

# **TEKSTİLBANK**

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*Earnings Presentation  
December 31, 2009 / BRSA Bank-Only*

# Encouraging volume growth in Q409...

## *Focal points in 2009 were:*

- Preserving capital
- Maintaining optimum liquidity
- Close cost monitoring and execution of structural cost reduction

## *Highlights of Q4 2009:*

- 18% quarterly loan growth, well above sector average of 4.5%
- 12% quarterly deposit growth, again surpassing sector average of 5%
- Strong capital adequacy, at a more efficient 20.8%
- Significant improvement in NPL ratio
- 7 percentage points of quarterly increase in NPL coverage to 57%
- Pressure on margins due to no further decline in deposit costs as well as increased competition

*Sound cost management translated into a 207% YoY surge in consolidated net income in 2009 despite declining volumes in a complex environment*

# Looking into 2010...

## Macro

### ***More encouraging macroeconomic environment:***

- Estimated GDP Growth of 3.2%, following an estimated shrinkage of 5.6% in 2009
- CBT expects to maintain low policy rates for a long period of time
- Back to growth in world economy

## Banking Sector

- Volume growth gaining pace:
  - 10-15% loan growth
  - 10-13% deposit growth
- Pressure on NIM with the end of CBT's easing cycle and increased competitive pressure
- Improvement in asset quality

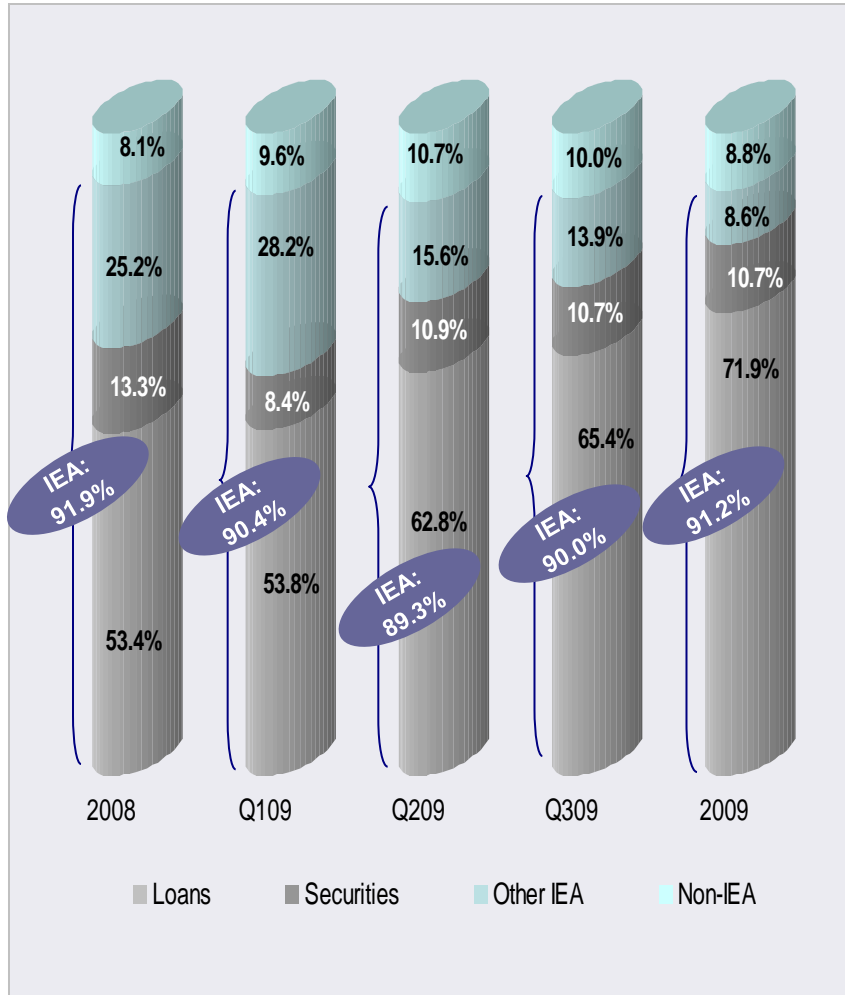
## Tekstilbank

### ***Set to re-gain momentum:***

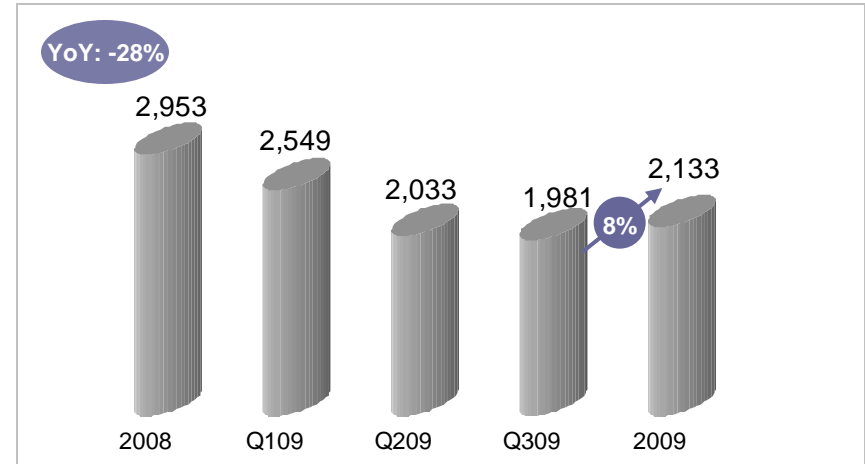
- Pressure on NIM in line with the sector
- Above sector volume growth:
  - Loans: ~20%
  - Deposits: ~ 20%
- Improvement in asset quality to continue
- Cost of risk to come down to pre-crisis levels (around 2%)
- Costs to continue to be under control

# Asset structure...

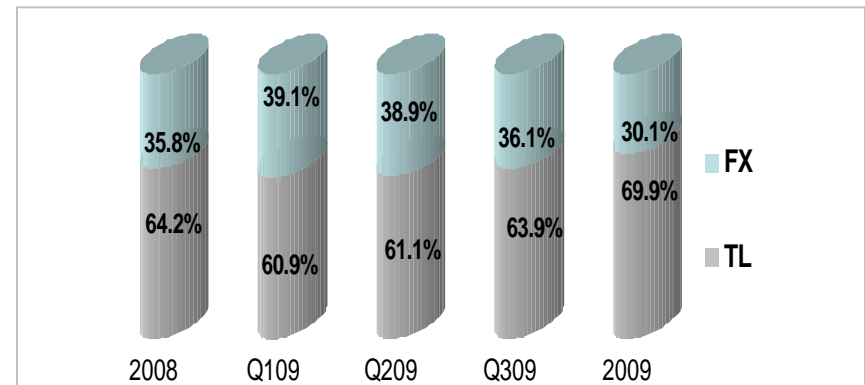
## Composition of Assets



## Total Assets (TRY mn)

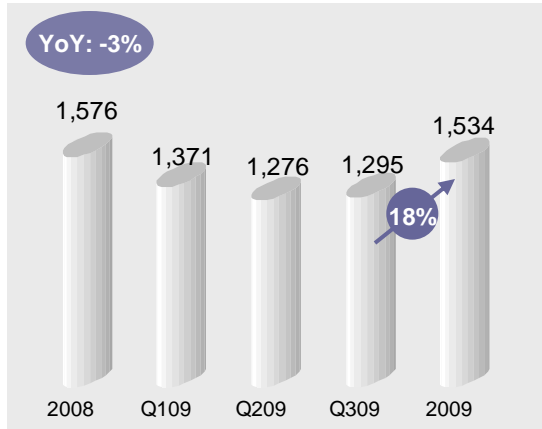


## Currency Composition of Assets

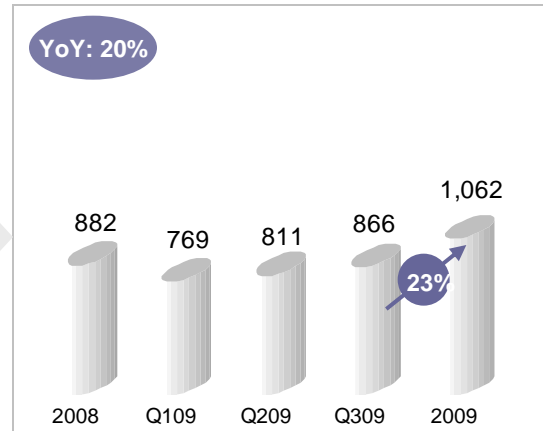


# Loan growth well above sector average in Q409...

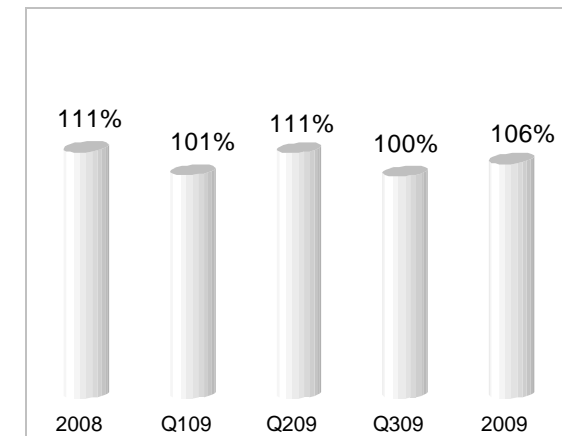
## Total Cash Loans (TRY mn)



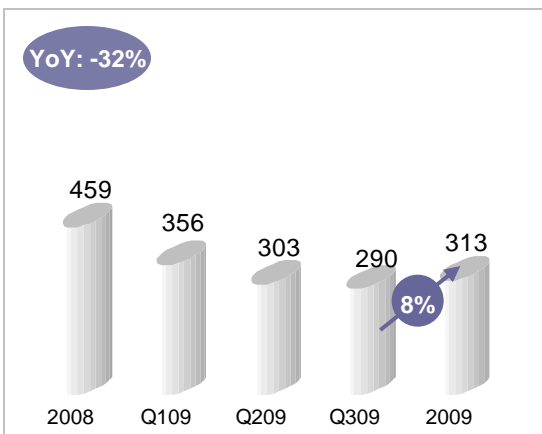
## TL Cash Loans (TRY mn)



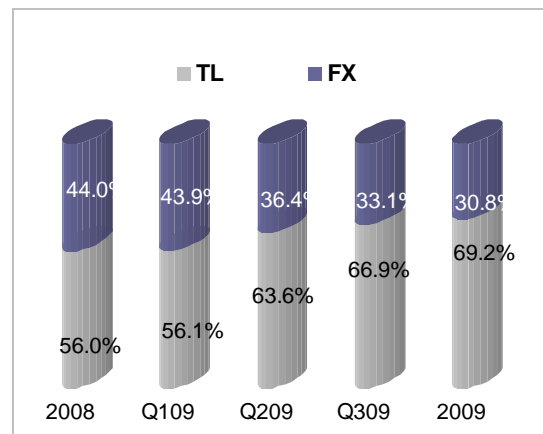
## Loans / Customer Deposits



## FX Cash Loans (US\$ mn)



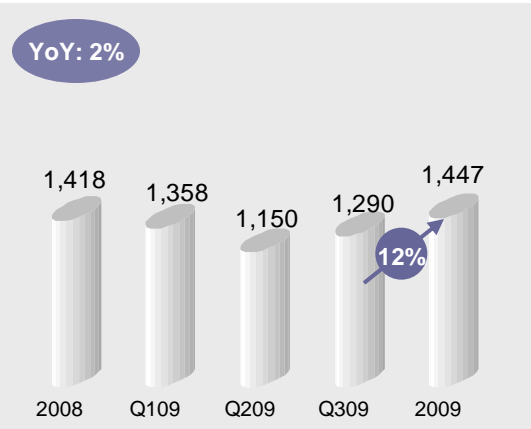
## Currency Breakdown of Cash Loans



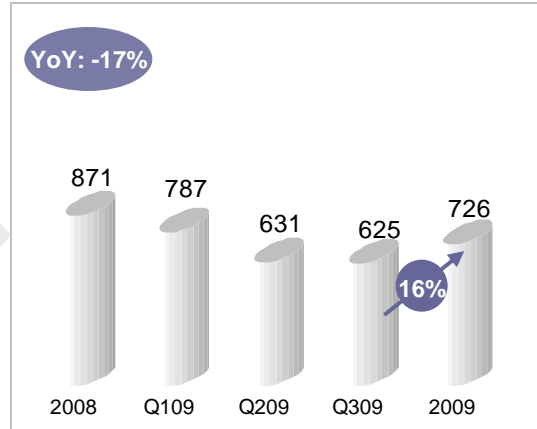
FX indexed cash loans are included in FX cash loans

# 12% quarterly deposit growth, again surpassing market growth of 5% ...

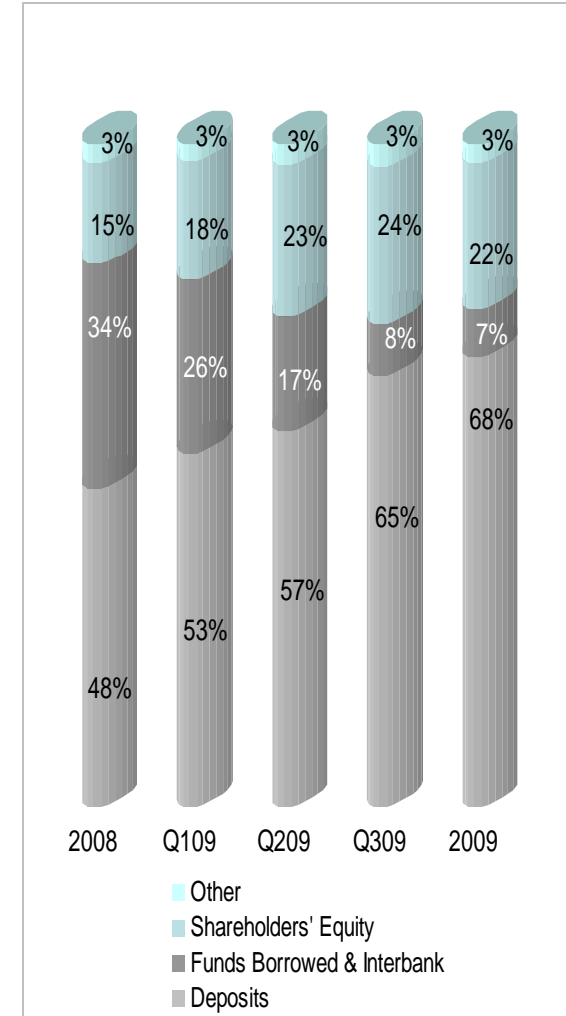
## Total Deposits\* (TRY mn)



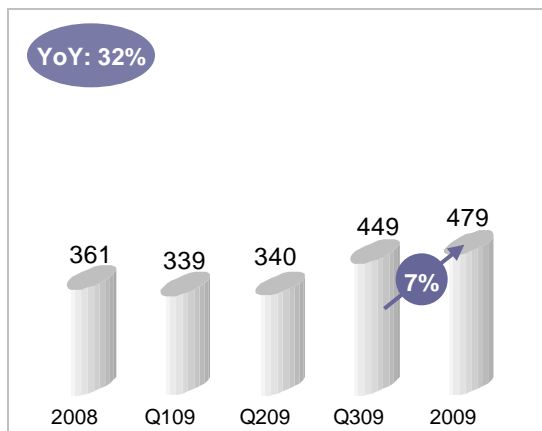
## TL Deposits\* (TRY mn)



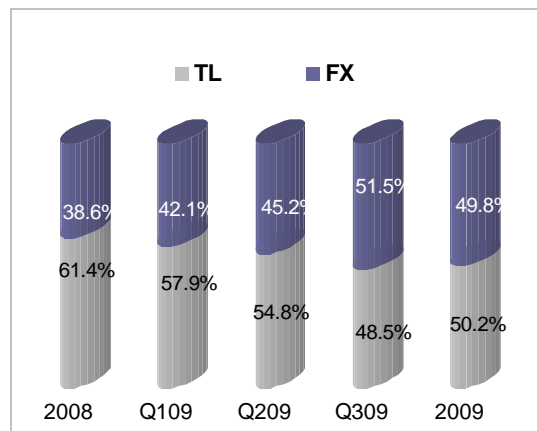
## Composition of Liabilities & SHE



## FX Deposits\* (US\$ mn)



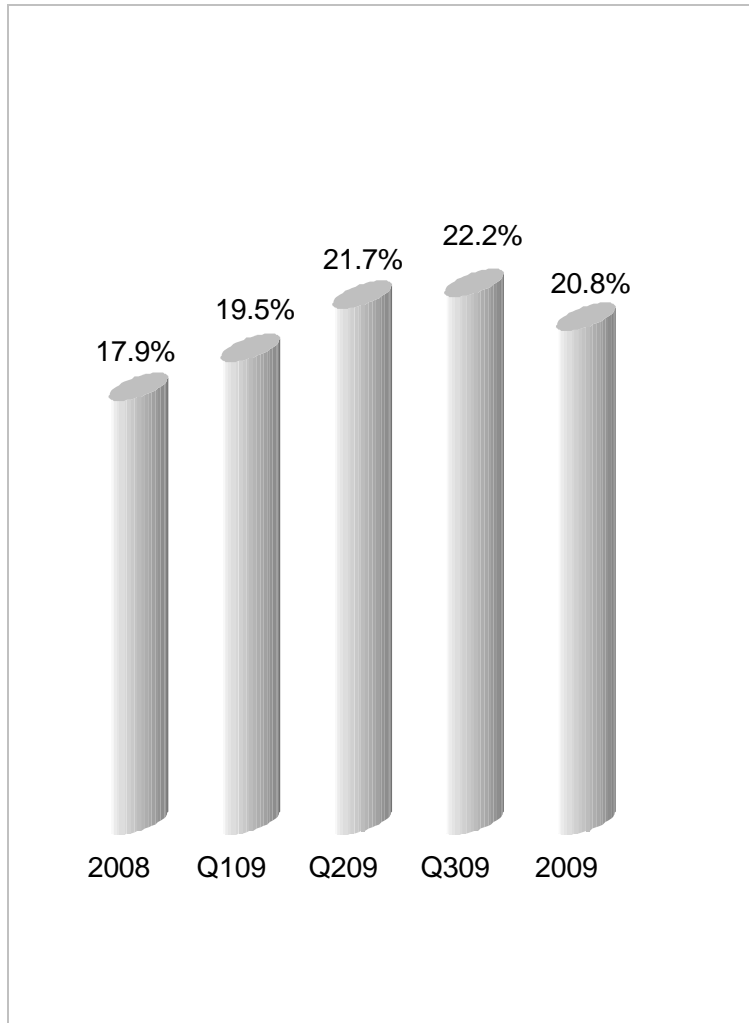
## Currency Breakdown\*



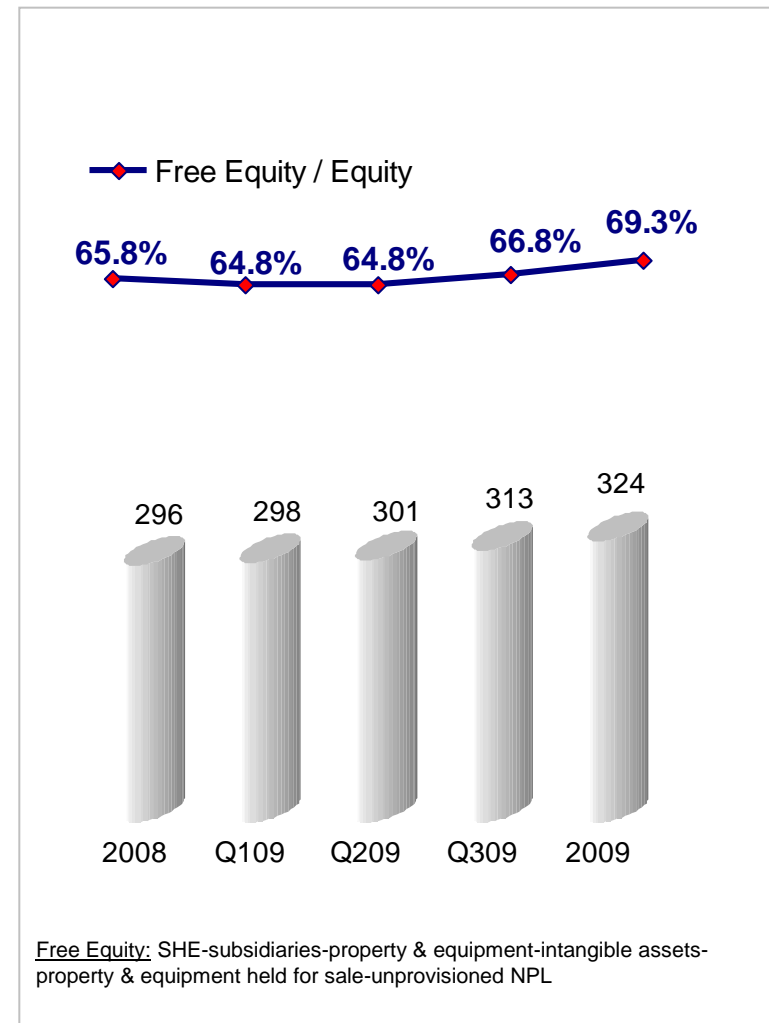
\* Excluding bank deposits

# Strong capital: Capital adequacy ratio came down to a more efficient 20.8%...

## Capital Adequacy Ratio (CAR)



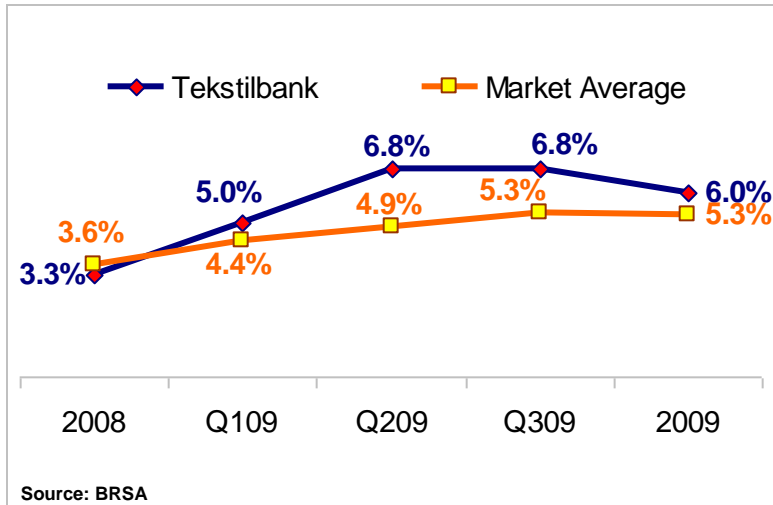
## Free Equity (TRY mn)



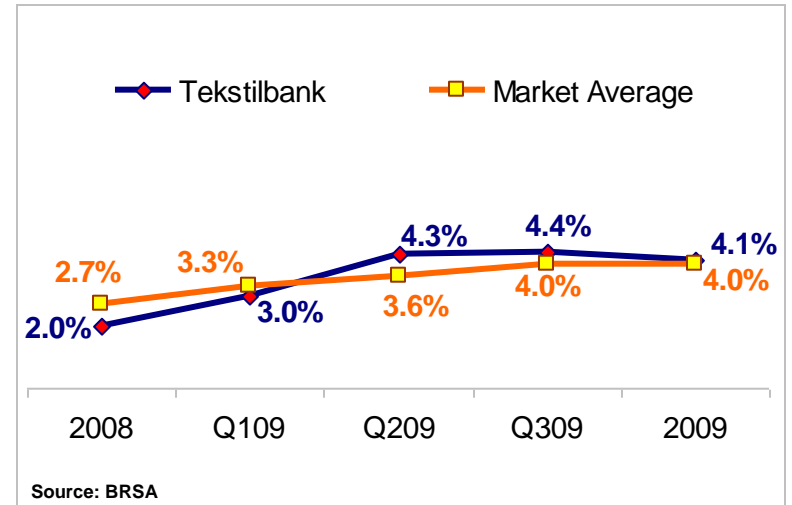
Free Equity: SHE-subsidaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

# Significant improvement in NPL ratio in Q409...

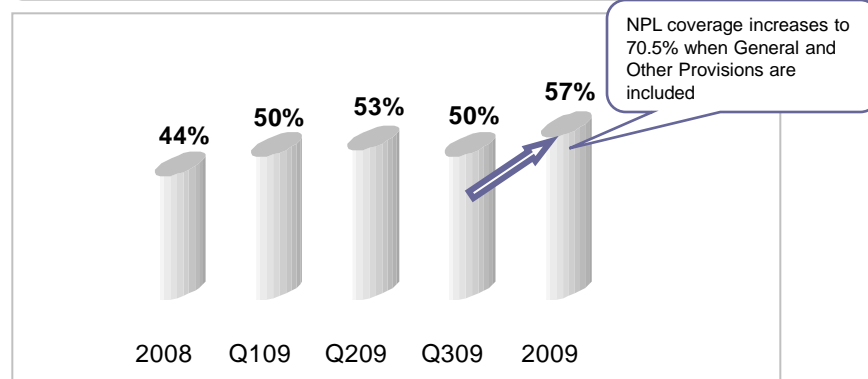
## NPL Ratio



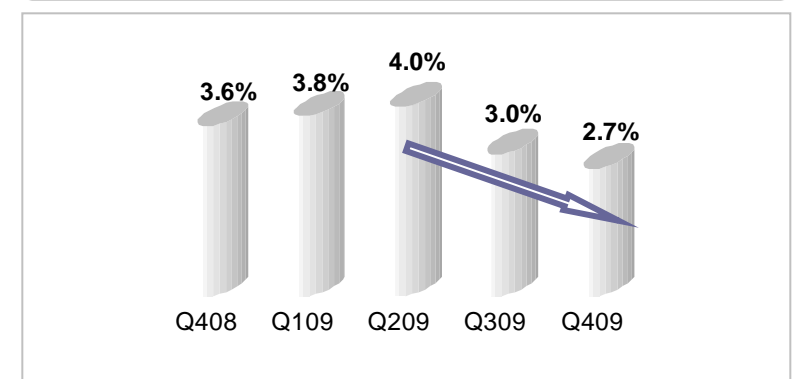
## NPL Ratio (including non-cash loans)



## NPL Coverage



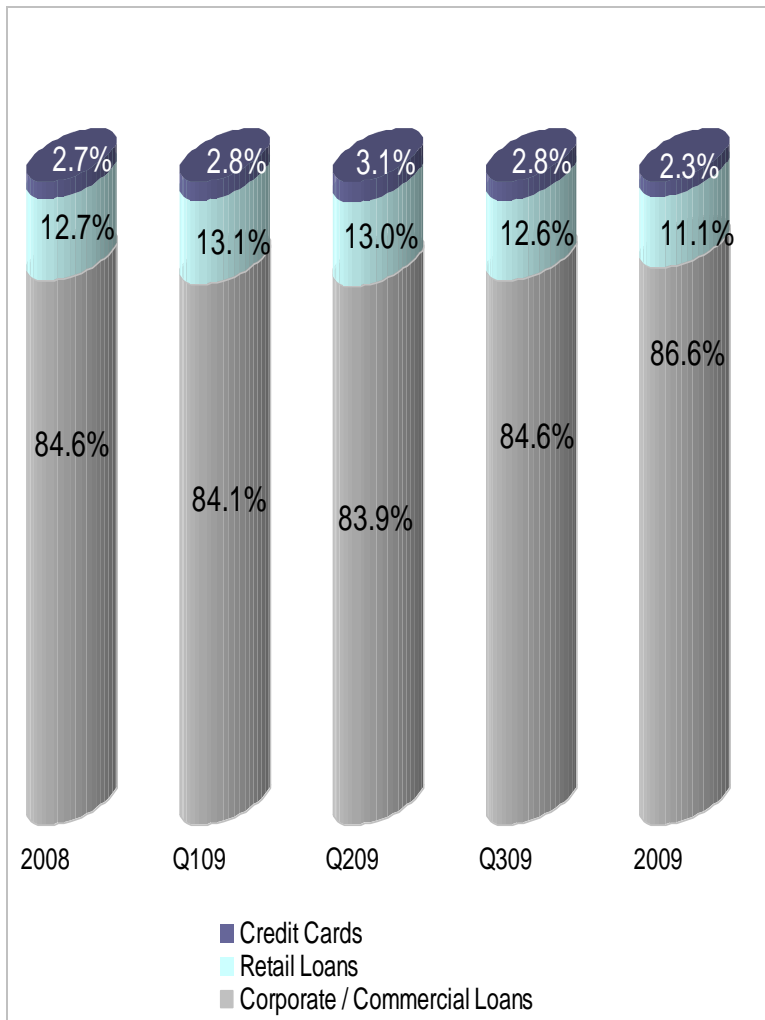
## Cost of Risk



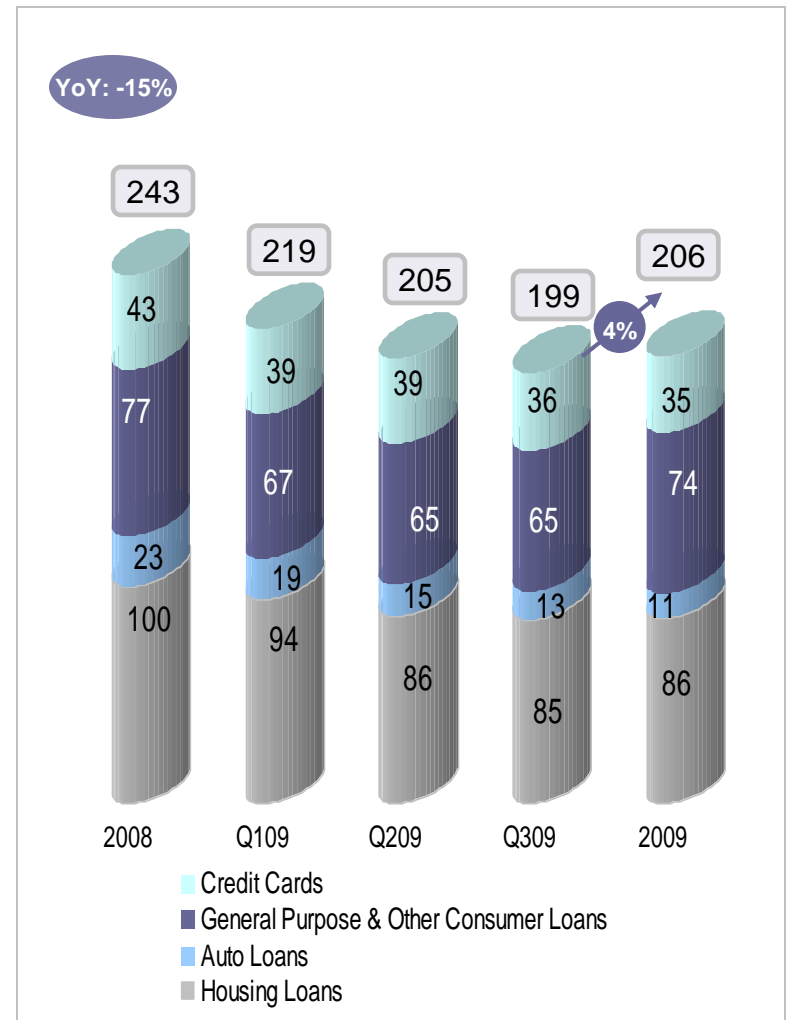


# Retail banking...

## Breakdown of Loan Portfolio



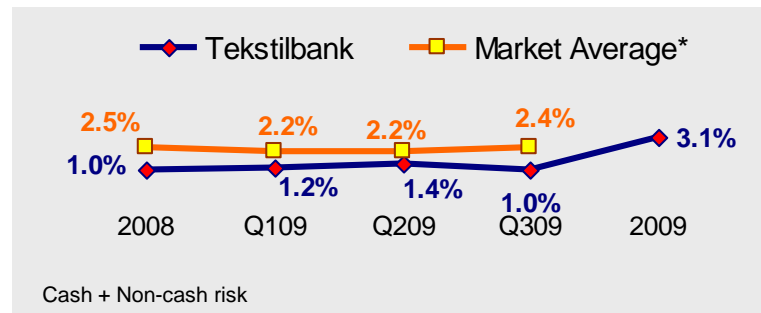
## Breakdown of Retail Loans (TRY mn)



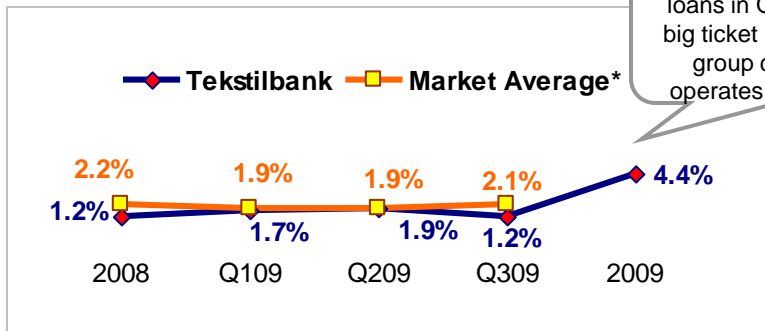
# Group Loans...

*Related party exposure has been historically below market average...*

## Group Total Risk / Total Risk

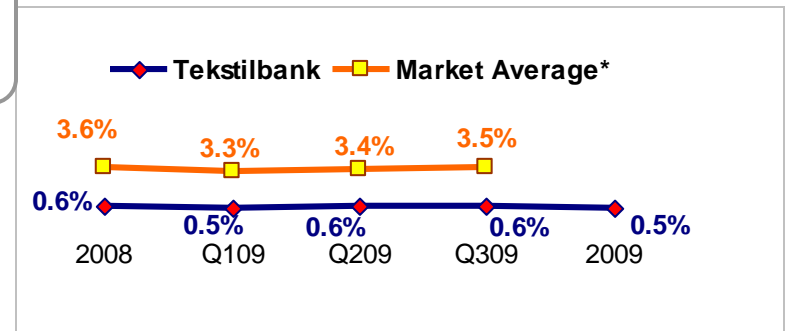


## Group Cash Loans / Cash Loans



Increase in cash group loans in Q409 was due to a big ticket item extended to a group company, which operates in financial sector

## Group Non-Cash Loans / Non-Cash Loans

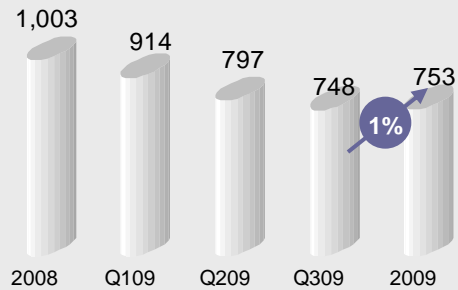


\* Selected 20 banks' average (public banks are excluded) for December 31 2009 is not available yet

# Non-cash loans...

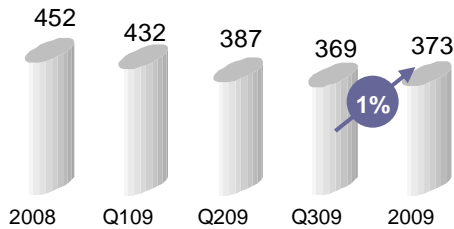
## Total Non-Cash Loans (TRY mn)

YoY: -25%

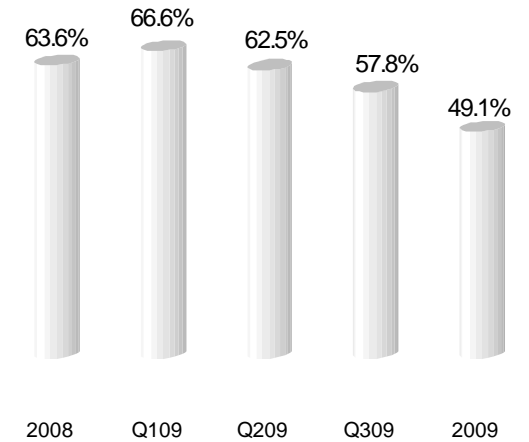


## TL Non-Cash Loans (TRY mn)

YoY: -18%

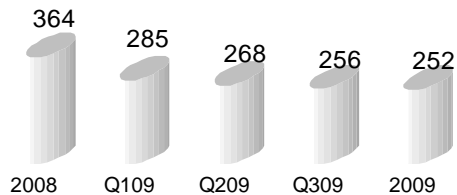


## Non-Cash / Cash Loans

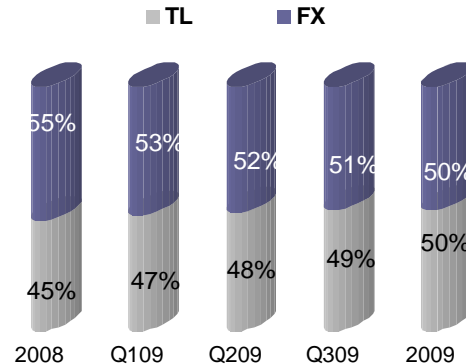


## FX Non-Cash Loans (US\$ mn)

YoY: -31%

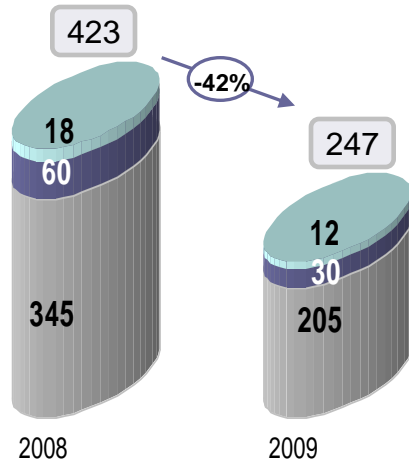


## Currency Breakdown of Non-Cash Loans

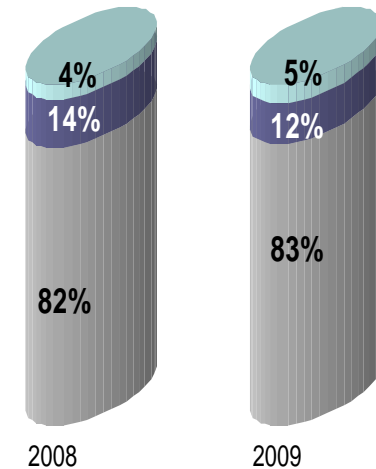


# Interest Income & Expense...

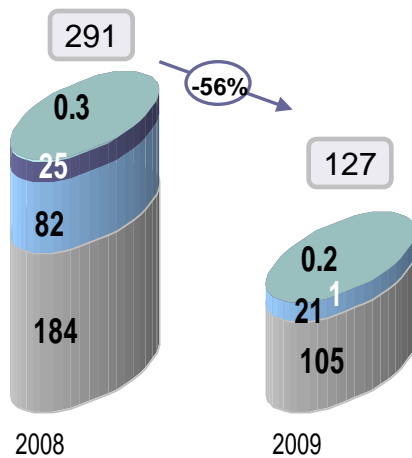
## Interest Income (TRY mn)



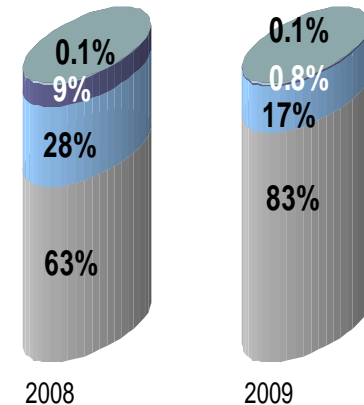
## Composition of Interest Income



## Interest Expense (TRY mn)

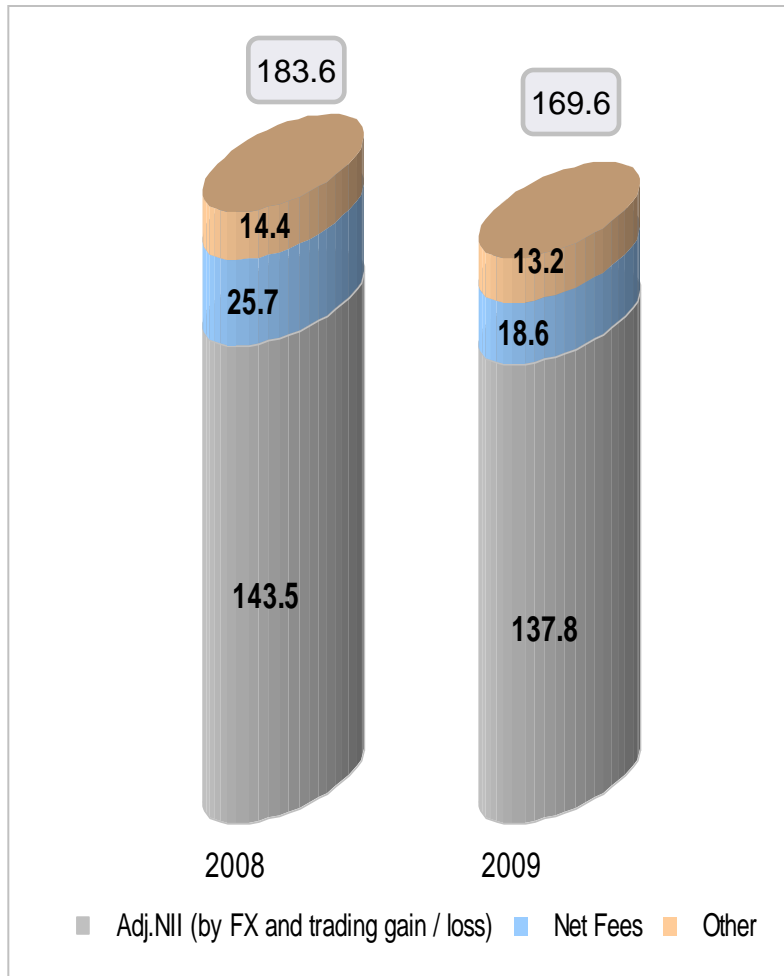


## Composition of Interest Expense

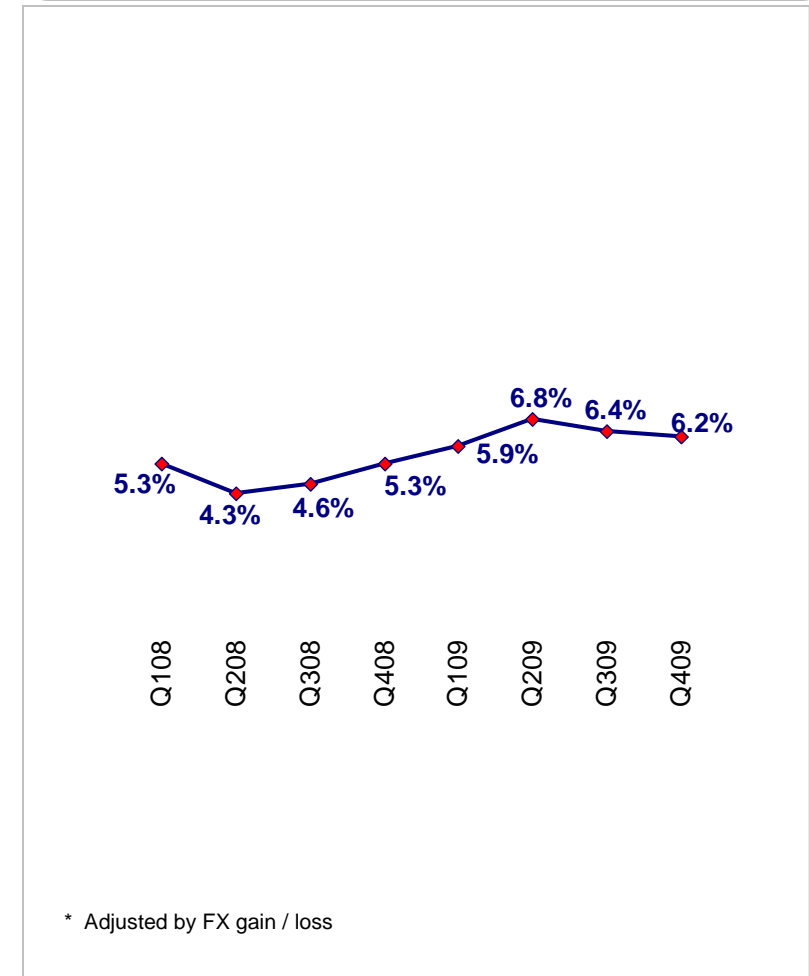


# Pressure on margins continued in Q409 as expected, in line with the sector...

## Banking Income (TRY mn)



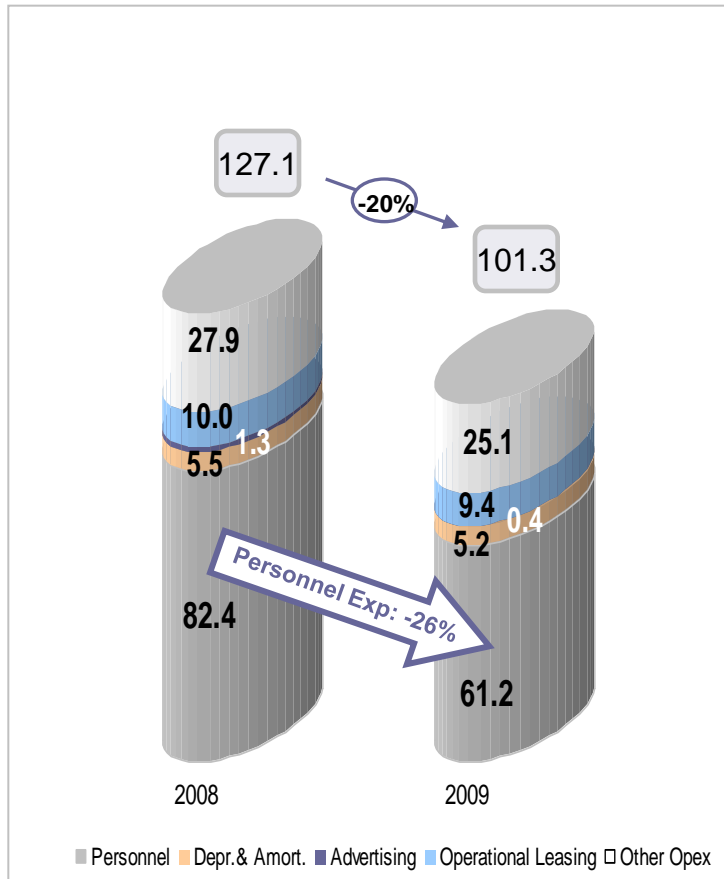
## Adjusted Net Interest Margin\*



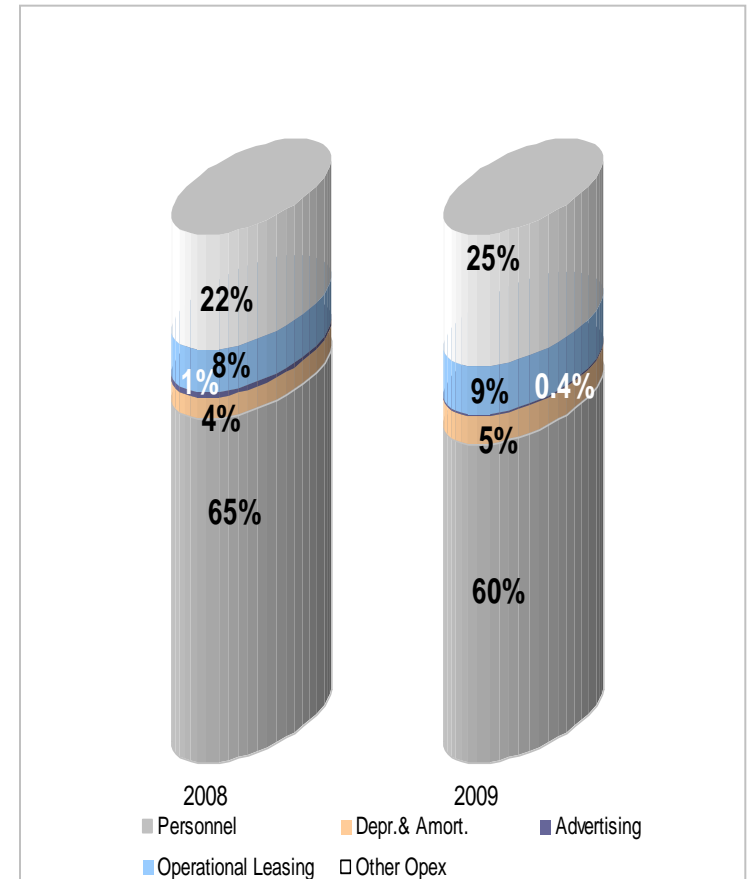
\* Adjusted by FX gain / loss

# Strict cost measures paid off...

## Operating Expenses (TRY mn)



## Composition of Operating Expenses



# Summary Balance Sheet...

| TRY mn                                 | 2008         | 30.09.2009   | 2009         |
|--|--------------|--------------|--------------|
| <b>Cash &amp; Banks</b>                | 764          | 293          | 201          |
| <b>Total Securities</b>                | 394          | 212          | 229          |
| <b>Total Cash Loans</b>                | 1,576        | 1,295        | 1,534        |
| <b>Fixed Assets &amp; Subsidiaries</b> | 124          | 108          | 102          |
| <b>Other</b>                           | 95           | 73           | 67           |
| <b>Total Assets</b>                    | <b>2,953</b> | <b>1,981</b> | <b>2,133</b> |
| <b>Deposits*</b>                       | 1,418        | 1,290        | 1,447        |
| <b>Interbank Money Market*</b>         | 223          | 7            | 9            |
| <b>Borrowings</b>                      | 778          | 148          | 146          |
| <b>Other</b>                           | 84           | 68           | 63           |
| <b>SHE</b>                             | 450          | 468          | 468          |
| <b>Total Liabilities &amp; SHE</b>     | <b>2,953</b> | <b>1,981</b> | <b>2,133</b> |

\* Bank deposits are included in Interbank & Money Market rather than Deposits

# Summary Income Statement...

| TRY mn                            | 2008         | 2009         |
|-----------------------------------|--------------|--------------|
| <b>Interest Income</b>            | <b>422.6</b> | <b>246.5</b> |
| <i>Loans</i>                      | 344.9        | 204.7        |
| <i>Securities</i>                 | 59.5         | 29.5         |
| <i>Other</i>                      | 18.2         | 12.2         |
| <b>Interest Expense</b>           | <b>291.0</b> | <b>127.2</b> |
| <i>Deposits</i>                   | 183.7        | 104.9        |
| <i>Funds Borrowed</i>             | 82.2         | 21.1         |
| <i>Interbank &amp; Other</i>      | 25.1         | 1.2          |
| <b>Net Interest Income</b>        | <b>131.6</b> | <b>119.3</b> |
| <i>Net FX Gain (Loss)*</i>        | 10.9         | 10.4         |
| <b>Adj. Net Interest Income</b>   | <b>142.5</b> | <b>129.7</b> |
| <i>Net Trading Income (Loss)*</i> | 1.0          | 8.0          |
| <i>Net Fees &amp; Commissions</i> | 25.7         | 18.6         |
| <i>Other Operating Income</i>     | 14.4         | 13.2         |
| <b>Total Operating Income</b>     | <b>183.7</b> | <b>169.6</b> |
| <i>Provisions</i>                 | 43.3         | 52.1         |
| <i>Opex</i>                       | 127.1        | 101.4        |
| <i>Profit from Subsidiaries</i>   | 1.6          | 0            |
| <b>Profit Before Tax</b>          | <b>14.8</b>  | <b>16.2</b>  |
| <i>Tax</i>                        | 2.2          | 3.1          |
| <b>Net Income</b>                 | <b>12.6</b>  | <b>13.1</b>  |

\* Foreign exchange gain / loss resulted from derivatives are included in FX Gain (loss), not in Net Trading Income (Loss)



# Summary Income Statement (Consolidated)...

| TRY mn                          | 2008         | 2009         |
|---------------------------------|--------------|--------------|
| <b>Interest Income</b>          | <b>435.2</b> | <b>248.9</b> |
| Loans                           | 357.8        | 206.9        |
| Securities                      | 59.2         | 29.9         |
| Other                           | 18.2         | 12.1         |
| <b>Interest Expense</b>         | <b>308.0</b> | <b>129.1</b> |
| Deposits                        | 217.5        | 107.5        |
| Funds Borrowed                  | 65.4         | 20.5         |
| Interbank & Other               | 25.1         | 1.2          |
| <b>Net Interest Income</b>      | <b>127.3</b> | <b>119.8</b> |
| Net FX Gain (Loss)*             | 10.2         | 10.3         |
| <b>Adj. Net Interest Income</b> | <b>137.5</b> | <b>130.0</b> |
| Net Trading Income (Loss)*      | 3.1          | 12.6         |
| Net Fees & Commissions          | 27.4         | 21.1         |
| Other Operating Income          | 14.1         | 10.3         |
| <b>Total Operating Income</b>   | <b>182.2</b> | <b>174.0</b> |
| Provisions                      | 43.0         | 48.9         |
| Opex                            | 131.7        | 105.5        |
| Profit from Subsidiaries        | 0            | 0            |
| <b>Profit Before Tax</b>        | <b>7.5</b>   | <b>19.6</b>  |
| Tax                             | 2.2          | 3.4          |
| <b>Net Income</b>               | <b>5.3</b>   | <b>16.2</b>  |

*Sound cost management translated into a 207% YoY surge in consolidated net income in 2009 despite declining volumes in a complex environment...*

\* Foreign exchange gain / loss resulted from derivatives are included in FX Gain (loss), not in Net Trading Income (Loss)

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