

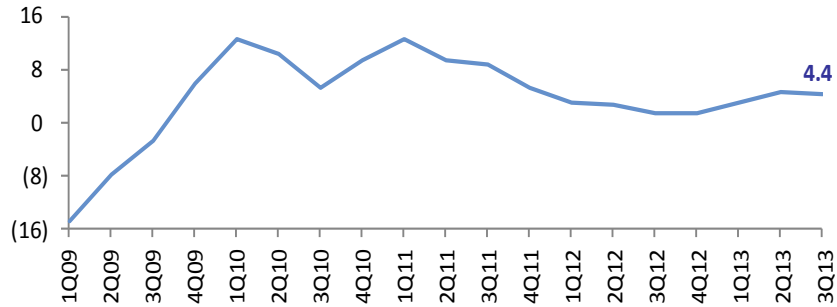


**ISBANK
EARNINGS
PRESENTATION
2013**

Recent macro developments

Downward pressure on growth

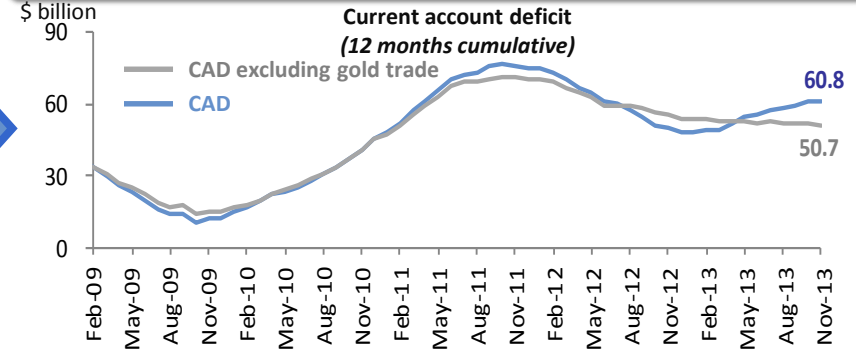
GDP growth (quarterly, yoy)



Source: Turkstat

Significant current account adjustment ahead

\$ billion



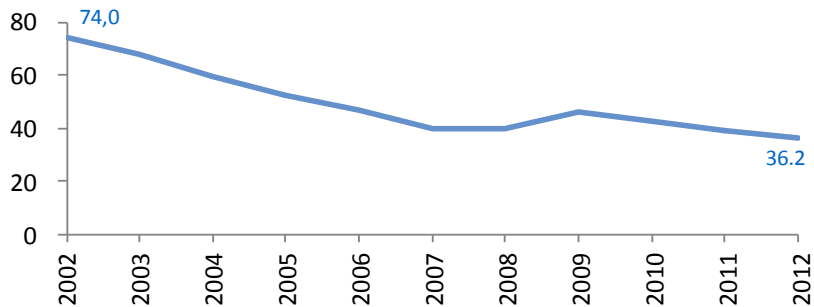
Source: Central Bank of Turkey, Turkstat

- Turkish economy is anticipated to have grown around 4% in 2013. CBRT's strong tightening in monetary policy and increased volatility in international markets are creating downward pressure on the economic growth in 2014.
- 12-month cumulative C/A deficit expanded due to both the revival in domestic demand conditions and historically high increase in gold imports during 2013. However, in 2014, the tight monetary policy of CBRT, the latest measures taken by BRSA regarding the consumer loans, weak TRY and the increasing demand from European countries will have a positive impact on balance of payment figures.
- Fiscal discipline is expected to be maintained in 2014, as it was the case in the previous years.
- 2013 year-end annual inflation was realized as 7.4%, higher than the CBRT's forecast of 6.8%.

Sound fiscal performance maintained

Stock/GDP (%)

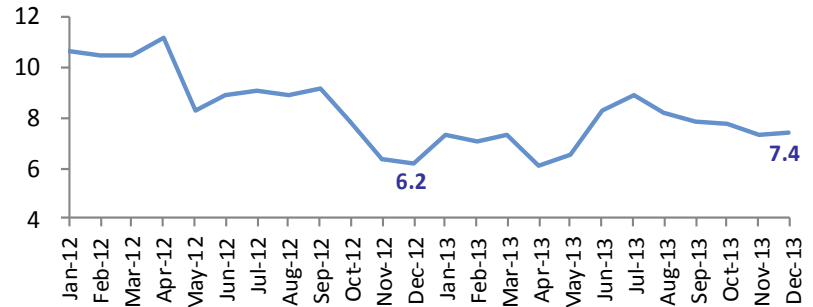
EU defined General Government Gross Debt



Source: Undersecretariat of Treasury

Inflation is above the target

CPI inflation (% yoy)



Source: Turkstat

Period's Highlights

Loans & Asset Quality

- Given the economic environment, slower loan growth in Q4
- Highest market share in TL, FX and total loans
- Lower NPL flow; CoR and NPL formation rate continued to improve in Q4.
- NPL coverage ratio stands at 80.4%, which is higher than the sector average.

Funding and Capital Adequacy

- Continued sizeable share of deposits in total funding
- Significant share of demand deposits in total deposits maintained.
- Strong capital absorbed the impact of FX rate increase and mark-to-market losses, resulting in a CAR of 14.4%.

P&L

- Net interest income grew by 12.3% on an annual basis.
- Net fees and commissions income grew by 12.5% on an annual basis.
- Slight YoY contraction in NIM, in line with the expectations
- Net profit down by 4.4% annually, mainly as a result of higher FX and interest rate volatility.

Largest Private Bank...

	Market Shares (%) ⁽¹⁾		Rank ⁽²⁾	
	2012	2013	2012	2013
Total Assets	13.5	12.9	1 st	1 st
Total Loans	14.2	13.5	1 st	1 st
TL Loans	13.1	12.4	1 st	1 st
FX Loans	17.2	16.2	1 st	1 st
Consumer Loans ⁽³⁾	12.0	11.9	1 st	2 nd
Non-Retail Loans	15.4	14.2	1 st	1 st
Total Deposits	13.7	12.7	1 st	1 st
TL Deposits	12.9	11.5	1 st	1 st
FX Deposits	15.4	14.7	1 st	1 st
Demand Deposits	15.5	14.9	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

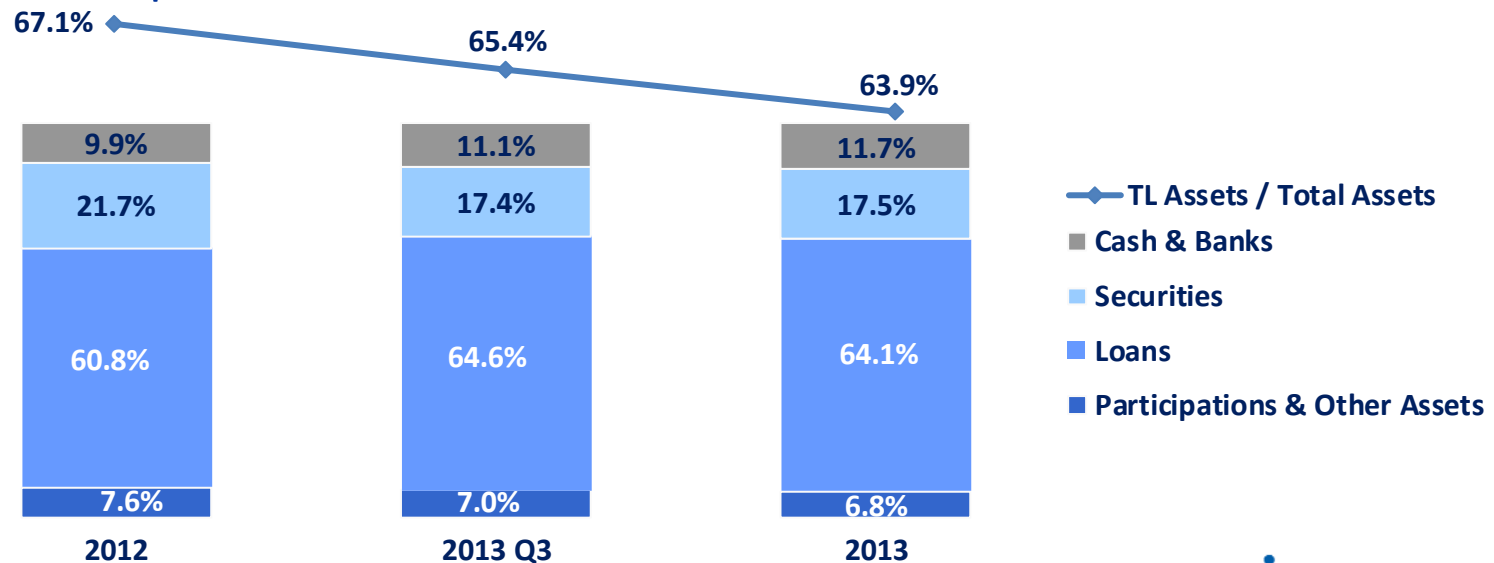
(3) Including retail overdraft accounts

Asset Structure

Assets

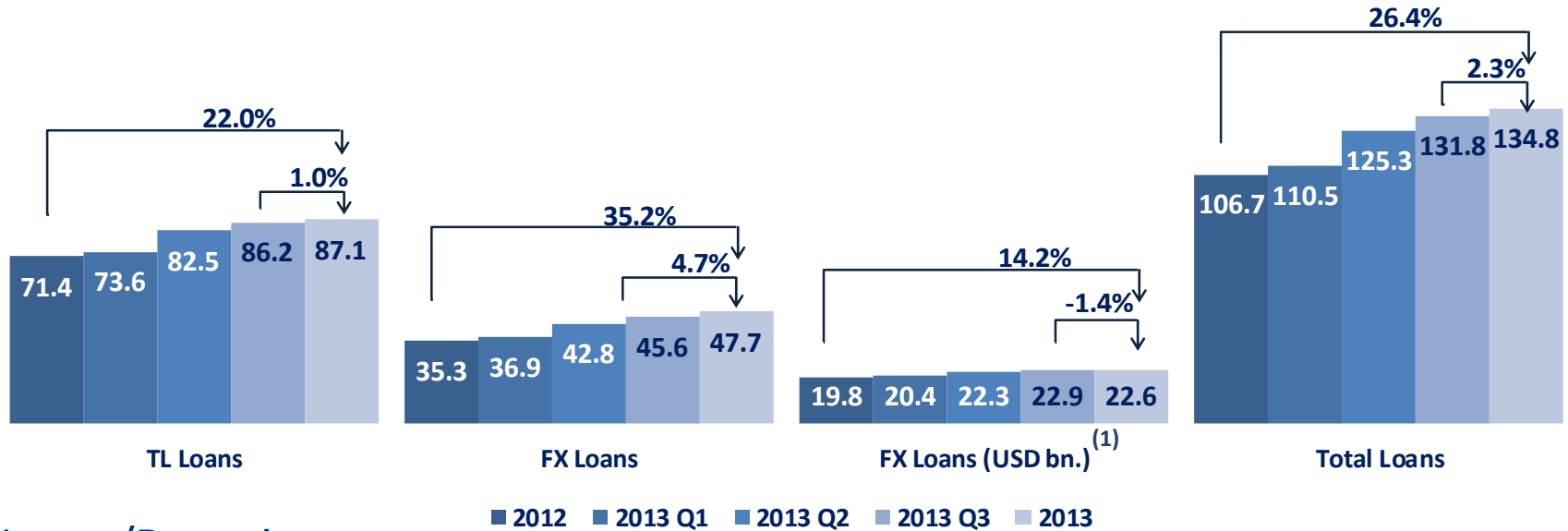
(TL mn.)	2012	2013 Q3	2013	Δ QoQ	Δ YoY
Cash & Banks	17,391	22,570	24,555	8.8%	41.2%
Securities (Net)	38,055	35,456	36,866	4.0%	-3.1%
Loans	106,716	131,813	134,843	2.3%	26.4%
Participations (Net)	7,700	7,668	7,761	1.2%	0.8%
Fixed Assets (Net)	1,999	2,082	2,090	0.4%	4.6%
Other Assets	3,585	4,570	4,384	-4.1%	22.3%
Total Assets	175,444	204,159	210,500	3.1%	20.0%
TL Assets	117,672	133,582	134,457	0.7%	14.3%
FX Assets	57,773	70,577	76,043	7.7%	31.6%
FX Assets (USD mn.)	32,366	35,466	35,997	1.5%	11.2%

Asset Composition

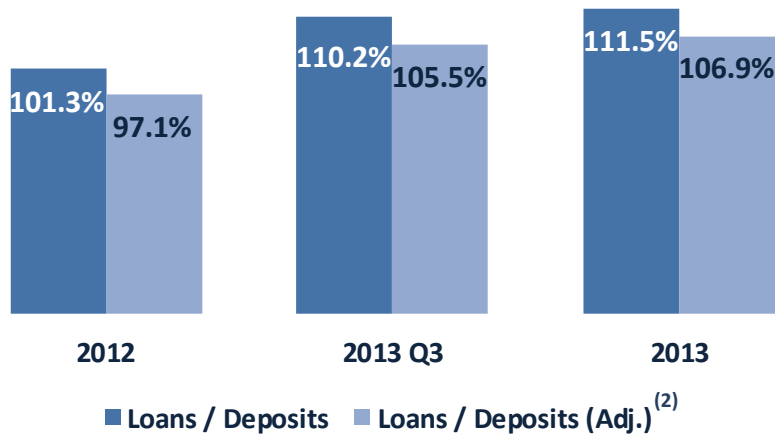


Loan Portfolio

Loans



Loans/Deposits



- Market leader in TL, FX & total loans
- Share of loans in total assets is 64.1%.
- Comfortable level of Loans/Deposits ratio
- Adjusted Loans/Deposits ratio⁽²⁾ is 106.9%.

(1) FX loans expressed in USD equivalent.

(2) TL securities issued added to deposits.

Loan Portfolio

Loans

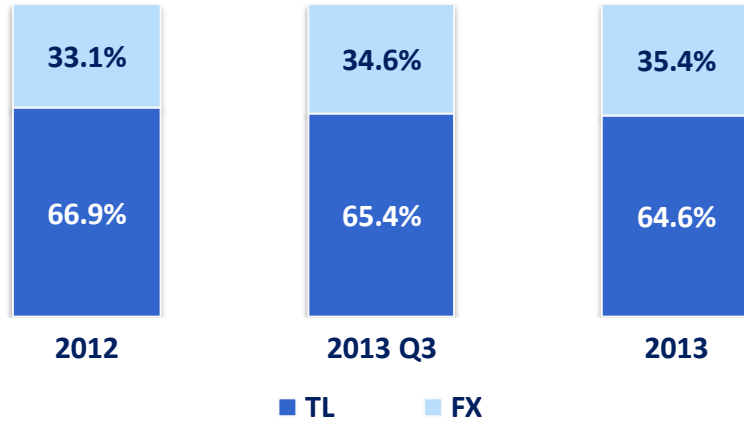
(TL mn.)	2012	2013 Q3	2013	Δ QoQ	Δ YoY
Total Loans	106,716	131,813	134,843	2.3%	26.4%
TL Loans	71,415	86,215	87,116	1.0%	22.0%
Retail Loans	30,491	36,639	38,487	5.0%	26.2%
Housing Loans	9,539	11,567	11,780	1.8%	23.5%
Auto Loans	1,317	1,280	1,303	1.8%	-1.1%
GPLs ⁽¹⁾	11,522	13,871	15,282	10.2%	32.6%
Credit Card Loans	8,113	9,922	10,123	2.0%	24.8%
Non-Retail Loans	40,924	49,575	48,628	-1.9%	18.8%
SME Loans ⁽²⁾	26,424	30,873	31,943	3.5%	20.9%
Commercial and Corporate Loans	14,500	18,702	16,685	-10.8%	15.1%
FX Loans	35,301	45,598	47,728	4.7%	35.2%
SME Loans ⁽²⁾	3,564	4,623	4,672	1.1%	31.1%
Commercial and Corporate Loans	31,737	40,975	43,055	5.1%	35.7%
FX Loans (USD mn.)	19,776	22,914	22,593	-1.4%	14.2%
SME Loans ⁽²⁾	1,996	2,323	2,212	-4.8%	10.8%
Commercial and Corporate Loans	17,780	20,590	20,381	-1.0%	14.6%

(1) Including overdraft accounts

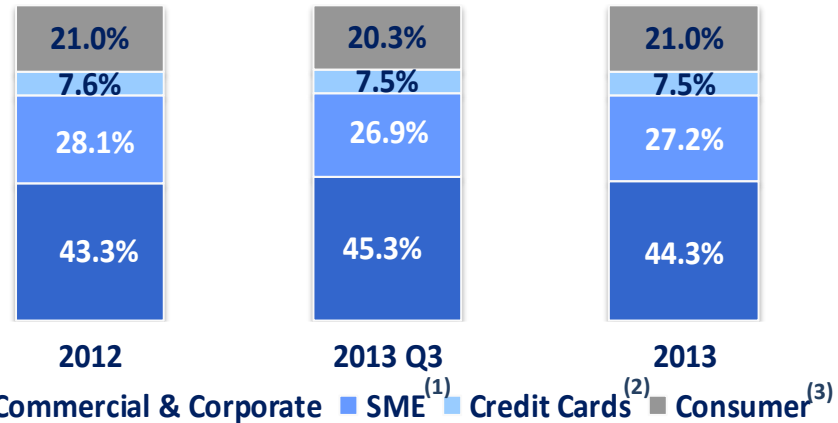
(2) SME definition includes companies with number of employees <= 250 and turnover or total assets <= TL 40 mn.

Loan Composition

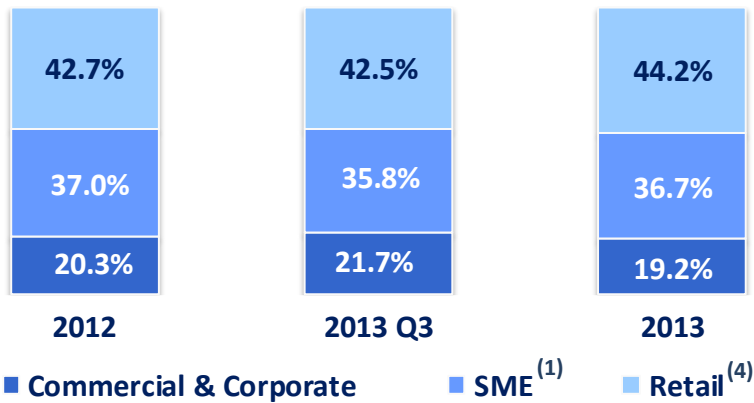
Currency Mix



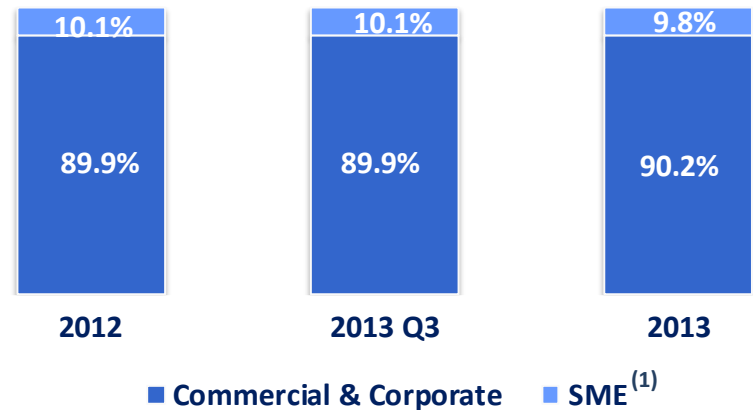
Loan Composition - Total Loans



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.

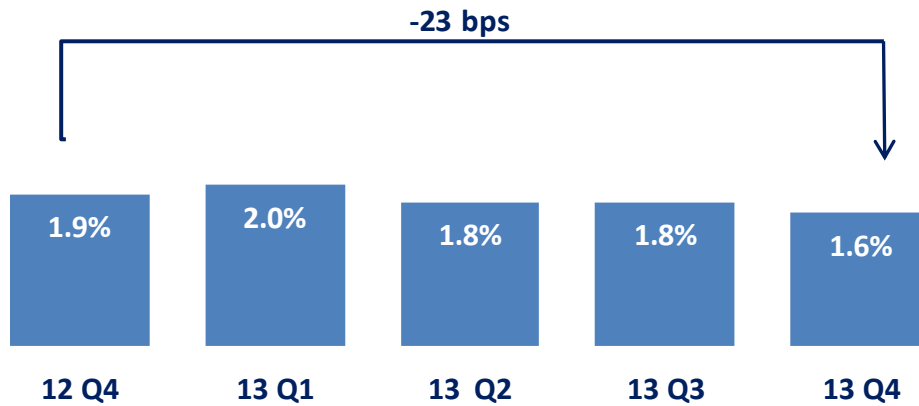
(2) Includes retail credit card balances only

(3) Includes retail overdraft accounts

(4) Includes retail credit cards and overdraft accounts

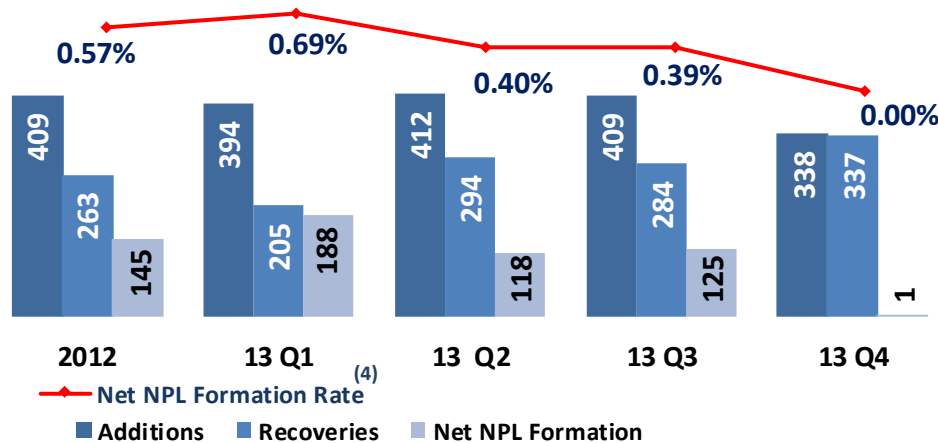
Asset Quality

NPL Ratio



- Quarterly decline in net & gross NPL formation rates
- Gross CoR⁽¹⁾ is 68 bps.
- Coverage ratio is 80.4%.
- 31.3% collection rate⁽²⁾ as of YE 2013

NPL Trends⁽³⁾



- (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

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	-	-
13 Q4	163,865	32,041

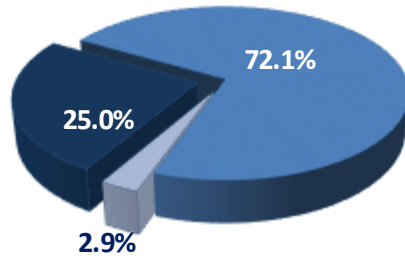
Securities Portfolio

Securities

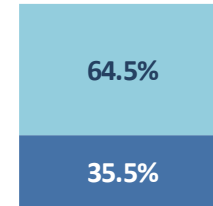
(TL mn.)	2012	2013 Q3	2013	Δ QoQ	Δ YoY
Total Securities	38,055	35,456	36,866	4.0%	-3.1%
TL Securities	31,703	29,480	30,444	3.3%	-4.0%
FX Securities	6,351	5,976	6,422	7.5%	1.1%
FX Securities (USD mn.)	3,558	3,003	3,040	1.2%	-14.6%

Composition of Securities Portfolio (2013)

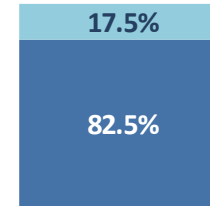
TL Securities



TL Securities

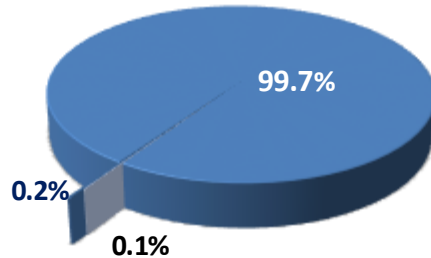


FX Securities



■ Discount & Fixed ■ Floating Rate Notes

FX Securities



■ Held to maturity ■ AFS ■ Held for trading

- 30.9% share of CPI linkers in total portfolio
- MtM differences:
HTM TL 105 mn.*
AFS TL -633 mn.
- Average durations:
1.27 years for TL Securities
3.59 years for FX Securities

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

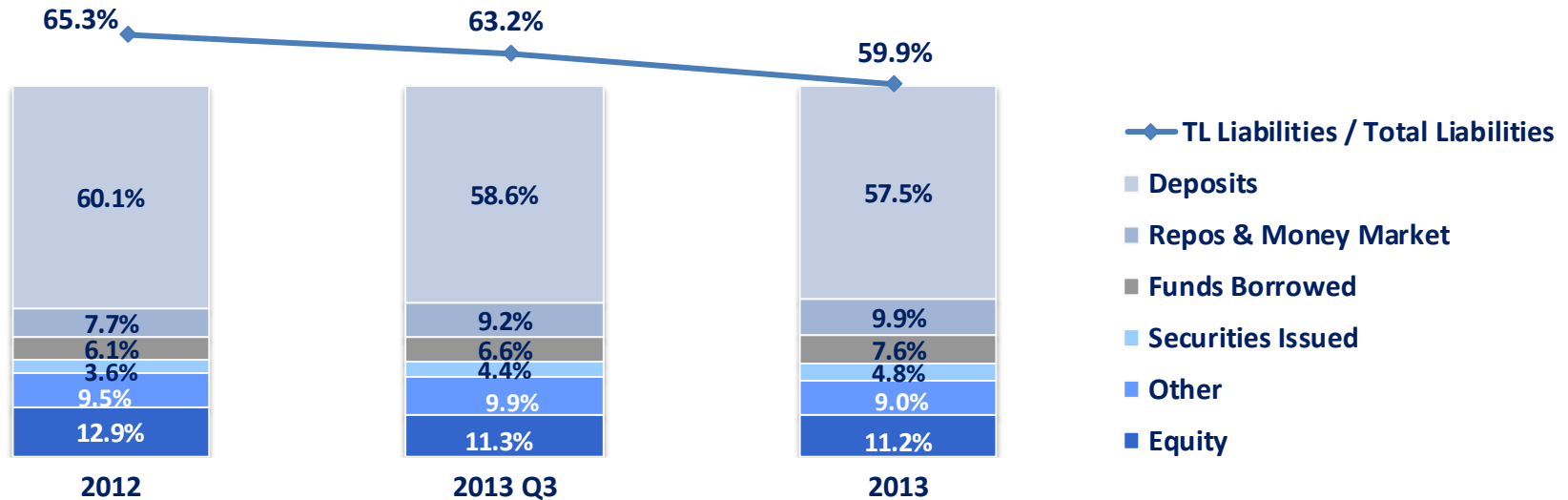
Liabilities Structure

Liabilities

(TL mn.)	2012	2013 Q3	2013	Δ QoQ	Δ YoY
Deposits	105,383	119,575	120,975	1.2%	14.8%
REPOs & Money Market	13,519	18,810	20,916	11.2%	54.7%
Funds Borrowed	10,748	13,409	15,922	18.7%	48.1%
Securities Issued	6,364	9,063	10,095	11.4%	58.6%
Other ⁽¹⁾	16,711	20,177	19,013	-5.8%	13.8%
Equity	22,719	23,125	23,579	2.0%	3.8%
Total Liabilities & Equity	175,444	204,159	210,500	3.1%	20.0%
TL Liabilites	114,591	128,991	126,101	-2.2%	10.0%
FX Liabilities	60,853	75,168	84,399	12.3%	38.7%
FX Liabilites (USD bn.)	34,091	37,773	39,952	5.8%	17.2%

(1) Includes subordinated debt of USD 1 bn. as of 2012 and 2013 Q3; and USD 1.4 bn. as of 2013.

Liabilities Composition

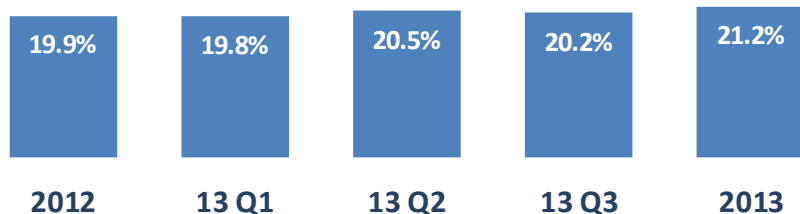


Deposits

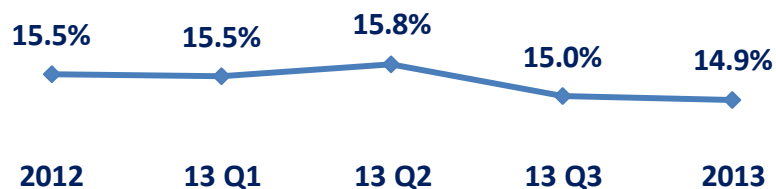
Deposits

(TL mn.)	2012	2013 Q3	2013	Δ QoQ	Δ YoY
Total Deposits	105,383	119,575	120,975	1.2%	14.8%
TL Deposits	64,990	70,784	66,440	-6.1%	2.2%
TL Saving Deposits	41,453	45,659	45,374	-0.6%	9.5%
TL Commercial Deposits	14,200	17,563	15,269	-13.1%	7.5%
Other TL Deposits	9,337	7,562	5,797	-23.3%	-37.9%
FX Deposits	40,394	48,791	54,535	11.8%	35.0%
FX Deposits (USD mn.)	22,629	24,518	25,815	5.3%	14.1%
Demand Deposits	20,947	24,167	25,623	6.0%	22.3%

Demand Deposits / Total Deposits



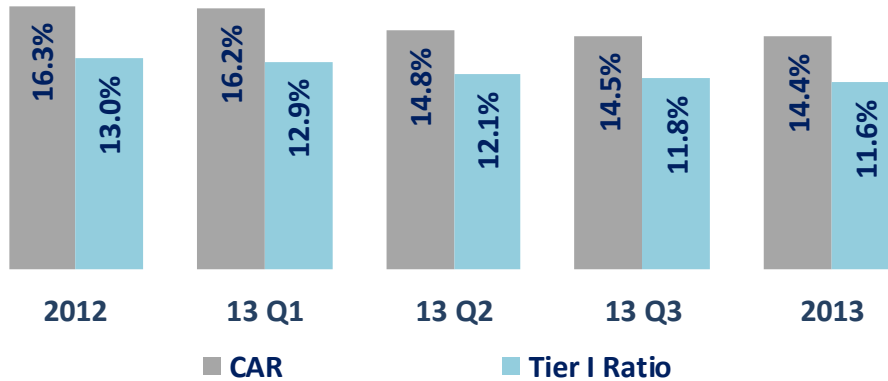
Demand Deposits Market Share



- Leadership in TL, FX, demand & total deposits among private sector banks
- Deposits make up 57.5% of total liabilities.
- TL deposits make up 54.9% of total deposits.
- Share of demand deposits in total deposits is 21.2%.

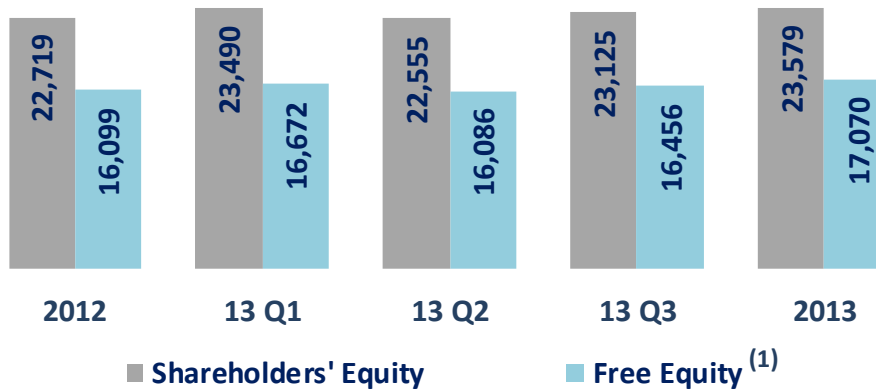
Sufficient Capitalization

Capital Adequacy Ratio



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

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 Q3	2013 Q4	Δ QoQ	2012	2013	Δ YoY
Interest Income	3,438	3,514	2.2%	13,390	13,461	0.5%
Interest Expense	1,795	1,951	8.7%	7,462	6,805	-8.8%
Net Interest Income	1,643	1,563	-4.9%	5,928	6,655	12.3%
Net Fees & Commissions	453	488	7.8%	1,706	1,919	12.5%
Net Trading Gains/Losses	-1	-70	NM	590	223	-62.2%
Dividends Received	0	0	NM	418	450	7.8%
Released Provisions	134	166	23.7%	925	778 ⁽¹⁾	-15.8%
Gains on Asset Sales	38	55	46.8%	85	160	89.1%
Other Operating Income	33	24	-26.1%	163	99	-39.0%
Total Operating Income	2,299	2,226	-3.2%	9,814	10,286	4.8%
Personnel Expenses ⁽²⁾	580	487	-16.0%	2,109	2,276	7.9%
Other Operational Expenses	335	413	23.2%	1,222	1,439	17.8%
Depreciation & Amortization	78	80	2.5%	255	303	18.6%
Other Expenses	102	441 ⁽³⁾	333.6%	899 ⁽⁴⁾	945 ^{(3),(5)}	5.1%
Total Operating Expenses	1,095	1,421	29.8%	4,484	4,963	10.7%
Operating Profit	1,204	805	-33.2%	5,330	5,324	-0.1%
Loan Loss Provisions	214	153	-28.4%	601	834	38.7%
General and Other Provision Charges	195	-100	-151.2%	608 ⁽⁶⁾	633	4.2%
Total Provision Charges (Excluding Tax Provisions)	409	54	-86.9%	1,209	1,467	21.3%
Tax Provisions	163	121	-25.5%	811	693	-14.5%
Net Income	632	630	-0.4%	3,310	3,163	-4.4%

- Significant YoY growth in NII and net fees & commissions income
- Core banking income⁽⁷⁾ up by 7.0%

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

(2) Includes provisions for employee dividends and the amount for 2012 also includes the provision for the wage increase.

(3) Includes TL 110 mn. provisions for the Competition Board fine and TL 209 mn. provisions for tax disputes.

(4) Includes one-off additional provision for pension fund of TL 440 mn..

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

(6) Includes TL 50 mn. free provisions.

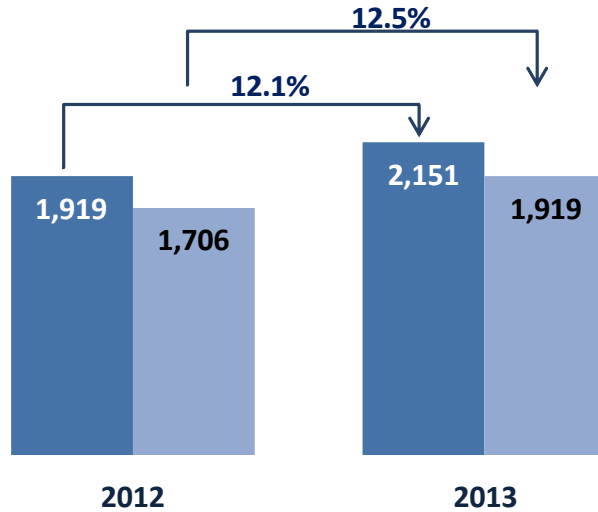
(7) Core banking income = NII + Net Fees & Commissions + Net Trading Gains/Losses

Commissions Income Performance

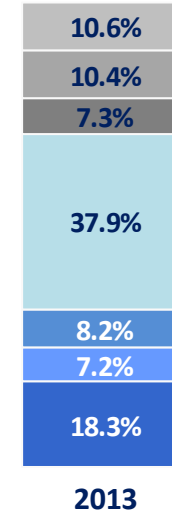
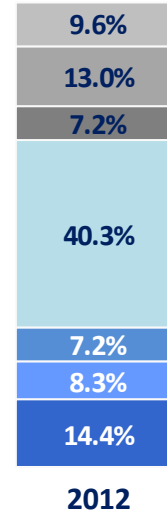
(TL thousand)	2013 Q3	2013 Q4	Δ QoQ	2012	2013	Δ YoY
Non-Cash Loans	59,452	67,120	12.9%	183,830	227,450	23.7%
Credit Appraisal	49,987	55,292	10.6%	248,521	223,361	-10.1%
Mutual Fund Man. & Other Inv. Acc. Fees	41,294	39,414	-4.6%	138,334	157,882	14.1%
Credit Cards	209,400	220,681	5.4%	772,779	816,175	5.6%
Fund Transfer	44,493	48,218	8.4%	138,518	176,403	27.4%
Account Keeping Fees	27,382	49,842	82.0%	160,118	155,078	-3.1%
Other	81,012	68,707	-15.2%	276,496	394,348	42.6%
Total Fees & Commissions Income (Gross)	513,021	549,273	7.1%	1,918,597	2,150,697	12.1%
Total Fees & Commissions Income (Net)	452,590	487,716	7.8%	1,706,227	1,919,086	12.5%

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

Fees & Commissions Income (TL mn.)



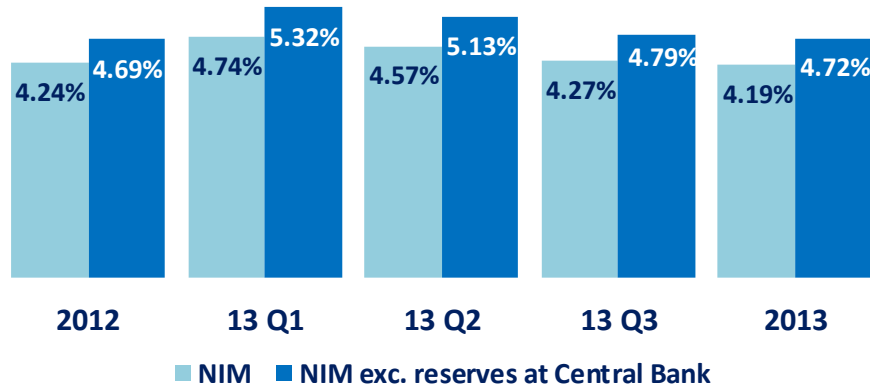
■ Total Fees & Commissions Income (Gross) ■ Total Fees & Commissions Income (Net)



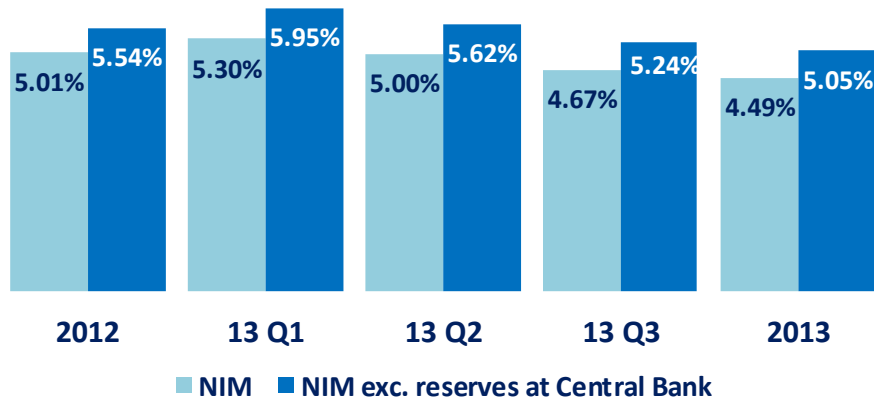
- Non-Cash Loans
- Credit Appraisal
- Mutual Fund Man. & Other Inv. Acc. Fees
- Credit Cards
- Fund Transfer
- Account Keeping Fees
- Other

Margins

NIM (Cumulative)⁽¹⁾



Adjusted NIM (Cumulative)⁽¹⁾⁽²⁾

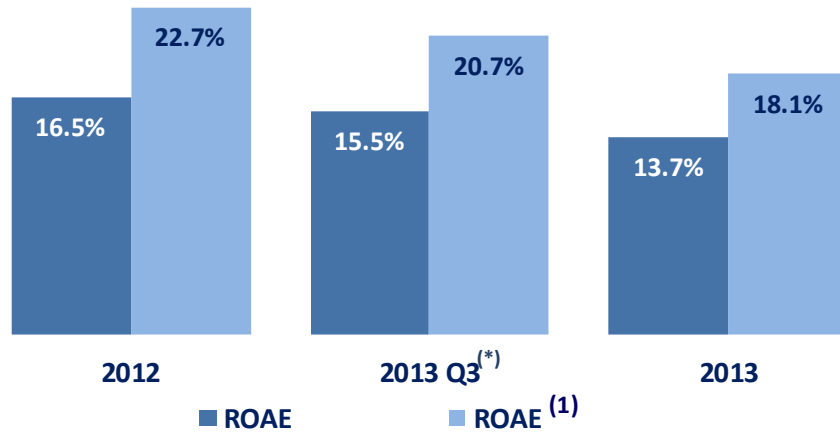


(1) Based on MIS data

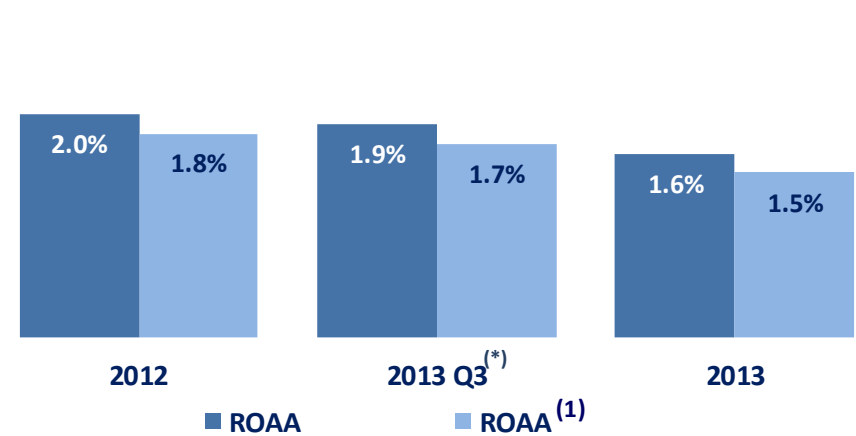
(2) Adjusted for Securities Trading Gains / Losses and Foreign Exchange Gains / Losses

Profitability and Efficiency Ratios

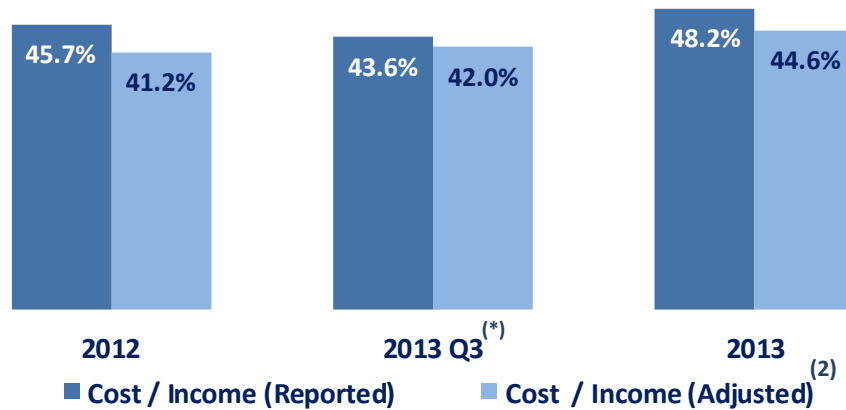
ROAE



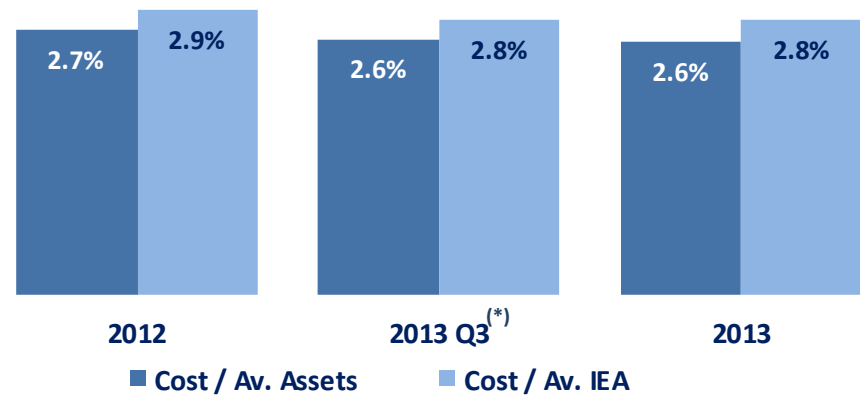
ROAA



Cost / Income



Cost vs. Assets



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

(2) Adjusted for the additional provision for pension fund in 2012 ; asset sale impact in 2013 Q1; provisions for the Competition Board fine and tax disputes in 2013.

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

2014 Expectations

	2013	2014 Expectations
Macro Assumptions		
GDP Growth	4.0%	2.5%-3.0%
CPI Inflation (annual)	7.4%	8.0%-8.5%
Exchange Rate (USD/TL, year-end)	2.13	→
Isbank		
Loan Growth	26.4%	14%-16%
Deposits Growth	14.8%	12%-14%
Share of Securities in Total Assets	17.5%	→
NPL Ratio	1.6%	+ 20-30 bps
NIM	4.19%	3.5%-4.0%
Net Fees&Commissions Growth	12.5%	~15% ^(*)
OPEX Growth	10.7%	CPI Inflation+4.0%
Net Branch Additions	59	~50

(*) Excluding the one-off expenses stated in footnotes 3 and 5 on page 14 for 2013

Q&A

Appendix – Quarterly Income Statement Highlights

(TL mn.)	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Δ QoQ
<i>Interest Income</i>	3,231	3,278	3,438	3,514	2.2%
<i>Interest Expense</i>	1,509	1,551	1,795	1,951	8.7%
Net Interest Income	1,722	1,727	1,643	1,563	-4.9%
Net Fees & Commissions	463	516	453	488	7.8%
Net Trading Gains/Losses	153	142	-1	-70	NM
Dividends Received	160	290	0	0	NM
Released Provisions ⁽¹⁾	291	187	134	166	23.7%
Gains on Asset Sales	50	17	38	55	46.8%
Other Operating Income	23	19	33	24	-26.1%
Total Operating Income	2,862	2,899	2,299	2,226	-3.2%
Personnel Expenses ⁽²⁾	532	676	580	487	-16.0%
Other Operational Expenses	331	360	335	413	23.2%
Depreciation & Amortization	67	78	78	80	2.5%
Other Expenses ⁽³⁾	226	176	102	441 ⁽⁴⁾	333.6%
Total Operating Expenses	1,156	1,290	1,095	1,421	29.8%
Operating Profit	1,706	1,608	1,204	805	-33.2%
Loan Loss Provisions	225	241	214	153	-28.4%
General and Other Provision Charges ⁽⁵⁾	271	267	195	-100	-151.2%
Total Provision Charges (Excluding Tax Provisions)	496	508	409	54	-86.9%
Tax Provisions	186	223	163	121	-25.5%
Net Income	1,024	877	632	630	-0.4%

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

(2) Includes provisions for employee dividends.

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

(4) Includes TL 110 mn. provisions for the Competition Board fine and TL 209 mn. provisions for tax disputes.

(5) Includes TL 100 mn. free provisions.

NM: Not meaningful

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