



TÜRKİYE  BANKASI
Investor Presentation

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Isbank at a Glance

4

Financial Highlights

14

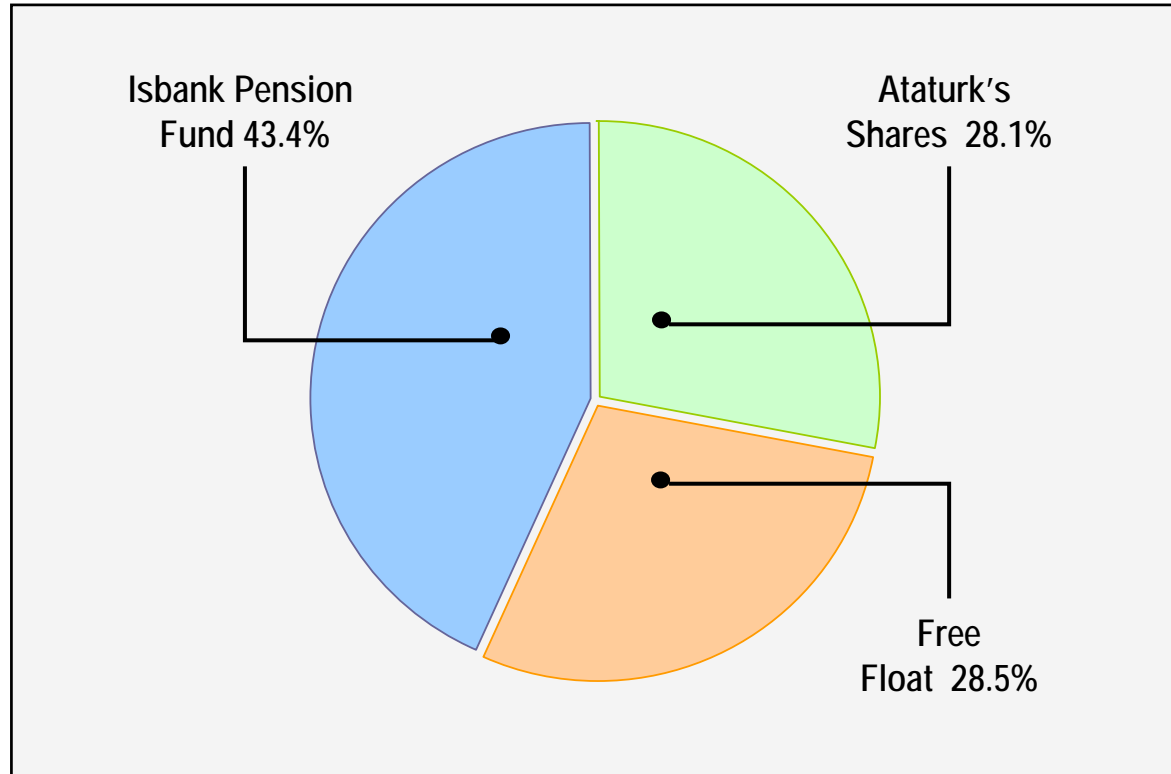
Retail Banking

41

Major Equity Participations

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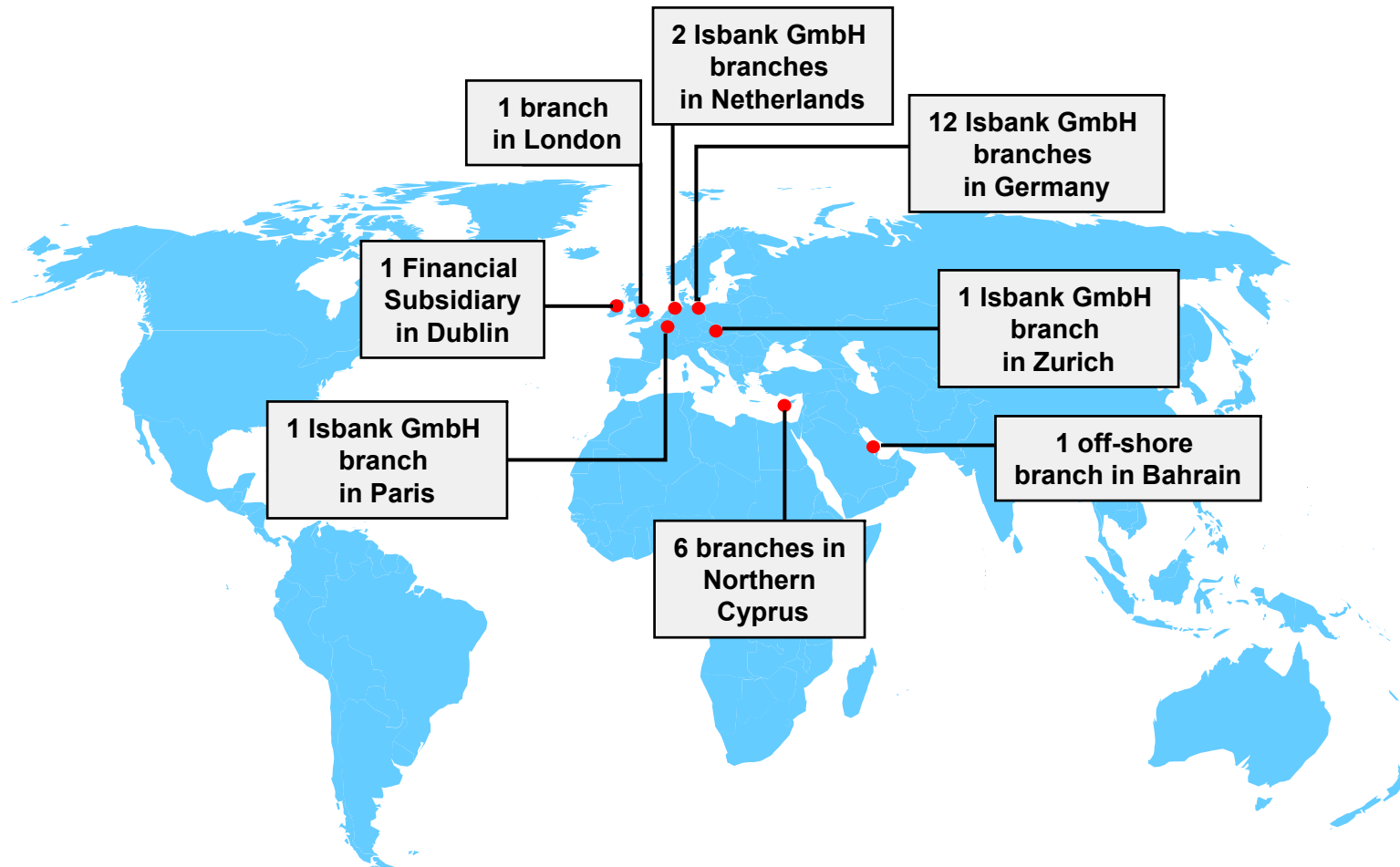
Shareholder structure



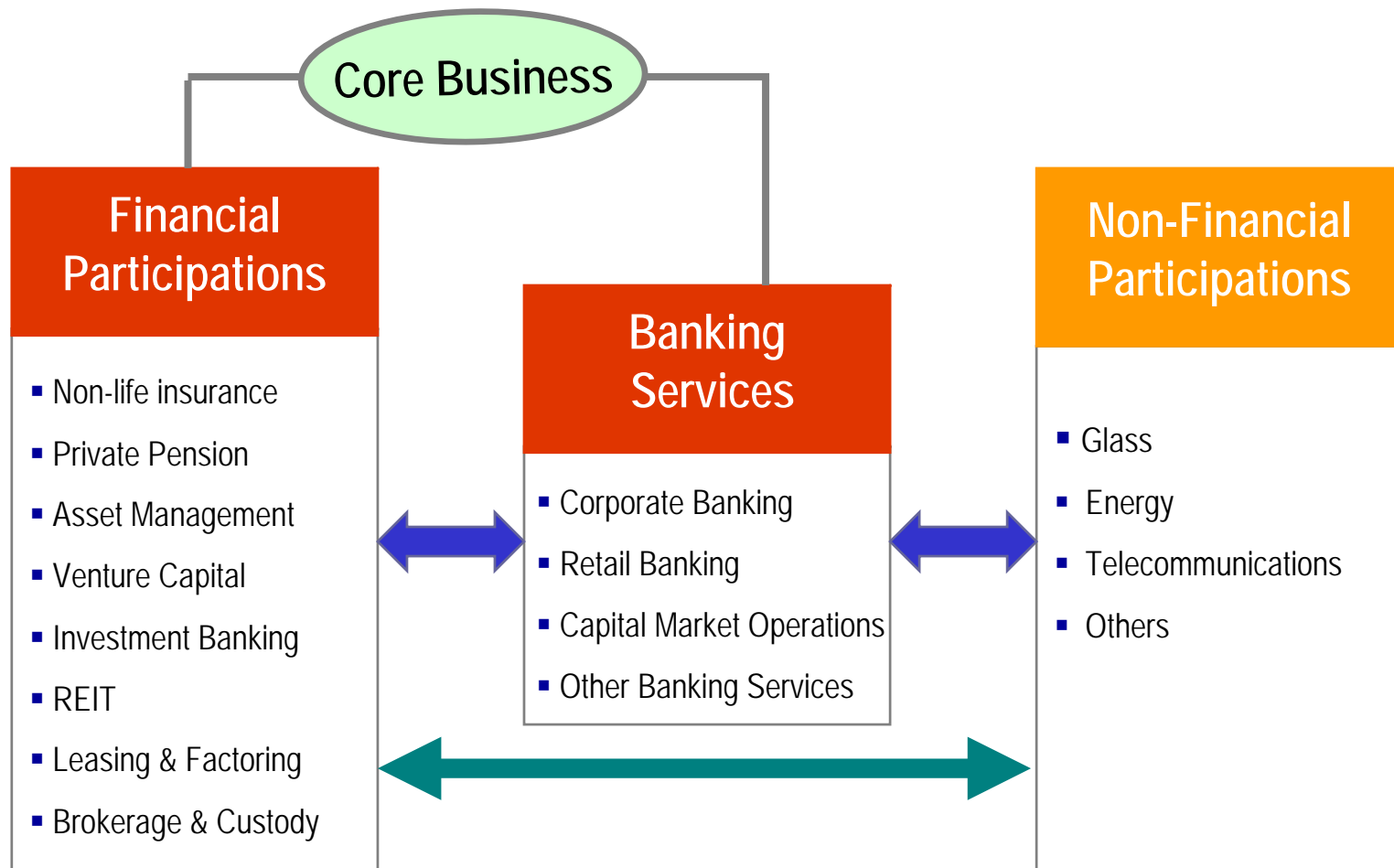
- ▶ Around 250,000 domestic and foreign shareholders
- ▶ Shareholding of employees via pension fund creates self-motivation
- ▶ Stocks are quoted at ISE and also traded at LSE in the form of GDR
- ▶ More than half of the free float held by foreign investors

International presence

... focusing on Turkish populated EU countries.



Main business lines of Isbank Group




Strengths of Isbank

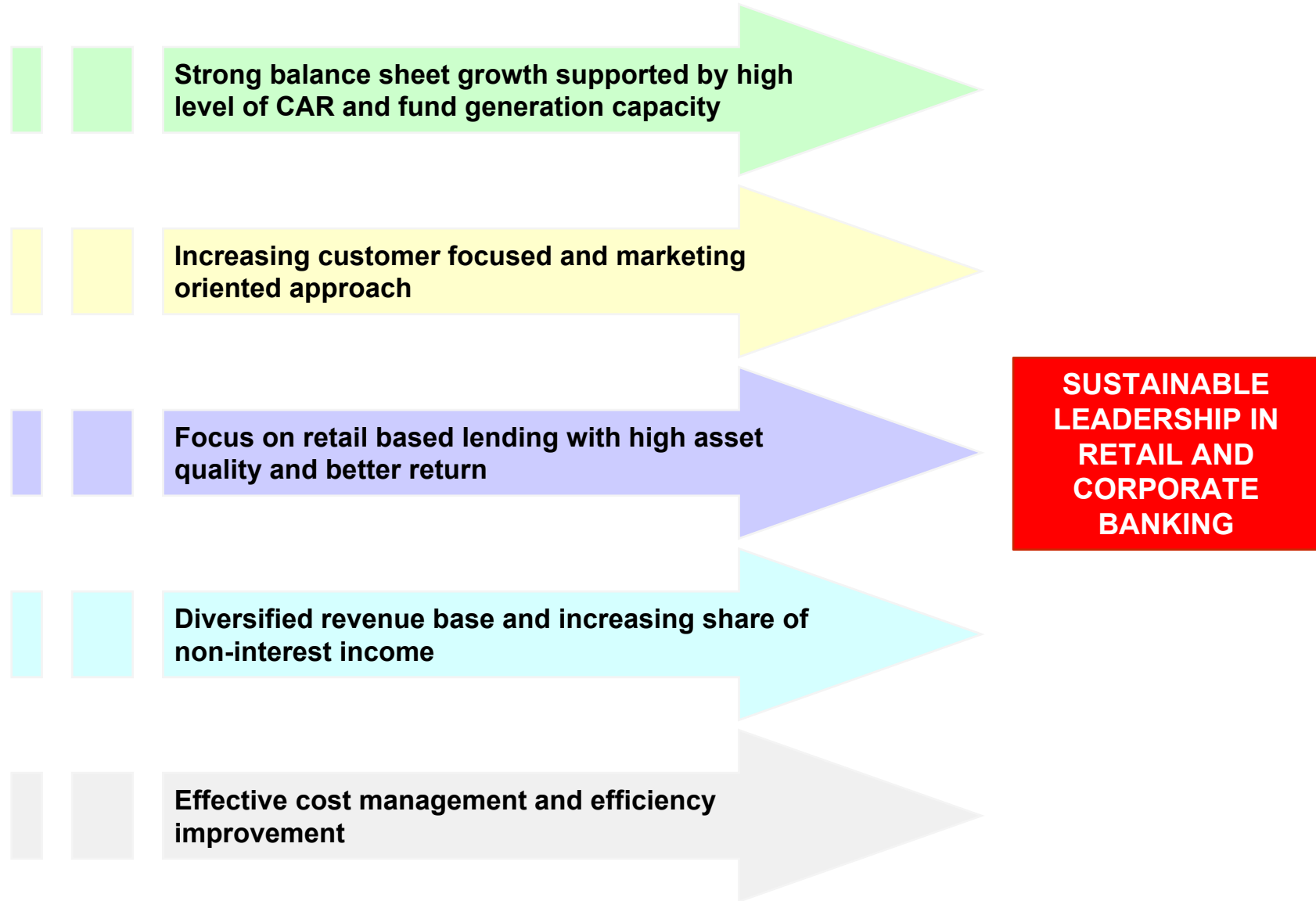
Thanks to its

- ▶ 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

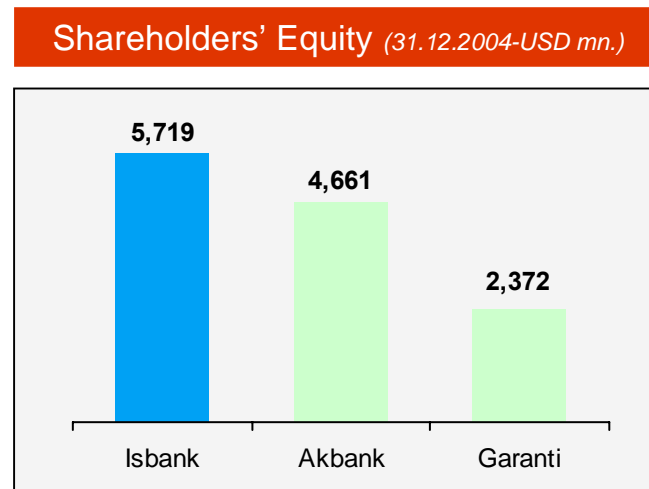
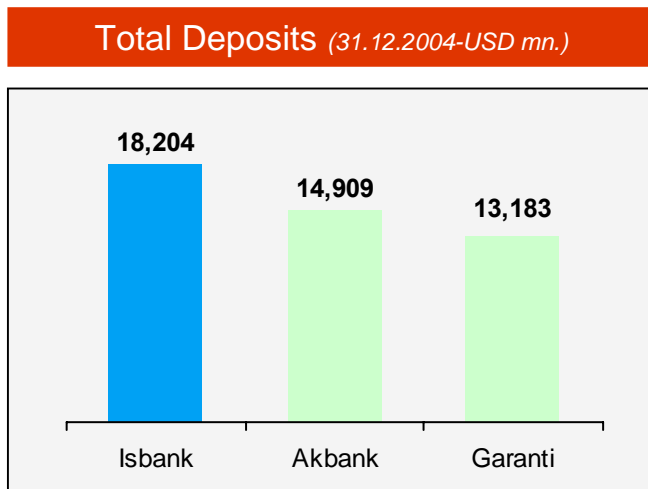
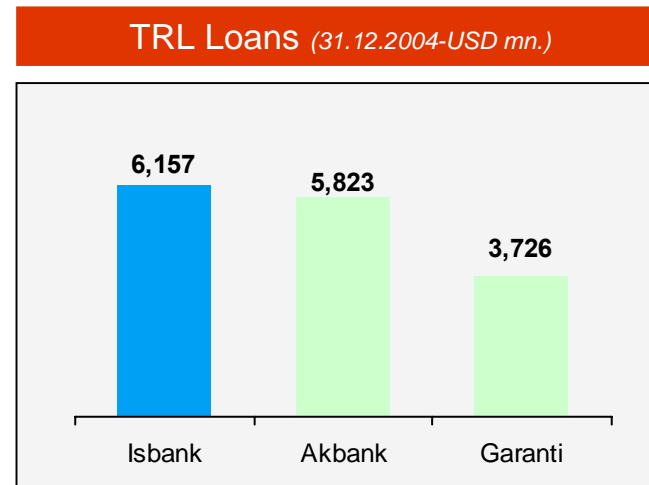
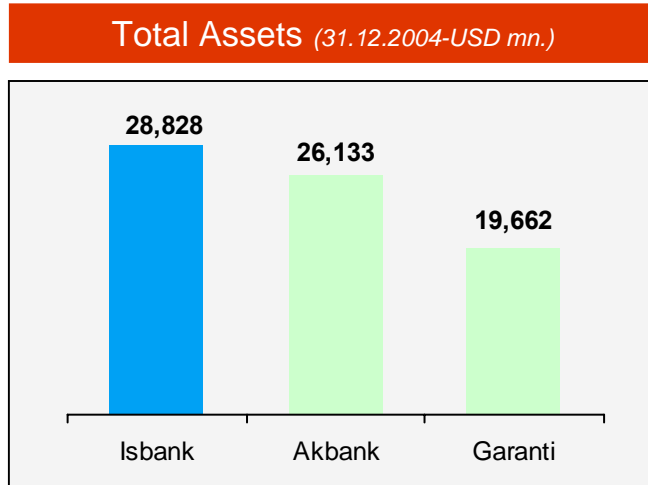
- 
- ✓ **be the main beneficiary of the stabilized environment,**
 - ✓ **further benefit from consolidation process,**
 - ✓ **be positively affected from the economic recovery having a substantial exposure to real economy.**

Main strategies going forward



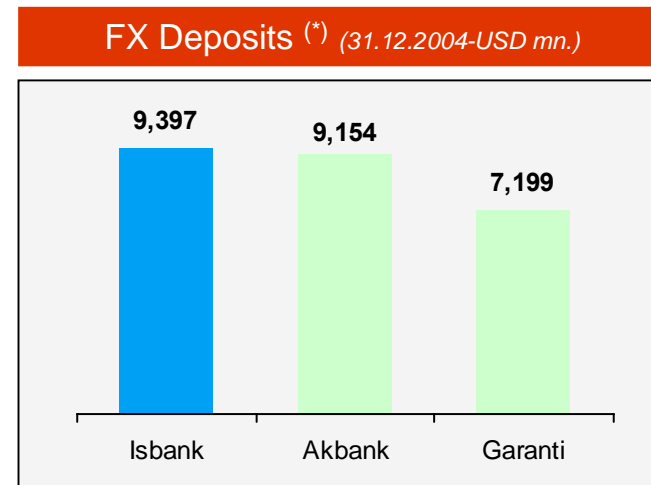
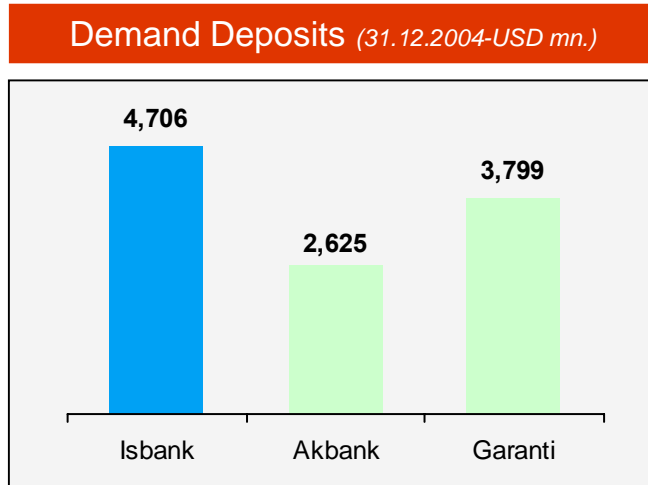
Largest private sector bank...

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

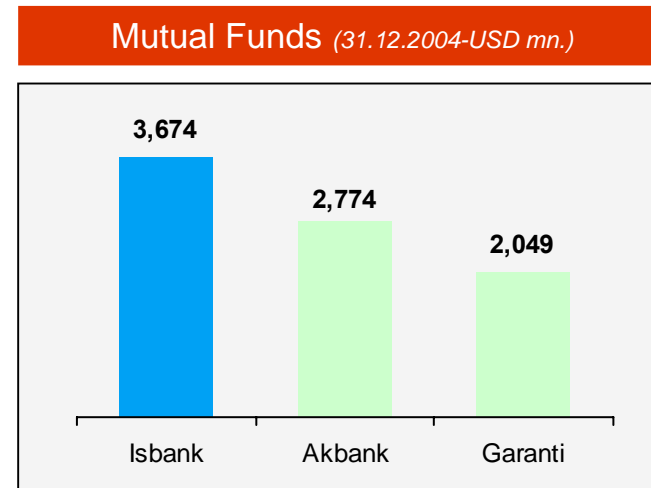
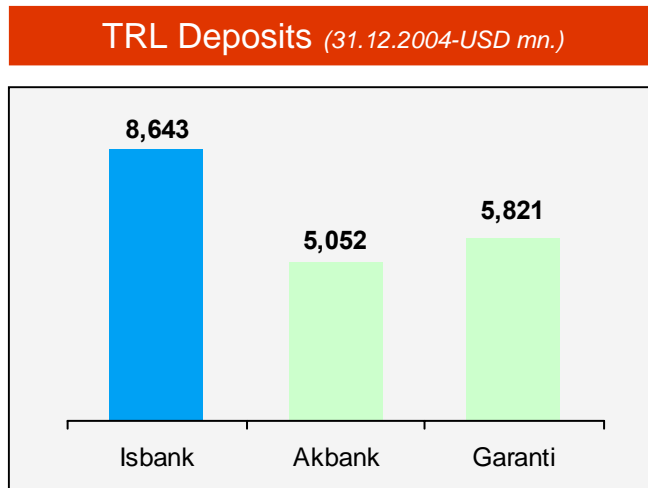


Largest private sector bank...

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



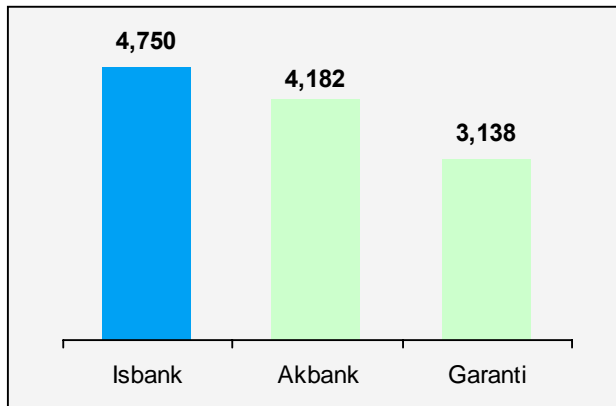
(*) Excluding Interbank Deposits



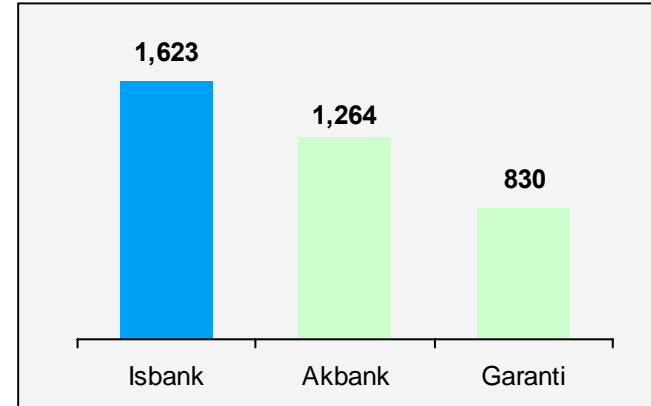
Largest private sector bank...

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

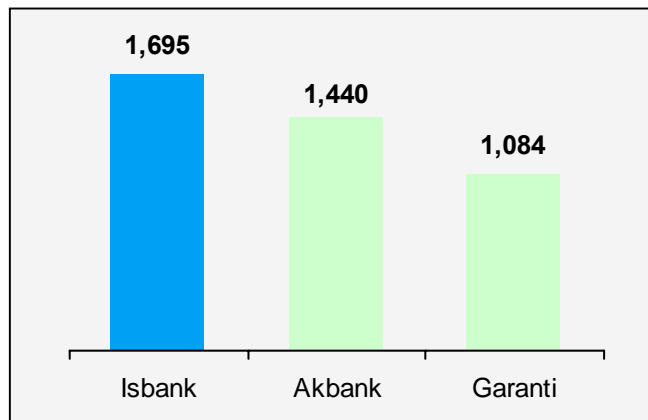
Gross Income (31.12.2004-USD mn.)



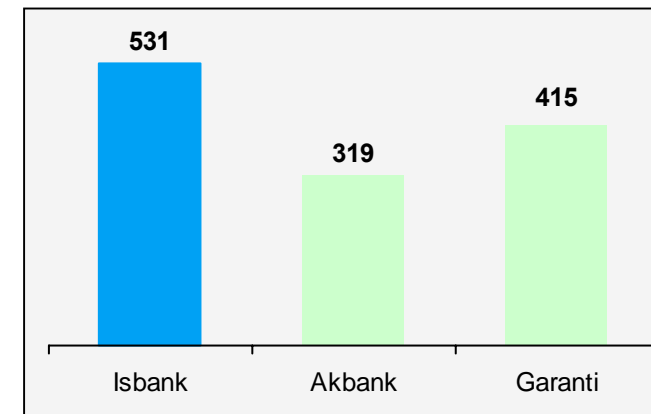
Gross Profit (31.12.2004-USD mn.)



Interest Income on Loans (31.12.2004-USD mn.)



Net Comm. Income (31.12.2004-USD mn.)



Increasing dominance in the market...

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

		Share(%) 2000	Share(%) 2004	Rank
Loans	Total Loans	9.2	12.3	2 nd among private banks
	TL Loans	6.8	12.9	1 st among private banks
	Credit Cards	11.3	12.0	3 rd among private banks
Deposits	Demand	9.3	15.3	1 st among private banks
	TRL	5.5	10.5	1 st among private banks
	FX *	10.1	14.7	1 st among private banks
	Total Deposits	7.9	12.3	1 st among private banks
Retail Products**	Volume of Debit Cards	31.8	23.8	1 st in the sector
	Number of POS	17.8	19.3	2 nd in the sector
	Number of Credit Cards	11.2	11.8	3 rd in the sector
	Volume of Credit Cards	12.6	13.3	3 rd in the sector
Capital Markets	Odd-lot Equity Trading	100.0	83.0	1 st in the sector
	Mutual Funds	20.2	20.1	1 st in the sector
	Custody Services	35.0	37.3	1 st in the sector

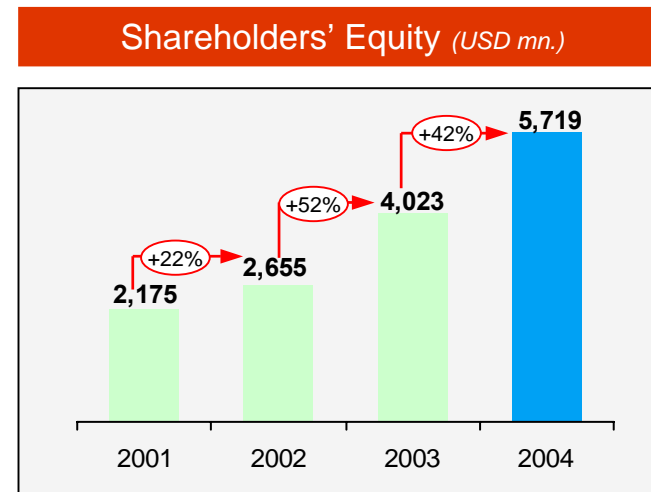
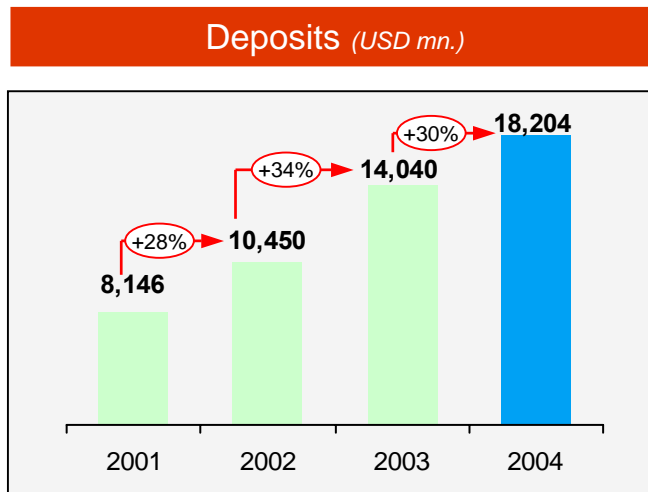
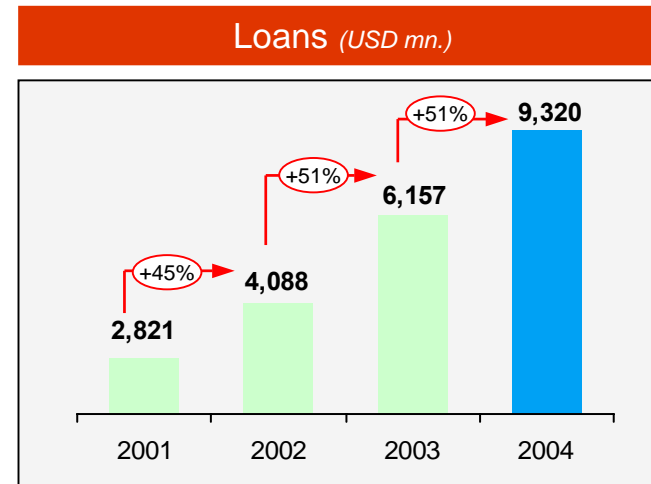
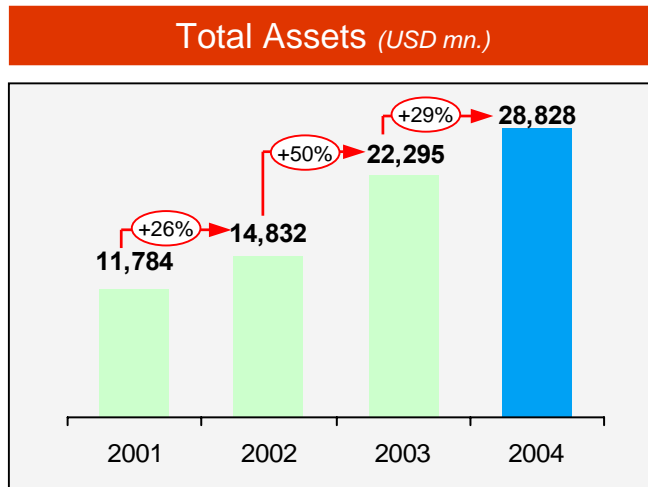
* Excluding Interbank Deposits.

**According to Interbank Card Center data as at end 2004

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Impressive growth performance...

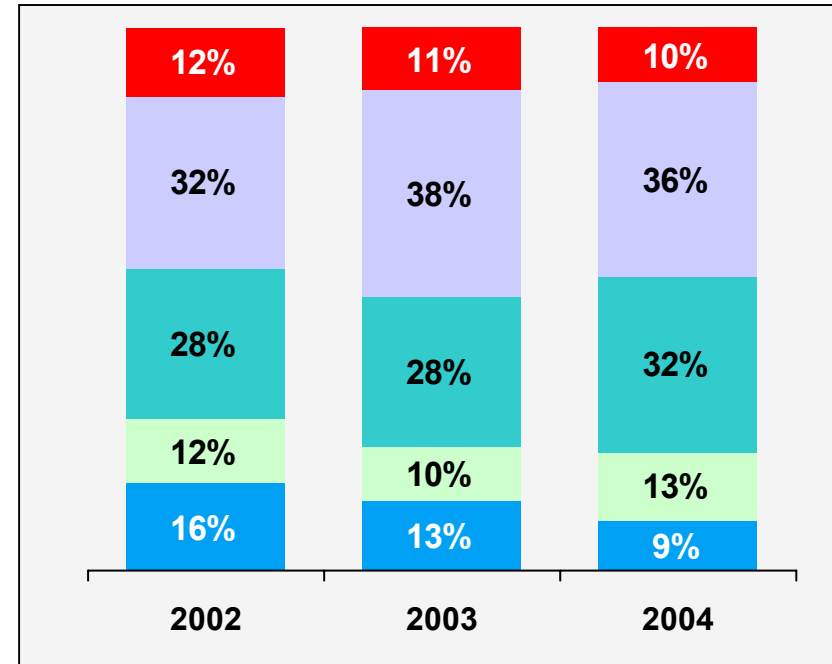
... in all key measures.



Asset composition...

... increasing share of loans.

(USD mn.)	2003	2004	Change YoY (%)
Cash & Banks	2,526	2,823	12
Securities	8,496	10,366	22
Loans	6,157	9,320	51
Participations	2,246	3,611	61
Other	2,870	2,708	-6
Total Assets	22,295	28,828	29



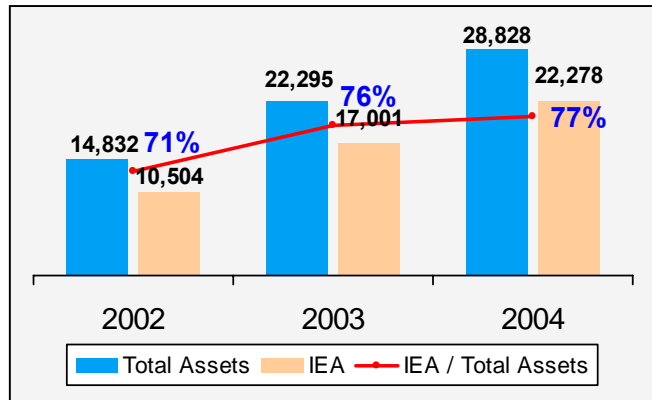
- ▶ 29% YoY asset growth
- ▶ Share of interest earning assets in total assets is 77%.



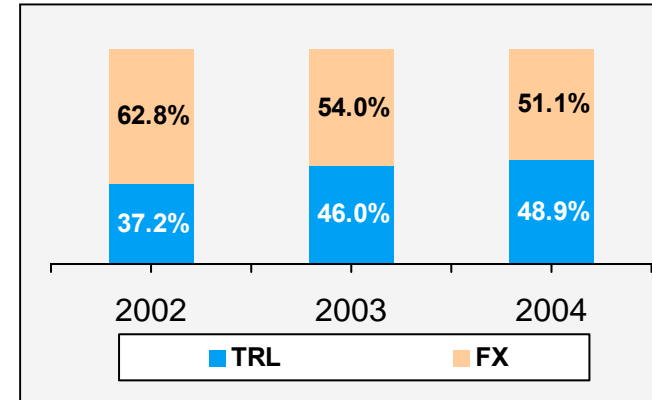
* Including Reserve Requirements

Towards a healthier assets structure...

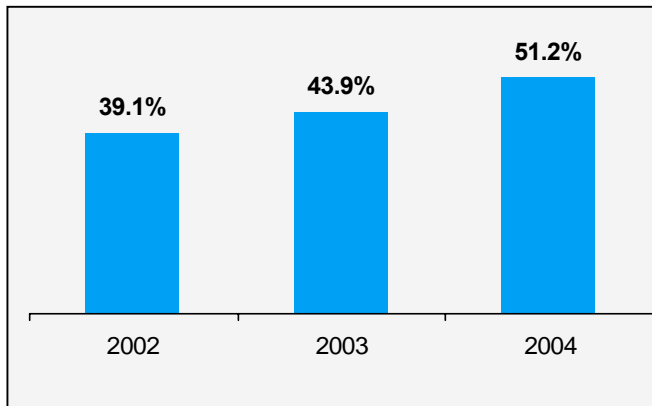
Total Assets vs IEA (USD mn)



TL / FX Mix of IEA



Loans / Deposits

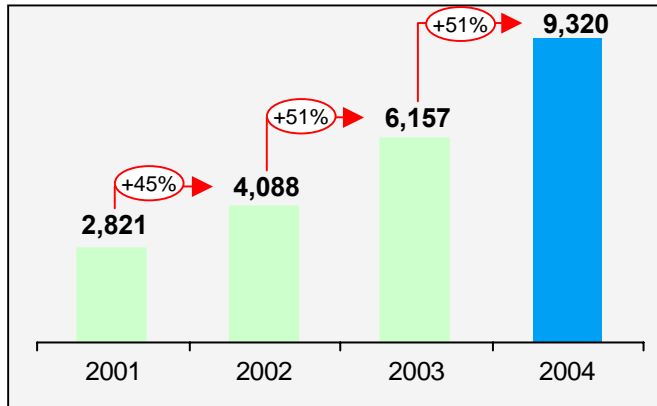


- ▶ Improving asset mix
- ▶ Shift to TRL based IEA's with higher return
- ▶ Rising 'loans to deposits' ratio

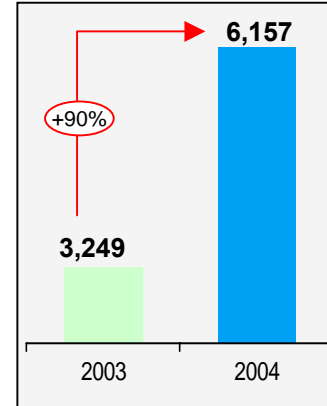
Solid lending franchise...

... a crucial competitive edge.

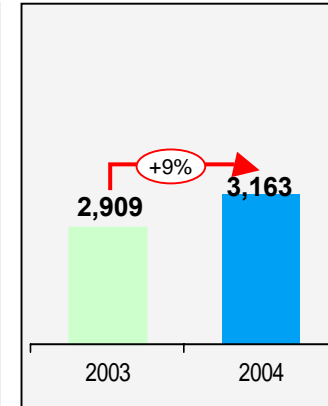
Total Loans (USD mn.)



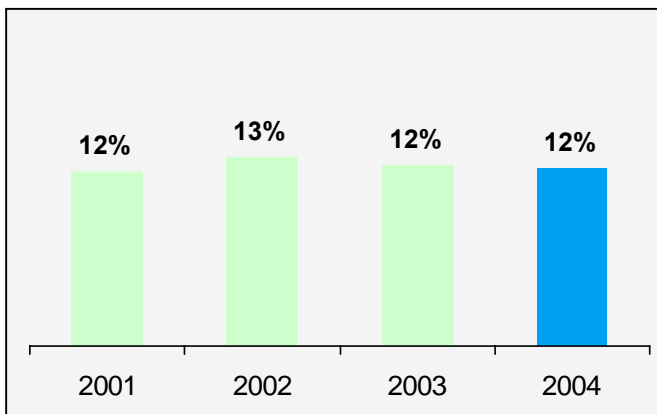
TL Loans (USD mn.)



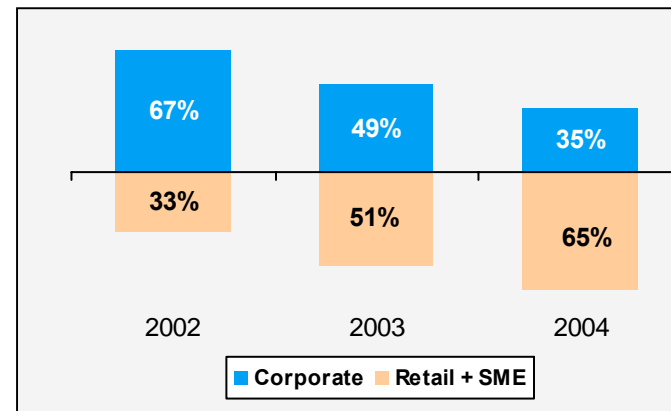
FX Loans (USD mn.)



Loans Market Share

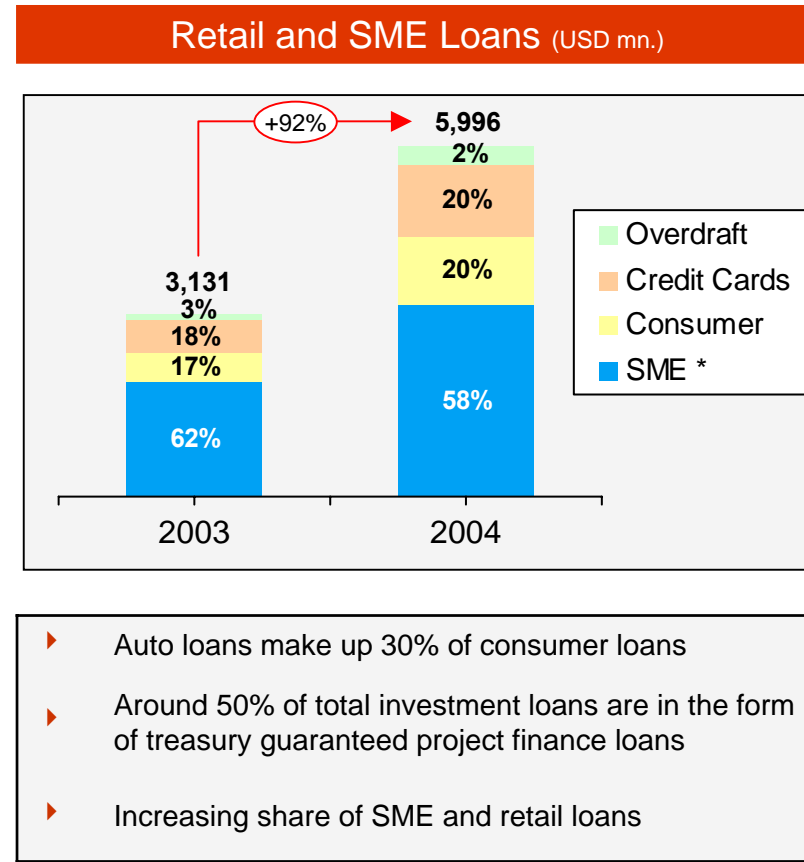
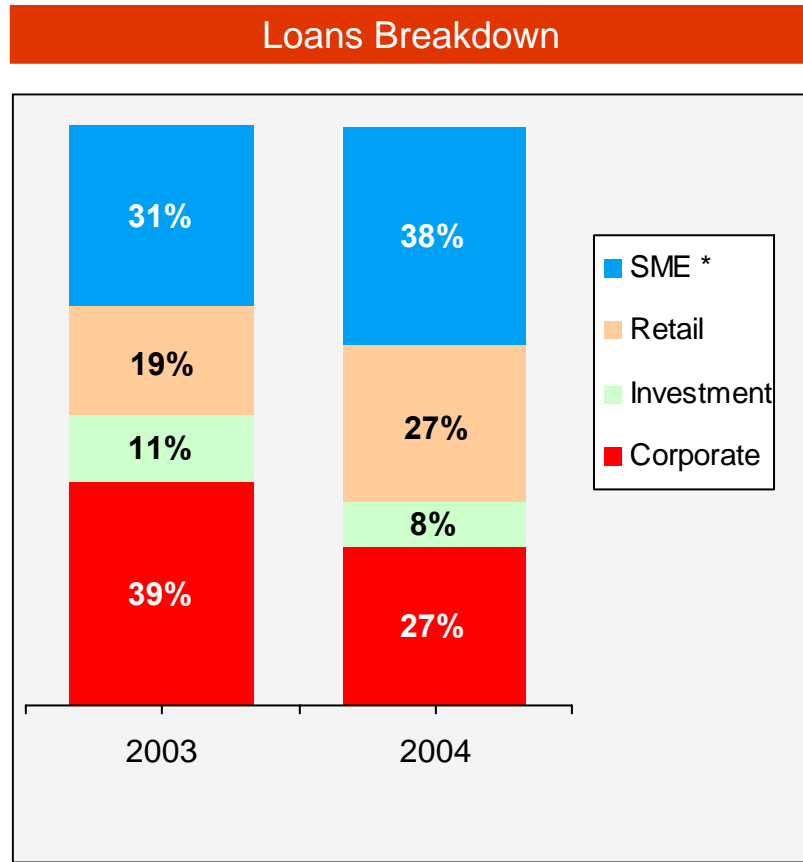


Corporate vs. Non-corporate



More retail oriented and diversified loan portfolio...

... 65% comprised of retail and SME loans.

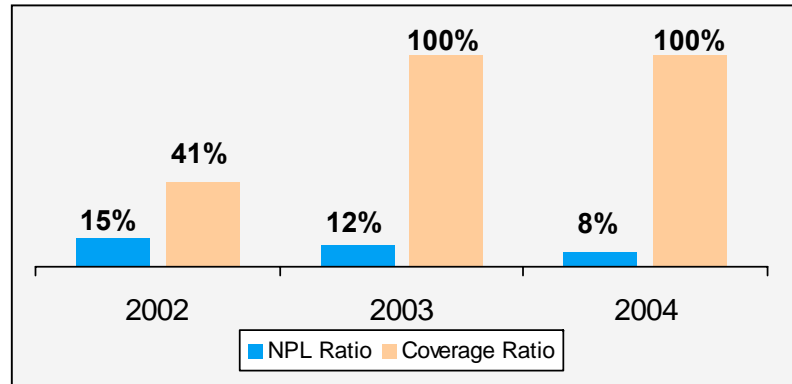


* Including commercial vehicle, commercial property loans, corporate credit card and overdraft accounts

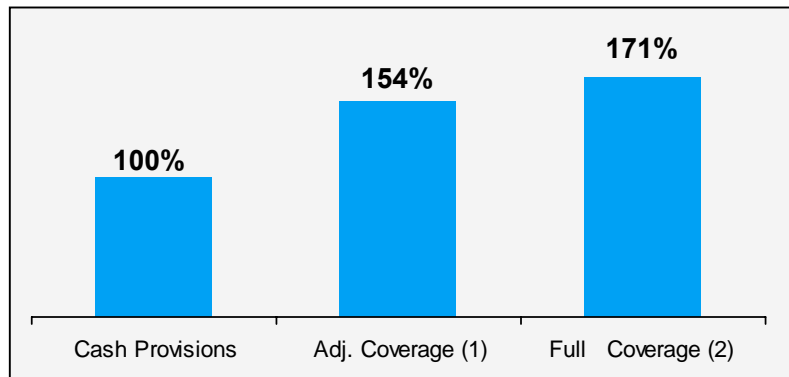
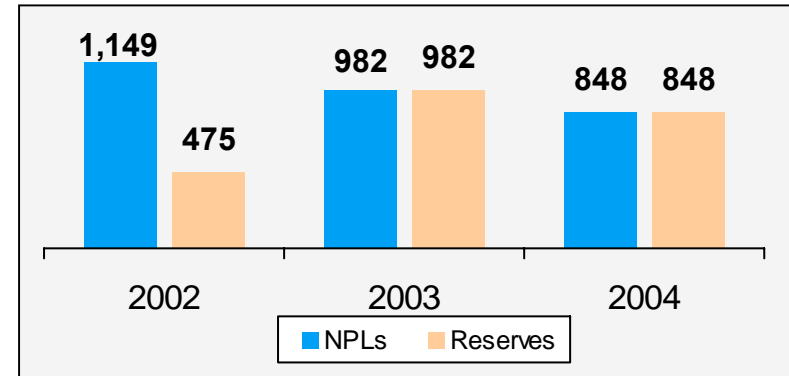
Improving loan quality...

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

NPL vs. Coverage Ratio



NPLs & Loan Loss Reserves (USD mn.)

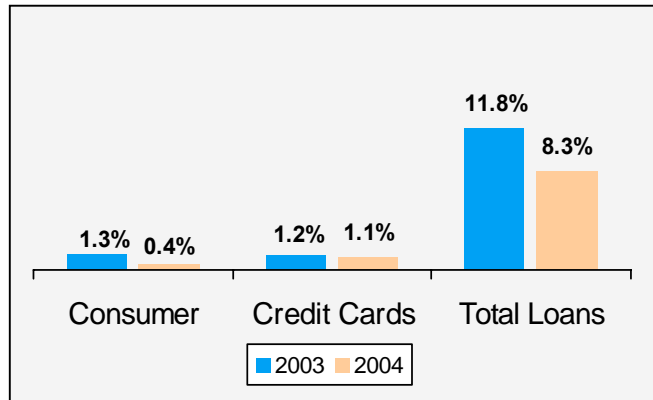


- ▶ 100% NPL provisioning since 31.12.2003
- ▶ Prominent improvement in NPL ratio due to restructuring, collections and loan growth
- ▶ High provisioning generates hidden reserves as recoveries realized

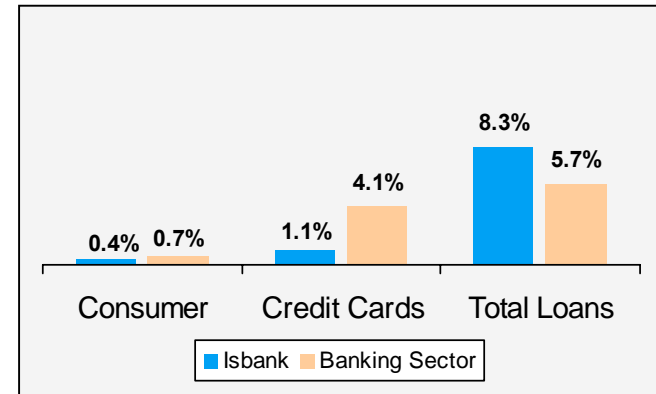
(1) Adjusted value of collaterals + loan loss provisions
 (2) Book value of collaterals + loan loss provisions

Continuous recovery in loan portfolio

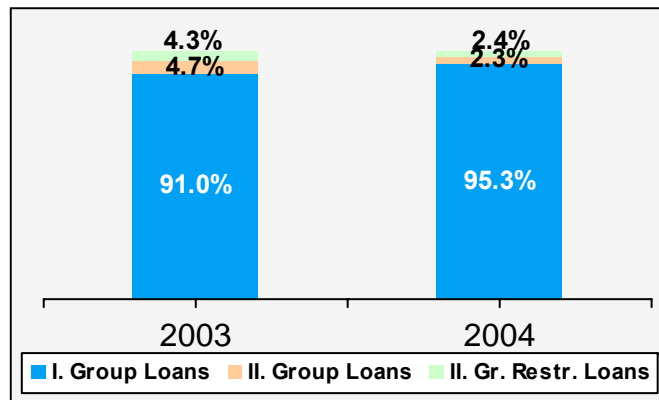
NPL Ratio by Loan Categories



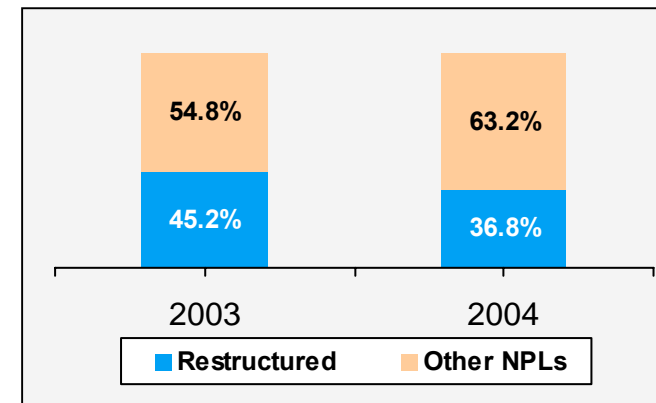
NPL Ratios – Isbank versus Sector



Performing Loan Groups



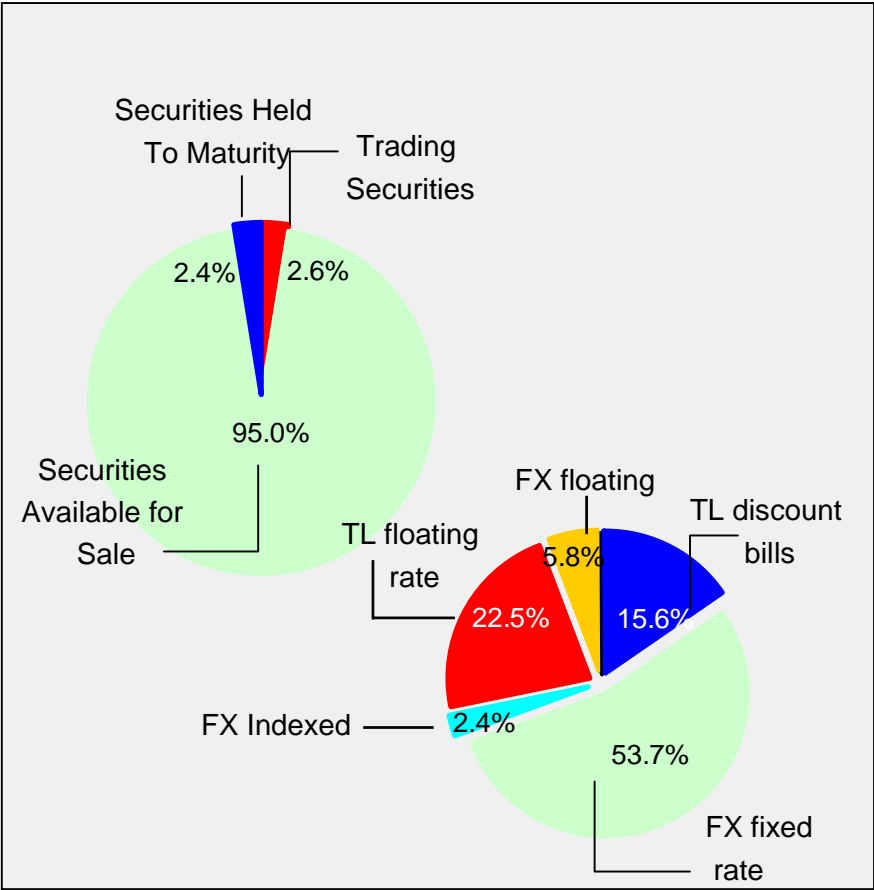
NPL Breakdown



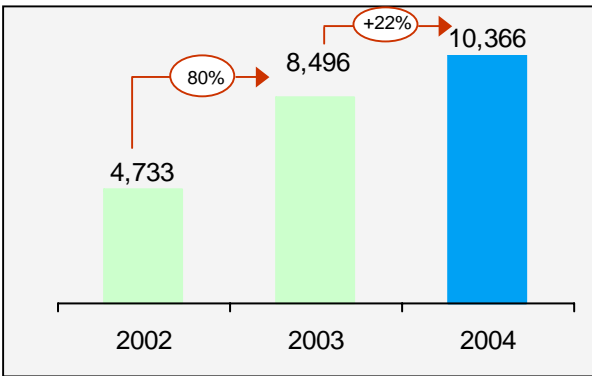
Securities portfolio...

... the largest asset component.

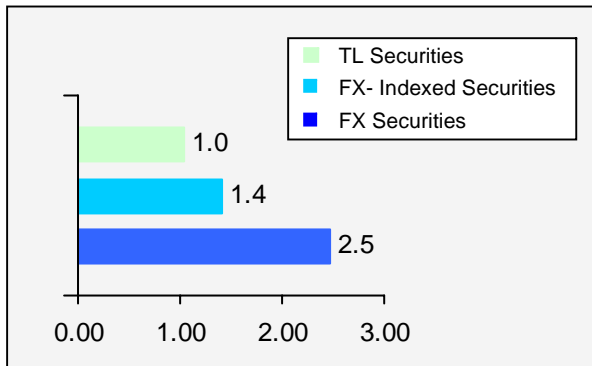
Breakdown of Securities Portfolio (31.12.2004)



Total Portfolio (USD mn.)

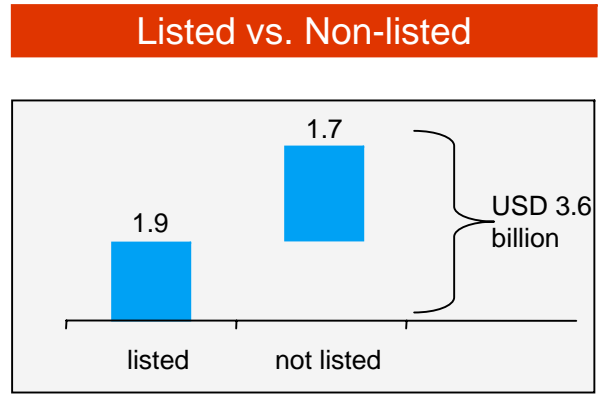
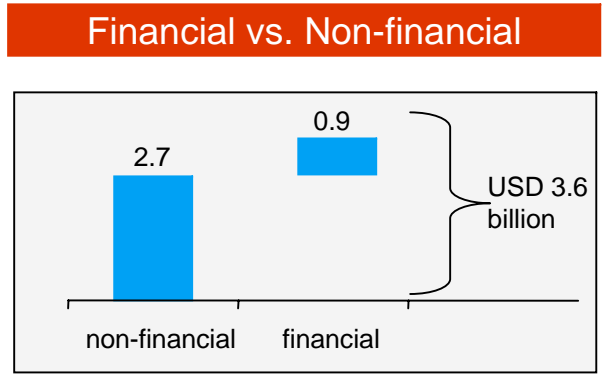
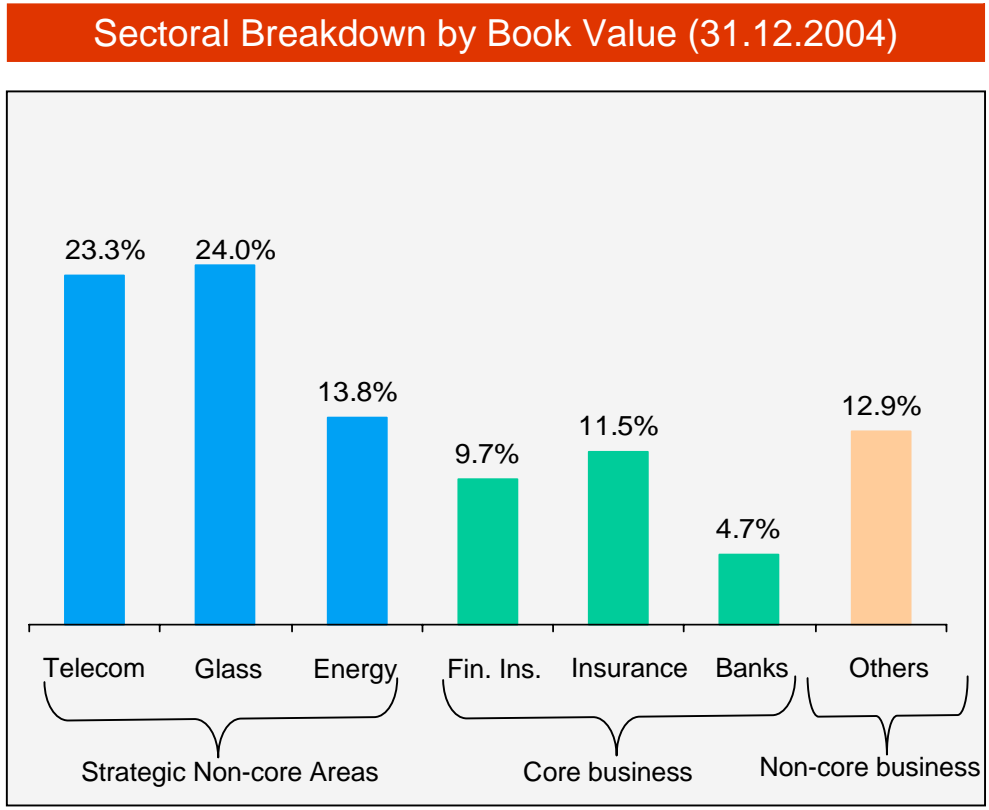


Average Maturity (Years)



A diversified equity participation portfolio...

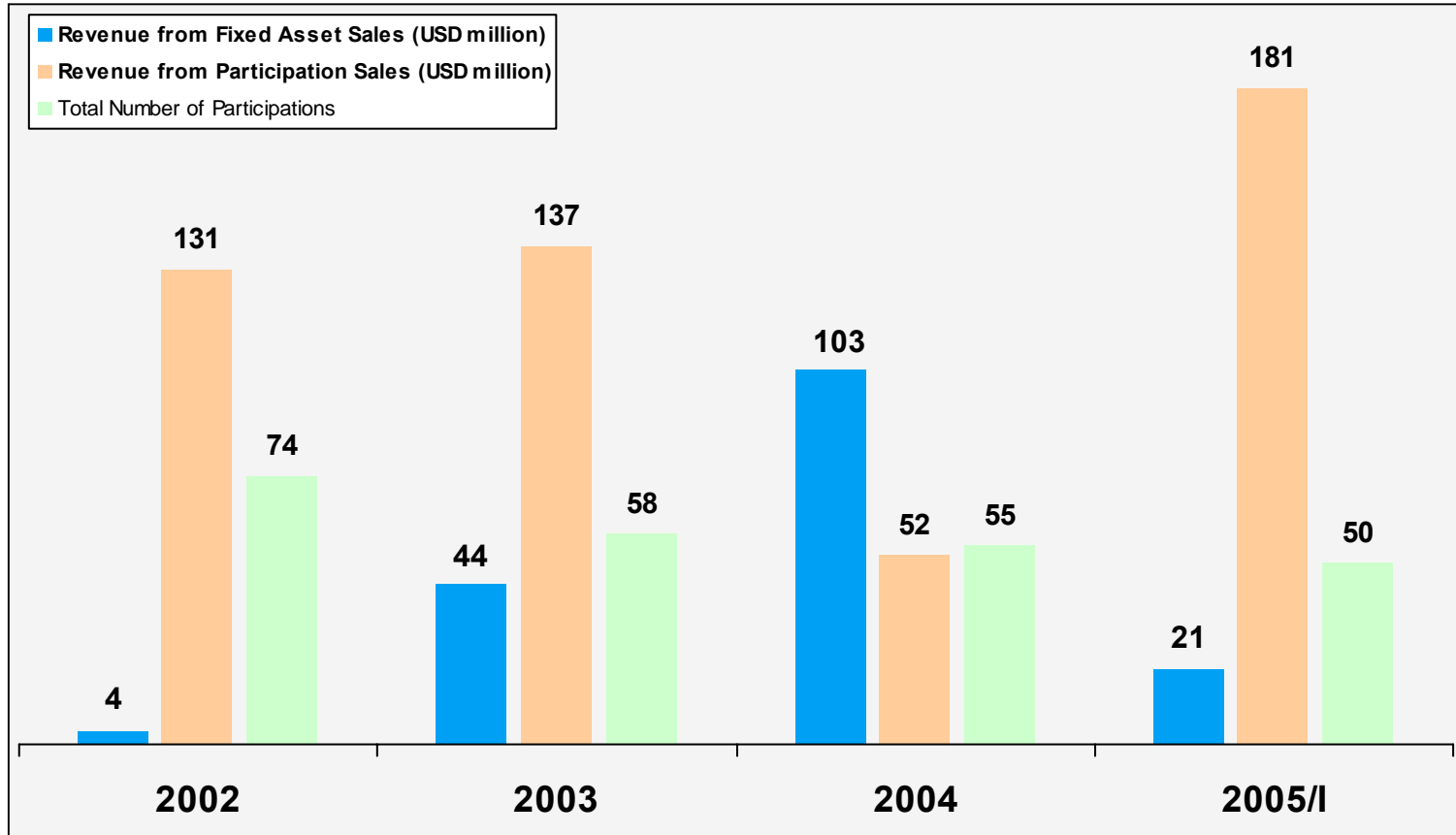
... operating in financial and non-financial sectors.



- ▶ As at December 2004 Isbank has 55 participations in various sectors.
- ▶ Non-strategic equity holdings will be divested under favorable economic conditions.

Asset disposals since 2002...

... have reinforced free equity and IEA.

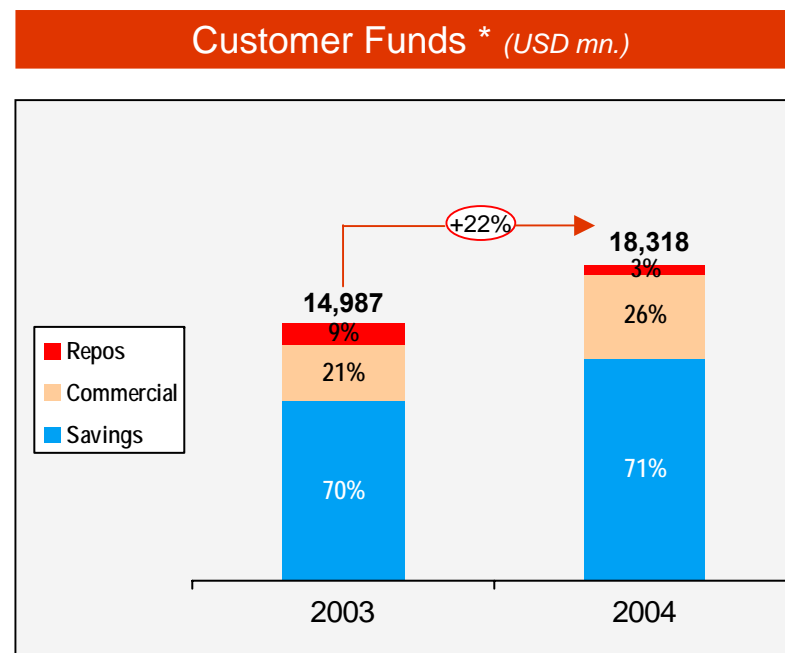


- ▶ Shares in 24 equity participations have been divested.
- ▶ A total of USD 673 million gained from the sales.

Strong fund generation capability...

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

(USD mn.)	2003	2004	Change YoY (%)
Deposits	14,040	18,204	30
REPOs	1,368	599	-56
Funds Borrowed	1,958	2,892	48
Other	906	1,414	56
Equity	4,023	5,719	42
Total Liabilities	22,295	28,828	29



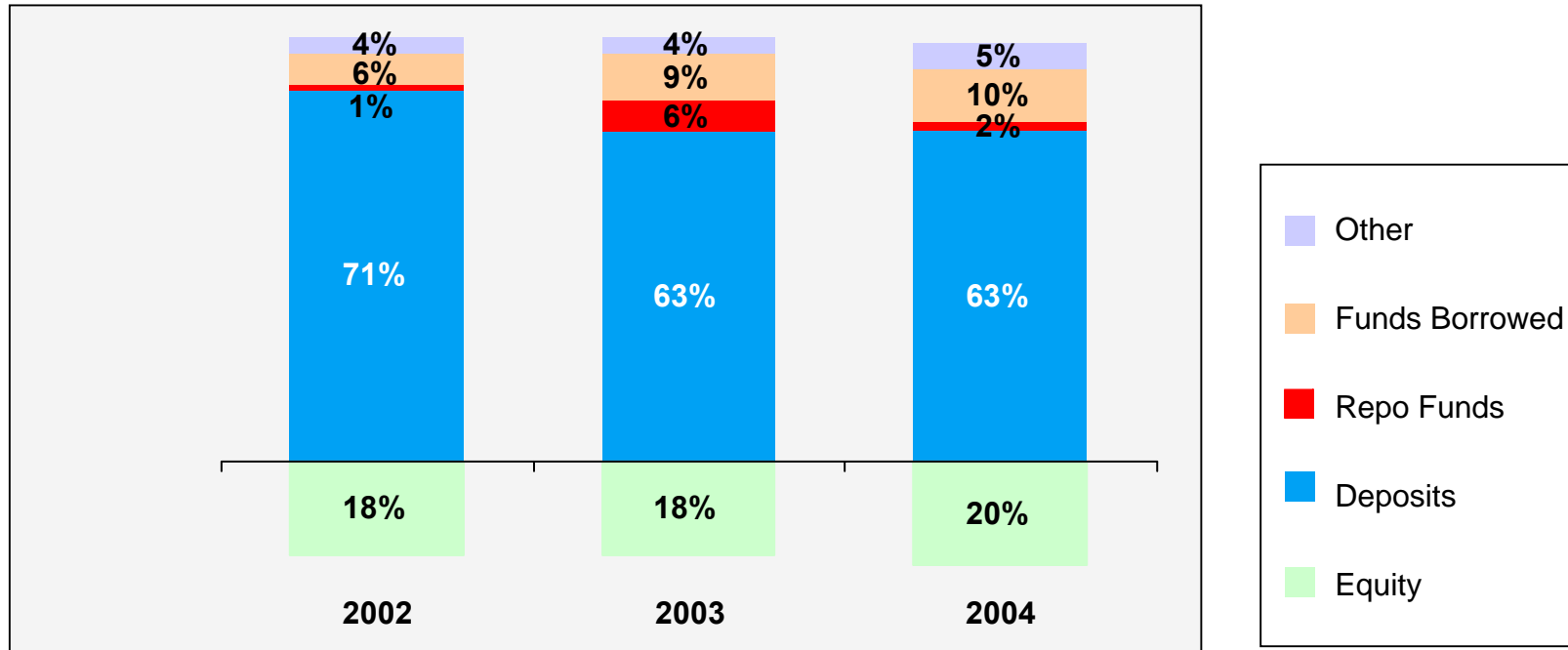
- ▶ YoY increase in TL liabilities is 36% vs. 22% in FX liabilities.
- ▶ Rising share of borrowed funds

- ▶ Customer funds compose 64 % of total liabilities
- ▶ Sustained growth of saving deposits reflects diversified and widespread funding base

* Excluding bank deposits.

Liabilities composition...

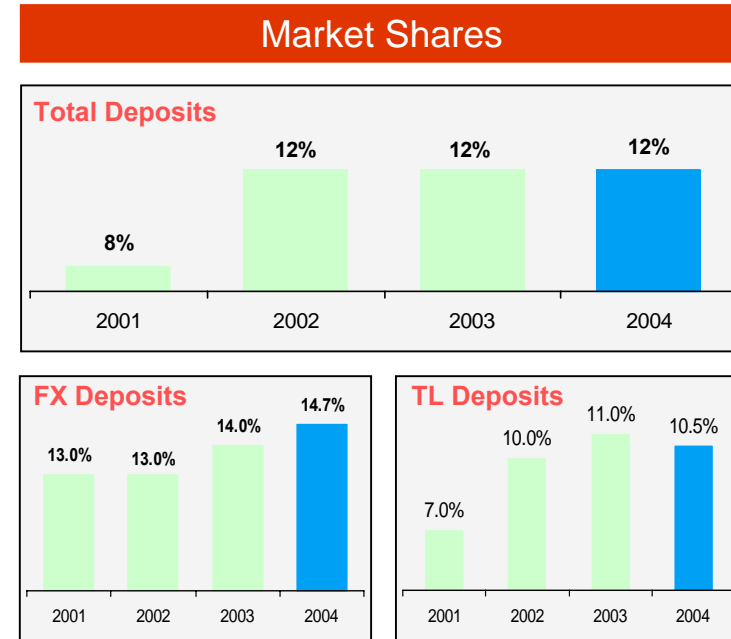
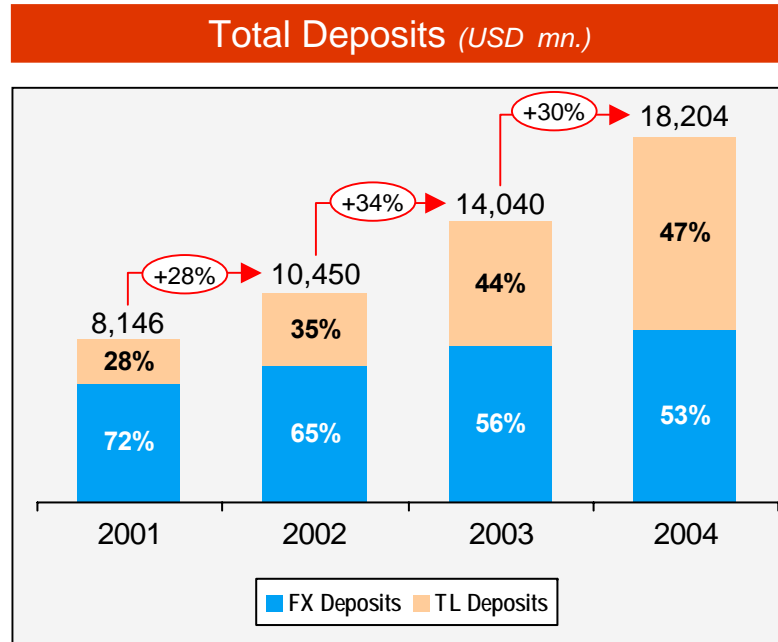
... reflects sound funding structure and adequate capitalisation.



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

Largest deposits franchise...

... is a clear indicator of customer trust.



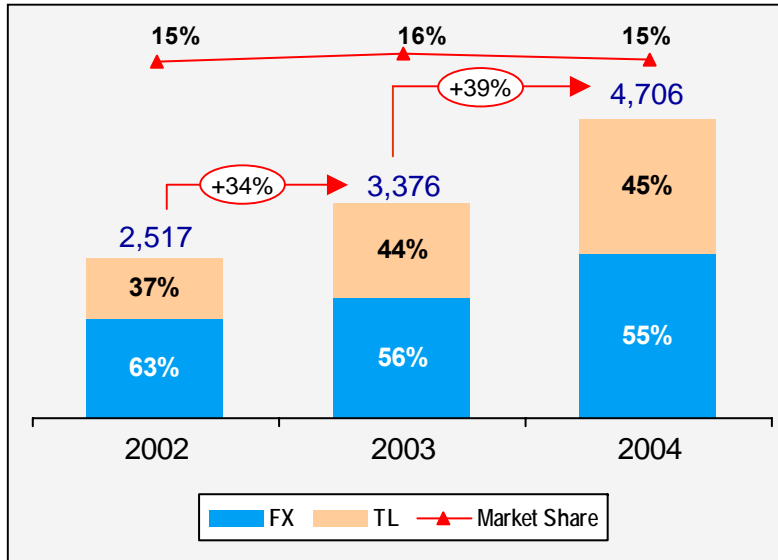
- ▶ Well diversified retail customer base
- ▶ Unmatched domestic franchise
- ▶ Enjoying the advantage of safe haven status
- ▶ Minimum level of price sensitivity

- ▶ Largest market share in TL and total deposits
- ▶ Lowest cost of FX deposits among peers

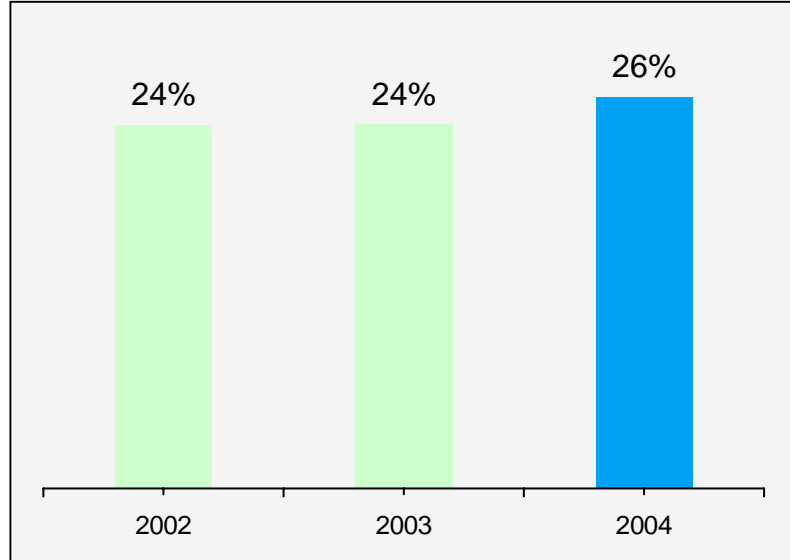
Demand deposits ...

... are the main contributor to lower cost of funding.

Demand Deposits (USD mn.)



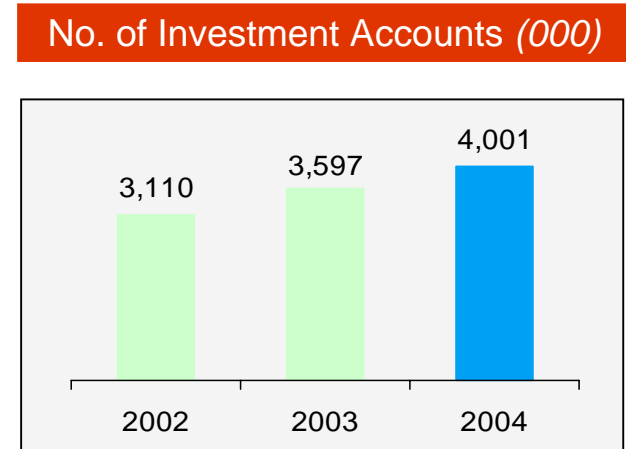
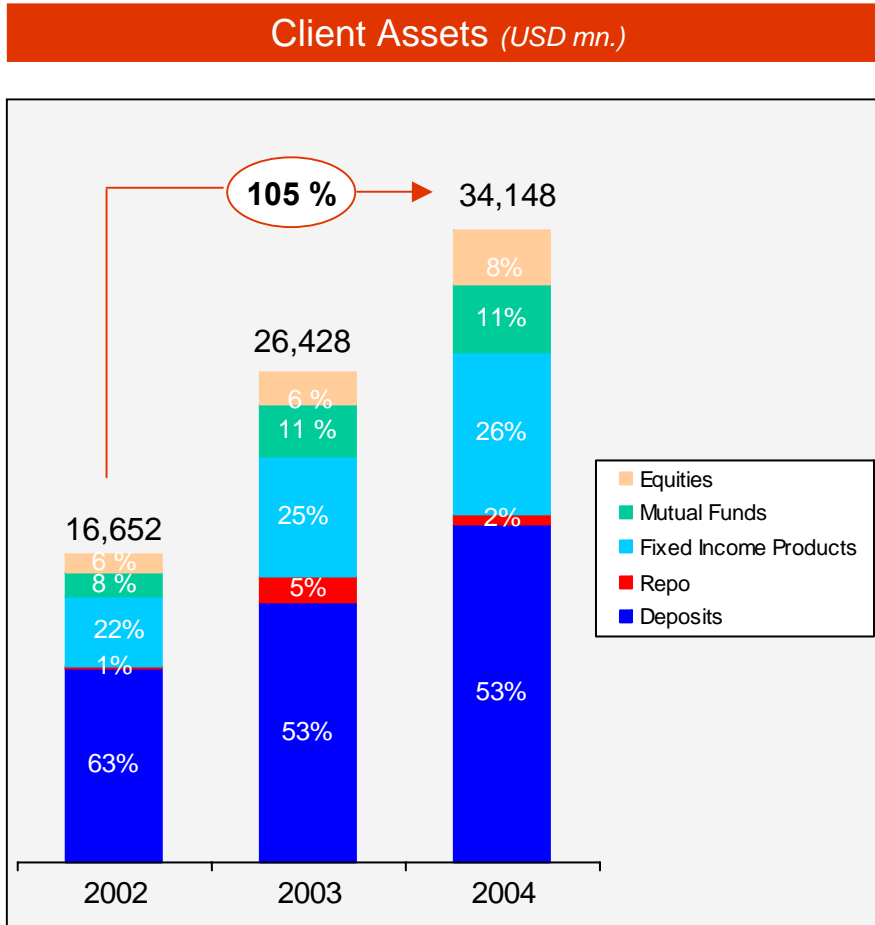
Demand Deposits / Total Deposits



- ▶ Largest and most stable demand deposits market share among private sector banks
- ▶ 22 % of funding is in the form of almost cost free demand deposits

Client assets under management...

... has exceeded a remarkable total of USD 34 billion.



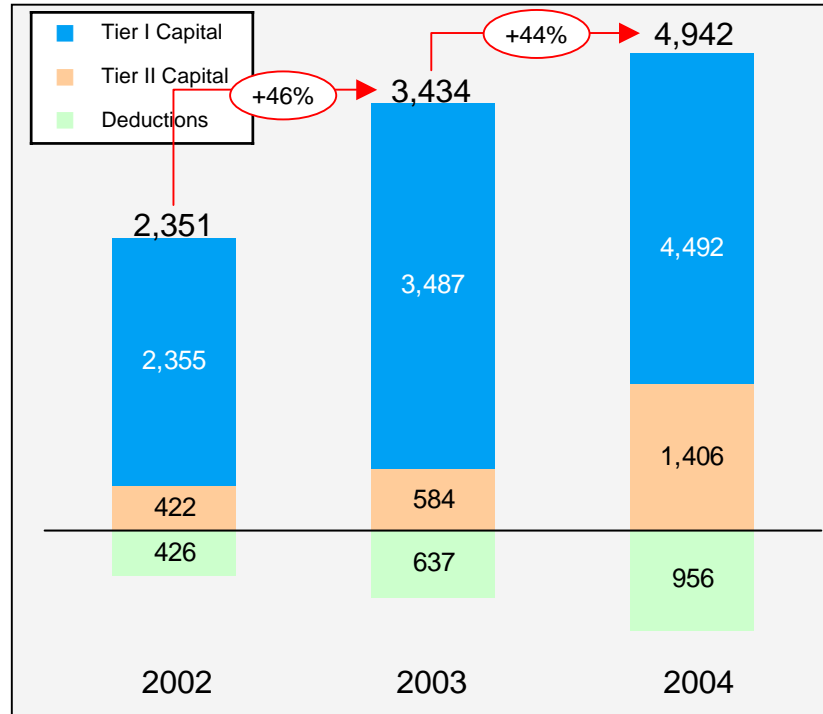
Assets under management more than doubled since 2002.

The growing amount of fixed income securities will create a potential for deposit growth with the fall of interest rates and equalization of tax rates.

Sufficient capitalisation...

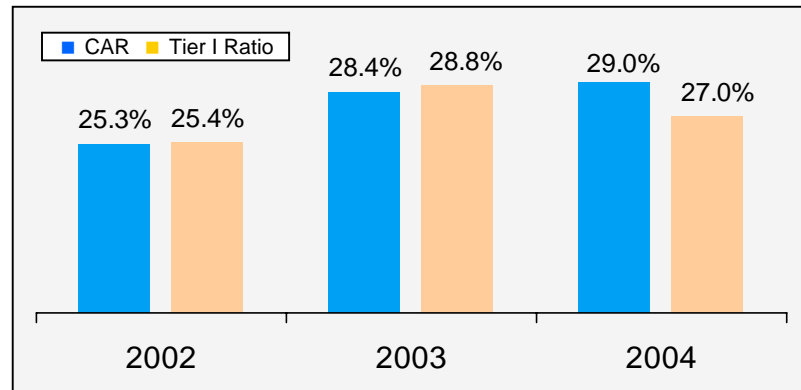
... and high CAR support balance sheet growth going forward.

Regulatory Capital (USD mn.)

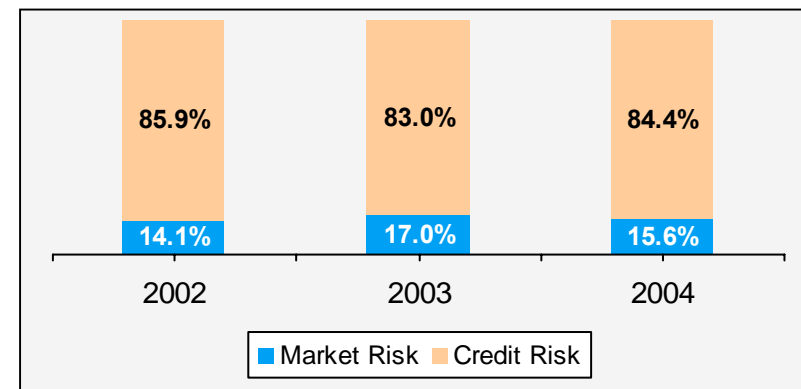


- ▶ Tier I capital makes up the bulk of capital base.
- ▶ High CAR allows further expansion of RWA.

Capital Adequacy

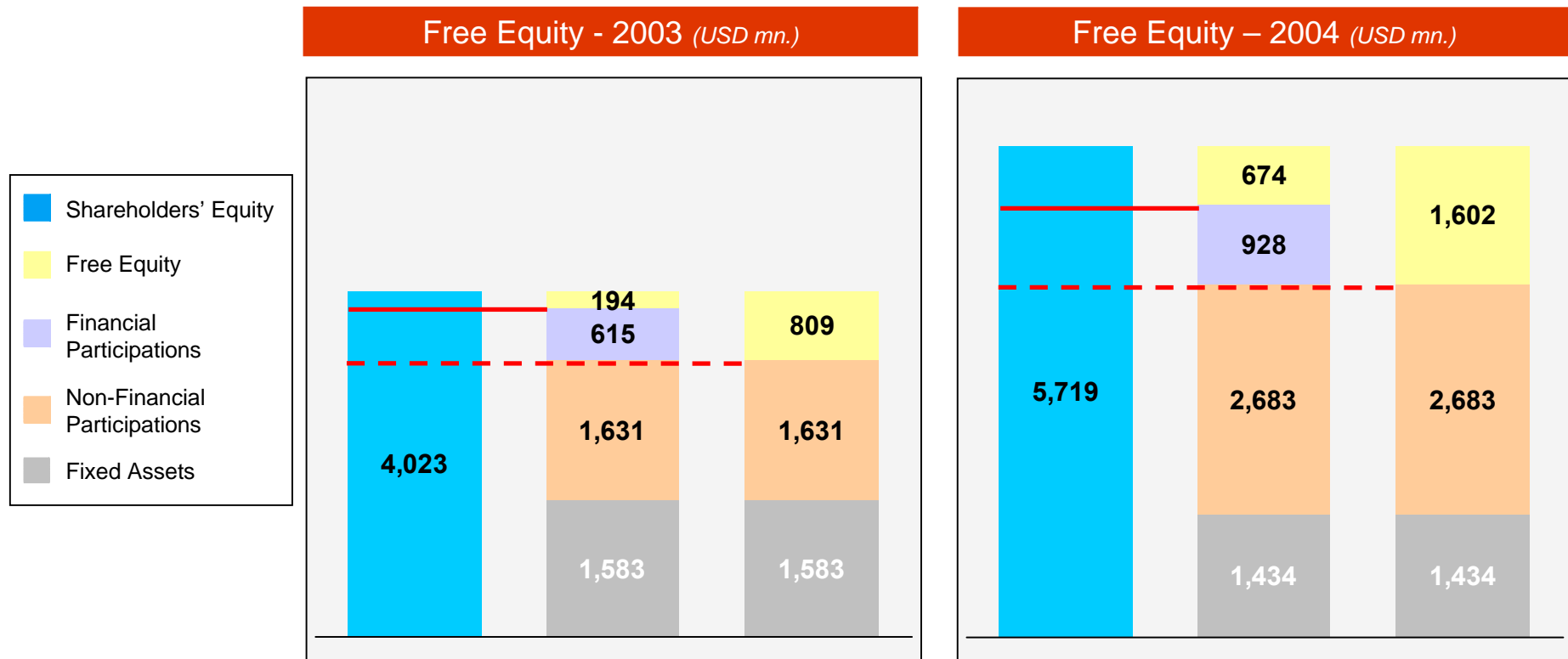


Risk Weighted Assets



Visible improvement in free equity ...

... thanks to asset disposals and superior profitability.



Income statement highlights

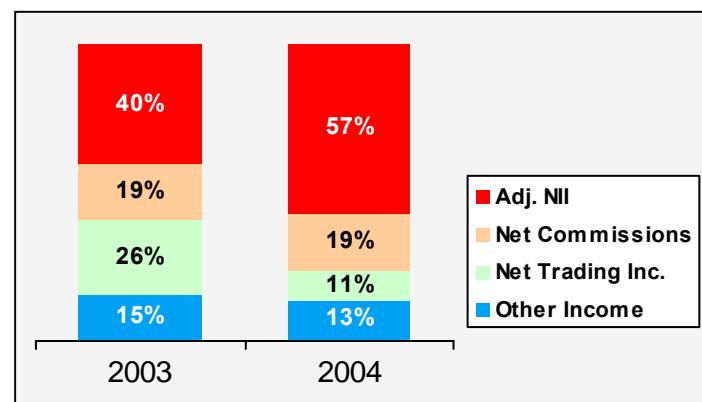
(USD mn.)	2003 ⁽¹⁾	2004	Change %
Adj. Net Interest Income ⁽²⁾	896	1,589	77%
Net Commissions	413	531	29%
Net Trading Income	571	297	-48%
Released Provisions	119	226	90%
Other Operating Income	215	166	-23%
Net Banking Income	2,214	2,809	27%
Personnel Expenses	529	549	4%
Adm. Expenses	225	271	20%
Other Op. Expenses	257	308	20%
Operating Profit	1,203	1,681	40%
Provision Charges ⁽³⁾	751	1,105	47%
Net Monetary Gain/Loss	-91	-100	10%
Net Profit	361	476	32%

(1) Restated

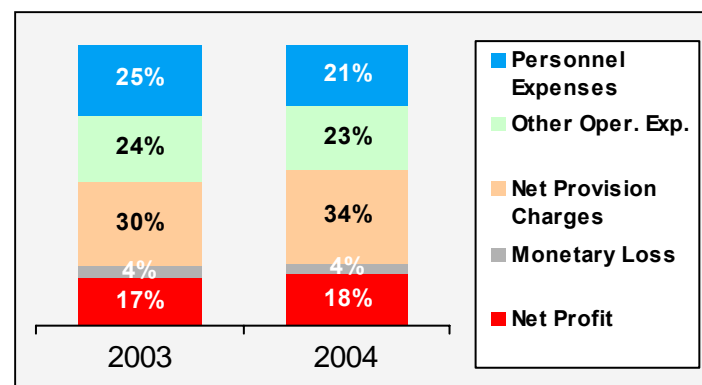
(2) Adjusted for FX Gains/Loss

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

Net Banking Income Composition

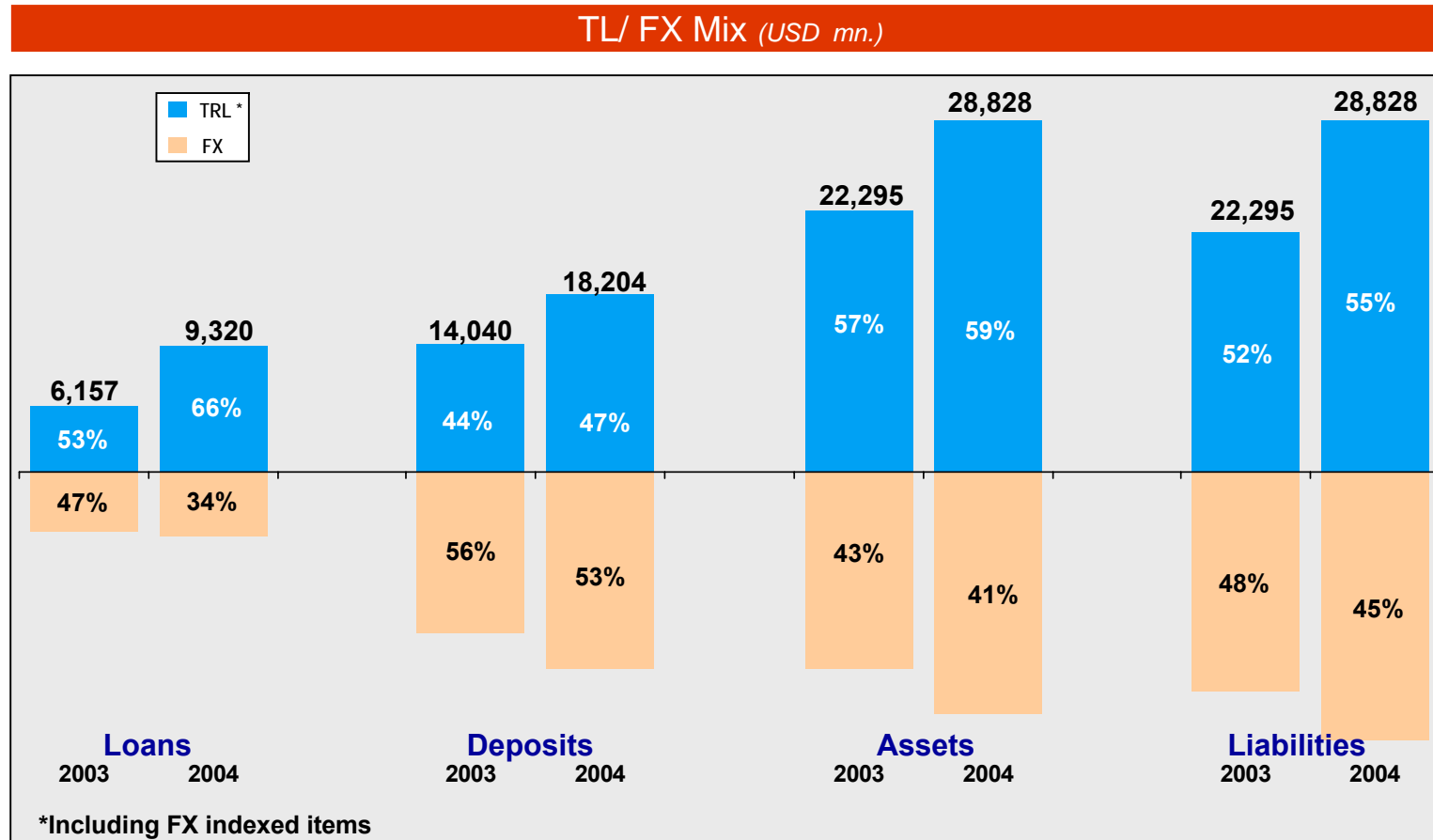


Allocation of Net Banking Income



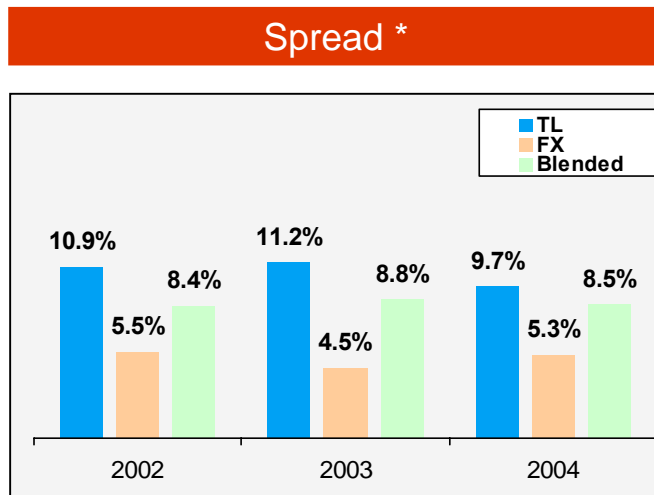
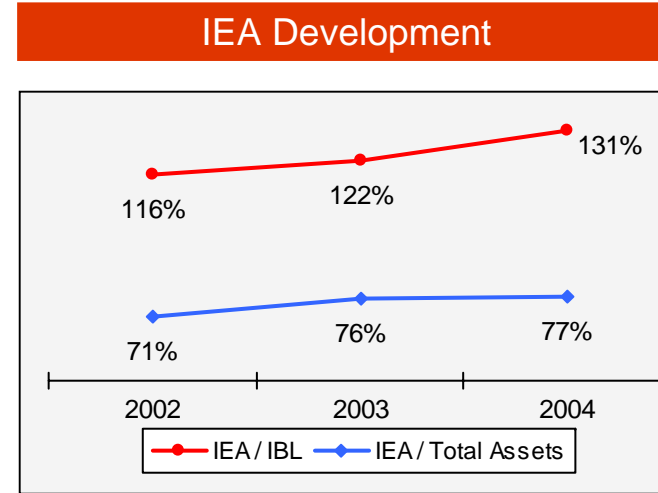
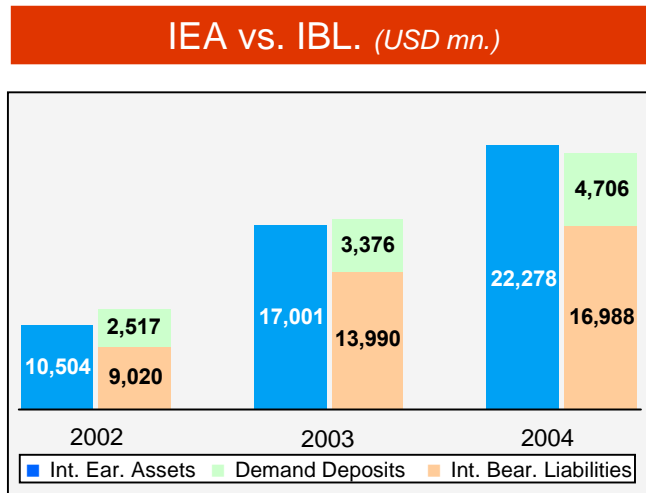
TL/ FX mix...

... has been changing in favour of TL.

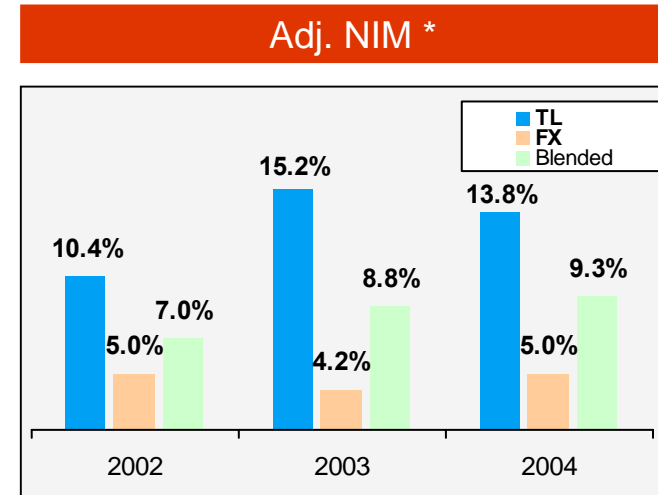


Increasing volume of interest earning assets...

... contributes to net interest margin improvement.

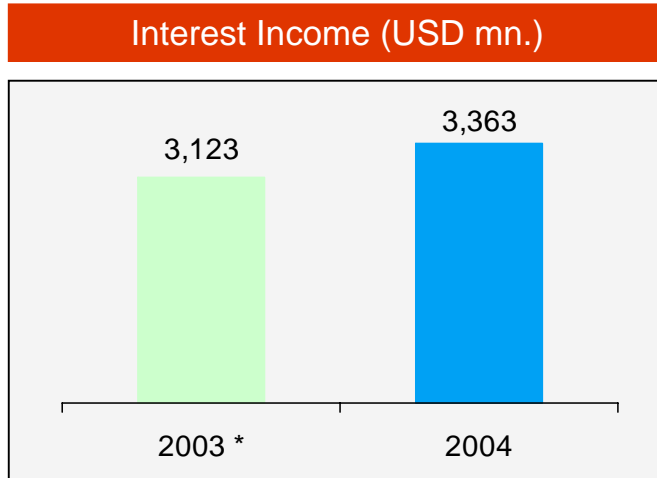


* Adj. for Net Trading Income

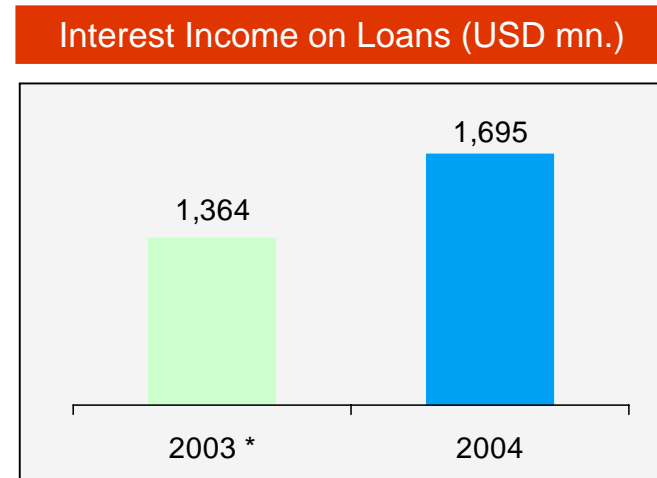


* Adj. for FX Gains / Losses and Net Trading Income

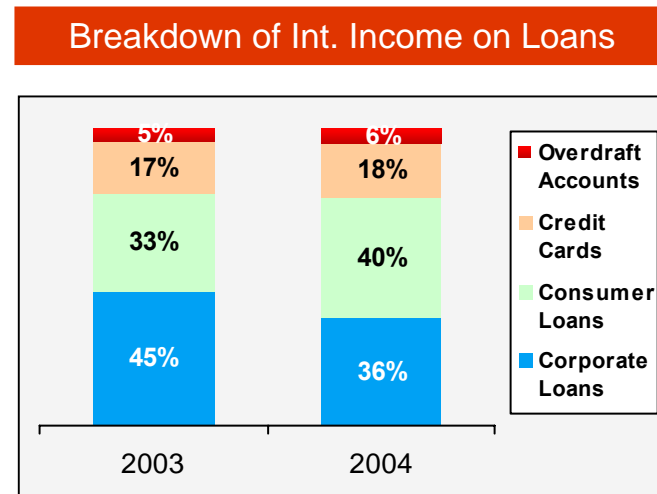
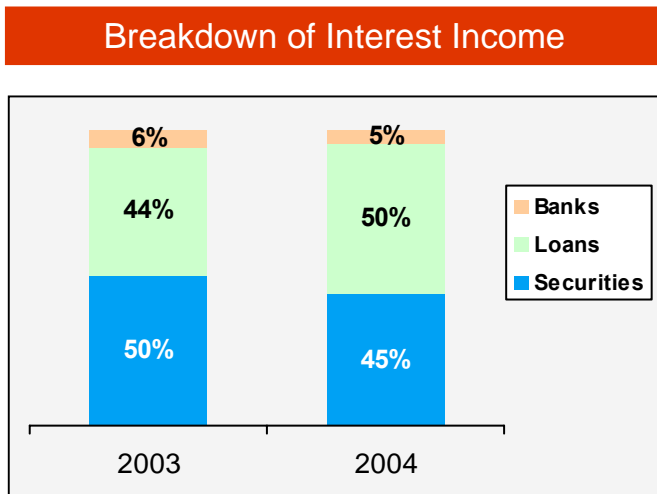
Breakdown of interest income



* Restated

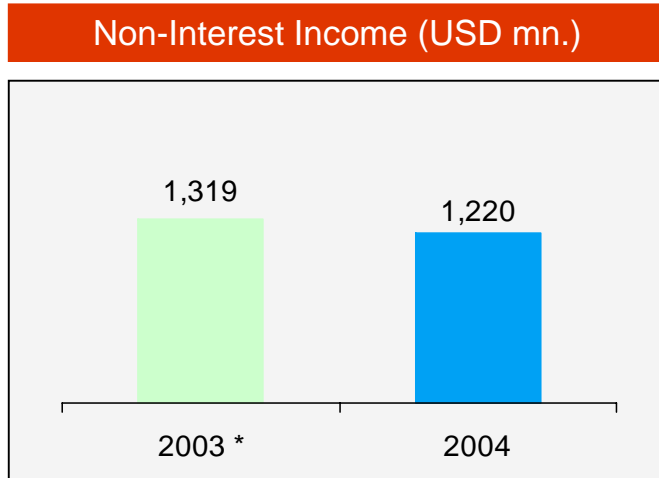


* Restated

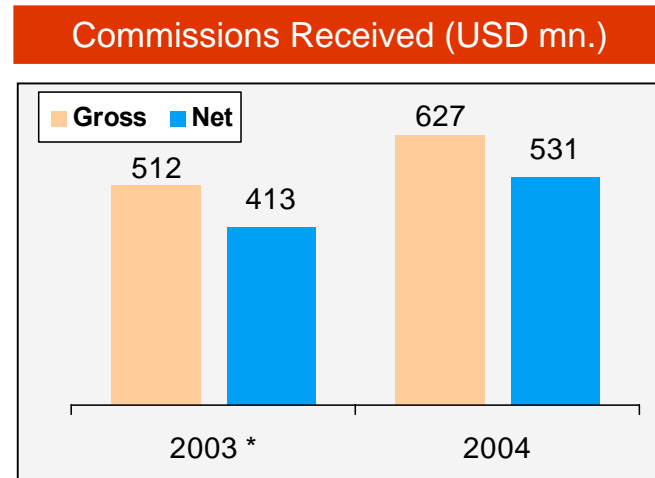


Robust non-interest income performance...

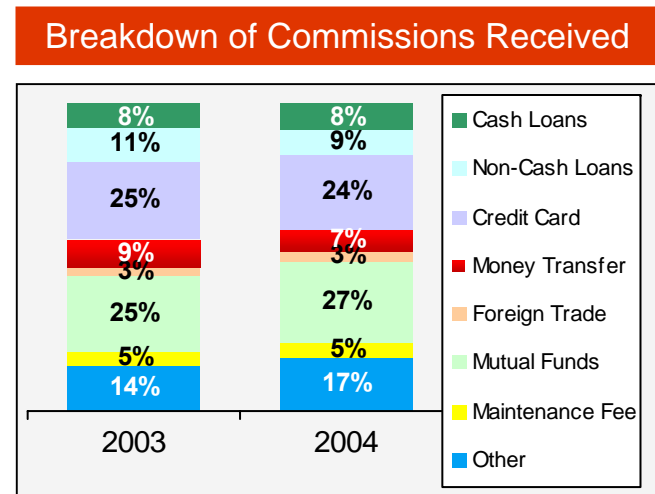
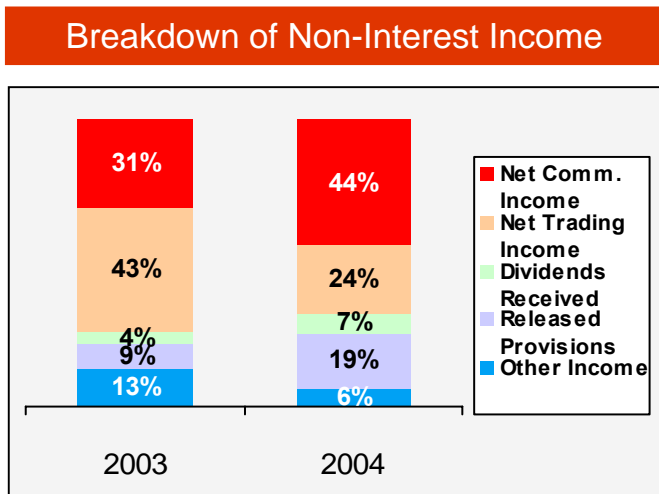
... supported by superior retail and corporate franchise.



* Restated

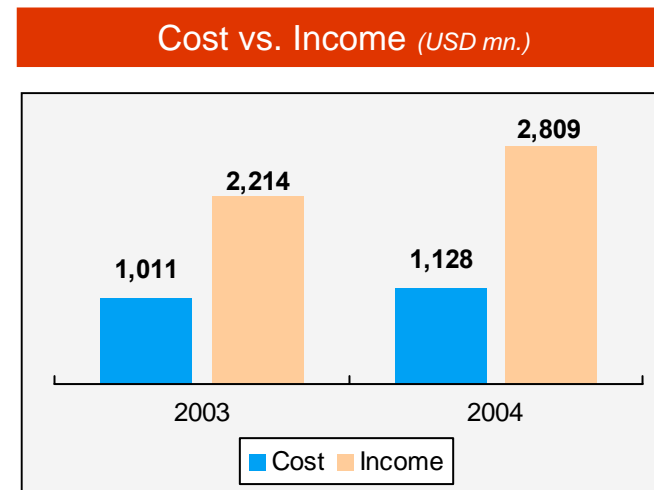
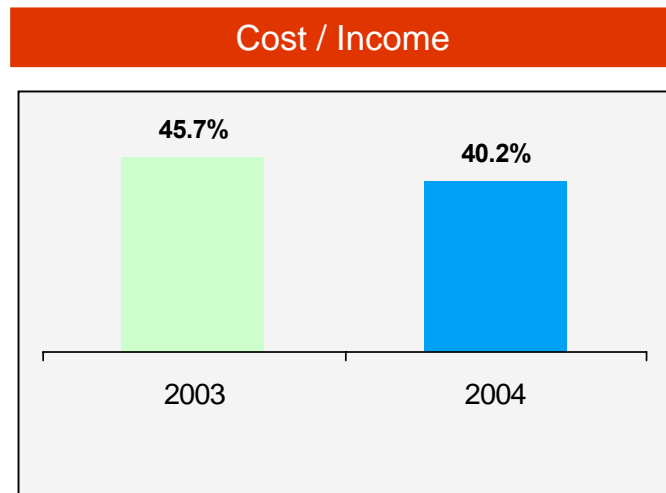
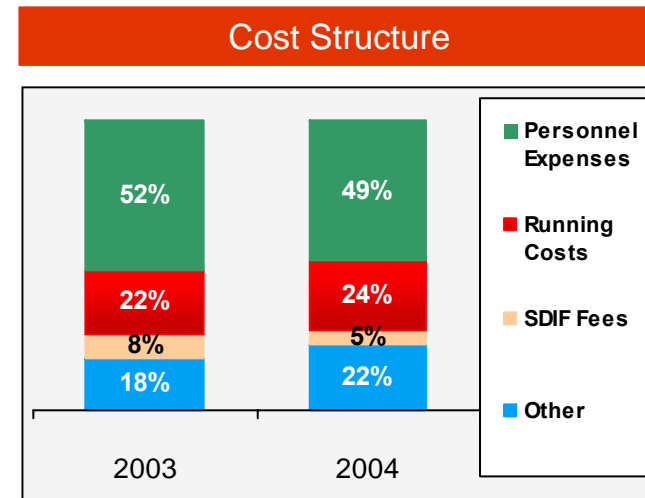
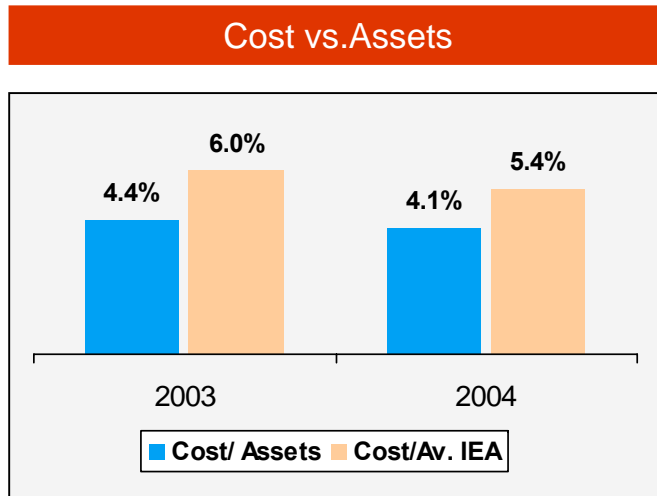


* Restated



Effective cost management and increased profitability...

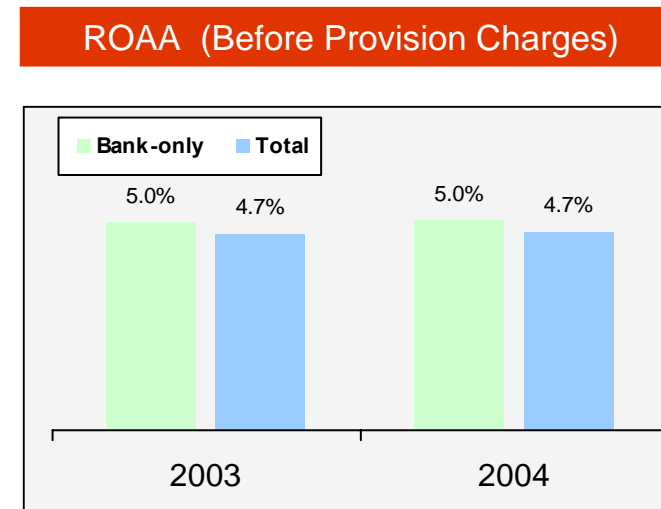
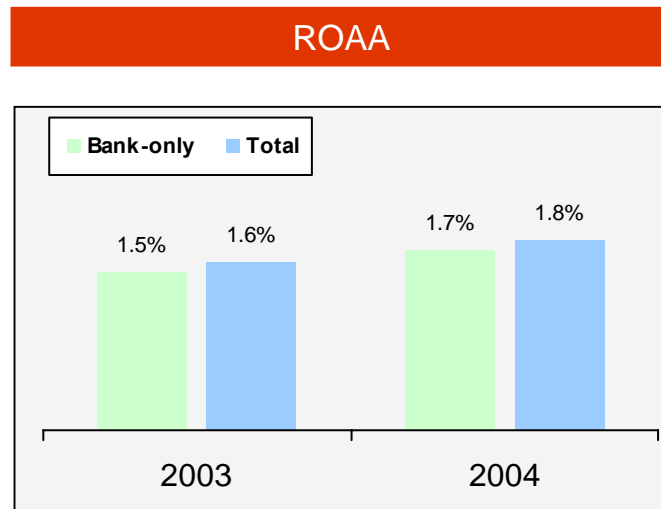
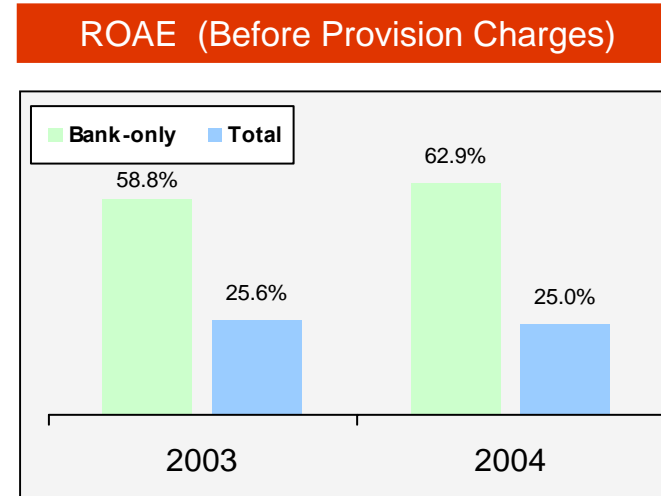
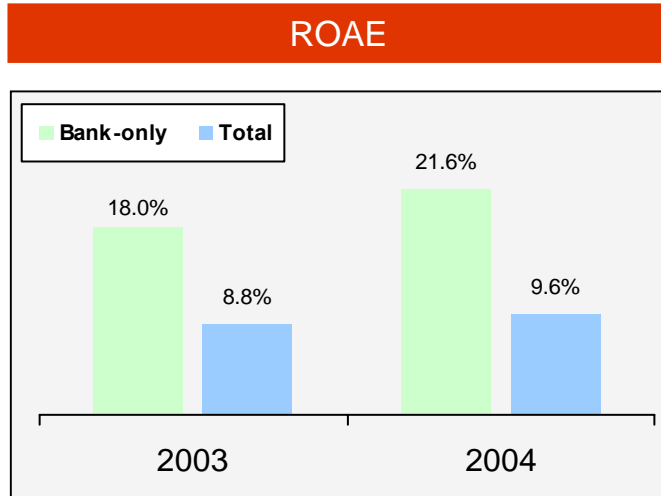
... resulted in best cost/income improvement among peers.



* Restated

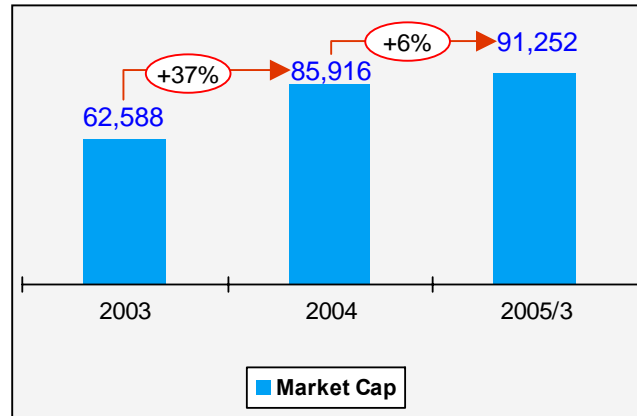
Higher profitability...

... reflected in improved ratios.

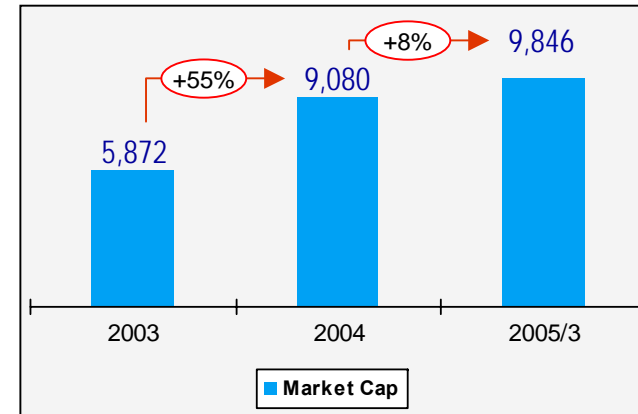


Stock performance and dividend distribution

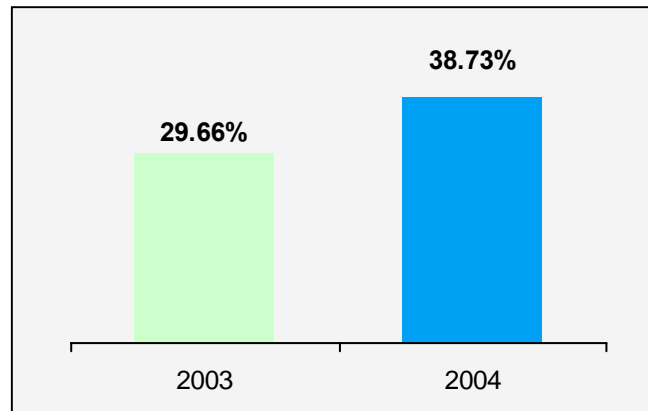
ISE – 100 (USD mn.)



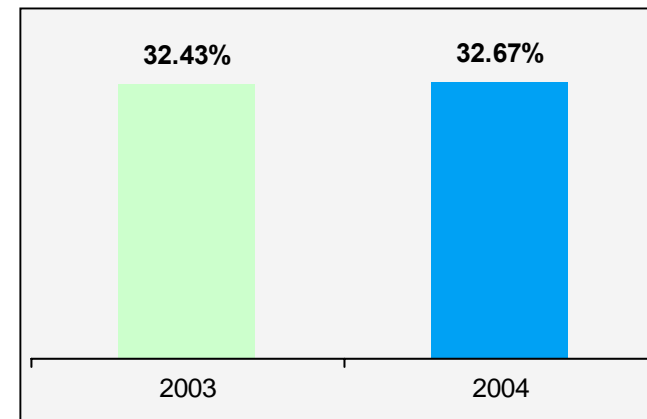
Isbank (USD mn.)



Earnings per Share (*)



Payout Ratio (*)



* Net profit / Paid-up capital

* Dividend / Net Profit

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

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Among the top three in credit card business



Credit Cards

- ▶ 14 different products for different customer segments
- ▶ 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 50,748 merchant firms through 79,292 chains, called "Maxipuan"
- ▶ 11.8 % market share in number of cards and 13.3 % market share in transaction volume
- ▶ Low NPL ratio of 1.1 % due to prudent policies and advanced Credit Scoring System
- ▶ High commission generating capability and significant contribution to fee income

(USD mn.)	2003	2004*	Change
Issuing Volume	3,716	6,452	74%
Issuing Volume Market Share	13%	13%	-
Acquiring Volume	3,510	6,041	72%
Acquiring Volume Market Share	13%	14%	-
Balance	560	1,233	120%
Number of Cards (000)	2,447	3,143	28%

* According to Interbank Card Center data as at 2004.

Capital market operations...

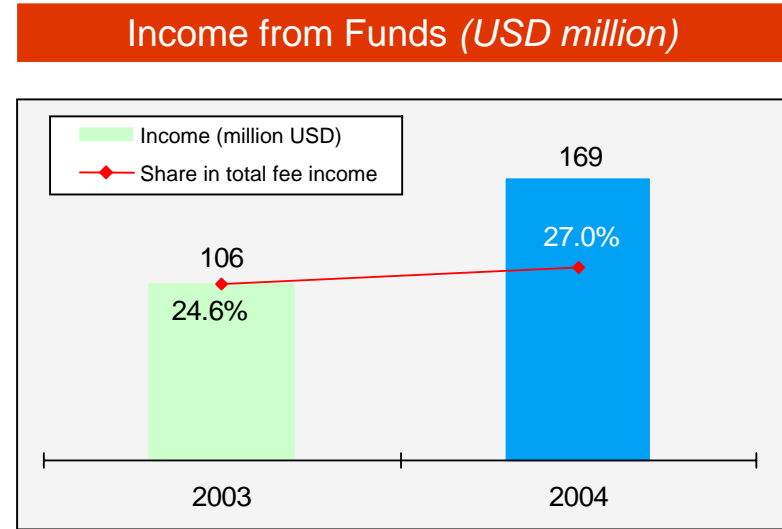
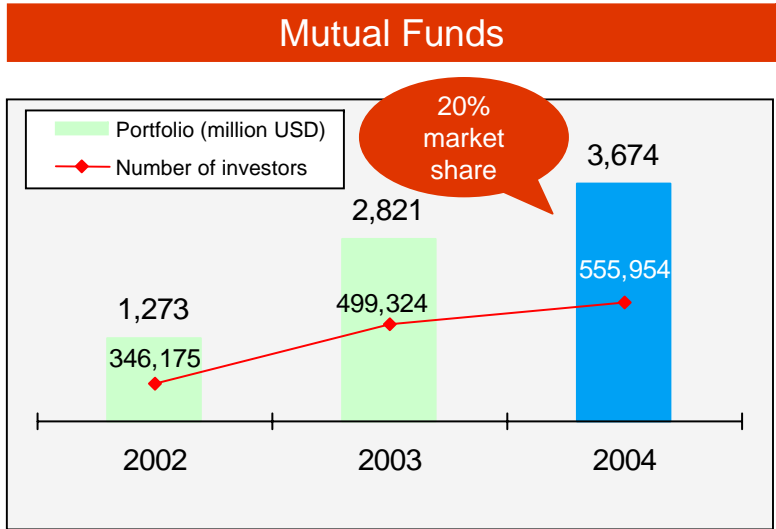
... another area Isbank dominates

	Market Share	Rank	USD bn.
Volume of Mutual Funds	20%	1st	3.7
Fixed Income Sec. Under Custody	15%	1st	8.8
Number of Equity Investor Accounts	37%	1st	400,636
Odd-lot Equity Trading	83%	1st	0.02
Stock Trading Volume *	6%	1st	19.9

* *Is Investment*

First and largest mutual fund provider...

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

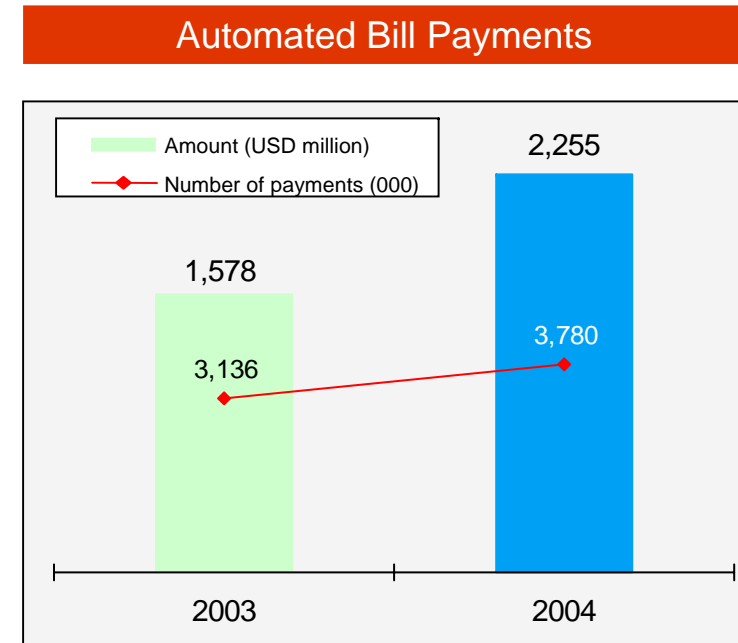
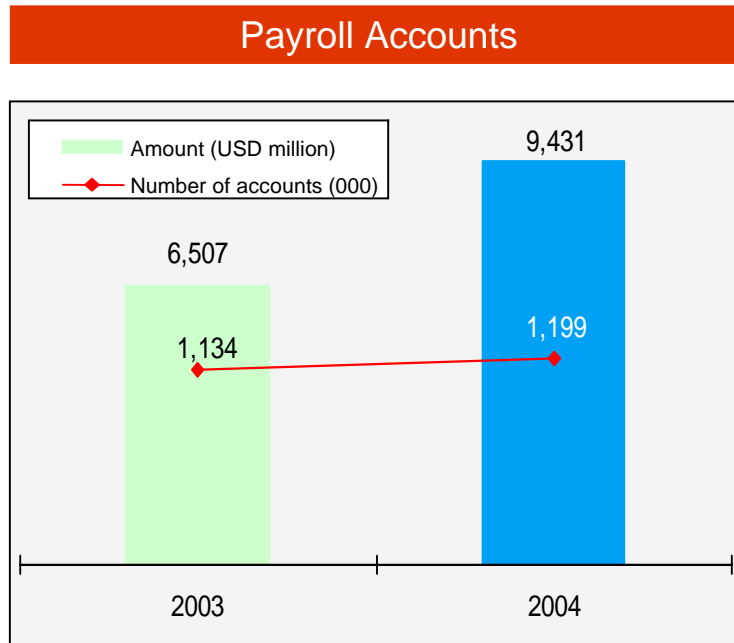


- ▶ With 8 A type and 9 B type (*) mutual funds and more than 555 thousand investors, Isbank is the most preferred bank in the sector.
- ▶ Income from mutual funds is steadily increasing.

(*) Including 3 new B type mutual funds which were launched in March, 2005.

Increasing retail customer base...

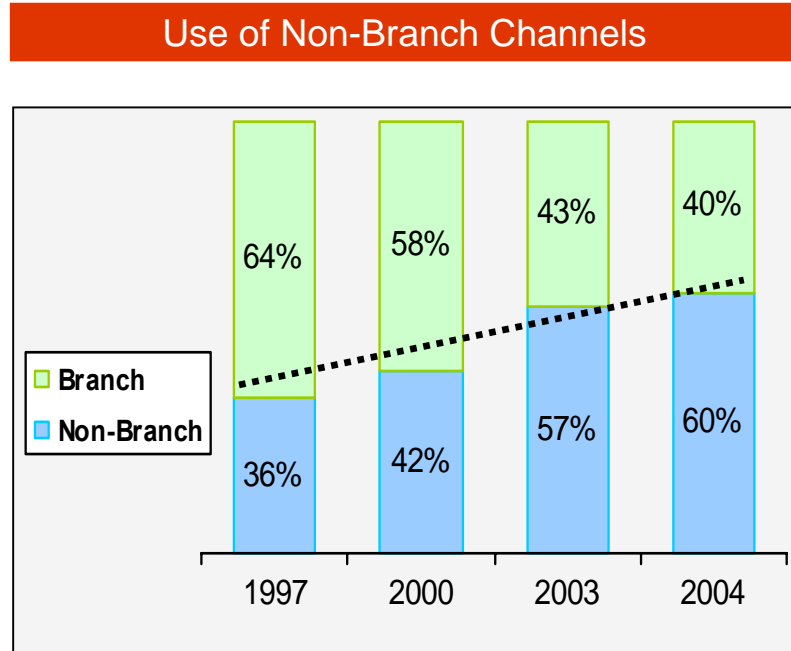
... supported by payroll accounts and bill payment agreements.



- ▶ 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
ATM	28	29	23	22
POS	5	6	20	22
Internet	1	5	10	13
Telephone	2	2	2	2
Kiosk	-	-	1	1
Call Center	-	-	1	1

- ▶ The share of non-branch channels in total transactions has reached 60%, 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 13% in 2004.
- ▶ 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)	2004
Sales	1,628
Exports (FOB)	537
Shareholders' Equity	1,484
Total Assets	2,786
Net Profit	139

Market Shares (%)

	Turkey	Europe	World
Flat Glass	77.0	9.0	3.0
Glassware	74.0	17.9	6.8
Glass Packaging	93.0	4.0	2.0
Glass Fibre	65.0	8.0	3.0
Soda Ash	85.0	10.0	3.0
Chromium Chemicals	95.0	30.0	13.0

Market shares of Sisecam

Glassware (%)

Bulgaria	43
Ukraine	30
U.K.	20
Russian Federation	14
Italy	12
Germany	11
E.U.	10
Iran	10

Glass Fibre (%)

Switzerland	11
Germany	9
Spain	7
Italy	4

Chromium Products (%)

Italy	42
Taiwan	26
S.Korea	14
China	10

Flat Glass (%)

Bulgaria	30
Greece	30
Egypt	15

Soda Ash (%)

Syria	70
Bulgaria	25
Italy	16

Glass Packages (%)

Georgia	68
Russian Federation	30



Isbank Group 44.31 % (*)

Dogan Group 44.31 % (*)

General Information

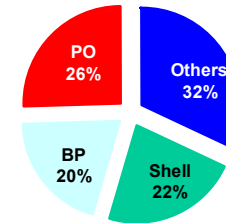
- ✓ Established in 1941
- ✓ Privatized in 2000
- ✓ Largest oil distribution company in Turkey
- ✓ 3,200 dealers nationwide
- ✓ Operating out of the Head Office and 8 regional offices, 2 lubricants blending plants, aviation services at 26 airports, 9 terminals, 2 depots
- ✓ Market leader in the fuels distribution sector in terms of customer satisfaction and profitable growth

(*) As of March 31, 2005

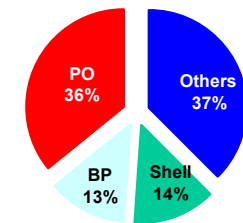
49

Market Shares (%)

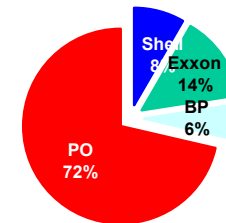
Gasoline



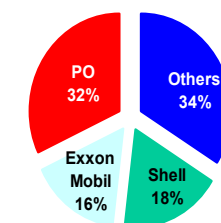
Diesel



Aviation Sales



Lubricants

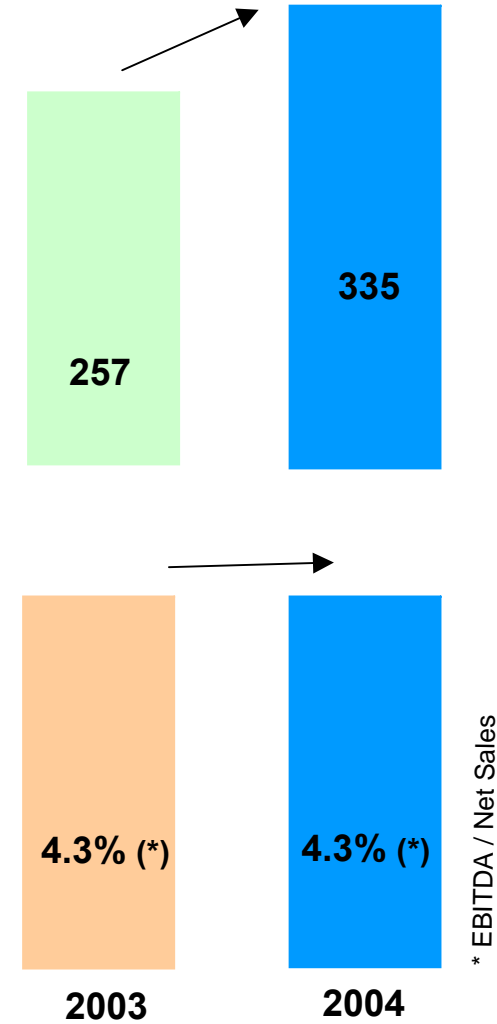


Energy

Financial Performance (USD mn.)

	2003	2004	Chng %
Current Assets	666	962	44,4
Long-Term Assets	2,108	2,287	8,5
Total Assets	2,774	3,249	17,1
Current Liabilities	880	1,138	29,2
<i>ST Borrowings</i>	325	270	-16,9
Long-Term Liabilities	783	613	-21,7
<i>LT Borrowings</i>	617	603	-2,3
Minority Interest	1	2	
Shareholders' Equity	1,109	1,496	34,9
	2003	2004	Chng %
Net Sales	5,998	7,722	28,7
Gross Profit	336	423	25,9
Operating Profit	130	172	32,3
EBITDA	257	335	30,8
Net Profit	218	185	-15,1

EBITDA (USD mn.)



Mobile Telecommunications



Isbank Group 20%

Turk Telecom 40%

Telecom Italia Group 40%

- ✓ 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 more than 5 mn. subscribers and 15% market share.
 - ✓ Avea has paid-up capital of USD 4.9 billion.
 - ✓ Isbank's stand-alone share is 14,87% in Avea paid up capital.

Financial Participations (31.12.2004)

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	42.68	1,702,892	284,374	1.3
Arap Türk Bankası A.Ş.	Banking	20.00	20.00	246,297	57,007	-
İşbank GmbH	Banking	100.00	100.00	348,622 (1)	69,452 (1)	-
Anadolu Anonim Türk Sigorta A.Ş.	Insurance	35.53	57.00	547,427	136,985	13.40 (2)
Anadolu Hayat Emeklilik A.Ş.	Private Pension	62.00	75.05	1,248,374	135,070	31.30 (2)
Milli Reasürans T.A.Ş.	Reinsurance	76.96	76.96	518,277	193,577	89.03 (2)
Destek Reasürans T.A.Ş.	Reinsurance	98.23	98.56	95,426	15,784	-
İş Yatırım Menkul Değerler A.Ş.	Brokerage House	92.00	96.50	80,500	72,932	6.38 (3)
Yatırım Finans. Menkul Değerler A.Ş.	Brokerage House	-	27.42	26,780	16,178	-
İş Yatırım Ortaklığı A.Ş.	Trust Company	10.00	19.36	85,033	84,992	36.00
İş Portföy Yönetimi A.Ş.	Portfolio Mngt.	50.00	88.33	10,556	9,381	23.24
İş Finansal Kiralama A.Ş.	Leasing	35.29	52.24	407,918	66,879	10.48 (4)
İş Factoring Finansman Hizmetleri A.Ş.	Factoring	-	50.17	21,043	14,458	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	REIT	50.87	63.98	596,860	580,314	62.78 (5)
İş Girişim Sermayesi Yat. Ort.A.Ş.	Risk Venture	-	36.08	60,997	57,896	-
Is Dublin Financial Services Plc. (6)	Fin. Services	99.99	100.00	9,723 (1)	8,901 (1)	-
TOTAL				6,006,725	1,804,180	

(1) 30.09.2004

(4) Transaction volume

(2) Premium income

(5) Market Value

(3) Transaction volume in equity market

(6) Not adjusted for inflation

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