



TÜRKİYE  BANKASI
Investor Presentation

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Isbank at a Glance

4

Financial Highlights

14

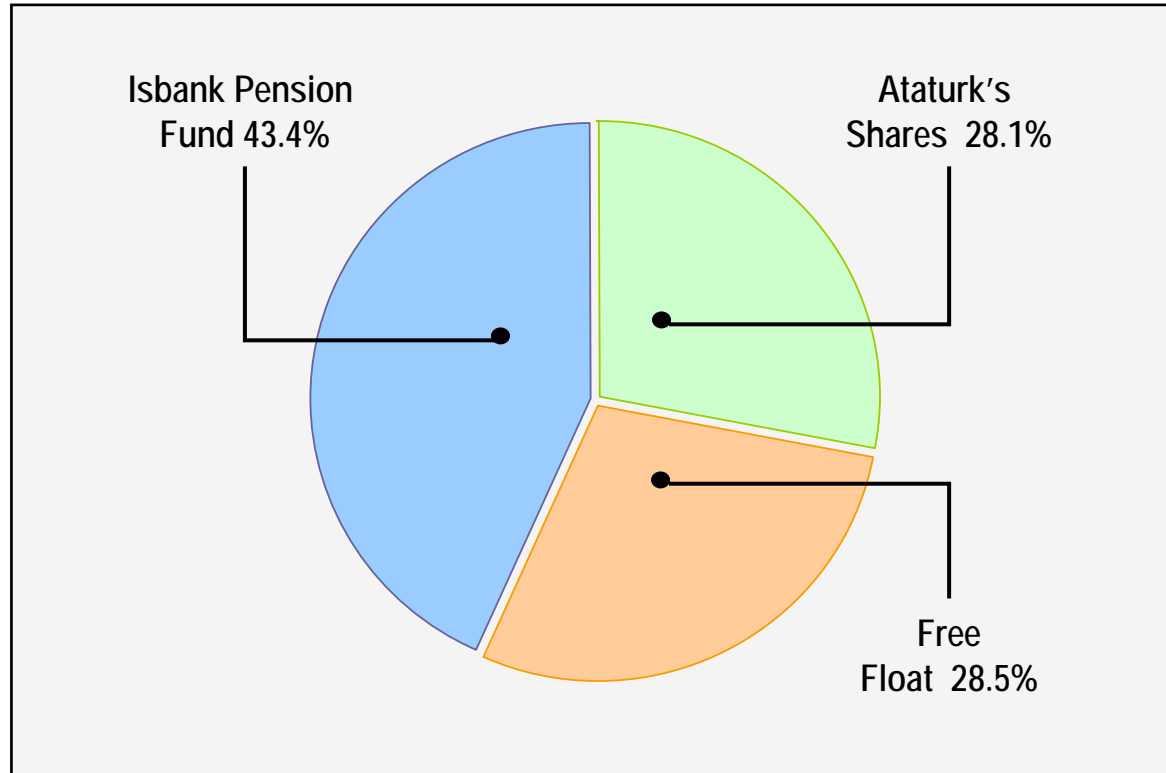
Retail Banking

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Major Equity Participations

47

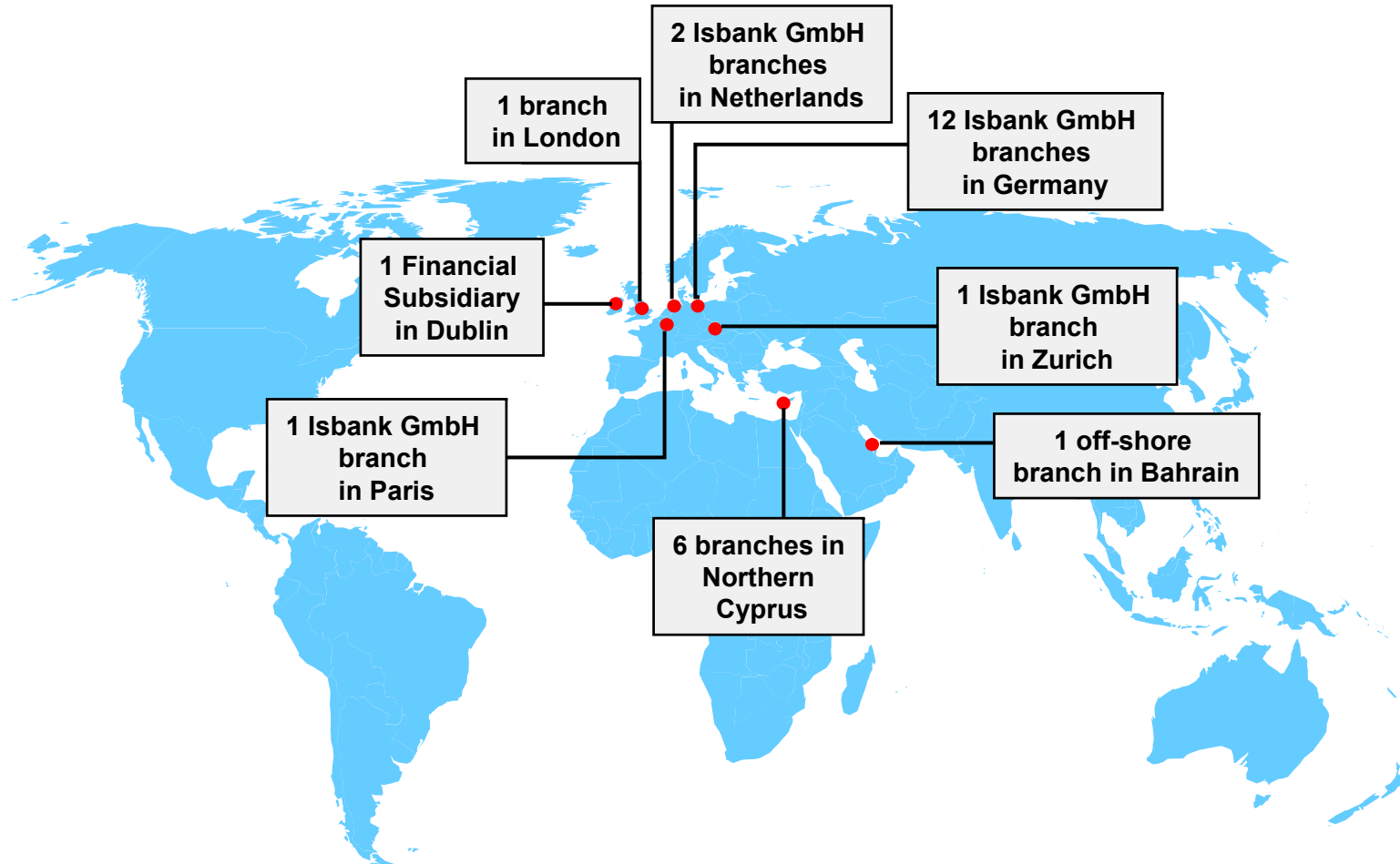
Shareholder structure



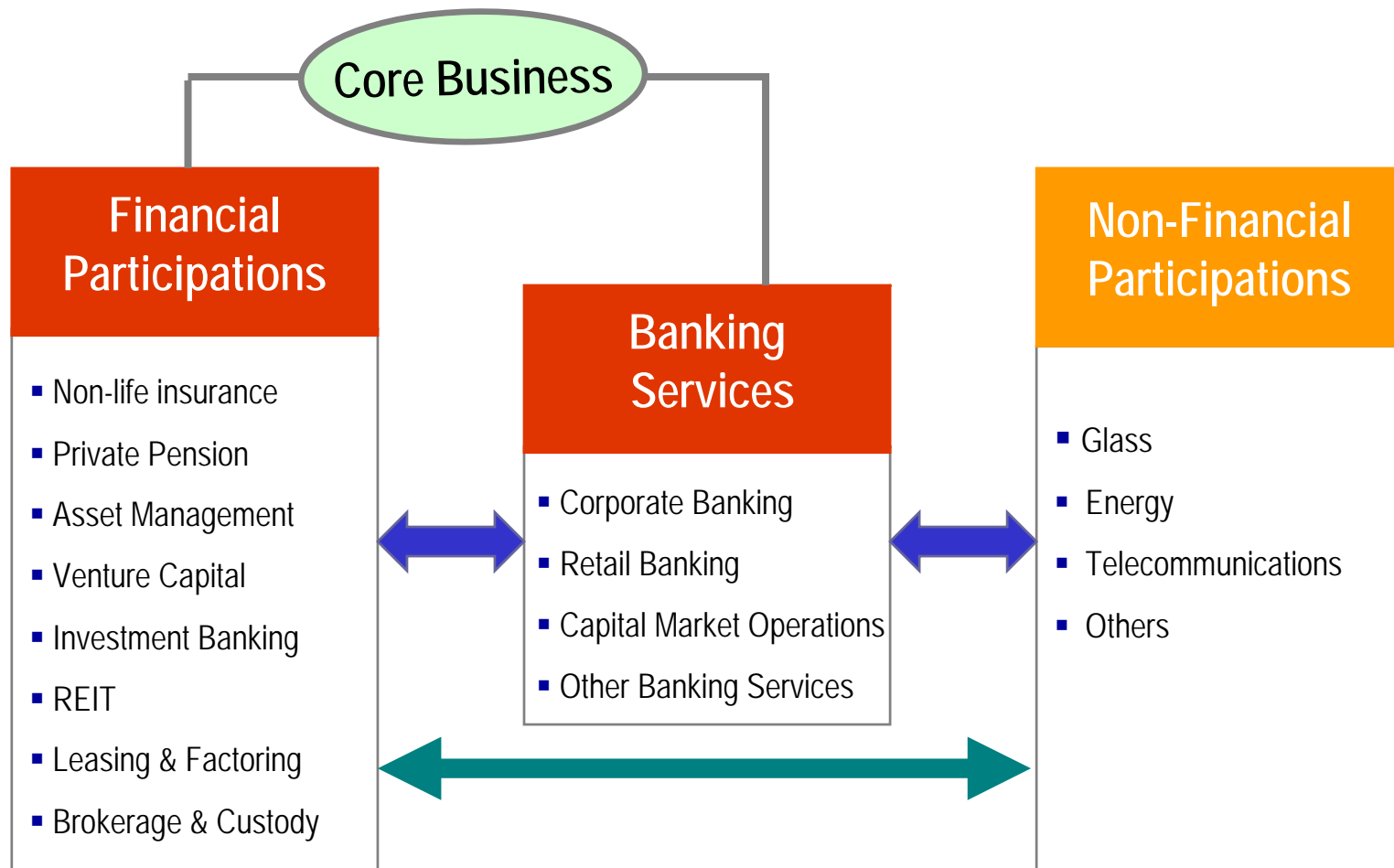
- ▶ Around 250,000 domestic and foreign shareholders
- ▶ Shareholding of employees via pension fund creates self-motivation
- ▶ Stocks are quoted at ISE and also traded at LSE in the form of GDR
- ▶ More than half of the free float held by foreign investors

International presence

... focusing on Turkish populated EU countries.



Main business lines of Isbank Group




Strengths of Isbank

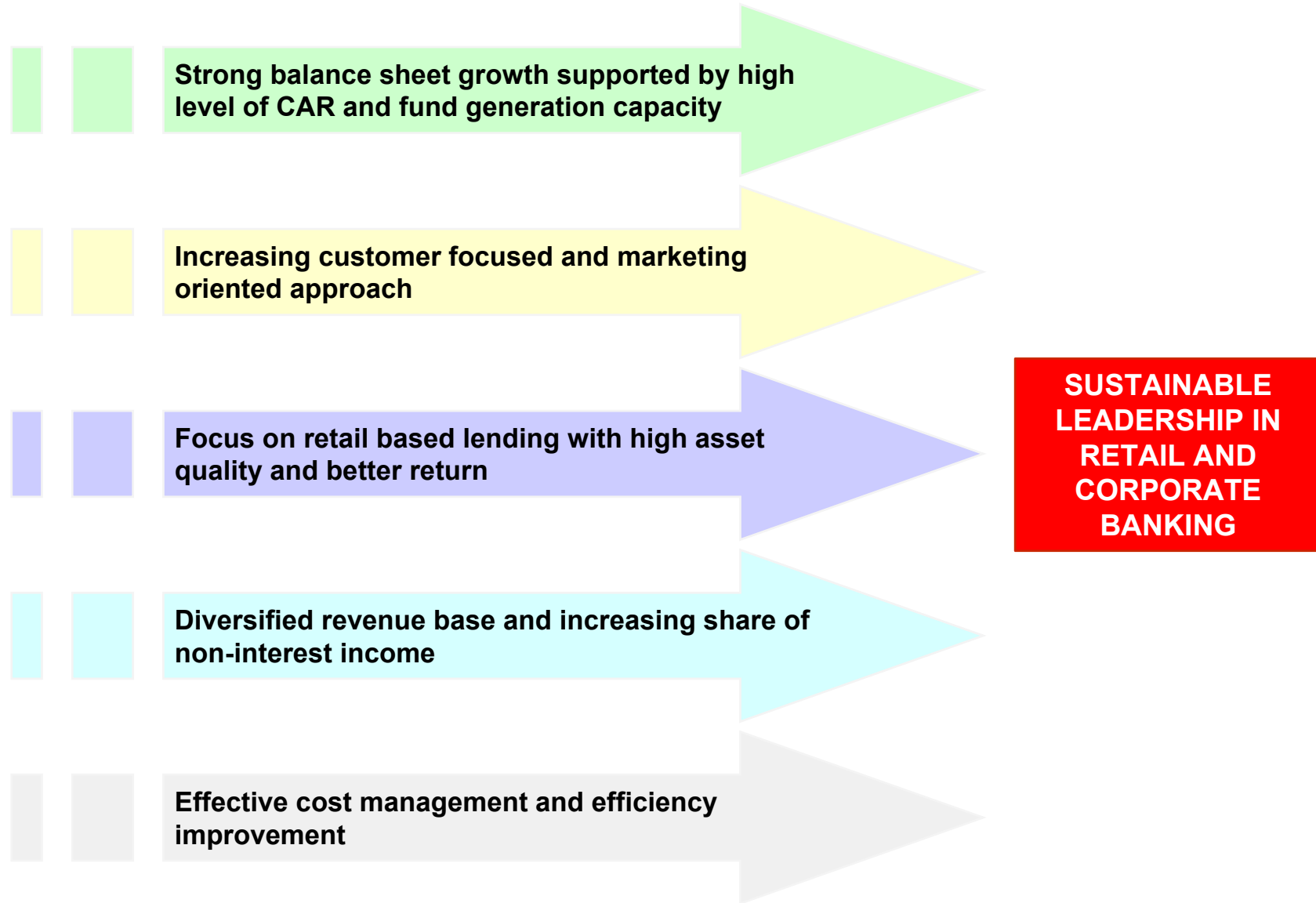
Thanks to its

- ▶ 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

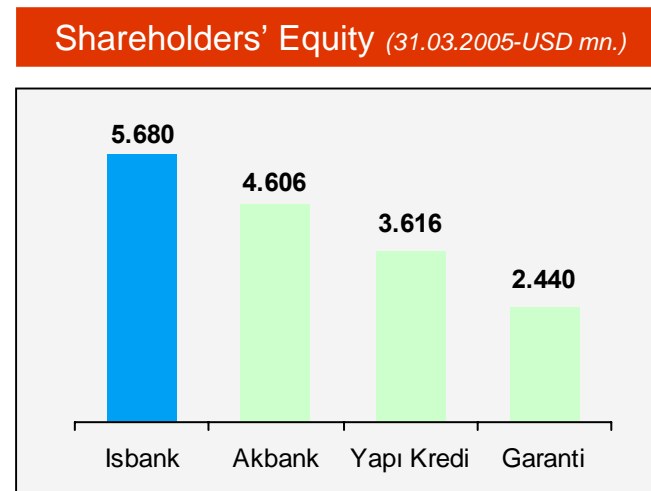
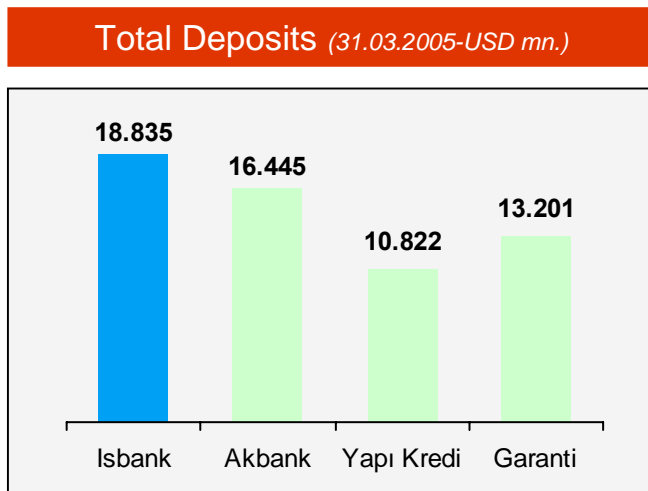
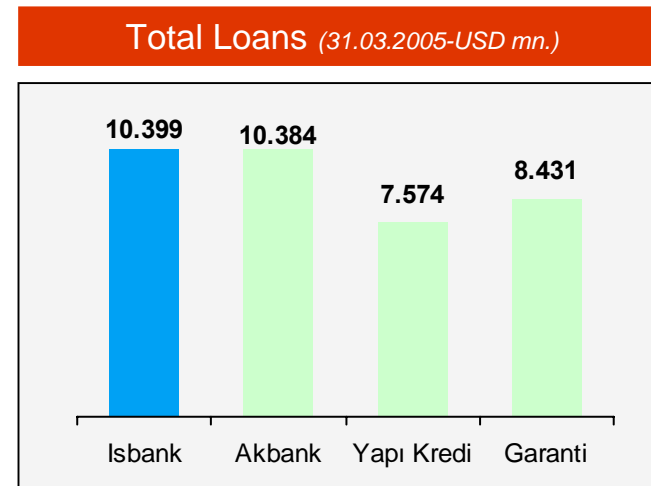
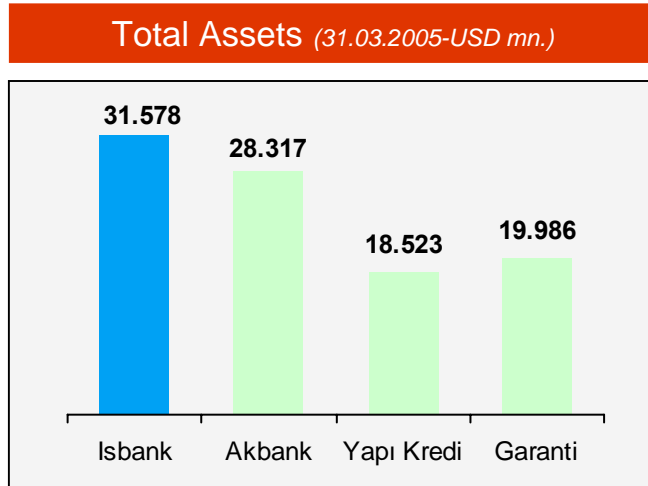
- 
- ✓ **be the main beneficiary of the stabilized environment,**
 - ✓ **further benefit from consolidation process,**
 - ✓ **be positively affected from the economic recovery having a substantial exposure to real economy.**

Main strategies going forward



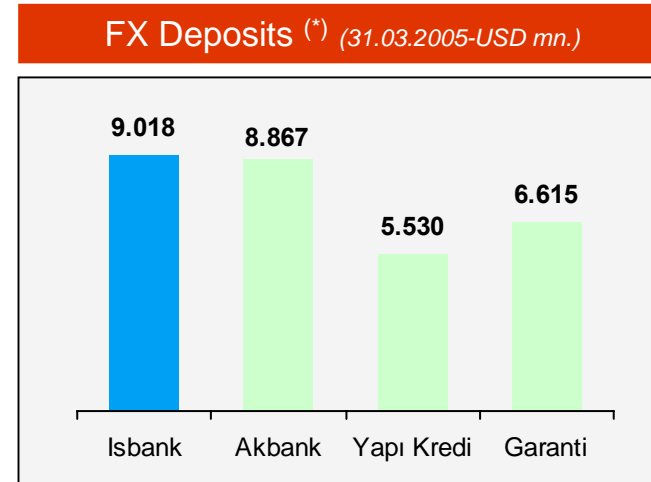
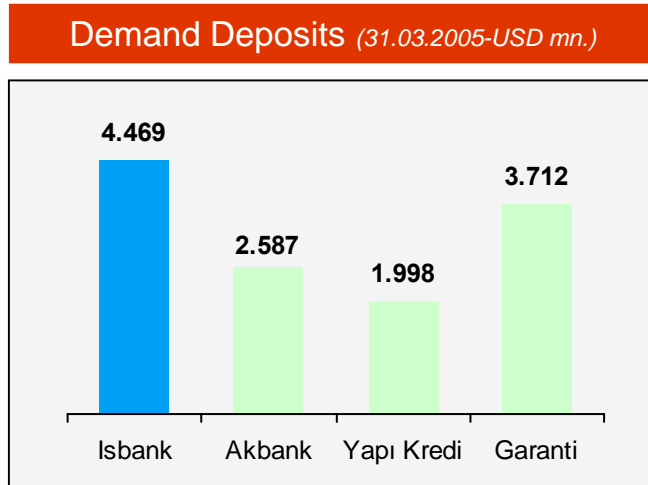
Largest private sector bank...

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

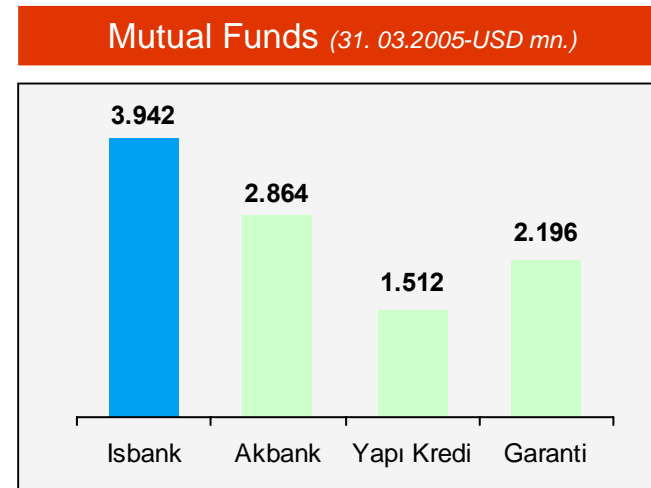
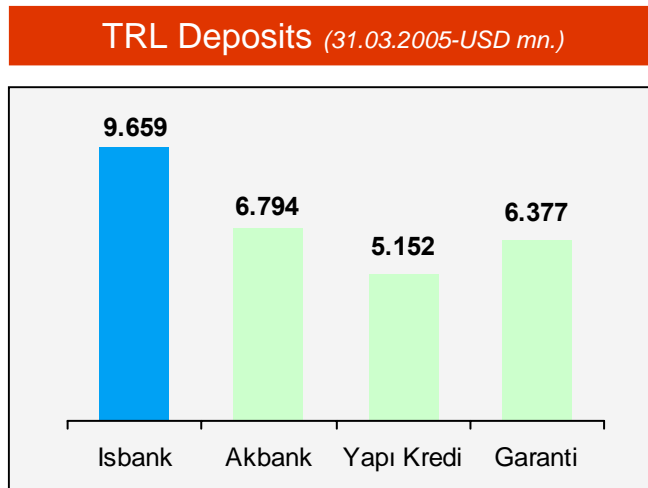


Largest private sector bank...

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



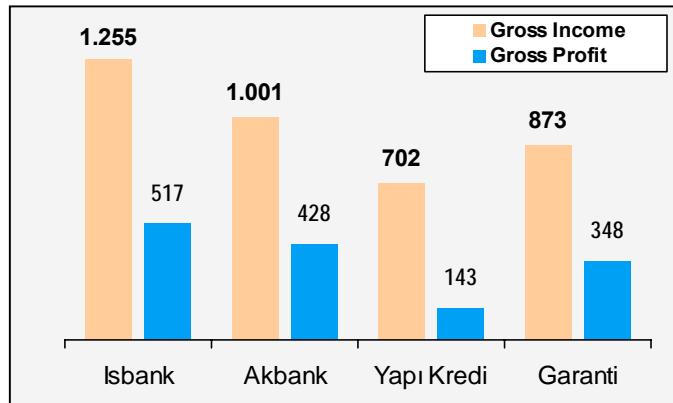
(*) Excluding Interbank Deposits



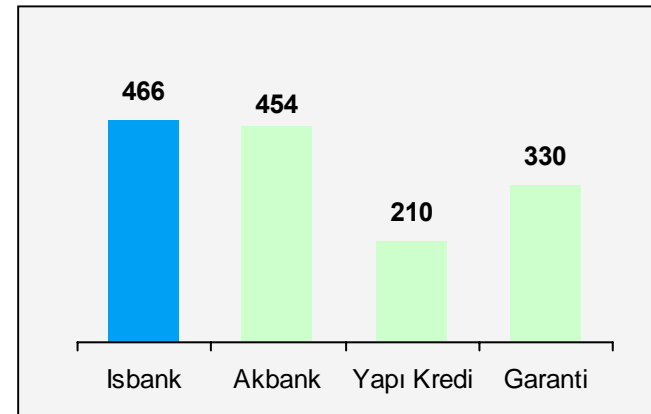
Largest private sector bank...

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

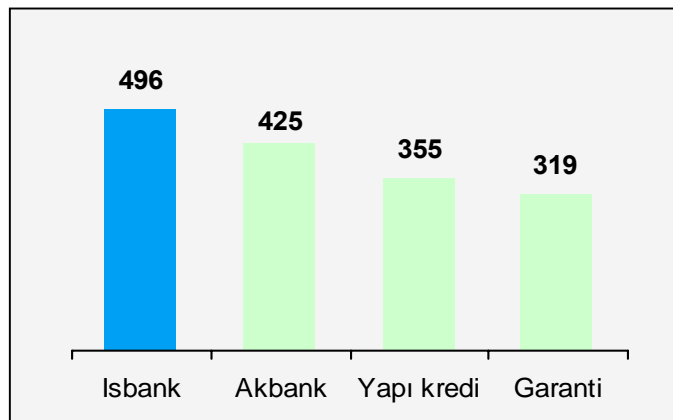
Gross Income-Gross Profit (31.03.2005-USD mn.)



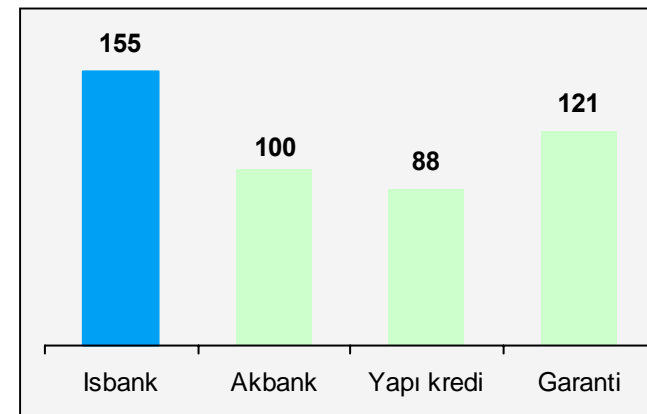
Net Interest Income (31.03.2005-USD mn.)



Interest Income on Loans (31.03.2005-USD mn.)



Net Comm. Income (31.03.2005-USD mn.)



Increasing dominance in the market...

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

		Share(%) 2000	Share(%) 2005/Q1	Rank
Loans	Total Loans	9.2	12.7	1 st among private banks
	TL Loans	6.8	13.3	1 st among private banks
Deposits	Demand	9.3	15.4	1 st among private banks
	TRL	5.5	10.7	1 st among private banks
	FX *	10.1	15.1	1 st among private banks
	Total Deposits	7.9	12.8	1 st among private banks
Retail Products	Volume of Debit Cards**	31.8	20.7	1 st in the sector
	Number of POS	17.8	19.3	2 nd in the sector
	Number of Credit Cards	11.2	11.3	3 rd in the sector
	Volume of Credit Cards	12.6	13.1	3 rd in the sector
Capital Markets	Odd-lot Equity Trading	100.0	87.7	1 st in the sector
	Mutual Funds	20.2	20.0	1 st in the sector
	Custody Services	35.0	37.3	1 st in the sector

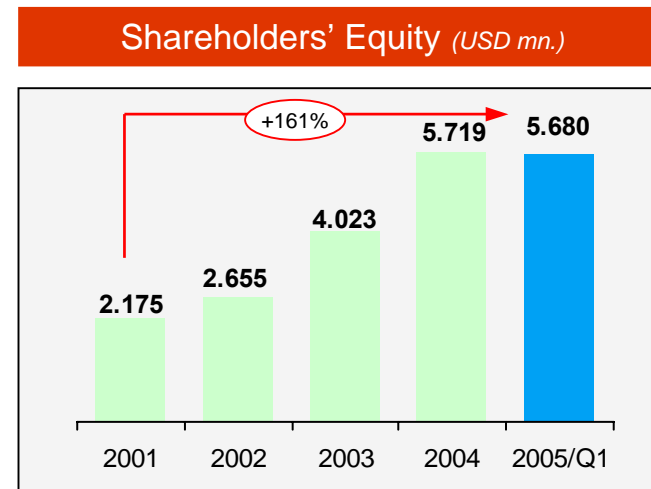
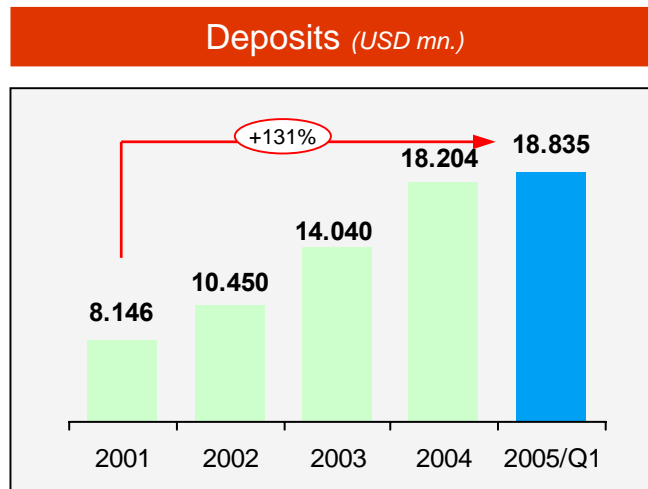
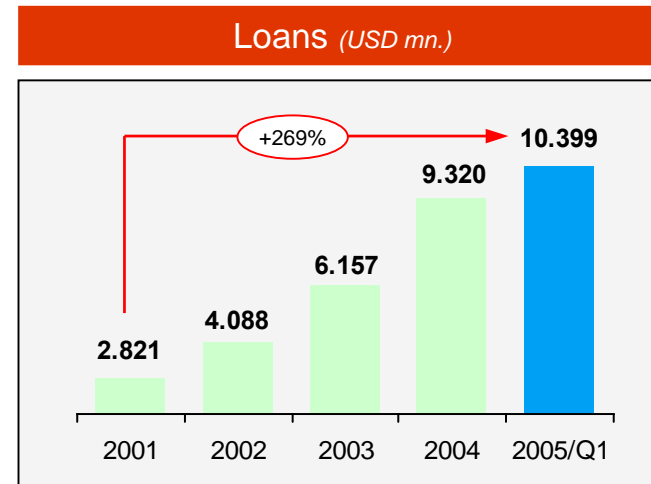
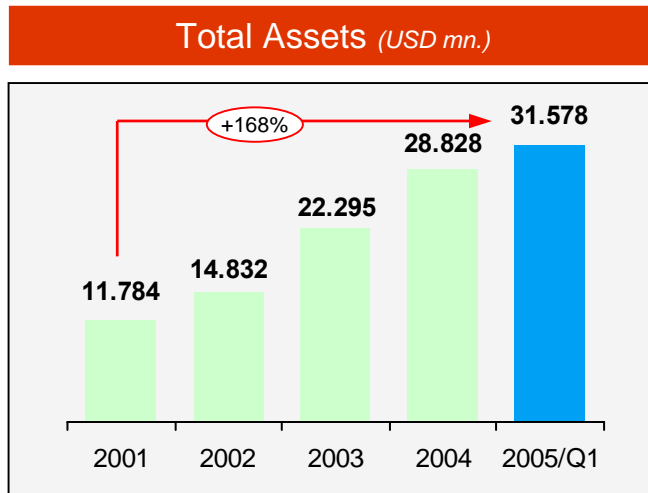
* Excluding Interbank Deposits.

**According to Interbank Card Center data as at end 2005/Q1

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Impressive growth performance...

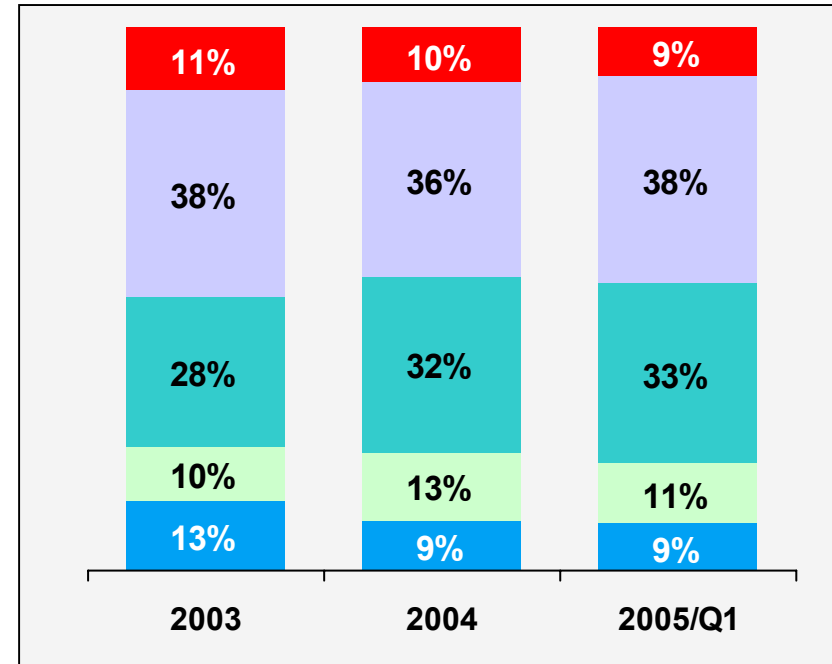
... in all key measures.



Asset composition...

... increasing share of loans.

(USD mn.)	2004	2005/Q1	Change QoQ(%)
Cash & Banks	2,823	2,909	3%
Securities	10,366	11,932	15%
Loans	9,320	10,399	12%
Participations	3,611	3,445	-5%
Other	2,708	2,893	7%
Total Assets	28,828	31,578	10%



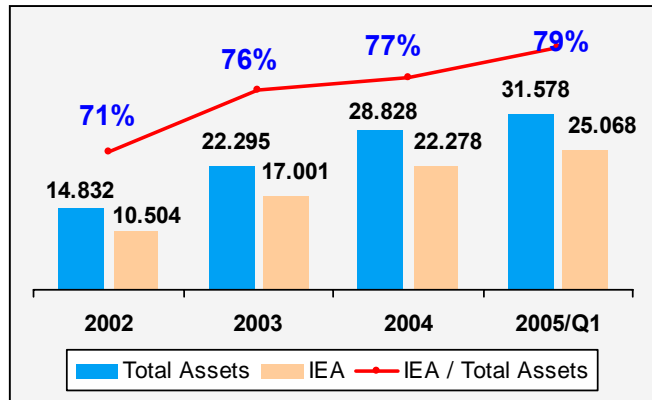
- ▶ 10% QoQ asset growth
- ▶ Share of interest earning assets in total assets is 79%.

- Cash & Banks *
- Securities
- Loans
- Participations
- Other

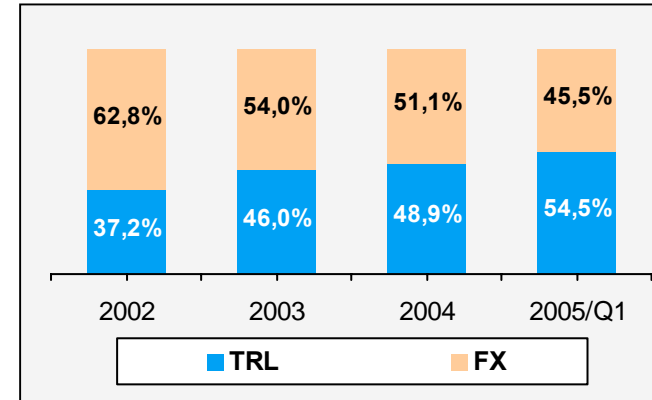
* Including Reserve Requirements

Towards a healthier assets structure...

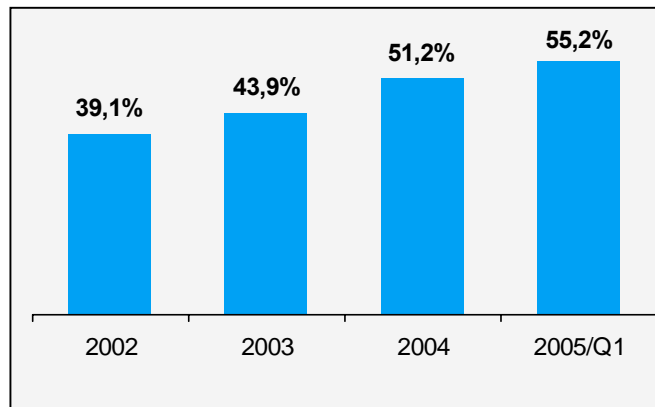
Total Assets vs IEA (USD mn)



TL / FX Mix of IEA



Loans / Deposits

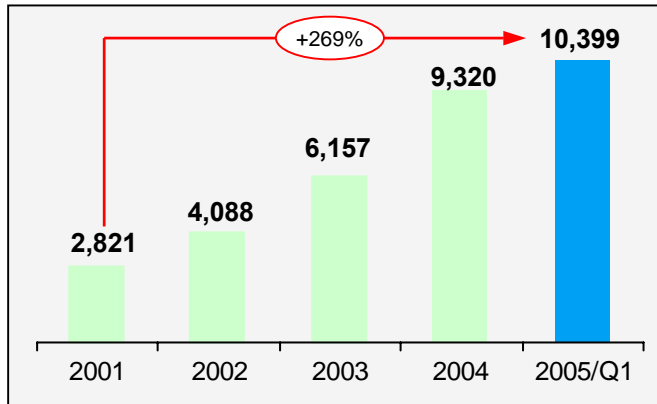


- ▶ Improving asset mix
- ▶ Shift to TRL based IEA's with higher return
- ▶ Rising 'loans to deposits' ratio

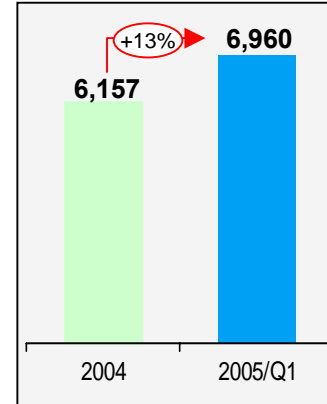
Solid lending franchise...

... a crucial competitive edge.

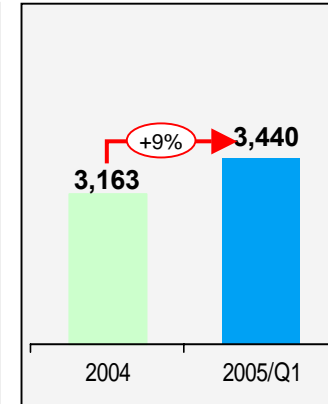
Total Loans (USD mn.)



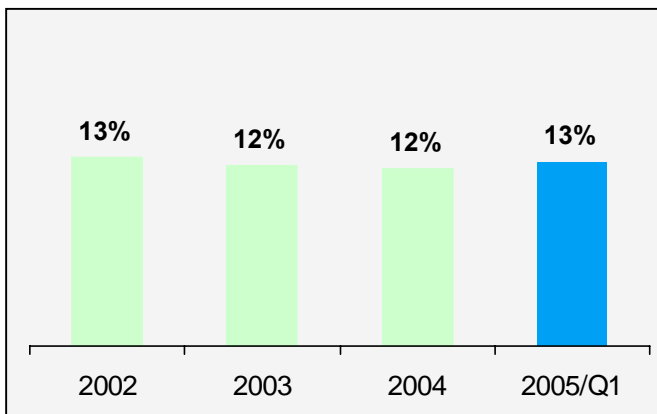
TL Loans (USD mn.)



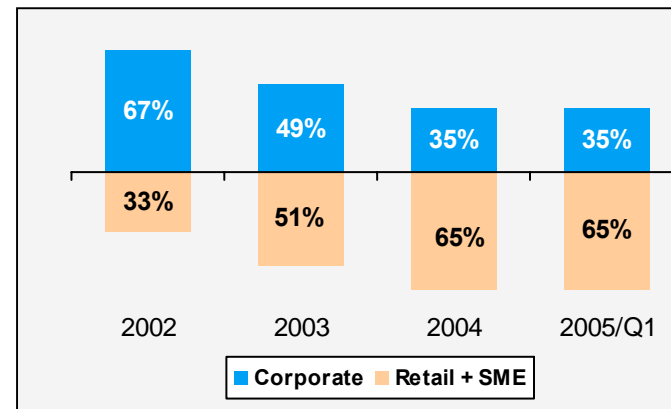
FX Loans (USD mn.)



Loans Market Share

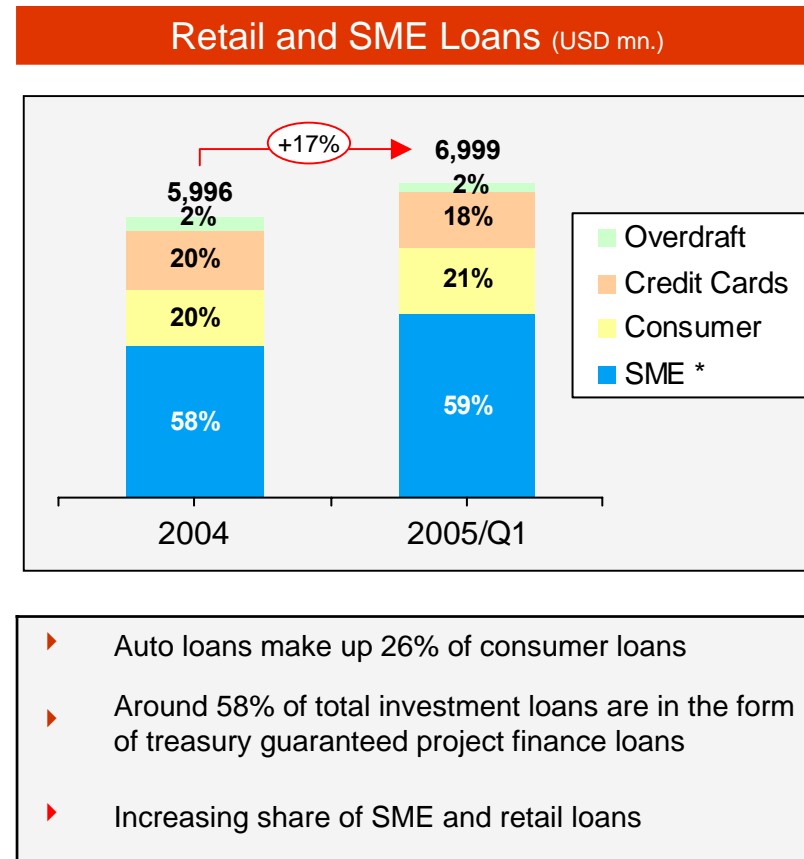
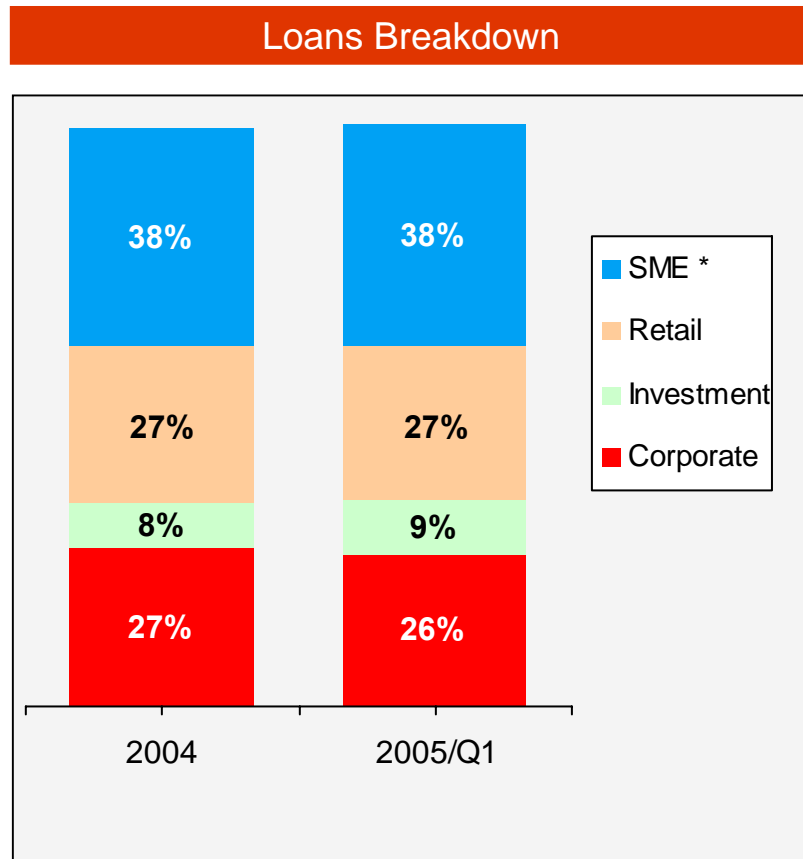


Corporate vs. Non-corporate



More retail oriented and diversified loan portfolio...

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

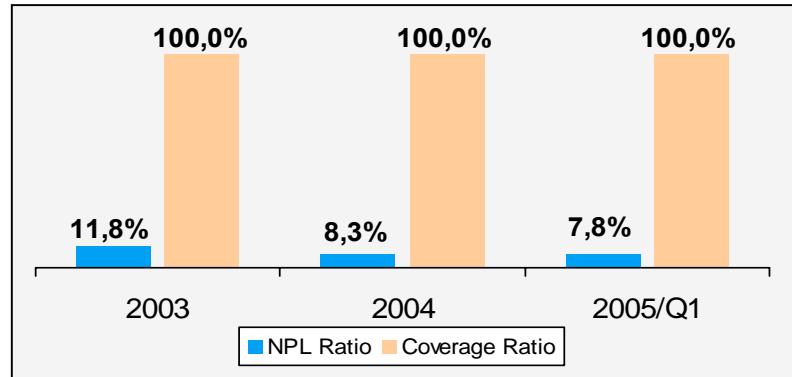


* Including commercial vehicle, commercial property loans, corporate credit card and overdraft accounts

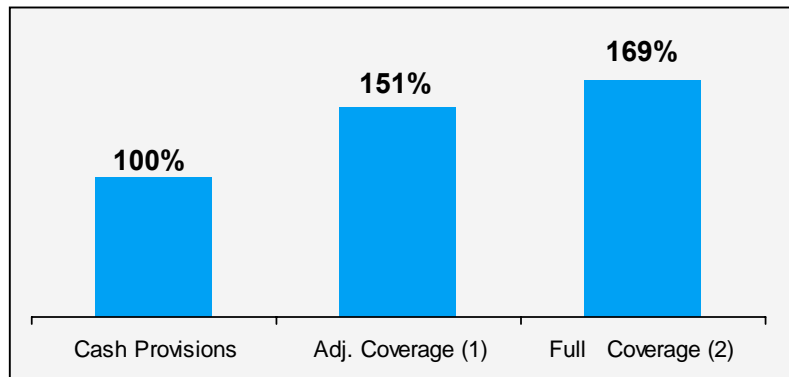
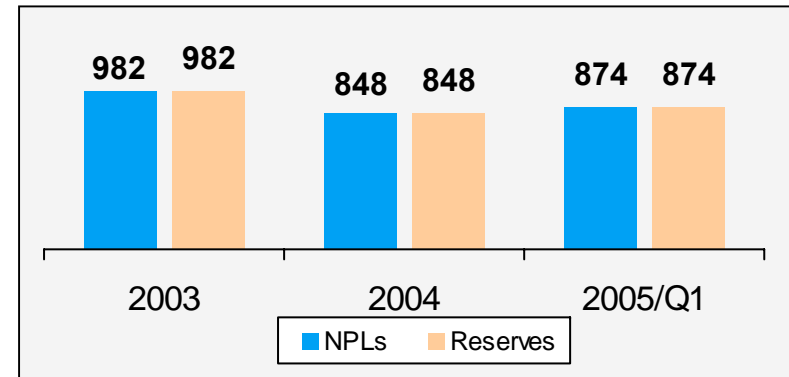
Improving loan quality...

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

NPL vs. Coverage Ratio



NPLs & Loan Loss Reserves (USD mn.)



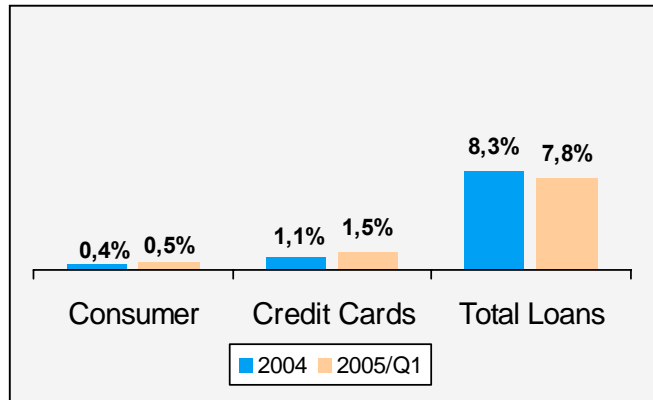
- ▶ 100% NPL provisioning since 31.12.2003
- ▶ Prominent improvement in NPL ratio due to restructuring, collections and loan growth
- ▶ High provisioning generates hidden reserves

(1) Adjusted value of collaterals + loan loss provisions

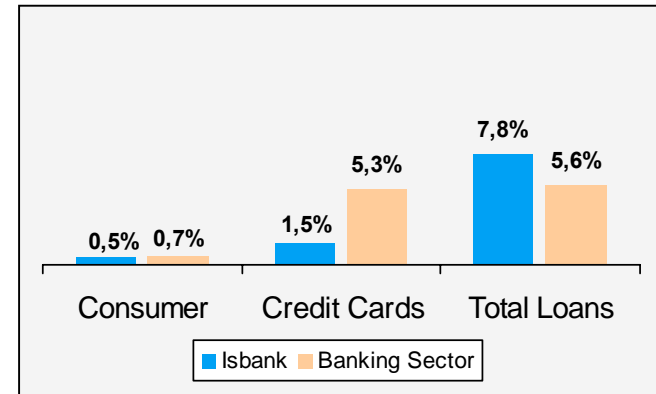
(2) Book value of collaterals + loan loss provisions

Continuous recovery in loan portfolio

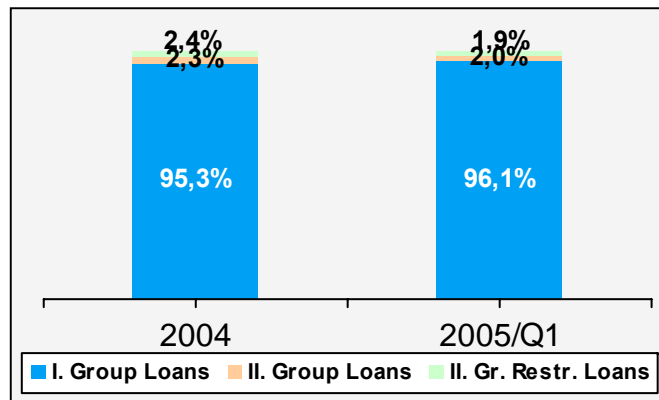
NPL Ratio by Loan Categories



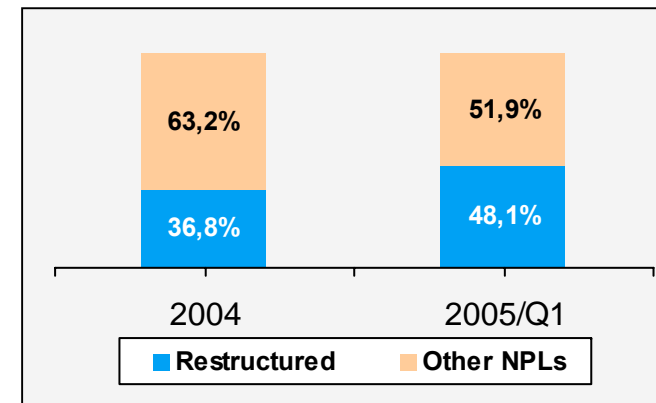
NPL Ratios – Isbank versus Sector



Performing Loan Groups



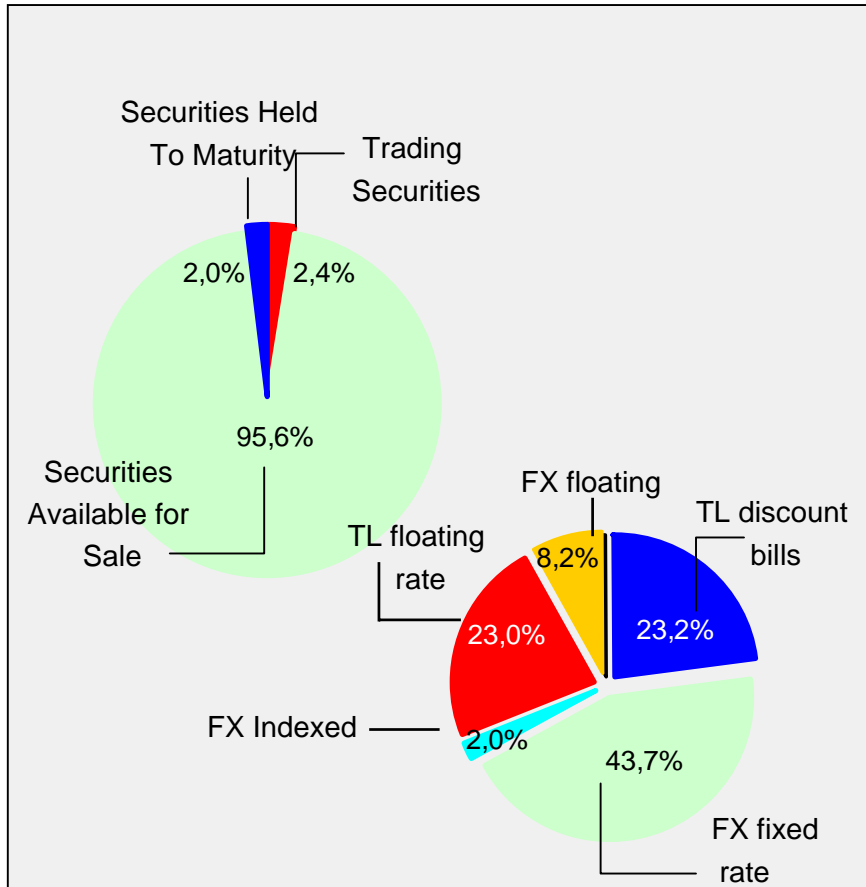
NPL Breakdown



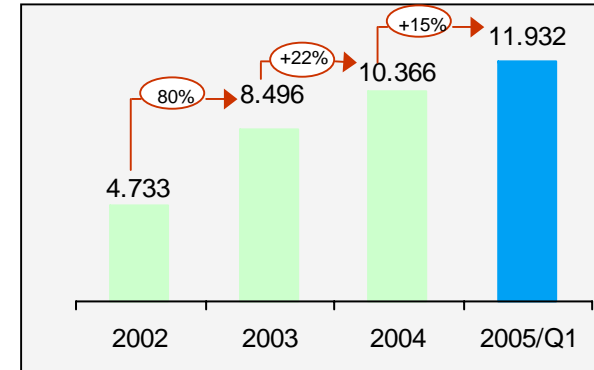
Securities portfolio...

... the largest asset component.

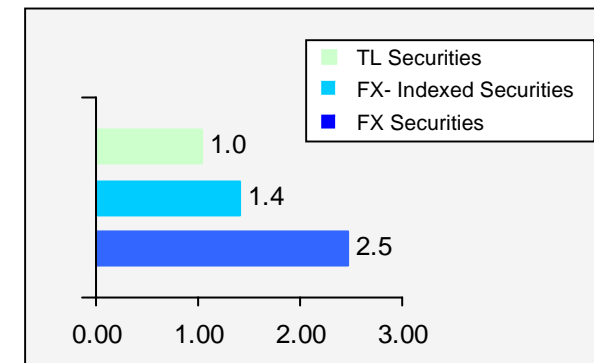
Breakdown of Securities Portfolio (31.03.2005)



Total Portfolio (USD mn.)



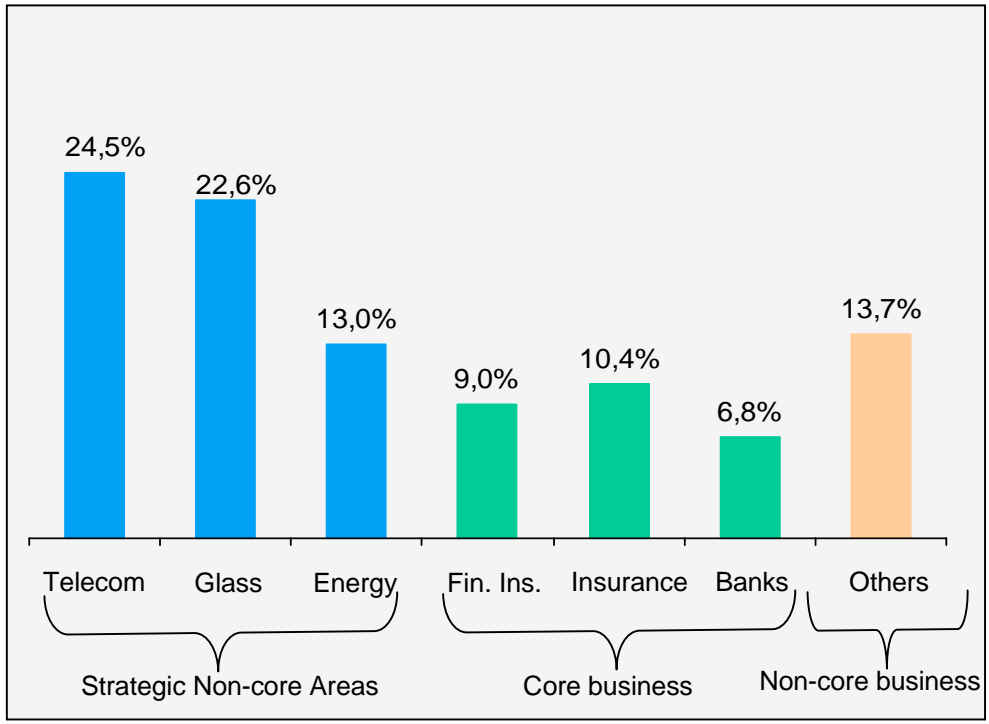
Average Maturity (Years)



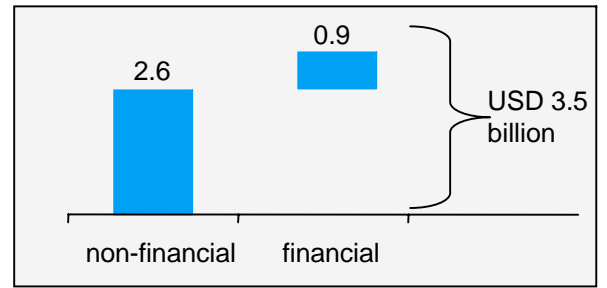
A diversified equity participation portfolio...

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

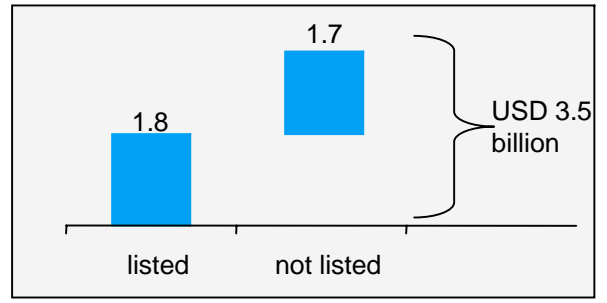
Sectoral Breakdown by Book Value (31.03.2005)



Financial vs. Non-financial



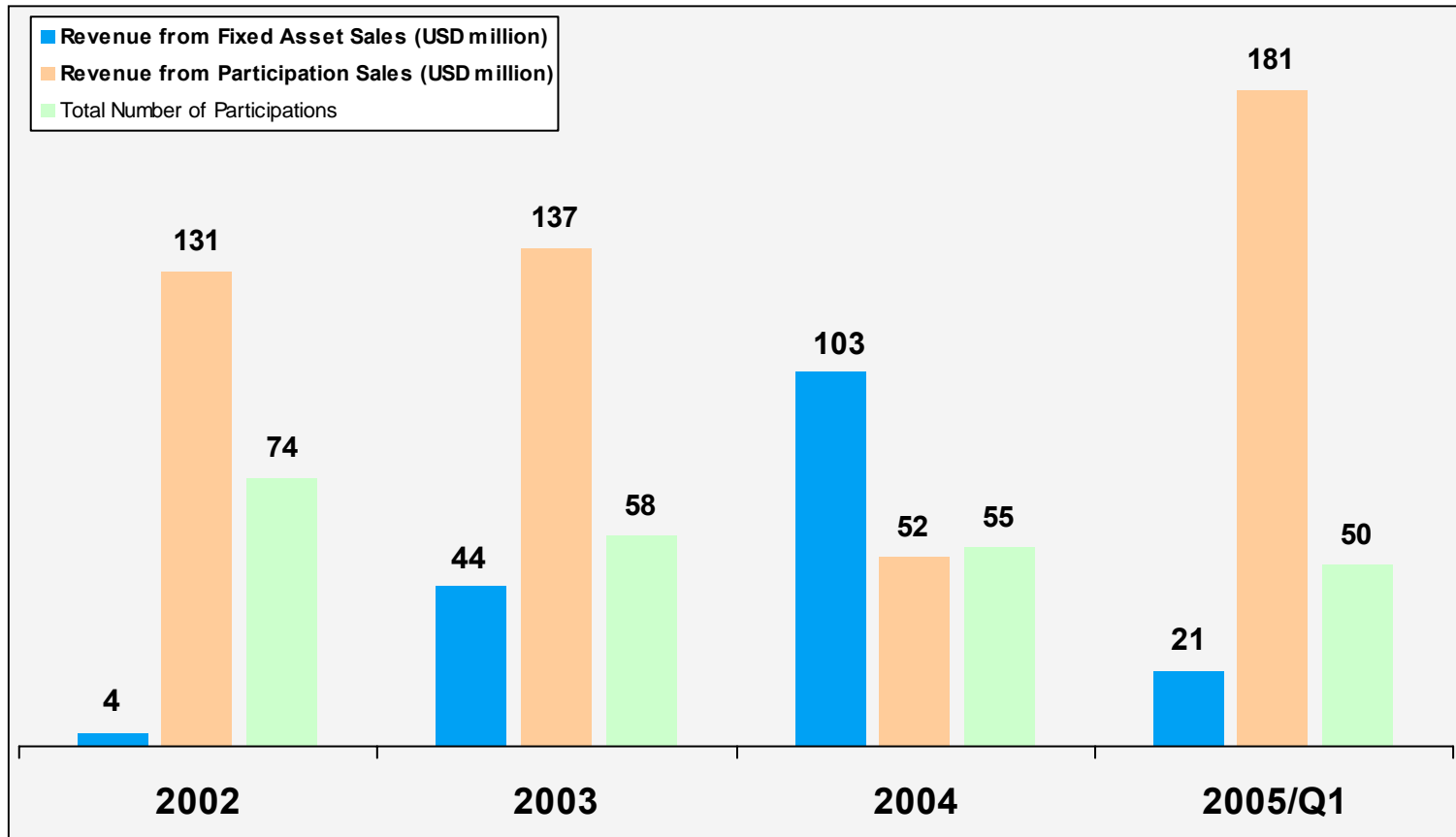
Listed vs. Non-listed



- ▶ As at March 2005 Isbank has 50 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.

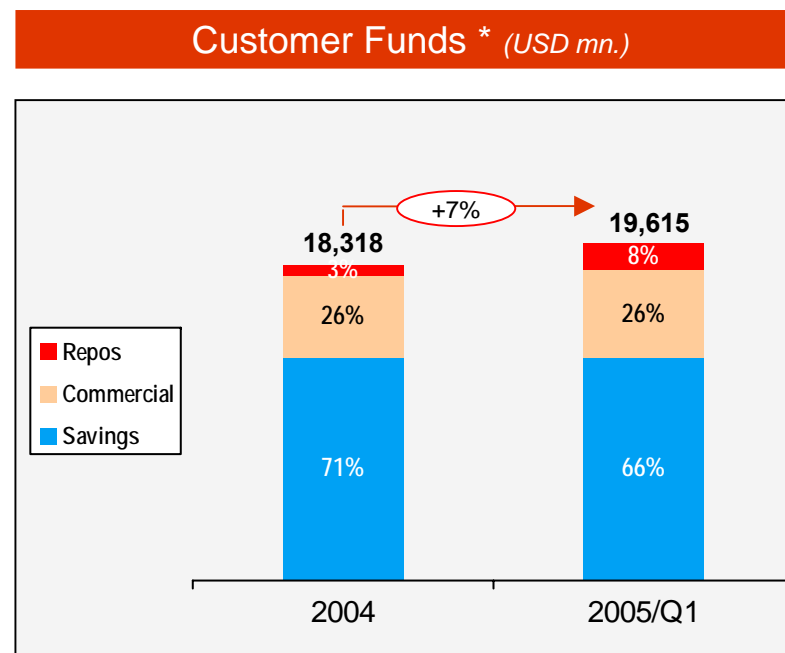


- ▶ Shares in 24 equity participations have been divested.
- ▶ A total of USD 673 million gained from the sales.

Strong fund generation capability...

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

(USD mn.)	2004	2005/Q1	Change QoQ (%)
Deposits	18,204	18,835	3
REPOs	599	1,567	162
Funds Borrowed	2,892	3,480	20
Other	1,414	2,016	43
Equity	5,719	5,680	-1
Total Liabilities	28,828	31,578	10



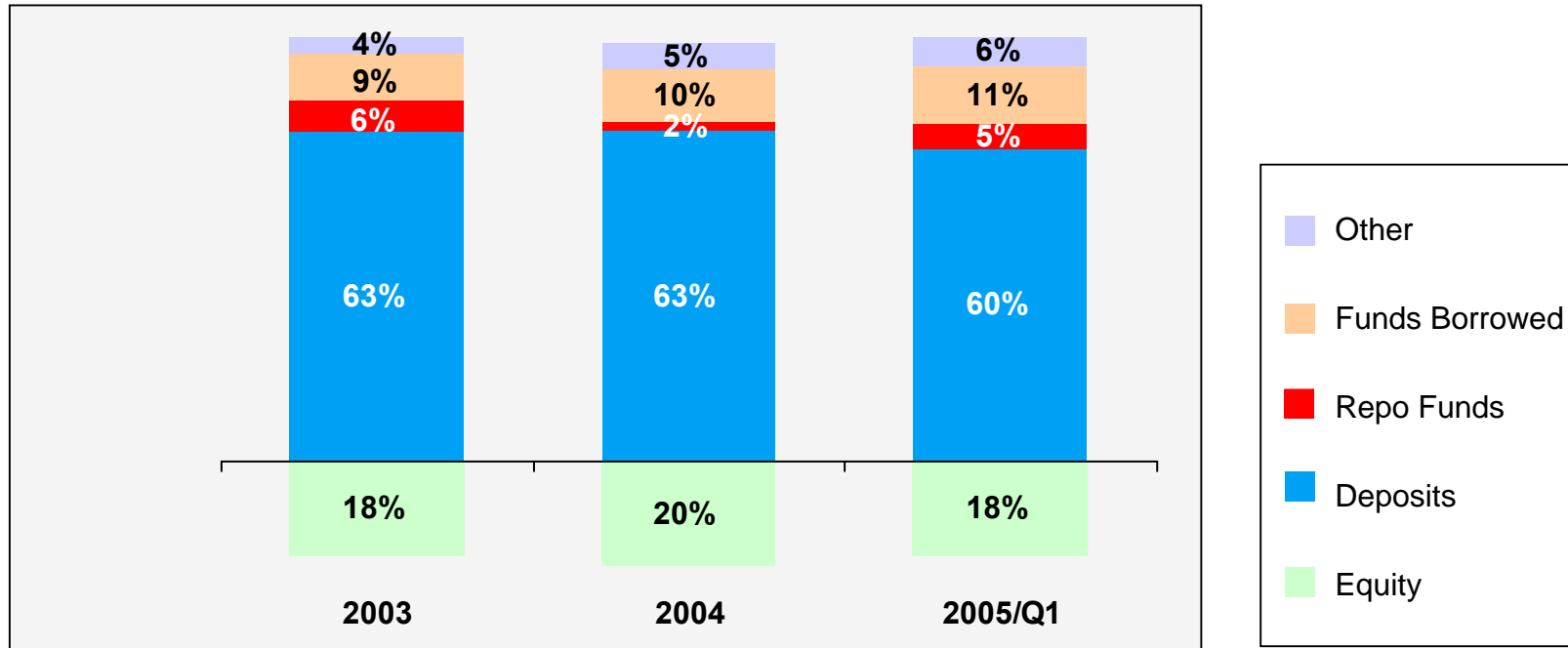
- ▶ YoY increase in TL liabilities is 17% vs. 0.9% in FX liabilities.
- ▶ Rising share of borrowed funds

- ▶ Customer funds compose 62 % of total liabilities
- ▶ Sustained growth of saving deposits reflects diversified and widespread funding base

* Excluding bank deposits.

Liabilities composition...

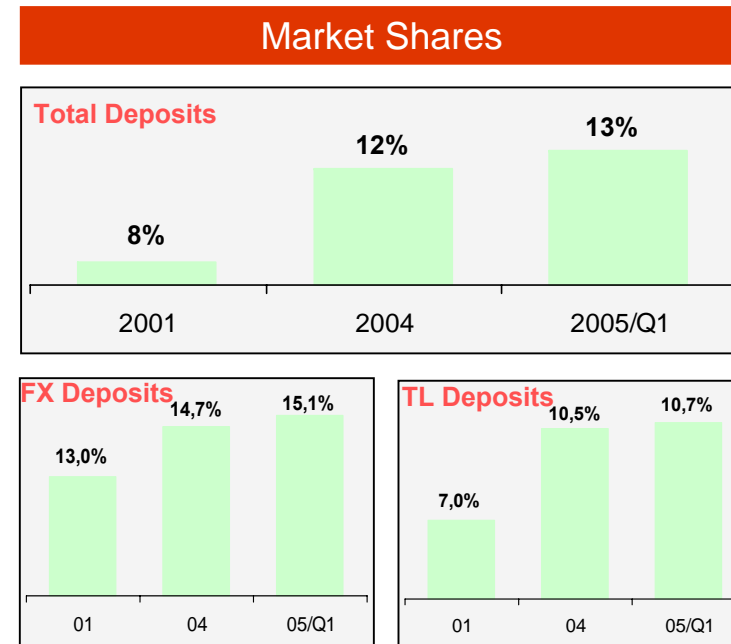
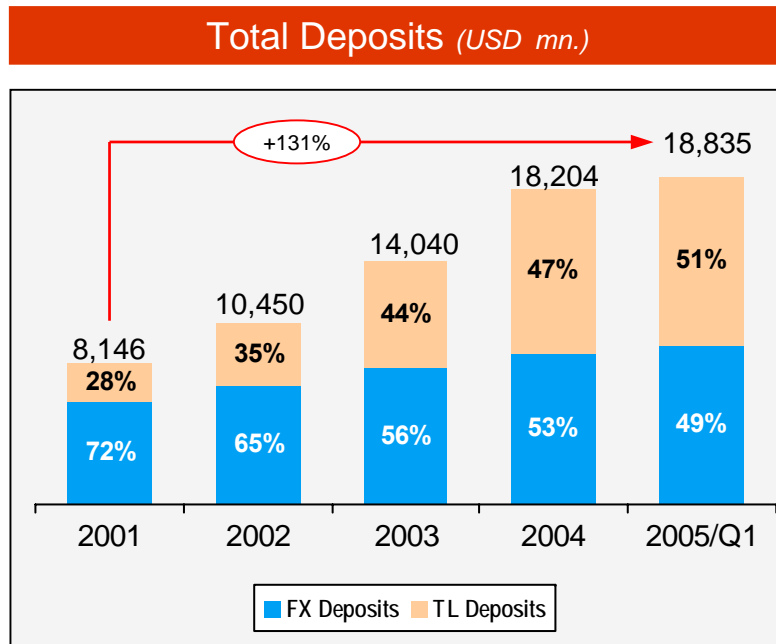
... reflects sound funding structure and adequate capitalisation.



- ▶ 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.



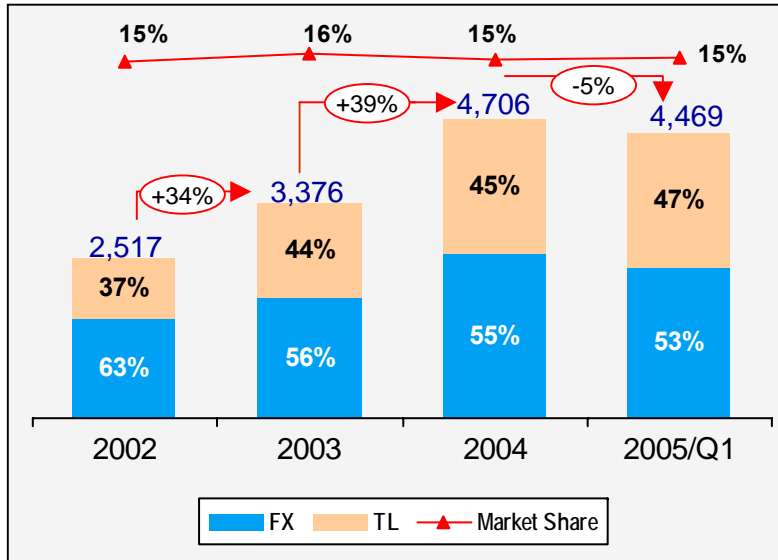
- ▶ Well diversified retail customer base
- ▶ Unmatched domestic franchise
- ▶ Enjoying the advantage of safe haven status
- ▶ Minimum level of price sensitivity

- ▶ Largest market share in TL, FX* and total deposits
 - ▶ Lowest cost of FX deposits among peers
- (*) Excluding interbank deposits

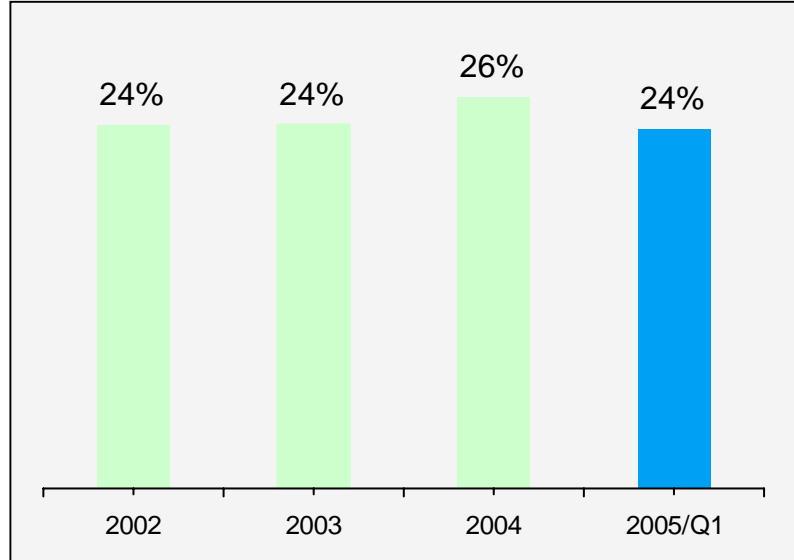
Demand deposits ...

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

Demand Deposits (USD mn.)



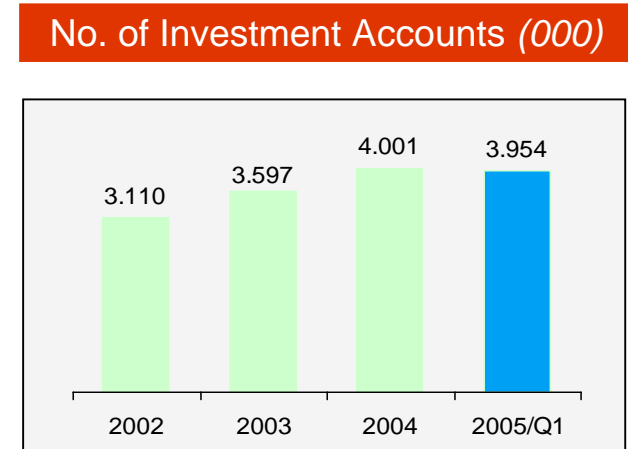
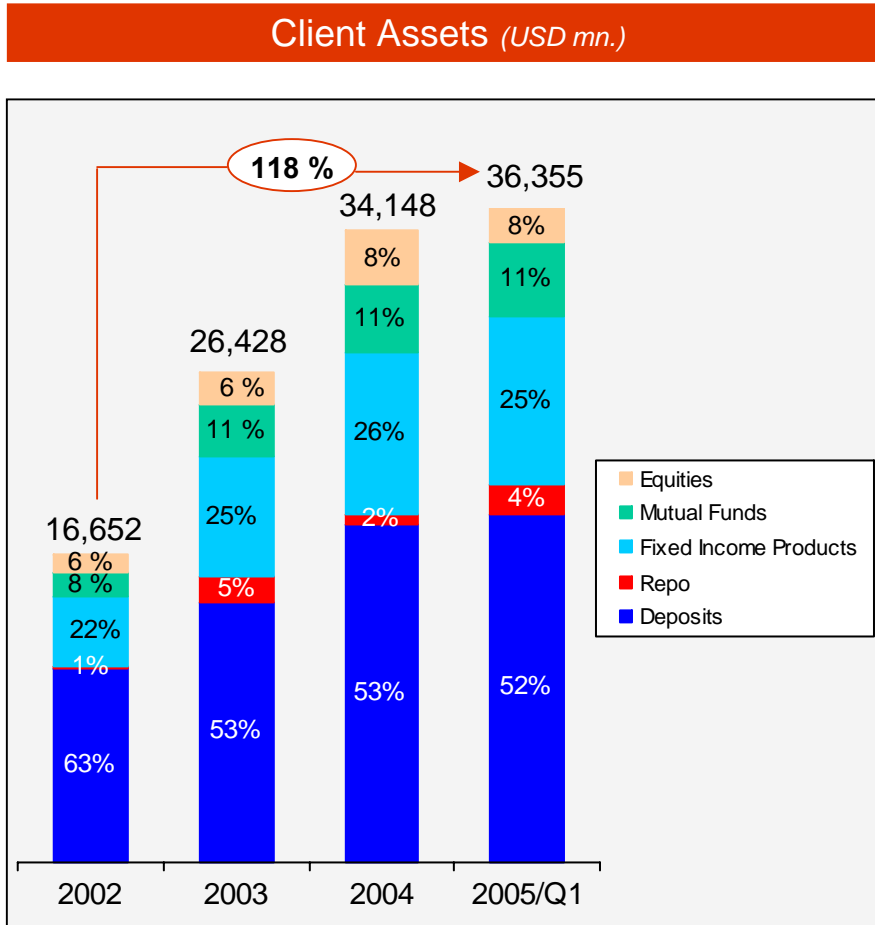
Demand Deposits / Total Deposits



- ▶ Largest and most stable demand deposits market share among private sector banks
- ▶ 19 % of funding is in the form of almost cost free demand deposits

Client assets under management...

... has exceeded a remarkable total of USD 36 billion.



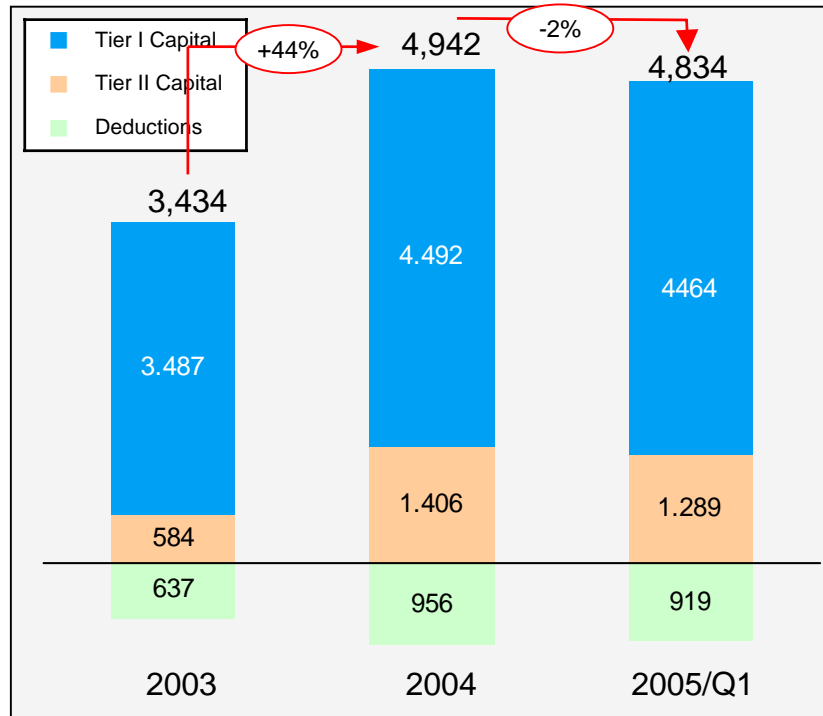
Assets under management more than doubled since 2002.

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

Sufficient capitalisation...

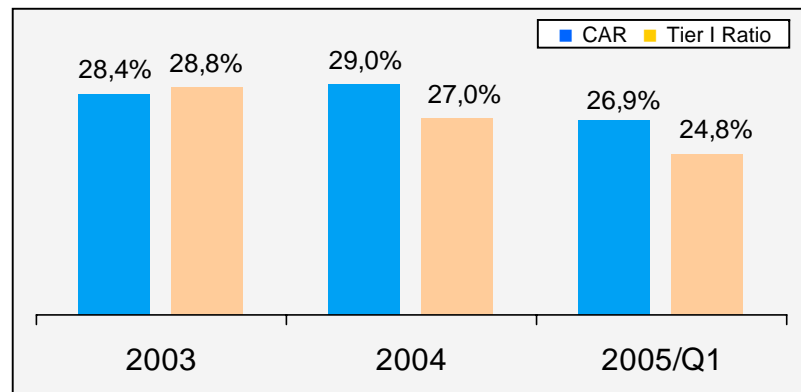
... and high CAR support balance sheet growth going forward.

Regulatory Capital (USD mn.)

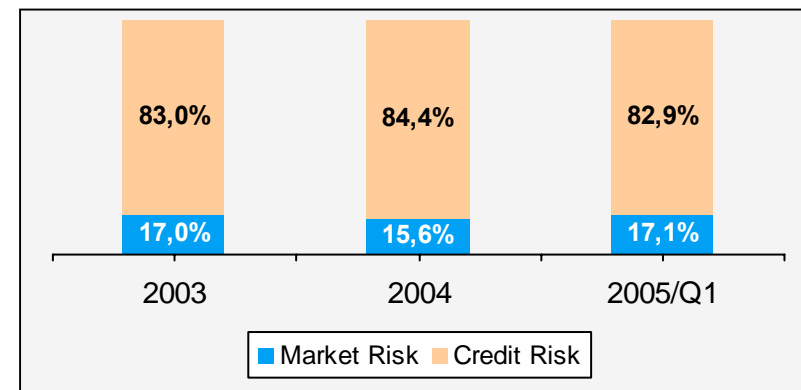


- ▶ Tier I capital makes up the bulk of capital base.
- ▶ High CAR allows further expansion of RWA.

Capital Adequacy

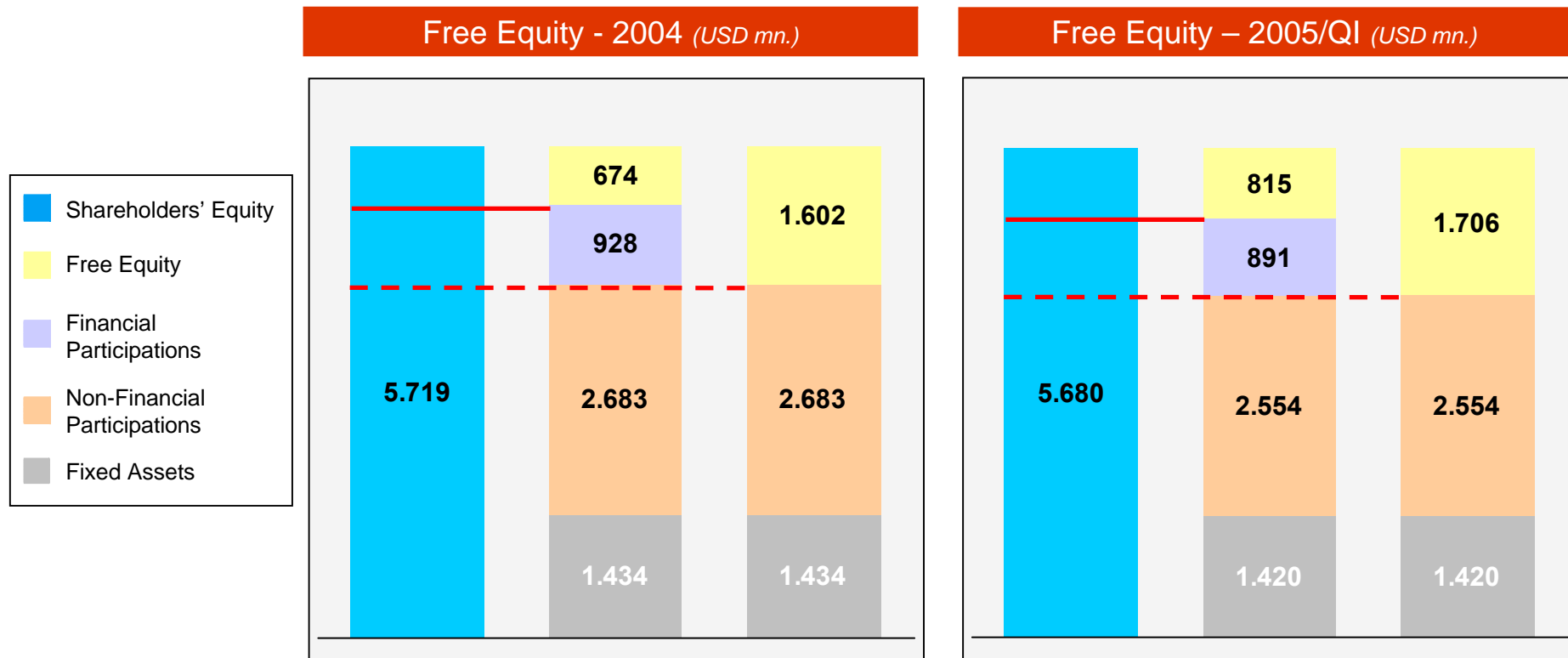


Risk Weighted Assets



Visible improvement in free equity ...

... thanks to asset disposals and superior profitability.



Income statement highlights

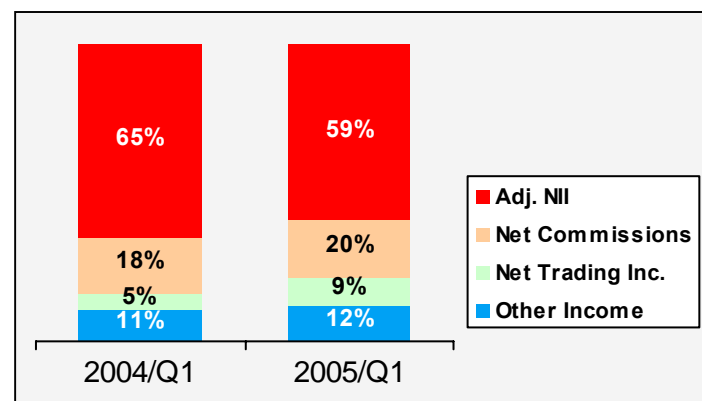
(USD mn.)	04Q1 ⁽¹⁾	05Q1	Change YoY
Adj. Net Interest Income ⁽²⁾	422	467	11%
Net Commissions	119	155	30%
Net Trading Income	35	72	106%
Released Provisions	43	48	12%
Other Operating Income	27	47	74%
Net Banking Income	646	790	22%
Personnel Expenses	119	149	25%
Adm. Expenses	62	66	6%
Other Op. Expenses	61	68	11%
Operating Profit	404	507	25%
Provision Charges ⁽³⁾	201	354	76%
Net Monetary Gain/Loss	-77	0	-
Net Profit	126	153	21%

(1) Restated to 2004 year-end

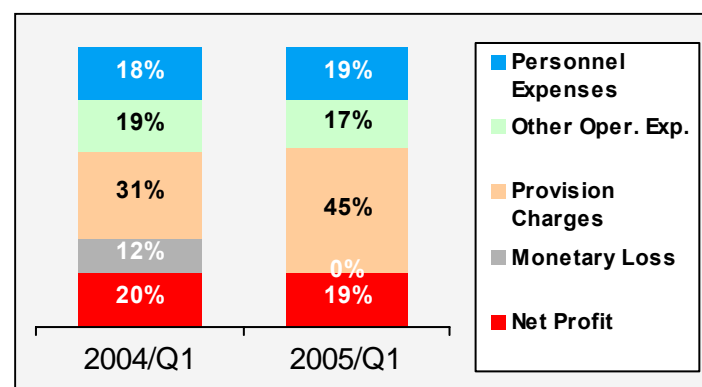
(2) Adjusted for FX Gains/Loss

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

Net Banking Income Composition

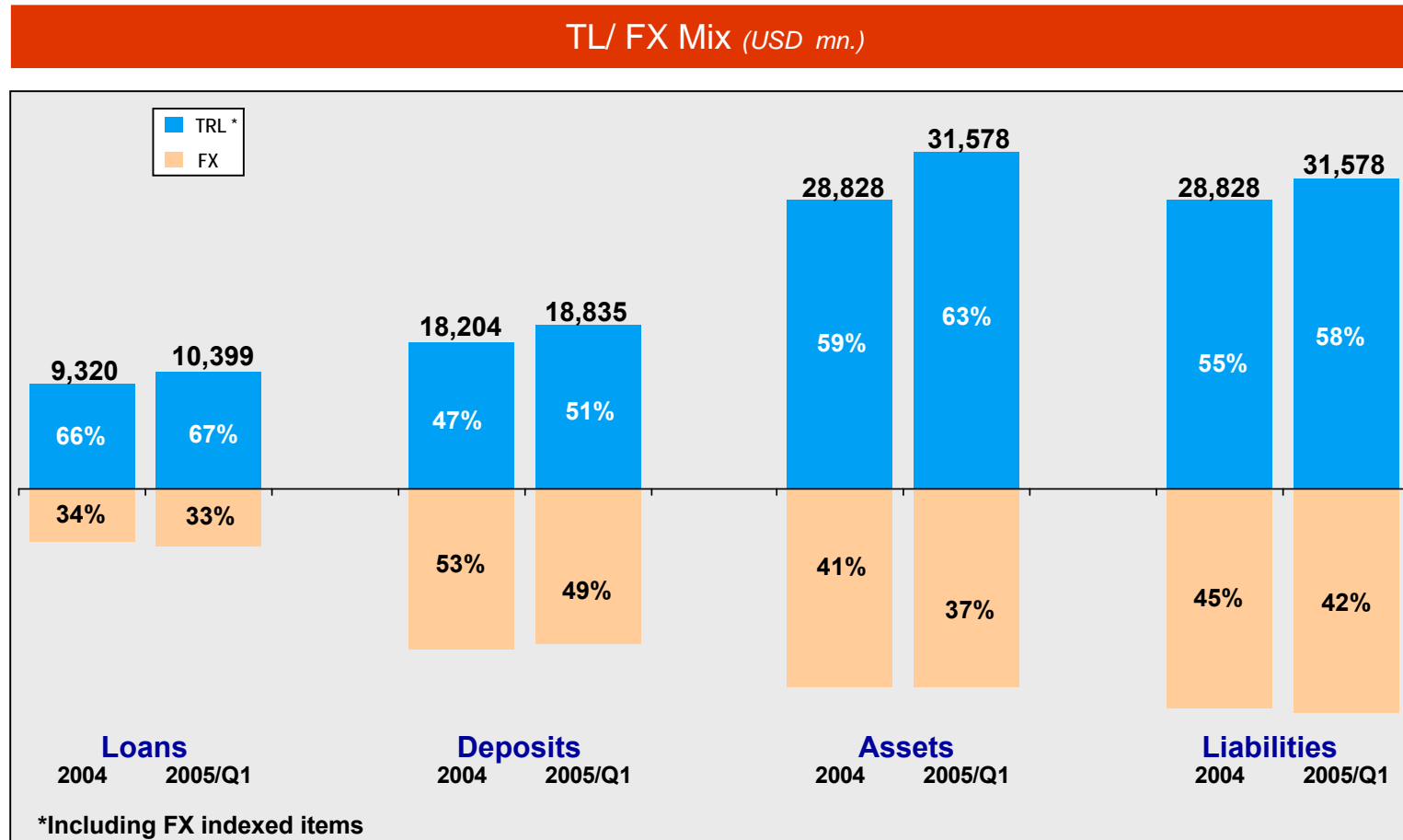


Allocation of Net Banking Income



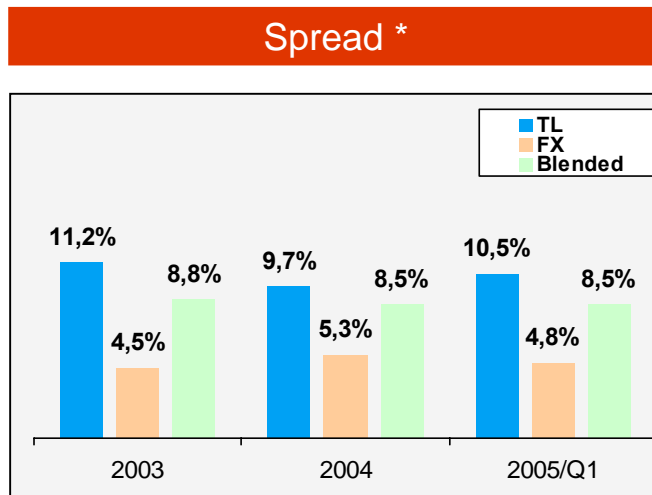
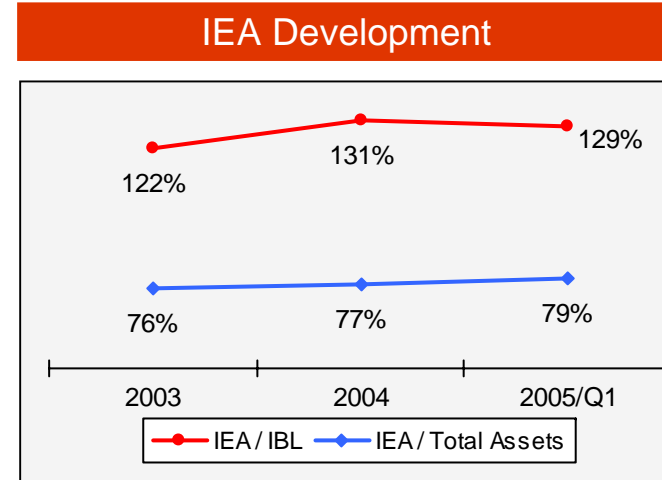
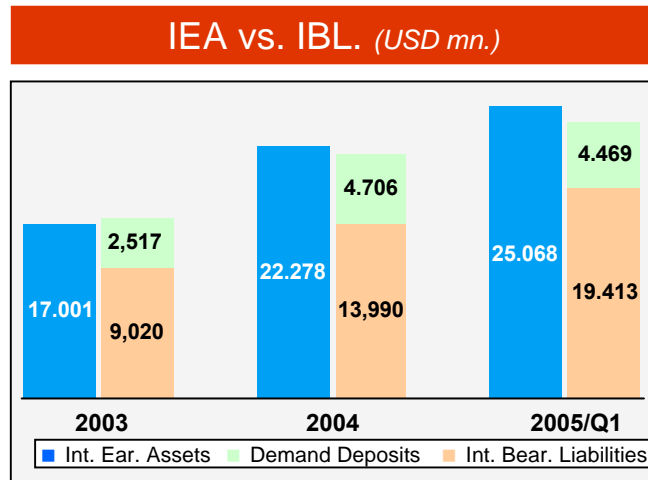
TL/ FX mix...

... has been changing in favour of TL.

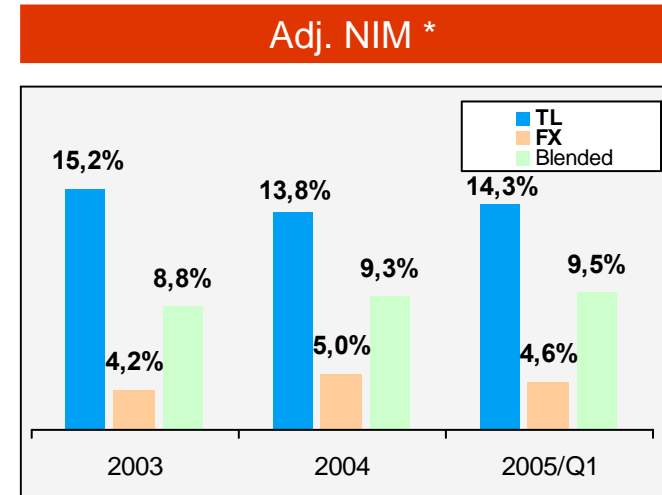


Increasing volume of interest earning assets...

... contributes to net interest margin improvement.

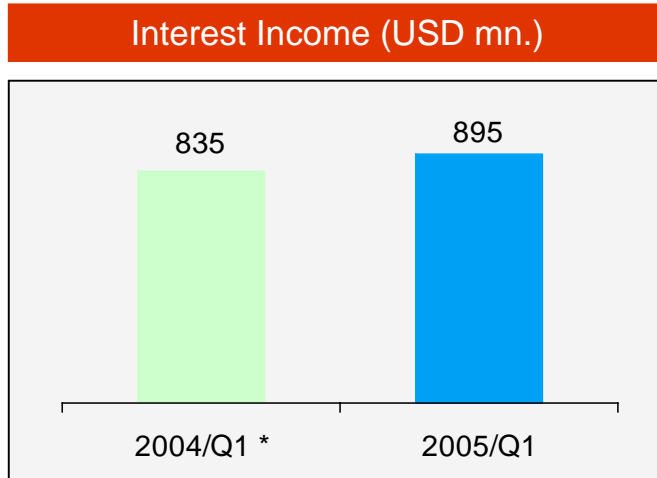


* Adj. for Net Trading Income

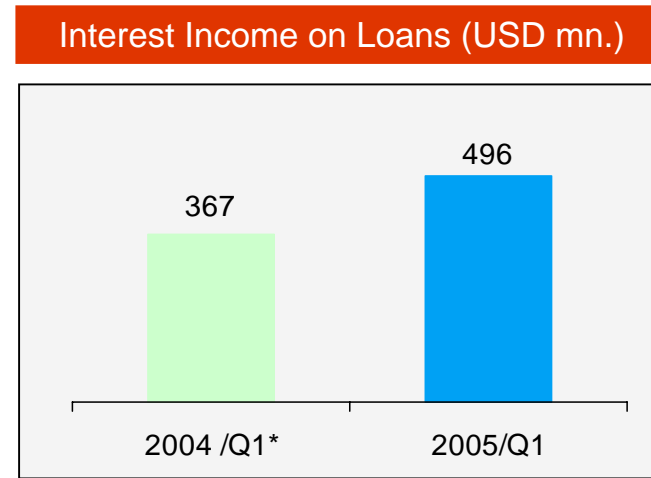


* Adj. for FX Gains / Losses and Net Trading Income

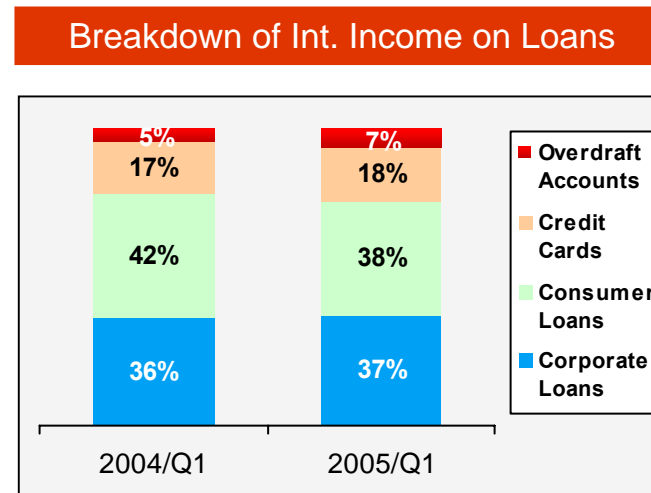
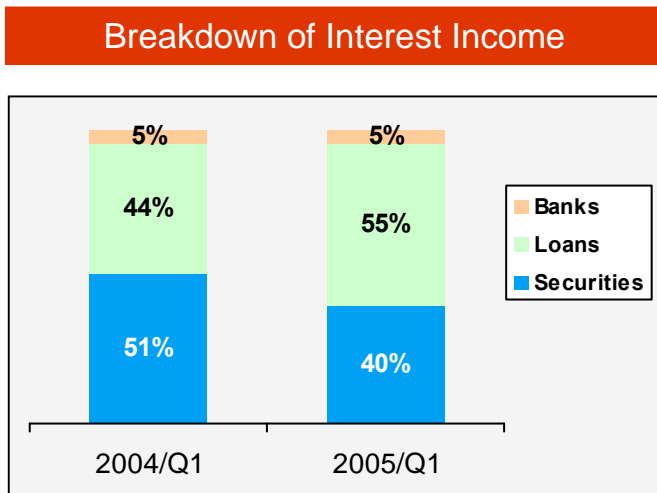
Breakdown of interest income



* Restated to 2004 year-end

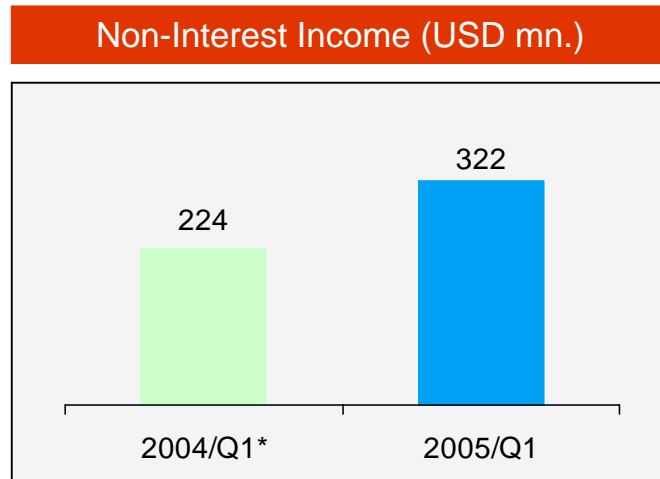


* Restated to 2004 year-end

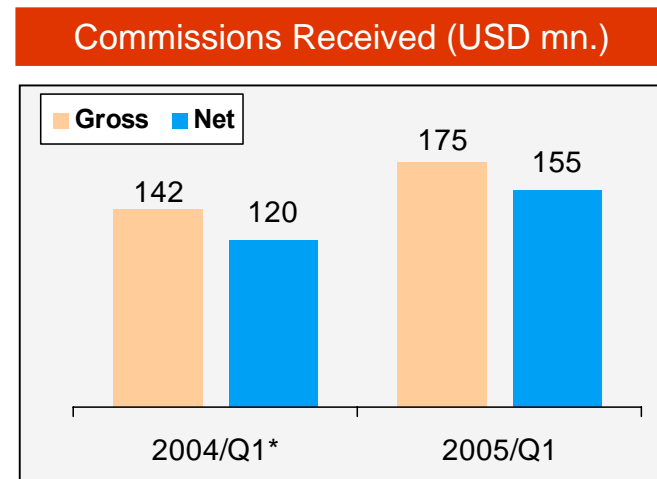


Robust non-interest income performance...

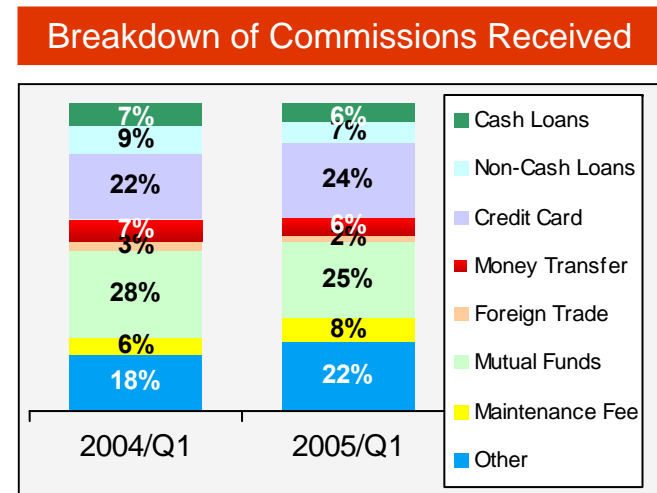
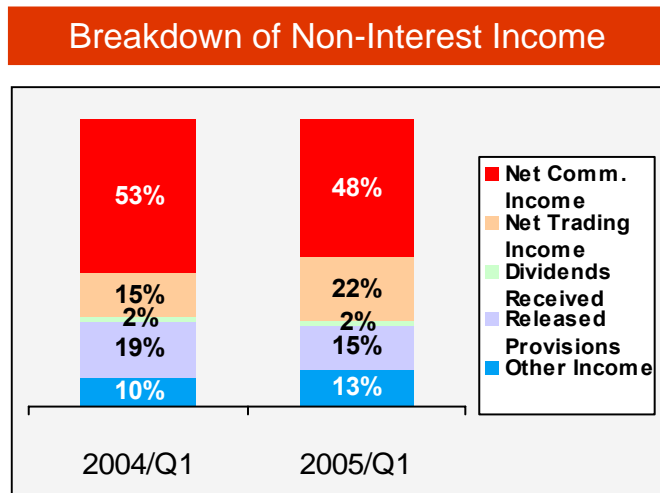
... supported by superior retail and corporate franchise.



* Restated to 2004 year-end

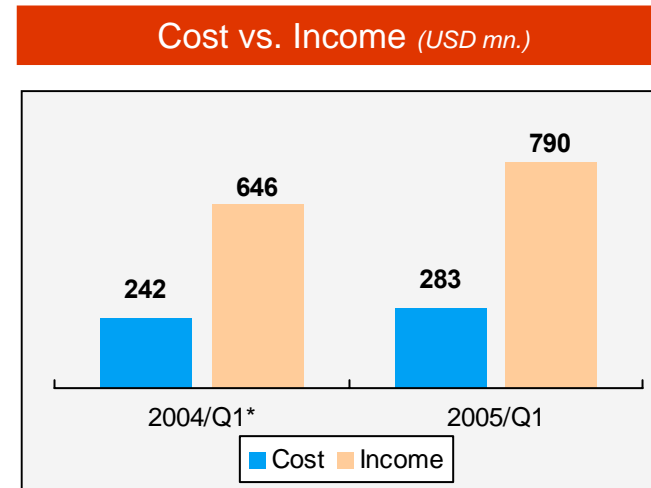
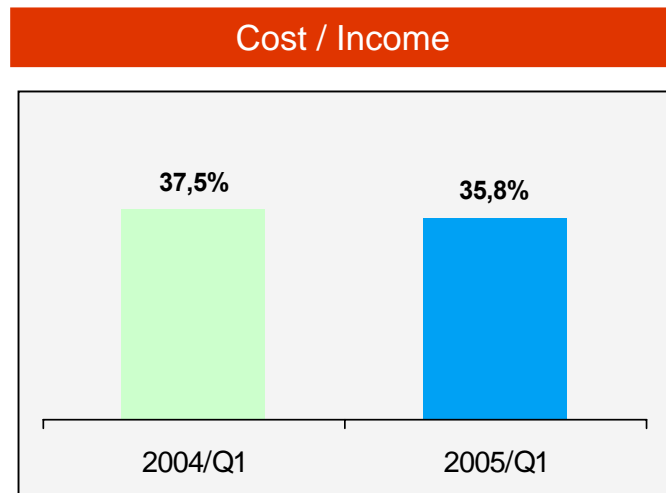
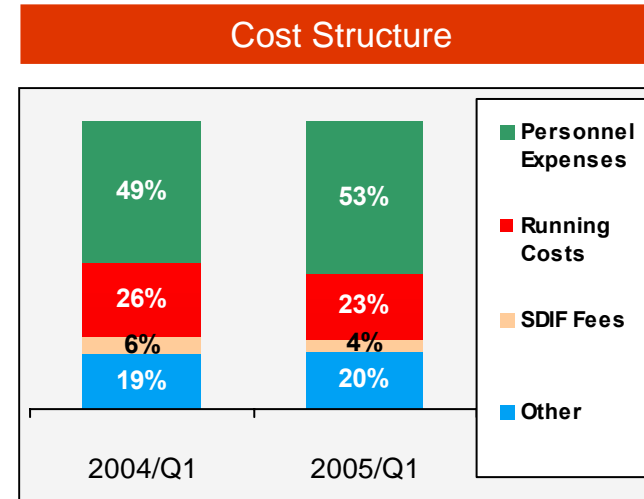
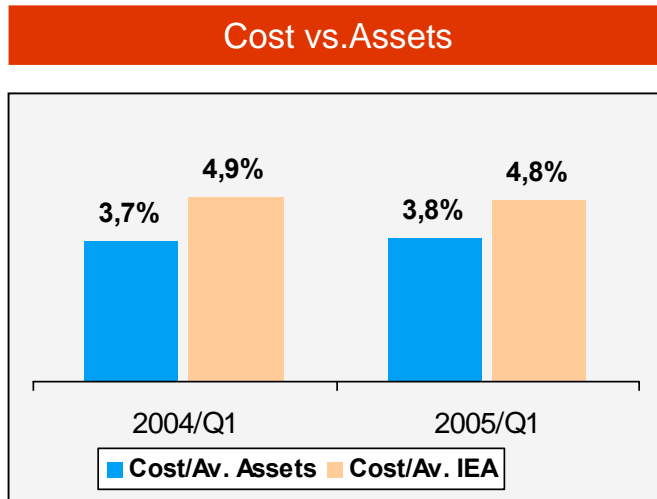


* Restated to 2004 year-end



Effective cost management and increased profitability...

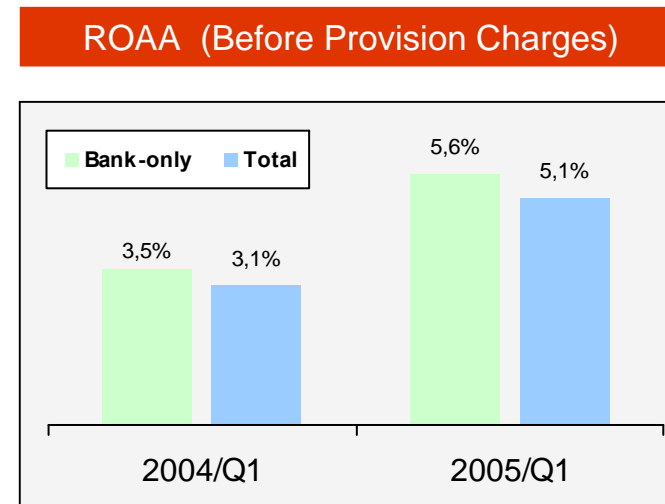
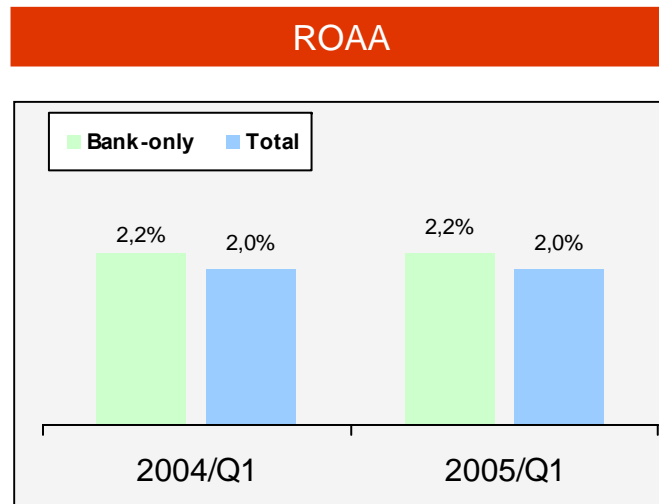
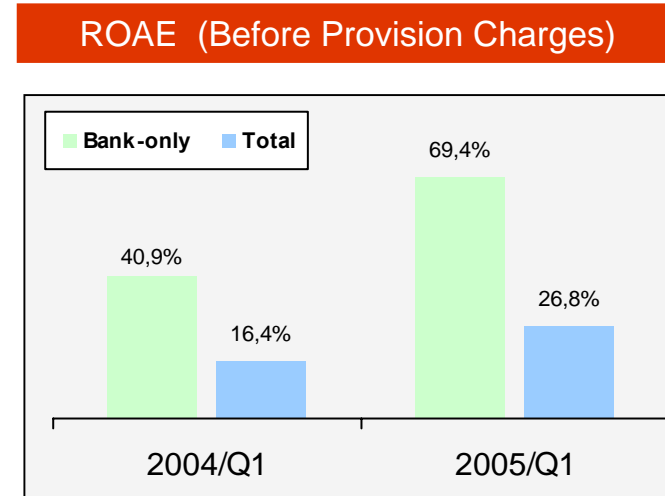
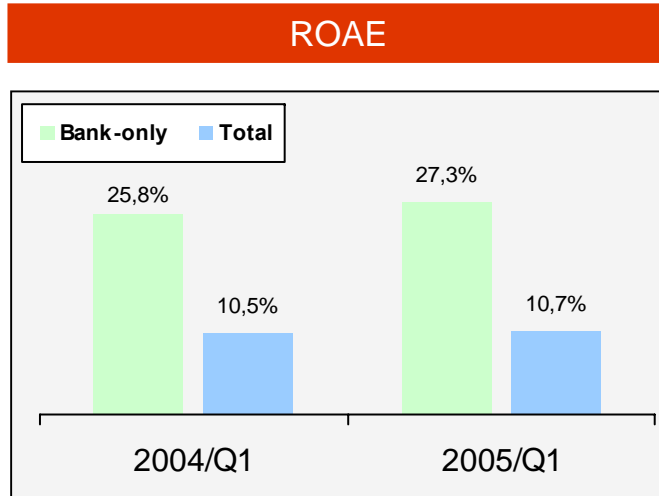
... resulted in best cost/income improvement among peers.



* Restated to 2004 year-end

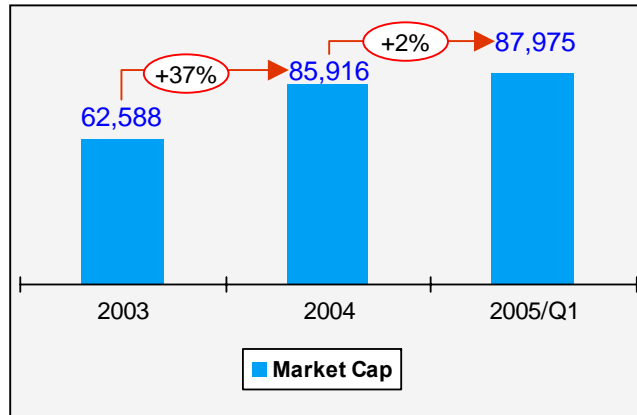
Higher profitability...

... reflected in improved ratios.

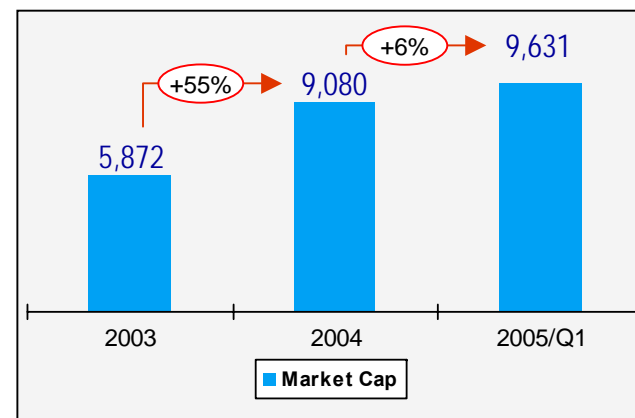


Stock performance and dividend distribution

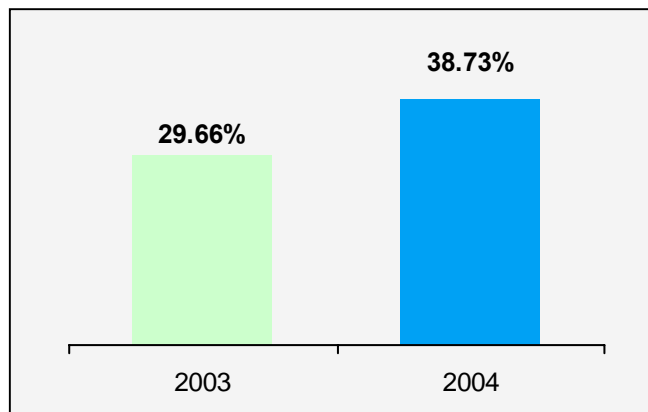
ISE – 100 (USD mn.)



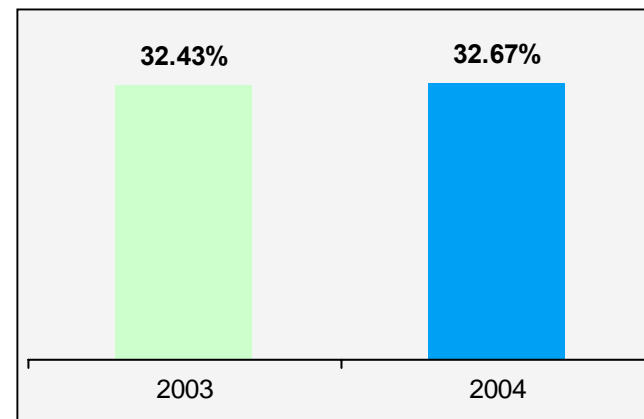
Isbank (USD mn.)



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 58,441 merchant firms through 90,347 chains, called "Maxipuan"
- ▶ 11.3 % market share in number of cards and 13.1 % market share in transaction volume
- ▶ Low NPL ratio of 1.5 % due to prudent policies and advanced Credit Scoring System
- ▶ High commission generating capability and significant contribution to fee income

(USD mn.)

	2004/Q1	2005/Q1	Change
Issuing Volume	1,411	1,784	26%
Issuing Volume Market Share	14%	13%	-
Acquiring Volume	1,248	1,689	35%
Acquiring Volume Market Share	14%	14%	-
Balance	678	1,266	87%
Number of Cards (000)	2,520	3,120	24%

* According to Interbank Card Center data as at 2005/Q1.

Capital market operations...

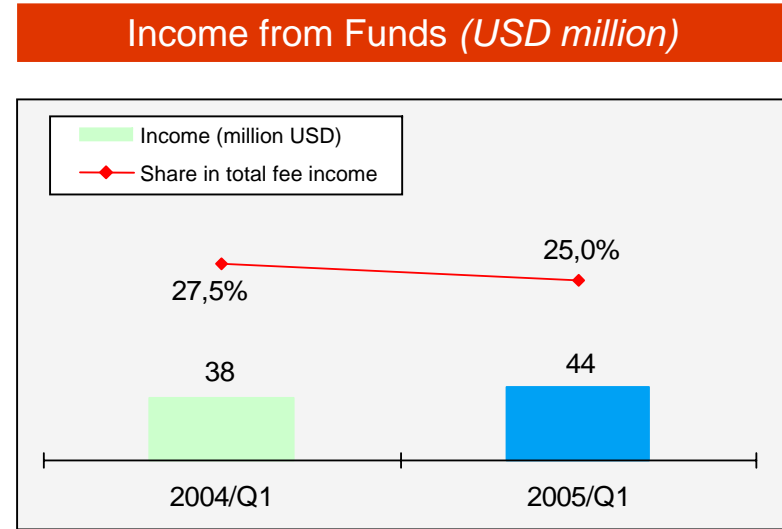
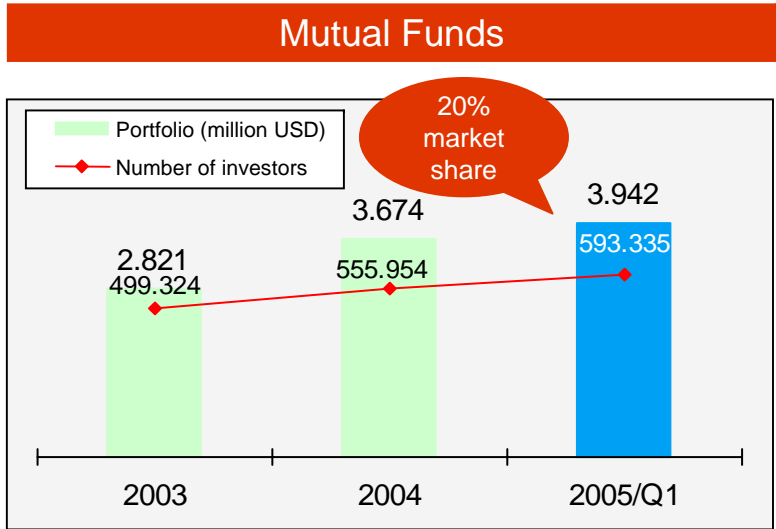
... another area Isbank dominates

	Market Share	Rank	USD bn.
Volume of Mutual Funds	20%	1st	3.9
Fixed Income Sec. Under Custody	15%	1st	9.1
Number of Equity Investor Accounts	37%	1st	400,915
Odd-lot Equity Trading	88%	1st	0,007
Stock Trading Volume *	6%	1st	19.9

* Is Investment (As of 31.12.2004)

First and largest mutual fund provider...

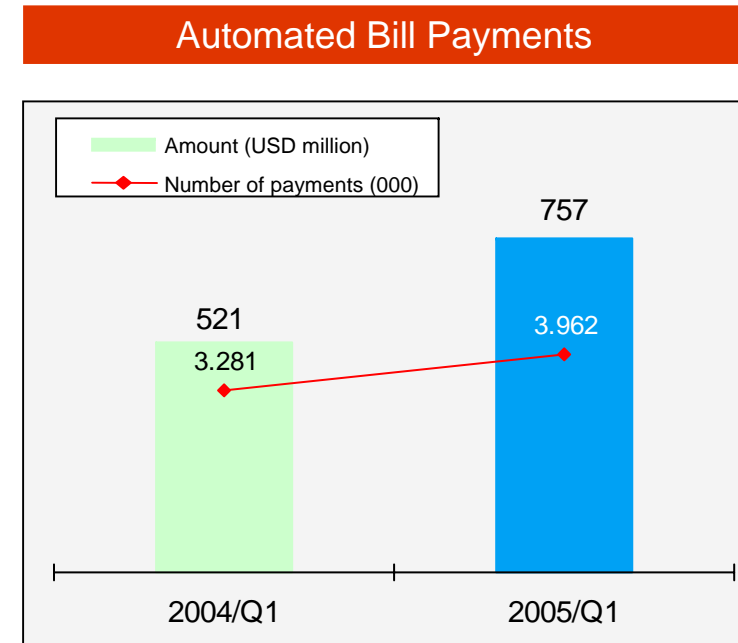
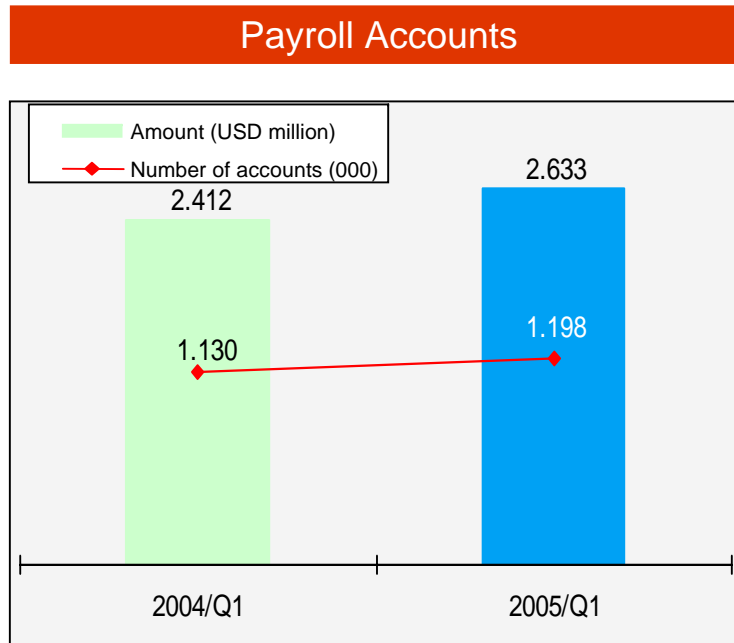
... 17 types of mutual funds designed for different risk appetites.



- ▶ With 8 A type and 9 B type mutual funds and more than 593 thousand investors, Isbank is the most preferred bank in the sector.
- ▶ Income from mutual funds is steadily increasing.

Increasing retail customer base...

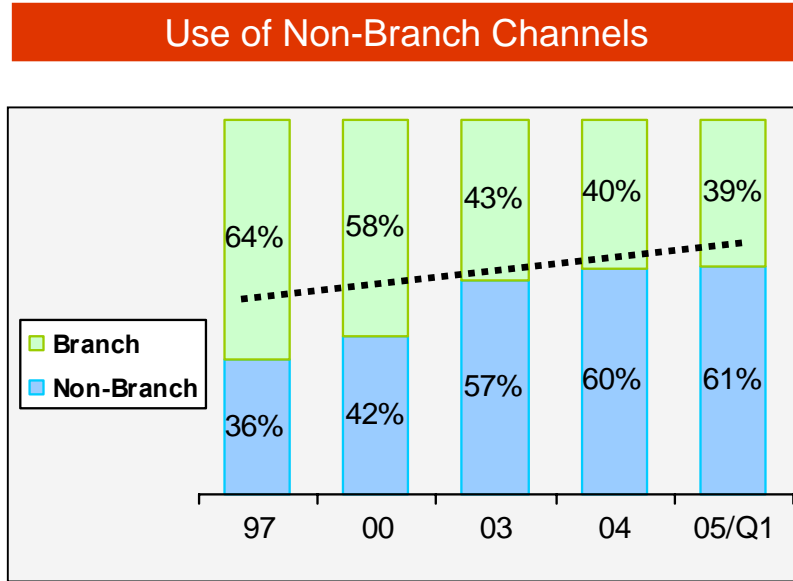
... supported by payroll accounts and bill payment agreements.



- ▶ 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 /Q1
ATM	28	29	23	22	21
POS	5	6	20	21	21
Internet	1	5	10	13	15
Telephone	2	2	2	2	2
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/Q1.
- ▶ 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

(*) As of December 31, 2004

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

(*) As of December 31, 2004



Isbank Group 44.31 % (*)

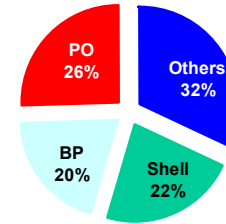
Dogan Group 44.31 % (*)

General Information

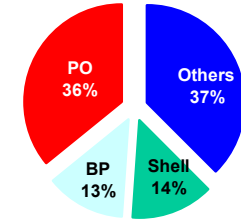
- ✓ Established in 1941
- ✓ Privatized in 2000
- ✓ Largest oil distribution company in Turkey
- ✓ 3,200 dealers nationwide
- ✓ Operating out of the Head Office and 8 regional offices, 2 lubricants blending plants, aviation services at 26 airports, 9 terminals, 2 depots
- ✓ Market leader in the fuels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

Market Shares (%)

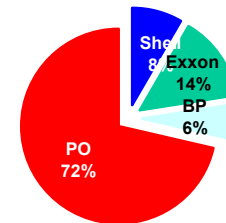
Gasoline



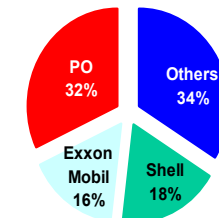
Diesel



Aviation Sales



Lubricants



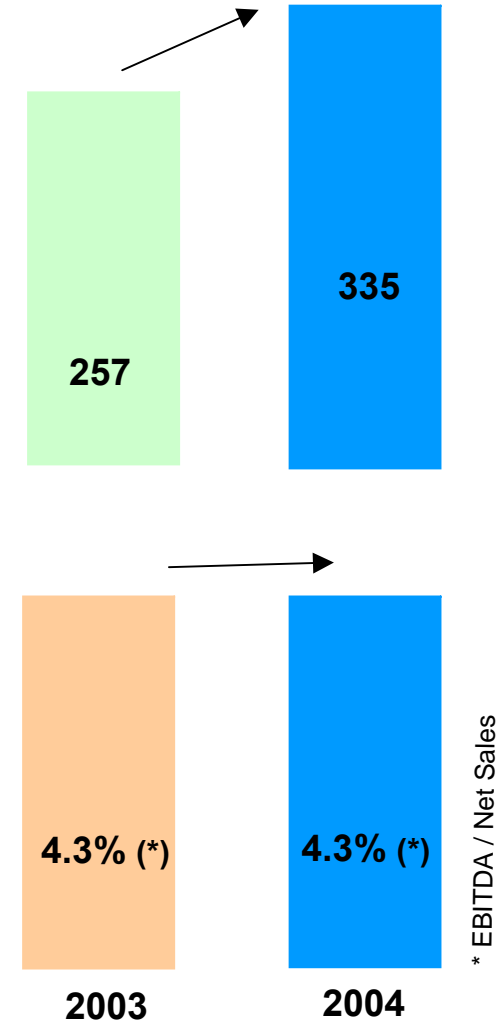
(*) As of March 31, 2005

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 (31.03.2005)

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	1,802,711	300,283	1.3
Arap Türk Bankası A.Ş.	Banking	20.00	20.00	247,421 ⁽¹⁾	57,267 ⁽¹⁾	-
İşbank GmbH	Banking	100.00	100.00	432,674	71,037	-
Anadolu Anonim Türk Sigorta A.Ş.	Insurance	35.53	64.21	627,590	258,896	13.40 ⁽²⁾
Anadolu Hayat Emeklilik A.Ş.	Private Pension	62.00	86.51	1,285,328	182,195	31.30 ⁽²⁾
Milli Reasürans T.A.Ş.	Reinsurance	76.96	76.96	520,644 ⁽¹⁾	194,461 ⁽¹⁾	89.03 ⁽²⁾
Destek Reasürans T.A.Ş.	Reinsurance	-	100.00	95,861 ⁽¹⁾	15,857 ⁽¹⁾	-
İş Yatırım Menkul Değerler A.Ş.	Brokerage House	92.00	100.00	82,454	72,968	6.44 ⁽³⁾
Yatırım Finans. Menkul Değerler A.Ş.	Brokerage House	-	90.14	26,902 ⁽¹⁾	16,252 ⁽¹⁾	-
İş Yatırım Ortaklığı A.Ş.	Trust Company	-	24.27	89,781	86,060	36.50
İş Portföy Yönetimi A.Ş.	Portfolio Mngt.	50.00	100.00	15,178	13,215	23.43
İş Finansal Kiralama A.Ş.	Leasing	35.29	69.75	409,781 ⁽¹⁾	67,184 ⁽¹⁾	10.48 ⁽⁴⁾
İş Factoring Finansman Hizmetleri A.Ş.	Factoring	-	100.00	25,247	15,165	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	REIT	42.23	62.93	596,860 ⁽¹⁾	580,314 ⁽¹⁾	62.78 ⁽⁵⁾
İş Girişim Sermayesi Yat. Ort.A.Ş.	Risk Venture	-	51.19	60,997 ⁽¹⁾	57,896 ⁽¹⁾	-
Is Dublin Financial Services Plc. ⁽⁶⁾	Fin. Services	99.99	100.00	10,388 ⁽¹⁾	10,230 ⁽¹⁾	-
TOTAL				6,329,817	1,999,280	

(1) As of 31.12.2004
(4) Transaction volume

(2) Premium income
(5) Market Value

(3) Transaction volume in equity market
(6) Not adjusted for inflation

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