

# **TEKSTİLBANK**

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

# In the shadow of the regulatory measures...

## *Highlights of Q3 2011:*

- Balance sheet growth prevailed, partially attributable to TL's depreciation
- Net interest margin was under pressure, reflecting reserve requirement rate (RRR) increases, and CPI-linkers
- Strong capital adequacy ratio at 17%
- Lower cost of risk at 0.3%

# Looking into 2011...

## Macro

- Elevated worries on advanced economies in the world
- Still strong growth rate of around 7%, after 9% in 2010
- Successful fiscal performance
- On-going concerns over C/A deficit, and fragile financing structure
- Spotlight on rising inflation
- CB's slight monetary tightening in 1H via RRR hikes, replaced with lower policy rate, lower RRR, but higher funding costs, in order to curb TL's depreciation, in 2H

## Banking Sector

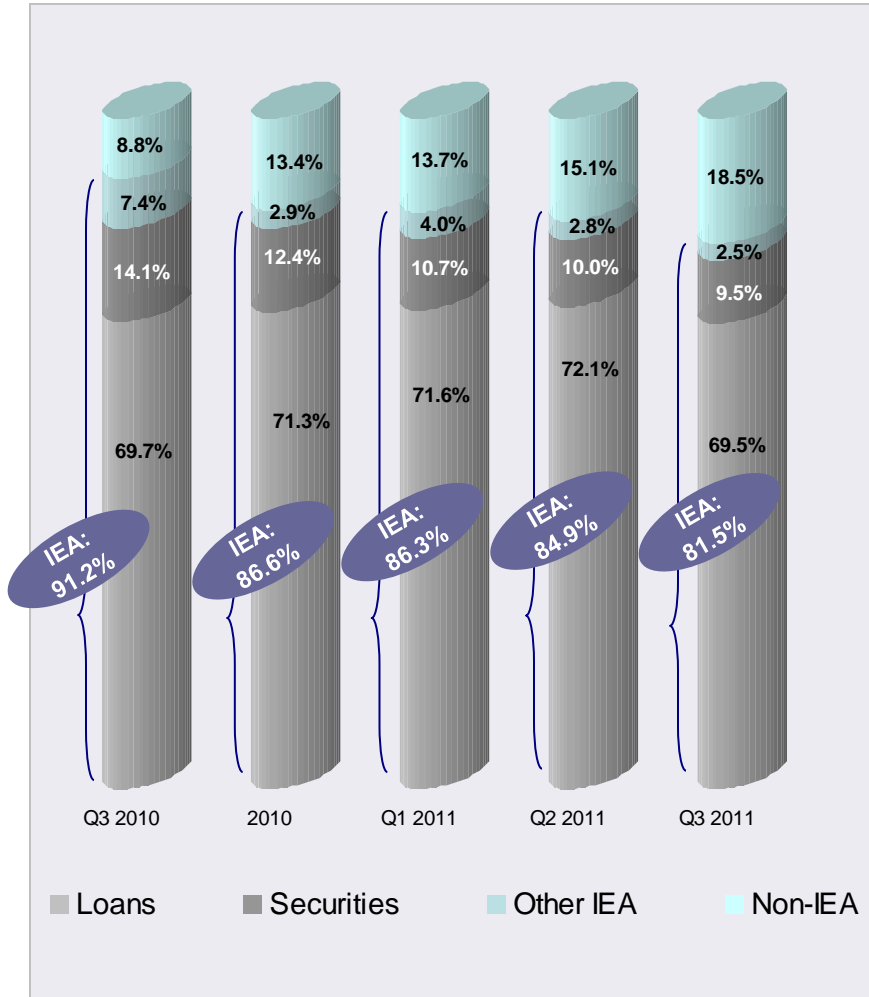
- Slower loan growth of ~ 25%, vs. 34% in 2010
- On-going pressure on NIM, hit by the higher RRR
- Further improvement in asset quality
- Higher pressure on liquidity, due to elevated RRR
- Turkey's possible upgrade to investment-grade rating will be a plus

## Tekstilbank

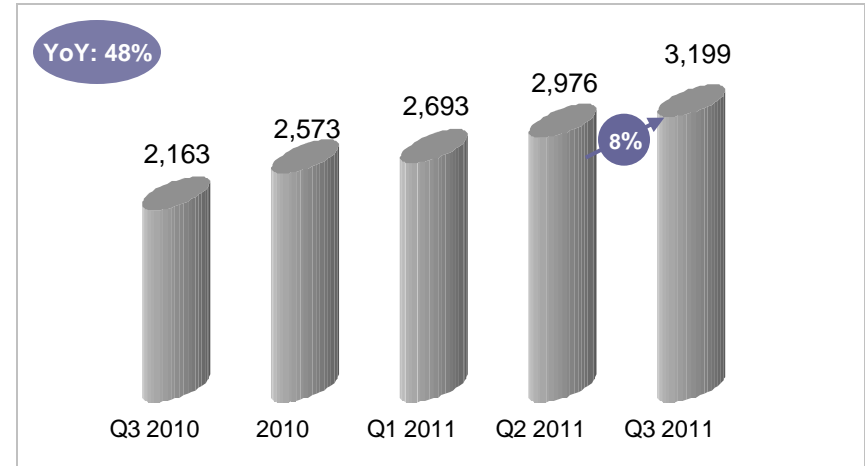
- Preserving cautious growth policy
- Increasing cross-selling opportunities for profitability
- Maintaining free equity
- Achieving additional improvement in asset quality

# Balance sheet increased modestly in 3Q...

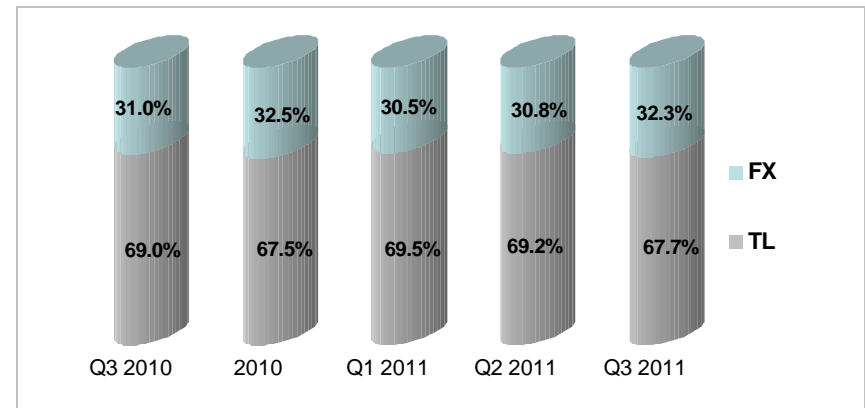
## Composition of Assets



## Total Assets (TLmn)



## Currency Composition of Assets

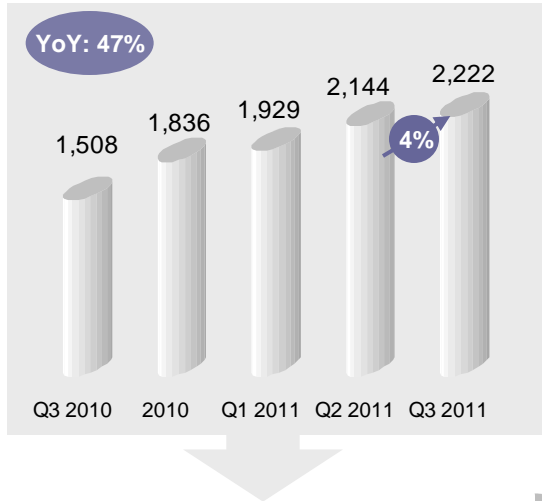


FX-indexed cash loans are included in FX assets

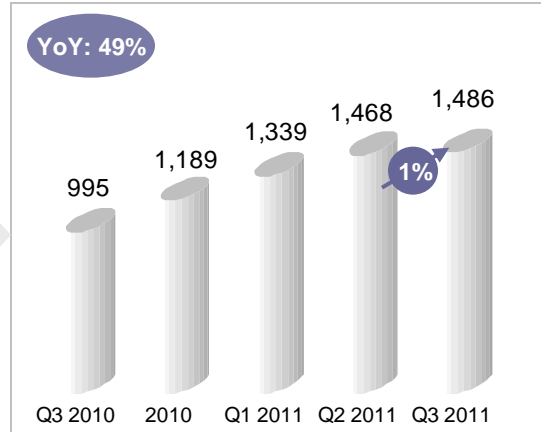
Central Bank is excluded from Other IEA and included in Non-IEA from 2010-end onwards

# Loan growth was broadly attributable to valuation effect of TL's weakening...

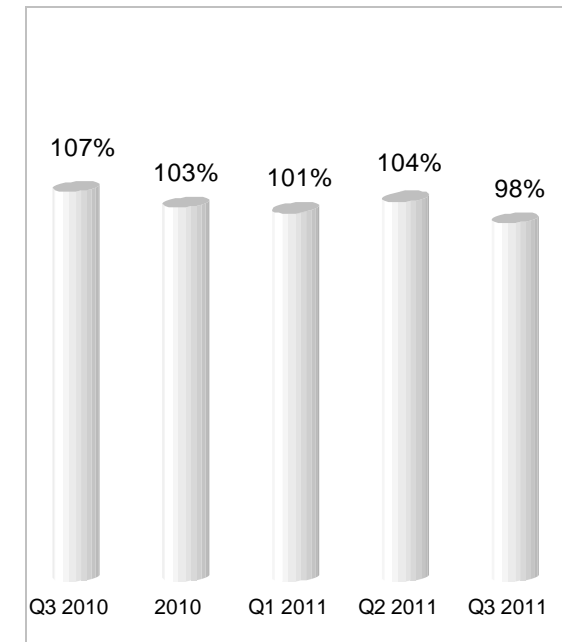
## Total Cash Loans (TLmn)



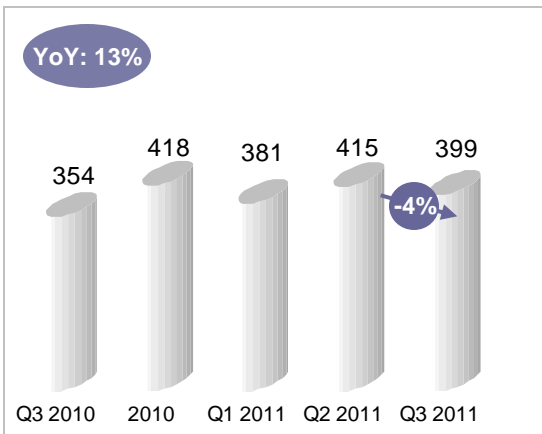
## TL Cash Loans (TLmn)



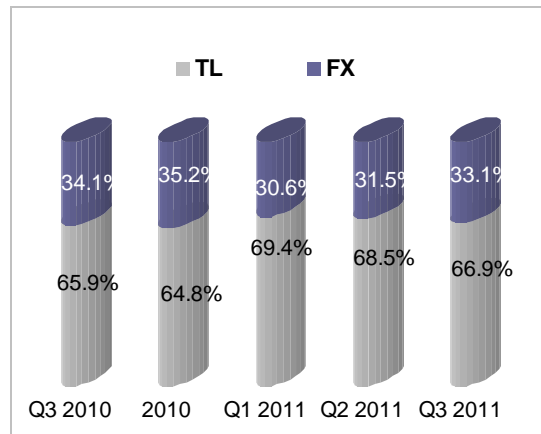
## Loans / Customer Deposits



## FX Cash Loans (US\$mn)



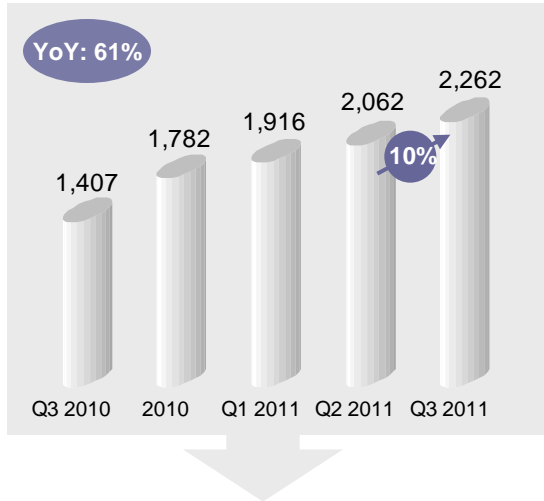
## Currency Breakdown of Cash Loans



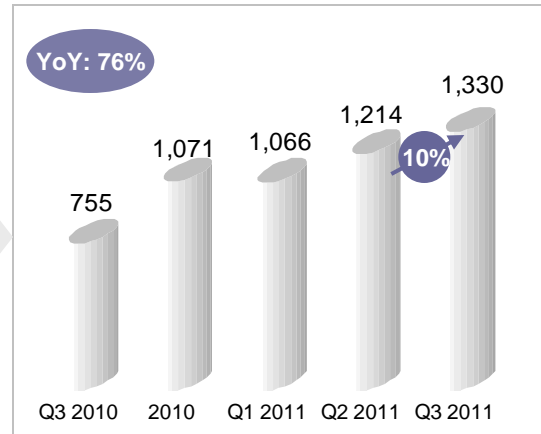
FX-indexed cash loans are included in FX cash loans

# Notable growth was attained in TL deposits...

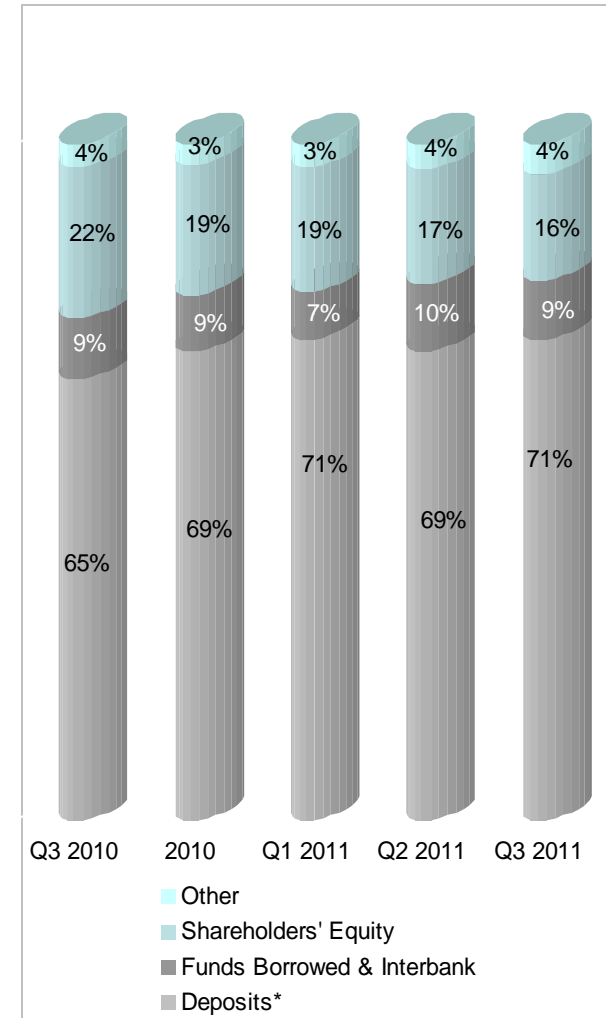
## Total Deposits\* (TLmn)



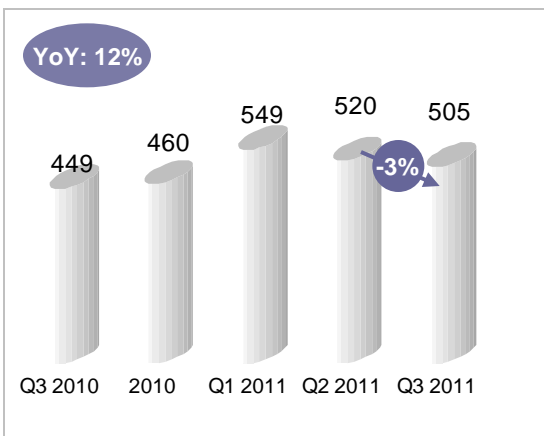
## TL Deposits\* (TLmn)



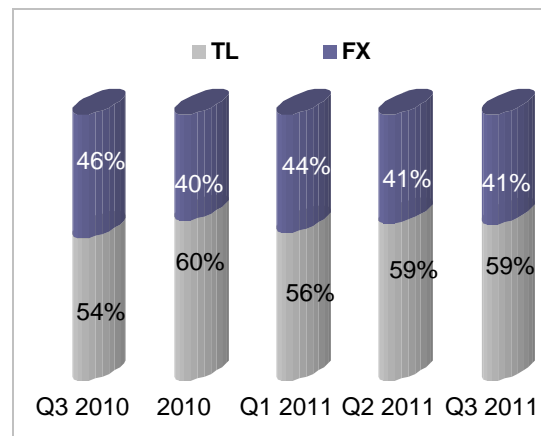
## Composition of Liabilities & SHE



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



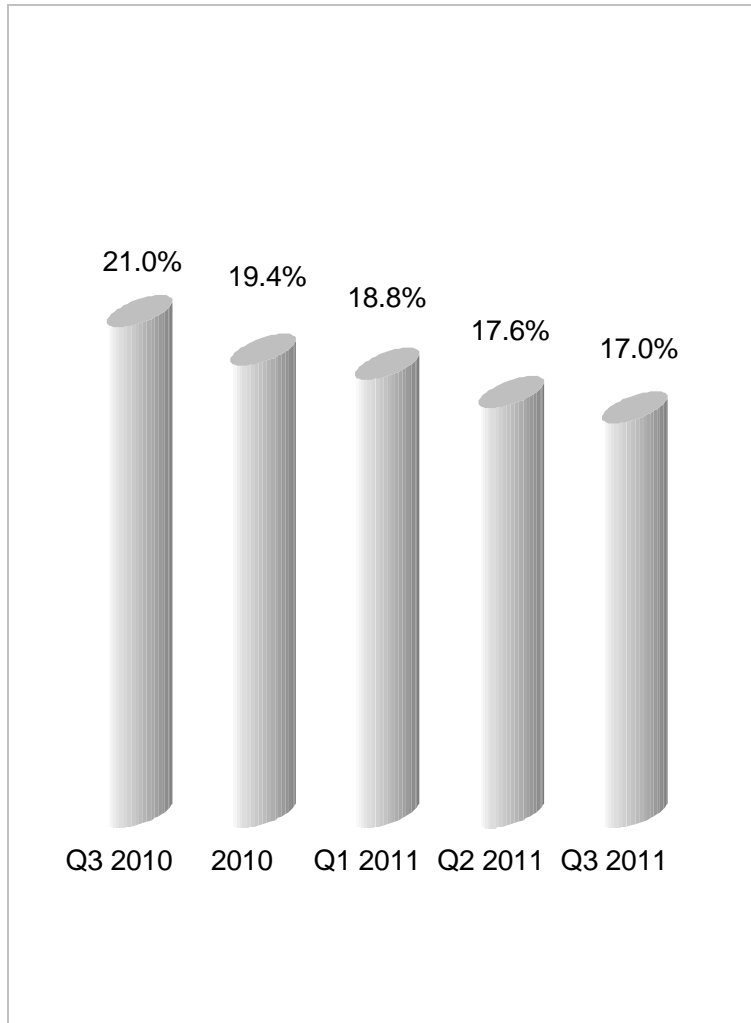
## Currency Breakdown\*



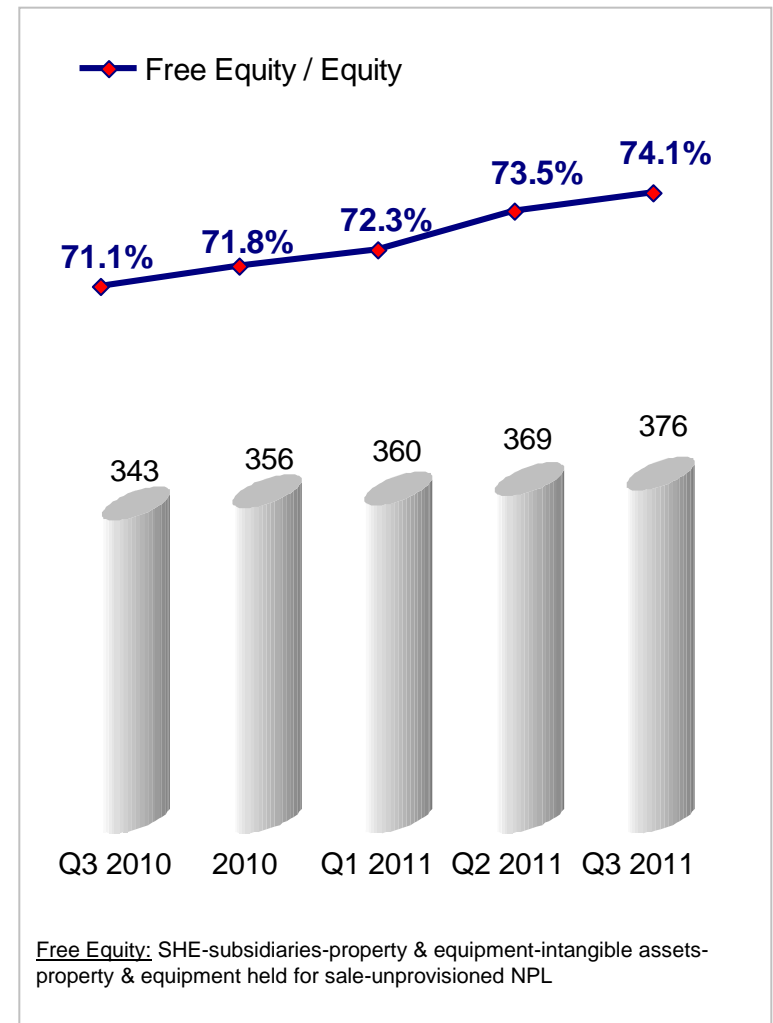
\* Excluding bank deposits

# CAR dropped to a still strong rate of 17%...

## Capital Adequacy Ratio (CAR)



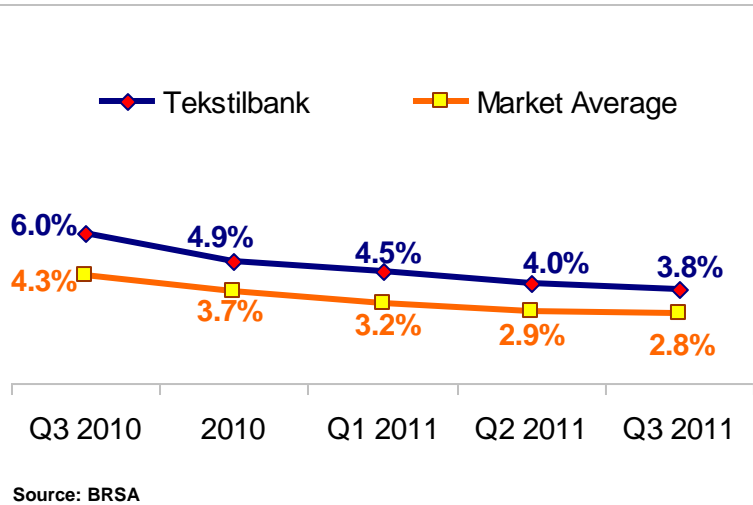
## Free Equity (TLmn)



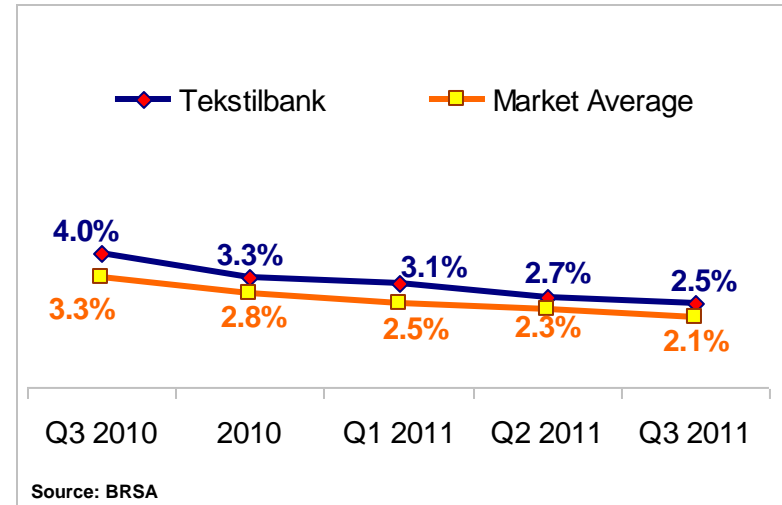
Free Equity: SHE-subidiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

# Cost of risk decreased to 0.3%...

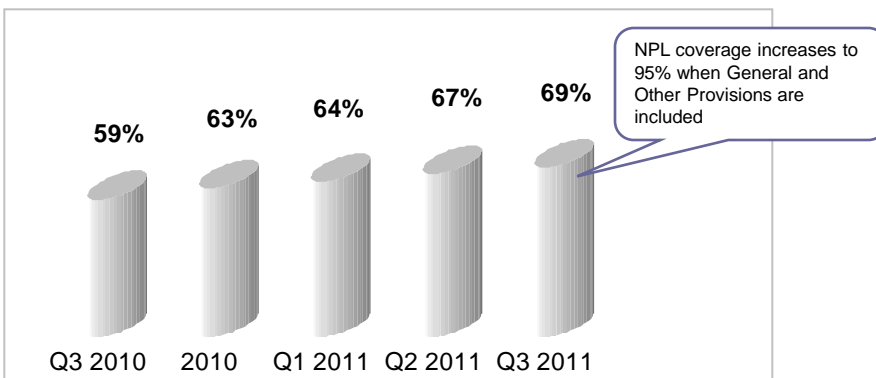
## NPL Ratio



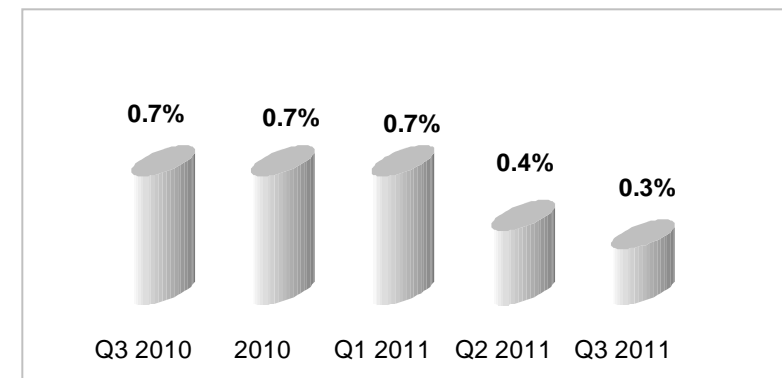
## NPL Ratio (including non-cash loans)



## NPL Coverage



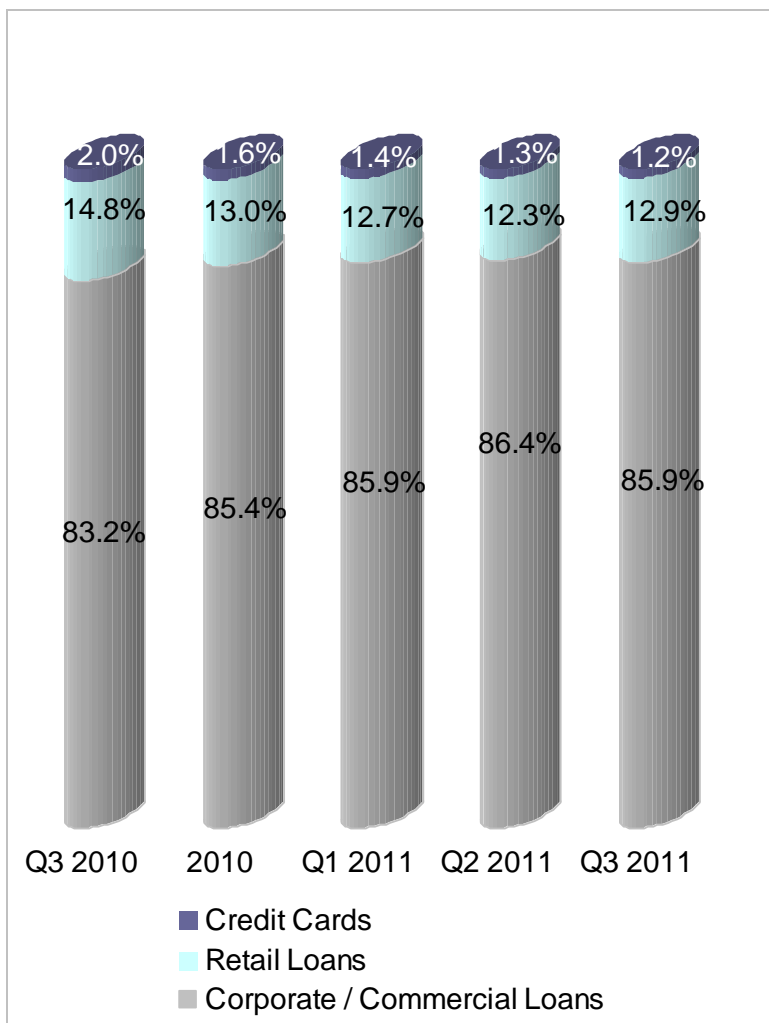
## Cost of Risk (Quarterly)



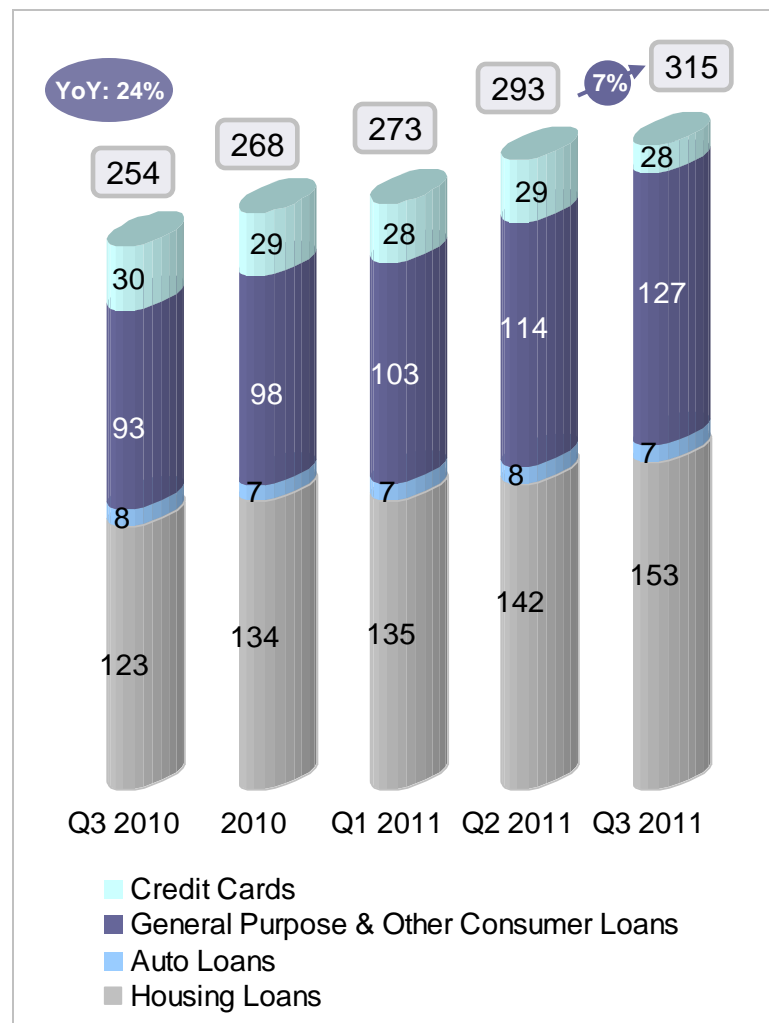


# Breakdown of loan portfolio remained broadly unchanged...

## Breakdown of Loan Portfolio



## Breakdown of Retail Loans (TLmn)

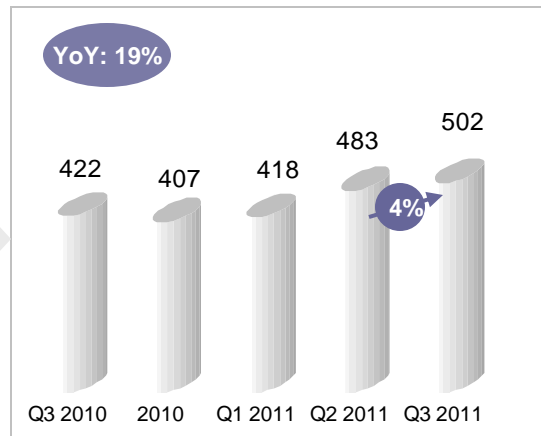


# TL non-cash loans headed slightly upwards...

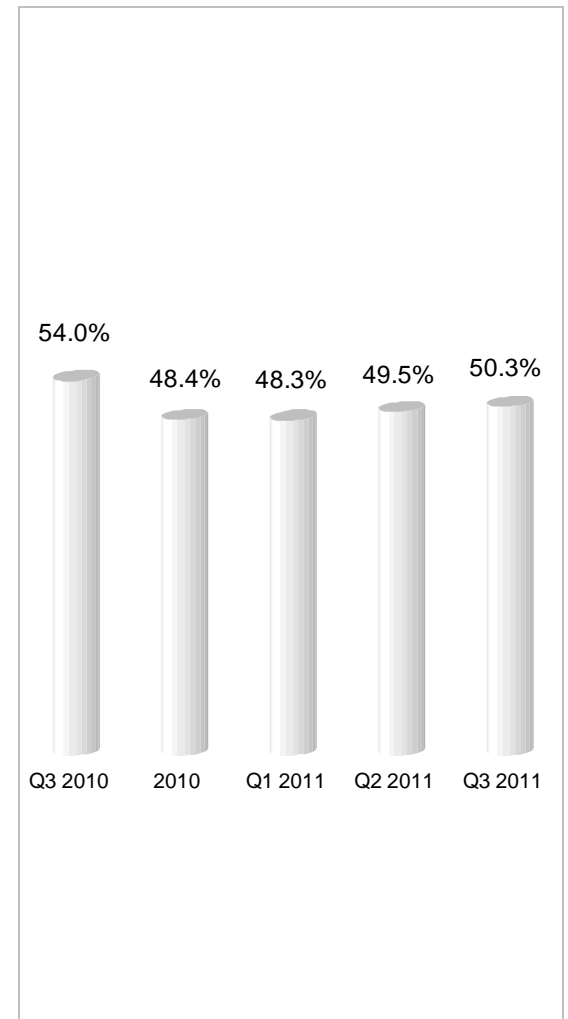
## Total Non-Cash Loans (TLmn)



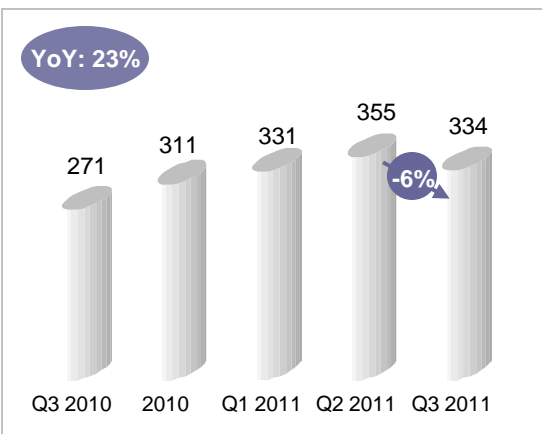
## TL Non-Cash Loans (TLmn)



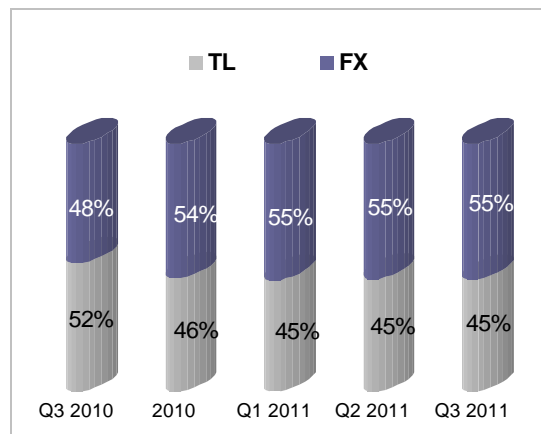
## Non-Cash / Cash Loans



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

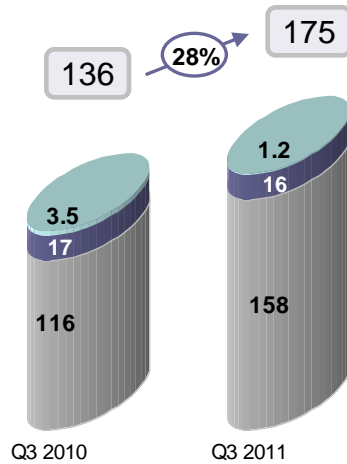


## Currency Breakdown of Non-Cash Loans

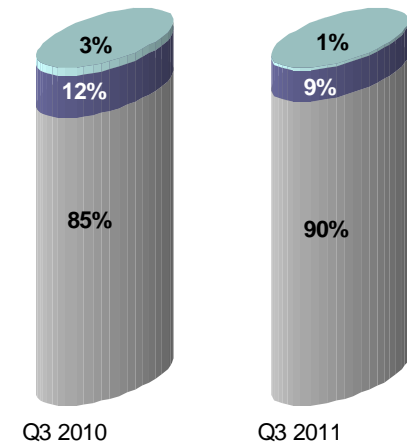


# Wider interest expense, as a result of RRR hike...

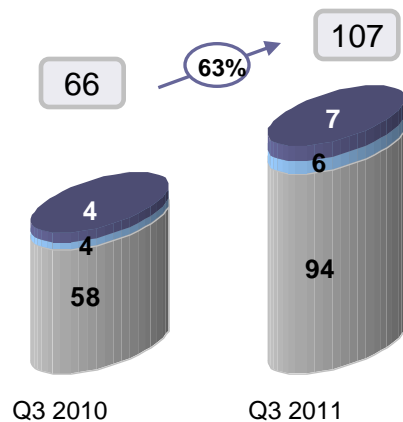
## Interest Income (TLmn)



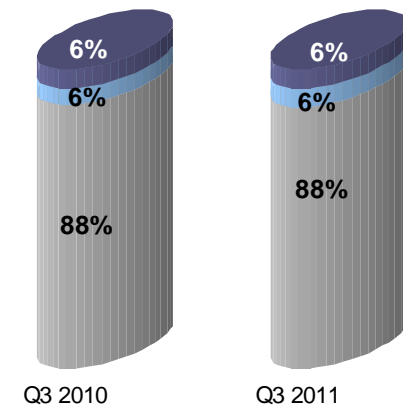
## Composition of Interest Income



## Interest Expense (TLmn)

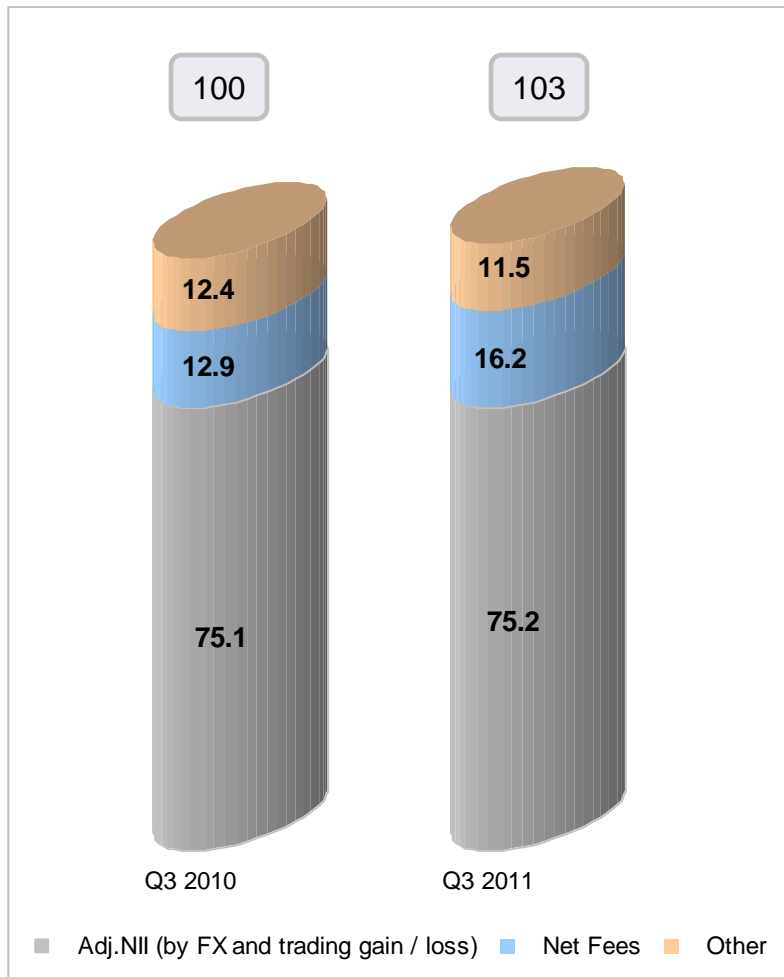


## Composition of Interest Expense

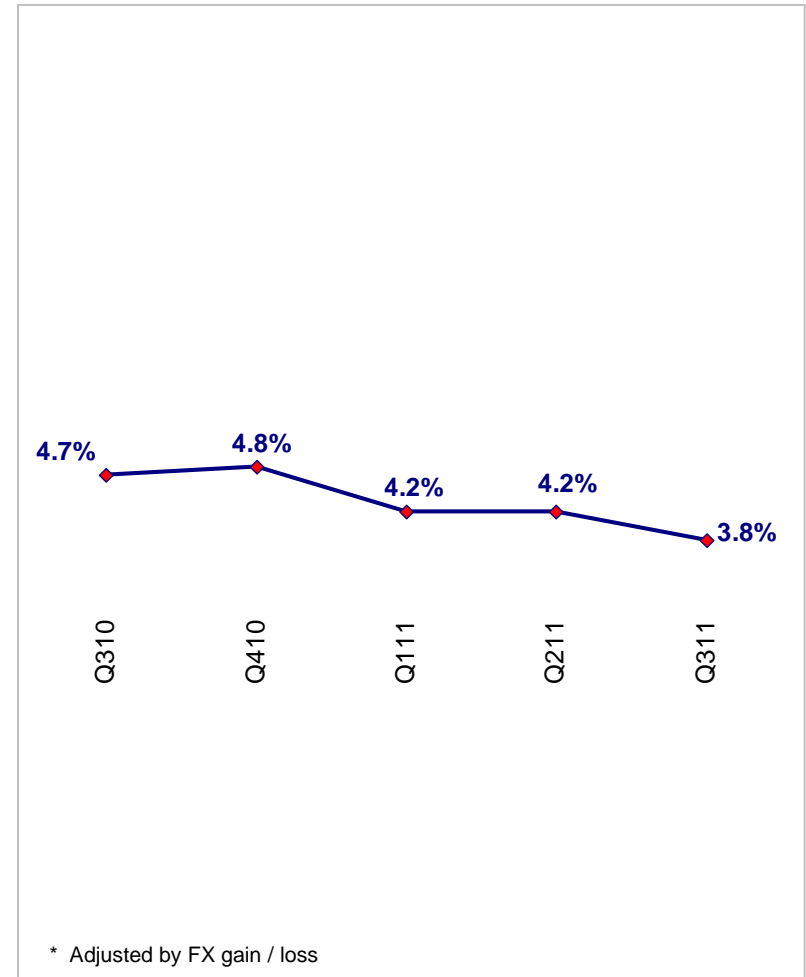


# Lower NIM, due to higher RRR, and CPI-linkers...

## Banking Income (TLmn)

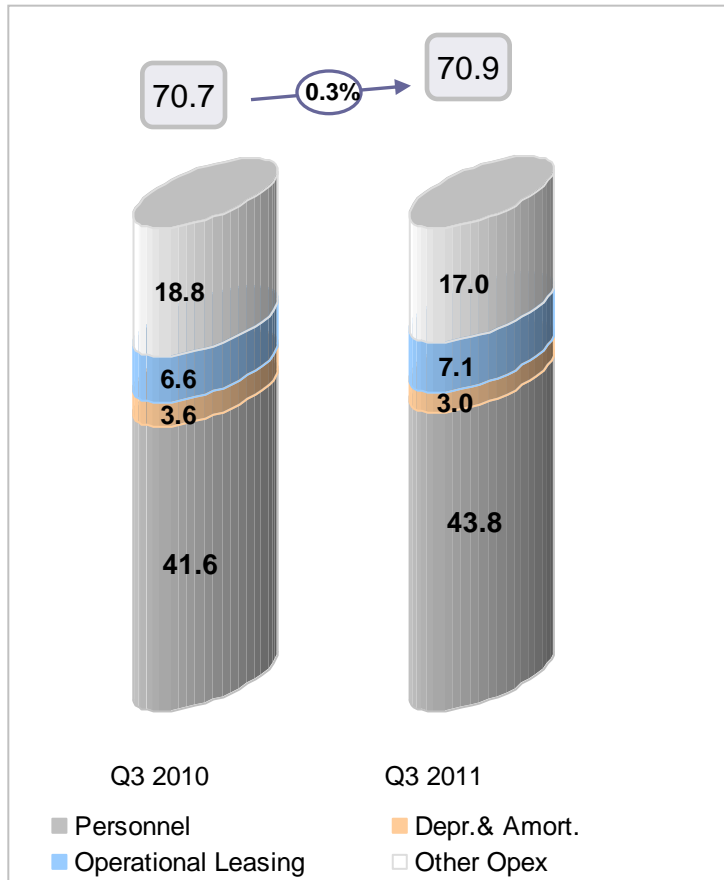


## Adjusted Net Interest Margin\* (Quarterly)

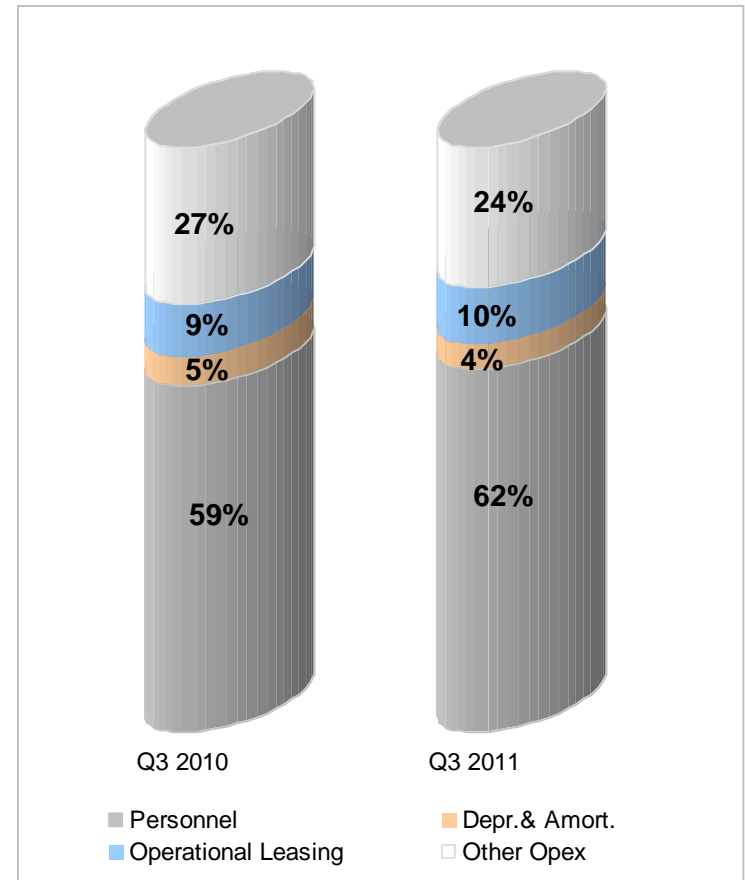


# Almost no increase in OPEX ...

## Operating Expenses (TLmn)



## Composition of Operating Expenses



# Summary Balance Sheet...

TL million	Sep 2010	Dec 2010	Jun 2011	Sep 2011
<b>Cash &amp; Banks</b>	179	251	345	447
<b>Total Securities</b>	305	320	297	303
<b>Total Cash Loans</b>	1,508	1,836	2,144	2,222
<b>Fixed Assets &amp; Subsidiaries</b>	100	105	103	104
<b>Other</b>	71	61	87	123
<b>Total Assets</b>	<b>2,163</b>	<b>2,573</b>	<b>2,976</b>	<b>3,199</b>
<b>Deposits*</b>	1,407	1,782	2,062	2,262
<b>Interbank Money Market*</b>	145	151	139	51
<b>Borrowings</b>	52	67	160	232
<b>Other</b>	77	77	113	147
<b>SHE</b>	482	496	502	507
<b>Total Liabilities &amp; SHE</b>	<b>2,163</b>	<b>2,573</b>	<b>2,976</b>	<b>3,199</b>

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

# Summary Income Statement...

TL million	Q1 2011	Q2 2011	Q3 2011	9mth10	9mth11
<b>Interest Income</b>	<b>49.8</b>	<b>58.4</b>	<b>66.8</b>	<b>136.2</b>	<b>175.0</b>
Loans	45	51.6	61.1	116.1	157.7
Securities	4.5	6.4	5.2	16.6	16.1
Other	0.3	0.4	0.5	3.5	1.2
<b>Interest Expense</b>	<b>27.5</b>	<b>35.3</b>	<b>44.4</b>	<b>65.9</b>	<b>107.2</b>
Deposits	25.6	29.2	39.2	58.2	94.0
Other Borrowings	1.9	6.1	5.2	7.7	13.2
<b>Net Interest Income</b>	<b>22.3</b>	<b>23.1</b>	<b>22.3</b>	<b>70.3</b>	<b>67.8</b>
Net FX Gain (Loss)*	1.9	2.1	2.1	3.0	6.1
<b>Adj. Net Interest Income</b>	<b>24.2</b>	<b>25.2</b>	<b>24.5</b>	<b>73.3</b>	<b>73.9</b>
Net Trading Income (Loss)*	0.7	0.4	0.3	1.8	1.4
Net Fees & Commissions	5.4	5.5	5.3	12.9	16.2
Other Operating Income	4.5	4.1	2.9	12.4	11.5
<b>Total Operating Income</b>	<b>34.8</b>	<b>35.2</b>	<b>33.0</b>	<b>100.4</b>	<b>103.0</b>
Provisions	6.4	3.7	4.6	13.7	14.7
Opex	23.1	24.1	23.7	70.7	70.9
Profit from Subsidiaries	0.0	0.7	0.0	0.2	0.7
<b>Profit Before Tax</b>	<b>5.3</b>	<b>8.1</b>	<b>4.7</b>	<b>16.2</b>	<b>18.1</b>
Tax	1.5	1.8	-0.2	5.3	3.1
<b>Net Income</b>	<b>3.8</b>	<b>6.3</b>	<b>4.9</b>	<b>10.9</b>	<b>15.0</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	Q3 2011	9mth10	9mth11
<b>Interest Income</b>	<b>50.1</b>	<b>58.7</b>	<b>67.2</b>	<b>137.0</b>	<b>176.0</b>
Loans	45.2	52.0	61.5	116.5	158.7
Securities	4.5	6.3	5.2	16.9	16.0
Other	0.4	0.4	0.5	3.6	1.3
<b>Interest Expense</b>	<b>27.5</b>	<b>35.1</b>	<b>44.4</b>	<b>65.8</b>	<b>107.0</b>
Deposits	25.5	29.2	39.1	58.1	93.8
Other Borrowings	2.0	5.9	5.3	7.7	13.2
<b>Net Interest Income</b>	<b>22.6</b>	<b>23.6</b>	<b>22.8</b>	<b>71.2</b>	<b>69.0</b>
Net FX Gain (Loss)*	2.0	2.0	2.1	3.0	6.1
<b>Adj. Net Interest Income</b>	<b>24.5</b>	<b>25.6</b>	<b>25.0</b>	<b>74.2</b>	<b>75.1</b>
Net Trading Income (Loss)*	3.5	2.7	1.9	5.5	8.1
Net Fees & Commissions	6.1	6.1	5.6	15.0	17.8
Other Operating Income	4.5	4.0	2.8	12.2	11.3
<b>Total Operating Income</b>	<b>38.6</b>	<b>38.4</b>	<b>35.3</b>	<b>106.9</b>	<b>112.3</b>
Provisions	6.4	3.7	4.6	10.1	14.7
Opex	24.7	26.2	25.4	75.0	76.3
Profit from Subsidiaries	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax</b>	<b>7.5</b>	<b>8.5</b>	<b>5.3</b>	<b>21.8</b>	<b>21.3</b>
Tax	1.9	2.0	-0.1	5.8	3.8
<b>Net Income</b>	<b>5.6</b>	<b>6.5</b>	<b>5.4</b>	<b>16.0</b>	<b>17.5</b>

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



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