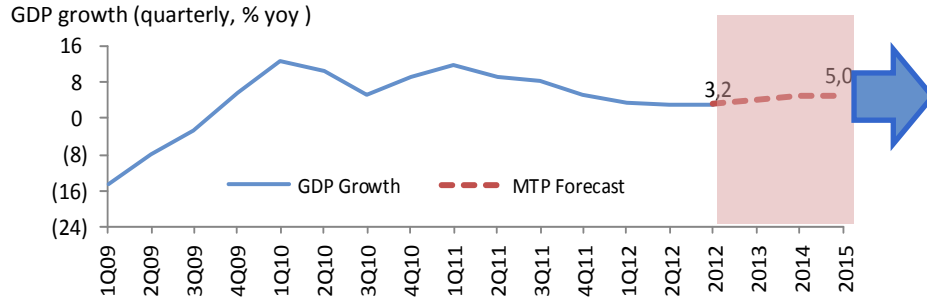




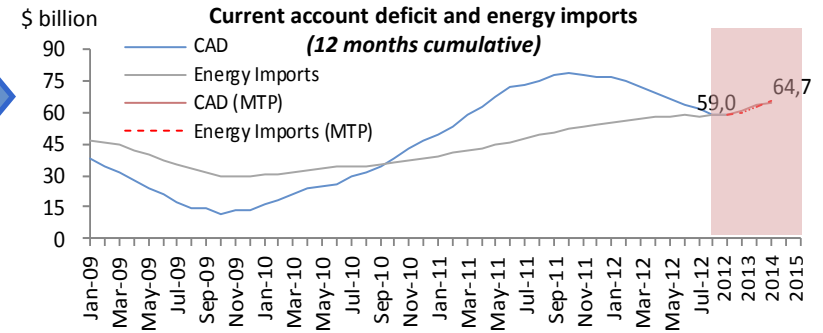
**ISBANK
EARNINGS
PRESENTATION
2012 Q3**

Recent macro developments

Mild economic slowdown continues

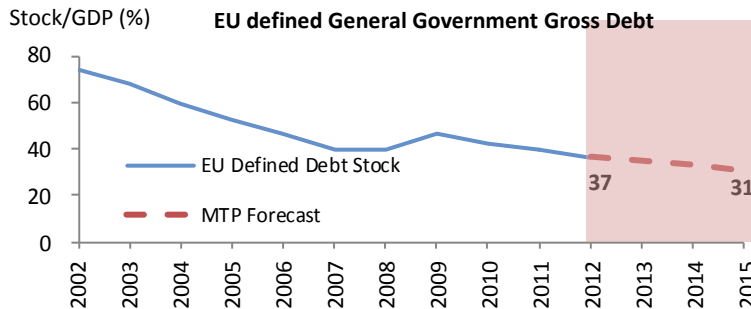


Rebalancing became more evident

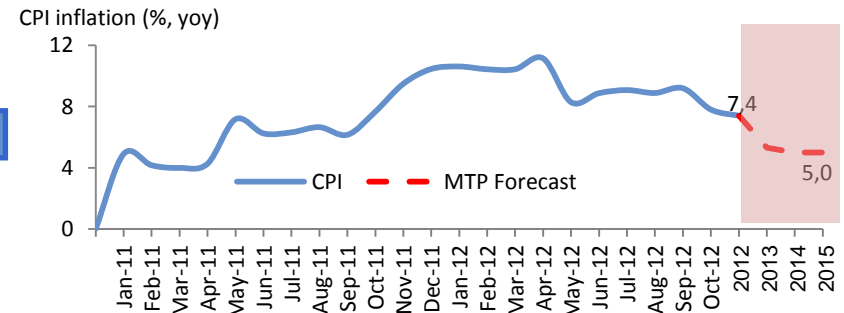


- Turkey continues to perform in line with the “soft landing” scenario in 2012. The growth rate is targeted to reach 4% in 2013 which indicates convergence to its potential level as 5%.
- The year’s lowest quarterly performance in domestic economic activity was recorded in 3Q 2012.
- CPI inflation is expected to decline to 7.4% at the end of 2012 according to the Medium Term Program (MTP).
- In the first nine months of 2012, 13.7% annual growth in exports and 2.9% decline in imports contributed to the improvement in C/A deficit, thus, C/A deficit has continued to narrow down in 3Q 2012.
- The rebalancing of domestic and external demand has become more evident and enables the Turkish economy to better cope with vulnerabilities.
- Taking into consideration the recent achievements in the Turkish economy, international rating agency, Fitch, upgraded Turkey’s long-term foreign currency rating from BB+ to BBB- with a stable rating outlook on November 5th. For the first time since 1994, Turkey received investment grade.

Fiscal performance is in line with the targets



Inflation outlook has improved



Period's Highlights

Loans & Asset Quality

- A temporary slowdown in loan growth, a flat Q3, recovery is expected in Q4
- Growth in interest income on loans continued to support NII.
- NPL coverage ratio is 83.6%, which is above the sector average (75.5%).
- NPL additions have increased as expected, but with a slower pace compared to the sector.
- Market leadership in consumer loans, TL loans and total loans maintained.

Funding & Capital Adequacy

- Strong growth in TL deposits, decline in REPO funding
- Share of demand deposits in total deposits continued to increase and reached 18.9%.
- Largest TL, FX, TL savings, demand, gold and total deposit base among private sector banks has been maintained.
- Increasing share of securities issued in total funding is supporting the maturity profile.
- Impact of Basel II has been limited, CAR is standing well above regulatory limit.

P&L

- A stable yield on the loan portfolio and further improvement in the cost of deposits
- 6.0% quarterly growth in NII, 10 bps increase in NIM, NIM has reached 4.1%.
- Strong growth in net fees & commissions with an annual growth of 17.5%

Largest Private Bank...

	Market Shares (%) ⁽¹⁾		Rank ⁽²⁾	
	2011	2012 Q3	2011	2012 Q3
Total Assets	13.9	13.4	1 st	1 st
Total Loans	14.1	13.7	1 st	1 st
TL Loans	13.0	12.6	1 st	1 st
FX Loans	16.6	16.7	2 nd	2 nd
Consumer Loans⁽³⁾	11.6	11.9	1 st	1 st
Total Deposits	14.2	13.8	1 st	1 st
TL Deposits	13.4	13.0	1 st	1 st
FX Deposits	15.7	15.3	1 st	1 st
Demand Deposits	15.9	15.5	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

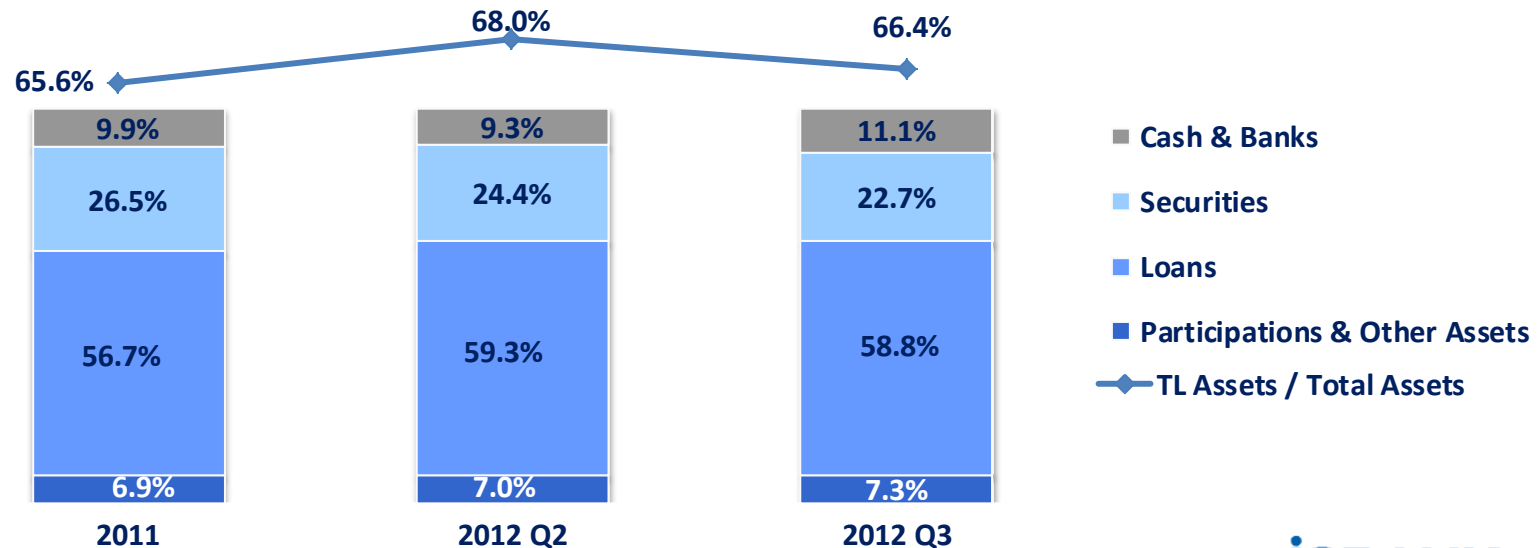
(3) Including retail overdraft accounts

Asset Structure

Assets

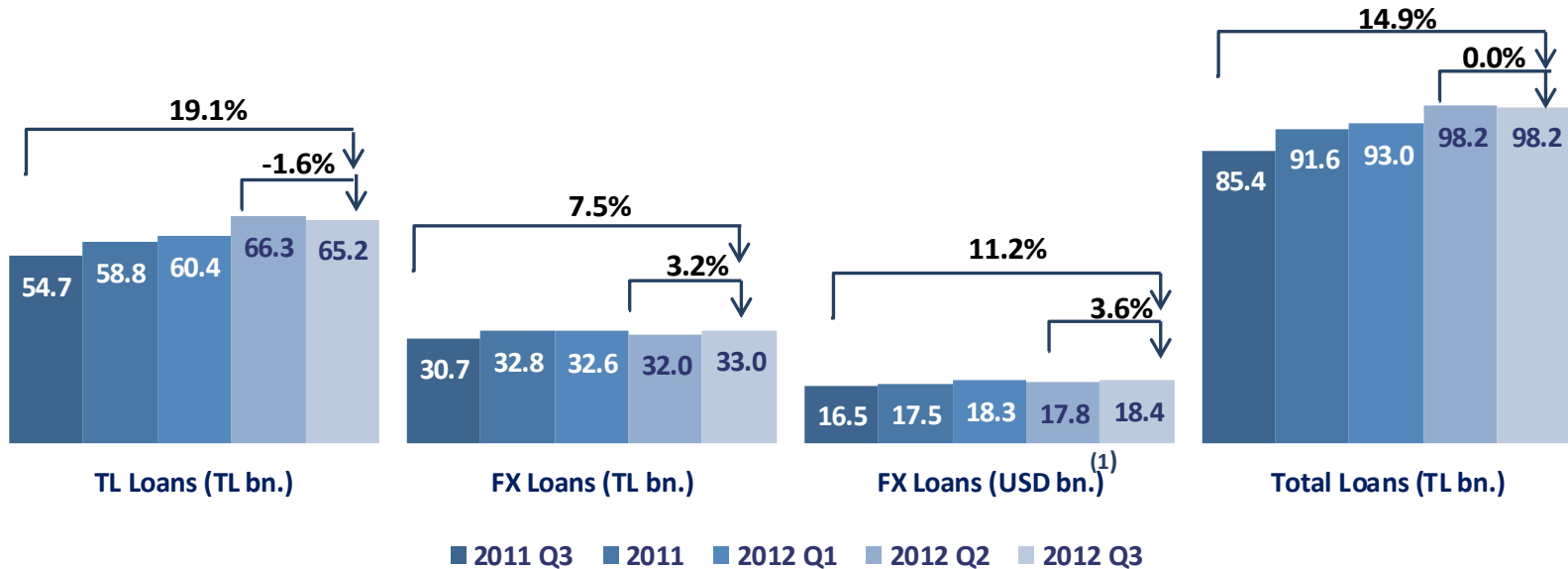
(TL mn.)	2011	2012 Q2	2012 Q3	Δ QoQ	Δ YtD
Cash & Banks	16,034	15,477	18,600	20.2%	16.0%
Securities (Net)	42,778	40,389	37,829	-6.3%	-11.6%
Loans	91,621	98,222	98,185	0.0%	7.2%
Participations (Net)	6,275	6,980	7,101	1.7%	13.2%
Fixed Assets (Net)	1,983	1,927	1,937	0.5%	-2.4%
Other Assets	2,977	2,613	3,195	22.3%	7.3%
Total Assets	161,669	165,608	166,847	0.7%	3.2%
TL Assets	106,007	112,621	110,776	-1.6%	4.5%
FX Assets	55,661	52,987	56,070	5.8%	0.7%
FX Assets (USD mn.)	29,607	29,437	31,272	6.2%	5.6%

Asset Composition

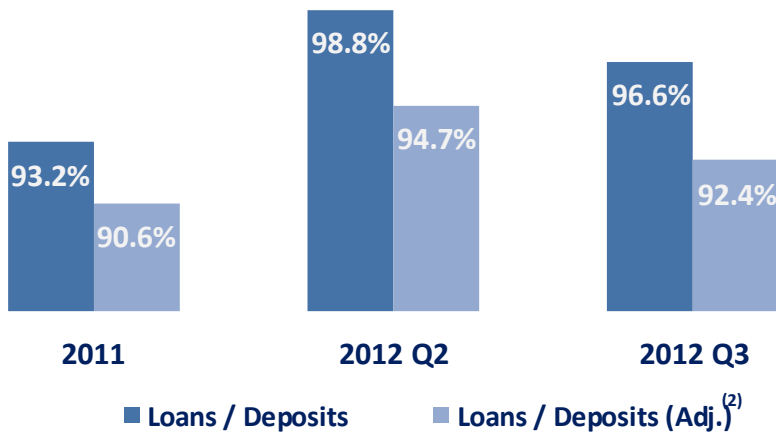


Loan Portfolio

Loans



Loans/Deposits



- Market leader in TL & total loans
- Share of loans in total assets is 59%.
- Decrease in Loans/Deposits ratio

(1) FX loans expressed in USD equivalent.
 (2) TL securities issued added to deposits.

Loan Portfolio

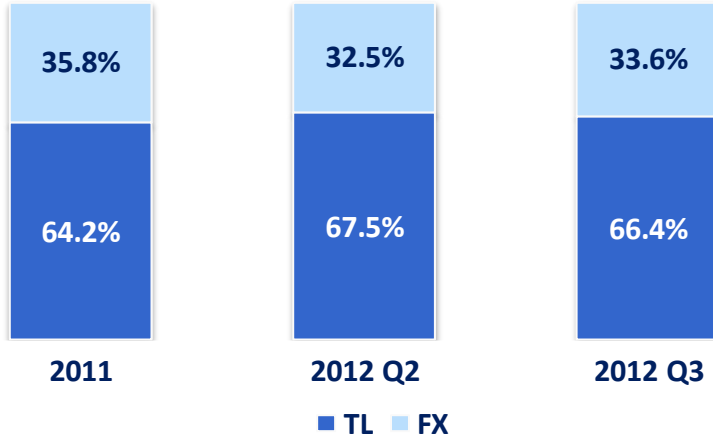
Loans

(TL mn.)	2011	2012 Q2	2012 Q3	Δ QoQ	Δ YtD
Total Loans	91,621	98,222	98,185	0.0%	7.2%
TL Loans	58,804	66,253	65,203	-1.6%	10.9%
Retail Loans	25,457	27,858	29,075	4.4%	14.2%
Housing Loans	7,943	8,510	8,809	3.5%	10.9%
Auto Loans	1,149	1,249	1,258	0.7%	9.5%
GPLs	9,741	10,705	11,225	4.9%	15.2%
Credit Card Loans	6,624	7,394	7,784	5.3%	17.5%
SME Loans⁽¹⁾	18,199	20,270	20,683	2.0%	13.6%
Commercial and Corporate Loans	15,148	18,125	15,445	-14.8%	2.0%
FX Loans	32,817	31,969	32,983	3.2%	0.5%
SME Loans⁽¹⁾	1,600	1,664	1,769	6.3%	10.5%
Commercial and Corporate Loans	31,217	30,304	31,214	3.0%	0.0%
FX Loans (USD mn.)	17,456	17,760	18,395	3.6%	5.4%
SME Loans⁽¹⁾	851	924	986	6.7%	15.9%
Commercial and Corporate Loans	16,605	16,836	17,409	3.4%	4.8%

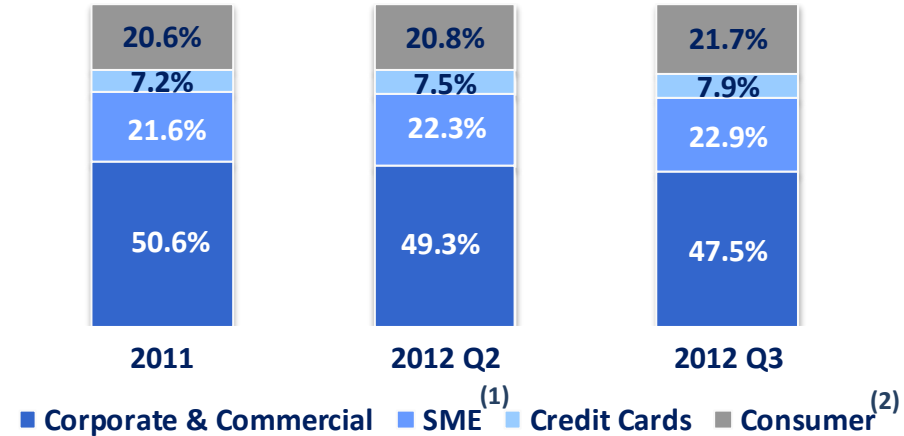
(1) SME definition includes companies with turnover or total assets < = TL 25 mn. or number of employees <= 250.

Loan Composition

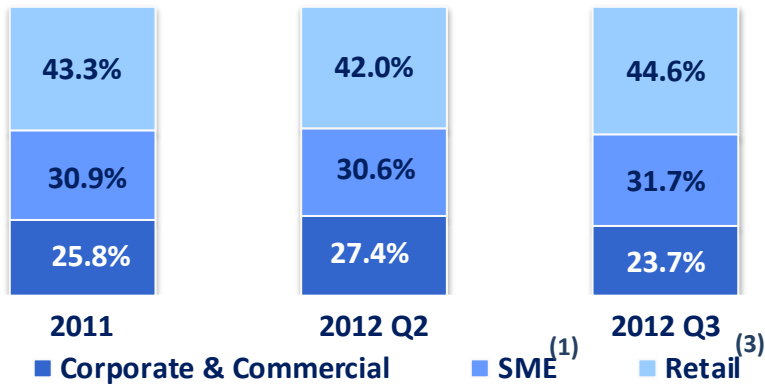
Currency Mix



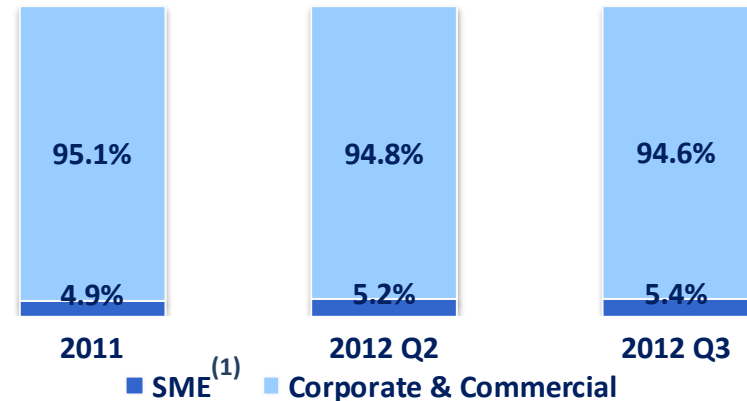
Loan Composition - Total Loans



Loan Composition - TL Loans



Loan Composition - FX Loans

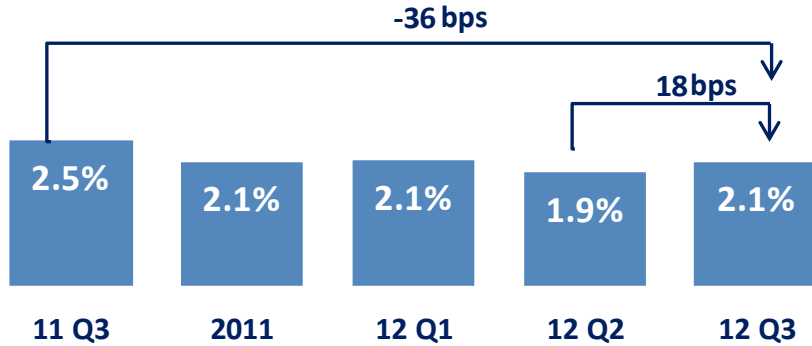


(1) SME definition includes companies with turnover or total assets <= TL 25 mn. or number of employees <= 250.

(2) Including retail overdraft accounts

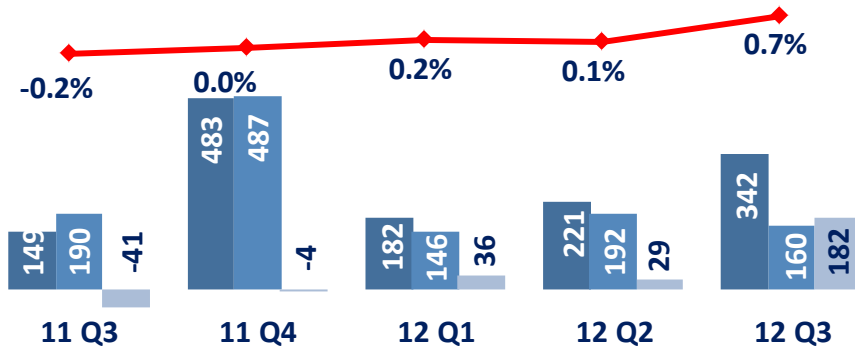
(3) Including retail credit cards and overdraft accounts

NPL Ratio



- Coverage ratio is 84%, TL 348 mn of positive impact with the change in 100% provisioning policy.
- 22% collection rate⁽¹⁾ in Q3 2012

NPL Trends⁽²⁾



- Net NPL Formation Rate⁽³⁾ ■ Additions to NPLs ■ Recoveries ■ Net NPL Formation

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

(2) Ratios are calculated on quarterly basis.

(3) Net NPL Formation / Average Loans

NPL Sales (TL thousand)

Period	Amount	Revenue
11 Q3	-	-
11 Q4	221,701	42,055
12 Q1	-	-
12 Q2	136,864	28,656
12 Q3	-	-

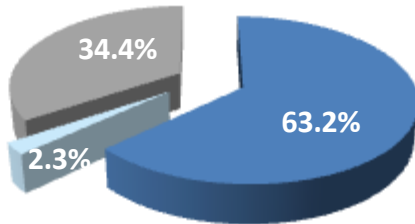
Securities Portfolio

Securities

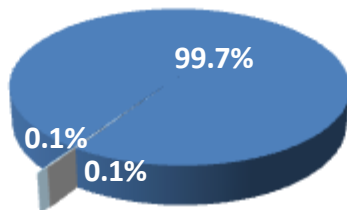
(TL mn.)	2011	2012 Q2	2012 Q3	Δ QoQ	ΔYtD
Total Securities	42,778	40,389	37,829	-6.3%	-11.6%
TL Securities	32,452	33,235	31,416	-5.5%	-3.2%
FX Securities	10,326	7,154	6,414	-10.3%	-37.9%
FX Securities (USD mn.)	5,492	3,974	3,577	-10.0%	-34.9%

Composition of Securities Portfolio (2012 Q3)

TL Securities

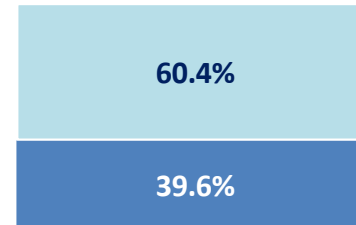


FX Securities



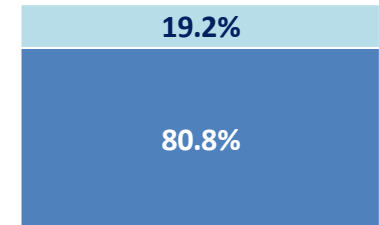
■ Held for Trading ■ Available For Sale ■ Held To Maturity

TL Securities



■ Discount & Fixed

FX Securities



■ Floating Rate Notes

- 28% share of CPI linkers in total portfolio
- TL 1,408 mn of MtM differences :
HTM TL 720 mn.*
AFS TL 688 mn.
- Average durations:
0.87 years for TL Securities
3.43 years for FX Securities

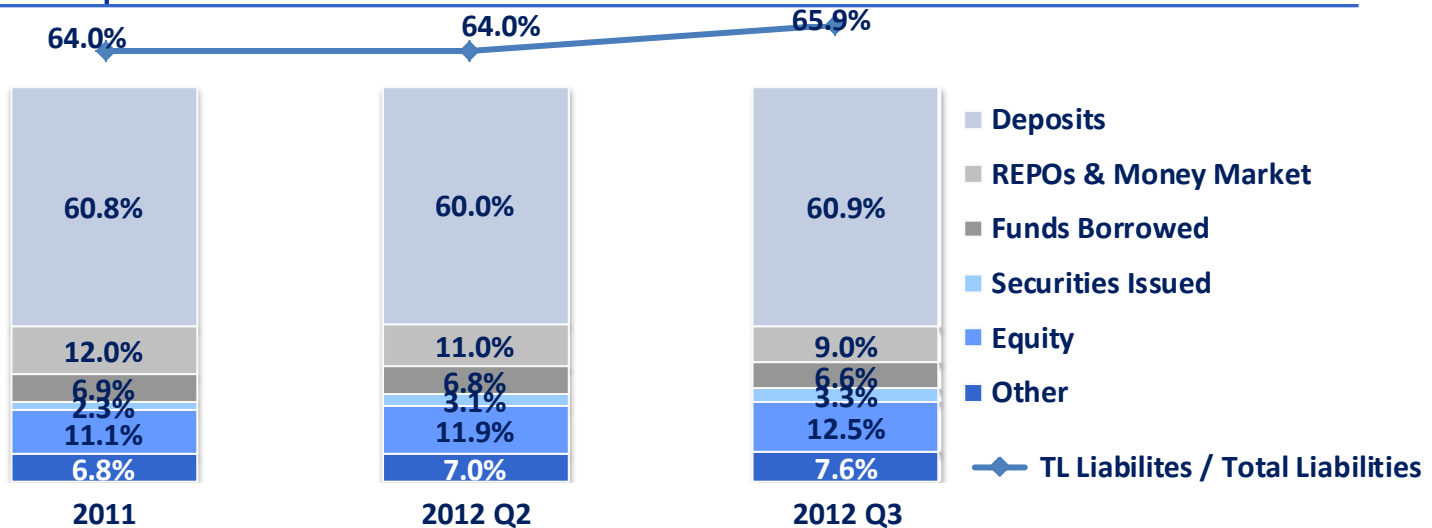
* MtM differences for the HTM portfolio are not accounted for in the financial statements.

Liabilities Structure

Liabilities

(TL mn.)	2011	2012 Q2	2012 Q3	Δ QoQ	Δ YtD
Deposits	98,313	99,433	101,628	2.2%	3.4%
REPOs & Money Market	19,461	18,230	14,997	-17.7%	-22.9%
Funds Borrowed	11,148	11,344	11,093	-2.2%	-0.5%
Securities Issued	3,781	5,168	5,538	7.2%	46.5%
Other	11,043	11,673	12,665	8.5%	14.7%
Equity	17,921	19,761	20,925	5.9%	16.8%
Total Liabilities & Equity	161,669	165,608	166,847	0.7%	3.2%
TL Liabilites	103,468	105,948	109,989	3.8%	6.3%
FX Liabilites	58,201	59,660	56,858	-4.7%	-2.3%
FX Liabilites (USD bn.)	30,958	33,145	31,711	-4.3%	2.4%

Liabilities Composition

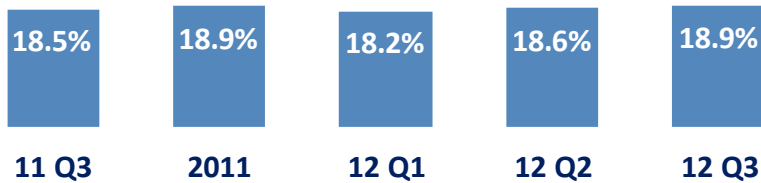


Deposits

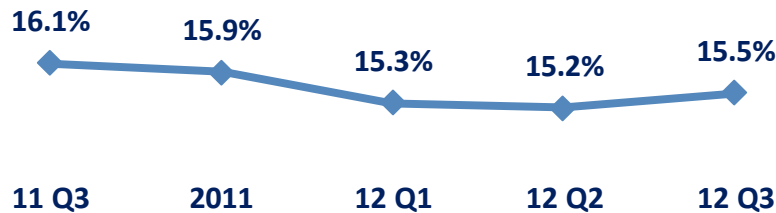
Deposits

(TL mn.)	2011	2012 Q2	2012 Q3	Δ QoQ	Δ YtD
Total Deposits	98,313	99,433	101,628	2.2%	3.4%
TL Deposits	60,332	58,019	62,762	8.2%	4.0%
TL Saving Deposits	40,664	39,136	41,635	6.4%	2.4%
TL Commercial Deposits	11,678	11,424	11,879	4.0%	1.7%
Other TL Deposits	7,991	7,459	9,249	24.0%	15.7%
FX Deposits	37,981	41,414	38,866	-6.2%	2.3%
FX Deposits (USD mn.)	20,202	23,008	21,676	-5.8%	7.3%
Demand Deposits	18,627	18,530	19,257	3.9%	3.4%

Demand Deposits/Total Deposits



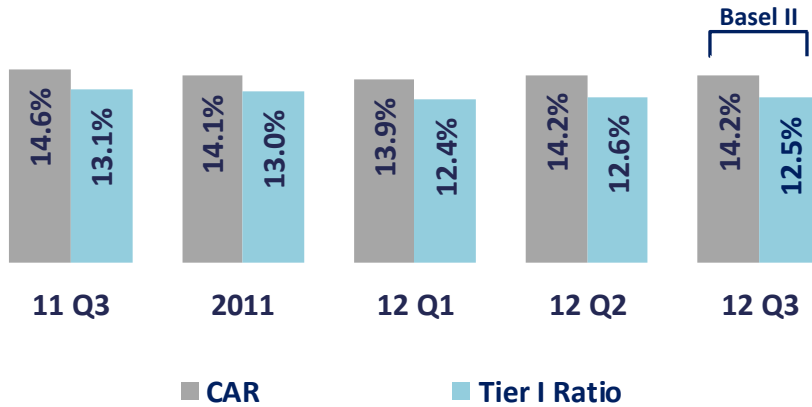
Demand Deposits Market Share



- Leadership in TL, FX, demand & total deposits among private sector banks
- Deposits make up 61% of total liabilities.
- TL deposits make up 62% of total deposits.
- Share of demand deposits in total deposits is 19%.

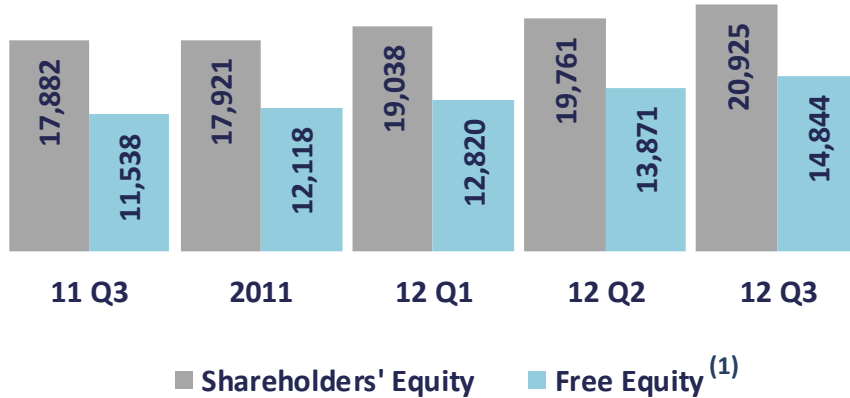
Sufficient Capitalization

Capital Adequacy Ratio



- Capital adequacy ratio is well above the regulatory limit.

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.)	2012 Q2	2012 Q3	Δ QoQ	9M11	9M12	Δ YoY
Interest Income	3,378	3,404	0.8%	7,795	10,072	29.2%
Interest Expense	1,949	1,888	-3.1%	4,548	5,817	27.9%
Net Interest Income	1,429	1,515	6.0%	3,247	4,256	31.1%
Net Fees & Commissions	429	406	-5.5%	1,026	1,205	17.5%
Net Trading Gains/Losses	194	-11	--	28	264	++
Dividends Received	323	-	--	556	418	-24.8%
Released Provisions	227	247 ⁽¹⁾	8.7%	749	702 ⁽¹⁾	-6.3%
Gains on Asset Sales	23	10	-57.1%	145	43	-70.4%
Other Operating Income	25	21	-16.1%	73	74	2.1%
Total Operating Income	2,649	2,187	-17.4%	5,822	6,962	19.6%
Personnel Expenses	531	477	-10.2%	1,406	1,421	1.1%
Other Operational Expenses	352	262	-25.7%	756	888	17.5%
Depreciation & Amortization	62	66	6.2%	163	186	14.3%
Other Expenses	86	414 ⁽³⁾	380.8%	265	605 ⁽³⁾	128.7%
Total Operating Expenses	1,031	1,219	18.2%	2,589	3,100	19.7%
Operating Profit	1,618	968	-40.2%	3,233	3,862	19.4%
Loan Loss Provisions	206	18 ⁽¹⁾	-91.2%	392	393 ⁽¹⁾	0.3%
General and Other Provision Charges	277	86	-68.9%	642	578 ⁽⁴⁾	-9.9%
Total Provision Charges (Excluding Tax Provisions)	482	104	-78.4%	1,034	972	-6.0%
Tax Provisions	183	180	-1.7%	396	545	37.5%
Net Income	953	684	-28.2%	1,803	2,345	30.1%

- Significant growth in NII and net fees & commissions income
- Total operating income excluding dividends received and net trading gains / losses is up 3% quarterly.
- Core banking income⁽²⁾ up by 33%, operating profit up by 19% and net income up by 30% YoY.
- YoY improvement in the bottom line

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

(2) Core Banking Income = NII + Net Fees & Commissions + Net Trading Gains

(3) Includes TL 317 mn. additional provisions for pension fund.

(4) Includes TL 50 mn. free provisions.

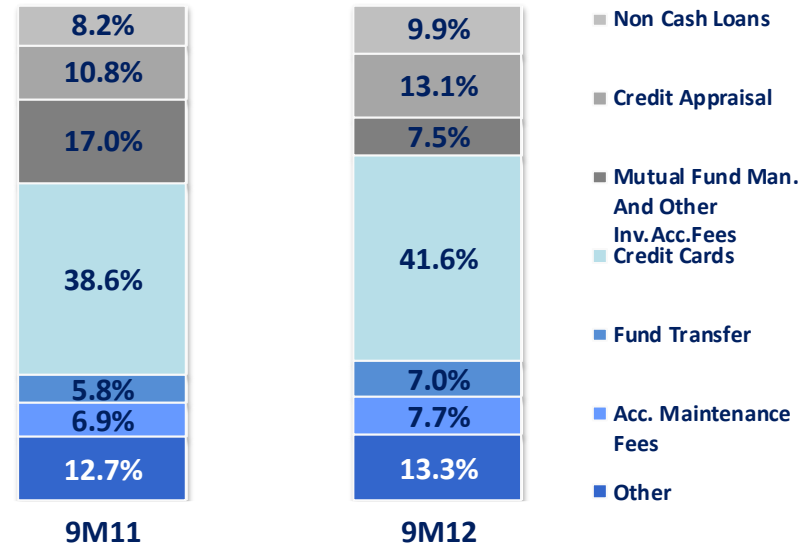
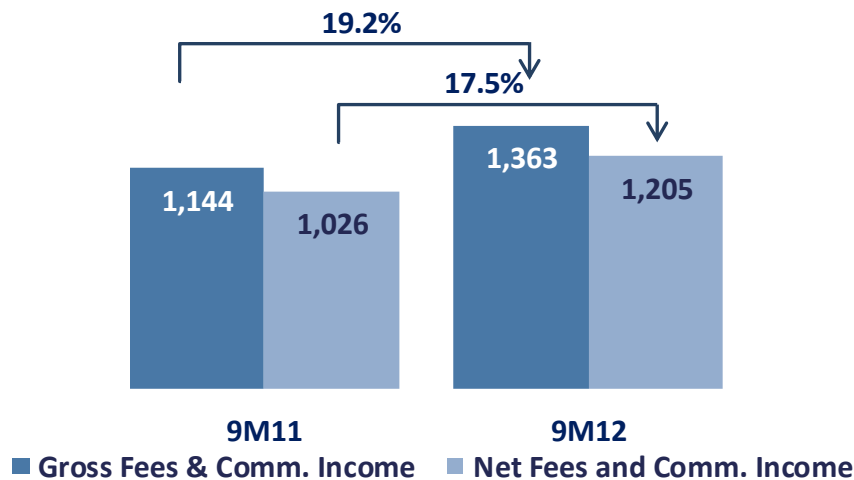
Commissions Income Performance

Fees and Commissions Received (Gross)

(TL thousand)	9M11	9M12	Δ YoY
Non-Cash Loans	93,552	134,417	43.7%
Credit Appraisal	123,683	177,861	43.8%
Mutual Fund Man. & Other Inv. Acc. Fees	194,401	102,725	-47.2%
Credit Cards	441,708	566,388	28.2%
Fund Transfer	65,943	95,727	45.2%
Acc. Maintenance Fees	78,558	104,732	33.3%
Other	145,764	181,006	24.2%
Total Gross Commissions Income	1,143,610	1,362,857	19.2%
Net Fees and Commissions Income	1,025,512	1,205,209	17.5%

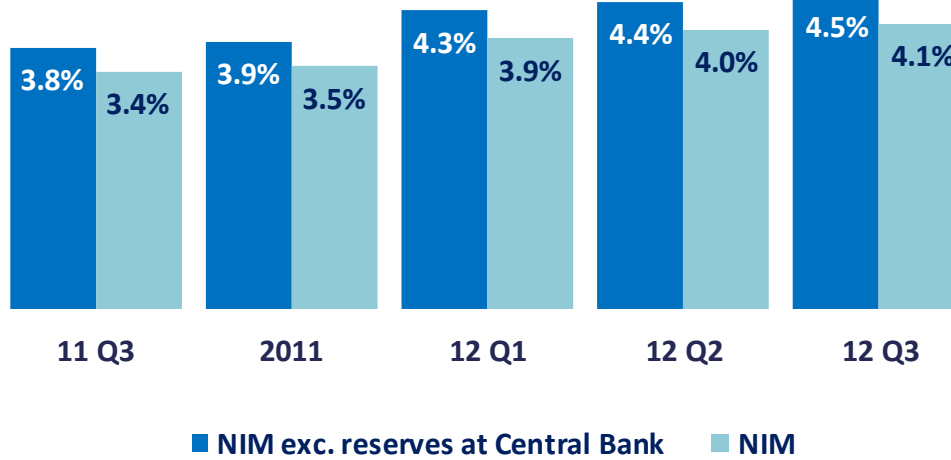
- Solid growth in all items except for mutual fund management fees
- Higher contribution to profitability
- Higher OPEX coverage
- Diversified fees & commissions base

Fees & Commissions Income (TL mn.)



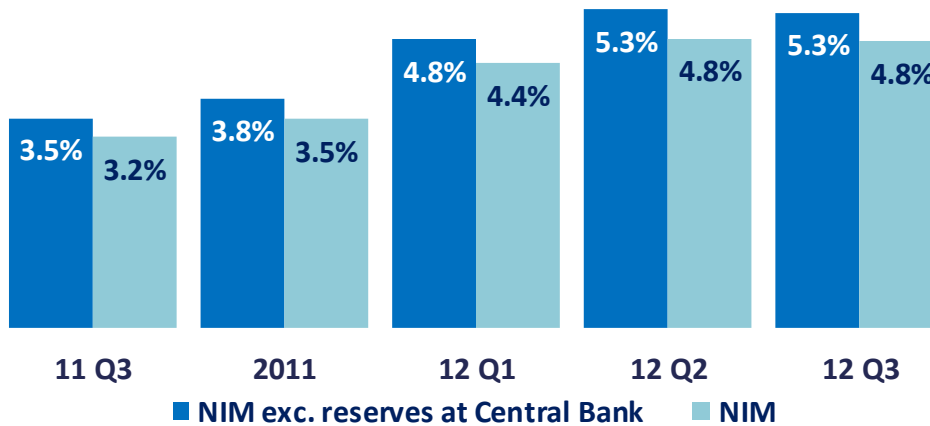
Margins

NIM (Cumulative) ⁽¹⁾



- Further improvement in NIM in Q3
- Higher NII as a result of lower funding costs

Adjusted NIM (Cumulative)^{(1) (2)}

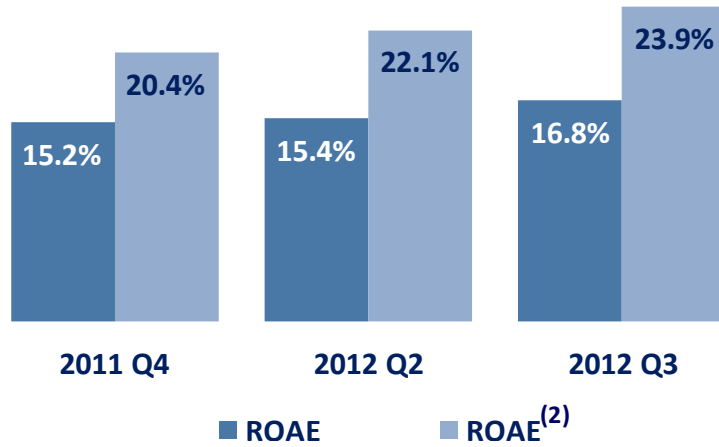


(1) Based on MIS data

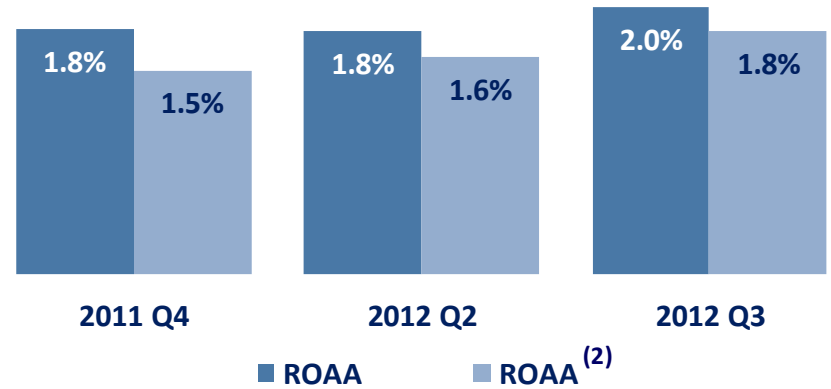
(2) Adjusted for Securities Trading Gains / Losses and Foreign Exchange Gains / Losses

Profitability and Efficiency Ratios⁽¹⁾

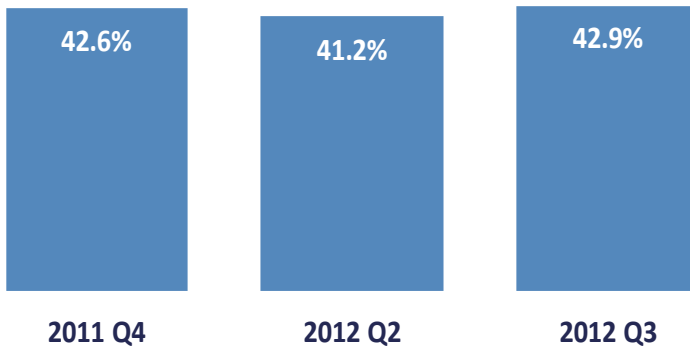
ROAE



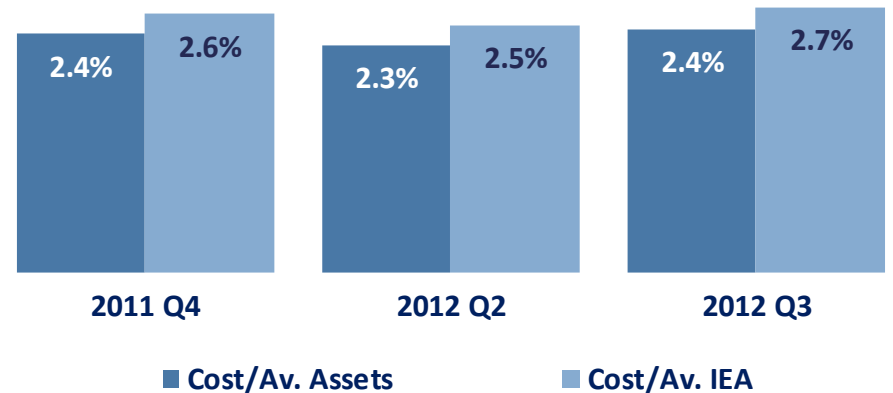
ROAA



Cost / Income



Cost vs. Assets



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

(2) Banking business (Excluding equity participations portfolio)

Appendix – Quarterly Income Statement Highlights

(TL mn.)	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	Δ QoQ
<i>Interest Income</i>	2,764	3,103	3,291	3,378	3,404	0.8%
<i>Interest Expense</i>	1,712	1,788	1,979	1,949	1,888	-3.1%
Net Interest Income	1,052	1,315	1,312	1,429	1,515	6.0%
Net Fees & Commissions	358	403	370	429	406	-5.5%
Net Trading Gains/Losses	-42	279	82	194	-11	--
Dividends Received	0	0	95	323	-	--
Released Provisions	215	313	229	227	247 ⁽¹⁾	8.7%
Gains on Asset Sales	109	9	11	23	10	-57.1%
Other Operating Income	21	22	29	25	21	-16.1%
Total Operating Income	1,713	2,341	2,126	2,649	2,187	-17.4%
Personnel Expenses	475	413	413	531	477	-10.2%
Other Operational Expenses	256	337	274	352	262	-25.7%
Depreciation & Amortization	55	56	58	62	66	6.2%
Other Expenses	81	86	105	86	414 ⁽²⁾	380.8%
Total Operating Expenses	867	893	850	1,031	1,219	18.2%
Operating Profit	846	1,449	1,276	1,618	968	-40.2%
Loan Loss Provisions	136	205	170	206	18 ⁽¹⁾	-91.2%
General and Other Provision Charges	275	144	216 ⁽³⁾	277	86	-68.9%
Total Provision Charges (Excluding Tax Provisions)	411	350	386	482	104	-78.4%
Tax Provisions	108	235	183	183	180	-1.7%
Net Income	327	864	708	953	684	-28.2%

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

(2) Includes TL 317 mn. additional provisions for pension fund.

(3) Includes TL 50 mn. free provisions.

Q&A

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