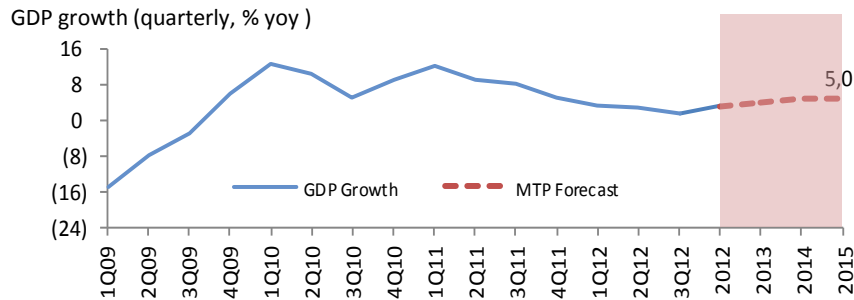




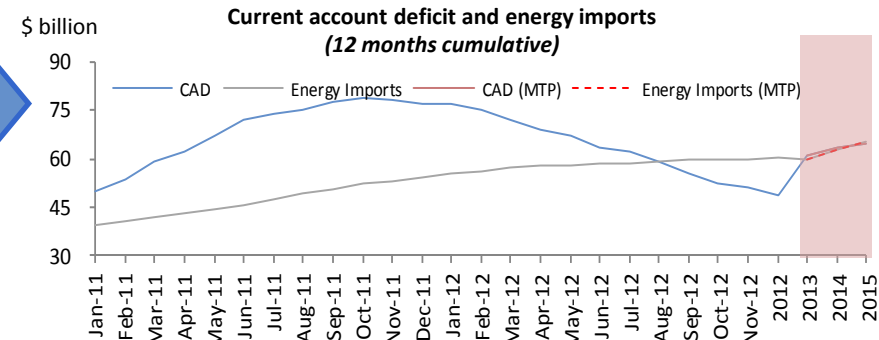
**ISBANK
EARNINGS
PRESENTATION
2012**

Recent Macro Developments

“Soft landing” in the economy

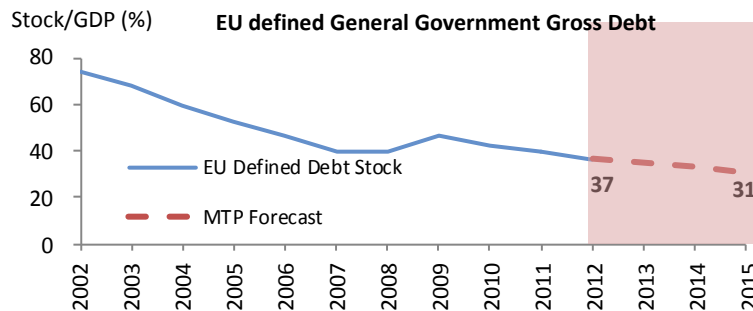


Improving current account deficit

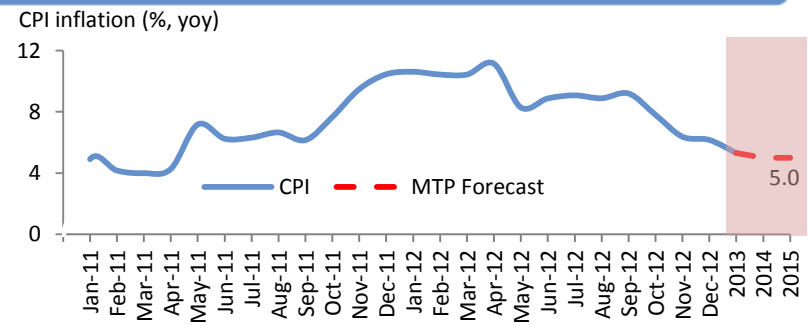


- Turkey performed in line with the “soft landing” scenario in 2012.
- Turkish economy is estimated to have grown by 3% in 2012. The growth rate is targeted to reach 4% in 2013 according to Medium Term Economic Program (MTP).
- In 2012, 13.1% annual growth in exports and 1.8% decline in imports contributed to the improvement in C/A deficit. Thus, C/A deficit has continued to narrow down in 4Q 2012.
- The rebalancing of domestic and external demand has become more evident and enables the Turkish economy to better cope with vulnerabilities.
- CPI inflation has declined to 6.2% at the end of 2012 and is expected to be 5.3% at the end of 2013 according to MTP.
- EU defined General Government Gross Debt Ratio is targeted to be around 31% in 2015.

Sound fiscal performance



Better inflation outlook



Period's Highlights

Loans & Asset Quality

- Loan growth picked up in Q4 as expected; both 8.7% QoQ and 16.5% YoY growth rates are above sector averages.
- Steady growth in retail and SME loans has been maintained throughout the year.
- Share of loans in total assets exceeded 60%.
- Amount of net NPL formation declined in Q4 due to strong collection performance and net NPL formation rate stands at a moderate level of 0.4% for the full year.
- 78.9% NPL coverage ratio is above the sector average. (Sector:75.2%)
- Market leadership in TL, FX and total loans

Funding and Capital Adequacy

- Deposit growth continued in Q4, along with further decline in REPO funding.
- Sustained leadership in TL, FX, demand and total deposits among private banks with cost sensitive funding policy
- Demand deposits, which make up 19.9% of total deposits continue to be a source of low cost and stable funding.
- CAR rose to 16.3% in Q4, mainly as result of strong profitability and the subordinated debt.

P&L

- Solid growth performance, quarterly and annually, in core banking revenues
- Further improvement in NIM in Q4, leading to 29.9% annual growth in NII.
- Strong momentum in fee and commission income continued in 2012 with 19.4% annual growth.
- ROAE rose to 16.5%.

Market Shares

Largest Private Bank...

	Market Shares (%) ⁽¹⁾		Rank ⁽²⁾	
	2011	2012	2011	2012
Total Assets	13.9	13.5	1 st	1 st
Total Loans	14.1	14.2	1 st	1 st
TL Loans	13.0	13.1	1 st	1 st
FX Loans	16.6	17.2	2 nd	1 st
Consumer Loans⁽³⁾	11.6	12.0	1 st	1 st
Total Deposits	14.2	13.7	1 st	1 st
TL Deposits	13.4	12.9	1 st	1 st
FX Deposits	15.7	15.4	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 that disclosed 2012 year-end financial results

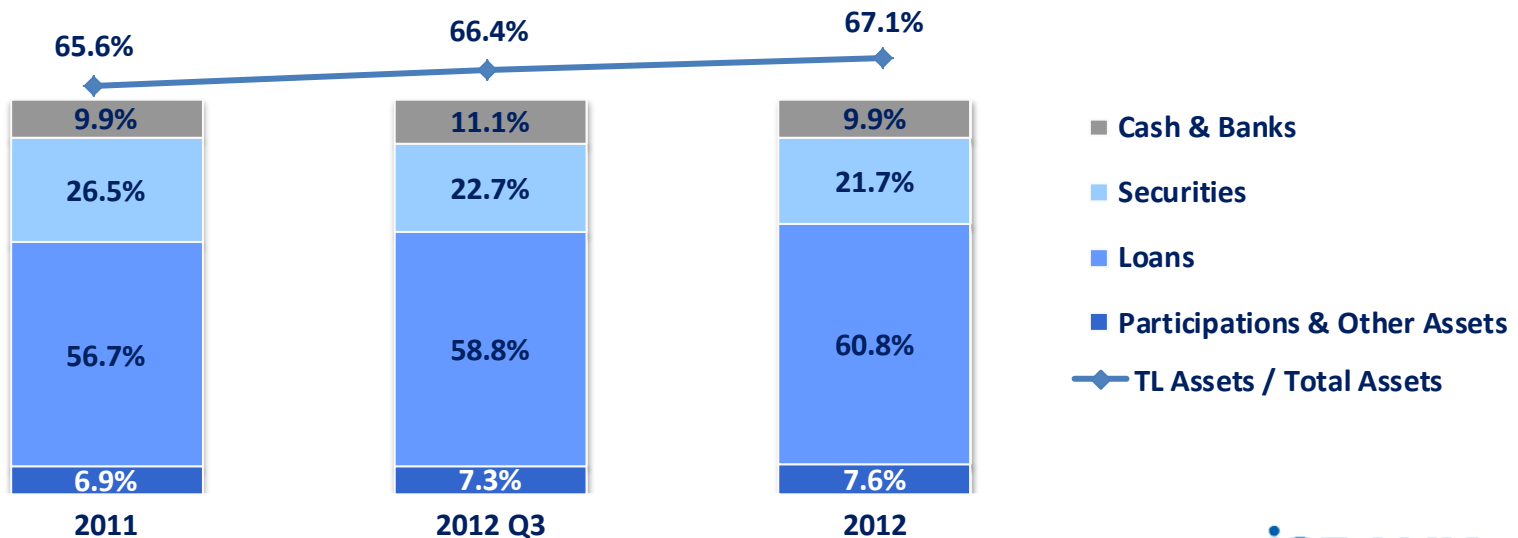
(3) Including retail overdraft accounts

Asset Structure

Assets

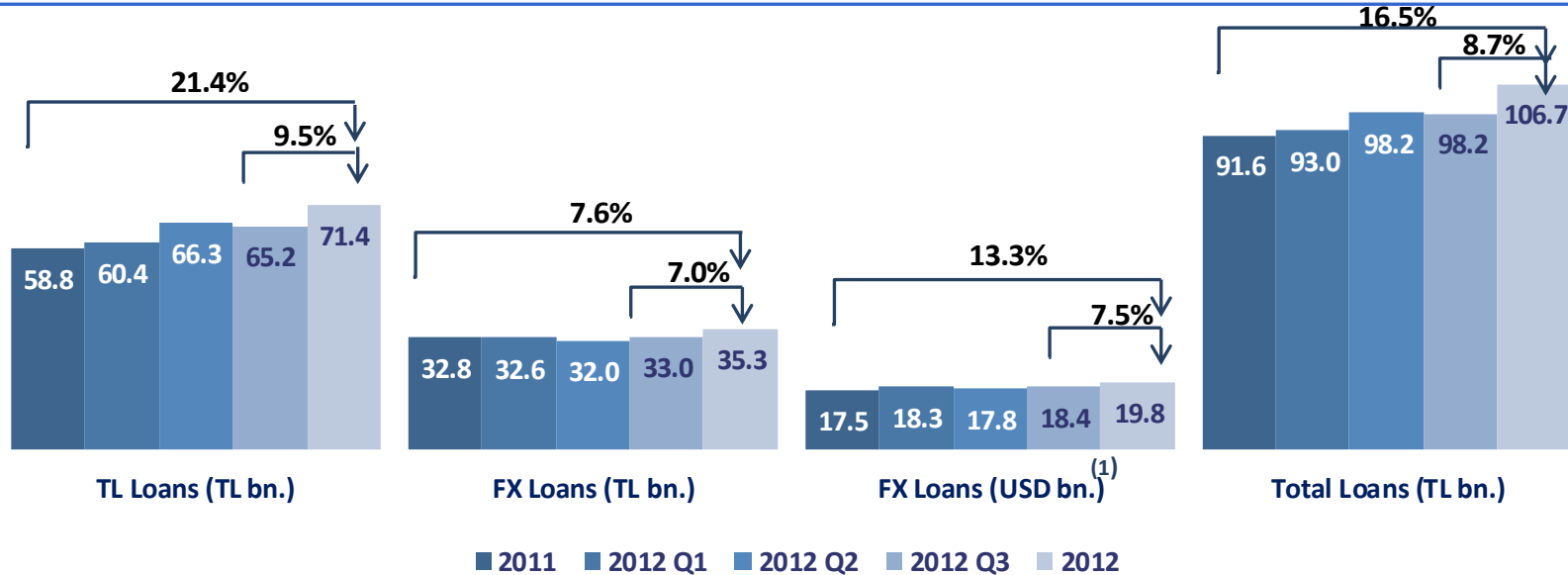
(TL mn.)	2011	2012 Q3	2012	Δ QoQ	Δ YtD
Cash & Banks	16,034	18,600	17,391	-6.5%	8.5%
Securities (Net)	42,778	37,829	38,055	0.6%	-11.0%
Loans	91,621	98,185	106,716	8.7%	16.5%
Participations (Net)	6,275	7,101	7,700	8.4%	22.7%
Fixed Assets (Net)	1,983	1,937	1,999	3.2%	0.8%
Other Assets	2,977	3,195	3,585	12.2%	20.4%
Total Assets	161,669	166,847	175,444	5.2%	8.5%
TL Assets	106,007	110,776	117,672	6.2%	11.0%
FX Assets	55,661	56,070	57,773	3.0%	3.8%
FX Assets (USD mn.)	29,607	31,272	32,366	3.5%	9.3%

Asset Composition

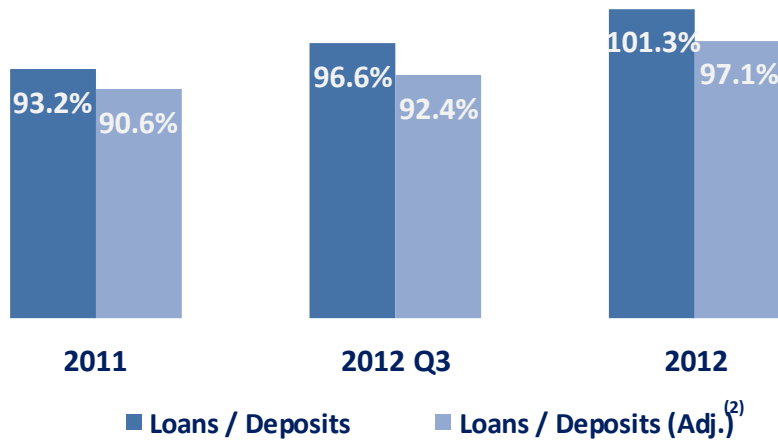


Loan Portfolio

Loans



Loans/Deposits



- Market leader in TL, FX & total loans
- Share of loans in total assets is 61%.
- Comfortable level of Loans/Deposits ratio
- Adjusted Loans/Deposits ratio⁽²⁾ is 97.1%.

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

Loan Portfolio

Loans

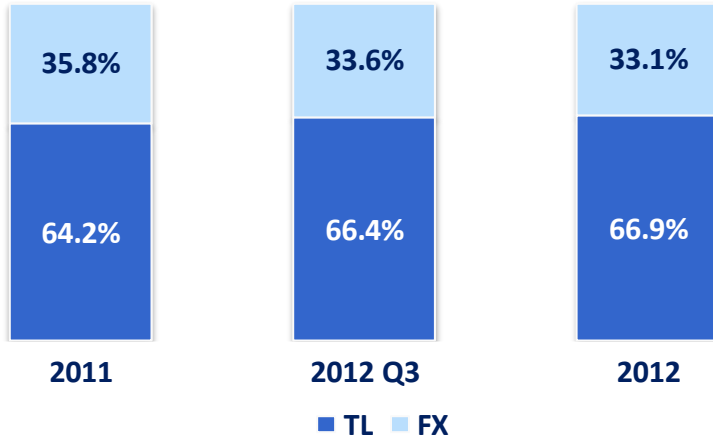
(TL mn.)	2011	2012 Q3	2012	Δ QoQ	Δ YtD
Total Loans	91,621	98,185	106,716	8.7%	16.5%
TL Loans	58,804	65,203	71,415	9.5%	21.4%
Retail Loans	25,457	29,075	30,491	4.9%	19.8%
Housing Loans	7,943	8,809	9,539	8.3%	20.1%
Auto Loans	1,149	1,258	1,317	4.7%	14.6%
GPLs⁽¹⁾	9,741	11,225	11,522	2.7%	18.3%
Credit Card Loans	6,624	7,784	8,113	4.2%	22.5%
SME Loans⁽²⁾	18,199	20,683	21,896	5.9%	20.3%
Commercial and Corporate Loans	15,148	15,445	19,027	23.2%	25.6%
FX Loans	32,817	32,983	35,301	7.0%	7.6%
SME Loans⁽²⁾	1,600	1,769	1,943	9.9%	21.4%
Commercial and Corporate Loans	31,217	31,214	33,358	6.9%	6.9%
FX Loans (USD mn.)	17,456	18,395	19,776	7.5%	13.3%
SME Loans⁽²⁾	851	986	1,089	10.4%	27.9%
Commercial and Corporate Loans	16,605	17,409	18,688	7.3%	12.5%

(1) Including overdraft accounts

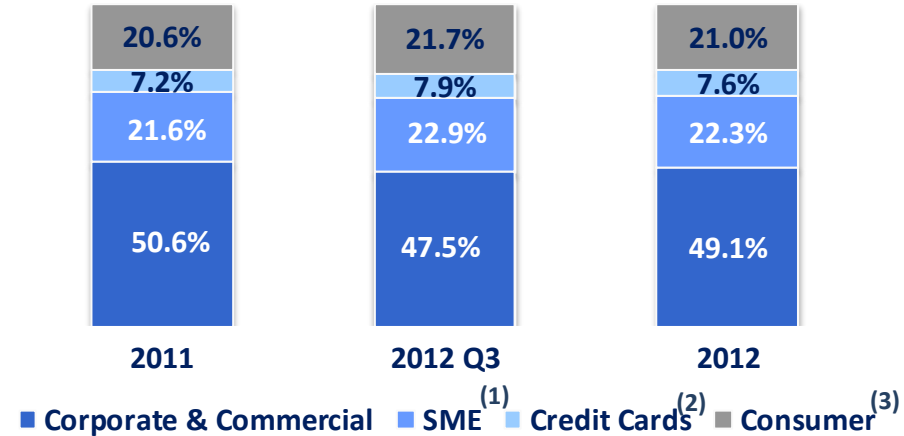
(2) SMEs include companies with turnover or total assets <= TL 25 mn. and number of employees <= 250.

Loan Composition

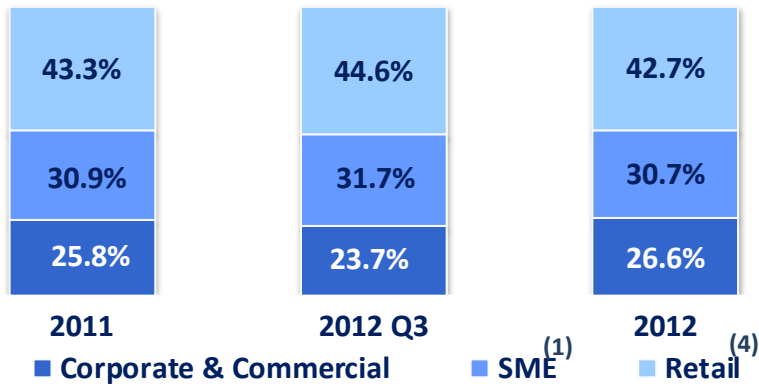
Currency Mix



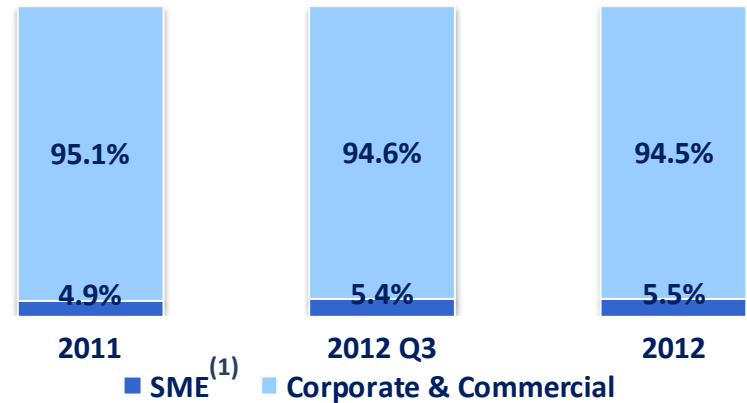
Loan Composition - Total Loans



Loan Composition - TL Loans



Loan Composition - FX Loans



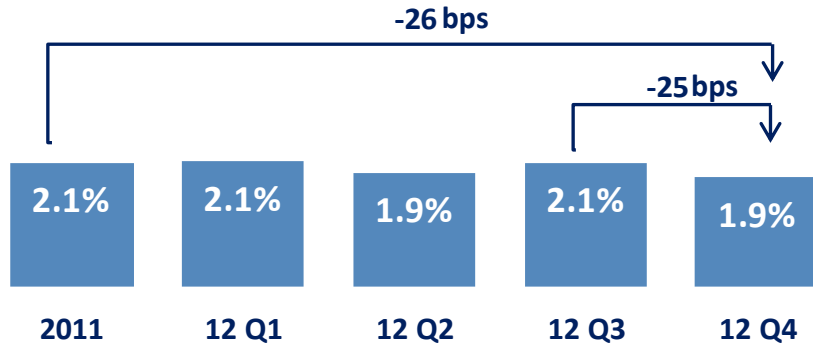
(1) SMEs include companies with turnover or total assets <= TL 25 mn. and number of employees <= 250.

(2) Shows retail credit card balances only

(3) Including retail overdraft accounts

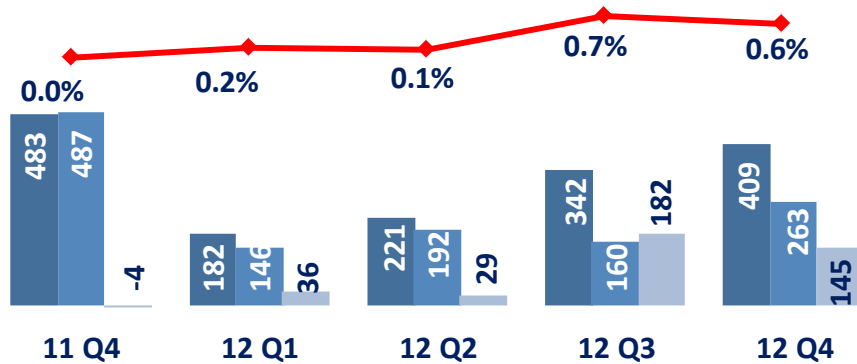
(4) Including retail credit cards and overdraft accounts

NPL Ratio



- Quarterly decline in net NPL formation
- Coverage ratio is 79%.
- 24% collection rate⁽¹⁾ in 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)

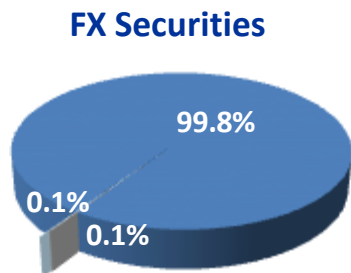
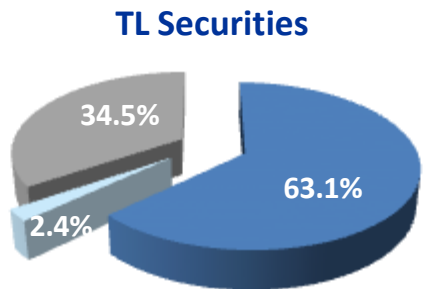
Period	Amount	Revenue
11 Q4	221,701	42,055
12 Q1	-	-
12 Q2	136,864	28,656
12 Q3	-	-
12 Q4	287,061	50,127

Securities Portfolio

Securities

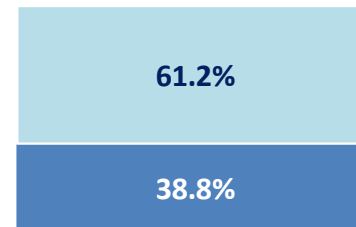
(TL mn.)	2011	2012 Q3	2012	Δ QoQ	ΔYtD
Total Securities	42,778	37,829	38,055	0.6%	-11.0%
TL Securities	32,452	31,416	31,703	0.9%	-2.3%
FX Securities	10,326	6,414	6,351	-1.0%	-38.5%
FX Securities (USD mn.)	5,492	3,577	3,558	-0.5%	-35.2%

Composition of Securities Portfolio

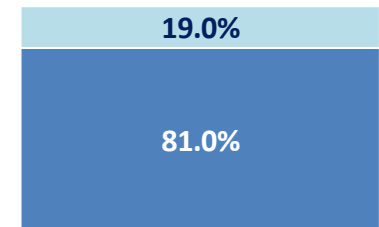


■ Held for Trading ■ Available For Sale ■ Held To Maturity

TL Securities



FX Securities



■ Discount & Fixed Rate

■ Floating Rate Notes

- 29% share of CPI linkers in total portfolio
- TL 1,762 mn of MtM differences :
HTM TL 784 mn.*
AFS TL 978 mn.
- Average durations:
0.77 years for TL Securities
3.30 years for FX Securities

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

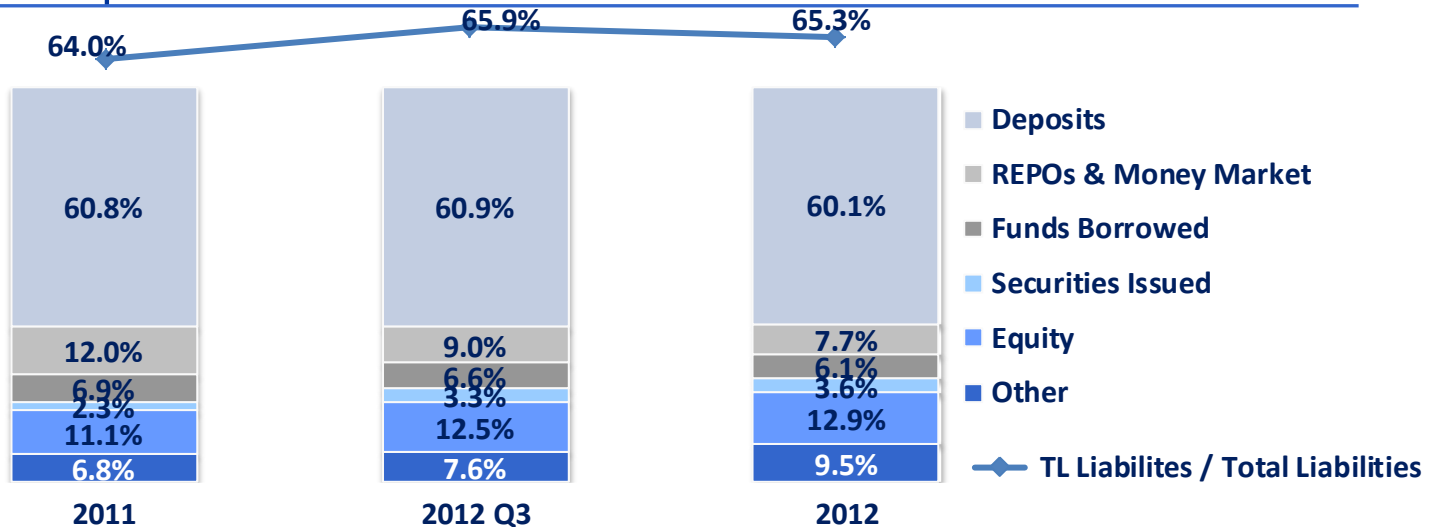
Liabilities Structure

Liabilities

(TL mn.)	2011	2012 Q3	2012	Δ QoQ	Δ YtD
Deposits	98,313	101,628	105,383	3.7%	7.2%
REPOs & Money Market	19,461	14,997	13,519	-9.9%	-30.5%
Funds Borrowed	11,148	11,093	10,748	-3.1%	-3.6%
Securities Issued	3,781	5,538	6,364	14.9%	68.3%
Other	11,043	12,665	16,711 ⁽¹⁾	32.0%	51.3%
Equity	17,921	20,925	22,719	8.6%	26.8%
Total Liabilities & Equity	161,669	166,847	175,444	5.2%	8.5%
TL Liabilites	103,468	109,989	114,591	4.2%	10.8%
FX Liabilites	58,201	56,858	60,853	7.0%	4.6%
FX Liabilites (USD bn.)	30,958	31,711	34,091	7.5%	10.1%

(1) Including subordinated debt of USD 1 bn.

Liabilities Composition

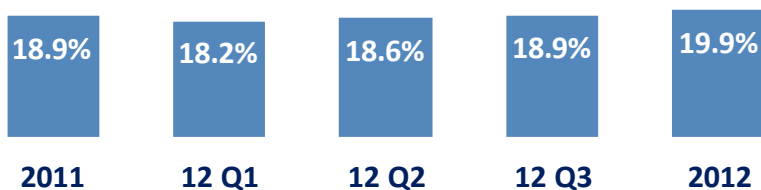


Deposits

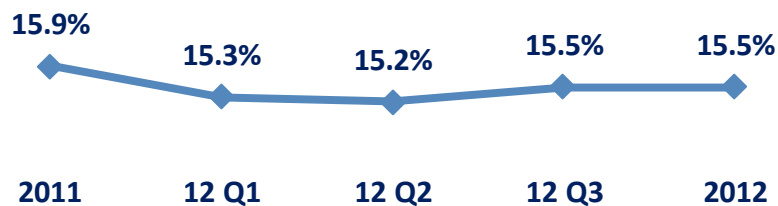
Deposits

(TL mn.)	2011	2012 Q3	2012	Δ QoQ	Δ YtD
Total Deposits	98,313	101,628	105,383	3.7%	7.2%
TL Deposits	60,332	62,762	64,990	3.5%	7.7%
TL Saving Deposits	40,664	41,635	41,453	-0.4%	1.9%
TL Commercial Deposits	11,678	11,879	14,200	19.5%	21.6%
Other TL Deposits	7,991	9,249	9,337	1.0%	16.8%
FX Deposits	37,981	38,866	40,394	3.9%	6.4%
FX Deposits (USD mn.)	20,202	21,676	22,629	4.4%	12.0%
Demand Deposits	18,627	19,257	20,947	8.8%	12.5%

Demand Deposits/Total Deposits



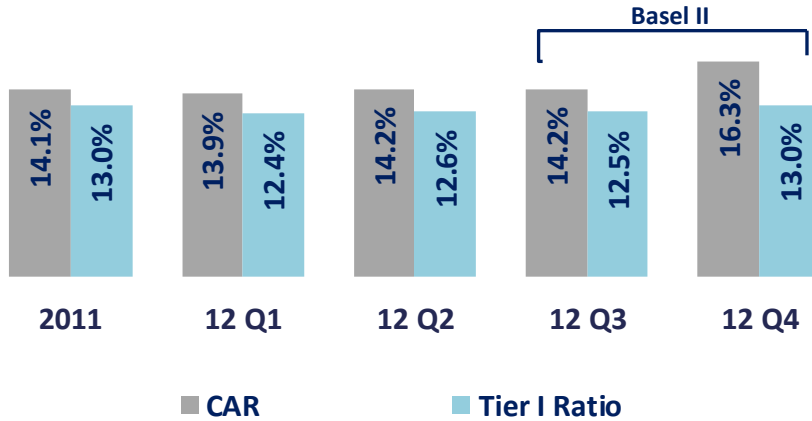
Demand Deposits Market Share



- Leadership in TL, FX, demand & total deposits among private sector banks
- Deposits make up 60% of total liabilities.
- TL deposits make up 62% of total deposits.
- Share of demand deposits in total deposits is 20%.

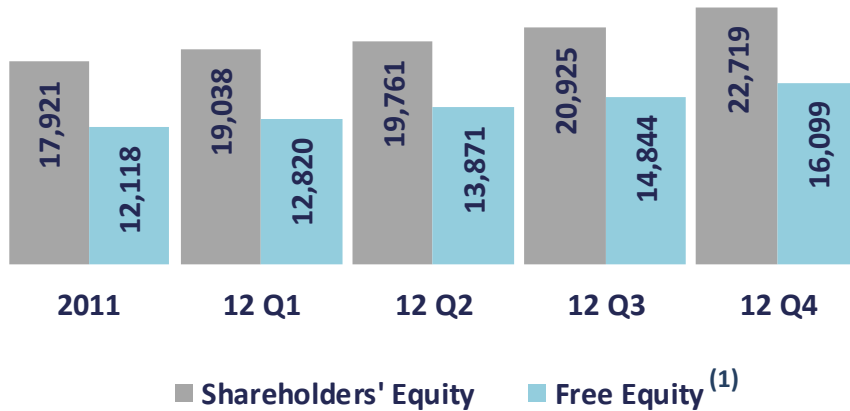
Sufficient Capitalization

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 Q3	2012 Q4	Δ QoQ	2011	2012	Δ YoY
<i>Interest Income</i>	3,404	3,318	-2.5%	10,898	13,390	22.9%
<i>Interest Expense</i>	1,888	1,646	-12.9%	6,337	7,462	17.8%
Net Interest Income	1,515	1,672	10.4%	4,562	5,928	29.9%
Net Fees & Commissions	406	501	23.5%	1,429	1,706	19.4%
Net Trading Gains/Losses	(11)	326	++	306	590	92.9%
Dividends Received	-	-	-	556	418	-24.8%
Released Provisions ⁽¹⁾	247	222	-10.0%	1,063	924	-13.0%
Gains on Asset Sales	10	42	335.0%	154	85	-44.9%
Other Operating Income	21	89	327.6%	94	163	72.5%
Total Operating Income	2,187	2,853	30.5%	8,163	9,814	20.2%
Personnel Expenses	477	400	-16.2%	1,819	1,821	0.1%
Other Operational Expenses	262	334	27.7%	1,093	1,222	11.8%
Depreciation & Amortization	66	67	1.6%	219	253	15.4%
Other Expenses ⁽²⁾	414	584	41.0%	350	1,189	239.6%
Total Operating Expenses	1,219	1,385	13.6%	3,481	4,484	28.8%
Operating Profit	968	1,468	51.7%	4,682	5,330	13.8%
Loan Loss Provisions ⁽¹⁾	18	208	++	597	601	0.6%
General and Other Provision Charges	86	30	-65.4%	786	608	-22.7%
Total Provision Charges (Excluding Tax Provisions)	104	237	128.0%	1,384	1,209	-12.6%
Tax Provisions	180	266	48.1%	631	811	28.5%
Net Income	684	965	41.0%	2,667	3,310	24.1%

- Significant QoQ & annual growth in NII and net fees & commissions income
- Core banking income up by 31%, and operating profit up by 14% annually
- 24% annual bottom-line growth

(1) Both items include the one-off positive impact of the change in the provisioning policy (TL 348 mn. in total) as of the end of 2012 Q3.

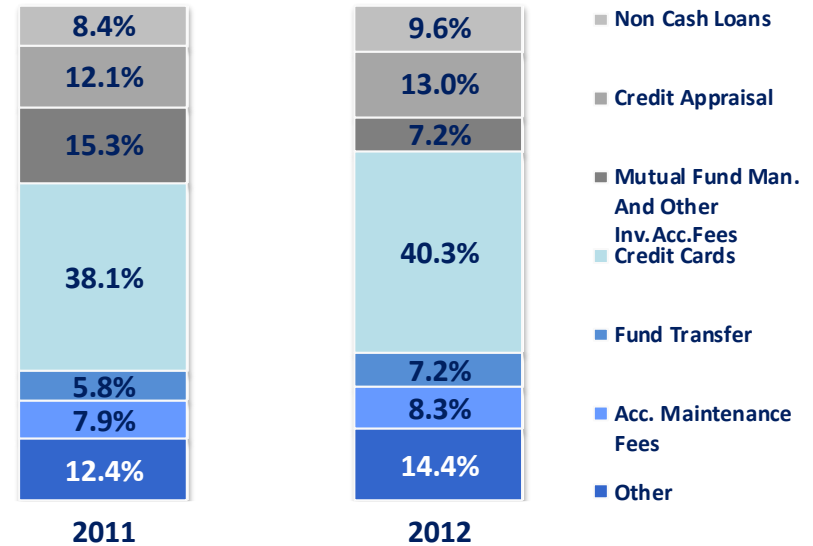
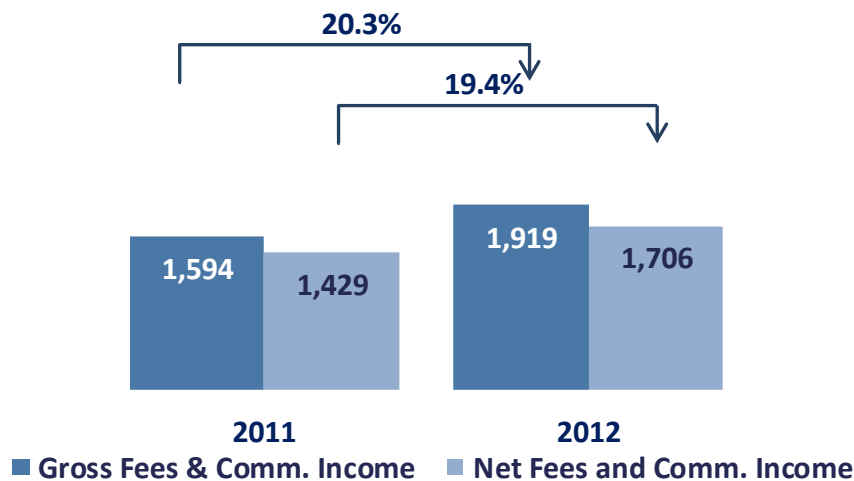
(2) Include provisions for employee dividends and the possible salary increase, which have been classified under operating expenses in 2012 Q4 and also provisions for the pension fund in 2012 Q3 and Q4.

Commissions Income Performance

(TL thousand)	2011	2012	Δ YoY
Non-Cash Loans	134,307	183,830	36.9%
Credit Appraisal	192,909	248,521	28.8%
Mutual Fund Man. & Other Inv. Acc. Fees	244,360	138,334	-43.4%
Credit Cards	607,951	772,779	27.1%
Fund Transfer	91,774	138,518	50.9%
Acc. Maintenance Fees	125,665	160,118	27.4%
Other	197,401	276,496	40.1%
Total Gross Commissions Income	1,594,367	1,918,597	20.3%
Net Fees and Commissions Income	1,428,583	1,706,227	19.4%

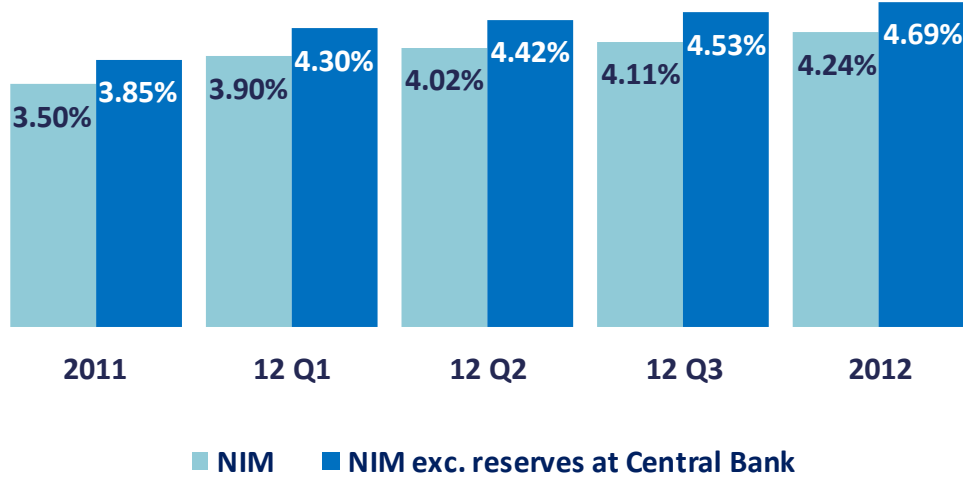
- Solid growth in all items except for mutual fund management fees
- Higher contribution to profitability
- Higher OPEX coverage quarterly
- Diversified fees & commissions base

Fees & Commissions Income (TL mn.)



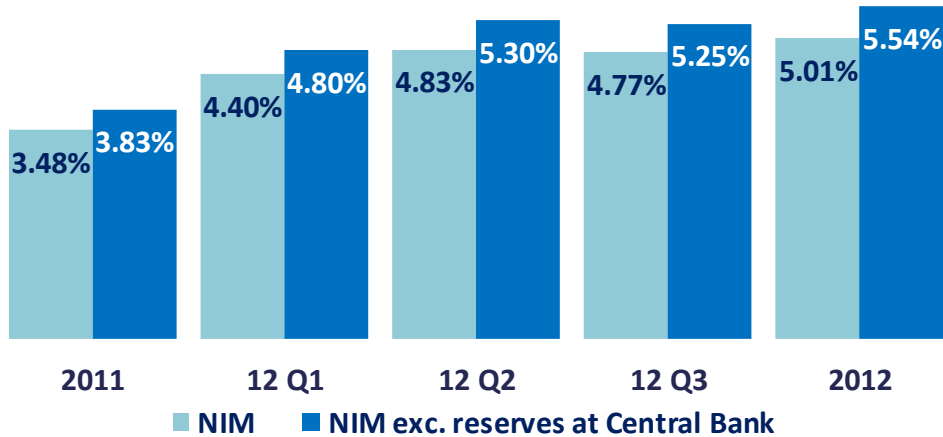
Margins

NIM (Cumulative) ⁽¹⁾



- NIM continued to improve in Q4.
- Further decline in cost of funding

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

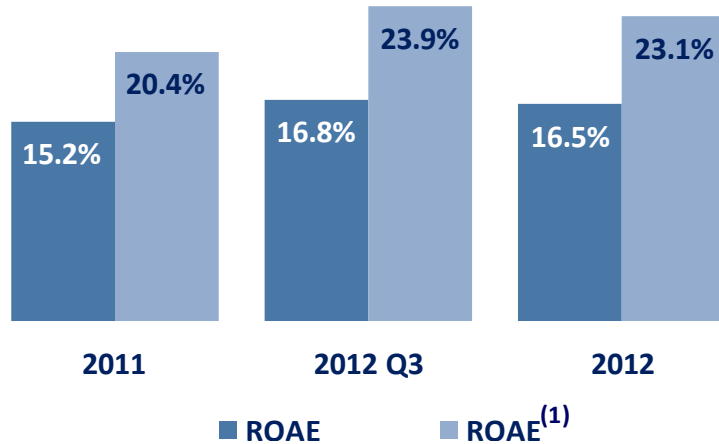


(1) Based on MIS data

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

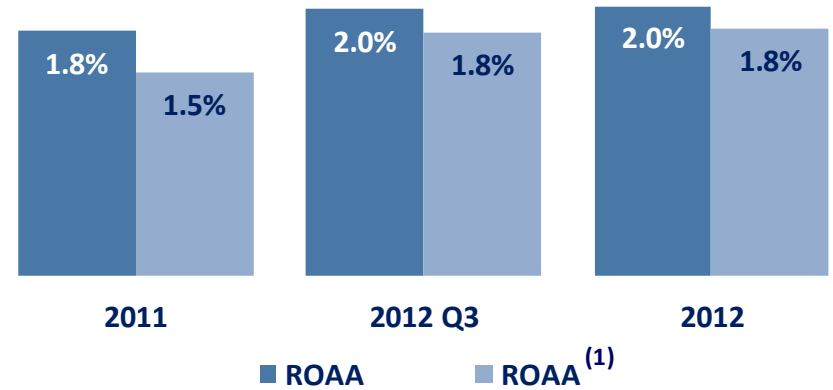
Profitability and Efficiency Ratios^(*)

ROAE

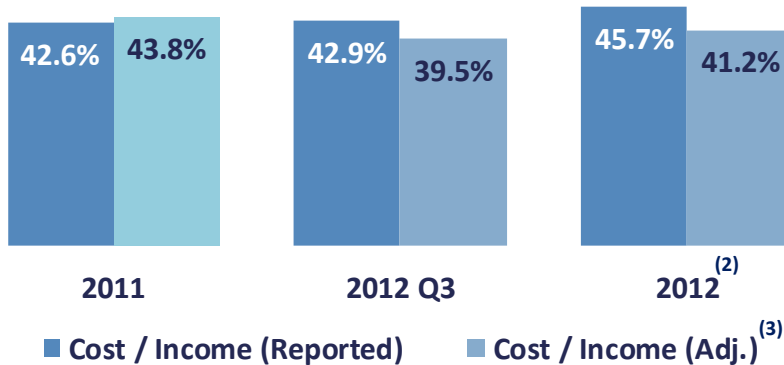


(1) On banking business (excluding equity participations portfolio)

ROAA



Cost / Income



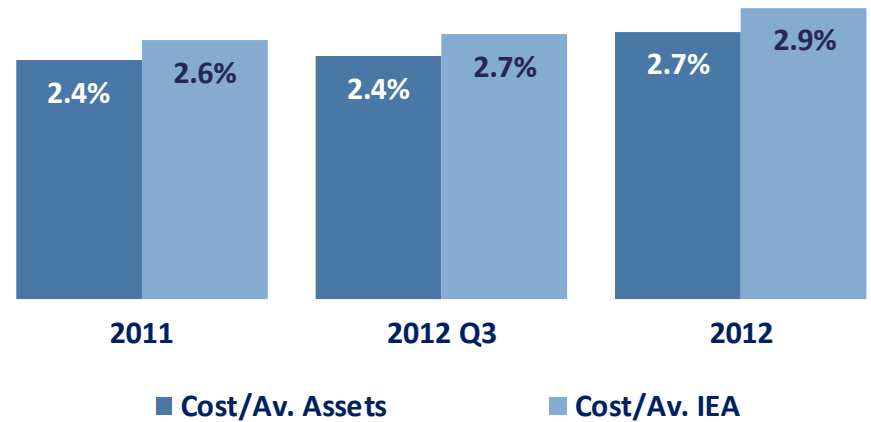
(2) 2012 reported and adjusted OPEX include provisions for employee dividends and possible salary increase.

(3) Adjustments:

2011: Employee dividends are added to OPEX.

2012: One-off pension fund liability of TL 317 mn. in Q3 and TL 440 mn. in Q4 are excluded from Q3 and Q4 OPEX figures.

Cost vs. Assets



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

2013 Expectations

	2012	2013 Expectations
Macro Assumptions		
GDP Growth	3% ⁽¹⁾	~4.5%
CPI Inflation (annual)	6.2%	~6.0%
Exchange Rate (USD/TL, year-end)	1.78	→
Isbank		
Loan Growth	16%	16%-18%
Deposits Growth	7%	8%-10%
Share of Securities in Total Assets	22%	↓
NPL Ratio	1.9%	~2%
NIM	4.2%	<4.2%
Net Fees & Commissions Growth	19%	≥15%
OPEX Growth	13% ⁽²⁾	10% +
Net Branch Additions	49	45-50

(1) Expectation

(2) Adjustments:

2011: Employee dividends are added to OPEX.

2012: The pension fund liability of TL 440 mn. is excluded from OPEX.

Appendix – Quarterly Income Statement Highlights

(TL mn.)	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	Δ QoQ
<i>Interest Income</i>	3,103	3,291	3,378	3,404	3,318	-2.5%
<i>Interest Expense</i>	1,788	1,979	1,949	1,888	1,646	-12.9%
Net Interest Income	1,315	1,312	1,429	1,515	1,672	10.4%
Net Fees & Commissions	403	370	429	406	501	23.5%
Net Trading Gains/Losses	279	82	194	-11	326	++
Dividends Received	0	95	323	-	-	--
Released Provisions ⁽¹⁾	313	229	227	247	222	-10.0%
Gains on Asset Sales	9	11	23	10	42	335.0%
Other Operating Income	22	29	25	21	89	327.6%
Total Operating Income	2,341	2,126	2,649	2,187	2,853	30.5%
Personnel Expenses	413	413	531	477	400	-16.2%
Other Operational Expenses	337	274	352	262	334	27.7%
Depreciation & Amortization	56	58	62	66	67	1.6%
Other Expenses ⁽²⁾	86	105	86	414	584	41.0%
Total Operating Expenses	893	850	1,031	1,219	1,385	13.6%
Operating Profit	1,449	1,276	1,618	968	1,468	51.7%
Loan Loss Provisions ⁽¹⁾	205	170	206	18	208	1044.2%
General and Other Provision Charges	144	216	277	86	30	-65.4%
Total Provision Charges (Excluding Tax Provisions)	350	386	482	104	237	128.0%
Tax Provisions	235	183	183	180	266	48.1%
Net Income	864	708	953	684	965	41.0%

(1) Both items include the one-off positive impact of the change in the provisioning policy (TL 348 mn. in total) as of the end of 2012 Q3.

(2) Include provisions for employee dividends and the possible salary increase, which have been classified under operating expenses in 2012 Q4 and also provisions for the pension fund in 2012 Q3 and Q4.

Q&A

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