

TEKSTİLBANK

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

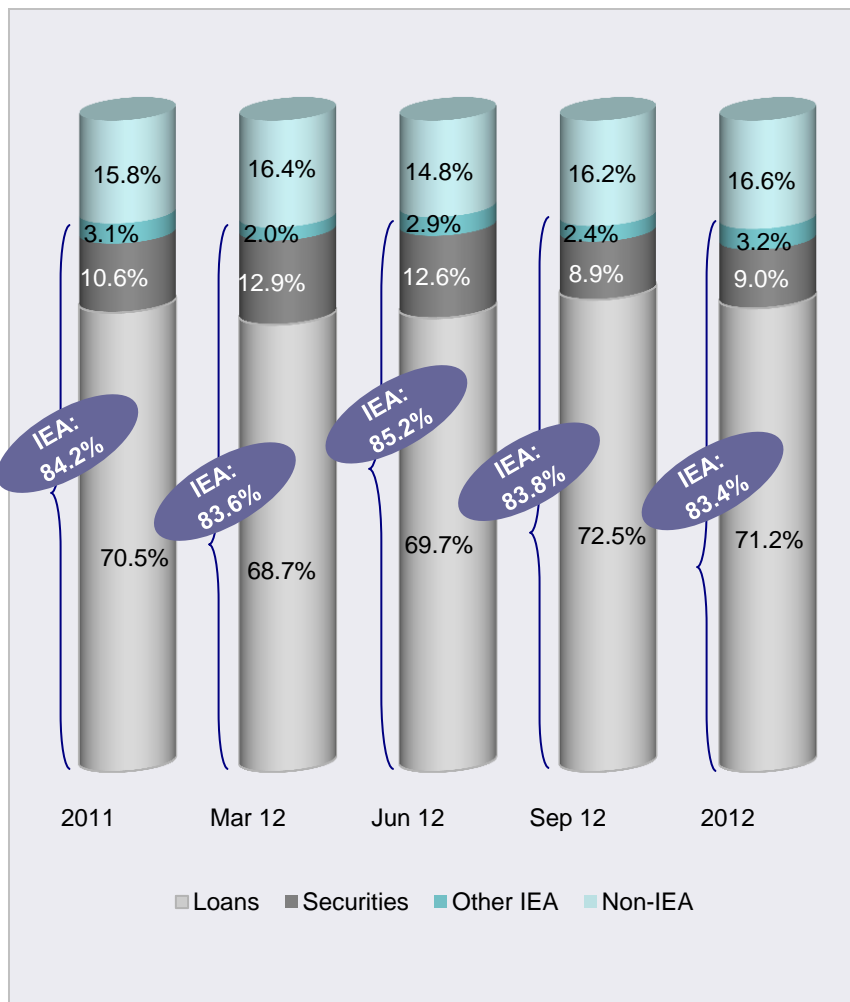
- Loan growth is not expected to exceed 15%, under close scrutiny of the Central Bank, despite banks' high appetite for growth
- Accordingly, RRR may be increased further in order to prevent overheating, which may put pressure on profitability
- Funding costs are likely to remain suppressed
- Asset quality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

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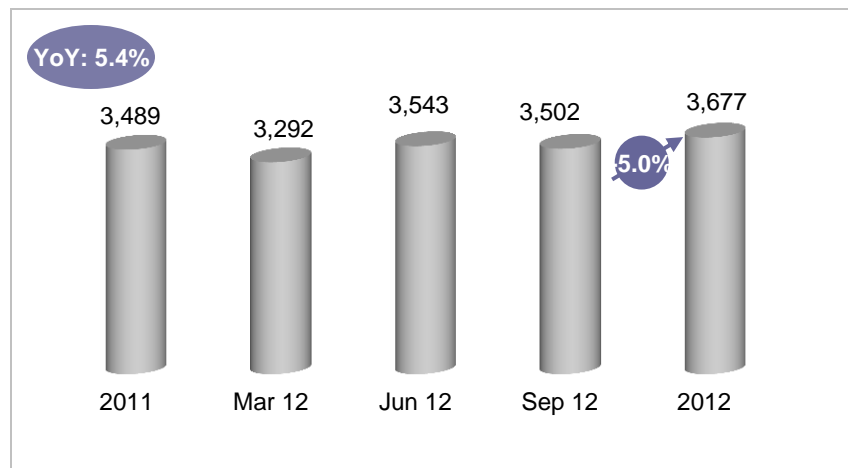
- Growth in line with sector
- Likely increase in NPL's
- Declining margins
- Maintaining high level of CAR

A modest balance sheet growth...

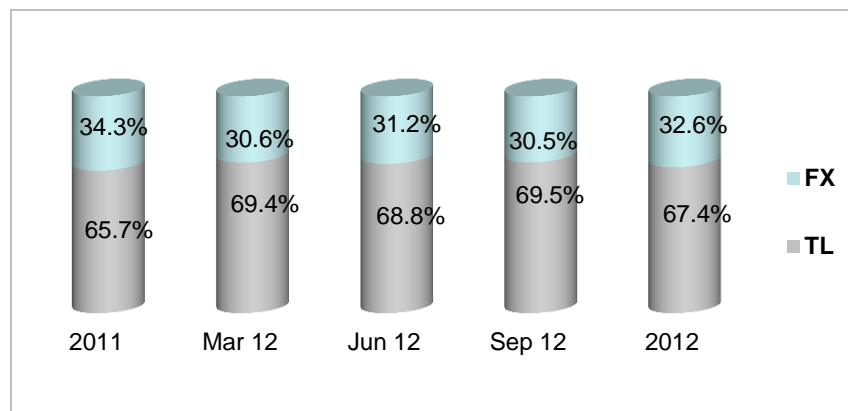
Composition of Assets



Total Assets (TLmn)



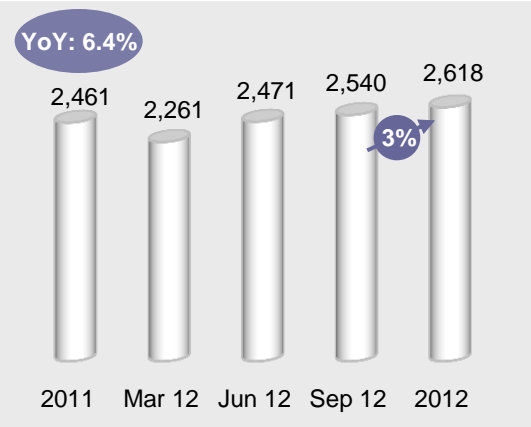
Currency Composition of Assets*



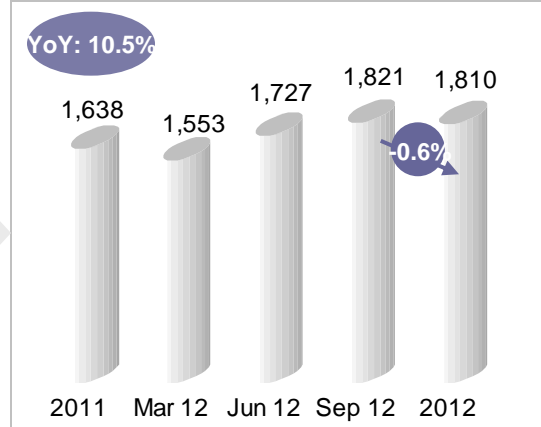
* FX-indexed cash loans are included in FX assets

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

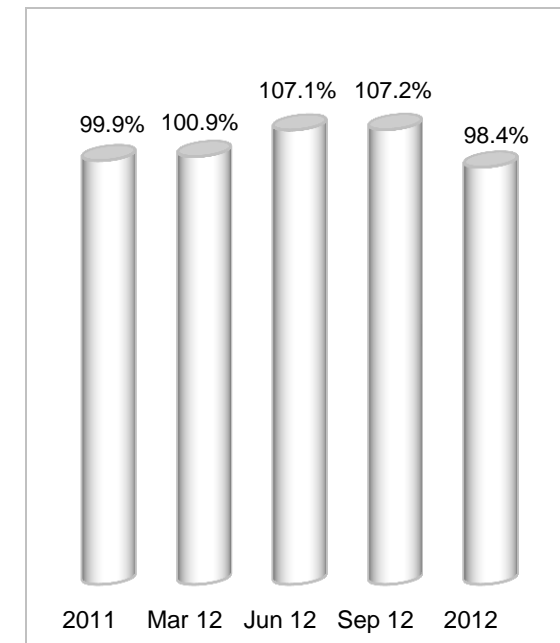
Total Cash Loans (TLmn)



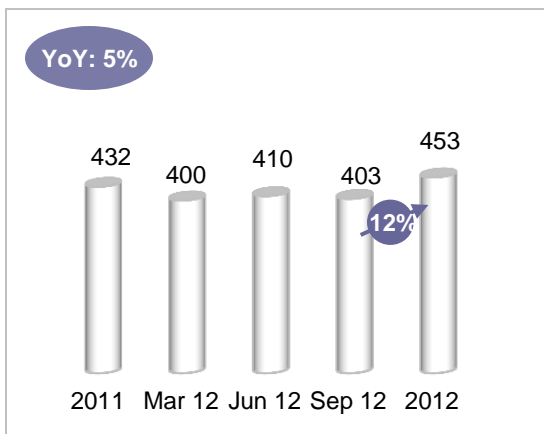
TL Cash Loans* (TLmn)



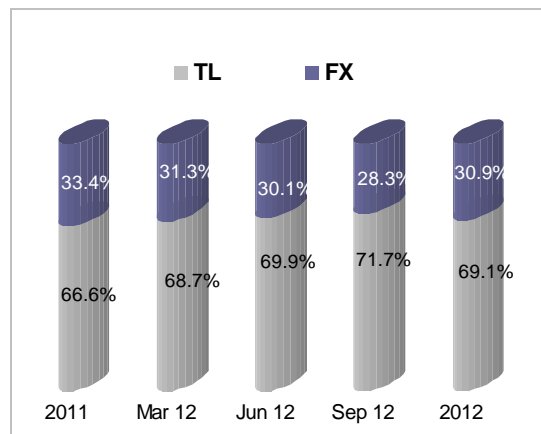
Loans / Customer Deposits



FX Cash Loans* (US\$m)



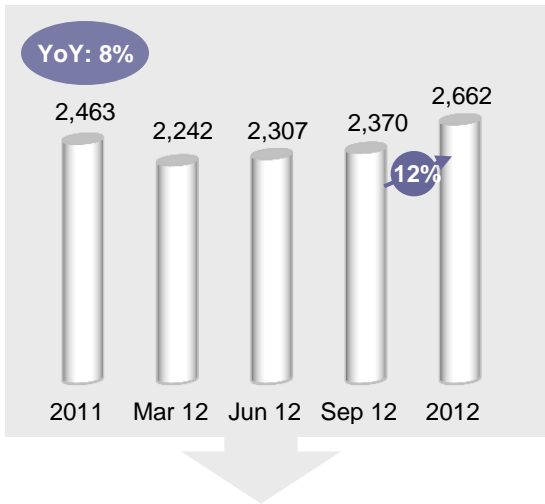
Currency Breakdown of Cash Loans*



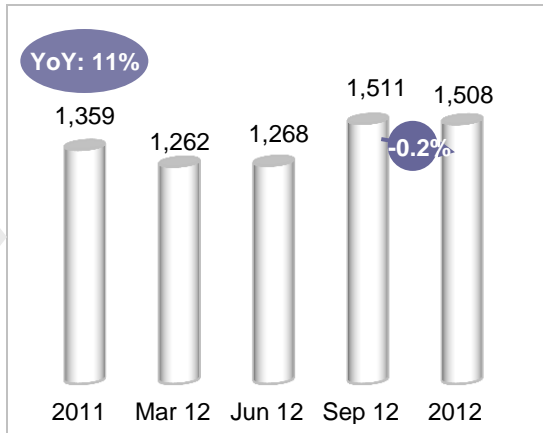
* FX-indexed cash loans are included in FX cash loans

...,funded by higher FX deposits

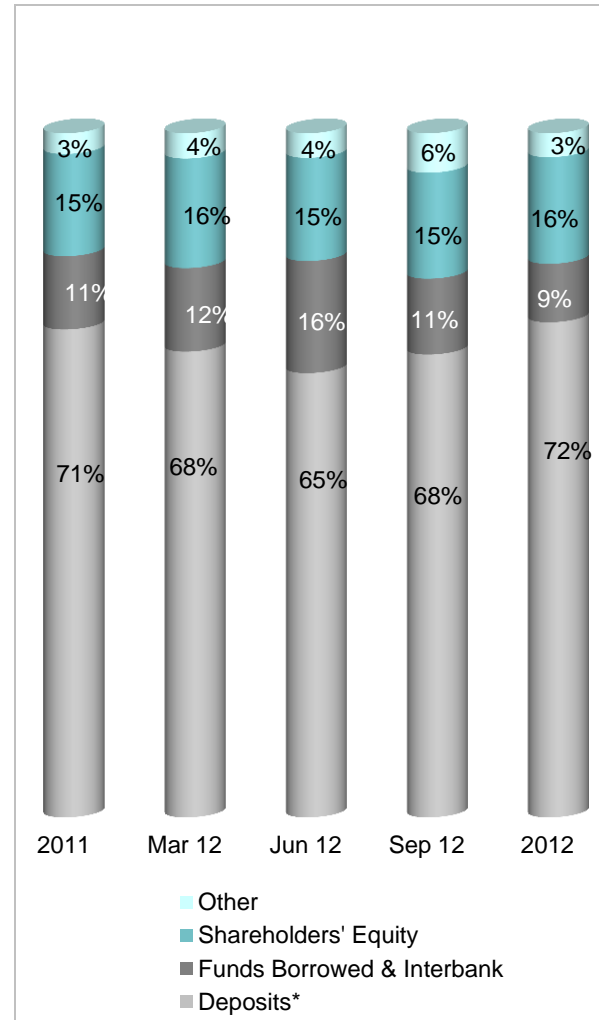
Total Deposits* (TLmn)



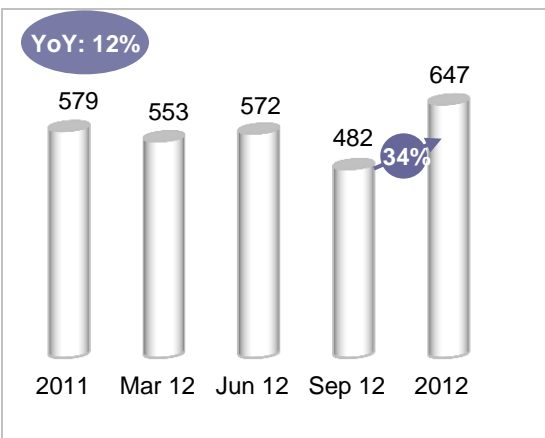
TL Deposits* (TLmn)



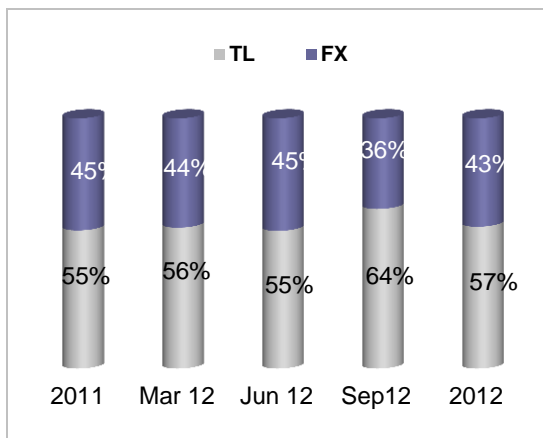
Composition of Liabilities & SHE



FX Deposits* (US\$m)



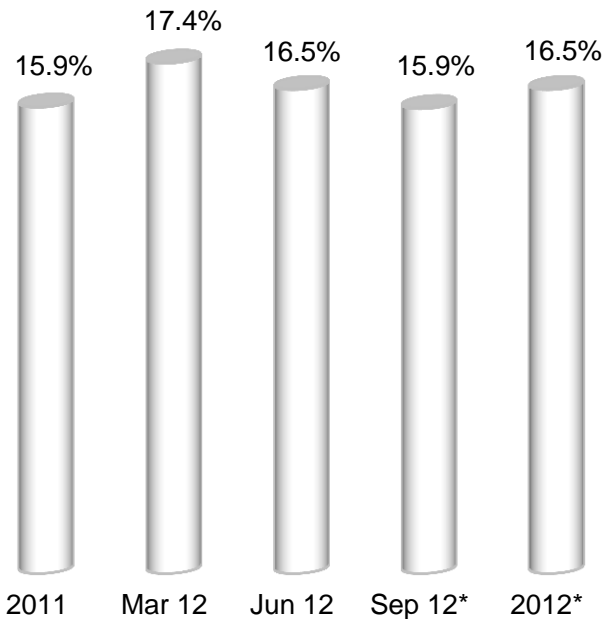
Currency Breakdown*



* Excluding bank deposits

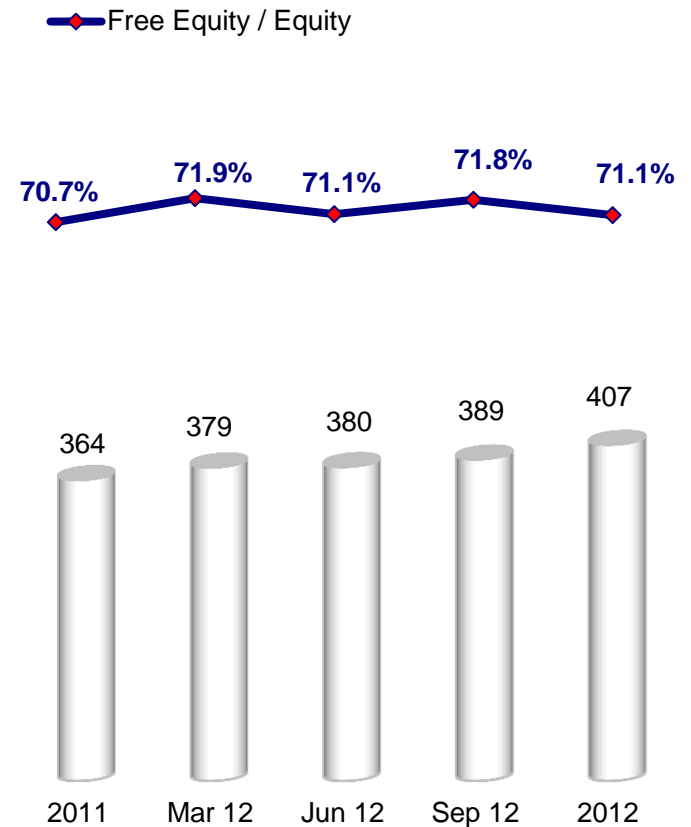
CAR strengthened further to 16.5%...

Capital Adequacy Ratio (CAR)



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

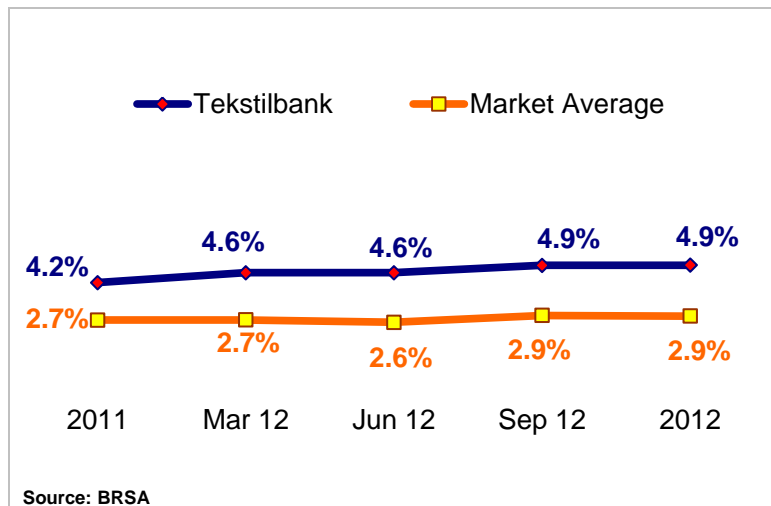
Free Equity (TLmn)



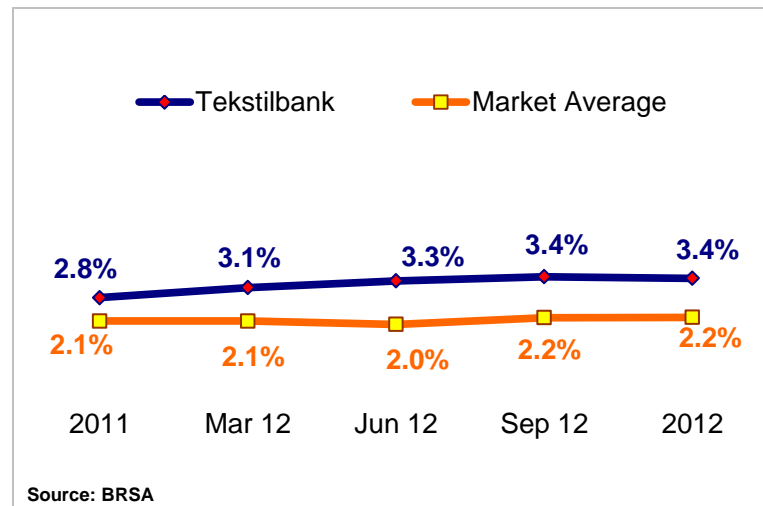
Free Equity: SHE-subsiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

Asset quality remained almost intact...

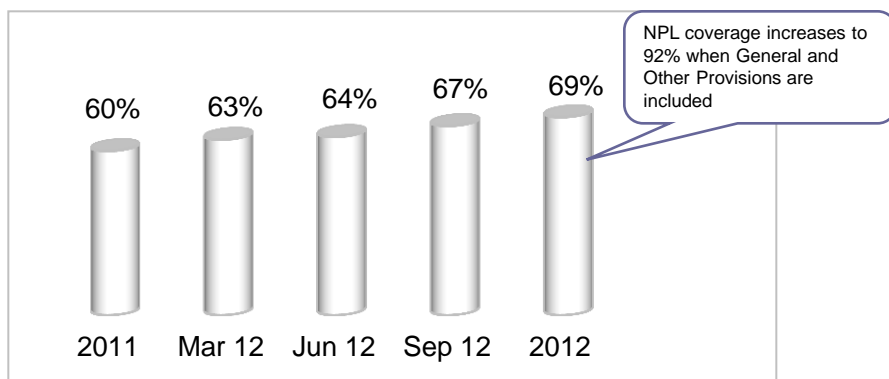
NPL Ratio



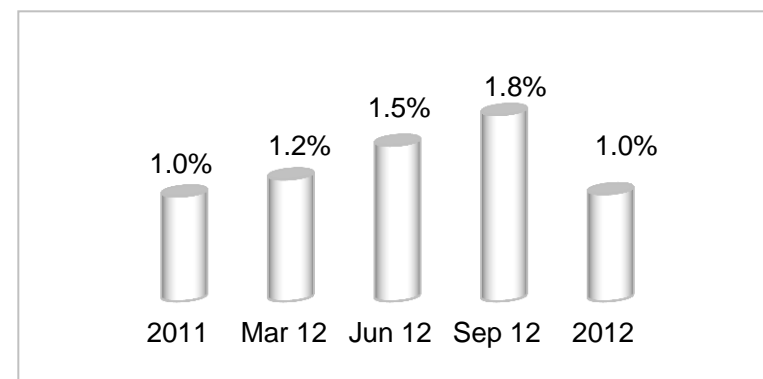
NPL Ratio (including non-cash loans)



NPL Coverage

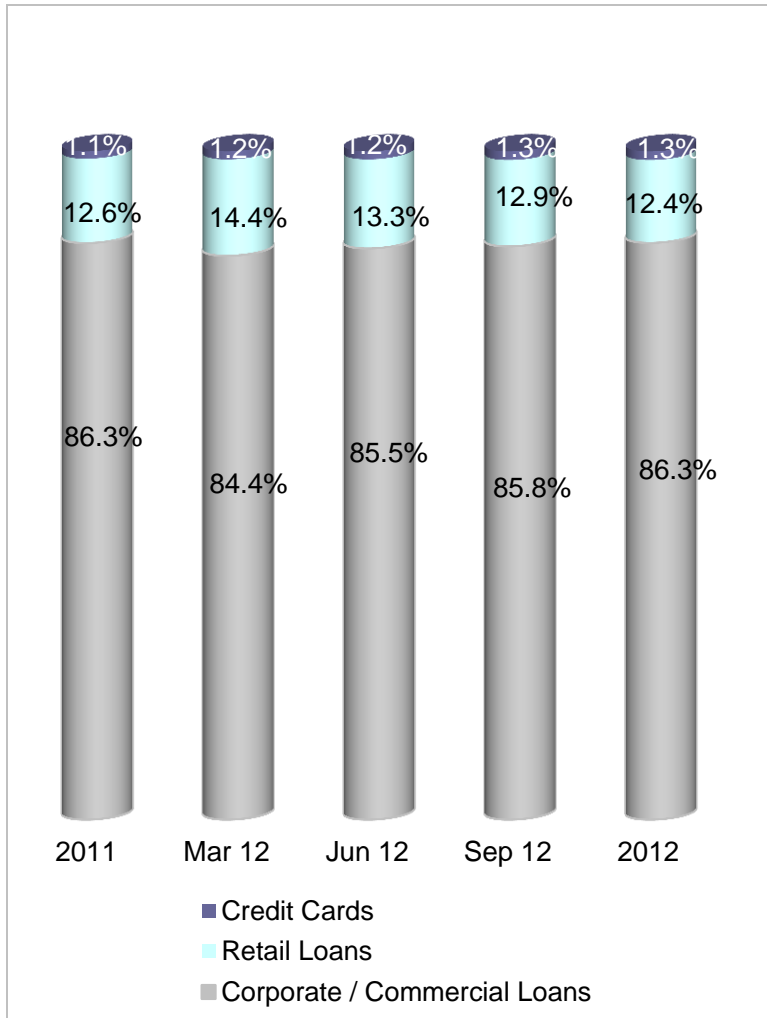


Cost of Risk (quarterly)

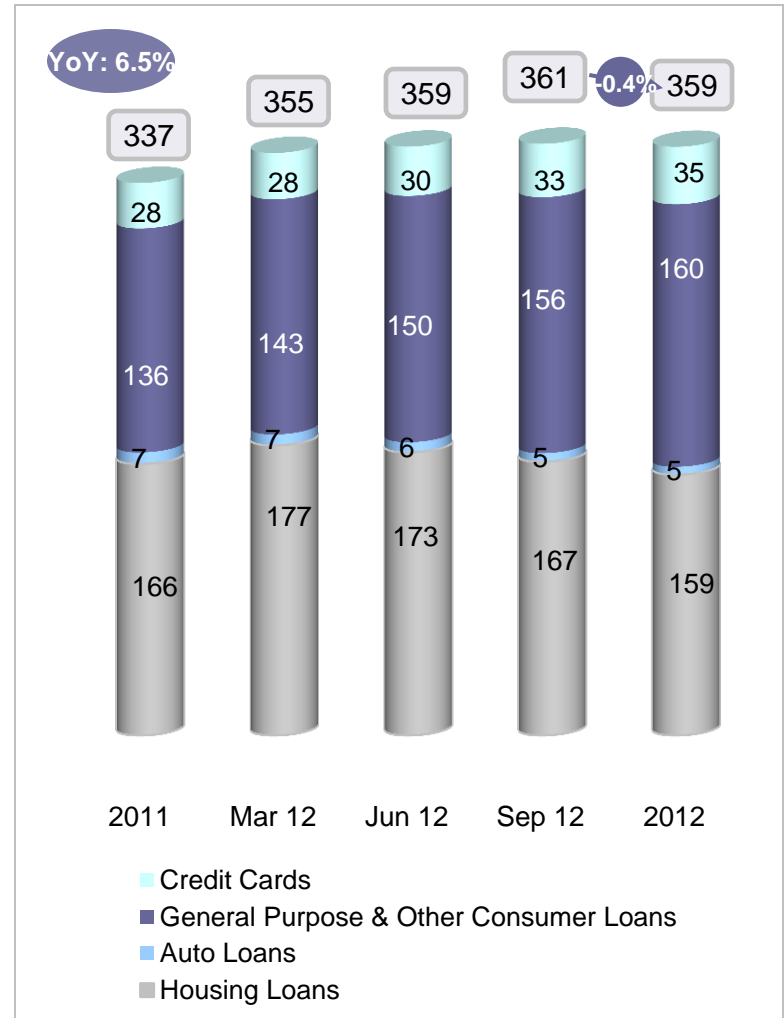


Corporate loans gained more weight in the portfolio...

Breakdown of Loan Portfolio

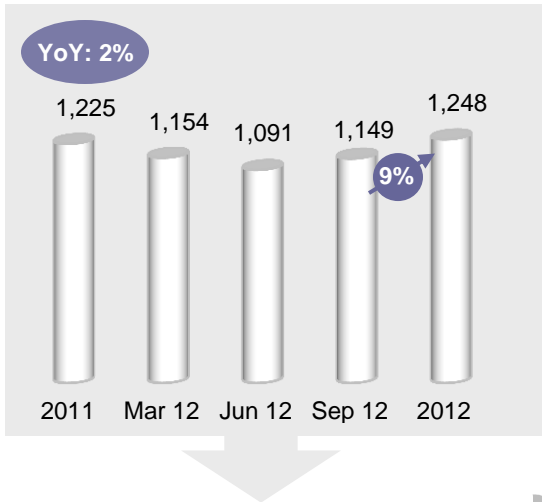


Breakdown of Retail Loans (TLmn)

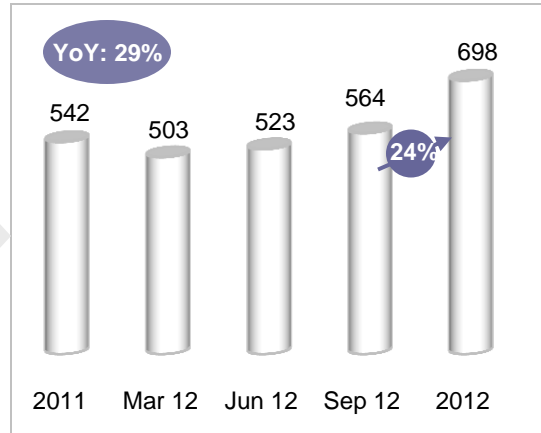


TL non-cash loans increased...

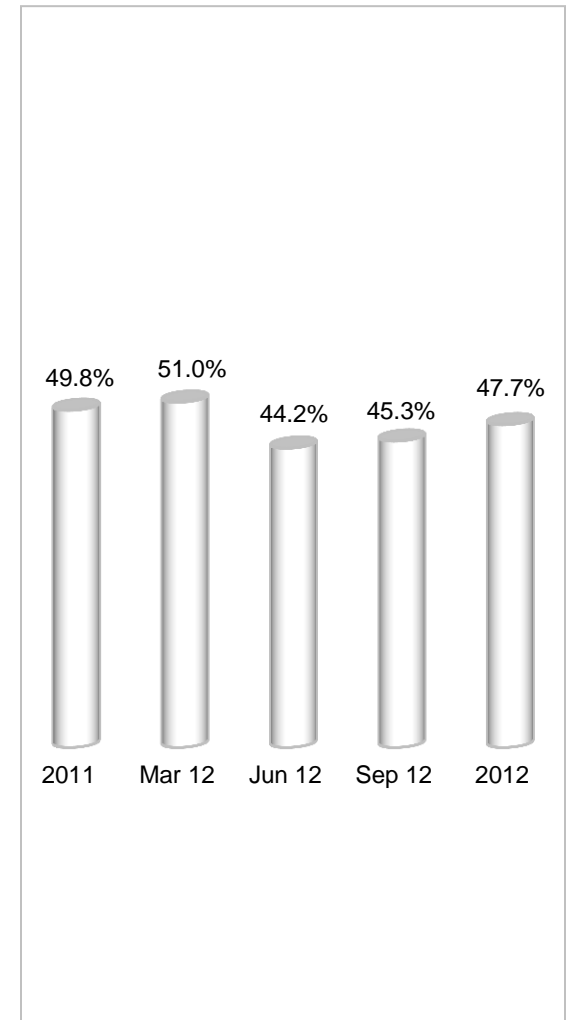
Total Non-Cash Loans (TLmn)



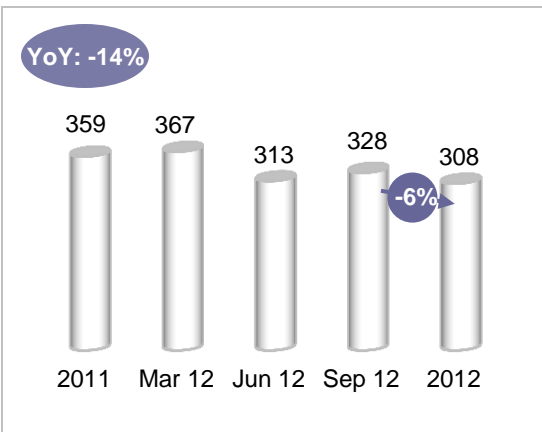
TL Non-Cash Loans (TLmn)



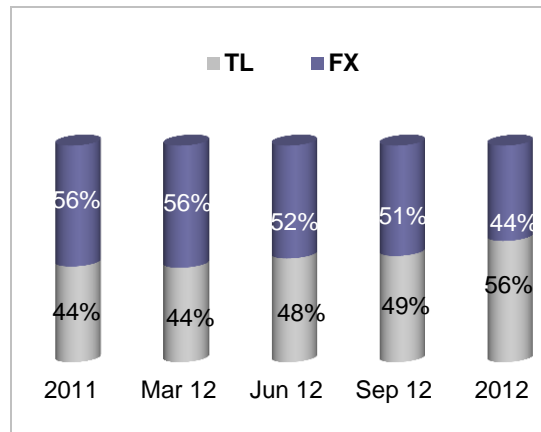
Non-Cash / Cash Loans



FX Non-Cash Loans (US\$m)

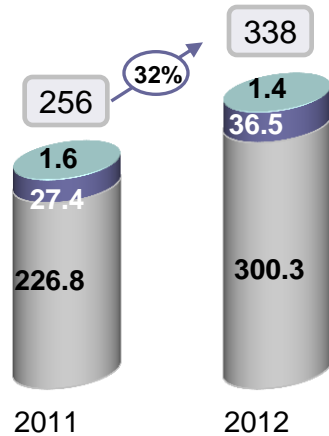


Currency Breakdown of Non-Cash Loans

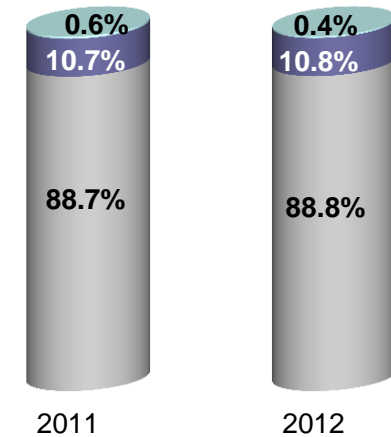


Significant increase in interest income...

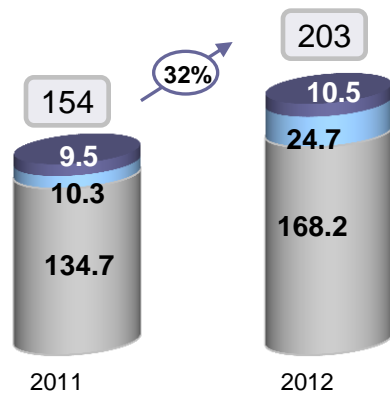
Interest Income (TLmn)



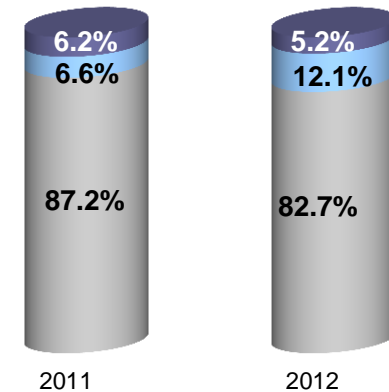
Composition of Interest Income



Interest Expense (TLmn)

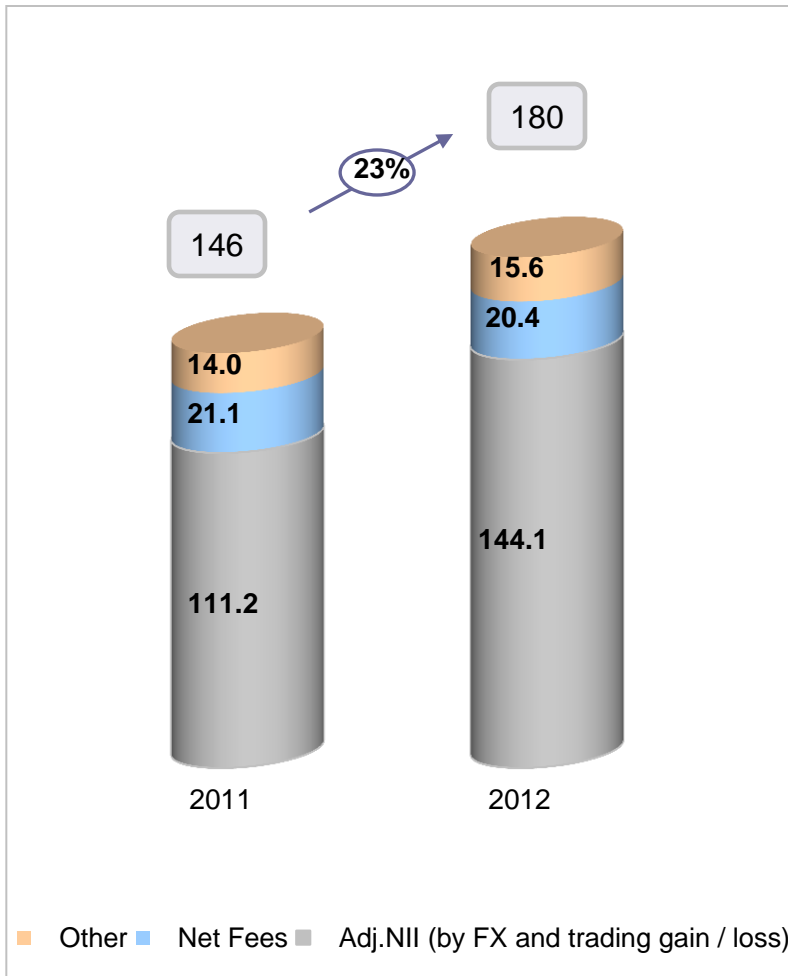


Composition of Interest Expense

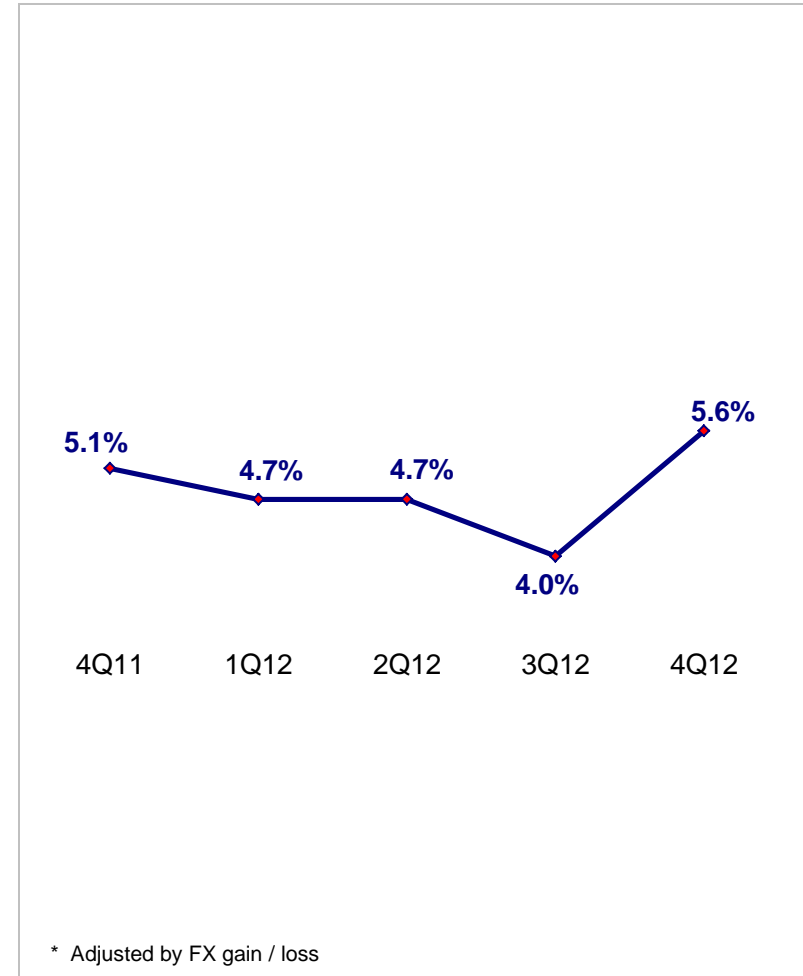


An eye-catching increase in NIM, thanks to CB's lower funding cost & CPI linkers...

Banking Income (TLmn)

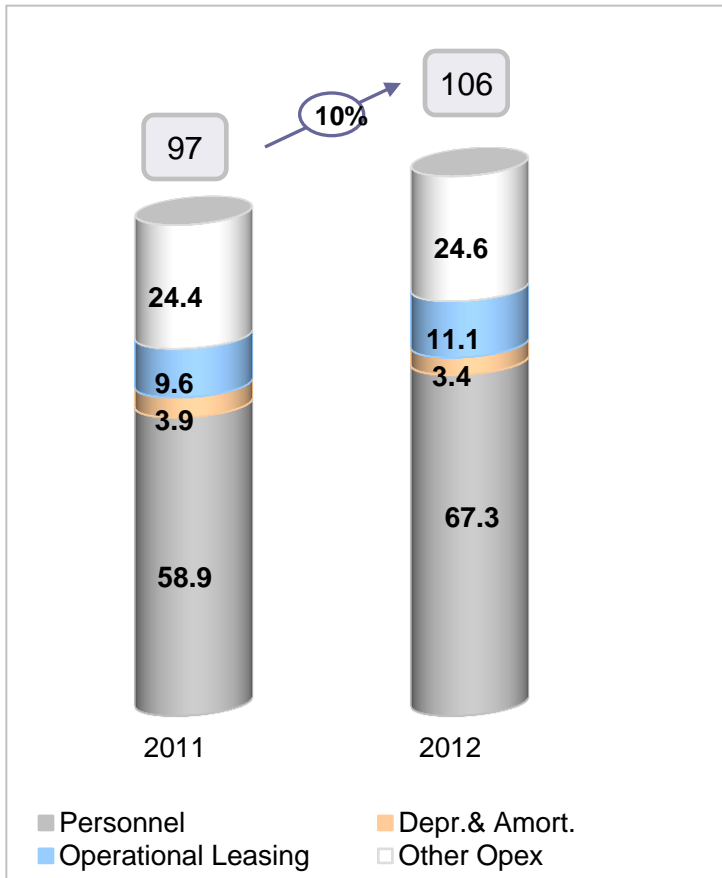


Adjusted Net Interest Margin* (Quarterly)

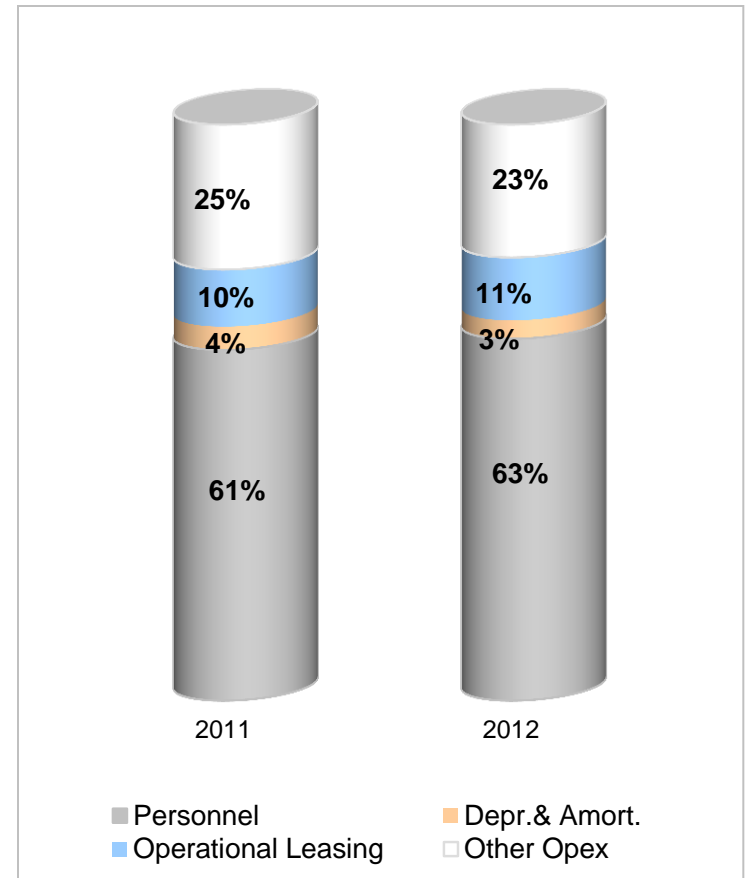


Slight increase in personnel expense...

Operating Expenses (TLmn)



Composition of Operating Expenses



Summary Balance Sheet...

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

* 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
Interest Income	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
Interest Expense	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
Net Interest Income	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
Adj. Net Interest Income	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 & 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
Total Operating Income	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
Profit Before Tax	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
Net Income	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
Interest Income	85.6	88.0	80.4	86.8	257.4	340.8
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
Interest Expense	53.1	53.9	51.3	45.0	154.2	203.3
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
Net Interest Income	32.5	34.1	29.1	41.8	103.2	137.5
Net FX Gain (Loss)*	1.9	0.8	1.0	0.6	8.1	4.3
Adj. Net Interest Income	34.4	34.9	30.1	42.4	111.3	141.8
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
Total Operating Income	49.4	43.7	41.5	52.1	157.8	186.7
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
Profit Before Tax	14.7	4.7	0.3	13.7	30.7	33.4
Tax	2.5	1.5	0.3	3.0	6.1	7.3
Net Income	12.2	3.2	0.0	10.7	24.6	26.1

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

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