,510	19,365	0	1,373	7	-2,921	4,112	0
11-	938,728(2)	165,313(2)	1,137(2)	78,730(2)	0(2)	35,445(2)	27,128(3)	72,505
12-	885,823(2)	828,266(2)	23,688(2)	1,642(2)	384(2)	40,507(2)	32,478(3)	326,899
13-	24,047	7,344	1,858	1,379	175	4,584	3,081	0
14-	21,061	17,392	6,536	559	251	315	183	0
15-	1,165,404(2)	214,502(2)	4,369(2)	85,461(2)	-2,289(2)	21,430(2)	12,453(3)	211,629
16-	808,961	108,844	31,780	30,563	0	3,813	2,822	0
17-	4,903	1,787	120	0	16	268	-7	0
18-	1,132,447	488,254	145,080	123,629	26,515	48,413	36,921	0
19-	23,877	24,223	979	94	271	-358	176	0
20-	266,435	160,529	131,651	89	1,201	5,089	25,772	0
21-	436,122	436,015	0	0	138	98	131	0
22-	4,551,715(2)	611,666(2)	36,221(2)	302,058(2)	36,717(2)	82,773(2)	74,938(3)	314,414
23-	5,200,184(2)	2,233,554(2)	3,140,481(2)	17,836(2)	39,723(2)	211,924(2)	176,602(3)	1,474,929

(1) Includes Interest Income on Securities.

(2) Values are related to the period of 30.09.2007.

(3) Values are related to the period of 30.09.2006.

c. Information on subsidiaries (movement table):

	Current Period	Prior Period
Balance at the Beginning of the Period	3,909,878	3,930,506
Movements in the Period		
Purchases (*)	437,087	107,170
Bonus Shares Acquired	0	0
Dividends Received from the Current Year Profit	0	0
Sales	-21,275	-20,073
Revaluation Surplus (**)	-246,722	100,282
Impairment	-28,642	-208,007
Balance at the End of the Period	4,050,326	3,909,878
Capital Commitments	0	0
Share Percentage at the End of the Period (%)	0	0

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

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

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

Subsidiaries	Current Period	Prior Period
Banks	355,894	362,513
Insurance Companies	1,002,320	938,682
Factoring Companies	0	0
Leasing Companies	72,505	71,987
Finance Companies	262	230
Other Financial Subsidiaries	538,528	506,805
Total	1,969,509	1,880,217

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e. Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges	3,170,686	2,896,688
Quoted on international stock exchanges	0	0
Total	3,170,686	2,896,688

f. Subsidiaries disposed of in the current period: İş Yatırım Menkul Değerler A.Ş. shares with a nominal value of TRY 12,907 were sold through IPO in consideration of TRY 36,108. İş Portföy Yönetimi A.Ş. shares with a nominal value of TRY 7,500 was also sold in consideration of TRY 30,500 to İş Yatırım Menkul Değerler A.Ş. and accordingly, İş Portföy Yönetimi A.Ş. is disposed from the subsidiaries portfolio of the Bank. As a result of the merger of Türkiye Şişe ve Cam Fabrikaları A.Ş. and Cam Pazarlama A.Ş. the legal entity of Cam Pazarlama A.Ş. has been ceased as of 31.12.2007.

g. Subsidiaries acquired in the current period: Antgıda Tarım Turizm Enerji ve Demir Çelik San. Tic. A.Ş. shares with a nominal value of TRY 2,022 share (in full TRY) were acquired in consideration of USD 4.8 thousand, and İş Yatırım Menkul Değerler A.Ş. shares with a nominal value of TRY 2,232 were acquired in consideration of TRY 6,223.

9. Information on jointly controlled entities:

There are no jointly controlled associates of the Bank.

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

The Bank has no finance lease receivables.

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

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

12. Information on Tangible Assets (Net):

	Land	Buildings	Construction in Progress	Vehicles	Other	Total
Acquisition Cost						
Balance at the Beginning of the Period	75,905	3,243,324	36,899	14,356	776,003	4,146,487
Movements in the Period						
- Additions	22,480	33,445	36,446	425	99,730	192,526
- Disposals	-10,992	-32,018	0	-1,089	-42,622	-86,721
- Transfers	-4,031	-2,893	-1,284	0	0	-8,208
- Impairment Release	0	395,374	0	0	0	395,374
Balance at End of Current Period	83,362	3,637,232	72,061	13,692	833,111	4,639,458
Accumulated Depreciation						
Balance at the Beginning of the Period	0	-1,884,271	0	-6,787	-489,092	-2,380,150
Movements in the Period						
- Depreciation Charge	0	-48,883	0	-1,810	-74,890	-125,583
- Disposals	0	4,817	0	977	33,830	39,624
- Impairment Release	0	-251,323	0	0	0	-251,323
Balance at End of Current Period	0	-2,179,660	0	-7,620	-530,152	-2,717,432
Net Book Value at End of Previous Period	75,905	1,359,053	36,899	7,569	286,911	1,766,337
Net Book Value at End of Current Period	83,362	1,457,572	72,061	6,072	302,959	1,922,026

(*)As of 31.12.2006 the impairment provision for fixed assets was TRY 450,950, but TRY 152,231 of the aforementioned provision is cancelled as a result of expertise studies of independent auditors in the current period and TRY 8,180 is added so that the impairment provision amount decreased to TRY 306,375 as of 31.12.2007.

(***) As of 31.12.2007 book value of tangible fixed assets gained by financial leasing amount to TRY 135,481 (2006:TRY 135,481), The additions in the current period are TRY 73,708.

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13. Information on Intangible Assets:

	Current Period	Prior Period
Acquisition Cost		
Balance at the Beginning of the Period	16,240	2
Movements in the Period	46,784	16,238
- Acquired	46,784	16,238
- Disposed (-)	0	0
- Impairment	0	0
Balance at the End of the Period	63,024	16,240
Accumulated Amortization		
Balance at the Beginning of the Period	912	1
Movements in the Period	13,309	911
- Amortization Charge (-)	13,309	911
- Disposed	0	0
- Impairment	0	0
Balance at the End of the Prior	14,221	912
Net Book value at the End of the Previous Period	15,328	1
Net Book Value at the End of the Period	48,803	15,328

14. Information on investment property: None

15. Information on deferred tax asset:

The Bank has TRY 225,359 deferred tax asset as of 31.12.2007. Such deferred tax asset is calculated based on the temporary differences between the book value of the Bank's assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising the temporary differences are followed under equity, the related tax asset/liability is directly recognized under equity items. As of 31.12.2007, the Bank does not have any deferred tax asset arising from either carry forward tax losses or investment incentives.

	Current Period	Prior Period
Deferred Tax (Asset)/Liability:		
Tangible Assets Base Differences	16,731	15,361
Provisions (*)	-275,322	-274,005
Valuation of Financial Assets	33,232	-5,063
Net Deferred Tax (Asset)/Liability:	-225,359	-263,707

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

Movements of deferred tax asset:

	Current Period	Prior Period
Balance at the Beginning of the Period	263,707	379,488
Effect of Change In Effective Tax Rate	0	-112,680
Deferred Tax Benefit/(Charge)	5,208	-127,971
Deferred Tax Benefit/(Charge) (Net)	5,208	-240,651
Deferred Tax Recognized in Equity	-43,556	124,870
Deferred Tax Asset	225,359	263,707

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

	Current Period	Prior Period
Balance at the Beginning of the Period	14,843	0
Additions	0	6,841
Transfers	8,208	14,843
Disposals (-)	16,172	6,841
Impairment Losses (-)	0	0
Balance at End of Current Period (Net)	6,879	14,843

The Bank has no discontinued operations. The assets classified as "Assets Held for Sale" consist of real estates. Those real estates subject to sale are announced on the Bank's web site. Also announcements are made by means of newspaper advertisements or use of similar media about the real estates subject to sale.

17. Information on Other Assets:

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

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II. EXPLANATIONS AND NOTES 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	Accumulated Deposits	Total
Savings Deposits	2,155,093	0	9,413,510	5,727,691	735,732	94,320	254,566	0	18,380,912
Foreign Currency Deposits	3,435,193	0	6,475,769	3,157,758	1,188,786	1,279,348	1,551,915	0	17,088,769
Residents in Turkey	3,340,399	0	6,088,345	3,056,661	1,148,931	1,041,720	1,359,671	0	16,035,727
Residents Abroad	94,794	0	387,424	101,097	39,855	237,628	192,244	0	1,053,042
Deposits of Public Institutions	290,617	0	536,174	199,408	57,436	0	826	0	1,084,461
Commercial Deposits	1,732,409	0	2,730,430	3,459,695	64,670	364,677	3,755	0	8,355,636
Other Institutions Deposits	177,569	0	622,350	1,501,250	352,542	9,659	208,124	0	2,871,494
Precious Metals Deposits	370	0	0	0	0	0	0	0	370
Interbank Deposits	199,504	0	111,517	409,749	17,254	7,463	6,016	0	751,503
The Central Bank of									
Turkey	22,209	0	0	0	0	0	0	0	22,209
Domestic Banks	5,646	0	32,710	397,392	0	83	1,198	0	437,029
Foreign Banks	168,734	0	78,807	12,357	17,254	7,380	4,818	0	289,350
Special Finance									
Institutions	2,915	0	0	0	0	0	0	0	2,915
Other	0	0	0	0	0	0	0	0	0
Total	7,990,755	0	19,889,750	14,455,551	2,416,420	1,755,467	2,025,202	0	48,533,145

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

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	1,824,587	0	6,551,783	4,484,085	592,267	90,238	228,727	0	13,771,687
Foreign Currency Deposits	4,003,260	0	6,520,050	4,228,549	790,131	314,038	1,375,562	0	17,231,590
Residents in Turkey	3,860,019	0	6,075,707	4,096,699	735,208	220,391	1,185,969	0	16,173,993
Residents Abroad	143,241	0	444,343	131,850	54,923	93,647	189,593	0	1,057,597
Deposits of Public Institutions	41,203	0	48,862	72,028	8,209	0	468	0	170,770
Commercial Deposits	1,391,582	0	1,503,544	4,198,589	1,012,980	597	1,009	0	8,108,301
Other Institutions Deposits	297,425	0	932,044	2,416,842	897,457	387,661	516	0	4,931,945
Precious Metals Deposits	2,994	0	0	0	0	0	0	0	2,994
Interbank Deposits	117,369	0	1,367,401	669,343	22,235	2,798	2,922	0	2,182,068
The Central Bank of									
Turkey	21,382	0	0	0	0	0	0	0	21,382
Domestic Banks	4,863	0	1,156,272	472,324	21,819	0	0	0	1,655,278
Foreign Banks	89,554	0	211,129	197,019	416	2,798	2,922	0	503,838
Special Finance									
Institutions	1,570	0	0	0	0	0	0	0	1,570
Other	0	0	0	0	0	0	0	0	0
Total	7,678,420	0	16,923,684	16,069,436	3,323,279	795,332	1,609,204	0	46,399,355

b.1. Savings deposits under the guarantee of Savings Deposits Insurance Fund and exceeding the limit of deposit insurance:

Saving Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Savings Deposits	9,609,723	7,429,921	8,519,346	6,068,324
Foreign Currency Savings Deposits	5,770,253	5,795,966	5,159,385	5,240,782
Other Deposits in the Form of Savings Deposits	0	0	0	0
Foreign Branches' Deposits Under Foreign Authorities' Insurance	579,781	585,224	169,201	182,335
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance	0	0	69,088	101,239

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

	Current Period	Prior Period
Foreign Branches' Deposits Under Foreign Authorities Insurance	238,289	283,574
Deposits and Other Accounts held by Shareholders and their Relatives	0	0
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	3,120	2,079
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	0	0
Off-Shore Banking Regions' Deposits Under Foreign Authorities Insurance	0	0

2. Information on Derivative Financial Liabilities Held For Trading:

Negative differences on derivative financial liabilities held for trading:

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	84	132,147	96	15,372
Swap Transactions	2,430	33,567	55	26,390
Futures	0	0	0	0
Options	5	31,095	0	3,256
Other	0	0	0	0
Total	2,519	196,809	151	45,018

3. Banks and Other Financial Institutions:

a. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from the Central Bank of Turkey	0	0	0	0
Funds borrowed from Domestic Banks and Institutions	164,322	44,877	172,674	53,773
Funds borrowed from Foreign banks, institutions and funds	2,890,591	6,863,092	2,779,507	7,524,001
Total	3,054,913	6,907,969	2,952,181	7,577,774

b. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	164,322	592,371	172,674	1,373,603
Medium and Long-term	2,890,591	6,315,598	2,779,507	6,204,171
Total	3,054,913	6,907,969	2,952,181	7,577,774

c. Concentration on the liabilities of the Bank:

61% of the Bank's liabilities are comprised of deposits and 12% of borrowings. Deposits are distributed among a large variety of customers with different characteristics. The borrowings, on the other hand, are comprised of various funds obtained from financial institutions through syndication, securitization, post-financing and money market operations. There exists no risk concentration related to the Bank's liabilities.

4. Other Liabilities:

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

5. Information on finance lease payables:

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

b. Liabilities resulting from finance lease transactions:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	46,120	40,670	45,193	40,214
1-4 Years	34,185	31,035	35,132	32,097
More Than 4 Years	1	0	3	0
Total	80,306	71,705	80,328	72,311

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

d. Sale and lease-back transactions: None.

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

The Bank does not have any derivative financial liabilities held for hedging purposes.

7. Information on provisions:

a. Information on general provisions:

	Current Period	Prior Period
General Provisions	296,675	217,008
Provision for Group I. Loans and Receivables	206,525	149,593
Provision for Group II. Loans and Receivables	1,327	2,129
Provision for Non-cash Loans	28,104	16,458
Other	60,719	48,828

b. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay employee benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee benefits is one month salary for each service year. The base salary ceiling for employee benefits as of 31.12.2007 stands at TRY 2,030.19 (in full TRY amount). The Bank books provisions for employee benefits by means of estimating the current value of the potential future liabilities. The Bank's employee benefit obligations have been determined by an actuarial report prepared by an independent valuation firm. Within this context, the provision for the year 2007 stands at TRY 125,851 (31.12.2006: TRY 117,150).

The main actuarial assumptions used in calculating the employee benefits:

- the discount rate used for the current year is 5.71%.
- TRY 2,030.19 salary ceiling, which was effective as at 31.12.2007 was taken into account in the current year calculations.
- it is assumed that the amount of the salary ceiling will increase each year, in line with the inflation rate.
- the age of retirement is considered as the youngest age possible that an individual can retire.
- CSO 1980 table is used for the probabilities of death for female and male employees

The movements related to retirement pay provision are given below.

	Current Period	Prior Period
Net value of liabilities at the beginning of the Period	117,150	115,559
Service Cost	7,736	7,094
Interest Cost	10,437	10,455
Benefits paid	-20,324	-20,722
Actuarial loss/(gain)	10,852	4,764
Net value of liabilities at the end of the period	125,851	117,150

In addition to the employee termination benefits, the Bank also allocates provision for the unused vacation pay. Provision for unused vacation pay for the year 2007 stands at TRY 12,935 (31.12.2006: TRY 7,504).

c. Provisions for the currency evaluation losses in the principal amount of foreign currency indexed loans: Since foreign currency indexed loans are followed based on the rates on the lending date, the Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of 31.12.2007, provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans is TRY 67,916 and this amount is offset against foreign currency indexed loan balance in the financial statements.

d. Special provisions for non-cash loans, which are not indemnified or not converted into cash: TRY 114,748 provision is allocated for the non-cash loans of companies whose loans are followed under non-performing loans accounts.

e. Information on other provisions:

e.1. Provisions for potential risks: Taking into account the potential risks that may occur in the economy and in the markets, TRY 770,000 provision was allocated in total in accordance with the precautionary principle.

e.2. Liabilities arising from retirement rights:

Liabilities for pension funds established based on Social Security Institution:

Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund), of which each Bank employee is a member, has been established according to the provisional Article 20 of the Social Security Act No. 506. As per provisional article nr.23 of the Banking Law Nr.5411, it is ruled that the Bank's pension funds, which were established within the framework of Social Security Institution Law, will be transferred to the Social Security Institution, within 3 years after the publication of the said law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November

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2006 nr. 2006/11345. However, the related article of the act has been cancelled upon the President's request dated 02.11.2005, by the Supreme Court's decision dated 22.03.2007, nr. E.2005/39, K.2007/33, which was published on the Official Gazette dated 31.03.2007 and nr. 26479 and the execution decision was ceased as of the issuance date of the related decision.

On the other hand, within the scope of the principles in the Cabinet decision dated 30.11.2006 nr. 2006/11345, actuarial audit has been carried for İşbank Pension Fund as at 31.12.2006, using 10.24% technical interest rate, and provision has been allocated as TRY 1,208,401 based on actuarial and technical deficit stated in the technical balance sheet and the related provision has been preserved in the financial statements as at 31.12.2007.

Although the temporary article 23 of Banks Law was cancelled by BRSA, within the terms of the Cabinet decision it is notified that it is relevant to preserve the provision amounts calculated as per 2006 year end, in the financial statements.

Also, as of the article 58 and provisional article 7 in Banking Law, beginning from the date of 01.01.2008, banks will no more transfer sources in order to enclose the loss of the pension funds.

• Liabilities for organizations like all kinds of foundations, pensions funds, which provide post-retirement benefits for the Bank's employees:

Up to now, there has not been any deficit in the pension fund, which has been founded by the Bank's employees in accordance with the rules of the Civil Code and which provides after retirement benefits; and the Bank has made no payment for this purpose. It is believed that the assets of this institution are capable of covering its total obligations, and that it shall not constitute an additional liability for the Bank.

8. Information on Tax Liability:

a. Explanations related to current tax liability:

a.1. Information on tax provision:

Explanations in relation to taxation and tax calculations were stated in footnote XVI of Part 3. The remaining corporate tax liability after the deduction of the temporary tax amount stands at TRY 98,099, as of 31.12.2007.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable (*)	98,099	130,697
Tax on Securities Income	73,943	61,046
Tax on Real Estate Income	1,014	587
Banking Insurance Transaction Tax	31,176	30,251
Foreign Exchange Transaction Tax	2,621	2,551
Value Added Tax Payable	2,595	864
Other	14,415	9,738
Total	223,863	235,734

(*) Details on the deductions made from the corporation tax liability regarding the Bank's receivables are given in Part V footnote nr. III-3 and Part V footnote nr.IV-5.

a.3. Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employees	21	14
Social Security Premiums - Employer	23	16
Bank Pension Fund Premiums - Employees	0	0
Bank Pension Fund Premiums - Employer	0	0
Pension Fund Membership Fees and Provisions-Employees	0	0
Pension Fund Membership Fees and Provisions-Employer	0	0
Unemployment Insurance - Employees	355	790
Unemployment Insurance - Employer	709	1,581
Others	0	0
Total	1,108	2,401

b. Information on deferred tax liabilities:
None.

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

None.

10. Subordinated loans used by the Bank:

None.

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11. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Prior Period
Ordinary shares	2,756,555	2,756,555
Preferred shares	30	30
Total	2,756,585	2,756,585

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	2,756,585	7,000,000

c. There is no share capital increase in current period.

d. Capital increase through transfer from capital reserves during the period: None

e. Significant commitments of the Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: There are no capital commitments.

f. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Bank's equity: The Bank's balance sheet is managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level. This contributes to the development of the Bank's income on a continuously rising trend.

g. Privileges Granted To Preferred Stocks:

Group (A) shares each with a nominal value of 1 New Kuruş (the old Group A shares: TL 500) have the privileges of;

-receiving 20 times more shares in the distribution of bonus shares issued from conversion of extraordinary reserves and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation)

- exercising 20 times more of the preference rights (Article 19 of the Articles of Incorporation), and
- 20 shares of voting rights (Article 49 of the Articles of Incorporation)

Despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 New Kuruş, have the same rights with the Group (C) shares having a nominal value of 4 New Kuruş each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 New Kuruş, are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

h. Information on marketable securities revaluation reserve:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Associates, Subsidiaries and Jointly Controlled Entities	1,237,056	0	1,513,005	-29,227
Revaluation Reserve	1,237,056	0	1,513,005	0
Foreign Exchange Differences	0	0	0	-29,227
Financial Assets Available for Sale	49,017	31,942	-209,725	63,100
Revaluation Reserve	61,270	31,978	-242,192	64,300
Deferred Tax Effect on Revaluation	-12,253	-36	32,467	-1,200
Foreign Exchange Differences	0	0	0	0
Total	1,286,073	31,942	1,303,280	33,873

i. Number of shares:

	Current Period	Prior Period
Number of Shares With Priority Rights	3,000,000	4,900,000
Number of Shares Without Priority Rights	68,913,875,000	68,913,875,000
Total Number of Shares	68,916,875,000	68,918,775,000

III. EXPLANATIONS AND NOTES TO OFF-BALANCE SHEET ITEMS

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

a. Types and amounts of irrevocable loan commitments:

The commitment for the spending limits of customers' credit cards stands at TRY 7,871,805. The Bank has commitments in respect of project loans, under the guarantee of the Undersecretariat of Turkish Treasury, amounting to USD 779,634 thousand and EUR 88,962 thousand, which are yet to be utilized. The commitment for the deferred purchase of assets stands at TRY 37,553.

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b. The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:
There are no probable losses related to off-balance sheet items, Commitments are shown in the table of "Off-Balance Sheet Liabilities".

b.1. Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	121,456	158,191
Letters of Credit	1,901,957	1,765,180
Other Guarantees	54,252	69,692
Total	2,077,665	1,993,063

b.2. Definite guarantees, provisional guarantees, sureties and similar transactions:

	Current Period	Prior Period
Provisional Letters of Guarantee	145,933	130,358
Definite Letters of Guarantee	3,874,478	3,651,560
Advance Letters of Guarantee	798,907	770,387
Letters of Guarantee Addressed to Customs	212,628	216,036
Other Letters of Guarantee	376,653	538,191
Total	5,408,599	5,306,532

c. 1. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	376,591	538,012
With Original Maturity of 1 Year or Less	235,434	348,969
With Original Maturity More Than 1 Year	141,157	189,043
Other Non-cash Loans	7,109,673	6,761,583
Total	7,486,264	7,299,595

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	51,529	1.66	4,248	0.10	45,674	1.78	3,163	0.07
Farming and Stockbreeding	27,331	0.88	2,730	0.06	22,820	0.89	2,568	0.05
Forestry	22,158	0.71	1,059	0.03	21,868	0.85	353	0.01
Fishery	2,040	0.07	459	0.01	986	0.04	242	0.01
Industry	852,137	27.45	2,072,306	47.29	449,734	17.56	2,236,044	47.19
Mining and Quarrying	29,854	0.96	26,972	0.62	29,111	1.14	30,062	0.63
Manufacturing	756,307	24.36	1,906,477	43.51	394,416	15.40	2,014,154	42.51
Electricity, Gas, Water	65,976	2.13	138,857	3.16	26,207	1.02	191,828	4.05
Construction	363,711	11.72	687,302	15.68	280,768	10.96	497,691	10.50
Services	1,802,108	58.05	922,827	21.06	1,560,143	60.92	1,182,501	24.96
Wholesale and Retail Trade	1,266,747	40.81	595,552	13.59	1,128,450	44.06	621,224	13.11
Hotel and Restaurant Services	36,038	1.16	13,776	0.32	33,301	1.30	25,958	0.55
Transportation and Communication	105,157	3.39	70,216	1.60	80,894	3.16	217,421	4.59
Financial Institutions	208,733	6.72	78,182	1.78	159,203	6.22	86,361	1.82
Real Estate and Rental Services	77,359	2.49	144,689	3.30	61,684	2.41	196,528	4.15
Self-Employed Services	68,590	2.21	8,716	0.20	57,458	2.24	11,209	0.24
Educational Services	12,352	0.40	5,685	0.13	13,882	0.54	15,815	0.33
Health and Social Services	27,132	0.87	6,011	0.14	25,271	0.99	7,985	0.17
Others	34,672	1.12	695,424	15.87	224,806	8.78	819,071	17.28
Total	3,104,157	100.00	4,382,107	100.00	2,561,125	100.00	4,738,470	100.00

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

	Group I		Group II	
	TRY	FX	TRY	FX
Non-cash Loans	3,091,807	4,251,222	12,350	130,885
Letters of Guarantee	3,082,228	2,202,290	12,350	111,731
Bank Acceptances	9,579	95,982	0	15,895
Letters of Credit	0	1,898,698	0	3,259
Endorsements	0	0	0	0
Underwriting Commitments of the Securities Issued	0	0	0	0
Factoring Related Guarantees	0	0	0	0
Other Guaranties and Warranties	0	54,252	0	0

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Unconsolidated Financial Statements

2. Information on Derivative Financial Instruments:

Majority of the derivative transactions of the Bank comprise of currency swaps, forward trading, currency trading options and options based on securities. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as "held for trading purposes" within the framework of Turkish Accounting Standard No: 39 "Financial Instruments: Recognition and Measurement" (TAS 39).

3. Explanations Related to Contingencies and Commitments:

Total amount of letters of guarantees, submitted by the Bank pursuant to its own internal affairs, stands at TRY 120,930. The profit/loss statement shall also be affected in the event of materialization on commitments undertaken by the Bank in connection with these guarantee letters. TRY 1,880,153 which is the liability of the bank regarding the checks given to customers is presented under off balance sheet commitments, as per Law nr. 3167, starting from 28.01.2008. In case the check presented for payment is without cover, the Bank has an obligation to pay the uncovered amount up to TRY 435. The Bank will try to collect the amount paid for the customer and the uncollected amount will be followed under "Indemnified Non-Cash Loans".

As a result of inflation indexation made in accordance with inflation accounting applied between 2001 and 2004, the Bank incurred previous years' losses. Since it was not legally accepted to deduct these losses from corporate tax base, corporate tax of the related periods were calculated and paid accordingly. However, the 13th paragraph of provisional article nr. 4 of cancelled Bank's Act nr. 4389, allowed deduction of the inflation indexation losses from corporate tax base. The Bank filed two suits for refunding of the excess amounts paid in 2003 and 2004, which are TRY 60,845 and TRY 179,306 respectively. Even though the suit filed for the amount paid in 2003, was rejected the Bank appealed to a higher court and the process is still continuing.

The court decided in favor of the Bank regarding the case of TRY 179,306 for 2004. As a result of the Bank's application, a correction voucher for TRY 152,865 has been prepared by the relevant tax office and the Bank has been notified. Referring to this correction voucher, the aforementioned amount has been offset from the Bank's corporation tax liability and transferred to the profit/loss accounts as mentioned in Part V, footnote nr. IV-4. On the other hand, regarding the aforementioned case, the appeal process which was initiated by the tax authority is still continuing.

4. Explanations related to transactions made on behalf of or on the account of others:

It is explained in footnote IX under Part Four.

IV. EXPLANATIONS RELATED TO THE INCOME STATEMENT

1.a. Information on interest income on loans:

	Group I		Group II	
	TRY	FC	TRY	FC
Interest Income on Loans*				
Short-term Loans	2,083,149	118,325	1,601,138	132,347
Medium and Long-term Loans	2,453,331	468,348	2,052,855	368,587
Interest on Non-performing Loans	143,493	164	57,008	0
Premiums Received from State Utilization Support Fund	0	0	0	0

* Includes fee and commission income on cash loans.

1.b Information on interest income on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	0	60	0	154
Domestic Banks	1,346	2,677	1,706	4,758
Foreign Banks	15,964	245,993	5,360	135,800
Foreign Head Offices and Branches	0	0	0	0
Total	17,310	248,730	7,066	140,712

1.c. Information on interest income from securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Income on Financial Assets Held for Trading	54,586	217	53,948	679
Interest Income on Financial Assets at Fair Value through Profit and Loss	0	0	0	0
Interest Income on Financial Assets Available for Sale	2,266,731	811,119	2,135,508	743,716
Investments Held to Maturity	88,698	201	28,139	0
Total	2,410,015	811,537	2,217,595	744,395

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	17,834	22,027

2.a Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	476,233	172,995	258,022	275,147
Central Bank of Turkey	0	0	0	0
Domestic Banks	26,395	2,843	15,841	2,989
Foreign Banks	449,838	170,152	242,181	272,158
Foreign Head Offices and Branches	0	0	0	0
Other Institutions	38	238,008	0	191,323
Total	476,271	411,003	258,022	466,470

Includes fee and commission expenses regarding to cash loans.

2.b Information on interest paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	157,632	127,725

2.c. Information on interest paid to marketable securities issued:
None.

2.d. Information on Interest Expense on Deposits According to Maturity Structure:

	Time Deposits						Accumulated Deposits	Total
	Demand Deposits	Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
TRY								
Bank Deposits	2,733	21,664	69,351	487	732	0	0	94,967
Savings Deposits	2,986	1,363,674	816,835	83,023	13,729	36,461	0	2,316,708
Public Sector Deposits	228	8,315	8,424	2,965	0	64	0	19,996
Commercial Deposits	1,425	359,109	667,411	59,667	91,148	26,745	0	1,205,505
Other Institutions Deposits	430	159,675	276,491	107,538	1,350	72	0	545,556
Deposits with 7 Days Maturity	0	0	0	0	0	0	0	0
Total	7,802	1,912,437	1,838,512	253,680	106,959	63,342	0	4,182,732
FC								
Foreign Currency Deposits	600	242,578	141,638	28,156	7,781	58,412	0	479,165
Bank Deposits	241	4,331	1,474	232	143	213	0	6,634
Deposits with 7 Days Maturity	0	0	0	0	0	0	0	0
Precious Metals Deposits	0	0	0	0	0	0	0	0
Total	841	246,909	143,112	28,388	7,924	58,625	0	485,799
Grand Total	8,643	2,159,346	1,981,624	282,068	114,883	121,967	0	4,668,531

3. Information on dividend income:

	Current Period	Prior Period
Financial Assets Held for Trading	0	0
Financial Assets at Fair Value Through Profit and Loss	0	0
Financial Assets Available for Sale	1,518	1,779
Other*	501,545	115,342
Total	503,063	117,121

* TRY 333,704 profit based bonus share, which was gained through capital increase of TRY 525,916 of Türkiye Şişe ve Cam Fabrikaları A.Ş. on 02.10.2007, accounted as dividend income.

Türkiye İş Bankası A.Ş.**Part Five: Explanations and Notes to the Unconsolidated Financial Statements****4. Information on trading income/losses (Net):**

	Current Period	Prior Period
Profit		
Securities Trading Gains	1,123,983	572,413
Derivative Financial Instruments	996,479	256,961
Others	127,504	315,452
Foreign Exchange Gains	19,112,843	17,235,855
Losses (-)		
Securities Trading Losses	578,473	374,388
Derivative Financial Instruments	511,933	284,102
Others	66,540	90,286
Foreign Exchange Losses	19,232,189	17,370,010

5. Information on other operating income:

Regarding the claim of considering prior years' loss arising from inflation adjustments between the years 2001-2004, as an offsetting item; which is explained in details in Part V footnote nr.III-3, within the context of the lawsuits filed by İşbank, the relevant tax office notified a correction voucher of TRY 152,865 to İşbank. Regarding this correction voucher, the aforementioned amount of the Bank's receivable has been offset from the corporation tax liability and transferred to the profit/loss account.

Other items in the other operating income comprise of releases of provisions allocated in the previous periods, various fee income received from customers in return for services rendered, and released special provisions after collections.

6. Information on provision for loans and other receivables:

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	581,896	387,710
Group III Loans and Receivables	547,108	323,476
Group IV Loans and Receivables	10,371	4,930
Group V Loans and Receivables	24,417	59,304
General Provision Expenses	79,758	67,723
Provision Expenses for Possible Risks	770,000	120,000
Marketable Securities Impairment Losses	104,457	121,199
Financial Assets at Fair Value through Profit and Loss	4	4
Financial Assets Available for Sale	104,453	121,195
Impairment Losses on Investments in Associates, Subsidiaries, Jointly Controlled Entities and Investments Held to Maturity	51,672	178,855
Investment in Associates	18,695	36,252
Subsidiaries	32,977	142,603
Jointly Controlled Entities	0	0
Investments Held to Maturity	0	0
Others	30,021	33,674
Total	1,617,804	909,161

7. Other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1,085,006	936,890
Reserve for Employee Termination Benefits	8,701	1,591
Bank Pension Fund Deficit Provisions	0	21,825
Impairment Losses on Tangible Assets	8,181	0
Depreciation Expenses of Tangible Assets	113,730	106,857
Impairment Losses on Intangible Assets	0	0
Impairment Losses on Goodwill	0	0
Amortization Expenses of Intangible Assets	13,309	911
Impairment Losses on Share of Participations Accounted for Using the Equity Method	0	0
Impairment Losses on Assets to be Disposed	0	0
Depreciation Expenses of Assets to be Disposed	11,853	16,317
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations	0	0
Other Operating Expenses	702,837	555,310
Operating Lease Expenses	60,063	47,756
Repair and Maintenance Expenses	11,795	8,893
Advertisement Expenses	96,608	187,613
Other Expenses	534,371	311,048
Loss on Sale of Assets	3,004	23,739
Other	207,422	194,499
Total	2,154,043	1,857,939

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

Bank's profit before tax is a result of continuing operations. The profit before tax consists of net interest income of TRY 2,960,221, net fee and commission income of TRY 1,074,511 and the other operation expenses amount to TRY 2,154,043.

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

As of 31.12.2007 the Bank's total tax provision of TRY 401,274 consists of current tax expense of TRY 406,482 and deferred tax income of TRY (5,208).

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

Bank's net profit resulting from continuing operations is TRY 1,701,807.

11. Explanation on Net Period Profit/Loss:

a. Income and expense resulting from regular banking activities: No further explanation on operating results is needed for better understanding of the Bank's performance in the period 01.01.2007-31.12.2007.

b. Any changes in estimations that might have a material effect on current and subsequent period results: There is no point that requires explanation.

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

V. EXPLANATIONS AND NOTES TO THE SHAREHOLDERS' EQUITY

The paid-in capital is TRY 2,756,585 in legal records. As of balance sheet date, the balance of legal reserves is TRY 1,012,375 and the balance of extraordinary reserves is TRY 1,845,621.

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

The details of revaluation surplus of securities are given in the footnote nr. VII-11-h. TRY 12,289 of this amount is the deferred tax effect on available for sale securities. (31 December 2006: TRY (31,267))

VI. Statement of Cash Flows

The operating profit of TRY 3,680,646 before the change in banking assets and liabilities, consists of interest received at TRY 9,619,794 predominantly from loans and securities, and interest paid at TRY 6,122,098 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 effect of changes in foreign exchange rates on cash and cash equivalents is TRY (471,963) as of 31 December 2007. (31 December 2006: TRY 95,311)

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, interbank money market transactions and time deposits up to 3 months are defined as cash and cash equivalents.

Cash and cash equivalents at beginning of period:

	Current Period 31.12.2006	Prior Period 31.12.2005
Cash	3,782,406	4,958,974
Cash in TRY and Foreign Currency	461,148	292,864
Central Bank of Turkey and Other	3,321,258	4,666,110
Cash Equivalents	4,414,765	3,214,336
Banks' Demand Deposits and Time Deposits Up to 3 Months	4,414,765	3,214,336
Total Cash and Cash Equivalents	8,197,171	8,173,310

The total amount calculated by taking into consideration the transactions made in the previous period, shows the total cash and cash equivalents as of the beginning of the current period.

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Unconsolidated Financial Statements

Cash and Cash equivalents as of end of the period:

	Current Period 31.12.2007	Prior Period 31.12.2006
Cash	5,384,413	3,782,406
Cash in TRY and Foreign Currency	500,284	461,148
Central Bank of Turkey and Other	4,884,129	3,321,258
Cash Equivalents	4,783,953	4,414,765
Banks' Demand Deposits and Time Deposits Up to 3 Months	4,783,953	4,414,765
Total Cash and Cash Equivalents	10,168,366	8,197,171

VII. EXPLANATIONS AND NOTES TO THE BANK'S RISK GROUP

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

a. Current Period:

Bank's Risk Group	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	283,124	765,678	1	0	40,827	32,585
Balance at the end of the period	317,870	858,320	1	0	212,780	88,731
Interest and commission income received	17,550	3,507	0	0	9,894	2,282

b. Prior 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	349,982	97,756	1	0	21,815	17,784
Balance at the end of the period	283,124	765,678	1	0	40,827	32,585
Interest and commission income received	21,513	4,429	0	0	3,253	1,208

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	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	973,801	874,845	67,853	301,104	315,577	312,650
Balance at the end of the period	1,126,005	973,801	70,837	67,853	187,060	315,577
Interest on deposits	150,766	118,330	9,885	32,413	41,320	17,978

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Bank		Other Items that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit and Loss						
Beginning of the period	47,726	34,047				
End of the period	71,134	47,726				
Total Profit/Loss	1,061	1,203				
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						

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

a. 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 Banking Law.

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 1.56%, while the ratio to the overall assets is 0.66%; the ratio of deposits of the risk group corporations to the overall deposits is 2.85%, while the ratio to overall liabilities is 1.73%. The method of comparable prices has been used in the transactions.

c. Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals, and management agreements:

Movables are purchased via leasing through the associate of the Bank, İş Finansal Kiralama A.Ş., when required. The Bank's branches also act as agents for Anadolu Sigorta A.Ş., Anadolu Hayat Emeklilik A.Ş. and İş Yatırım Menkul Değerler A.Ş. İş Portföy Yönetimi A.Ş. manages the portfolios of 19 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.

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Unconsolidated Financial Statements

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

Salaries and dividends paid to Directors are given below

	Current Period	Prior Period
Short-term Benefits	1,536	1,391
Dividends	963	774

VIII. INFORMATION RELATED TO DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

	Number	Employees		Total Assets	Legal Capital
Domestic Branches(*)	933	19,245			
			Country of Incorporation		
Foreign Representative Offices	1	1	1. China		
Foreign Branches	1	23	1. England	1,740,064	231
	9	137	2. TRNC	1,024,960	11,898
Off-Shore Branches	1	8	1. Bahrain	14,832,995	0

(*) The Branches located in Free Trade Zones in Turkey are included among domestic branches.

PART SIX: EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT:

The Bank's unconsolidated financial statements prepared as of 31 December 2007, for the financial period ending AT the same date, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu).

II. EXPLANATIONS AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

There are no significant issues or necessary disclosures or footnotes in relation to the Bank's operations other than those mentioned above.

Türkiye İş Bankası A.Ş. Information for Shareholders

Annual General Meeting

As per the decision of the Board of Directors of İşbank, the annual general meeting of the Bank will be held at 14:00 hours on 28 March 2008 in İş Kuleleri Headquarters Auditorium, 34330 Levent-Istanbul.

Independent Auditors

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Member of DELOITTE TOUCHE TOHMATSU
İstanbul Headquarters
Deloitte Sun Plaza
Dereboyu Sok. No:24, 34398
Maslak-İstanbul
Telephone: (90 212) 366 60 00
Fax: (90 212) 366 60 10

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 Bank'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

Alper Turgal, Assistant Manager
İş Kuleleri Kule:1 Kat:15
34330 Levent-Istanbul
Telephone: (90 212) 316 30 36
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 61 of this annual report. The said information is also available on <http://www.isbank.com.tr/yatirimci/yi-kardagitim.html> website.

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 2007 with the total market capitalization of TRY 20,310,844,000, İşbank is reckoned among the most valuable publicly traded companies in Turkey. As of the same date, İşbank's market capitalization corresponded to 6.05% of the total market capitalization (TRY 335,948,412,000) of the 319 companies whose shares are traded on the İstanbul Stock Exchange.

www.isbank.com.tr

TÜRKİYE İŞ BANKASI A.Ş.

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Turkey's Bank

İŞBANK

INFORMATION ON CONSOLIDATED
FINANCIAL STATEMENTS 2007

Türkiye İş Bankası A.Ş.

Independent Auditors' Report

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

TÜRKİYE İŞ BANKASI A.Ş.
AND ITS FINANCIAL SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD JANUARY 1, 2007 – DECEMBER 31, 2007

1. We have audited the accompanying consolidated balance sheet of Türkiye İş Bankası A.Ş. and its financial subsidiaries ("the Group") as at December 31, 2007, and the related consolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures And Principles Regarding Banks' Accounting Practices And Maintaining Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. As of the balance sheet date, the Bank management has provided TRY 770,000 Thousand of free provision fully charged to the current year income statement as an expense for the purpose of conservatism principal considering the potential circumstances which may arise from any changes in the economy or market conditions.

Independent Auditors' Opinion

5. In our opinion, except for such adjustments as may be necessary in respect of the matter set out in paragraph 4 above, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act No: 5411.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU



Hüseyin Gürer
Partner

İstanbul, April 7, 2008

Additional paragraph for English translation:

(The effect of the differences between the accounting principles applied in the accompanying financial statements and the accounting principals generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.)

Türkiye İş Bankası A.Ş.

The Consolidated Year End Financial Report as of December 31, 2007

Headquarters Address: İş Kuleleri, 34330, Levent/İstanbul
Telephone: 0212 316 00 00
Fax: 0212 316 09 00
Web site: www.isbank.com.tr
E-mail: 4440202@isbank.com.tr

The consolidated year-end financial report prepared in accordance with the Communiqué on "Presentation & Disclosures of Financial Statements and the Related Footnotes to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- Part One : GENERAL INFORMATION ABOUT THE PARENT BANK
- Part Two : CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- Part Three : EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE CURRENT PERIOD
- Part Four : INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP
- Part Five : EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- Part Six : EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

Associates and subsidiaries whose financial statements have been consolidated in this financial report are as follows:

Subsidiaries	Associates
1. ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ	ARAP-TÜRK BANKASI A.Ş.
2. ANADOLU HAYAT EMEKLİLİK A.Ş.	
3. İŞBANK GMBH	
4. İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
5. İŞ FİNANSAL KİRALAMA A.Ş.	
6. İŞ YATIRIM MENKUL DEĞERLER A.Ş.	
7. MİLLÎ REASÜRANS T.A.Ş.	
8. TÜRKİYE SİNÂİ KALKINMA BANKASI A.Ş.	

The consolidated financial statements and related disclosures and footnotes in this report are prepared, unless otherwise indicated, in thousands of the New Turkish Lira (TRY), in accordance with the Communiqué on "Principles and Procedures on the Accounting Practice and Documentation of Banks", Banking Regulation and Supervision Agency (BRSA) regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and the Bank's financial records have been independently audited and presented as the attached.



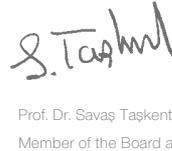
A. Ferit Eraslan
Manager of Accounting
Department



Mahmut Mıgımcıoğlu
Deputy Chief Executive
In Charge of Financial
Reporting



H. Ersin Özince
Chief Executive Officer



Prof. Dr. Savaş Taşkent
Member of the Board and
the Audit Committee



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

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

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Türkiye İş Bankası A.Ş.

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Türkiye İş Bankası A.Ş.

Part One: General Information About The Parent Bank

PART ONE: GENERAL INFORMATION ABOUT THE PARENT BANK

I. Explanation on the Date of Establishment and the Initial Status of the Parent Bank, and the History Including the Changes in the Former Status:

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank" or "the Parent Bank"), was established on August 26th 1924, using private capital and with the authority to accept deposits, in order to operate in corporate and retail banking activities and, to initiate or participate in all kinds of financial and industrial sector corporations as may be required. There is no change in the Bank's status since its establishment.

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

As of 31 December 2007, 41.54% of the Parent Bank's shares are owned by T. İş Bankası A.Ş. Pension Fund, 28.09% are owned by the Republican People's Party (Atatürk's shares) and 30.37% are on free float. There is no change in the capital structure during the year.

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

Board of Directors and Auditors:

Name	Title
Prof. Dr. Ahmet Kirman (*)	Chairman of the Board of Directors and the Audit Committee
Prof. Dr. M. Baran Tuncer (***)	Deputy Chairman
H. Ersin Özince	Chief Executive Officer and Director
M. Nail Yağcı (***)	Director
Dr. A. Yavuz Ege (***)	Director
Atty. Nail Gürman (***)	Director
Ali Ekber Güvenç (***)	Director
Köksal Burkan (***)	Director
Caner Çimenbiçer (*) (**)	Member of the Board and the Audit Committee
Salih Kurtuluş	Director
Prof. Dr. Savaş Taşkent (*)	Director
Prof. Dr. Turkey Berksoy	Auditor
H. Ahmet Ergenekon	Auditor

(*) Caner Çimenbiçer is elected as Chairman of the Audit Committee replacing Prof. Dr. Ahmet Kirman who has resigned and Prof. Dr. Savaş Taşkent is elected as Member of the Audit Committee as of 26.03.2008.

(**) He is elected as the Chairman of the Board of Directors on 02.04.2008.

(***) At the Annual General Meeting held on 26.03.2008; Ali Sözen, İsmet Atalay, Adnan Keskin, Tuncay Erçenik, H. Fevzi Onat, Füsün Tümsavaş and Tülin Aykin have been appointed as Directors, replacing the Board Members whose terms of office ended.

Chief Executive Officer and Deputy Chief Executives:

Name	Title & Administrative Position
H. Ersin Özince	Chief Executive Officer
A. Aykut Demiryaz	Foreign Affairs, Treasury, Economic Research, Foreign Branches, Foreign Representative Offices, Coordinating and Monitoring Free Zone Branches
M. Sırrı Erkan	Budgeting and Planning, Central Operations, Organization, Board of Change Management, Branch Operations, Non-branch Banking, Coordination of Tasks and Projects Related to Strategic Targets
Kadir Akgöz	Electronic Data Processing and Software Development
Özcan Türkakın	Public Relations, Equity Participations, Marketable Securities, Private Banking Customer and Distribution Departments
H. Fevzi Onat (**)	Corporate and Commercial Loans, SME Loans
F. Kayhan Söyler	Commercial Banking Customer, Distribution and Product Departments
Zafer Memişoğlu	Support Services and Purchasing, Premises and Real Estate Departments
Hülya Altay	Retail Loans, Card Payment Systems, Retail Banking Customer, Distributions and Product Department
Mahmut Magemizoğlu	Taxation Counselor, Financial Operations and Accounting Departments
Hakan Barut	Legal Counselor, Legal Affairs, Credit Information and Financial Analysis, and Problem Loans Departments
Tülin Aykin (**)	Staff Training and Human Resources Departments
Adnan Bali	Corporate Banking Marketing, Distribution and Product Departments

(*) Suat İnce is appointed as Deputy Chief Executive on 02.04.2008 but his administrative function is not definite, yet.

(**) Assignment of duty is as of balance sheet date and H. Fevzi Onat and Tülin Aykin is elected as Directors at the Annual General Meeting held on 26.03.2008.

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

IV. Information on the Individuals and Institutions That Have Qualified Shares in the Parent Bank:

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T. İş Bankası A.Ş. Mensuplan Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund)	1,145,176	41.54%	1,145,176	0
Cumhuriyet Halk Partisi (Republican People's Party)	774,381	28.09%	774,381	0

Türkiye İş Bankası A.Ş.

Part One: General Information About The Parent Bank

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

In line with the relevant legislation and the principles stated in the Articles of Incorporation of the Parent Bank, the Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

VI. Explanations on the Consolidated Companies

The Parent Bank and its subsidiaries;

- ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ
- ANADOLU HAYAT EMEKLİLİK A.Ş.
- İŞBANK GMBH
- İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- İŞ FİNANSAL KİRALAMA A.Ş.
- İŞ YATIRIM MENKUL DEĞERLER A.Ş.
- MİLLİ REASÜRANS T.A.Ş.
- TÜRKİYE SİNÂİ KALKINMA BANKASI A.Ş.

are consolidated according to the line-by-line basis method,

its subsidiary;

- ARAP-TÜRK BANKASI A.Ş.

is consolidated according to the equity method.

Türkiye İş Bankası A.Ş.

Balance Sheet

		TRY THOUSAND						
CONSOLIDATED ASSETS		Footnote	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
			TRY	FC	Total	TRY	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	4,683,736	2,455,020	7,138,756	3,055,688	2,596,564	5,652,252
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	1,862,631	79,516	1,942,147	826,524	113,932	940,456
2.1	Financial Assets Held for Trading		1,479,417	35,491	1,514,908	787,355	106,817	894,172
2.1.1	Government Debt Securities		1,336,428	23,780	1,360,208	724,046	97,783	821,829
2.1.2	Share Certificates		98,991	0	98,991	30,800	0	30,800
2.1.3	Other Marketable Securities		43,998	11,711	55,709	32,509	9,034	41,543
2.2	Financial Assets at Fair Value Through Profit and Loss		0	0	0	0	0	0
2.2.1	Government Debt Securities		0	0	0	0	0	0
2.2.2	Share Certificates		0	0	0	0	0	0
2.2.3	Other Marketable Securities		0	0	0	0	0	0
2.3	Derivative Financial Assets Held for Trading		383,214	44,025	427,239	39,169	7,115	46,284
III.	BANKS	(3)	608,354	7,147,761	7,756,115	125,230	6,919,766	7,044,996
IV.	MONEY MARKET PLACEMENTS		5,217	0	5,217	884	0	884
4.1	Interbank Money Market Placements		0	0	0	0	0	0
4.2	Istanbul Stock Exchange Money Market Placements		1,616	0	1,616	0	0	0
4.3	Receivables from Reverse Repurchase Agreements		3,601	0	3,601	884	0	884
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	14,342,033	10,704,716	25,046,749	16,304,717	12,327,957	28,632,674
5.1	Share Certificates		34,744	2,957	37,701	31,645	1,702	33,347
5.2	Government Debt Securities		14,304,286	8,848,815	23,153,101	16,258,988	11,405,543	27,664,531
5.3	Other Marketable Securities		3,003	1,852,944	1,855,947	14,084	920,712	934,796
VI.	LOANS	(5)	26,082,430	10,717,785	36,800,215	23,073,295	9,063,623	32,136,918
6.1	Loans		26,082,430	10,717,785	36,800,215	23,073,295	9,063,623	32,136,918
6.1.1	Loans to the Bank's Risk Group		116,958	270,407	387,365	49,618	142,311	191,929
6.1.2	Other		25,965,472	10,447,378	36,412,850	23,023,677	8,921,312	31,944,989
6.2	Non-Performing Loans		1,507,304	17,123	1,524,427	1,191,889	17,325	1,209,214
6.3	Specific Provisions (-)		1,507,304	17,123	1,524,427	1,191,889	17,325	1,209,214
VII.	FACTORING RECEIVABLES		0	0	0	0	0	0
VIII.	INVESTMENTS HELD TO MATURITY (Net)	(6)	2,099,881	27,675	2,127,556	255,158	20,633	275,791
8.1	Government Debt Securities		2,099,881	14,069	2,113,950	255,158	11,461	266,619
8.2	Other Marketable Securities		0	13,606	13,606	0	9,172	9,172
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	761,094	0	761,094	785,322	0	785,322
9.1	Associates Accounted for Using the Equity Method		18,932	0	18,932	18,385	0	18,385
9.2	Unconsolidated Associates		742,162	0	742,162	766,937	0	766,937
9.2.1	Financial Investments		6,143	0	6,143	5,591	0	5,591
9.2.2	Non-Financial Investments		736,019	0	736,019	761,346	0	761,346
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	2,291,576	5,426	2,297,002	2,221,223	230	2,221,453
10.1	Unconsolidated Financial Subsidiaries		201,833	5,426	207,259	182,330	230	182,560
10.2	Unconsolidated Non-Financial Subsidiaries		2,089,743	0	2,089,743	2,038,893	0	2,038,893
XI.	JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	(9)	0	0	0	0	0	0
11.1	Jointly Controlled Entities Accounted for Using the Equity Method		0	0	0	0	0	0
11.2	Unconsolidated Jointly Controlled Entities		0	0	0	0	0	0
11.2.1	Jointly Controlled Financial Entities		0	0	0	0	0	0
11.2.2	Jointly Controlled Non-Financial Entities		0	0	0	0	0	0
XII.	LEASE RECEIVABLES	(10)	223,289	698,325	921,614	219,770	720,429	940,199
12.1	Finance Lease Receivables		279,828	824,863	1,104,691	277,717	840,381	1,118,098
12.2	Operating Lease Receivables		781	0	781	1,921	0	1,921
12.3	Other		0	0	0	0	0	0
12.4	Unearned Income (-)		57,320	126,538	183,858	59,868	119,952	179,820
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	0	0	0	0	0	0
13.1	Fair Value Hedging		0	0	0	0	0	0
13.2	Cash Flow Hedging		0	0	0	0	0	0
13.3	Net Foreign Investment Hedging		0	0	0	0	0	0
XIV.	TANGIBLE ASSETS (Net)	(12)	2,018,464	30,405	2,048,869	2,769,717	34,174	2,803,891
XV.	INTANGIBLE ASSETS [Net]	(13)	58,284	915	59,199	23,980	1,086	25,066
15.1	Goodwill		7,170	0	7,170	7,170	0	7,170
15.2	Other		51,114	915	52,029	16,810	1,086	17,896
XVI.	INVESTMENT PROPERTY (Net)	(14)	803,287	0	803,287	0	0	0
XVII.	TAX ASSETS	(15)	244,303	280	244,583	275,343	0	275,343
17.1	Current Tax Asset		0	280	280	0	0	0
17.2	Deferred Tax Asset		244,303	0	244,303	275,343	0	275,343
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	17,389	0	17,389	17,760	0	17,760
18.1	Held For Sale		17,389	0	17,389	17,760	0	17,760
18.2	Discontinued Operations		0	0	0	0	0	0
XIX.	OTHER ASSETS	(17)	1,870,728	237,802	2,108,530	1,155,416	118,258	1,273,674
TOTAL ASSETS			57,972,696	32,105,626	90,078,322	51,110,027	31,916,652	83,026,679

Türkiye İş Bankası A.Ş.

Balance Sheet

CONSOLIDATED LIABILITIES		TRY THOUSAND						
		Footnote	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
			TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	30,346,044	17,717,905	48,063,949	27,657,075	18,649,299	46,306,374	
1.1 Deposits from the Bank's Risk Group		209,449	424,434	633,883	266,420	472,805	739,225	
1.2 Other		30,136,595	17,293,471	47,430,066	27,390,655	18,176,494	45,567,149	
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	34,592	212,489	247,081	10,399	47,136	57,535	
III. FUNDS BORROWED	(3)	3,142,937	10,425,764	13,568,701	3,006,108	10,895,637	13,901,745	
IV. MONEY MARKET FUNDS		4,283,844	2,963,328	7,247,172	2,353,293	3,476,608	5,829,901	
4.1 Interbank Money Market Funds		0	0	0	0	0	0	
4.2 Istanbul Stock Exchange Money Market Funds		623,501	0	623,501	12,092	0	12,092	
4.3 Funds Provided Under Repurchase Agreements		3,660,343	2,963,328	6,623,671	2,341,201	3,476,608	5,817,809	
V. MARKETABLE SECURITIES ISSUED (Net)		0	0	0	0	0	0	
5.1 Bills		0	0	0	0	0	0	
5.2 Asset-backed Securities		0	0	0	0	0	0	
5.3 Bonds		0	0	0	0	0	0	
VI. FUNDS		72	0	72	147	0	147	
6.1 Funds Borrowed		0	0	0	0	0	0	
6.2 Other		72	0	72	147	0	147	
VII. SUNDRY CREDITORS		2,527,185	204,548	2,731,733	1,704,308	179,896	1,884,204	
VIII. OTHER LIABILITIES	(4)	224,861	534,879	759,740	63,598	136,630	200,228	
IX. FACTORING PAYABLES		0	0	0	0	0	0	
X. LEASE PAYABLES (Net)	(5)	47	176	223	9	188	197	
10.1 Finance Lease Payables		51	182	233	10	195	205	
10.2 Operating Lease Payables		0	0	0	0	0	0	
10.3 Other		0	0	0	0	0	0	
10.4 Deferred Finance Lease Expenses (-)		4	6	10	1	7	8	
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	0	0	0	0	0	0	
11.1 Fair Value Hedging		0	0	0	0	0	0	
11.2 Cash Flow Hedging		0	0	0	0	0	0	
11.3 Net Foreign Investment Hedging		0	0	0	0	0	0	
XII. PROVISIONS	(7)	5,160,234	90,299	5,250,533	4,141,344	113,234	4,254,578	
12.1 General Loan Loss Provision		315,704	836	316,540	231,746	3,483	235,229	
12.2 Provision for Restructuring		0	0	0	0	0	0	
12.3 Reserves for Employee Benefits		152,397	536	152,933	136,681	507	137,188	
12.4 Insurance Technical Reserves (Net)		2,602,992	0	2,602,992	2,352,273	0	2,352,273	
12.5 Other Provisions		2,089,141	88,927	2,178,068	1,420,644	109,244	1,529,888	
XIII. TAX LIABILITY	(8)	269,808	964	270,772	264,355	668	265,023	
13.1 Current Tax Liability		269,808	964	270,772	264,355	668	265,023	
13.2 Deferred Tax Liability		0	0	0	0	0	0	
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(9)	0	2,252	2,252	0	0	0	
14.1 Held For Sale		0	2,252	2,252	0	0	0	
14.2 Discontinued Operations		0	0	0	0	0	0	
XV. SUBORDINATED LOANS	(10)	0	59,624	59,624	0	73,199	73,199	
XVI. SHAREHOLDERS' EQUITY	(11)	11,824,415	52,055	11,876,470	10,200,351	53,197	10,253,548	
16.1 Paid-in Capital		2,756,585	0	2,756,585	2,756,585	0	2,756,585	
16.2 Capital Reserves		2,762,784	31,799	2,794,583	2,745,381	35,333	2,780,714	
16.2.1 Share premium		31,008	0	31,008	3,918	0	3,918	
16.2.2 Share Cancellation Profits		0	0	0	0	0	0	
16.2.3 Marketable Securities Revaluation Reserve		754,285	31,799	786,084	763,972	35,333	799,305	
16.2.4 Tangible Assets Revaluation Reserve		0	0	0	0	0	0	
16.2.5 Intangible Assets Revaluation Reserve		0	0	0	0	0	0	
16.2.6 Investment Property Revaluation Reserve		0	0	0	0	0	0	
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0	0	0	0	0	
16.2.8 Hedging Funds (Effective Portion)		0	0	0	0	0	0	
16.2.9 Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		0	0	0	0	0	0	
16.2.10 Other Capital Reserves		1,977,491	0	1,977,491	1,977,491	0	1,977,491	
16.3 Profit Reserves		3,136,275	16,424	3,152,699	2,052,975	14,201	2,067,176	
16.3.1 Legal Reserves		1,096,374	0	1,096,374	995,851	0	995,851	
16.3.2 Statutory Reserves		9,387	0	9,387	5,761	0	5,761	
16.3.3 Extraordinary Reserves		2,040,997	16,459	2,057,456	1,050,614	13,715	1,064,329	
16.3.4 Other Profit Reserves		-10,483	-35	-10,518	749	486	1,235	
16.4 Profit or Loss		1,729,960	3,832	1,733,792	1,461,105	3,663	1,464,768	
16.4.1 Prior Years' Profit/Loss		-88,481	0	-88,481	200,573	0	200,573	
16.4.2 Current Year Profit/Loss		1,818,441	3,832	1,822,273	1,260,532	3,663	1,264,195	
16.5 Minority Shares	(12)	1,438,811	0	1,438,811	1,184,305	0	1,184,305	
TOTAL LIABILITIES AND EQUITY		57,814,039	32,264,283	90,078,322	49,400,987	33,625,692	83,026,679	

Türkiye İş Bankası A.Ş.

Statement of Off-Balance Sheet Contingencies and Commitments

CONSOLIDATED OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

TRY THOUSAND

	CURRENT PERIOD			PRIOR PERIOD		
	(31/12/2007)			(31/12/2006)		
	TRY	FC	Total	TRY	FC	Total
A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	32,244,768	23,134,596	55,379,364	12,895,299	12,857,612	25,752,911
I. GUARANTEES AND SURETYSHIPS	3,173,563	4,840,077	8,013,640	2,589,690	5,123,715	7,713,405
1.1. Letters of Guarantee	3,163,976	2,492,825	5,656,801	2,589,559	3,021,069	5,610,628
1.1.1. Guarantees Subject to State Tender Law	274,971	452,701	727,672	285,407	805,304	1,090,711
1.1.2. Guarantees Given for Foreign Trade Operations	263,588	548,974	812,562	183,064	621,417	804,481
1.1.3. Other Letters of Guarantee	2,625,417	1,491,150	4,116,567	2,121,088	1,594,348	3,715,436
1.2. Bank Loans	9,579	111,954	121,533	0	158,191	158,191
1.2.1. Import Letters of Acceptance	9,579	107,332	116,911	0	154,616	154,616
1.2.2. Other Bank Acceptances	0	4,622	4,622	0	3,575	3,575
1.3. Letters of Credit	0	2,089,893	2,089,893	123	1,874,763	1,874,886
1.3.1. Documentary Letters of Credit	0	1,591,319	1,591,319	123	1,490,263	1,490,386
1.3.2. Other Letters of Credit	0	498,574	498,574	0	384,500	384,500
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. Purchase Guarantees for Securities Issued	0	0	0	0	0	0
1.7. Factoring Guarantees	0	0	0	0	0	0
1.8. Other Guarantees	8	145,405	145,413	8	69,692	69,700
1.9. Other Suretyships	0	0	0	0	0	0
II. COMMITMENTS	13,072,572	2,653,632	15,726,204	7,604,693	1,609,458	9,214,151
2.1. Irrevocable Commitments	12,882,563	2,435,603	15,318,166	7,376,949	1,361,404	8,738,353
2.1.1. Forward Asset Purchase Commitments	10,494	197,380	207,874	2,867	26,898	29,765
2.1.2. Forward Deposit Purchase and Sale Commitments	0	0	0	0	46,284	46,284
2.1.3. Capital Commitment for Affiliates	0	0	0	0	0	0
2.1.4. Loan Granting Commitments	2,513,215	1,059,589	3,572,804	0	187,017	187,017
2.1.5. Securities Underwriting 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 Check Payments	1,880,153	0	1,880,153	1,705,608	0	1,705,608
2.1.8. Tax and Fund Liabilities from Export Commitments	0	0	0	0	0	0
2.1.9. Commitments for Credit Card Expenditure Limits	7,539,459	332,346	7,871,805	5,580,087	402,039	5,982,126
2.1.10. Commitments for Credit Cards and Banking Services Promotions	22,562	0	22,562	9,241	0	9,241
2.1.11. Receivables from Short Sale Commitments	0	0	0	0	0	0
2.1.12. Payables for Short Sale Commitments	1,419	0	1,419	0	0	0
2.1.13. Other Irrevocable Commitments	915,261	846,288	1,761,549	79,146	699,166	778,312
2.2. Revocable Commitments	190,009	218,029	408,038	227,744	248,054	475,798
2.2.1. Revocable Loan Granting Commitments	190,009	215,000	405,009	218,503	245,609	464,112
2.2.2. Other Revocable Commitments	0	3,029	3,029	9,241	2,445	11,686
III. DERIVATIVE FINANCIAL INSTRUMENTS	15,998,633	15,640,887	31,639,520	2,700,916	6,124,439	8,825,355
3.1. Derivative Financial Instruments for Hedging Purposes	0	0	0	0	0	0
3.1.1. Fair Value Hedges	0	0	0	0	0	0
3.1.2. Cash Flow Hedges	0	0	0	0	0	0
3.1.3. Net Foreign Investment Hedges	0	0	0	0	0	0
3.2. Derivative Financial Instruments Held for Trading	15,998,633	15,640,887	31,639,520	2,700,916	6,124,439	8,825,355
3.2.1. Forward Foreign Currency Buy/Sell Transactions	4,754,106	4,057,186	8,811,292	1,188,601	1,090,673	2,279,274
3.2.1.1. Forward Foreign Currency Buy Transactions	3,321,768	1,261,756	4,583,524	774,322	392,505	1,166,827
3.2.1.2. Forward Foreign Currency Sell Transactions	1,432,338	2,795,430	4,227,768	414,279	698,168	1,112,447
3.2.2. Currency and Interest Rate Swaps	832,589	989,625	1,822,214	464,318	1,176,976	1,641,294
3.2.2.1. Currency Swap Buy Transactions	184,243	515,036	699,279	16,010	790,979	806,989
3.2.2.2. Currency Swap Sell Transactions	208,346	473,820	682,166	448,308	385,389	833,697
3.2.2.3. Interest Rate Swap Buy Transactions	220,000	396	220,396	0	306	306
3.2.2.4. Interest Rate Swap Sell Transactions	220,000	373	220,373	0	302	302
3.2.3. Currency, Interest Rate and Security Options	9,878,262	9,016,892	18,895,154	983,914	2,344,134	3,328,048
3.2.3.1. Currency Call Options	3,720,536	5,002,502	8,723,038	52,786	801,485	854,271
3.2.3.2. Currency Put Options	6,133,918	3,017,745	9,151,663	931,128	51,927	983,055
3.2.3.3. Interest Rate Call Options	0	60,071	60,071	0	0	0
3.2.3.4. Interest Rate Put Options	0	0	0	0	0	0
3.2.3.5. Securities Call Options	23,808	714,770	738,578	0	745,361	745,361
3.2.3.6. Securities Put Options	0	221,804	221,804	0	745,361	745,361
3.2.4. Currency Futures	125,216	11,984	137,200	44,123	43,362	87,485
3.2.4.1. Currency Buy Futures	68,926	256	69,182	44,123	0	44,123
3.2.4.2. Currency Sell Futures	56,290	11,728	68,018	0	43,362	43,362
3.2.5. Interest Rate Futures	0	394,754	394,754	0	0	0
3.2.5.1. Interest Rate Buy Futures	0	0	0	0	0	0
3.2.5.2. Interest Rate Sell Futures	0	394,754	394,754	0	0	0
3.2.6. Other	408,460	1,170,446	1,578,906	19,960	1,469,294	1,489,254

Türkiye İş Bankası A.Ş.**Statement of Off-Balance Sheet Contingencies and Commitments**

CONSOLIDATED OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS			TRY THOUSAND			
	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
	TRY	FC	Total	TRY	FC	Total
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	92,127,386	16,024,240	108,151,626	58,563,767	14,751,638	73,315,405
IV. ITEMS HELD IN CUSTODY	61,275,787	3,695,835	64,971,622	34,814,194	3,585,621	38,399,815
4.1. Assets under management	2,517,850	397,432	2,915,282	10,500	24,171	34,671
4.2. Investment securities held in custody	50,061,202	1,401,178	51,462,380	27,670,636	1,395,028	29,065,664
4.3. Checks received for collection	4,782,228	127,441	4,909,669	3,765,342	65,620	3,830,962
4.4. Commercial notes received for collection	1,182,891	1,625,292	2,808,183	1,103,139	1,930,138	3,033,277
4.5. Other assets received for collection	0	3,814	3,814	0	4,687	4,687
4.6. Assets received for public offering	69,391	0	69,391	69,391	0	69,391
4.7. Other items under custody	1,651,017	140,678	1,791,695	1,617,171	165,977	1,783,148
4.8. Custodians	1,011,208	0	1,011,208	578,015	0	578,015
V. PLEDGED ITEMS	30,851,599	12,328,405	43,180,004	23,749,573	11,166,017	34,915,590
5.1. Marketable securities	360,157	294,119	654,276	323,613	17,860	341,473
5.2. Guarantee notes	831,581	3,966,912	4,798,493	638,665	3,852,213	4,490,878
5.3. Commodity	3,199,549	0	3,199,549	1,265,971	0	1,265,971
5.4. Warranty	0	0	0	0	0	0
5.5. Real Estates	26,317,966	6,710,707	33,028,673	21,309,018	6,939,720	28,248,738
5.6. Other pledged items	142,346	1,356,667	1,499,013	212,306	356,224	568,530
5.7. Pledged items-depository	0	0	0	0	0	0
VI. ACCEPTED BILL GUARANTEES AND SURETIES	0	0	0	0	0	0
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)	124,372,154	39,158,836	163,530,990	71,459,066	27,609,250	99,068,316

Türkiye İş Bankası A.Ş.

Income Statement

		Footnote	TRY THOUSAND	
CONSOLIDATED INCOME STATEMENT			CURRENT PERIOD (01/01-31/12/2007)	PRIOR PERIOD (01/01-31/12/2006)
I.	INTEREST INCOME	(1)	10,096,731	8,413,588
1.1	Interest Income on Loans		5,464,463	4,368,345
1.2	Interest Received from Reserve Deposits		276,035	210,375
1.3	Interest Received from Banks		342,258	169,085
1.4	Interest Received from Money Market Placements		17,862	41,771
1.5	Interest Received from Marketable Securities Portfolio		3,778,894	3,390,823
1.5.1	Financial Assets Held for Trading		158,585	74,197
1.5.2	Financial Assets at Fair Value Through Profit and Loss		0	0
1.5.3	Financial Assets Available for Sale		3,513,794	3,243,667
1.5.4	Investments Held to Maturity		106,515	72,959
1.6	Finance Lease Income		110,274	111,533
1.7	Other Interest Income		106,945	121,656
II.	INTEREST EXPENSE	(2)	6,387,105	5,194,852
2.1	Interest on Deposits		4,526,409	3,906,298
2.2	Interest on Funds Borrowed		1,069,193	888,666
2.3	Interest on Money Market Funds		757,774	383,420
2.4	Interest on Securities Issued		0	0
2.5	Other Interest Expense		33,729	16,468
III.	NET INTEREST INCOME/EXPENSE (I - II)		3,709,626	3,218,736
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1,090,624	982,355
4.1	Fees and Commissions Received		1,204,112	1,051,644
4.1.1	Non-cash Loans		84,441	85,168
4.1.2	Other		1,119,671	966,476
4.2	Fees and Commissions Paid		113,488	69,289
4.2.1	Non-cash Loans		96	21
4.2.2	Other		113,392	69,268
V.	DIVIDEND INCOME	(3)	408,459	50,116
VI.	TRADING INCOME (NET)	(4)	434,530	35,060
6.1	Gains/Losses on Securities Trading		619,914	225,997
6.2	Foreign Exchange Gains/Losses		-185,384	-190,937
VII.	OTHER OPERATING INCOME	(5)	3,845,767	3,537,456
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		9,489,006	7,823,723
IX.	PROVISION FOR LOANS AND OTHER RECEIVABLES (-)	(6)	1,650,772	881,738
X.	OTHER OPERATING EXPENSES (-)	(7)	5,323,882	4,936,678
XI.	NET OPERATING INCOME (VIII-X)		2,514,352	2,005,307
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER			
XIII.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		547	357
XIV.	NET MONETARY POSITION GAIN/LOSS		0	
XV.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)	(8)	2,514,899	2,005,664
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(9)	488,104	590,401
16.1	Current Tax Provision		506,222	327,464
16.2	Deferred Tax Provision		-18,118	262,937
XVII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(10)	2,026,795	1,415,263
XVIII.	INCOME ON DISCONTINUED OPERATIONS		0	0
18.1	Income on Assets Held For Sale			
18.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)			
18.3	Other Income on Discontinued Operations			
XIX.	EXPENSE ON DISCONTINUED OPERATIONS (-)		0	0
19.1	Expense on Assets Held For Sale			
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)			
19.3	Other Expense on Discontinued Operations			
XX.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVII-XIX)	(8)	0	0
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	0	0
21.1	Current Tax Provision			
21.2	Deferred Tax Provision			
XXII.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	0	0
XXIII.	NET PERIOD PROFIT/LOSS (XVII+XXII)	(11)	2,026,795	1,415,263
23.1	Group's profit/loss		1,822,273	1,264,195
23.2	Minority shares		204,522	151,068
	Earnings Per Share (in full TRY)		0.026441608	0.018343766

Türkiye İş Bankası A.Ş.

Statement of Profit and Loss Items Accounted Under Equity

TRY THOUSAND		
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY	CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	371,738	-679,671
II. TANGIBLE ASSETS REVALUATION RESERVES		
III. INTANGIBLE ASSETS REVALUATION RESERVES		
IV. TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS		14,531
V. PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)		
VI. PROFIT/LOSS ON NET FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)		
VII. THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN THE ACCOUNTING POLICY		
VIII. OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH TAS	-306,638	130,417
IX. DEFERRED TAX EFFECT OF REVALUATION	-49,911	132,964
X. NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX)	15,189	-401,759
XI. PROFIT/LOSS FOR THE PERIOD	-39,859	-137,446
1.1 Net Changes in the Fair Values of Marketable Securities (Transfer to Profit/Loss)	-69,086	-137,446
1.2 The Portion of Cash-flow Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement		
1.3 The Portion of Net Foreign Investment Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement		
1.4 Other	29,227	
XII. TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X±XI)	-24,670	-539,205

Türkiye İş Bankası A.Ş.

Statement of Changes in Shareholders' Equity

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves
PRIOR PERIOD (31/12/2006)							
I. Beginning Balance	1,968,942	2,371,312	3,918	0	912,418	1,932	741,440
II. Corrections According to TAS 8							
2.1. The Effect of Corrections of Errors							
2.2. The Effect of Changes in Accounting Policies							
III. Adjusted Beginning Balance (I+II)	1,968,942	2,371,312	3,918	0	912,418	1,932	741,440
Changes During the Period							
IV. Increase/Decrease Due to Mergers							
V. Marketable Securities Revaluation Reserve							
VI. Hedge Funds (Effective Portion)							
6.1. Net Cash Flow Hedges							
6.2. Net Foreign Investment Hedges							
VII. Tangible Assets Revaluation Reserve							
VIII. Intangible Assets Revaluation Reserve							
IX. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)							
X. Foreign Exchange Differences							
XI. The Effect of Disposal of Assets							
XII. The Effect of Reclassification of Assets							
XIII. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank							
XIV. Capital Increase	787,643	-393,821					-228,133
14.1. Cash							
14.2. Internal Sources	787,643	-393,821					-228,133
XV. Share Issue							
XVI. Share Cancellation Profits							
XVII. Paid-in-Capital Inflation Adjustment							
XVIII. Other							
XIX. Net Profit/Loss for the Period							
XX. Profit Distribution					83,433	3,829	551,022
20.1. Dividend Paid							
20.2. Transfer to Reserves					83,433	3,829	551,022
20.3. Other							
Ending Balance (III+IV+V...+XVIII+XIX+XX)	2,756,585	1,977,491	3,918	0	995,851	5,761	1,064,329
CURRENT PERIOD (31/12/2007)							
I. Beginning Balance	2,756,585	1,977,491	3,918	0	995,851	5,761	1,064,329
Changes During the Period							
II. Increases/Decreases Due to Mergers							
III. Marketable Securities Revaluation Reserve							
IV. Hedge Funds (Effective Part)							
4.1. Cash-flow Hedge							
4.2. Foreign Investment Hedges							
V. Tangible Assets Revaluation Reserve							
VI. Intangible Assets Revaluation Reserve							
VII. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)							
VIII. Foreign Exchange Differences							
IX. The Effect of Disposal of Assets							
X. The Effect of Reclassification of Assets							
XI. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank							
XII. Capital Increase							
12.1. Cash							
12.2. Internal Sources							
XIII. Share Premium							
XIV. Share Cancellation Profits							
XV. Paid-in-Capital Inflation Adjustment							
XVI. Other			27,090		1,102		20,658
XVII. Net Profit/Loss for the Period							
XVIII. Profit Distribution					99,421	3,626	972,469
18.1. Dividend Paid							
18.2. Transfer to Reserves					99,421	3,626	972,469
18.3. Other							
Ending Balance (I+II+III+...+XVI+XVII+XVIII)	2,756,585	1,977,491	31,008	0	1,096,374	9,387	2,057,456

Türkiye İş Bankası A.Ş.

Statement of Changes in Shareholders' Equity

TRY THOUSAND

Other Reserves	Net Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Marketable Securities Revaluation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Equity Participations	Hedge Funds	Accumulated Rev. Reserve on Assets Held for Sale and Discontinued Oper.	Total Shareholders' Equity Except Minority Shares	Minority Shares	Total Shareholders' Equity
588	0	1,373,532	1,339,047	0	0	0	0	8,713,129	1,098,675	9,811,804
588	0	1,373,532	1,339,047	0	0	0	0	8,713,129	1,098,675	9,811,804
			-539,742					-539,742	-40,028	-579,770
537								537		537
	-643	-165,046						0		0
	-643	-165,046						0		0
	1,264,838								-10,610	-10,610
110		-1,007,913						1,264,838	151,068	1,415,906
		-369,519						-369,519	-14,800	-384,319
110		-638,394						0		0
1,235	1,264,195	200,573	799,305	0	0	0	0	9,069,243	1,184,305	10,253,548
1,235		1,464,768	799,305	0	0	0	0	9,069,243	1,184,305	10,253,548
			-13,221					-13,221	5,008	-8,213
-11,449								-11,449		-11,449
	1,822,273							48,850	53,705	102,555
-304		-1,553,249						1,822,273	204,522	2,026,795
		-478,037						-478,037	-8,729	-486,766
-304		-1,075,212						-478,037	-8,729	-486,766
								0		0
-10,518	1,822,273	-88,481	786,084	0	0	0	0	10,437,659	1,438,811	11,876,470

Türkiye İş Bankası A.Ş.

Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT	(TRY THOUSAND)	
	CURRENT PERIOD (01/01-31/12/2007)	PRIOR PERIOD (01/01-31/12/2006)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1. Operating Profit Before Changes in Operating Assets and Liabilities	4,090,073	1,753,199
1.1.1. Interest Received	10,598,812	7,712,183
1.1.2. Interest Paid	-6,330,138	-5,029,181
1.1.3. Dividend Received	66,408	24,351
1.1.4. Fees and Commissions Received	1,204,112	1,051,644
1.1.5. Other Income	3,229,420	3,315,250
1.1.6. Collections from Previously Written Off Loans and Other Receivables	365,739	315,064
1.1.7. Cash Payments to Personnel and Service Suppliers	-1,253,287	-1,061,976
1.1.8. Taxes Paid	-402,729	-400,272
1.1.9. Other	-3,388,264	-4,173,864
1.2. Changes in Operating Assets and Liabilities	-2,648,089	1,844,838
1.2.1. Net (Increase) Decrease in Financial Assets Held for Trading	-589,142	614,743
1.2.2. Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		
1.2.3. Net (Increase) Decrease in Due From Banks	29,627	-1,663,930
1.2.4. Net (Increase) Decrease in Loans	-5,728,407	-9,157,733
1.2.5. Net (Increase) Decrease in Other Assets	-782,204	-272,664
1.2.6. Net Increase (Decrease) in Bank Deposits	12,097	-527,449
1.2.7. Net Increase (Decrease) in Other Deposits	3,182,763	9,450,524
1.2.8. Net Increase (Decrease) in Funds Borrowed	-403,221	3,014,556
1.2.9. Net Increase (Decrease) in Matured Payables		
1.2.10. Net Increase (Decrease) in Other Liabilities	1,630,398	386,791
I. Net Cash Provided From Banking Operations	1,441,984	3,598,037
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from Investing Activities	1,692,529	-4,818,231
2.1. Cash Paid for Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-79,240	-33,683
2.2. Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	29,452	268,381
2.3. Tangible Asset Purchases	-241,478	-343,233
2.4. Tangible Asset Sales	387,575	126,153
2.5. Cash Paid for Purchase of Financial Assets Available For Sale		-5,255,879
2.6. Cash Obtained from Sales of Financial Assets Available For Sale	3,372,154	
2.7. Cash Paid for Purchase of Investment Securities	-1,880,296	-9,467
2.8. Cash Obtained from Sales of Investment Securities	104,362	403,390
2.9. Other		26,107
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities	-433,061	-278,296
3.1. Cash Obtained from Funds Borrowed and Securities Issued	0	3,846
3.2. Cash Used for Repayment of Funds Borrowed and Securities Issued	0	0
3.3. Share Certificates Issued	0	0
3.4. Dividends Paid	-486,766	-384,319
3.5. Payments for Finance Leases		
3.6. Other	53,705	102,177
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	-487,028	78,112
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)	2,214,424	-1,420,378
VI. Cash and Cash Equivalents at Beginning of the Period	8,732,178	10,152,556
VII. Cash and Cash Equivalents at End of the Period (V+VI)	10,946,602	8,732,178

Türkiye İş Bankası A.Ş.

Profit Distribution Table

CONSOLIDATED PROFIT DISTRIBUTION TABLE	(TRY THOUSAND)	
	CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
I. DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1. CURRENT PERIOD PROFIT	2,103,081	1,630,588
1.2.TAXES AND DUES PAYABLE (-)	401,274	521,370
1.2.1.Corporate Tax (Income Tax)	401,947	280,081
1.2.2.Income Tax Withholding	4,535	638
1.2.3.Other Taxes and Dues Payable (1)	-5,208	240,651
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	1,701,807	1,109,218
1.3.PRIOR YEARS' LOSSES (-)	0	0
1.4.FIRST LEGAL RESERVES (-)	83,239	55,314
1.5. OTHER STATUTORY RESERVES (-)	37,020	503,328
B. NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5))]	1,581,548	550,576
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	165,395	165,395
1.6.1.To Owners of Ordinary Shares	165,393	165,393
1.6.2.To Owners of Preferred Shares	2	2
1.6.3.To Preferred Shares (Preemptive Rights)	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 PERSONNEL (-)	138,415	77,036
1.8.DIVIDENDS TO THE BOARD OF DIRECTORS (-)	1,730	963
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	423,592	234,643
1.9.1.To Owners of Ordinary Shares	423,580	234,636
1.9.2. To Owners of Preferred Shares	6	3
1.9.3 To Preferred Shares (Preemptive Rights)	6	4
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 (-)	59,130	34,021
1.11.STATUTORY RESERVES (-)	0	0
1.12.EXTRAORDINARY RESERVES	793,286	38,518
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.DIVIDENDS TO SHAREHOLDERS (-)	0	0
2.3.1.To Owners of Ordinary Shares	0	0
2.3.2 To Owners of Preferred Shares	0	0
2.3.3. To Preferred Shares (Preemptive Rights)	0	0
2.3.4.To Profit Sharing Bonds	0	0
2.3.5.To Holders of Profit/Loss Share Certificates	0	0
2.4.DIVIDENDS TO PERSONNEL (-)	0	0
2.5.DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
III. EARNINGS PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES (2)	0.40	0.40
3.2. TO OWNERS OF ORDINARY SHARES (%)	40	40
3.3. TO OWNERS OF PREFERRED SHARES (2)	0	0
3.4. TO OWNERS OF PREFERRED SHARES (%)	0	0
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES (2)	0.008546	0.005804
4.2. TO OWNERS OF ORDINARY SHARES (%)	21.37	14.51
4.3. TO OWNERS OF PREFERRED SHARES (2)		
To Group A Shares	0.004288	0.000132
To Group B Shares	0.002444	0.001621
4.4. TO OWNERS OF PREFERRED SHARES (%)		
To Group A Shares	42.88	26.43
To Group B Shares	24.44	16.21

(1) The amount included in Other Taxes and Dues Payable refers to Deferred Tax income.

(2) Expressed in full TRY.

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Part Three: Explanations to Accounting Policies

PART THREE: EXPLANATIONS TO ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The consolidated year-end financial statements and related disclosures and notes in this report are prepared in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the Communiqué on "Principles and Procedures on the Accounting Practice and Documentation of Banks", and the other regulations, disclosures and circulars related to the accounting and financial reporting principles published by the Banking Regulatory and Supervisory Agency ("BRSA").

Accounting policies and the valuation principles used in the preparation of the financial statements are presented in detail below:

II. EXPLANATIONS ON THE USAGE STRATEGY OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

1. The Group's Strategy for the Use of Financial Instruments:

The liabilities of the Group whose main activities comprise very large range of activities like banking, insurance, brokerage services and financial leasing are composed of relatively short-term deposits in conformity with the general liability structure of the banking system; except deposit, resources are gathered via other medium and long-term instruments.

The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Parent Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of Turkey; as a result the liquidity of The Group and the banking system is perpetually monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed-interest rate, and by monitoring the sectoral developments and according to the yields of alternative investment instruments, placements bearing both fixed and floating interest rates are made. On the other hand high yielding Eurobonds and government debt securities portfolio are sufficient to reduce the risk of which may arise from the fluctuations in the interest rates. Main growth targets for different asset classes are set by the long-term plans shaped along with budgeting; and the required position is taken in this context.

Commercial placements of the Group are focused on high yielding and low risk assets by taking into consideration the international and national economic data and expectations, market conditions, current and potential credit customers' expectations and tendencies, and the risks like interest rate, liquidity, currency and credit risks. For placement activities, safety principle has always been the priority. A pricing policy aiming high return is implemented in the long-term placements and much attention has been paid to the maximum use of non-interest income generation opportunities.

Placements made through loans and marketable securities are areas with higher returns than the average return calculated for The Bank's activities.

Foreign currency, interest rate and price fluctuations are monitored instantaneously. When taking position, the Parent Bank's own transaction and control limits are effectively monitored in addition to the legal limits, and limit overrides are avoided. The Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Risk Committee, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits and to maximize profitability depending on the equity adequacy. The Bank acts within the legal limits in terms of asset-liability management.

2. The Group's strategy for hedging currency risk caused by available for sale capital market instruments denominated in foreign currency and the practices for hedging interest rate risk from fixed or floating rate deposits:

Available for sale capital market instruments denominated in foreign currency is funded with resources having the same interest characteristics and denominated in same currency type, as much as possible. Thus, currency and parity risks are being hedged. In consistency with the deposit structure of the banking system, deposits are accumulated in short-terms; therefore, its interest rate risk is similar to the interest rate risk of the system. Within the frame of general interest rate policies, interest rate risk from deposits is closely monitored and the fixed and floating rate options are evaluated. Interest rate risk is reduced by establishing an asset composition, which is in line with the fixed/floating cost structure of the deposits.

3. Strategies for hedging currency risk from other foreign currency transactions:

The difference between foreign currency denominated/indexed assets and liabilities constitutes the basis of currency risk and is referred to as the "Net Overall FC Position". The Group's current strategy for FC position is monitored in line with the strategic decisions taken by the related units and in order to hedge parity risk, FC position is monitored in accordance with a balanced basket composed of certain currencies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meets 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 hedge currency and parity risks.

4. Methods used to hedge the currency risk of the Group's net investments in foreign associates and subsidiaries:

Methods used to hedge the currency risk of the Group's net investments in foreign companies are also determined within the frame of practices for overall FC position strategy.

5. Other Explanations on Foreign Currency Transactions:

The financial statements of the Parent Bank's branches and its financial institutions that have been established abroad are prepared in currencies (functional currency) prevailing in the economic environment that they are operating in and at the consolidation period they are presented in TRY, which is the functional currency of the Parent Bank.

The assets and liabilities of the Parent Bank's branches and its financial institutions that have been established abroad are converted to TRY by using the foreign currency rates prevailing at the balance sheet date, income and expenses of them are converted by using average rates unless there is a significant fluctuation in the currency rates during the period. The exchange rate differences arising from the conversion are recorded in the other reserves account under the shareholders' equity. The foreign exchange differences arising from conversion to TRY are recognized in profit or loss accounts. These conversion differences are recognized in profit or loss accounts in the period in which the foreign investment is disposed of.

The goodwill and fair value adjustments resulting from the acquisition of foreign investments are considered as the assets and liabilities of the foreign investment and converted by using the exchange rates at the balance sheet date.

Transactions in foreign currencies (currencies other than TRY), are converted to the New Turkish Lira by using the exchange rates on the transaction date. Foreign currency indexed monetary assets and liabilities are converted to the New Turkish Lira by using the exchange rates prevailing at the balance sheet date. Non-monetary foreign currency items measured at fair value are converted by the rates at the date of the fair value assessments.

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Part Three: Explanations to Accounting Policies

In accordance with Turkish Accounting Standard No: 21 "The Effects of Changes In Foreign Exchange Rates" ("TAS 21"), net investments in foreign based companies are considered as non-monetary items, measured on the basis of historical cost and converted to the Turkish Lira with the currency rates at the transaction date, and in accordance with Turkish Accounting Standard No: 29 "Financial Reporting In Hyperinflationary Economics" in ("TAS 29"), the inflation adjusted value is calculated by using the inflation indices prevailing between the date of transaction and 31.12.2004, the last date used for the inflation adjustment, and it is accounted by allocating provision amounts for any permanent impairment losses.

While the Parent Bank and the Türkiye Sınai Kalkınma Bankası A.Ş. use their own exchange rates, the other consolidated financial institutions use the TCMB exchange rates. Foreign exchange gains and losses arising from the conversion of monetary items and the collection and payment of foreign currency transactions are recognized in the income statement.

III. INFORMATION ABOUT THE CONSOLIDATED COMPANIES

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No.26340 dated 8 November 2006.

1. Basis of Consolidation

a. Basis of consolidation of subsidiaries:

A subsidiary is an entity that is controlled by the Parent.

Control: The Parent Bank's power to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person's capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding privileged shares or of agreements with other shareholders although not owning the majority of capital.

In accordance with the procedures listed in the "Communiqués Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No.26340 dated 8 November 2006, some of the financial subsidiaries are not included in consolidation whose assets do not exceed one percent of the Parent Bank's total assets or share totals do not exceed five percent of the Parent Bank's total assets. In this context, as of 31.12.2007 İş Dublin Financial Services PLC, İş Factoring Finansman Hizmetleri A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., İş Yatırım Ortaklığı A.Ş., Yatırım Finansman Menkul Değerler A.Ş. and Yatırım Finansman Yatırım Ortaklığı A.Ş. whose assets do not exceed the one percent of the Parent Bank's total assets and share totals do not exceed five percent of the Parent Bank's total assets are not included in the consolidation in the current period. Detailed information about the unconsolidated financial institutions is given in Part Five under the caption of "I. Explanations and Notes Related to the Consolidated Assets" at item 8.a.

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 the 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 and in the equity of consolidated subsidiaries are calculated separately from the Group's net income and the Group's shareholders' equity. Minority interests are identified separately in the balance sheet and in the income statement.

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.

TFRS 3 "Business Combinations" standard prescribes no depreciation to be recognized for goodwill arising on the acquisitions on or after 31.12.2004, realizing positive goodwill as an asset and application of impairment analysis as of balance sheet dates. In the same standard it is also required from that date onwards the negative goodwill that occurs in the case of Group's interest in the fair value of acquired identifiable assets or liabilities exceeds the acquisition cost to be recognized in profit or loss. Besides, it is required to adjust the negative goodwill acquired before 31 March 2004 according to mentioned changes after 1.1.2005. Therefore beginning on or after 31.12.2004 the Bank ceased amortizing positive goodwill and recognized negative goodwill of TRY 67,911 in profit or loss. Positive consolidation goodwill is recognized under Intangible Assets.

The detail of positive goodwill obtained from Group's investments to its subsidiaries in investment basis is as follows:

Name of the Investment	Amount of the Positive Consolidation Goodwill
İş Finansal Kiralama A.Ş.	611
Türkiye Sınai Kalkınma Bankası A.Ş.	4,792
Anadolu Anonim Türk Sigorta Şirketi	1,767
TOTAL	7,170

b. Basis of consolidation of associates:

An associate is a partnership which the Parent Bank participates in its capital and over which it has a significant influence but no control, established at home and abroad.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds ten percent or more of the voting power of the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Qualified share is the share that directly or indirectly constitute ten percent of an entity's capital or voting rights and irrespective of this requirement, possession of privileged shares giving right to appoint members of board of directors.

Equity 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 accounted in the Parent Bank's balance sheet. The difference is recognized in profit or loss in the consolidated income statement.

The accounting policies of Arap-Türk Bankası A.Ş., the only associate that is consolidated using the equity method is not different than the Parent Bank's. Thus, no adjustments of compliance have been applied.

c. Basis of consolidation of joint ventures:

The Bank does not have any partnership to be consolidated.

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Part Three: Explanations to Accounting Policies

d. Principles applied during share transfer, merger and acquisition: None.

2. Presentation of unconsolidated subsidiaries, associates and share certificates included in the available-for-sale portfolio in consolidated financial statements:

Turkish Lira denominated unconsolidated subsidiaries, associates and investments in shares included in the available-for-sale portfolio are accounted for at cost in financial statements.

Unconsolidated and listed on the stock market subsidiaries, associates and investments in shares included in the available-for-sale portfolio are recognized the consolidated financial statements at their market value.

Foreign currency denominated subsidiaries, associates and investments in shares included in the available-for-sale portfolio are measured at historical cost and translated into Turkish Lira using the exchange rates prevailing at the transaction date and recognized in financial statements at the inflation adjusted values calculated by using the inflation indices between the transaction date and 31.12.2004, the last date for the inflation adjustment, less any impairment losses.

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

The Group has forward, swap, option and future transactions as of balance sheet date. The Group's derivative transactions predominantly consist of currency swaps, forward foreign currency trading, credit default swaps, currency options and option contracts on securities. The Group has no derivative products that are detached from the host contract.

Derivative financial instruments are carried at their fair value at the contract date and remeasured by their prevailing fair value in the following reporting periods. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as "held for trading purposes" within the framework of the TAS 39 "Financial Instruments: Recognition and Measurement" standard and the profit and loss resulting from the said instruments are associated with the income statement.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recorded on accrual basis, using the effective interest method (the ratio which equalizes the future cash flows of a financial asset or liability to net present book value) within the framework of TAS 39.

As per the relevant legislation, accrued interests and other interest receivables on loans and other receivables that are classified as non-performing are cancelled and the relevant figures are recorded as interest income only when collected.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

Fee and commission income and expenses are recorded on accrual or collection basis, depending on the nature of the transaction.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments are presented in balance sheet if the Bank is legally a part of such financial instruments.

Financial instruments constitute the basis of the Group's commercial activities and operations. These financial instruments expose, affect and diminish the liquidity and the credit and interest risks in the financial statements.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Fair value is best evidenced by a market price, being the amount obtainable from the sale, or payable on the acquisition, of a financial instrument in an active market, if one exists.

Estimated fair value of financial assets is determined by using the market data and necessary valuation methods. However, the market data used to determine the fair value must be interpreted. For this reason, the forecasts presented in this report may not be the values that can be obtained when the Group disposes its assets under prevailing market conditions. Some financial instruments' book values, which are equal to their acquisition costs, are assumed to be equal to their fair values due to their short-term maturities.

The methods and assumptions used to determine the estimated reasonable value of each financial instrument are given below.

1. Cash and Banks

The balances of foreign currency cash and banks are evaluated at the Parent Bank's exchange rates at the end of the current period. The carrying values of the cash, foreign currency and bank deposits in the balance sheet are the approximate fair values of these assets.

2. Marketable Securities

a. Financial Assets at Fair Value Through Profit and Loss

a.1. Financial Assets Held for Trading

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

Financial assets held for trading are recognized in the balance sheet at their fair values and thereafter carried at fair value. In cases where values that form the basis of fair value does not exist in active market conditions, it is accepted that the fair value is not reliably determined and "discounted value", calculated by using the internal rate of return method, is taken into account as the fair value. Any gains or losses resulting from such valuation are recorded in the profit and loss accounts. Interest income resulting from financial assets held for trading is presented as part of interest income in the profit/loss statement and dividends are presented within dividend income. Any profit or loss resulting from the disposal of those assets before their maturity date is recognized under the accounts of "Interest Income/Expense" and "Gains/losses on financial assets held for trading", as per the Uniform Code of Accounts, and presented in the income statement.

a.2. Financial Assets at Fair Value Through Profit and Loss

Financial Assets Classified at Fair Value Through Profit and Loss are those financial assets which have not been acquired for trading purposes, but classified as at fair value through profit and loss at the initial accounting. The recognition of such assets at fair value is accounted similar with the trading securities.

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Part Three: Explanations to Accounting Policies

b. Explanations on Financial Assets Available For Sale and Investments Held to Maturity

b.1. Financial assets available for sale are those non-derivative financial assets other than loans and receivables originated by the Bank and other than those classified at fair value through profit and loss. Initial recognition and the subsequent valuation of financial assets available for sale, including their transaction costs, is made on a fair value basis and the difference between the cost and the "discounted value" calculated using the "Internal Rate of Return Method" and the cost is reflected to the income statement. In conditions where values that form the basis of fair value, does not exist under active market conditions, it is deemed that the fair value is not reliably determined and the "discounted value" calculated using the "Internal Rate of Return Method" is taken into account as the fair value. Unrealized profit and loss resulting from the changes in fair value of the financial assets available for sale, are not reflected to the income statement until the corresponding value of the financial asset is realized through sale or disposal, rather they are recognized in the "Marketable Securities Revaluation Reserve" account under the shareholders' equity. In the event of any disposal or redemption of the relevant asset, the fair value differences accumulated in the shareholders' equity, resulting from market valuation are reflected to the income statement.

b.2. Investments held to maturity are those non-derivative financial assets, other than loans and receivables originated by 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, are secured for the purpose of such retention until maturity date, those which have fixed maturity date or a maturity date that can be deemed fixed due to its determinable payments, those which are classified at fair value through profit and loss at initial recognition and those which are defined as available for sale. Investments held to maturity, that are initially carried at fair value, including the cost of transaction, are carried at their discounted acquisition cost calculated using the internal rate of return method less impairment losses, if there is any. Interest income generated from investments held to maturity is accounted as interest income on the profit/loss account.

There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two consecutive years due to "tainting" rules.

3. Loans and Receivables

Loans and receivables are those financial assets, which are generated by way of providing funds, good or services to the debtor, with fixed or determinable repayment schedules and they are not traded in an active market.

The initial recognition of loans and receivables are made 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 loans, are reflected in the profit/loss accounts.

Retail and corporate loans that are followed under cash loans are accounted with their original balances, based on their types, under the accounts defined by the Uniform Code of Accounts (UCA) and the Explanatory Manual.

Foreign currency indexed retail and commercial loans are converted to the New Turkish Lira at the rate on the lending date; they are followed under the Turkish Lira ("TL") accounts, and amount of increases or decreases in the principal amount of the loans, depending on the exchange rate of the following periods being higher or lower than the ones on the lending date, are recognized in the profit/loss accounts. Repayment amounts are calculated at the exchange rate on the repayment date and the foreign exchange differences are reflected in the "Foreign Exchange Gains/Losses" account.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, a financial asset or a group of financial assets are evaluated to determine whether there is an objective evidence of impairment. If any such indication exists, the amount of impairment is determined.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized.

If there is an impairment loss in investments held to maturity, the amount of loss is measured as the difference between the book value and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate, and the book value of the asset shall be reduced by recognizing such loss. In the following periods, if the amount of impairment loss decreases, the amount of impairment loss previously recognized shall be reversed.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

Loans are classified and recognized according to the principles of "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables", published on the Official Gazette nr.26333 dated 1 November 2006. Specific provisions are allocated for the total of loans that is considered as non-performing, over the extent of the minimum amount provided by the mentioned regulation and these specific provisions are recognized in the income statement. The provisions released in the same year are accounted by being credited to the Provision Expenses Account and the released parts of the previous years' provisions are recorded to the Other Operating Income account.

Apart from specific provisions, the Parent Bank and its financial institutions make general loan loss provision for loans and other receivables.

IX. EXPLANATIONS ON OFFSETTING THE FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has an intension of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously.

X. EXPLANATIONS ON SALE AND REPURCHASE AGREEMENTS AND TRANSACTIONS REGARDING THE LENDING OF SECURITIES

Securities subject to repo (repurchase agreements), retained in the Bank's portfolio are classified according to their classification purposes, within the security portfolios such as "At Fair Value Through Profit and Loss" or "Available for Sale" and evaluated within the principles of the relevant portfolio.

Funds obtained from repurchase agreements are followed under the "Funds from Repo Transactions" account in liabilities, and income rediscount is calculated using the internal rate of return method on the difference between the purchase and resale prices corresponding to the period designated by a repurchase agreement.

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Part Three: Explanations to Accounting Policies

Reverse repo transactions are entered in the "Receivables from Reverse Repurchase Agreements" account. Income rediscount is calculated according to the internal rate of return method on the difference between the purchase and resale prices corresponding to the period designated by a reverse repo agreement. Reverse repurchase agreements as of balance sheet date amount to TRY 3,601.

XI. EXPLANATIONS ON NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

Assets held for sale are measured at the lower of the carrying amount of assets and fair value less any cost incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed of (or else the group of assets), together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. Various events and conditions may extend the completion period of the disposal more than a year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

A discontinued operation is a part of a bank's business classified as sold or held-for-sale. The results of the discontinued operations are disclosed separately in the income statement. The Parent Bank and its financial institutions do not have any discontinued operation.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets consist of consolidation goodwill and software programs.

Goodwill arising from the acquisition of a subsidiary or joint venture, represents the excess of cost of acquisition over the fair value of Group's share of the identifiable assets, liabilities, or contingent liabilities of the acquired subsidiary or joint venture at the date of acquisition of the control. Goodwill is recognized as an asset at cost and then carried at cost less accumulated impairment losses. In impairment-loss test, goodwill is allocated between the Group's every cash-generating unit that is expected to benefit from the synergies of the business combination. To control whether there is an impairment loss in the cash-generating units that goodwill is allocated, impairment-loss test is applied every year or more often if there is indications of impairment loss. In the cases, recoverable amount of cash-generating unit is smaller than its book value; impairment loss is firstly used in reduction of book value of the cash-generating unit, and then the other assets proportionally. Goodwill which is allocated for the impairment losses couldn't be reversed. When a subsidiary or joint venture is to be sold, related goodwill amount is combined with the profit/loss relating to this disposal. Positive goodwill arising from the Group's investments in its subsidiaries is recognized in Intangible Assets.

Intangible assets purchased before 1 January 2005, are presented with their inflation adjusted historical acquisition cost and intangible assets purchased in the subsequent periods are presented with their acquisition cost less the accumulated amortization, and impairment provisions. Such assets are amortized by the straight-line method, between 1-5 year considering their useful life. The amortization method and period are periodically reviewed at the end of each year.

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Tangible assets purchased before 1 January 2005, presented with their inflation adjusted acquisition cost as at 31 December 2004, and for the items purchased in the subsequent periods, at acquisition cost less accumulated depreciation and the permanent losses.

Tangible assets are amortized by the straight-line method, in line with the principle of useful life.

Gains/losses arising from the disposal of tangible assets or the inactivation of a tangible asset, are recognized in the income statement by taking into account the difference between the net book value and the net proceeds.

Regular maintenance and repair costs incurred for tangible assets, are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

These explanations are the same for the property held to earn rentals and/or for capital appreciation or both and recognized as "Investment Property".

The estimated useful lives and depreciation rates of the tangible assets are as follows:

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	10-50	2-10%
Safe Boxes	2-50	2-50%
Other Movables	2-25	4-50%
Leased Assets	4-5	20-25%
Leasehold Improvements	Lease Period (*)	Determined according to the lease period

(*) In case the lease period is indefinite, the estimated economic life is considered as 5 years and the depreciation rate as 20%.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired through finance lease are capitalized by the lower of the market values or the discounted values of the leasing payments and the total amount of leasing payments are recorded as liabilities while the interest amounts are recorded as deferred interest amount. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps calculating a fixed rate interest on the remaining principal amount of the debt. Within the context of the Bank's general borrowing policy, financial expenses are recorded to the income statement. Leased assets are accounted under tangible assets (movables) account and they are amortized by straight-line method. Transactions related to operating lease are accounted for as per the provisions of the relevant agreement and on accrual basis.

There is 1 company which exclusively does finance leases (İş Finansal Kiralama A.Ş.) and 1 bank which operates finance lease activities according to the "Regulation on Financial Institutions and Operations of Financial Institutions", published on the Official Gazette nr.21212 dated 28.4.1992.

Rental income from leases in which the Group is "lessor" is recognized as finance lease receivables. Finance lease receivables are recognized in financial statements at the amount of net investment in the lease. Finance lease income is allocated over periods in a way to provide a fixed yield to net finance lease income.

Türkiye İş Bankası A.Ş.

Part Three: Explanations to Accounting Policies

XV. EXPLANATIONS ON INSURANCE TECHNICAL INCOME AND EXPENSE

In insurance companies realization of premiums in health branch are exercised when the policies are written, in life branch in installment terms. Premium income from sources except health branch are obtained through amounts from policy installments less insurance shares written in previous years and in the current year. Life premiums incurred in installment maturities but not paid in a definite period are cancelled and deducted from premium income and from the receivables of insureds'.

Claims are recorded in expense as they are reported. Outstanding loss provisions are recognised for the claims reported but not paid yet and for the claims that incurred but not reported. Reinsurers' share of claims paid and outstanding loss are recognized separately.

XVI. EXPLANATIONS ON INSURANCE TECHNICAL PROVISIONS

According to the current insurance regulation, insurance companies should recognize provisions for unearned premium claims, outstanding losses, mathematical reserves for life contracts and earthquake losses.

The provision for unearned premiums represents the amount of net premiums underwritten in the current period but corresponds to period subsequent to balance sheet date.

Provision for outstanding losses is recognized for the claims reported at period end but not paid yet or for the incurred but not reported claims.

Earthquake loss provision is recognized at 50% of the net retained premiums income of one third of net retained premiums by insurance and reinsurance companies written in return for earthquake guarantees given in fire and engineering insurance branches after deducting commissions and expense paid, for 15 years.

Reinsurance companies should recognize provisions for the outstanding claims that is declared by the companies, accrued and determined on account.

The amount of mathematical reserves that is provided over the claims of life branch policies that is committed to be paid in the future is calculated by actuaries taking into account the death statistics.

Effective January 1, 2005, the Group's insurance subsidiaries adopted TFRS 4, Insurance Contracts ("TFRS 4"). TFRS 4 represents the completion of phase I and is a transitional standard until the recognition and measurement of insurance contracts has more fully addressed. TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. TFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. Only in case of presentation of more reliable figures a change in accounting policy shall be carried out. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TAS 39 revised.

Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted. Insurance premiums ceded to reinsurers on contracts that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

Costs which vary and are directly associated with the acquisition of insurance and reinsurance contracts including brokerage, commissions, underwriting expenses and other acquisition costs are deferred and amortized over the period of contract, consistent with the earning of premium.

In conformity with TFRS 4, at each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities net of related Deferred Acquisition Costs (DAC) and premiums receivable. Investment income from the assets backing the liabilities is taken into account in calculating the provision. Any deficiency, if there is, is immediately charged to the income statement initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests. Any DAC written off as a result of this test cannot subsequently be reinstated.

XVII. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

Provision is made in case there is an existing liability resulting from past events and if it is probable that the liability will be fulfilled and the amount of liability is measured reliably. Provisions are calculated based on the best estimates of the Parent Bank's and Group Companies' management on the expenses to incur as of the balance sheet date and, if they have specific impact, such expenses are discounted to their current values.

XVIII. EXPLANATIONS ON LIABILITIES REGARDING EMPLOYEE BENEFITS

Liabilities concerning the rights of employees are accounted within the scope of TAS 19 "Employee Benefits". In accordance with the requirements of Turkish labour law, there is an obligation to pay for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or pay for the female employees who have voluntarily quit within one year after the date of their marriage. In this context, the Parent Bank and consolidated Group companies (except İşbank GmbH) allocate retirement pay provisions for employee benefits by the way of estimating the present value of the probable future liabilities. As German legislation does not require retirement pay provision, no provision liability has been recognized for İşbank GmbH.

As per provisional article nr.23 of the Banking Law Nr.5411, it is ruled that pension funds, which were established within the framework of Social Security Foundation Law for the employees of banks, insurance and reinsurance companies, will be transferred to the Social Security Foundation, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 nr. 2006/11345. However, the related article of the act has been cancelled upon the President's request dated 02.11.2005, by the Supreme Court's decision dated 22.03.2007, nr. E.2005/39, K.2007/33, which was published on the Official Gazette dated 31.03.2007 and nr. 26479 and the execution decision was ceased as of the issuance date of the related decision. As a result of actuarial audit of 31.12.2006 for the pension funds; Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund), whose members are the Parent Bank employees and other pension funds of Anadolu Anonim Türk Sigorta Şirketi, Millî Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş., whose members are also the employees of these companies, that has been established according to the provisional Article 20 of the Social Security Act No. 506; provision has been allocated for the total amount of actuarial and technical deficit stated in the technical balance sheet for the Parent Bank and Millî Reasürans T.A.Ş.

Furthermore, as per article 58 and provisional article 7 of the Banking Law, starting from January 1, 2008, banks are not allowed to transfer funds to cover the deficits of these pension funds.

Up to now, there has not been any deficit in Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund), which has been founded by the Parent Bank employees in accordance with the rules of the Civil Code and which provides subsequent retirement benefits; and the Parent Bank has made no payment for this purpose. It is believed that the assets of this institution are capable of covering its total obligations, and that it shall not constitute an additional liability for the Bank. The same conditions are also valid for the Group's other consolidated financial institutions; Anadolu Anonim Türk Sigorta Şirketi, Millî Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş.

Türkiye İş Bankası A.Ş.

Part Three: Explanations to Accounting Policies

XIX. EXPLANATIONS ON TAXATION

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

In accordance with Article nr. 32 of the Corporate Tax Law nr. 5520, 20% rate is used in the calculation of the corporate tax. As per the related law, temporary tax is calculated and paid quarterly, in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax.

Tax expense is the total amount of current tax and deferred tax. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is also recognized directly in the group of equity accounts.

Current taxes are offset with prepaid taxes due to being levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

XX. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Parent Bank and consolidated Group companies resorts to obtaining funds from domestic or foreign institutions, as may be required. Such transactions are recorded at fair value, including the cost of acquisition on the date of the transaction, and are also measured at their discounted values based on the internal rate of return method.

While the policies carried out aiming 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.

No convertible bonds or debt instruments are issued.

XXI. EXPLANATIONS ON SHARES CERTIFICATES

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

Dividend payments are determined by the resolution of the Parent Bank's General Assembly of Shareholders.

Weighted average of the number of shares were taken into account in the calculation of earnings per share.

	Current Period	Prior Period
Profit attributable to shareholders	1,822,273	1,264,195
Number of weighted share certificates ('000)	68,916,875	68,916,875
Earnings per share-TRY	0.026441608	0.018343766

XXII. EXPLANATIONS ON BANK ACCEPTANCES AND BILLS OF GUARANTEE

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

XXIII. EXPLANATIONS ON GOVERNMENT INCENTIVES

None.

XXIV. EXPLANATIONS ON SEGMENT REPORTING

For the segmental reporting, focus is made on the field of activity method by taking into consideration the basic source and quality of the Parent Bank's risks and returns. Field of activity is a part of a company which presents a single product or a single service, or a correlated group of product or service, and which has distinguished characteristics that separate it from other fields of activity in terms of risk and return.

Information on the Group's activity segmentation are given in Part Four footnote XI.

XXV. EXPLANATIONS ON OTHER MATTERS

None.

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

PART FOUR: INFORMATION ON THE FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO CAPITAL ADEQUACY STANDARD RATIO

The Group's and the Parent Bank's capital adequacy ratios are 21.13% and 20.53%, respectively.

Bank-Only and consolidated capital adequacy standard ratio calculations are realized according to the "Regulation on Measurement and Assessment of Capital Adequacy of the Banks" published in the Official Gazette No.26333 dated 1 November 2006, 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 Amount Subject to Market Risk determined by use of the Standard Method with the Amount Subject to Operational Risk by use of the Basic Indicator Approach.

Information related to consolidated capital adequacy standard ratio:

	Risk Weights							
	Bank Only				Consolidated			
	0%	20%	50%	100%	0%	20%	50%	100%
Amount Subject to Credit Risk								
Balance Sheet Items (Net)	10,750,826	7,038,696	16,968,029	23,216,680	12,524,643	8,586,356	17,678,317	26,089,414
Cash	501,803	1,025			510,286	1,025		
Securities in Redemption								
Balances with the Central Bank of Turkey	4,881,584				4,884,719			
Balances with Domestic and Foreign Banks, Foreign Head Offices and Branches		6,616,666		289,774	6,496	7,399,358		289,774
Interbank Money Market Placements								
Receivables from Reverse Repo Transactions					3,595			
Reserve Deposits	1,641,083				1,677,411			
Loans	1,148,428	9,624	16,618,983	15,277,673	1,183,946	560,192	17,109,841	16,957,182
Non-performing Loans (Net)								
Lease Receivables					22,619	85,073	202,604	598,346
Financial Assets Available for Sale (*)					1,290,110			1,101
Investments Held to Maturity	1,866,695				2,015,936	13,448		
Receivables From Installment Sale of Assets								
Sundry Debtors	6			305,019	6	78,994		1,856,683
Interest and Income Accruals	171,167	411,381	349,046	579,110	299,851	448,266	365,872	625,244
Investments in Associates, Subsidiaries and Jointly-Controlled Entities (Net)				4,816,498				2,818,165
Tangible Assets				1,902,747				2,839,446
Other Assets	540,060			45,859	629,668			103,473
Off Balance Sheet Items	48,155	2,447,780	724,827	8,666,916	59,167	3,471,863	760,115	8,793,429
Non-cash Loans and Commitments	48,155	2,027,455	724,827	8,663,985	59,167	2,969,132	760,115	8,778,843
Derivative Financial Instruments		420,325		2,931		502,731		14,586
Non- Risk-Weighted Accounts								
Total Risk Weighted Assets	10,798,981	9,486,476	17,692,856	31,883,596	12,583,810	12,058,219	18,438,432	34,882,843

(*) Composed of marketable securities blocked on behalf of insured clients of Anadolu Hayat Emeklilik A.Ş. (Private Pension).

Summary information on the consolidated capital adequacy standard ratio:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Amount Subject to Credit Risk (ASCR)	42,627,319	35,970,835	46,513,703	38,759,480
Amount Subject to Market Risk (ASMR)	3,726,425	861,700	4,375,638	873,150
Amount Subject to Operational Risk (ASOR)	6,408,553		6,892,242	
Shareholders' Equity	10,834,242	8,793,538	12,210,735	9,835,719
Shareholders' Equity/(ASCR+ASMR+ASOR) * 100	20.53	23.87	21.13	24.82

ASCR: Amount Subject to Credit Risk

ASMR: Amount Subject to Market Risk

ASOR: Amount Subject to Operational Risk

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

Information about the consolidated shareholders' equity items:

	Current Period (31.12.2007)	Prior Period (31.12.2006)
CORE CAPITAL (TIER I)		
Paid-In Capital	2,756,585	2,756,585
Nominal Capital	2,756,585	2,756,585
Capital Commitments (-)		
Paid-in Capital Inflation Adjustments	1,977,491	1,977,491
Share Premium	31,008	3,918
Share Cancellation Profits		
Legal Reserves	1,096,374	995,851
I. Legal Reserve (Turkish Commercial Code 466/1)	990,069	928,967
II. Legal Reserve (Turkish Commercial Code 466/2)	106,303	66,884
Other Legal Reserve Per Special Legislation	2	
Statutory Reserves	9,387	5,761
Other Profit Reserves (*)	-10,518	-27,992
Extraordinary Reserves	2,057,456	1,064,329
Reserves Allocated by the General Assembly	2,054,517	1,064,329
Retained Earnings	2,939	
Accumulated Loss		
Foreign Currency Share Capital Exchange Difference		
Legal, Statutory and Extraordinary Reserves Inflation Adjustments		
Profit	1,733,792	1,464,768
Current Period Profit (**)	1,822,273	1,264,195
Prior Periods' Profit	-88,481	200,573
Provision for Possible Losses (up to 25% of the Core Capital)	770,000	120,000
Gain on Sale of Associates, Subsidiaries and Real Estates		
Primary Subordinated Loans (up to 15% of the Core Capital)		
Minority Shares	1,414,624	1,165,126
Losses Excess of Reserves (-)		
Current Period Loss		
Prior Periods' Loss		
Leasehold Improvements (-)	29,538	33,176
Prepaid Expenses (-)	43,194	56,943
Intangible Assets (-)	52,029	17,896
Deferred Tax Asset excess of 10% of the Core Capital (-)		
Limit Excesses as per Paragraph 3 of Article 56 of the Banking Law (-)		
Goodwill (Net) (-)	7,170	7,170
Total Core Capital (***)	11,829,029	9,518,667

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

	Current Period (31.12.2007)	Prior Period (31.12.2006)
SUPPLEMENTARY CAPITAL (TIER II)		
General Loan Loss Provision	316,540	235,229
45% of Movables' Revaluation Reserve		
45% of Immovables' Revaluation Reserve		
Bonus Shares of Associates, Subsidiaries and Jointly-Controlled Entities (Joint Ventures)		
Primary Subordinated Loans Excluding the Portion included in the Core Capital		
Secondary Subordinated Loan	58,200	49,350
45% of Marketable Securities Revaluation Reserve	353,738	372,839
Associates and Subsidiaries	311,766	444,601
Financial Assets Available For Sale	41,972	-71,762
Capital Reserves, Profit Reserves and Prior Periods' Profit/Loss Inflation Adjustments (excluding the inflation adjustments to legal reserves, status reserves and extraordinary reserves)		
Minority Shares	10,884	8,631
Total Supplementary Capital	739,362	666,049
TIER III CAPITAL		
CAPITAL	12,568,391	10,184,716
DEDUCTIONS FROM THE CAPITAL	357,656	348,997
Investments in Unconsolidated Banks and Financial Institutions	213,402	221,791
Loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of secondary subordinated debt and debt instruments purchased from such parties qualified as primary or secondary subordinated debt		
Investments in Banks and Financial Institutions, to which Equity Method has been applied but whose Assets and Liabilities are Unconsolidated	18,932	18,385
Loans granted against the articles 50 and 51 of the Banking Law		
Net book values of immovables exceeding 50% of the capital and of assets acquired against overdue receivables and held for sale as per article 57 of the Banking Law but retained more than five years	561	806
Others		
TOTAL SHAREHOLDERS' EQUITY	12,210,735	9,835,719

(*) TRY 29,227 of the Prior Period balance are the Exchange rate differences arising from subsidiaries presented in Other Profit Reserves in the financial statements dated 31.12.2006. In line with the provisions of the Uniform Code of Accounts (UCA) and the Explanatory Manual, which was published in the Official Gazette dated 26.01.2007 and nr. 26415 and came into effect as at 01.01.2007, investments and associates, subsidiaries and jointly controlled associates are followed under Marketable Securities Revaluation Fund.

(**) Difference between effective and direct shareholding was TRY 11,462 in the current period.

(***) Leasehold improvements, prepaid expenses and intangible fixed assets shown under the core capital, are not included in the total of core capital in accordance with the related regulation, but shown under the deductions from the capital.

II. EXPLANATIONS RELATED TO CREDIT RISK

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement entered with the Group.

Banks and financial institutions affiliated to the group, carry out their placement activities in accordance with the credit limitations stipulated by legal regulations of the countries in which they operate.

The Parent 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 in participations are monitored according to the limits determined in connection with the size of the shareholders' equity calculated on a bank-only and consolidated basis.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Departments, the Deputy Chief Executive responsible for loans, the CEO, the Credit Committee and the Board of Directors; these limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, 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 borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is regularly monitored 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.

The Parent Bank and its financial affiliates give utmost importance to ensure that loans are furnished with collaterals. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantors.

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

3. As a result of the present level of customers' need and the maturity in the domestic market in this particular area, the Bank uses more derivative transactions more either for hedging or commercial purposes.

Türkiye İş Bankası A.Ş.

Part Four: Information on the Financial Structure

Despite the increasing volume of derivative instruments compared to the previous years, derivative transactions are monitored in such a way that their liquidation process is always available in case of need.

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

The rating and scoring systems applied by the Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized Loans are evaluated by using a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the project undertaken or the asset financed.

5. Lending transactions abroad are conducted by determining the country risks of related countries within the context of the current rating system and by taking 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.

6. (i) The share of the Group's receivables from the top 100 cash borrowers in the overall cash loan portfolio stands at 24%.

(ii) The share of the Group's receivables from the top non-cash borrowers in the overall non-cash portfolio stands at 43%.

(iii) The share of the Group's cash and non-cash receivables from the top 100 borrowers in the overall cash and non-cash loans stands at 12%.

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 such loans is extended on a project basis, with their repayment sources are analyzed in accordance with the banking principles and considered as being satisfactory, and associated risks are determined and duly covered, when deemed necessary, by obtaining appropriate guarantees.

7. The total value of the general provisions allocated for credit risk by the Group stands at TRY 316,540.

8. The following table shows maximum credit exposure to credit risk for the components of the financial statements.

	Current Period	Prior Period
Financial Assets at Fair Value through Profit/Loss	1,942,147	940,456
Banks	7,756,115	7,044,996
Financial Assets Available For Sale	25,046,749	28,632,674
Loans	36,800,215	32,136,918
Investments Held To Maturity	2,127,556	275,791
Lease Receivables	921,614	940,199
Insurance Receivables	443,911	452,631
Total	75,038,307	70,423,665
Guarantees and Suretyships	8,013,640	7,713,405
Commitments	15,726,204	9,214,151
Total Sensitivity to Credit Risk	98,778,151	87,351,221

Credit risk of the Parent Bank is evaluated according to its own internal rating/scoring system that is formed by taking into account Basel II Criteria. Other credit institutions within the Group have also their own internal rating systems.

Within the framework of the Bank's rating/scoring system, classification and rating/scoring of cash commercial and corporate loans is as follows.

Rating/Scoring Code	Credit Balance
A+	1,247,554
A	2,024,973
A-	5,167,700
B+	3,713,145
B	3,112,645
B-	1,607,278
C+	897,041
C	191,846
D	32,336
Under USD 50,000	3,329,088
No rating/scoring done	190,881
Interest and Income Accruals	528,999
Total	22,043,486

(*) Total international loans are included in the above given table.

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Rating/Scoring Code	Description
A+	The capacity of the borrower to fulfill its credit liabilities is perfect.
A	The capacity of the borrower to fulfill its credit liabilities is very good.
A-	The will and capacity of the borrower to fulfill all its credit liabilities in due time is good.
B+	The will and capacity of the borrower to fulfill all its credit liabilities in due time is adequate.
B	The capacity of the borrower to fulfill all its credit liabilities in due time is reasonable.
B-	The capacity of the borrower to fulfill all its credit liabilities in due time is limited and it has to be specially monitored by the management.
C+	The capacity of the borrower to fulfill all its credit liabilities in due time is inadequate.
C	The capacity of the borrower to fulfill all its credit liabilities in due time is doubtful.
D	The borrower's debt to the Bank is due more than 90 days or legal follow-up has been started for the borrower.

Since some prior period information regarding Turkish Financial Reporting Standard nr.7 are not available, some of the following tables could not be presented comparatively.

The fair values of the collaterals of the Group's closely monitored loans and other elements enhancing the credit security are given below in terms of collateral type and risk match.

Type of Collateral	Fair Value of the Collateral	Total Credit Balance
Real Estate Mortgage (*)	329,375	84,193
Cash Collateral	29,333	29,333
Vehicle Pledge (**)	324	324
Other (surety, commercial enterprise under pledge (*) etc.)	60,007	9,460
Without collateral		16,266
Interest and Income Accruals		563
Total	419,039	140,139

(*) The amount of third parties' mortgage claims or distraints, if any, with a higher rank than the Bank's are deducted from the fair values of the related mortgaged immovables in the expertise reports and the net values are compared with the mortgage amount, and if the net value is greater than the mortgage amount, the mortgage amount is considered as the fair value, and if the net value is smaller than the mortgage value, then the net value is considered as the fair value.

(**) The fair values of vehicle pledges are considered as the amount of the risk on the related loans.

The fair values of the collaterals of the Group's non-performing loans and other elements enhancing the credit security are given below in terms of collateral type and risk match.

Type of Collateral	Fair Value of the Collateral	Total Credit Balance
Mortgage (*)	534,286	534,286
Vehicle Pledge (**)	89,111	89,111
Cash Collateral	33,242	33,242
Other (guarantees, pledge of assets (*) etc.)	106,010	106,010
Without collateral		761,778
Total	762,649	1,524,427

(*) The amount of third parties' mortgage claims, distraints or pledges, if any, with a priority are deducted from the fair values of the collaterals in the expert reports and the net values are compared to the mortgage/pledge amount, and if the net value is larger than the mortgage/pledge amount, the mortgage/pledge amount is considered as the fair value, and if the net value is smaller than the mortgage/pledge value, then the net value is considered as the fair value.

As of 31 December 2007, the loan quality in terms of financial asset classification is as follows;

Current Period	Neither Past Due nor Impaired	Past Due but not Impaired	Total
Banks	7,756,115		7,756,115
Financial Assets at Fair Value through Profit/Loss	1,942,147		1,942,147
Money Market Placements	5,217		5,217
Loans:			
Corporate/Commercial Loans	24,550,602	(*) 241,282	24,791,884
Consumer Loans	8,611,371	(**) 22,852	8,634,223
Credit Cards	3,074,692	299,416	3,374,108
Financial Assets Available For Sale	25,046,749		25,046,749
Investments Held to Maturity	2,127,556	0	2,127,556
Lease Receivables	914,608	(***) 7,006	921,614
Insurance Receivables	370,545	73,366	443,911

(*) Includes only overdue installment amounts of installment based commercial loans and the principle amount which is not due as of the balance sheet date is amounting to TRY 532,396.

(**) Includes only overdue installments and the principle amount which is not due as of the balance sheet date is amounting to TRY 175,226.

(***) Includes overdue amounts of billed receivables, the amounts of unbilled receivables is TRY 71,808 as of balance sheet date.

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The aging analysis of neither past due nor impaired loans in terms of financial asset classification are as follows:

Current Period	Less Than 30 Days	31-60 Days	61-90 Days	Total
Loans (*):				
Corporate/Commercial Loans	199,061	26,333	15,888	241,282
Consumer Loans	10,484	7,039	5,329	22,852
Credit Cards	201,826	60,602	36,988	299,416
Lease Receivables	4,237	1,815	954	7,006
Insurance Receivables	50,223	14,506	8,637	73,366

(*) Since the information on fair value of the collaterals of the overdue but not impaired loans and other receivables is not available as at 31 December 2007 no collateral information could be presented in connection with such loan amounts.

Carrying value of the financial assets, of which terms have been renegotiated are as follows:

	Current Period	Prior Period
Banks		
Financial Assets at Fair Value through Profit/Loss		
Loans:	83,902	280,523
Corporate/Commercial Loans	83,902	280,523
Consumer Loans		
Credit Cards		
Financial Assets Available For Sale		
Investment Held to Maturity		

Credit risk by types of borrowers and geographical concentration:

	Loans to Individuals and Corporates		Loans to Banks and Other Financial Institutions		Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Borrowers Concentration								
Private Sector	21,969,790	20,284,546	404,277	408,005	206,250	269,282	12,192,047	10,654,574
Public Sector	1,065,937	1,150,364			26,627,372	29,463,088	1,478,434	577,661
Banks			1,347,837	1,053,093	2,145,870	52,159	9,894,940	7,628,798
Retail Customers***	12,012,374	9,240,910			268	245	9,240,485	5,992,167
Equity Shares					136,692	64,147	3,058,096	3,006,775
Geographical Concentration								
Domestic	34,374,035	30,408,644	1,403,177	951,840	26,834,263	29,612,997	26,675,741	19,805,163
European Union (EU)	392,523	151,752	274,659	270,900	2,220,880	199,676	6,999,183	5,430,615
OECD Countries****	2,078	65,741	2,859	257	24,109	138	670,667	627,518
Off-Shore Banking Regions	9,952						1,380	245
USA, Canada	811				23,980	23,791	880,206	1,399,699
Other Countries	268,702	49,683	71,419	238,101	13,220	12,319	636,825	596,735
Total	35,048,101	30,675,820	1,752,114	1,461,098	29,116,452	29,848,921	35,864,002	27,859,975

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

(**) Includes transactions, classified in the Uniform Code of Accounts (UCA) other than those stated in the first three columns above, defined as credit as per provisional article nr.48 of the Banking Law Nr.5411.

(***) Includes the figures related to foreign branches.

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

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Information on geographical concentration:

	Assets (*****)	Liabilities (****)	Non-Cash Loans	Fixed Capital Investments (*****)	Net Profit
Current Period					
Domestic	76,400,345	60,438,338	7,356,770	34,744	1,897,085
European Union Countries	8,436,605	13,135,930	166,552	8,383 (*)	2,197
OECD Countries (**)	609,609	2,310,604	46,522		590
Off-Shore Banking Regions	1,370	17,923	111,257		-104,099
USA, Canada	849,453	1,875,816	39,482		
Other Countries	685,143	423,241	293,057		26,500
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				3,052,670	
Unallocated Assets/Liabilities (***)					
Total	86,982,525	78,201,852	8,013,640	3,095,797	1,822,273
Prior Period					
Domestic	72,259,212	52,066,202	5,388,832	31,645	1,222,106
European Union Countries	5,299,692	13,283,265	1,234,239	1,932 (*)	21,865
OECD Countries (**)	558,867	664,986	293,616		438
Off-Shore Banking Regions	5,752	911	21,158		13,905
USA, Canada	1,221,234	2,153,776	307,441		
Other Countries	641,800	4,603,991	468,119		5,881
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				3,006,545	
Unallocated Assets/Liabilities (***)					
Total	79,986,557	72,773,131	7,713,405	3,040,122	1,264,195

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

(**) OECD countries other than EU countries, the 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 fixed capital investments reflect the total assets in the balance sheet.

Sector concentration of cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	769,605	2.95	23,899	0.22	854,118	3.70	21,047	0.23
Farming and Raising Livestock	669,842	2.57	20,283	0.19	771,650	3.34	18,988	0.21
Forestry	73,910	0.28	1,216	0.01	62,583	0.27	1,209	0.01
Fishing	25,853	0.10	2,400	0.02	19,885	0.09	850	0.01
Industry	3,499,618	13.42	4,365,892	40.74	2,107,221	9.13	4,682,607	51.67
Mining	147,105	0.56	82,165	0.77	38,016	0.16	65,911	0.73
Production	3,108,263	11.92	3,769,324	35.17	1,795,609	7.78	4,067,825	44.88
Electricity, gas, and water	244,250	0.94	514,403	4.80	273,596	1.19	548,871	6.06
Construction	1,000,941	3.84	650,244	6.07	830,327	3.60	305,658	3.37
Services	8,797,056	33.72	4,288,178	40.00	7,952,636	34.47	2,751,773	30.36
Wholesale and Retail Trade	4,074,809	15.62	815,909	7.61	3,807,181	16.50	853,666	9.42
Hotel, Food and Beverage Services	387,654	1.49	190,618	1.78	325,710	1.41	218,320	2.41
Transportation and Telecommunication	2,019,962	7.74	1,358,376	12.67	1,939,514	8.41	149,332	1.65
Financial Institutions	939,658	3.60	1,196,590	11.16	750,112	3.25	957,430	10.56
Real Estate and Renting Services	496,935	1.91	225,186	2.10	356,542	1.55	261,140	2.88
Self-Employment Services	554,103	2.12	420,574	3.92	506,511	2.20	212,863	2.35
Education Services	130,799	0.50	33,052	0.31	100,090	0.43	43,307	0.48
Health and Social Services	193,136	0.74	47,873	0.45	166,976	0.72	55,715	0.61
Other (*)	12,015,210	46.07	1,389,572	12.97	11,328,993	49.10	1,302,538	14.37
Total	26,082,430	100.00	10,717,785	100.00	23,073,295	100.00	9,063,623	100.00

(*) Interest income accruals are included in "other" line item.

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III. EXPLANATIONS RELATED TO MARKET RISK:

The market risk carried by the Group is measured in line with the internationally accepted principles.

Beside the Standard Method that is used in legal reporting the Value at Risk Method is also used in calculation of the market risk carried by the Group.

The market risk measurements by applying the Standard Method are carried out quarterly and measurement results are taken into account in the computation of the capital adequacy standard ratio.

The Value at Risk Method (VAR) is another alternative for the Standard Method used for measuring and monitoring market risk carried by the Parent Bank. This method is used to measure the market risk daily on the basis of interest rate risk, exchange rate risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR method, which is used to estimate the largest possible loss of the following day.

Scenario analyses are made, which support the VAR method used to measure the value losses that may occur in the ordinary market conditions; the possible impact of the optimistic, base and worst case scenarios that are developed based on the future predictions and the crises in the past, on the value of the Parent Bank's portfolio is determined and the results are reported to the Top Executive Management. VAR calculations are made by the financial participations within the frame determined by the Bank and the results are reported to the Top Executive Management.

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

The following table shows details of the market risk calculations carried out with the "Standard Method for Market Risk Measurement" and within the context of "Regulation for Evaluating and Measuring the Capital Adequacy of Banks" as of 31 December 2007.

a. Information on the market risk:

	Amount
(I) Capital to be Employed for General Market Risk - Standard Method	252,093
(II) Capital to be Employed for Specific Risk - Standard Method	50,816
(III) Capital to be Employed for Currency Risk - Standard Method	45,380
(IV) Capital to be Employed for Commodity Risk - Standard Method	
(V) Capital to be Employed for Settlement Risk - Standard Method	
(VI) Capital to be Employed for Market Risk of Options - Standard Method	1,762
(VII) Capital to be Employed for Market Risks of Banks Applying Risk Measurement Models	
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	350,051
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	4,375,638

b. Table of the average market risk related to the market risk calculated at the end of month during the period:

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	280,268	299,449	249,750	217,656	277,339	36,714
Share Certificate Risk	21,509	16,977	19,876	27,848	61,151	5,896
Currency Risk	42,759	53,198	53,521	47,180	72,409	22,378
Commodity Risk						
Settlement Risk						
Options Risk	9,760	5,255	3,244	5,631	11,716	4,864
Total Amount Subject to Risk	4,428,700	4,685,988	4,079,888	3,728,938	5,282,688	873,150

IV. EXPLANATIONS RELATED TO OPERATIONAL RISK

Operational risk is defined in general as "the risk of loss that may be arising from inadequate or ineffective internal processes, people, systems or other external factors".

The classification of operational risks to be encountered by the Parent Bank during the activities are followed by preparing the "Risk Catalog of the Bank". This Risk Catalogue is the basis to be used in the definition and classification of all risks that may be exposed to and is updated parallel to the changing conditions.

The definitions related to operational risk, the methodology of its measurement and evaluation, and the responsibilities regarding operational risk management are stated in the "Operational Risk Policy".

In the assessment of operational risk, "Self Evaluation Methodology" is applied. This method requires displaying the matters through participation of the personnel who is responsible from undertaking operations identified as risky. Qualitative and quantitative methods are both used in the measurement and evaluation of operational risk. In the measurements, the information derived from "Effect-Possibility Analysis", "Control Culture Survey" and "Loss Database".

All the operational risks that maybe exposed to during the operations, the risk level of the operation and/or new product/service, and the losses of the Parent Bank arising from operational risks are regularly monitored by the Risk Management Department of the Bank, and if deemed necessary, the risk level is updated and periodically reported to the Risk Committee and the Board of Directors.

The operational risk, to which the Group is exposed to, is measured by using the basic indicator approach multiplying the average of 15% of the year-end gross income for the last three years by 12.5, in line with the Regulation on Measurement and Assessment of Capital Adequacy of the Banks. The operational risk amount used for the current period is TRY 6,892,242.

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V. EXPLANATIONS RELATED TO CURRENCY RISK

The currency risk for the Group is a result of the difference between the Group's assets denominated in foreign currencies and indexed to foreign currencies and liabilities denominated in foreign currencies. On the other hand, parity fluctuations of different foreign currencies are also another element of the currency risk.

In measuring currency risk which the Group is exposed to both the Standard Method and the Value at Risk Methods (VAR) are used as applied in the statutory reporting.

Risks measurements for the Bank is executed through Standard Method on weekly basis, through Value at Risk Method (VAR) on daily basis using the historical simulation method. Measurements on consolidated basis is made quarterly and monthly, respectively.

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

Date	USD	EURO	YEN
31.12.2007	1.1650	1.7009	0.0104
28.12.2007	1.1480	1.6887	0.0102
27.12.2007	1.1540	1.6814	0.0101
26.12.2007	1.1560	1.6762	0.0101
25.12.2007	1.1590	1.6678	0.0102
24.12.2007	1.1580	1.6681	0.0101

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

USD: 1.1537 TRY

EURO: 1.6791 TRY

YEN: 0.0103 TRY

Sensitivity to currency risk

The impact of a 10% change in USD, EUR and GBP rates on the profit/loss and shareholders' equity is analyzed in the following table. 10% is the ratio that is also used in the Parent Bank's internal reporting.

	% Change in Foreign Currency	Effects on Profit/Loss (*)		Effects on Equity (*)	
		31 December 2007	31 December 2006	31 December 2007	31 December 2006
USD	10% increase	-38,845	-561	-	-
	10% decrease	38,845	561	-	-
EURO	10% increase	58,283	-21,855	-	-
	10% decrease	-58,283	21,855	-	-
GBP	10% increase	7,583	3,374	-	-
	10% decrease	-7,583	-3,374	-	-

(*) The impacts on the profit/loss and shareholders' equity indicates the values before tax.

The Group's sensitivity to fluctuation in foreign currency rates has increased due to increase in the absolute values of positions taken for each foreign currency during the current period.

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Information on currency risk:

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,342,548	95,094	310	17,068	2,455,020
Banks (1)	1,905,823	4,333,677	12,113	896,148	7,147,761
Financial Assets at Fair Value through Profit/Loss (2)	10,112	34,704	3	5,385	50,204
Money Market Placements					
Financial Assets Available for Sale	1,285,013	9,419,703			10,704,716
Loans (3)	4,941,912	7,471,677	57,198	64,770	12,535,557
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	262			5,164	5,426
Investments Held to Maturity	27,675				27,675
Derivative Financial Assets Held for Hedging Purposes					
Tangible Assets (2)	27,391	81		236	27,708
Intangible Assets					
Other Assets (2)	518,733	381,948	7,360	1,327	909,368
Total Assets	11,059,469	21,736,884	76,984	990,098	33,863,435
Liabilities					
Banks Deposits	155,353	23,573	12	74,327	253,265
Foreign Currency Deposits (4)	7,344,357	9,301,002	18,512	800,769	17,464,640
Money Market Funds	746,659	2,216,669			2,963,328
Funds Provided from Other Financial Institutions	1,893,132	8,508,544	75,359	8,353	10,485,388
Marketable Securities Issued					
Sundry Creditors	92,643	101,864	816	9,225	204,548
Derivative Financial Liabilities Held for Hedging Purposes					
Other Liabilities (2)	97,998	571,117	46	5,354	674,515
Total Liabilities	10,330,142	20,722,769	94,745	898,028	32,045,684
Net Balance Sheet Position	729,327	1,014,115	-17,761	92,070	1,817,751
Net Off Balance Sheet Position	-300,983	-1,455,877	38,651	11,427	-1,706,782
Derivative Financial Assets (5)	524,450	5,104,968	161,790	12,127	5,803,335
Derivative Financial Liabilities (5)	825,433	6,560,845	123,139	700	7,510,117
Non-Cash Loans	1,460,273	3,243,078	58,829	77,897	4,840,077
Prior Period					
Total Assets	10,488,343	21,975,529	102,749	908,805	33,475,426
Total Liabilities	10,257,300	22,239,829	128,431	900,464	33,526,024
Net Balance Sheet Position	231,043	-264,300	-25,682	8,341	-50,598
Net Off Balance Sheet Position	-298,774	136,711	15,162	28,018	-118,883
Derivative Financial Assets	1,030,910	1,981,309	23,223	40,309	3,075,751
Derivative Financial Liabilities	1,329,684	1,844,598	8,061	12,291	3,194,634
Non-Cash Loans	1,399,898	3,599,876	56,668	67,273	5,123,715

(1) TRY 730,540 of the asset amount of TRY 896,148 shown in the Other FC column is in GBP and the remaining TRY 165,608 is in other foreign currencies.

(2) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position/Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TRY 29,312), Leasehold Improvements (TRY 2,697), Prepaid Expenses (TRY 27,039), Intangible Assets (TRY 915) and General Reserves (TRY 836), Derivative Financial Instruments Foreign Currency Expense Accruals (TRY 165,708) and Shareholders' Equity (TRY 52,055) in liabilities are not taken into consideration in the currency risk measurement.

(3) Includes foreign currency indexed loans, which are followed under TRY accounts. TRY 922,008 of these loans amounting to TRY 1,817,772 are USD indexed, TRY 883,917 of them are EUR indexed, TRY 172 of them are CHF indexed, TRY 242 of them are GBP indexed and TRY 11,433 of them are JPY indexed.

(4) TRY 639,732 of the liability amount of TRY 800,769 shown in the Other FC column is in GBP, TRY 100,987 is in CHF and TRY 27,149 is in SEK. The remaining TRY 32,901 is in other foreign currencies.

(5) The derivative transactions are taken into consideration within the context of the forward foreign currency trading definitions in the above mentioned Regulation.

VI. EXPLANATIONS RELATED TO 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. Such measurements are supported with "interval analyses" to determine the direction of changes that may occur in the Parent Bank's income and expenses as a result of interest rate risk.

The measurement of interest rate risks resulting from financial assets held for trading, available for sale and off-balance sheet positions is conducted in the context of the Standard Method as used in the statutory 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 such 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 Parent 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.

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Sensitivity to interest rate risk

The sensitivity of the Group's assets and liabilities has been analyzed and accordingly, it is assumed that the year end balance figures are deemed to be the same throughout the year.

During the measurement of the Group's interest rate sensitivity, the difference between the portfolio values of the asset and liability items evaluated with market value and the portfolio value calculated by using the interest shock applied discount curve, is considered as the reflection of the interest shock to the income statement accounts.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current markets price, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities with variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, the possible changes that may occur in the Group's profit and shareholders' equity are given below, if there is an increase/decrease of 3%-5%-8% in TRY interest rates, 1%-2%-3% in FC interest rates and all other variables are kept constant at the reporting date.

% Change in Interest Rate (***)		Effect On Profit/Loss (*)		Effect on Equity (**)	
TRY	FC	31 December 2007		31 December 2007	
3% increase	1% increase	-691,565		-183,825	
3% decrease	1% decrease	547,273		202,986	
5% increase	2% increase	-1,183,539		-297,197	
5% decrease	2% decrease	915,073		350,764	
8% increase	3% increase	-1,873,585		-455,263	
8% decrease	3% decrease	1,437,862		594,591	

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

(**) The impact on the shareholders' equity is arising from the change of the fair value of the government bonds followed under the Group's Financial Assets Available For Sale.

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	6,627,451					511,305	7,138,756
Banks	5,433,053	199,026	1,735,841	183,739		204,456	7,756,115
Financial Assets at Fair Value through Profit/Loss	81,010	146,437	1,299,037	288,824	7,530	119,309	1,942,147
Money Market Placements	5,217						5,217
Financial Assets Available for Sale	3,138,379	7,499,311	4,702,941	7,642,164	1,979,909	84,045	25,046,749
Loans	11,323,068	4,122,468	7,871,549	11,670,176	1,812,954		36,800,215
Investments Held to Maturity	16,948	879,335		1,231,273			2,127,556
Other Assets	51,857	208,327	326,769	404,754	16,875	8,252,985	9,261,567
Total Assets	26,676,983	13,054,904	15,936,137	21,420,930	3,817,268	9,172,100	90,078,322
Liabilities							
Banks Deposits	619,123	100,536	45,606	4,670		57,970	827,905
Other Deposits	32,213,464	5,713,201	3,744,772	139,263		5,425,344	47,236,044
Money Market Funds	6,096,736	1,083,375	67,061				7,247,172
Sundry Creditors	132,298	1,078	536			2,597,821	2,731,733
Marketable Securities Issued							
Funds Provided from Other Financial Institutions	3,347,395	4,651,156	2,234,658	3,314,713	80,475		13,628,397
Other Liabilities (*)	28,034	20,850	444,457	224,176	4,353	17,685,201	18,407,071
Total Liabilities	42,437,050	11,570,196	6,537,090	3,682,822	84,828	25,766,336	90,078,322
Balance Sheet Long Position		1,484,708	9,399,047	17,738,108	3,732,440		32,354,303
Balance Sheet Short Position	-15,760,067					-16,594,236	-32,354,303
Off Balance Sheet Long Position				534,107	93,200		627,307
Off Balance Sheet Short Position	-353,547	-104,514	-25,776				-483,837
Total Position	-16,113,614	1,380,194	9,373,271	18,272,215	3,825,640	-16,594,236	143,470

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

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Part Four: Information on the Financial Structure

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	5,179,350					472,902	5,652,252
Banks	4,675,417	99,699	2,080,442	2,274		187,164	7,044,996
Financial Assets at Fair Value through Profit/Loss	96,326	143,597	390,300	245,558		64,675	940,456
Money Market Placements	884						884
Financial Assets Available for Sale	2,394,457	7,143,931	10,899,525	4,885,490	3,151,732	157,539	28,632,674
Loans	6,098,188	7,257,985	6,844,675	10,455,619	1,480,451		32,136,918
Investments Held to Maturity	17,725	136,154	112,401	9,511			275,791
Other Assets	156,211	247,729	341,038	415,556	16,619	7,165,555	8,342,708
Total Assets	18,618,558	15,029,095	20,668,381	16,014,008	4,648,802	8,047,835	83,026,679
Liabilities							
Banks Deposits	2,153,256	90,628	19,338			6,338	2,269,560
Other Deposits	30,954,641	6,909,489	3,145,379	92,686		2,934,619	44,036,814
Money Market Funds	3,906,227	1,224,072	699,602				5,829,901
Sundry Creditors	23,661	685	2,209	874		1,856,775	1,884,204
Marketable Securities Issued							
Funds Provided from Other Financial Institutions	2,661,321	6,400,194	3,151,371	1,692,956	69,249		13,975,091
Other Liabilities (*)	7,058	9,245	32,142	37,079		14,945,585	15,031,109
Total Liabilities	39,706,164	14,634,313	7,050,041	1,823,595	69,249	19,743,317	83,026,679
Balance Sheet Long Position		394,782	13,618,340	14,190,413	4,579,553		32,783,088
Balance Sheet Short Position	-21,087,606					-11,695,482	-32,783,088
Off Balance Sheet Long Position	493		913	1,365	2,730		5,501
Off Balance Sheet Short Position		-95					-95
Total Position	-21,087,113	394,687	13,619,253	14,191,778	4,582,283	-11,695,482	5,406

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

Average interest rates applied to financial instruments:

Current Period (31.12.2007)	EURO %	USD %	Yen %	TRY %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.80	1.95		11.81
Banks	4.00	5.14	0.04	17.77
Financial Assets at Fair Value through Profit/Loss	6.68	7.91		18.17
Money Market Placements				16.81
Financial Assets Available For Sale	7.67	7.82		18.52
Loans	6.58	6.98	4.00	22.22
Investments Held to Maturity	5.35			18.56
Liabilities				
Banks Deposits	4.56	2.87		13.86
Other Deposits	3.21	4.43	0.25	17.10
Money Market Funds	5.01	5.31		16.16
Sundry Creditors				
Marketable Securities Issued				
Funds Provided from Other Financial Institutions	5.08	5.55	1.96	15.63

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Part Four: Information on the Financial Structure

Prior Period (31.12.2006)	EURO %	USD %	Yen %	TRY %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.73	2.52		13.12
Banks	3.33	5.18	0.23	19.88
Financial Assets at Fair Value through Profit/Loss	4.41	5.44		19.87
Money Market Placements				18.58
Financial Assets Available For Sale	6.62	8.21		18.68
Loans	5.71	7.31	4.80	21.12
Investments Held to Maturity	5.24			20.25
Liabilities				
Banks Deposits	2.52	5.29		18.44
Other Deposits	2.15	3.74	0.02	16.11
Money Market Funds	3.28	5.49		17.57
Sundry Creditors				
Marketable Securities Issued				
Funds Provided from Other Financial Institutions	3.77	5.81	1.96	14.86

VII. EXPLANATIONS RELATED TO LIQUIDITY RISK

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

TRY and FC liquidity necessity is met principally by the deposits. While the average maturity of deposits are shorter than the maturity of 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 funds. 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 considerable attention is given to preserve liquid values, efforts in this framework are supported by cash flows projections. 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.

Within the framework of the Bank's liquidity risk policy, which came into effect on 01.12.2007, the limits determined related to the liquidity risk management are monitored by the Bank's Risk Committee and in case of extraordinary situations where a quick action should be taken due to the negative market conditions, emergency actions and funding plans are applied in relation to the liquidity risk.

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Part Four: Information on the Financial Structure

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated (*)	Total
Current Period (31.12.2007)								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	7,138,756							7,138,756
Banks	444,462	5,122,667	5,250	18,947	2,129,302	35,487		7,756,115
Financial Assets at Fair Value through Profit/Loss	119,309	8,963	40,818	1,228,319	482,976	61,762		1,942,147
Money Market Placements		5,217						5,217
Financial Assets Available for Sale	84,045	250,029	491,464	3,765,948	17,400,429	3,054,834		25,046,749
Loans	3,967,770	4,719,669	2,904,378	8,790,195	12,704,781	3,713,422		36,800,215
Investments Held to Maturity			8,498	2,594	1,369,563	746,901		2,127,556
Other Assets	199,516	1,673,813	156,821	285,768	702,722	49,523	6,193,404	9,261,567
Total Assets	11,953,858	11,780,358	3,607,229	14,091,771	34,789,773	7,661,929	6,193,404	90,078,322
Liabilities								
Bank Deposits	213,085	464,008	100,536	45,606	4,670			827,905
Other Deposits	7,914,646	29,724,162	5,713,201	3,744,772	139,263			47,236,044
Funds Provided from Other Financial Institutions		214,322	166,300	2,703,665	7,062,570	3,481,540		13,628,397
Money Market Funds		4,290,854	811,554	1,784,697	360,067			7,247,172
Marketable Securities Issued								
Sundry Creditors	2,015,570	687,138	2,513	834	25,678			2,731,733
Other Liabilities	22	283,102	120,103	433,602	218,672	50,996	17,300,574	18,407,071
Total Liabilities	10,143,323	35,663,586	6,914,207	8,713,176	7,810,920	3,532,536	17,300,574	90,078,322
Liquidity Gap	1,810,535	-23,883,228	-3,306,978	5,378,595	26,978,853	4,129,393	-11,107,170	0
Prior Period (31.12.2006)								
Total Assets	6,166,646	9,532,604	4,133,848	16,531,398	33,136,970	6,361,950	7,163,263	83,026,679
Total Liabilities	9,181,450	33,500,345	9,057,324	8,943,389	3,220,218	4,570,153	14,553,800	83,026,679
Liquidity Gap	-3,014,804	-23,967,741	-4,923,476	7,588,009	29,916,752	1,791,797	-7,390,537	0

(*) Asset items, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which can not be converted to cash in short-term, and other liabilities such as Provisions which are not considered as payables and shareholders' equity, are shown in "Unallocated" column.

The following table indicates the maturities of the Group's major financial assets and liabilities, which are not qualified as derivatives, according to the Turkish Financial Reporting Standard nr.7. The distribution has been prepared without discounting the assets and liabilities of the Group and by taking the earliest dates of collections and payments. The interests to be collected and paid to the related assets and liabilities are included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The recognized values of related financial assets and liabilities in the balance sheet do not include these amounts.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments	Balance Sheet Value
Assets									
Banks	444,462	5,150,921	20,659	103,573	2,436,582	42,160	8,198,357	-442,242	7,756,115
Financial Assets Held For Trading	121,346	7,958	9,424	953,177	505,138	74,790	1,671,833	-156,925	1,514,908
Financial Assets Available For Sale	84,045	567,262	1,056,769	4,952,292	22,082,858	3,638,347	32,381,573	-7,334,824	25,046,749
Loans	3,967,994	4,890,126	3,530,104	11,211,315	16,084,206	4,035,537	43,719,282	-6,919,067	36,800,215
Investments Held To Maturity			75,587	69,932	2,298,791	904,813	3,349,123	-1,221,567	2,127,556
Liabilities									
Deposits	8,127,731	30,634,210	5,993,863	3,918,470	166,759		48,841,033	-777,084	48,063,949
Funds Provided from Other Financial Institutions		277,150	463,315	3,455,914	9,254,933	3,939,608	17,390,920	-3,762,523	13,628,397
Money Market Funds		4,317,949	841,196	1,836,396	374,393		7,369,934	-122,762	7,247,172

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Part Four: Information on the Financial Structure

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	107,839	242,185	3,839,685	393,815		4,583,524
Forwards Contracts- Sell	107,786	217,383	3,572,690	329,909		4,227,768
Swaps-Buy	397,665	268	220,790	300,952		919,675
Swaps-Sell	396,230	245	199,499	306,565		902,539
Futures-Buy	8,241	60,941				69,182
Futures-Sell	8,235	59,784		394,753		462,772
Options-Call	1,807,834	2,219,057	4,553,674	881,050	60,072	9,521,687
Options-Put	1,525,634	2,327,334	4,642,499	878,000		9,373,467
Other	52,066	252,300	136,200	1,039,320	99,020	1,578,906
Total	4,411,530	5,379,497	17,165,037	4,524,364	159,092	31,639,520

VIII. EXPLANATIONS RELATED TO OTHER PRICE RISKS

The Group is exposed to the equity share risk arising from its investments in companies, which are traded on the ISE. Equity shares are generally acquired for investment purpose.

The Group's sensitivity to the share price risks have been analyzed as of the reporting date. On the analyses, it is assumed all other variables are constant and the data in valuation method (share prices) are 10% more/less was used. According to the results of analysis made under these assumptions;

- Unless the equity share investments classified as assets available for sale are disposed of or impaired, the net profit/loss will not be effected,
- TRY 158,623 increase/decrease is expected in the Marketable Securities Revaluation Reserve account under the Shareholders' Equity (TRY 144,002 increase/decrease occurred in 2006). This, in fact, is arising from the increase/decrease in the equity shares portfolio under the assets available for sale and in the fair value of such portfolio.

IX. EXPLANATIONS RELATED TO PRESENTATION OF ASSETS AND LIABILITIES AT FAIR VALUE

	Book Value		Fair Value	
	Current Period	Prior Period (*)	Current Period	Prior Period (*)
Financial Assets	71,735,852	68,091,263	71,888,819	68,091,263
Money Market Placements	5,217	884	5,217	884
Banks	7,756,115	7,044,996	7,753,040	7,044,996
Financial Assets Available for Sale	25,046,749	28,632,674	25,046,749	28,632,674
Investments Held to Maturity	2,127,556	275,791	2,153,507	275,791
Loans	36,800,215	32,136,918	36,930,306	32,136,918
Financial Liabilities	64,424,079	62,165,669	64,446,652	62,165,669
Banks Deposits	827,905	2,269,560	828,132	2,269,560
Other Deposits	47,236,044	44,036,814	47,288,552	44,036,814
Funds Provided from Other Financial Institutions	13,628,397	13,975,091	13,598,235	13,975,091
Marketable Securities Issued				
Sundry Creditors	2,731,733	1,884,204	2,731,733	1,884,204

(*) Since the database regarding the calculation of fair values of financial assets and liabilities could be solely concluded in the year 2007, no adjustments could be made concerning the prior period.

Fair value of assets held to maturity is determined by using the market prices; in cases where market value cannot be measured, quoted market price of other securities that are subject to amortization having similar interest, maturity and other conditions is taken as the basis of for the fair value determination.

Market prices are taken into account in determining the fair value of the securities available for sale when the price cannot be measured in an active market fair value is not deemed to be reliably determined and the discounted value, calculated by using the internal rate of return method, is taken into account as the fair value.

Fair value of Banks, Loans, Deposits and Funds Provided from Other Financial Institutions is calculated by discounting the amounts which take place in related maturity brackets constituted in line with repricing periods over the rate corresponding to the related maturity term in the discount curve due to current market conditions.

X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND FIDUCIARY TRANSACTIONS

1. Buying, selling and custody services; portfolio management and investment consultancy services are provided in the name of others by the Parent Bank and Group's financial institutions either for national or international capital market transactions.

2. The Group has no fiduciary transactions.

XI. EXPLANATIONS RELATED TO THE BUSINESS SEGMENTATION

The Group's operations are classified as corporate, commercial, retail and private banking, as well as treasury/investment banking. While commercial and corporate operations of the Bank and its financial institutions are analyzed as to their own criteria, the same methods are applied by the Group in the classification of other operations.

Services to the large corporations, SMEs and other trading companies (excluding real trading individuals) are provided within the course of corporate and commercial operations through various financial media. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantee, letter of credit, forfaiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are being provided for the aforementioned customer segments.

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Part Four: Information on the Financial Structure

Services are being provided to individuals, real trading individuals and non-trading corporations and institutions within the context of "Retail Banking". The requirements of this customer segment are met by performing banking services such as deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, investment accounts and by other banking services. For the private banking category, any kind of financial and cash management services are provided for individuals within the high-income group.

Within the context of treasury transactions, medium and long term funding is being fulfilled by tools such as security trading, money market transactions, spot and installment based TRY and foreign currency trading, and derivative transactions such as forward, swap, futures and options, as well as syndication and securitization.

The Group's unconsolidated associates and subsidiaries are evaluated within the context of investment banking.

Statement of information related to segmentation, prepared as at 31.12.2007 is given below.

	Corporate	Commercial	Retail	Private	Treasury/Investment	Unallocated	Total
OPERATING INCOME/EXPENSE							
Interest Income							10,096,731
Interest Income from Loans (*)	1,139,749	1,660,865	2,466,195	53,998		143,656	5,464,463
Interest Income from Securities					3,778,894		3,778,894
Interest Income from Banks					342,258		342,258
Interest Income from Money Market Placements					17,862		17,862
Financial Lease Income	21,220	89,054					110,274
Other Interest Income					4,484	378,496	382,980
Interest Expense							6,387,105
Interest Expense on Deposits (**)	1,680,023	145,928	1,401,683	1,298,775			4,526,409
Interest Expense on Funds Borrowed (*)	177,409	12,206			879,578		1,069,193
Interest Expense on Money Market Transactions					757,774		757,774
Other Interest Expense					33,729		33,729
Net Interest Income							3,709,626
Net Fees and Commissions Income (*)							1,090,624
Fees and Commissions Received	50,404	189,912	304,704	10,817	43,323	604,952	1,204,112
Fees and Commissions Paid	1,021	175			12,557	99,735	113,488
Trading Income/Loss (Net)					434,530		434,530
Dividend Income					408,459		408,459
Other Income	1,442,074	511,826	717,152		322,970	852,292	3,846,314
Prov. for Loans and Other Receivables					156,128	1,494,644	1,650,772
Other Expense	1,695,083	751,854	1,443,218	22,592	222,056	1,189,079	5,323,882
Income Before Tax							2,514,899
Tax Provision							488,104
Net Period Profit							2,026,795
Group's profit/loss							1,822,273
Minority shares							204,522
SEGMENT ASSETS							
Fin. Assets At Fair Value Through P/L					1,942,147		1,942,147
Banks and Other Financial Institutions					7,756,115		7,756,115
Money Market Placements					5,217		5,217
Financial Assets Available For Sale					25,046,749		25,046,749
Investments Held to Maturity					2,127,556		2,127,556
Associates and Subsidiaries					3,058,096		3,058,096
Loans	12,613,635	9,544,182	14,284,441	357,957			36,800,215
Lease Receivables	295,183	625,650			781		921,614
Other	104,207				776,256	11,540,150	12,420,613
SEGMENT LIABILITIES							
Deposits (**)	12,283,659	3,239,072	18,919,029	13,622,189			48,063,949
Derivative Financial Liabilities Held for Trading					247,081		247,081
Money Market Funds					7,247,172		7,247,172
Funds Borrowed	3,787,378	87,336			9,753,683		13,628,397
Other Liabilities					13,223	3,751,497	3,764,720
Provisions						5,250,533	5,250,533
Shareholders Equity						11,876,470	11,876,470
							90,078,322

(*) In accordance with the amendment made in Communiqué on "Financial Statements and Related Disclosures and Footnotes to be Announced Publicly" on 22 September 2007, fees and commissions received from cash loans are included in interests received from cash loans, and the fees and commissions paid to cash loans are included in interest paid to cash loans as of 31.12.2007 in the income statement.

(**) The interest paid to deposits and bank deposits classified under the Treasury/Investment segment in prior periods are classified under the Corporate segment.

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Part Five: Explanations and Notes to the Consolidated Financial Statements

PART FIVE: EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED ASSETS

1. Cash and Central Bank of Turkey:

a. Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	363,129	145,637	341,392	130,057
Central Bank of Turkey	4,320,607	2,306,838	2,714,296	2,460,846
Other		2,545		5,661
Total	4,683,736	2,455,020	3,055,688	2,596,564

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	4,320,607	618,885	2,714,296	660,369
Unrestricted Time Deposit				
Restricted Time Deposit				
Other (*)		1,687,953		1,800,477
Total	4,320,607	2,306,838	2,714,296	2,460,846

(*) The amount of reserve deposits held at the Central Bank of Turkey regarding the foreign currency liabilities.

2. Information on Financial Assets at Fair Value Through Profit and Loss:

a. Financial assets at fair value through profit and loss, which are given as collateral or blocked:

Financial assets at fair value through profit and loss, which are given as collateral or blocked as of 31 December 2007 are amounting to TRY 3,163 (31 December 2006: None).

b. Financial assets at fair value through profit and loss, which are subject to repurchase agreements:

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as of 31 December 2007 are amounting to TRY 488,695 (31 December 2006: TRY 237,047).

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

Derivative Financial Instruments Held for Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	348,212	406	39,072	203
Swap Transactions	24,103	3,514		6,323
Futures				
Options	10,899	40,105	97	589
Other				
Total	383,214	44,025	39,169	7,115

d. Information on financial assets held for trading:

	Current Period	Prior Period
Debt Securities	1,384,569	834,245
Quoted in a Stock Exchange	1,342,865	787,495
Not quoted (*)	41,704	46,750
Share Certificates	98,991	30,809
Quoted in a Stock Exchange	98,926	30,690
Not quoted	65	119
Impairment Provision (-)	10	485
Other	31,358	29,603
Total	1,514,908	894,172

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

3. Banks:

a. Information on banks:

Banks	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic Banks	482,749	7,738	74,295	129,370
Foreign Banks	125,605	7,140,023	50,935	6,790,396
Foreign Head Office and Branches				
Total	608,354	7,147,761	125,230	6,919,766

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b. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	5,523,030	4,738,312		
USA, Canada	824,528	1,392,607		
OECD Countries (*)	579,349	578,348		
Off-shore Banking Regions	654	245		
Other	338,067	131,819		
Total	7,265,628	6,841,331	0	0

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

4. Information on Financial Assets Available for Sale:

a. Information on financial assets available for sale, which are given as collateral or blocked:

Financial assets available for sale which are given as collateral or blocked amount to TRY 3,151,658 as of 31 December 2007. (31 December 2006: TRY 3,619,297).

b. Information on financial assets available for sale, which are subject to repurchase agreements:

Financial assets available for sale which are subject to repurchase agreements amount to TRY 6,809,569 as of 31 December 2007. (31 December 2006: TRY 6,109,284).

c. Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	25,182,014	28,725,143
Quoted on a Stock Exchange	14,710,973	18,360,827
Not quoted (*)	10,471,041	10,364,316
Share Certificates	45,975	41,377
Quoted on a Stock Exchange	6,497	4,396
Not quoted	39,478	36,981
Impairment Provision (-)	227,587	258,037
Other	46,347	124,191
Total	25,046,749	28,632,674

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

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders				
Corporate Shareholders				
Real Person Shareholders				
Indirect Loans Granted to Shareholders				
Loans Granted to Employees	253,903	140	195,024	104
Total	253,903	140	195,024	104

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	36,660,004		56,237	83,902
Discount Notes	11,360			
Export Loans	1,600,928		15,458	
Import Loans	1,235			
Loans Given to Financial Sector	1,380,386			
International Loans	1,038,217			
Consumer Loans	8,634,223			
Credit Cards	3,374,075		33	
Precious Metal Loans	2,730			
Other	20,616,850		40,746	83,902
Specialized Lending	72			
Other Receivables				
Total	36,660,076		56,237	83,902

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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 and Other Receivables	10,946,200		51,580	
Non-Specialization Loans	10,946,200		51,580	
Specialized Loans				
Other Receivables				
Medium and long-term Loans and Other Receivables	25,713,876		4,657	83,902
Non-Specialization Loans	25,713,804		4,657	83,902
Specialized Loans	72			
Other Receivables				

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

	Short-Term	Medium and Long-Term	Interest and	Total
			Income Accruals	
Consumer Loans-TRY	586,477	7,064,960	333,393	7,984,830
Real Estate Loans	13,245	3,274,959	260,776	3,548,980
Auto Loans	30,343	798,575	31,452	860,370
General Purpose Consumer Loans	542,841	2,990,679	41,137	3,574,657
Other Consumer Loans	48	747	28	823
Consumer Loans - FC Indexed	898	109,680	12,864	123,442
Real Estate Loans	398	94,090	11,489	105,977
Auto Loans	500	15,514	1,374	17,388
General Purpose Consumer Loans		76	1	77
Other Consumer Loans				
Consumer Loans - FC		70,253		70,253
Real Estate Loans				
Auto Loans				
General Purpose Consumer Loans		70,253		70,253
Other Consumer Loans				
Retail Credit Cards-TRY	3,128,023		33,218	3,161,241
With Installments	981,135			981,135
Without Installments	2,146,888		33,218	2,180,106
Retail Credit Cards-FC				
With Installments				
Without Installments				
Personnel Loans-TRY	25,907	149,629	5,404	180,940
Real Estate Loans	110	47,803	3,456	51,369
Auto Loans	185	9,128	305	9,618
General Purpose Consumer Loans	25,438	92,694	1,643	119,775
Other Consumer Loans	174	4		178
Personnel Loans- FC Indexed	37	1,658	21	1,716
Real Estate Loans		1,579	13	1,592
Auto Loans	37	36		73
General Purpose Consumer Loans		43	8	51
Other Consumer Loans				
Personnel Loans-FC		1,549		1,549
Real Estate Loans				
Auto Loans				
General Purpose Consumer Loans		1,549		1,549
Other Consumer Loans				
Personnel Credit Cards-TRY	53,330		280	53,610
With Installments	17,035			17,035
Without Installments	36,295		280	36,575
Personnel Credit Cards-FC				
With Installments				
Without Installments				
Overdraft Accounts - TRY (real persons)	261,655		9,838	271,493
Overdraft Accounts - FC (real persons)				
Total	4,056,327	7,397,729	395,018	11,849,074

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e. Installment based commercial loans and corporate credit cards:

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Commercial Loans With Installments-TRY	572,266	5,895,247	268,922	6,736,435
Real Estate Loans	4,114	400,891	18,938	423,943
Auto Loans	96,355	1,968,326	69,066	2,133,747
General Purpose Commercial Loans	451,000	3,229,723	119,673	3,800,396
Other Commercial Loans	20,797	296,307	61,245	378,349
Commercial Loans With Installments-FC Indexed	19,682	257,522	19,183	296,387
Real Estate Loans	152	30,326	3,550	34,028
Auto Loans	7,617	151,534	12,694	171,845
General Purpose Commercial Loans	11,913	75,662	2,939	90,514
Other Commercial Loans				
Commercial Loans With Installments-FC		84,406		84,406
Real Estate Loans				
Auto Loans				
General Purpose Commercial Loans		84,406		84,406
Other Commercial Loans				
Corporate Credit Cards-TRY	159,052		205	159,257
With Installments				
Without Installments	159,052		205	159,257
Corporate Credit Cards-FC				
With Installments				
Without Installments				
Overdraft Accounts - TRY (corporate)	734,620		28,775	763,395
Overdraft Accounts - FC (corporate)				
Total	1,485,620	6,237,175	317,085	8,039,880

f. Allocation of loan by customers:

	Current Period	Prior Period
Public Sector	1,089,202	1,156,928
Private Sector	35,711,013	30,979,990
Total	36,800,215	32,136,918

g. International and domestic loans:

	Current Period	Prior Period
Domestic Loans	35,675,568	31,212,695
International Loans	1,124,647	924,223
Total	36,800,215	32,136,918

h. Loans granted to subsidiaries and participations:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associations	116,941	104,568
Indirect Loans Granted to Subsidiaries and Associations		
Total	116,941	104,568

i. Specific provisions provided against loans:

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	271,365	128,993
Loans and Receivables with Doubtful Collectibility	190,763	157,050
Uncollectible Loans and Receivables	1,062,299	923,171
Total	1,524,427	1,209,214

j. Information on non-performing loans (Net):

j.1. Information on loans and other receivables included in non-performing loans, which are restructured or rescheduled by the Group:

	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 provisions)	1,753	5,058	254,030
Loans and Other Receivables which are Restructured			164,723
Rescheduled Loans and Other Receivables	1,753	5,058	89,307
Prior Period			
(Gross amounts before the specific provisions)	3,770	12,490	392,386
Loans and Other Receivables which are Restructured			184,516
Rescheduled Loans and Other Receivables	3,770	12,490	207,870

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j.2. Movement of total non-performing loans:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Prior Period Ending Balance	128,993	157,050	923,171
Corporate and Commercial Loans	91,667	105,212	842,605
Retail Loans	18,153	21,496	20,100
Credit Cards	19,173	30,342	52,023
Other			8,443
Additions (+)	727,599	208,969	5,029
Corporate and Commercial Loans	504,151	198,604	4,170
Retail Loans	89,390	4,152	737
Credit Cards	134,058	2,785	121
Other		3,428	1
Transfers from Other Categories of Non-performing Loans (+)		458,825	539,121
Corporate and Commercial Loans		315,384	440,490
Retail Loans		64,087	43,143
Credit Cards		70,911	55,488
Other		8,443	
Transfers to Other Categories of Non-performing Loans (-)	450,382	539,121	8,443
Corporate and Commercial Loans	315,384	440,490	
Retail Loans	64,087	43,143	
Credit Cards	70,911	55,488	
Other			8,443
Collections (-)	134,805	94,633	346,731
Corporate and Commercial Loans	81,637	55,301	311,749
Retail Loans	19,270	19,931	15,102
Credit Cards	33,898	18,772	19,880
Other		629	
Write-Offs (-)	40	327	49,848
Corporate and Commercial Loans	2	141	47,493
Retail Loans	4	8	355
Credit Cards	34	65	2,000
Other		113	
Current Period Ending Balance	271,365	190,763	1,062,299
Corporate and Commercial Loans	198,795	123,268	928,023
Retail Loans	24,182	26,653	48,523
Credit Cards	48,388	29,713	85,752
Other		11,129	1
Specific Provisions (-)	271,365	190,763	1,062,299
Corporate and Commercial Loans	198,795	123,268	928,023
Retail Loans	24,182	26,653	48,523
Credit Cards	48,388	29,713	85,752
Other		11,129	1
Net Balance on Balance Sheet	0	0	0

j.3. Information on non-performing foreign currency loans and other receivables raised by the Group:

	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 Ending Balance	11,522	427	5,174
Specific Provisions (-)	11,522	427	5,174
Net Balance on Balance Sheet	0	0	0
Prior Period:			
Period Ending Balance	11,469	1,037	4,819
Specific Provisions (-)	11,469	1,037	4,819
Net Balance on Balance Sheet	0	0	0

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j.4. Information on gross and net non-performing loans and receivables as per customer categories:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Individuals and Corporates (Gross)	271,193	179,634	1,062,190
Specific Provisions (-)	271,193	179,634	1,062,190
Loans to Individuals and Corporates (Net)			
Banks (Gross)	172		108
Specific Provisions (-)	172		108
Banks (Net)			
Other Loans and Receivables (Gross)		11,129	1
Specific Provisions (-)		11,129	1
Other Loans and Receivables (Net)			
Prior Period (Net)			
Loans to Individuals and Corporates (Gross)	128,807	157,050	914,620
Specific Provisions (-)	128,807	157,050	914,620
Loans to Individuals and Corporates (Net)			
Banks (Gross)	186		108
Specific Provisions (-)	186		108
Banks (Net)			
Other Loans and Receivables (Gross)			8,443
Specific Provisions (-)			8,443
Other Loans and Receivables (Net)			

k. Main guidelines used in the liquidation policy on uncollectible loans and other receivables:

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

l. Information on "Write-off" policies:

In case there is still a residual receivable despite all the borrowers' assets are liquidated in terms of legal follow-up, or a legal follow-up fails due to the fact that the borrowers do not have any assets to be liquidated, the Bank's receivables are reduced to one if an evidence of borrowers' insolvency or other documentary proof is obtained; when no such document is obtained, totally uncollectible receivables are written-off.

6. Investments Held to Maturity:

a. Information on investments held to maturity, which are given as collateral or blocked:

Investments held to maturity, which are given as collateral or blocked amount to TRY 116,526 as of 31 December 2007. (31 December 2006: TRY 214,799).

b. Information on government securities held to maturity:

	Current Period	Prior Period
Government Bonds	2,113,950	266,619
Treasury Bills		
Other Debt Securities		
Total	2,113,950	266,619

c. Information on investments held-to-maturity:

	Current Period	Prior Period
Debt Securities	2,127,556	275,791
Quoted in a Stock Exchange	2,099,881	255,158
Not Quoted	27,675	20,633
Impairment Provision (-)		
Total	2,127,556	275,791

d. Movement of the investments held to maturity during the year:

	Current Period	Prior Period
Beginning Balance	275,791	699,404
Foreign Exchange Differences Arising on Monetary Assets	-1,524	6,370
Purchases During the Year	1,880,296	9,467
Disposals through Sales and Redemption	-104,362	-403,390
Impairment Provision (-)		
The Impact of Coupon Gains on the Cost	77,355	-36,060
Balance at the end of the Period	2,127,556	275,791

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7. Information on associates (Net):

a. Information on unconsolidated associates:
None.

b.1. Information on consolidated associates:

Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
Arap Türk Bankası A.Ş.	Istanbul/TURKEY	20.00	20.00

Information on financial statements of consolidated associates in the above order:

Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (*)	Securities Income (*)	Current Period Profit/Loss	Prior Period Profit/Loss (**)	Fair Value
412,470	94,658	21,073	37,026	15,714	2,775	1,785	

(*) Interest income from securities are shown in "Securities Income" beside "Interest Income".

(**) Profit/loss of 31.12.2006 period.

b.2. Information on consolidated associates (movement table):

	Current Period	Prior Period
Beginning balance	48,895	48,895
Movements during the period		
Purchases		
Bonus shares acquired		
Dividends received from the current year profit		
Sales		
Revaluation Increase		
Impairment		
Balance at the end of the period	48,895	48,895
Capital commitments		
Share percentage at the end of the period (%)		

b.3. Sectoral information on consolidated financial associates and the related carrying amounts:

Associates	Current Period	Prior Period
Banks	48,895	48,895
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations		
Total	48,895	48,895

b.4. Consolidated associates quoted to a stock exchange: None.

b.5. Consolidated associates sold in the current period: None.

b.6. Consolidated associates purchased in the current period: None.

8. Information on subsidiaries (Net):

a. Information on unconsolidated subsidiaries:

In accordance with the procedures nr.5 of the "Communiqués Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No.26340 dated 8 November 2006, subsidiaries whose assets do not exceed the one percent of the Parent Bank's total assets or share totals do not exceed five percent of the Parent Bank's total assets by taking into account materiality principle and whose title and other information are presented below, are not included in the consolidation.

The amount of unconsolidated subsidiaries at the consolidated financial statements is TRY 207,259.

Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%) (*)	Bank's Risk Group Share Percentage (%)
(1) İş Dublin Financial Services PLC	Dublin/IRELAND	100.00	100.00
(2) İş Factoring Finansman Hizmetleri A.Ş.	Istanbul/TURKEY	40.51	44.02
(3) İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Istanbul/TURKEY	27.92	28.99
(4) İş Portföy Yönetimi A.Ş.	Istanbul/TURKEY	66.12	67.05
(5) İş Yatırım Ortaklığı A.Ş.	Istanbul/TURKEY	15.96	16.04
(6) Yatırım Finansman Menkul Değerler A.Ş.	Istanbul/TURKEY	41.34	47.61
(7) Yatırım Finansman Yatırım Ortaklığı A.Ş.	Istanbul/TURKEY	20.98	22.76

(*) The Group's indirect shares is taken into account as The Parent Bank's share.

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Financial statement information related to unconsolidated subsidiaries in the above order:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (*)	Securities Income (*)	Current Period Profit/Loss	Prior Period Profit/Loss (**)	Fair Value
(1)	15,265	15,203	0	948	790	99	-3,314	
(2)	128,059	8,333	57	9,054	8	1,123	-14,397	
(3)	107,731	106,378	1,672	4,393	9,107	2,626	15,088	
(4)	29,241	28,249	756	3,956	291	5,551	6,910	
(5)	204,417	201,871	11	12,673	36,054	36,822	11,548	
(6)	117,383	43,838	1,705	7,974	4,725	8,138	4,911	
(7)	14,397	14,360	0	1,240	2,210	2,090	174	

(*) Interest income from securities are shown in "Securities Income" beside "Interest Income".

(*) Profit/loss of 31.12.2006 period.

b.1. Information on consolidated subsidiaries:

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	52.22	47.78
(2) Anadolu Hayat Emeklilik A.Ş.	İstanbul/TURKEY	73.21	26.79
(3) İşbank GmbH	Frankfurt/Germany	100.00	0.00
(4) İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	50.69	49.31
(5) İş Finansal Kiralama A.Ş.	İstanbul/TURKEY	39.95	60.05
(6) İş Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	66.62	33.38
(7) Millî Reasürans T.A.Ş.	İstanbul/TURKEY	76.64	23.36
(8) Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/TURKEY	42.56	57.44

Financial statement information related to consolidated subsidiaries in the above order:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (*)	Securities Income (*)	Current Period Profit/Loss	Prior Period Profit/Loss (**)	Fair Value
(1)	1,270,947	521,196	26,652	100,809	44,642	59,321	35,341	
(2)	2,804,843	332,305	24,446	258,452	263,731	47,426	23,965	
(3)	913,855	106,373	28,334	40,037	1,046	3,832	3,663	
(4)	895,753	882,374	765,659	3,305	1,395	54,454	48,134	
(5)	934,787	202,995	3,853	107,128	0	45,797	27,692	
(6)	1,056,068	233,169	3,709	93,514	29,035,432	36,711	15,735	
(7)	1,144,417	583,128	69,152	137,179	73,624	104,704	107,029	
(8)	4,861,810	738,352	28,290	406,678	230,336	145,996	107,980	

(*) Interest income from securities are shown in "Securities Income" beside "Interest Income".

(*) Profit/loss of 31.12.2006 period.

b.2. Information on consolidated subsidiaries (movement table):

	Current Period	Prior Period
Balance at the Beginning of the Period	1,777,328	1,819,636
Movements in the Period		
Purchases (*) (**)	184,648	39,203
Bonus Shares Acquired		22,223
Dividends Received from the Current Year Profit Sales		
Revaluation Surplus (***)	40,248	13,746
Impairment	-32,977	-117,480
Balance at the End of the Period	1,969,247	1,777,328
Capital Commitments		
Share Percentage at the End of the Period (%)		

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

(**) Cost of İş Yatırım Menkul Değerler A.Ş. who has been consolidated as of 31.12.2007 is included in this amount.

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

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b.3. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries	Current Period	Prior Period
Banks	355,894	362,513
Insurance Companies	1,002,320	938,682
Factoring Companies		
Leasing Companies	72,505	71,987
Finance Companies		
Other Financial Subsidiaries	538,528	404,146
Total	1,969,247	1,777,328

b.4. Consolidated subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges	1,654,790	1,491,276
Quoted on international stock exchanges		

b.5. Subsidiaries disposed of in the current period: None.

b.6. Subsidiaries acquired in the current period: None.

9. Information on jointly controlled entities:

There are no jointly controlled associates of the Parent Bank.

10. Information regarding finance lease receivables (Net):

a. Presentation of finance lease receivables according to their remaining maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	402,080	325,204	469,805	377,299
1-4 Years	554,805	473,583	589,708	507,599
More Than 4 Years	147,806	122,046	58,585	53,380
Total	1,104,691	920,833	1,118,098	938,278

Information regarding net investments made on finance lease:

	Current Period	Prior Period
Gross Finance Lease Investment	1,104,691	1,118,098
Unearned Financial Revenue from Finance Lease (-)	183,858	179,820
Cancelled Lease Amounts (-)		
Net Finance Lease Investment	920,833	938,278

b. Presentation of operating lease receivables according to their remaining maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	781	781	1,921	1,921
1-4 Years				
More Than 4 Years				
Total	781	781	1,921	1,921

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

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

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12. Information on Tangible Assets (Net):

	Land	Buildings	Construction in Progress	Vehicles	Other	Total
Acquisition Cost						
Balance at the Beginning of the Period	158,215	4,370,114	38,793	18,263	867,175	5,452,560
Movements in the Period						
- Acquisitions	51,720	35,629	36,446	654	110,934	235,383
- Disposals	-50,980	-67,159		-1,894	-76,672	-196,705
- Impairment	-3,245	395,176				391,931
- Transfers	-40,221	-998,410	-2,492			-1,041,123
- Effect of Inclusion of Subsidiary in Consolidation					11,590	11,590
Balance at the End of the Current Period	115,489	3,735,350	72,747	17,023	913,027	4,853,636
Accumulated Depreciation						
Balance at the Beginning of the Period		-2,075,042		-9,422	-564,205	-2,648,669
Movements in the Period						
- Depreciation Charge		-52,600		-2,266	-82,987	-137,853
- Disposals		26,877		1,742	66,604	95,223
- Impairment		-251,323				-251,323
- Transfers		146,964				146,964
- Effect of Inclusion of Subsidiary in Consolidation					-9,109	-9,109
Balance at the End of the Current Period		-2,205,124		-9,946	-589,697	-2,804,767
Net Book Value at the End of the Prior Period	158,215	2,295,072	38,793	8,841	302,970	2,803,891
Net Book Value at the End of the Current Period	115,489	1,530,226	72,747	7,077	323,330	2,048,869

(*) While the impairment provision for tangible assets was TRY 470,293 as of 31.12.2006; for the tangible assets, which were subject to impairment losses as a result of valuation made in 2004, TRY 152,231 of the aforementioned provision is cancelled as a result of expertise studies of independent auditors in the current period and TRY 8,180 is added, and together with the impact of the ones divested in the current year the impairment provision amount decreased to TRY 331,191 as of 31.12.2007.

(* *) As of 31.12.2007 book value of tangible assets purchased through finance lease amounts to TRY 140,262 (2006:TRY 112,655), the additions in the current period are TRY 27,607.

13. Information on Intangible Assets:

Explanation regarding consolidation goodwill that is included in intangible assets is given in Section Three under the caption of "XII. Explanations on Goodwill and Other Intangible Assets". The table consisting movements of other intangible assets are presented below.

	Current Period	Prior Period
Acquisition Cost		
Balance at the Beginning of the Period	23,427	5,210
Movements in the Period		
- Acquisitions	50,757	18,217
- Disposals	-245	
- Impairment		
- Transfers		
- Effect of Inclusion of Subsidiary in Consolidation	453	
Balance at the End of the Current Period	74,392	23,427
Accumulated Amortization		
Balance at the Beginning of the Period	-5,531	-2,973
Movements in the Period		
- Amortization Charge	-16,446	-2,558
- Disposals		
- Impairment		
- Transfers		
- Effect of Inclusion of Subsidiary in Consolidation	-386	
Balance at the End of the Current Period	-22,363	-5,531
Net Book Value at the End of the Prior Period	17,896	2,237
Net Book Value at the End of the Current Period	52,029	17,896

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14. Information on investment property:

Investment properties are properties that the Group holds to earn rentals. These properties are also subject to the same course of action with the other properties in terms of recognition and valuation. Explanations on these subjects is given in "Section Three: XIII. Explanations on Tangible Assets" section.

	Current Period	Prior Period
Acquisition Cost		
Balance at the Beginning of the Period	0	0
Movements in the Period		
- Acquisitions	6,095	
- Disposals	-58,190	
- Impairment	-7,144	
- Transfers	1,025,322	
Balance at the End of the Current Period	966,093	0
Accumulated Amortization		
Balance at the Beginning of the Period	0	0
Movements in the Period		
- Amortization Charge	-21,173	
- Disposals	5,341	
- Impairment		
- Transfers	-146,964	
Balance at the End of the Current Period	-162,796	0
Net Book Value at the End of the Prior Period	0	0
Net Book Value at the End of the Current Period	803,287	0

15. Information on deferred tax asset:

The Parent Bank and the other consolidated Group companies have TRY 244,303 deferred tax asset as of 31.12.2007. Such deferred tax asset is calculated based on the temporary differences between the book value of assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising the temporary differences are followed under equity, the related tax asset/liability is directly recognized under equity items. As of 31.12.2007, the Group does not have any deferred tax asset arising from either carry forward tax losses or investment incentives.

	Current Period	Prior Period
Deferred Tax (Asset)/Liability:		
Tangible Assets Base Differences	13,019	10,329
Provisions (*)	-284,392	-281,494
Valuation of Financial Assets	29,463	-5,742
Other	-2,393	1,564
Net Deferred Tax (Asset)/Liability:	-244,303	-275,343

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

Movements of deferred tax asset:

	Current Period	Prior Period
Balance at the Beginning of the Period	275,343	405,316
Effect of Change In Effective Tax Rate		-121,290
Deferred Tax Benefit/(Charge)	18,118	-141,647
Deferred Tax Benefit/(Charge) (Net)	18,118	-262,937
Deferred Tax Recognized in Equity	-49,911	132,964
Effect of Inclusion of Subsidiary in Consolidation	753	
Deferred Tax Asset	244,303	275,343

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

	Current Period	Prior Period
Balance at the Beginning of the Period	17,760	0
Additions		6,962
Transfers	15,801	17,639
Disposals (-)	-16,172	-6,841
Impairment Losses (-)		
Balance at the End of the Period (Net)	17,389	17,760

The Group has no discontinued operations. The assets classified as "Assets Held for Sale" consist of real estates. Those real estates of the Parent Bank subject to sale are announced on the Bank's web site. Also announcements are made by means of newspaper advertisements or use of similar media about the real estates subject to sale.

17. Information on Other Assets:

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on Deposits:

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

	Demand	With	Up to	1-3 Months	3-6 Months	6 Months to	1 Year	1 Year	Accumulated	Total
		7 Days								
Savings Deposits	2,155,093		9,413,510	5,727,691	735,732	94,320	254,566			18,380,912
Foreign Currency Deposits	3,564,914		6,518,870	3,245,325	1,231,340	1,321,318	1,582,503			17,464,270
Residents in Turkey	3,343,194		6,042,497	3,076,408	1,135,486	1,053,856	1,366,220			16,017,661
Residents Abroad	221,720		476,373	168,917	95,854	267,462	216,283			1,446,609
Deposits of Public Institutions	290,617		536,174	199,408	57,436		826			1,084,461
Commercial Deposits	1,726,083		2,174,099	3,101,253	64,670	364,677	3,755			7,434,537
Other Institutions Deposits	177,569		622,350	1,501,250	352,542	9,659	208,124			2,871,494
Precious Metals Deposits	370									370
Interbank Deposits	218,141		59,227	447,420	17,254	46,340	39,523			827,905
The Central Bank of Turkey	22,209									22,209
Domestic Banks	19,198		32,710	397,392		83	1,198			450,581
Foreign Banks	173,819		26,517	50,028	17,254	46,257	38,325			352,200
Special Finance Institutions	2,915									2,915
Other										
Total	8,132,787		19,324,230	14,222,347	2,458,974	1,836,314	2,089,297			48,063,949

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

	Demand	With	Up to	1-3 Months	3-6 Months	6 Months to	1 Year	1 Year	Accumulated	Total
		7 Days								
Savings Deposits	1,824,587		6,551,783	4,484,085	592,267	90,238	228,727			13,771,687
Foreign Currency Deposits	4,127,760		6,631,637	4,321,581	845,223	351,640	1,404,638			17,682,479
Residents in Turkey	3,893,666		5,984,922	4,133,591	778,509	233,533	1,212,606			16,236,827
Residents Abroad	234,094		646,715	187,990	66,714	118,107	192,032			1,445,652
Deposits of Public Institutions	41,203		48,862	72,028	8,209		468			170,770
Commercial Deposits	1,346,756		1,224,061	3,891,536	1,012,980	597	1,009			7,476,939
Other Institutions Deposits	297,425		932,044	2,416,842	897,457	387,661	516			4,931,945
Precious Metals Deposits	2,994									2,994
Interbank Deposits	130,280		1,384,452	690,115	22,235	2,798	39,680			2,269,560
The Central Bank of Turkey	21,382									21,382
Domestic Banks	5,848		1,156,272	472,324	21,819					1,656,263
Foreign Banks	101,480		228,180	217,791	416	2,798	39,680			590,345
Special Finance Institutions	1,570									1,570
Other										
Total	7,771,005		16,772,839	15,876,187	3,378,371	832,934	1,675,038			46,306,374

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	Prior Period	Current Period	Prior Period
Savings Deposits	9,609,723	7,429,921	8,519,346	6,068,324
Foreign Currency Savings Deposits	5,770,253	5,795,966	5,159,385	5,240,782
Other Deposits in the Form of Savings Deposits				
Foreign Branches' Deposits Under Foreign Authorities' Insurance	953,861	926,765	169,201	254,167
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance			69,088	101,239

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

	Current Period	Prior Period
Foreign Branches' Deposits Under Foreign Authorities Insurance	477,916	528,770
Deposits and Other Accounts held by Shareholders and their Relatives		
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	3,120	2,079
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004		
Off-Shore Banking Regions' Deposits Under Foreign Authorities Insurance		

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2. Information on Derivative Financial Liabilities Held For Trading:

Negative differences on derivative financial liabilities held for trading:

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	694	134,195	96	16,041
Swap Transactions	22,702	34,067	10,303	27,108
Futures				
Options	11,196	44,085		3,987
Other		142		
Total	34,592	212,489	10,399	47,136

3. Banks and Other Financial Institutions:

a. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from the Central Bank of Turkey				
Funds borrowed from Domestic Banks and Institutions	243,211	249,631	176,674	347,086
Funds borrowed from Foreign banks, institutions and funds	2,899,726	10,176,133	2,829,434	10,548,551
Total	3,142,937	10,425,764	3,006,108	10,895,637

b. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	248,191	1,537,241	216,059	2,202,572
Medium and Long-term	2,894,746	8,888,523	2,790,049	8,693,065
Total	3,142,937	10,425,764	3,006,108	10,895,637

c. Concentration on the liabilities of the Bank:

53% of the Group's liabilities are comprised of deposits and 15% of borrowings. Deposits are distributed among a large variety of customers with different characteristics. The borrowings, on the other hand, are comprised of various funds obtained from financial institutions through syndication, securitization, post-financing, money market operations and other medium-long term fund arrangements. There exists no risk concentration related to the Group's liabilities.

4. Other Liabilities:

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

5. Information on finance lease payables:

a. Clauses that subjects the Group to important liabilities about criteria used in defining rent installments of finance lease contracts, renewal and buy options, and limitations taking place at the arrangements: Finance lease contracts are made with purchasing option and the payments are made in equal installments. These contracts do not subject the Group to important liabilities.

b. The detailed information on changes of contracts and new liabilities formed by these contract changes for the Group: There has not been any change in finance lease contracts during the current and previous periods.

c. Liabilities resulting from finance lease transactions:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	232	223	203	197
1-4 Years	1		2	
More Than 4 Years				
Total	233	223	205	197

d. Information on operating lease transactions of the Group: Transactions related to operating lease are accounted on accrual basis.

d. Sale and lease-back transactions: The Group does not have any sale and lease-back transactions.

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

The Group does not have any derivative financial liabilities held for hedging purposes.

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7. Information on provisions:

a. Information on general provisions:

	Current Period	Prior Period
General Provisions	316,540	235,229
Provision for Group I. Loans and Receivables	222,203	160,571
Provision for Group II. Loans and Receivables	1,329	2,129
Provision for Non-cash Loans	28,764	16,893
Other	64,244	55,636

b. Reserves for employee benefits:

The amount of employee benefits is one month salary for each service year in accordance with the related regulations. Reserve for employee benefits is booked by means of estimating the current value of the potential future liabilities. Within this context, a provision of TRY 138,698 (31.12.2006: TRY 128,484) was accounted and reflected on financial statements as of 31.12.2007 on Group basis.

The movements related to retirement pay provision are given below.

	Current Period	Prior Period
Net value of liabilities at the beginning of the period	128,484	125,641
Service cost	10,476	10,488
Interest cost	10,444	10,455
Benefits paid	-22,079	-22,864
Actuarial loss/(gain)	10,852	4,764
Effect of inclusion of subsidiary in consolidation	521	
Net value of liabilities at the end of the period	138,698	128,484

In addition to the employee termination benefits, the Bank and consolidated Group companies also allocate provision for the unused vacation pay. Provision for unused vacation pay stands at TRY 14,235 (31.12.2006: TRY 8,704) as of 31.12.2007.

c. Provisions for the currency evaluation losses in the principal amount of foreign currency indexed loans: Since foreign currency indexed loans are followed based on the rates on the lending date, the Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of 31.12.2007, provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans is TRY 151,585 and this amount is offset against foreign currency indexed loan balance in the financial statements.

d. Special provisions for non-cash loans, which are not indemnified or not converted into cash: TRY 114,752 provision is allocated for the non-cash loans of companies whose loans are followed under non-performing loans accounts.

e. Information on other provisions:

e.1. Provisions for potential risks: Taking into account the potential risks that may occur in the economy and in the markets, TRY 770,000 provision was allocated in total in accordance with the precautionary principle.

e.2. Liabilities arising from retirement rights:

- Liabilities for pension funds established based on Social Security Institution:

As a result of actuarial audit has been carried as explained in the Section Three under the caption of "XVIII. Explanations on Liabilities Regarding Employee Benefits", TRY 1,231,523 provision has been allocated for the total amount of actuarial and technical deficit stated in the technical balance sheet for the Parent Bank and Milli Reasürans T.A.Ş. as of 31.12.2006 and such provision amount has been preserved in the financial statements dated 31.12.2007.

- Liabilities for organizations like all kinds of foundations, pensions funds, which provide post-retirement benefits for the Group's employees:

Explanation on this subject is given in Section Three under the caption of "XVIII. Explanations on Liabilities Regarding Employee Benefits".

8. Information on Tax Liability:

a. Explanations related to current tax liability:

a.1. Information on tax provision :

Explanation in relation to taxation and tax calculations were stated in Section Three under the caption of "XIX. Explanations on Taxation" and the remaining corporate tax liability of the Parent Bank after the deduction of the temporary tax amount stands at TRY 98,099, as of 31.12.2007.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable (*)	126,471	147,162
Tax on Securities Income	79,263	62,569
Tax on Real Estate Income	1,036	609
Banking Insurance Transaction Tax	34,689	32,773
Foreign Exchange Transaction Tax	2,675	2,668
Value Added Tax Payable	3,052	1,103
Other	21,365	14,995
Total	268,551	261,879

(*) Details on the deductions made from the corporation tax liability regarding the Bank's receivables are given in Part V footnote nr. III-3 and Part V footnote nr.IV-5.

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a.3. Information on premiums:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Social Security Premiums - Employees		388		305
Social Security Premiums - Employer		538		358
Bank Pension Fund Premiums - Employees				
Bank Pension Fund Premiums - Employer				
Pension Fund Membership Fees and Provisions-Employees		46		
Pension Fund Membership Fees and Provisions-Employer		1		
Unemployment Insurance - Employees		418		819
Unemployment Insurance - Employer		791		1,656
Others		39		6
Total		2,221		3,144

b. Information on deferred tax liabilities: None.

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

Payables for assets held for sale and discontinued operations denote the amounts to be discounted from gain on sale of assets held for sale and discontinued operations, its amount is TRY 2,252 as of balance sheet date.

10. Explanations on subordinated loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic Banks				
Other Domestic Institutions				
Foreign Banks				
Other Foreign Institutions		59,624		73,199
Total		59,624		73,199

T.S.K.B. A.Ş., consolidated affiliate of the Bank, has used a subordinated loan amounting USD 50 Million from International Finance Corporation through direct financing on 05.11.2004. The maturity date of the subordinated loan with interest rate of Libor + 2.5% and without any repayment of principal in the first five years, is 15 October 2016.

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Ordinary shares		2,756,555		2,756,555
Preferred shares		30		30
Total		2,756,585		2,756,585

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	2,756,585	7,000,000

c. There is no share capital increase in current period.

d. Capital increase through transfer from capital reserves during the period: None

e. Significant commitments of the Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: There are no capital commitments.

f. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Group's equity: The Group'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 Group's income on a continuously rising trend.

g. Privileges Granted To Preferred Stocks:

Group (A) shares each with a nominal value of 1 New Kurus (the old Group A shares: TL 500) have the privileges of;

- receiving 20 times more shares in the distribution of bonus shares issued from conversion of extraordinary reserves and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation)
- exercising 20 times more of the preference rights (Article 19 of the Articles of Incorporation), and
- 20 shares of voting rights (Article 49 of the Articles of Incorporation)

Despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 New Kurus, have the same rights with the Group (C) shares having a nominal value of 4 New Kurus each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 New Kurus, are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

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h. Information on marketable securities revaluation reserve:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Associates, Subsidiaries and Jointly Controlled Entities	692,814		988,003	-29,227
Revaluation Reserve	692,814		988,003	
Foreign Exchange Differences				-29,227
Financial Assets Available for Sale	61,471	31,799	-224,031	64,560
Revaluation Reserve	76,454	31,835	-260,123	65,760
Deferred Tax Effect on Revaluation	-14,983	-36	36,092	-1,200
Foreign Exchange Differences				
Total	754,285	31,799	763,972	35,333

i. Number of shares:

	Current Period	Prior Period
Number of Shares With Priority Rights	3,000,000	4,900,000
Number of Shares Without Priority Rights	68,913,875,000	68,913,875,000
Total Number of Shares	68,916,875,000	68,918,775,000

12. Explanations on Minority Shares

	Current Period	Prior Period
Paid-in Capital	888,642	763,473
Share Premium	13,791	225
Marketable Securities Revaluation Reserve	24,187	19,179
Legal Reserves	41,832	33,632
Statutory Reserves	9,658	6,103
Extraordinary Reserves	120,838	111,057
Other Profit Reserves	1,678	1,983
Prior Years' Profit/Loss	122,201	97,585
Current Year Profit/Loss (*)	215,984	151,068
Period Ending Balance	1,438,811	1,184,305

(*) Difference between effective and direct shareholding was TRY 11,462 in the current period.

13. Information on Profit Distribution:

The Minutes of Parent Bank's Ordinary General Meeting was held on 28.03.2008. It has been decided at the Ordinary General Meeting to distribute 1,664,787 of the net profit as: TRY 588,981 to Group A and B shares, TRY 6 to founder shares, TRY 140,145 to members of the Board of Directors and the General Manager and to the employees of the Bank as cash dividend; TRY 935,655 as legal and extraordinary reserves pursuant to Article 58 of our Articles of Incorporation. The transfer of TRY 935,655 to legal reserves account has been realized on 31.03.2008 and cash dividend has been distributed starting from 01.04.2008.

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ITEMS

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

a. Types and amounts of irrevocable loan commitments:

The commitment for the spending limits of customers' credit cards stands at TRY 7,871,805. The Bank has commitments in respect of project loans, under the guarantee of the Undersecretariat of Turkish Treasury, amounting to USD 779,634 thousand and EUR 88,962 thousand, which are yet to be utilized. The commitment for the deferred purchase of assets stands at TRY 207,874.

b. The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

There are no probable losses related to off-balance sheet items. Commitments are shown in the table of "Off-Balance Sheet Liabilities".

b.1. Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	121,533	158,191
Letters of Credit	2,089,893	1,874,886
Other Guarantees	145,413	69,700
Total	2,356,839	2,102,777

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b.2. Definite guarantees, provisional guarantees, sureties and similar transactions:

	Current Period	Prior Period
Provisional Letters of Guarantee	145,933	130,358
Definite Letters of Guarantee	3,874,478	3,651,560
Advance Letters of Guarantee	798,907	770,387
Letters of Guarantee Addressed to Customs	212,628	216,036
Other Letters of Guarantee	624,855	842,287
Total	5,656,801	5,610,628

c. 1. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	467,752	538,012
With Original Maturity of 1 Year or Less	235,434	348,969
With Original Maturity More Than 1 Year	232,318	189,043
Other Non-cash Loans	7,545,888	7,175,393
Total	8,013,640	7,713,405

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	51,529	1.62	4,248	0.09	45,674	1.76	3,163	0.06
Farming and Stockbreeding	27,331	0.86	2,730	0.06	22,820	0.88	2,568	0.05
Forestry	22,158	0.70	1,059	0.02	21,868	0.84	353	0.01
Fishery	2,040	0.06	459	0.01	986	0.04	242	0.00
Industry	882,947	27.82	2,257,531	46.64	450,717	17.40	2,467,884	48.17
Mining and Quarrying	29,854	0.94	26,972	0.56	29,111	1.12	30,062	0.59
Manufacturing	764,269	24.08	2,066,790	42.70	394,483	15.23	2,224,203	43.41
Electricity, Gas, Water	88,824	2.80	163,769	3.38	27,123	1.05	213,619	4.17
Construction	372,834	11.75	695,226	14.36	280,768	10.84	509,626	9.95
Services	1,831,572	57.71	1,170,252	24.18	1,587,724	61.31	1,316,290	25.70
Wholesale and Retail Trade	1,266,747	39.92	738,303	15.25	1,128,450	43.57	666,073	13.00
Hotel and Restaurant Services	36,038	1.14	16,788	0.35	33,301	1.29	26,877	0.52
Transportation and Communication	105,159	3.31	158,577	3.28	80,896	3.12	287,266	5.61
Financial Institutions	234,016	7.37	87,374	1.81	184,769	7.13	103,336	2.02
Real Estate and Rental Services	77,527	2.44	147,660	3.05	61,685	2.38	196,528	3.84
Self-Employed Services	72,601	2.29	9,854	0.20	59,470	2.30	12,410	0.24
Educational Services	12,352	0.39	5,685	0.12	13,882	0.54	15,815	0.31
Health and Social Services	27,132	0.85	6,011	0.12	25,271	0.98	7,985	0.16
Others	34,681	1.10	712,820	14.73	224,807	8.69	826,752	16.12
Total	3,173,563	100.00	4,840,077	100.00	2,589,690	100.00	5,123,715	100.00

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

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash Loans	3,161,213	4,709,192	12,350	130,885
Letters of Guarantee	3,151,626	2,381,094	12,350	111,731
Bank Acceptances	9,579	96,059		15,895
Letters of Credit		2,086,634		3,259
Endorsements				
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties	8	145,405		

2. Information on Derivative Financial Instruments:

Majority of the derivative transactions of the Group comprise of currency swaps, forward trading, currency trading options and options based on securities. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as "held for trading purposes" within the framework of TAS 39 "Financial Instruments: Recognition and Measurement".

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Consolidated Financial Statements

3. Explanations Related to Contingencies and Commitments:

Total amount of letters of guarantees, submitted by the Parent Bank pursuant to its own internal affairs, stands at TRY 120,930. The profit/loss statement shall also be affected in the event of materialization on commitments undertaken by the Bank in connection with these guarantee letters. TRY 1,880,153 which is the liability of the bank regarding the checks given to customers is presented under off balance sheet commitments, as per Law nr. 3167. starting from 28.01.2008. In case the check presented for payment is without cover, the Parent Bank has an obligation to pay the uncovered amount up to TRY 435. The Bank will try to collect the amount paid for the customer and the uncollected amount will be followed under "Indemnified Non-Cash Loans".

As a result of inflation indexation made in accordance with inflation accounting applied between 2001 and 2004, the Parent Bank incurred previous years' losses. Since it was not legally accepted to deduct these losses from corporate tax base, corporate tax of the related periods were calculated and paid accordingly. However, the 13th paragraph of provisional article nr. 4 of cancelled Bank's Act nr. 4389, allowed deduction of the inflation indexation losses from corporate tax base. The Bank filed two suits for refunding of the excess amounts paid in 2003 and 2004, which are TRY 60,845 and TRY 179,306 respectively; the court decided in favor of the Bank for the case regarding the 2004. According to the court decision, a correction voucher for TRY 152,865 has been prepared by the relevant tax office and the Bank has been notified; referring to this correction voucher, the aforementioned amount has been offset from the Bank's corporation tax liability and transferred to the profit/loss accounts.

In 2008, Bank has applied to the Tax Office for the acceptance of the 65% of the inflation accounting loss amounting to TRY 785,136 as the previous years' losses and the correction of the tax declarations corresponded to the related years by desistance of the lawsuits stated above, in accordance with the law regarding "Collection of Certain Public Receivables by Reconciliation Procedure" numbered 5736 and published on February 27, 2008.

4. Explanations related to transactions made on behalf of or on the account of others:

It is explained in footnote X under Section Four.

IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

1.a. Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Income on Loans (*)	4,757,067	707,396	3,793,161	575,184
Short-term Loans	2,099,080	136,708	1,646,469	142,904
Medium and Long-term Loans	2,512,169	570,524	2,088,524	432,280
Interest on Non-performing Loans	145,818	164	58,168	
Premiums Received from State Utilization Support Fund				

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

1.b. Information on interest income on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey		60		154
Domestic Banks	56,004	5,737	7,477	14,783
Foreign Banks	16,273	264,184	5,682	140,989
Foreign Head Offices and Branches				
Total	72,277	269,981	13,159	155,926

1.c. Information on interest income from securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Income on Financial Assets Held for Trading	156,071	2,514	64,902	9,295
Interest Income on Financial Assets at Fair Value through Profit and Loss				
Interest Income on Financial Assets Available for Sale	2,676,364	837,430	2,474,430	769,237
Investments Held to Maturity	105,268	1,247	71,485	1,474
Total	2,937,703	841,191	2,610,817	780,006

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	8,206	6,977

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	487,025	229,926	293,718	321,067
Central Bank of Turkey	4			
Domestic Banks	37,175	16,610	51,392	21,381
Foreign Banks	449,846	213,316	242,326	299,686
Foreign Head Offices and Branches				
Other Institutions	38	352,204		273,881
Total (*)	487,063	582,130	293,718	594,948

(*) Includes fee and commission expenses regarding to cash loans.

2.b. Information on interest paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	16,538	41,696

2.c. Information on interest paid to marketable securities issued: None.

2.d. Information on Interest Expense on Deposits According to Maturity Structure:

	Demand Deposits		Time Deposits				Accumulated Deposits	Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
TRY								
Bank Deposits	2,733	21,664	69,351	487	732			94,967
Savings Deposits	2,986	1,363,674	816,835	83,023	13,729	36,461		2,316,708
Public Sector Deposits	228	8,315	8,424	2,965		64		19,996
Commercial Deposits	1,425	339,651	546,607	44,562	91,148	26,745		1,050,138
Other Institutions Deposits	430	159,675	276,491	107,538	1,350	72		545,556
Deposits with 7 Days Maturity								
Total	7,802	1,892,979	1,717,708	238,575	106,959	63,342		4,027,365
FC								
Foreign Currency Deposits	600	242,637	141,522	28,519	14,074	62,297		489,649
Bank Deposits	241	5,044	1,044	1,436	822	808		9,395
Deposits with 7 Days Maturity								
Precious Metals Deposits								
Total	841	247,681	142,566	29,955	14,896	63,105		499,044
Grand Total	8,643	2,140,660	1,860,274	268,530	121,855	126,447		4,526,409

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Part Five: Explanations and Notes to the Consolidated Financial Statements

3. Information on dividend income:

	Current Period	Prior Period
Financial Assets Held for Trading	1,303	2,823
Financial Assets at Fair Value Through Profit and Loss		
Financial Assets Available for Sale	3,163	3,246
Other	403,993	44,047
Total	408,459	50,116

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

	Current Period	Prior Period
Profit	20,983,425	18,135,489
Securities Trading Gains	1,424,159	643,584
Derivative Financial Instruments	1,237,593	280,136
Others	186,566	363,448
Foreign Exchange Gains	19,559,266	17,491,905
Losses (-)	20,548,895	18,100,429
Securities Trading Losses	804,245	417,587
Derivative Financial Instruments	706,513	308,539
Others	97,732	109,048
Foreign Exchange Losses	19,744,650	17,682,842

5. Information on other operating income:

TRY 2,670,552 of other operating income sources from inclusion of operations of insurance and reinsurance companies in this item; 76% of which is from insurance premiums, 18% from transferred- technical provisions. On the other hand, as explained in details in Section V footnote nr.III-3, the correction voucher of TRY 152,805 which the relevant tax office notified to the Parent Bank, has also been included in this amount. Other items in the other operating income consist of releases of provisions allocated in the previous periods and various fee income received from customers in return for services rendered.

In prior period, operating income of insurance and reinsurance companies in this item is TRY 2,366,215; 79% of which is from insurance premiums and 17% from transferred- technical provisions.

6. Information on provision for loans and other receivables:

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	590,435	390,645
Group III Loans and Receivables	555,581	324,521
Group IV Loans and Receivables	10,371	5,029
Group V Loans and Receivables	24,483	61,095
General Provision Expenses	85,055	72,864
Provision Expenses for Possible Risks	770,000	120,000
Marketable Securities Impairment Losses	105,900	121,807
Financial Assets at Fair Value through Profit and Loss	11	4
Financial Assets Available for Sale	105,889	121,803
Impairment Losses on Investments in Associates, Subsidiaries, Jointly Controlled Entities and Investments Held to Maturity	51,809	141,997
Investment in Associates	18,696	38,914
Subsidiaries	33,113	103,083
Jointly Controlled Entities		
Investments Held to Maturity		
Others	47,573	34,425
Total	1,650,772	881,738

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7. Other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1,244,571	1,053,806
Reserve for Employee Termination Benefits	9,693	2,843
Bank Pension Fund Deficit Provisions		21,825
Impairment Losses on Tangible Assets	18,570	
Depreciation Expenses of Tangible Assets	146,282	151,151
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		
Amortization Expenses of Intangible Assets	16,446	2,558
Impairment Losses on Share of Participations Accounted for Using the Equity Method		
Impairment Losses on Assets to be Disposed	198	
Depreciation Expenses of Assets to be Disposed	12,744	17,371
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations		
Other Operating Expenses	788,231	615,158
Operating Lease Expenses	65,695	50,537
Repair and Maintenance Expenses	14,255	11,262
Advertisement Expenses	121,337	195,284
Other Expenses	586,944	358,075
Loss on Sale of Assets	3,004	23,739
Other	3,084,143	3,048,227
Total	5,323,882	4,936,678

TRY 2,876,436 of other operating expense includes expenses of insurance and reinsurance companies' operations, 23% of which is from technical provisions, 56% from paid claims.

In prior period, operating expenses of insurance and reinsurance companies in this item is TRY 2,705,189; 18% of which is from technical provisions and 61% from paid claims.

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

Group's profit before tax is a result of continuing operations. The profit before tax consists of net interest income of TRY 3,709,626, net fee and commission income of TRY 1,090,624 and the other operation expenses amount to TRY 5,323,882.

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

As of 31.12.2007 the Group's total tax provision of TRY 488,104 consists of current tax expense of TRY 506,222 and deferred tax income of TRY (18,118).

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

A net profit TRY 2,026,795 is obtained from continuing operations.

11. Explanation on Net Period Profit/Loss:

a. Income and expense resulting from regular banking activities: There is no point that requires explanation.

b. Any changes in estimations that might have a material effect on current and subsequent period results: There is no point that requires explanation.

c. Net profit/loss of minority shares:

	Current Period	Prior Period
Net Profit/Loss of Minority Shares	204,522	151,068

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Part Five: Explanations and Notes to the Consolidated Financial Statements

12. Other items of the Income Statement:

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

V. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

The paid-in capital is TRY 2,756,585 in legal records. As of balance sheet date, the balance of legal reserves is TRY 1,096,374 and the balance of extraordinary reserves is TRY 2,057,456.

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

The detail of revaluation surplus of securities is given in the Section Five nr. II-11-h footnote. TRY (15,019) of this amount is the deferred tax effect on available for sale securities. (31 December 2006: TRY 34,892).

VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT

The operating profit of TRY 4,090,073 before the change in banking assets and liabilities, consists of interest received at TRY 10,598,812 predominantly from loans and securities, and interest paid at TRY 6,330,138 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. An important part of other revenues, TRY 3,229,420, consist of premium collections of insurance companies and operating income from technical reserves. Other operating expenses of insurance companies composes the major part items that results in fund outflow, TRY 3,388,264 and foreign exchange losses (net), fees and commissions expense, advertisement and rent expenses are the other expenses of this type.

The effect of changes in foreign exchange rates on cash and cash equivalents is TRY 487,028 as of 31 December 2007 (31 December 2006: TRY 78,112).

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, interbank money market transactions and time deposits up to 3 months are defined as cash and cash equivalents.

Cash and cash equivalents at beginning of period:

	31.12.2006	31.12.2005
Cash	3,794,160	4,970,384
Cash in TRY and Foreign Currency	471,449	298,785
Central Bank of Turkey and Other	3,322,711	4,671,599
Cash Equivalents	4,938,018	5,182,172
Money Market Placements	884	1,737,381
Banks' Demand Deposits and Time Deposits Up to 3 Months	4,937,134	3,444,791
Total Cash and Cash Equivalents	8,732,178	10,152,556

The total amount calculated by taking into consideration the transactions made in the previous period, shows the total cash and cash equivalents as of the beginning of the current period.

Cash and Cash equivalents as of end of the period:

	31.12.2007	31.12.2006
Cash	5,396,030	3,794,160
Cash in TRY and Foreign Currency	508,766	471,449
Central Bank of Turkey and Other	4,887,264	3,322,711
Cash Equivalents	5,550,572	4,938,018
Money Market Placements	3,595	884
Banks' Demand Deposits and Time Deposits Up to 3 Months	5,546,977	4,937,134
Total Cash and Cash Equivalents	10,946,602	8,732,178

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VII. EXPLANATIONS AND NOTES RELATED TO THE GROUP'S RISK GROUP

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

a. Current Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Group		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	97,749	767,088	1	24,347	94,179	32,753
Balance at the end of the period	109,569	858,320	1	24,347	277,795	88,899
Interest and commission income received	7,516	3,507			12,362	2,283

b. Prior Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Group		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	116,993	98,103	1	24,347	54,354	17,952
Balance at the end of the period	97,749	767,088	1	24,347	94,179	32,753
Interest and commission income received	6,145	3,410			4,383	1,214

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

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Group		Other Items that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Balance at the beginning of the period	247,240	331,965	67,853	288,110	424,132	361,617
Balance at the end of the period	222,564	247,240	70,837	67,853	340,482	424,132
Interest on deposits	9,672	32,301	9,885	32,413	43,970	19,338

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

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities		Direct and Indirect Shareholders of the Group		Other Items that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Transactions at Fair Value Through Profit and Loss					
Beginning of the period	19,383					
End of the period	71,134	19,383				
Total Profit/Loss	1,061	870				
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						

2. In connection with the Group's risk group:

a. Regardless of there being any transactions between the parties, the relationship of the Group with corporations within the same risk group and under the control of the Group:

All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

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 ratio of loans extended to the risk group to the overall loans is 1.05%, while the ratio to the overall assets is 0.43%; the ratio of deposits of the risk group corporations to the overall deposits is 1.32%, while the ratio to overall liabilities is 0.70%. The method of comparable prices has been used in the transactions.

c. Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals, and management agreements:

Movables are purchased via leasing through the Group company, İş Finansal Kiralama A.Ş., when required. The Parent 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 19 mutual funds which were founded by the Parent 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.

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Part Five: Explanations and Notes to the Consolidated Financial Statements

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

Salaries and dividends paid to Directors of the Parent Bank are given below.

	Current Period	Prior Period
Short-term Benefits	1,536	1,391
Dividends	963	774

VIII. INFORMATION RELATED TO DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE GROUP

The Parent Bank- Türkiye İş Bankası A.Ş.

	Number	Employees		Total Assets	Legal Capital
Domestic Branches (*)	933	19,245			
Foreign Representative Offices	1	1	China		
Foreign Branches	1	23	England	1,740,064	231
	9	137	TRNC	1,024,960	11,898
Off-Shore Branches	1	8	Bahrain	14,832,995	0

(*) The Branches located in Free Trade Zones in Turkey are included among domestic branches.

İşbank GmbH

	Number	Employees		Total Assets	Legal Capital
Domestic Branches (*)	11	131			
Foreign Representative Offices					
Foreign Branches	1	8	Holland	87,372	
	1	9	France	35,167	
	1	6	Swiss	9,951	
Off-Shore Branches					

(*) Germany is meant by the term "domestic".

Türkiye Sınai Kalkınma Bankası A.Ş.

	Number	Employees		Total Assets	Legal Capital
Domestic Branches	2	311			
Foreign Representative Offices					
Foreign Branches					
Off-Shore Branches	1	3	Bahrain	435,912	

Türkiye İş Bankası A.Ş.

Part Five: Explanations and Notes to the Consolidated Financial Statements

Other Consolidated Subsidiaries:

	Employees	Total Assets	Legal Capital
Anadolu Anonim Türk Sigorta Şirketi	674	1,270,947	298,491
Anadolu Hayat Emeklilik A.Ş.	533	2,804,843	175,000
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	32	895,753	690,146
İş Finansal Kiralama A.Ş.	98	934,787	152,081
İş Yatırım Menkul Değerler A.Ş.	282	1,056,068	119,403
Milli Reasürans T.A.Ş.	194	1,144,417	354,871

IX. EXPLANATIONS ON OTHER MATTERS

The Parent Bank's 97.53% share in Asmaş Ağır Sanayi Makinaları A.Ş. with a nominal value of TRY 6,437,003.38 were transferred to Türkiye Şişe ve Cam Fabrikaları A.Ş. in the rate of 15% and Soda Sanayii A.Ş. the subsidiary of Türkiye Şişe ve Cam Fabrikaları A.Ş. in the rate of 82.53%. The total sales amount of USD 9,753,035 was collected from Türkiye Şişe ve Cam Fabrikaları A.Ş. and Soda Sanayii A.Ş. on 31.03.2008. The sale amount was determined by taking into account Asmaş Ağır Sanayi Makinaları A.Ş.'s the financial tables dated 31.07.2007 and it will be revised by financial tables dated 31.03.2008 and the sales profit will be determined in accordance.

PART SIX: EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT:

The Parent Bank's and its financial affiliates' consolidated financial statements have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) as of 31 December 2007.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

There are no significant issues or necessary disclosures or footnotes in relation to the Group's operations other than those mentioned above.

Türkiye İş Bankası A.Ş.

Financial Highlights and Key Ratios for the Five Years Period Including the Reported Period *

ASSETS (TRY thousand) **	2003/12	2004/12	2005/12	2006/12	2007/12
Cash and Cash Equivalents	251,367	301,703	299,198	477,110	511,311
Banks and Money Market Placements (1)	3,438,915	3,817,956	12,105,160	12,221,022	14,388,777
Securities (Net)	15,470,335	17,687,728	25,793,919	29,802,637	28,689,213
Loans (2)	9,902,480	14,319,399	23,388,631	32,136,918	36,800,215
Associates and Subsidiaries (Net)	2,351,131	3,686,152	3,028,897	3,006,775	3,058,096
Tangible and Intangible Assets (Net)	3,002,490	2,886,874	2,752,442	2,846,717	2,928,744
Other Assets	1,149,976	1,529,944	2,361,032	2,535,500	3,701,966
Total Assets	35,566,694	44,229,756	69,729,279	83,026,679	90,078,322
LIABILITIES (TRY thousand) **	2003/12	2004/12	2005/12	2006/12	2007/12
Deposits	19,767,012	24,600,186	36,959,507	46,306,374	48,063,949
Money Market Funds and Other Funds Borrowed	6,151,416	6,760,661	16,989,113	19,804,992	20,875,569
Provisions	2,298,405	3,298,020	4,022,517	4,254,578	5,250,533
Other Liabilities	864,724	938,244	1,946,338	2,407,187	4,011,801
Shareholders' Equity	6,485,137	8,632,645	9,811,804	10,253,548	11,876,470
Total Liabilities	35,566,694	44,229,756	69,729,279	83,026,679	90,078,322
INCOME STATEMENT (3) (TRY thousand)	2003/12	2004/12	2005/12	2006/12	2007/12
Interest Income	4,565,903	5,039,749	5,939,257	8,413,588	10,096,731
Interest Expense	2,670,221	2,491,433	2,948,822	5,194,852	6,387,105
Net Interest Income / Expense	1,895,682	2,548,316	2,990,435	3,218,736	3,709,626
Foreign Exchange Gains/Losses	243,013	101,400	37,294	-190,937	-185,384
Gains/Losses on Securities Trading	790,860	482,102	219,566	225,997	619,914
Net Fees and Commissions Income / Expense	465,741	700,420	853,671	982,355	1,090,624
Dividend Income	52,395	67,850	164,616	50,116	408,459
Other Operating Income	3,365,476	5,056,927	4,251,127	3,537,813	3,846,314
Total Operating Income	6,813,167	8,957,015	8,516,709	7,824,080	9,489,553
Operating Expenses	5,099,195	6,018,435	5,543,358	4,936,678	5,323,882
NET OPERATING PROFIT / LOSS	1,713,972	2,938,580	2,973,351	2,887,402	4,165,671
Provision Charges	867,346	1,105,551	827,396	881,738	1,650,772
PROFIT / LOSS BEFORE TAXES AND MONETARY POSITION	846,626	1,833,029	2,145,955	2,005,664	2,514,899
Net Monetary Position Profit/(Loss)	-253,849	-459,804	0	0	0
PROFIT / LOSS BEFORE TAXES	592,777	1,373,225	2,145,955	2,005,664	2,514,899
Provision for Taxes	142,902	513,451	766,015	590,401	488,104
NET PERIOD PROFIT / LOSS	449,875	859,774	1,379,940	1,415,263	2,026,795
GROSS INCOME (4)	9,604,355	11,557,435	11,556,592	13,088,221	15,990,146
GROSS PROFIT (5)	1,460,123	2,478,776	2,973,351	2,887,402	4,165,671
KEY RATIOS	2003/12	2004/12	2005/12	2006/12	2007/12
Interest Earning Assets / Total Assets	82.4%	82.7%	88.9%	90.4%	89.5%
Interest Earning Assets / Interest Bearing Liabilities	112.8%	116.7%	114.9%	113.5%	117.0%
Securities / Total Assets	43.5%	40.0%	37.0%	35.9%	31.8%
Loans / Total Assets	27.8%	32.4%	33.5%	38.7%	40.9%
Loans / Deposits	50.1%	58.2%	63.3%	69.4%	76.6%
Retail Loans / Total Loans	30.8%	24.0%	29.2%	28.7%	32.2%
NPL Ratio	11.2%	7.9%	4.6%	3.6%	4.0%
Non-Performing Loans Coverage Ratio	100.0%	100.0%	100.0%	100.0%	100.0%
Demand Deposits / Total Deposits	24.4%	26.3%	18.6%	16.8%	16.9%
Shareholders' Equity / Total Liabilities	18.2%	19.5%	14.1%	12.3%	13.2%
Capital Adequacy Standard Ratio	33.8%	35.0%	29.1%	24.8%	21.1%
Return on Average Assets (6)	1.4%	2.2%	2.4%	1.9%	2.3%
Return on Average Equity (6)	7.7%	11.4%	15.0%	14.1%	18.3%
Cost / Income (7)	74.8%	67.2%	64.9%	62.9%	56.1%
OTHER INFORMATION (TRY thousand)	2003/12	2004/12	2005/12	2006/12	2007/12
Regulatory Capital	6,485,550	8,668,921	9,963,533	9,835,719	12,210,735
Core Capital	5,834,675	7,405,837	8,383,189	9,518,667	11,829,029
Free Capital (8)	1,131,516	2,059,619	4,233,273	4,606,592	6,121,964
Demand Deposits	4,825,991	6,456,399	6,875,300	7,771,005	8,132,787

* The financial data of the year 2004 and the previous years are taken from the financial statements prepared according to RAP legislation, other data are taken from TAS and the related legislation.

** Interest accruals are included in all interest related items.

(1) Includes Balances with the Central Bank.

(2) Excludes Non-Performing Loans.

(3) Fees and Commissions Received from Cash Loans are reclassified under Interest Income; Fees and Commissions Paid to Cash Loans are reclassified under Interest Expense.

(4) Gross Income = Interest Income+Foreign Exchange Gains/Losses+Trading Gains/Losses on Securities+Fees and Commissions Income (Gross)+Dividend Income+Other Operating Income

(5) Gross Profit = Net Period Profit/(Loss)+Provision for Taxes+Provision for Impairment Losses

(6) Averages are calculated over year-end balances.

(7) Operating Expenses are adjusted for the Gains/Losses due to FX indexed Items.

(8) Free Capital = Shareholders' Equity - (Tangible and Intangible Assets + Non-Financial Associates and Subsidiaries + Non-performing Loans (Net))

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