



TÜRKİYE  BANKASI
Investor Presentation

2005 / Q3

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Isbank at a Glance

4

Financial Highlights

15

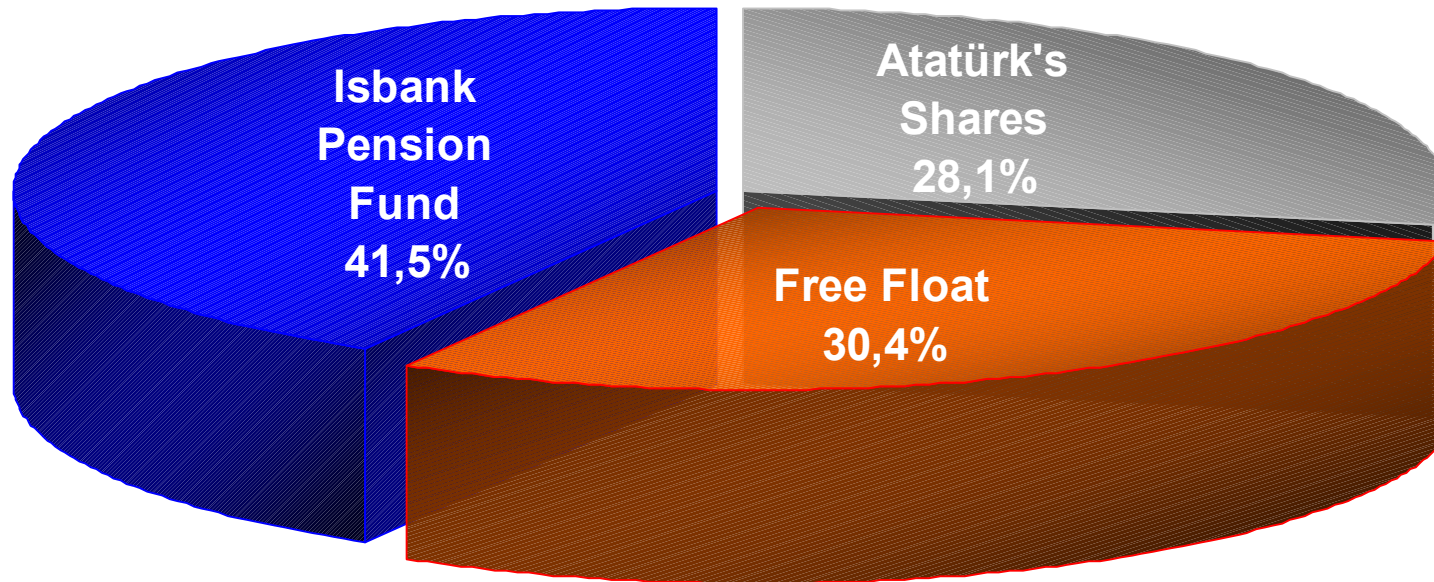
Retail Banking

44

Major Equity Participations

50

Shareholder structure



- ▶ Around 250,000 domestic and foreign shareholders
- ▶ Shareholding of employees via pension fund creates self-motivation
- ▶ Stocks are quoted at ISE and also traded at LSE in the form of GDR
- ▶ 67% of the free float held by foreign investors

Domestic presence

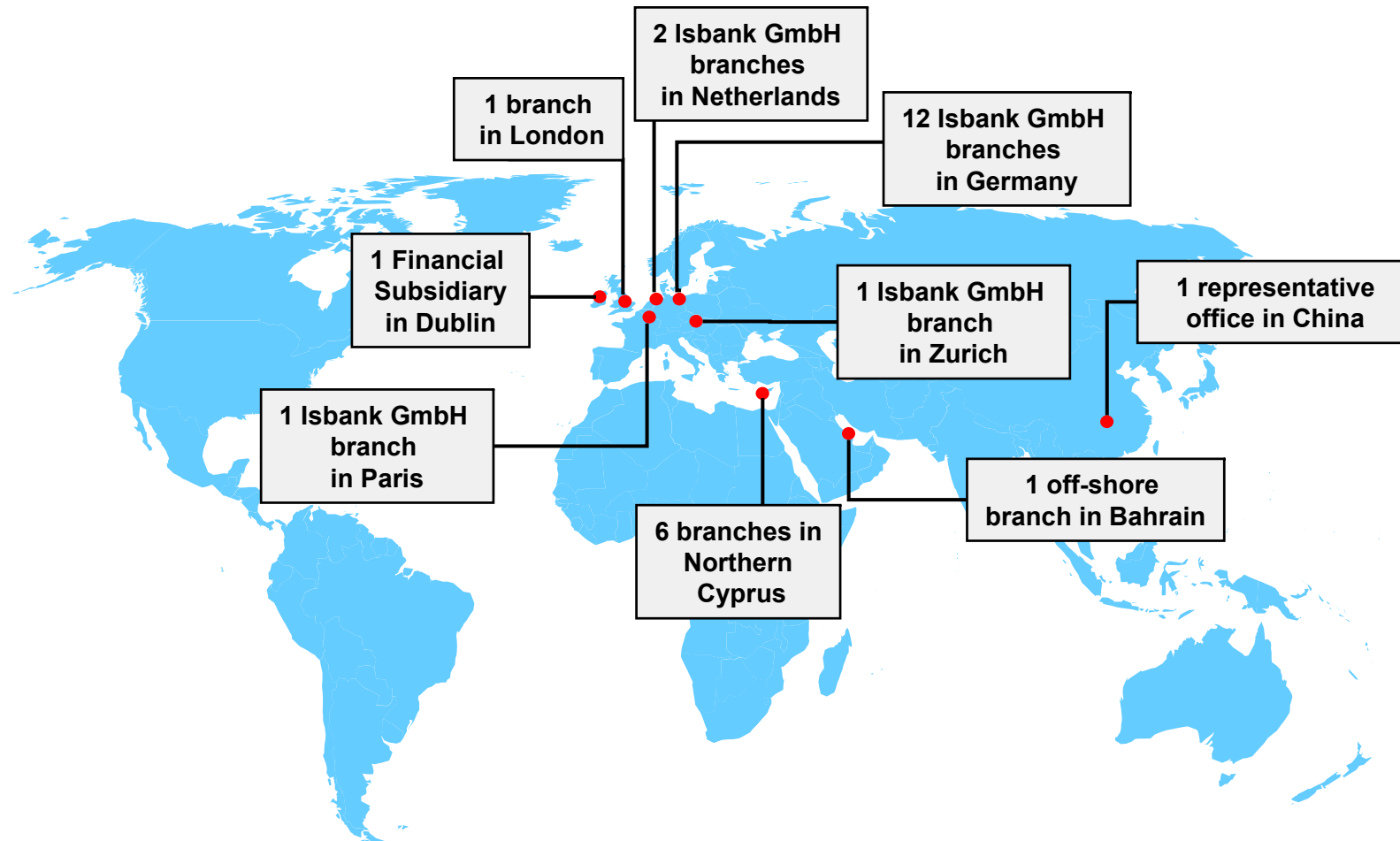
... Nationwide coverage.



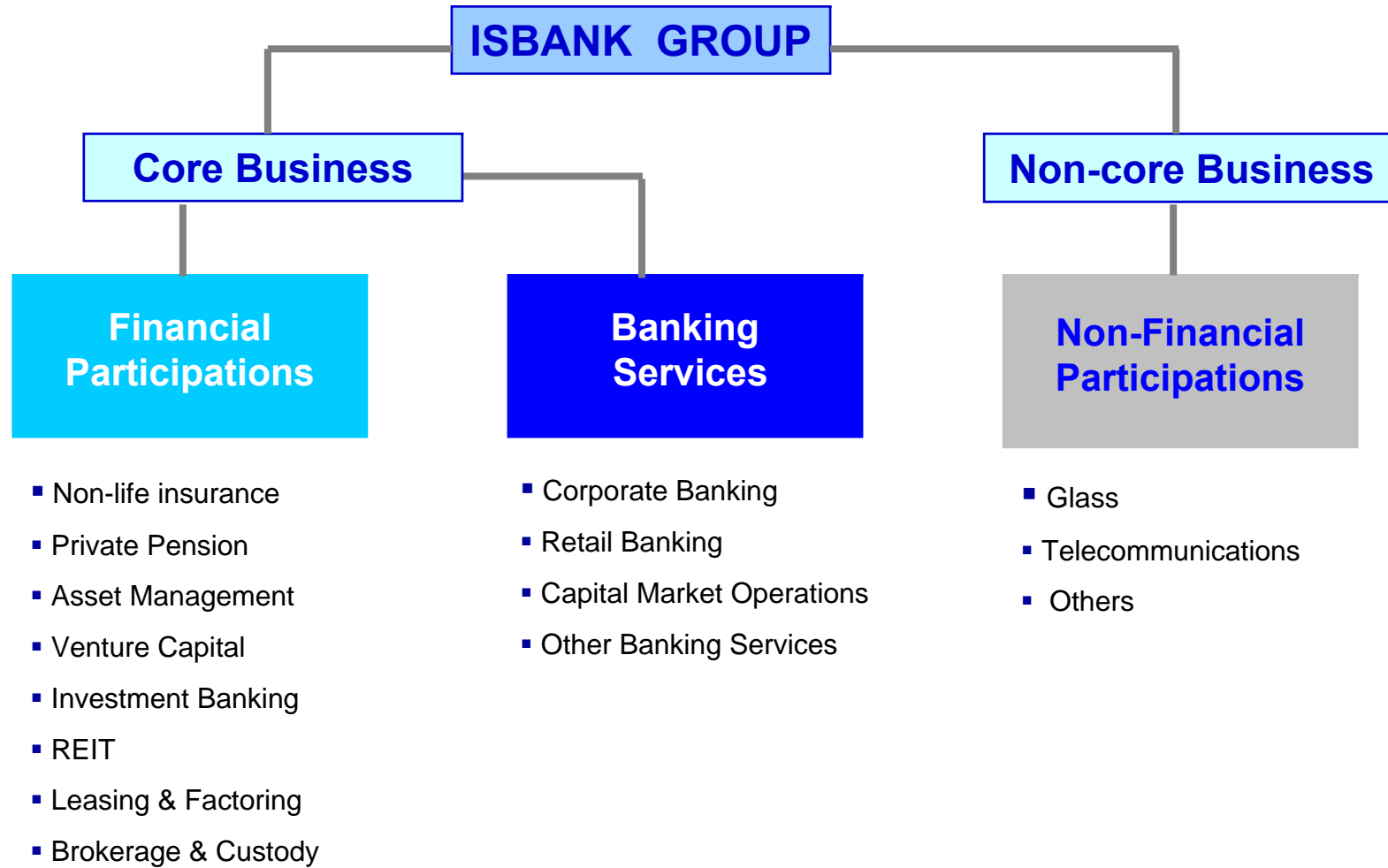
- ▶ 865 domestic branches (First among private banks)
- ▶ 2.598 ATMs (First in the sector)

International presence

... focusing on Turkish populated EU countries.



Main business lines of Isbank Group




Strengths of Isbank

Thanks to its

- ▶ strong franchise and nationwide reputation,
- ▶ established banking culture and expertise,
- ▶ widespread customer base,
- ▶ vast distribution network,
- ▶ wide range of product portfolio,
- ▶ largest and stable deposit base,
- ▶ financial supermarket status via complementary financial participations,

Isbank will

- 
- ✓ be the main beneficiary of the stabilized environment,
 - ✓ further benefit from consolidation process,
 - ✓ be positively affected from the economic recovery having a substantial exposure to real economy.

Main strategies going forward

Strong balance sheet growth supported by high level of CAR and fund generation capacity

Increasing customer focused and marketing oriented approach

Focus on retail based lending with high asset quality and better return

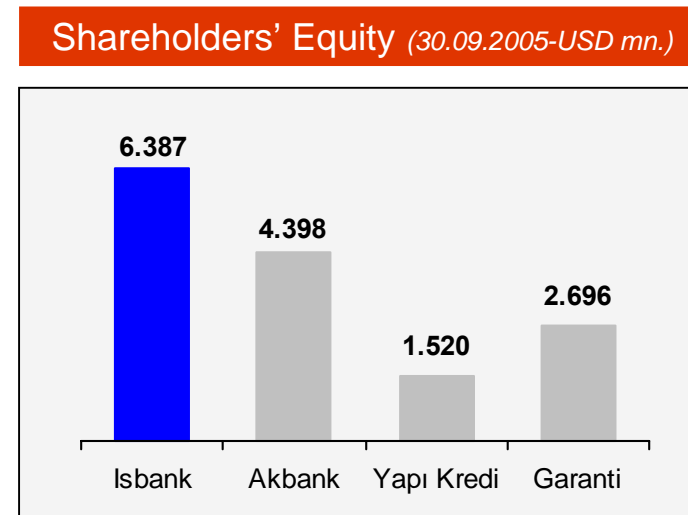
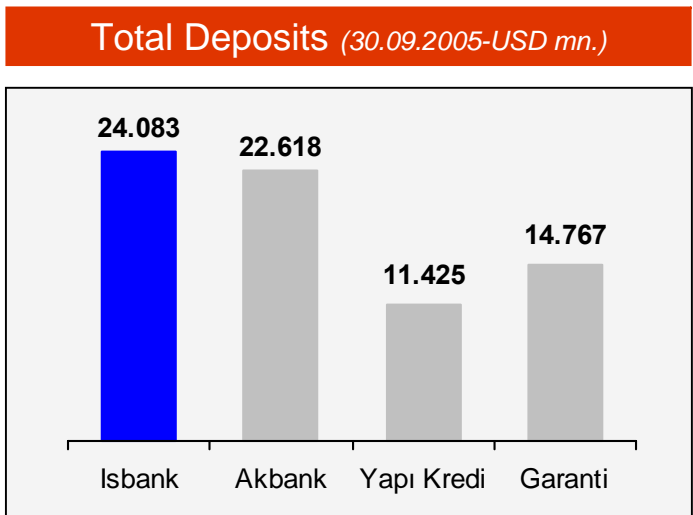
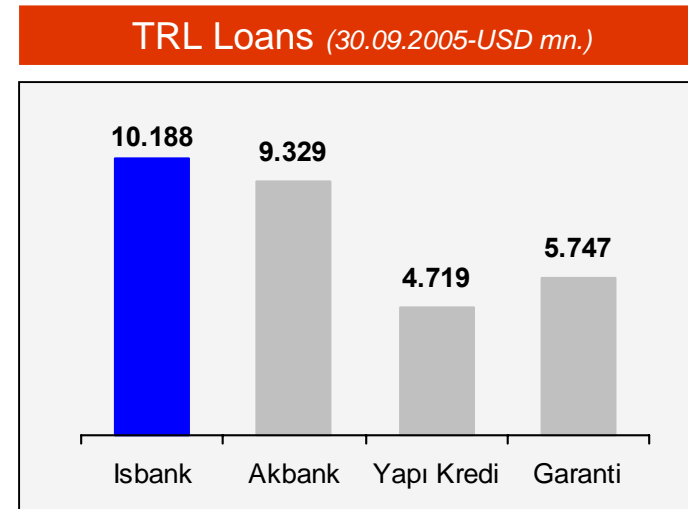
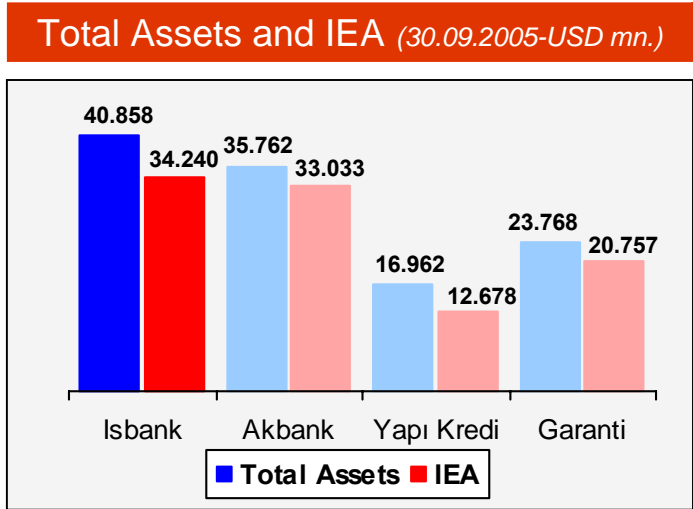
Diversified revenue base and increasing share of non-interest income

Effective cost management and efficiency improvement



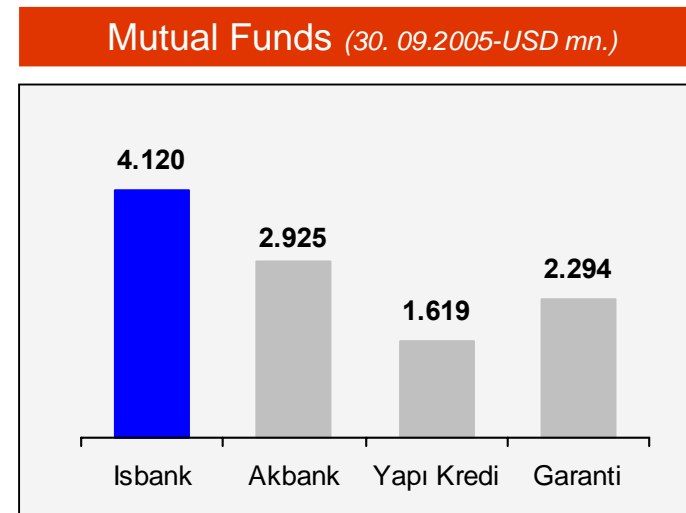
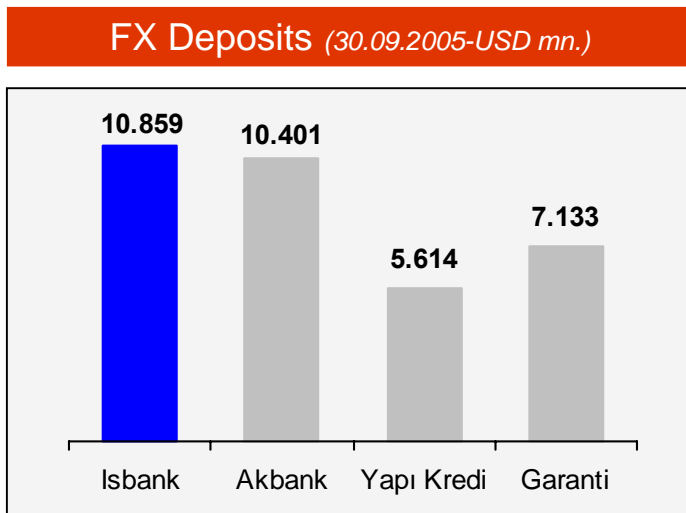
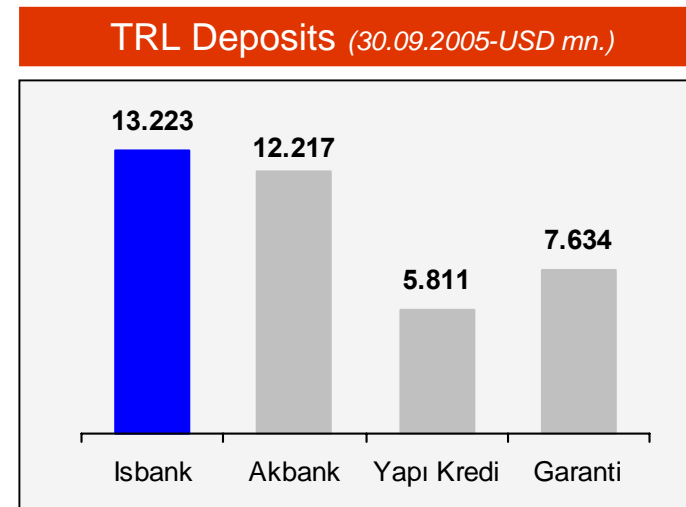
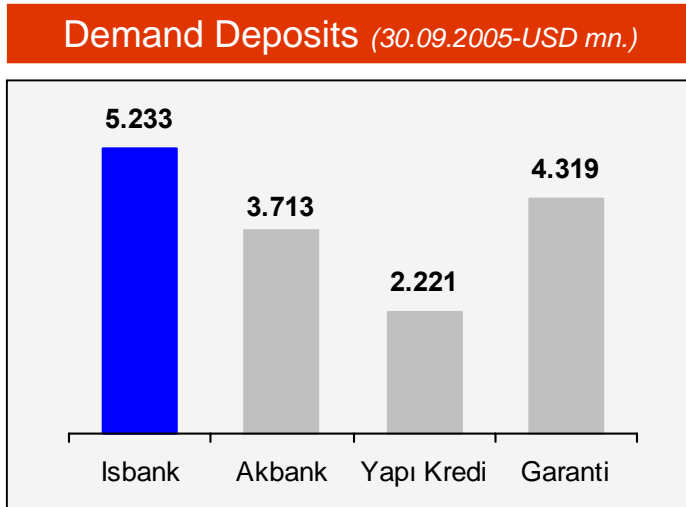
Largest private sector bank...

... in terms of asset size, IEA, TRL loans, total deposits and shareholders' equity.



Largest private sector bank...

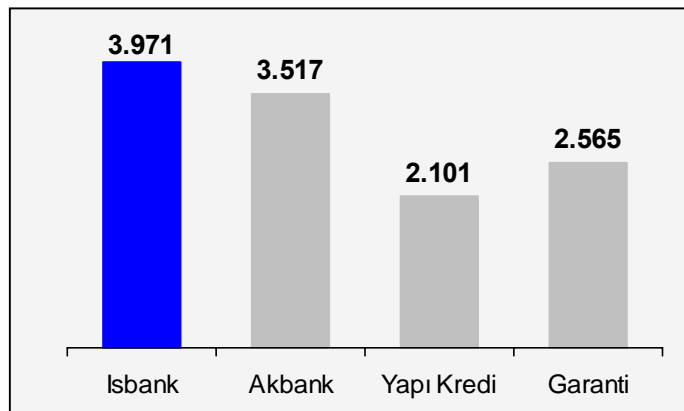
...in terms of deposit segments and mutual funds.



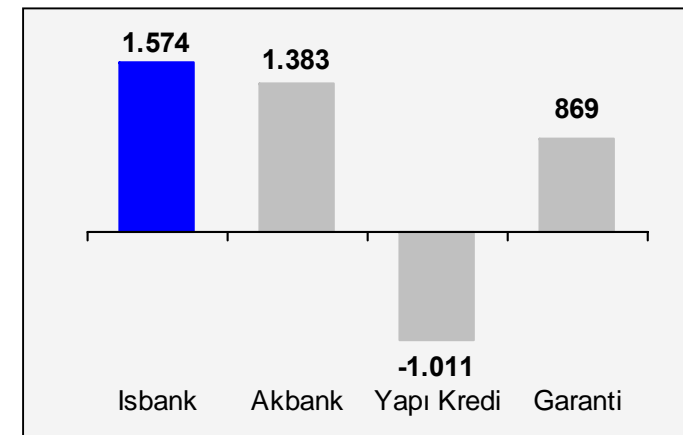
Largest private sector bank...

...in terms of gross income, gross profit, int. income on loans, and net comm. income.

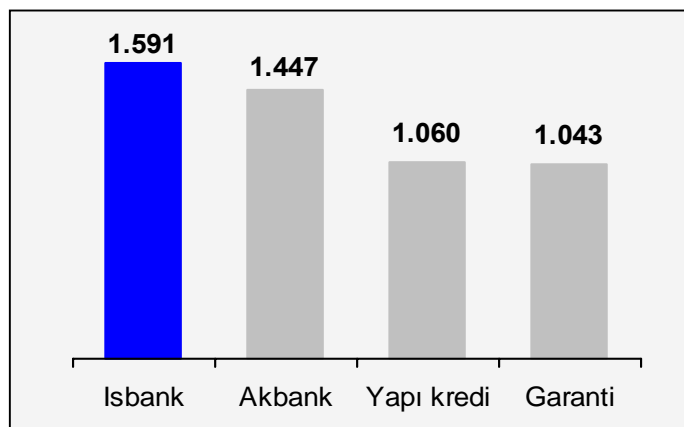
Gross Income (30.09.2005-USD mn.)



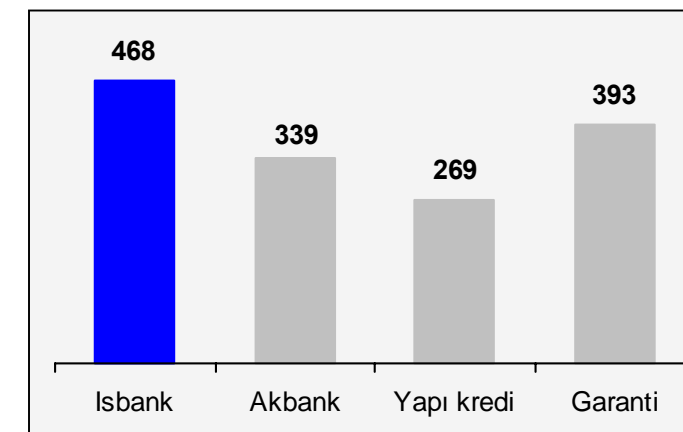
Gross Profit (30.09.2005-USD mn.)



Interest Income on Loans (30.09.2005-USD mn.)



Net Comm. Income (30.09.2005-USD mn.)



Increasing dominance in the market...

... both in corporate and retail products and services.

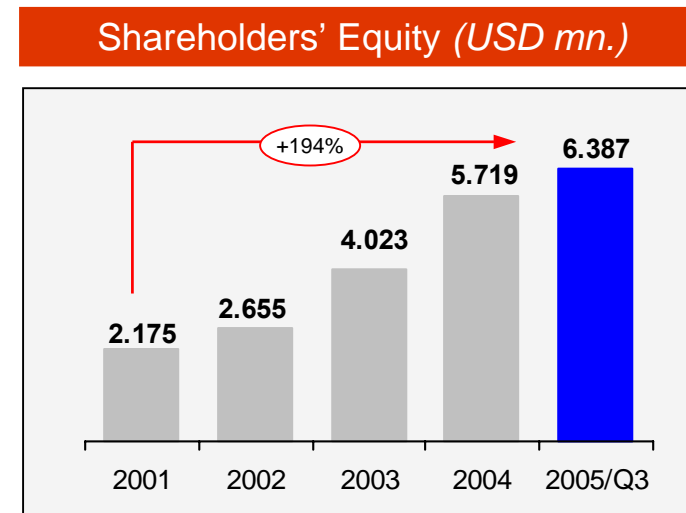
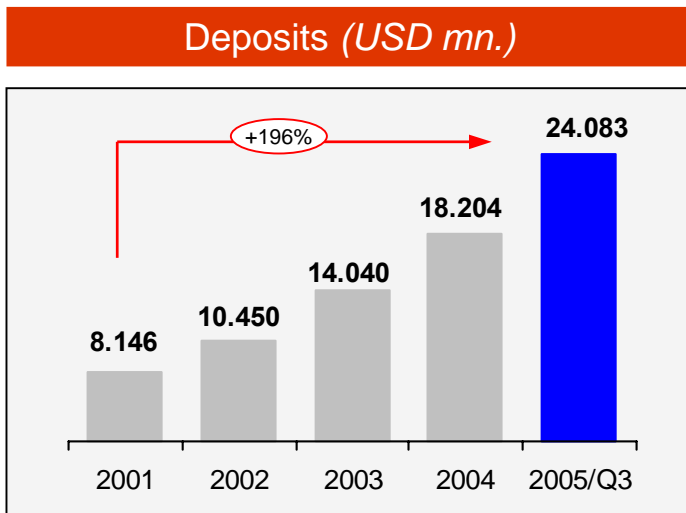
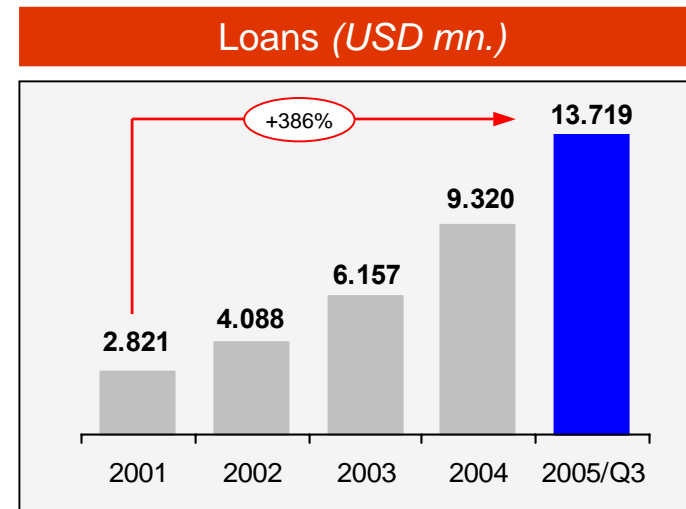
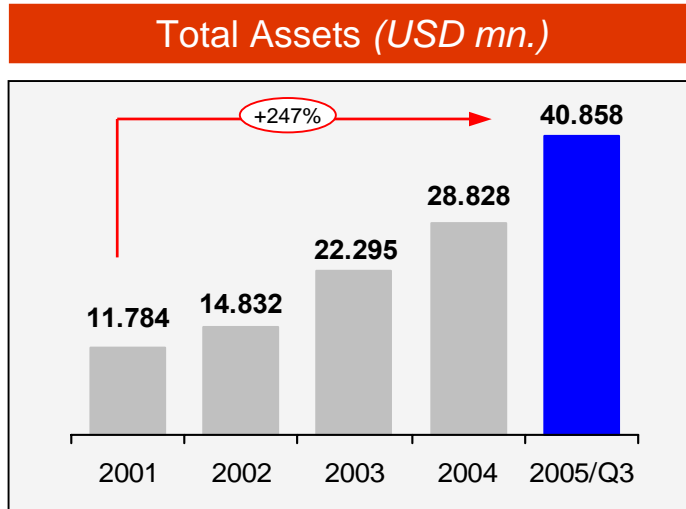
		Share(%) 2000	Share(%) 2005/Q3	Rank
Loans	TL Loans	6.6	14.7	1 st
	Total Loans	8.5	13.7	2 nd
Deposits	Demand	7.9	16.0	1 st
	TRL	4.1	12.8	1 st
	FX	9.9	16.4	1 st
	Total Deposits	6.8	14.2	1 st
Retail Products	Volume of Debit Cards*	31.8	21.3	1 st
	Number of POS	17.8	19.6	1 st
	Number of Credit Cards	11.2	11.6	3 rd
	Volume of Credit Cards	12.6	13.7	3 rd
Capital Markets	Odd-lot Equity Trading	100.0	89.0	1 st
	Mutual Funds	20.2	20.0	1 st
	Custody Services	35.0	37.1	1 st

* According to Interbank Card Center data as at end 2005/Q3

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Impressive growth performance...

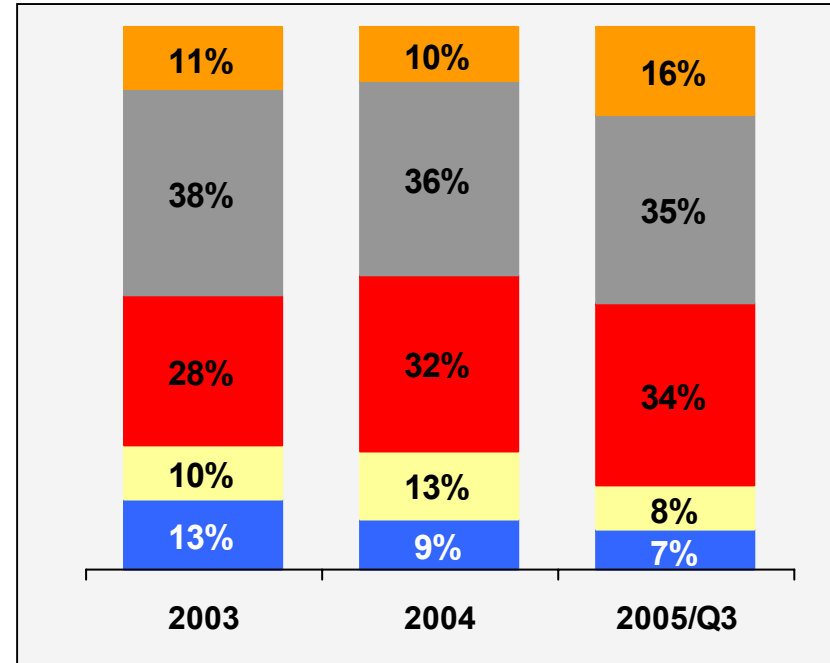
... in all key measures.



Asset composition...

... increasing share of loans.

(USD mn.)	2004	2005/Q3	Change Ytd(%)
Cash & Banks	2,823	6,649	136%
Securities	10,366	14,115	36%
Loans	9,320	13,719	47%
Participations	3,611	3,374	-7%
Other	2,708	3,001	11%
Total Assets	28,828	40,858	42%



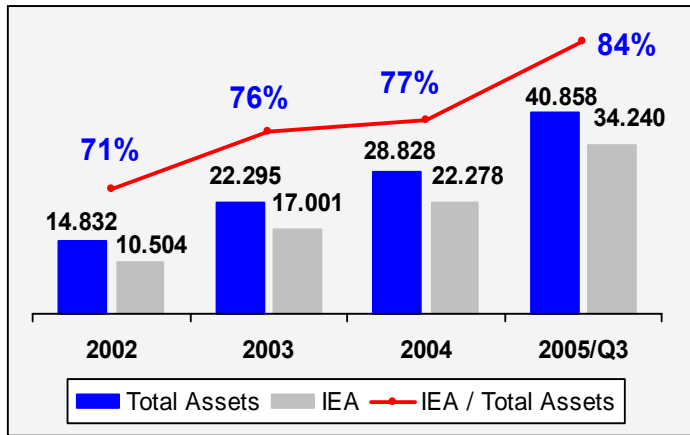
- ▶ 42% Ytd asset growth
- ▶ Share of interest earning assets in total assets is 84%.



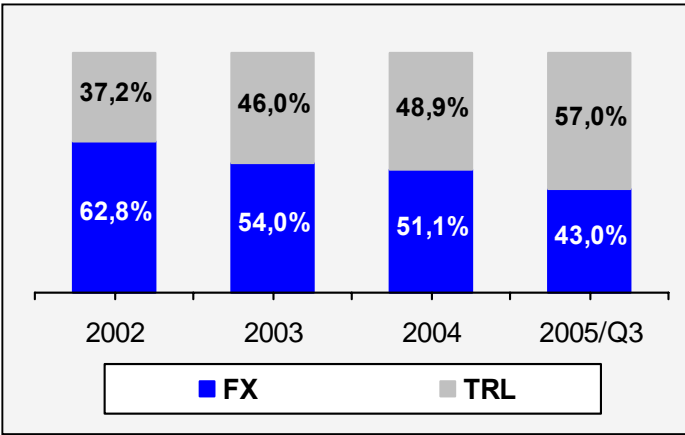
* Including Reserve Requirements

Towards a healthier asset structure...

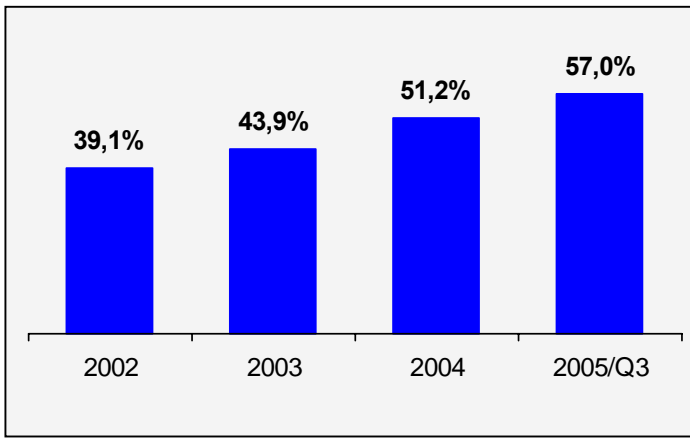
Total Assets vs IEA (USD mn)



TL / FX Mix of IEA



Loans / Deposits

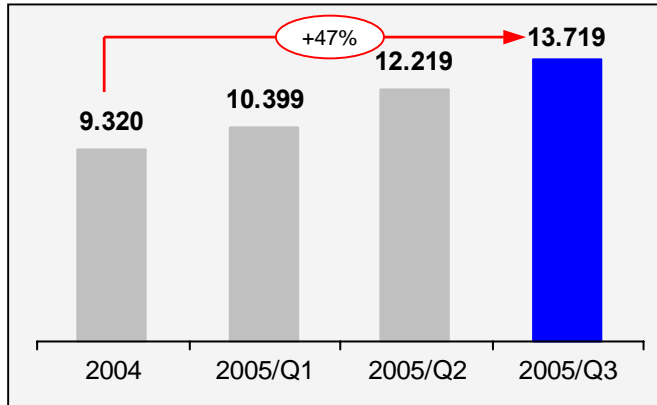


- ▶ Improving asset mix
- ▶ Shift to TRL based IEA's with higher return
- ▶ Rising 'loans to deposits' ratio

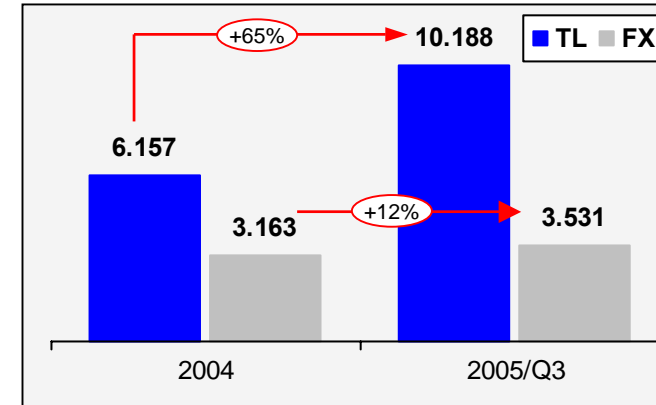
Solid lending franchise...

... a crucial competitive edge.

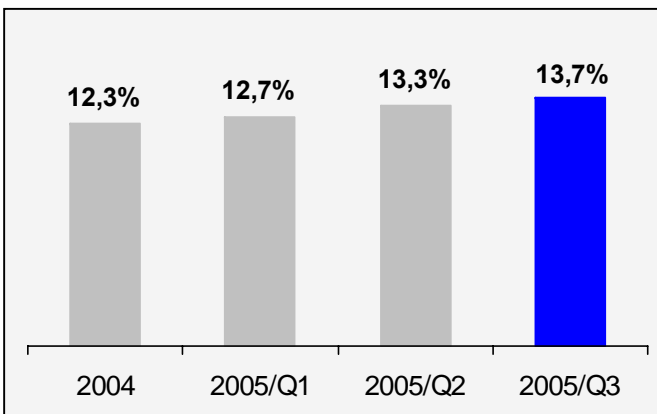
Total Loans (USD mn.)



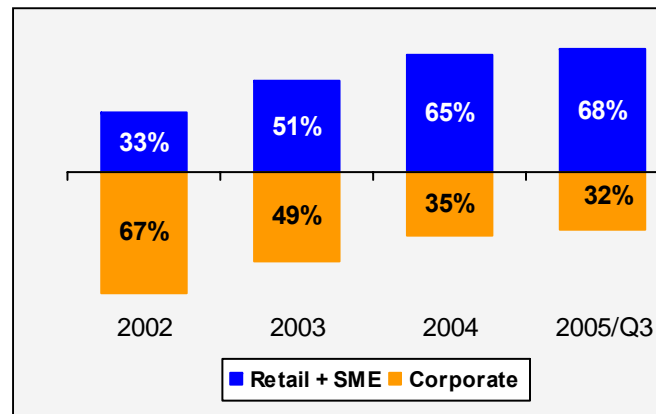
TL vs. FX Loans (USD mn.)



Loans Market Share



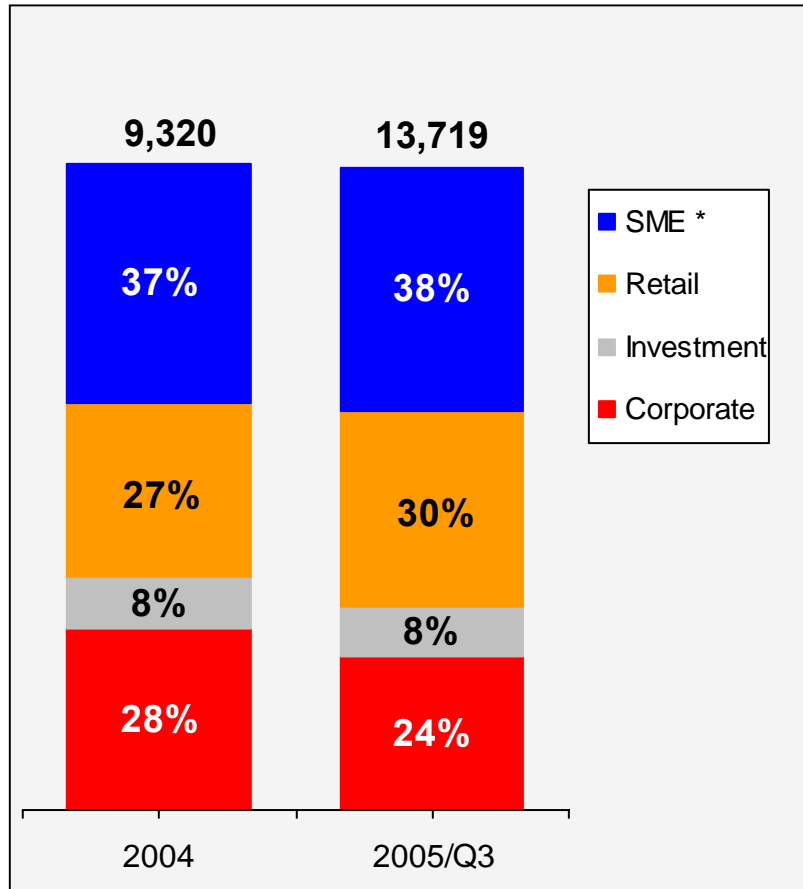
Corporate vs. Non-corporate



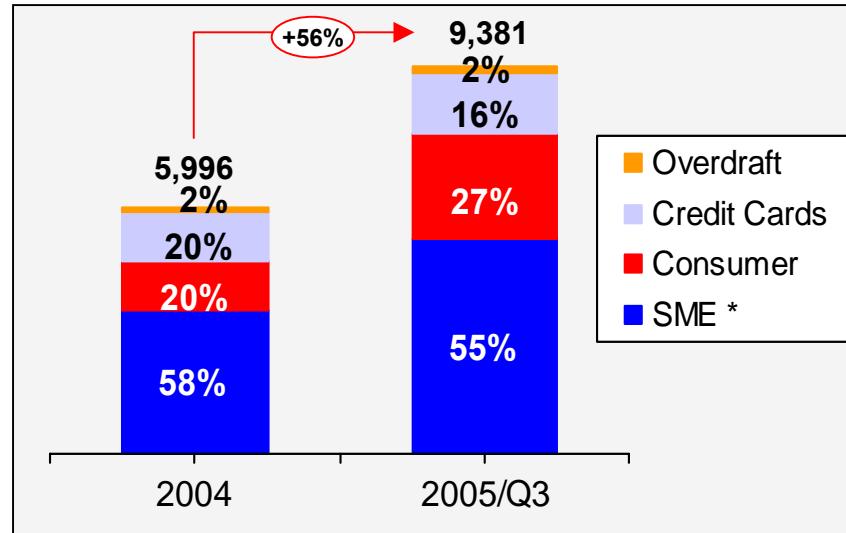
More retail oriented and diversified loan portfolio...

... 68% comprised of retail and SME loans.

Loans Breakdown



Retail and SME Loans (USD mn.)



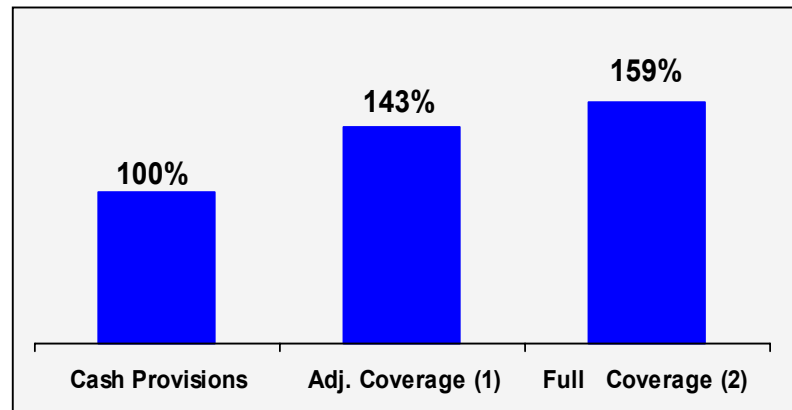
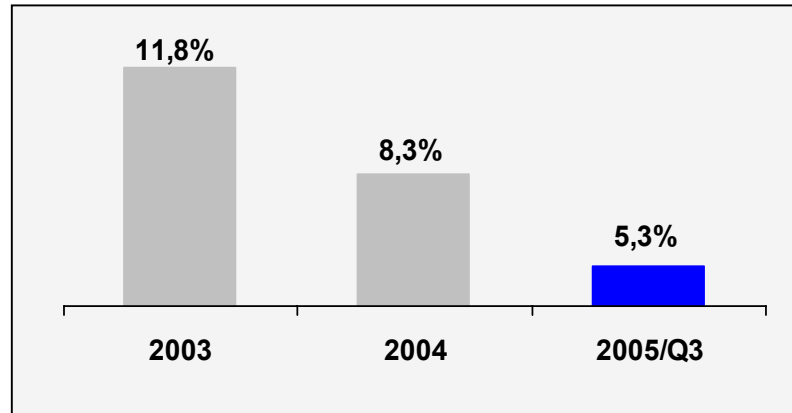
- ▶ Housing loans make up 40% of consumer loans
- ▶ Auto loans make up 24% of consumer loans
- ▶ Around 58% of total investment loans are in the form of treasury guaranteed project finance loans
- ▶ Increasing share of SME and retail loans

* Including commercial vehicle, commercial property loans, corporate credit card and overdraft accounts

Improving loan quality...

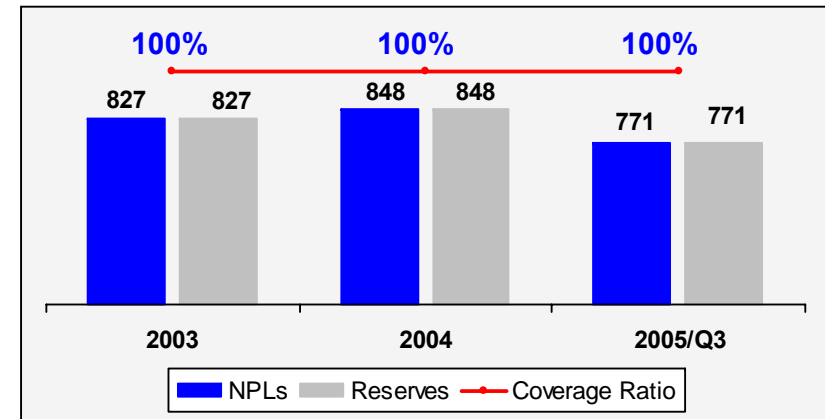
... marked by continuing decrease in NPL ratio and 100% NPL provisioning.

NPL Ratio



- (1) Adjusted value of collaterals + loan loss provisions
 (2) Book value of collaterals + loan loss provisions

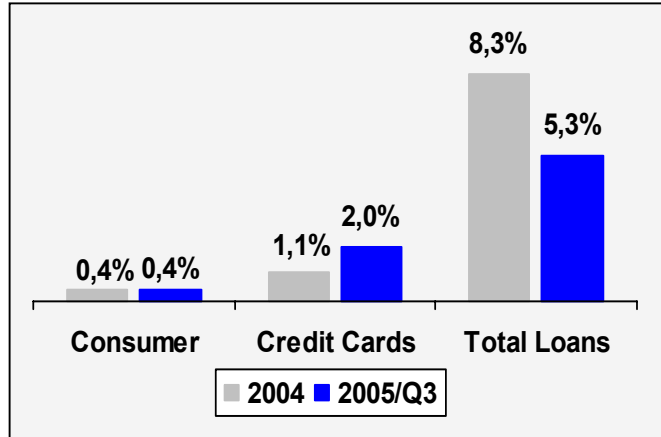
NPLs & Loan Loss Reserves (USD mn.)



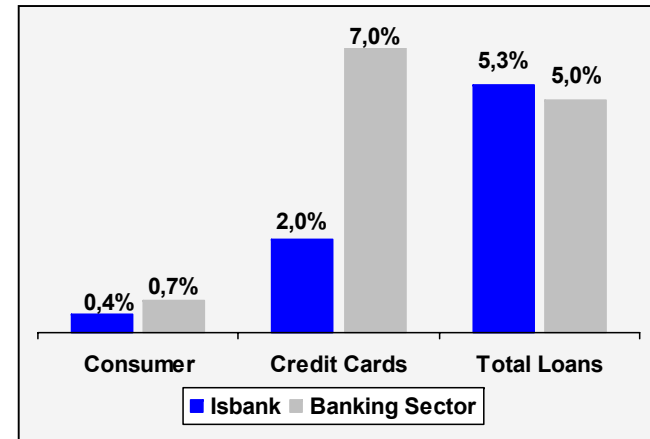
- ▶ 100% NPL provisioning since 31.12.2003
- ▶ Prominent improvement in NPL ratio due to restructuring, collections and loan growth
- ▶ High provisioning generates hidden reserves

Continuous recovery in loan portfolio

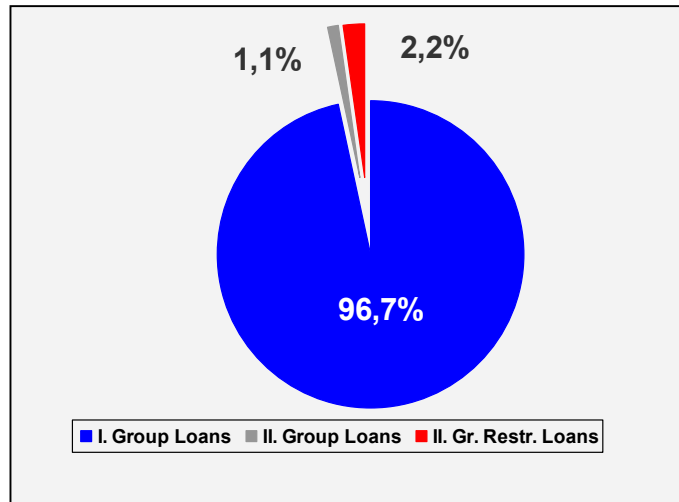
NPL Ratio by Loan Categories



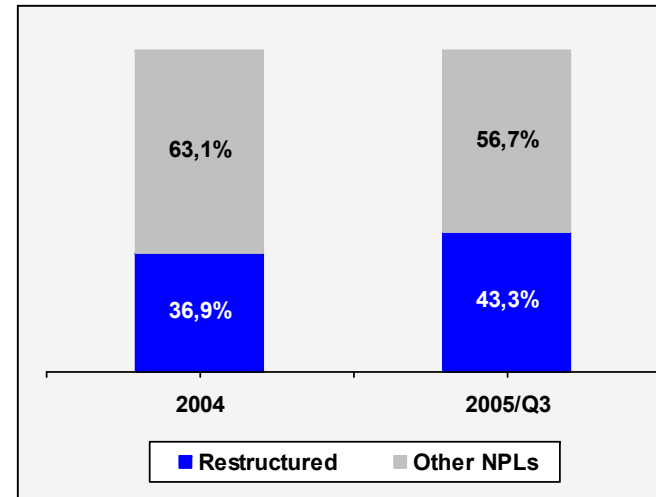
NPL Ratios – Isbank vs. Sector



Performing Loan Groups



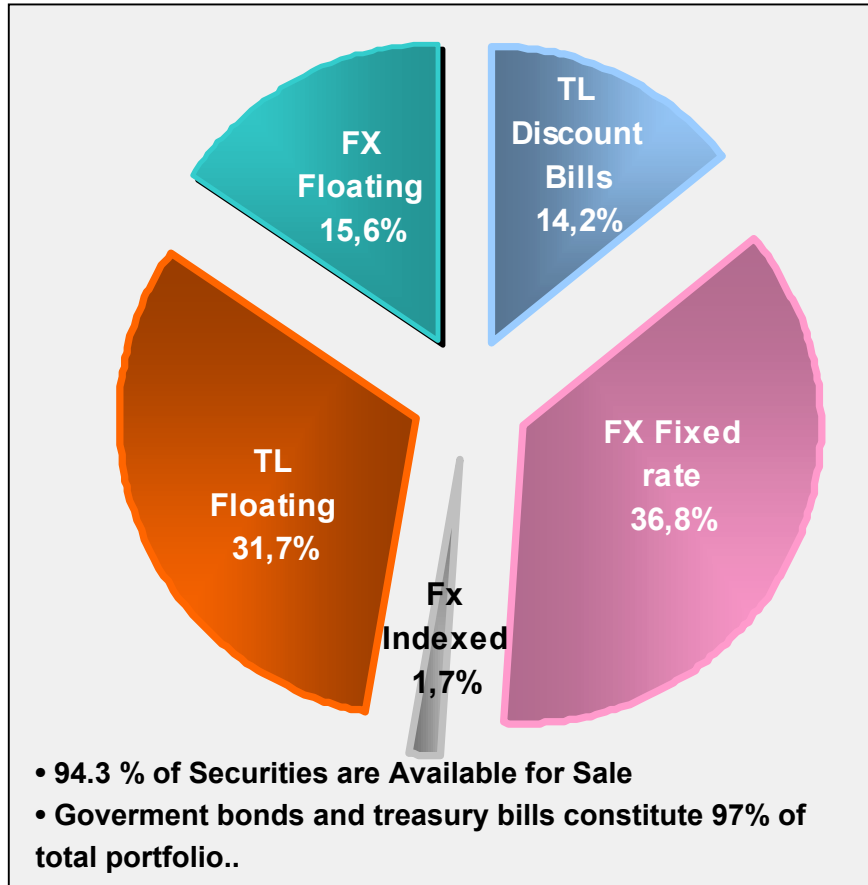
NPL Breakdown



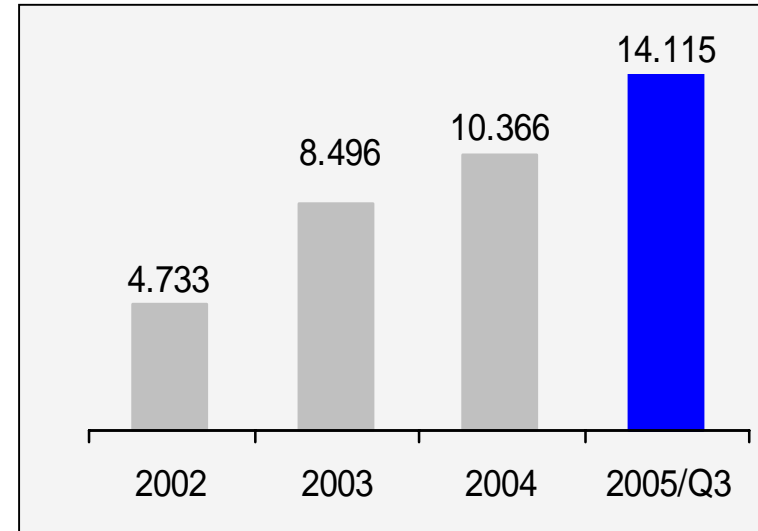
Securities portfolio...

... the largest asset component.

Breakdown of Securities Portfolio (30.09.2005)



Total Portfolio (USD mn.)



Average Maturity

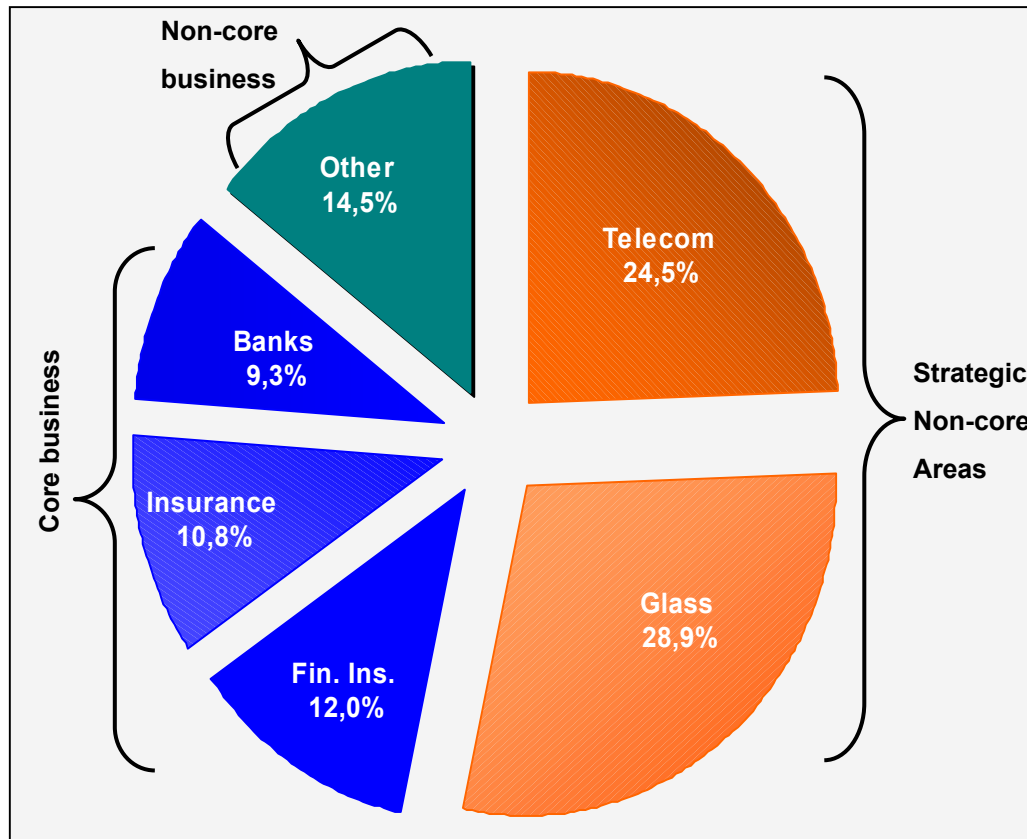
Average maturities are

- * 1.6 years for TL Securities
- * 0.7 years for FX-indexed Securities
- * 2.3 years for FX Securities

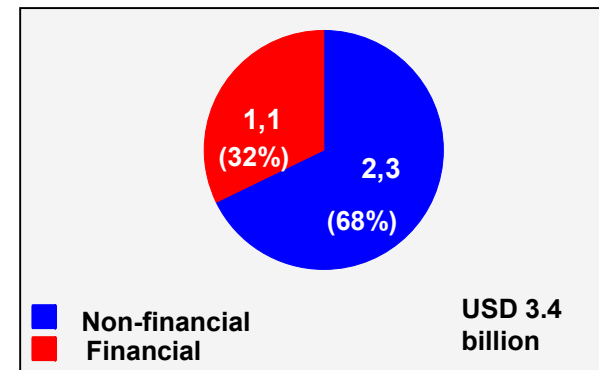
A diversified equity participation portfolio...

... operating in financial and non-financial sectors.

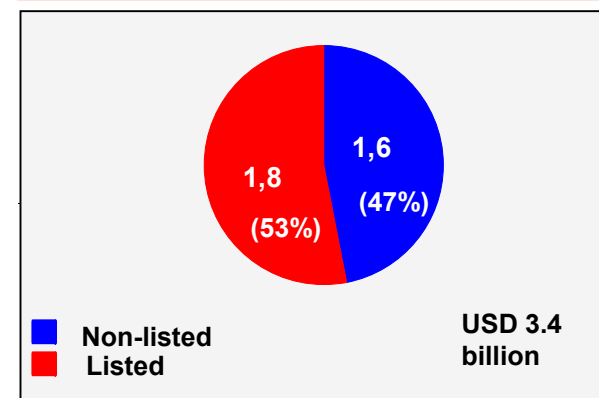
Sectoral Breakdown by Book Value (30.09.2005)



Financial vs. Non-financial



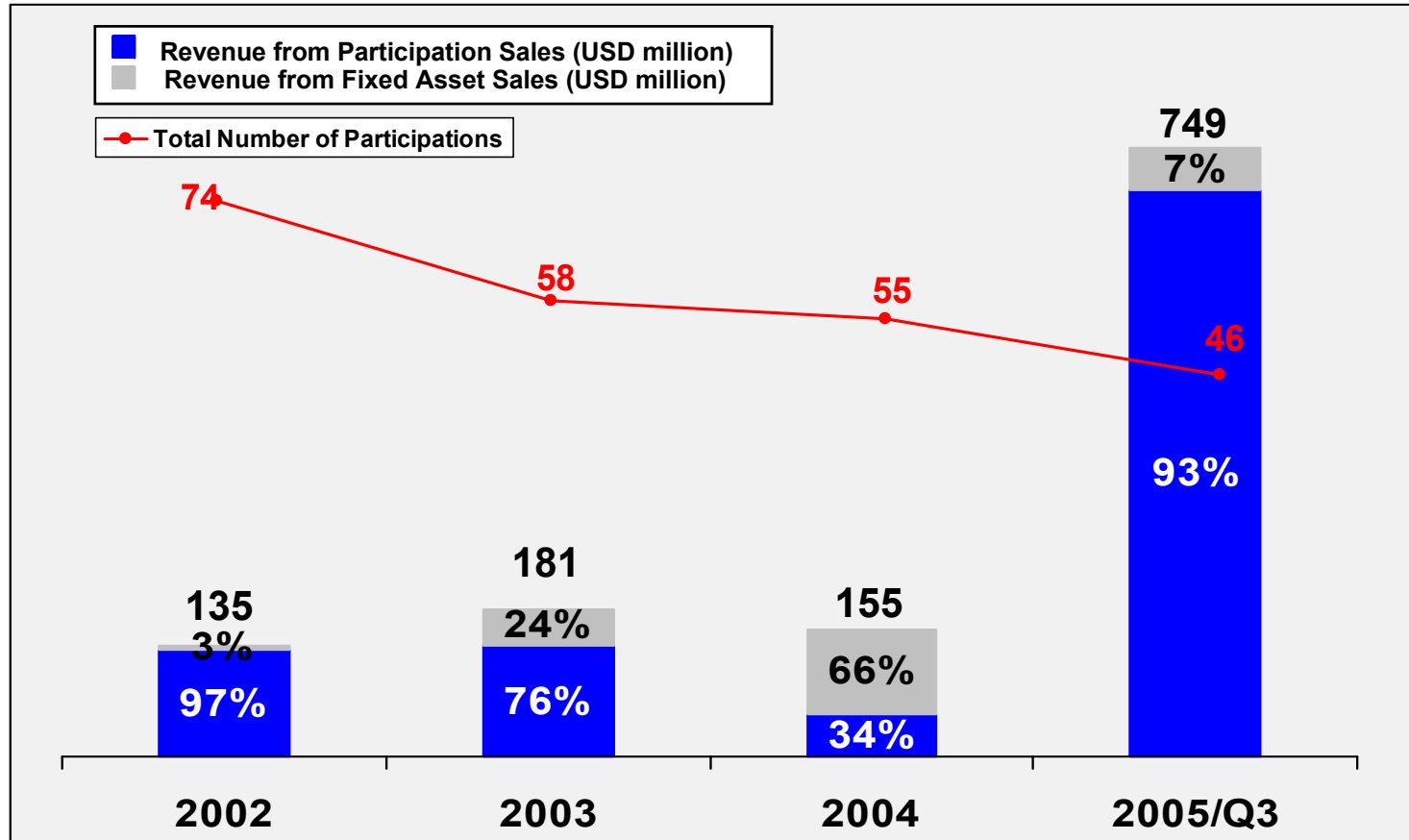
Listed vs. Non-listed



- ▶ As at September 2005 Isbank has 46 participations in various sectors.
- ▶ Non-strategic equity holdings will be divested under favorable economic conditions.
- ▶ Increasing value of participations in line with economic recovery due to mark-to market gains.

Asset disposals since 2002...

... have reinforced free equity and IEA.

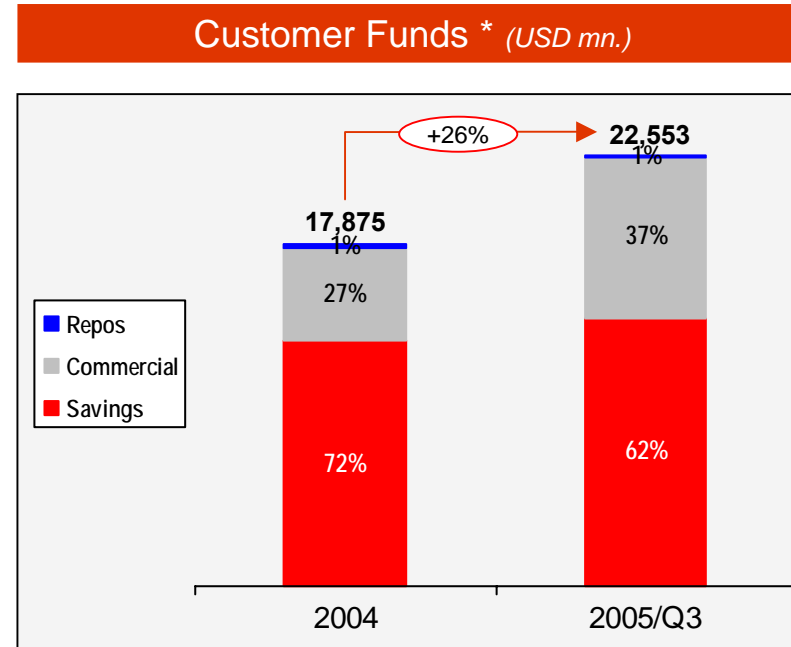


- ▶ Shares in 28 equity participations have been divested.
- ▶ A total of USD 1,087 million gained from the sales including the sale of POAS.
- ▶ In October 2005 Izmir Demir Celik Sanayi A.S. (metal manufacturing and machinery company) and Aytas Ayvalık Turizm Sanayi A.S. (tourism company) were sold.

Strong fund generation capability...

... driven by flight to quality, strong franchise and solid reputation.

(USD mn.)	2004	2005/Q3	Change Ytd (%)
Deposits	18,204	24,083	32%
REPOs	599	3,131	423%
Funds Borrowed	2,892	4,850	68%
Other	1,414	2,407	70%
Equity	5,719	6,387	12%
Total Liabilities	28,828	40,858	42%



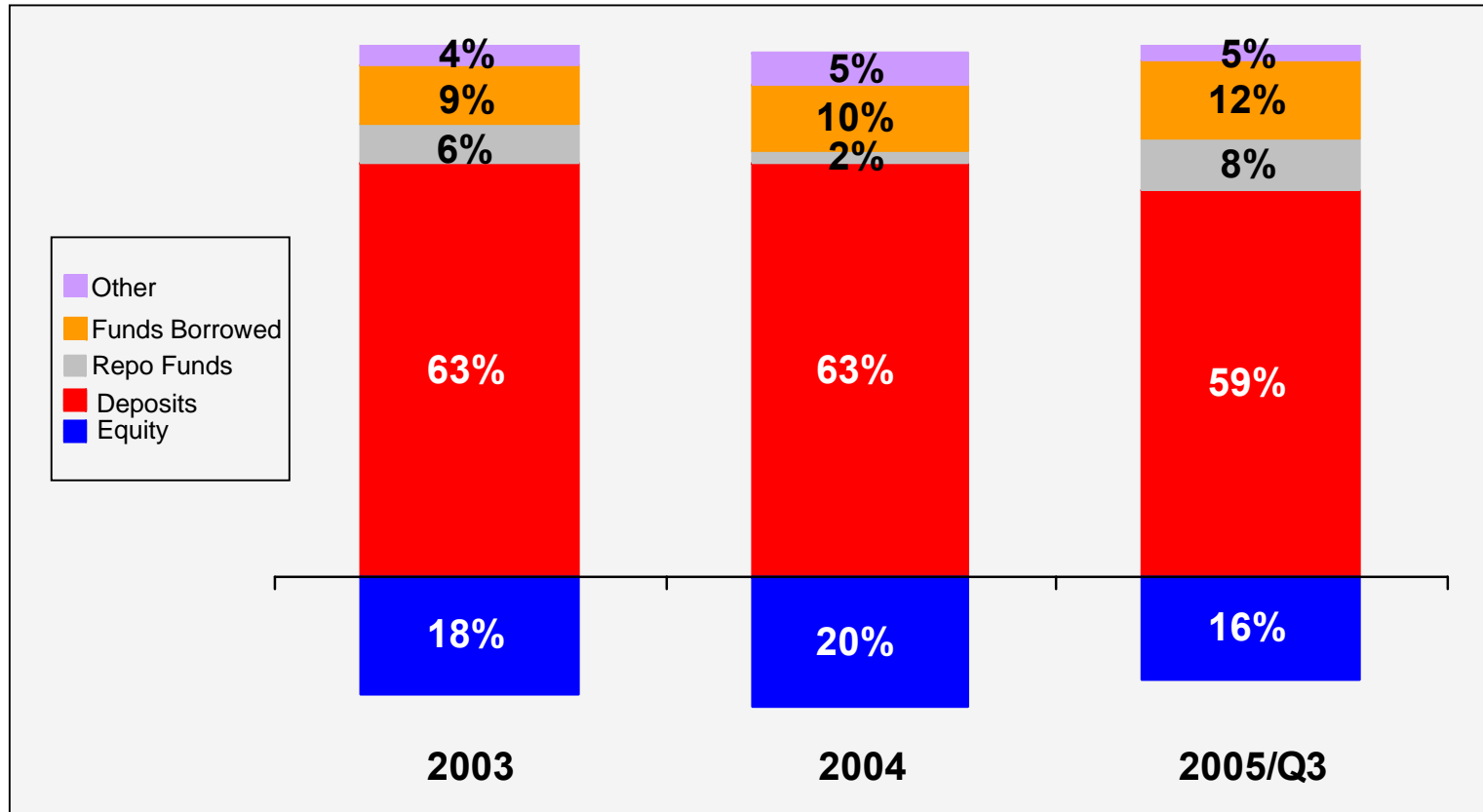
- ▶ Ytd increase in TL liabilities is 56% vs. 24% in FX liabilities.
- ▶ Rising share of borrowed funds

- ▶ Customer funds compose 59 % of total liabilities
- ▶ Sustained growth of saving deposits reflects diversified and widespread funding base

* Excluding bank deposits.

Liabilities composition...

... reflects sound funding structure and adequate capitalisation.



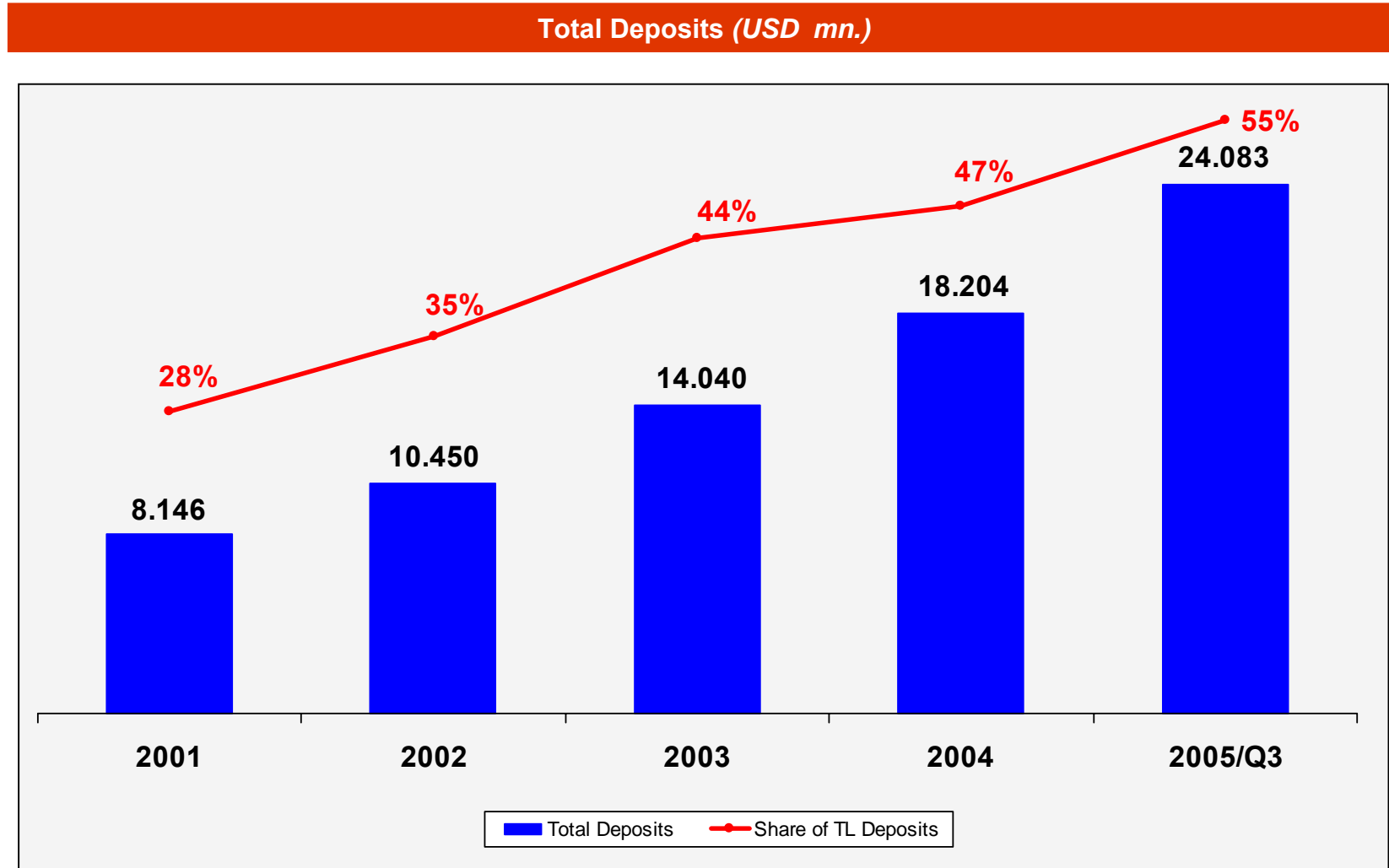
- ▶ Stable deposits base remains as the main source of funding
- ▶ Increasing borrowings enhance balance sheet growth
- ▶ Sufficient capital base underpins growth of RWA

Deposits

- ✓ **Well diversified retail customer base**
- ✓ **Unmatched domestic franchise**
- ✓ **Enjoying the advantage of safe haven status**
- ✓ **Minimum level of price sensitivity**

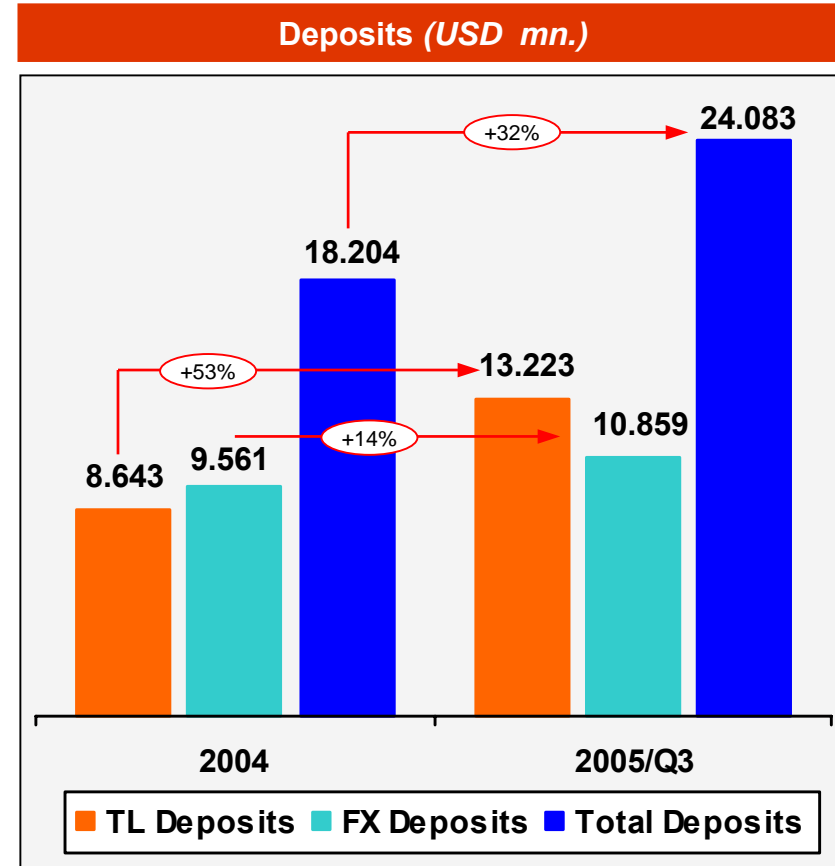
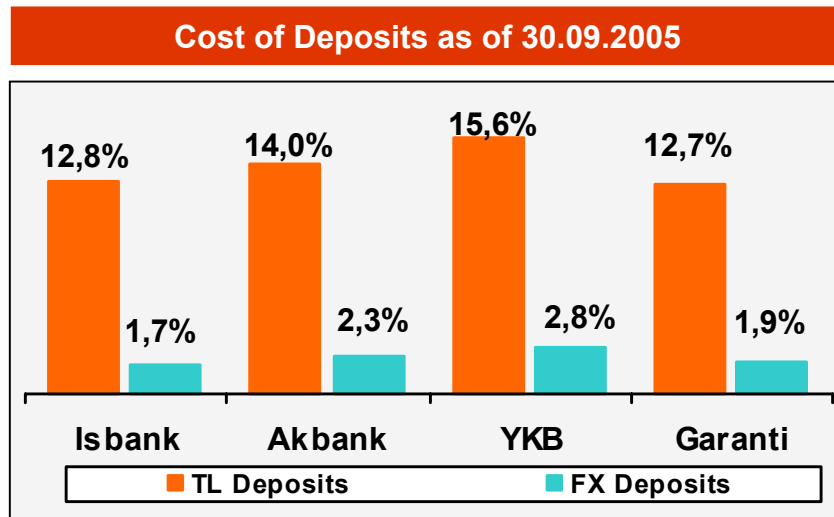
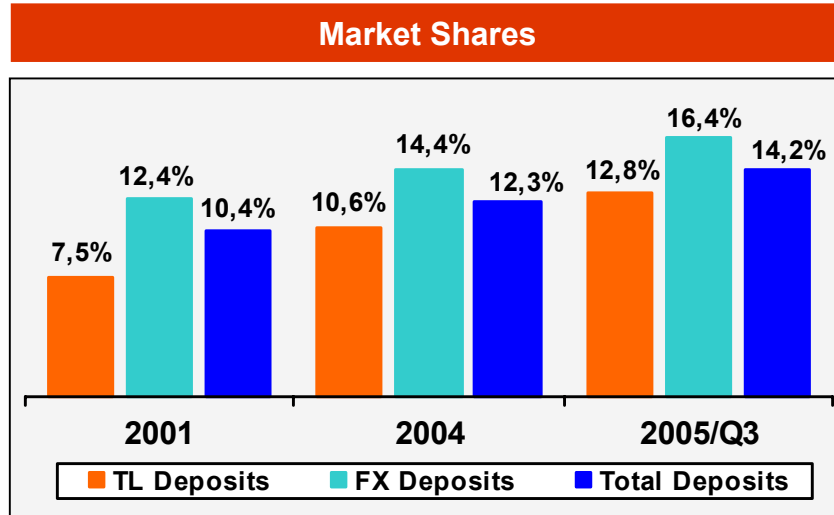
Largest deposits franchise...

... is a clear indicator of customer trust.



Largest deposits franchise...

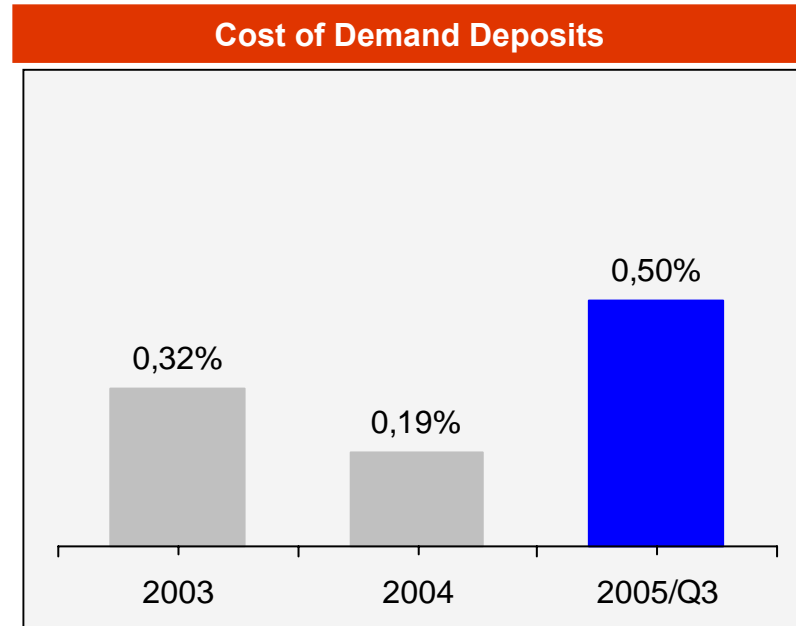
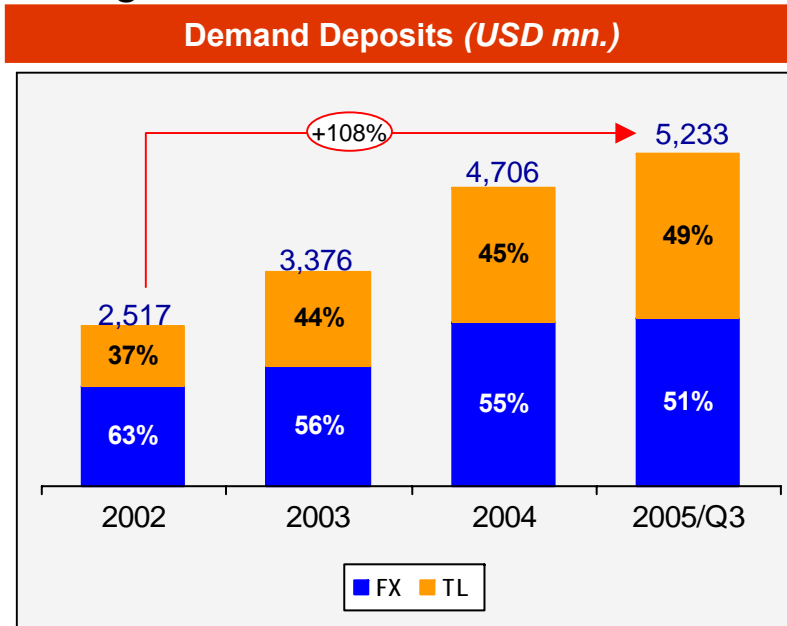
... with an increasing market share.



- ▶ Largest market share in TL, FX and total deposits
- ▶ Having one of the lowest cost of TRL and FX deposits among peers

Demand deposits ...

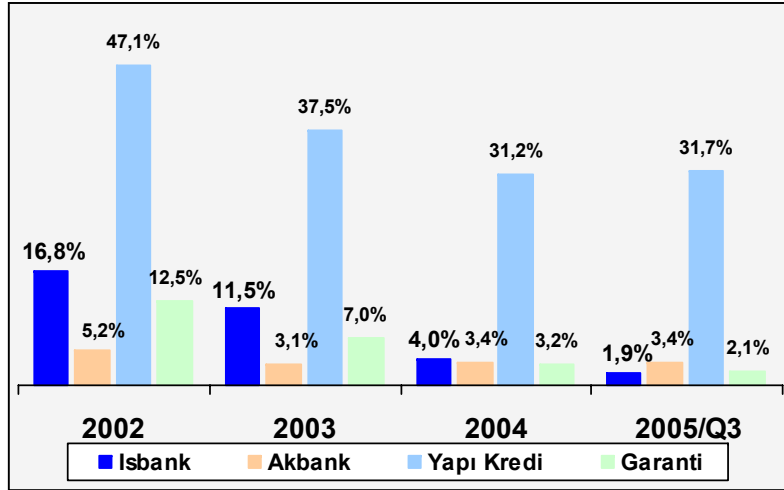
...constitute 22% of total deposits and are the main contributor to lower cost of funding.



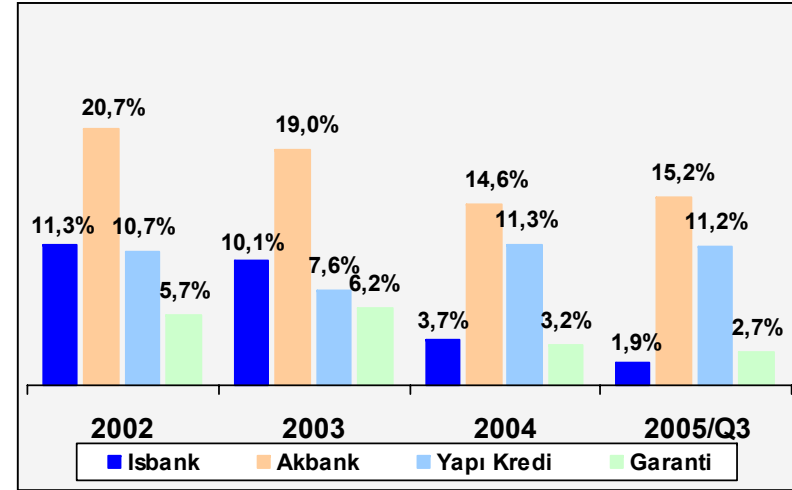
- ▶ Largest and most stable demand deposits with 16% market share, among private sector banks
- ▶ 16 % of funding is in the form of almost cost free demand deposits

Related Party Transactions

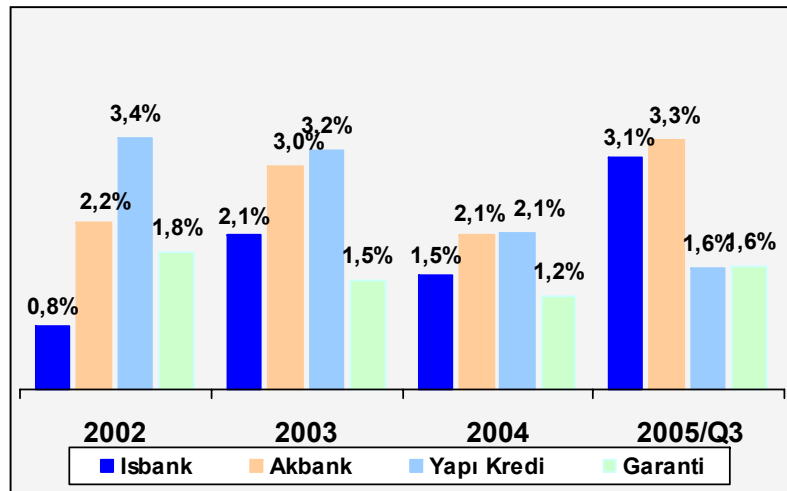
Cash Loans (% of Total Cash Loans)



Non-Cash Loans (% of Total Non-Cash Loans)



Deposits (% of Total Deposits)

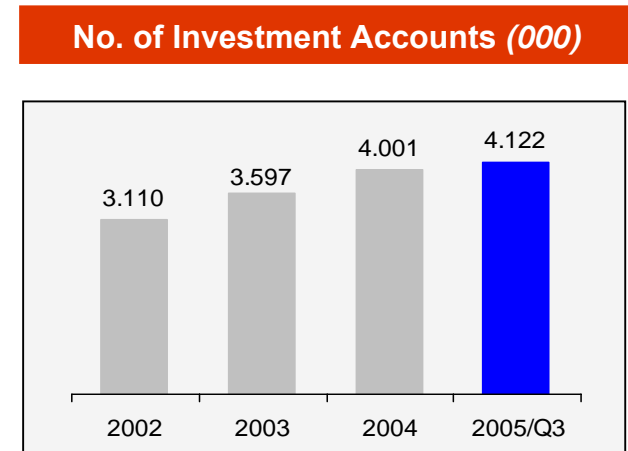
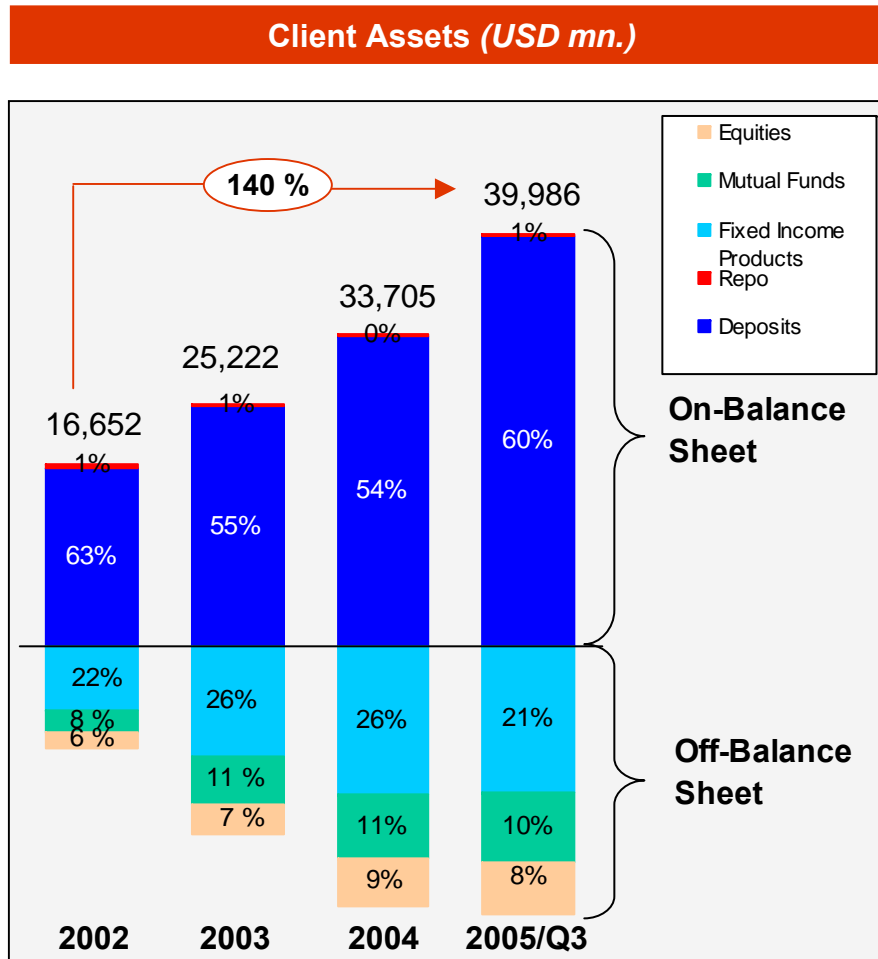


▶ A visible decrease in cash and non-cash loans granted to related parties.

▶ As of September 30, 2005 the lowest ratio of loans to related parties among peer group.

Client assets under management...

... has exceeded a remarkable total of USD 39 billion.

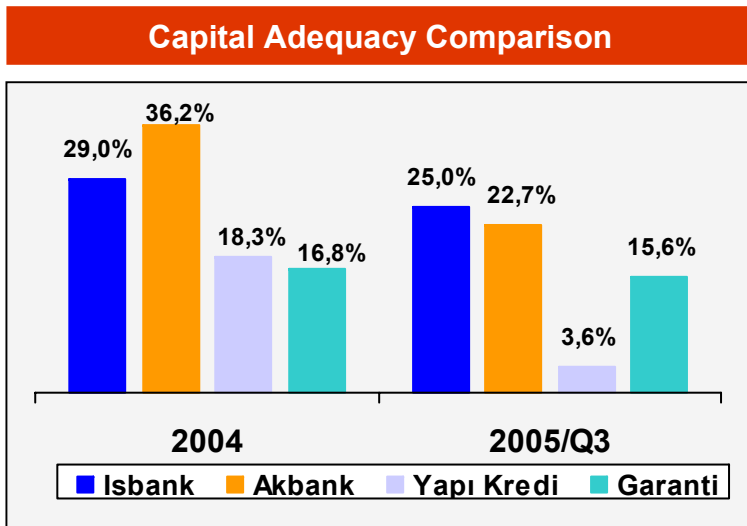
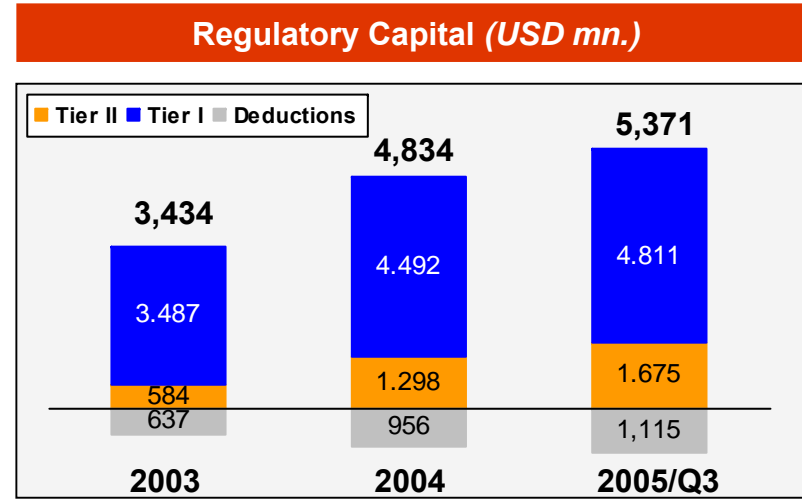
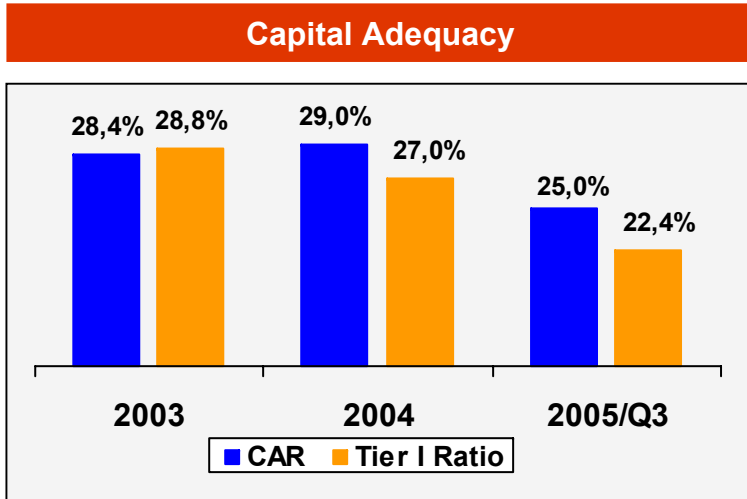


Assets under management more than doubled since 2002.

Fixed income securities in custodian accounts will create a potential for deposit growth with the fall of interest rates and equalization of tax rates in 2006.

Sufficient capitalisation...

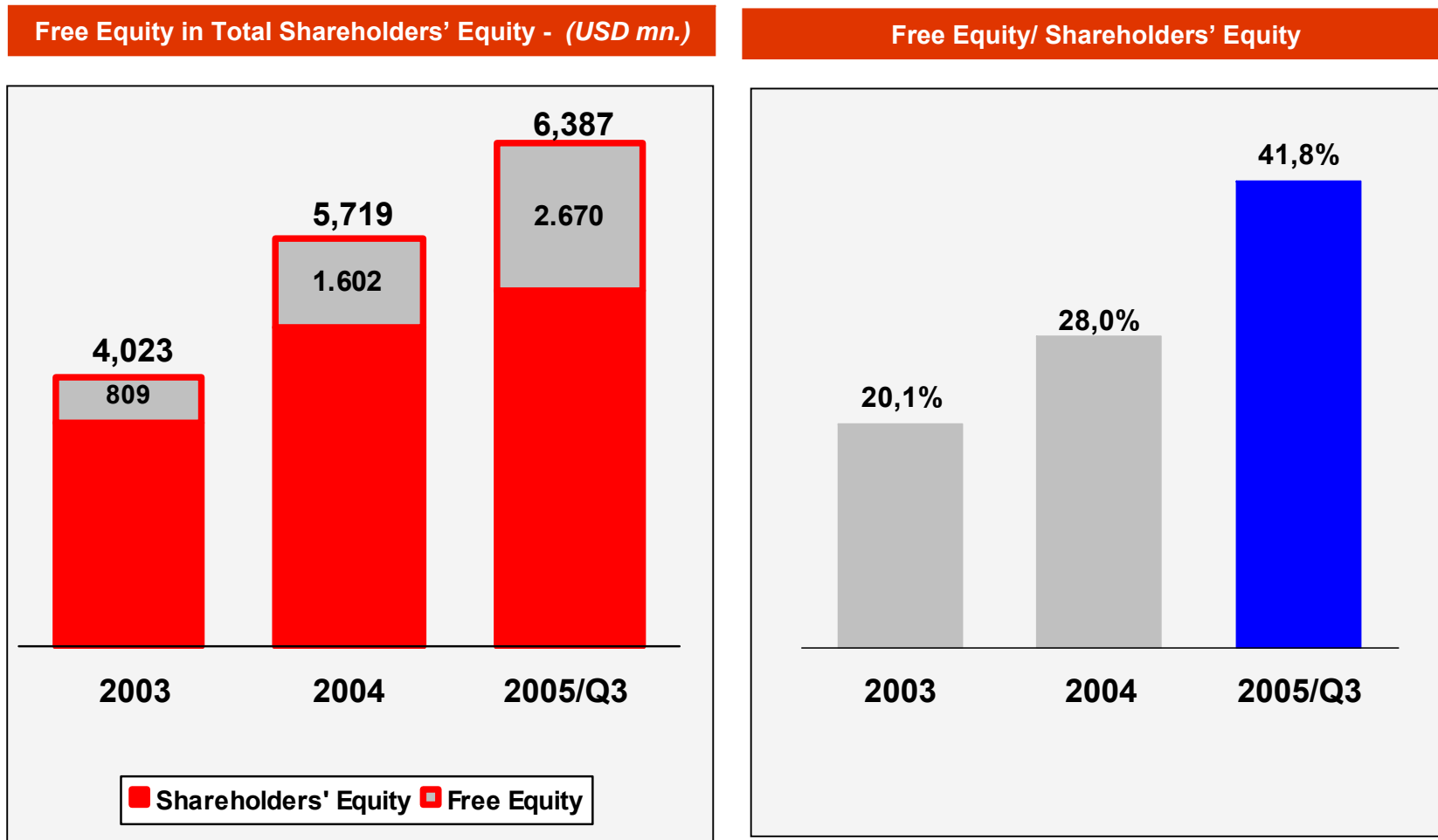
... and high CAR support balance sheet growth going forward.



- ▶ Tier I capital makes up the bulk of capital base.
 - ▶ High CAR allows further expansion of RWA.
- In the “Top 1000 World Banks” survey conducted by The Banker Magazine, Isbank is selected as the bank with the largest Tier I Capital not only in Turkey but also in the neighboring geographical area.

Visible improvement in free equity ...

... thanks to asset disposals and superior profitability.



Income statement highlights

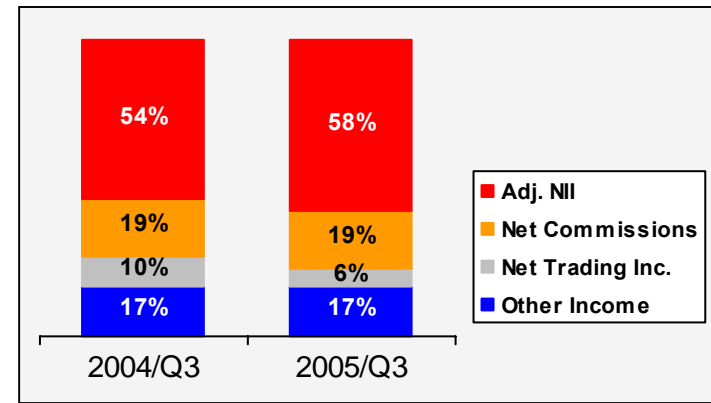
(USD mn.)	04Q3 ⁽¹⁾	05Q3	Change YoY
Adj. Net Interest Income ⁽²⁾	1,105	1,425	29%
Net Commissions	386	468	21%
Net Trading Income	209	136	-35%
Released Provisions	164	266	62%
Other Operating Income	186	151	-19%
Net Banking Income	2,051	2,446	19%
Personnel Expenses	424	462	9%
Adm. Expenses	187	246	31%
Other Op. Expenses	188	183	-2%
Operating Profit	1,253	1,556	24%
Provision Charges ⁽³⁾	782	1,034	32%
Net Monetary Gain/Loss	-51	0	-100%
Net Profit	420	522	24%

(1) Restated to 2004 year-end

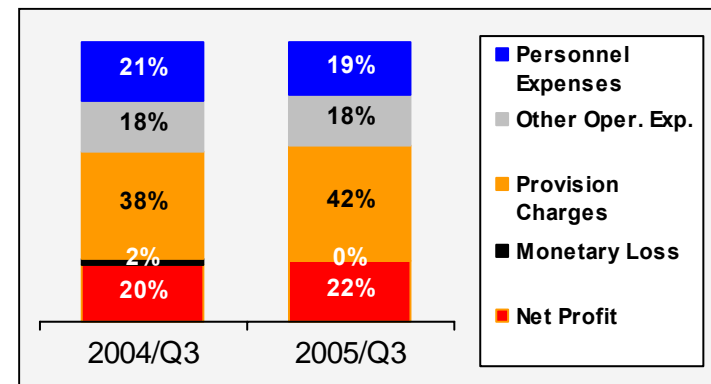
(2) Adjusted for FX Gains/Loss

(3) Provision Charges inc. Prov. For taxes, exc. Prov. for loss from exchange rate differentials of FX-indexed loans

Net Banking Income Composition

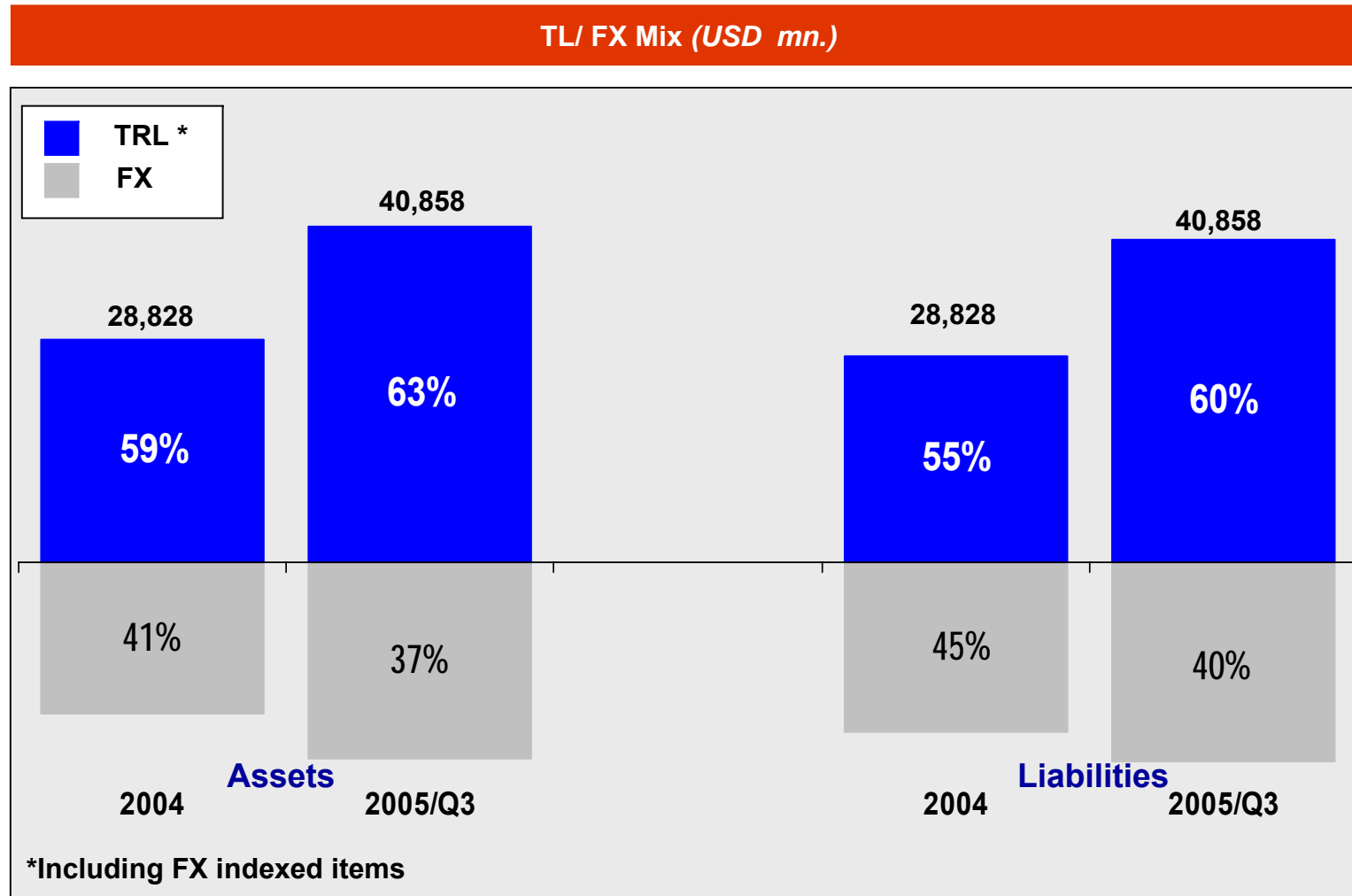


Allocation of Net Banking Income



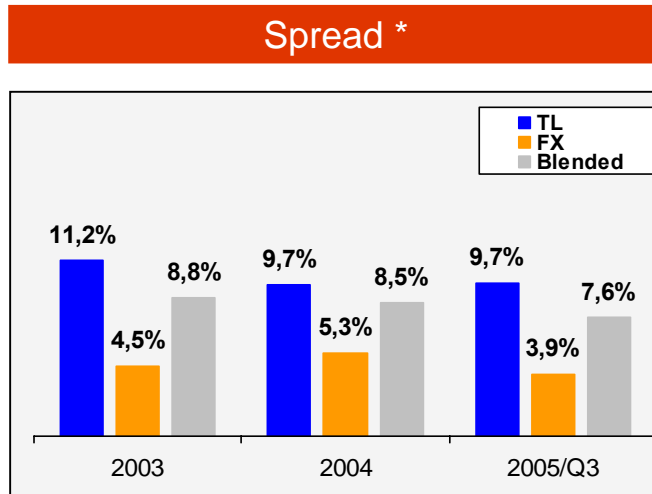
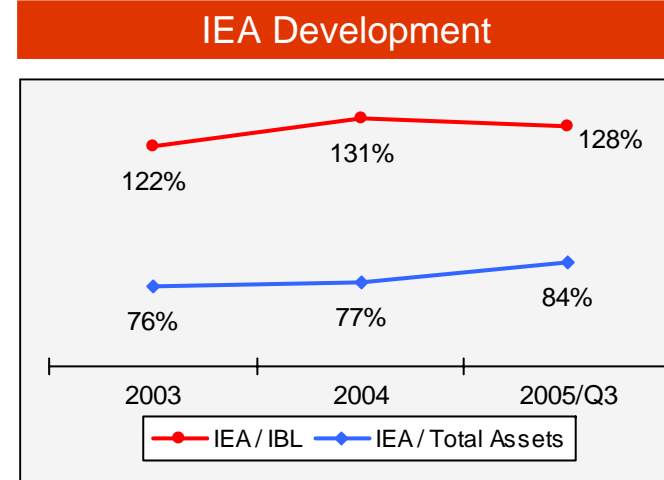
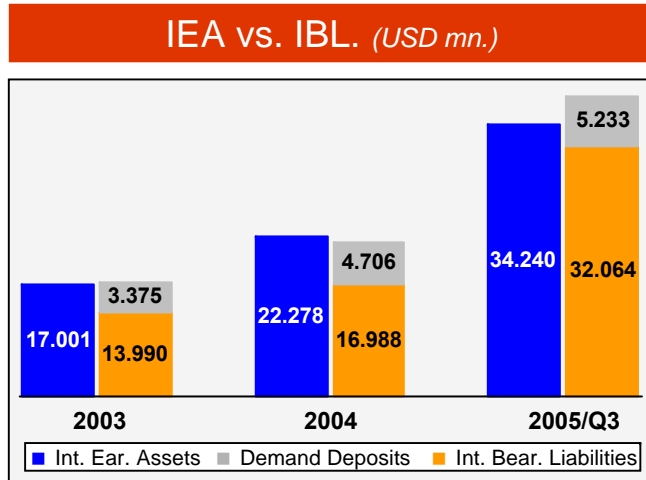
TL/ FX mix...

... has been changing in favour of TL.

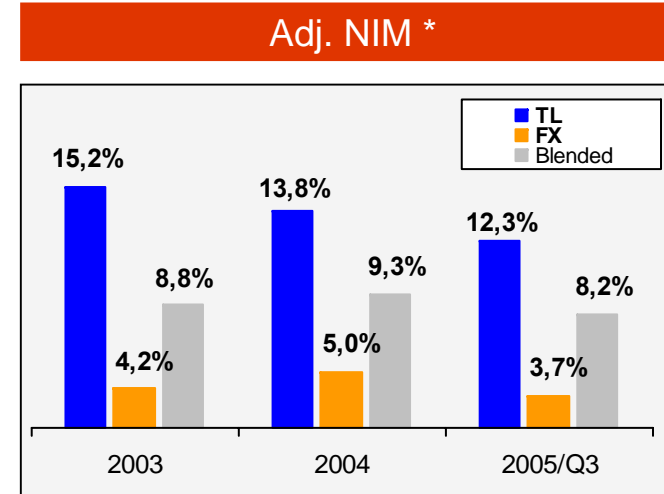


Increasing volume of interest earning assets...

... contributes to sustaining high net interest margins.



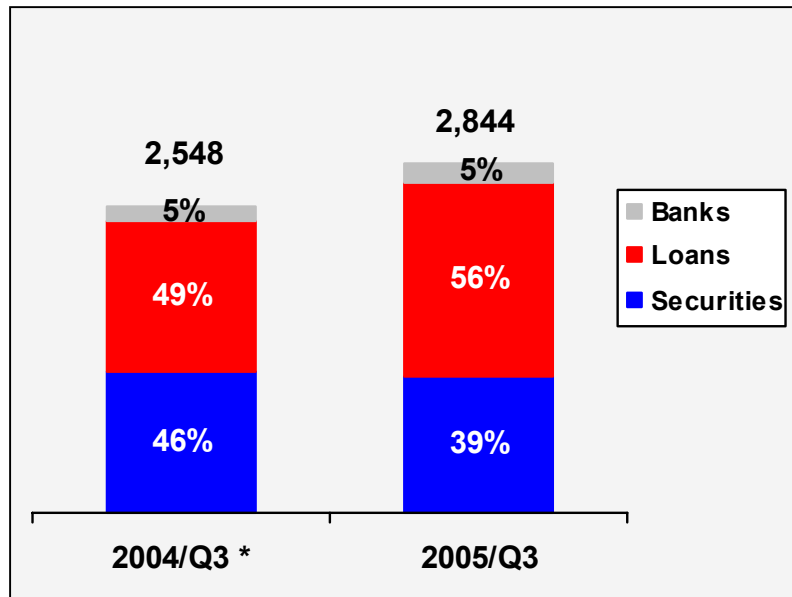
* Adj. for Net Trading Income



* Adj. for FX Gains / Losses and Net Trading Income

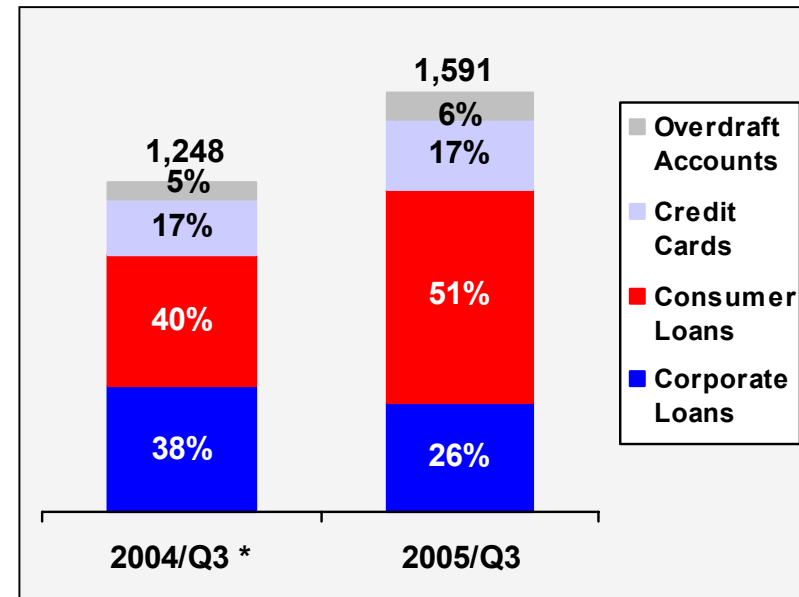
Breakdown of interest income

Interest Income (USD mn.)



* Restated to 2004 year-end

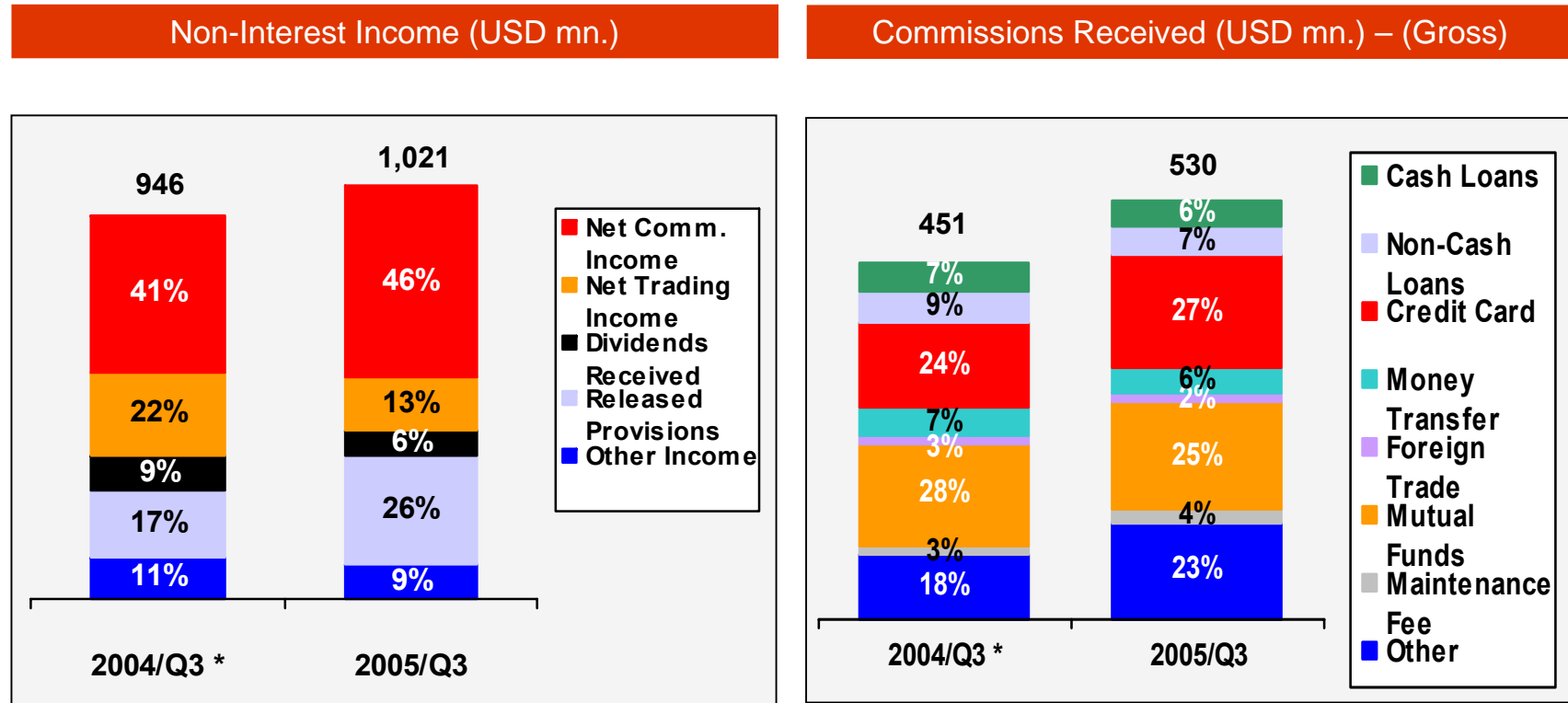
Interest Income on Loans (USD mn.)



* Restated to 2004 year-end

Robust non-interest income performance...

... supported by superior retail and corporate franchise.

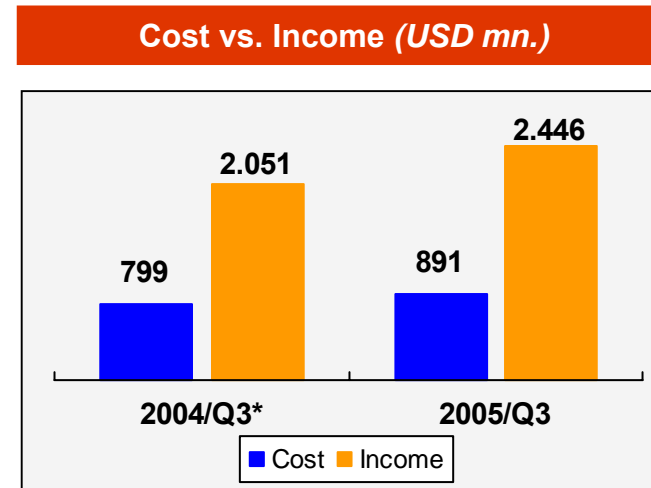
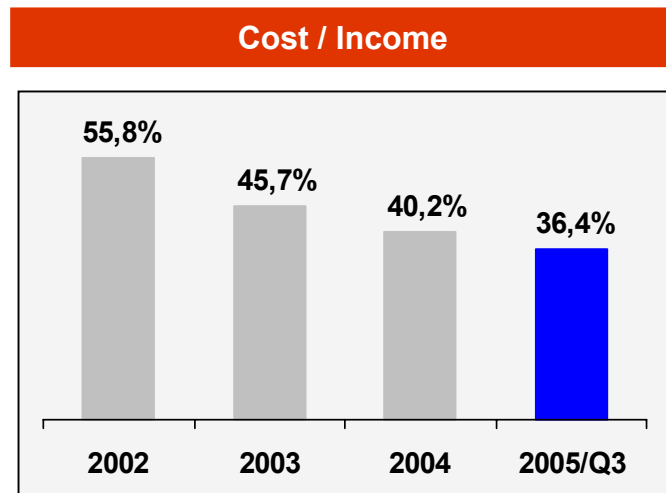
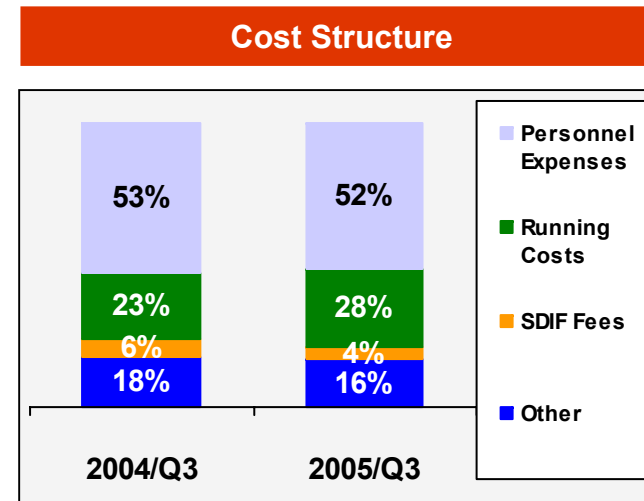
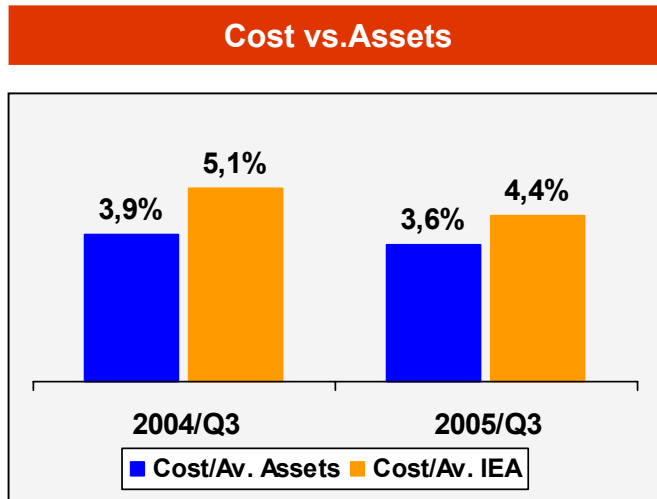


* Restated to 2004 year-end

* Restated to 2004 year-end

Effective cost management and increased profitability...

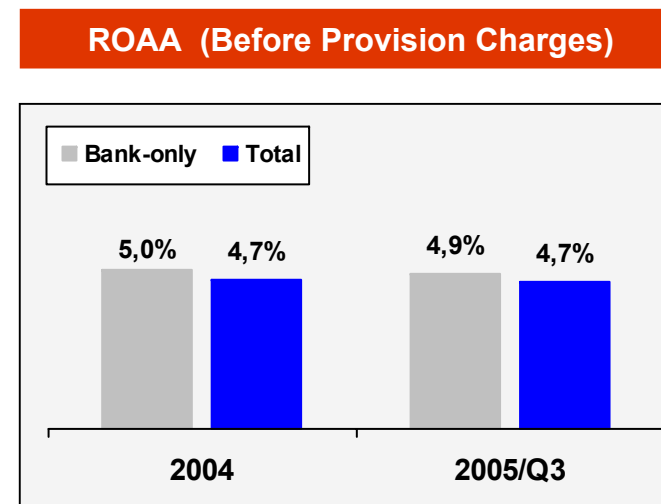
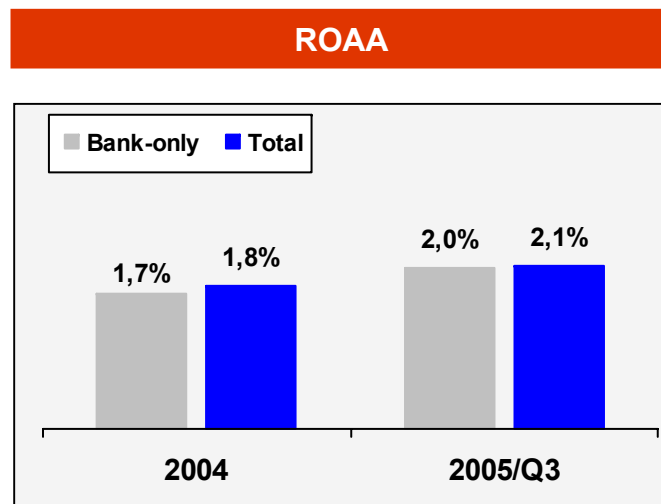
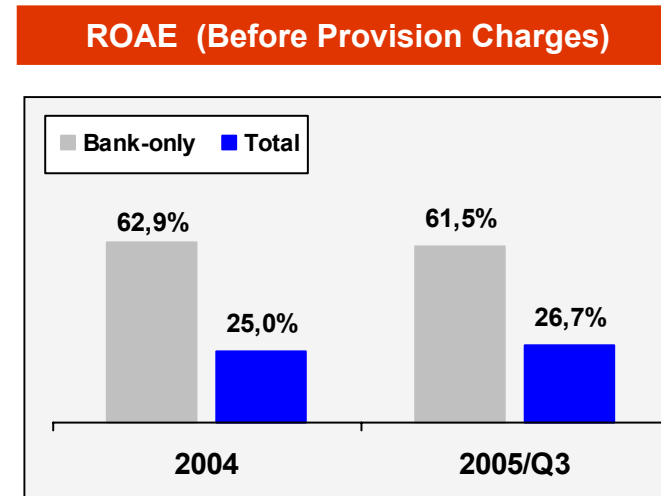
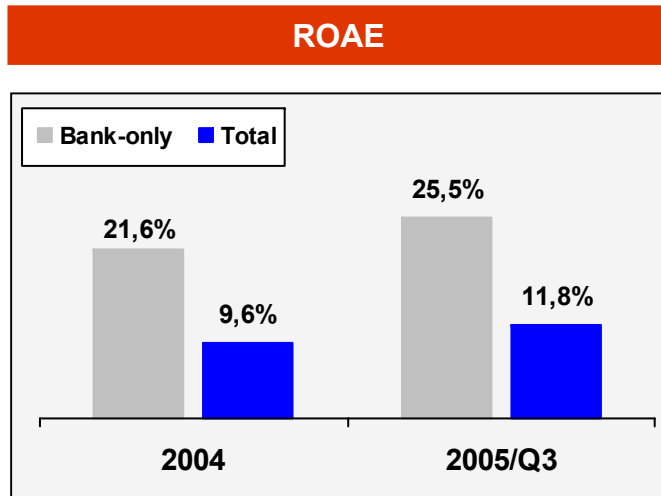
... resulted in best cost/income improvement among peers.



* Restated to 2004 year-end

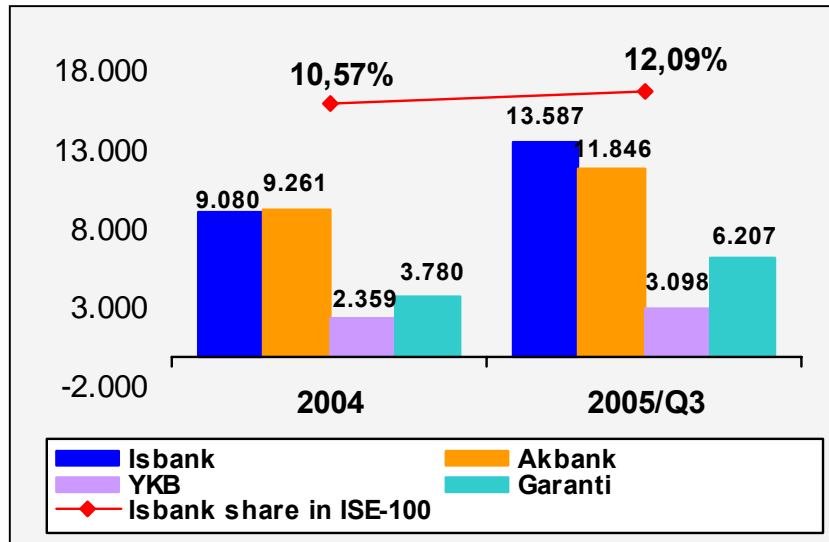
Higher profitability...

... reflected in improved ratios.

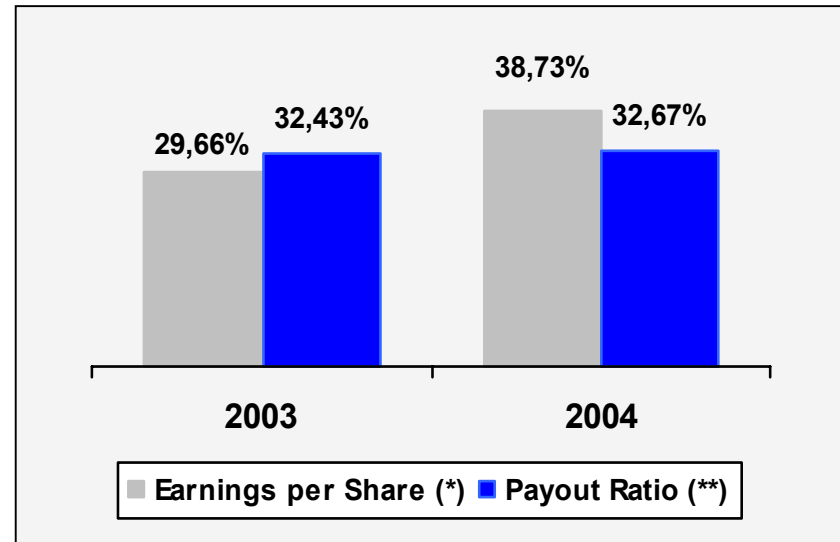


Stock performance and dividend distribution

Market Cap. Comparison (USD mn.)



Earnings per Share & Payout Ratio



* Net profit / Paid-up capital

** Dividend / Net Profit

▶ Isbank is also traded on Merrill Lynch Global Banks Index.

Advantages of Isbank...

... to maintain high profitability in the low interest environment

- ✓ Well positioned banking business to benefit from economic recovery and opportunities of newly forming mortgage market with high growth potential
- ✓ Appropriate positioning of balance-sheet to take maximum advantage of rate falls
- ✓ Increasing share of higher yielding TL IEA and gradual shift from securities to loans
- ✓ Rising share of interest earning assets and improving free equity
- ✓ Sound non-operational cash generating opportunities from loan loss provision reversals and non-core assets sales
- ✓ Strong and stable non-interest income generation capability
- ✓ Further efficiency improvement possibility
- ✓ Isbank's ratings are higher than Fitch sovereign country ceiling

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Among the top three in credit card business



Credit Cards

- ▶ 14 different products for different customer segments
- ▶ Isbank started distributing chip cards
- ▶ The first and only bank in Turkey which has made an agreement with the world's fourth largest payment system JCB
- ▶ 🏠✚✚✚ Reward points by more than 69,870 merchant firms through 108,270 chains, called "Maxipuan"
- ▶ 11.0 % market share in number of cards and 13.7 % market share in transaction volume
- ▶ Low NPL ratio of 2.0 % due to prudent policies and advanced Credit Scoring System
- ▶ High commission generating capability and significant contribution to fee income

(USD mn.)	2004/Q3	2005/Q3	Change
Issuing Volume	4,130	6,221	51%
Issuing Volume Market Share	13%	14%	-
Acquiring Volume	3,844	5,750	50%
Acquiring Volume Market Share	14%	14%	-
Balance	904	1,578	75%
Number of Cards (000)	2,869	3,194	11%

* According to Interbank Card Center data as at 2005/Q3.

Capital market operations...

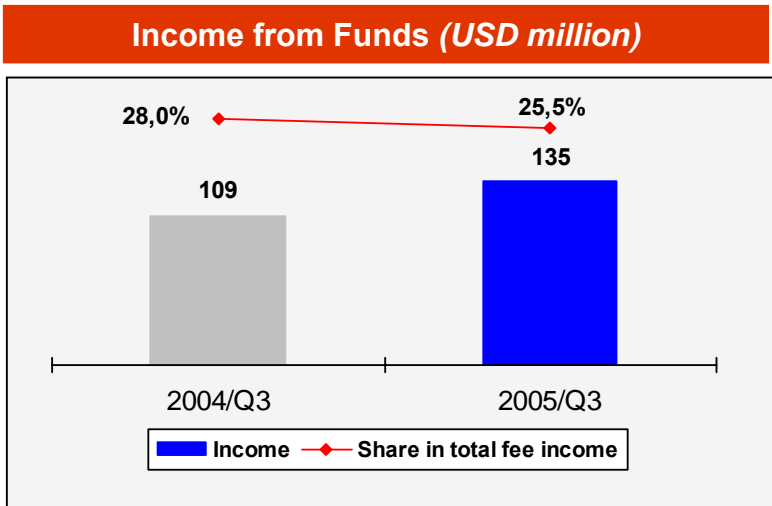
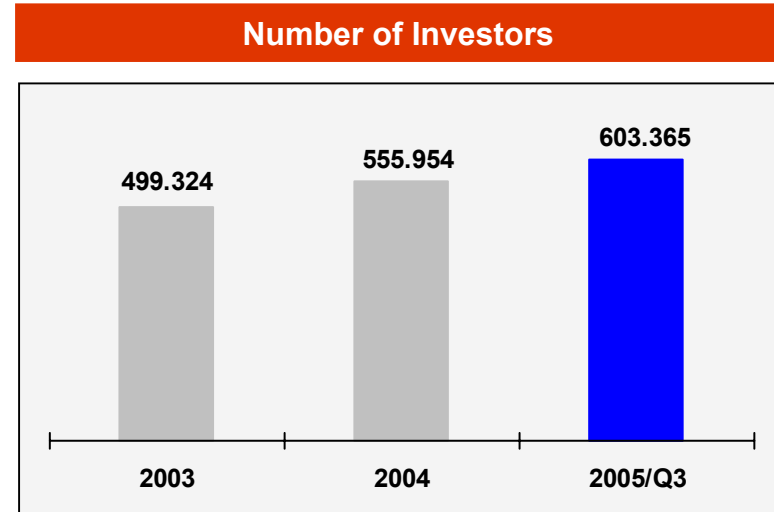
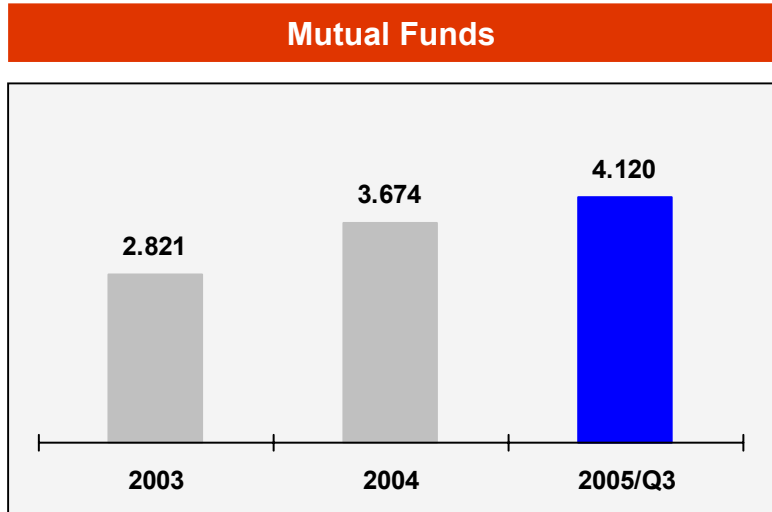
... another area Isbank dominates

	Market Share	Rank	USD bn.
Volume of Mutual Funds	20%	1st	4.1
Fixed Income Sec. Under Custody	14%	1st	8.6
Number of Equity Investor Accounts	37%	1st	396,477
Odd-lot Equity Trading	89%	1st	0,02
Stock Trading Volume *	6%	1st	17.0

* Is Investment (As of 30.09.2005)

First and largest mutual fund provider...

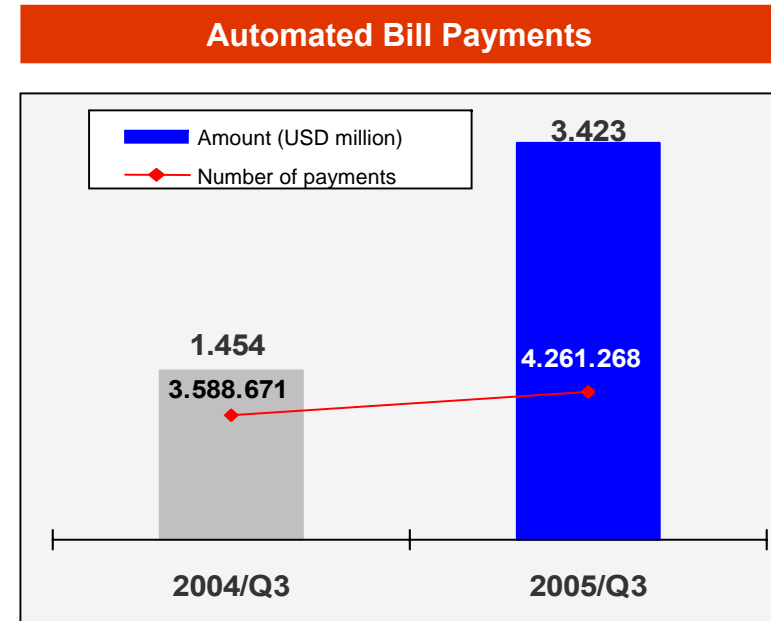
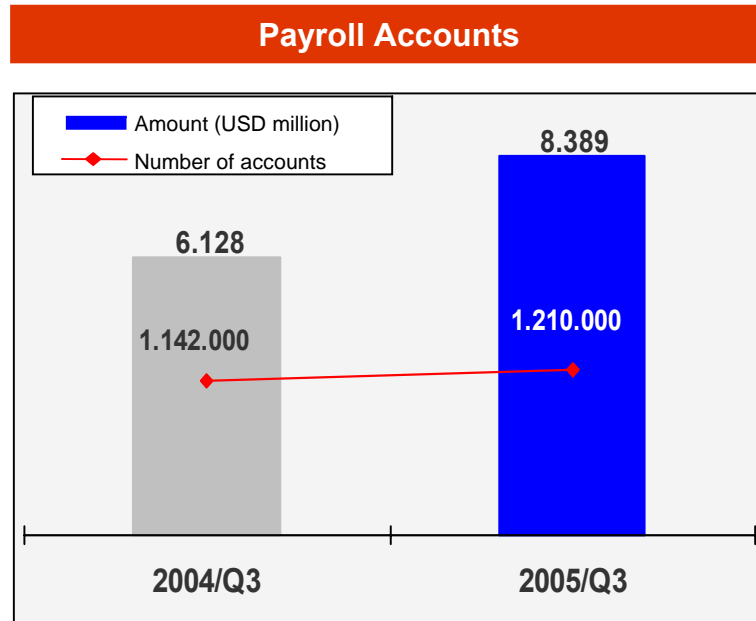
... 17 types of mutual funds designed for different risk appetites.



- ▶ With 8 A type and 9 B type mutual funds and more than 603 thousand investors, Isbank is the most preferred bank in the sector.
- ▶ Income from mutual funds is steadily increasing.
- ▶ 20% market share in mutual funds.

Increasing retail customer base...

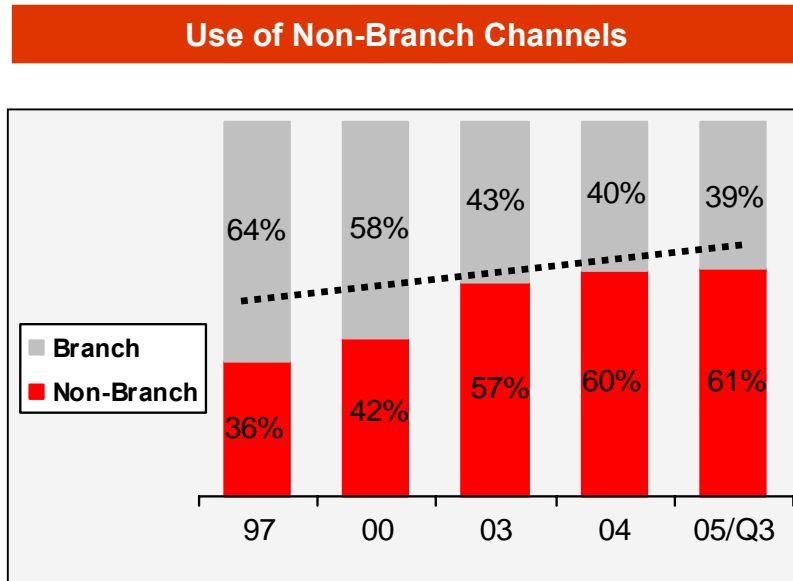
... supported by payroll accounts and bill payment agreements.



- ▶ Automated bill payments and payroll accounts are an important source for low cost demand deposits.
- ▶ Payroll accounts create significant cross selling opportunities.

Alternative distribution channels...

... are being used more efficiently.



(%)	1997	2000	2003	2004	2005 /Q3
ATM	28	29	23	22	21
POS	5	6	20	21	22
Internet	1	5	10	13	15
Telephone	2	2	2	2	1
Kiosk	-	-	1	1	1
Call Center	-	-	1	1	1

- ▶ The share of non-branch channels in total transactions has reached 61%, increasing more than 20 percentage points in 7 years.
- ▶ The fastest growing channel is internet: the share of internet transactions has increased from 1% in 1997 to 15% in 2005/Q3.
- ▶ Customers are encouraged to use low-cost non-branch channels.
- ▶ The use of alternative channels creates operational efficiency, allowing the staff to focus on marketing activities.

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Glass



Isbank
66 %

General Information

- ✓ A leading flat glass, glassware, glass packaging, and chemicals producer.
- ✓ In all product lines, leader in the domestic market with a strong presence in export markets.

Financial Information (consolidated, IFRS)

(USD Million)	2004Q4	2005Q2
Sales	1,628	813
International Sales*	737	338
Shareholders' Equity	1,484	1,650
Total Assets	2,786	2,978
Net Profit	139	53

Market Shares (%)**

	Turkey	Europe	World
Flat Glass	82.0	8.0	3.0
Glassware	74.0	17.9	6.8
Glass Packaging	95.0	4.0	2.0
Glass Fibre	66.0	5.0	3.0
Soda Ash	85.0	3.0	3.0
Chromium Chemicals	89.0	20.0	15.0

* Includes exports and sales from production abroad

** As of June 30, 2005

Market shares of Sisecam

Glassware (%)	
Bulgaria	35
Ukraine	25
U.K.	22
Russian Federation	20
Italy	12
Germany	11
Spain	10
Iran	30
Egypt	34

Glass Fibre (%)	
Switzerland	14
Germany	16
Spain	7
Italy	10
Iran	29

Chromium Products (%)	
Taiwan	48
S.Korea	17
China/H. Kong	15

Flat Glass (%)	
Bulgaria	20
Greece	20
Tunusia/Algeria/Morocco	10

Soda Ash (%)	
Syria	80
Egypt	60
Italy	14
Israel	30

Glass Packages (%)	
Georgia	70
Azerbaijan	60
Russian Federation	40

(*) As of June 30, 2005

Mobile Telecommunications



Isbank Group 18.86%

Turk Telecom 40.57%

Telecom Italia Group 40.57%

- ✓ Aria and Aycell merged under TT & TIM as of February 19, 2004
 - ✓ Avea brand has been successfully launched in June 2004.
 - ✓ The coverage and efficiency have increased significantly due to the combination of 2 GSM networks.
 - ✓ A number of innovative products and services have been introduced to the Turkish market since then.
 - ✓ Significant level of synergies have been created in the operations after the merger.
-
- ✓ The merged entity has approximately 6 million subscribers and 15% market share.
 - ✓ Avea has a shareholders' equity of USD 2.5 billion (IFRS) as of 31.12.2004.
 - ✓ Isbank's stand-alone share is 14.03% in Avea paid up capital.

Financial Participations (30.09.2005)

Company	Field of Activity	Bank's Direct Share (%)	Group Share (%)	Assets (USD 000)	Shareholder's Equity (USD 000)	Market Share (%)
Türkiye Sınai Kalkınma Bankası A.Ş.	Investment Bank	40.52	51.89	2,023,735 ⁽¹⁾	324,043 ⁽¹⁾	21,5 ⁽¹⁾
Arap Türk Bankası A.Ş.	Banking	20.00	20.00	222,645 ⁽¹⁾	60,178 ⁽¹⁾	-
İşbank GmbH	Banking	100.00	100.00	355,460 ⁽¹⁾	69,333 ⁽¹⁾	-
Anadolu Anonim Türk Sigorta A.Ş.	Insurance	35.53	64.21	634,443	265,864	13 ⁽¹⁾ (2)
Anadolu Hayat Emeklilik A.Ş.	Private Pension	62.00	85.93	1,376,130	213,207	31 ⁽¹⁾ (2)
Milli Reasürans T.A.Ş.	Reinsurance	76.64	77.05	697,350 ⁽¹⁾	253,294 ⁽¹⁾	89 ⁽¹⁾ (2)
İş Yatırım Menkul Değerler A.Ş.	Brokerage House	92.00	100.00	212,352 ⁽¹⁾	79,189 ⁽¹⁾	5.84 ⁽¹⁾ (3)
Yatırım Finans. Menkul Değerler A.Ş.	Brokerage House	-	90.44	52,595	18,530	1.1
İş Yatırım Ortaklığı A.Ş.	Trust Company	-	24.27	93,983 ⁽¹⁾	92,350 ⁽¹⁾	34.88 ⁽¹⁾
İş Portföy Yönetimi A.Ş.	Portfolio Mngt.	50.00	100.00	10,893 ⁽¹⁾	10,492 ⁽¹⁾	23.55 ⁽¹⁾
İş Finansal Kiralama A.Ş.	Leasing	27.79	58.21	415,788 ⁽¹⁾	81,033 ⁽¹⁾	10.5 ⁽⁴⁾
İş Factoring Finansman Hizmetleri A.Ş.	Factoring	-	100.00	24,883	15,506	1 ⁽⁴⁾
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	REIT	42.23	61.98	604,872 ⁽¹⁾	575,655 ⁽¹⁾	37.22 ⁽¹⁾ (5)
İş Girişim Sermayesi Yat. Ort.A.Ş.	Risk Venture	-	50.30	70,214 ⁽¹⁾	60,295 ⁽¹⁾	-
Is Dublin Financial Services Plc.	Fin. Services	99.99	100.00	11,117 ⁽¹⁾	10,911 ⁽¹⁾	-
TOTAL				6,806,460	2,129,880	

(1) As of 30.06.2005
(4) Transaction volume

(2) Premium income
(5) Market Value

(3) Transaction volume in equity market

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