

# **TEKSTİLBANK**

---

*Earnings Presentation  
June 30, 2011 / BRSA Bank-Only*

# Successful balance sheet 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 Q2 2011:*

- Balance sheet growth successfully continued
- Reserve requirement increases dominated balance sheet management
- Lower, but still strong capital adequacy ratio at 17.6%, vs. market average at 17.1%
- Improvement in NPL ratio

# Looking into 2011...

## Macro

- Elevated worries on advanced economies in the world
- A healthier growth rate of around 6% vs. 9% recorded in 2010 in Turkey
- Higher anxiety over C/A deficit, and fragile financing structure
- Spotlight on rising inflation
- Focus on possible measures to diminish import dependency of growth, and improve fiscal performance
- Slight monetary tightening in 1H via reserve requirement hikes, replaced with a loose policy in 2H

## Banking Sector

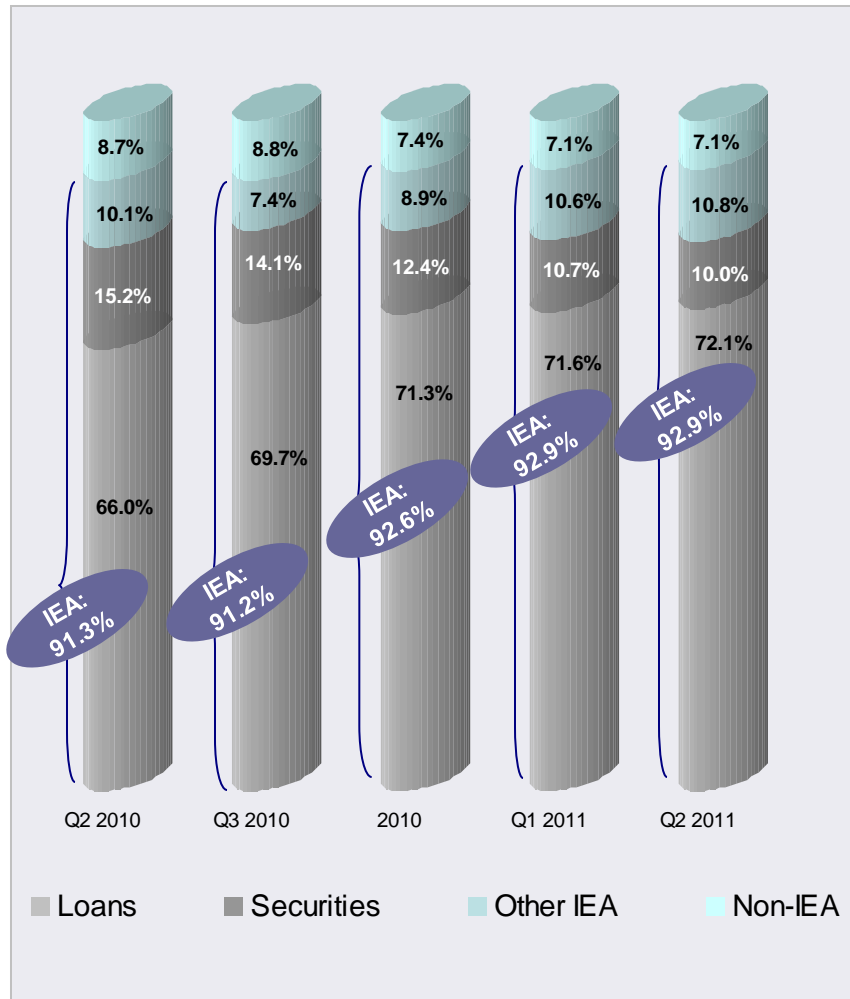
- Slower loan growth of ~ 25%, vs. 34% in 2010
- On-going pressure on NIM, reflecting higher competition
- Further improvement in asset quality
- Higher pressure on liquidity, due to elevated reserve requirement rates
- Turkey's possible upgrade to investment-grade rating will be a plus

## Tekstilbank

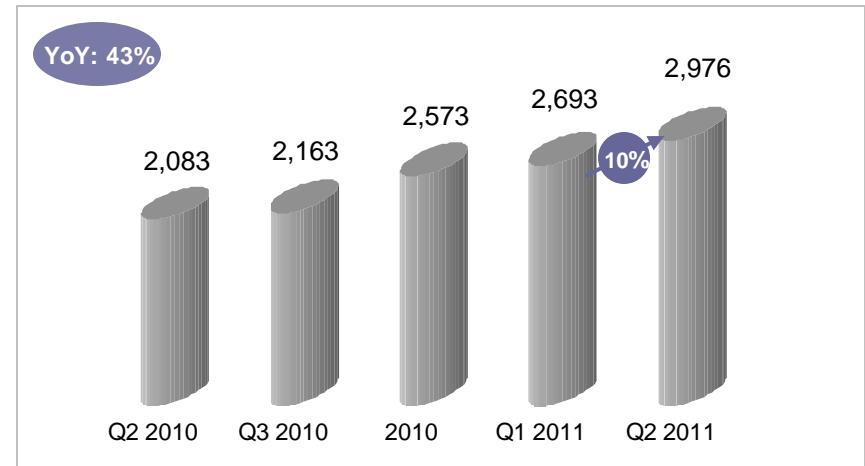
- Preserving cautious growth policy
- Increasing cross-selling opportunities for profitability
- Maintaining free equity
- Achieving additional improvement in asset quality

# Balance sheet continued to expand...

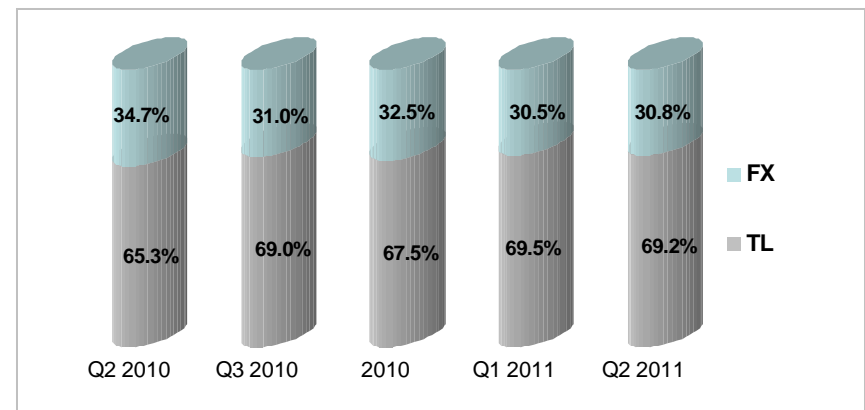
## Composition of Assets



## Total Assets (TLmn)

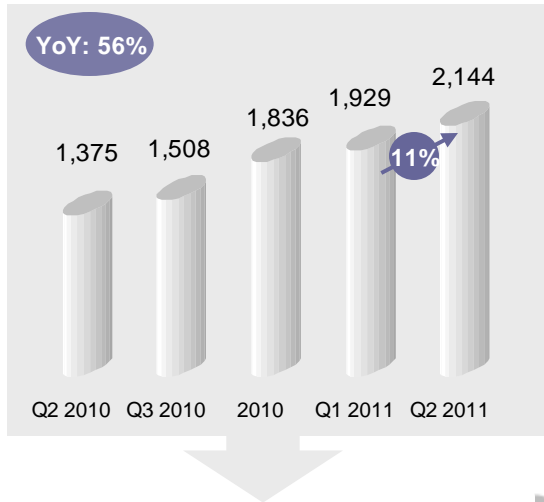


## Currency Composition of Assets

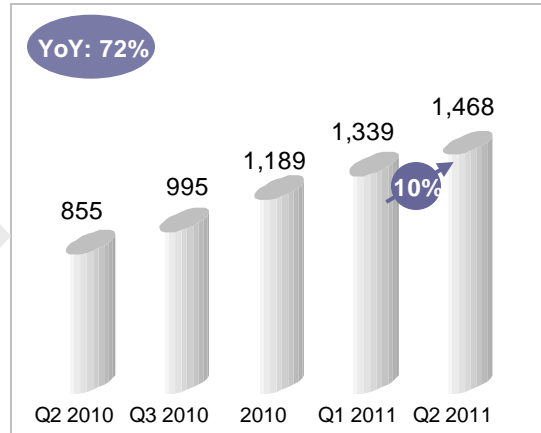


# Accelerated loan growth...

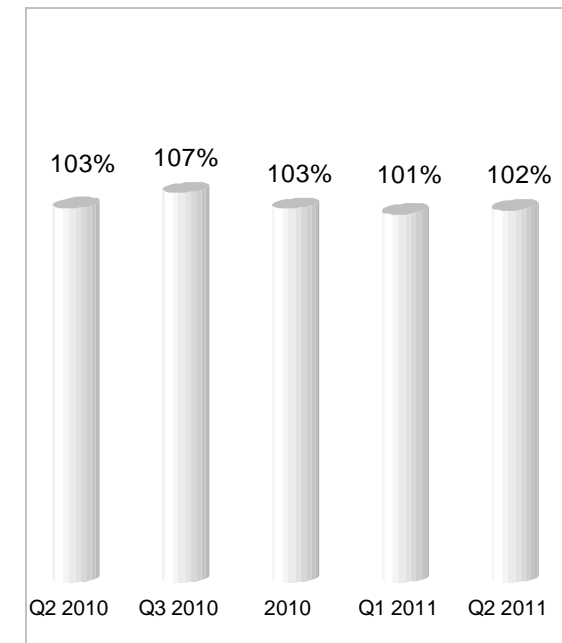
## Total Cash Loans (TLmn)



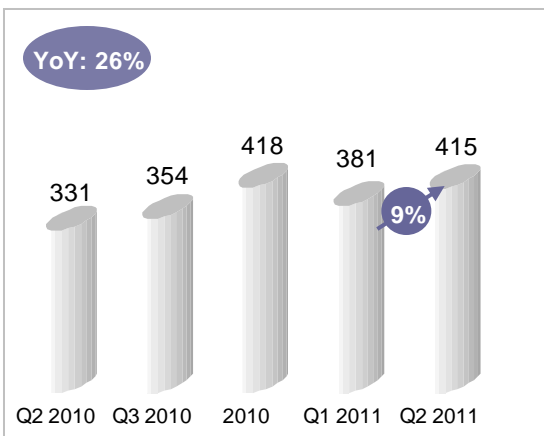
## TL Cash Loans (TLmn)



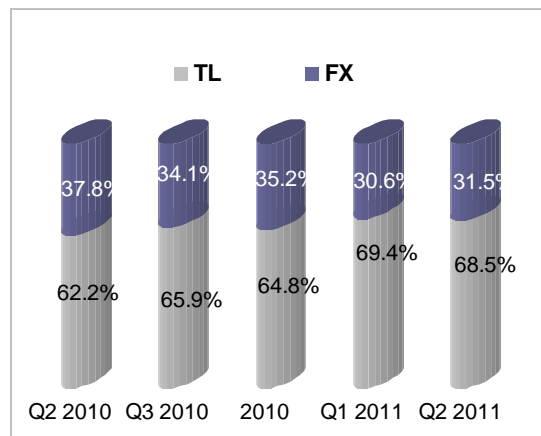
## Loans / Customer Deposits



## FX Cash Loans (US\$mn)

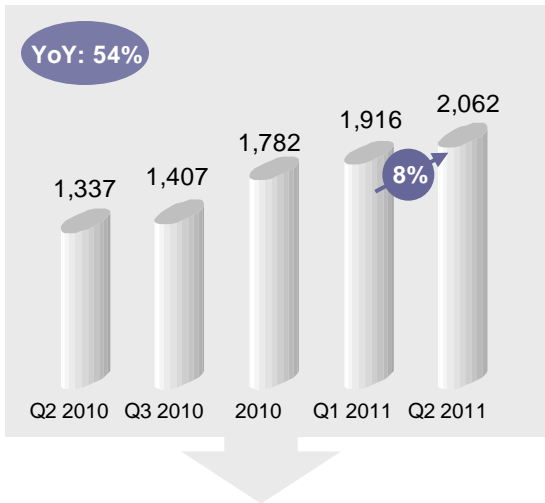


## Currency Breakdown of Cash Loans

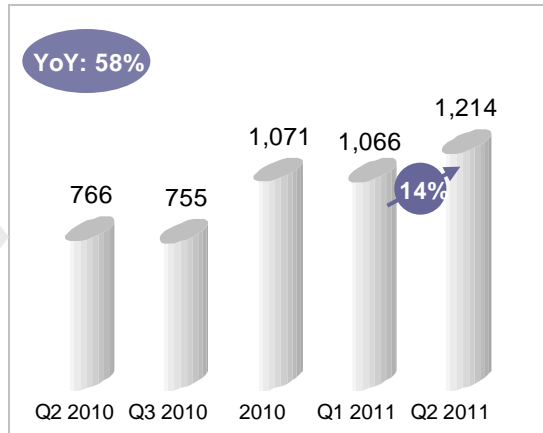


# ...funded by higher TL deposits

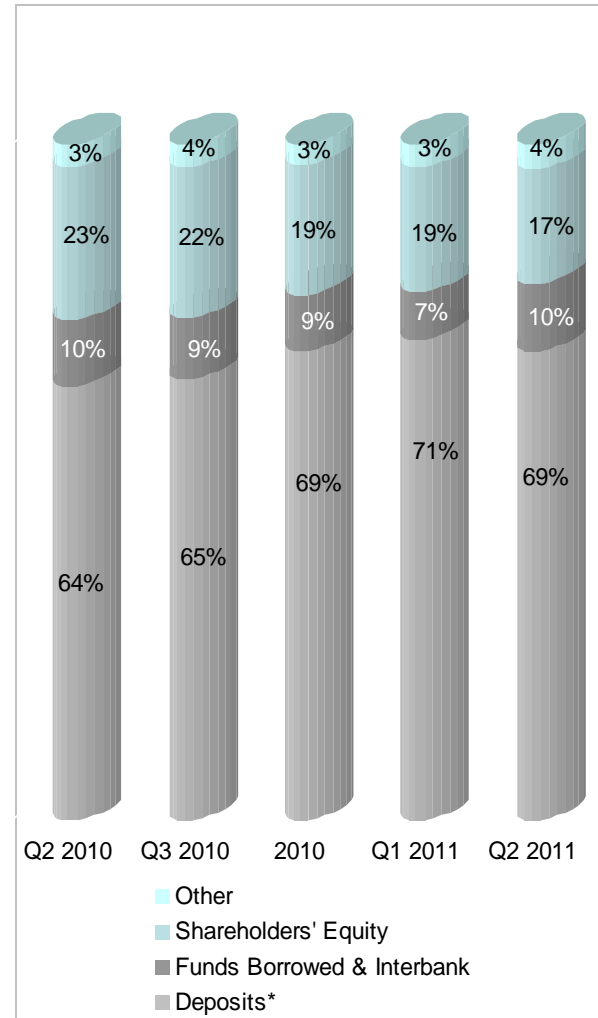
## Total Deposits\* (TLmn)



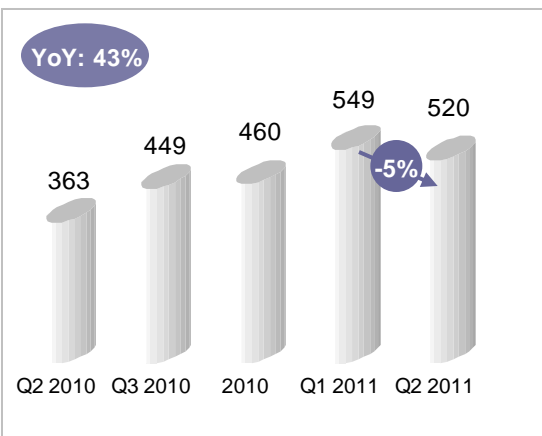
## TL Deposits\* (TLmn)



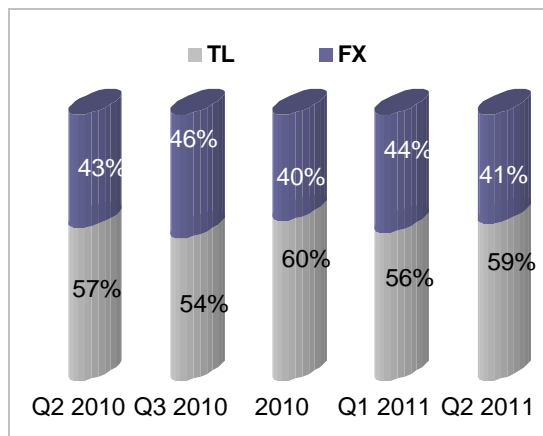
## Composition of Liabilities & SHE



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



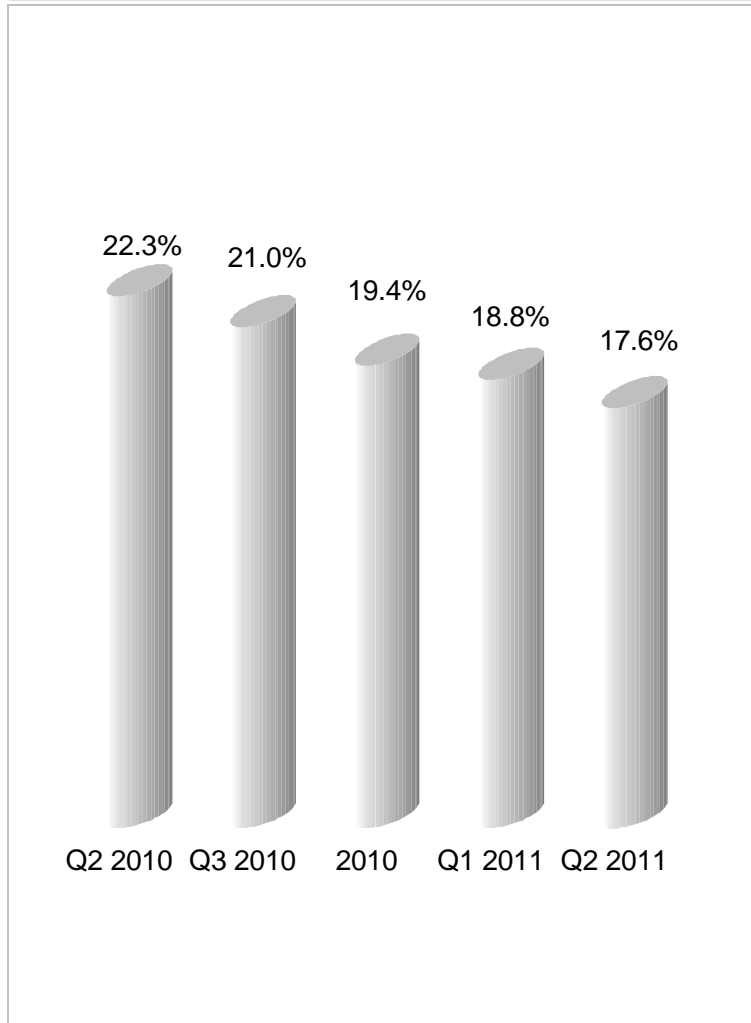
## Currency Breakdown\*



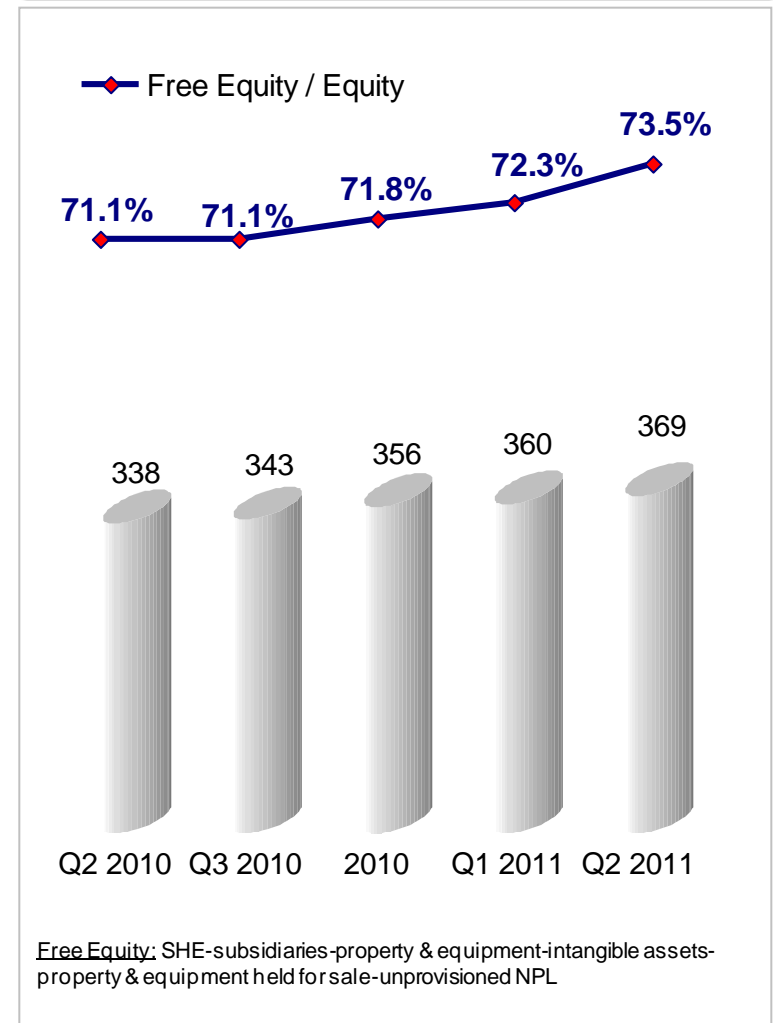
\* Excluding bank deposits

# CAR declined, but still remained strong...

## Capital Adequacy Ratio (CAR)



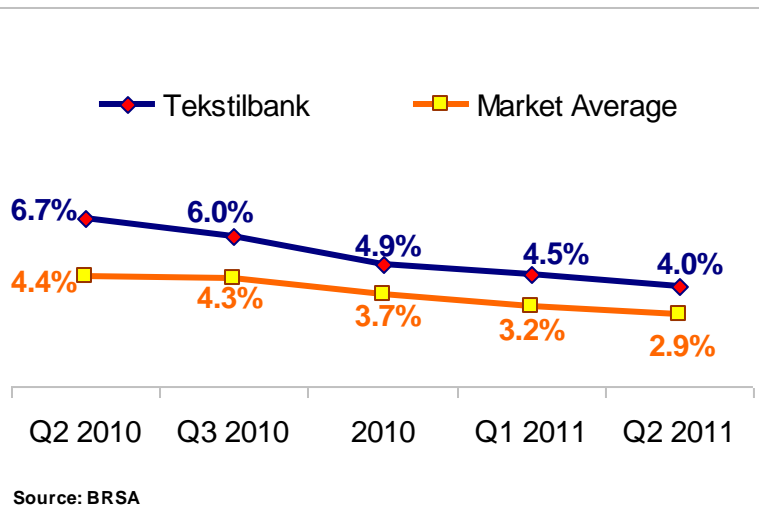
## Free Equity (TLmn)



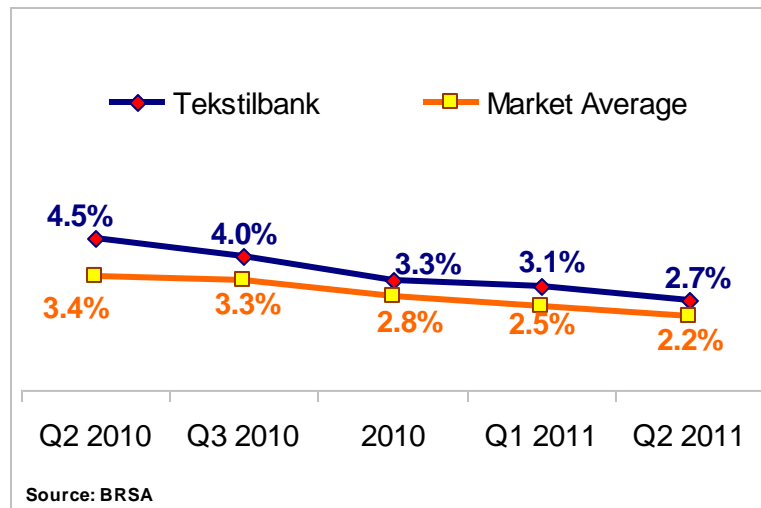
Free Equity: SHE-subsiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

# Further improvement in asset quality...

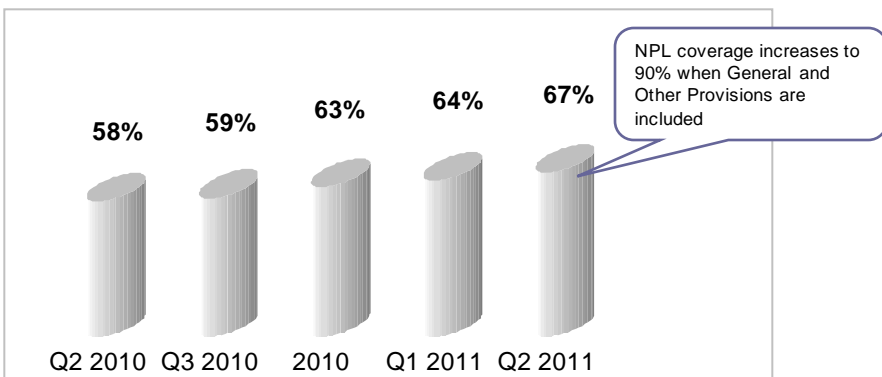
## NPL Ratio



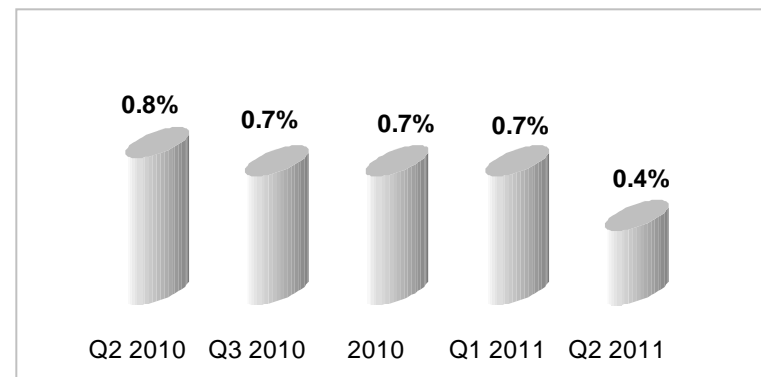
## NPL Ratio (including non-cash loans)



## NPL Coverage



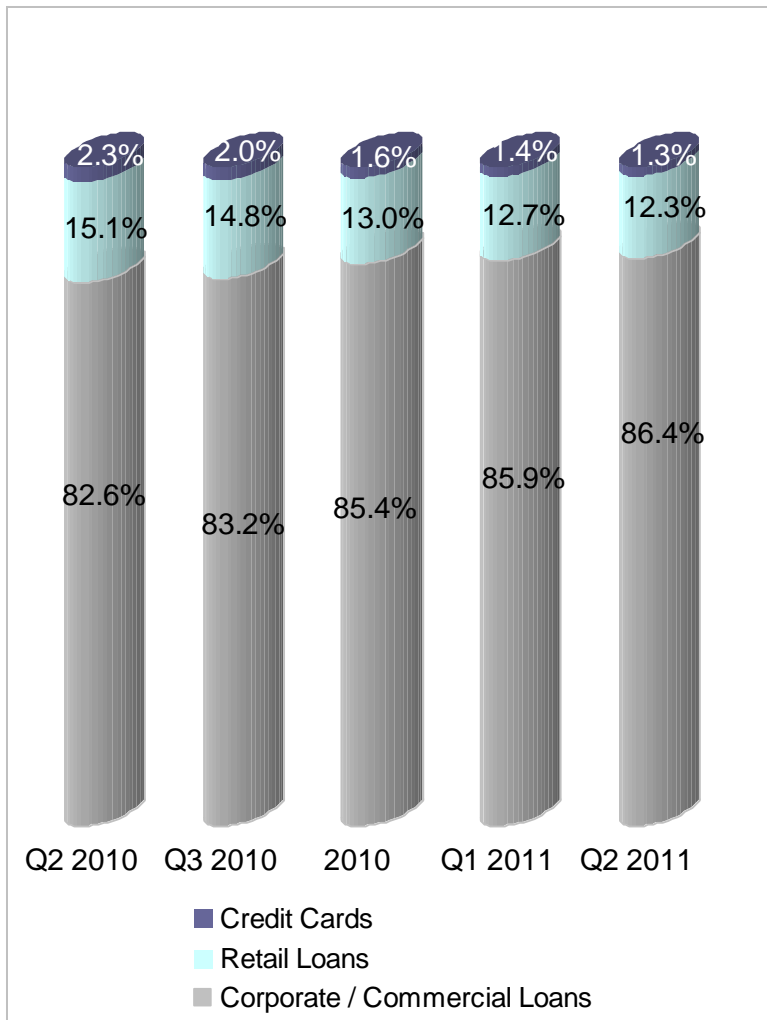
## Cost of Risk (Quarterly)



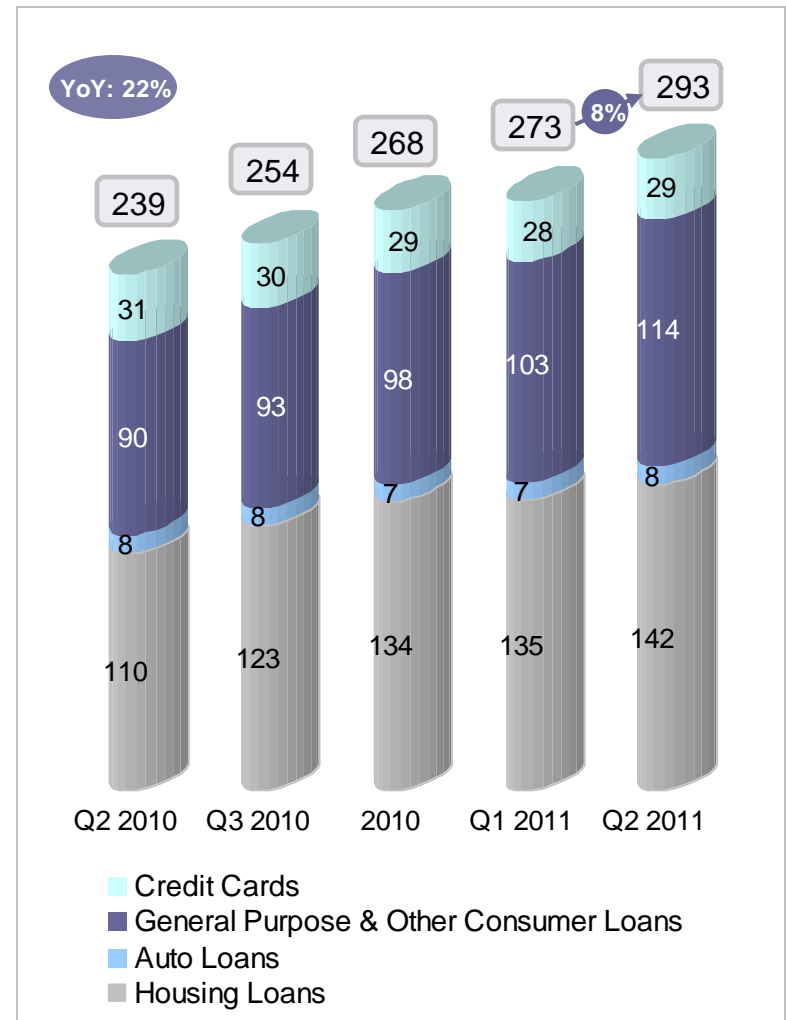


# Corporate loans dominated loan growth...

## Breakdown of Loan Portfolio

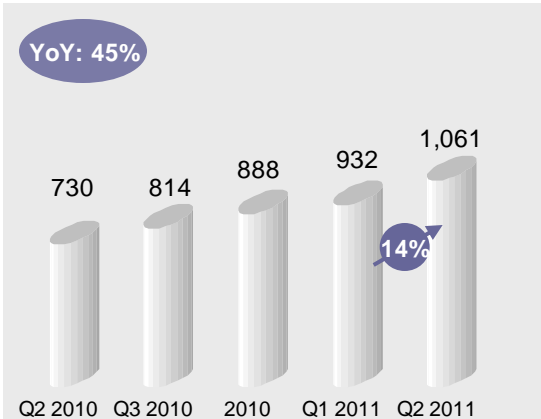


## Breakdown of Retail Loans (TLmn)

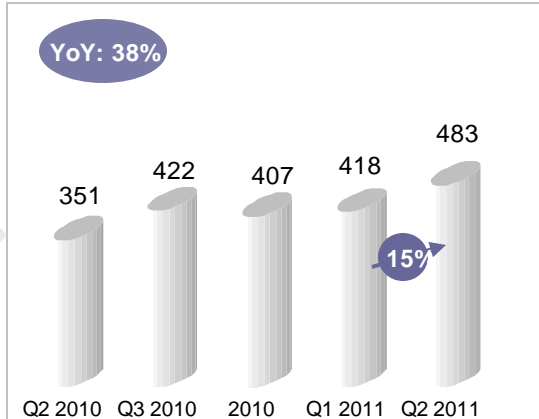


# Also uptrend in non-cash loans...

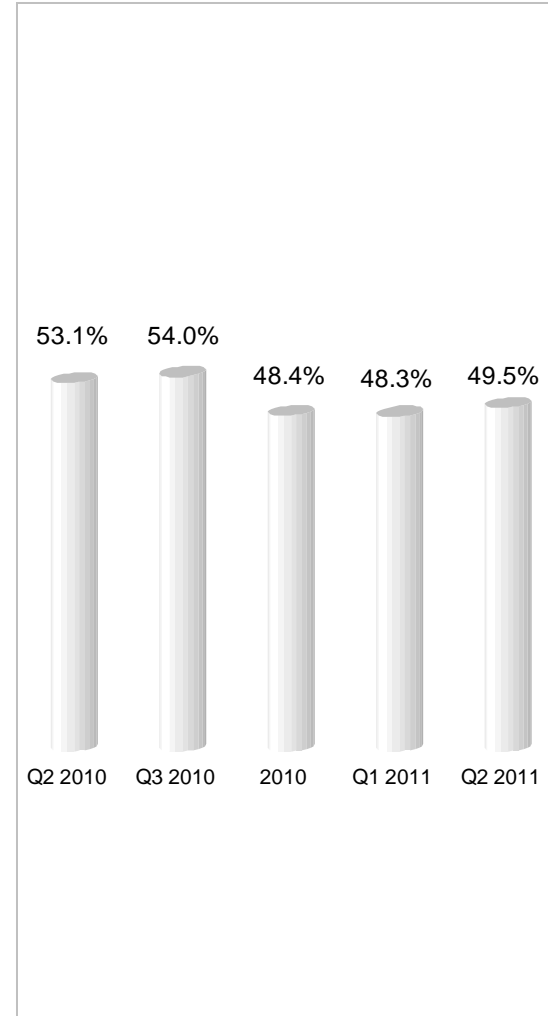
## Total Non-Cash Loans (TLmn)



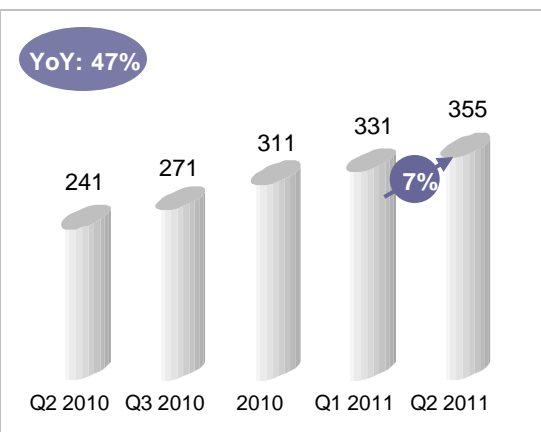
## TL Non-Cash Loans (TLmn)



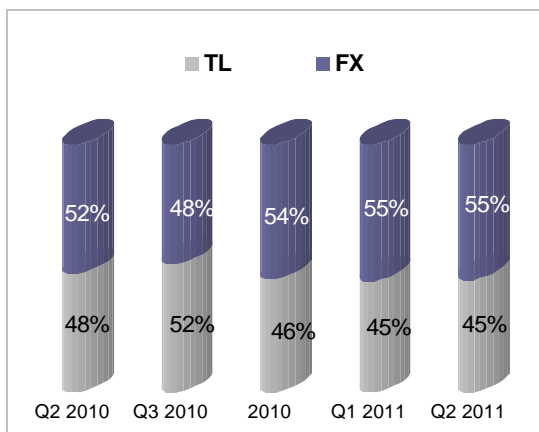
## Non-Cash / Cash Loans



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

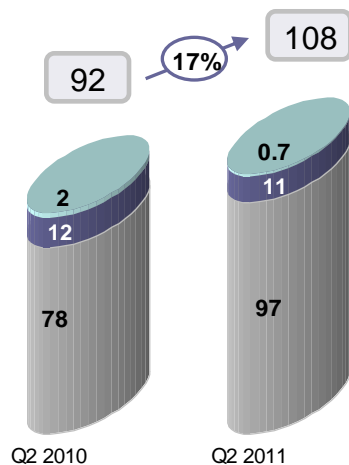


## Currency Breakdown of Non-Cash Loans

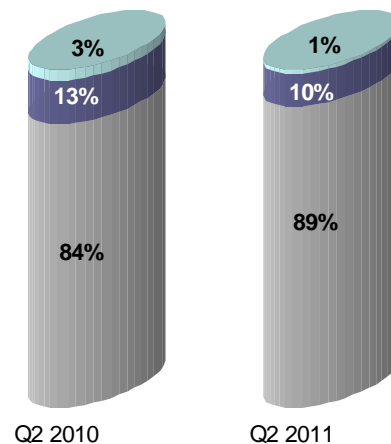


# Increasing interest revenues from commercial activities...

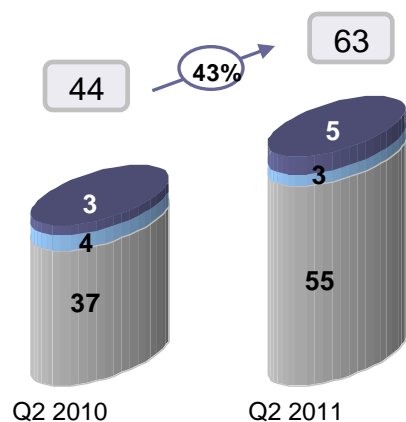
## Interest Income (TLmn)



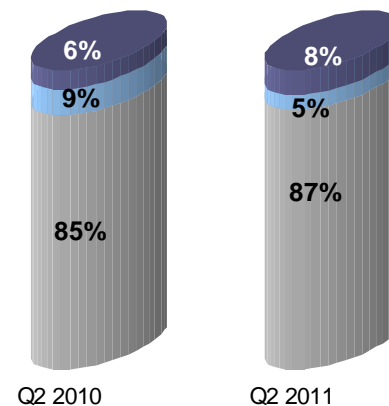
## Composition of Interest Income



## Interest Expense (TLmn)

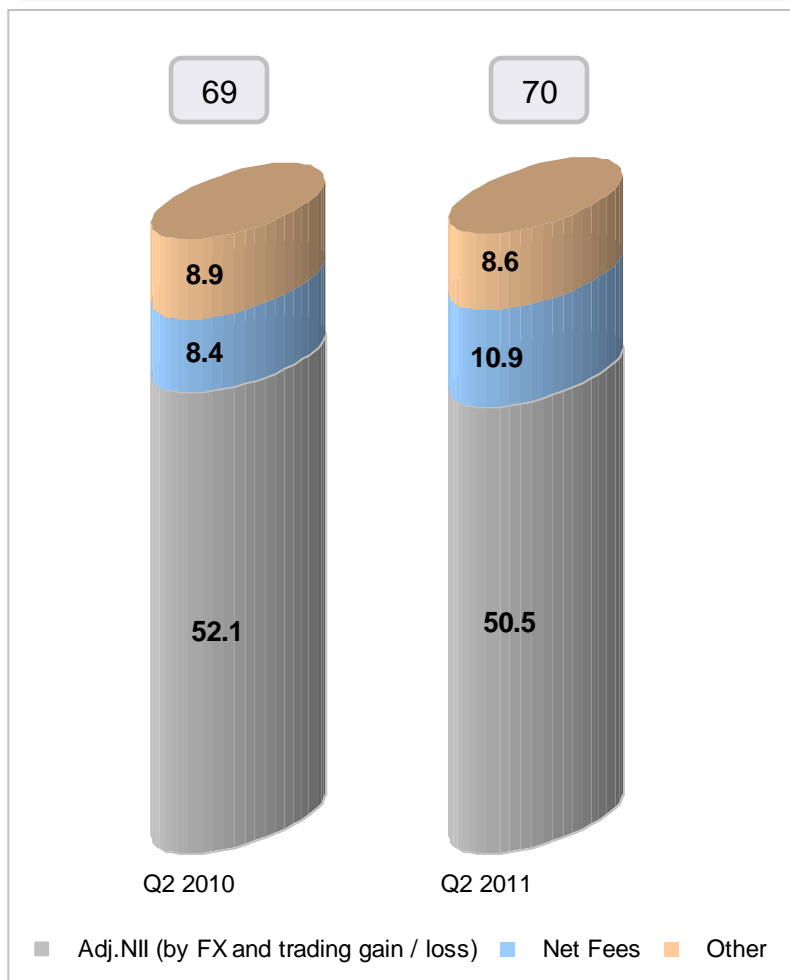


## Composition of Interest Expense

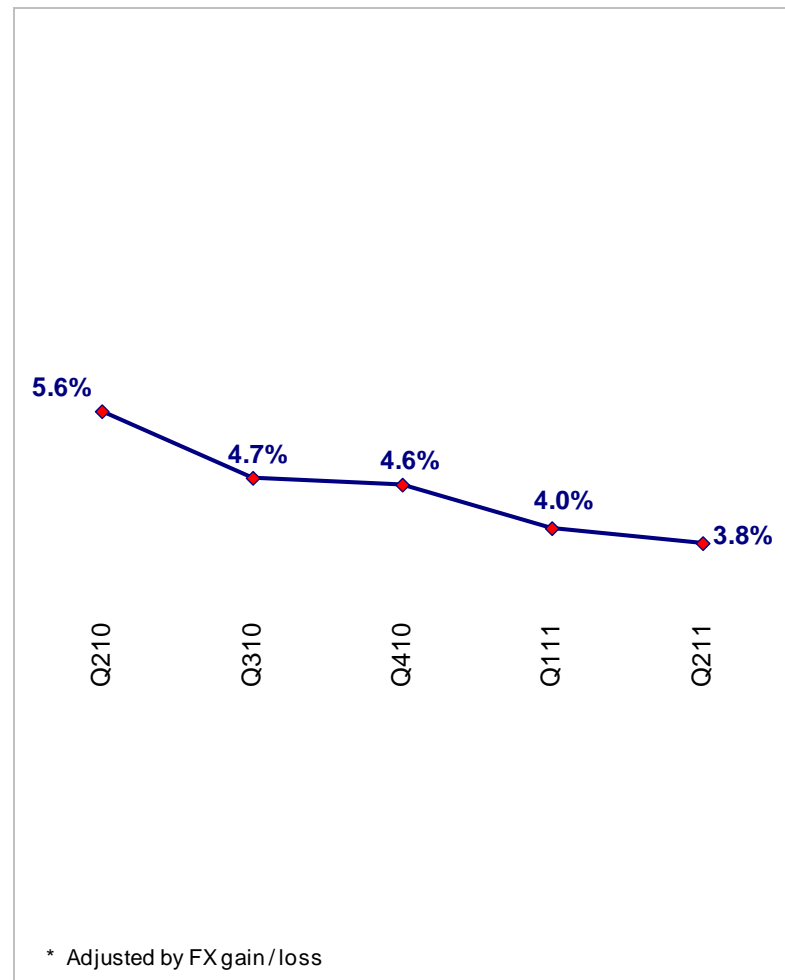


# Regulatory measures having negative effect on NIM...

## Banking Income (TLmn)

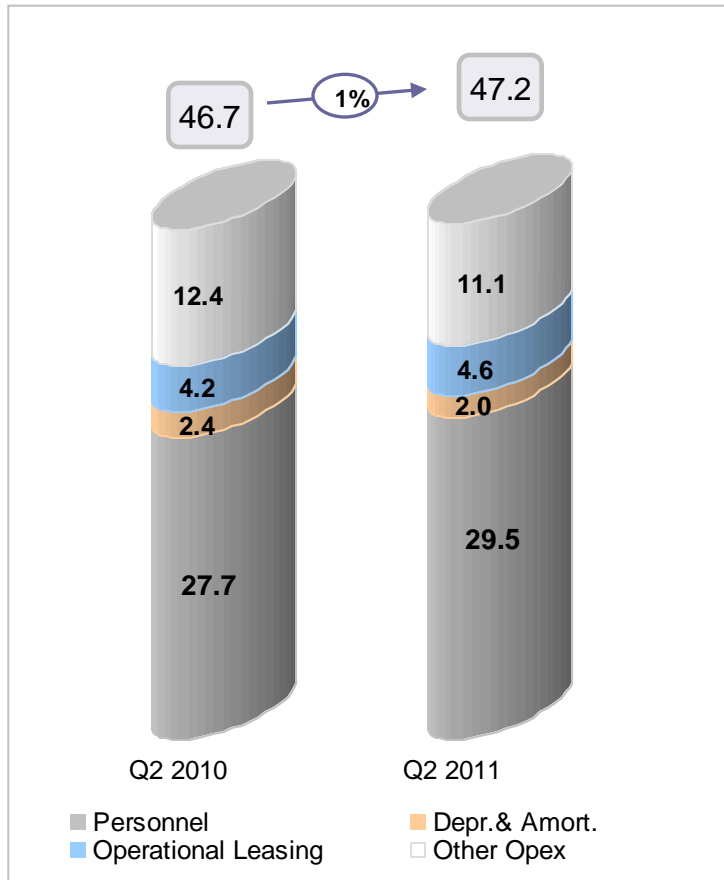


## Adjusted Net Interest Margin\* (Quarterly)

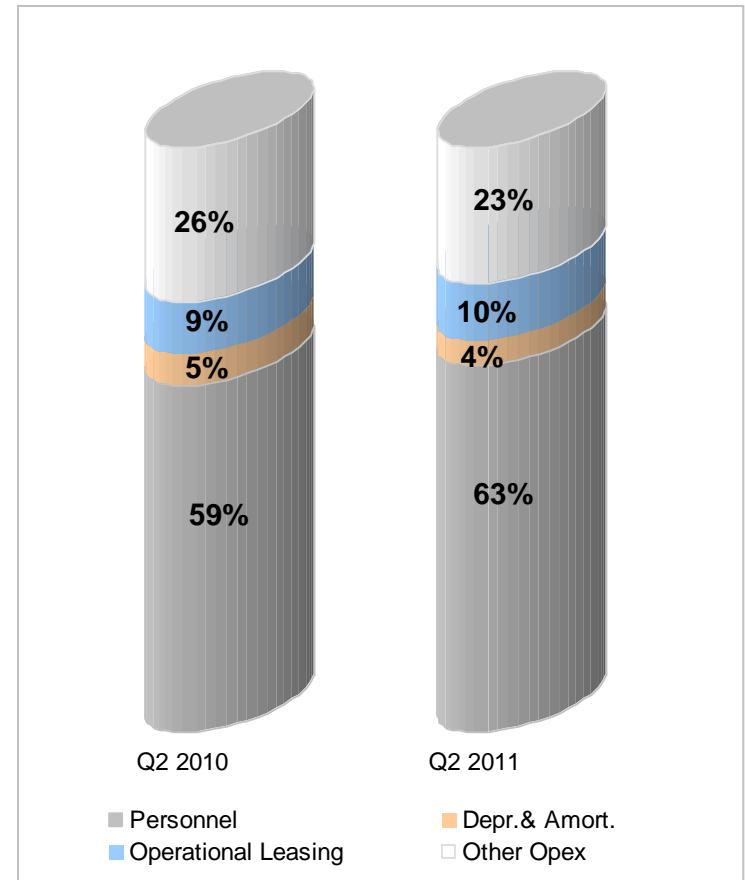


# OPEX increase remained well under inflation...

## Operating Expenses (TLmn)



## Composition of Operating Expenses



# Summary Balance Sheet...

TL million	Jun 2010	Dec 2010	Mar 2011	Jun 2011
<b>Cash &amp; Banks</b>	226	251	304	345
<b>Total Securities</b>	317	320	289	297
<b>Total Cash Loans</b>	1,375	1,836	1,929	2,144
<b>Fixed Assets &amp; Subsidiaries</b>	97	105	105	103
<b>Other</b>	68	61	66	87
<b>Total Assets</b>	<b>2,083</b>	<b>2,573</b>	<b>2,693</b>	<b>2,976</b>
<b>Deposits*</b>	1,337	1,782	1,916	2,062
<b>Interbank Money Market*</b>	59	151	76	139
<b>Borrowings</b>	142	67	112	160
<b>Other</b>	69	77	92	113
<b>SHE</b>	476	496	497	502
<b>Total Liabilities &amp; SHE</b>	<b>2,083</b>	<b>2,573</b>	<b>2,693</b>	<b>2,976</b>

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

# Summary Income Statement...

TL million	Q1 2011	Q2 2011	H1 2010	H1 2011
<b>Interest Income</b>	<b>49.8</b>	<b>58.4</b>	<b>92.4</b>	<b>108.2</b>
<i>Loans</i>	45	51.6	77.9	96.6
<i>Securities</i>	4.5	6.4	12.3	10.9
<i>Other</i>	0.3	0.4	2.2	0.7
<b>Interest Expense</b>	<b>27.5</b>	<b>35.3</b>	<b>43.8</b>	<b>62.8</b>
<i>Deposits</i>	25.6	29.2	37.1	54.8
<i>Other Borrowings</i>	1.9	6.1	6.7	8.0
<b>Net Interest Income</b>	<b>22.3</b>	<b>23.1</b>	<b>48.6</b>	<b>45.4</b>
<i>Net FX Gain (Loss)*</i>	1.9	2.1	2.1	4.0
<b>Adj. Net Interest Income</b>	<b>24.2</b>	<b>25.2</b>	<b>50.7</b>	<b>49.4</b>
<i>Net Trading Income (Loss)*</i>	0.7	0.4	1.4	1.1
<i>Net Fees &amp; Commissions</i>	5.4	5.5	8.4	10.9
<i>Other Operating Income</i>	4.5	4.1	8.9	8.6
<b>Total Operating Income</b>	<b>34.8</b>	<b>35.2</b>	<b>69.4</b>	<b>70.0</b>
<i>Provisions</i>	6.4	3.7	9.6	10.1
<i>Opex</i>	23.1	24.1	46.7	47.2
<i>Profit from Subsidiaries</i>	0.0	0.7	0.3	0.7
<b>Profit Before Tax</b>	<b>5.3</b>	<b>8.1</b>	<b>13.4</b>	<b>13.4</b>
<i>Tax</i>	1.5	1.8	3.1	3.3
<b>Net Income</b>	<b>3.8</b>	<b>6.3</b>	<b>10.3</b>	<b>10.1</b>

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

# Summary Income Statement (Consolidated)...

TL million	Q1 2011	Q2 2011	H1 2010	H1 2011
<b>Interest Income</b>	<b>50.1</b>	<b>58.7</b>	<b>93.0</b>	<b>108.8</b>
<i>Loans</i>	45.2	52.0	78.2	97.2
<i>Securities</i>	4.5	6.3	12.6	10.8
<i>Other</i>	0.4	0.4	2.2	0.8
<b>Interest Expense</b>	<b>27.5</b>	<b>35.1</b>	<b>43.8</b>	<b>62.6</b>
<i>Deposits</i>	25.5	29.2	37.2	54.7
<i>Other Borrowings</i>	2.0	5.9	6.6	7.9
<b>Net Interest Income</b>	<b>22.6</b>	<b>23.6</b>	<b>49.2</b>	<b>46.2</b>
<i>Net FX Gain (Loss)*</i>	2.0	2.0	2.1	3.9
<b>Adj. Net Interest Income</b>	<b>24.5</b>	<b>25.6</b>	<b>51.3</b>	<b>50.1</b>
<i>Net Trading Income (Loss)*</i>	3.5	2.7	4.3	6.2
<i>Net Fees &amp; Commissions</i>	6.1	6.1	9.9	12.2
<i>Other Operating Income</i>	4.5	4.0	8.7	8.5
<b>Total Operating Income</b>	<b>38.6</b>	<b>38.4</b>	<b>74.2</b>	<b>77.0</b>
<i>Provisions</i>	6.4	3.7	7.5	10.1
<i>Opex</i>	24.7	26.2	49.5	50.9
<i>Profit from Subsidiaries</i>	0.0	0.0	0.0	0.0
<b>Profit Before Tax</b>	<b>7.5</b>	<b>8.5</b>	<b>17.2</b>	<b>16.0</b>
<i>Tax</i>	1.9	2.0	3.6	3.9
<b>Net Income</b>	<b>5.6</b>	<b>6.5</b>	<b>13.6</b>	<b>12.1</b>

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



---

## **Disclaimer Statement**

The information, opinions and estimates contained in this document have been compiled or arrived at by Tekstilbank from sources believed to be reliable and in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates contained in this document constitute the Company's judgement as of the date of this document and are subject to change without notice. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient. The Company does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents. This document is strictly confidential and may not be reproduced, distributed or published for any purpose.

*For further information please contact:*

Investor Relations

Phone: +90-212-335-5159

[investorrelations@tekstilbank.com.tr](mailto:investorrelations@tekstilbank.com.tr)

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