

TEKSTILBANK

Earnings Presentation
December 31, 2010 / BRSA Bank-Only

Macroeconomic outlook in 2010...

- Strong GDP growth of around 8.5%, surpassing all expectations
- Quick rebound in C/A deficit to pre-crises levels, with a fragile finance structure
- Further decline in inflation to 6.4%, in line with the official target
- Lower budget deficit of around 3.5% of GDP, thanks to solid tax revenues
- CB's higher concentration on financial stability in Q4 2010, leading to a surprising policy mix, consisting of rate cuts, coupled with reserve requirement hikes

Noteworthy volume growth...

Focal points in 2010 were:

- Attending to high growth environment
- Improved asset quality, thanks to firm collection performance
- Maintaining close cost monitoring policy

Highlights of Q4 2010:

- Remarkable balance sheet growth
 - A notable q/q loan growth of 22%, surpassing sector average of 11%
 - A q/q deposit growth of 27% vs. sector average of 8%
- Strong capital adequacy ratio at 19%
- Further decline in NPL ratio

Looking into 2011...

Macro

- A healthier growth rate of around 4.5% vs. 2010
- Spotlight on inflationary pressures
- Tightening monetary policy; rate hikes are likely in 2H11
- Close watch on current account deficit, and finance structure

Banking Sector

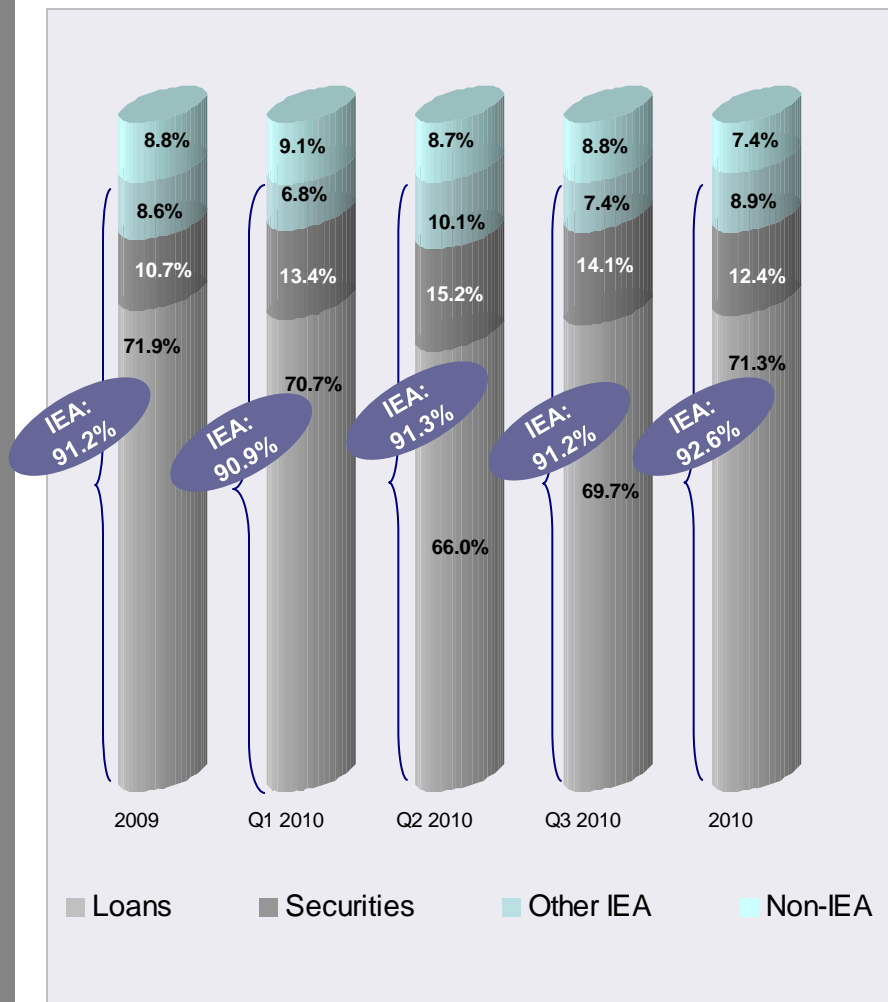
- Loan growth of ~ 25%
- On-going pressure on NIM, reflecting high competition
- Further improvement in asset quality
- Turkey's possible upgrade to investment-grade rating will be a plus

Tekstilbank

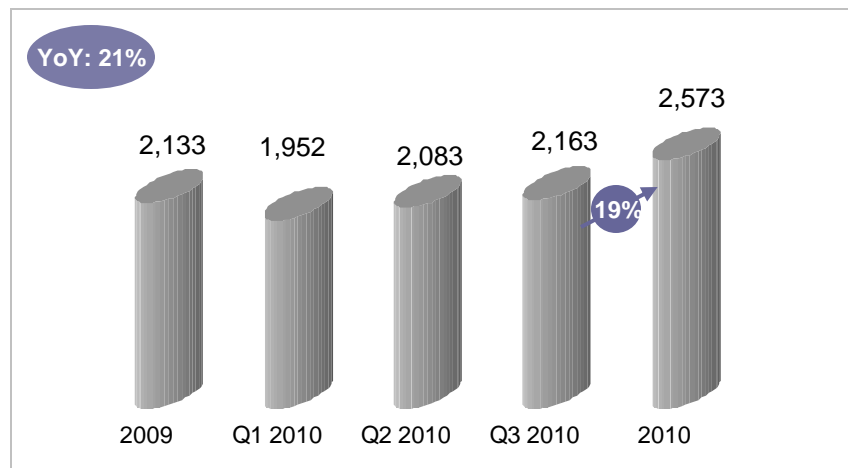
- Preserving cautious growth policy
- Increasing cross-selling opportunities for profitability
- Maintaining free equity
- Achieving additional improvement in asset quality
- Further progress in operational efficiency

Remarkable growth in balance sheet...

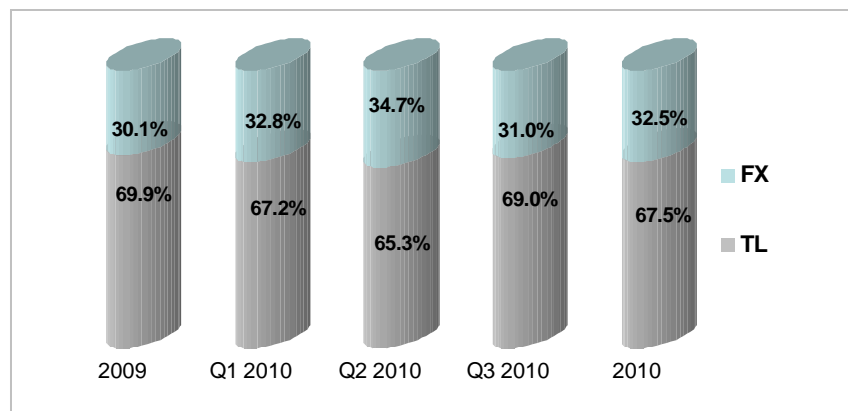
Composition of Assets



Total Assets (TLmn)

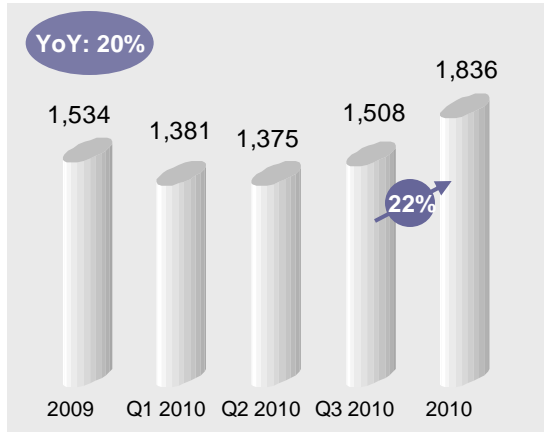


Currency Composition of Assets

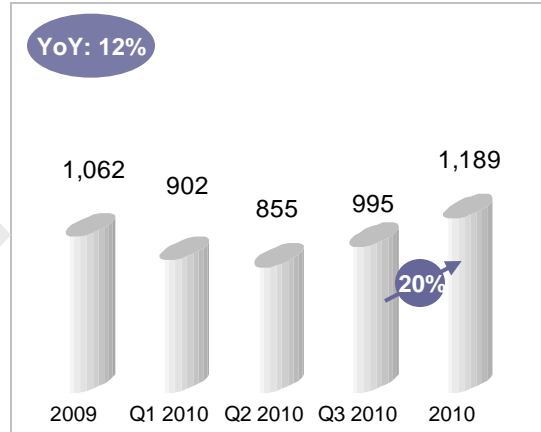


Loan portfolio preserved its uptrend...

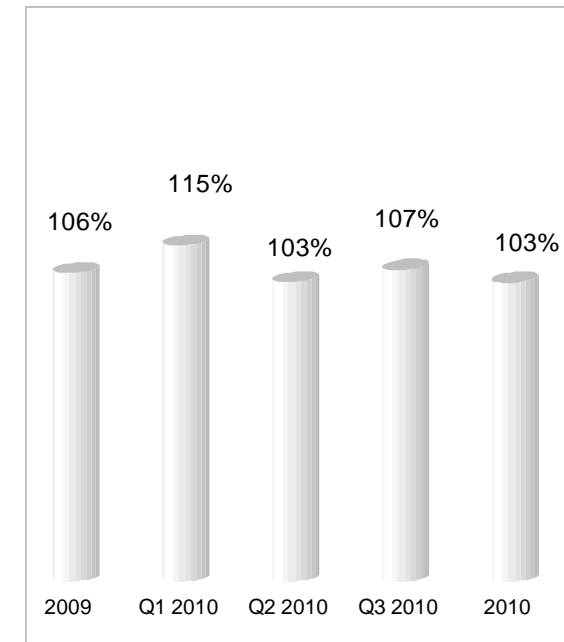
Total Cash Loans (TLmn)



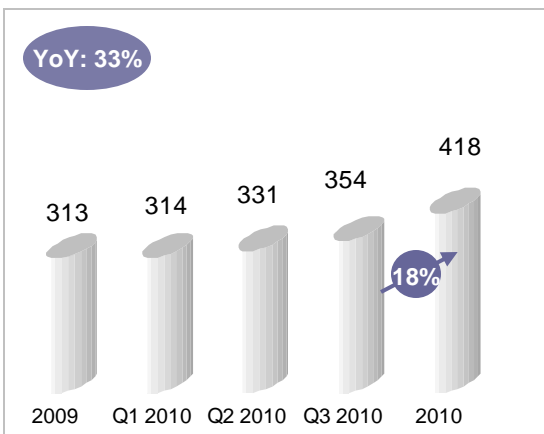
TL Cash Loans (TLmn)



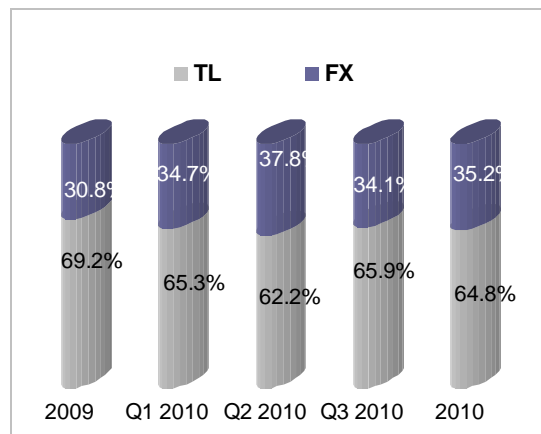
Loans / Customer Deposits



FX Cash Loans (US\$m)



Currency Breakdown of Cash Loans

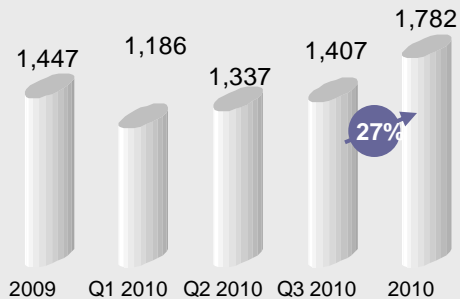


FX-indexed cash loans are included in FX cash loans

TL deposits rebounded in last quarter...

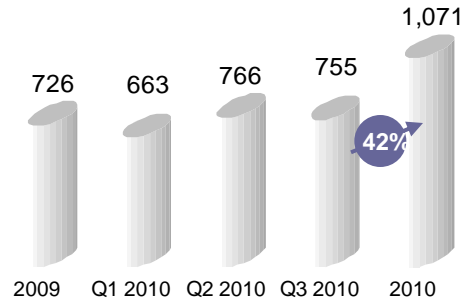
Total Deposits* (TLmn)

YoY: 23%

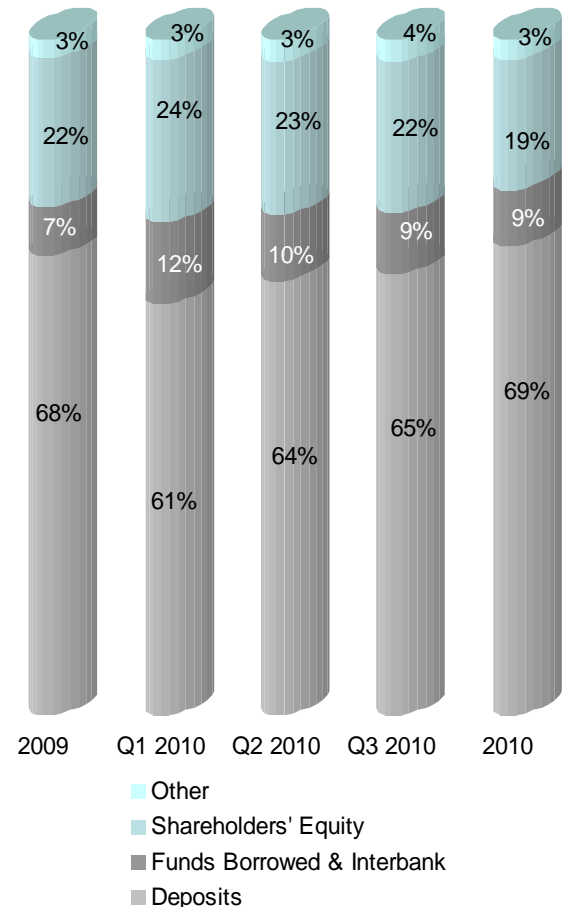


TL Deposits* (TLmn)

YoY: 47%

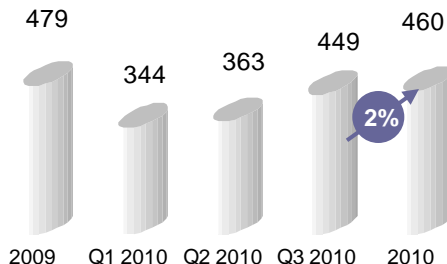


Composition of Liabilities & SHE

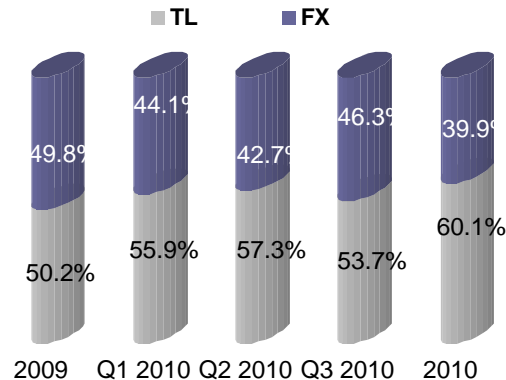


FX Deposits* (US\$m)

YoY: -4%



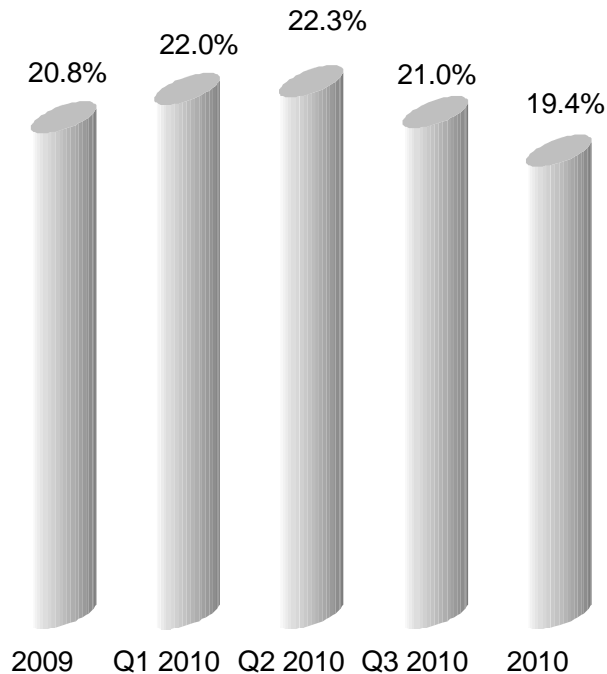
Currency Breakdown*



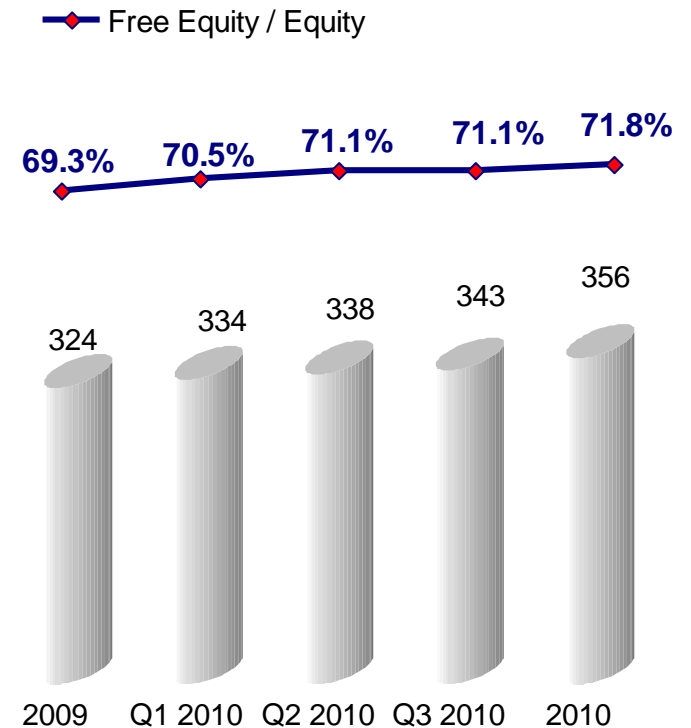
* Excluding bank deposits

Steadily increasing free equity...

Capital Adequacy Ratio (CAR)



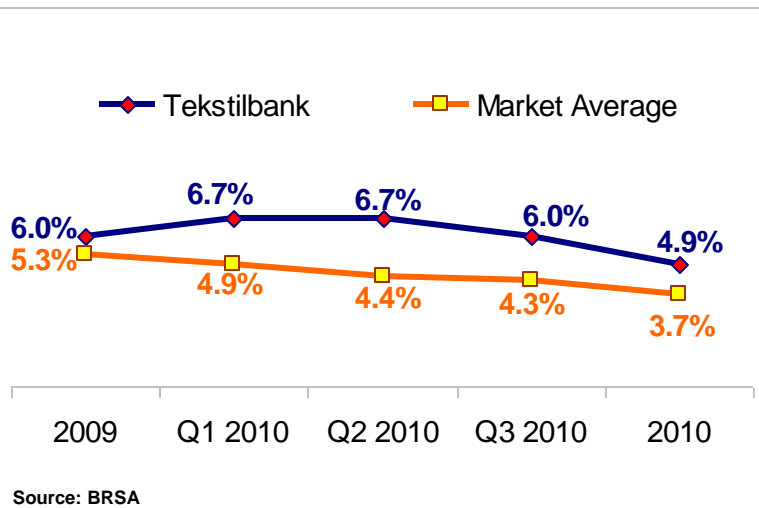
Free Equity (TLmn)



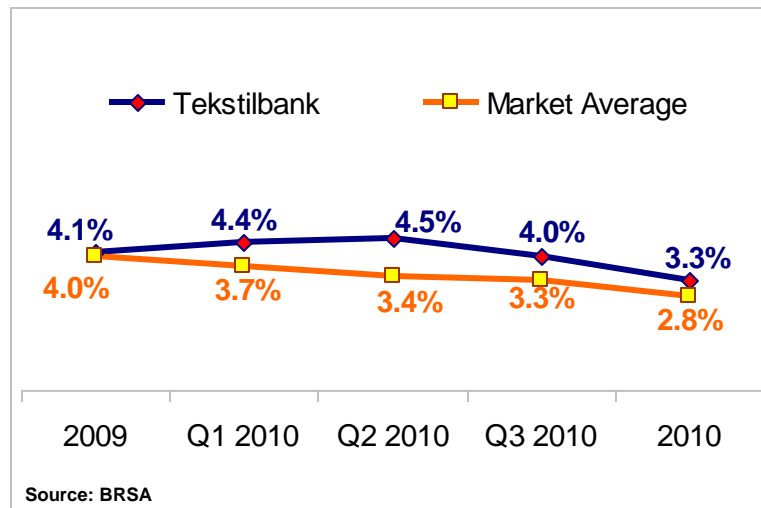
Free Equity: SHE-subsiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

Further improvement in NPL ratio...

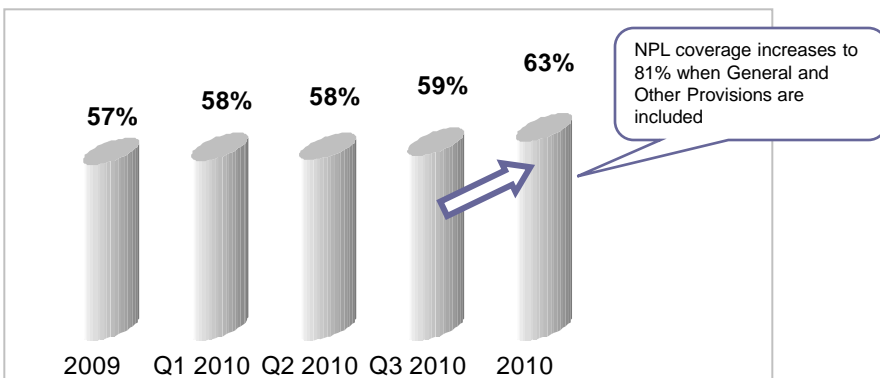
NPL Ratio



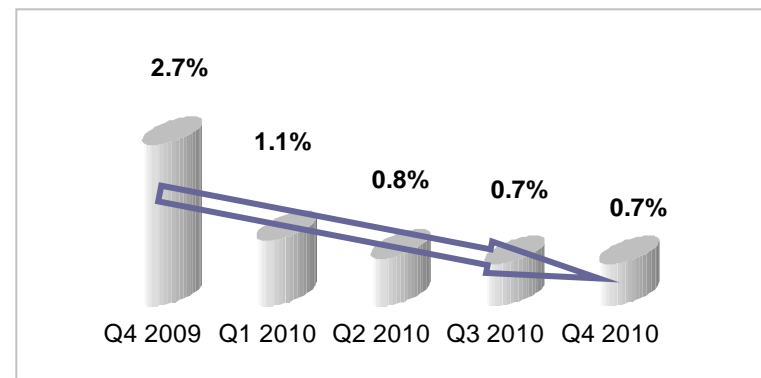
NPL Ratio (including non-cash loans)



NPL Coverage

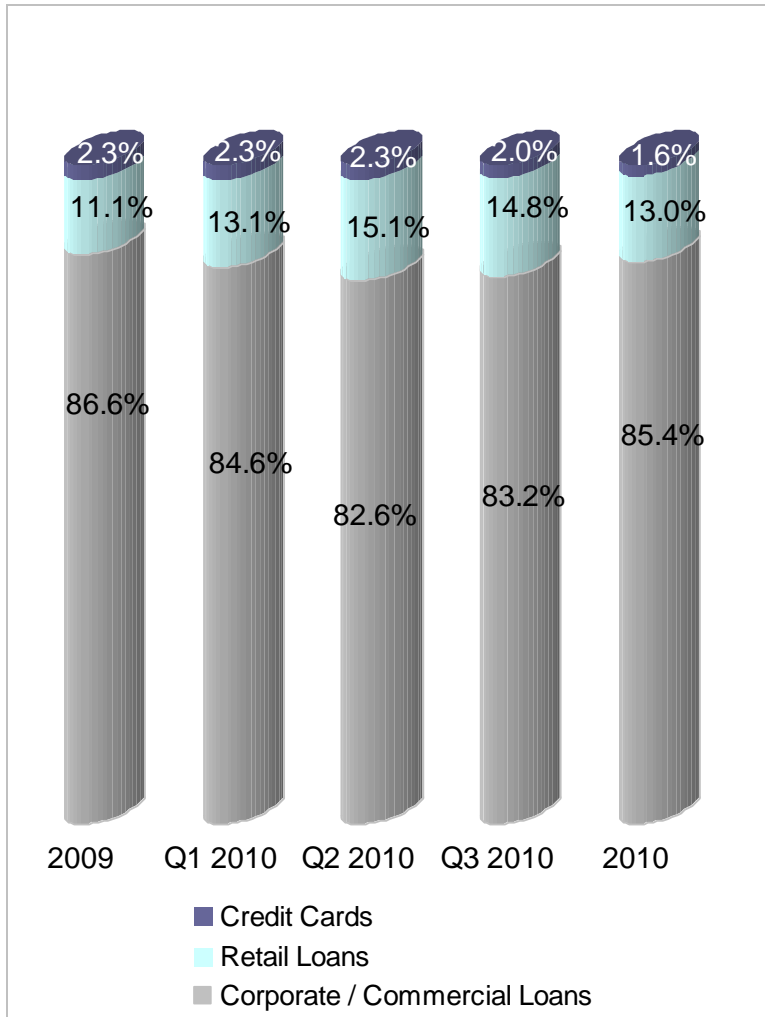


Cost of Risk

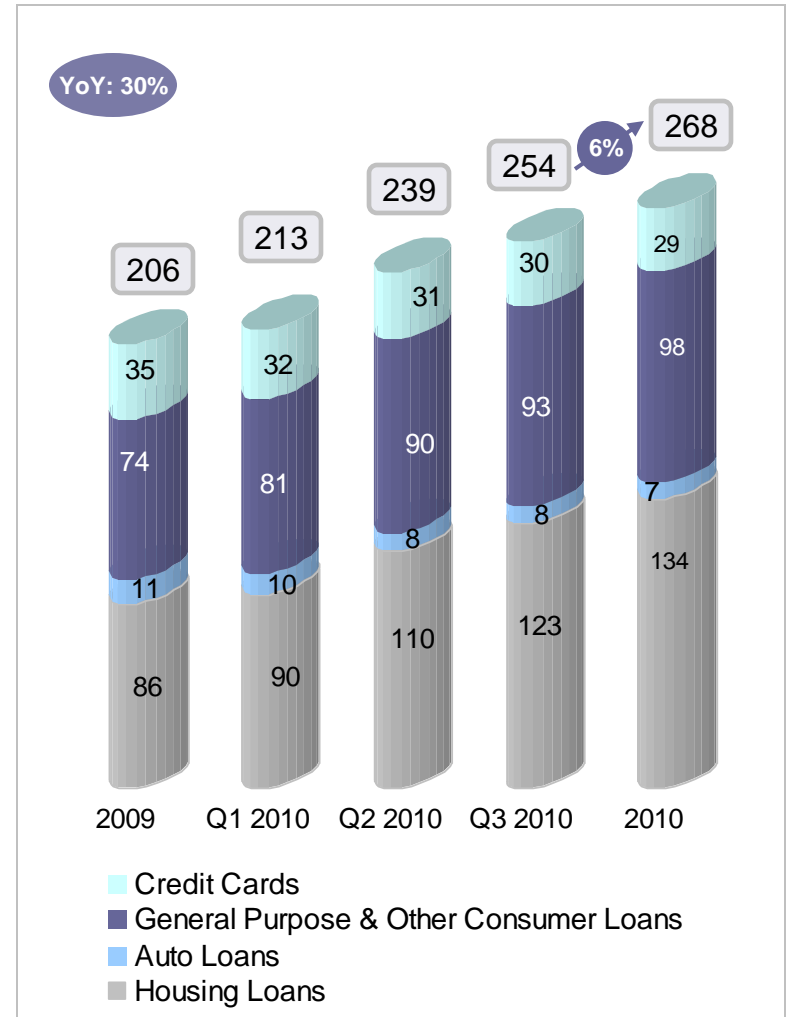


Uptrend prevailed in retail loans, while corporate loans continued to be focal point...

Breakdown of Loan Portfolio

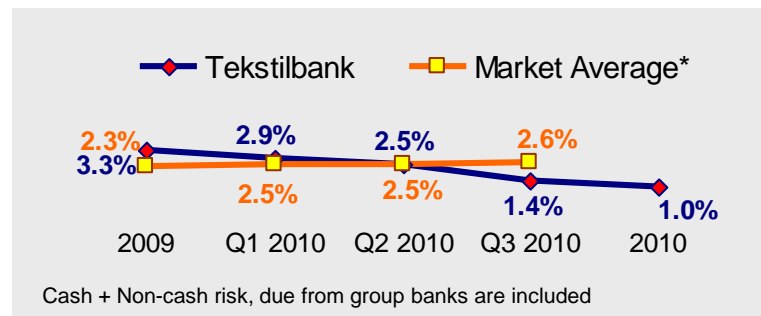


Breakdown of Retail Loans (TLmn)

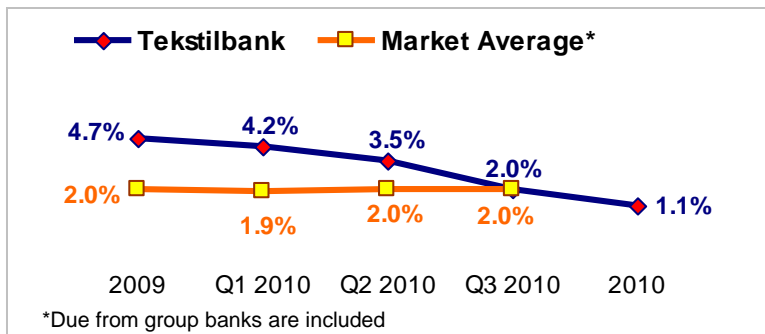


Low group exposure...

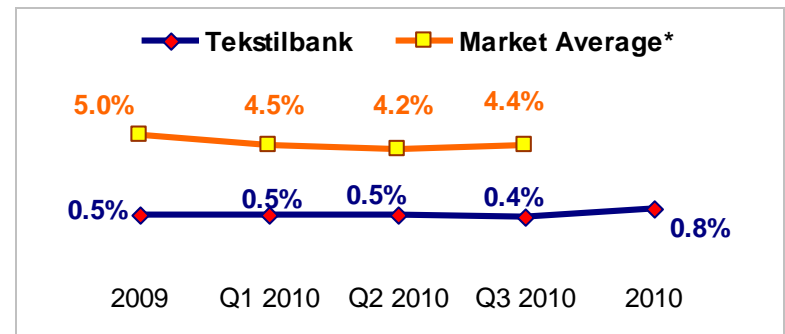
Group Total Risk / Total Risk



Group Cash Loans / Cash Loans



Group Non-Cash Loans / Non-Cash Loans

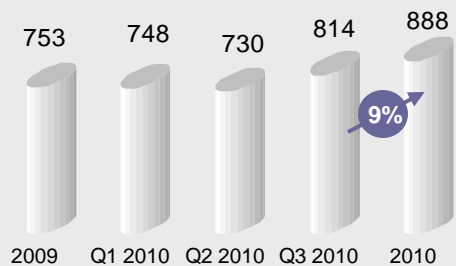


* Selected 22 banks' average for December 31 2010 is not available yet

FX non-cash loans headed upwards...

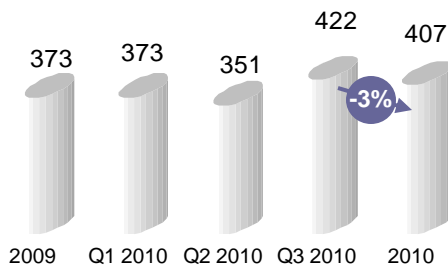
Total Non-Cash Loans (TLmn)

YoY: 18%

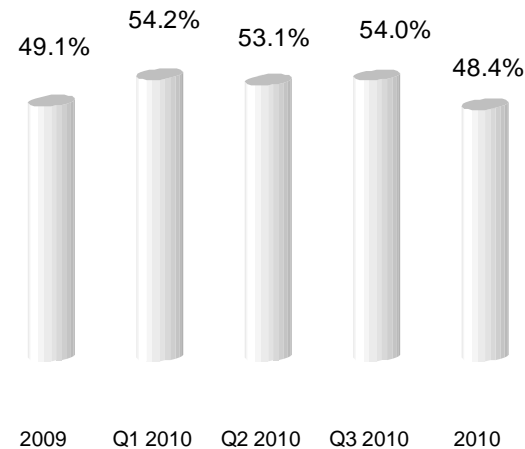


TL Non-Cash Loans (TLmn)

YoY: 9%

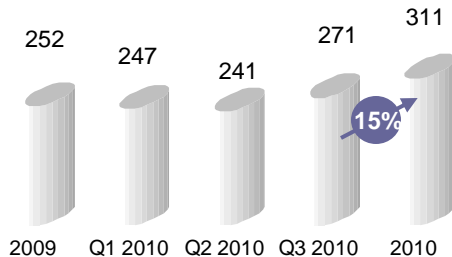


Non-Cash / Cash Loans

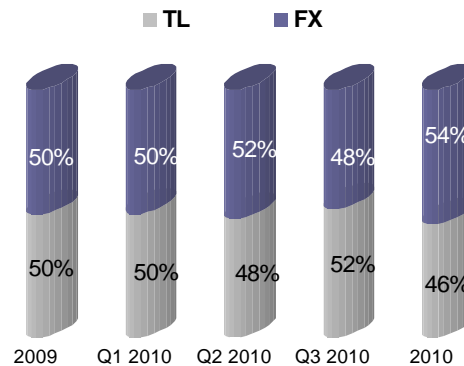


FX Non-Cash Loans (US\$m)

YoY: 23%

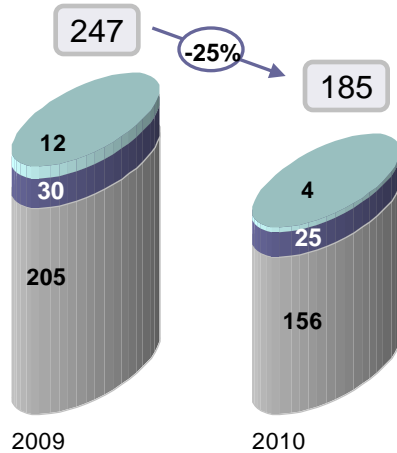


Currency Breakdown of Non-Cash Loans

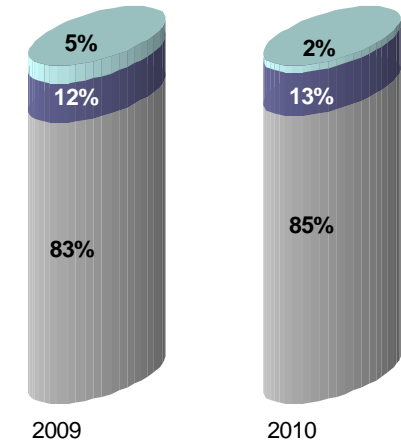


Declining yields resulted in lower interest income & expense...

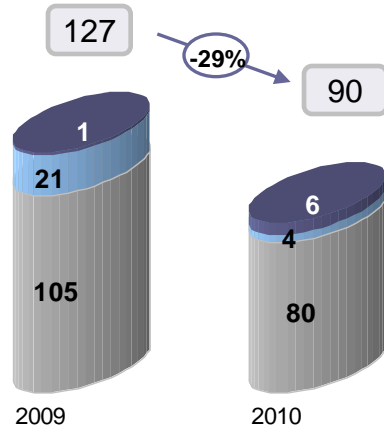
Interest Income (TLmn)



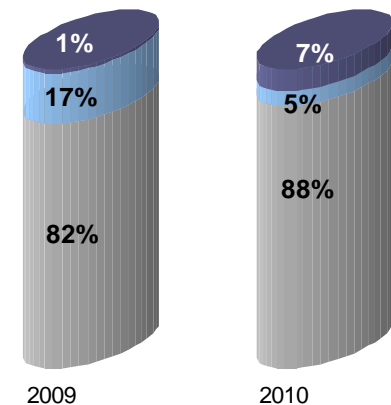
Composition of Interest Income



Interest Expense (TLmn)

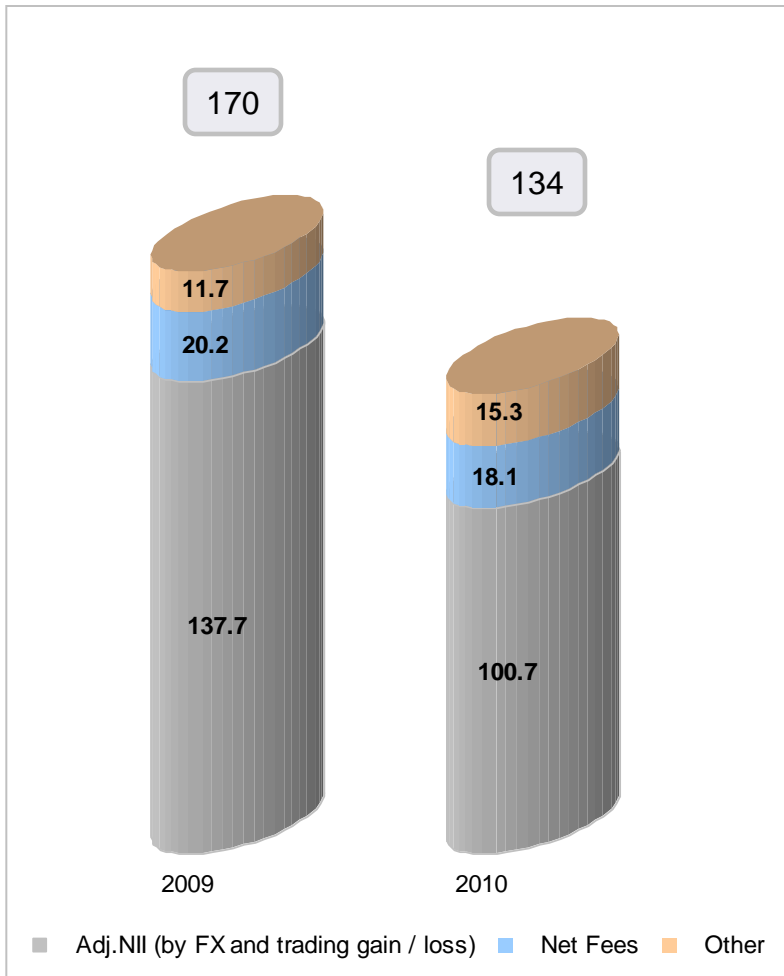


Composition of Interest Expense

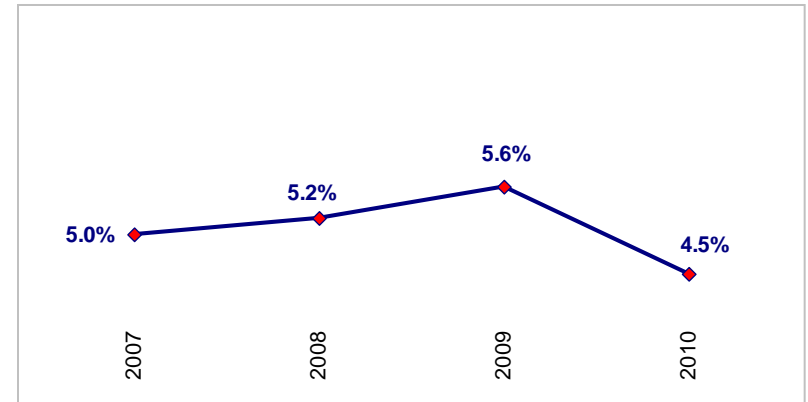


..resulting in narrowing margins, suppressed also by high competition

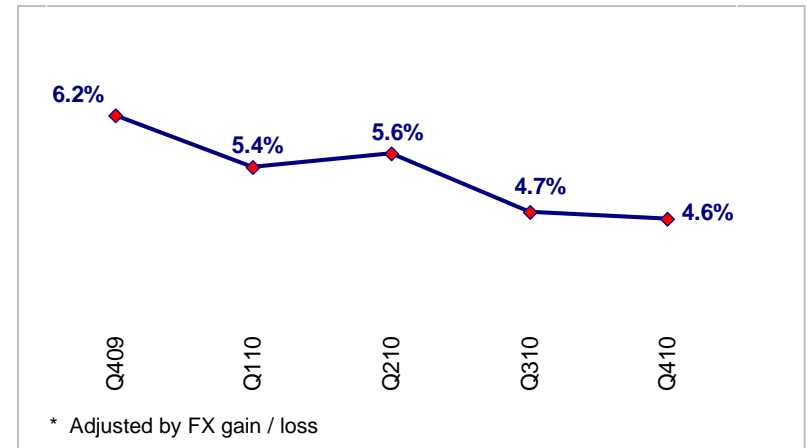
Banking Income (TLmn)



Adjusted Net Interest Margin* (Cumulative)

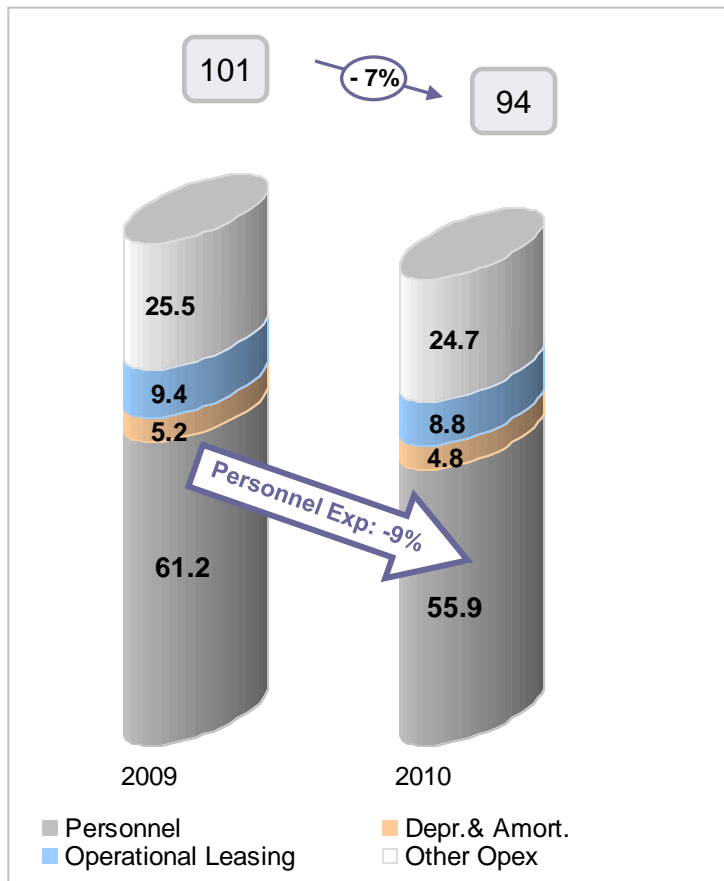


Adjusted Net Interest Margin* (Quarterly)

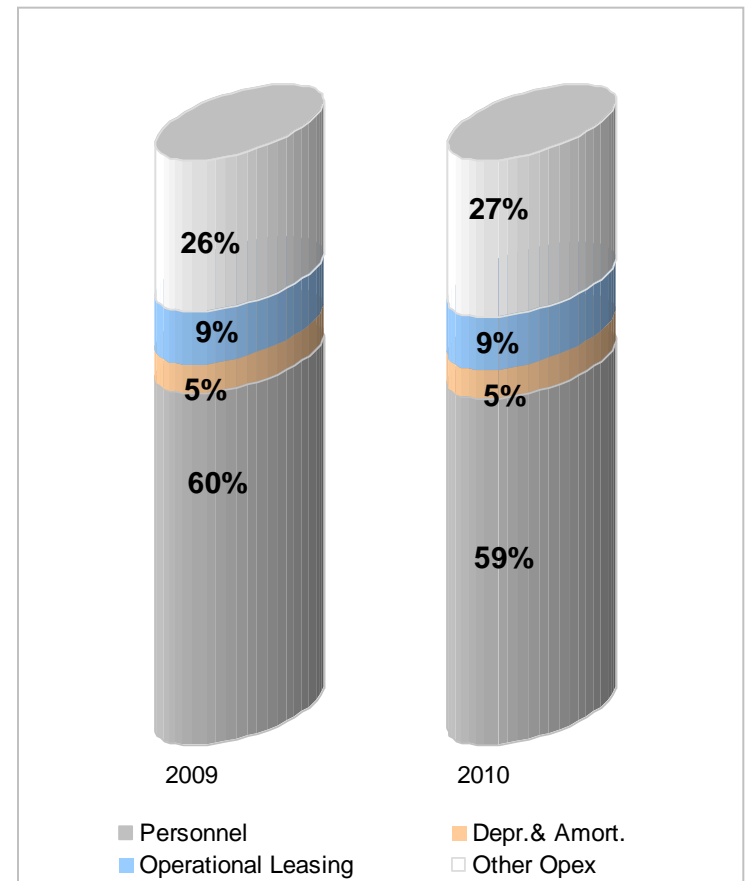


Conservative approach for expenses prevailed...

Operating Expenses (TLmn)



Composition of Operating Expenses



Summary Balance Sheet...

TL million	Dec 2009	Sep 2010	Dec 2010
Cash & Banks	201	179	251
Total Securities	229	305	320
Total Cash Loans	1,534	1,508	1,836
Fixed Assets & Subsidiaries	102	100	105
Other	67	71	61
Total Assets	2,133	2,163	2,573
Deposits*	1,447	1,407	1,782
Interbank Money Market*	9	145	151
Borrowings	146	52	67
Other	63	77	77
SHE	468	482	496
Total Liabilities & SHE	2,133	2,163	2,573

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

Summary Income Statement...

TL million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2009	2010
Interest Income	46.2	46.1	43.9	48.7	246.5	184.9
Loans	40.0	37.9	38.2	40.3	204.7	156.4
Securities	5.3	7.0	4.3	8.1	29.5	24.7
Other	0.9	1.2	1.4	0.3	12.3	3.8
Interest Expense	22.2	21.6	22.1	24.2	127.2	90.1
Deposits	18.9	18.3	21.0	21.4	104.9	79.6
Other Borrowings	3.3	3.3	1.1	2.8	22.3	10.5
Net Interest Income	24.0	24.5	21.8	24.5	119.3	94.8
Net FX Gain (Loss)*	1.0	1.1	0.9	0.6	10.4	3.6
Adj. Net Interest Income	25.0	25.6	22.7	25.1	129.7	98.4
Net Trading Income (Loss)*	0.8	0.7	0.3	0.5	8.0	2.3
Net Fees & Commissions	3.8	4.6	4.5	5.2	20.2	18.1
Other Operating Income	4.9	4.0	3.5	2.9	11.7	15.3
Total Operating Income	34.5	34.9	31.0	33.7	169.6	134.1
Provisions	5.8	3.7	4.2	7.4	52.1	21.1
Opex	22.5	24.2	24.0	23.5	101.3	94.2
Profit from Subsidiaries	0.2	0.0	0.0	0.3	0.0	0.5
Profit Before Tax	6.4	7.0	2.8	3.1	16.2	19.3
Tax	1.5	1.6	2.2	-0.2	3.1	5.1
Net Income	4.9	5.4	0.6	3.3	13.1	14.2

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

Summary Income Statement (Consolidated)...

TL million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2009	2010
Interest Income	46.6	46.4	44.0	49.0	248.9	186.0
Loans	40.2	38.0	38.3	40.4	206.9	156.9
Securities	5.4	7.2	4.3	8.2	29.9	25.1
Other	1.0	1.2	1.4	0.4	12.1	4.0
Interest Expense	22.2	21.6	22.1	24.1	129.1	90.0
Deposits	18.8	18.3	21.1	21.3	107.5	79.5
Other Borrowings	3.4	3.3	1.0	2.8	21.6	10.5
Net Interest Income	24.4	24.8	21.9	24.9	119.8	96.0
Net FX Gain (Loss)*	1.0	1.1	0.9	0.4	10.3	3.4
Adj. Net Interest Income	25.4	25.9	22.8	25.3	130.1	99.4
Net Trading Income (Loss)*	2.4	1.9	1.2	2.4	12.6	7.9
Net Fees & Commissions	4.5	5.4	5.1	5.9	21.1	20.9
Other Operating Income	4.7	4.0	3.5	2.8	10.3	15.0
Total Operating Income	37.0	37.3	32.6	36.3	174.1	143.2
Provisions	4.4	3.1	2.6	7.1	49.0	17.2
Opex	23.6	25.8	25.6	25.1	105.5	100.1
Profit from Subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax	9.0	8.4	4.4	4.1	19.6	25.9
Tax	1.8	1.8	2.2	0.1	3.4	5.9
Net Income	7.2	6.6	2.2	4.0	16.2	20.0

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

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