

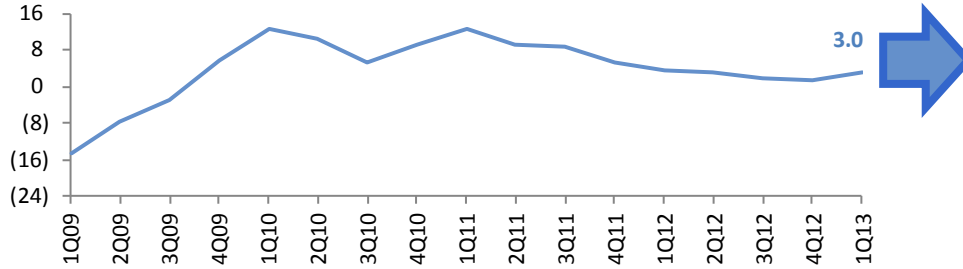


**ISBANK
EARNINGS
PRESENTATION
1H 2013**

Recent macro developments

Acceleration in growth

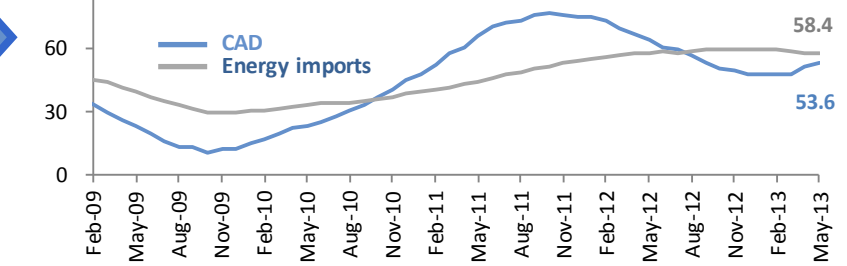
GDP growth (quarterly, yoy)



Source: Turkstat

Moderate rise in the current account deficit

Current account deficit and energy imports (12 months cumulative)



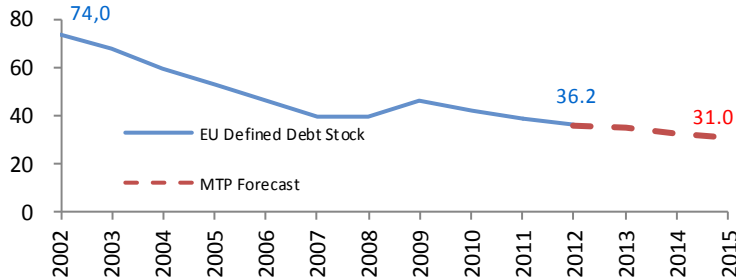
Source: Central Bank of Turkey, Turkstat

- According to data regarding the first half of 2013, a mild recovery was observed in domestic economic activity. But, starting from the second half of May, like many other EMs, Turkey has witnessed capital outflows due to concerns related to an early-exit strategy of Fed. Loss of momentum in capital inflows might create a downward pressure on the economic growth in the second half of 2013.
- 12-month cumulative C/A deficit continued to expand due to the revival in domestic demand conditions and reached 53.6 billion USD in May 2013. In the coming period, Fed's exit strategy and thus each economic data announcement in US will be effective in the quality of the financing of the current account deficit.
- Budget discipline was maintained in the first half. EU defined General Government Gross Debt Ratio is expected to decline to 35% at the end of 2013.
- Annual inflation increased to 8.3% as of June as a result of the increase in food prices and depreciation of TL. CBRT expects that the annual CPI increase will fall to 6.2% at the end of 2013 thanks to the recent tightening in monetary policy.

Sound fiscal performance

Stock/GDP (%)

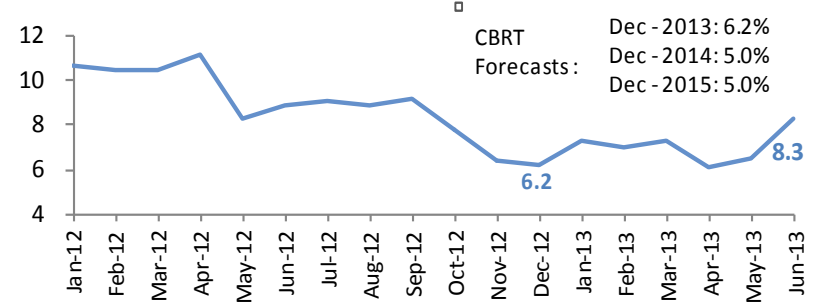
EU defined General Government Gross Debt



Source: Undersecretariat of Treasury

Inflation is above the target

CPI inflation (% , yoy)



Source: Turkstat, CBRT

Period's Highlights

Loans & Asset Quality

- Strong and healthy loan growth across the board; share of loans in total assets reached 64.6%.
- Lower CoR and NPL formation rate in Q2 vs. Q1
- NPL coverage ratio slightly increased to 78.3% and remained above the sector average.
- Market share gains in TL, FX, consumer and total loans

Funding and Capital Adequacy

- TL deposit growth was the main source of funding in Q2, leading to a slight decline in TL Loans to TL deposits ratio.
- Share of demand deposits in total deposits increased and reached a remarkable level of 20.5 % at the end of Q2.
- Highest market shares in TL, FX, TL savings and demand deposits among private sector banks
- Tier II capital decreased due to the mark-to-market losses from listed equity participations and available for sale securities and CAR stands at 14.8% by the end of Q2.

P&L

- Net profit for the first half was up by 14.5% on an annual basis.
- NII was slightly up QoQ in an environment impacted by adverse market conditions.
- Strong performance in fee generation continued in Q2

Largest Private Bank...

| | Market Shares (%) ⁽¹⁾ | | Rank ⁽²⁾ | |
|--------------------------------------|----------------------------------|---------|---------------------|-----------------|
| | 2012 | 2013 Q2 | 2012 | 2013 Q2 |
| Total Assets | 13.5 | 13.4 | 1 st | 1 st |
| Total Loans | 14.2 | 14.4 | 1 st | 1 st |
| TL Loans | 13.1 | 13.1 | 1 st | 1 st |
| FX Loans | 17.2 | 17.5 | 1 st | 1 st |
| Consumer Loans ⁽³⁾ | 12.0 | 11.8 | 1 st | 3 rd |
| Total Deposits | 13.7 | 13.7 | 1 st | 1 st |
| TL Deposits | 12.9 | 12.9 | 1 st | 1 st |
| FX Deposits | 15.4 | 15.3 | 1 st | 1 st |
| Demand Deposits | 15.5 | 15.8 | 1 st | 1 st |

(1) Market share calculations are based on weekly BRSA data excluding participation banks. Total assets market share is based on monthly BRSA data.

(2) Ranking among private-sector banks

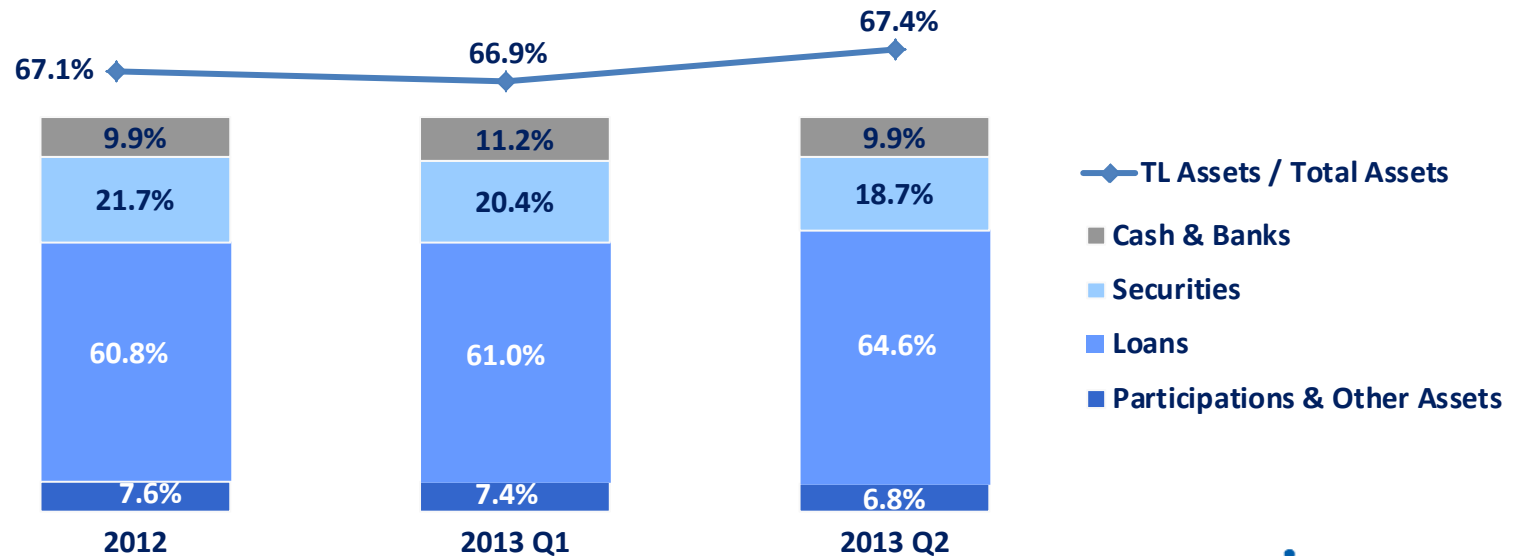
(3) Including retail overdraft accounts

Asset Structure

Assets

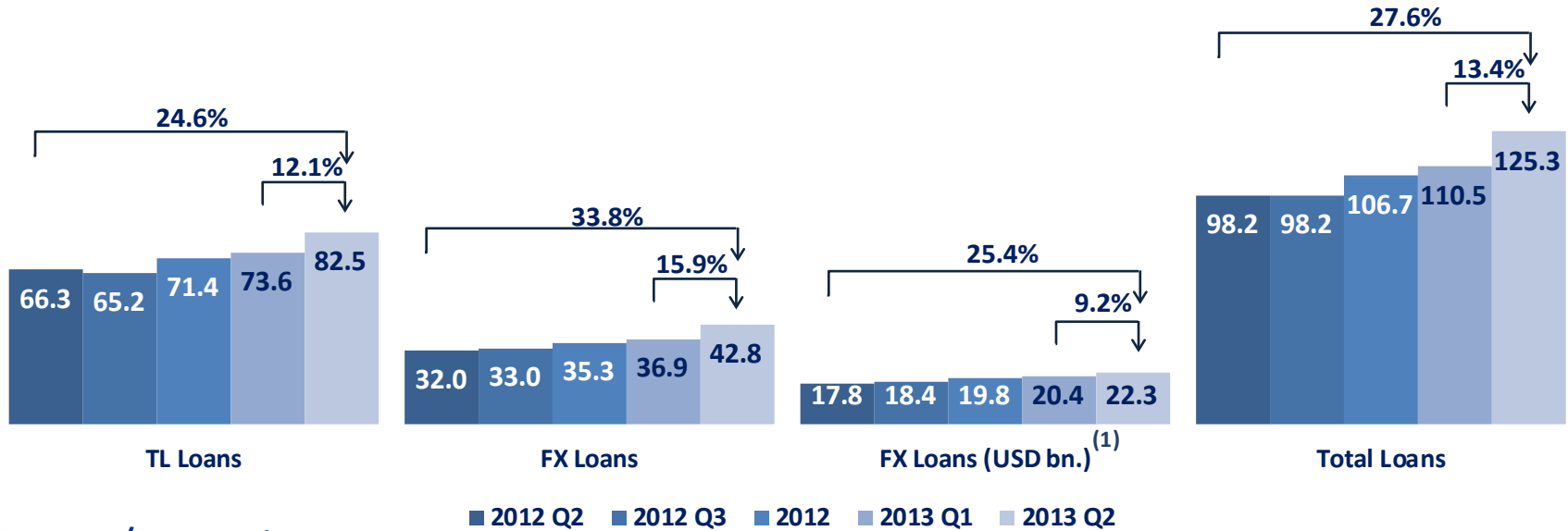
| (TL mn.) | 2012 | 2013 Q1 | 2013 Q2 | Δ QoQ | Δ YtD |
|----------------------------|----------------|----------------|----------------|-------------|--------------|
| Cash & Banks | 17,391 | 20,261 | 19,210 | -5.2% | 10.5% |
| Securities (Net) | 38,055 | 36,986 | 36,279 | -1.9% | -4.7% |
| Loans | 106,716 | 110,494 | 125,282 | 13.4% | 17.4% |
| Participations (Net) | 7,700 | 8,218 | 7,515 | -8.6% | -2.4% |
| Fixed Assets (Net) | 1,999 | 2,054 | 2,086 | 1.6% | 4.4% |
| Other Assets | 3,585 | 3,051 | 3,615 | 18.5% | 0.8% |
| Total Assets | 175,444 | 181,064 | 193,988 | 7.1% | 10.6% |
| TL Assets | 117,672 | 121,197 | 130,717 | 7.9% | 11.1% |
| FX Assets | 57,773 | 59,867 | 63,271 | 5.7% | 9.5% |
| FX Assets (USD mn.) | 32,366 | 33,113 | 32,953 | -0.5% | 1.8% |

Asset Composition

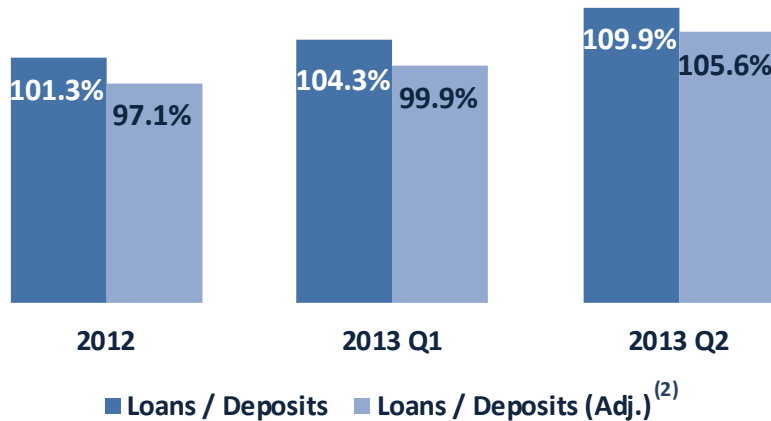


Loan Portfolio

Loans



Loans/Deposits



- Market leader in TL, FX & total loans ⁽³⁾
- Share of loans in total assets is 64.6%.
- Comfortable level of Loans/Deposits ratio
- Adjusted Loans/Deposits ratio ⁽²⁾ is 105.6%.

(1) FX loans expressed in USD equivalent.

(2) TL securities issued added to deposits.

(3) According to the ranking among banks that disclosed 1H 2013 financial results

Loan Portfolio

Loans

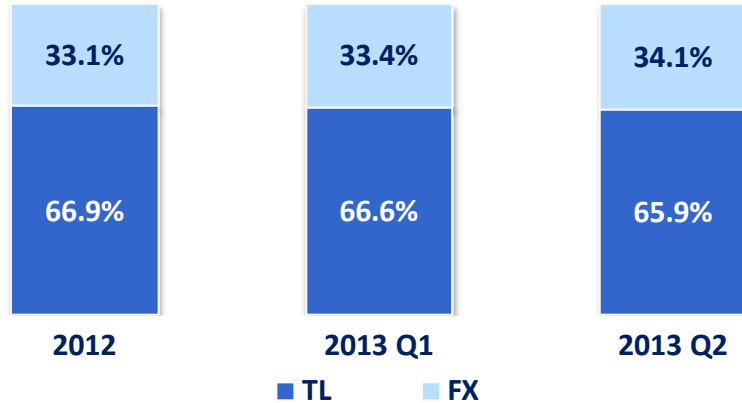
| (TL mn.) | 2012 | 2013 Q1 | 2013 Q2 | Δ QoQ | Δ YtD |
|--------------------------------|---------|---------|---------|-------|-------|
| Total Loans | 106,716 | 110,494 | 125,282 | 13.4% | 17.4% |
| TL Loans | 71,415 | 73,614 | 82,521 | 12.1% | 15.6% |
| Retail Loans | 30,491 | 31,448 | 34,470 | 9.6% | 13.0% |
| Housing Loans | 9,539 | 10,147 | 11,308 | 11.4% | 18.5% |
| Auto Loans | 1,317 | 1,287 | 1,272 | -1.2% | -3.4% |
| GPLs ⁽¹⁾ | 11,522 | 11,575 | 12,753 | 10.2% | 10.7% |
| Credit Card Loans | 8,113 | 8,438 | 9,137 | 8.3% | 12.6% |
| Non-Retail Loans | 40,924 | 42,166 | 48,051 | 14.0% | 17.4% |
| SME Loans ⁽²⁾ | 26,424 | 26,852 | 29,878 | 11.3% | 13.1% |
| Commercial and Corporate Loans | 14,500 | 15,313 | 18,172 | 18.7% | 25.3% |
| FX Loans | 35,301 | 36,880 | 42,762 | 15.9% | 21.1% |
| SME Loans ⁽²⁾ | 3,564 | 3,778 | 4,587 | 21.4% | 28.7% |
| Commercial and Corporate Loans | 31,737 | 33,101 | 38,174 | 15.3% | 20.3% |
| FX Loans (USD mn.) | 19,776 | 20,398 | 22,272 | 9.2% | 12.6% |
| SME Loans ⁽²⁾ | 1,996 | 2,090 | 2,389 | 14.3% | 19.7% |
| Commercial and Corporate Loans | 17,780 | 18,308 | 19,882 | 8.6% | 11.8% |

(1) Including overdraft accounts

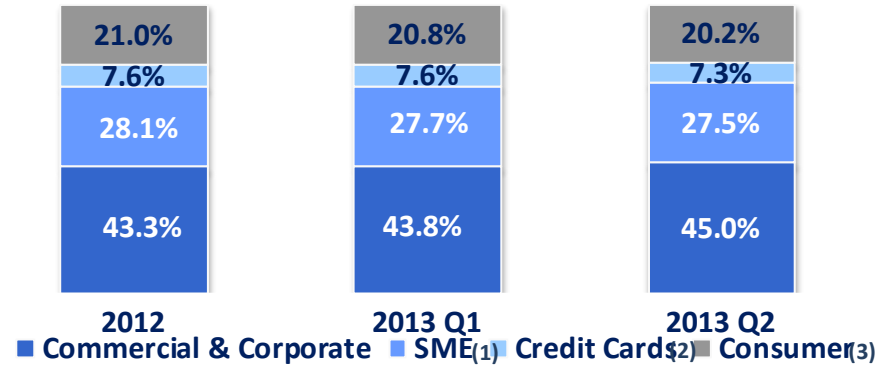
(2) SME definition includes companies with number of employees <= 250 and turnover or total assets <= TL 40 mn.

Loan Composition

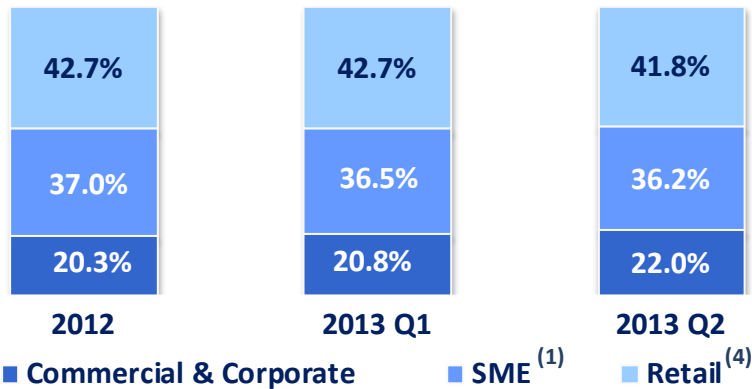
Currency Mix



Loan Composition - Total Loans



Loan Composition - TL Loans



Loan Composition - FX Loans



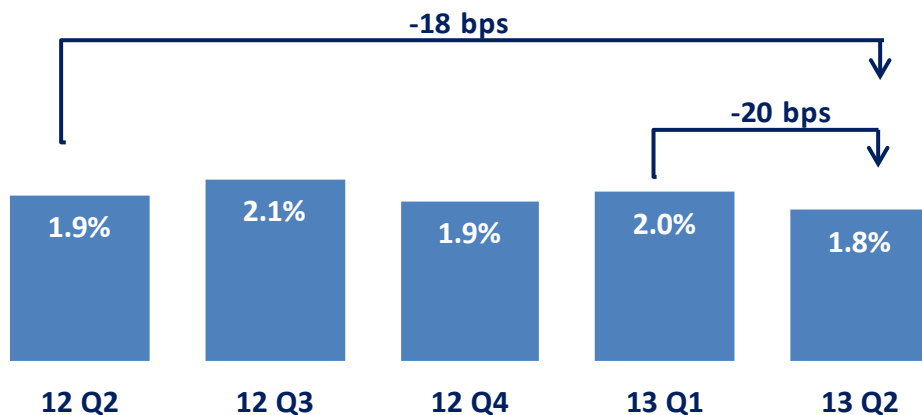
(1) SME definition includes companies with number of employees <= 250 and turnover or total assets <= TL 40 mn.

(2) Shows retail credit card balances only

(3) Including retail overdraft accounts

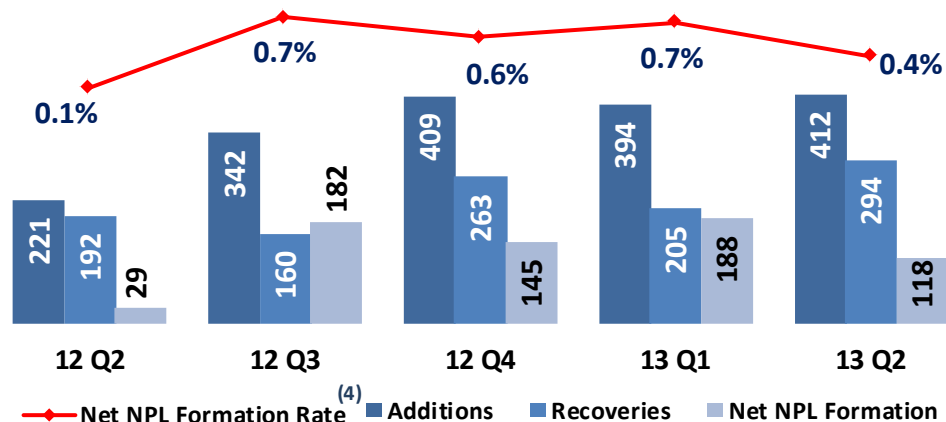
(4) Including retail credit cards and overdraft accounts

NPL Ratio



- Quarterly decline in net & gross NPL formation rates
- Gross CoR⁽¹⁾ is 82 bps.
- Coverage ratio is 78.3%.
- 27.5% collection rate⁽²⁾ in Q2 2013

NPL Trends⁽³⁾



NPL Sales (TL thousand)

| Period | Amount | Revenue |
|--------|---------|---------|
| 12 Q1 | - | - |
| 12 Q2 | 136,864 | 28,656 |
| 12 Q3 | - | - |
| 12 Q4 | 287,061 | 50,127 |
| 13 Q1 | - | - |
| 13 Q2 | 87,849 | 10,430 |

(1) Specific Provisions / Average Loans

(2) Collections / (Prior period ending balance NPL + Additions)

(3) Ratios are calculated on quarterly basis.

(4) Net NPL Formation / Average Loans

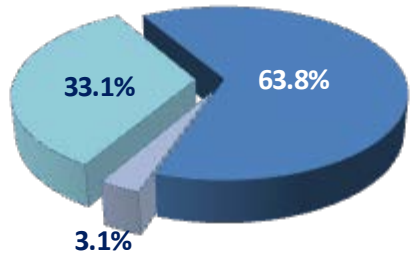
Securities Portfolio

Securities

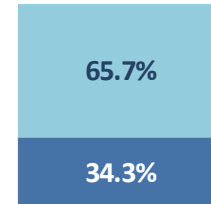
| (TL mn.) | 2012 | 2013 Q1 | 2013 Q2 | Δ QoQ | Δ YtD |
|-------------------------|--------|---------|---------|-------|--------|
| Total Securities | 38,055 | 36,986 | 36,279 | -1.9% | -4.7% |
| TL Securities | 31,703 | 31,188 | 30,428 | -2.4% | -4.0% |
| FX Securities | 6,351 | 5,799 | 5,851 | 0.9% | -7.9% |
| FX Securities (USD mn.) | 3,558 | 3,207 | 3,048 | -5.0% | -14.3% |

Composition of Securities Portfolio (Q2 2013)

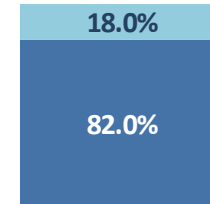
TL Securities



TL Securities

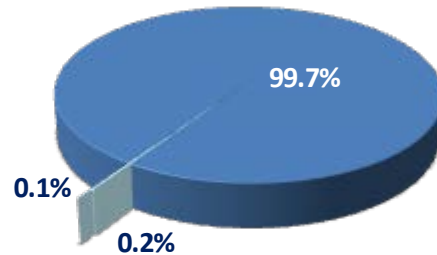


FX Securities



■ Discount & Fixed ■ Floating Rate Notes

FX Securities



■ Held for Trading ■ Available for Sale ■ Held to Maturity

- 33.2% share of CPI linkers in total portfolio
- TL 160 mn. of MtM differences:
HTM TL 300 mn.*
AFS TL -141 mn.
- Average durations:
1.09 years for TL Securities
3.84 years for FX Securities

* MtM differences for the HTM portfolio are not accounted for in the financial statements.

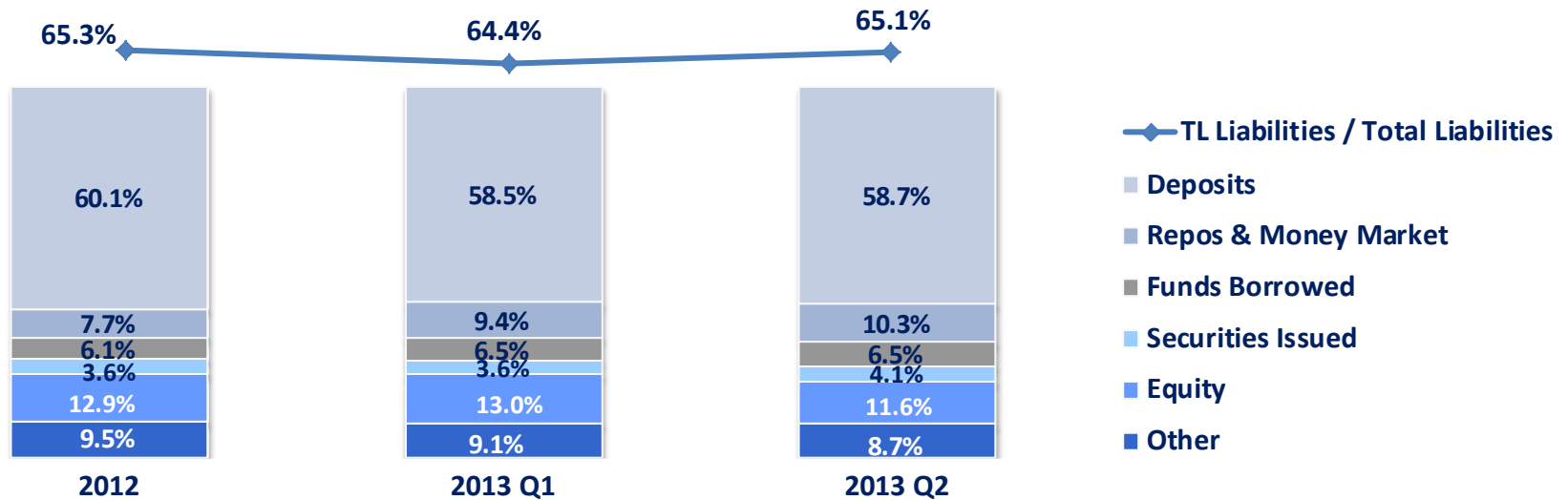
Liabilities Structure

Liabilities

| (TL mn.) | 2012 | 2013 Q1 | 2013 Q2 | Δ QoQ | Δ YtD |
|---------------------------------------|----------------|----------------|----------------|--------------|--------------|
| Deposits | 105,383 | 105,889 | 113,954 | 7.6% | 8.1% |
| REPOs & Money Market | 13,519 | 16,973 | 20,028 | 18.0% | 48.1% |
| Funds Borrowed | 10,748 | 11,730 | 12,628 | 7.7% | 17.5% |
| Securities Issued | 6,364 | 6,510 | 8,017 | 23.1% | 26.0% |
| Other ⁽¹⁾ | 16,711 | 16,471 | 16,806 | 2.0% | 0.6% |
| Equity | 22,719 | 23,490 | 22,555 | -4.0% | -0.7% |
| Total Liabilities & Equity | 175,444 | 181,064 | 193,988 | 7.1% | 10.6% |
| TL Liabilites | 114,591 | 116,583 | 126,359 | 8.4% | 10.3% |
| FX Liabilities | 60,853 | 64,482 | 67,629 | 4.9% | 11.1% |
| FX Liabilites (USD bn.) | 34,091 | 35,665 | 35,223 | -1.2% | 3.3% |

(1) Includes subordinated debt of USD 1 bn.

Liabilities Composition

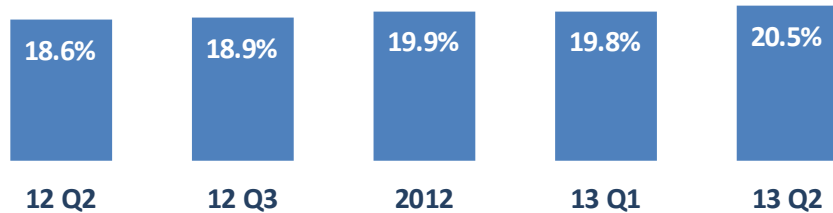


Deposits

Deposits

| (TL mn.) | 2012 | 2013 Q1 | 2013 Q2 | Δ QoQ | Δ YtD |
|------------------------------|---------|---------|---------|-------|-------|
| Total Deposits | 105,383 | 105,889 | 113,954 | 7.6% | 8.1% |
| TL Deposits | 64,990 | 62,342 | 70,539 | 13.1% | 8.5% |
| TL Saving Deposits | 41,453 | 41,443 | 44,254 | 6.8% | 6.8% |
| TL Commercial Deposits | 14,200 | 12,445 | 17,653 | 41.8% | 24.3% |
| Other TL Deposits | 9,337 | 8,453 | 8,632 | 2.1% | -7.5% |
| FX Deposits | 40,394 | 43,548 | 43,415 | -0.3% | 7.5% |
| FX Deposits (USD mn.) | 22,629 | 24,086 | 22,612 | -6.1% | -0.1% |
| Demand Deposits | 20,947 | 21,015 | 23,366 | 11.2% | 11.6% |

Demand Deposits / Total Deposits



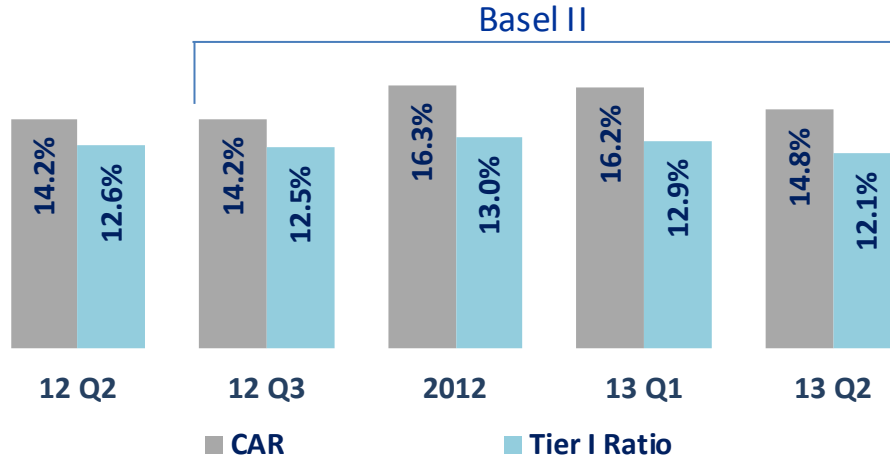
Demand Deposits Market Share



- Leadership in TL, FX, demand & total deposits among private sector banks
- Deposits make up 58.7% of total liabilities.
- TL deposits make up 61.9% of total deposits.
- Share of demand deposits in total deposits is 20.5%.

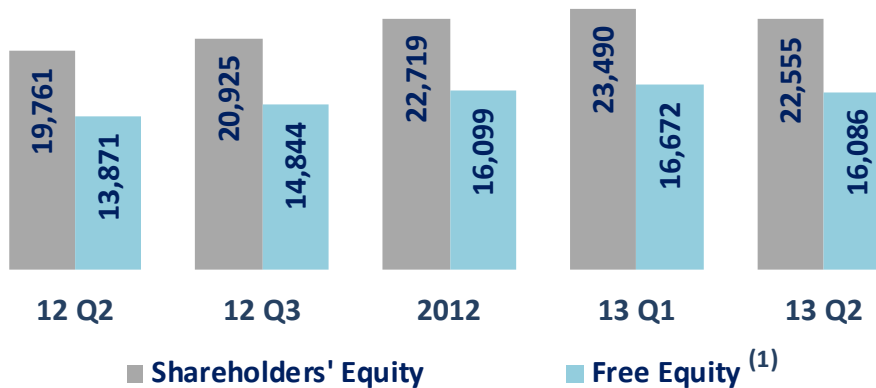
Sufficient Capitalization

Capital Adequacy Ratio



- Capital adequacy ratio is well above the regulatory limit.
- Comfortable level of capital for further growth

Free Equity vs. Total Shareholders' Equity (TL mn.)



(1) Free Equity = Shareholders' Equity – (Non-Financial Participations + Fixed Assets + Net Non-Performing Loans)

Income Statement Highlights

| (TL mn.) | 2013 Q1 | 2013 Q2 | Δ QoQ | 2012 H1 | 2013 H1 | Δ YoY |
|---|--------------------|--------------|---------------|--------------------|--------------------|--------------|
| <i>Interest Income</i> | 3,231 | 3,278 | 1.5% | 6,669 | 6,509 | -2.4% |
| <i>Interest Expense</i> | 1,509 | 1,551 | 2.8% | 3,928 | 3,060 | -22.1% |
| Net Interest Income | 1,722 | 1,727 | 0.3% | 2,741 | 3,449 | 25.9% |
| Net Fees & Commissions | 463 | 516 | 11.4% | 799 | 979 | 22.4% |
| Net Trading Gains/Losses | 153 | 142 | -7.5% | 275 | 295 | 7.0% |
| Dividends Received | 160 | 290 | 81.7% | 418 | 450 | 7.8% |
| Released Provisions | 291 ⁽¹⁾ | 187 | -35.6% | 456 | 478 ⁽¹⁾ | 4.9% |
| Gains on Asset Sales | 50 | 17 | -65.1% | 33 | 68 | 104.4% |
| Other Operating Income | 23 | 19 | -17.5% | 53 | 42 | -20.5% |
| Total Operating Income | 2,862 | 2,899 | 1.3% | 4,775 | 5,761 | 20.6% |
| Personnel Expenses | 442 | 614 | 39.1% | 944 | 1,056 | 11.8% |
| Other Operational Expenses | 331 | 360 | 8.6% | 626 | 691 | 10.4% |
| Depreciation & Amortization | 67 | 78 | 16.8% | 120 | 145 | 21.0% |
| Other Expenses | 316 ⁽²⁾ | 238 | -24.7% | 266 | 554 ⁽²⁾ | 108.2% |
| Total Operating Expenses | 1,156 | 1,290 | 11.6% | 1,957 | 2,446 | 25.0% |
| Operating Profit | 1,706 | 1,608 | -5.7% | 2,818 | 3,314 | 17.6% |
| Loan Loss Provisions | 225 | 241 | 7.1% | 375 | 466 | 24.2% |
| General and Other Provision Charges | 271 ⁽³⁾ | 267 | -1.4% | 417 ⁽³⁾ | 538 ⁽³⁾ | 29.1% |
| Total Provision Charges (Excluding Tax Provisions) | 496 | 508 | 2.5% | 792 | 1,004 | 26.8% |
| Tax Provisions | 186 | 223 | 19.5% | 365 | 409 | 12.0% |
| Net Income | 1,024 | 877 | -14.3% | 1,661 | 1,901 | 14.5% |

- Significant YoY growth in NII and net fees & commissions income
- Core banking income up by 23.8%, and operating profit up by 17.6% annually
- 14.5% annual bottom-line growth

(1) Include TL 112 mn. provision reversals related to the asset sales.

(2) Include TL 97 mn. loss on the asset sales.

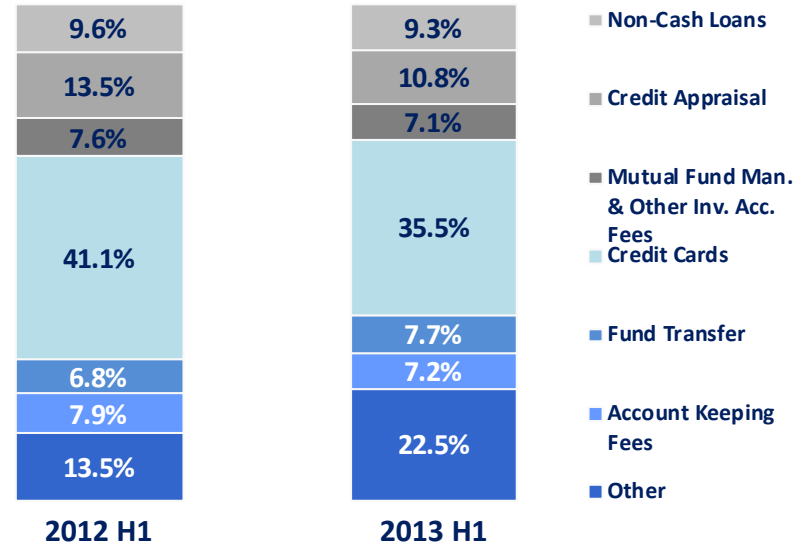
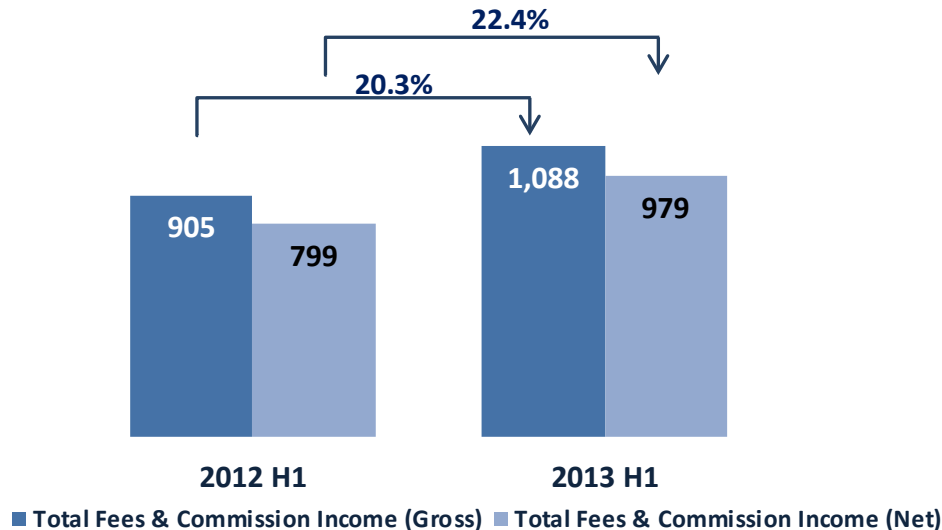
(3) 2013 Q1 and 2013H1 figures include TL 100 mn. free provisions. 2012 H1 figure includes TL 50 mn. free provisions.

Commissions Income Performance

| (TL thousand) | 2013 Q1 | 2013 Q2 | Δ QoQ | 2012 H1 | 2013 H1 | Δ YoY |
|---|----------------|----------------|--------------|----------------|------------------|--------------|
| Non-Cash Loans | 47,445 | 53,433 | 12.6% | 86,718 | 100,878 | 16.3% |
| Credit Appraisal | 56,190 | 61,892 | 10.1% | 122,121 | 118,082 | -3.3% |
| Mutual Fund Man. & Other Inv. Acc. Fees | 37,419 | 39,755 | 6.2% | 68,359 | 77,173 | 12.9% |
| Credit Cards | 184,922 | 201,172 | 8.8% | 372,065 | 386,094 | 3.8% |
| Fund Transfer | 40,665 | 43,027 | 5.8% | 61,739 | 83,692 | 35.6% |
| Account Keeping Fees | 28,255 | 49,600 | 75.5% | 71,719 | 77,855 | 8.6% |
| Other | 118,064 | 126,564 | 7.2% | 122,203 | 244,629 | 100.2% |
| Total Fees & Commission Income (Gross) | 512,960 | 575,443 | 12.2% | 904,924 | 1,088,403 | 20.3% |
| Total Fees & Commission Income (Net) | 462,932 | 515,848 | 11.4% | 799,384 | 978,780 | 22.4% |

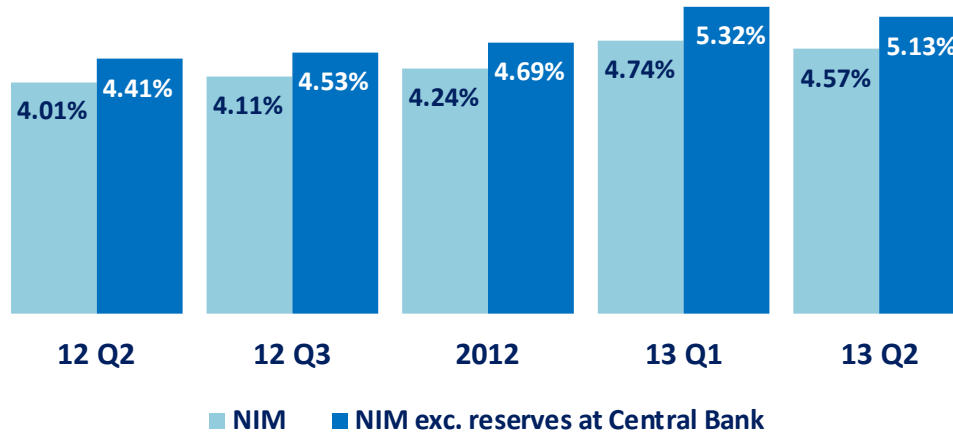
- All items contributed to QoQ fee income growth.
- Higher contribution to operating income
- Diversified fees & commissions base

Fees & Commissions Income (TL mn.)

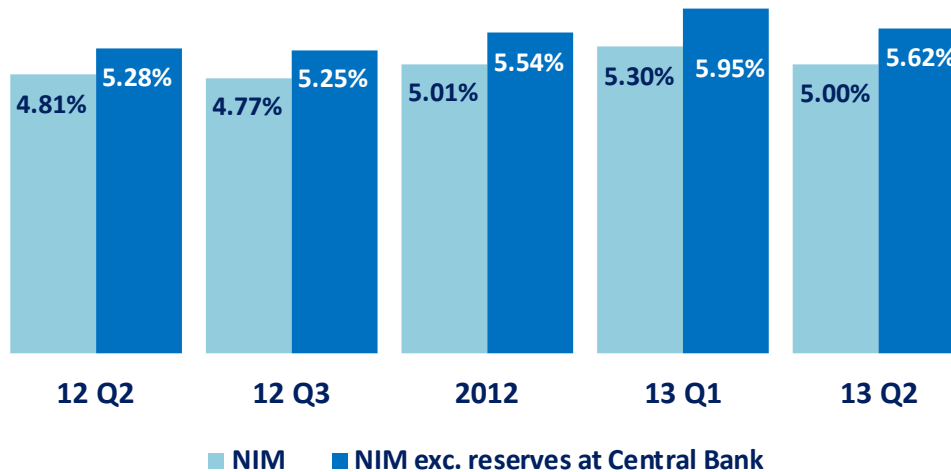


Margins

NIM (Cumulative)⁽¹⁾



Adjusted NIM (Cumulative)⁽¹⁾⁽²⁾

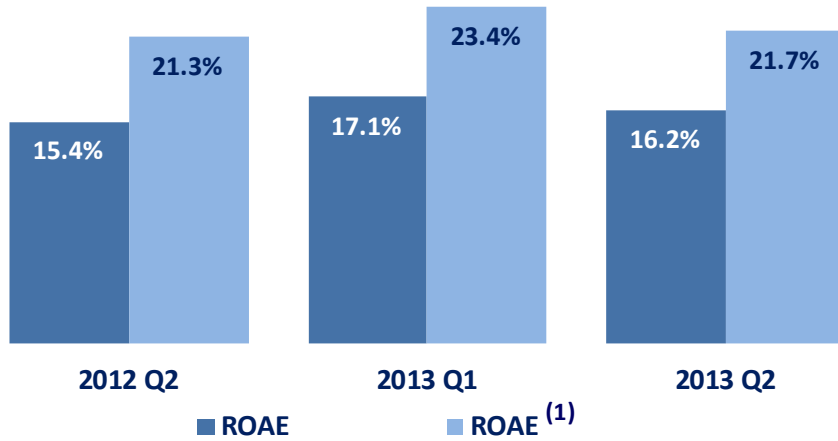


(1) Based on MIS data

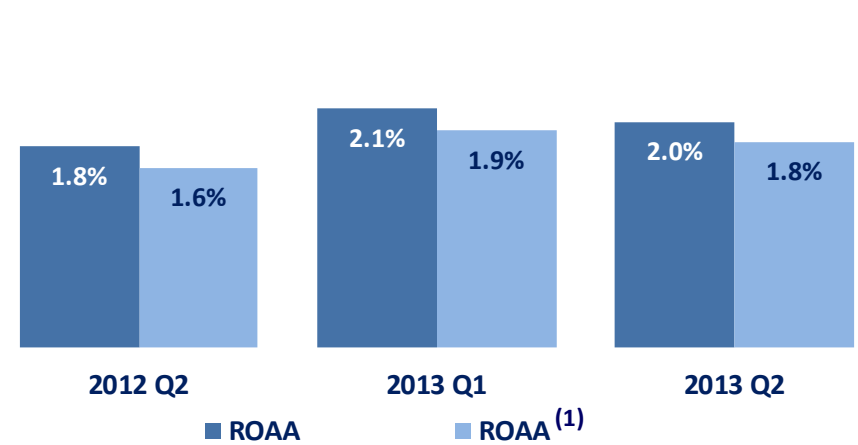
(2) Adjusted for Securities Trading Gains / Losses and Foreign Exchange Gains / Losses

Profitability and Efficiency Ratios (*)

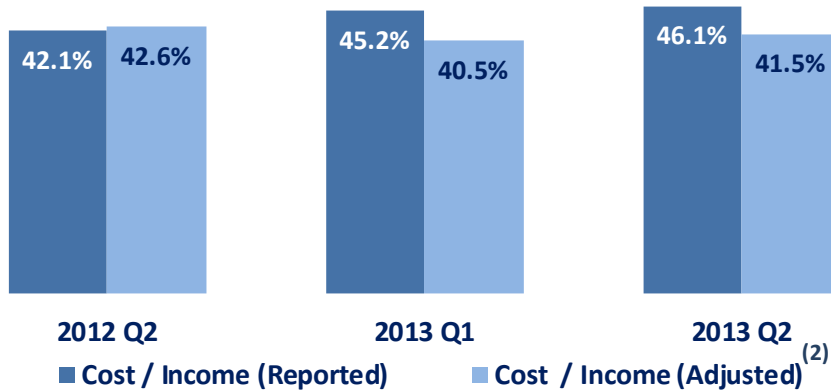
ROAE



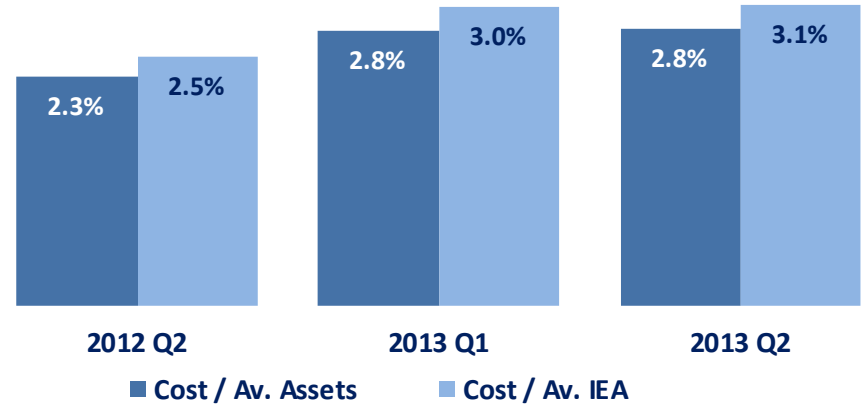
ROAA



Cost / Income



Cost vs. Assets



(1) On banking business (excluding equity participations portfolio)

(2) Adjusted for the asset sale impact in 2013 Q1 and additional provision for pension fund of TL 440 mn.

(*) All calculations are based on trailing four quarters' data.

Q&A

Appendix – Quarterly Income Statement Highlights

| (TL mn.) | 2012 Q2 | 2012 Q3 | 2012 Q4 | 2013 Q1 | 2013 Q2 | Δ QoQ |
|---|--------------|--------------------|--------------------|--------------------|--------------|---------------|
| Interest Income | 3,378 | 3,404 | 3,318 | 3,231 | 3,278 | 1.5% |
| Interest Expense | 1,949 | 1,888 | 1,646 | 1,509 | 1,551 | 2.8% |
| Net Interest Income | 1,429 | 1,515 | 1,672 | 1,722 | 1,727 | 0.3% |
| Net Fees & Commissions | 429 | 406 | 501 | 463 | 516 | 11.4% |
| Net Trading Gains/Losses | 194 | -11 | 326 | 153 | 142 | -7.5% |
| Dividends Received | 323 | 0 | 0 | 160 | 290 | 81.7% |
| Released Provisions | 227 | 247 ⁽¹⁾ | 222 | 291 ⁽²⁾ | 187 | -35.6% |
| Gains on Asset Sales | 23 | 10 | 42 | 50 | 17 | -65.1% |
| Other Operating Income | 25 | 21 | 89 | 23 | 19 | -17.5% |
| Total Operating Income | 2,649 | 2,187 | 2,853 | 2,862 | 2,899 | 1.3% |
| Personnel Expenses | 531 | 477 | 400 | 442 | 614 | 39.1% |
| Other Operational Expenses | 352 | 262 | 334 | 331 | 360 | 8.6% |
| Depreciation & Amortization | 62 | 66 | 67 | 67 | 78 | 16.8% |
| Other Expenses | 139 | 339 ⁽³⁾ | 584 ⁽³⁾ | 316 ⁽⁴⁾ | 238 | -24.7% |
| Total Operating Expenses | 1,084 | 1,143 | 1,385 | 1,156 | 1,290 | 11.6% |
| Operating Profit | 1,565 | 1,044 | 1,468 | 1,706 | 1,608 | -5.7% |
| Loan Loss Provisions | 206 | 18 ⁽¹⁾ | 208 | 225 | 241 | 7.1% |
| General and Other Provision Charges | 224 | 161 | 30 | 271 ⁽⁵⁾ | 267 | -1.4% |
| Total Provision Charges (Excluding Tax Provisions) | 429 | 180 | 237 | 496 | 508 | 2.5% |
| Tax Provisions | 183 | 180 | 266 | 186 | 223 | 19.5% |
| Net Income | 953 | 684 | 965 | 1,024 | 877 | -14.3% |

(1) Both items include the positive impact of change in the provisioning policy (TL 348 mn. in total)

(2) Includes TL 112 mn. provision reversals related to the asset sales.

(3) Include one-off additional provision for pension fund of TL 123 mn. and TL 317 mn. for 2012 Q3 and Q4, respectively.

(4) Includes TL 97 mn. loss on the asset sales.

(5) Includes and TL 100 mn. free provisions.

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