

Annual Review

December 31, 2000

A busy year for İş Investment

Year 2000 was a very busy year for İş Investment despite the overall problems encountered by the economy all throughout the year. One would normally expect that the business volume in all major areas would have shown a declining trend. But this was not the case for İş Investment.

During the year, which was not very favorable for new IPOs, İş Investment continued to be a key player surpassing the nearest competitor by a wide margin. İş Investment realized eight IPOs with a total volume of US\$ 295.4 million. It also participated in three IPOs and one SPO as co-leader and two IPOs as consortium member.

In brokerage activities, İş Investment also recorded high volumes despite a bearish stock exchange. It ranked third in terms of equity trading volume with TL 7.9 quadrillion and first in terms of the number of the contracts. Market share in equity trading increased to 3.62% in 2000 from 2.42% in 1999. İş Investment ranked first among brokerage houses on the ISE Bonds and Bills Market with a transaction

volume of TL 7.8 quadrillion and 14th among all ISE participants.

Until November, when foreign investors pulled out of Turkish capital markets following the liquidity squeeze, the ICM Department at İş Investment succeeded in increasing its international capital market transactions four-fold to US\$ 5 billion. Total equity trading volume executed on behalf of foreign investors, which accounted for 7.05% of the Company's total volume, increased from US\$ 132 million to US\$ 780 million in 2000, up by 588%.

During the year, İş Investment, together with its parent İşbank, maintained their leadership position in the mutual funds market. By the end of the year, the mutual funds managed by İş Investment had a market share of 20% with a total net asset value of US\$ 600 million. This represents the largest mutual fund portfolio managed by a Turkish financial institution. At the end of the year, the asset management business was separated into an independent company, İş Asset Management,

in an effort to provide more efficiency, transparency and independence in the asset management business. The management of all mutual funds owned by İş Investment and İşbank has been sub-contracted to İş Asset Management.

One of the major elements contributing to İş Investment's success in securities trading business, the Research Department prepared and distributed over 3,300 pages of research reports to İş Investment clients all over the globe both as hard copies or via the Company's web site.

Amid the routine daily rush of an expanding market, moving

into the new premises has been a source of additional laboring but a rather pleasing and satisfying one. İş Investment moved into its new premises at the end of 2000, marking a fresh start in a modern business environment. Another important move was the opening of a branch office in one of the high-end residential areas on the Asian side of Istanbul.

Year 2000 has been a year in which the capabilities of the staff and their work under extra strain have been on test. İş Investment believes having completed a hectic year with very favorable results has further motivated the staff to achieve new heights in the coming years.



Boost in IPOs

İş Investment realized eight IPOs with a total volume of US\$ 295.4 million.

(see corporate finance on page 4)»

İş Investment advises the Privatization Administration

İş Investment has provided advisory service to the Privatization Administration for the privatization of eight ports belonging to Türkiye Denizcilik İşletmeleri, 17 subsidiaries and affiliates of Sümer Holding and recently to Gereide Steel. Three of Sümer Holding companies and five maritime ports were privatized

via sale of operating rights, yielding a revenue in excess of US\$ 108 million to the Privatization Administration.

A consortium consisting of İş Investment, Merrill Lynch and ABN Amro Rothschild was appointed to act as an advisor to the Privatization *(see corporate finance on page 6)»*

Favorable results from İş Investment

İş Investment posted favorable results again in a year filled with difficulties. With three more banks taken over by the Central Bank's Savings Deposits Insurance Fund and the November liquidity squeeze that downturned financial markets, the year 2000 will be remembered as a

year definitely off-course. For İş Investment it was a year of re-assuring customer confidence and therefore further growth on solid grounds.

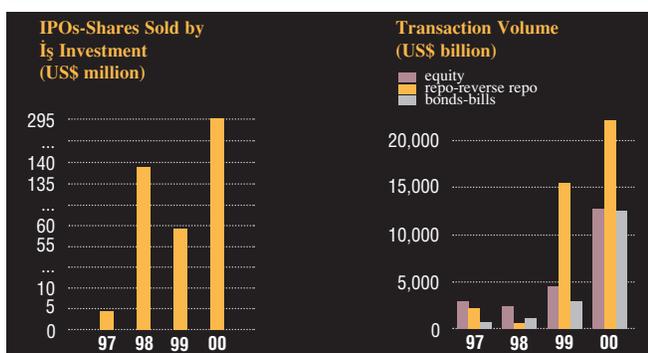
The year 2000 was also a very profitable year for İş Investment. The Company posted a before-tax profit of

TL 16,377 billion (up 223% from 1999) and finally a net profit of TL 10,790 billion (up 220% from 1999).

Shareholders' equity rose from TL 7,816 billion to TL 18,561 billion at the end of the year. A paid-in capital increase from TL 2,500 billion to TL 7,000

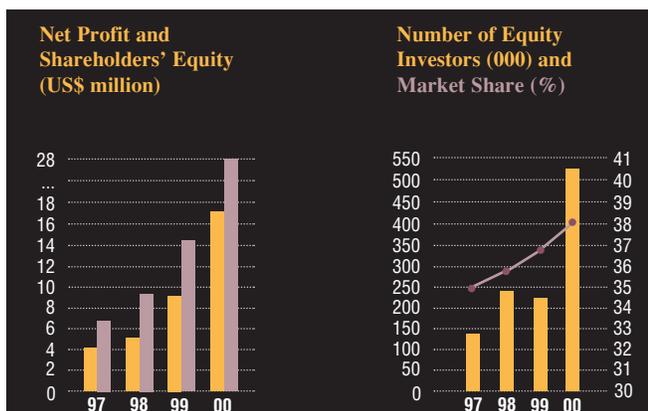
billion in 2000, in addition to large increases in brokerage, asset management, investment advisory and trading volumes contributed to the Company's high profitability.

Other financial results are presented in the following tables and graphs.



Financial Highlights (TL billions)

Major Balance Sheet Accounts	1998	1999	2000
Marketable Securities	2,706	8,677	15,648
Total Current Assets	5,527	13,694	48,124
Total Assets	5,577	13,816	49,753
Shareholders' Equity	2,920	7,816	18,561
Paid-in Capital	1,250	2,500	7,000



Major Income Statement Accounts	1998	1999	2000
Net Sales	922,648	1,735,432	6,890,296
Stocks	114,986	446,407	2,068,704
Public Sector Bonds	39,738	635,511	3,362,129
Treasury Bills	756,869	649,870	1,438,230
Other Marketable Securities	1,052	621	6,107
Commission Income	578	1,856	7,923
Other Service Income	425	1,168	8,201
Operating Expenses	(925)	(4,322)	(11,745)
Trading Profit	1,078	3,471	8,516
Profit Before Taxes	1,854	7,325	16,377
Net Profit	1,553	4,892	10,790

Contents

Financial Highlights	02	Capital Markets	12
Board of Directors	03	Sales	13
Executive Management	03	Branches	14
Message from the Chairman	04	Asset Management	15
About İş Investment	05	Research	16
Corporate Finance	06	Human Resources and Training	17
Interview	09	Capital Markets	18
Capital Markets - Domestic	10	Financial Statements	20
Capital Markets - International	11	Directory	41

Board of Directors



standing left to right: Kaan Tokat *Auditor*, Özcan Türkakın *General Manager*, Banu Ertürküner *Auditor*, Turgay Gümeli *Member*, Gürman Tevfik *Member*, seated left to right: Saim Saatçi *Member*, H. Ahmet Ergenekon *Member*, Yusuf Ziya Toprak *Chairman*, İbrahim Hızlıkan *Vice Chairman*, Ufuk Ersoy *Member*



Executive Management Team of İş Investment in front of İş Towers

İŞ INVESTMENT 

Executive Management

ÖZCAN TÜRKAKIN
General Manager

İLHAMİ KOÇ
Assistant General Manager

NURAN CANITEZ
Assistant General Manager

Murat Kural
Corporate Finance

Fatma Karabıyık
Operations

Ufuk Ümit Onbaşı
Capital Markets

Elif Sever
Internal Audit

Efsane Çam
Corporate Finance

Nuran Aydınöğlü
Brokerage

Meltem Çitci
International Capital Markets

Metin Hertaşer
Operations

Emre İyibilir
Research

Bige Sarıkadırlar
Public Relations

Yeşim Karayel
Corporate Finance

Zeynep Tekten
Human Resources

Cemile Usta
Investment Advisory



Yusuf Ziya Toprak
Chairman

One of the major strengths of İŞ Investment in capital market activities, especially in stock market transactions and IPOs, has been its wide customer base. Strong, widespread distribution channels consisting of İŞbank branches in Turkey and İŞbank GmbH branches in Europe have accelerated this process. We have access to the only integrated and fully automated securities distribution system in Turkey - İŞbank's Investment Account System. This system allows customers to access and implement transactions directly through ATMs, Internet and interactive

recommendations and/or investment actions, İŞ Investment provides guidance for regulatory issues such as taxation, settlement, custody and trading activities.

It is anticipated that the increasing trend of investments in domestic securities, both equities and fixed income instruments, will continue in the coming years. Thus, we hope that the number of equity issues will increase, new products such as private sector borrowing instruments and private retirement funds will be introduced and the rapid growth of mutual funds will

"Towards a better future for capital markets"

I am pleased to point out that, as İŞbank and İŞ Investment, we are fulfilling our part in the development of the capital markets in Turkey.

In my opinion, one of the major reasons behind Turkey's occasional downward economic trend is that we do not have far reaching capital markets capable of penetrating into a large portion of the population. Despite the economic turbulence we sometimes encounter, we are paving the way toward a better future for capital markets in Turkey.

I am pleased to point out that, as İŞbank and İŞ Investment, we are fulfilling our part in the development of the capital markets in Turkey. Indeed, we have initiated many firsts and remain determined to continue this pattern well into the future. Since its

establishment in late 1996, İŞ Investment has adopted the mission of its parent İŞbank, the desire to further develop capital markets within the country.

With a strong shareholder structure, wide distribution network, highly experienced human resources and customer-oriented service approach, İŞ Investment succeeded in positioning itself as one of the market leaders.

Equity brokerage and fixed income trading activities at İŞ Investment are geared toward both domestic and international investors; in both areas, İŞ Investment commands a leading position.

telephone connections. Utilizing these strengths, İŞ Investment has successfully realized a number of large-scale IPOs that have constituted landmark events for Turkish capital markets.

Possessing the most experienced international capital markets team within a brokerage house in Turkey, İŞ Investment is a unique institution that trades international capital market instruments for Turkish investors. İŞ Investment offers a comprehensive array of investment alternatives with different risk and return profiles, according to investor preferences.

By adopting a customer-focused approach, dedicated investment advisors are able to assist international institutional and individual clients during all stages of the investment process. As it exercises diligence and thoroughness in offering investment

continue well into the future.

İŞ Investment is carrying forward the mission set forth by its parent, İŞbank. To this end, the favorable results attained by İŞ Investment for many successive years help the development of capital markets in Turkey.

On behalf of the Board of Directors and the management staff at İŞ Investment, I would like to thank our parent İŞbank, which has passed on to us a deep-rooted tradition of capital market operations and investment banking. My special thanks are due to our hard working personnel who have taken on the ideals and mission of İŞbank and are doing their best to achieve results geared to making İŞ Investment a leading player in the capital markets of Turkey as well as contributing to the development of these markets.

İş Investment in İş Towers

İş Investment moved into its new premises at the end of 2000, marking a fresh start in a modern business environment.

İş Towers is the largest business complex in Turkey, comprising of three towers and adjoining lower levels that incorporate a shopping center, auditorium, bank branch and parking area. Tower One is the highest building in Turkey and is accompanied by the two slightly lower towers. Tower One will serve as the Headquarters for İşbank; Tower Two will house a number of İşbank

subsidiaries, including İş Investment, and other businesses. Tower Three has been leased to the Şişecam Group. Total area covered by the complex is 224,357 square meters.

Tower Two is owned by İş Real Estate Investment Company and has 35 floors and 29,722 square meters of office space. İş Investment occupies the 12th, 13th and 14th floors of Tower Two.



İş Investment increases capital

İş Investment was incorporated at the end of 1996 as the investment banking arm of İşbank. Shareholders of İş Investment include; İşbank (92%), İş Factoring (3%), İş Leasing (3%), Camış Sigorta (1%) and Camış Menkul Değerler (1%). To accommodate the increase in business volume, the Board of Directors of İş Investment decided to increase the paid-in capital of the Company to TL 17 trillion (US\$ 15.9 million) from TL 7 trillion (US\$ 6.5 million) on February 23, 2001.

New branch in Kalamış

İş Investment opened a branch in one of the high-end residential areas on the Asian side of Istanbul.



Kalamış Branch Manager Mert Erdoğan and his colleagues

Although İş Investment can be reached through all İşbank branches, the management determined that a branch office might serve the

requirements of the investors more effectively on the mostly residential Asian side of the city. Kalamış is one such area in Istanbul, located

in the midst of residential sections and business areas of the city. The İş Investment branch occupies 246-square meters of the first floor of an

apartment building and has ample parking space.

Equipped with the best marketing and sales techniques, the Kalamış Branch will be involved with a variety of capital and money market investment tools that fall within the products and services of İş Investment. Those investors planning to invest in foreign securities will be directed to the Headquarters on the European side of Istanbul.

Individual and corporate investors demanding the personal attention of an account officer will make up most of the client portfolio of the ten-person branch office in Kalamış.

Boost in IPOs

İş Investment surpassed the nearest competitor by a wide margin with regard to IPOs in 2000. İş Investment realized eight IPOs with a total volume of US\$ 295.4 million and these were sold to 1,074,958 investors. It also participated in three IPOs and one SPO as co-leader and two IPOs as consortium member.

As of December 2000, 35 new companies were listed on the Istanbul Stock Exchange.

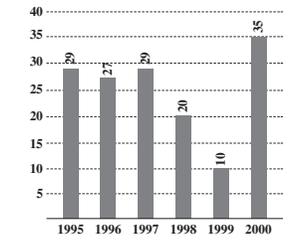
Total revenue generated from these IPOs was around US\$

Project	Book-Building Period	Position	Size of the offering US\$ million
Anadolu Hayat	17-18.02.2000	Leader	69
Alkim Kimya	24-25.02.2000	Leader	16
İş Leasing	21-22.03.2000	Leader	15
Soda	13-14.04.2000	Leader	38
SYB	25-26.05.2000	Leader	22
Ayen	28-30.06.2000	Leader	52
Sanko	28-29.09.2000	Leader	69
Alkim Kağıt	26-27.10.2000	Leader	14
Nuh	17-18.02.2000	Co-Leader	22
Tüpraş	5-7.04.2000	Co-Leader	1,235
Ak Enerji	28-29.06.2000	Co-Leader	120
Turkcell	03-07.07.2000	Co-Leader	1,780
Karsan	15-16.02.2000	Consortium Member	20
TEB	21-22.02.2000	Consortium Member	73

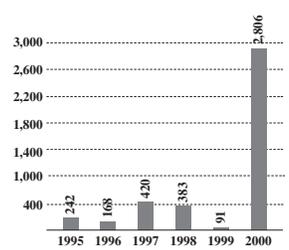
2,806 million. In addition to that, secondary public offering of Tüpraş with a total volume of US\$ 1,235 million took place.

In 2000, İş Investment was the IPO market leader with eight IPOs. The nearest competitor realized only three

Private Sector IPOs (Number)



Private Sector IPOs (US\$ million)



“...committed to the development of Turkish Capital Markets”

 **ANADOLU HAYAT**
EQUITY OFFERING
Lead Manager
\$ 69.3 million
February 2000

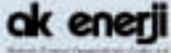

 **ALKim**
EQUITY OFFERING
Lead Manager
\$ 16.4 million
February 2000


 **İŞ LEASING**
EQUITY OFFERING
Lead Manager
\$ 15 million
April 2000


 **Soda Sanayii A.Ş.**
EQUITY OFFERING
Lead Manager
\$ 38.4 million
April 2000


 **TUPRAŞ**
PRIVATIZATION
Co-lead Manager
\$ 1.1 billion
April 2000


 **SINAI YATIRIM BANKASI**
EQUITY OFFERING
Lead Manager
\$ 22.5 million
May 2000


 **ok enerji**
EQUITY OFFERING
Co-lead Manager
\$ 120.2 million
June 2000


 **ATEF**
EQUITY OFFERING
Lead Manager
\$ 51.6 million
June 2000


 **TURKCELL**
EQUITY OFFERING
Co-lead Manager
\$ 1.9 billion
July 2000


İŞ INVESTMENT 

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Corporate Finance
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Sales
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Trading
●
Investment
Advisory
●
Asset
Management
●
Research

İş Investment advises the Privatization Administration

(Continued from page 1)

Administration for the block sale and public offering in the privatization of Turk Telekom in 1998. İş Investment has continued to work on this project in 2000.

İş Investment also acts as an advisor to the İş Venture Capital Company which was established in 2000 with a paid-in capital of US\$ 30 million.

İş Investment to privatize Vakıfbank

In 2000, İş Investment and Schroder Salomon Smith Barney were appointed as the joint-global coordinators in the privatization project of Vakıfbank - the first privatization of a public bank via public offering. İş Investment had been actively involved in the public offering

process of this state-owned bank until when legal constraints began hindering privatization efforts. On November 16, 2000, the Parliament approved a law for the privatization of Vakıfbank and the process started again. The public offering is scheduled for 2001.

Technology-driven distribution channels employed in IPOs



İş Investment achieved the first book building process via ATMs during the Sanko Pazarlama IPO project in Turkey. More than 850 İşbank branches across Turkey serve as agents of İş Investment. İşbank's Investment Account System allows investors to access and perform investment transactions directly through;

2,025 İşbank ATMs around the country on a 24-hours 7-days a week basis; free-of-charge banking services via Interactive Telephone; the Internet, giving investors the opportunity to manage their portfolios directly and the Call Center allowing the investors to execute all banking activities via telephone.

İş Investment to offer BJK shares to the public

Following the trend of creating public corporations out of professional football clubs, İş Investment is preparing to launch a major IPO to make BJK, one of Turkey's leading premier league teams, a publicly traded corporation. This will be the first IPO of its kind in Turkey. BJK, established in 1903, was the first sports club, and one of the first soccer teams in Turkey, to have represented the country

successfully in European football competitions and continued to be a regular face in European Tournaments. They have also been the Turkish premier league champions nine times since 1959 when professional soccer was first introduced. The new BJK Corporation plans to invest in sports facilities and start a football school with funds generated from the IPO.



İş Yatırım and BJK managers at the press conference.

Özcan Türkakın: "We are highly optimistic and motivated as the pioneers in Turkey's developing capital markets".



Özcan Türkakın, general manager of İş Investment answers questions evaluating the developments in the capital markets during 2000.

Q: Turkey has been experiencing occasional ups and downs for sometime now. Do you think this will have a serious effect on your business?

A: We believe every country, no matter whether it is developed or developing, has ups and downs. These are normal structural changes that every country or economy has to go through in its normal course of development. What is more important during these difficult times is that we should not limit our horizons and must learn to shape our future better. We look ahead more optimistically than ever and prepare our organization as such. Turkish capital markets are at the beginning of a long road. There are ample opportunities and places to go. With the utmost faith in the future of our country, we feel we are just starting a long race.

Q: Do you think competition in your business line will increase in the future? Will technology-driven services help you to compete better? How?

A: Yes, we believe technology will play an increasingly important role in our activities in the future. We want to improve our distribution network by employing the latest in information technologies. Our current standing in the

investment marketplace with the largest and most widespread investor base in the country obliges us to make use of new and innovative technologies. Our parent İşbank has an undisputed reputation as a banking technology leader in Turkey and we are keen to build further on this. We capitalize on the vast branch network of İşbank as well as its Internet and other IT-based distribution channels. We believe we complement and support our parent's extensive banking services with finely tuned brokerage and investment banking instruments.

Q: How do you visualize 2001? Will it be any better for the Turkish economy and your company?

A: We have had an unfavorable year for the

overall economy. But looking at the details, we see the benefits of having passed through those difficult times. Every crisis brings with it new opportunities. In 2000 for instance, in spite of the market downturn, we developed our customer base and introduced new products.

It was a period of preparation for the future. Our financial results were rather favorable considering the difficulties the economy had encountered.

Turkish capital markets are still in their infancy. There are many prospects for growth in the future. We consider ourselves athletes warming up before a long race and are highly optimistic and motivated as the pioneers in Turkey's developing capital markets.

Every crisis brings with it new opportunities. In 2000 for instance, in spite of the market downturn, we developed our customer base and introduced new products. It was a period of preparation for the future. Our financial results were rather favorable considering the difficulties the economy had encountered.



İş Investment - third in equity trading and first in contracts



İş Investment ranks third in terms of equity trading volume with TL 7.9 quadrillion and first in terms of the number of the contracts. Market share increased to 3.62% in 2000, from 2.42% in 1999.

Adherence to trading ethics and a client-oriented approach, coupled with its association with İşbank, has secured İş Investment a place among the market leaders in equities trading on the ISE. In 2000, İş Investment ranked third in equity trading volume with TL 7.9 quadrillion and

first in terms of the number of contracts. Market share increased to 3.62% in 2000, from 2.42% in 1999. İş Investment derives its strength in the stock market from its wide distribution network, serving the largest institutional and individual client portfolio in the country.

İş Investment fixes its #1 position in fixed-income



İş Investment ranks first among brokerage houses on the ISE Bonds and Bills Market with a transaction volume of TL 7.8 quadrillion and 14th among all ISE participants.

Following the start of the implementation of the IMF-backed three-year stabilization program at the beginning of the year, T-bill yields declined sharply to 35% from 120% and O/N rates averaged at

40%. After the turmoil in November, when banks faced a liquidity squeeze resulting in interest rates climbing to levels well above 100%, markets began to stabilize at around 40 –50% by the end of

the year. It is anticipated that in the second half of 2001, the Central Bank's monetary policy will change enabling it to intervene in money markets and affecting the direction interest rates will take.

İş Investment ranks #3 in repos

The transaction volume of İş Investment on the ISE Repo-Reverse Repo Market reached TL 13.7 quadrillion, the third highest volume among brokerage houses and 17th among all ISE members.

ICM transaction volume increases four-fold

İş Investment's transaction volume in international capital markets increased four-fold to US\$ 5 billion.

The strength of İş Investment is especially obvious in Eurobonds, issued by the Turkish Treasury and Turkish companies such as Turkcell, Garanti Bank, Yapı Kredi Bank, Turkish Eximbank as well as by other emerging market countries.

In 2000 İş Investment's trading volume increased 400% in Turkish Eurobonds from US\$ 1 billion to US\$ 4 billion. With an increasing

Latin American concentration, İş Investment traded more than US\$ 1 billion in Latin American bond issues, which was less than US\$ 100 million last year. Local banks were the main buyers of Turkish Eurobonds when faced with diminishing yields in domestic markets and a decreasing number of TL bond auctions.

With one of the most experienced international capital market teams in a brokerage house in Turkey, İş Investment, a member of ISMA-International Securities

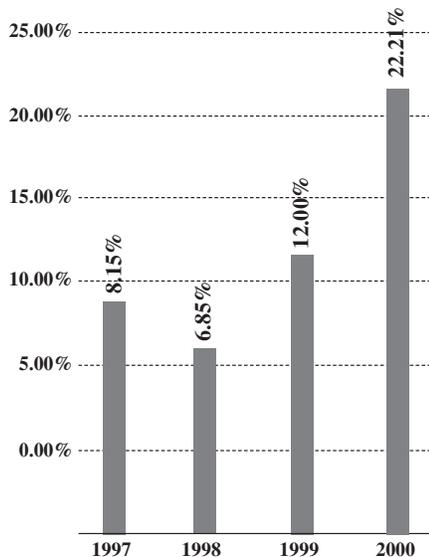
Market Association, is a unique institution trading international capital market instruments for global investors. İş Investment offers a comprehensive array of investment alternatives with different risk and return profiles, according to investor preferences. The instruments include, but are not limited

to: FX repos, investment grade countries' domestic and international sovereign and corporate debt instruments and emerging countries' sovereign and corporate debt instruments issued in international markets, equities traded on international stock exchanges and derivative instruments.

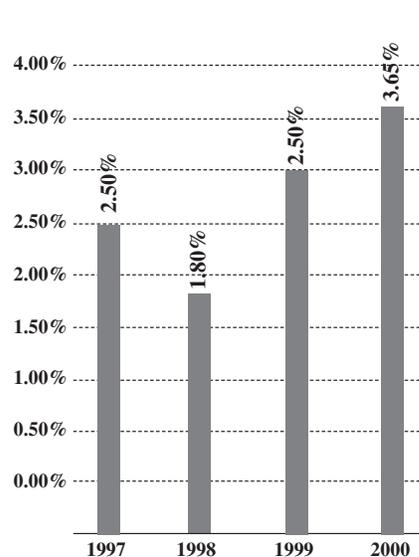


İş Investment has a strong presence in domestic and international capital markets.

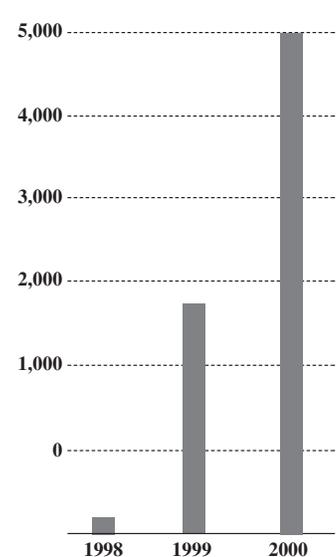
**ISE Bonds and Bills Market
The Market Share of İş Investment**



**ISE Stock Market
The Market Share of İş Investment**



**Trading Volume of İş Investment
in International Capital Markets
(US\$ million)**



Outlook

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It wasn't all quiet on the Turkish front during 2000

The global economy approached a cyclical high in 2000, boosted by further accelerated growth in the US, the recovery in Europe and Japan and a sharp rebound in the countries affected by the global financial crisis. Because of the tough competition and the surge to grow, many large-scale companies favored mergers and acquisitions keeping corporate banking departments of investment banks very busy during the year. Technology stocks, especially from dot.coms, led the movements in the world equity markets.

Emerging markets, similarly, experienced a favorable start at the beginning of this year with upgrades in Latin American countries and heavy external borrowings. Feeling more secure, international investors began to reinvest in emerging markets, resulting in an increase in foreign investments directed toward emerging economies. New long bond benchmarks in Brazil, Argentina, Mexico and Turkey were seen. Brazil and Russia have exchanged their Brady bonds to the global issues. Trading activity and liquidity increased across the board and bid-offer spreads tightened during the first half of the year.

In the second half of 2000, heightened expectations of a slowdown in the US economy lowered earnings expectations of the technology, media and

telecom sectors and a deterioration in US credit markets. Emerging market spreads widened sharply and tighter external liquidity conditions affected mostly Argentina and Turkey, the two largest borrowers of the year in international bond markets. Despite the drying up of bond issuance, total emerging market fund raising in international capital markets held up relatively well. For the year as whole, fund raising reached its second highest marks, behind the boom levels of 1997.

The instability of the political arena and the stability of high inflation levels have been the main characteristics in this country for decades. The year 2000 was a year when a stable political authority, despite being a three-party coalition, tried to reduce long standing high inflation to an internationally acceptable level.

In December 1999, the Turkish government launched a comprehensive three-year macroeconomic disinflation and fiscal stabilization program supported by the IMF and the World Bank. The main target of this program was to reduce the WPI inflation rate to 20% and CPI inflation to 25% at the end of the first year, and to 10% at the end of the second year. Controlled devaluation was adopted as the main tool to reach those goals. The currency basket, which was

used as a nominal anchor, was pegged to the expected inflation rate.

In the first half of the year, Turkish domestic markets performed very well in expectation of a relatively stable political environment and the successful implementation of the IMF program. The first remarkable effect was a dramatic decline in interest rates. After the announcement of the program, domestic borrowing was partially replaced by heavy external borrowing and interest rates started falling immediately from around 100% at the end of 1999 to about 45% in mid-January and to around 35% in mid-2000. The sharp decline in real interest rates increased the availability of cheap consumer loans and led to a strong rise in demand, which was restricted in 1999 due to the economic recession.

Early in the year, the economic recovery had a positive impact on the Stock Exchange. The ISE 100 index, that had been 2.8 cents as of December 1999, reached a maximum of 3.8 cents. The maximum daily transaction volume that had been US\$ 1,009 million at the end of 1999 increased to a maximum of US\$ 2.2 billion in year 2000. The increasing demand toward the stock market initiated 35 new IPOs with a total volume of US\$ 2.8 billion and 10 SPOs with a total volume of US\$ 1.6 billion.

However, in the second half of the year positive sentiment was replaced by concerns relating to the future of the economic program. Booming imports due to increasing domestic demand added to the negative effects of external factors including a rise in oil prices and a drop in Euro/dollar parity, which adversely affected the current

account balance. As a result of imbalances coupled with banks trying to close short positions, which caused substantial FX outflow from the country during the last two months, bond yields temporarily jumped above 100% and short-term rates climbed to the 1000% level while the ISE 100 index plunged to 1.4 cent.

We might say that the financial crisis was settled but some concerns about the fate of the economic program were transferred into the New Year. Above all, the difference between devaluation and inflation rates still continues to be a threat to Central Bank reserves and if the inflation rate is not decreased to the level of estimated devaluation, economists will begin to discuss sudden high rate devaluation again. Without action here, boosting imports will increase the foreign deficit.

The completion of privatization projects and increasing liberalization in sectors such as banking and energy during 2000 are expected to significantly increase the inflow of foreign capital. Privatization targets were defined in the economic program and the present government has achieved significant results in the area of privatization. A considerable share of the enterprises earmarked for privatization have been sold so far, generating privatization revenue of nearly 3% of GDP during the first eight months of 2000. In the first quarter of 2001, the sales of Turk Telekom, Turkish Airlines and the banks transferred to the Savings Deposits Insurance Fund are targeted. The privatization of Turk Telekom is assessed as a milestone for the economic program by international investors.

US\$ 780 million in equities traded for foreigners



Total equity trading volume executed on behalf of foreign investors, which accounted for 7.05% of the Company's total volume, increased from US\$ 132 million to US\$ 780 million in 2000, up by 588%.

By adopting a client-focused approach, dedicated investment advisors assist international institutional and individual clientele at all stages of the investment process. Exercising diligence and thoroughness in offering investment recommendations

and/or investment actions, İş Investment provides guidance for regulatory issues such as taxation, settlement, custody and trading activities. These services are executed in a timely manner by client-directed orders with prompt updates and always delivered to the clients utilizing state-of-the-art technology. İş Investment is a safe, capable and stable financial institution in Turkey and a strong partner in all kinds of capital market transactions.

İş Investment was the IPO leader in 2000. Thanks to falling real returns on fixed income investments, investors' attentions were diverted to equity investments. In 2000, IPOs led by İş Investment were three to four times oversubscribed by foreign investors.



İş Investment's advisory service portfolio reached TL 208 trillion

While all İşbank branches offer brokerage services as İş Investment agents, the Company offers investment advisory services through full-service brokerage accounts opened at its Head Office, Ankara, İzmir and Kalamış branches. As the number of clients receiving investment advisory services rose to 72%, the portfolio volume grew from TL 91.7 trillion in 1999 to TL 207.8 trillion in 2000.

Investment advisory services keep the clients up-to-date about

market developments, offer them a variety of alternatives according to their risk-return expectations and execute the decisions that are made. The product range offered to clients includes equities, T-bills, repo, international securities and A- and B-type mutual funds. Following the decrease in the returns of domestic market instruments in 2000, emphasis was placed on the marketing of international securities, thus providing alternatives to clients who prefer savings on a foreign currency basis.

The number of İşbank investment accounts skyrocket

In 1974, İşbank, the largest private bank of the country, was the first bank to initiate an investment department in the Turkish banking industry.

Long before the capital markets became active in the country, there was a Capital Markets Department at İşbank. Prior to the revitalization of the Istanbul Stock Exchange in 1985, this Department acted as a pioneer

for many investment banking products as well as a market maker for the limited amount of Turkish equities in circulation at that time.

Small and medium-scale investors receive services from İşbank. More than 850 branch offices of İşbank, located in industrial, commercial and residential centers throughout Turkey, act as agents for İş Investment. The Company takes full advantage of this

vast distribution network that includes the branches, 2,025 ATMs, Internet and interactive telephone systems. As a result of this efficient distribution network, technical capabilities and the quality of

on-line trading, İşbank investment accounts have gained the largest client base with more than 500,000 active equity accounts and representing about 40% of all such accounts in the country.



Ankara and Izmir Branches report favorable trading volume

At the end of 2000, İş Investment's Ankara and Izmir Branches reported favorable trading volume despite the general downward trend in capital market transactions.



Ankara Branch Manager Yeşim Özden and her colleagues

At the end of 2000, İş Investment's Ankara and Izmir Branches reported favorable trading volume despite the general downward trend in capital market transactions.

The equity trading volume of the Ankara Branch was TL 240 trillion and TL 1.6 quadrillion for fixed income instruments. The Izmir Branch achieved an equity trading volume of TL 150 trillion and fixed income trading of TL 1.5 quadrillion, both of which were well above the previous year's volumes.

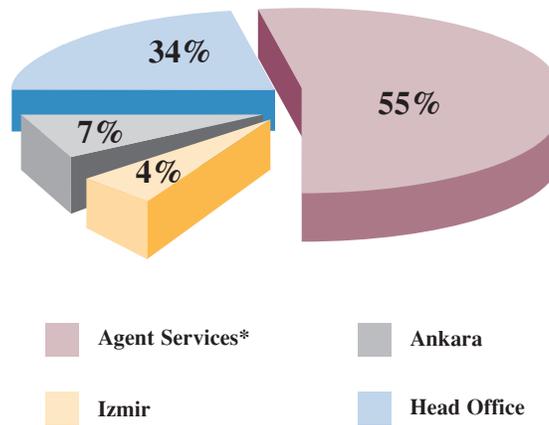
At İş Investment branches, investment advisory services are delivered for all capital market instruments. Investment professionals inform their clients of current market trends, recommend alternative portfolio compositions that match with their risk-return expectations and execute transactions that fulfill their decisions.



Izmir Branch Manager Ali Rıza Özcan and his colleagues

A staff of 14 professionals is on duty at the Ankara Branch and 12 at the Izmir Branch.

The Breakdown of Domestic Capital Market Transactions into Sales Points in 2000



(*) The transaction volume generated by 850 İşbank branches as well as the Bank's interactive telephone systems, ATMs and internet web page.



İş Asset Management established

To provide the utmost transparency and efficiency in asset management, İş Asset Management (İş Portföy Yönetimi A.Ş.) was established with the participation of İşbank (50%), İş Investment (20%), Anadolu Life Insurance (20%),

Türkiye Sınai Bankası Securities (5%) and Yatırım Finansman (5%). The Company started business at the beginning of the year with a total asset value of US\$ 600 billion under management that was taken over from İş Investment.

Four new equity funds by İşbank

İşbank started four new A-Type Equity Funds in November 2000. The management of these new funds plus the eight existing İşbank mutual funds were assigned to the newly established İş Asset Management.

A booming year for mutual funds

The number of mutual funds in Turkey demonstrated remarkable growth during 2000. At the end of 1999, there were 215 mutual funds while at the end of December 2000, this number rose to 270. During the same period,

the total portfolio size increased to TL 2 quadrillion (US\$ 3 billion). It was during the first quarter in 2000 that stock market investments staged the most rapid growth following the decrease in interest rates.

Mutual funds exceed US\$ 600 million

By the end of the year, the mutual funds managed by İş Investment had a market share of 20% with a total net asset value of US\$ 600 million. This represents the largest mutual fund portfolio managed by a Turkish financial institution.

In addition to managing the assets in mutual funds and portfolios, fund managers at İş Investment keep a close watch

on financially strong companies that possess a dynamic potential for growth. The Research Department supports investment decisions with in-depth fundamental analysis.

Mutual funds provide access to professional investment management while at the same time providing significant tax advantages and offering investors different risk and return compositions. İş Investment sees mutual funds as a growing business and plans to further augment its market share in this area.

Mutual Funds under Management by İş Investment in 2000

Fund name	Asset size (TL trillion)
İş Investment Type-A	33
İşbank Type-A Equity	21
İşbank Type-A Affiliated	17
İşbank Type-A Variable	28
İş Investment Type-B	3,5
İşbank Type-B Liquid	139
İşbank Type-B Variable	35
İşbank Type-B Foreign	1
İşbank Type-B Notes	150
İşbank ISE-30 Index	8
Total	439,5
Market Total	1,900

More than 3,300 pages of research reports

In 2000, İş Investment prepared and distributed over 3,300 pages of research reports to İş Investment clients all over the globe.

İş Investment is one of the few financial institutions in Turkey with a well-established mechanism to provide timely information to both clientele and fund managers. The Research Department employs eleven full-time, highly educated research analysts, all of whom have been specifically trained to meet the requirements of the Company as well as domestic and international clientele. All are university graduates including one with



a doctorate and five with MBA degrees from reputable universities.

The Research Department follows ISE-listed companies and industries as well as macro-economic and political developments and publishes reports in both English and Turkish. The research reports

produced by İş Investment are;

- Daily Market Watch
- Monthly Analysis
- Company Reports
- Industry Reports
- Focal Point – Short reports on political, macro-economical and sectoral developments



Internet - the ultimate source of research data for investors

All İş Investment research reports, as well as online comments, published in Turkish and English, can easily be accessed at the Company's Internet website at www.isyatirim.com.tr. Investors may contact the Company by e-mail at info@isyatirim.com.tr and

may inquire about specific issues.

İş Investment uses electronic distribution as a means to facilitating faster and more timely dissemination of information, reducing distribution costs and helping to build a larger data archive.





Training regarded as the essential element for success

At İş Investment, training is regarded as one of the most essential elements for success in a fast moving and competitive investment banking environment.

Training programs at İş Investment are organized under three headings: Orientation, specialization/development and management. Every newly recruited personnel has to undergo basic training relating to the industry and his or her job requirements. Then he or she has to attend specialization and development programs that are specified under his or her career plan. Training is an on-going process. It continues with further development programs as well as management programs that help to prepare

the personnel to managerial levels.

Training programs are usually provided by professional institutions and the Istanbul Stock Exchange. At times and when required, employees attend special training programs abroad. In 2000, seven employees attended special courses in London and New York.

With the increase in the number of personnel, the number of training programs also rose in 2000. During the year, 120 staff members attained a total of 60 programs, which covered 985 training days and 5,910 training hours. On average, an employee received 6.40 days and 38.38 hours of training in 2000.

Number of personnel increases

İş Investment increased its staff to 154 in 2000, adding 24 new members.

The number of staff at İş Investment increased from 130 to 154 by the end of 2000. Of this total, 119 staff members work at the Head Office; the balance are employed at the branches.

In today's fast changing, competitive business environment, bottom-line success is determined by human resource policies that are implemented in a fair and consistent manner. İş Investment prides itself on the quality of its human resources. Employees holding a university degree make up 85% of the total staff and

75% are fluent in at least one foreign language.

Approximately one quarter of the staff has gained experience in the Capital Markets Department of İşbank. New recruits are chosen from among recent graduates or capital market experts; the average age of the staff, including managerial levels, is below 30.

Number of Staff

	2000	1999
Number of Staff	154	130
Head Offices	119	103
Branches	35	27

Educational Level of the Staff

	Percentage in total		Percentage in total	
	2000	1999	2000	1999
PhD and MBA Degrees	19	11	12.3	8.5
Bachelor Degrees	112	92	72.7	70.7
Two-year College Degrees	4	4	2.6	3.0
High School Education	17	20	11	15.4
Primary School Education	2	3	1.2	2.3
Fluency in at least one foreign language	104	82	67.5	63.0
Fluency in two foreign languages	11	7	7.1	5.4



The face of new Istanbul as seen from İş Investment's offices

Recalling the Past - the History of the ISE

The Ottoman Empire first started the practice of borrowing to finance the expenses incurred during the Crimean War in 1854. The presence of both external and domestic borrowing facilitated and accelerated the establishment of a securities market in Istanbul. With the issuance of debt securities the market developed by itself; non-muslim bankers operating in the Galata district for many centuries started trading these instruments. The need for an organized exchange emerged at this time and so in 1864 the Galata bankers formed an association that laid the foundations of the modern Istanbul Stock Exchange.

With support from creditor countries, Turkey's first official securities exchange was established in 1866 under the name Dersaadet Tahvilat Borsası – Capital City Bond Exchange. Following a ruling in 1906, the name was changed to Stock and Bond Exchange until the beginning of the new Turkish Republic.

In 1922, with the establishment of new regulations, the rules that today make up the system at the Exchange were first put into effect. In 1929, following a new set of regulations, it became known as the Istanbul Stock Exchange. In 1938, the Exchange was relocated to Ankara but it was not long afterwards that the disadvantages became evident. In 1941, the Exchange was moved back to Istanbul.

With the enactment of the Capital Market Law Number 2499 in July 1981, capital

markets in Turkey were re-organized and the Exchange was given new framework and essence. These were detailed in the Decree on the Establishment and Working Principles of Stock Exchanges published in the Official Gazette dated October 6, 1984. Consequently, the Directives of the Istanbul Stock Exchange were published on December 12, 1985 and the Istanbul Stock Exchange resumed activities following an inauguration ceremony on December 26, 1985 in Cağaloğlu, Istanbul. İşbank's Securities Department was assigned the task of "market maker" until the Exchange officially started activities. The first stock trading took place on January 3, 1986; initially 36 member companies were authorized to transact on the Exchange that then had a total of 41 listed companies.

The initiation of on-the-floor trading activities, after more than fifty years of an unregulated market, meant that the first few months were a learning period for all involved. Two trading sessions were held in those initial days; the first a single price session based on bids placed in a wooden box outside the trading room before the session started and the second, a continuous action session based on resulting unfulfilled orders. This system



Last Column
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was in use until November 1988, when it was replaced by the "Multiple Price Continuous Auction System" through which orders were transferred to transaction boards.

Before the introduction of computers, white boards were used on which quotations were hand written. In 1993, transactions in the Exchange were computerized. Initially, a total of 50 stocks, which had



low trading volumes, were included in the computerized system serving 176 trading posts in the main hall of the Exchange. By November 1994, all stocks had been included in the computerized system and white boards became obsolete. Thus the "Multiple Price Continuous Action System" that was utilized with boards between November 1988 and November 1994 was completely transferred to a computerized trading environment.

With further improvements, on July 14, 1994 the number of trading sessions was increased to two - eventually increasing total trading hours to four per day. On the same date, the

settlement period was announced as T+2 days. With the start of computerization, many problems and obstacles that had hindered the development of the Exchange were eliminated particularly the physical limitation of operational space which had been an important issue. Additionally, security, transparency and speed of trading activities were provided and fast reporting, data dissemination, market supervision and integration with world markets were facilitated in a modern trading environment.

It had been a long but rather fruitful learning period for all capital market participants. With further enhancements, capital markets in Turkey today have reached, even surpassed in some instances, the level of sophistication in more developed countries.

With extensive demand coming from İşbank, orders to the Exchange have been delivered on diskette since May 2000. Today, we have reached a market volume where the number of orders processed reaches 100,000 at times with approximately 1,000 terminals and nearly 200 stock exchange member companies. Our perspective into the future includes a technology-based approach in fixed income and equity trading, as well as marketing activities in international capital markets. We have a solid place in the rapidly developing Turkish capital markets with 25 brokers and an average number of 10,000 orders per day.



Investment banking...



...thousands of profitable alternatives.

A Distinguished Investment Banking Record, The Dynamism for Today, The Vision for Tomorrow...



İş Investment draws on the proud 76 year history and indisputable financial strength of İş Bank, Turkey's banking leader... And the knowledge, experience and dynamism of İş Investment make it a driving force in Turkish investment banking...

Not surprisingly, İş Investment commands 30% market share in the mutual funds Markets. The 1998 public offering of İş Bank, which İş Investment was lead manager, remains the largest public offering ever undertaken in Turkey. The two public offerings İş Investment led in 1999 had a total value of US\$ 57 million.

In just the first quarter of 2000, İş Investment handled three public offerings with a combined sales value of US\$ 99.3 million.



Offering investors wide range of high-yield investments, İş Investment products and services span the full spectrum of capital markets operations from corporate finance and investment advisory services to asset management and international investments.

İş Investment provides a sound investment corridor linking Turkey with the world. Make your very first investment decision in Turkey a winning one.

Increase your earnings potential by selecting İş Investment as your investment partner and take advantage of its experience, vision and diversified products and services.



İŞ INVESTMENT 

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International Capital Markets

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999
TOGETHER WITH AUDITORS' REPORT

Translated into English from the
Original Turkish Report

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& Touche**

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000**

We have examined the attached balance sheet of İş Yatırım Menkul Değerler A.Ş. "the Company" as of 31 December 2000 and the related statement of income for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the attached financial statements present fairly the financial position of the Company as at 31 December 2000 and the results of its operations for the year then ended, in conformity with legislation and generally accepted accounting principles (see Balance Sheet Note 11) as published by the Turkish Capital Market Board, applied on a consistent basis.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.

Member Firm of **DELOITTE TOUCHE TOHMATSU**

A.J. Wilson

Anthony J. WILSON
Partner

İstanbul, 19 February 2001

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

**Deloitte
Touche
Tohmatsu**

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
DETAILED BALANCE SHEET AS AT 31 DECEMBER 2000 (TL MILLION)

	31.12.2000	31.12.1999
ASSETS		
I- CURRENT ASSETS	48,124,311	13,673,967
A- Liquid Assets	1,789,031	4,363,519
1- Cash	8	163
2- Banks	1,789,023	4,363,356
3- Other Liquid Assets		
B- Marketable Securities	15,648,492	8,657,430
1- Share Certificates		378,942
2- Private Sector Bonds		
3- Government Sector Bonds	5,469,542	7,100,412
4- Other Marketable Securities	10,178,950	1,200,319
5- Provision for Diminution in Value of Securities Portfolio (-)		(22,243)
C- Short-Term Trade Receivables	26,528,294	215,505
1- Trade Receivables	6,416,279	215,505
2- Notes Receivable		
3- Deposits and Guarantees Given	15	
4- Other Short-Term Trade Receivables	20,112,000	
5- Discount on Receivables (-)		
6- Provision for Doubtful Receivables (-)		
D- Other Short-Term Receivables	1,183,490	54,680
1- From Shareholders		
2- From Affiliates		
3- From Subsidiaries		
4- Other Short-Term Receivables	1,183,490	54,680
5- Discount on Receivables (-)		
6- Provision for Doubtful Receivable (-)		
E- Inventories	0	0
F- Other Current Assets	2,975,004	382,833
II- LONG TERM ASSETS	1,628,967	122,831
A- Long-Term Trade Receivables	0	0
B- Other Long-Term Receivables	33,171	0
C- Long-Term Financial Assets	1,204,500	3,200
1- Long-Term Marketable Securities		
2- Provisions for Diminution in Value of Long-Term Marketable Securities (-)		
3- Affiliates	1,200,000	
4- Capital Commitments for Affiliates (-)		
5- Provision for Diminution in Value of Affiliates (-)		
6- Subsidiaries		
7- Capital Commitments for Subsidiaries (-)		
8- Provision for Diminution in Value of Subsidiaries (-)		
9- Other Long-Term Financial Assets	4,500	3,200
D- Tangible Fixed Assets	194,817	31,071
1- Land		
2- Land Improvements		
3- Buildings		
4- Machinery and Equipment	202,046	34,200
5- Motor Vehicles	49,349	10,712
6- Furniture and Fixtures	21,485	1,884
7- Other Tangible Fixed Assets		
8- Accumulated Depreciation (-)	(78,063)	(15,725)
9- Construction in Progress		
10- Order Advances Given		
E- Intangible Fixed Assets (Net)	196,479	88,560
F- Other Long-Term Assets	0	0
TOTAL ASSETS	49,753,278	13,796,798

	31.12.2000	31.12.1999
LIABILITIES & SHAREHOLDERS' EQUITY		
I- SHORT-TERM LIABILITIES	31,024,386	5,983,624
A- Bank Loans	450,000	0
1- Bank Loans	450,000	
2- Current Instalments and Interest of Long-Term Loans		
3- Bond Principal and Interest		
4- Bonds and Bills Issued		
5- Other Financial Liabilities		
B- Trade Payables	24,423,707	3,279,000
1- Suppliers		
2- Notes Payable		
3- Deposits & Guarantees Received		
4- Other Trade Payables	24,423,707	3,279,000
5- Discount on Payables (-)		
C- Other Short-Term Liabilities	563,924	228,794
1- Payable To Shareholders		
2- Payable To Affiliates		
3- Payable To Subsidiaries		
4- Accrued Expenses		
5- Taxes and Other Deductions Payable	488,240	227,099
6- Deferred Payables to Government		
7- Other Short-Term Liabilities	75,684	1,695
8- Discount of Payables (-)		
D- Order Advances Received	0	0
E- Provisions	5,586,755	2,475,830
1- Tax Provisions	5,586,755	2,475,830
2- Other Payable and Expense Provisions		
II- LONG-TERM LIABILITIES	166,898	58,853
A- Bank Loans	0	0
B- Trade Payables	0	0
C- Other Long-Term Payables	0	0
D- Order Advances Received	0	0
E- Provisions	166,898	58,853
1- Retirement Pay Provision	166,898	58,853
2- Other Payable and Expense Provisions		
III- SHAREHOLDERS' EQUITY	18,561,994	7,754,321
A- Capital	7,000,000	2,500,000
B- Capital Commitments (-)	0	0
C- Share Premium	0	0
D- Revaluation Reserve	26,297	8,914
E- Reserves	745,408	415,928
1- Legal Reserves	499,154	133,889
2- Statutory Reserves		
3- Special Reserves		
4- Extraordinary Reserves	246,254	282,039
5- Cost Increase Fund		
6- Fixed Assets and Participation		
Sales Income to be Incorporated as Capital		
7- Prior Year Income		
F- Net Income For the Period	10,790,289	4,829,479
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	49,753,278	13,796,798

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
DETAILED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2000 (TL MILLION)

	31.12.2000	31.12.1999
A- GROSS SALES	6,890,296,962	1,736,432,176
1- Sales of Share Certificates	2,067,704,430	446,406,941
2- Sales of Private Sector Bonds		
3- Sales of Commercial Papers		
4- Sales of Other Private Sector Bonds		
5- Sales of Government Bonds	3,362,129,934	636,510,957
6- Sales of Treasury Bills	1,438,230,602	649,869,891
7- Sales of Other Public Sector Bonds		
8- Sales of Other Marketable Securities	6,107,614	620,692
9- Brokerage Commission Income	7,923,032	1,855,962
10- Other Services Given	8,201,350	1,167,733
B- SALES DEDUCTIONS (-)	0	0
C- NET SALES	6,890,296,962	1,736,432,176
D- COST OF SALES (-)	(6,870,035,180)	(1,728,638,954)
GROSS PROFIT	20,261,782	7,793,222
E- OPERATING EXPENSES (-)	(11,745,928)	(4,470,547)
1- Research & Development Expenses (-)		
2- Marketing, Selling & Distribution Expenses (-)	(4,394,302)	(263,475)
3- General Administrative Expenses (-)	(7,351,626)	(4,207,072)
TRADING PROFIT	8,515,854	3,322,675
F- INCOME & PROFIT FROM OTHER OPERATIONS	9,255,858	4,929,855
1- Dividend Income From Affiliates	1,568	776
2- Dividend Income From Subsidiaries		
3- Interest and Other Dividend Income	6,858,341	3,162,699
4- Other Operating Income	2,395,949	1,766,380
G- OTHER OPERATING EXPENSES AND LOSSES (-)	(1,479,490)	(285,259)
H- FINANCIAL EXPENSES (-)	(195,152)	(766,966)
1- Short-Term Financial Expenses	(195,152)	(766,966)
2- Long-Term Financial Expenses		
OPERATING PROFIT	16,097,070	7,200,305
I- EXTRAORDINARY INCOME AND PROFITS	279,974	105,004
1- Provisions Written off		
2- Previous Period Income and Profit	279,974	105,004
3- Other Extraordinary Income and Profit		
J- EXTRAORDINARY EXPENSES AND LOSSES (-)	0	(375,637)
1- Idle Capacity Expenses and Losses		
2- Previous Period Expenses and Losses		(375,637)
3- Other Extraordinary Expenses and Losses		
INCOME FOR THE PERIOD	16,377,044	6,929,672
K- TAXES PAYABLE AND OTHER STATUTORY OBLIGATIONS (-)	(5,586,755)	(2,100,193)
NET INCOME FOR THE PERIOD	10,790,289	4,829,479

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2000 (TL MILLION)

	31.12.2000	31.12.1999
A- CASH AT THE BEGINNING OF THE PERIOD	4,363,519	1,150
B- CASH INFLOW FOR THE PERIOD	6,873,176,325	1,743,814,804
1- Cash Inflows From Sales	6,863,984,173	1,738,588,101
a) Net Sales Income	6,890,296,962	1,736,432,176
b) Decrease in Trade Receivables (Resulting from Sales)	(26,312,789)	2,155,925
c) Increase in Trade Receivables (Resulting from Sales)		0
2- Cash Inflows from Income and Profit from Other Operations	9,255,858	4,929,855
3- Cash Inflows from Extraordinary Income and Profits	279,974	105,004
4- Increase in Short-Term Liabilities (Non-Trade)	450,000	0
a) Marketable Security Issues		0
b) Other Increases	450,000	0
5- Increase in Long-Term Liabilities (Non-Trade)		0
6- Capital Increase in Cash		0
7- Other Cash Inflows	(793,680)	191,844
C- CASH OUTFLOW FOR THE PERIOD	6,875,750,813	1,739,452,435
1- Cash Outflow Resulting from Costs	6,848,890,473	1,727,631,344
a) Cost of Sales	6,870,035,180	1,728,638,954
b) Increase in Inventories		0
c) Decrease in Payables (Trade)		0
d) Increase in Payables (Trade)	(21,144,707)	(998,278)
e) Expenses not Requiring Cash Outflow Such as Depreciation and Provisions (-)		(9,332)
f) Decrease in Inventories		0
2- Cash Outflow Related to Operating Expenses	11,562,565	4,429,909
a) Research and Development Expenses		0
b) Marketing, Sales and Distribution Expenses	4,394,302	263,475
c) General Administrative Expenses	7,351,626	4,207,072
d) Expenses not Requiring Cash Outflow (-)	(183,363)	(40,638)
3- Cash Outflow from Other Operating Expenses and Losses	1,479,490	285,259
a) Expenses and Losses on Other Operations	1,479,490	285,259
b) Expenses and Losses not Requiring Cash Outflow (-)		0
4- Cash Outflow from Financial Expenses	195,152	766,966
5- Cash Outflow from Extraordinary Expenses and Losses		0
6- Cash Outflow from Investments in Long-Term Assets	418,159	24,897
7- Principal Payment of Short-Term Debts		0
8- Principal Payment of Long-Term Debts		0
9- Taxes Paid	2,100,193	301,349
10- Dividends Paid		0
11- Other Cash Outflows	11,104,781	6,012,711
D- CASH AT THE END OF THE PERIOD	1,789,031	4,363,519
E- CASH INCREASE OR (DECREASE)	(2,574,488)	4,362,369

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
STATEMENT OF COST OF GOODS SOLD FOR THE YEAR ENDED 31 DECEMBER 2000 (TL MILLION)

	31.12.2000	31.12.1999
A- Shares; Cost of Sales	2,066,670,775	444,687,591
1- Opening Balance (+)	378,942	
2- Purchases (+)	2,066,291,833	445,066,533
3- Closing Balance (-)		(378,942)
B- Private Sector Bonds; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
C- Commercial Papers; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
D- Other Private Sector Bonds; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
E- Government Bonds; Cost of Sales	3,360,248,694	634,184,088
1- Opening Balance (+)	7,100,412	2,578,271
2- Purchases (+)	3,358,106,119	638,706,229
3- Closing Balance (-)	(4,957,837)	(7,100,412)
F- Treasury Bills; Cost of Sales	1,437,240,119	648,367,275
1- Opening Balance (+)	0	127,312
2- Purchases (+)	1,437,240,119	648,239,963
3- Closing Balance (-)	0	0
G- Other Public Sector Bonds and Bills; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
H- Other Marketable Securities; Cost of Sales	5,875,592	1,400,000
1- Opening Balance (+)	1,200,319	0
2- Purchases (+)	14,775,691	2,600,319
3- Closing Balance (-)	(10,100,418)	(1,200,319)
I- Cost of Securities Sold	6,870,035,180	1,728,638,954
J- Cost of Services Sold	0	0
Cost of Sales (I+J)	6,870,035,180	1,728,638,954

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2000

1. ACTIVITIES OF THE COMPANY

İş Yatırım Menkul Değerler A.Ş. ("the Company") was registered with the İstanbul Trade Registry on 18 December 1996 and its foundation was published in the Turkish Trade Registry Gazette number 4193 on 23 December 1996. The Company deals with capital market activities in accordance with its Articles of Association and Capital Market Law number 2499 as modified by Law number 3794. In this respect, the Company obtained the establishment permission through the Capital Market Board at its meeting number 51-1515 dated 5 December 1996.

2. SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR MORE

Name	Share Group	31 December 2000		31 December 1999	
		Share Percentage %	Amount TL Million	Share Percentage %	Amount TL Million
Türkiye İş Bankası A.Ş.	Group A	2	150,000	6	150,000
Türkiye İş Bankası A.Ş.	Group B	90	6,290,000	86	2,150,000
Other		8	560,000	8	200,000
		100	7,000,000	100	2,500,000

3. SPECIAL RIGHTS GRANTED TO ISSUED SHARES

The capital of the Company is TL 7,000,000,000,000 (Seven trillion Turkish Lira). The capital consists of 7,000,000,000 (Seven billion) shares of TL 1,000 (One thousand Turkish Lira) each. All the stocks are issued to name. TL 150,000 Million of the shares is Group A and TL 6,850,000 Million is Group B. According to the Articles of Association, additional Group A shares cannot be issued in new capital increases.

4. REGISTERED CAPITAL LIMIT

The Company is not subject to the registered capital limit system.

5. CAPITAL INCREASES DURING THE YEAR

The capital of the Company was fully paid in cash by the shareholders as at the balance sheet date. TL 4,500,000 Million increase in capital in 2000 has been incorporated from extraordinary reserves.

6. SECURITIES OTHER THAN SHARES ISSUED DURING THE YEAR

None (1999: None).

7. DEBT SECURITIES MATURED DURING THE YEAR

None (1999: None).

8. MOVEMENTS OF TANGIBLE FIXED ASSETS DURING THE YEAR

a) Cost of acquired, built or purchased fixed assets is TL 418,159 Million (1999: TL 24,898 Million). In addition, total assets acquired through financial leasing amounted to TL 758,690 Million (1999: TL 125,619 Million) and TL 525,683 Million (1999: TL 27,462 Million) of this amount is written as expense in the current period.

b) Cost of fixed assets scrapped or sold: None (1999: None).

c) Revaluation in the current period:

	2000 TL Million	1999 TL Million
Cost of Assets (+)	26,205	7,503
Accumulated Depreciation (-)	(8,825)	(2,190)
	17,380	5,313

d) Construction in progress: None (1999: None).

9. CURRENT AND FUTURE INVESTMENT ALLOWANCES WHICH ARE DEDUCTIBLE FROM TAX BASE

There is no investment allowance applicable to the current or following periods as at the balance sheet date.

10. BALANCES WITH SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

As of the balance sheet date, the Company has TL 2,050 Million demand deposit with its shareholder, Türkiye İş Bankası A.Ş. (1999: TL 1,045 Million).

The Company did not have any receivable - payable balances with shareholders in the current period other than the above deposit (1999: None).

11. ACCOUNTING PRINCIPLES AND VALUATION METHODS

Accounting Principles

The Capital Market Board has published Decree No. XI/1 and other Decrees which amend or add to Decree No. XI/1. These Decrees define the principles and rules related to the preparation and presentation of financial statements and reports (hereinafter referred to as "generally accepted accounting principles issued by the Capital Market Board") to be prepared by those companies subject to Capital Market Law.

a) Marketable Securities

Government bonds and treasury bills traded on stock exchanges are valued at the weighted average market prices as at the balance sheet date; government bonds and treasury bills traded on stock exchanges but not traded as at the balance sheet date are valued at the weighted average market prices of the last transaction date. For government bonds and treasury bills which are not traded on a stock exchange valuation is made based on the prices announced by the Turkish Central Bank. The accrued income is included in marketable securities in the balance sheet and other operating income in the statement of income.

Government bonds and treasury bills acquired under reverse repo transactions are valued on a straight line basis by using the cost at the purchase date and the number of days to maturity.

Equity shares traded on stock exchanges are valued at the average of the weighted average unit prices for the 5 days prior to the balance sheet date. The shares acquired in the last 5 days prior to the balance sheet date are valued at the lower of cost or weighted average price on the balance sheet date.

In the previous period financial statements, Government bonds and treasury bills were valued by applying the effective interest rate, which is determined by using the cost at the purchase date and the number of days to maturity. For the related government sector bonds, income was accrued for the period from acquisition date of securities to the balance sheet date. If the current period valuation method had used for the previous period, marketable securities previous year profit would have been TL 97,708 Million higher.

Investment fund certificates included in other marketable securities in the balance sheet are valued at the related fund's announced purchase price on the balance sheet date.

b) Tangible Fixed Assets

The Company revalues machinery, plant and equipment, vehicles, furniture and fixtures in accordance with revaluation coefficients announced by the Ministry of Finance every year. Revaluation reserve is incorporated into shareholders' equity.

The Company depreciates its tangible fixed assets in accordance with the taxation legislation on a straight-line method using the depreciation rates below:

	2000	1999
	%	%
Machinery & Equipment	20	20
Vehicles	20	20
Fixture & Furniture	20	20
Leasehold Improvements	10	-

c) Trade Receivables

Trade receivables are shown at their recorded values in the accounts and result from Company's marketable security trading and investments on behalf of its clients. These balances are not discounted on the basis that they are very short-term and arising from the settlement system.

d) Income and Expenses

The accrual basis of accounting is applied for the recognition of revenues and expenses. Accordingly, income is recognized on the date of realization of services.

e) Retirement Pay Provision

The retirement pay provision for personnel present at 31 December 2000 who have accrued entitlement as at that date is calculated and recorded in the financial statements. The retirement pay provision is recorded into the general administration expenses.

f) Financial Leasing

The cost of assets acquired through financial leasing is written as expense as the rent invoices are received according to the payment schedule.

g) Tax

The Company is subject to Corporate Tax and Income Withholding Tax.

Turkish corporation tax is applied at the rate of 30% on taxable corporate income. A tax surcharge is additionally applied at the rate of 10% on the corporation tax amount. Taxable income is determined by adding non-deductible expenses and deducting non-taxable income such as dividend income and investment incentives.

In addition to corporation tax, income withholding tax is charged on profits after corporation tax if dividends are distributed. Consequently, if profits are retained, companies' effective tax rate is 33% from 1999 onwards, and, if profits are distributed there are additional withholding taxes. The withholding rates are 5% for publicly traded and 15% for non-public companies. Corporate Tax is not payable if investment incentive is applicable on the corporate income and only withholding tax of 19.8% (including fund) is accrued (1999: 15%).

The Company allocates required provisions for the estimated tax liability and for certain timing differences causing deferred taxes based on the results for the current year.

12. SUBSEQUENT EVENTS

Subsequent to the balance sheet date the retirement pay provision limit has been increased to TL 646,560,000 (1999: TL 488,990,000).

13. CONTINGENCIES

Letters of guarantee amounting to TL 6,395,546 Million are given to the Capital Market Board and Istanbul Stock Exchange as a guarantee for underwriting operations and securities trading activities as of 31 December 2000 (1999: TL 3,834,096 Million). In addition, a letter of guarantee amounting to TL 300 Million is given to the Privatization Administration.

14. CHANGES IN ACCOUNTING ESTIMATES

None (1999: None).

15. MORTGAGES OR PLEDGES ON ASSETS

There are no mortgages or pledges on assets as at 31 December 2000, but there are securities are blocked as collateral to the following institutions.

	31 December 2000			31 December 1999		
	Nominal	Cost	Market Value	Nominal	Cost	Market Value
	TL Million	TL Million	TL Million	TL Million	TL Million	TL Million
Central Bank	1,000,000	862,397	810,933	-	-	-
Istanbul Stock Exchange	3,000,000	2,689,464	3,176,470	180,000	199,882	210,870
ISE Settlement and Custody Bank Inc.	975,000	625,483	702,272	-	-	-
	4,975,000	4,177,344	4,689,675	180,000	199,882	210,870

16. INSURANCE ON ASSETS

As of 31 December 2000, the insurance on assets is as follows:

2000	Book Value	Insurance Total	Coverage %
	TL Million	TL Million	
Machinery and Equipment	146,621	-	-
Vehicles	31,935	42,420	139
Properties	15,972	-	-
Leased Properties	758,690	758,690	100
1999	Book Value	Insurance Total	Coverage %
	TL Million	TL Million	
Machinery and Equipment	24,508	-	-
Vehicles	5,178	7,200	139
Properties	1,385	-	-
Leased Properties	125,619	79,069	63

17. GUARANTEES AND MORTGAGES RECEIVED

As of 31 December 2000 there are no mortgages received. The estimated fair value of the marketable securities received from customers as guarantee amounted to TL 659,054 Million (1999: TL 637,639 Million) with nominal value of TL 129,863 Million (1999: TL 54,907 Million).

18. CONTINGENT LIABILITIES

Contingent liabilities as of 31 December 2000 are as follows:

	2000 TL Million	1999 TL Million
Letters of Guarantee Given	6,395,846	3,834,096
Repo Commitments	17,218,467	586,980
Reverse Repo Commitments On Behalf of Customers	86,227,885	40,013,210
Total	109,639,868	44,434,286

19. BLOCKED DEPOSITS AT BANKS

None (1999: None).

20. MARKETABLE SECURITIES UNDER MARKET VALUE

The marketable securities in the Company's portfolio as of 31 December 2000 are as follows:

31 December 2000	Amount TL Million	Acquisition Cost TL Million	Market Value TL Million
Government Bonds	5,469,541	4,957,837	5,469,541
Mutual Funds	10,178,950	10,000,418	10,178,950
Total	15,648,491	14,958,255	15,648,491

31 December 1999	Amount TL Million	Acquisition Cost TL Million	Market Value TL Million
Government Bonds	7,100,412	6,579,380	7,198,120
Mutual Funds	1,200,319	1,200,319	1,200,319
Equity Shares	356,699	378,942	356,699
Total	8,657,430	8,158,641	8,755,138

In addition, foreign currency marketable securities in the portfolio total US\$ 100,000 (1999: US\$ 447,605) (1999: US\$ 447,605).

21. SECURITIES ISSUED BY SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

There are no securities issued by shareholders, affiliates or subsidiaries in the Company's portfolio as of 31 December 2000 (1999: None).

22. DETAILS OF ACCOUNTS UNDER "OTHER" CAPTION IN THE FINANCIAL STATEMENTS WHICH EXCEED 20% OF THE TOTAL OF THE RELATING GROUP OR EXCEED 5% OF TOTAL ASSETS

a) Other Marketable Securities	2000 TL Million	1999 TL Million
İş Bankası B Type Mutual Fund	10,178,950	1,200,319
b) Other Short-Term Trade Receivables	TL Million	TL Million
Receivable from Stock Exchange Money Market	20,112,000	-
c) Other Short-Term Receivables	TL Million	TL Million
Foreign Portfolio Management Income Accrual	599,072	-
Fund Consultancy Commission Income Accrual	168,307	-
Fund Management Commission Income Accrual	71,835	-
Advances Given	227,240	54,680
Due from personnel	117,036	-
	1,183,490	54,680
d) Other Current Assets	TL Million	TL Million
Advance Tax	2,557,316	380,061
Prepaid taxes and funds	417,688	2,772
	2,975,004	382,833

Tax of TL 2,557,316 Million represents advance taxes paid during 2000. TL 417,688 Million prepaid taxes and funds represent prepaid withholding taxes transferred to following period for offset against next year taxes.

e) Other long-term financial assets consist of TL 4,500 Million and 1% participation in TSKB Menkul Değerler Yatırım A.Ş. as of 31.12.2000.

- f) Other trade payables consist of payables to the ISE Settlement and Custody Bank Inc. for money market operations on the Company's behalf, and customer accounts as of 31.12.2000. The breakdown of the other trade payables is as follows

	2000 TL Million	1999 TL Million
Customers	18,286,874	4,525
Stock Exchange Money Market	-	3,274,475
Other	14,001	-
	18,300,875	3,279,000

- g) Other Services Given

	TL Million	TL Million
Consultancy Income	2,530,655	171,858
Mutual Fund Portfolio Management Income	537,669	447,372
Fund Management Income	766,926	142,754
Corporate Finance Income	3,211,444	377,178
Fund Commission Income Accruals	799,251	-
Other	355,405	28,571
	8,201,350	1,167,733

- h) Other Operating Income

	TL Million	TL Million
Foreign Currency Marketable Securities Trading Income	1,940,507	443,141
Income Accruals on Marketable Securities and Deposits	380,017	1,123,296
Other	75,425	199,943
	2,395,949	1,766,380

- i) Other Operating Expenses and Losses

	TL Million	TL Million
Losses on Sale of Foreign Currency Marketable Securities	1,062,078	94,144
Commissions Given to Agencies	238,982	145,701
Other	178,430	45,414
	1,479,490	285,259

23. RECEIVABLE FROM AND PAYABLE TO PERSONNEL INCLUDED IN OTHER RECEIVABLES AND OTHER SHORT OR LONG-TERM PAYABLES WHICH EXCEED 1% OF TOTAL ASSETS

None (1999: None).

24. DOUBTFUL RECEIVABLES RELATING TO SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

There is no doubtful receivable relating to shareholders, affiliates or subsidiaries as of 31 December 2000 (1999: None).

25. DOUBTFUL RECEIVABLES

None (1999: None).

26. EQUITY INVESTMENTS

2000 Equity Investments	Amount	%	31.12.2000		Financial Statement Preparation Standart	Opinion of Auditors
			Income Before Tax	31.12.2000 Net Income		
İş Risk Sermayesi						
Yatırım Ortaklığı A.Ş.	1,000,000	5	2,235,207	1,497,588	*	*
İş Portföy Yönetimi A.Ş.	200,000	20	213,063	142,752	CMB	Unqualified
TSKB Menkul Değerler						
Yatırım A.Ş.	4,500	1	479,948	327,162	*	*
Total Equity Investments	1,204,500					

İş Portföy Yönetimi A.Ş. has been audited in accordance with Capital Market Board standards and issued with an unqualified opinion. Information about other equity participations is based on unaudited financial statements prepared in accordance with Capital Market Board standards.

27. FREE SHARES ISSUED BY AFFILIATES AND SUBSIDIARIES

In the current year, TL 1,300 Million amount of free shares were received from TSKB Menkul Değerler Yatırım A.Ş. (1999: None).

28. NON CASH RIGHTS ON PROPERTIES

There are no non-cash rights on properties as of 31 December 2000 (1999: None).

29. REVALUATION SURPLUS ON TANGIBLE FIXED ASSETS

Tangible Fixed Assets	Revaluation Surplus (TL Million)		
	1998	1999	2000
Machinery, Plant and Equipment	825	2,718	13,364
Vehicles	2,722	2,508	2,900
Furniture & Fixtures	54	87	838
	3,601	5,313	17,102

30. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

There are no assets or liabilities denominated in foreign currencies as of 31 December 2000 (1999: None).

31. GUARANTEES GIVEN ON BEHALF OF SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

There are no guarantees given as of 31 December 2000 (1999: None).

32. PERSONNEL STRUCTURE

The number of personnel as at 31 December 2000 is 154 and details are given below:

	2000 Number	1999 Number
Executives	23	11
Managers	15	13
Specialists	66	63
Brokers	25	4
Administrative & other	25	39
Total	154	130

33. OTHER SIGNIFICANT MATTERS AFFECTING THE FINANCIAL STATEMENTS

The table below represents a summary of underwriting transactions realized during the current year.

2000	Amount of Sales Realized by the Company		Total Issue	
	TL Million	Lot	TL Million	Lot
Anadolu Hayat Sigorta A.Ş.	20,970,838	1,114,263	39,000,000	1,290,000
Sinai Yatırım Bankası A.Ş.	5,654,890	1,824,158	13,950,000	4,500,000
Soda Sanayi A.Ş.	12,102,588	1,680,915	22,759,200	3,161,000
İş Genel Finansal Kiralama A.Ş.	21,706,770	1,447,118	8,750,000	2,500,000
Alkim Alkali Kimya A.Ş.	5,413,766	751,912	9,288,000	1,290,000
Ayen Enerji A.Ş.	11,125,056	231,772	110,040,000	2,300,000
Karsan Otomotiv San. Tic. A.Ş.	1,311,093	28,502	11,040,000	240,000
AK Enerji Elekt. A.Ş.	2,187,835	67,318	21,612,500	665,000
Türk Ekonomi Bankası A.Ş.	2,288,000	272,381	41,160,000	4,900,000
Nuh Çimento Sanayi A.Ş.	1,280,730	85,382	12,519,750	834,650
Alkim Kağıt San ve Tic A.Ş.	4,993,104	1,490,539	9,380,000	2,800,000
Sanko Paz. İth. İhr. A.Ş.	17,613,408	1,000,838	46,000,000	2,875,000

1999	Amount of Sales Realized by the Company		Total Issue	
	TL Million	Lot	TL Million	Lot
Yatırım Finansman Yatırım Ortaklığı A.Ş.	11,716	7,559	189,875	122,500
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	16,815,561	12,011,115	29,400,000	21,000,000

As of the balance sheet date, marketable securities under the Company's custody (physically held at an independent third party) on behalf of customers are as follows:

	2000 Nominal TL Million	1999 Nominal TL Million
Shares	10,709,174	3,512,030
Government Bonds	242,235,267	66,577,011
Treasury Bills	1,376,000	8,193,350

In addition, there are 1,300,000 (1999: 684,945) investment fund participation certificates under the Company's custody.

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
NOTES TO THE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

1. The depreciation expenses and the amortization charges for the period are TL 75,318 Million.

	2000 TL Million	1999 TL Million
a. Depreciation expenses		
aa. Normal Depreciation Expenses	60,718	9,332
ab. Depreciation Expenses Resulting from Revaluation	14,600	2,189
b. Amortization Charges	-	-

2. There is no discounting expense, but the retirement pay provision charge amounts to TL 108,045 Million (1999: TL 40,638 Million) for the current period.

3. The financial expenses for the period are TL 195,152 Million (1999: TL 766,966 Million).

	2000 TL Million	1999 TL Million
a. Included in Cost of Sales	-	-
b. Capitalized on Fixed Assets	-	-
c. Directly Recorded as Expense	195,152	766,966

4. Financial expenses related to affiliates, subsidiaries and equity participations for the current period:

There are no financial expenses related to affiliates, subsidiaries or equity participations for the current period (1999: None).

5. Sales and purchases from shareholders, affiliates and subsidiaries are as follows:

2000		Purchases	Sales
Company	Transaction	TL Million	TL Million
Türkiye İş Bankası A.Ş.	Repo	4,331,132	4,322,131
Türkiye İş Bankası A.Ş.	Reverse Repo	89,144,000	90,230,280
Türkiye İş Bankası A.Ş.	Sale of Debt Securities	926,054	-
Türkiye İş Bankası A.Ş.	Purchase of shares	1,432,393,763	1,013,634,572
İş Factoring Finansman Hizmetleri A.Ş.	Repo	27,908,661	28,001,498
İş Factoring Finansman Hizmetleri A.Ş.	Reverse Repo	86,765,312	87,164,533
İş Genel Finansal Kiralama A.Ş.	Purchase/Sale of Debt Securities	71,035	74,984
İş Genel Finansal Kiralama A.Ş.	Reverse Repo	1,688	1,691

1999			
Company	Transaction	Purchases TL Million	Sales TL Million
Türkiye İş Bankası A.Ş.	Repo	2,311,900	2,319,154
Türkiye İş Bankası A.Ş.	Reverse Repo	5,810,150	5,824,124
Türkiye İş Bankası A.Ş.	Purchase of Shares	235,369,473	-
Türkiye İş Bankası A.Ş.	Sale of Shares	-	295,214,584
İş Factoring Finansman Hizmetleri A.Ş.	Reverse Repo	888	891
İş Factoring Finansman Hizmetleri A.Ş.	Purchase of Debt Securities	156,000	99,778
İş Genel Finansal Kiralama A.Ş.	Repo	31,096,843	31,199,887
İş Genel Finansal Kiralama A.Ş.	Reverse Repo	117,476,882	17,853,557

6. Rent, insurance premium and similar items paid to shareholders, affiliates and subsidiaries are as follows:

2000			
	Rent Paid TL Million	Insurance Premium Paid TL Million	
İş Genel Finansal Kiralama A.Ş.	525,863	-	
Total	525,863		

1999			
	Rent Paid TL Million	Insurance Premium Paid TL Million	
Anadolu Anonim Türk Sigorta Şti.	-	2,982	
İş Genel Finansal Kiralama A.Ş.	27,462	-	
Total	27,462	2,982	

The Company traces transactions of the customers of Türkiye İş Bankası A.Ş. ("İşbank") in the name of İşbank account. Commission income from this account is TL 2,559,910 Million (1999: TL 548,082 Million).

7. The total of salary and fringe benefits for executives is TL 518,550 Million in the current period (1999: TL 129,013 Million).

8. The amortization expense for the period did not increase or decrease due to changes in amortization calculation methods and alterations in these methods (1999: None).

9. The Company has no inventories as of 31 December 2000, hence, there is no inventory cost calculation system, but the company uses the weighted-average cost system to record marketable securities (1999: None).

10. No stock-take is performed, since the Company has no stocks as of 31 December 2000. The Company's marketable securities related with clients and its own assets are under custody (1999: None).

11. There is no service or by-product, or scrap sales exceeding 20% of sales (1999: None).

12. There are no subsidies relating to the 2000 sales of the Company (1999: None).

13. Previous period expenses totalling TL 279,974 Million in the income statement consist of prepaid withholding tax receivable on income accrual of marketable securities and advance taxes under accrual for the year 1999 (1999: Previous period income totalling TL 375,637 Million in the income statement consists of advance tax and withholding tax receivable on marketable security income accrual for 1998 and additional tax provision for 1998).

14. Profit and dividend per preferred and common stocks:

As of the date of this report, the Company's Board of Directors did not calculate profit per share and distribution figures for each class of share relating to 2000 operations, since these will be discussed and approved at the General Assembly, and hence did not prepare a profit distribution table. Therefore, a profit distribution table is not presented in the accompanying financial statements.

15. Changes in the Company's goods and services production quantities in the period:

None (1999: None).

16. Changes in the Company's goods and services sales quantities in the period:

None (1999: None).

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