

TEKSTİLBANK

*Earnings Presentation
June 30, 2012 / BRSA Bank-Only*

Macroeconomic environment in 2Q 2012...

- Risk aversion accelerated globally, due to weaker growth indicators for both advanced and emerging countries, coupled with question marks on Euro's future
- Industrial production pointed to a better macroeconomic activity at home vs. 1Q
- External deficit continued to narrow, as 12-month cumulative C/A deficit declined to US\$67bn as of May-end, from US\$77bn recorded at the end of 2011
- The CB increased its funding rate up to 10.8% in May, via occasional tightening, aiming to prevent dismal effect of global risk aversion on inflation through FX rates
 - Hence, TL recovered by 2.3% in 2Q, cumulating its real appreciation in 1H to 6.6%, against the F/X basket
- Lower oil and food prices, as well as TL's recovery, pulled CPI inflation down to 8.9%, from 10.4% recorded in March
- Moody's upgraded Turkey's rating to one notch below investment grade, with a positive outlook

Modest balance sheet growth...

Highlights of 2Q 2012:

- Balance sheet expanded modestly within an environment of better macroeconomic outlook at home, but higher risks abroad
- Cost of risk increased further, due to on-going effect of a few client case rather than a general trend, as was the case also in 1Q
- CAR was lower but still strong at 16.5%
- NIM remained intact, reflecting both dismal effect of higher funding costs by the CB, and positive effect of CPI linkers

Looking into 2012...

Macroeconomy

- Weak global growth, due to high uncertainty and low demand originating from Euro-zone
- Soft-landing Turkish economy, with a modest growth rate of 3%
- Fiscal performance will be under close watch
- Lower, but still high C/A deficit, with a fragile financing structure
- CB may tighten monetary policy when needed, in order to keep year-end inflation below 6.5%, and to preserve financial stability in case of further monetary expansion abroad

Banking Sector

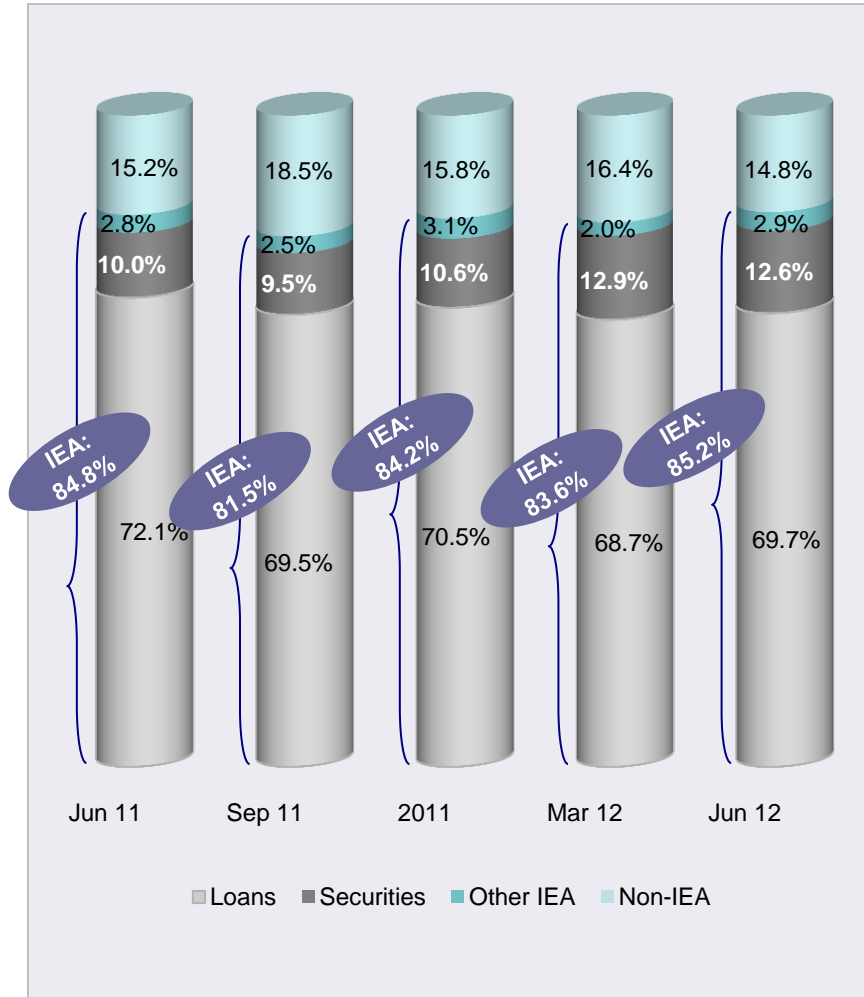
- A modest loan growth of around 15%, vs. 29.5% at the end of 2011
- Marginal decline in profitability
- Depressing margins, due to lower growth, but may be offset by a possible decline in RR costs
- Continued high funding costs
- Similar levels for asset quality like 2011

Tekstilbank

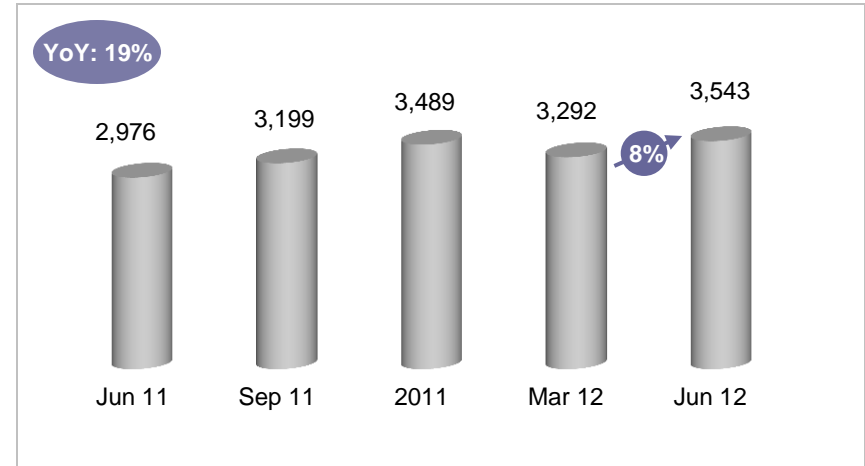
- Preserving cautious growth policy
- Increasing cross-selling opportunities for profitability
- Maintaining free equity
- Focusing more on divesting incepted assets

Balance sheet expanded moderately...

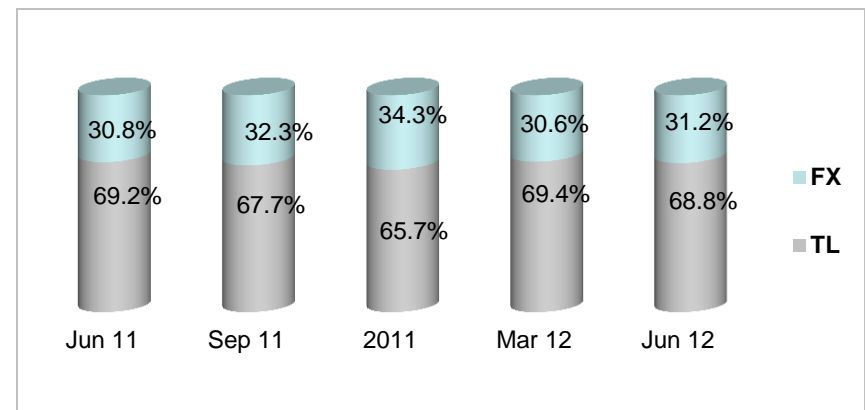
Composition of Assets



Total Assets (TLmn)



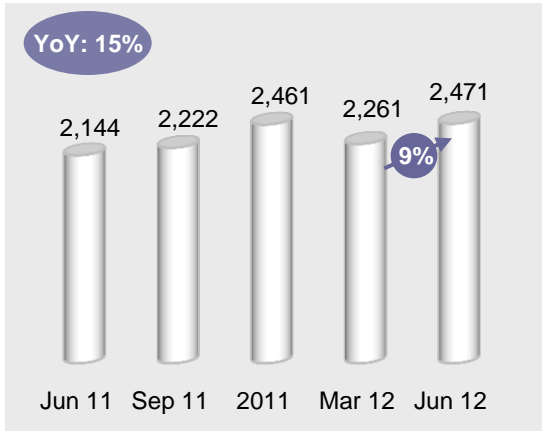
Currency Composition of Assets*



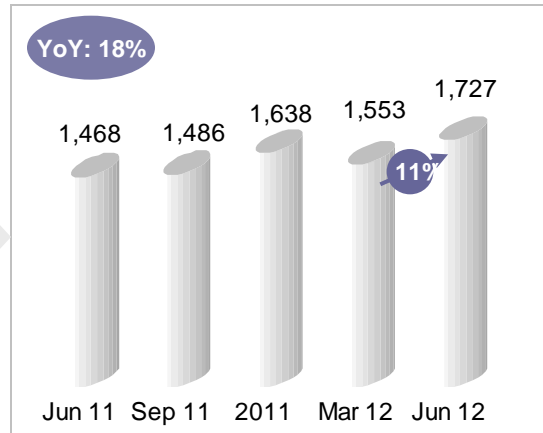
* FX-indexed cash loans are included in FX assets

...reflecting higher loan portfolio

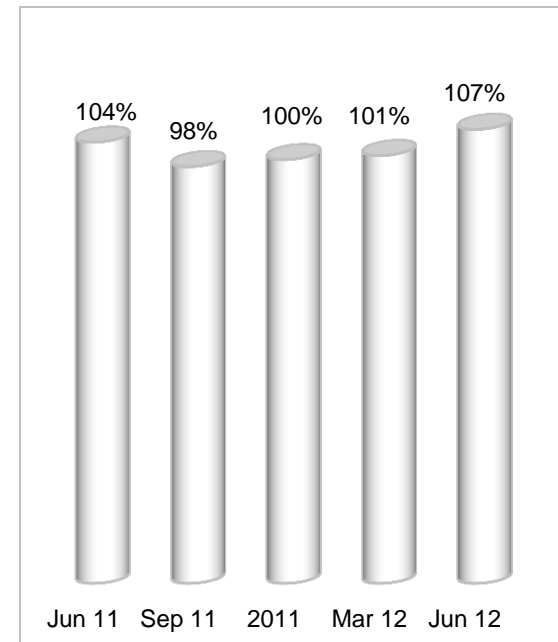
Total Cash Loans (TLmn)



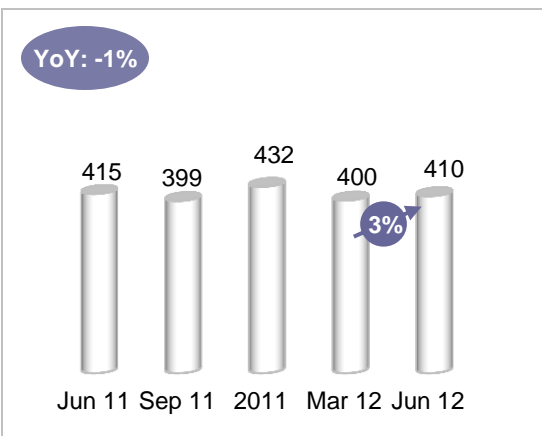
TL Cash Loans* (TLmn)



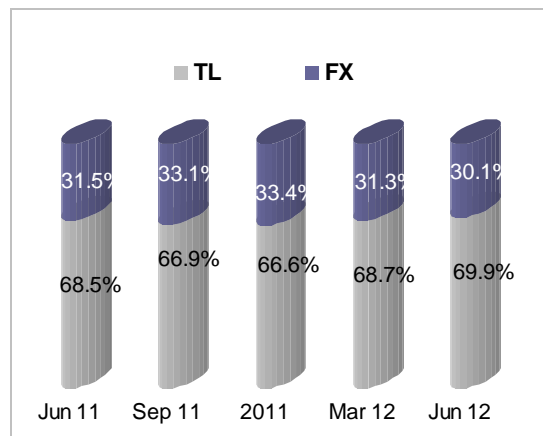
Loans / Customer Deposits



FX Cash Loans* (US\$m)



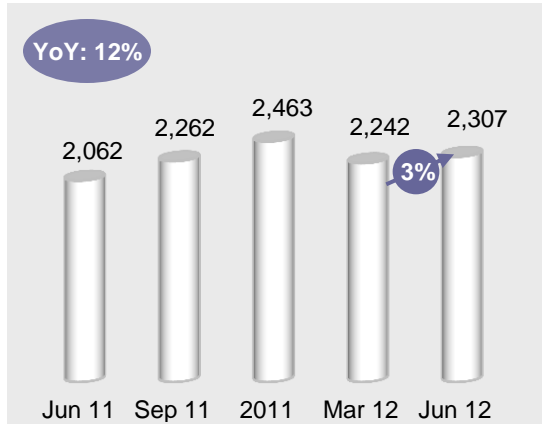
Currency Breakdown of Cash Loans*



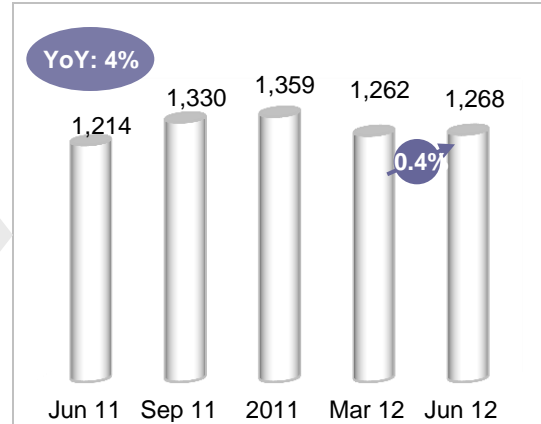
* FX-indexed cash loans are included in FX cash loans

...while interbank gained more dominance in funding, in order to diminish overall funding cost

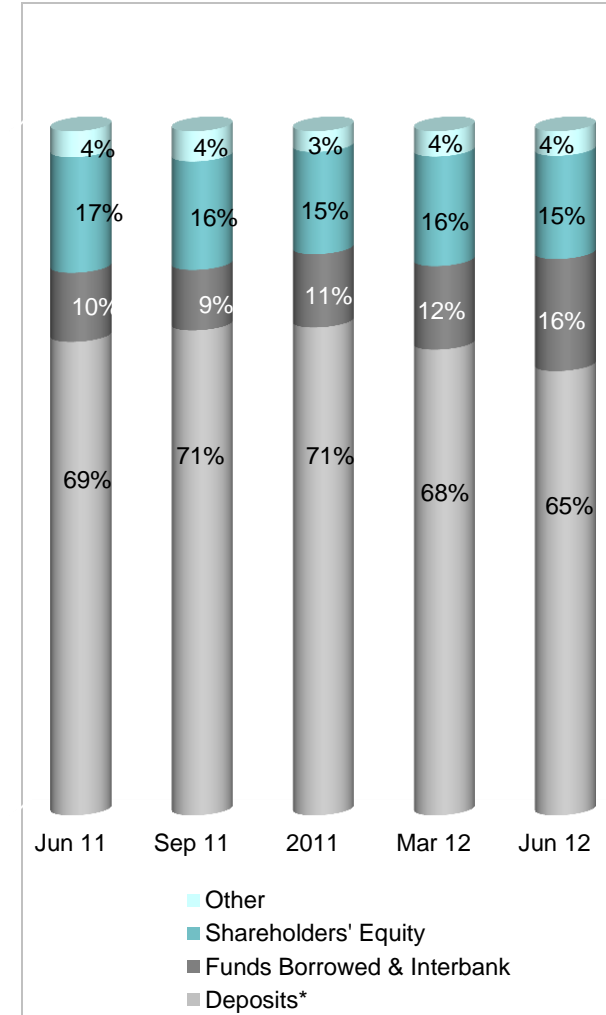
Total Deposits* (TLmn)



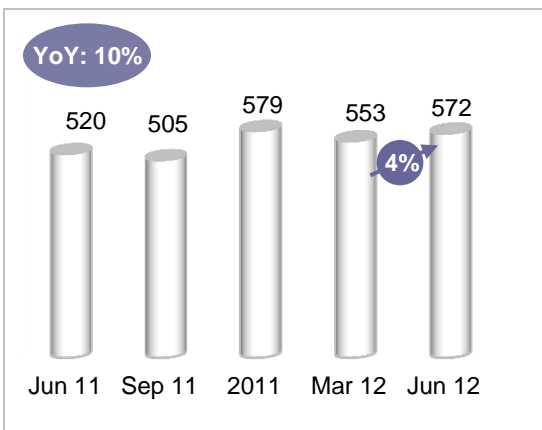
TL Deposits* (TLmn)



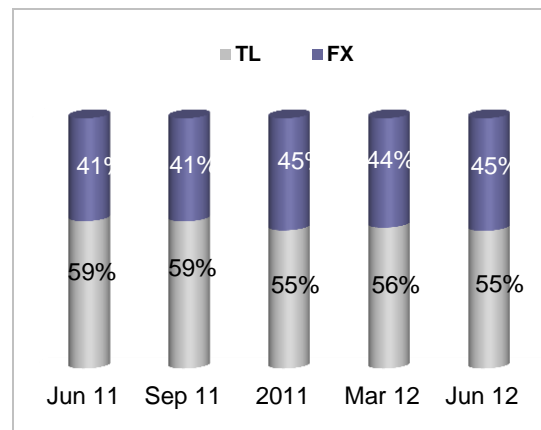
Composition of Liabilities & SHE



FX Deposits* (US\$mn)



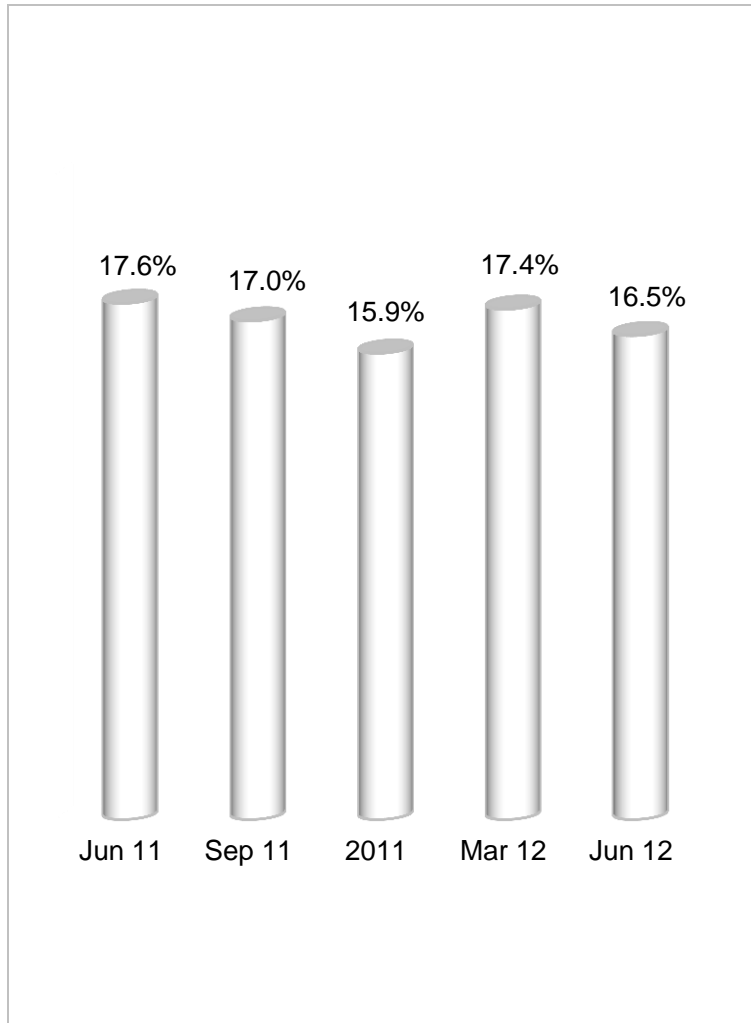
Currency Breakdown*



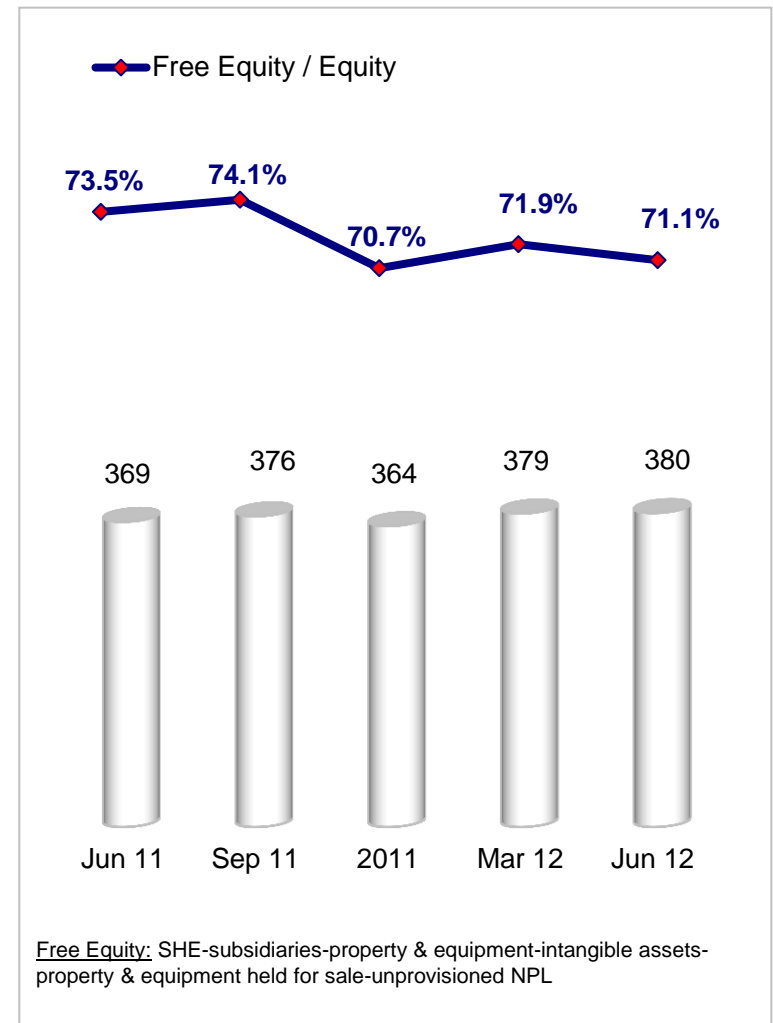
* Excluding bank deposits

CAR descended to a still very strong rate of 16.5%...

Capital Adequacy Ratio (CAR)



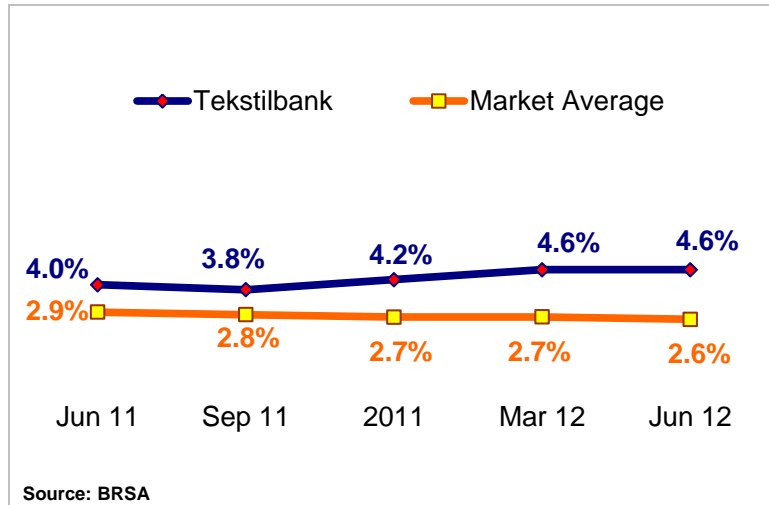
Free Equity (TLmn)



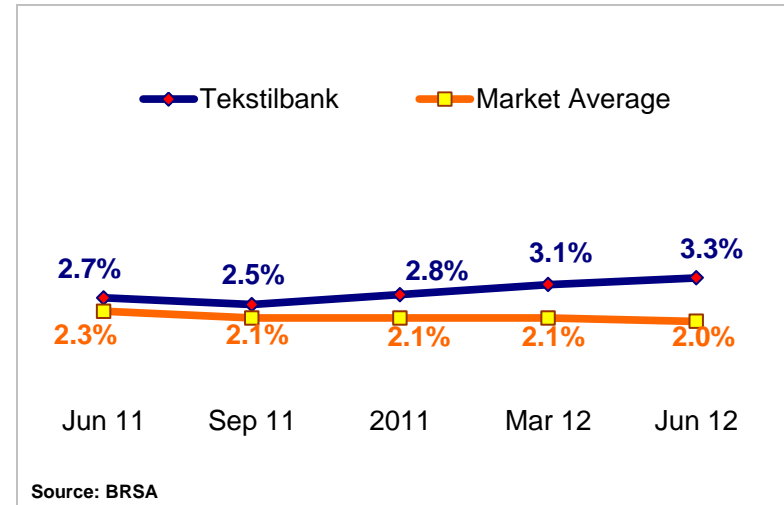
Free Equity: SHE-subidiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

Cost of risk increased, because of higher provisions...

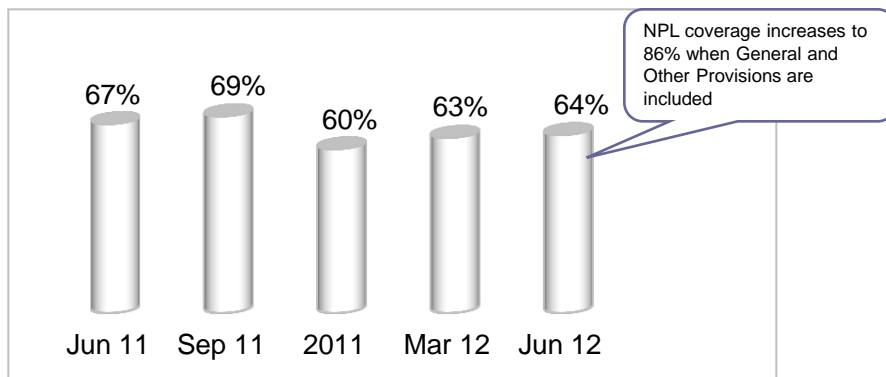
NPL Ratio



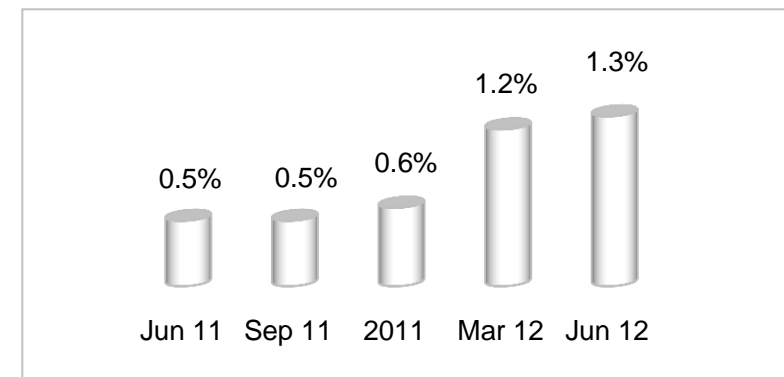
NPL Ratio (including non-cash loans)



NPL Coverage

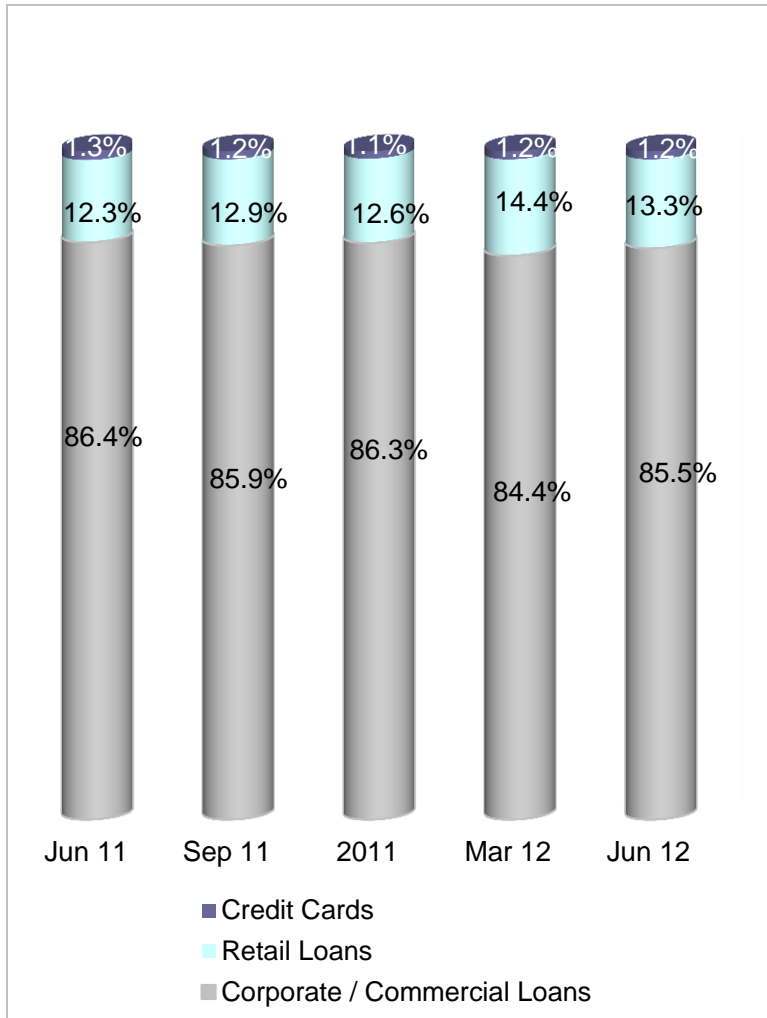


Cost of Risk (cumulative)

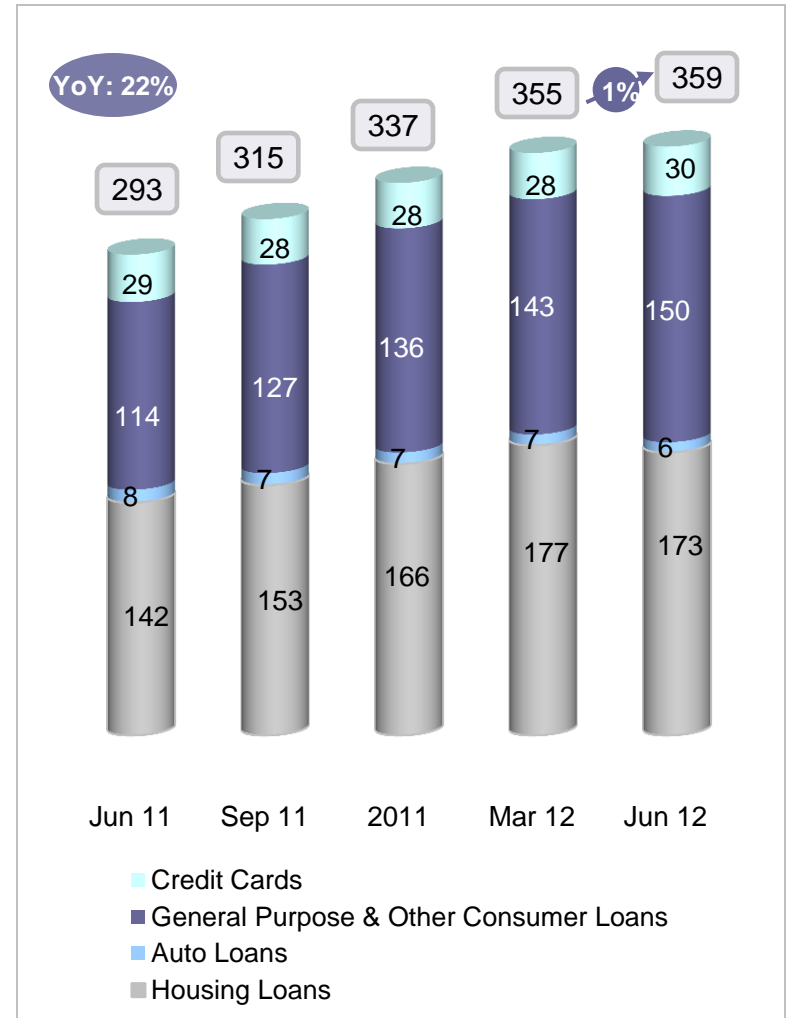


A slight revival in retail loans...

Breakdown of Loan Portfolio

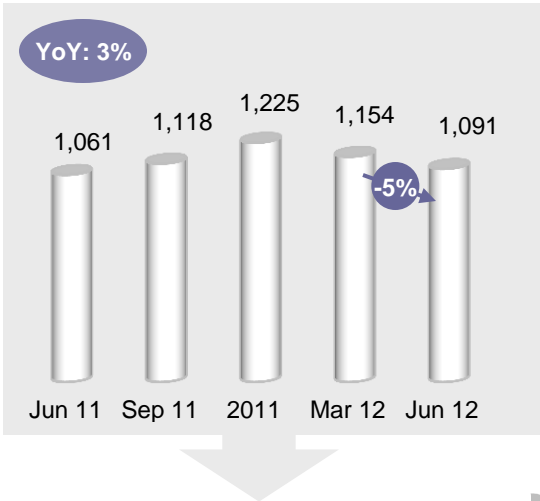


Breakdown of Retail Loans (TLmn)

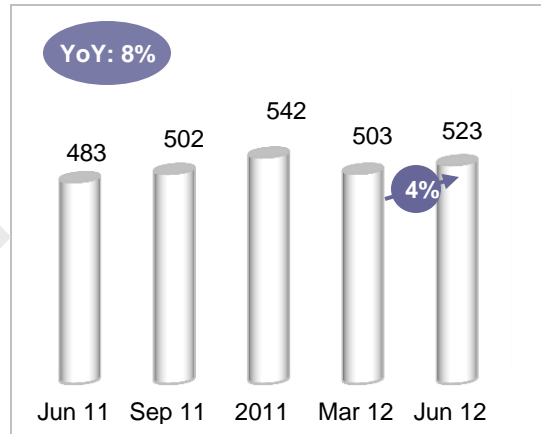


Non-cash loans continued to cut pace...

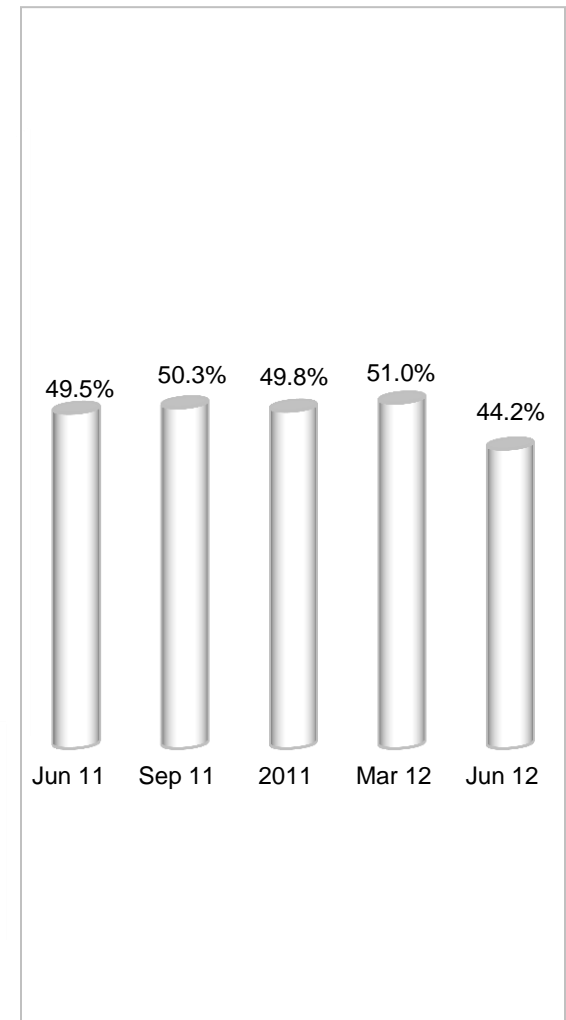
Total Non-Cash Loans (TLmn)



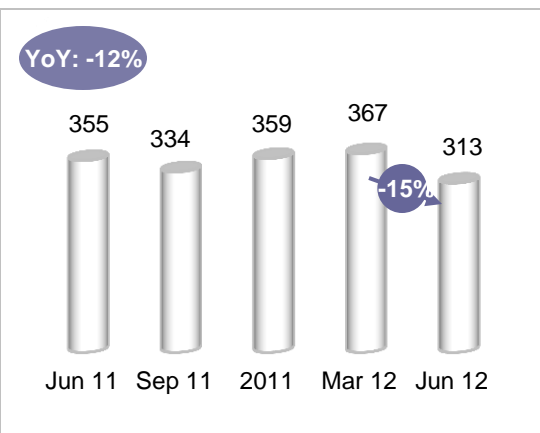
TL Non-Cash Loans (TLmn)



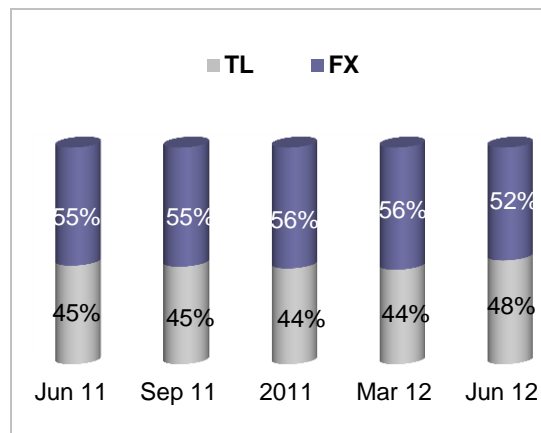
Non-Cash / Cash Loans



FX Non-Cash Loans (US\$m)

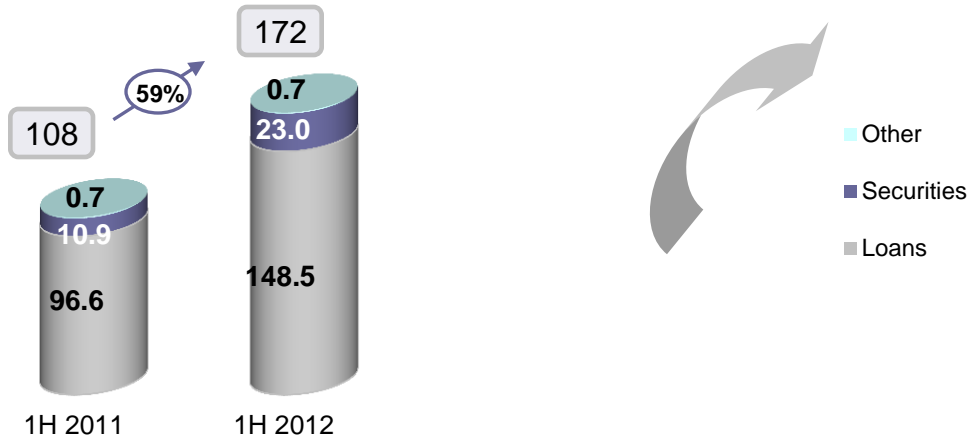


Currency Breakdown of Non-Cash Loans

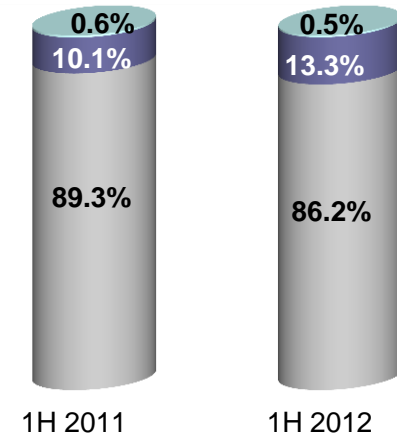


Higher interest expense, attributable to the CB's monetary tightening...

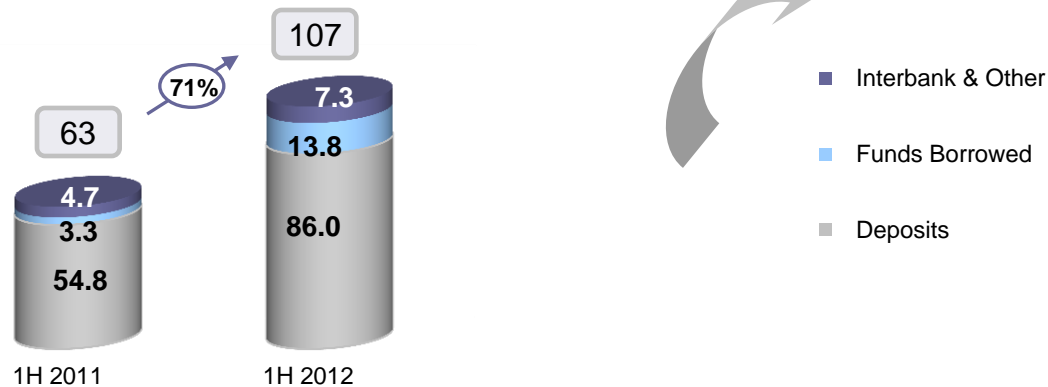
Interest Income (TLmn)



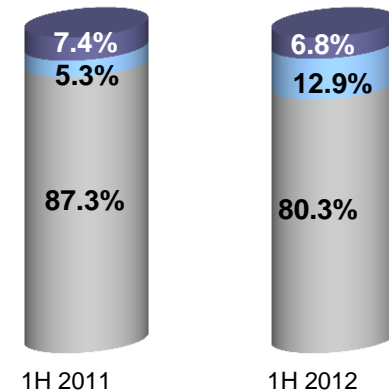
Composition of Interest Income



Interest Expense (TLmn)

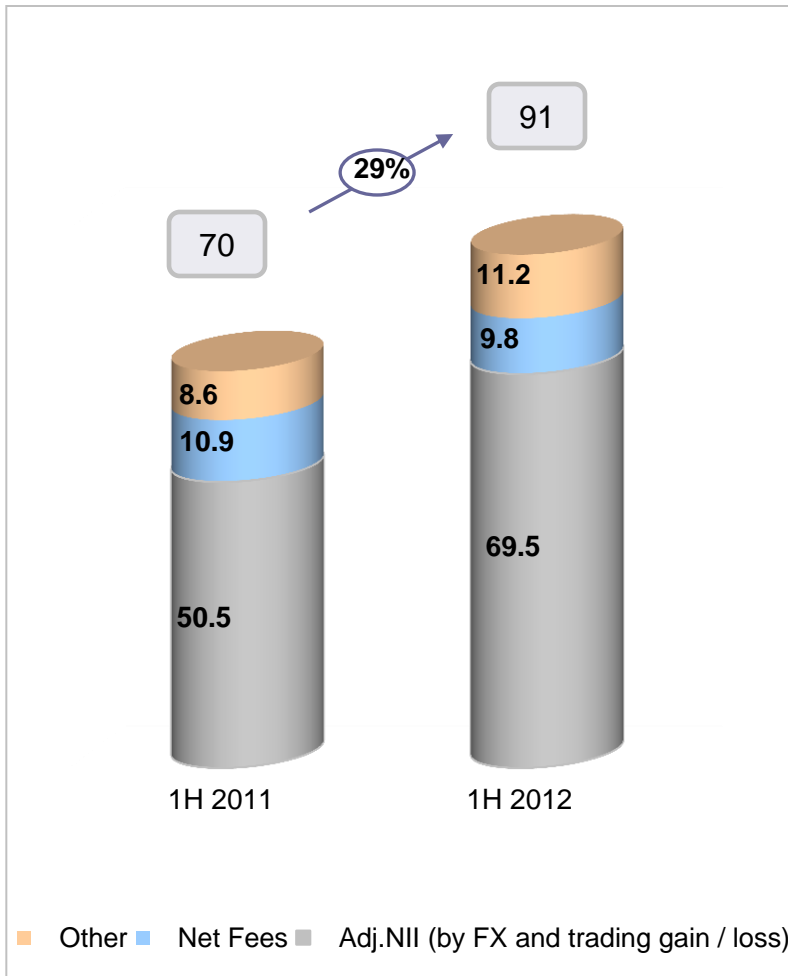


Composition of Interest Expense

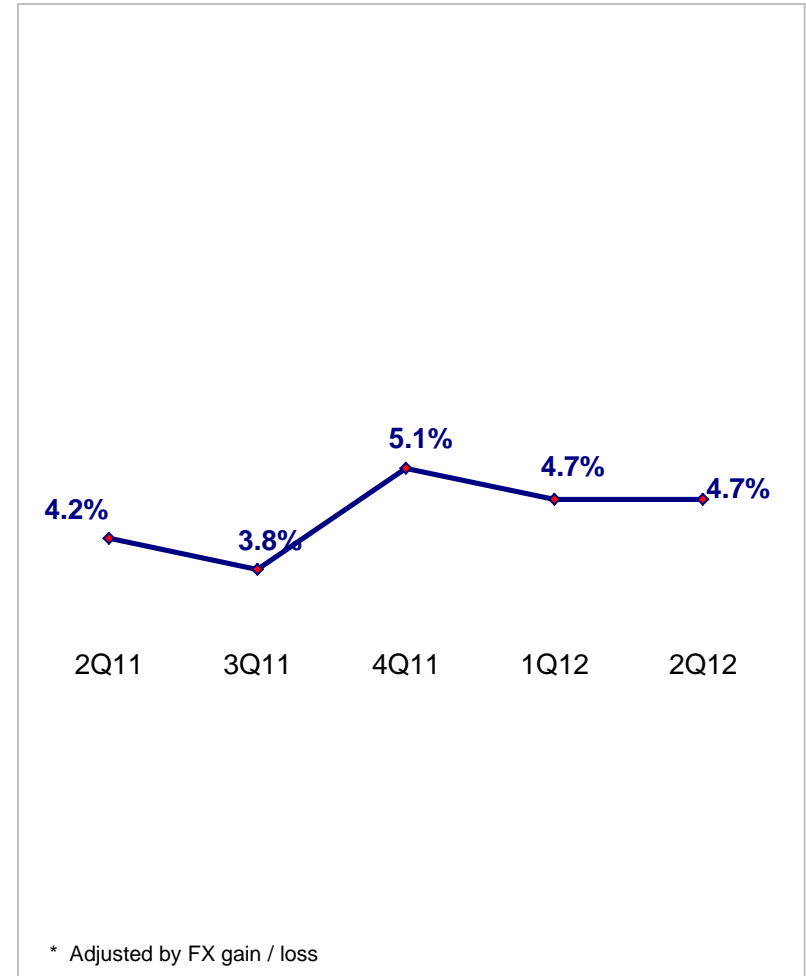


NIM remained intact, squeezed between positive effect of CPI linkers and higher deposit costs...

Banking Income (TLmn)

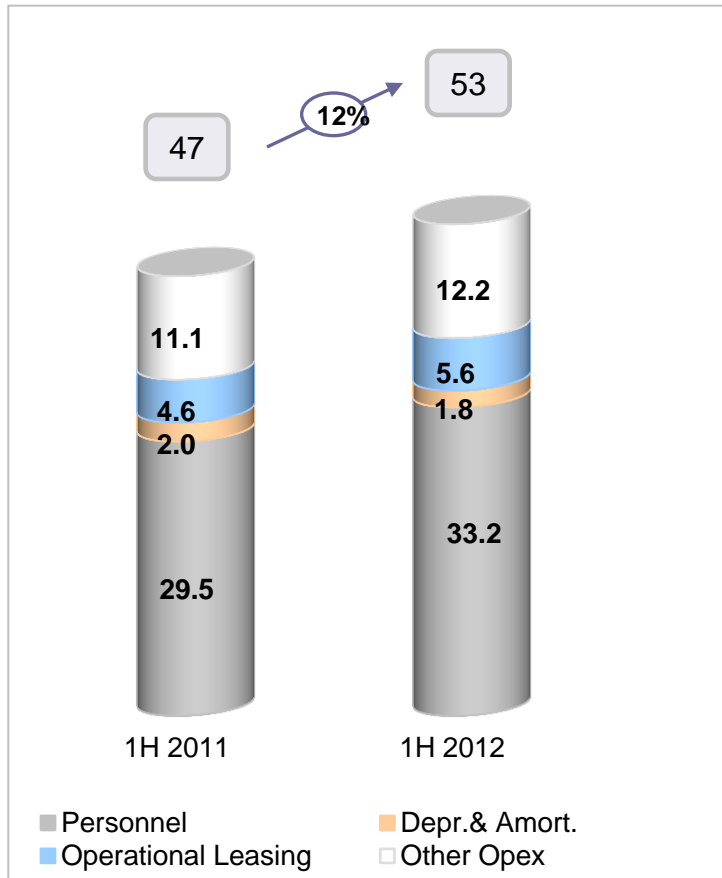


Adjusted Net Interest Margin* (Quarterly)

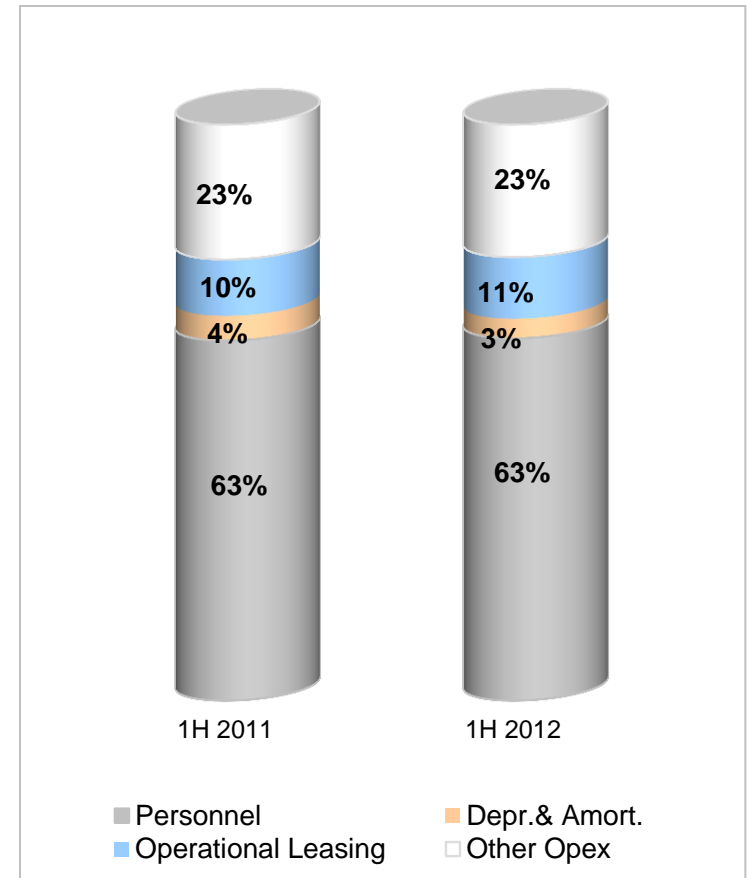


Minor rise in OPEX, when adjusted with the inflation...

Operating Expenses (TLmn)



Composition of Operating Expenses



Summary Balance Sheet...

TL million	Jun 2011	Dec 2011	Mar 2012	Jun 2012
Cash & Banks	345	411	375	381
Total Securities	297	370	425	448
Total Cash Loans	2,144	2,461	2,261	2,471
Fixed Assets & Subsidiaries	103	108	108	111
Other	87	139	123	132
Total Assets	2,976	3,489	3,292	3,543
Deposits*	2,062	2,463	2,242	2,307
Interbank Money Market*	139	126	224	324
Borrowings	160	242	177	257
Other	113	143	121	121
SHE	502	515	528	534
Total Liabilities & SHE	2,976	3,489	3,292	3,543

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

Summary Income Statement...

TL million	1Q 2012	2Q 2012	1H 2011	1H 2012
Interest Income	85.0	87.2	108.2	172.2
<i>Loans</i>	73.7	74.8	96.6	148.5
<i>Securities</i>	11.0	12.0	10.9	23.0
<i>Other</i>	0.3	0.4	0.7	0.7
Interest Expense	53.1	54.0	62.8	107.1
<i>Deposits</i>	44.6	41.4	54.8	86.0
<i>Funds Borrowed</i>	4.8	9.0	3.3	13.8
<i>Other Borrowings</i>	3.7	3.6	4.7	7.3
Net Interest Income	31.9	33.2	45.4	65.1
<i>Net FX Gain (Loss)*</i>	1.9	0.8	4.0	2.7
Adj. Net Interest Income	33.8	34.0	49.4	67.8
<i>Net Trading Income (Loss)*</i>	1.6	0.2	1.1	1.8
<i>Net Fees & Commissions</i>	4.8	5.0	10.9	9.8
<i>Other Operating Income</i>	6.7	4.5	8.6	11.2
Total Operating Income	46.9	43.7	70.0	90.6
<i>Provisions</i>	7.2	10.1	10.1	17.3
<i>Opex</i>	25.8	27.0	47.2	52.8
<i>Profit from Subsidiaries</i>	0.0	0.0	0.7	0.0
Profit Before Tax	13.9	6.6	13.4	20.5
<i>Tax</i>	2.3	1.4	3.3	3.7
Net Income	11.6	5.2	10.1	16.8

* 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	1H 2011	1H 2012
Interest Income	85.6	88.0	108.8	173.6
<i>Loans</i>	74.1	75.1	97.2	149.3
<i>Securities</i>	11.1	12.1	10.8	23.2
<i>Other</i>	0.4	0.8	0.8	1.1
Interest Expense	53.1	53.9	62.6	107.0
<i>Deposits</i>	44.6	41.3	54.7	85.9
<i>Funds Borrowed</i>	4.9	8.9	3.3	13.8
<i>Other Borrowings</i>	3.6	3.7	4.6	7.3
Net Interest Income	32.5	34.1	46.2	66.6
<i>Net FX Gain (Loss)*</i>	1.9	0.8	3.9	2.7
Adj. Net Interest Income	34.4	34.9	50.1	69.3
<i>Net Trading Income (Loss)*</i>	3.2	1.7	6.2	4.9
<i>Net Fees & Commissions</i>	5.1	5.2	12.2	10.3
<i>Other Operating Income</i>	6.7	1.9	8.5	8.6
Total Operating Income	49.4	43.7	77.0	93.1
<i>Provisions</i>	7.2	10.1	10.1	17.3
<i>Opex</i>	27.5	28.9	50.9	56.4
<i>Profit from Subsidiaries</i>	0.0	0.0	0.0	0.0
Profit Before Tax	14.7	4.7	16.0	19.4
<i>Tax</i>	2.5	1.5	3.9	4.0
Net Income	12.2	3.2	12.1	15.4

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

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For further information please contact:

Investor Relations

Phone: +90-212-335-5159

investorrelations@tekstilbank.com.tr

[**www.tekstilbank.com.tr**](http://www.tekstilbank.com.tr)