

TÜRKİYE  BANKASI

Investor Presentation

Contents

Macroeconomic Indicators and Banking Sector	4
Isbank at a Glance	10
Financial Highlights	20
Retail Banking	40
Ongoing Projects	50
Major Equity Participations	56

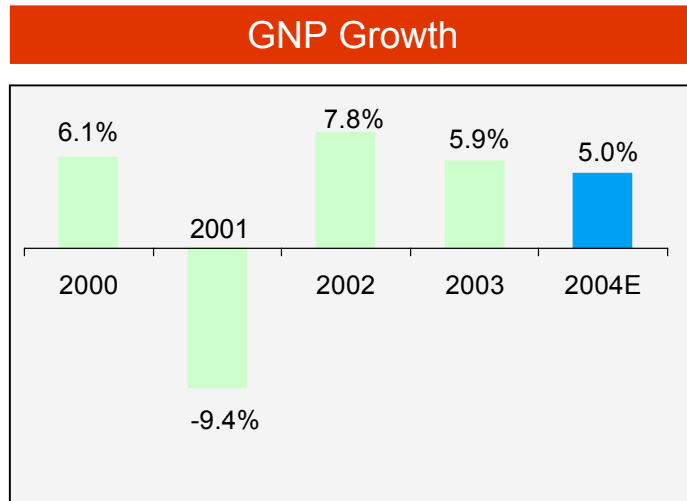
Macroeconomic Indicators and Banking Sector	4
Isbank at a Glance	10
Financial Highlights	20
Retail Banking	40
Ongoing Projects	50
Major Equity Participations	56

Improvement in macroeconomic indicators

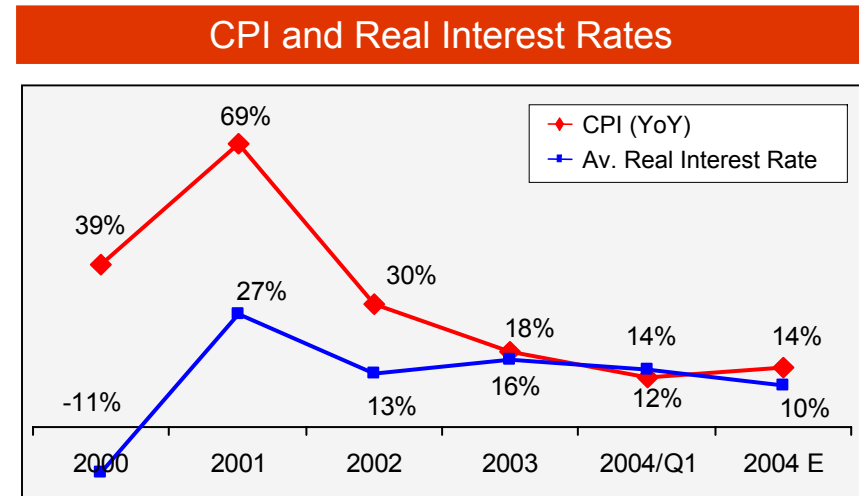
(%)	2001	2002	2003	2004 E ⁽¹⁾
GNP Growth	-9.5	7.8	5.9	5.0
WPI	88.6	30.8	13.9	12.0
CPI	68.5	29.7	18.4	12.0
Av. T.Bill Interest Rate (comp.)	96.2	63.8	45.0	28.0
PSBR/GNP	16.5	12.6	8.7	8.1
Primary Surplus/GNP	5.9	4.0	6.5	6.5
Net Public Debt/GNP	92.0	79.0	70.5	67.7
Current Account (USD bn.)	3.4	-1.5	-6.6	-7.6
\$/TL (end-period)	1,439,567	1,634,501	1,395,835	n.a.

(1) Official targets.

Towards a more stable environment



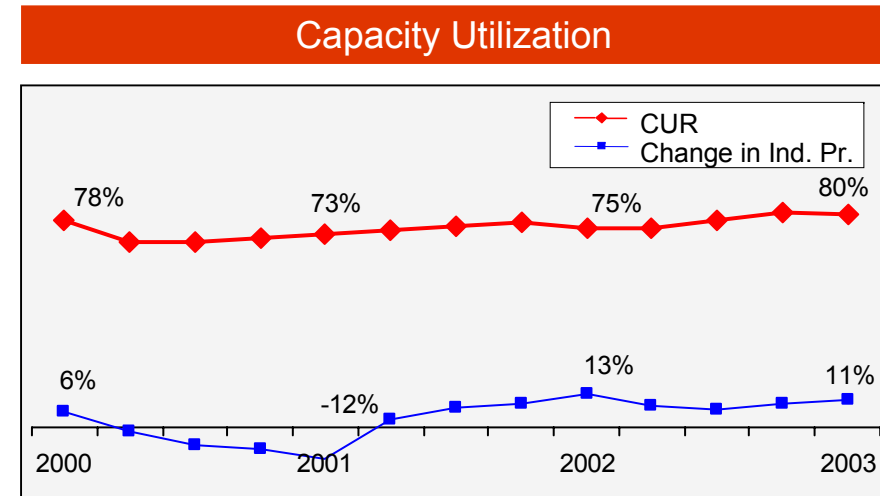
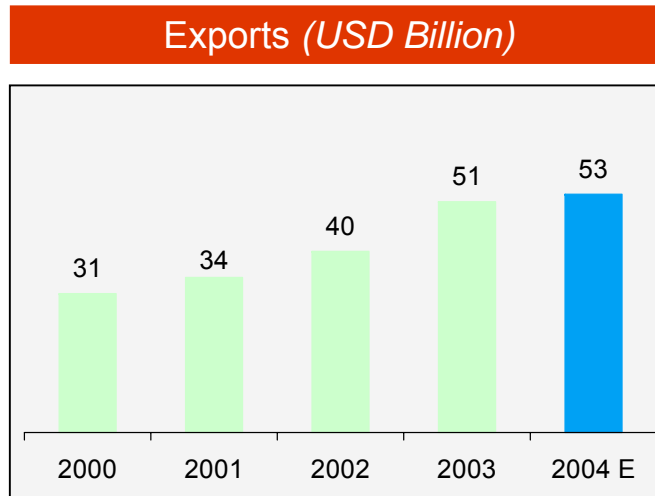
- ▶ As a result of the economic measures applied, Turkey is expected to attain sustainable growth in the following years.



- ▶ With falling interest rates and inflation, we expect a more stable economic environment.

Increasing economic activity...

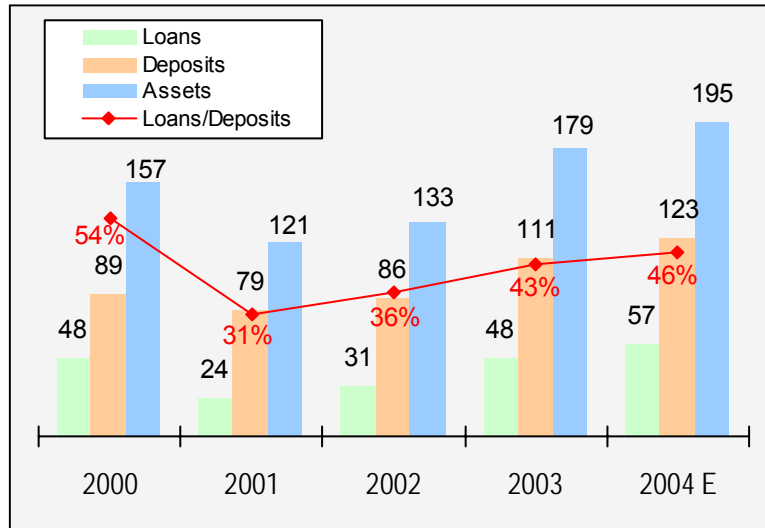
... underpins demand for funds.



- ▶ Reviving economic demand and pick up in exports are the basic driver behind higher production.
- ▶ Being one of the biggest fund provider, Isbank is expected to benefit mostly from economic recovery.

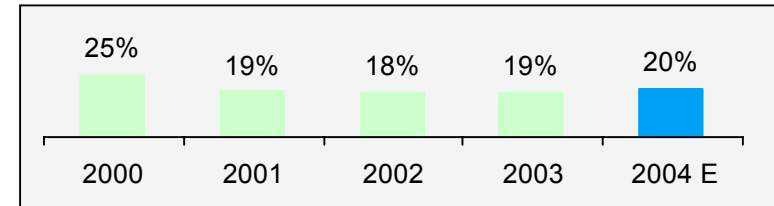
Banking sector

Main Indicators (USD bn)

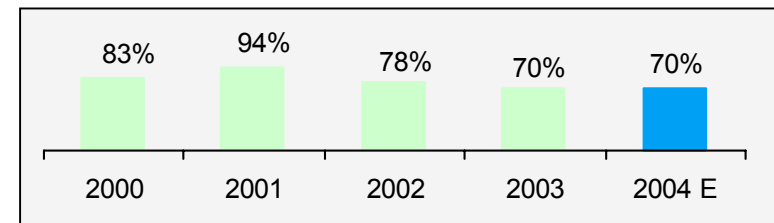


▶ We expect a change in the balance sheet composition of the sector in favor of loans.

Loans /GNP



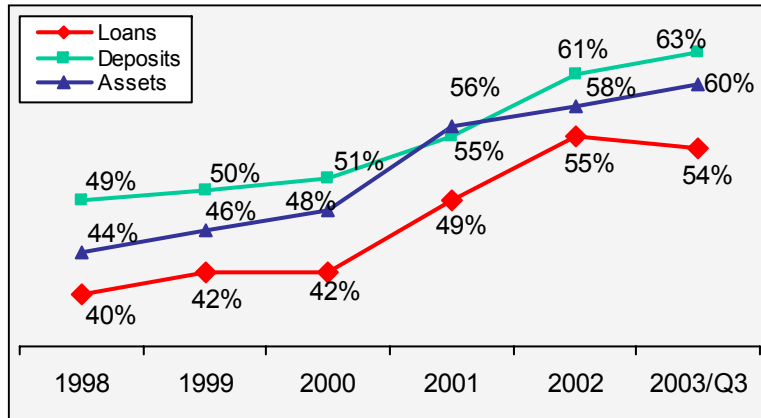
Assets /GNP



▶ Turkish banking sector has a substantial growth potential when compared with developed countries.

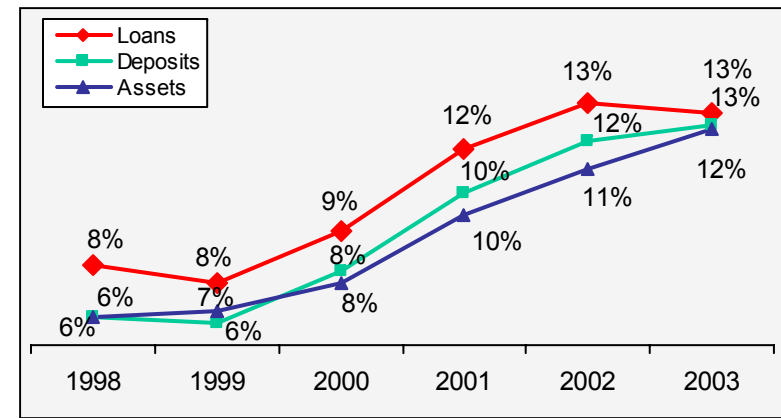
Increasing concentration in the sector

Share of Top Five Banks



- ▶ The concentration trend is expected to speed up with the removal of government guarantee on deposits and further consolidations in the sector.

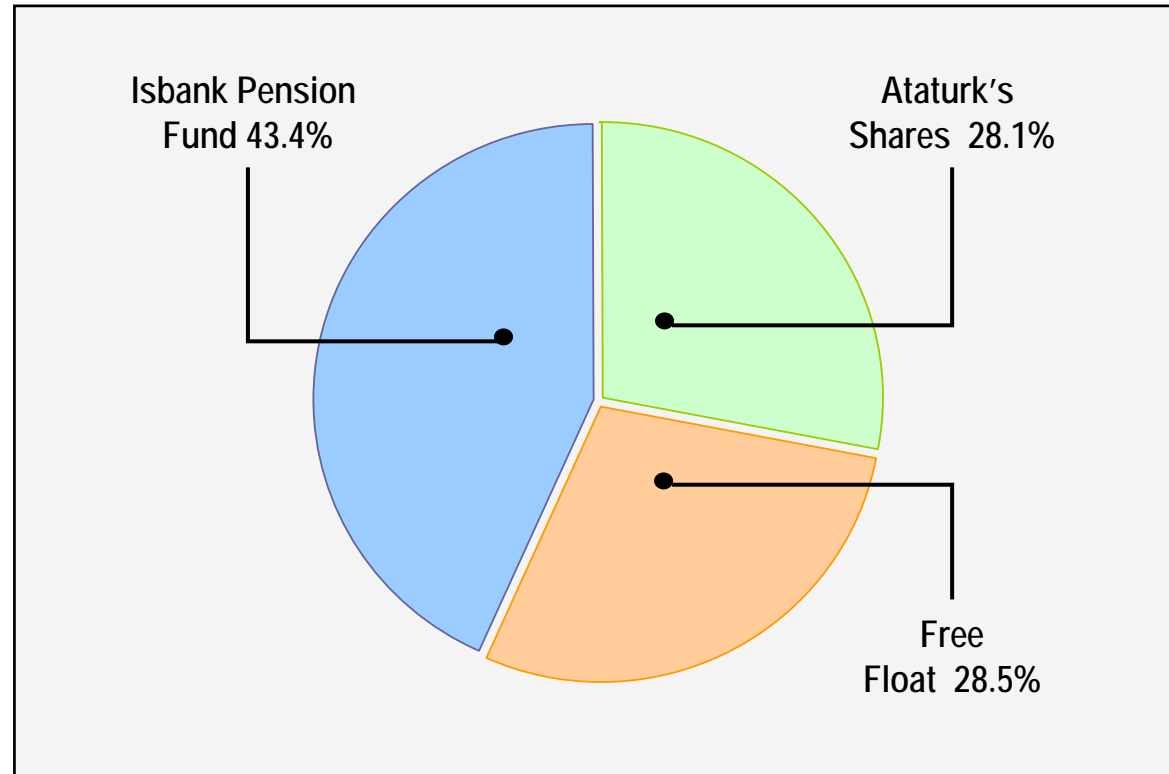
Isbank Market Shares



- ▶ As the biggest private bank in the sector, Isbank will be the main beneficiary of the consolidation and stabilization process.

Macroeconomic Indicators and Banking Sector	4
Isbank at a Glance	10
Financial Highlights	20
Retail Banking	40
Ongoing Projects	50
Major Equity Participations	56

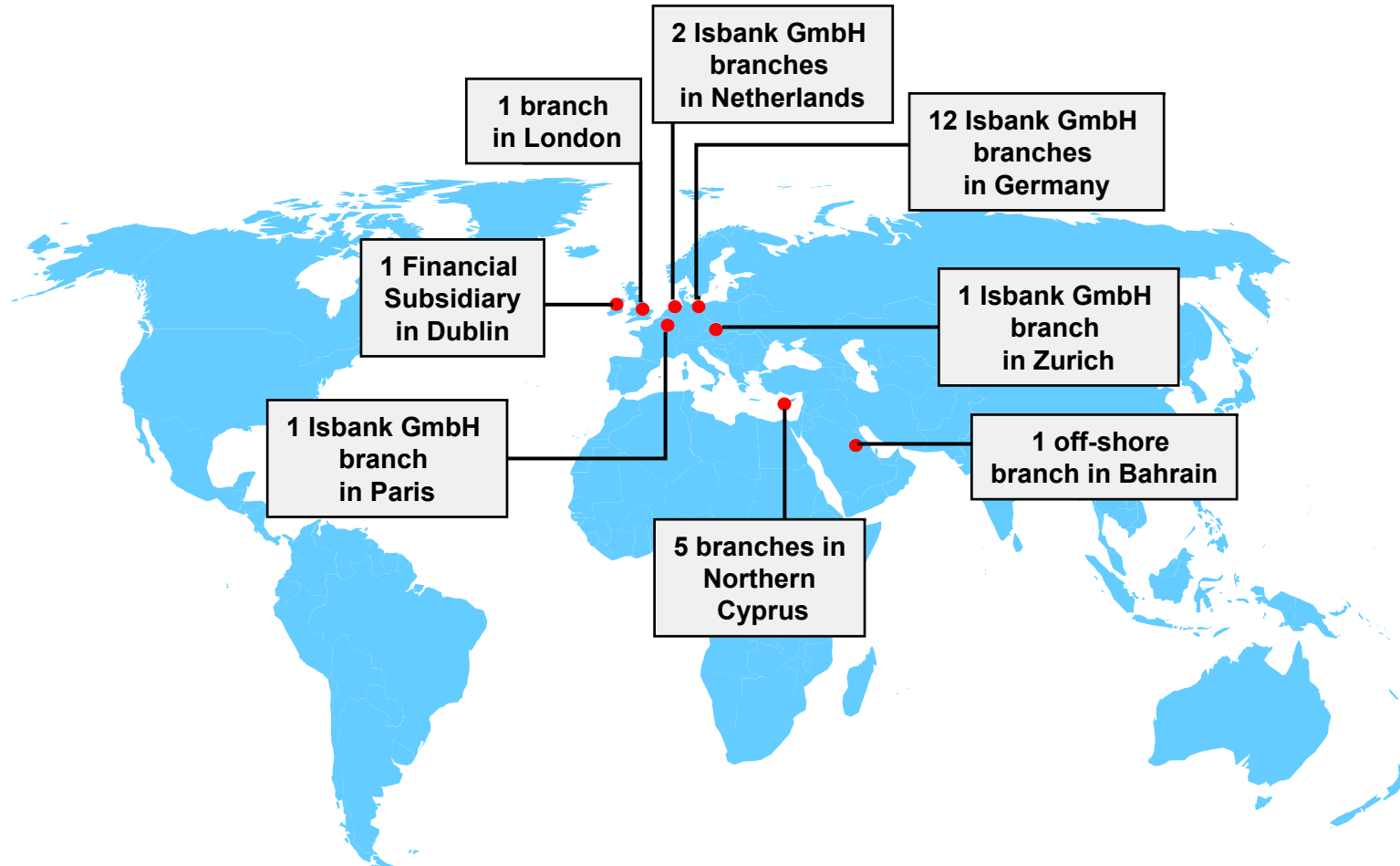
Shareholder structure



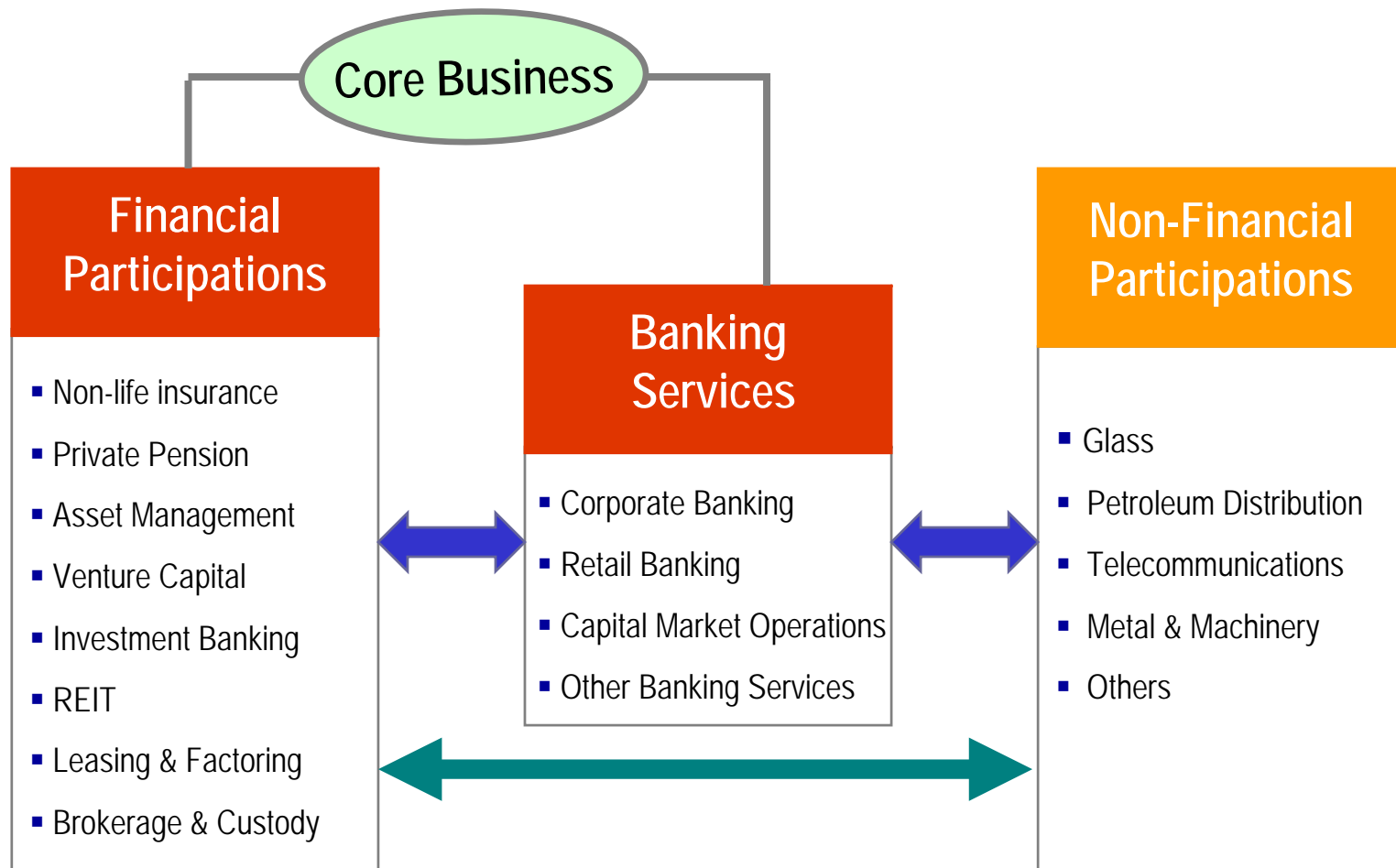
- ▶ Around 250,000 domestic and foreign shareholders
- ▶ Shareholding of employees via pension fund creates self-motivation
- ▶ Stocks are quoted at ISE and also traded at LSE in the form of GDR

International presence

... focusing on Turkish populated EU countries.



Main business lines of Isbank Group




Strengths of Isbank

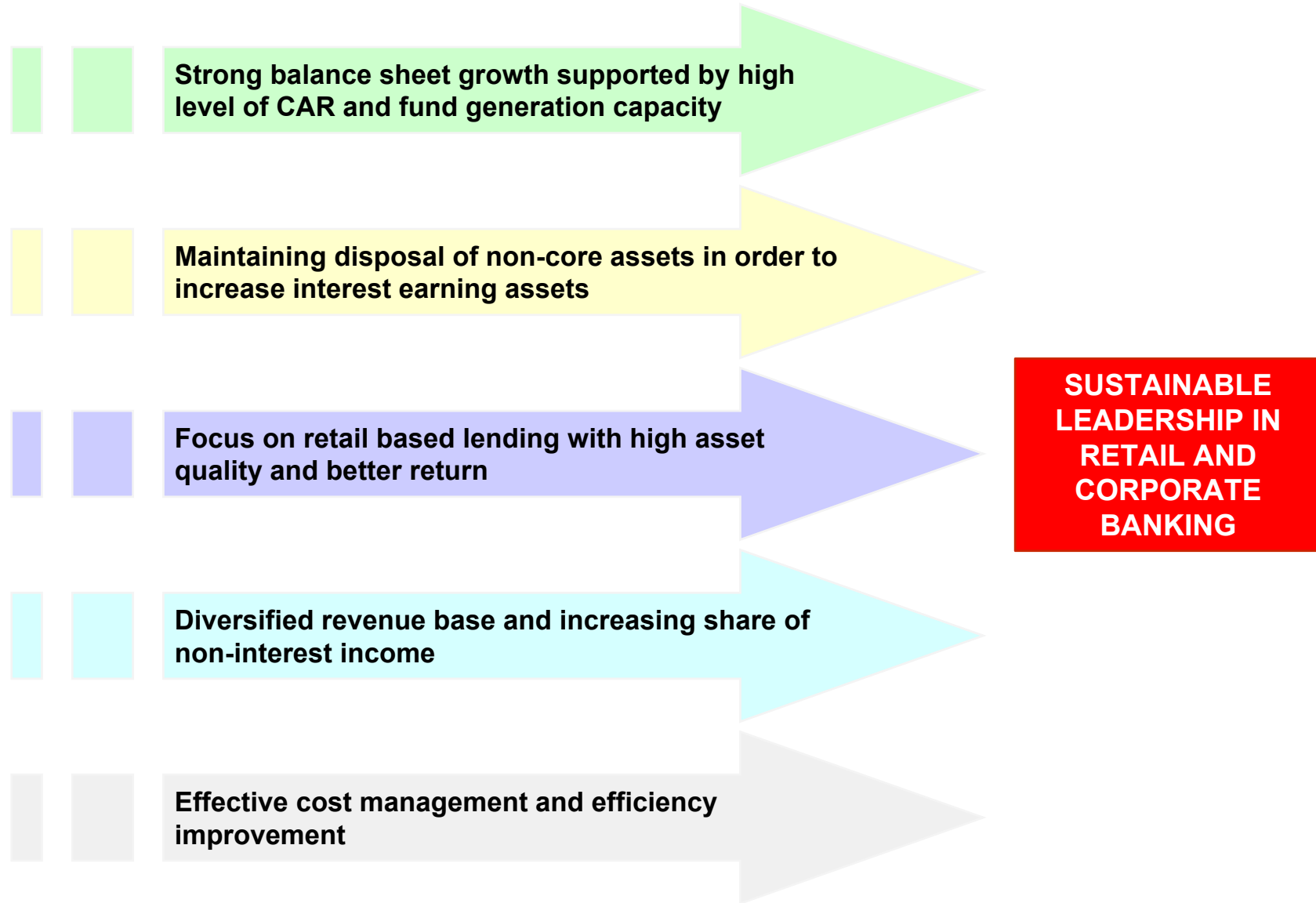
Thanks to its

- ▶ strong franchise
- ▶ 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

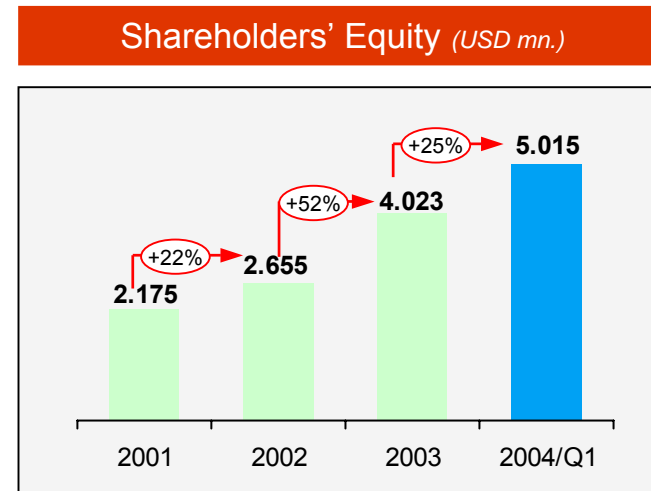
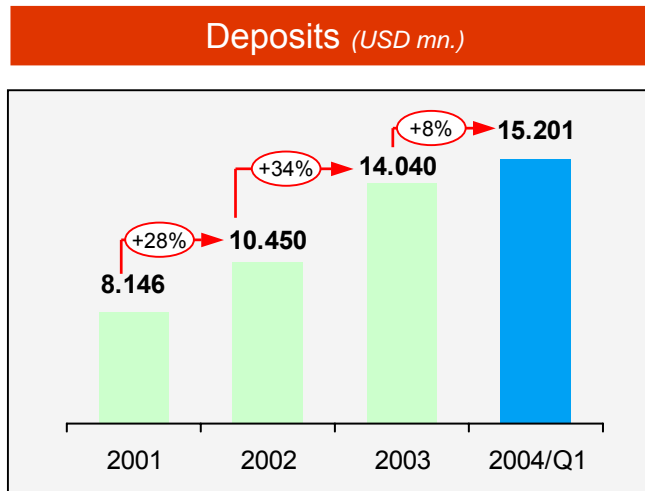
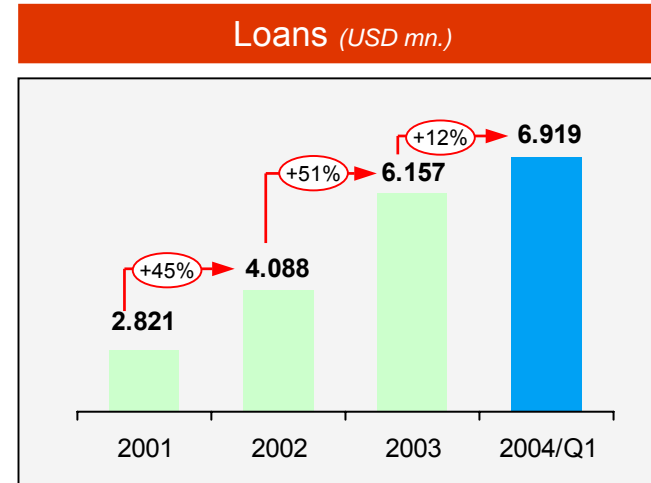
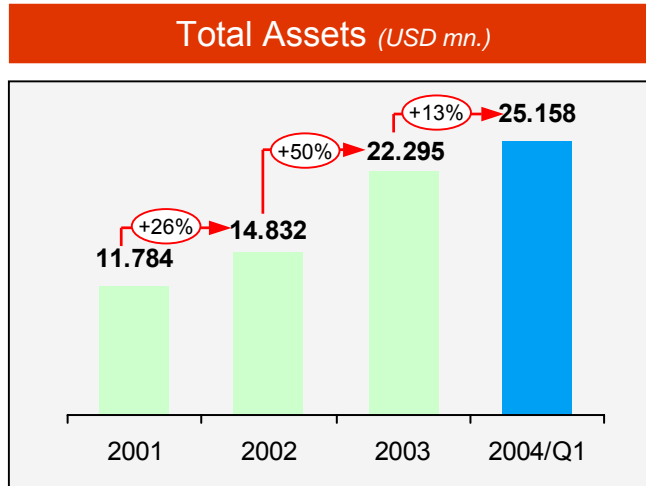
- 
- ✓ **be the main beneficiary of the stabilized environment,**
 - ✓ **further benefit from “flight to quality” process,**
 - ✓ **be positively affected from the economic recovery having a substantial exposure to real economy.**

Main strategies going forward



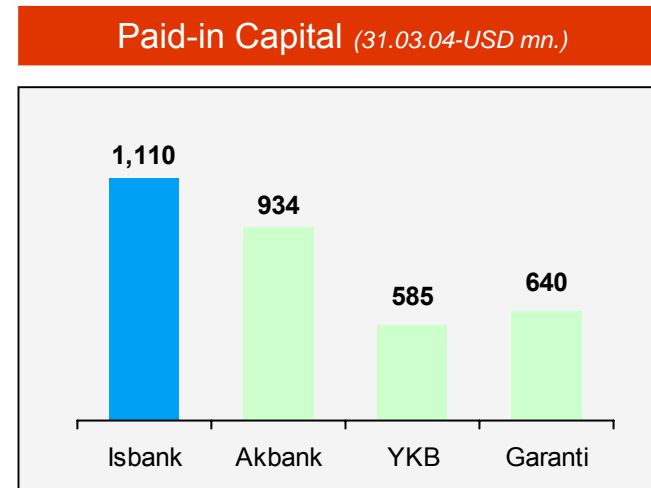
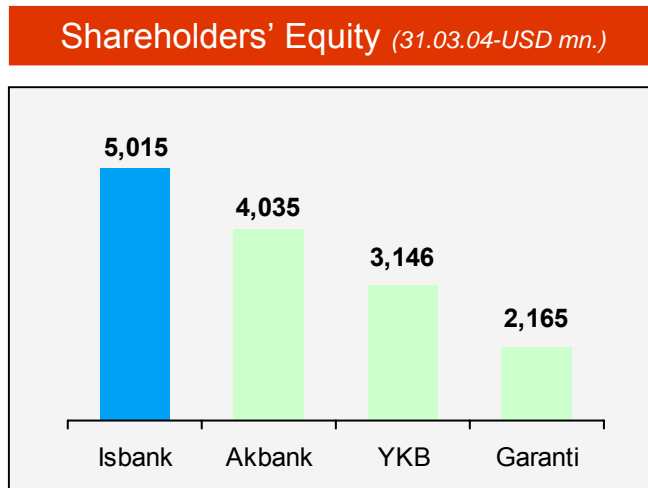
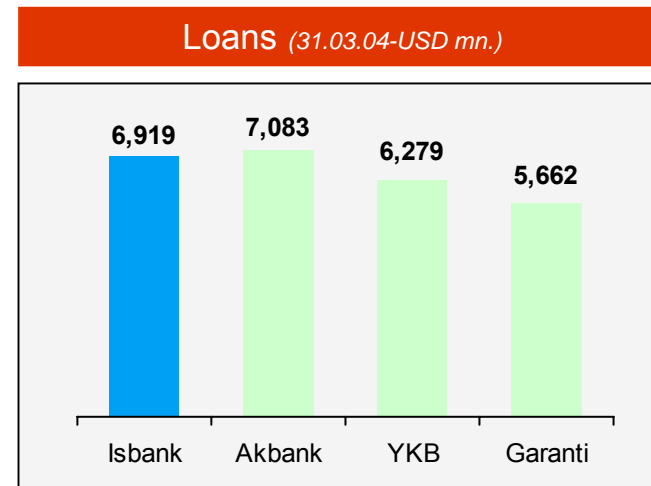
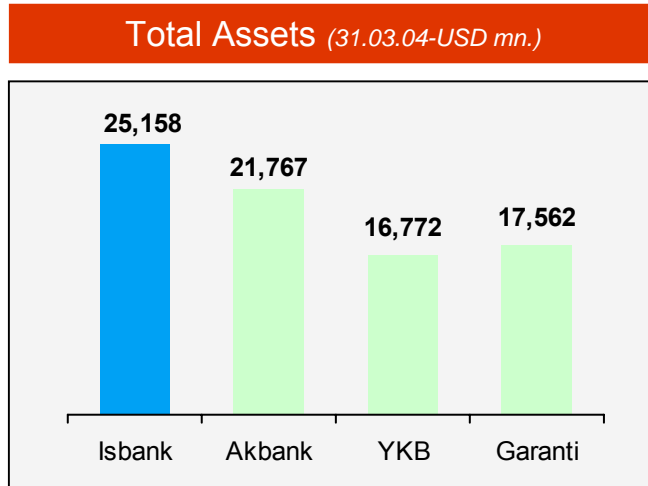
Impressive growth performance...

... in all key items.



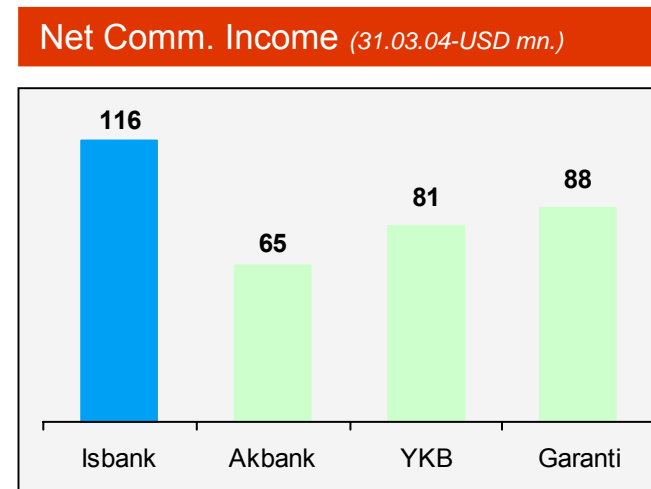
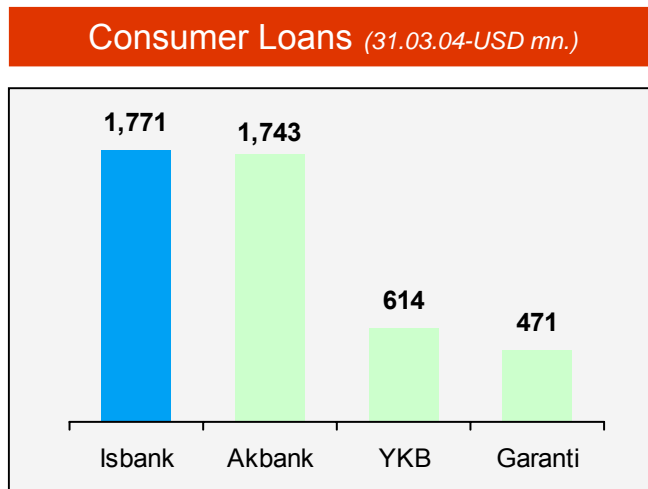
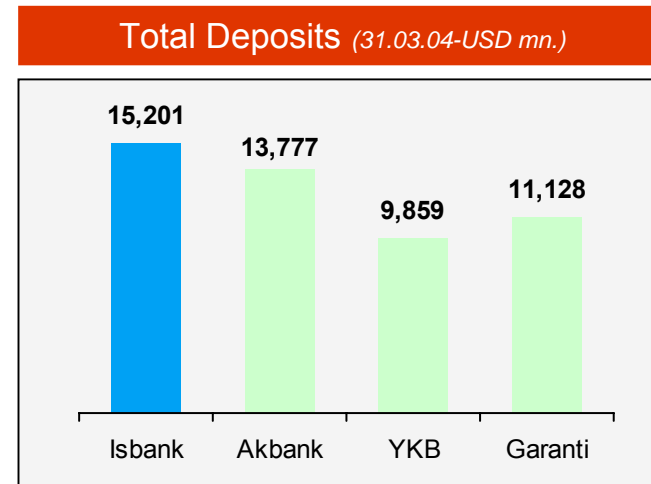
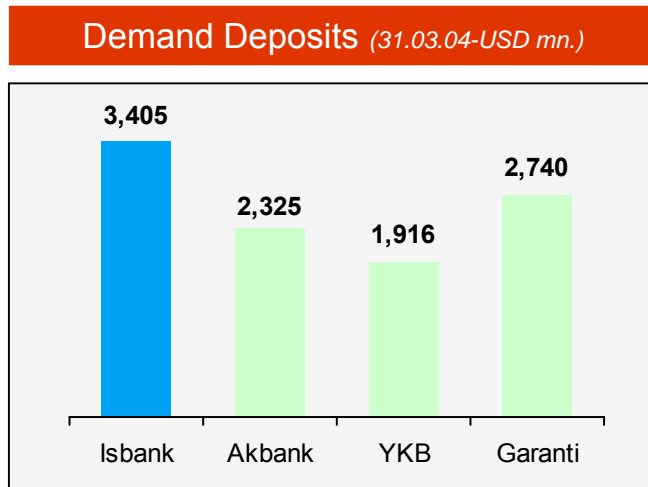
Largest private sector bank...

... in terms of asset size, shareholders' equity, paid-in capital,



Largest private sector bank...

...deposits, consumer loans and net commissions income.



A dominant position in the market...

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

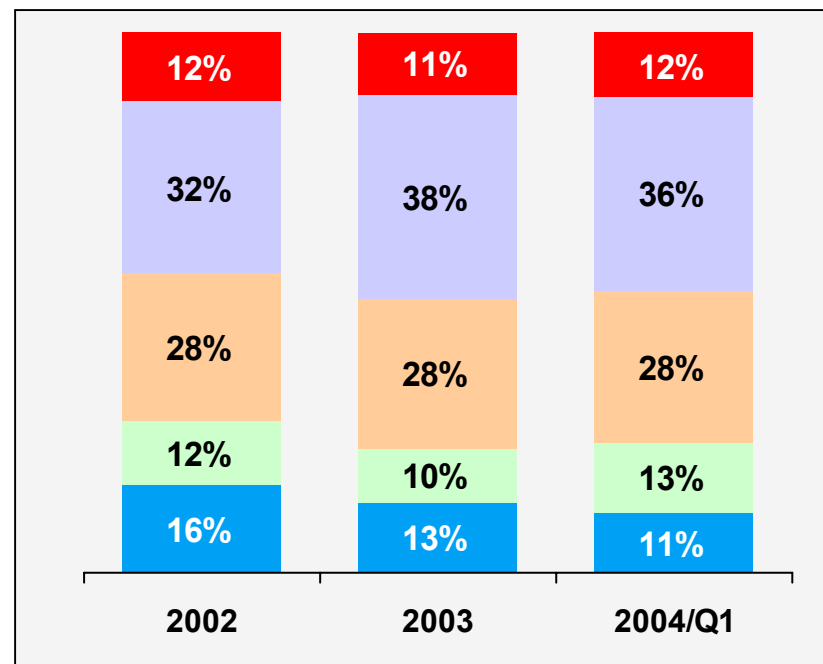
		Share(%)	Rank
Loans	Consumer	19.3	1 st among private banks
	Total Loans	12.2	2 nd among private banks
	Credit Cards	11.8	3 rd among private banks
Deposits	Demand	14.9	1 st among private banks
	TRL	10.5	1 st among private banks
	Total Deposits	13.0	1 st among private banks
	FX	14.0	2 nd among private banks
Retail Products	Volume of Debit Cards	27.3	1 st in the sector
	Number of POS	18.1	2 nd in the sector
	Number of Credit Cards	11.8	3 rd in the sector
	Volume of Credit Cards	14.3	3 rd in the sector
Capital Markets	Odd-lot Equity Trading	88.0	1 st in the sector
	Mutual Funds	21.0	1 st in the sector
	Custody Services	36.7	1 st in the sector

Macroeconomic Indicators and Banking Sector	4
Isbank at a Glance	10
Financial Highlights	20
Retail Banking	40
Ongoing Projects	50
Major Equity Participations	56

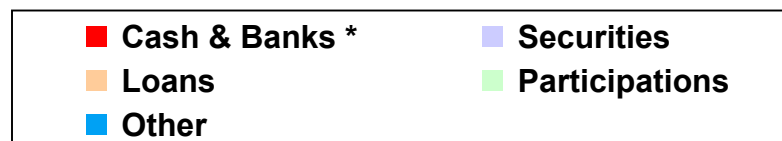
Asset composition...

... has been dominated by securities and loans.

(USD mn.)	2003	2004/ Q1	Change QoQ (%)
Cash & Banks	2,526	2,947	17
Securities	8,496	8,946	5
Loans	6,157	6,919	12
Participations	2,246	3,250	45
Other	2,870	3,096	8
Total Assets	22,295	25,158	13



- ▶ 13% QoQ asset growth
- ▶ Share of interest earning assets in total assets is 71%.

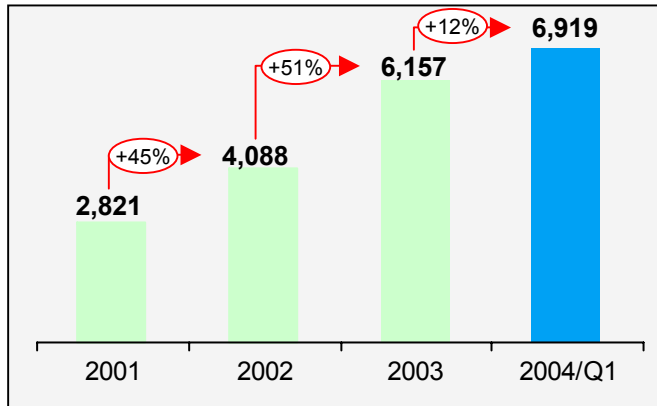


* Including Reserve Requirements

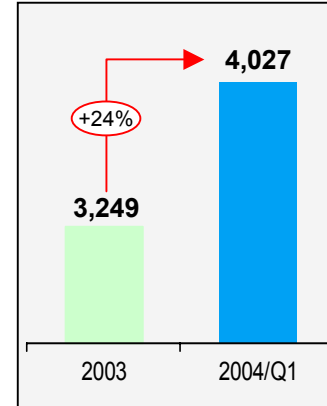
Solid lending franchise...

... a crucial competitive edge.

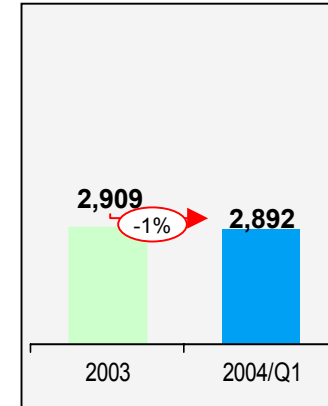
Total Loans (USD mn.)



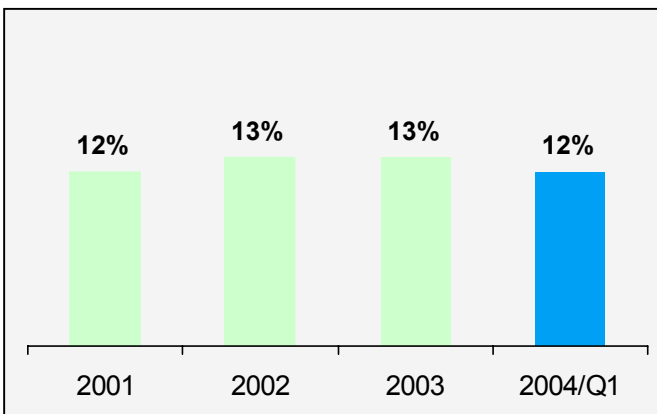
TL Loans (USD mn.)



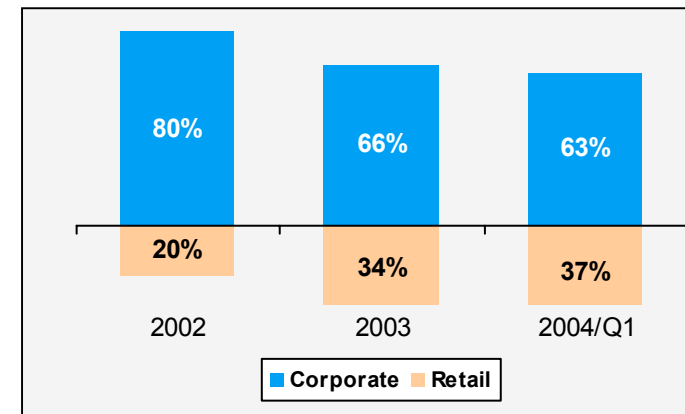
FX Loans (USD mn.)



Loans Market Share

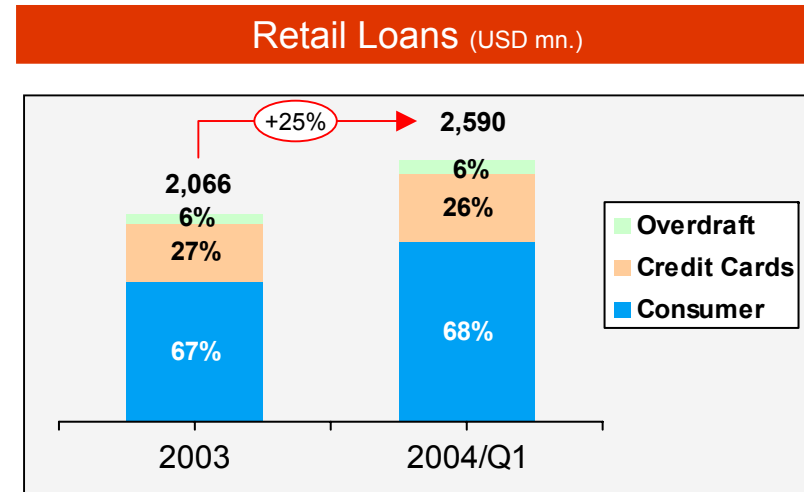
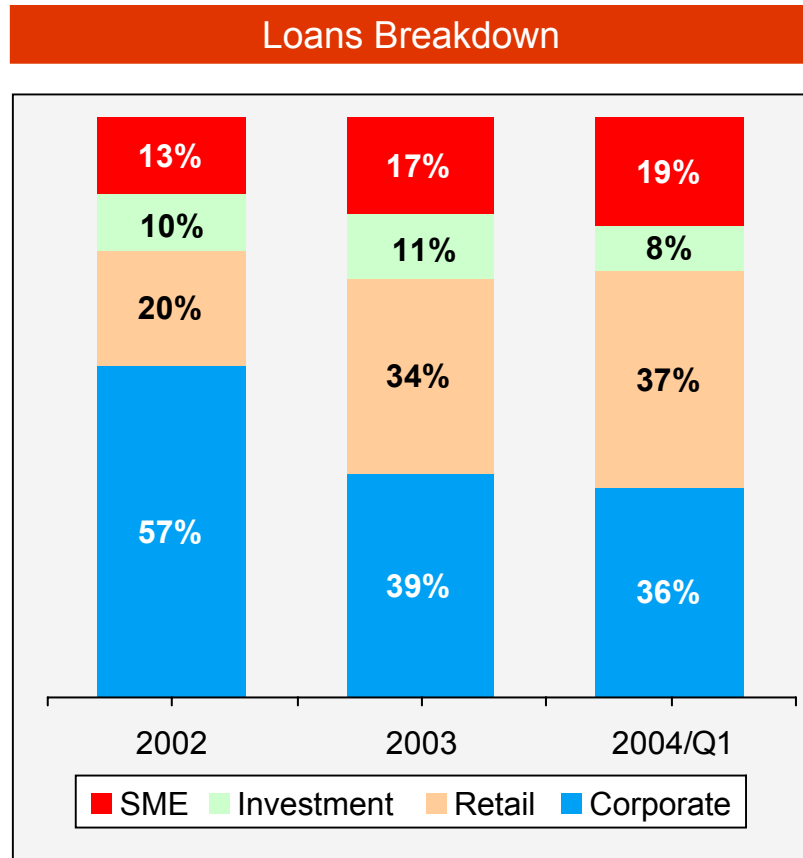


Retail versus Corporate



More retail oriented loan portfolio...

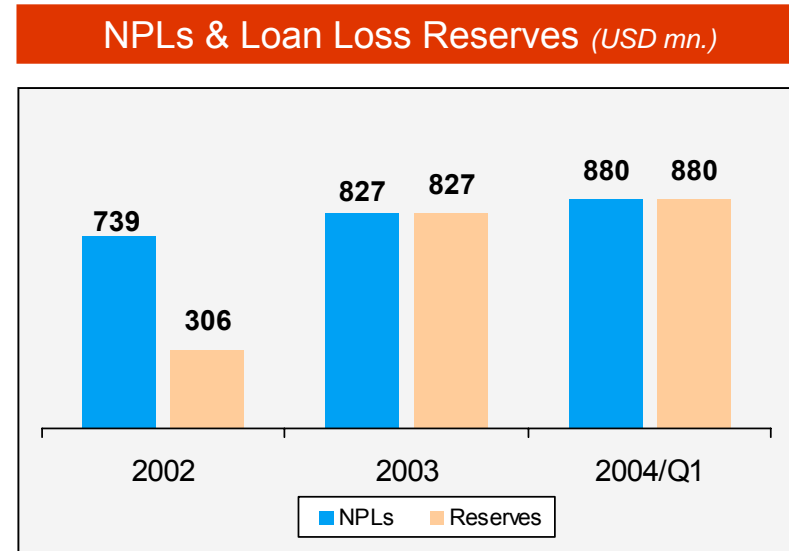
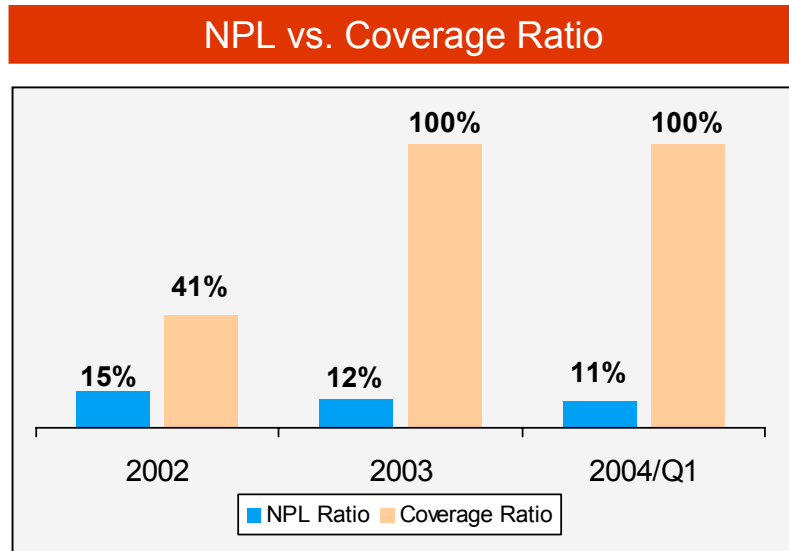
... 56% comprised of retail and SME loans.



- ▶ Auto loans make up 65% of consumer loans
- ▶ 40% of total investment loans are in the form of treasury guaranteed project finance loans
- ▶ Share of loans extended to textile sector declined to 10% of total loan portfolio
- ▶ Share of loans extended to construction sector declined to 8% of total loan portfolio

Improving loan quality...

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

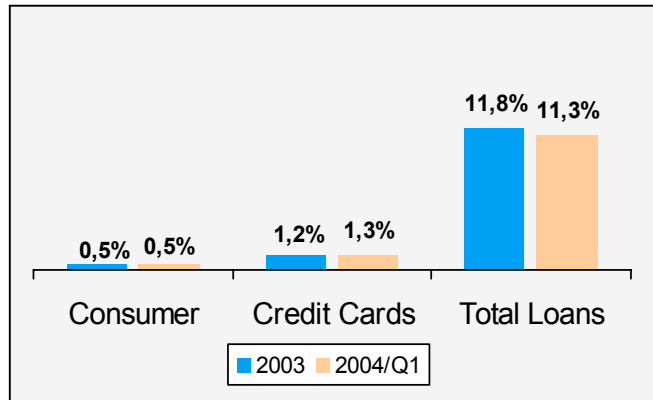


- ▶ Prominent improvement in NPL ratio due to restructuring, collections and loan growth
- ▶ High provisioning generates hidden reserves as recoveries realized
- ▶ When collaterals included coverage ratio exceeds 145%

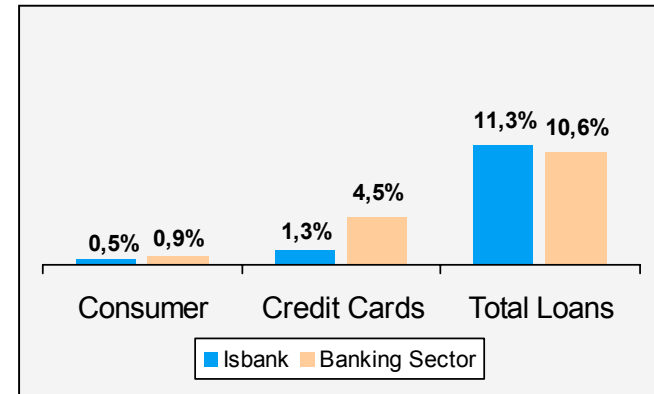
- ▶ 100% NPL provisioning as of 31.03.2004
- ▶ 4% decrease in NPL ratio since 2002

Continuous recovery in loan portfolio

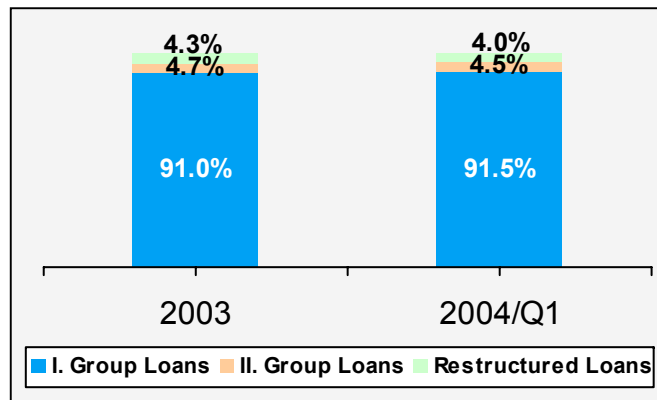
NPL Ratio by Loan Categories



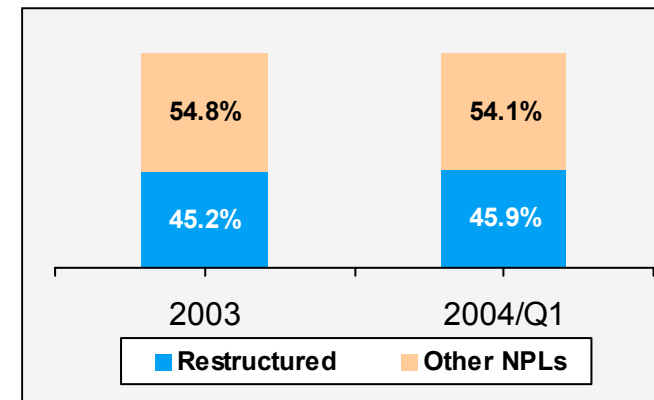
NPL Ratios – Isbank versus Sector



Loan Groups



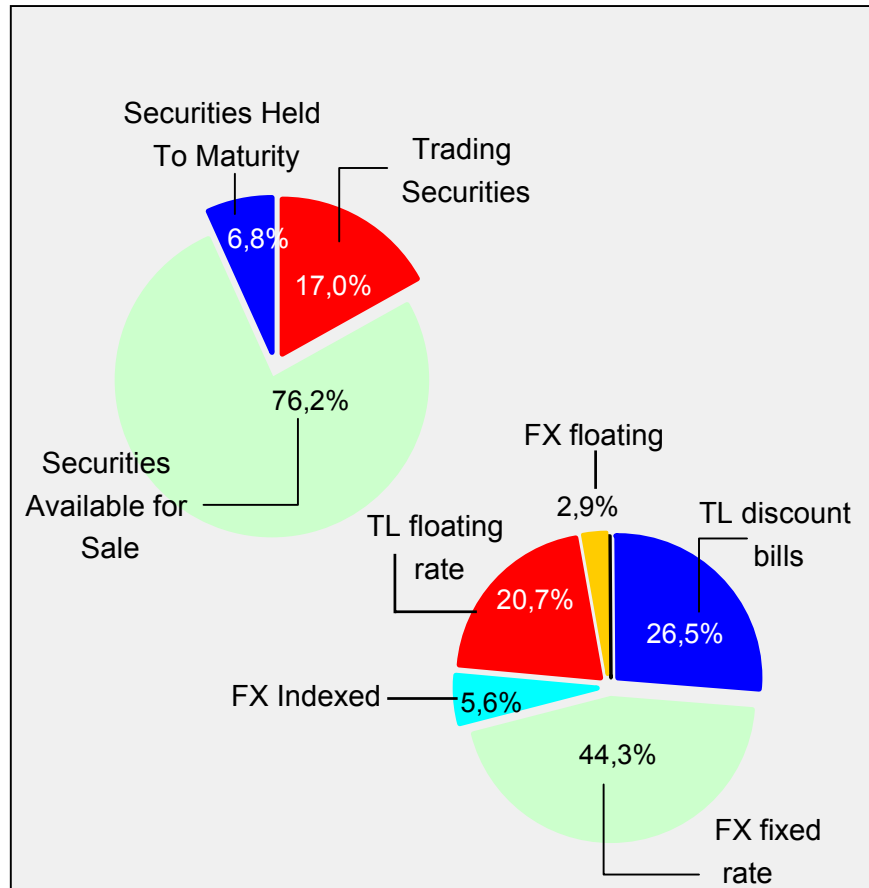
NPL Breakdown



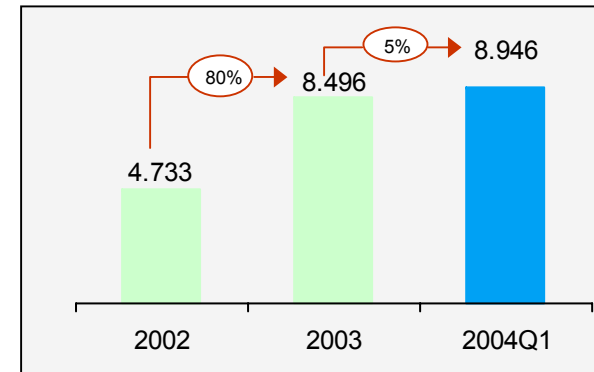
Securities portfolio...

... the largest asset component.

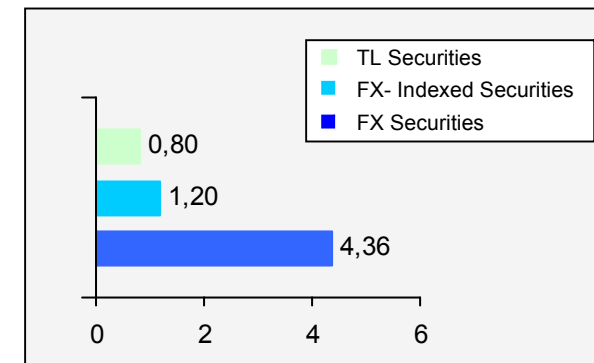
Breakdown of Securities Portfolio (31.03.2004)



Total Portfolio Growth (USD mn.)



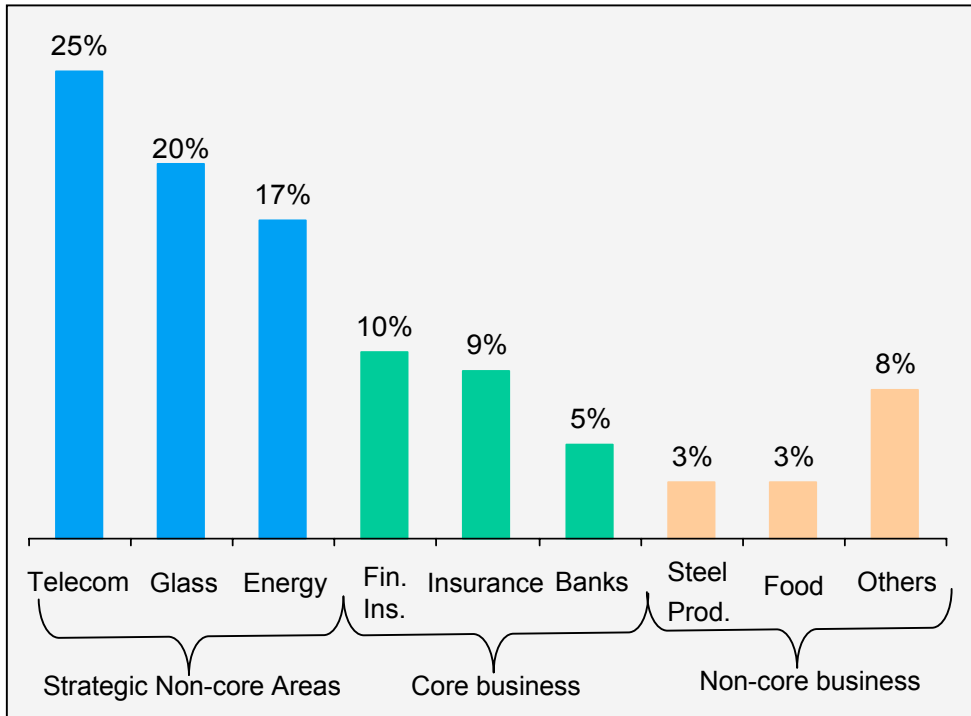
Average Maturity (Years)



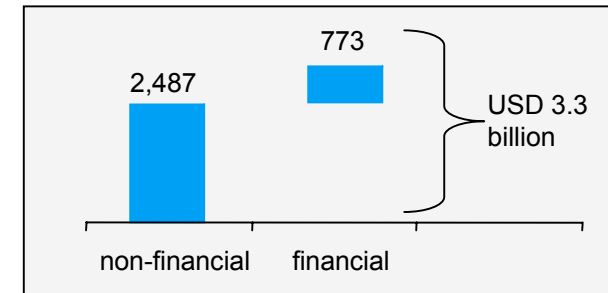
A diversified equity participation portfolio...

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

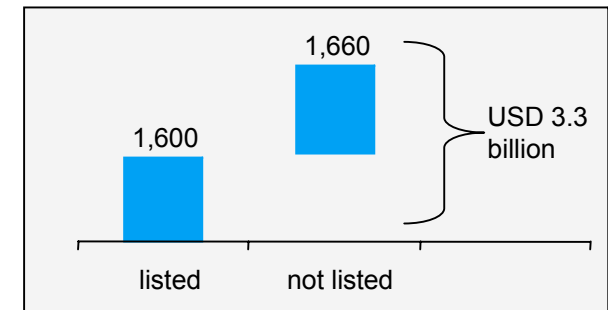
Sectoral Breakdown by Book Value



Financial vs. Non-financial



Listed vs. Non-listed

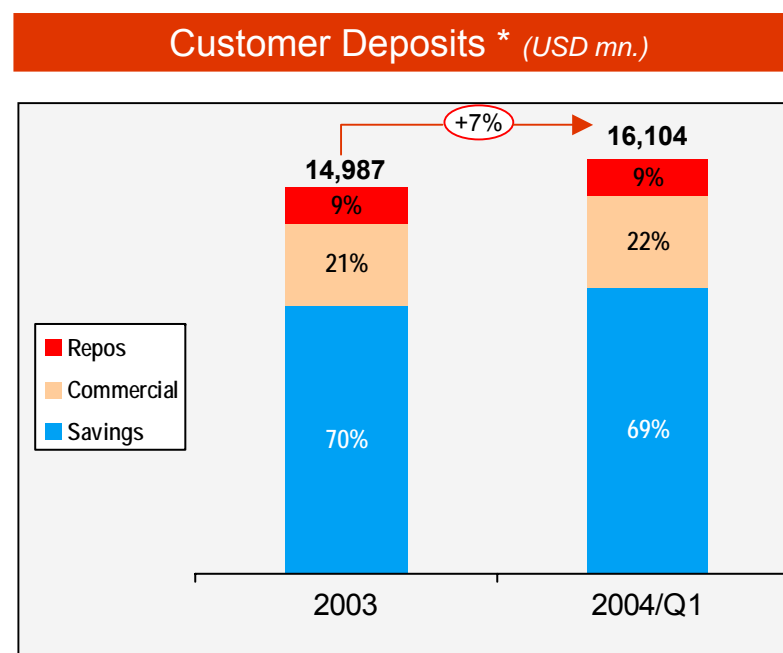


- ▶ As at March 2004 Isbank group has 57 participations in various sectors.
- ▶ Non-strategic equity holdings will be divested under favorable economic conditions.

Strong fund generation capability...

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

(USD mn.)	2003	2004/Q1	Change YoY (%)
Deposits	14,040	15,201	8
REPOs	1,368	1,395	2
Funds Borrowed	1,958	2,186	12
Other	905	1,361	50
Equity	4,024	5,015	25
Total Liabilities	22,295	25,158	13



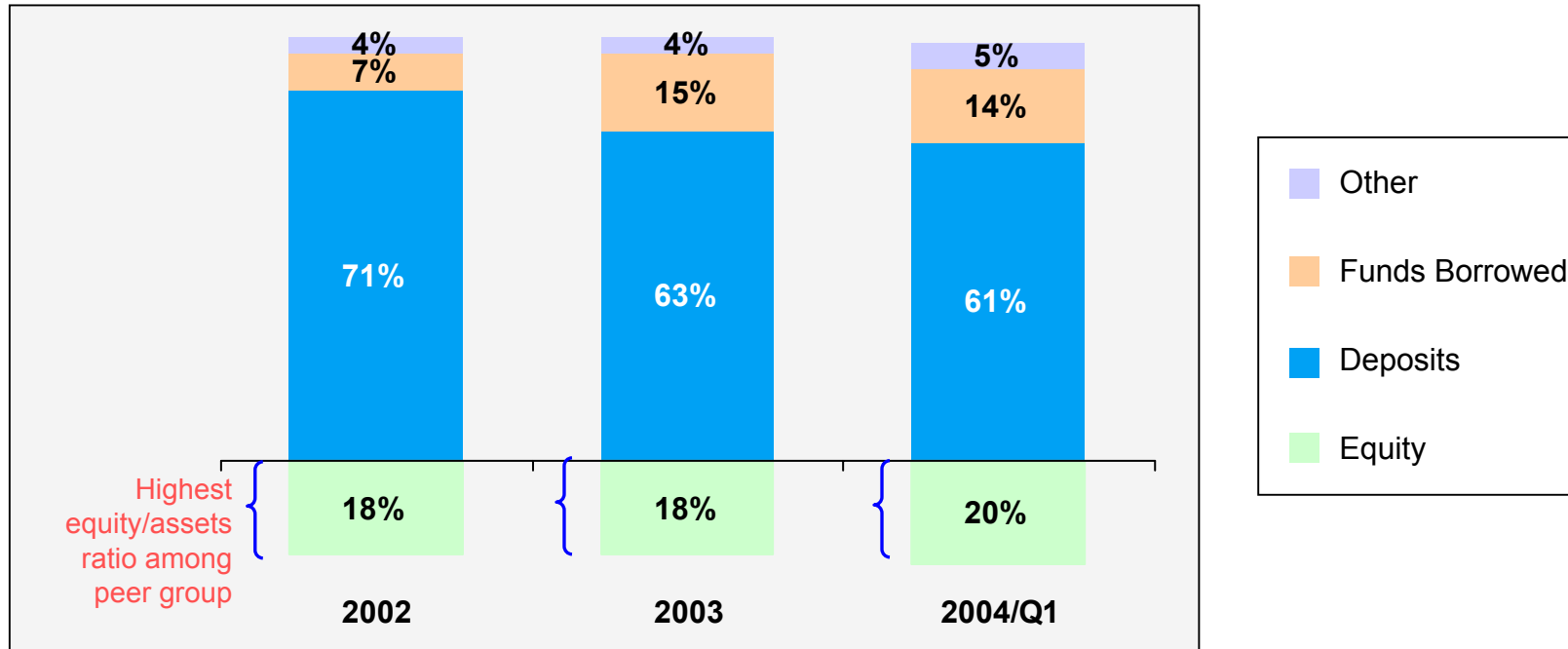
- ▶ Ytd increase in TL liabilities and FX liabilities are 24 % and 1 %, respectively.
- ▶ Liabilities growth stems mainly from customer deposits and equity.

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

* Excluding bank deposits.

Liabilities composition...

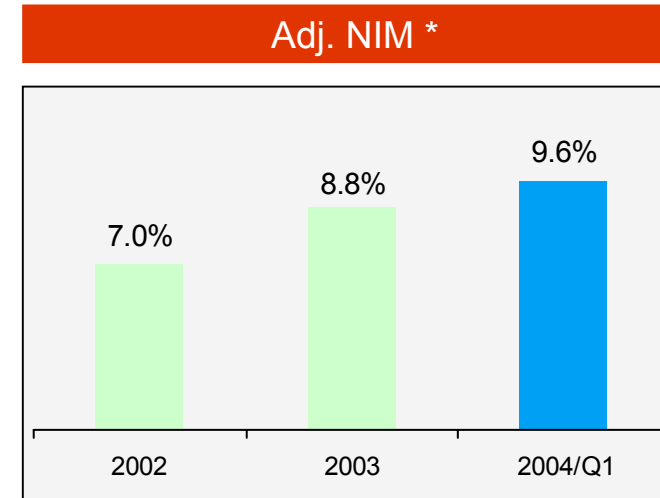
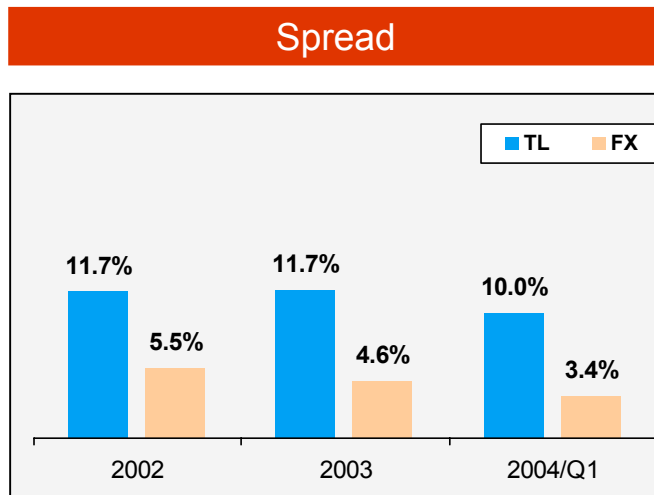
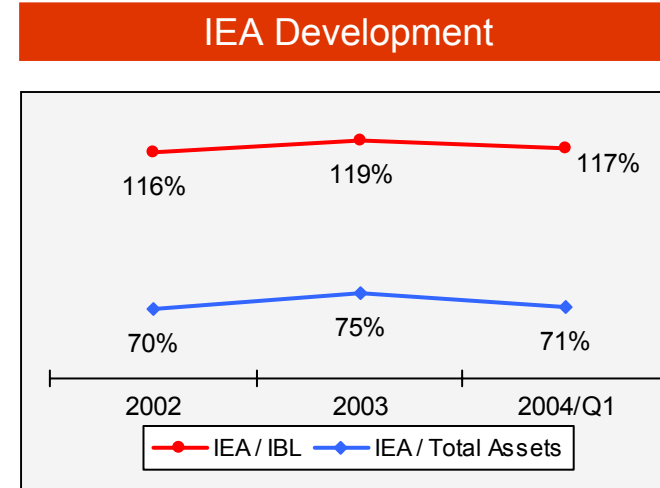
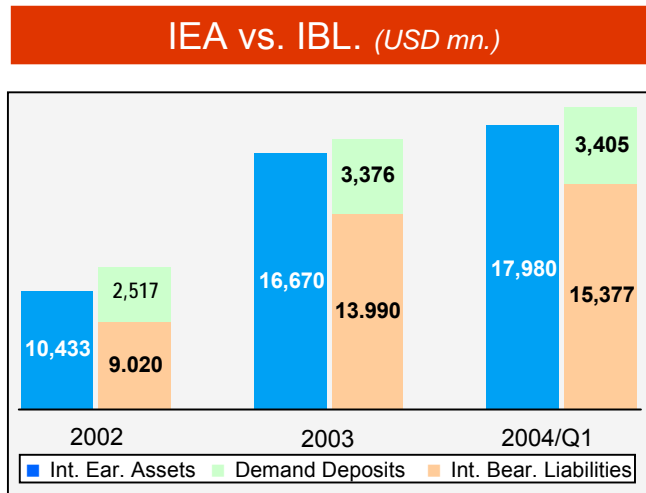
... reflects sound funding structure and adequate capitalisation.



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

Increasing volume of interest earning assets...

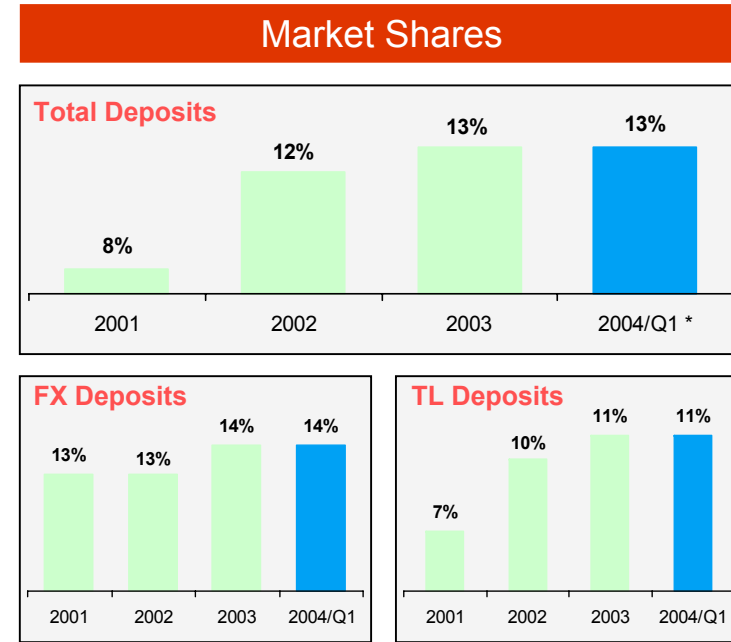
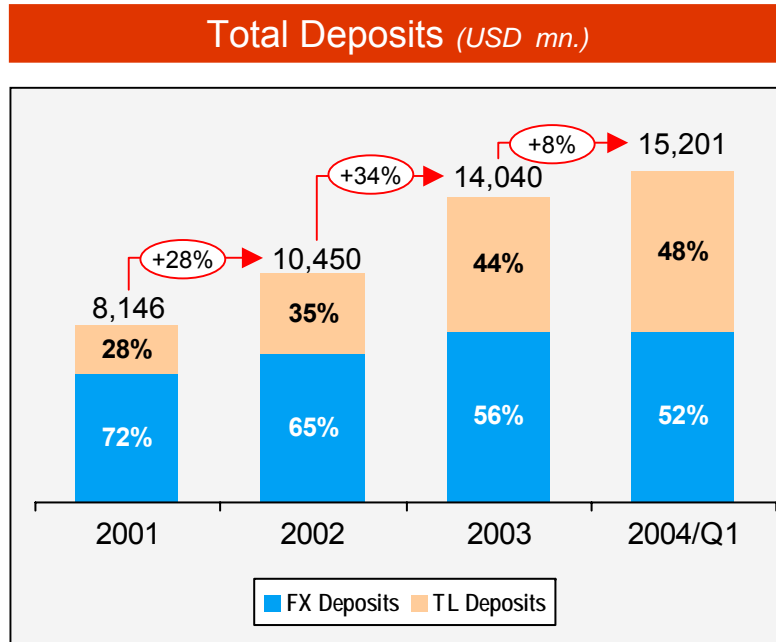
... contributes to net interest margin improvement.



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

Largest deposits franchise...

... is a clear indicator of customer trust.



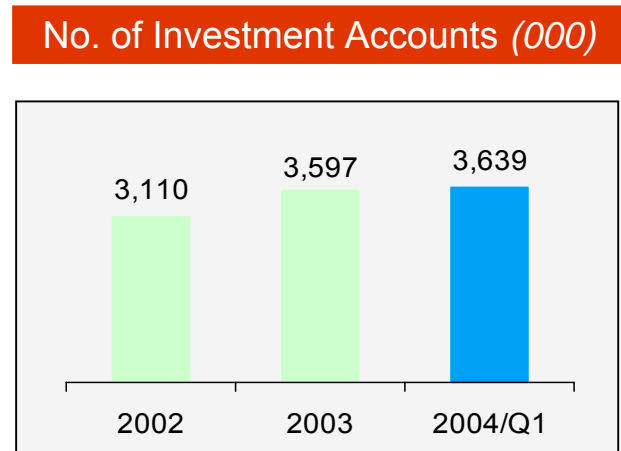
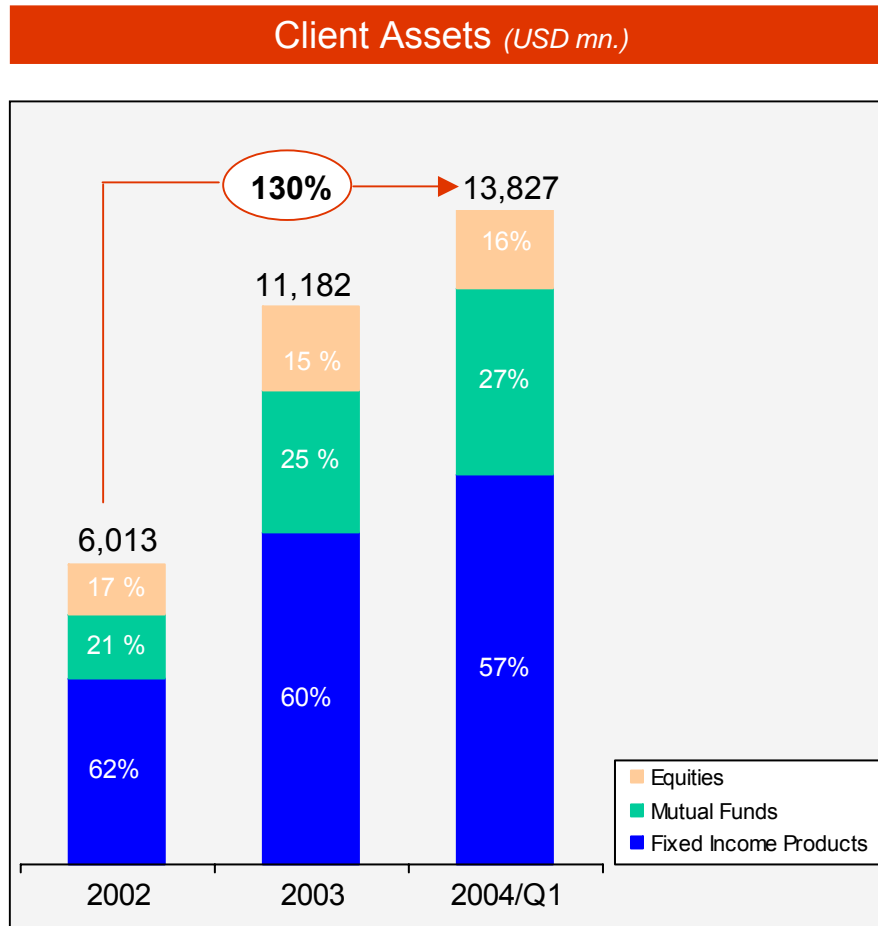
* Adjusted for Imar Bank deposits.

- ▶ 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
- ▶ Second and increasing market share in FX deposits
- ▶ Lowest cost of FX deposits among peers

Client assets under custody...

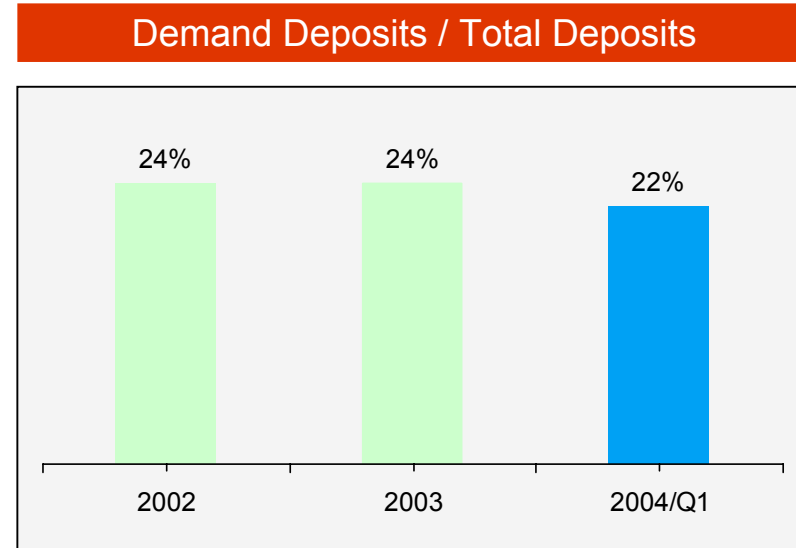
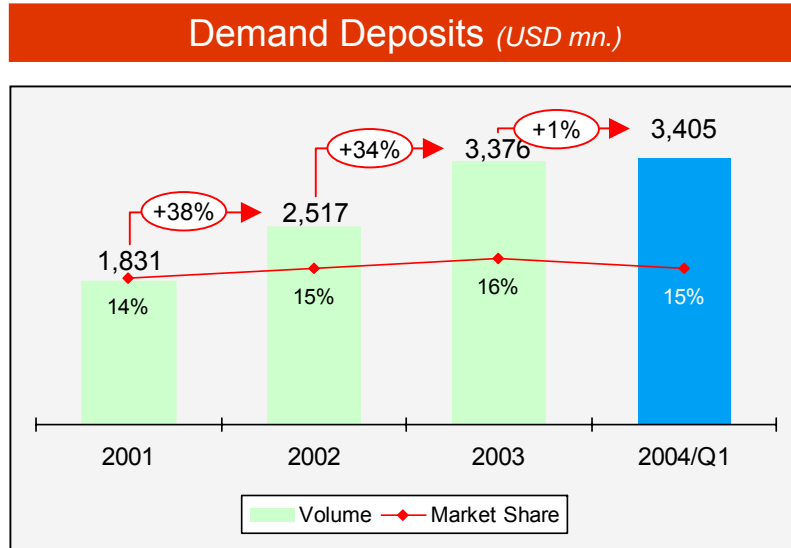
... has reached a remarkable total of USD 13.8 billion.



- ▶ Client assets in investment accounts 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.

Demand deposits ...

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

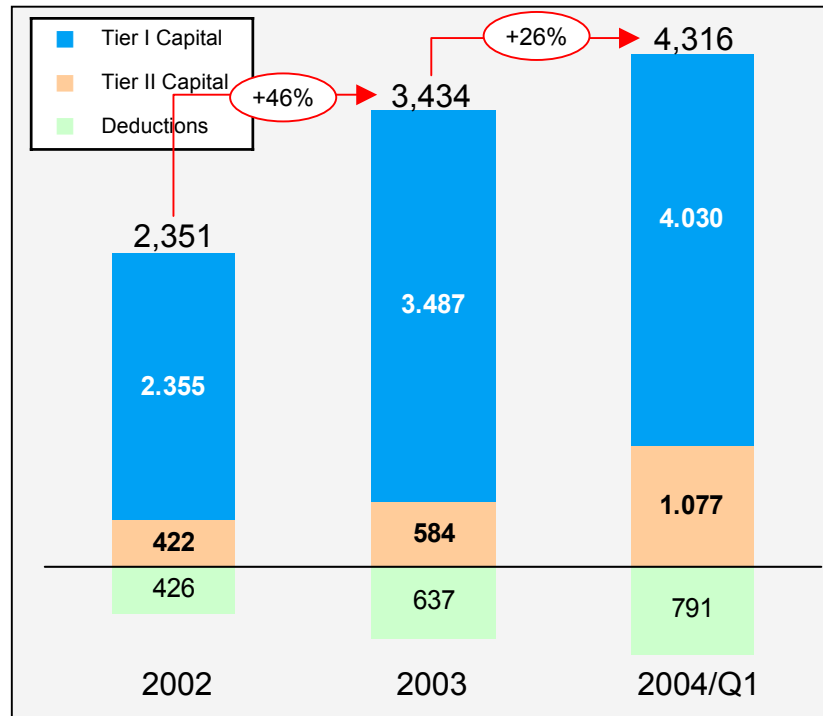


- ▶ Largest demand deposits market share among private sector banks
- ▶ 14 % of Interest Earning assets are funded by zero-cost demand deposits as at 31.03.2004.
- ▶ 18 % of Interest Bearing Liabilities are in the form of Demand Deposits

Sufficient capitalisation...

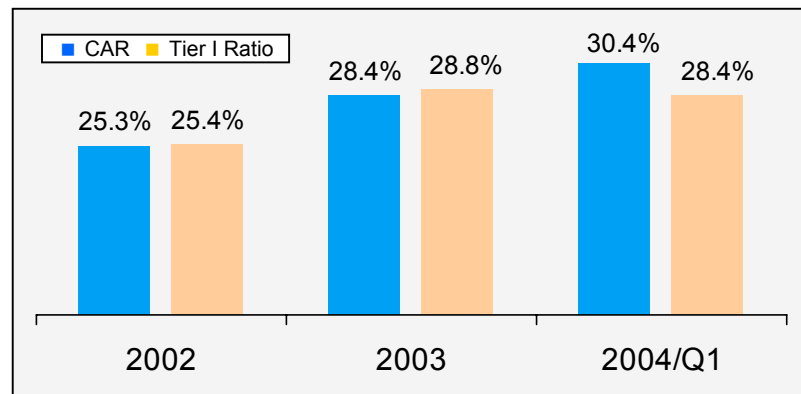
... and high CAR support balance sheet growth going forward.

Regulatory Capital (USD mn.)

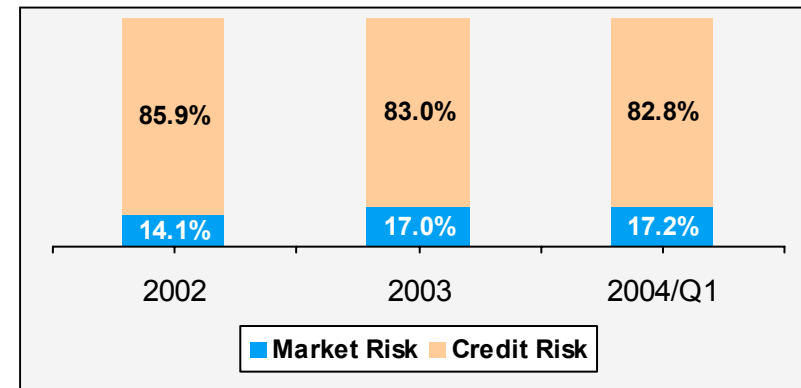


- ▶ Tier I capital makes up the bulk of capital base.
- ▶ High CAR allows further expansion of RWA.

Capital Adequacy



Risk Weighted Assets

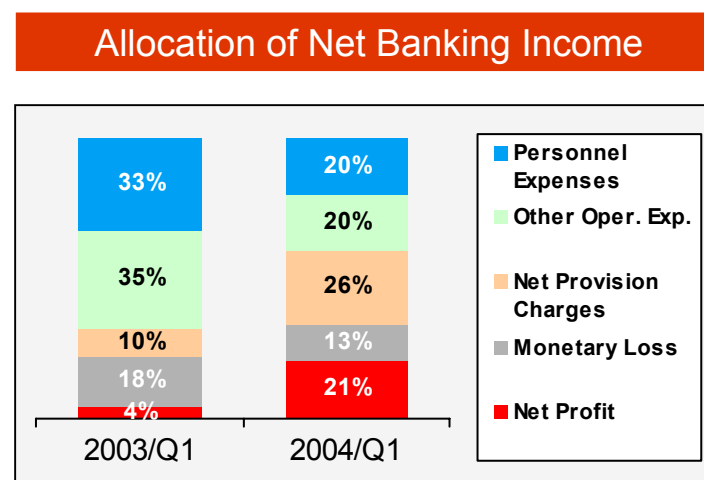
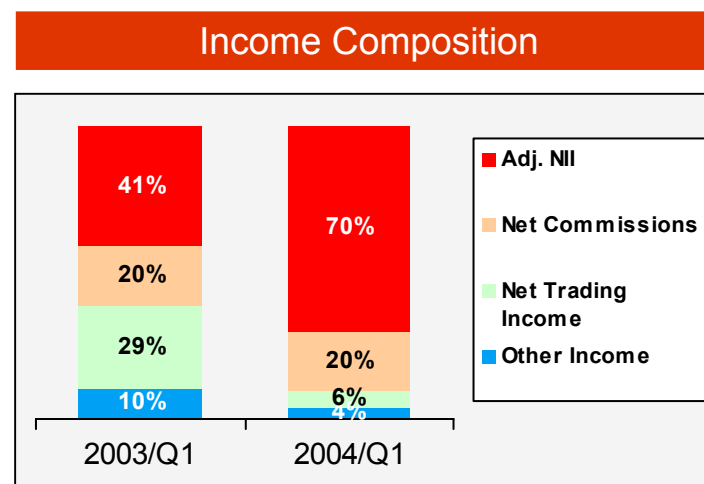


Income statement highlights

(USD mn.)	2003/ Q1	2004/ Q1	Change %
Adj. Net Interest Income ⁽¹⁾	92	411	347%
Net Commissions	45	116	158%
Net Trading Income	65	34	-48%
Released Provisions	7	42	500%
Other Operating Income	21	25	19%
Net Banking Income	230	628	173%
Personnel Expenses	73	115	58%
Adm. Expenses	36	60	67%
Other Op. Expenses	42	60	43%
Operating Profit	79	393	397%
Provision Charges ⁽²⁾	29	195	572%
Net Monetary Gain/Loss	-41	-75	83%
Net Profit	9	123	1,267%

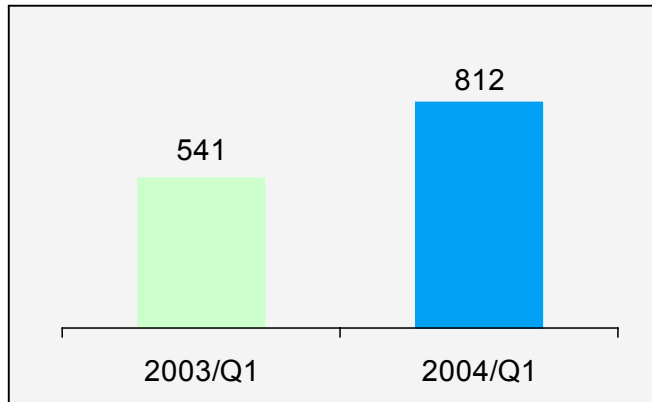
(1) Adjusted for FX Gains/Loss

(2) Provision Charges inc. Prov. for taxes

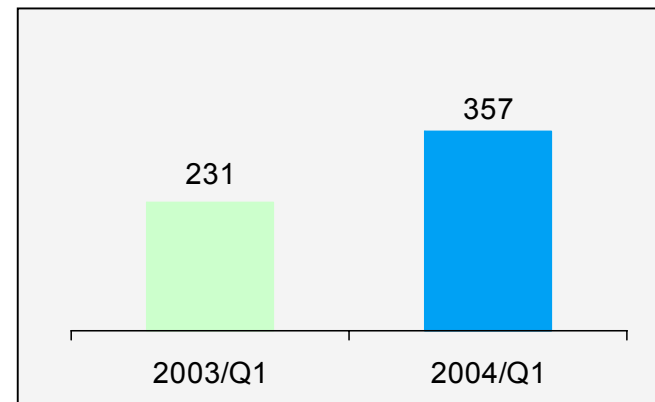


Breakdown of interest income

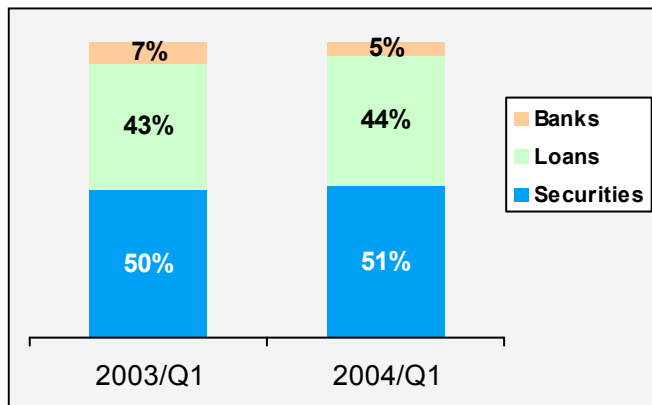
Interest Income (USD mn.)



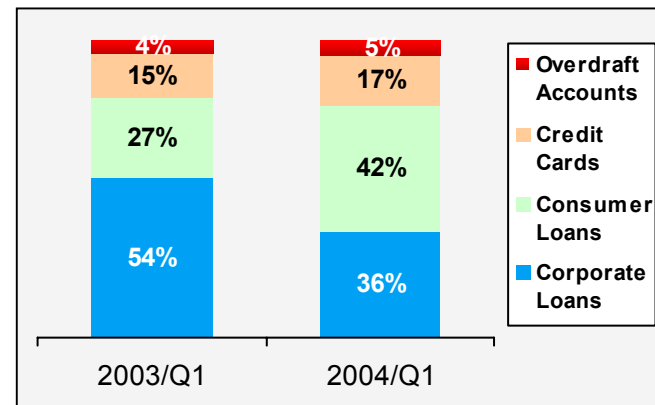
Interest Income on Loans (USD mn.)



Breakdown of Interest Income

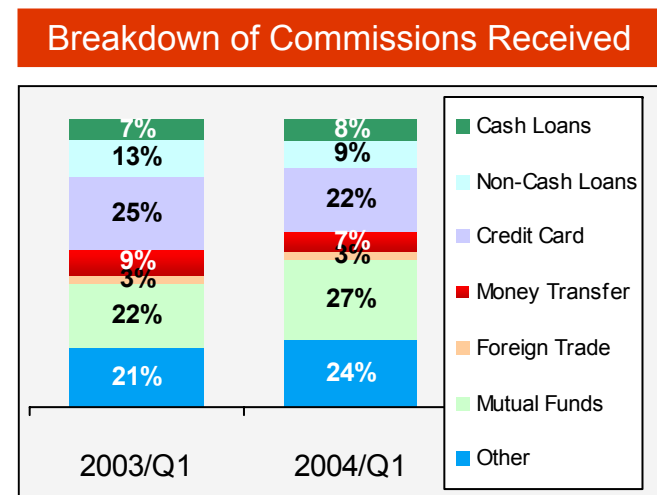
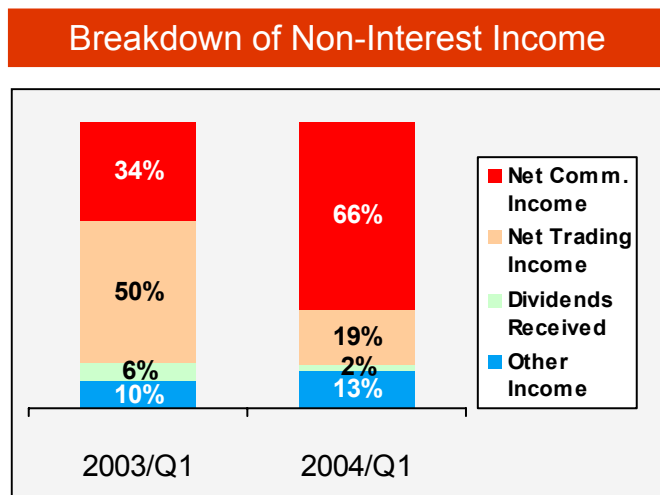
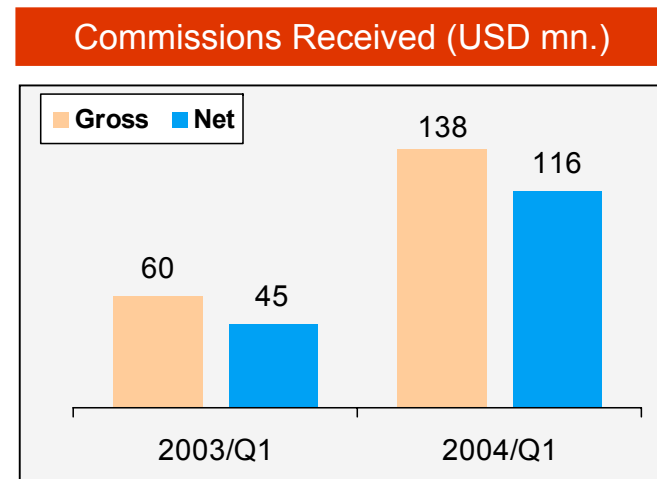
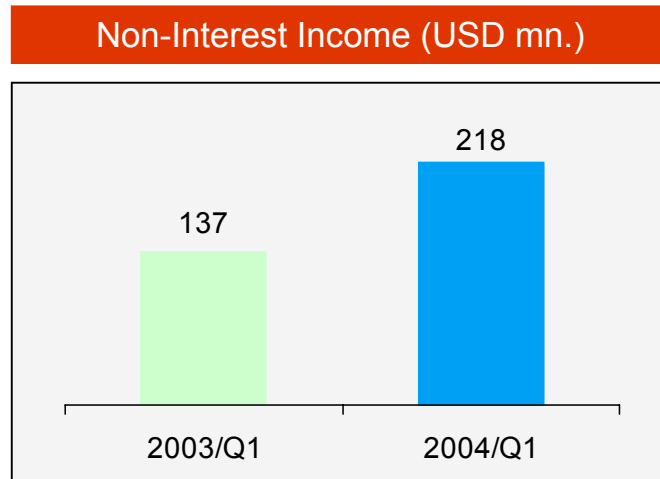


Breakdown of Int. Income on Loans



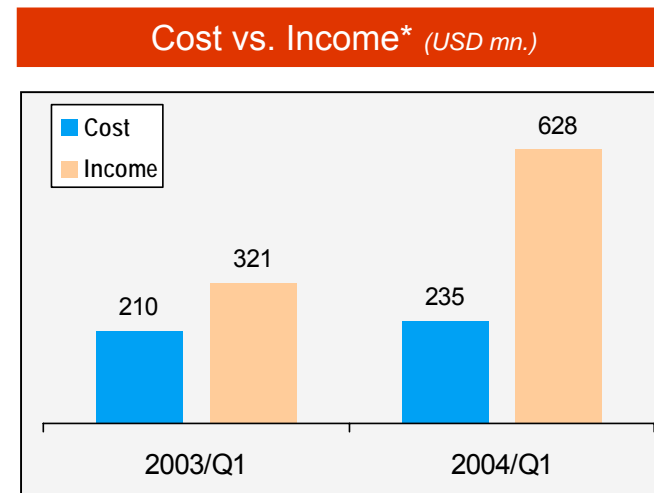
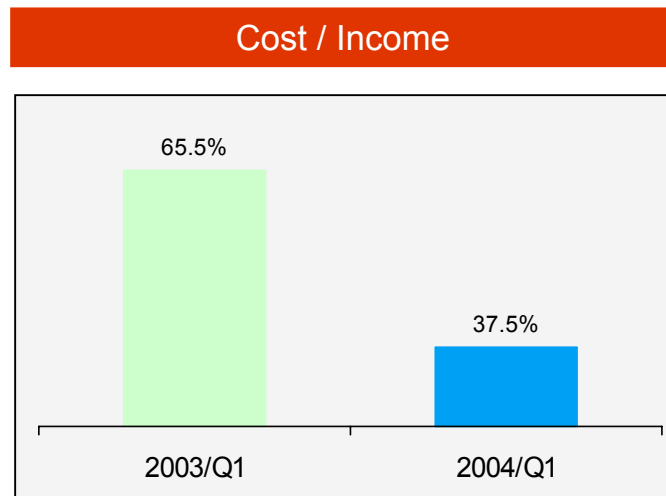
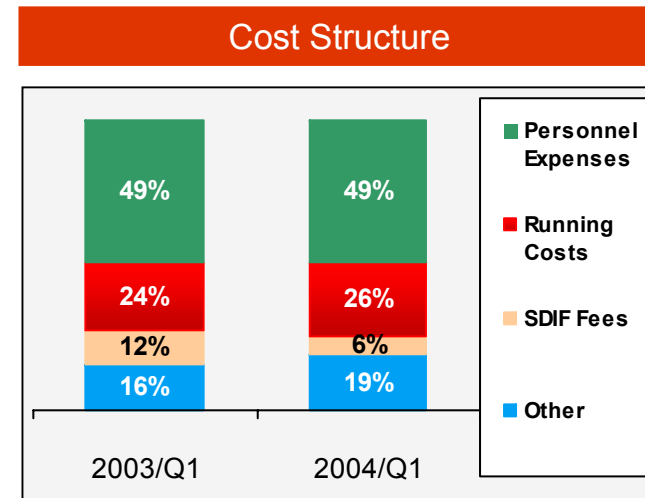
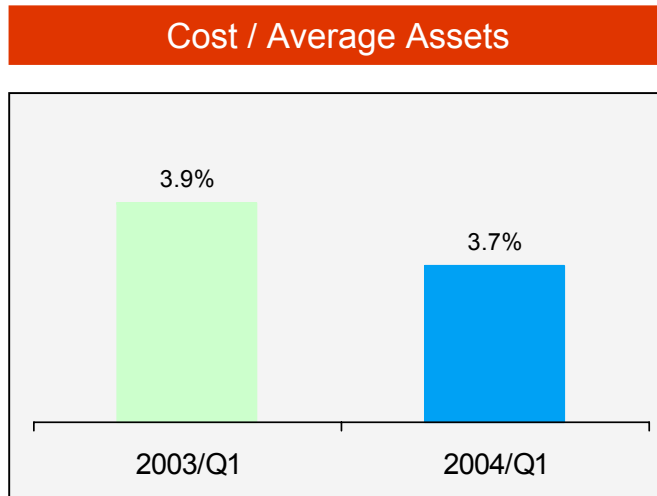
Robust non-interest income performance...

... supported by superior retail and corporate franchise.



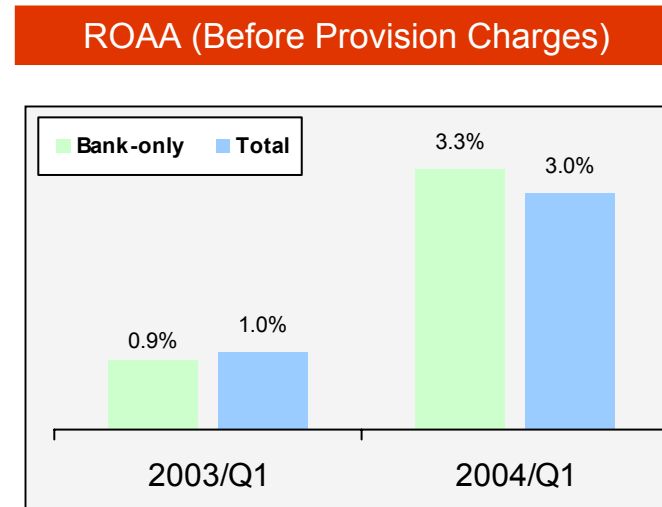
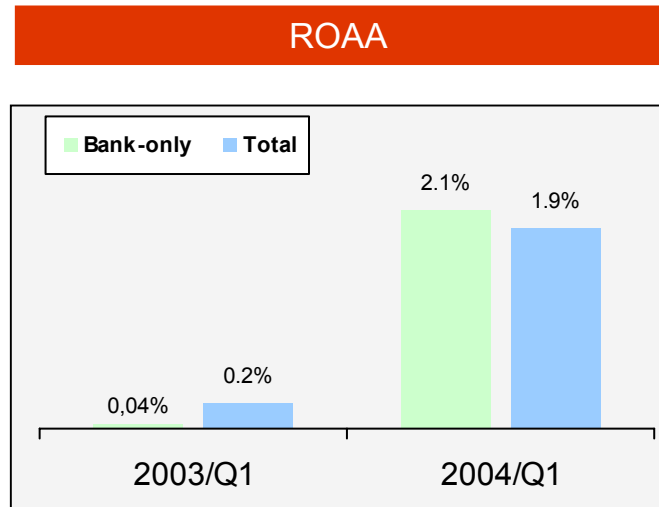
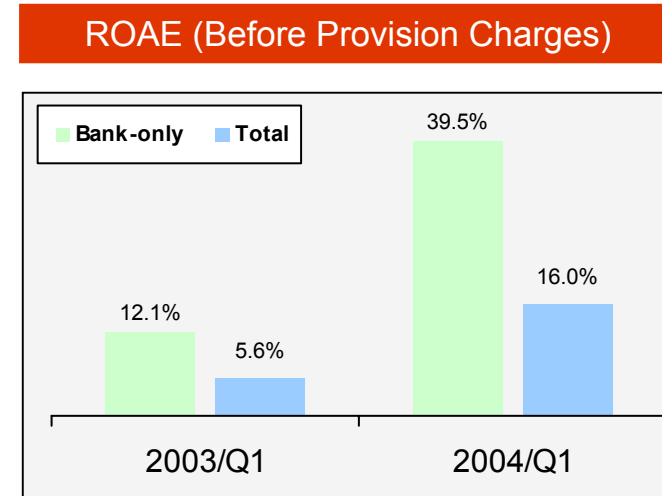
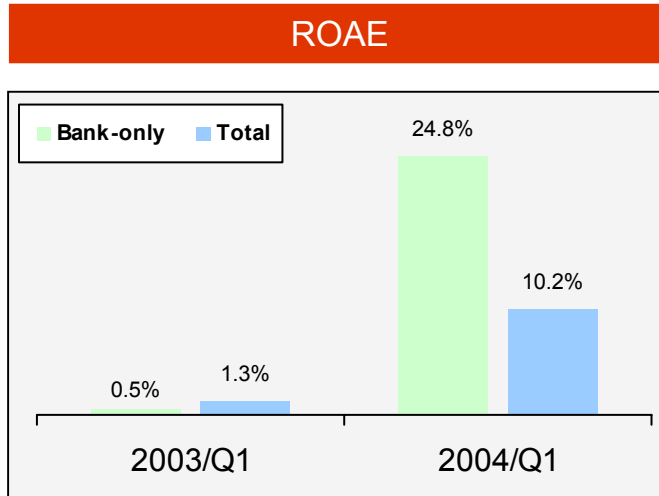
Efficiency improvement...

... as a result of effective cost management and increased profitability.



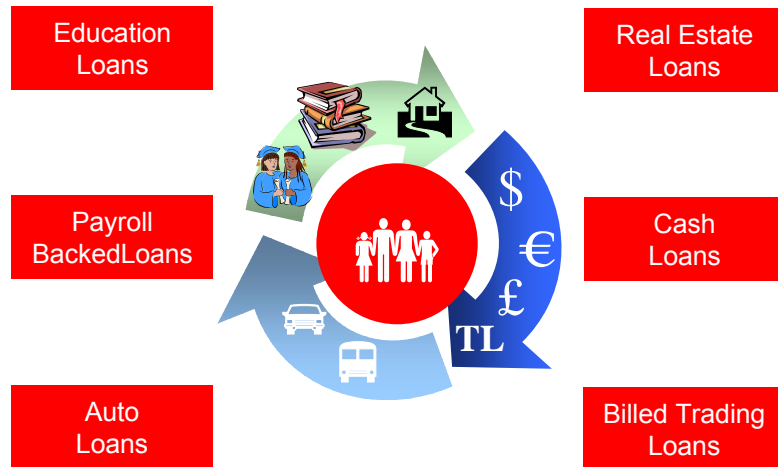
Higher profitability...

... reflected in improved ratios.



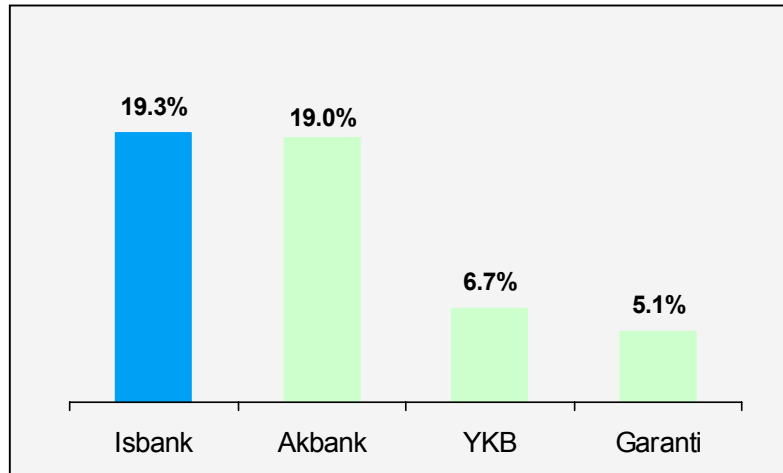
Macroeconomic Indicators and Banking Sector	4
Isbank at a Glance	10
Financial Highlights	20
Retail Banking	40
Ongoing Projects	50
Major Equity Participations	56

Major consumer lender

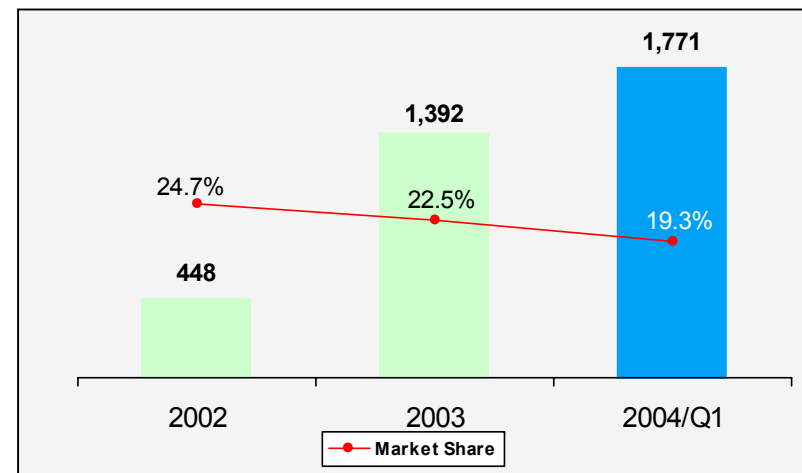


(USD mn.)	2003	2004Q1	Change
Home Loans	93.8	120.5	28.5%
Cash Loans	392.5	502.6	28.1%
Auto Loans	905.7	1,147.5	26.7%
Total	1,392.0	1,770.6	27.2%

Peer Group Market Share (31.03.2004)



Balance of Consumer Loans (USD mn)



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 25,523 merchant firms through 42,676 chains, called "Maxipuan"
- ▶ 11.8 % market share in number of cards and 14.3 % market share in transaction volume
- ▶ Low NPL ratio of 1.3 % due to advanced Credit Scoring System
- ▶ High commission generating capability and significant contribution to fee income

(USD mn.)

	2003	2003/Q1	2004/Q1	Change
Issuing Volume	3,716	636	1,411	122%
Issuing Volume Market Share	13%	14%	14%	-
Acquiring Volume	3,482	573	1,239	116%
Acquiring Volume Market Share	14%	14%	14%	-
Balance	560	323	678	110%
Number of Cards (000)	2,447	1,936	2,520	30%

Dealer card



- ✓ “Dealer Card” is a cash flow management program , developed as an alternative for forward sales and cheques.
- ✓ “Dealer Card” is launched in 2002 in cooperation with the petroleum distribution company Petrol Ofisi – an affiliated company of İşbank- which has 3,850 dealers nationwide.
- ✓ Currently, İşbank has agreements with 6 companies and 1,312 cards are given so far.

Advantages for dealers and companies

- ▶ Elimination of default risk
- ▶ Increase in operational efficiency by eliminating old payment systems, i.e. cheques
- ▶ Easy control of cash flow systems

Advantages for İşbank

- ▶ Increase in credit card transaction volume and fee income
- ▶ Synergy between the bank and its participations

Capital market operations...

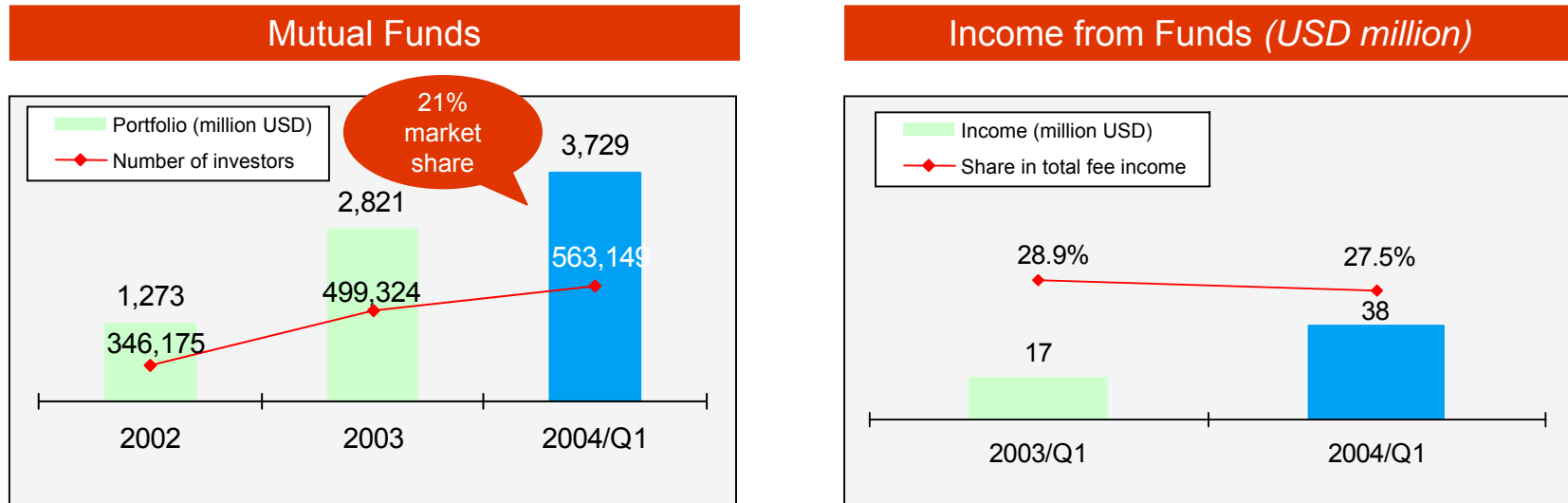
... another area Isbank dominates

	Market Share	Rank	USD bn.
Volume of Mutual Funds	21%	1st	3.7
Fixed Income Sec. Under Custody	16%	1st	7.6
Number of Equity Investor Accounts	37%	1st	407,352
Odd-lot Equity Trading in 2003	87%	1st	0.014
Stock Trading Volume in 2004/Q1 *	6%	1st	5.3

* *Is Investment*

First and largest mutual fund provider...

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

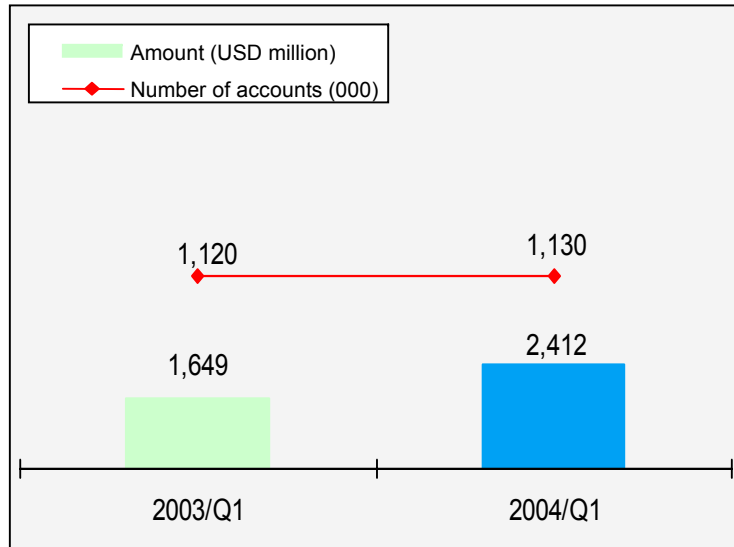


- ▶ Total trading income is USD 34 million as at March 2004.
- ▶ With 8 A type and 6 B type mutual funds and more than 500 thousand investors, Isbank is the most preferred bank in the sector.
- ▶ Income from mutual funds is steadily increasing.

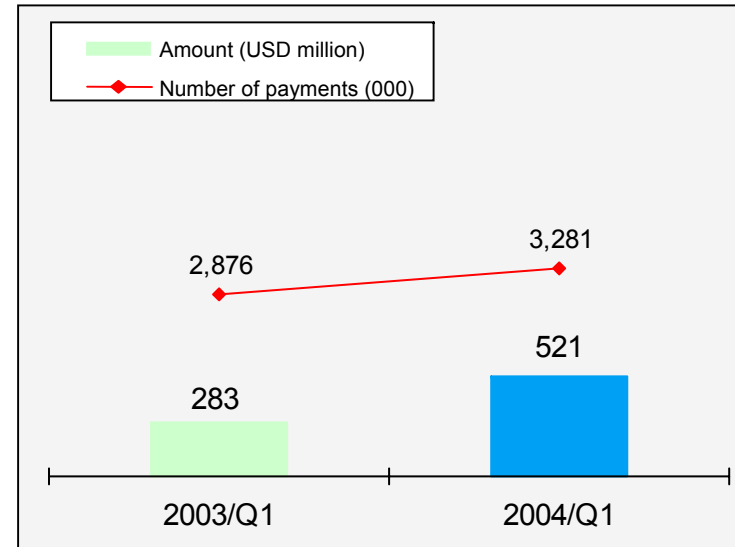
Increasing retail customer base...

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

Payroll Accounts



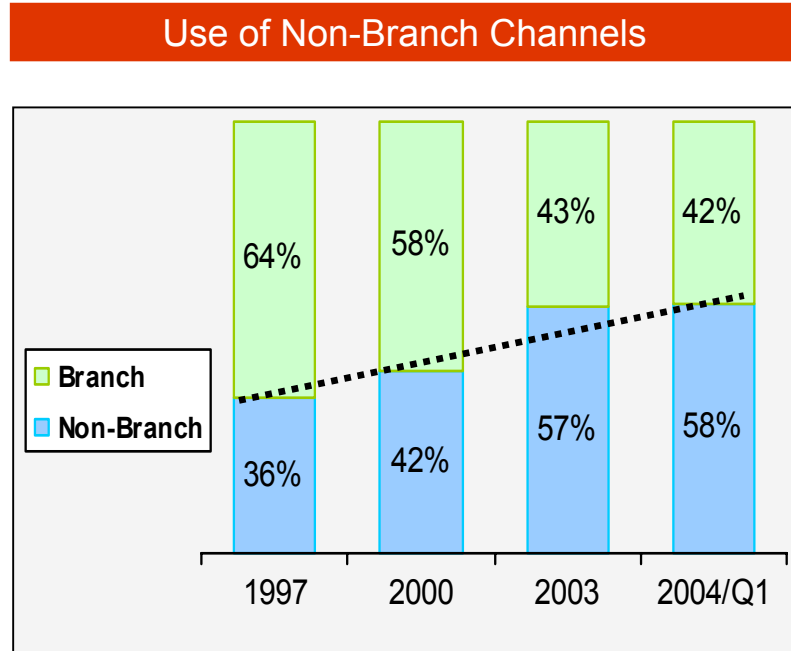
Automated Bill Payments



- ▶ 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.

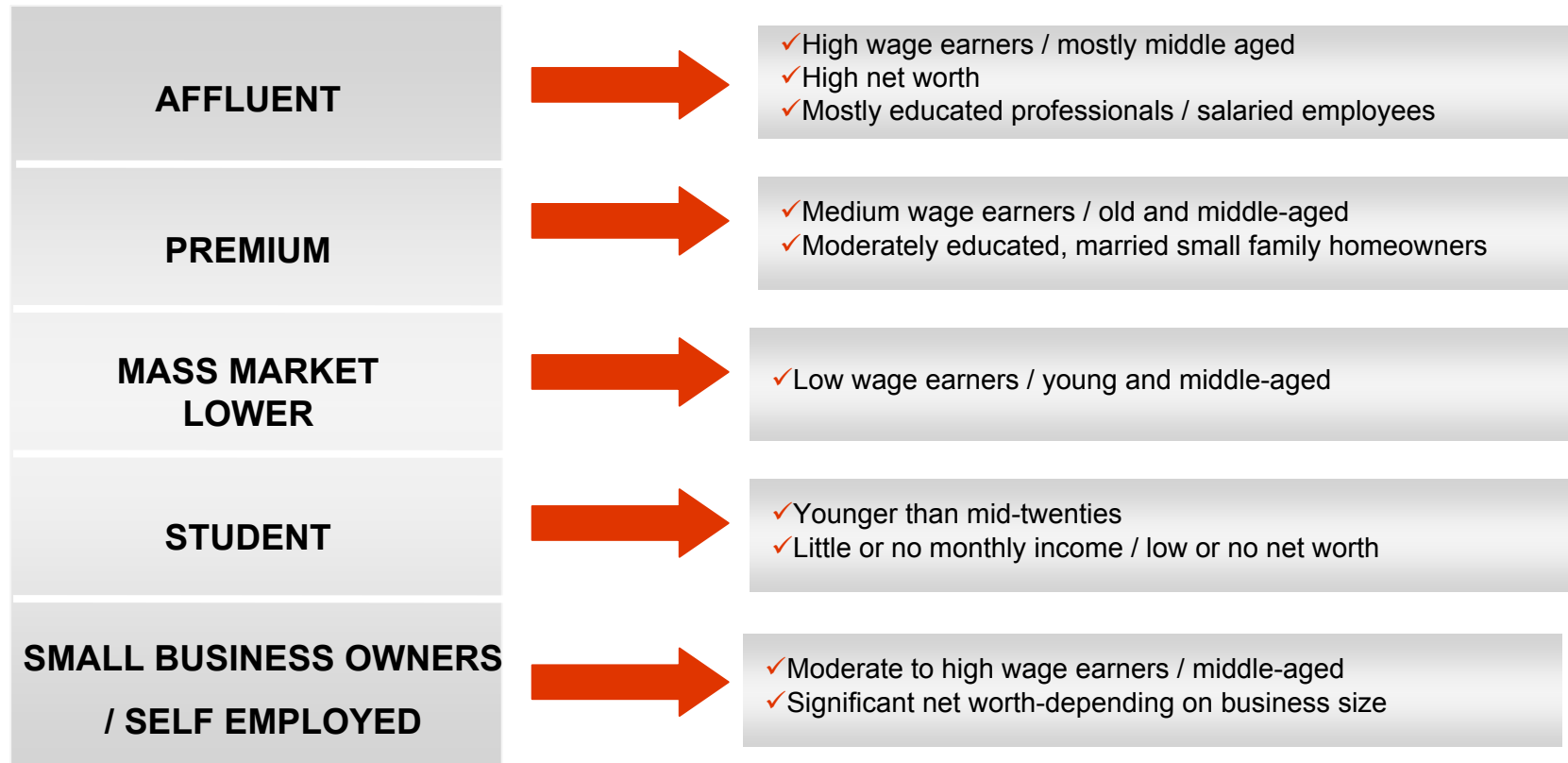


(%)	1997	2000	2003	2004/Q1
ATM	28	29	23	22
POS	5	6	20	20
Internet	1	5	10	12
Telephone	2	2	2	2
Kiosk	-	-	1	1
Call Center	-	-	1	1

- ▶ The share of non-branch channels in total transactions has reached 58%, increasing more than 20 points in 6 years.
- ▶ The fastest growing channel is internet: the share of internet transactions has increased from 0.1% in 1997 to 12% in 2004/Q1.
- ▶ Customers are encouraged to use low-cost non-branch channels.
- ▶ The use of alternative channels creates operational efficiency, allowing the bank to focus on marketing activities.

Customer segmentation...

... aims at providing customized and top quality services and products.



Segmentation allows better evaluation of customer needs and development of different products for different customer segments. İşbank has specially customized product packages for youngsters, students, affluent customers, etc.

Sample product packages...

... designed for different segments.



İşte Genç!



“İşte Genç”

- ▶ Program designed for youngsters offering a “First Signature” demand deposit account, a debit card with advantages in merchant firms, a specially designed mutual fund and insurance
- ▶ Around 100,000 “First Signature” accounts are opened so far.
- ▶ “Kumbara Fonu”- a mutual fund specially designed for this program- has become the most widely held A type fund in the sector. The total portfolio is USD 13.4 million.

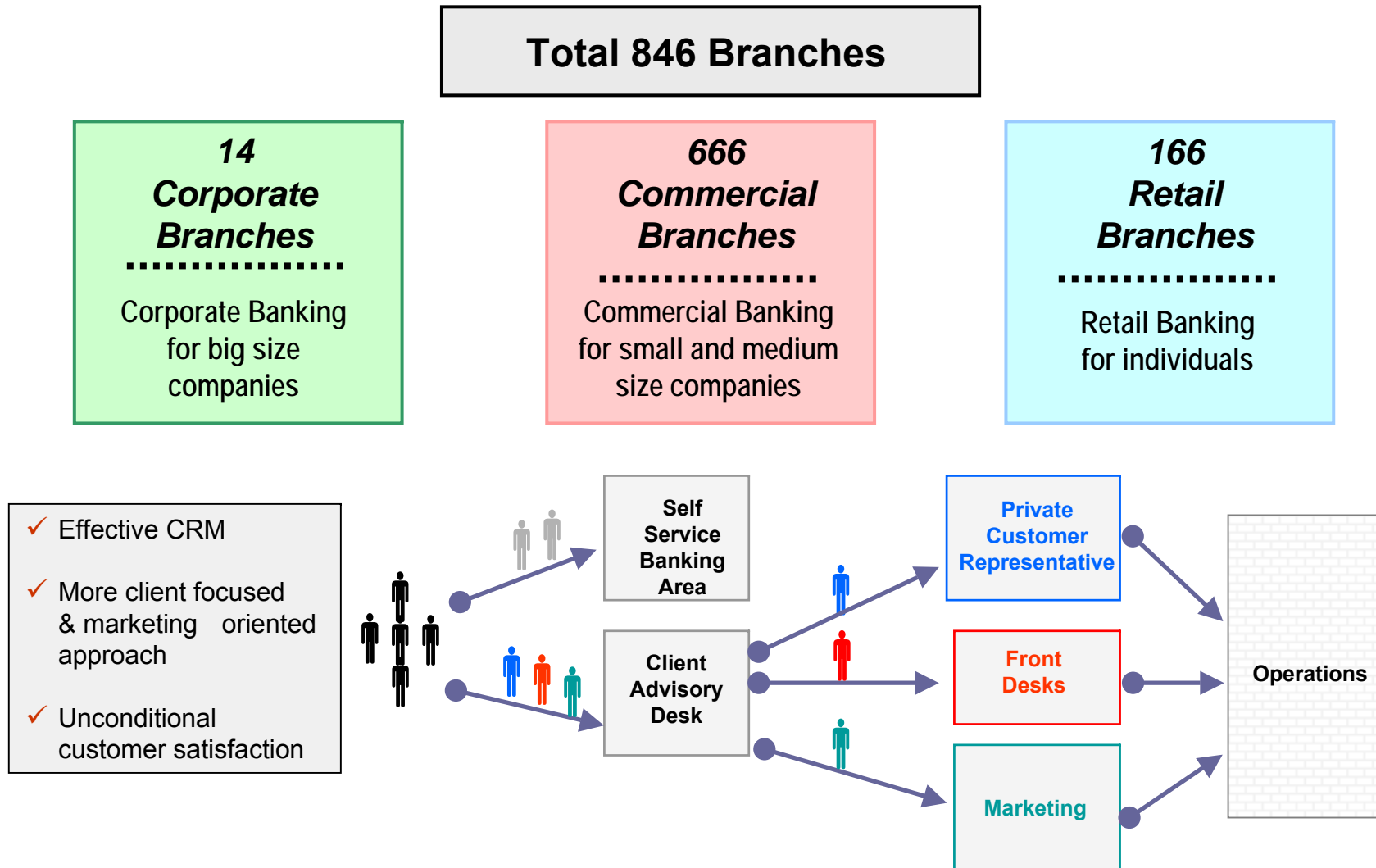
“İşte Üniversiteli”

- ▶ This program- designed for university students- offers a demand deposit account, a debit card, a specially designed credit card, an investment account and automated payment opportunities.
- ▶ The program aims to acquire new customers with future potential.
- ▶ Marketing activities are conducted in university campuses and 181,602 “İşte Üniversiteli” credit cards are sold so far.

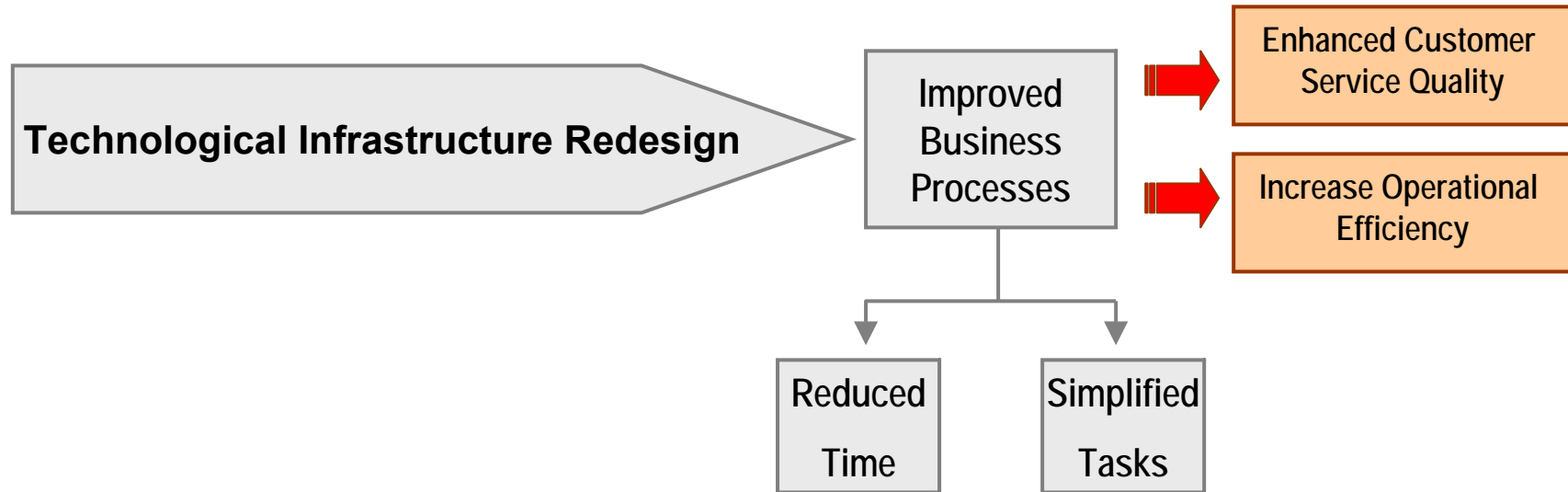
Macroeconomic Indicators and Banking Sector	4
Isbank at a Glance	10
Financial Highlights	20
Retail Banking	40
Ongoing Projects	50
Major Equity Participations	56

Redesigned branches

Prototype, client and marketing focused branch network.



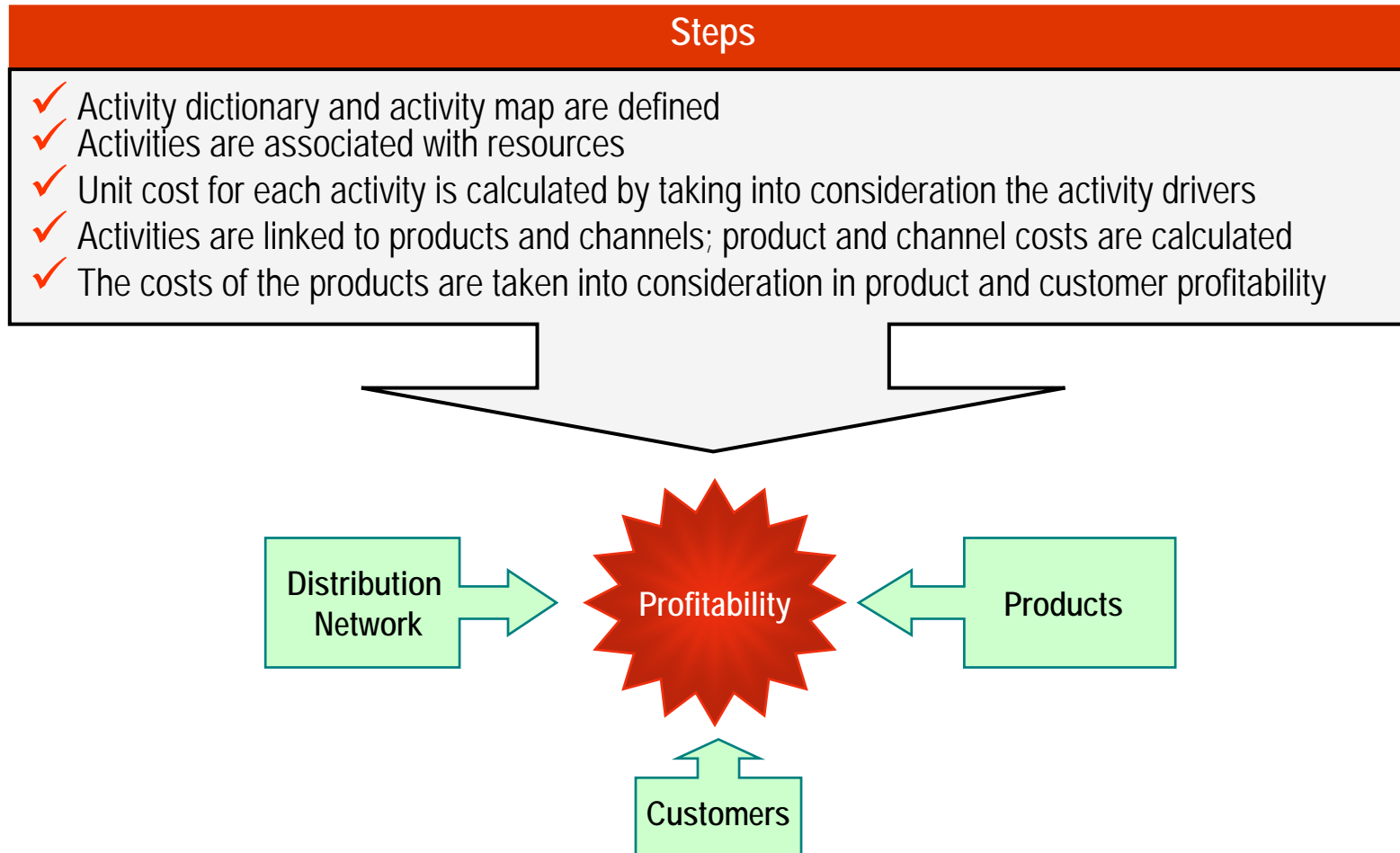
TAP – Technological Advance Project



- ✓ Transform existing branch application into a customer-oriented, web-based application
- ✓ Shift from paper-based reporting to e-reporting
- ✓ E-transfer of the customer information forms into the system by scanning and OCR
- ✓ Integrated customer information query between branches
- ✓ Customer pre-identification system through Q-matics for service priority
- ✓ Promotion of e-learning among employees
- ✓ Overall technological restructuring to be completed by the end of 2004.

Activity Based Management Program

Activity Based Management structures and processes aim to deliver and sustain significant improvements in the Bank's performance





Restructuring of "Isbank Group"

Financial Participations

		Banks	5
		Insurance	4
		Other	7

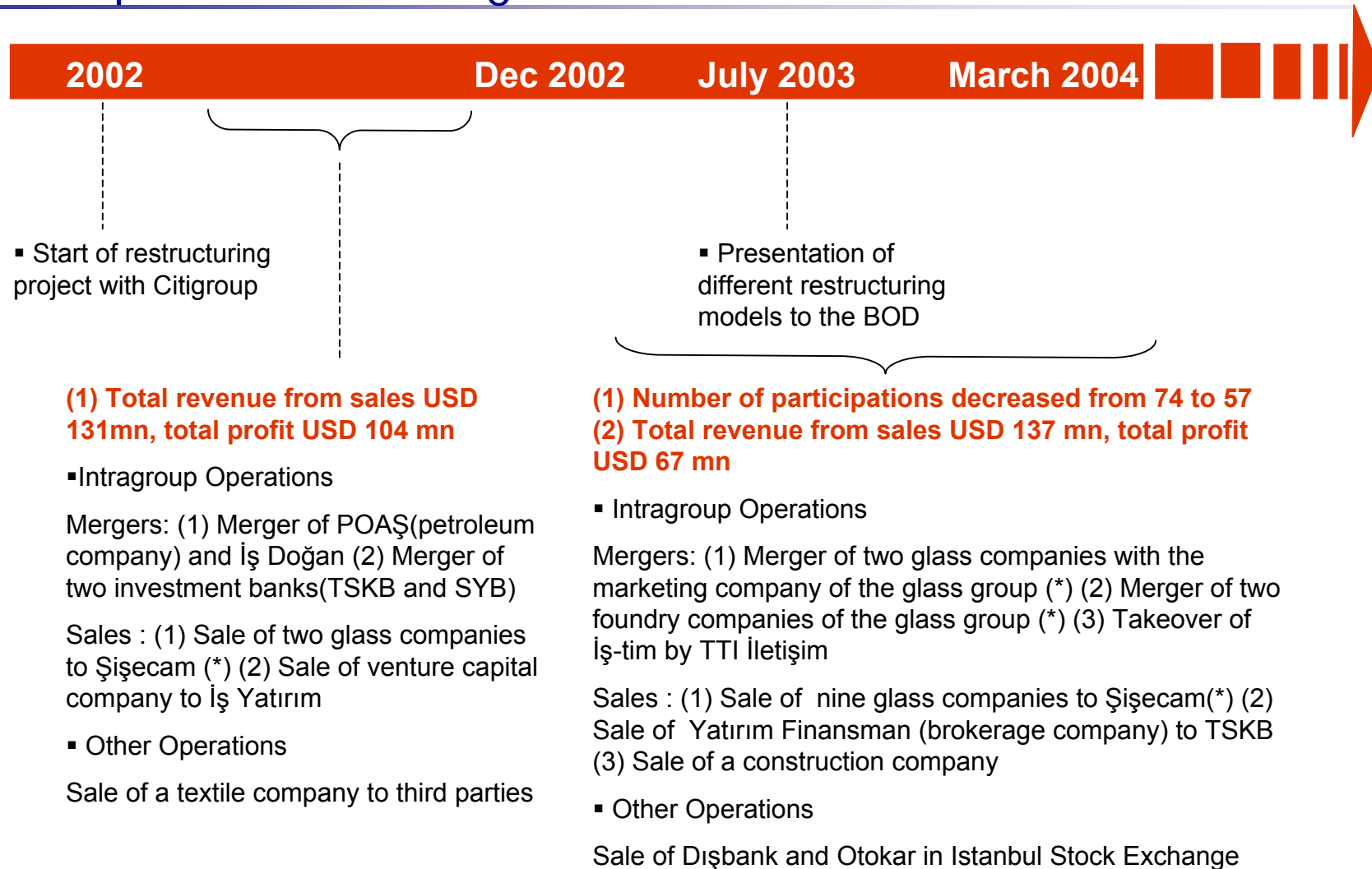
Non-financial Participations

		Glass	4
		Oil and Gas	2
		Telecom	3
		Other	32

Principal goal of restructuring efforts is to split the group into separate financial and non-financial divisions through mergers, divestitures, sales and to focus on glass, telecommunications, energy and financial services sectors which are considered as strategic areas. As a result of the restructuring project the bank will

- ▶ facilitate its adaptation to the new regulatory environment,
- ▶ increase efficiency and competitive advantage by focusing on core activities,
- ▶ attain a more simple and transparent corporate structure,
- ▶ increase return on equity and create additional value for shareholders.

First steps in restructuring



* As a part of the plan to simplify group structure, all glass companies are gathered under the glass holding company Şişecam.

Macroeconomic Indicators and Banking Sector	4
Isbank at a Glance	10
Financial Highlights	20
Retail Banking	40
Ongoing Projects	50
Major Equity Participations	56

Glass



İsbank
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 (IFRS)

(USD Million)	2003
Sales	1,298
Shareholders' Equity	1,139
Total Assets	2,197

Market Shares (%)

	Turkey	Europe	World
Flat Glass	78.0	9.0	3.0
Glassware	74.0	17.5	6.7
Glass Packaging	97.0	4.0	2.0
Glass Fibre	80.0	5.0	1.3
Soda Ash	90.0	12.0	2.8
Chromium Products	95.0	27.7	5.5



Isbank Group 47.4 %

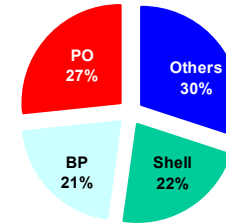
Dogan Group 47.4 %

General Information

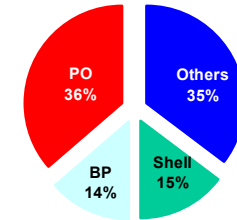
- ✓ Established in 1941
- ✓ Privatized in 2000
- ✓ Largest oil distribution company in Turkey
- ✓ 3,600 dealers nationwide
- ✓ Operating out of the Head Office and six regional offices, two lubricants blending plants, aviation services at 25 airports, nine terminals, two depots
- ✓ Market leader in the fuels distribution sector in terms of customer satisfaction and profitable growth

Market Shares (%)

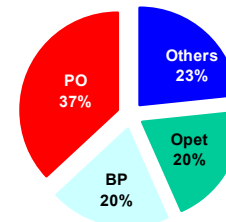
Gasoline



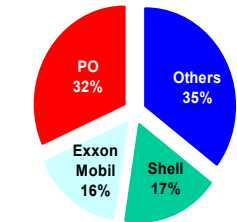
Diesel



Fuel Oils



Lubricants

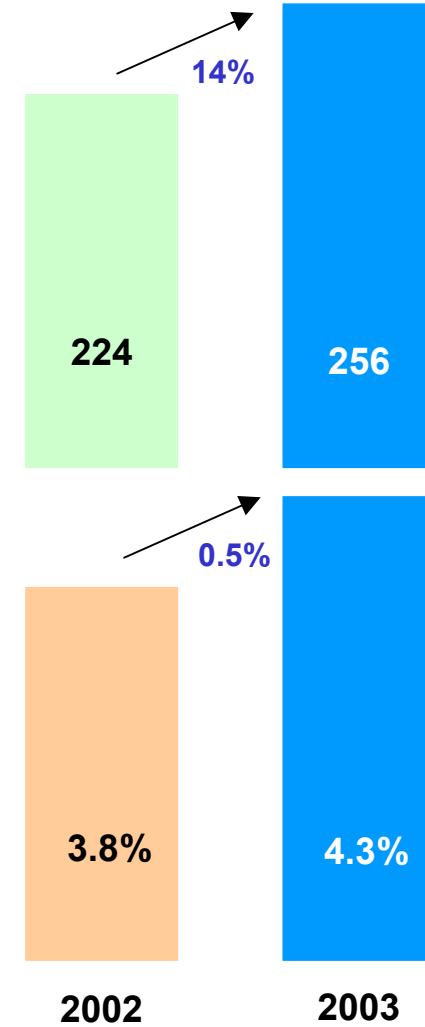


Energy

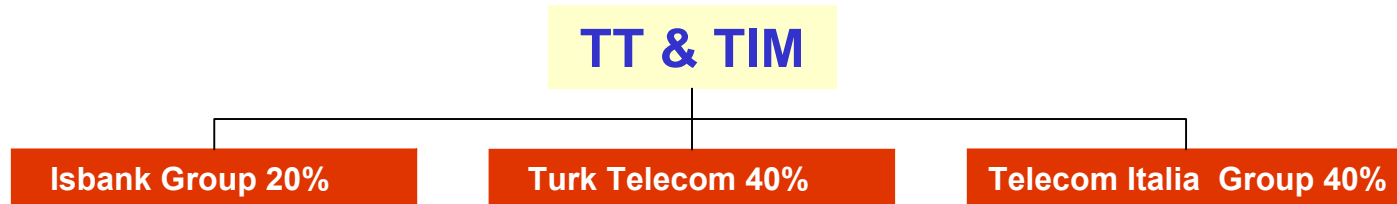
Financial Performance (USD mn.)

	2002	2003	Chng %
Current Assets	943	708	-25
Long-Term Assets	2,279	2,066	-9
Total Assets	3,222	2,774	-14
Current Liabilities	1,710	880	-49
ST Borrowings	1,341	325	-76
Long-Term Liabilities	617	783	27
LT Borrowings	448	617	38
Minority Interest	1	1	76
Shareholders' Equity	894	1,109	24
Net Sales	5,954	5,998	0,7
Gross Profit	302	336	11,4
Operating Profit	193	218	13,0
EBITDA	224	256	14,4
Net Profit	107	218	104,3

EBITDA (USD mn.)



Telecommunications



- ✓ Aria and Aycell merged under TT & TIM as of February 19,2004
- ✓ The merged entity has more than 4 mn. subscribers and 13% market share
- ✓ The capex requirement for the stand-alone companies will be significantly reduced due to the combination of 2 GSM networks
- ✓ Significant level of synergies are expected to be created in the operations
- ✓ Isbank's stand-alone share is 14.87% in TT &TIM.

Is Investment...

... one of the leading brokerage houses of Turkey.



International
Capital
Markets

Corporate
Finance

Investment
Advisory
Service

Research

Institutional
Sales

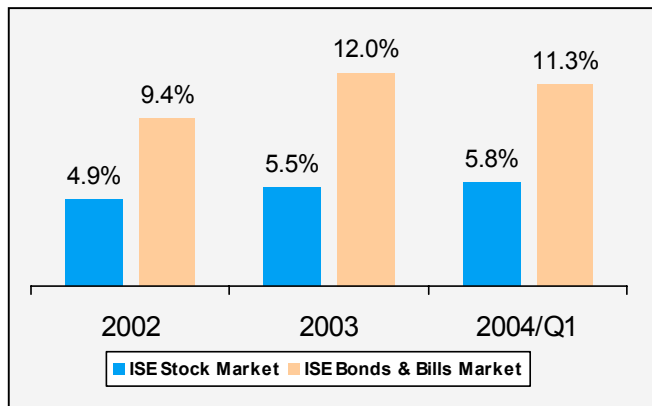
Domestic
Markets

Private
Portfolio
Management

Domestic Markets Trading Volume

Rank	2002	2003	2004/Q1
Stock Market	2	1	1
Bonds & Bills Market	3	2	2

Market Shares



Trading Volume (USD mn.)

