

TEKSTİLBANK

Earnings Presentation
March 31, 2012 / BRSA Bank-Only

Macroeconomic environment in 1Q 2012...

- An unexpectedly positive mood dominated first two months of the year, boosted by second LTRO of ECB, and Fed's commitment to keep rates low until 2014
- Turkish economy continued to cut pace, following another strong growth rate of 8.5%, recorded in 2011
- External deficit contracted, as 12-month cumulative C/A deficit conceivably declined by around 25% vs. 1Q 2011
- Inflation failed to decline below 2011-end rate at 10.4%
- The CB reduced upper limit of interest rate corridor by 100 bps to 11.5% in Feb, but started to tighten monetary policy further at the end of Mar, and pledged to prevent TL's depreciation in order to reduce inflationary pressures
- TL gained value by 4.2% in real terms
- Benchmark bond yield declined to 9.4%, from 11% recorded at the end of 2011, tapping 8.95% in Feb.

Highlights of Q1 2012:

- After achieving a solid balance sheet growth in 2011, Tekstilbank preferred to stay out of intensive competition in 1Q 2012 under slowing growth environment, which resulted in:
 - a modest contraction in loans and deposits,
 - stronger CAR at 17.4%, and higher free equity
- Higher cost of risk, reflecting only a few client case rather than a general trend
- Stronger profit generation, prompted by better NII and sale of fixed and incepted assets

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%
- Successful fiscal performance
- Lower, but still high C/A deficit, with a fragile financing structure
- More focus on combat with inflation: Monetary policy may remain tight until inflationary risks (mainly weakening TL) evaporate, and inflation expectations descent

Banking Sector

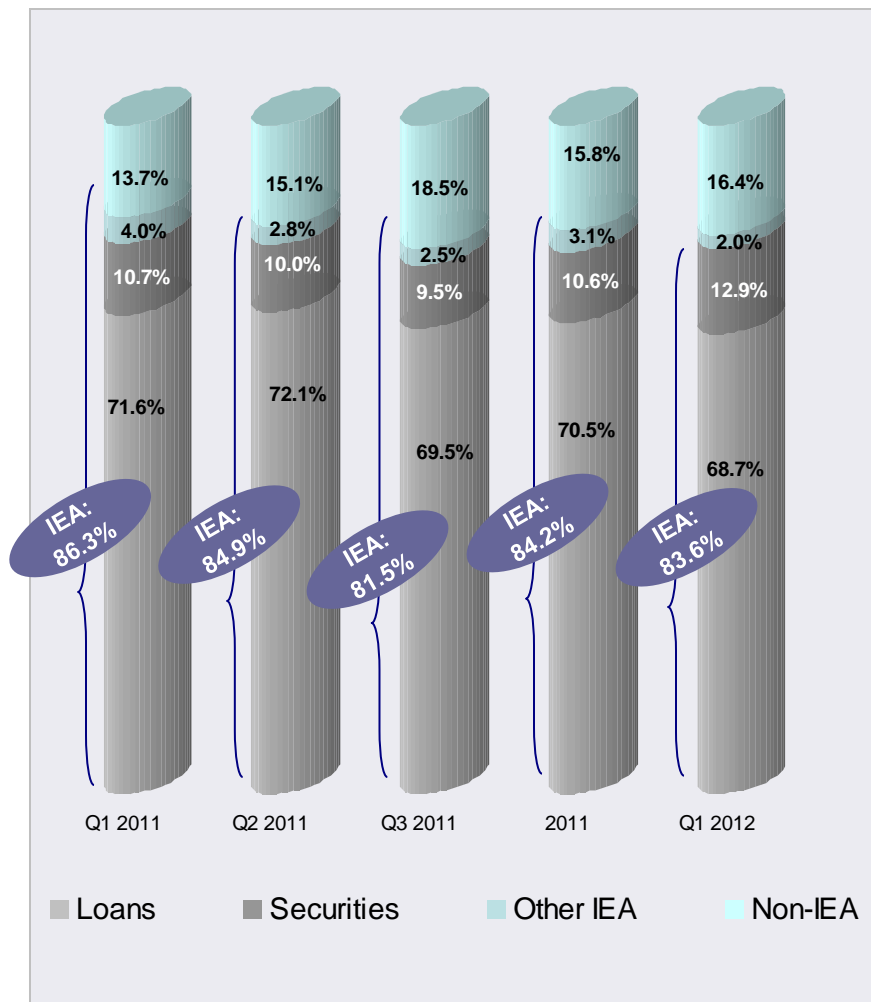
- A modest loan growth of around 15%, vs. 29.5% at the end of 2011
- Marginal decline in profitability
- Depressing margins, due to lower growth, but may be offset by a possible decline in RR costs
- Continued high funding costs
- Similar levels for asset quality like 2011

Tekstilbank

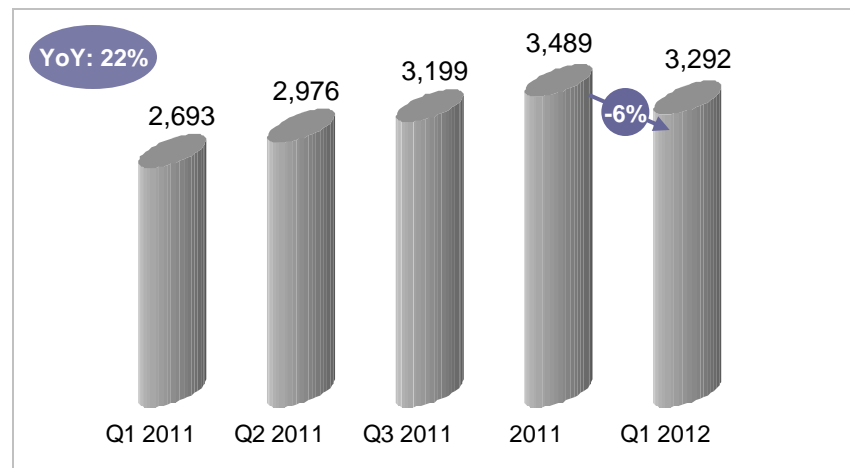
- Preserving cautious growth policy
- Increasing cross-selling opportunities for profitability
- Maintaining free equity
- Focusing more on divesting incepted assets

A modest balance sheet contraction in order to avoid lower margins, and TL's appreciation...

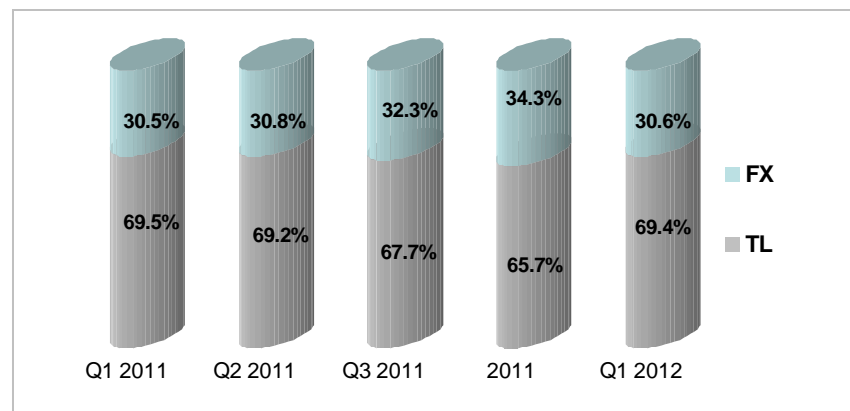
Composition of Assets



Total Assets (TLmn)



Currency Composition of Assets*



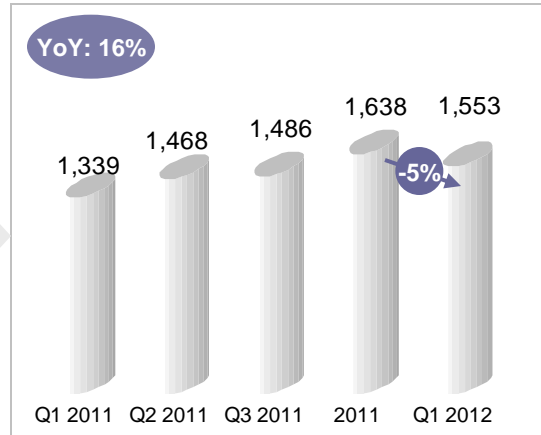
* FX-indexed cash loans are included in FX assets

... hence lower loan portfolio

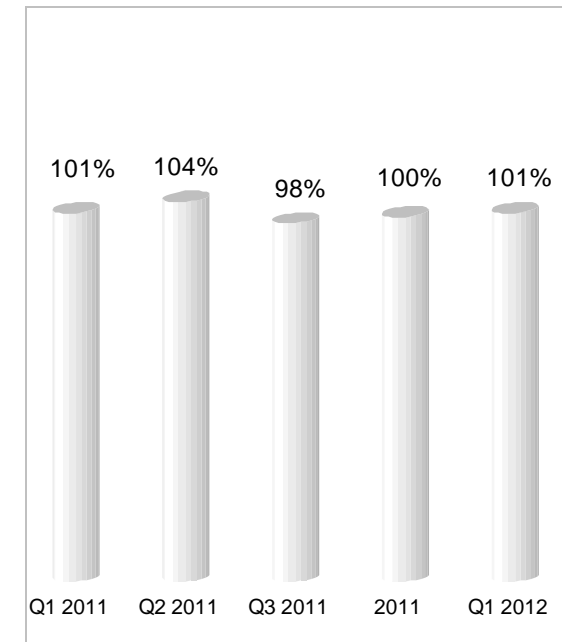
Total Cash Loans (TLmn)



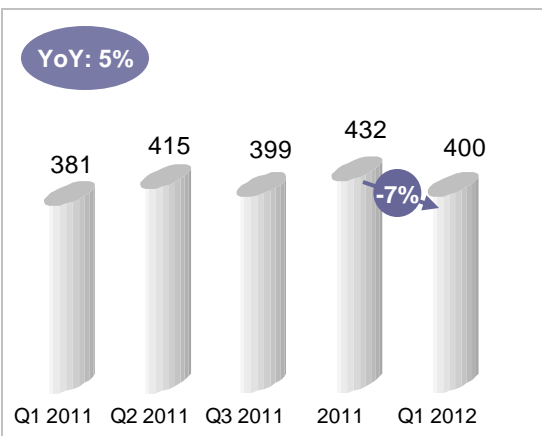
TL Cash Loans* (TLmn)



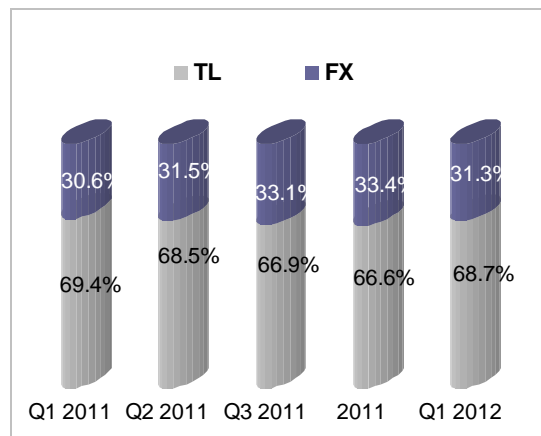
Loans / Customer Deposits



FX Cash Loans* (US\$m)



Currency Breakdown of Cash Loans*



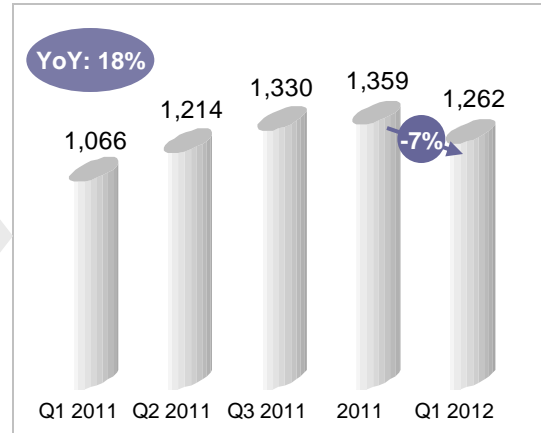
* FX-indexed cash loans are included in FX cash loans

...along with decline in deposits

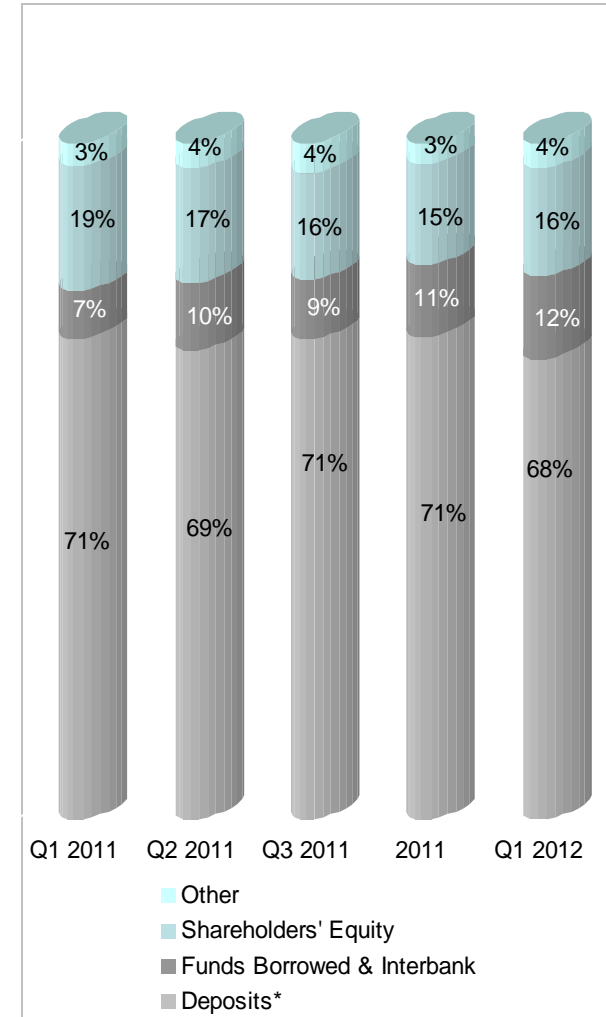
Total Deposits* (TLmn)



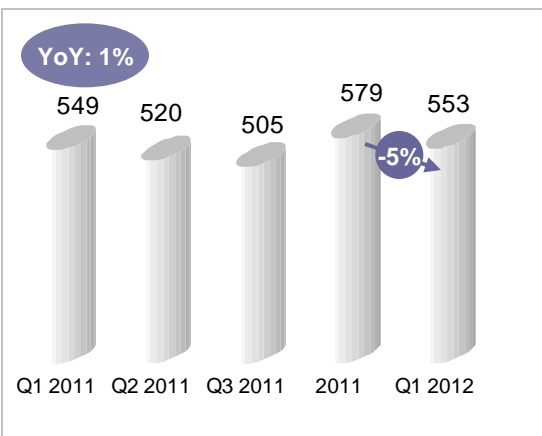
TL Deposits* (TLmn)



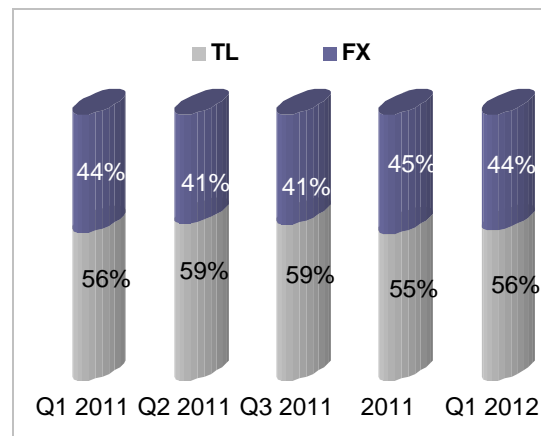
Composition of Liabilities & SHE



FX Deposits* (US\$mn)



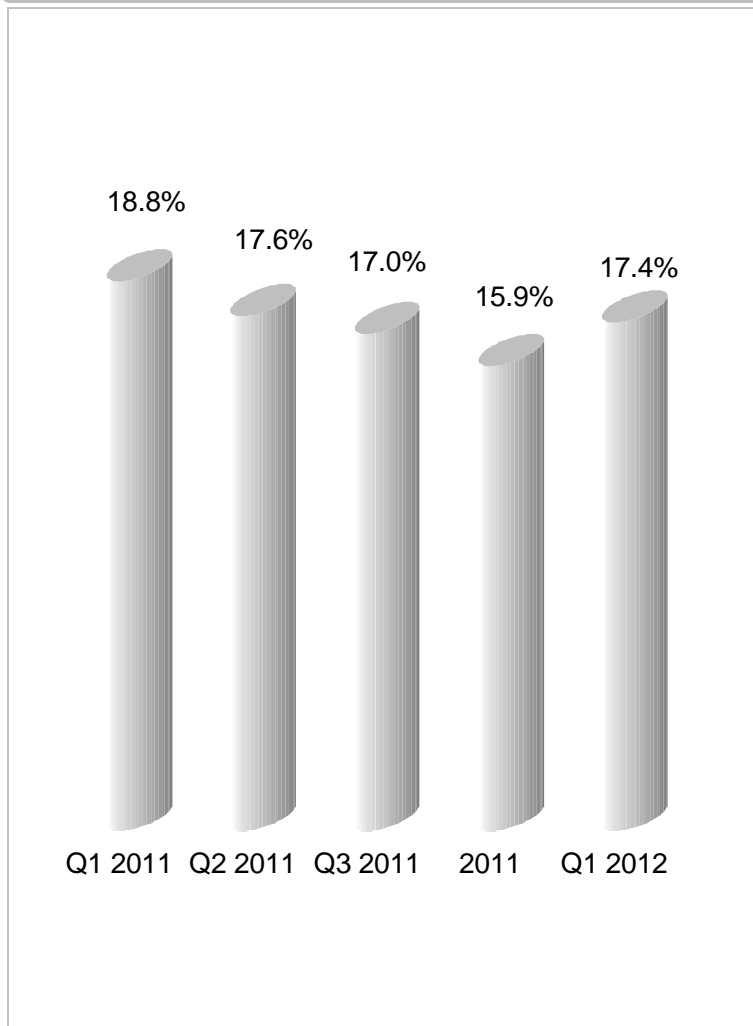
Currency Breakdown*



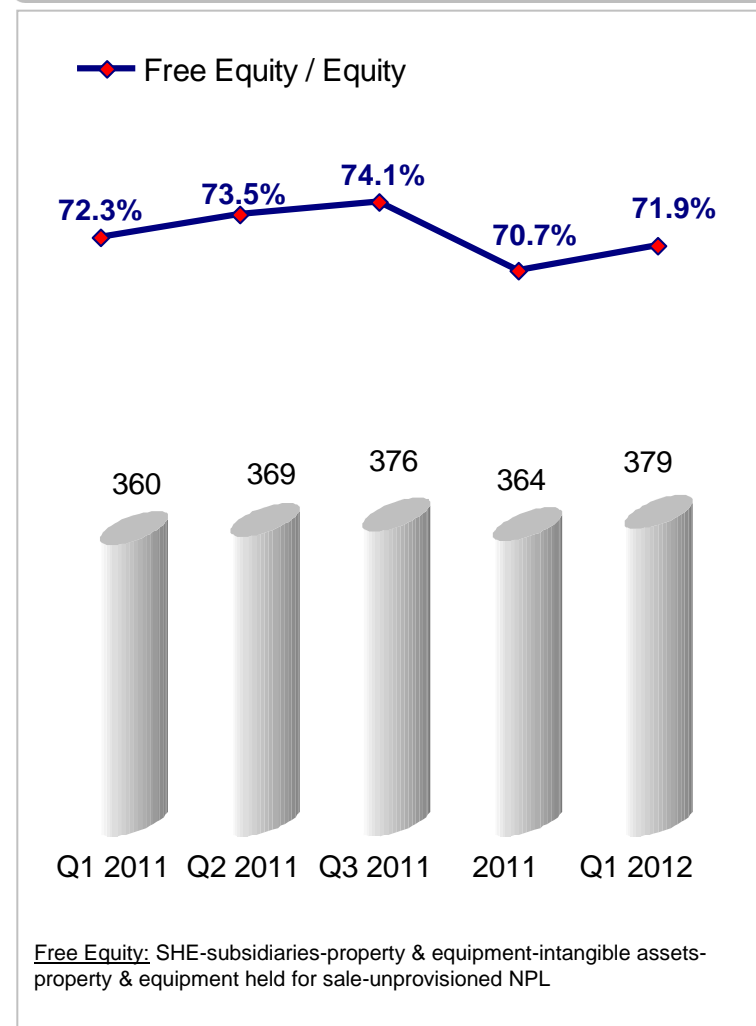
* Excluding bank deposits

Stronger CAR at 17.4%...

Capital Adequacy Ratio (CAR)



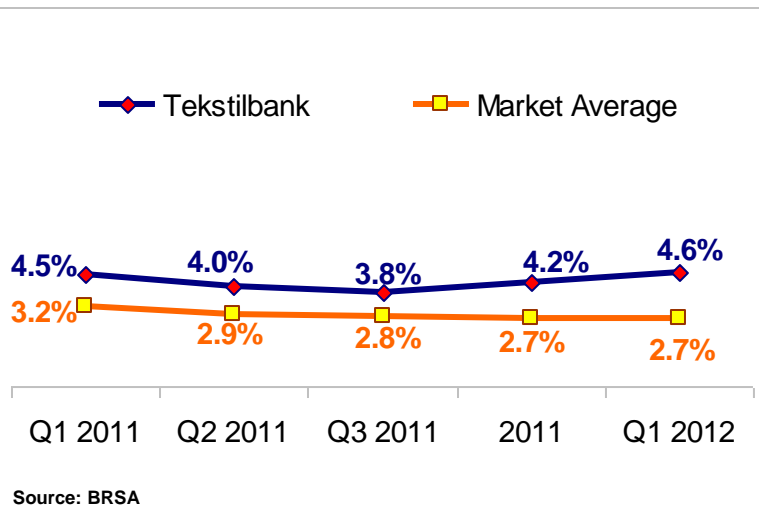
Free Equity (TLmn)



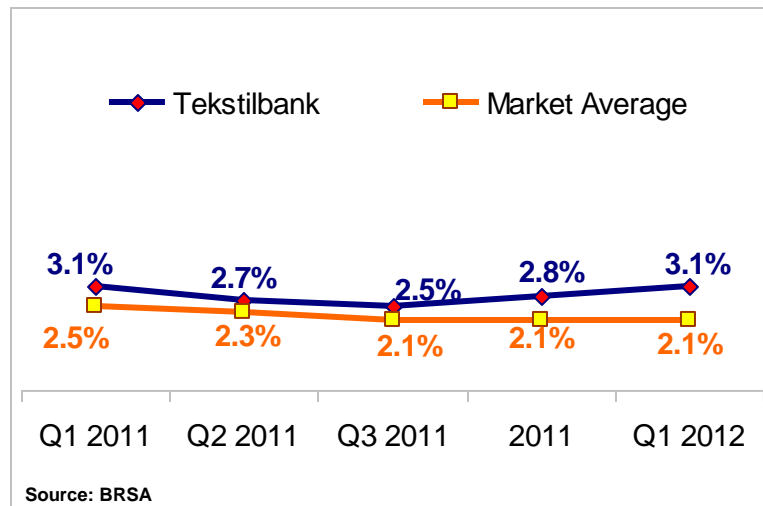
Free Equity: SHE-subidiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

Higher cost of risk, reflecting both higher provisions and lower loan portfolio...

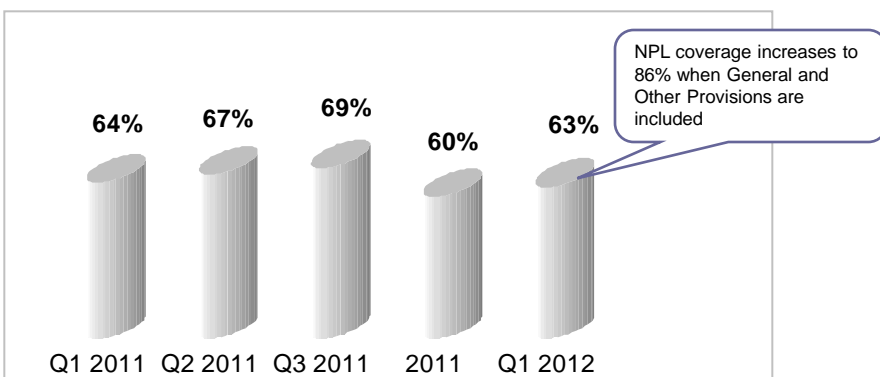
NPL Ratio



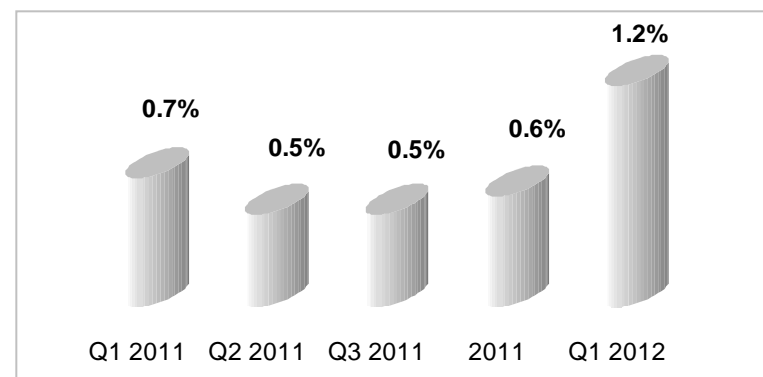
NPL Ratio (including non-cash loans)



NPL Coverage

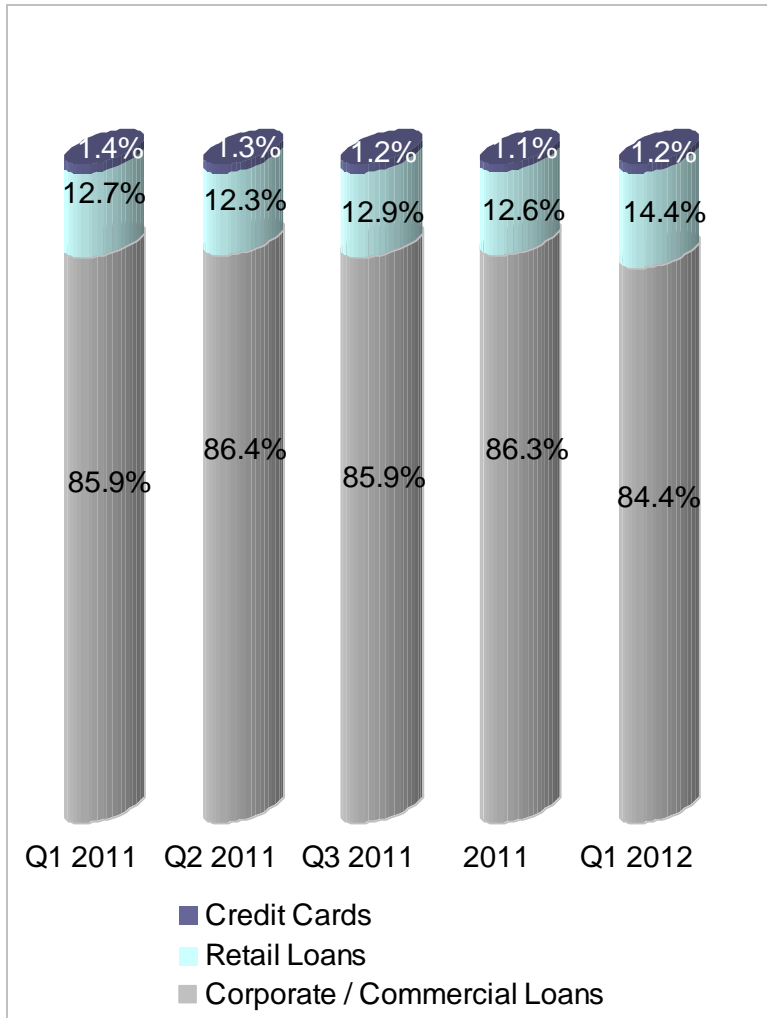


Cost of Risk

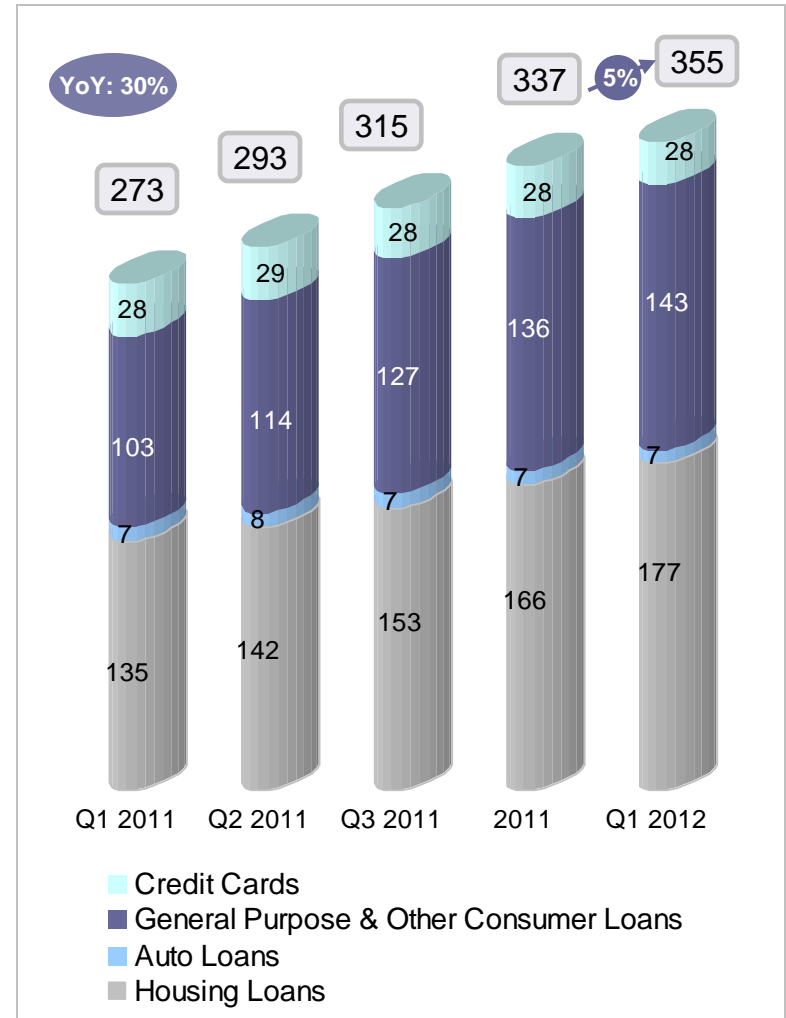


Retail loans moved upwards...

Breakdown of Loan Portfolio



Breakdown of Retail Loans (TLmn)

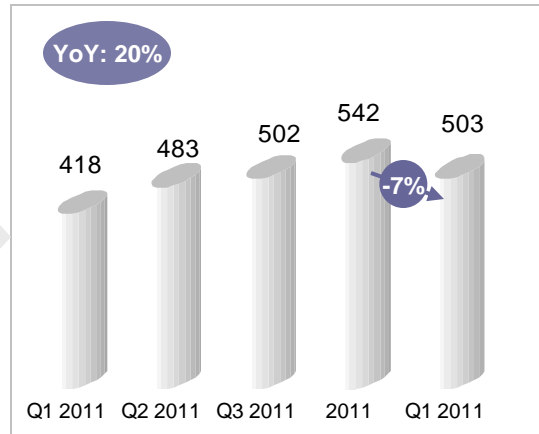


Non-cash loans contracted...

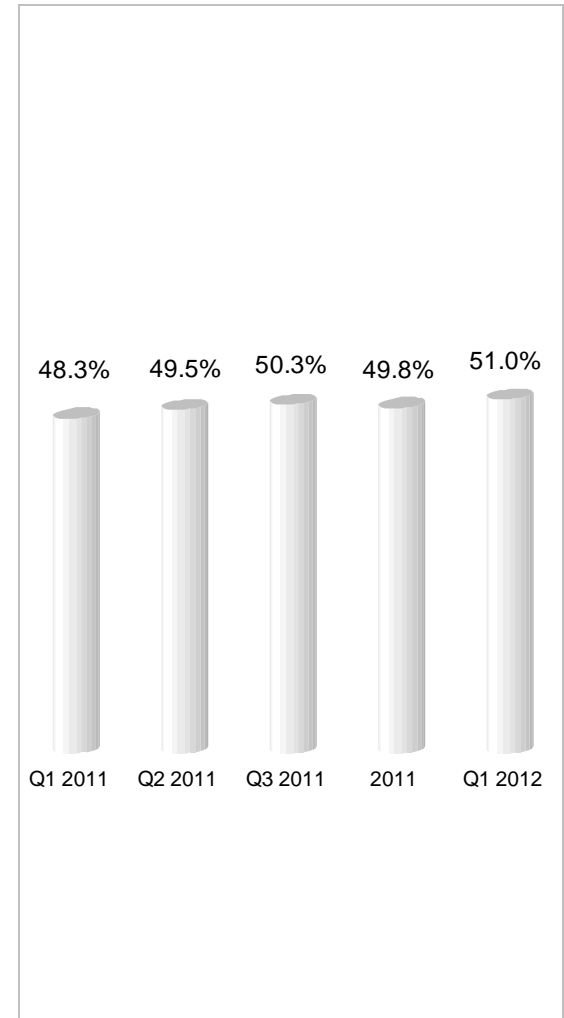
Total Non-Cash Loans (TLmn)



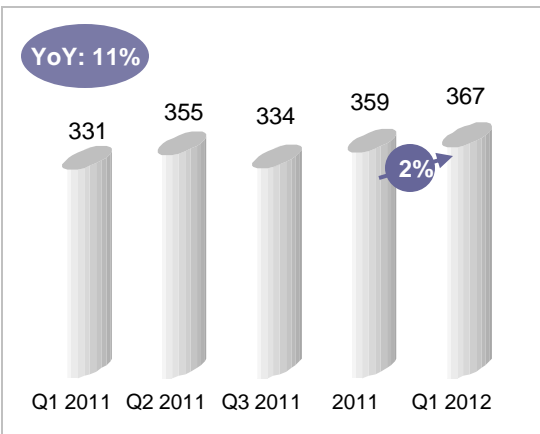
TL Non-Cash Loans (TLmn)



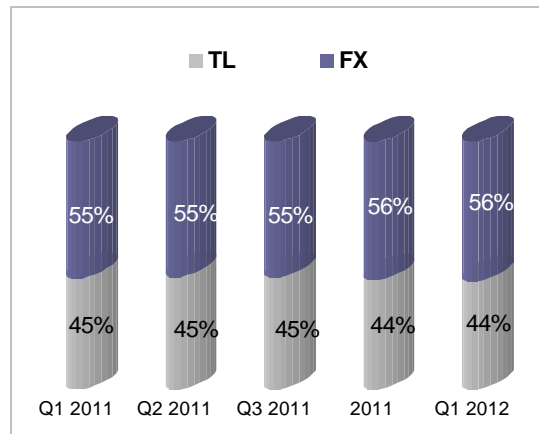
Non-Cash / Cash Loans



FX Non-Cash Loans (US\$m)

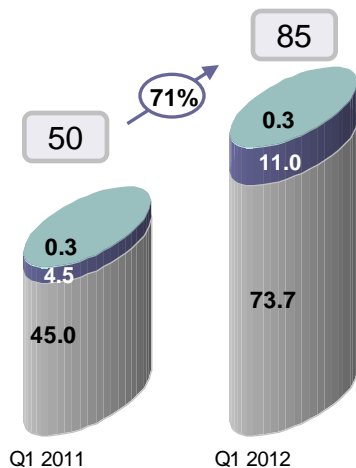


Currency Breakdown of Non-Cash Loans

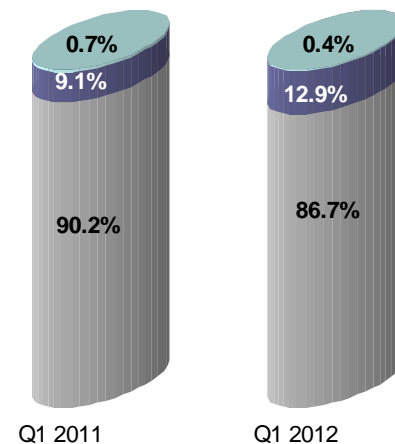


Higher interest expense, due to higher reserve requirement...

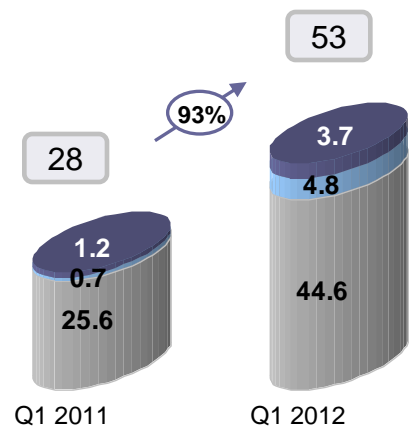
Interest Income (TLmn)



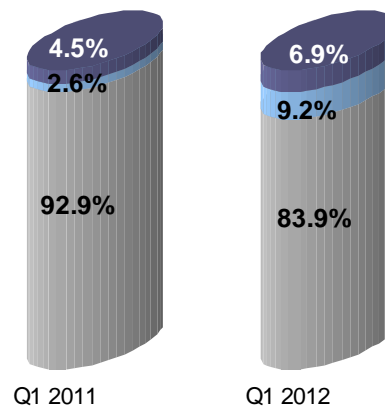
Composition of Interest Income



Interest Expense (TLmn)

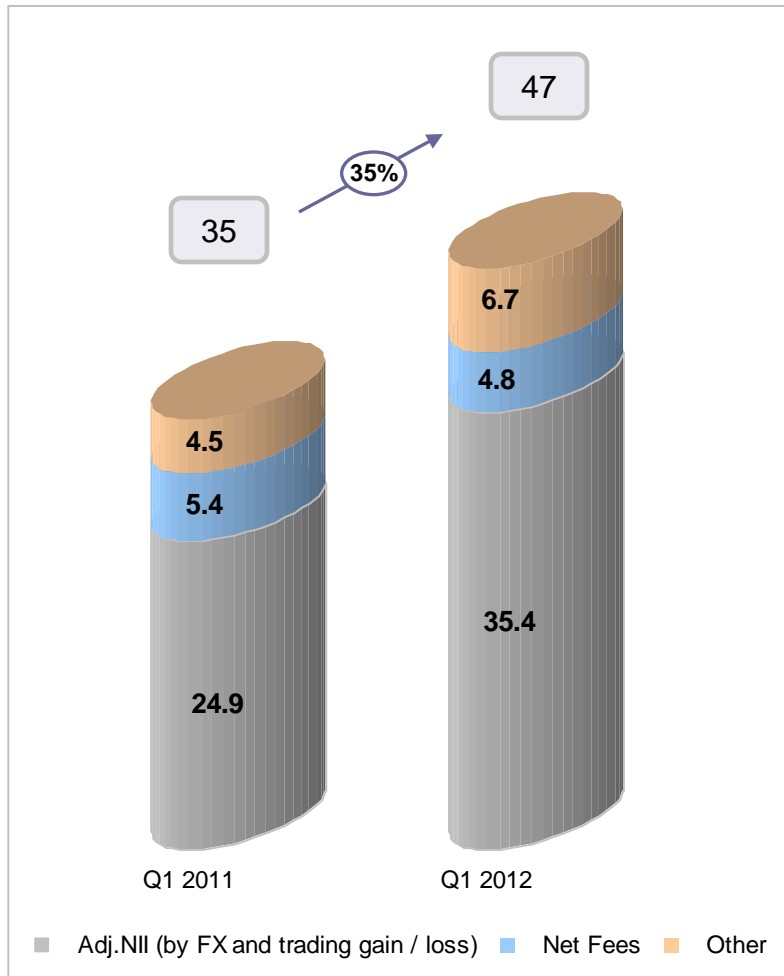


Composition of Interest Expense

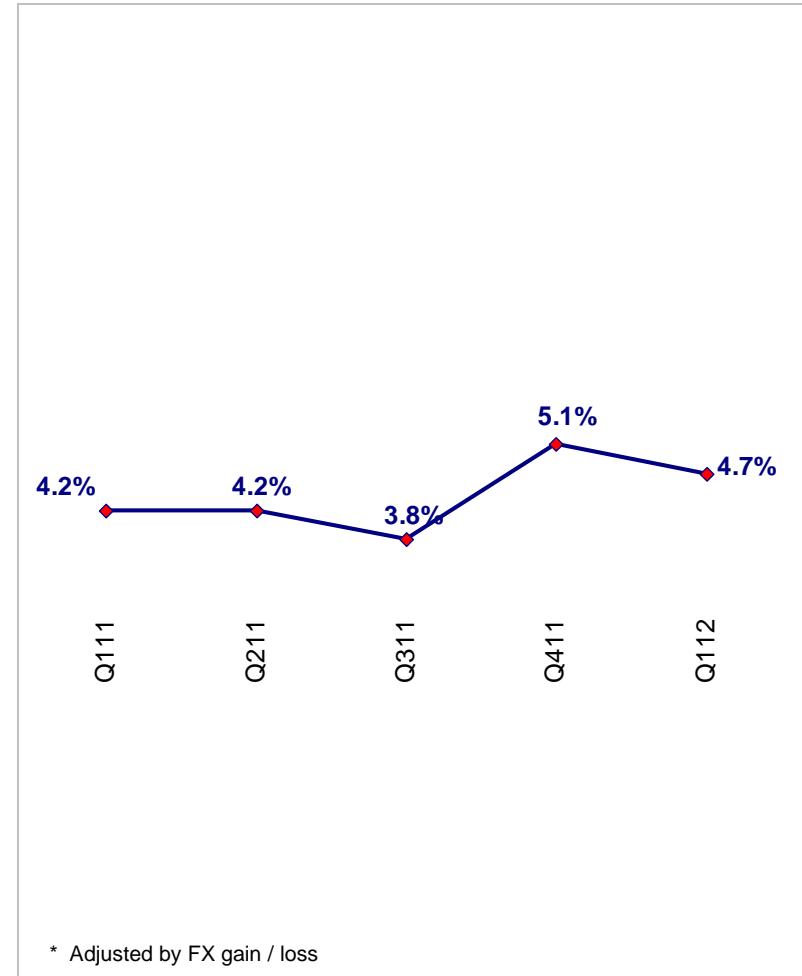


Slight decline in NIM vs. unusually high 4Q elevated by CPI-linkers, but still above 2011 average of 4.3%...

Banking Income (TLmn)

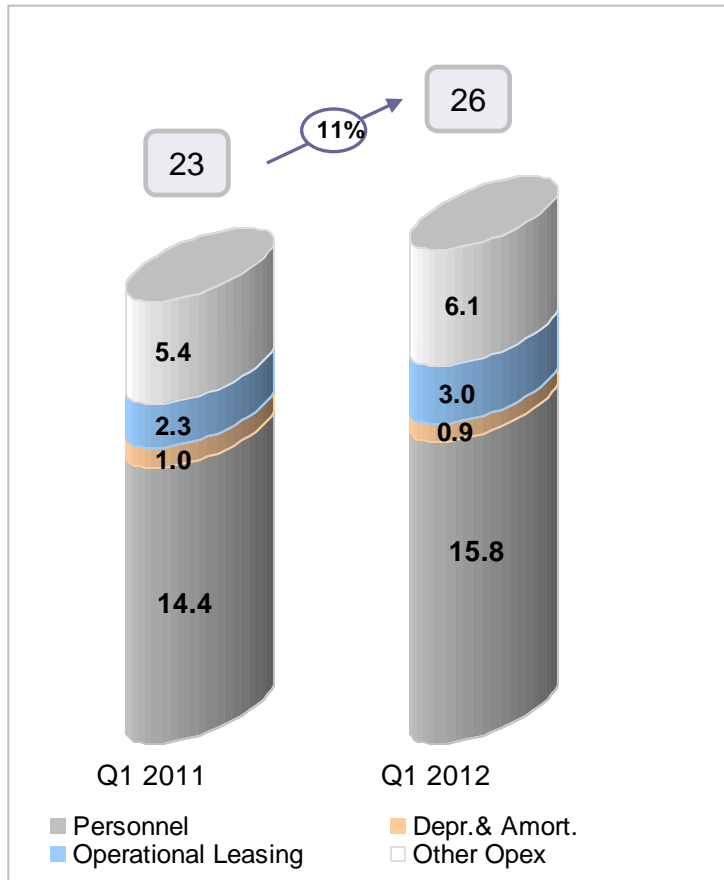


Adjusted Net Interest Margin* (Quarterly)

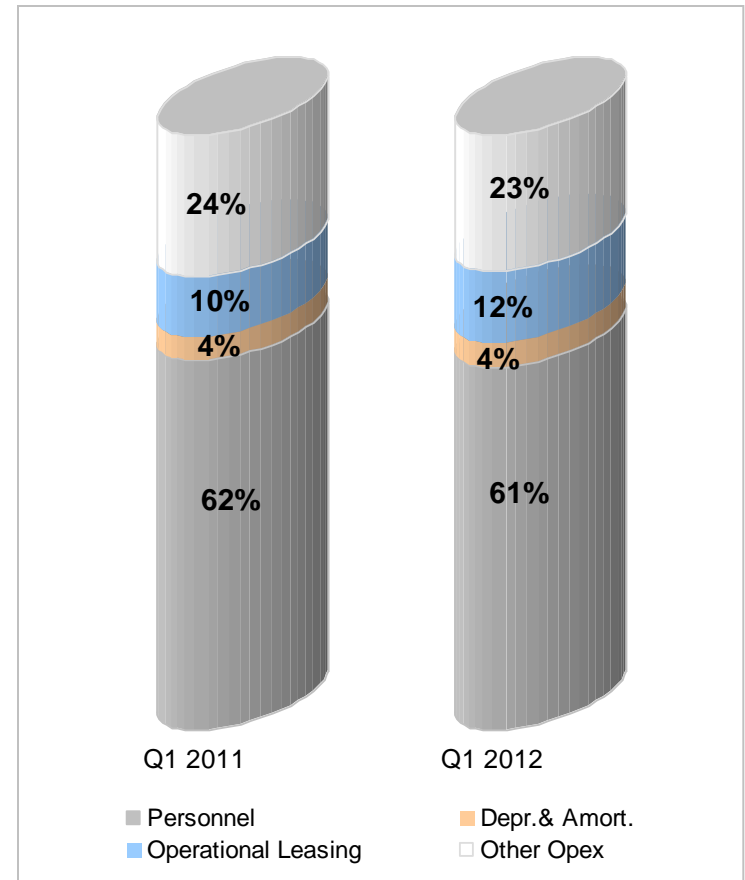


No real rise in OPEX...

Operating Expenses (TLmn)



Composition of Operating Expenses



Summary Balance Sheet...

TL million	Mar 2011	Dec 2011	Mar 2012
Cash & Banks	304	411	375
Total Securities	289	370	425
Total Cash Loans	1,929	2,461	2,261
Fixed Assets & Subsidiaries	105	108	108
Other	66	139	123
Total Assets	2,693	3,489	3,292
Deposits*	1,916	2,463	2,242
Interbank Money Market*	76	126	224
Borrowings	112	242	177
Other	92	143	121
SHE	497	515	528
Total Liabilities & SHE	2,693	3,489	3,292

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

Summary Income Statement...

TL million	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Interest Income	49.8	58.4	66.8	80.9	85.0
<i>Loans</i>	45	51.6	61.1	69.1	73.7
<i>Securities</i>	4.5	6.4	5.2	11.3	11.0
<i>Other</i>	0.3	0.4	0.5	0.5	0.3
Interest Expense	27.5	35.3	44.4	47.3	53.1
<i>Deposits</i>	25.6	29.2	39.2	40.7	44.6
<i>Other Borrowings</i>	1.9	6.1	5.2	6.6	8.5
Net Interest Income	22.3	23.1	22.4	33.6	31.9
<i>Net FX Gain (Loss)*</i>	1.9	2.1	2.1	2.0	1.9
Adj. Net Interest Income	24.2	25.2	24.5	35.6	33.8
<i>Net Trading Income (Loss)*</i>	0.7	0.4	0.3	0.3	1.6
<i>Net Fees & Commissions</i>	5.4	5.5	5.3	4.9	4.8
<i>Other Operating Income</i>	4.5	4.1	2.9	2.5	6.7
Total Operating Income	34.8	35.2	33.0	43.3	46.9
<i>Provisions</i>	6.4	3.7	4.6	8.1	7.2
<i>Opex</i>	23.1	24.1	23.7	25.9	25.8
<i>Profit from Subsidiaries</i>	0.0	0.7	0.0	0.0	0.0
Profit Before Tax	5.3	8.1	4.7	9.3	13.9
<i>Tax</i>	1.5	1.8	-0.2	2.3	2.3
Net Income	3.8	6.3	4.9	7.0	11.6

* 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 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Interest Income	50.1	58.7	67.2	81.4	85.6
<i>Loans</i>	45.2	52.0	61.5	69.5	74.1
<i>Securities</i>	4.5	6.3	5.2	11.4	11.1
<i>Other</i>	0.4	0.4	0.5	0.5	0.4
Interest Expense	27.5	35.1	44.4	47.2	53.1
<i>Deposits</i>	25.5	29.2	39.1	40.6	44.6
<i>Other Borrowings</i>	2.0	5.9	5.3	6.6	8.5
Net Interest Income	22.6	23.6	22.8	34.2	32.5
<i>Net FX Gain (Loss)*</i>	2.0	2.0	2.2	1.9	1.9
Adj. Net Interest Income	24.6	25.6	25.0	36.1	34.4
<i>Net Trading Income (Loss)*</i>	3.5	2.7	1.9	1.5	3.2
<i>Net Fees & Commissions</i>	6.1	6.1	5.6	5.3	5.1
<i>Other Operating Income</i>	4.4	4.0	2.8	2.6	6.7
Total Operating Income	38.6	38.4	35.3	45.5	49.4
<i>Provisions</i>	6.4	3.7	4.6	8.2	7.2
<i>Opex</i>	24.7	26.2	25.4	27.9	27.5
<i>Profit from Subsidiaries</i>	0.0	0.0	0.0	0.0	0.0
Profit Before Tax	7.5	8.5	5.3	9.4	14.7
<i>Tax</i>	1.9	2.0	-0.1	2.3	2.5
Net Income	5.6	6.5	5.4	7.1	12.2

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

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