

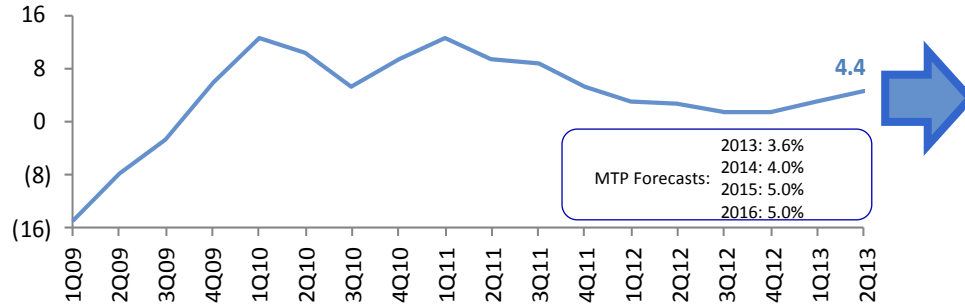


**ISBANK
EARNINGS
PRESENTATION
3Q 2013**

Recent macro developments

Downward pressure on growth

GDP growth (quarterly, yoy)

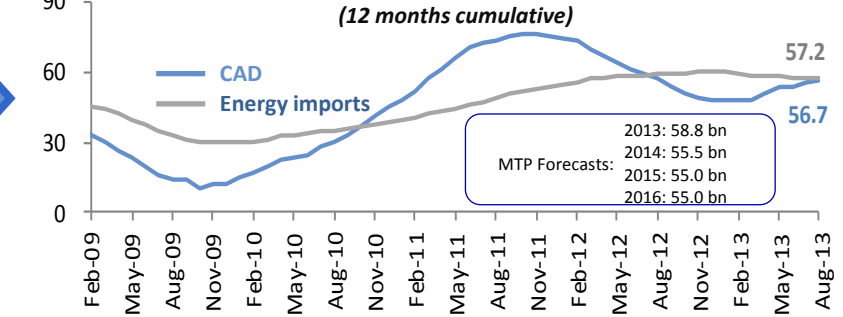


Source: Turkstat

Moderate rise in the current account deficit

\$ billion

Current account deficit and energy imports
(12 months cumulative)



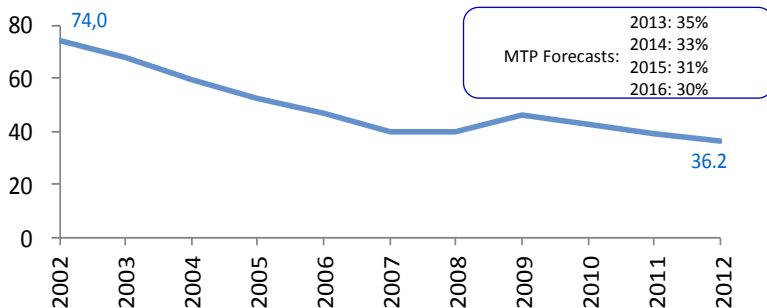
Source: Central Bank of Turkey, Turkstat

- According to data regarding the first half of 2013, a mild recovery was observed in domestic economic activity. But, CBRT's tightening of the monetary policy and increased volatility in international markets in the third quarter of 2013 created downward pressure on the economic growth.
- 12-month cumulative C/A deficit continued to expand due to both the revival in domestic demand conditions and historically high increase in gold imports. In the remaining part of 2013, the widening in the deficit is expected to decelerate in parallel with the slowdown in growth and gold imports.
- Budget discipline was maintained during the first three quarters of 2013.
- Annual inflation decreased to 7.7% as of October thanks to the base effect despite the depreciation of TL.

Sound fiscal performance maintained

Stock/GDP (%)

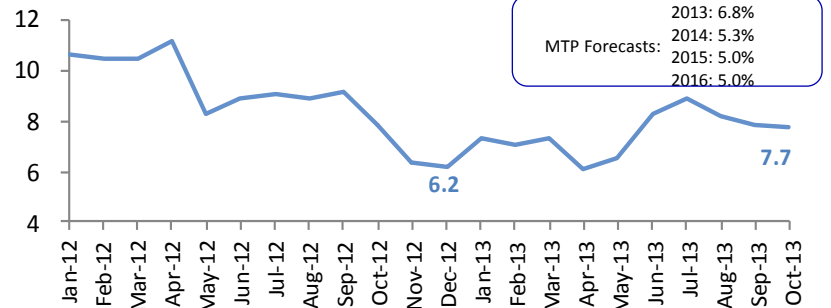
EU defined General Government Gross Debt



Source: Undersecretariat of Treasury

Inflation is above the target

CPI inflation (% , yoy)



Source: Turkstat

Period's Highlights

Loans & Asset Quality

- Loan growth continued, albeit at a slower pace.
- YtD loan growth reached 23.5% and the share of loans in total assets stood at 65%, which is the highest among peer group banks.
- CoR and NPL formation ratios improved further in Q3.
- 79.2% NPL coverage ratio is above the sector average.

Funding and Capital Adequacy

- Continued flexible funding base management policy
- Demand deposits continued to contribute to the cost of funding and their share in total deposits remained above 20%.
- Largest retail oriented deposit base among private sector banks
- CAR stands at 14.5%.

P&L

- Operating income and net income grew by 15.8% and 8.0%, respectively in the first 9 months, on an annual basis.
- Despite negative seasonal factors, annual growth in net fees and commissions reached 18.8%.
- Slight quarterly decline in net interest income as a result of increased funding costs
- Negative impact of higher funding costs on NIM parallel to the sector trend

Largest Private Bank...

| | Market Shares (%) ⁽¹⁾ | | Rank ⁽²⁾ | |
|--------------------------------------|----------------------------------|---------|---------------------|-----------------|
| | 2012 | 2013 Q3 | 2012 | 2013 Q3 |
| Total Assets | 13.5 | 13.4 | 1 st | 1 st |
| Total Loans | 14.2 | 14.1 | 1 st | 1 st |
| TL Loans | 13.1 | 12.9 | 1 st | 1 st |
| FX Loans | 17.2 | 17.1 | 1 st | 1 st |
| Consumer Loans ⁽³⁾ | 12.0 | 11.7 | 1 st | 2 nd |
| Total Deposits | 13.7 | 13.4 | 1 st | 1 st |
| TL Deposits | 12.9 | 12.6 | 1 st | 1 st |
| FX Deposits | 15.4 | 14.6 | 1 st | 1 st |
| Demand Deposits | 15.5 | 15.0 | 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. Total assets market share is as of 2013 Q2.

(2) Ranking among private-sector banks

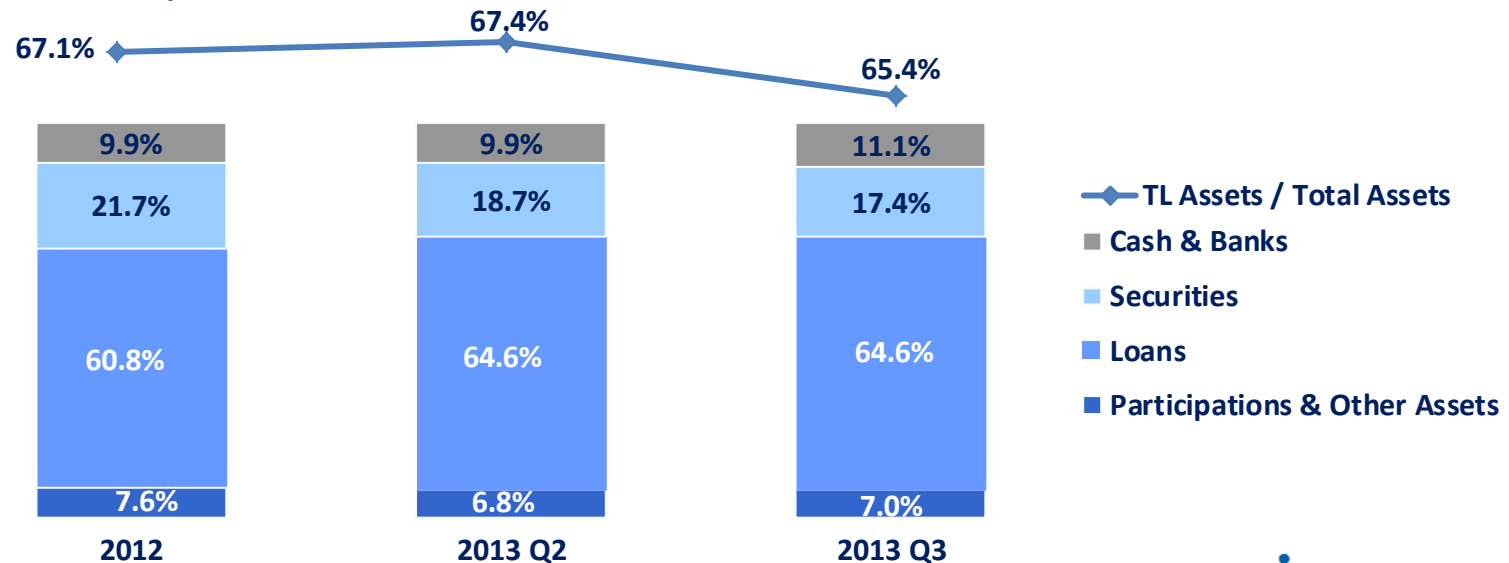
(3) Including retail overdraft accounts

Asset Structure

Assets

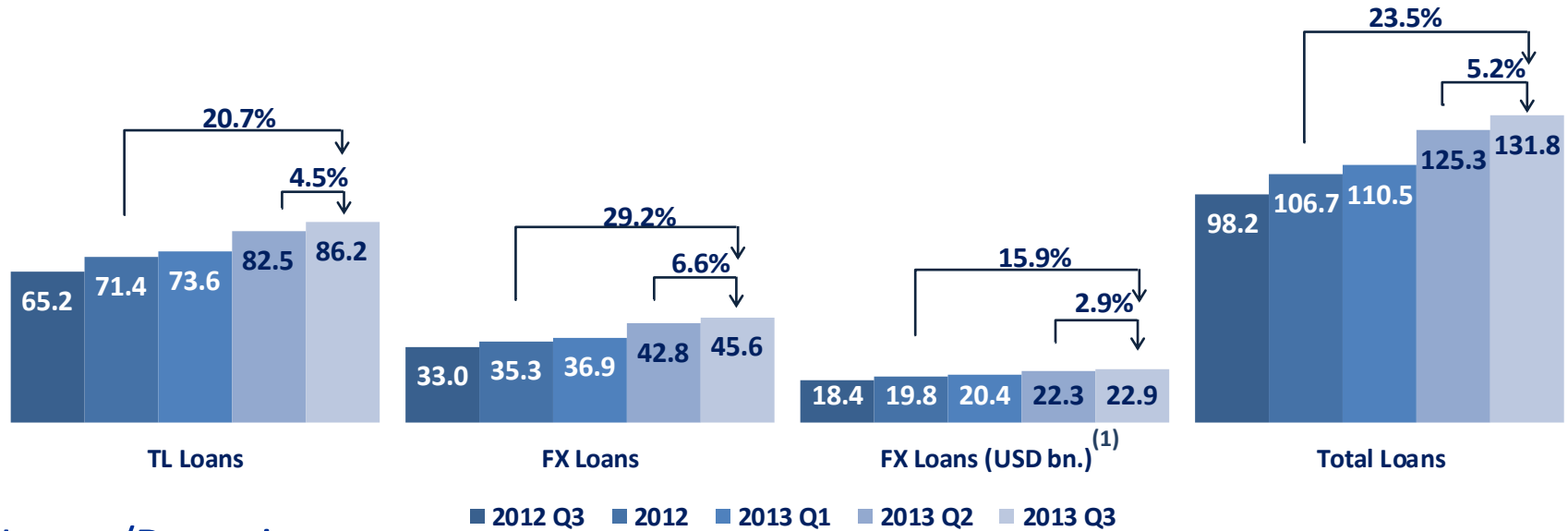
| (TL mn.) | 2012 | 2013 Q2 | 2013 Q3 | Δ QoQ | Δ YtD |
|----------------------------|----------------|----------------|----------------|-------------|--------------|
| Cash & Banks | 17,391 | 19,210 | 22,570 | 17.5% | 29.8% |
| Securities (Net) | 38,055 | 36,279 | 35,456 | -2.3% | -6.8% |
| Loans | 106,716 | 125,282 | 131,813 | 5.2% | 23.5% |
| Participations (Net) | 7,700 | 7,515 | 7,668 | 2.0% | -0.4% |
| Fixed Assets (Net) | 1,999 | 2,086 | 2,082 | -0.2% | 4.1% |
| Other Assets | 3,585 | 3,615 | 4,570 | 26.4% | 27.5% |
| Total Assets | 175,444 | 193,988 | 204,159 | 5.2% | 16.4% |
| TL Assets | 117,672 | 130,717 | 133,582 | 2.2% | 13.5% |
| FX Assets | 57,773 | 63,271 | 70,577 | 11.5% | 22.2% |
| FX Assets (USD mn.) | 32,366 | 32,953 | 35,466 | 7.6% | 9.6% |

Asset Composition

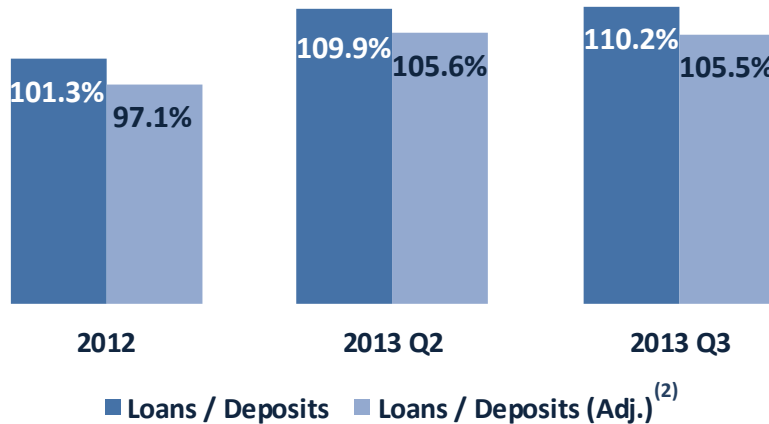


Loan Portfolio

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 105.5%.

(1) FX loans expressed in USD equivalent.

(2) TL securities issued added to deposits.

(3) According to the ranking among banks that disclosed 2013 Q3 financial results

Loan Portfolio

Loans

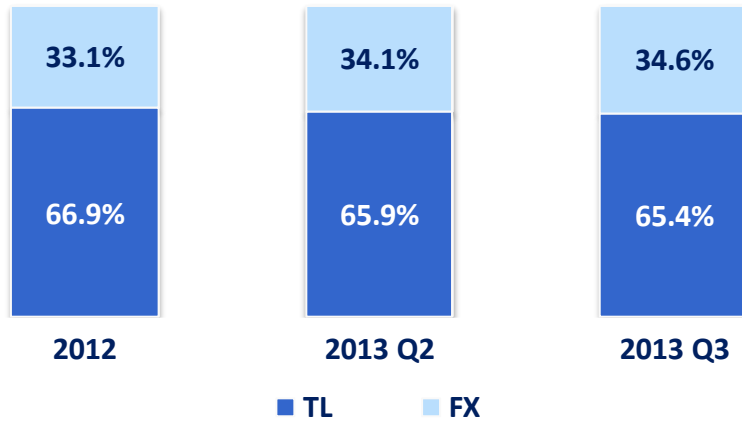
| (TL mn.) | 2012 | 2013 Q2 | 2013 Q3 | Δ QoQ | Δ YtD |
|--------------------------------|---------|---------|---------|-------|-------|
| Total Loans | 106,716 | 125,282 | 131,813 | 5.2% | 23.5% |
| TL Loans | 71,415 | 82,521 | 86,215 | 4.5% | 20.7% |
| Retail Loans | 30,491 | 34,470 | 36,639 | 6.3% | 20.2% |
| Housing Loans | 9,539 | 11,308 | 11,567 | 2.3% | 21.3% |
| Auto Loans | 1,317 | 1,272 | 1,280 | 0.6% | -2.8% |
| GPLs ⁽¹⁾ | 11,522 | 12,753 | 13,871 | 8.8% | 20.4% |
| Credit Card Loans | 8,113 | 9,137 | 9,922 | 8.6% | 22.3% |
| Non-Retail Loans | 40,924 | 48,051 | 49,575 | 3.2% | 21.1% |
| SME Loans ⁽²⁾ | 26,424 | 29,878 | 30,873 | 3.3% | 16.8% |
| Commercial and Corporate Loans | 14,500 | 18,172 | 18,702 | 2.9% | 29.0% |
| FX Loans | 35,301 | 42,762 | 45,598 | 6.6% | 29.2% |
| SME Loans ⁽²⁾ | 3,564 | 4,587 | 4,623 | 0.8% | 29.7% |
| Commercial and Corporate Loans | 31,737 | 38,174 | 40,975 | 7.3% | 29.1% |
| FX Loans (USD mn.) | 19,776 | 22,272 | 22,914 | 2.9% | 15.9% |
| SME Loans ⁽²⁾ | 1,996 | 2,389 | 2,323 | -2.8% | 16.4% |
| Commercial and Corporate Loans | 17,780 | 19,882 | 20,590 | 3.6% | 15.8% |

(1) Including overdraft accounts

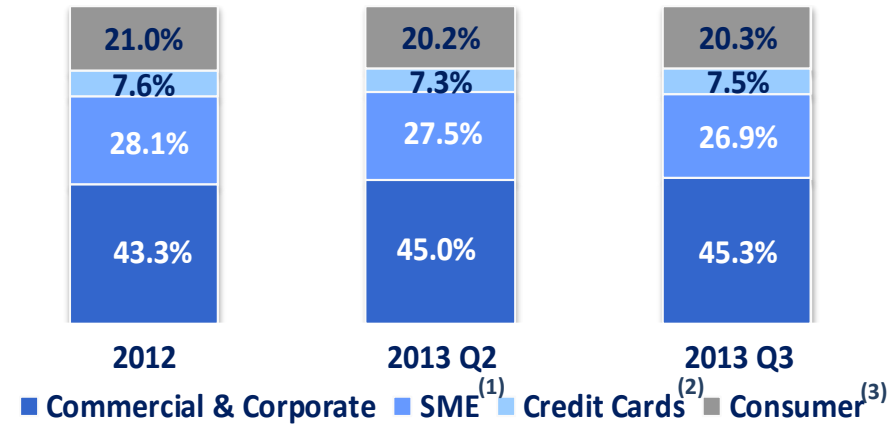
(2) SME definition includes companies with number of employees <= 250 and turnover or total assets <= TL 40 mn.

Loan Composition

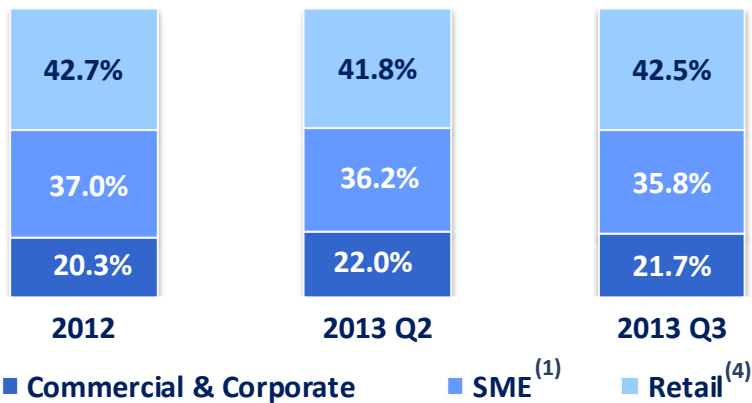
Currency Mix



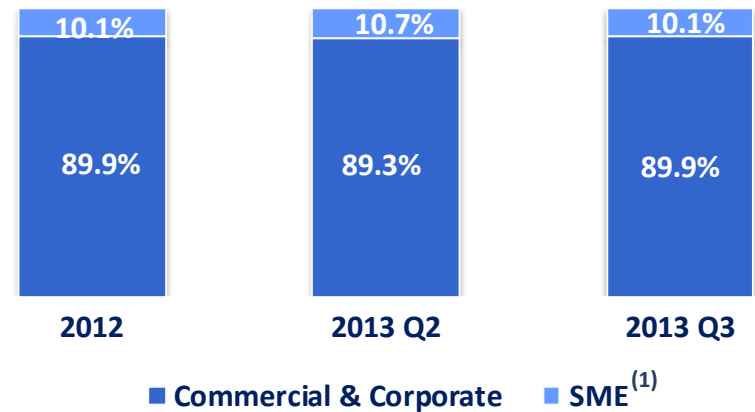
Loan Composition - Total Loans



Loan Composition - TL Loans



Loan Composition - FX Loans



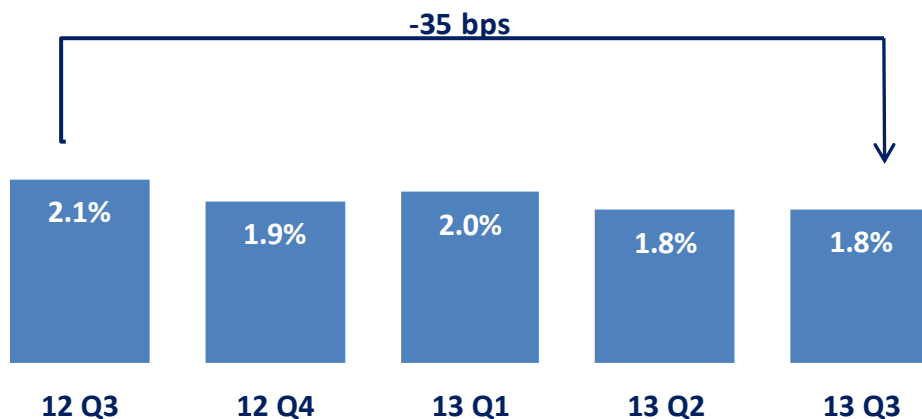
(1) SME definition includes companies with number of employees <= 250 and turnover or total assets <= TL 40 mn.

(2) Shows retail credit card balances only

(3) Including retail overdraft accounts

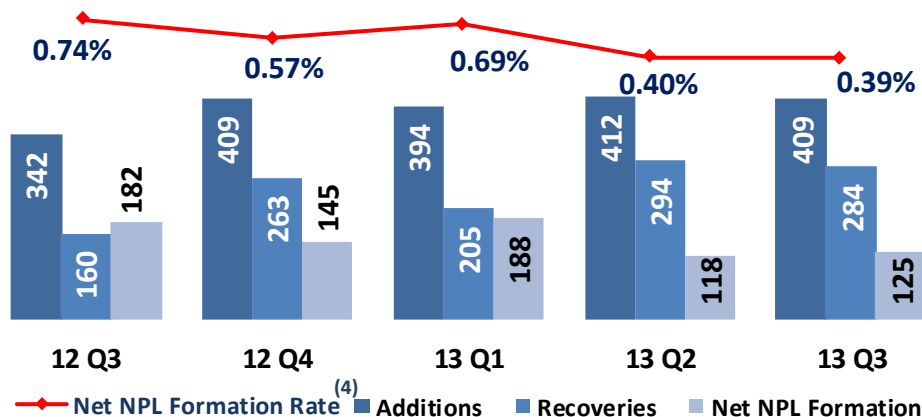
(4) Including retail credit cards and overdraft accounts

NPL Ratio



- Quarterly decline in net & gross NPL formation rates
- Gross CoR⁽¹⁾ is 76 bps.
- Coverage ratio is 79.2%.
- 28.7% collection rate⁽²⁾ as of Q3 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 |
| 13 Q3 | - | - |

(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

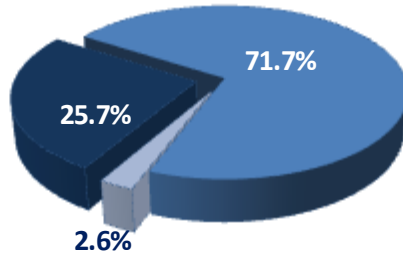
Securities Portfolio

Securities

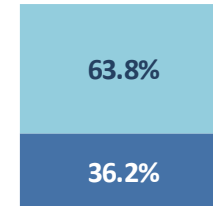
| (TL mn.) | 2012 | 2013 Q2 | 2013 Q3 | Δ QoQ | Δ YtD |
|-------------------------|--------|---------|---------|-------|--------|
| Total Securities | 38,055 | 36,279 | 35,456 | -2.3% | -6.8% |
| TL Securities | 31,703 | 30,428 | 29,480 | -3.1% | -7.0% |
| FX Securities | 6,351 | 5,851 | 5,976 | 2.1% | -5.9% |
| FX Securities (USD mn.) | 3,558 | 3,048 | 3,003 | -1.5% | -15.6% |

Composition of Securities Portfolio (Q3 2013)

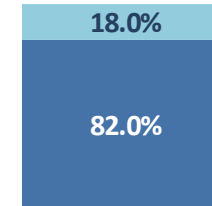
TL Securities



TL Securities



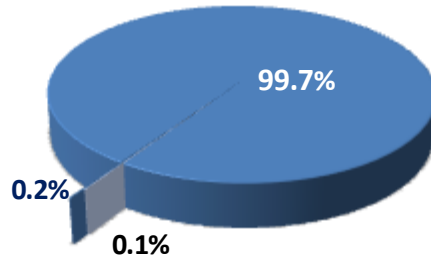
FX Securities



■ Discount & Fixed

■ Floating Rate Notes

FX Securities



■ Held to maturity

■ AFS

■ Held for trading

- 30.6% share of CPI linkers in total portfolio
- MtM differences:
HTM TL 123 mn.*
AFS TL -357 mn.
- Average durations:
1.19 years for TL Securities
3.72 years for FX Securities

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

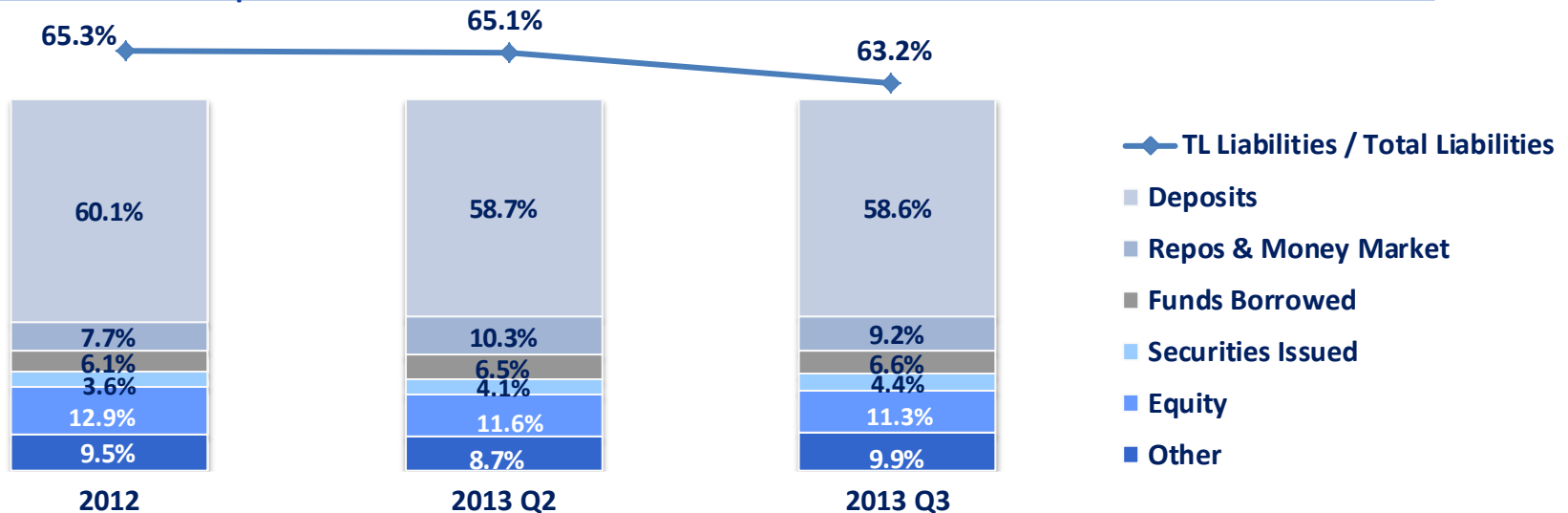
Liabilities Structure

Liabilities

| (TL mn.) | 2012 | 2013 Q2 | 2013 Q3 | Δ QoQ | Δ YtD |
|---------------------------------------|----------------|----------------|----------------|-------------|--------------|
| Deposits | 105,383 | 113,954 | 119,575 | 4.9% | 13.5% |
| REPOs & Money Market | 13,519 | 20,028 | 18,810 | -6.1% | 39.1% |
| Funds Borrowed | 10,748 | 12,628 | 13,409 | 6.2% | 24.8% |
| Securities Issued | 6,364 | 8,017 | 9,063 | 13.0% | 42.4% |
| Other ⁽¹⁾ | 16,711 | 16,806 | 20,177 | 20.1% | 20.7% |
| Equity | 22,719 | 22,555 | 23,125 | 2.5% | 1.8% |
| Total Liabilities & Equity | 175,444 | 193,988 | 204,159 | 5.2% | 16.4% |
| TL Liabilites | 114,591 | 126,359 | 128,991 | 2.1% | 12.6% |
| FX Liabilities | 60,853 | 67,629 | 75,168 | 11.1% | 23.5% |
| FX Liabilites (USD bn.) | 34,091 | 35,223 | 37,773 | 7.2% | 10.8% |

(1) Includes subordinated debt of USD 1 bn.

Liabilities Composition

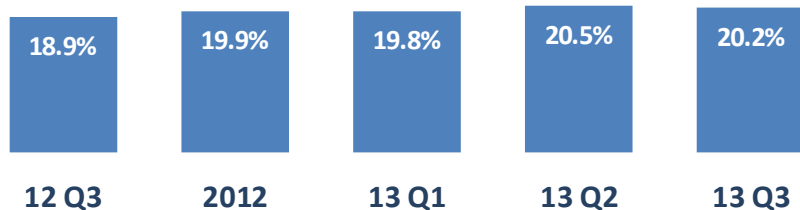


Deposits

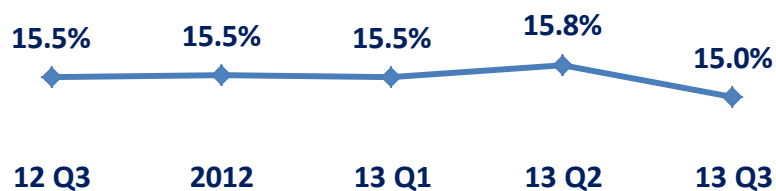
Deposits

| (TL mn.) | 2012 | 2013 Q2 | 2013 Q3 | Δ QoQ | Δ YtD |
|------------------------------|---------|---------|---------|--------|--------|
| Total Deposits | 105,383 | 113,954 | 119,575 | 4.9% | 13.5% |
| TL Deposits | 64,990 | 70,539 | 70,784 | 0.3% | 8.9% |
| TL Saving Deposits | 41,453 | 44,254 | 45,659 | 3.2% | 10.1% |
| TL Commercial Deposits | 14,200 | 17,653 | 17,563 | -0.5% | 23.7% |
| Other TL Deposits | 9,337 | 8,632 | 7,562 | -12.4% | -19.0% |
| FX Deposits | 40,394 | 43,415 | 48,791 | 12.4% | 20.8% |
| FX Deposits (USD mn.) | 22,629 | 22,612 | 24,518 | 8.4% | 8.3% |
| Demand Deposits | 20,947 | 23,366 | 24,167 | 3.4% | 15.4% |

Demand Deposits / Total Deposits



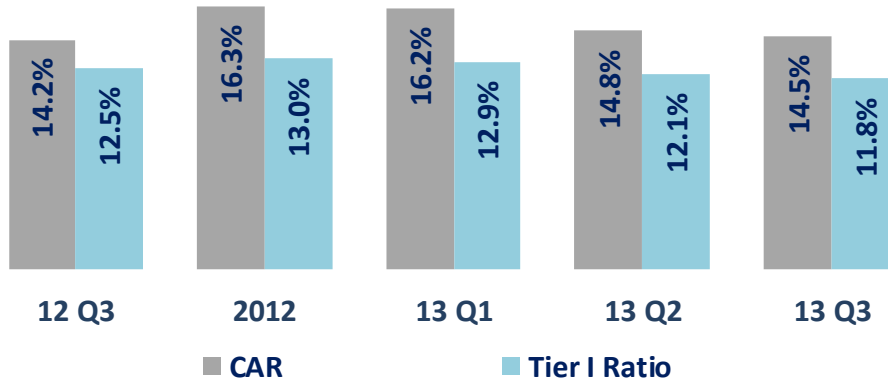
Demand Deposits Market Share



- Leadership in TL, FX, demand & total deposits among private sector banks
- Deposits make up 58.6% of total liabilities.
- TL deposits make up 59.2% of total deposits.
- Share of demand deposits in total deposits is 20.2%.

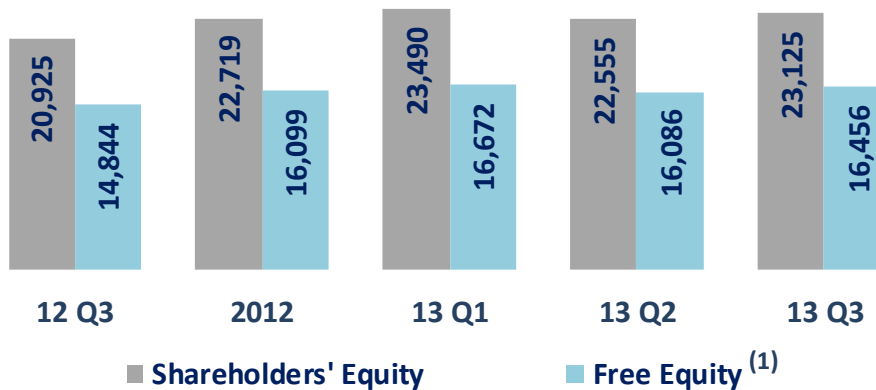
Sufficient Capitalization

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 Q2 | 2013 Q3 | Δ QoQ | 2012 9M | 2013 9M | Δ YoY |
|---|--------------|--------------|---------------|--------------------|--------------------|--------------|
| Interest Income | 3,278 | 3,438 | 4.9% | 10,072 | 9,947 | -1.2% |
| Interest Expense | 1,551 | 1,795 | 15.7% | 5,817 | 4,854 | -16.5% |
| Net Interest Income | 1,727 | 1,643 | -4.8% | 4,256 | 5,093 | 19.7% |
| Net Fees & Commissions | 516 | 453 | -12.3% | 1,205 | 1,431 | 18.8% |
| Net Trading Gains/Losses | 142 | -1 | NM | 264 | 293 | 11.1% |
| Dividends Received | 290 | 0 | NM | 418 | 450 | 7.8% |
| Released Provisions | 187 | 134 | -28.3% | 702 | 612 ⁽¹⁾ | -12.8% |
| Gains on Asset Sales | 17 | 38 | 115.2% | 43 | 105 | 146.1% |
| Other Operating Income | 19 | 33 | 71.2% | 74 | 75 | 1.5% |
| Total Operating Income | 2,899 | 2,299 | -20.7% | 6,962 | 8,060 | 15.8% |
| Personnel Expenses | 614 | 534 | -13.0% | 1,421 | 1,590 | 11.9% |
| Other Operational Expenses | 360 | 335 | -6.9% | 888 | 1,026 | 15.6% |
| Depreciation & Amortization | 78 | 78 | -0.6% | 186 | 223 | 20.1% |
| Other Expenses | 238 | 148 | -37.9% | 773 ⁽²⁾ | 702 ⁽³⁾ | -9.2% |
| Total Operating Expenses | 1,290 | 1,095 | -15.1% | 3,268 | 3,541 | 8.4% |
| Operating Profit | 1,608 | 1,204 | -25.1% | 3,694 | 4,519 | 22.3% |
| Loan Loss Provisions | 241 | 214 | -11.1% | 393 | 680 | 72.9% |
| General and Other Provision Charges | 267 | 195 | -27.1% | 410 ⁽⁴⁾ | 733 | 78.7% |
| Total Provision Charges (Excluding Tax Provisions) | 508 | 409 | -19.5% | 804 | 1,413 | 75.9% |
| Tax Provisions | 223 | 163 | -26.8% | 545 | 572 | 5.0% |
| Net Income | 877 | 632 | -27.9% | 2,345 | 2,533 | 8.0% |

- Significant YoY growth in NII and net fees & commissions income
- Core banking income⁽⁵⁾ up by 19.1%, and operating profit up by 22.3% annually
- 8% annual bottom-line growth

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

(2) Include one-off additional provision for pension fund of TL 317 mn. for 2012 Q3.

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

(4) 2012 9M figure includes TL 50 mn. free provisions.

(5) Core banking income = NII + Net Fees & Commissions + Net Trading Gains/Losses

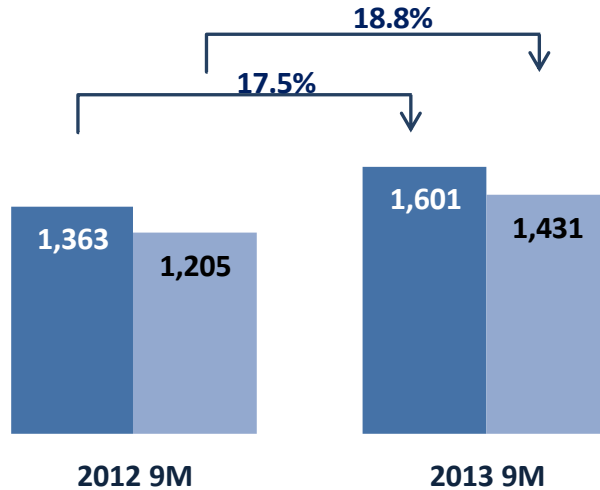
NM: Not meaningful

Commissions Income Performance

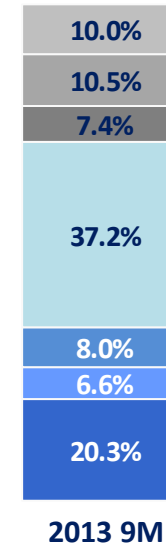
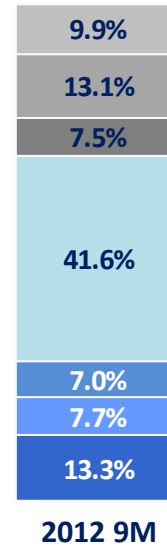
| (TL thousand) | 2013 Q2 | 2013 Q3 | Δ QoQ | 2012 9M | 2013 9M | Δ YoY |
|--|----------------|----------------|---------------|------------------|------------------|--------------|
| Non-Cash Loans | 53,433 | 59,452 | 11.3% | 134,417 | 160,330 | 19.3% |
| Credit Appraisal | 61,892 | 49,987 | -19.2% | 177,861 | 168,069 | -5.5% |
| Mutual Fund Man. & Other Inv. Acc. Fees | 39,755 | 41,294 | 3.9% | 102,725 | 118,468 | 15.3% |
| Credit Cards | 201,172 | 209,400 | 4.1% | 566,388 | 595,494 | 5.1% |
| Fund Transfer | 43,027 | 44,493 | 3.4% | 95,727 | 128,185 | 33.9% |
| Account Keeping Fees | 49,600 | 27,382 | -44.8% | 104,732 | 105,236 | 0.5% |
| Other | 126,564 | 81,012 | -36.0% | 181,006 | 325,641 | 79.9% |
| Total Fees & Commissions Income (Gross) | 575,443 | 513,021 | -10.8% | 1,362,857 | 1,601,424 | 17.5% |
| Total Fees & Commissions Income (Net) | 515,848 | 452,590 | -12.3% | 1,205,209 | 1,431,370 | 18.8% |

- Higher contribution to operating income
- Higher operating expense coverage
- Diversified fees & commissions base

Fees & Commissions Income (TL mn.)



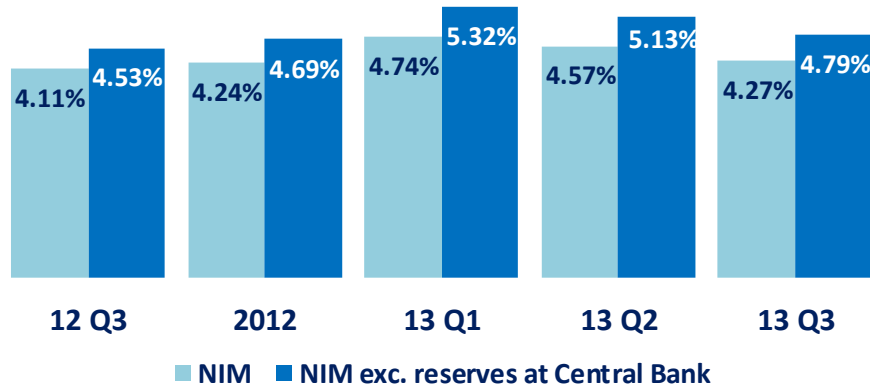
■ Total Fees & Commissions Income (Gross) ■ Total Fees & Commissions Income (Net)



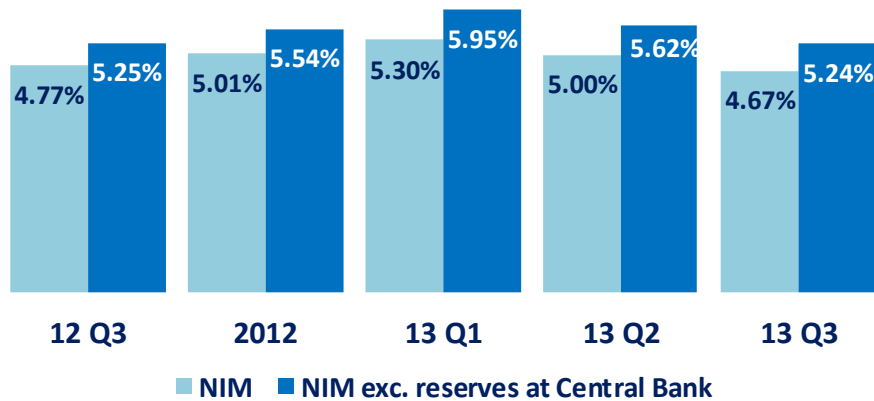
- Non-Cash Loans
- Credit Appraisal
- Mutual Fund Man. & Other Inv. Acc. Fees
- Credit Cards
- Fund Transfer
- Account Keeping Fees
- Other

Margins

NIM (Cumulative)⁽¹⁾



Adjusted NIM (Cumulative)⁽¹⁾⁽²⁾

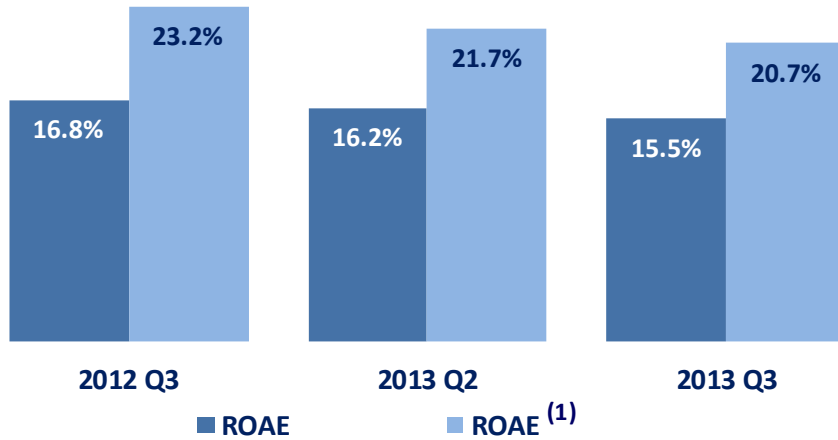


(1) Based on MIS data

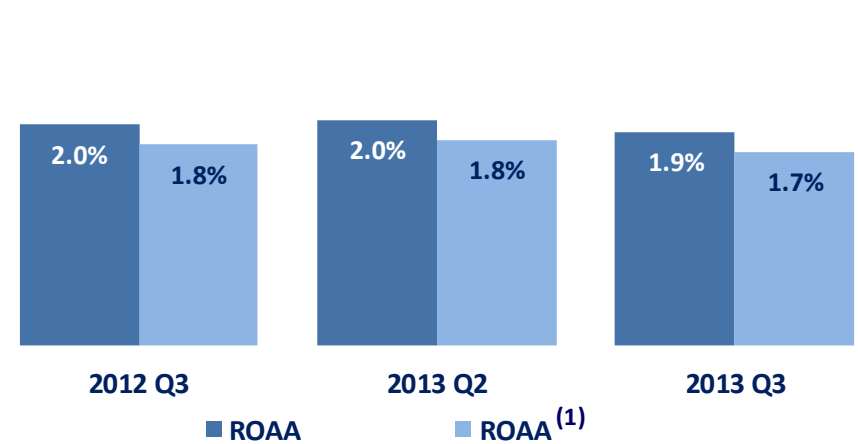
(2) Adjusted for Securities Trading Gains / Losses and Foreign Exchange Gains / Losses

Profitability and Efficiency Ratios (*)

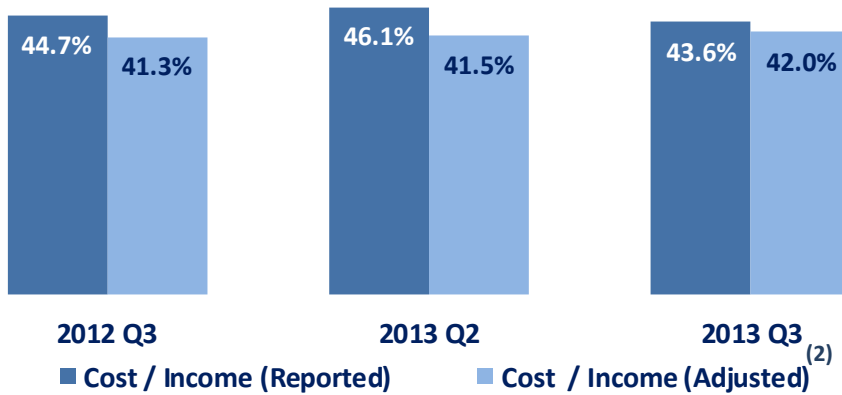
ROAE



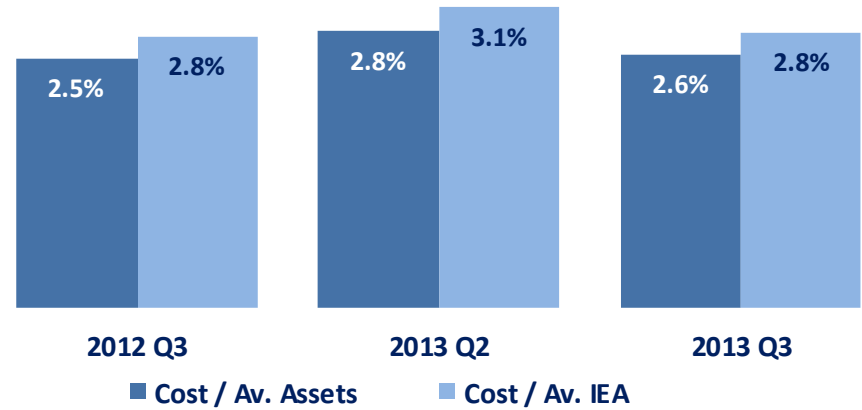
ROAA



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 (2012 Q3: TL 317 mn., 2012 Q4: TL 123 mn.)

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

Q&A

Appendix – Quarterly Income Statement Highlights

| (TL mn.) | 2012 Q3 | 2012 Q4 | 2013 Q1 | 2013 Q2 | 2013 Q3 | Δ QoQ |
|---|--------------------|--------------------|--------------------|--------------|--------------|---------------|
| <i>Interest Income</i> | 3,404 | 3,318 | 3,231 | 3,278 | 3,438 | 4.9% |
| <i>Interest Expense</i> | 1,888 | 1,646 | 1,509 | 1,551 | 1,795 | 15.7% |
| Net Interest Income | 1,515 | 1,672 | 1,722 | 1,727 | 1,643 | -4.8% |
| Net Fees & Commissions | 406 | 501 | 463 | 516 | 453 | -12.3% |
| Net Trading Gains/Losses | -11 | 326 | 153 | 142 | -1 | NM |
| Dividends Received | 0 | 0 | 160 | 290 | 0 | NM |
| Released Provisions | 247 ⁽¹⁾ | 222 | 291 ⁽²⁾ | 187 | 134 | -28.3% |
| Gains on Asset Sales | 10 | 42 | 50 | 17 | 38 | 115.2% |
| Other Operating Income | 21 | 89 | 23 | 19 | 33 | 71.2% |
| Total Operating Income | 2,187 | 2,853 | 2,862 | 2,899 | 2,299 | -20.7% |
| Personnel Expenses | 477 | 400 | 442 | 614 | 534 | -13.0% |
| Other Operational Expenses | 262 | 334 | 331 | 360 | 335 | -6.9% |
| Depreciation & Amortization | 66 | 70 | 67 | 78 | 78 | -0.6% |
| Other Expenses | 507 ⁽³⁾ | 413 ⁽³⁾ | 316 ⁽⁴⁾ | 238 | 148 | -37.9% |
| Total Operating Expenses | 1,311 | 1,217 | 1,156 | 1,290 | 1,095 | -15.1% |
| Operating Profit | 876 | 1,636 | 1,706 | 1,608 | 1,204 | -25.1% |
| Loan Loss Provisions | 18 ⁽¹⁾ | 208 | 225 | 241 | 214 | -11.1% |
| General and Other Provision Charges | -7 | 198 | 271 ⁽⁵⁾ | 267 | 195 | -27.1% |
| Total Provision Charges (Excluding Tax Provisions) | 12 | 405 | 496 | 508 | 409 | -19.5% |
| Tax Provisions | 180 | 266 | 186 | 223 | 163 | -26.8% |
| Net Income | 684 | 965 | 1,024 | 877 | 632 | -27.9% |

(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 317 mn. and TL 123 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.

NM: Not meaningful

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