

# **TEKSTİLBANK**

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*Earnings Presentation*  
*December 31, 2012 / BRSA Bank-Only*

# Macroeconomic environment in 4Q 2012...

- A vivid risk appetite abroad, thanks to Fed's pledge to maintain stimulus until reducing unemployment rate to pre-crisis levels, as well as, elevated confidence for the Eurozone under ECB's commitment to buy bonds of problematic countries
- Fitch upgraded Turkey's credit rating to 'investment grade' resulting in an appreciation pressure on TL
- Hence, the CB cut its policy rate by 25bp to 5.5%, while reducing O/N lending rate by 100bp to 9%, and increasing reserve option coefficients
- Macroeconomic activity was weak, as industrial production recovered by a minor 0.3% y/y, in the aftermath of a weak 1.6% y/y GDP growth in 3Q
- Current account deficit contracted further to US\$49bn (6.2% of GDP) at the end of the year, linked to further deceleration in macroeconomic activity and good export performance thanks to gold exports
- CPI inflation surprisingly declined to a record-low level of 6.2% at year-end, attributable to benign pattern of unstable food prices

## *Highlights of 4Q 2012:*

- A modest balance sheet growth, in line with sector average
- Higher F/X loans, funded by F/X deposits
- Stronger CAR at 16.5%
- NPL ratio intact at 4.9%
- Significant increase in NIM, thanks to CB's lower funding cost and CPI linkers

# Looking into 2013...

## Macroeconomy

- Slightly better global macroeconomic outlook, thanks to less contraction in Euro area and higher growth in EM's
- Higher but still modest growth rate of around 4% in Turkey
- Modest increase in C/A deficit, in line with better growth performance
- Fiscal performance and inflation trend will be under close watch
- The CB will continue to focus on financial stability and limit TL's real appreciation

## Banking Sector

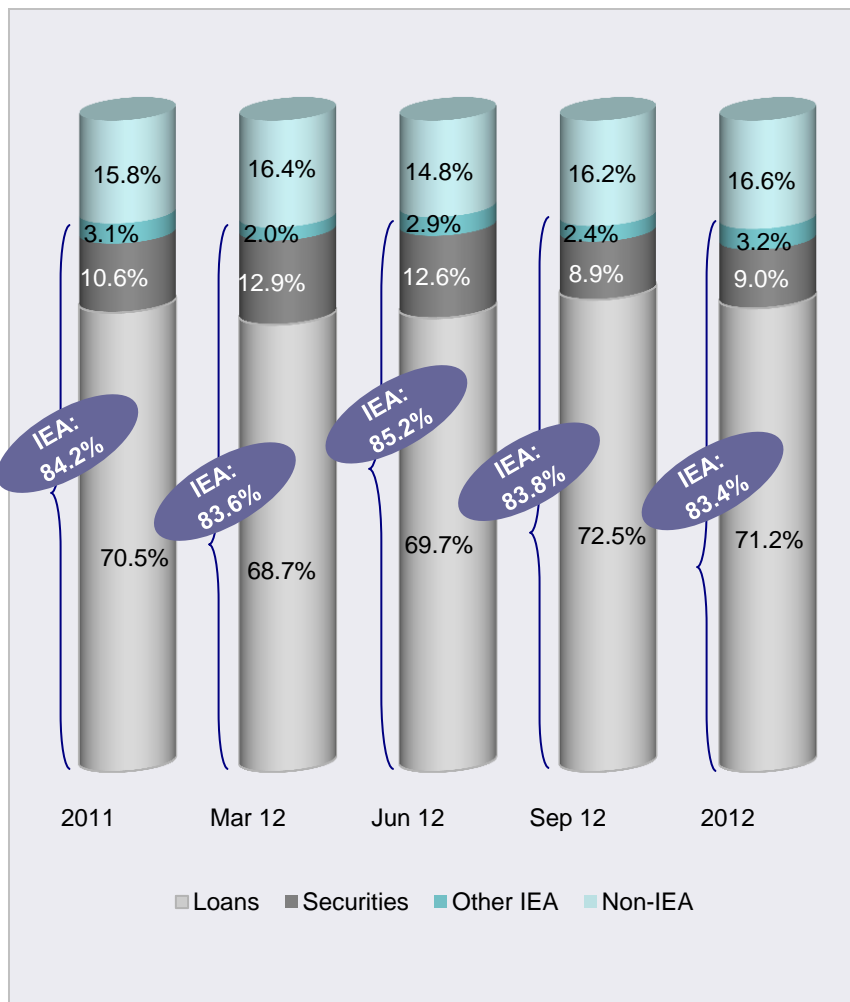
- Loan growth is not expected to exceed 15%, under close scrutiny of the Central Bank, despite banks' high appetite for growth
- Accordingly, RRR may be increased further in order to prevent overheating, which may put pressure on profitability
- Funding costs are likely to remain suppressed
- Asset quality may weaken, but only moderately

## Tekstilbank

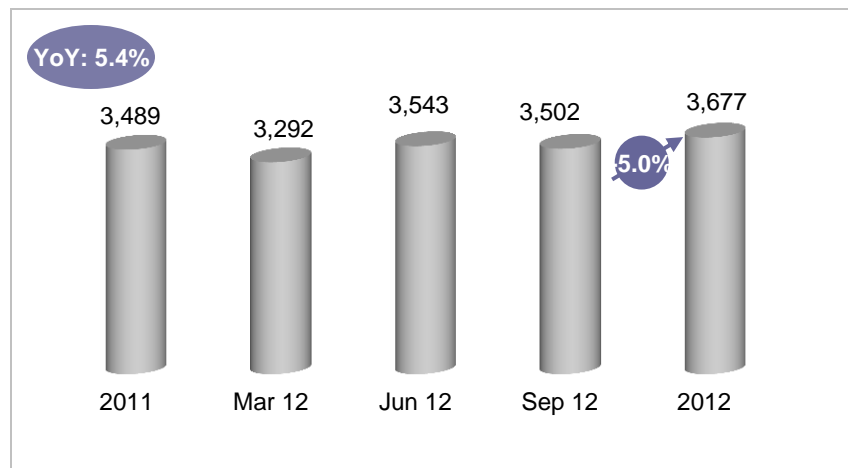
- Growth in line with sector
- Likely increase in NPL's
- Declining margins
- Maintaining high level of CAR

# A modest balance sheet growth...

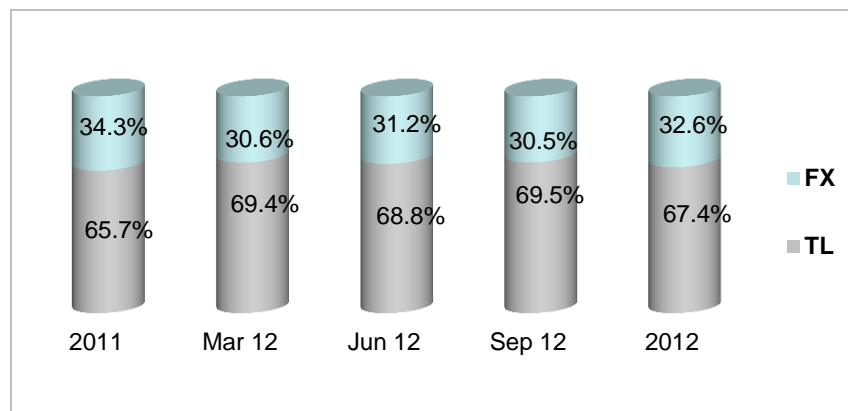
## Composition of Assets



## Total Assets (TLmn)



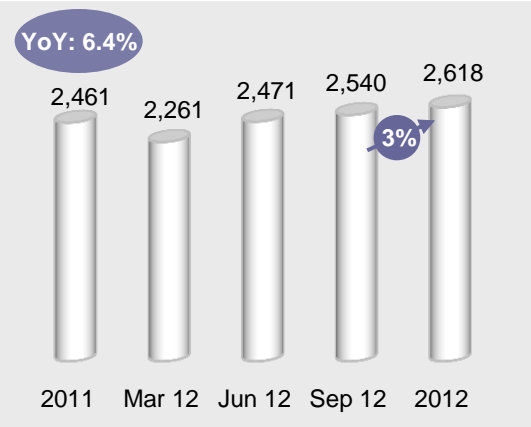
## Currency Composition of Assets\*



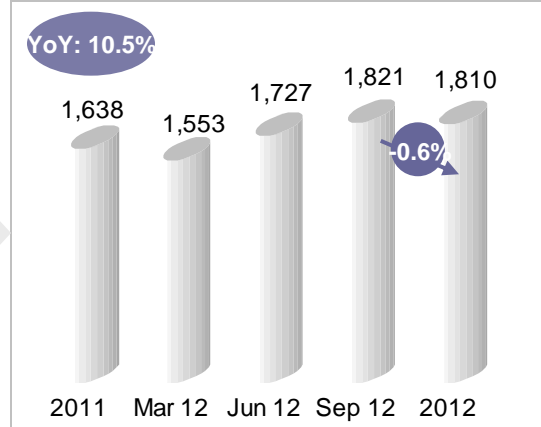
\* FX-indexed cash loans are included in FX assets

# Loan book growth was triggered by F/X loans...

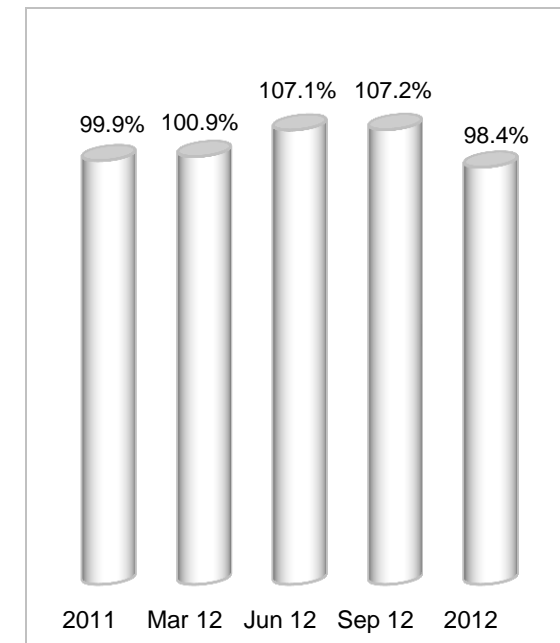
## Total Cash Loans (TLmn)



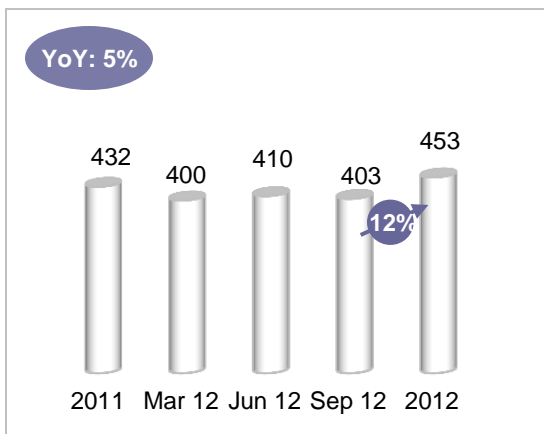
## TL Cash Loans\* (TLmn)



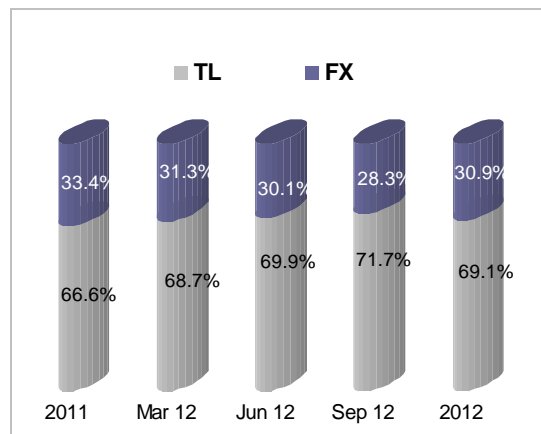
## Loans / Customer Deposits



## FX Cash Loans\* (US\$m)



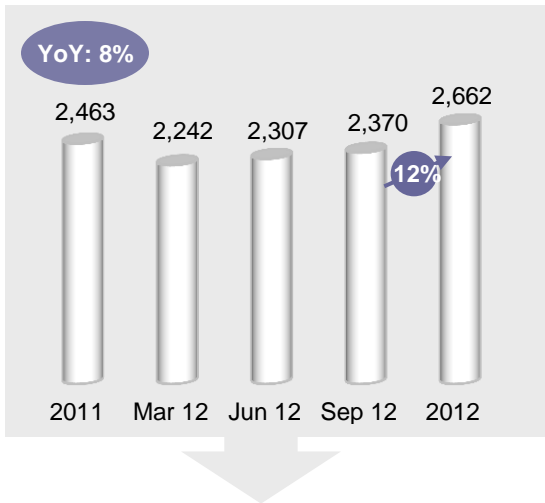
## Currency Breakdown of Cash Loans\*



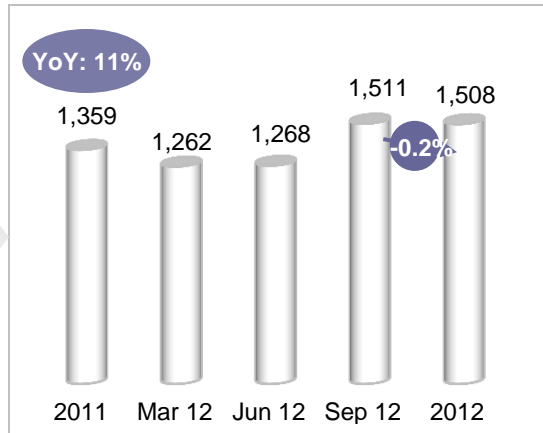
\* FX-indexed cash loans are included in FX cash loans

# ...,funded by higher FX deposits

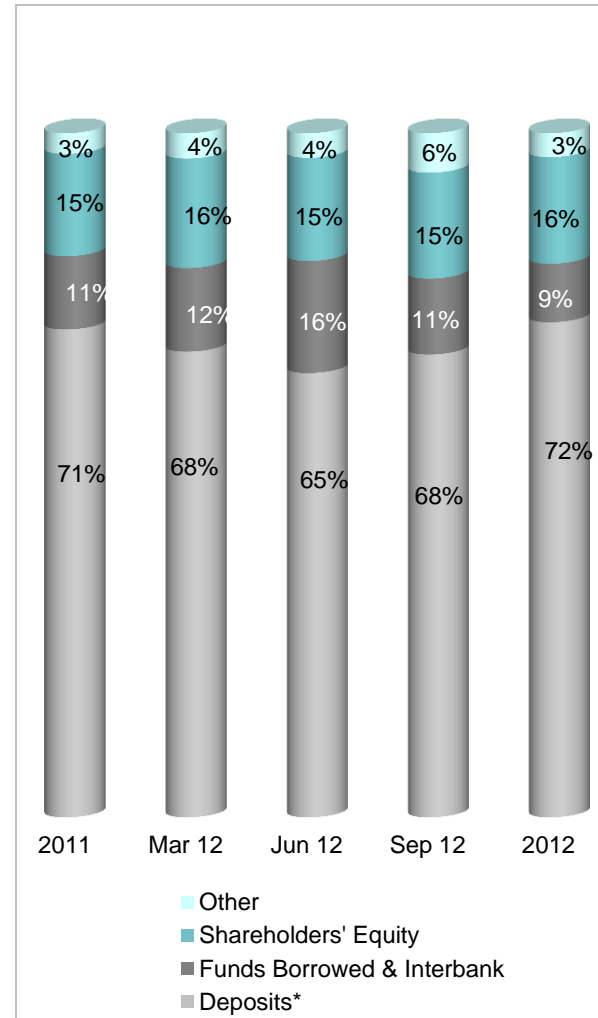
## Total Deposits\* (TLmn)



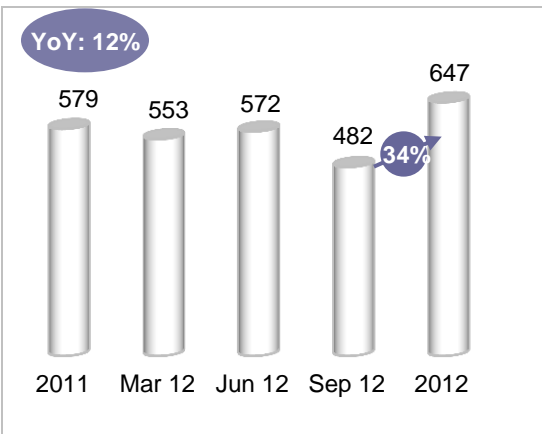
## TL Deposits\* (TLmn)



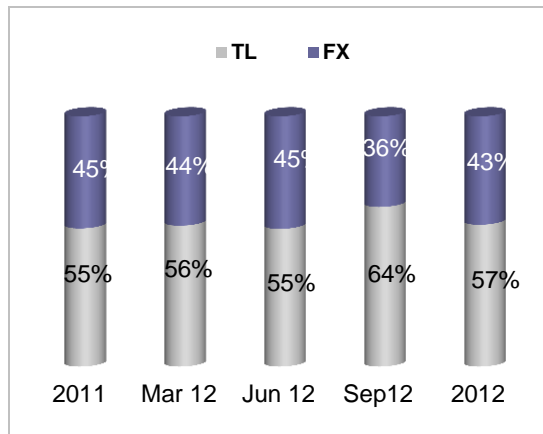
## Composition of Liabilities & SHE



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



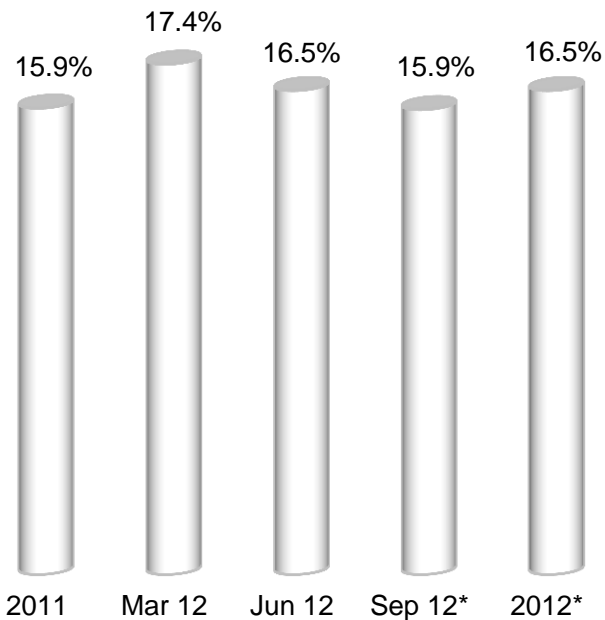
## Currency Breakdown\*



\* Excluding bank deposits

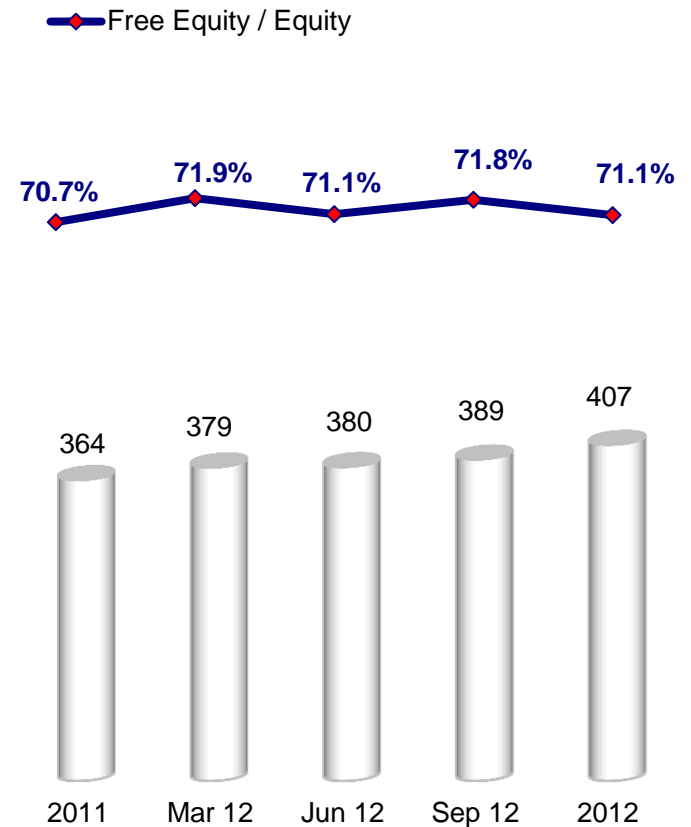
# CAR strengthened further to 16.5%...

## Capital Adequacy Ratio (CAR)



\* Calculated according to new BRSA regulations, in line with Basel II

## Free Equity (TLmn)

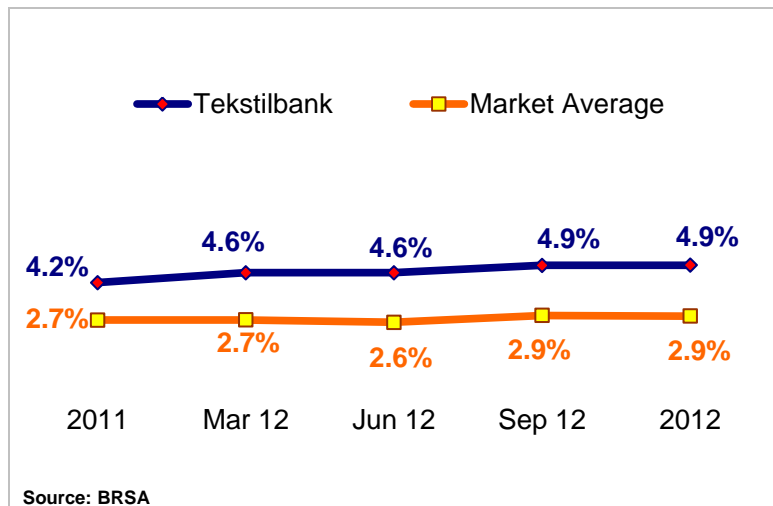


Free Equity: SHE-subsiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

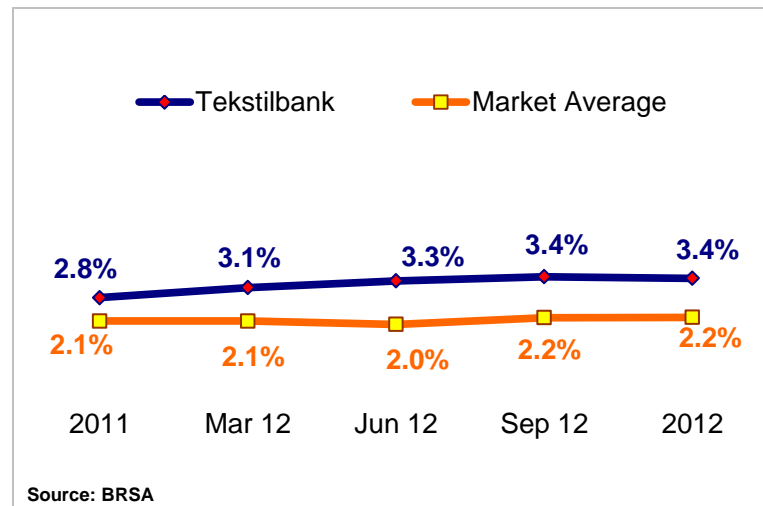


# Asset quality remained almost intact...

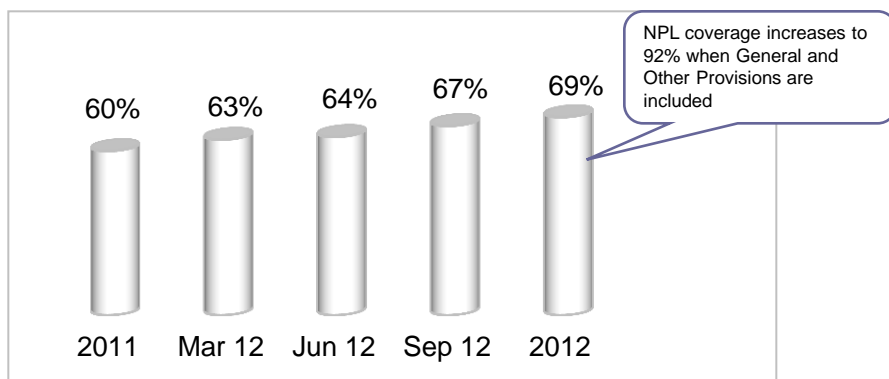
## NPL Ratio



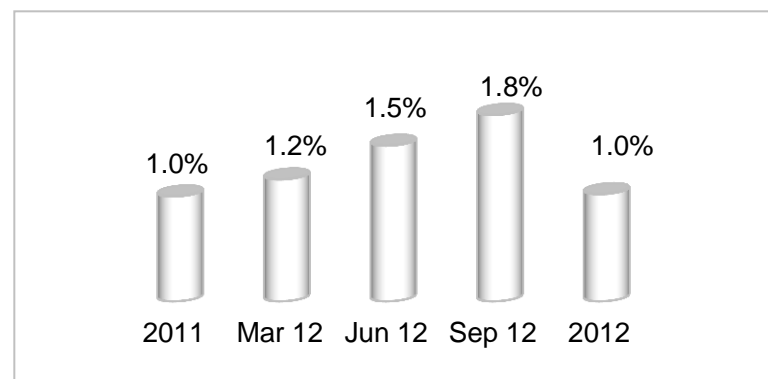
## NPL Ratio (including non-cash loans)



## NPL Coverage

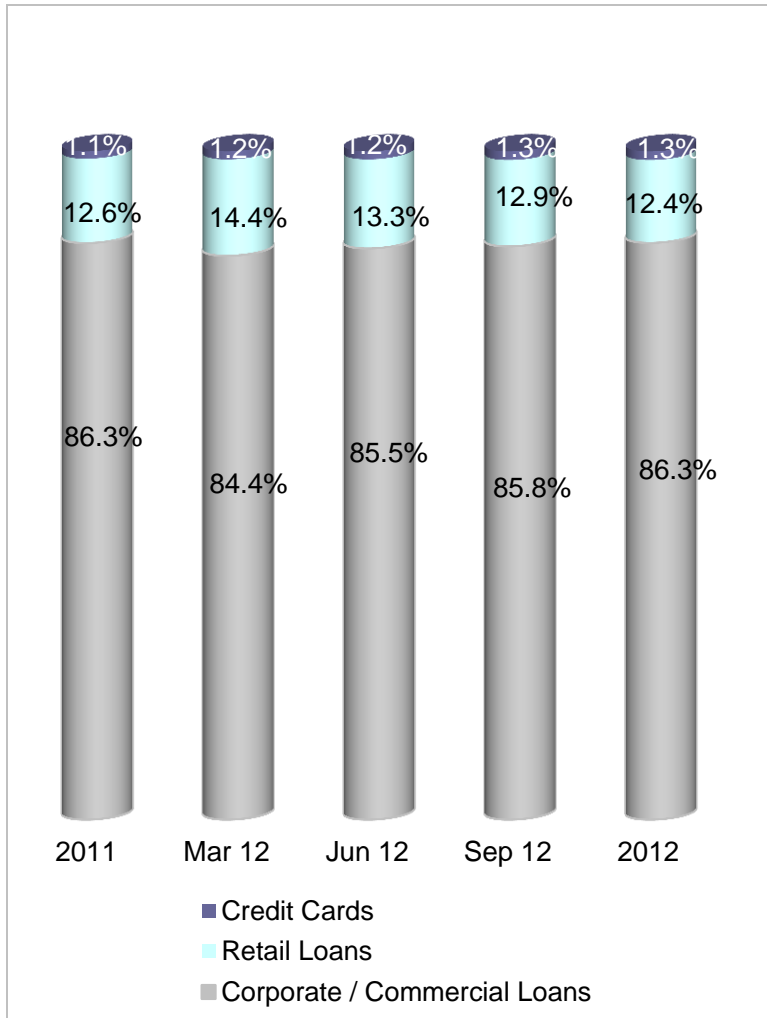


## Cost of Risk (quarterly)

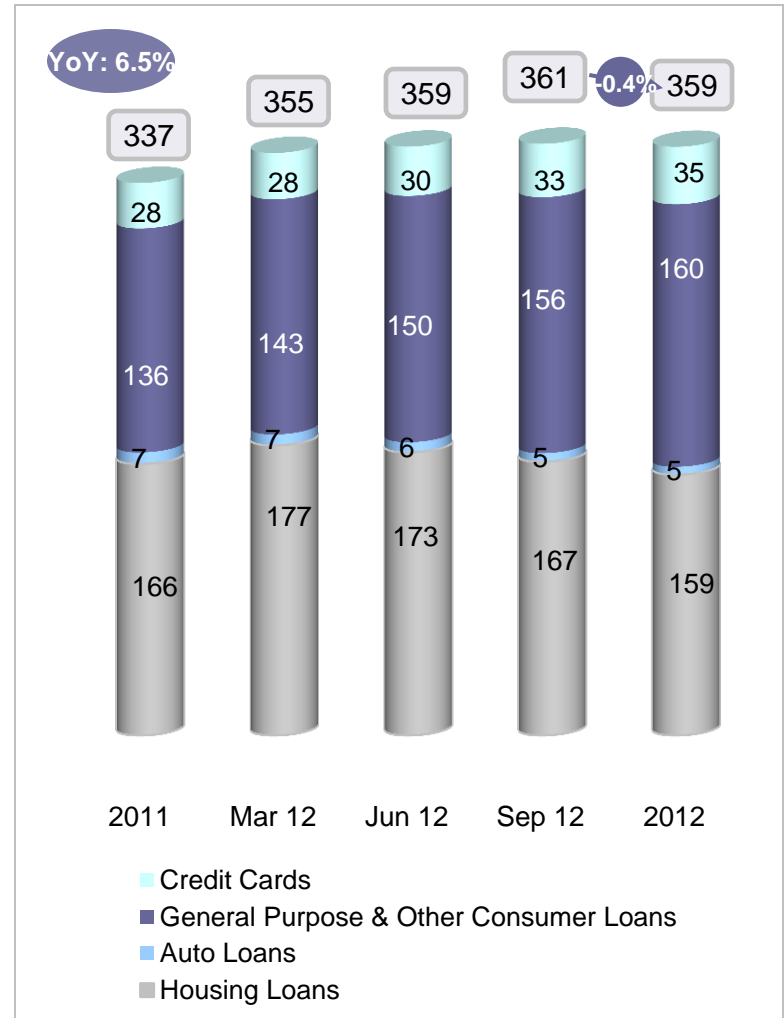


# Corporate loans gained more weight in the portfolio...

## Breakdown of Loan Portfolio

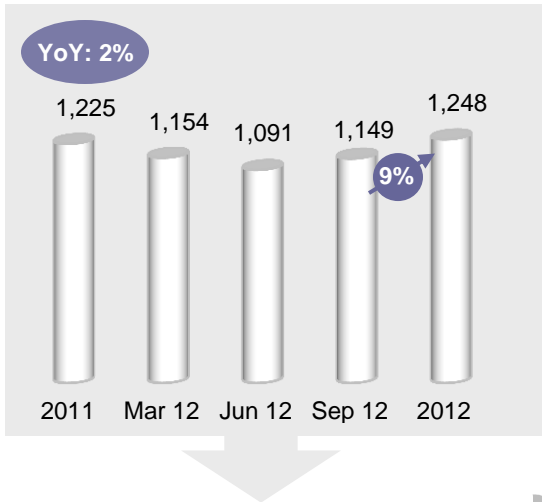


## Breakdown of Retail Loans (TLmn)

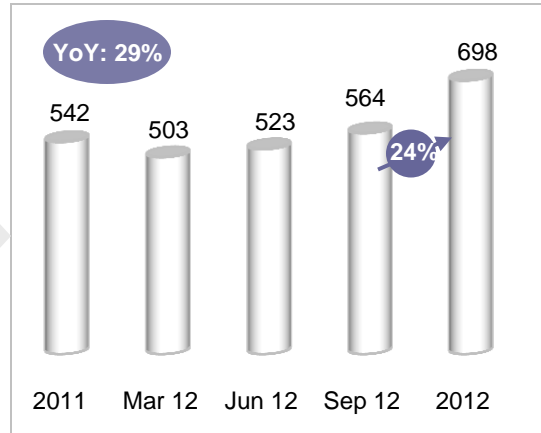


# TL non-cash loans increased...

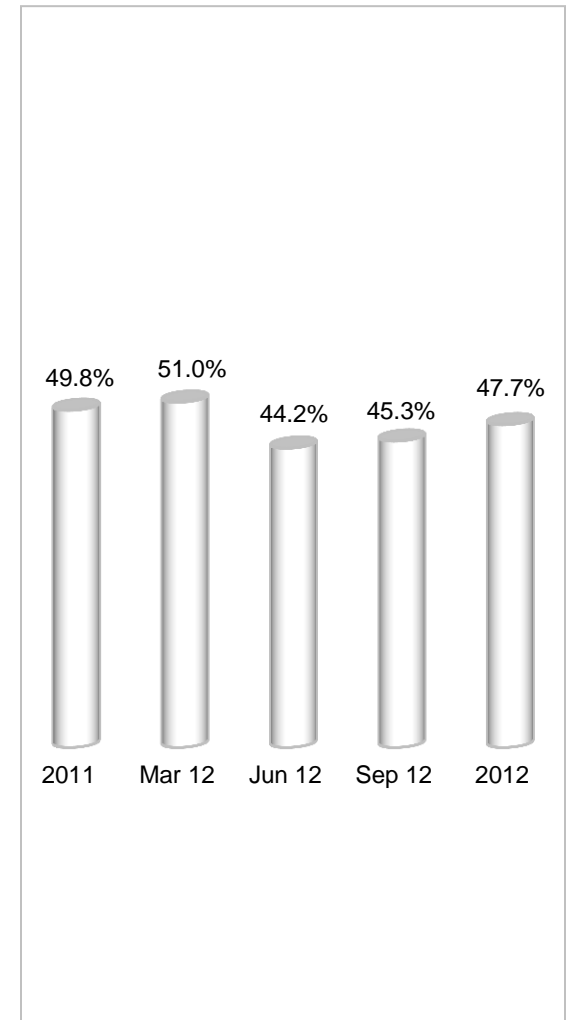
## Total Non-Cash Loans (TLmn)



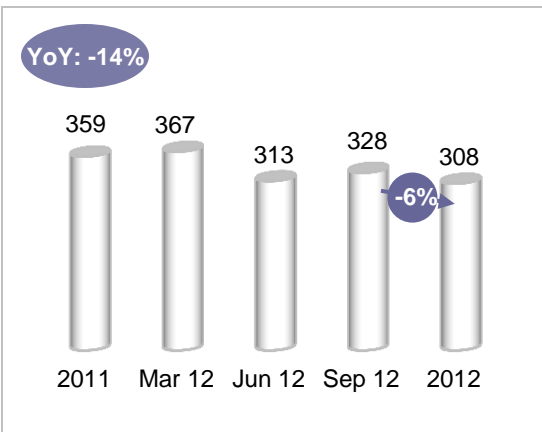
## TL Non-Cash Loans (TLmn)



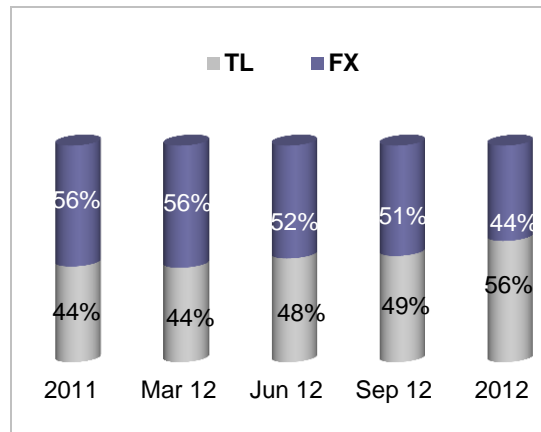
## Non-Cash / Cash Loans



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

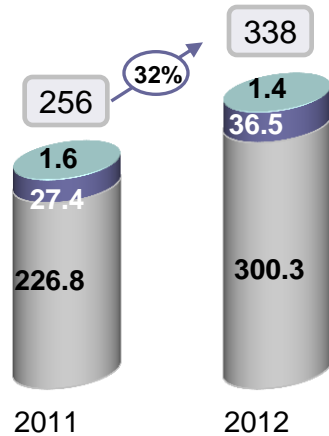


## Currency Breakdown of Non-Cash Loans

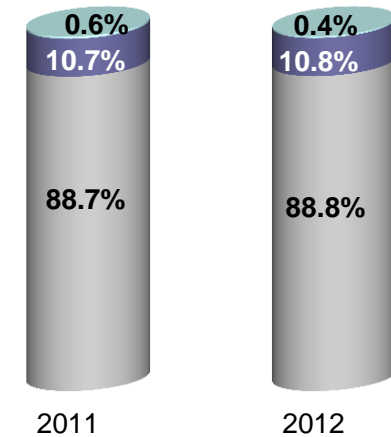


# Significant increase in interest income...

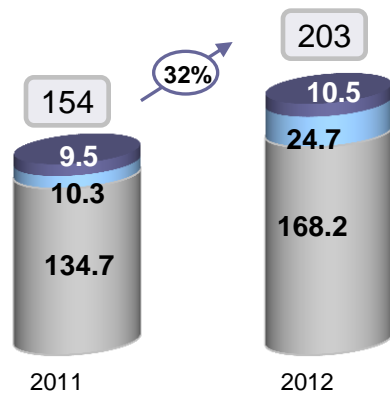
## Interest Income (TLmn)



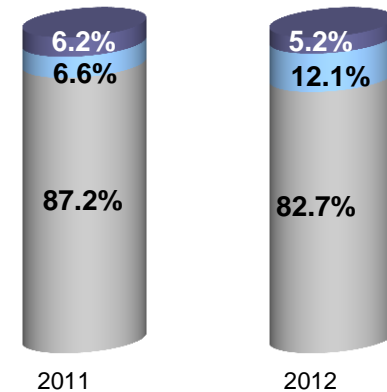
## Composition of Interest Income



## Interest Expense (TLmn)

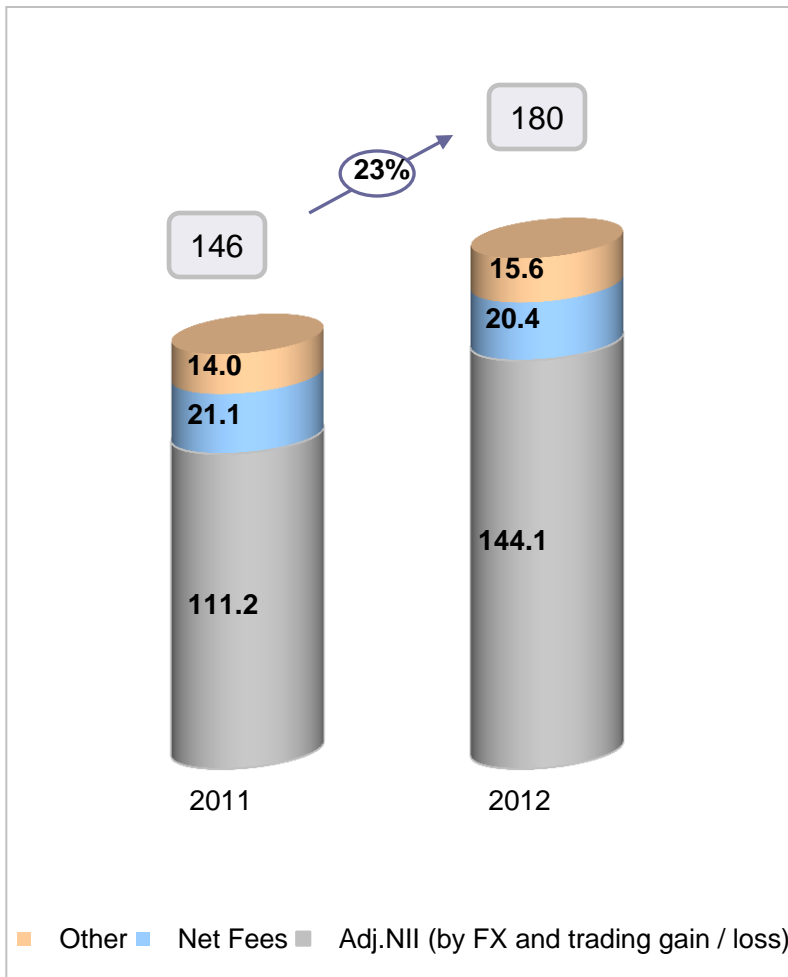


## Composition of Interest Expense

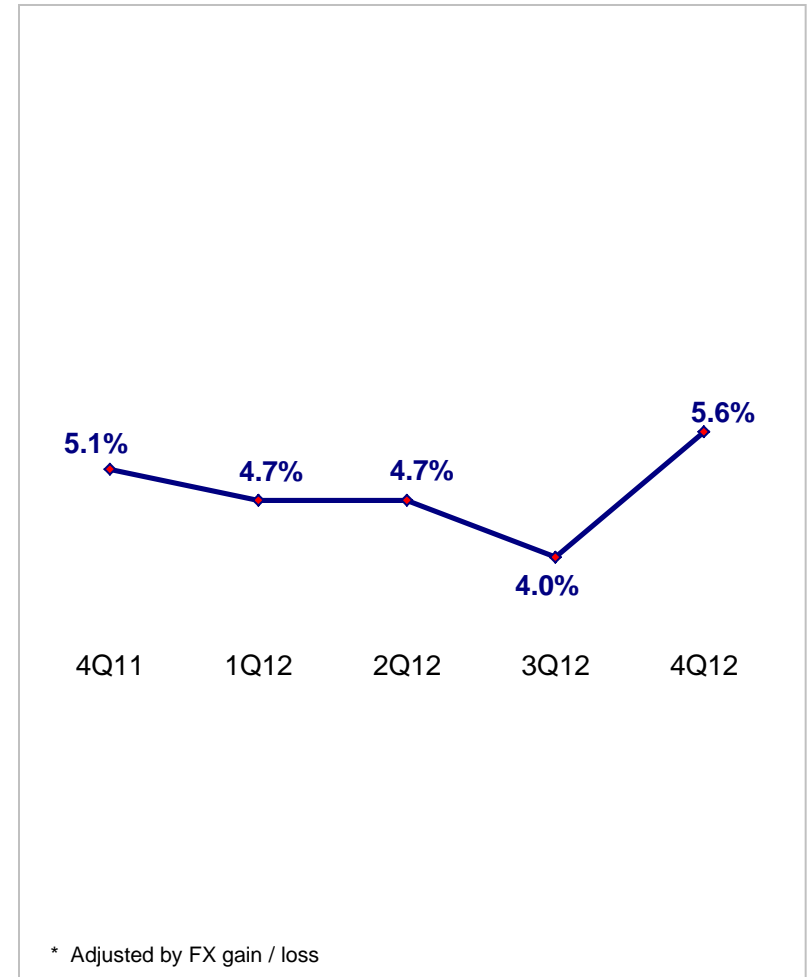


# An eye-catching increase in NIM, thanks to CB's lower funding cost & CPI linkers...

## Banking Income (TLmn)

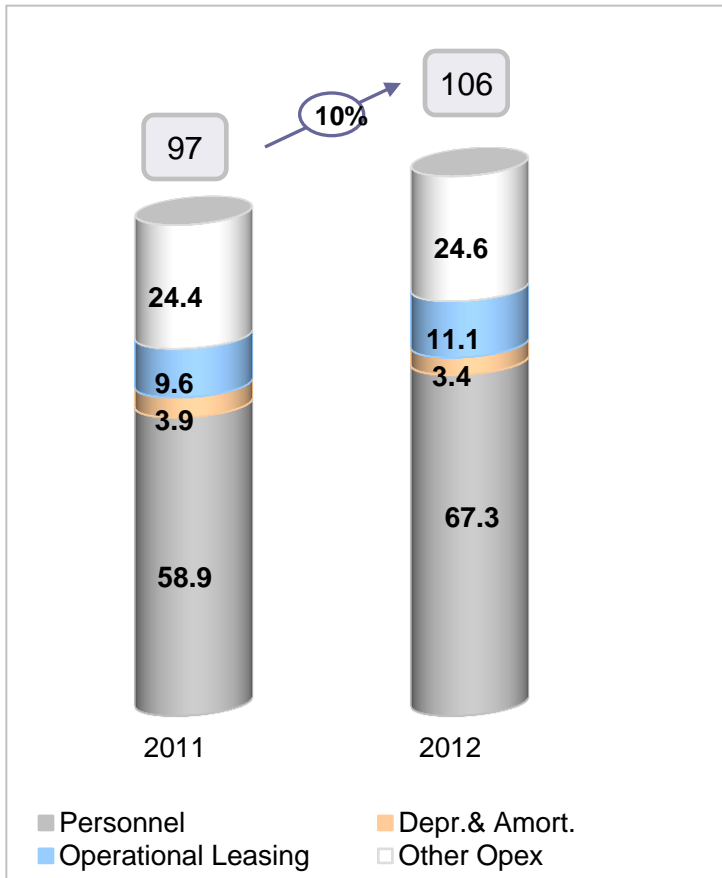


## Adjusted Net Interest Margin\* (Quarterly)

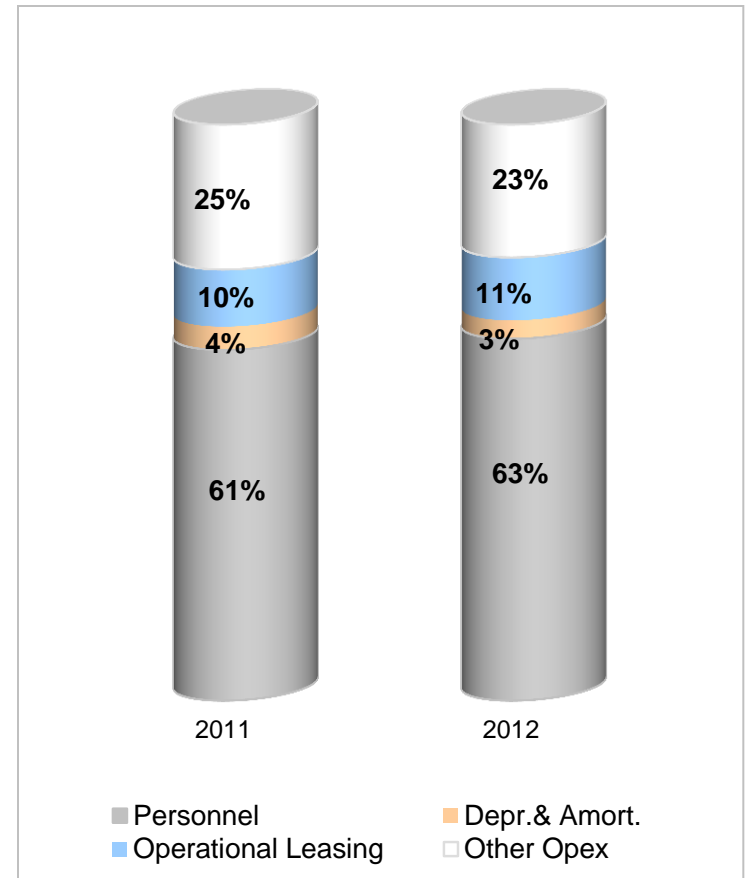


# Slight increase in personnel expense...

## Operating Expenses (TLmn)



## Composition of Operating Expenses



# Summary Balance Sheet...

TL million	Dec 2011	Mar 2012	Jun 2012	Sep 2012	Dec 2012
<b>Cash &amp; Banks</b>	411	375	381	388	480
<b>Total Securities</b>	370	425	448	312	330
<b>Total Cash Loans</b>	2,461	2,261	2,471	2,540	2618
<b>Fixed Assets &amp; Subsidiaries</b>	108	108	111	109	124
<b>Other</b>	139	123	132	153	125
<b>Total Assets</b>	<b>3,489</b>	<b>3,292</b>	<b>3,543</b>	<b>3,502</b>	<b>3,677</b>
<b>Deposits*</b>	2,463	2,242	2,307	2,370	2,662
<b>Interbank Money Market*</b>	126	224	324	141	65
<b>Borrowings</b>	242	177	257	247	249
<b>Other</b>	143	121	121	202	128
<b>SHE</b>	515	528	534	542	573
<b>Total Liabilities &amp; SHE</b>	<b>3,489</b>	<b>3,292</b>	<b>3,543</b>	<b>3,502</b>	<b>3,677</b>

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

# Summary Income Statement...

TL million

	1Q 2012	2Q 2012	3Q 2012	4Q 2012	2011	2012
<b>Interest Income</b>	85.0	87.2	79.8	86.2	255.9	338.2
<i>Loans</i>	73.7	74.8	76.6	75.2	226.8	300.3
<i>Securities</i>	11.0	12.0	2.8	10.7	27.4	36.5
<i>Other</i>	0.3	0.4	0.4	0.3	1.7	1.4
<b>Interest Expense</b>	53.1	54.0	51.3	45.0	154.5	203.4
<i>Deposits</i>	44.6	41.4	43.5	38.7	134.7	168.2
<i>Funds Borrowed</i>	4.8	9.0	6.0	4.9	10.3	24.7
<i>Other Borrowings</i>	3.7	3.6	1.8	1.4	9.5	10.5
<b>Net Interest Income</b>	31.9	33.2	28.5	41.2	101.4	134.8
<i>Net FX Gain (Loss)*</i>	1.9	0.8	1.0	0.7	8.1	4.4
<b>Adj. Net Interest Income</b>	33.8	34.0	29.5	41.9	109.5	139.2
<i>Net Trading Income (Loss)*</i>	1.6	0.2	2.7	0.4	1.7	4.9
<i>Net Fees &amp; Commissions</i>	4.8	5.0	5.0	5.6	21.1	20.4
<i>Other Operating Income</i>	6.7	4.5	2.4	2.0	14.0	15.6
<b>Total Operating Income</b>	46.9	43.7	39.6	49.9	146.3	180.1
<i>Provisions</i>	7.2	10.1	13.7	9.0	22.8	40.0
<i>Opex</i>	25.8	27.0	26.0	27.6	96.8	106.4
<i>Profit from Subsidiaries</i>	0.0	0.0	0.0	0.0	0.7	0.0
<b>Profit Before Tax</b>	13.9	6.6	-0.1	13.3	27.4	33.7
<i>Tax</i>	2.3	1.4	0.2	3.0	5.4	6.9
<b>Net Income</b>	11.6	5.2	-0.3	10.3	22.0	26.8

\* 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	1Q 2012	2Q 2012	3Q 2012	4Q 2012	2011	2012
<b>Interest Income</b>	<b>85.6</b>	<b>88.0</b>	<b>80.4</b>	<b>86.8</b>	<b>257.4</b>	<b>340.8</b>
Loans	74.1	75.1	77.1	75.5	228.2	301.8
Securities	11.1	12.1	2.9	10.7	27.4	36.8
Other	0.4	0.8	0.4	0.6	1.8	2.2
<b>Interest Expense</b>	<b>53.1</b>	<b>53.9</b>	<b>51.3</b>	<b>45.0</b>	<b>154.2</b>	<b>203.3</b>
Deposits	44.6	41.3	43.5	38.7	134.4	168.1
Funds Borrowed	4.9	8.9	6.0	4.9	10.3	24.7
Other Borrowings	3.6	3.7	1.8	1.4	9.5	10.5
<b>Net Interest Income</b>	<b>32.5</b>	<b>34.1</b>	<b>29.1</b>	<b>41.8</b>	<b>103.2</b>	<b>137.5</b>
Net FX Gain (Loss)*	1.9	0.8	1.0	0.6	8.1	4.3
<b>Adj. Net Interest Income</b>	<b>34.4</b>	<b>34.9</b>	<b>30.1</b>	<b>42.4</b>	<b>111.3</b>	<b>141.8</b>
Net Trading Income (Loss)*	3.2	1.7	4.0	1.7	9.6	10.6
Net Fees & Commissions	5.1	5.2	5.1	5.8	23.1	21.2
Other Operating Income	6.7	1.9	2.3	2.2	13.8	13.1
<b>Total Operating Income</b>	<b>49.4</b>	<b>43.7</b>	<b>41.5</b>	<b>52.1</b>	<b>157.8</b>	<b>186.7</b>
Provisions	7.2	10.1	13.7	9.0	22.9	40.0
Opex	27.5	28.9	27.5	29.4	104.2	113.3
Profit from Subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax</b>	<b>14.7</b>	<b>4.7</b>	<b>0.3</b>	<b>13.7</b>	<b>30.7</b>	<b>33.4</b>
Tax	2.5	1.5	0.3	3.0	6.1	7.3
<b>Net Income</b>	<b>12.2</b>	<b>3.2</b>	<b>0.0</b>	<b>10.7</b>	<b>24.6</b>	<b>26.1</b>

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

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